DRAFT RED HERRING PROSPECTUS
Please read Section 60B of the Companies Act, 1956
Dated June 02, 2011
(*This Draft Red Herring Prospectus will be updated upon filing with the RoC*)
Book Building Issue

SKIL INFRASTRUCTURE LIMITED

Our Company was incorporated as 'Sea King Engineers Limited' on February 20, 1990 as a public limited company in Mumbai, pursuant to a Certificate of Incorporation bearing registration number 11-55506 of 1990, with the Registrar of Companies, Maharashtra, under the Companies Act. Our Company received its Certificate of Commencement of Business on April 17, 1990, issued by the Assistant Registrar of Companies, Maharashtra. Our CIN is U29110MH1990PLC055506. For further details in relation to the corporate history of our Company, including changes in the name and address of the Registered Office, please see the section titled "History and Certain Corporate Matters" on page 200.

Registered Office:SKIL House, 209, Bank Street Cross Lane, Fort, Mumbai – 400 023, Maharashtra, India. **Tel. No.**: +91 22 6619 9000; **Fax No.**: +91 22 2269 6024;
Email: ipo@skilgroup.co.in; **Website** www.skilgroup.co.in. **Company Secretary and Compliance Officer**: Mr. Nilesh Mehta

PROMOTERS : MR. NIKHIL GANDHI, MR. BHAVESH GANDHI AND M/s METROPOLITAN INDUSTRIES (REPRESENTED BY MR. NIKHIL GANDHI & MR. BHAVESH GANDHI)

PUBLIC ISSUE OF [●] EQUITY SHARES OF FACE VALUE ₹ 10 EACH ("EQUITY SHARES") OF SKIL INFRASTRUCTURE LIMITED ("COMPANY" OR "ISSUER") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE) AGGREGATING ₹ 11,250 MILLION[#] (THE "ISSUE"). THE ISSUE WILL CONSTITUTE [●]% OF THE FULLY DILUTED POST ISSUE PAID-UP EQUITY SHARE CAPITAL OF THE COMPANY.

Our Company, in consultation with the BRLMs and Co – BRLMs may decide to offer a discount of ₹ [●] to the Issue Price determined pursuant to completion of the Book Building process to the Retail Individual Bidders whose Bid amount does not exceed ₹ 0.20 million ("**Retail Discount**")

[#]Our Company is considering a Pre-IPO Placement of up to 20 million Equity Shares and aggregating up to ₹ 2,250 million with certain investors. The Pre-IPO Placement is at the discretion of our Company. If undertaken, our Company will complete the issuance of such Equity Shares prior to the filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the Issue size will be reduced to the extent of the allotment made in the Pre-IPO Placement subject to the Issue being at least 10% of the post Issue paid up equity share capital.

THE PRICE BAND, RETAIL DISCOUNT (IF ANY) AND THE MINIMUM BID LOT WILL BE DECIDED BY THE COMPANY IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS AND CO – BOOK RUNNING LEAD MANAGERS AND ADVERTISED AT LEAST 2 WORKING DAYS PRIOR TO THE BID/ISSUE OPENING DATE.

In case of any revision in the Price Band, the Bid / Issue Period shall be extended for at least 3 additional Working Days after such revision of the Price Band, subject to the total Bidding Period not exceeding 10 Working Days. Any revision in the Price Band, and the revised Bidding Period, if applicable, shall be widely disseminated by notification to the Self Certified Syndicate Banks ("**SCSBs**"), the National Stock Exchange of India Limited ("**NSE**") and the Bombay Stock Exchange Limited ("**BSE**"), by issuing a press release and also by indicating the change on the websites of the Book Running Lead Managers and Co – Book Running Lead Managers and at the terminals of the other members of the Syndicate.

In terms of Rule 19(2)(b)(ii) of the Securities Contracts (Regulation) Rules, 1957, as amended ("**SCRR**"), and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended ("**SEBI ICDR Regulations**"), this is an issue for less than 25% of the post-Issue capital, subject to the Issue being at least 10% of the post-Issue capital. Not more than 50% of the Issue shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("**QIBs**"), provided that the Company may allocate up to 30% of the QIB Portion to Anchor Investors at the Anchor Investor Issue Price on a discretionary basis, out of which one-third shall be reserved for domestic Mutual Funds only. In the event of undersubscription in the Anchor Investor Portion, the remaining Equity Shares shall be added to the Net QIB Portion. 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non- Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders subject to valid Bids being received at or above the Issue Price. All potential non- retail investors, excluding Anchor Investors, shall participate in this Issue through the Application Supported by Blocked Amount ("**ASBA**") process. Retail investors participating in this Issue may also utilize the ASBA process to submit their Bids. For details, please refer to the chapter titled "*Issue Procedure*" on page 643.

RISKS IN RELATION TO FIRST ISSUE

This being the first public issue of the Issuer, there has been no formal market for our Equity Shares. The face value of the equity shares of our Company is ₹ 10. The Floor Price is [●] times of the face value, the Cap Price is [●] times of the face value and the Issue Price is [●] times of the face value**.** The Issue Price (as determined by our Company in consultation with Book Running Lead Managers and Co-Book Running Lead Managers, on the basis of the assessment of market demand for the Equity Shares by way of the Book Building Process and as stated in the chapter titled "*Basis for the Issue Price*" on page 121) should not be taken to be indicative of the market price of the Equity Shares after such Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and this Issue, including the risks involved. The Equity Shares have not been recommended or approved by the Securities and Exchange Board of India ("**SEBI**"), nor does SEBI guarantee the accuracy or adequacy of the contents of this Draft Red Herring Prospectus. Specific attention of the investors is invited to the section titled "*Risk Factors*" on page 14.

IPO GRADING

The Issue has been graded by [●], a credit rating agency registered with SEBI and assigned the "IPO Grade [●]" indicating [●], through its letter dated [●]. The IPO grading is assigned on a scale of 1 to 5, with "IPO Grade 5" indicating strong fundamentals and "IPO Grade 1" indicating poor fundamentals. The Issue has not been graded by any other rating agency. For details regarding the grading of the Issue, please see the chapter titled *"General Information"* beginning on page 82.

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 this Issue, which is material in the context of this Issue, that the information contained in this Draft Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions, misleading, in any material respect.

LISTING

The Equity Shares of our Company offered through the Red Herring Prospectus are proposed to be listed on the BSE and the NSE. The Company has received in-principle approval from the BSE pursuant to letter dated [●] and from the NSE pursuant to letter dated [●] for the listing of our Equity Shares. [●] shall be the Designated Stock Exchange for this Issue.

BOOK RUNNING LEAD MANAGERS

Edelweiss Capital Limited
Edelweiss House, Off. C.S.T. Road, Kalina
Mumbai - 400 098. Maharashtra, India
Tel. No.: +91- 22 - 4086 3535
Fax No.: +91 - 22 - 4086 3610
Email: skil.ipo@edelcap.com
Investor Grievance ID: customerservice.mb@edelcap.com
Website: www.edelcap.com
Contact Person: Ms. Neetu Ranka/Mr.Niraj Mandhana
SEBI Registration Number: INM 0000010650

ICICI Securities Limited
ICICI Centre, H.T. Parekh Marg, Churchgate,
Mumbai-400 020. Maharashtra, India.
Tel. No.: +91 - 22 - 2288 2460
Fax: +91 - 22 - 2282 6580
E-mail: skil.ipo@icicisecurities.com
Investor Grievance ID:customercare@icicisecurities.com
Website: www.icicisecurities.com
Contact Person: Mr. Sumit Agarwal
SEBI Registration Number: INM000011179

JM Financial Consultants Private Limited
141, Maker Chambers III, Nariman Point
Mumbai - 400 021. Maharashtra, India
Tel. No.: +91 - 22 - 6630 3030
Fax No.: +91 - 22 - 2204 7185
Email:skil.ipo@jmfinancial.in
Investor Grievance ID: grievance.ibd @jmfinancial.in
Website: www.jmfinancial.in
Contact Person: Ms. Lakshmi Lakshmanan
SEBI Registration Number: INM000010361

Nomura Financial Advisory and Securities (India) Private Limited
Ceejay House, Level 11, Dr. Annie Besant Road,
Worli, Mumbai - 400 018. Maharashtra, India
Tel. No.: +91 - 22 - 4037 4037
Fax No.: +91 - 22 - 4037 4111
Email: skil.ipo-in@nomura.com
Investor Grievance ID: investorgrievances-in@nomura.com
Website:http://www.nomura.com/asia/services/capital_raising/equity.shtml
Contact Person: Mr.Shreyance Shah
SEBI Registration Number: INM000011419

BOOK RUNNING LEAD MANAGERS

SBI Capital Markets Limited
202, Maker Tower 'E', Cuffe Parade
Mumbai - 400 005. Maharashtra, India
Tel. No.: +91 - 22 - 2217 8300
Fax No.: +91 - 22 - 2218 8332
Email: skil.ipo@sbicaps.com
Investor Grievance ID: investor.relations@sbicaps.com
Website: www.sbicaps.com
Contact Person: Ms. Sylvia Mendonca/Ms. Abhilasha Kamath
SEBI Registration Number: INM000003531

CO - BOOK RUNNING LEAD MANAGERS

SMC Capitals Limited
3rd Floor, 'A' Wing, Laxmi Tower, Bandra Kurla Complex,
Bandra (East), Mumbai 400 051, Maharashtra, India
Tel. No.: +91 - 22 - 6138 3838
Fax No.: +91 - 22 - 6138 3899
Email : skil.ipo@smccapitals.com
Investor Grievance ID: investor.grievance@smccapitals.com
Website: www.smccapitals.com
Contact Person: Mr. Abhishek Gaur
SEBI Registration Number: MB/INM000011427

IDBI Capital Market Services Limited
2nd Floor, Mittal Court, C-Wing, Nariman Point,
Mumbai 400 021, Maharashtra, India
Tel. No.: +91 - 22 - 4322 1212
Fax No.: +91 - 22 - 2283 8782
Email : skil.ipo@idbicapital.com
Investor Grievance ID: redressal@idbicapital.com
Website: www.idbicapital.com
Contact Person: Mr. Hemant Bothra / Mr. Swapnil Thakur
SEBI Registration Number: INM000010866

REGISTRAR TO THE ISSUE

Link Intime India Private Limited
C-13 Pannalal Silk Mill Compound
L.B.S. Marg, Bhandup (West)
Mumbai- 400 078. Maharashtra, India
Tel. No.: +91- 22- 2596 0320,1- 800- 22- 0320
Fax No.: +91- 22- 2596 0329
Email: skil.ipo@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Mr. Sachin Achar
SEBI Registration Number: INR000004058

BID/ ISSUE PROGRAMME

FOR ALL BIDDERS*	**BIDDING/ISSUE OPENS ON**	**[•]**
FOR QIBS**	**BIDDING/ISSUE PERIOD CLOSES ON**	**[•]**
FOR NON- INSTITUTIONAL AND RETAIL BIDDERS	**BIDDING/ISSUE PERIOD CLOSES ON**	**[•]**

[*] Our Company may consider participation by Anchor Investors. The Anchor Investor Bid/ Issue Period shall be 1 Working Day prior to the Bid/ Issue Opening Date
** * Our Company may consider closing the Bidding by QIBs 1 day prior to the Bid/ Issue Closing Date subject to the Bid/ Issue Period being for a minimum of 3 Working Days*

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SECTION I – DEFINITIONS AND ABBREVIATIONS

In this Draft Red Herring Prospectus, unless the context otherwise requires, the terms and abbreviations stated hereunder shall have the meanings as assigned thereto herein.

Company related terms

Term	Description
"Articles" or "Articles of Association" or "AoA"	The articles of association of our Company, as amended from time to time
"the Company", "our Company", "Issuer", "Issuer Company" and "SKIL"	SKIL Infrastructure Limited, a public limited company incorporated under the Companies Act, 1956
"we", "us" or "our"	SKIL Infrastructure Limited together with its Subsidiaries
AIG Funds	Ashoka Investment Holdings Limited Mauritius and Ambadevi Mauritius Holding Limited
APPL	Awaita Properties Private Limited
Associates	Companies in which SKIL Infrastructure Limited owns between 20% and up to 50% of the issued equity share capital
"Board", "Board of Directors" or "our Board"	The board of directors of our Company, as duly constituted from time to time and includes any committee thereof
Director(s)	The director(s) of our Company
DPPL	Donyi Polo Petrochemicals Limited
E Complex	E Complex Private Limited
EICL	Energy India Corporation Limited
GPPCL	Gujarat Positra Port Company Limited
Grevek / Grevek Investments	Grevek Investments & Finance Private Limited
HCWLL	Horizon Country Wide Logistics Limited
Investments	Companies in which SKIL Infrastructure Limited owns between 0% and up to 20% of the issued equity share capital
Joint Statutory Auditors/ Statutory Auditors	The joint statutory auditors of our Company, being M/s. Bharat Shah & Associates and M/s. Chaturvedi & Shah, Chartered Accountants
"Memorandum", "our Memorandum" or "Memorandum of Association"	The memorandum of association of our Company, as amended from time to time
Metropolitan or Metropolitan Industries	M/s. Metropolitan Industries, represented by Mr. Nikhil Gandhi and Mr. Bhavesh Gandhi
MOL	Metropolitan Overseas Limited
Group Entities	Such entities as are included in the section titled "*Group Entities*" on page 249
Promoters	Mr. Nikhil Gandhi, Mr. Bhavesh Gandhi and M/s. Metropolitan Industries (represented by Mr. Nikhil Gandhi and Mr. Bhavesh Gandhi)
PSL	Pipavav Shipyard Limited
"Registered and Corporate Office" / "Registered Office"	The registered and corporate office of our Company, situated at SKIL House, 209 Bank Street Cross Lane, Fort, Mumbai- 400 023, Maharashtra, India
RoC / Registrar of Companies, Mumbai	The Registrar of Companies located at Everest Building, 100, Marine Drive, Mumbai - 400 002, Maharashtra, India
SINPL	SKIL Institute of Nursing Private Limited
SKIL Karnataka	SKIL Karnataka Infrastructure Limited
SKIL Shipyard	SKIL Shipyard Holdings Private Limited
SKIL-Himachal	SKIL-Himachal Infrastructure and Tourism Limited
SKSL	SKIL Karnataka SEZ Limited
Specified Affiliates	Urban Infrastructure Holdings Private Limited, Horizon Country Wide Logistics Limited, Pipavav Shipyard Limited, Sohar Free Zone LLC, Everonn Education Limited, Gujarat Positra Port Company Limited, and Navi Mumbai SEZ Private Limited
Subsidiaries	The subsidiaries of our Company, as described in the section titled "*Subsidiaries*" on page 221
UIHPL	Urban Infrastructure Holdings Private Limited

Issue related terms

Term	Description
Allocation / Allocation of Equity Shares	Unless the context otherwise requires, the allocation of Equity Shares pursuant to this Issue to successful Bidders
Allot/ Allotted/ Allotment/ Allotment of Equity Shares	Unless the context otherwise requires, the allotment of Equity Shares pursuant to the Issue to successful Bidders
Allottee	A successful Bidder to whom the Equity Shares are Allotted
Allotment Advice	The note or advice or intimation of Allotment, sent to each successful Bidder who has been or is to be Allotted the Equity Shares after discovery of the Issue Price in accordance with the Book Building Process, including any revisions thereof
Anchor Investor	A Qualified Institutional Buyer, applying under the Anchor Investor Portion, with minimum application of ₹ 100 million
Anchor Investor Bid/ Issue Period	The day, 1 working day prior to the Bid/ Issue Opening Date, on which Bids by Anchor Investors shall be submitted and allocation to Anchor Investors shall be completed. Anchor Investors are not permitted to withdraw their Bids after the Anchor Investor Bid/ Issue Period
Anchor Investor Issue Price	The final price at which Equity Shares will be issued and Allotted to Anchor Investors in terms of the Red Herring Prospectus and the Prospectus, which price will be equal to or higher than the Issue Price but not higher than the Cap Price. The Anchor Investor Issue Price will be decided by our Company in consultation with the BRLMs and the Co - BRLMs
Anchor Investor Portion	Up to 30% of the QIB Portion consisting of up to [●] shares which may be allocated by our Company to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors
Application Supported by Blocked Amount/ ASBA	An application, whether physical or electronic, used by all Bidders to make a Bid authorising SCSBs to block the Bid Amount in a specified bank account maintained with the SCSBs
ASBA Account	Account maintained with SCSBs which will be blocked by such SCSBs to the extent of the appropriate Bid Amount of the ASBA Bidder, as specified in the ASBA Bid cum Application Form
ASBA Bidder(s)	Prospective investors in this Issue who Bid/ apply through the ASBA process. Pursuant to SEBI circular no. CIR/CFD/DIL/1/2011 dated April 29, 2011, non- retail Investors i.e. QIBs and Non-Institutional Investors participating in this Issue are required to mandatorily use the ASBA facility to submit their Bids
ASBA Bidding Location(s)	Location(s) at which ASBA Bids can be uploaded by the Syndicate and Sub – Syndicate Members, namely Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bangalore, Hyderabad, Pune, Baroda and Surat
ASBA Bid cum Application Form / ASBA Form/ ASBA Bid-cum-Application Form	The form, whether physical or electronic, used by an ASBA Bidder to submit a Bid, which contains an authorization to block the Bid Amount in an ASBA Account and would be considered as an application for Allotment to ASBA Bidders in terms of the Red Herring Prospectus and the Prospectus Pursuant to SEBI circular number CIR/CFD/DIL/7/2010 dated July 13, 2010, ASBA Bid cum Application Forms are available for download from the respective websites of the Stock Exchanges
ASBA Revision Form	The form used by the ASBA Bidders to modify the quantity of Equity Shares or the Bid Amount in any of their ASBA Bid cum Application Forms or any previous ASBA Revision Form(s) Pursuant to SEBI circular number CIR/CFD/DIL/7/2010 dated July 13, 2010, ASBA Revision Forms are available for download from the respective websites of the Stock Exchanges
Banker(s) to the Issue/ Escrow Collection Bank(s)	The banks which are clearing members and registered with SEBI as Banker to an Issue with whom the Escrow Account will be opened and in this case being [●]
Bankers to our Company	Such banks which are disclosed as bankers to our Company in the chapter titled "*General Information*" on page 82
Basis of Allotment	The basis on which Equity Shares will be Allotted to successful Bidders under the Issue and which is described under section titled "*Issue Procedure*" on page 643

Term	Description
Bid(s)	An indication to make an offer during the Bid/ Issue Period by a Bidder, or during the Anchor Investor Bid/ Issue Period by the Anchor Investors, pursuant to submission of the Bid cum Application Form as the case may be, to subscribe to the Equity Shares of our Company at a price within the Price Band, including all revisions and modifications thereto
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by a Bidder on submission of a Bid in the Issue and in case of ASBA Bidders, the amount mentioned in the ASBA Bid cum Application Form
Bid cum Application Form	The form used by a Bidder to make a Bid including the ASBA Bid cum Application Form (as applicable), which will be considered as the application for Allotment for the purposes of the Red Herring Prospectus and the Prospectus
Bid / Issue Closing Date	Except in relation to Anchor Investor, the date after which the members of the Syndicate and the designated branches of the SCSBs shall not accept any Bids for the Issue, which shall be the date notified in an English national newspaper, a Hindi national newspaper and a regional newspaper, where the Registered Office of our Company is situated, each with wide circulation. Our Company may consider closing the Bidding by QIB Bidders one Working Day prior to the Bid/ Issue Closing Date, which shall also be notified in the said advertisement in two national daily newspapers (one each in English and Hindi) with wide circulation, and one regional language daily newspaper with wide circulation, where the Registered Office of our Company is situated
Bid / Issue Opening Date	Except in relation to Anchor Investors, the date on which the Syndicate and the SCSBs shall start accepting Bids for the Issue, which shall be the date notified in 2 national daily newspapers (1 each in English and Hindi) and 1 regional language daily newspaper, where the Registered Office of our Company is situated, each with wide circulation
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form
Bid/ Issue Period	The period between the Bid/ Issue Opening Date and the Bid/ Issue Closing Date, inclusive of both days, during which prospective Bidders (except Anchor Investors) can submit their Bids, including any revisions thereof
Book Building Process / Book Building Method	The book building route as provided under Schedule XI of the SEBI ICDR Regulations, in terms of which this Issue is being made
BRLM(s) / Book Running Lead Manager(s)	Book Running Lead Managers to the Issue, in this case being Edelweiss Capital Limited, ICICI Securities Limited, JM Financial Consultants Private Limited, Nomura Financial Advisory and Securities (India) Private Limited and SBI Capital Markets Limited
Business Day	Any day on which commercial banks in Mumbai are open for business
CAN / Confirmation of Allocation Note	In relation to Anchor Investors, the note or advice or intimation of allocation of Equity Shares sent to successful Anchor Investors who have been allocated Equity Shares after discovery of the Anchor Investor Issue Price, including any revisions thereof
Cap Price	The higher end of the Price Band above which the Issue Price will not be finalized and above which no Bids will be accepted
Co – Book Running Lead Manager(s) / Co - BRLMs	IDBI Capital Market Services Limited and SMC Capitals Limited
Compliance Officer	The Company Secretary of our Company, Mr. Nilesh Mehta
Controlling Branches	Such branches of the SCSBs which coordinate Bids under this Issue by the ASBA Bidders with the BRLMs, the Co-BRLMs, the Registrar to the Issue and the Stock Exchanges, a list of which is available on http://www.sebi.gov.in/pmd/scsb/html
CRISIL	Credit Rating Information Services of India Limited
CRISIL Reports	Commissioned industry reports, each dated March, 2011, prepared and provided by CRISIL Limited for the purposes of this Draft Red Herring Prospectus
Cut-off Price	Any price within the Price Band finalised by our Company in consultation with the Book Running Lead Managers and Co – Book Running Lead Managers. Only Retail Individual Bidders are entitled to Bid at the Cut-off Price, for a Bid Amount not exceeding ₹ 0.20 million (net of Retail Discount, if any). No other category of Bidders are entitled to Bid at the Cut-off Price Pursuant to SEBI Circular bearing no. CIR/CFD/DIL/2/2011 dated May 16, 2011 Retail Individual Bidders can Bid at a price net of the Retail Discount and will be

Term	Description
	required to indicate the Bid price before adjustments for such Retail Discount, if any.
Demographic Details	The demographic details of the Bidders such as their address, PAN, occupation and bank account details
Depositories	NSDL and CDSL; Depositories registered with the SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, as amended from time to time
Designated Branch	Such branches of the SCSBs which shall collect the ASBA Bid cum Application Form used by ASBA Bidders and a list of which is available on http://www.sebi.gov.in/pmd/scsb/html
Designated Date	The date on which funds are transferred from the Escrow Account to the Public Issue Account or the Refund Account, as appropriate, or the amount blocked by the SCSBs is transferred from the bank account specified by the ASBA Bidder to the Public Issue Account, as the case may be, after the Prospectus is filed with the RoC, following which the Board of Directors shall Allot Equity Shares to successful Bidders
Designated Stock Exchange	[●]
Draft Red Herring Prospectus or DRHP	The draft red herring prospectus dated June 02, 2011 issued in accordance with Section 60B of the Companies Act and SEBI ICDR Regulations, filed with SEBI and which does not contain complete particulars of the price at which the Equity Shares would be issued and the number of Equity Shares which may be allotted pursuant to the Issue
Edelweiss	Edelweiss Capital Limited
Eligible NRIs	NRIs from jurisdictions 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 offered herein
Equity Shares	Equity shares of our Company of face value ₹ 10 each, fully paid up, unless otherwise specified in the context thereof
Escrow Account(s)	Account opened with the Escrow Collection Bank(s) for the Issue and in whose favour the Bidder (excluding ASBA Bidders) will issue cheques or drafts in respect of the Bid Amount when submitting a Bid
Escrow Agreement	Agreement to be entered into by our Company, the Registrar to the Issue, the BRLMs, Co - BRLMs the Syndicate Members and the Escrow Collection Bank(s) for collection of the Bid Amounts and where applicable, refunds of the amounts collected to the Bidders (excluding ASBA Bidders) on the terms and conditions thereof
First / Sole 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, at or above which the Issue Price will be finalized and below which no Bids will be accepted, subject to the Retail Discount if any
I - Sec	ICICI Securities Limited
IDBI Caps	IDBI Capital Market Services Limited
Issue	Public Issue of [●] Equity Shares of face value of ₹ 10 each for cash at a price of ₹ [●] per Equity Share (including share premium of ₹ [●] per Equity Share) aggregating to ₹ 11,250 Million Our Company is considering a Pre-IPO Placement. The Pre-IPO Placement is at the discretion of our Company. If undertaken, our Company will complete the issuance of such Equity Shares prior to the filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the Issue size will be reduced to the extent of allotment made in the Pre-IPO Placement subject to the Issue being at least 10% of the post Issue paid up equity share capital
Issue Agreement	The agreement dated May 30, 2011 entered into among our Company, the BRLMs and the Co - BRLMs pursuant to which certain arrangements are agreed to in relation to the Issue
Issue Price	The final price at which the Equity Shares will be issued and allotted in terms of the Red Herring Prospectus (subject to Retail Discount, if any). The Issue Price will be decided by our Company in consultation with the BRLMs and the Co - BRLMs on the Pricing Date
Issue Proceeds	Proceeds from the Issue that will be available to our Company, being ₹ [●] million
JM Financial	JM Financial Consultants Private Limited
Listing Agreement	The Listing Agreement to be entered into with the Stock Exchange(s) by our Company
Monitoring Agency	[●]
Mutual Funds	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations,

Term	Description
	1996, as amended from time to time
Mutual Fund Portion	5% of the Net QIB Portion or [●] Equity Shares available for allocation to Mutual Funds, out of the Net QIB Portion
Net Proceeds	The Issue Proceeds less the Issue related expenses. For further information about use of the Issue Proceeds and the Issue expenses, see "*Objects of the Issue*" on page 111
Net QIB Portion	The portion of the QIB Portion, less the number of the Equity Shares Allotted to the Anchor Investors
NIF	National Investment Fund set up by resolution F. No. 2/3/2005-DD-II dated November 23, 2005 of Government of India published in the Gazette of India
Nomura	Nomura Financial Advisory and Securities (India) Private Limited
Non-Institutional Bidders	As defined in the SEBI ICDR Regulations and includes all Bidders including sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals, that are not QIBs or Retail Individual Bidders who have Bid for Equity Shares for a cumulative amount more than ₹ 0.20 million (but not including NRIs other than eligible NRIs)
Non-Institutional Portion	The portion of the Issue being not less than 15% of the Issue, consisting of [●] Equity Shares, available for Allocation to Non Institutional Bidders on a proportionate basis, subject to receipt of valid Bids at or above the Issue Price
NR / Non-Resident	A person resident outside India, as defined under FEMA including eligible NRIs and FIIs
NRI(s) / Non Resident Indian	A "person resident outside India", as defined under FEMA and who is a citizen of India or is a person of Indian origin (as defined under the Foreign Exchange Management (Deposit) Regulations, 2000, as amended)
OCB(s) / Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs, including overseas trusts in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under the Foreign Exchange Management (Deposit) Regulations, 2000. OCBs are not allowed to invest in this Issue
Payment through electronic transfer of funds	Payment through NECS, Direct Credit or NEFT, as applicable
Pay-in-Period / Pay-in Period	With respect to Anchor Investors, it shall be the Anchor Investor Bid/ Issue Period and if the price fixed as a result of Book Building is higher than the price at which the allocation is made to an Anchor Investor, the Anchor Investor shall bring in the additional amount within 2 days of the closure of the Issue. For Bidders other than Anchor Investors, the period commencing on the Bid/ Issue Opening Date and continuing till the Bid/ Issue Closing Date
Pre-IPO Placement	A pre-IPO Placement of up to 20 million Equity Shares and aggregating up to ₹ 2,250 million with various investors proposed to be undertaken by our Company prior to the filing of the Red Herring Prospectus with the RoC
Price Band	Price band of a minimum price (Floor Price) of ₹ [●] and the maximum price (Cap Price) of ₹ [●] and includes revisions thereof. The Price Band, Retail Discount (if any) and the minimum Bid lot size for the Issue will be decided by our Company in consultation with the BRLMs and Co – BRLMs and advertised at least 2 working days prior to the Bid/ Issue Opening Date, in 2 national daily newspapers (one each in English and Hindi with wide circulation), and 1 regional language daily newspaper with wide circulation, where the Registered Office of our Company is situated
Pricing Date	The date on which our Company in consultation with the BRLMs and Co - BRLMs, finalises the Issue Price
Prospectus	The prospectus to be filed with the RoC in accordance with Section 60 of the Companies Act, containing, *inter alia*, the Issue Price that is determined at the end of the Book Building process, the size of the Issue and certain other information
Public Issue Account	Account opened with the Bankers to the Issue by our Company to receive monies from the Escrow Account and the SCSBs from the bank accounts of the ASBA Bidders on the Designated Date
Qualified Institutional Buyers or QIBs	As defined under the SEBI ICDR Regulations, including public financial institutions as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual fund registered with SEBI, FII and sub-account (other than a sub-account which is a foreign corporate or foreign individual) registered with SEBI, multilateral and bilateral development financial institution, venture capital fund registered with SEBI, foreign venture capital investor registered with SEBI, state industrial development corporation,

Term	Description
	insurance company registered with Insurance Regulatory and Development Authority, provident fund with minimum corpus of ₹ 250 million, pension fund with minimum corpus of ₹ 250 million, NIF, insurance funds set up and managed by army, navy or air force of the Union of India and insurance funds set up and managed by the Department of Posts, India
QIB Portion	The portion of the Issue being not more than 50% of the Issue, consisting of not more than [●] Equity Shares, available for Allocation to QIBs, subject to valid Bids being received at or above the Issue Price , including the Anchor Investor Portion
Qualified Purchasers / QPs	Qualified Purchasers as defined in the U.S. Investment Company Act and related rules
Red Herring Prospectus / RHP	The Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, which does not have complete particulars of the price at which the Equity Shares are Issued and the number of Equity Shares Issued. The Red Herring Prospectus will be filed with the RoC at least 3 days before the Bid/ Issue Opening Date and will become a Prospectus upon filing with the RoC after the Pricing Date
Refund Account(s)	No-lien account maintained by the Refund Bank(s) to which the surplus money shall be transferred and from which refunds of the whole or part of the Bid Amount (excluding the ASBA Bidders), if any, shall be made
Refund Bank(s) / Refund Banker(s)	The bank(s) which have been appointed / designated for the purpose of refunding the amount to investors either through the electronic mode as prescribed by SEBI and / or physical mode in accordance with the procedure contained in the section titled "*Issue Procedure*" on page 643
Refunds through electronic transfer of funds	Refunds through electronic transfer of funds means refunds through NECS, Direct Credit, NEFT, as applicable
Registrar to the Issue	Registrar to this Issue, Link Intime India Private Limited
Resident Retail Individual Bidder / Resident Retail Individual Investor	A Retail Individual Bidder who is a "person resident in India" (as defined in FEMA)
Retail Discount	The discount of ₹ [●] to the Issue Price which our Company may decide to offer to Retail Individual Bidders, in consultation with the BRLMs and the Co - BRLMs.
Retail Individual Bidder(s)	Individual Bidders who have Bid for Equity Shares for an amount not more than ₹ 0.20 million (net of Retail Discount, if any) in any of the bidding options in the Issue (including HUFs applying through their Karta and does not include NRIs other than Eligible NRIs)
Retail Portion	The portion of the Issue being not less than 35% of the Issue, consisting of [●] Equity Shares, available for Allocation to Retail Individual Bidders on a proportionate basis
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of their Bid cum Application Forms or any previous Revision Form(s)
Rule 144A	Rule 144A under the U. S. Securities Act of 1933, as amended from time to time
SBI Caps	SBI Capital Markets Limited
SCSB Agreement	The deemed agreement between the SCSBs, the BRLMs, the Co – BRLMs, the Registrar to the Issue and our Company, in relation to the collection of Bids from the ASBA Bidders and payment of funds by the SCSBs to the Public Issue Account
Self Certified Syndicate Bank or SCSBs	Self Certified Syndicate Bank is a Banker to an Issue registered with SEBI which offers the facility of making an Application Supported by Blocked Amount and recognised as such by SEBI, a list of which is available on http://www.sebi.gov.in/pmd/scsb/html
SMC Caps	SMC Capitals Limited
Stock Exchanges	The BSE and the NSE
Sub Syndicate Member / Sub-Syndicate Members	A SEBI registered member of BSE and/ or NSE appointed by the BRLMs, the Co - BRLMs and/ or the Syndicate Member to act as a Sub Syndicate Member in the Issue
Syndicate	The BRLMs, the Co – BRLMs, the Syndicate Members and the Sub Syndicate Members
Syndicate Member(s)	[●]
Syndicate Agreement	The agreement to be entered into among the BRLMs, the Co – BRLMs, the Syndicate Members and our Company in relation to the collection of Bids in this Issue
Transaction Registration Slip/ TRS	The slip or document issued by member of the Syndicate or the SCSBs (only on demand), as the case may be, to the Bidder as proof of registration of the Bid
Underwriters	The Book Running Lead Managers, the Co – Book Running Lead Managers, the Syndicate Members
Underwriting Agreement	The agreement among the Underwriters and our Company to be entered into on or after the Pricing Date

Term	Description
Working Day	Unless the context otherwise requires: (i) Till the Bid/ Issue closing date: All days other than a Saturday, Sunday or a public holiday; (ii) Post Bid/ Issue closing date and till the listing of Equity Shares Issued: All days other than a Sunday or a public holiday And on which commercial banks in Mumbai are open for business in accordance with the SEBI circular no. CIR/CFD/DIL/3/2010 dated April 22, 2010
"you", "your" or "yours"	All such references are to the Bidders to the Issue, unless the context otherwise specifies

Industry Related Terms

Term	Description
CAGR	Compound Annual Growth Rate
CFT	Cubic Feet
CIDCO	The City and Industrial Development Corporation of Maharashtra Limited
DWT	Dead weight tonnage
EOU	Export Oriented Unit
EPZ	Export Processing Zone
FTWZ	Free Trade and Warehousing Zone
GDP	Gross Domestic Product
GMB	Gujarat Maritime Board, an authority constituted by the Government of Gujarat pursuant to the Gujarat Maritime Board Act, 1981
HP	Himachal Pradesh
Km	Kilo meters
LNG	Liquefied Natural Gas
MT	Metric Tonnes
NMDP	National Maritime Development Programme
Panamax	The maximum size of a ship capable of transiting the Panama Canal
SPV	Special Purpose Vehicle
STPI	Software Technology Parks of India
US$	United States Dollar

Conventional / General Terms / Abbreviations

Abbreviation	Full Form
A/c	Account
AGM	Annual General Meeting
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
AY	Assessment Year; the period of 12 months commencing from the 1st day of April every year
bn	Billion
bps	Basis points
BSE	Bombay Stock Exchange Limited
CDSL	Central Depository Services (India) Limited
CENVAT	Central Value Added Tax
CIN	Corporate Identity Number
CSE	Calcutta Stock Exchange
Companies Act	The Companies Act, 1956, as amended from time to time
Depositories Act	The Depositories Act, 1996, as amended from time to time
DP	A Depository Participant as defined under the Depositories Act
DIN	Director's identification number
DIPP	Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India
EBIDTA	Earnings before Interest, Depreciation, Tax, Amortisation and extraordinary items
ECB	External Commercial Borrowing(s)
ECS	Electronic Clearing System
EGM	Extraordinary General Meeting

Abbreviation	Full Form
EPS	Earnings per Share
ESIC	Employee State Insurance Corporation
FCNR Account	Foreign Currency Non Resident Account
FDI	Foreign Direct Investment
FEMA	The Foreign Exchange Management Act, 1999, together with rules and regulations framed thereunder, as amended
FEMA Regulations	Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended
FII	Foreign Institutional Investor, as defined under the FII Regulations and registered with the SEBI under applicable laws in India
FII Regulations	Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended
FIPB	Foreign Investment Promotion Board
Financial Year / Fiscal / Fiscal Year / FY	Period of twelve months ended March 31 of that particular year, unless specifically stated otherwise
FVCI	Foreign venture capital investor as defined in and registered under the FVCI Regulations
FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, as amended
GER	Gross Enrolment Ratio
GIR Number	General Index Registry Number
GoI/ Government	Government of India
HUF	Hindu Undivided Family
IFRS	International Financial Reporting Standards
IPO	Initial Public Offering
IT	Information technology
I. T. Act	The Income Tax Act, 1961, as amended from time to time
I. T. Rules	The Income Tax Rules, 1962, as amended from time to time
Indian GAAP	Generally Accepted Accounting Principles in India
Key Managerial Personnel / KMP	The officers declared as a Key Managerial Personnel and as mentioned in the section titled "*Management*" on page 228
Ltd.	Limited
Merchant Banker	Merchant banker as defined under the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992 as amended
MICR	Magnetic Ink Character Recognition
MOU	Memorandum of Understanding
Mn	Million
MNC	Multi National Company
N.A.	Not Applicable
NAV	Net Asset Value being the paid-up equity share capital plus free reserves (excluding reserves created out of revaluation, preference share capital and share application money) less deferred expenditure not written off (including miscellaneous expenses not written off) and debit balance of 'profit and loss account', divided by number of issued Equity Shares outstanding at the end of the Fiscal
NECS	National Electronic Clearing System
NEFT	National Electronic Fund Transfer
NBFC	Non-Banking Finance Company
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
NTA	Net Tangible Assets
p.a.	Per annum
PAN	Permanent Account Number
PAT	Profit After Tax
PBT	Profit Before Tax
P/E Ratio	Price/Earnings Ratio
R & D	Research and Development
RBI	Reserve Bank of India
RBI Act	The Reserve Bank of India Act, 1934, as amended from time to time
RoNW	Return on Net Worth
RTGS	Real Time Gross Settlement

Abbreviation	Full Form
SCRA	Securities Contracts (Regulation) Act, 1956, as amended from time to time
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, 1992
SEBI Act	Securities and Exchange Board of India Act, 1992, read with rules and regulations thereunder and amendments thereto and as amended from time to time
SEBI ICDR Regulations / ICDR Regulations	SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time, including instructions and clarifications issued by SEBI from time to time
SEBI Insider Trading Regulations	SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended from time to time, including instructions and clarifications issued by SEBI from time to time
SEBI Takeover Regulations/ Takeover Code	SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended from time to time
Sec.	Section
Securities Act	The U.S. Securities Act of 1933, as amended from time to time
SICA	Sick Industrial Companies (Special Provisions) Act, 1985, as amended from time to time
Sub-account	Sub-account registered with SEBI under the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended
Sq.ft.	Square feet
sq.mtrs.	Square meters
TDS	Tax Deducted at Source
UIN	Unique Identification Number
UoI	Union of India
U.S. or US or U. S.A	The United States of America
U.S. GAAP	Generally Accepted Accounting Principles in the United States of America
VCFs	Venture Capital Funds as defined in and registered with SEBI under the VCF Regulations
VCF Regulations	Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996, as amended from time to time

Notwithstanding the foregoing:

1. In the chapter titled '*Main Provisions of our Articles of Association*' on page 685, defined terms shall have the meaning given to such terms in that chapter;

2. In the chapter titled "*Summary of Business*" and section titled "*Business*" on pages 62 and 163, defined terms shall have the meaning given to such terms therein;

3. In the section titled "*Risk Factors*" on page 14, defined terms shall have the meaning given to such terms in that section;

4. In the chapter titled "*Statement of Tax Benefits*" on page 123, defined terms shall have the meaning given to such terms in that chapter;

5. In the chapter titled "*Management's Discussion and Analysis of Financial Conditions and Results of Operations*" on page 544, defined terms shall have the meaning given to such terms in that chapter.

SECTION II– GENERAL

PRESENTATION OF FINANCIAL INFORMATION AND USE OF INDUSTRY AND MARKET DATA

All references to “India” are to the Republic of India and all references to the “Government” are to the Government of India.

Financial data

Unless stated otherwise, the financial data included in this Draft Red Herring Prospectus are derived from the restated consolidated and unconsolidated financial statements of our Company as of and for the Fiscals ended 2006, 2007, 2008, 2009 and 2010 and for the nine month period ended December 31, 2010, prepared in accordance with Indian GAAP, the Companies Act and the SEBI ICDR Regulations, as stated in the report of our Joint Statutory Auditors, M/s. Bharat Shah & Associates and M/s. Chaturvedi & Shah.

The Fiscal of our Company commences on April 1 of each year and ends on March 31 of the next year. All references to a particular Fiscal 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. Our Company has not attempted to quantify their impact on the financial data included herein and urges you to consult your own advisors regarding such differences and their impact on our Company’s financial data. Accordingly to what extent, the 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 / Indian GAAP. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Red Herring Prospectus would accordingly be limited.

Any percentage amounts, as set forth in “*Risk Factors*”, “*Business*”, “*Management’s Discussion and Analysis of Financial Conditions and Results of Operations*” and elsewhere in this Draft Red Herring Prospectus unless otherwise indicated, have been calculated on the basis of our Company’s restated consolidated and unconsolidated financial statements prepared in accordance with Indian GAAP.

Currency of presentation

In this Draft Red Herring Prospectus, references to “₹” or “Rupees” or “Rs.” are to Indian Rupees, the official currency of the Republic of India. All references to “US$” or “U.S. Dollars” or “USD” are to United States Dollars, the official currency of the United States of America.

All references to ‘million’ / ‘Million’ / ‘Mn’ / ‘mn.’ refer to one million, which is equivalent to ‘ten lacs’ or ‘ten lakhs’, the word ‘Lacs’ / ‘Lakhs’ / ‘Lac’ means ‘one hundred thousand’ and ‘Crore’ means ‘ten millions’ and ‘billion’ / ‘bn.’ / ‘Billions’ means ‘one hundred crores’.

Market and industry data

Unless stated otherwise, industry and market data used throughout this Draft Red Herring Prospectus has been obtained from CRISIL Reports as also industry publications including *inter alia* information sourced from the RBI and the Ministry of Finance, Government of India. 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 we believe industry data used in this Draft Red Herring Prospectus is reliable, it has not been verified by any independent source.

Further, the extent to which the market data is 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 industries in which we conduct our business, and methodologies and assumptions may vary widely among different industry sources.

Exchange Rates used for conversion of financial information of SKIL (Singapore) Pte Limited and Sohar Free Zone LLC:

Singapore Dollars Fiscal / Month End	**Average rate (for Fiscal or nine month period ended December 31, as the case may be)(₹)**	**Closing rate (₹)**
2010	32.71	32.15
December, 2010	33.43	34.87
Omani Riyal Fiscal / Month End	**Average rate (for Fiscal or nine month period ended December 31, as the case may be) (₹)**	**Closing rate (₹)**
2010	120.87	120.53
December, 2010	118.93	116.82

NOTICE TO INVESTORS

United States

The Equity Shares have not been recommended by any U.S. federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Draft Red Herring Prospectus. Any representation to the contrary is a criminal offence in the United States and may be a criminal offence in other jurisdictions.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended ("**U.S. Securities Act**") and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the U.S. Securities Act ("**Regulation S**") except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Our Company has not registered and does not intend to register under the U.S. Investment Company Act of 1940, as amended ("**U.S. Investment Company Act**") in reliance upon Section 3(c)(7) thereof.

Accordingly, the Equity Shares are being offered and sold (i) in the United States only to, and only to U.S. persons that are, "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act and referred to in this Draft Red Herring Prospectus as "U.S. QIBs"; which, for the avoidance of doubt, does not refer to a category of institutional investors defined under applicable Indian regulations and referred to in this Draft Red Herring Prospectus as "**QIBs**") that are also "qualified purchasers" ("**QPs**") (as defined in Section 2(a)(51) of the U.S. Investment Company Act and the rules and regulations thereunder) acting for its own account or for the account of another U.S. QIB that is a QP (and meets the other requirements set forth herein), in reliance on the exemption from registration under the U.S. Securities Act provided by Rule 144A or other available exemption and in reliance upon Section 3(c)(7) of the U.S. Investment Company Act and (ii) outside the United States to non-U.S. persons in reliance on Regulation S.

Each purchaser of Equity Shares inside the United States or who is a U.S. person will be required to represent and agree, among other things, that such purchaser (i) is a U.S. QIB and a QP; and (ii) will only reoffer, resell, pledge or otherwise transfer the Equity Shares in an "offshore transaction" in accordance with Rule 903 or Rule 904 of Regulation S and under circumstances that will not require our Company to register under the U.S. Investment Company Act.

Each purchaser of Equity Shares outside the United States that is not a U.S. person will be required to represent and agree, among other things, that such purchaser is a non-U.S. person acquiring the Equity Shares in an "offshore transaction" in accordance with Regulation S.

European Economic Area

This Draft Red Herring Prospectus has been prepared on the basis that all offers of Equity Shares will be made pursuant to an exemption under the Prospectus Directive, as implemented in Member States of the European Economic Area ("**EEA**"), from the requirement to produce a prospectus for offers of Equity Shares. The expression "Prospectus Directive" means Directive 2003/71/EC of the European Parliament and Council, as amended by Directive 2008/11/EC and Directive 2010/73/EU, to the extent that such amendments have been implemented in each Relevant Member State (as defined below), including any relevant implementing measure adopted by such Relevant Member State. Accordingly, any person making or intending to make an offer within the EEA of Equity Shares which are the subject of the placement contemplated in the Red Herring Prospectus should only do so in circumstances in which no obligation arises for our Company or any of the Underwriters to produce a prospectus for such offer. None of our Company and the Underwriters have authorized, nor do they authorize, the making of any offer of Equity Shares through any financial intermediary, other than the offers made by the Underwriters which constitute the final placement of Equity Shares contemplated in the Red Herring Prospectus.

FORWARD LOOKING STATEMENTS

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

These forward-looking statements are based on our current plans and expectations and are subject to a number of uncertainties and risks that could significantly affect our current plans and expectations and our future financial condition and results of operations. Important factors that could cause actual results to differ materially from our expectations include, but are not limited to, the following:

- General economic and business conditions in the markets in which we operate and in the local, regional, national and international economies;
- Changes in laws and regulations relating to the sectors/areas in which we operate;
- The performance of the Indian and global financial markets;
- Increased competition or other factors affecting the industry segments in which we operate;
- Our ability to successfully implement our growth strategy and expansion plans;
- Our ability to meet our debt obligations and capital expenditure requirements and raise additional financing;
- Fluctuations in operating costs and impact on the financial results;
- Our ability to attract and retain qualified personnel and experienced partners for our projects;
- Changes in political and social conditions in India, the monetary and interest rate policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices;
- Any adverse outcome in the legal proceedings in which we are involved;
- Market fluctuations and industry dynamics beyond our control;
- Occurrence of natural disasters or calamities affecting the areas in which we have operations;
- Conflicts of interest with Subsidiaries, Associates, Investments, our Promoter Group and other related parties;
- Contingent liabilities, environmental problems and uninsured losses; and
- Changes in government policies and regulatory actions that apply to or affect our business.

For further discussion of factors that could cause our actual results to differ, please see the section titled “*Risk Factors*” and chapter titled “*Management’s Discussion and Analysis of Financial Conditions and Results of Operations*” on pages 14 and 544 respectively.

In accordance with SEBI ICDR Regulations, our Company shall ensure that Investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges for the Equity Shares allotted pursuant to the Issue.

SECTION III

RISK FACTORS

An investment in equity shares involves a high degree of risk. You should carefully consider all of the information in this Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our Company's Equity Shares. To obtain an understanding of the material facts about our Company, you should read this section in conjunction with the chapters titled "Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages 163 and 544, respectively, as well as the other financial and statistical information contained in this Draft Red Herring Prospectus. If any of the following risks, or other risks that are not currently known or are currently deemed immaterial actually materialize, our business, financial condition and results of operations could be materially and adversely affected, the trading price of our Equity Shares could decline, and all or part of your investment may be lost.

These risks are not the only ones that our Company, our Subsidiaries, and our Specified Affiliates face. Our Company, our Subsidiaries, and our Specified Affiliates could also be affected by additional factors that are not presently known to us or that we currently consider being not material to our operations. "Specified Affiliates" means Urban Infrastructure Holdings Private Limited, Horizon Country Wide Logistics Limited, Pipavav Shipyard Limited, Gujarat Positra Port Company Limited, Sohar Free Zone LLC, Everonn Education Limited, and Navi Mumbai SEZ Private Limited. Unless otherwise stated in the relevant risk factors set forth below, we are not in a position to specify or quantify the financial or other implications of any of the risks mentioned herein.

INTERNAL RISK FACTORS AND RISKS RELATING TO OUR BUSINESS

1. ***There are certain criminal proceedings pending against our Promoters and Directors. Any adverse outcome in any of these proceedings could adversely affect our Promoters and Directors and as a result, our business, results of operations and financial condition.***

   There are certain criminal proceedings pending against our Promoters and Directors. The proceedings are pending at different levels of adjudication before various courts, tribunals and enquiry officers. Below is a summary of these criminal proceedings:

Sr. No.	Case number	Complainant	Accused/ Respondent	Provisions under which litigation has been initiated	Brief facts	Amount Involved
1.	Criminal complaint bearing number 2273 of 2001	M/s. Mantech Consultants	Mr. Nikhil Gandhi	Sections 138 and 142 of the Negotiable Instruments Act, 1881	Alleged dishonoring of cheques aggregating to ₹ 0.89 million issued by the Accused in favour of the Complainant. The matter is pending before the High Court of Gujarat at Ahmedabad for final hearing and disposal.	₹ 0.89 million
2.	Criminal case bearing number 3/CW/06	The Assistant Commissioner of Customs (P)	Mr. Nikhil Gandhi and Mr. Bhavesh Gandhi, in their capacity as	Sections 132, 135 and 140 of the Customs Act, 1962 and Sections 109	Alleged *inter alia,* unauthorized import/ fraudulent	₹ 18.45 million

Sr. No.	Case number	Complainant	Accused/ Respondent	Provisions under which litigation has been initiated	Brief facts	Amount Involved
			partners of M/s. Metropolitan Industries, M/s. Metropolitan Industries and others	and 120B of the Indian Penal Code, 1860	clearance of nickel and copper under DEEC Scheme and subsequent sale thereof in the open market. The matter is pending before the Chief Metropolitan Magistrate, Mumbai.	
3.	Criminal complaints bearing numbers 181/M/06 and 182/M/06	Vasant Investment Corporation Limited	Mr. Nikhil Gandhi and others	Section 420, 467, 468, 471 read with 120-B of Indian Penal Code, 1860	Alleged cheating by the Accused resulting in the transfer by Complainant of specific amounts of money to certain Accused. These matters are pending before the Additional Chief Metropolitan Magistrate, 47th Court, Esplanade, Mumbai.	₹ 5.90 million plus 18% interest per annum for each matter

All of these allegations have been contested by the relevant Promoters. For further details on these proceedings, please see "*Outstanding Litigation, Material Developments and Other Disclosures*" beginning on page 586.

No assurance can be given that these matters will be settled in favour of the relevant Promoter or Director or that no further liability will arise out of these claims. An adverse outcome in any of these proceedings could have a material adverse effect on our Promoters or Directors as well as on our business, financial condition and results of operations. Further, any adverse outcome in any of these proceedings may affect the reputation and standing of our Company and may have a negative effect on our business.

2. We, our Directors, our Promoters, and our Group Entities are involved in certain legal proceedings. Any adverse outcome in these proceedings could have a material adverse effect on our business, results of operations and financial condition.

We, our Directors, our Promoters, and our Group Entities are involved in certain legal proceedings and claims in relation to certain civil, criminal and tax matters incidental to our and their businesses and operations including a winding – up petition filed against PSL by a service provider for alleged non- payment of bills amounting to ₹ 1.6 million. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. Any adverse decision may render us or them liable and may adversely affect our or their business and results of operations, as the case may be.

A summary of these legal and other proceedings is provided in the following table:

Type of Proceedings	Number of cases	Amount to the extent quantifiable (₹ in mn.)
Cases filed against our Company		
Civil cases	1	5.86
Criminal cases	Nil	Nil
Tax Proceedings	Nil	Nil
Total	**1**	**5.86**
Cases filed against our Directors and Promoters		
Civil cases	2	136.49
Criminal cases	4	31.14
Tax Proceedings	1	18.45
Total	**7**	**186.08**
Cases filed against our Subsidiaries		
Civil cases	Nil	Nil
Criminal cases	Nil	Nil
Tax Proceedings	Nil	Nil
Total	Nil	Nil
Cases filed against our Group Entities		
Civil cases	44	44.11
Criminal cases	Nil	Nil
Tax Proceedings	Nil	Nil
Total	**44**	**44.11**
Cases filed against any other entities which may have a material adverse effect on our Company		
Civil cases	1	-
Criminal cases	Nil	Nil
Tax Proceedings	Nil	Nil
Total	**1**	**-**
Potential litigation		
Against our Company	1	3.50
Against our Directors and Promoters	1	-
Against our Subsidiaries	Nil	Nil
Against our Group Entities	17	311.59
Total	**19**	**315.09**

Type of Proceedings	Number of cases	Amount to the extent quantifiable (₹ in mn.)
Cases filed by our Company		
Civil cases	Nil	Nil
Criminal cases	Nil	Nil
Tax Proceedings	6	52.25
Total	**6**	**52.25**
Cases filed by our Directors and Promoters		
Civil cases	Nil	Nil
Criminal cases	Nil	Nil
Tax Proceedings	Nil	Nil
Total	Nil	Nil
Cases filed by our Subsidiaries		
Civil cases	Nil	Nil
Criminal cases	Nil	Nil
Tax Proceedings	Nil	Nil
Total	Nil	Nil
Cases filed by our Group Entities		
Civil cases	4	135.00
Criminal cases	Nil	Nil
Tax Proceedings	15	7087.24
Total	**19**	**7222.24**
Cases filed by any other entities which may have a material adverse effect on our Company		
Civil cases	Nil	Nil
Criminal cases	Nil	Nil

Tax Proceedings	Nil	Nil
Potential litigation		
By our Company	Nil	Nil
By our Directors and Promoters	Nil	Nil
By our Subsidiaries	Nil	Nil
By our Group Entities	Nil	Nil
Total	Nil	Nil

(Note: one or more of our Promoters and/ or Group Entities and / or our Company may also be party to the litigations included in the above tables)

For further details regarding these legal proceedings, please see "*Outstanding Litigation, Material Developments and Other Disclosures*" beginning on page 586.

3. ***From March 8, 2000 to January 24, 2008, the trading of the shares of Horizon Infrastructure Limited ("HIL"), one of our Group Entities, was suspended by the NSE. There can be no assurance that similar regulatory action will not occur in the future, which could materially and adversely affect HIL's business, results of operations and financial condition and as a result, our reputation and business.***

   From March 8, 2000 to January 24, 2008, the NSE suspended the trading of the shares of HIL, one of our Group Entities, due to non-compliance with certain clauses of its listing agreement with the NSE. Following satisfactory redressal of instances of non-compliance by HIL with provisions of its listing agreement, the NSE ended the suspension of trading in HIL's equity shares effective January 25, 2008. There can be no assurance that similar regulatory action will not occur in the future, which could materially and adversely affect HIL's business, results of operations and financial condition and as a result, our reputation and business.

4. ***SEBI had sought information on price movements of equity shares in HIL, a Group Entity. Any further action by SEBI having adverse outcome could have a material adverse effect on HIL's reputation and thereby on our reputation.***

   Between January 25, 2008 and May 5, 2008, the price of the equity shares of HIL increased significantly. The extent of the share price increase during this period led SEBI to seek relevant information from HIL in 2009 into the price movements of, and dealing in, HIL's equity shares during this period by its letter dated March 6, 2009. There has been no further communication from SEBI on this matter after this information was provided by us in a letter dated December 31, 2009. In the event that SEBI decides to take any further action, any adverse outcome could have a material adverse effect on HIL's reputation and thereby on our reputation.

5. ***The Securities Appellate Tribunal has remanded cases to SEBI with respect to alleged violations of securities laws by certain Key Managerial Personnel of our Company. Any adverse outcome in fresh proceedings initiated by SEBI pursuant to the said order may negatively affect our business and the reputation of our Company.***

   SEBI passed an order dated September 22, 2009, in a matter alleging insider trading in the shares of KLG Capital Services Limited, a Group Entity, involving Mr. Praveen Mohnot and Mr. N. Ravichandran, both of whom are Key Managerial Personnel of our Company, and others. As part of this order, SEBI directed Mr. Praveen Mohnot, Mr. N. Ravichandran, and others, that they shall not (i) buy, sell or deal in the securities market in any manner whatsoever, or access the securities market, directly or indirectly, and (ii) hold the position of a director in the Board of Directors of any listed company for a period of two years, in the case of Mr. N. Ravichandran, and five years, in the case of others including Mr. Praveen Mohnot, from the date of the order. Further, certain noticees were ordered to disgorge profits allegedly accruing from insider trading and interest thereon. The individuals concerned appealed against this order and the Securities Appellate Tribunal has, by its order dated October 21, 2010, set aside SEBI's order dated September 22, 2009 and remanded the case to SEBI for issuing fresh / supplementary show cause notice to decide all the issues afresh after affording an opportunity of hearing. Any adverse outcome in fresh proceedings initiated by SEBI pursuant to the remand order against the said KMPs may negatively affect our business, as well as the reputation of our Company.

6. ***Certain of the projects currently being pursued by us and our Specified Affiliates are in the development stage and do not presently generate any income. There can be no assurance that we will be able to successfully develop these projects to cover our expenditures and investments or that we will obtain all approvals required, which could materially and adversely affect our business, results of operations and financial condition.***

   Certain of the projects that we and our Specified Affiliates are currently pursuing are in the development stage and do not generate any income. Furthermore, most of our projects are in the development stage and are by nature relatively long term undertakings and could take a number of years before they have the potential to generate income. We have yet to enter into definitive agreements required for the development of some of our projects and currently do not have all the resources, such as land and equipment, required to complete our projects in the power, port, logistics, SEZs and defence sectors. We also have not received various required approvals from regulatory authorities in relation to most of our projects. In the event that we are unable to obtain the necessary governmental approvals or secure formal agreements and arrangements acceptable to us in a timely manner or at all, we may not be able to develop these businesses and our financial condition and results of operations could be adversely affected.

   We and our Specified Affiliates may also be required to re-finance any borrowings we and they have from time to time and may be unable to do so. There can be no assurance that such projects will be successful and generate sufficient revenues to cover our expenditures and investments. In the event that we or our Specified Affiliates are unable to recover expenses incurred and/or the amounts invested, we or our Specified Affiliates may have to write off these amounts. In the event that such projects do not materialise or do not generate sufficient revenues to cover our costs and a reasonable profit our and our Specified Affiliates' business could be adversely affected.

7. ***Our Company, our Subsidiaries and our Specified Affiliates have entered into multiple MoUs together with third parties relating to proposed projects. Many of these MoUs are non-exclusive, non-binding and subject to definitive agreements. If the actions contemplated by the MoUs are not completed, our proposed projects may not develop, which could have a material and adverse effect on our prospects, business and financial condition.***

   Many of the MoUs relating to our projects that our Company, our Subsidiaries and Specified Affiliates are party to together with third parties are general, non-exclusive, non-binding and subject to definitive agreements. Our or some of our Specified Affiliates' ability to complete our projects may be dependent on the participation of the other parties to the MoUs and other conditions, some of which, such as the award of contracts by governmental or other entities, may be beyond our control. There can be no assurance that these companies will fulfill their obligations under the MoU, or that definitive agreements will be reached in pursuance of such MoUs. If the actions contemplated by these MoUs are not completed, our proposed projects may not develop, which could have a material and adverse affect on our prospects, business and financial condition.

8. ***Our Promoters and Promoter Group will continue to retain majority control of our Company after the Issue subject to the rights of any lenders to which such shares may be pledged, which will enable them to influence the outcome of matters submitted to shareholders for approval and our other shareholders may not be able to affect the outcome of shareholder voting. After the completion of the Issue, our Promoters will continue to have certain special rights under our Articles of Association.***

   Upon completion of this Issue, our Promoters and Promoter Group will continue to beneficially own the majority of our post-Issue equity share capital. As a result, they will have the ability to control our business, including matters relating to any sale of all or substantially all of our assets, the timing and distribution of dividends and the election or termination of appointment of our officers and directors subject to the rights of any lenders to which such shares may be pledged. This control could delay, defer or prevent a change in control of our Company, impede a merger, consolidation, takeover or other business combination involving our Company, or discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of our Company even if it is in our Company's best interest. In addition, for as long as our Promoters and Promoter Group continue to exercise significant control over our Company, they may influence the material policies of our Company in a manner that could conflict with the interests of our other shareholders.

Our Promoters and Promoter Group may have interests that are adverse to the interests of our other shareholders and may take positions with which we or our other shareholders do not agree.

Under the Articles of Association of our Company, our Promoters and Promoter Group have certain rights as long as they, jointly and severally, hold not less than 26% of the total paid up share capital of our Company for the time being, including:

- the right to appoint a director as the Managing Director of our Company, such Managing Director shall be responsible for the management of our Company, subject to the superintendence and control of our Board of Directors;

- the right to appoint such number of persons as shall, together with the Managing Director(s), not exceed 1/3rd of the total number of Directors for time being of our Company, as Director(s) of our Company. The Directors so appointed by our Company shall not be liable to retire at any general meeting of the shareholders of our Company;

- the right to appoint any Director as Chairman of the Board of Directors of our Company and to cancel such appointment.

Further, the Chairman appointed as above shall have a second or casting vote, in cases of questions before the Board or resolutions to be passed by the shareholders of our Company; no resolution shall be deemed to have been passed by the Board unless a Director appointed by the Promoter(s) and Promoter Group or his alternate Director designated by the Promoter(s) and Promoter Group has voted in favour of such resolution. Additionally, certain items cannot be included as an agenda in a meeting of our Board or transacted unless prior written approval of a director appointed/nominated by the Promoter(s) and Promoter Group has been obtained. These include:

- altering the capital structure of our Company by way of issue of bonus shares, rights issue, issue of preference shares, debentures, buy back of shares, conversion or capital reduction;

- issuing or cancelling any ‘Securities’, as defined under the Securities Contracts (Regulation) Act, 1956, including (i) any grant of employee stock options or issue of sweat equity shares by our Company or (ii) preferential issue of shares of our Company;

- declaring or recommending any dividend;

- deciding on (i) restructuring of our Company (including, without limitation, any amalgamation, merger, de-merger, reverse mergers, takeovers, acquisitions, consolidations, compromise and arrangements, joint ventures, partnerships, etc.) (ii) voluntary liquidation, dissolution or winding up of our Company;

- borrowing funds;

- purchasing or selling land or buildings;

- leasing of or leasing out land and/or building in excess of annual term for rental exceeding ₹ 100 million;

- creating any charge on the properties of our company, present or future, by way of mortgage or hypothecation or any other methods;

- investing in ‘securities’ and issuing guarantees on behalf of a third party;

- entering into agreements for receiving or imparting technical know-how, intellectual property rights such as patents, copyrights, designs, trademarks etc.;

- incurring capital expenditure involving expansion, diversification in manufacturing operations and making strategic investments by our Company beyond the scope of its yearly budgets and/or powers delegated to the Managing Director in this behalf;

- deviating from accounting policy and practices including rates of depreciation and amortization;

- approving financial budgets and operating plans and any modifications of such budgets or plans;

- appointing, re-appointing and fixing of remuneration of the Managing Director, whole-time Directors and Executive Directors;

- amending the Memorandum and Articles of Association of our Company.

9. ***Pursuant to a relationship agreement, our Company has entered into with SKIL Ports & Logistics Limited ("SPL"), an AIM listed company promoted by Nikhil Gandhi, one of our Promoters, our ability to further invest in port and port-based logistics projects is restricted and our current and future business operations and business prospects could be adversely affected.***

   SKIL Global Ports and Logistics Limited ("SGPL"), which is 100% owned by our Promoter, Mr. Nikhil Gandhi, owns approximately 28.91% of SPL, which is currently developing a port and logistics project at Karanja, Navi Mumbai, and may develop additional port and logistics projects in the future. As of the date of this Draft Red Herring Prospectus, our Company has no equity interest in SPL, whose shares are admitted to trading on the AIM market of London Stock Exchange plc.

   Pursuant to an agreement between our Company, Mr. Nikhil Gandhi, SPL and SGPL dated October 1, 2010 ("SPL Relationship Agreement"), our Company agreed not to engage, invest or be interested, directly or indirectly, in the business of constructing, owning or operating a port or port-related logistics business in India or in any such business which is in competition with SPL or any of its subsidiaries, and also to use reasonable endeavors to prevent any member of the SKIL group from engaging, investing or being interested in any such business, except that we may engage, invest or otherwise be interested in such businesses, provided that SPL is offered the right to become a co-promoter alongside us with a majority equity stake in respect of such investments or activities on terms to be agreed between the parties; or such investments or activities are not material (in our Company's reasonable opinion) to our total assets provided that in such event SPL will have a right of first preference with respect to such businesses when funding is sought. The SPL Relationship Agreement also provides for an exception for the Chiplun FTWZ project carried out by subsidiaries of Horizon Country Wide Logistics Limited in which we own a 46.40% equity interest and our Port West project carried out by Gujarat Positra Port Company Limited in which we own a 48.39% equity interest. Under the SPL Relationship Agreement, when funding is sought for either Chiplun FTWZ or Port West in the future, whether by the issue of new equity by the relevant project vehicle or the sale by us of some or all of our equity in the relevant project vehicle, our Company is required to offer SPL a right of first preference to acquire such equity on terms to be agreed between the parties (acting reasonably and in good faith), subject to certain limitations. This may lead our equity interest in these projects to be substantially diluted, which may also lead to their ceasing to be our Associates. Under the Relationship Agreement, SPL's right shall be subject to any shareholder agreements between the existing shareholders in the relevant project. Our Company is required to use its reasonable endeavors to procure that each such existing shareholder waives any rights or pre-emption with respect to any proposed transaction with SPL. The parties to the Relationship Agreement acknowledged that this may not be possible with respect to Port West.

The SPL Relationship Agreement limits our Company's and Mr. Nikhil Gandhi's ability to further participate in the port and port-related logistics sectors, which could adversely affect our business.

10. ***Our revenue and operating results are likely to fluctuate materially, particularly as we cannot predict the timing of milestones or divestments. As a result our past performance may not be an indicator of our future performance.***

Our revenue, net income or loss and cash flow may be highly variable because our financial results will be affected by the timing of milestones or divestments, as and when undertaken, which may make it difficult for us to achieve consistent results of operations and may cause the price of our Equity Shares to fluctuate. We cannot predict when, or if, any realization of profits will occur and it may be several years before any profits can be realized. As a result of these variables, performance in a specific period should not be relied upon as being indicative of performance in future periods.

11. ***We have experienced significant losses and negative cash flows in recent periods and are currently highly leveraged, all of which could adversely affect our ability to conduct our business. Further, our Company has, in the past, rescheduled certain of its loans.***

Our Company incurred significant consolidated net losses in Fiscal 2010 and the nine months ended December 31, 2010 and our Company has not had significant consolidated revenues to date. We had negative cash flows from operations of ₹ 1,738.54 million in the nine months ended December 31, 2010. We had a net working capital deficit of ₹ 1,035.73 million at December 31, 2010. Our consolidated restated long term debt to equity ratios were 0.23:1, 0.29:1 and 0.67:1 at March 31, 2009, 2010 and at December 31, 2010, respectively. We intend to use a substantial part of the net proceeds of the Issue to repay a significant part of our debt obligations. As of December 31, 2010, we had total outstanding debt of ₹ 14,901.43 million and most of our Promoters' equity and substantially all of our fixed assets and part of our equity in certain of our Specified Affiliates remain pledged to secure such indebtedness. We and our Specified Affiliates may also incur significant additional indebtedness in the future to fund our projects and for working capital and other corporate purposes. Our high level of indebtedness and the significant debt servicing costs associated with that indebtedness could have material adverse effects on our ability to develop our businesses and our results of operations. Our indebtedness could have several important consequences, including but not limited to the following:

- a requirement to dedicate a portion of our cash flow towards repayment and servicing of our existing debt, which would reduce the availability of our cash flow to fund working capital, capital expenditures, acquisitions and other general corporate requirements;
- our ability to obtain additional financing for working capital, capital expenditures, repayment of indebtedness or other general corporate expenses in the future may be impaired;
- we may be more vulnerable to economic downturns, may be limited in our ability to withstand competitive pressures and finance needed improvements and we may have reduced flexibility in responding to changing business, regulatory and economic conditions;
- there could be a material adverse effect on our business, financial condition and results of operations if we are unable to service our indebtedness or otherwise comply with financial covenants of such indebtedness; and
- a default on our indebtedness would also enable our secured creditors to foreclose on our assets, including the shares we own of our Group Entities and our Promoter's shareholding in our Company, and would enable our lenders to commence insolvency proceedings against us.

Our financial arrangements include restrictive covenants which mandate certain restrictions in terms of our business operations such as:

- change in capital structure;
- declaring dividends;
- further expansion of business;
- entering into any partnership, royalty or profit-sharing arrangement;
- entering into any lease for or purchasing any property;

- any changes in management; and
- taking up new business activity or setting up/ investing in a subsidiary except in the ordinary course of business.

Prior approval of the lenders is required for any of the above activities. Although we have received approvals for the issue of Equity Shares in this Issue from the lenders of our Company, we cannot assure you that our lenders will provide us with these approvals if and when we request them in the future. For details of these restrictive covenants, please see "*Financial Indebtedness*" on page 567.

Further, our Company has, in the past, rescheduled certain of its loans (such loans are not outstanding as on the date of this Draft Red Herring Prospectus). For more details, please see "*History and Certain Corporate Matters*" beginning on page 200.

We have liquidity needs from our short-term and long-term debt maturities, including maturities of ₹ 4,180.15 million outstanding (excluding vehicle loans) as on the date of this Draft Red Herring Prospectus which are repayable in the Fiscal 2012, including debt maturities of ₹ 1,500 million under a loan agreement with IFCI Limited due July 09, 2011, which will need to be refinanced or extended prior to the completion of this Issue. These maturities may be refinanced by pre-IPO financing or IPO proceeds or otherwise as determined by us. A number of factors (including changes in interest rates, credit ratings, conditions in the financial market and general economic conditions,) may make it difficult for us and our Specified Affiliates to obtain such new financing on commercially reasonable terms or at all. Adverse changes to the market values of our investments and projects could also cause the amount of refinancing proceeds to be insufficient to repay fully existing debt upon maturity and we may be unable to fund payment of such shortfall. If we and our Specified Affiliates are not able to obtain new financing then we may suffer a substantial loss as a result of having to dispose of the investments that cannot be re-financed or, alternatively if such borrowings cannot be repaid, we may default on our indebtedness and lose all collateral pledged to secure such loans and our entire investment therein.

12. ***Our Company is dependent on cash flow from project development fees, reimbursements of expenses, dividends, loans and advances and other distributions from our Subsidiaries and Specified Affiliates. There can be no assurance that such distributions, loans and advances, reimbursements, dividends and payments of fees from our Subsidiaries and Specified Affiliates will be permitted or sufficient to meet our obligations, which could materially and adversely affect our business and financial condition.***

Our Company has no substantial operations or assets other than the shares it owns of our Subsidiaries and Specified Affiliates. Further, due to the nature of the businesses we are involved in and the need to involve partners with sector-specific expertise and other investors to provide equity financing, our Company often participates in businesses through Subsidiaries and Specified Affiliates. We expect our Company's ability to meet our debt and other obligations will be dependent on the distributions, reimbursements of expenses, dividends or loans and advances provided by our Subsidiaries and Specified Affiliates, which may be limited or prohibited by the loan agreements of such entities. Our ability to meet our debt obligations is also dependent on our ability to sell our investment interests on terms favourable to us. There can be no assurance that dividends, distributions and payments of fees from our Subsidiaries and Specified Affiliates will be permitted or sufficient to meet our Company's obligations, in which event our business and financial condition could be materially and adversely affected.

13. ***The sectors in which we or our Specified Affiliates operate are capital intensive in nature, and involve relatively long gestation periods, and we may not be able to raise the required capital for these projects or the capital to sustain these projects through their full development cycles, which could have a material adverse effect on our ability to complete our projects.***

Projects in the sectors in which we or our Specified Affiliates operate typically are capital intensive, involve relatively long gestation periods, and require us to incur high levels of third party debt and equity financing. Whether we or our Specified Affiliates can obtain such financing on acceptable terms is dependent on numerous factors, including general economic and capital market conditions, credit availability from banks, investors' confidence, our high levels of existing indebtedness and other factors beyond our control as well as on the timely completion of our projects. Therefore, our and our Specified Affiliates' future financing attempts may not be successful or be on favourable terms. Any inability to arrange for financing on commercially acceptable terms could result in the loss of or inability to complete planned projects and materially affect our business and results of operations.

14. ***The development of our projects may require the involvement of certain strategic and financial partners, which may dilute our and our Specified Affiliates' equity interest and may adversely affect our business, financial condition and results of operations.***

    As we and our Specified Affiliates develop projects we and our Specified Affiliates are required to bring in partners to secure necessary expertise and capital. Further, in the event that projects are developed in areas in which our or our Specified Affiliates' prior experience is limited, we or our Specified Affiliates may need to bring in partners with the required expertise. As a result, our equity interest in certain projects may be diluted and we may have to enter into agreements containing restrictive covenants, which may adversely affect our business, financial condition and results of operations. Further, our interests and the interests of our partners may not be aligned.

15. ***We have significant investments in companies in which we are minority stakeholders or investors. We are reliant on the management of those companies to operate those companies and their results and financial condition are not under our control. Such entities may act in a manner that does not serve our interests, which could decrease the value of our investments and materially and adversely affect our financial condition and results of operations.***

    We invest in ventures, such as Mumbai SEZ Limited, Urban Infrastructure Holdings Private Limited and New Horizons India Limited, where we do not have control over the business decisions of the entity either alone or together with our Promoter Group. We rely on the management of these entities even though we may have limited control over, and limited knowledge about, venture decisions and actions, including internal controls and financial reporting. This could result in our lacking the means to identify and cure issues or liability of these entities. In addition, we may also acquire interests in large-sized assets, which involve certain complexities and risks that are not encountered in small- and medium-sized assets, and we may dispose of a portion of our majority equity interests over time in a manner that results in a minority holding. Further, our shareholding in an Associate or Investment may be diluted if such entity raises additional capital through issue of equity or equity-linked instruments. Such investments will be subject to the risk that the entity may make business, financial or management decisions with which we do not agree or that the majority stakeholders or the management of the entity may take risks or otherwise act in a manner that does not serve our interests. If any of the foregoing were to occur, the value of our investments could decrease and our financial condition, results of operations and cash flow could be materially and adversely affected.

16. ***The ranking of our interests in certain assets may be junior to that of other stakeholders, which could materially and adversely affect our business and financial condition.***

    In some cases, our Specified Affiliates may have existing indebtedness or equity securities, or may be permitted to incur indebtedness or to issue equity securities, including convertible preferred stock, that ranks senior to our interest. By their terms, such instruments may provide that their holders are entitled to receive payments of project development fees or other fees, dividends, interest or principal on or before the dates on which payments are to be made in respect of our assets. In the event of insolvency, liquidation, dissolution, reorganization or bankruptcy of any of our Specified Affiliates, holders of securities ranking senior to our interests would typically be entitled to receive payment in full before distributions could be made in respect of our interest. After repaying senior security holders, the Specified Affiliate may not have any remaining assets to use for repaying amounts owed in respect of our interest. To the extent that any assets remain, holders of claims that rank equally with our assets would be entitled to share on an equal and rateable basis in distributions that are made out of those assets. Also, during periods of financial distress or following insolvency, our ability to influence our Specified Affiliates' affairs and to take actions to protect our assets may be substantially less than that of more senior creditors or interest holders.

17. ***The underlying value of our Company is significantly dependent on the sum of the value of our interests in our Associates and Investments, some of which are publicly listed and some of which are not. The price of the Equity Shares of our Company may fluctuate with the trading price of the equity shares of our publicly traded Associates, including PSL and Everonn or the perceived value of other Associates and Investments.***

The underlying value of our Company is significantly dependent on the value of our Associates and Investments. Some of those entities are publicly listed. Our reserves and surplus in our consolidated financial statements indicate the increase or decrease in the value of our investments and may change significantly over time. As a result, the price of the Equity Shares of our Company may be affected by fluctuations in the trading prices of our publicly traded Associates, including PSL and Everonn, as well as the perceived value of our privately held Associates and Investments. Such fluctuations are subject to many different factors beyond our control such as adverse media reports on these entities or the sectors they operate in or significant developments in India's economic liberalisation and deregulation policies. For further details on the factors affecting the trading prices of our publicly traded Associates, please see *"Risks Related to PSL"*, *"Risks Related to our Education Businesses"* and *"External Risks"* of this section.

18. ***Acquiring interests in entities through illiquid securities involves a substantial degree of risk. If we are unable to liquidate our investments when we wish, we may be unable to participate in other potentially lucrative opportunities, which may have a material adverse effect on our business strategy, results of operations and business prospects.***

A significant proportion of our investments involve securities that are not listed. Our ability to dispose of our investments in these entities is also dependent on the financial markets and various other conditions that are not under our control. Under certain conditions, we may be forced either to sell our investments at lower prices than we had expected to realize or defer, potentially for a considerable period of time, sales that we had planned to make. In some cases, it may not be possible to sell our investments profitably due to changes in industry dynamics and government regulations or the performance of an entity that we propose to exit from. If we are unable to liquidate our investments when we wish, we may be unable to participate in other potentially lucrative opportunities, which may have a material adverse effect on our business strategy, results of operations and business prospects.

19. ***Part of our equity shares in PSL and Everonn are locked-in, which restricts our ability to sell our equity shares in PSL and Everonn and could adversely affect our financial condition.***

In accordance with SEBI ICDR Regulations, 121,650,500 equity shares of PSL and 11,509,180 equity shares of PSL held by our Company and Grevek Investments, respectively, are locked in until September 30, 2012. Additionally, in accordance with SEBI ICDR Regulations 3,911,500 equity shares of Everonn held by our Company are locked in until December 8, 2011 Our inability to sell such equity shares in PSL and Everonn means that we cannot sell such shares to raise capital necessary to meet our financial obligations.

20. ***Under Indian GAAP, many of our assets are recorded at book value, as a result of which our financial statements may not reflect the fair market value of our assets.***

A significant part of our assets consist of illiquid investments, the fair value of which is not readily determinable. Subject to limited exceptions, we are required by our accounting policies under Indian GAAP to record the book value of our investments, and therefore our financial statements may not reflect the fair market value of our businesses other than our publicly traded businesses. As a consequence, our financial statements may not serve as an indicator of the value of those assets and this may adversely affect the value of our Equity Shares.

21. We have certain contingent liabilities that have not been provided for in our Company's consolidated accounts, which if realized, could adversely affect our financial condition.

Our contingent liabilities on a consolidated basis as at December 31, 2010, were as follows:

(₹in mn.)

Contingent Liabilities	**As at December 31, 2010**
Corporate guarantees given on behalf of others	39,052.36
Demands not acknowledged as debts	-
Income tax	52.00
Total	**39,104.36**

We cannot assure you that any or all of these contingent liabilities will not become direct liabilities. In the event any or all of these contingent liabilities become direct liabilities, it may have an adverse effect on our financial condition and results of operations.

22. Certain of our Group Entities are engaged in business activities similar to ours, which could lead to possible conflicts of interests and could adversely affect our business, results of operations and financial condition.

Our Company and some of our Group Entities are currently engaged in similar businesses. For example, our Company and SPL are both engaged in the port and port-related logistics business. Our Promoter, Mr. Nikhil Gandhi who owns approximately 28.91% of SPL through his company, SGPL, will elect to develop certain projects through SPL and not our Company. Further, affiliates and family members of our Promoters have interests in some of our Specified Affiliates. For example, Grevek Investments and Finance Private Limited owns a 1.85% shareholding in PSL, Awaita Properties Private Limited owns a 7.05% shareholding in New Horizons India Limited and Horizon Infrastructure Limited owns 21.27% of the equity share capital of Gujarat Positra Port Company Limited. Their interests in these entities may conflict with the interests of our Company and our shareholders. Our Group Entities may develop projects in the future that may compete with us. Further, there may be conflicts of interest between Group Entities and our Company with regards to bids/tenders for execution of new projects. It is possible that potential or perceived conflicts of interest could give rise to losses, investor dissatisfaction, litigation or regulatory enforcement actions. For more details on our Group Entities, please see *"Group Entities"* beginning on page 249.

23. We and our Specified Affiliates operate under several statutory and regulatory permits, licenses and approvals. If we or our Specified Affiliates fail to obtain and/or renew any approvals or licenses, it may have an adverse effect on our and their businesses.

We and our Specified Affiliates require several statutory and regulatory permits, licenses and approvals to operate, including environmental licenses, defence production licenses, and licenses under applicable labour laws. Many of these approvals are granted for fixed periods of time and need to be renewed from time to time. There can be no assurance that the relevant authorities will issue such permits, licenses or approvals in time or at all. Further, these permits, licenses and approvals are subject to several conditions, and we cannot assure that these conditions will be met, which may lead to the cancellation, revocation or suspension of necessary permits/ licenses/ approvals. Failure to obtain, maintain or renew the required permits, licenses or approvals, or cancellation, suspension or revocation of any of the permits, licenses or approvals may result in the interruption of our operations or of the operations of our Specified Affiliates and could have a material adverse effect on our and our Specified Affiliates' businesses. For details on approvals granted to or applied for by our Company and our Subsidiaries, see *"Government and Other Statutory Approvals"* on page 619.

24. The projects which we or our Specified Affiliates manage or develop are subject to risks associated with the engagement of third party contractors. Any inability to perform on the part of third party contractors could have a material adverse effect on our business, results of operations and financial condition.

Work for projects which we or our Specified Affiliates manage or develop has been and is expected to continue to be performed by third party contractors. We may have no direct relationship with or control over the day-to-day activities of such contractors and are reliant on such contractors performing these services in accordance with the relevant contracts. If contractors fail to perform their obligations in a manner consistent with their contracts, the projects may not be completed as or when envisaged, if at all, thus leading to unexpected costs. We and our Specified Affiliates may not recover all or any losses incurred as a result of legal action in respect of breach by third party contractors of their respective obligations. If a contractor engaged to work on a development becomes insolvent, it may prove impossible to recover compensation for such defective work or materials and we or the relevant Specified Affiliate may incur losses as a result of funding the repair of the defective work or paying damages to persons who have suffered loss as a result of such defective work.

25. Certain unsecured loans taken by our Promoters and our Group Companies may be called by such lenders at any time, which could adversely and materially affect the business, results of operations and financial condition of our Promoters and our Group Companies.

Unsecured loans taken by our Promoters and our Group Companies may be subject to repayment on demand by such lenders at any time. Any failure by our Promoters and / or Group Companies to service such indebtedness, comply with a requirement to obtain a consent or otherwise perform their obligations under our financing agreements could lead to a termination of one or more of our credit facilities, trigger cross default provisions, pledge and other security arrangements and penalties and acceleration of amounts due under such facilities which may adversely affect the business, financial condition and results of operations of our Promoters and our Group Companies. For details of our indebtedness, please refer to the chapter titled *"Financial Indebtedness"* on page 567.

26. The Equity Shares of our Company held by our Promoters and some of the shares our Company owns in our Specified Affiliates are pledged to lenders of our Company, Subsidiaries and Specified Affiliates to secure outstanding indebtedness. In the event we default on our loans, such lenders could sell such shares, which could have a material adverse effect on our business, results of operations and financial condition. Further, our Promoters have personally guaranteed certain of our indebtedness and pledged a portion of their shares to secure certain of the outstanding indebtedness of our Company, Subsidiaries and Specified Affiliates, which could result in conflicts of interests with our Company in the treatment of such indebtedness including utilization of Issue Proceeds.

The loans extended to our Company and to our Subsidiaries and Specified Affiliates are secured by pledges of the Equity Shares of our Company held by our Promoters and pledges of some of the shares our Company owns in our Specified Affiliates. As of May 28, 2011, 63,728,003 Equity Shares of the Promoters of our Company which represents 21.16% of the total pre-Issue paid-up equity capital of our Company, have been pledged in favour of certain lenders. Our Company's entire equity interests in some of our Specified Affiliates have been pledged to our lenders to secure outstanding indebtedness of our Company and Subsidiaries. As of May 27, 2011, our Company has pledged 38.47% of the paid up share capital of Pipavav Shipyard Limited to lenders to secure outstanding indebtedness of our Company and of PSL. For details on our share pledges to secure our indebtedness, please refer to the chapters titled *"Financial Indebtedness"* and *"Capital Structure"* on pages 567 and 93. In the event of any default by the relevant borrower on the loans, the lenders would be entitled to realize upon their collateral and sell that collateral, including the pledged shares to third parties. In addition, any default on the part of the relevant borrower could trigger cross default provisions of the guarantees and personal guarantees of our Promoters. In such event, or in the event of an insolvency of our Company, our Equity Shares may have little or no value.

A significant part of the Issue Proceeds will be used to repay our indebtedness, including a portion of such guaranteed and secured indebtedness. For more details, please see *"Objects of the Issue"* beginning on page 111. Our Promoters' personal interests in repayment of the loans they have personally guaranteed and to which they have pledged shares could conflict with the interests of our Company and our shareholders with respect to such loans and could adversely affect our business, results of operations and financial condition. In addition, a default on a loan to which our Promoters have pledged their interests in our Equity Shares could result in our lenders being able to sell the Equity Shares held by our Promoters, which could result in a change in control of our Company or Specified Affiliates. For more details, please see *"Financial Indebtedness"* beginning on page 567.

27. ***Environmental regulations and related compliance investigations and the need for environmental approvals can derail or cause delays in timely execution of our projects, which could adversely affect our project performance and could expose us to environmental liabilities.***

We and our Specified Affiliates are involved in activities which require compliance with various environmental statutes. As a result, we and our Specified Affiliates are subject to a variety of environmental laws and governing regulations. These laws and regulations require step by step approval, generally backed by related investigations. A rejection of the approval at any step can require the step to be repeated, and all these laws, regulations, investigations and steps can cause project delays and substantial management time commitment and may significantly add to costs. Moreover, these laws and regulations are becoming more stringent, and may be more stringently enforced in the future. Violations of these environmental laws and regulations or failure to obtain any required environmental approvals could derail the projects or subject us and our Specified Affiliates to civil and criminal penalties. For example several environmental and public interest litigations have been filed in the past against our Port West project and have been dismissed in 2007 by the Gujarat High Court. An application made by Gujarat Positra Port Company Limited, a Group Entity, to conduct certain sea-bed surveys required under the Terms of Reference for Environmental Impact Assessment approved by the Ministry of Environment and Forest was rejected by the National Board for Wildlife on the ground that the Marine National Park in Jamnagar is highly rich in marine biodiversity and is an ecologically fragile area. We have challenged this decision in the High Court of Gujarat. If we are not permitted to carry out the Environmental Impact Assessment, it may not be possible to proceed with our Port West project. For further details pertaining to the aforementioned proceedings, please see *"Outstanding Litigation, Material Developments and Other Disclosures"* beginning on page 586. Any non-compliance with environmental regulations may lead to withdrawal of licenses.

28. ***We and our Specified Affiliates may not be able to identify or correct any defects or irregularities in title to the lands upon which we or they intend to develop projects. Further, the consolidation and acquisition of land are subject to certain uncertainties. The cost of acquiring land for proposed projects may be higher than we or our Specified Affiliates have estimated.***

There may be various legal defects and irregularities in title to the lands on which we and our Specified Affiliates may intend to develop projects, which we may not be able to fully identify or assess. Our and our Specified Affiliates' rights in respect of these lands may be compromised by improperly executed, unregistered or insufficiently stamped conveyance instruments in the property's chain of title, unregistered encumbrances in favour of third parties, rights of adverse possessors, ownership claims of family members of prior owners, legal concerns arising from land alienation in the past as well as from acquiring land from members of the Scheduled Tribes or other defects that we or our Specified Affiliates may not be aware of. Any defects or irregularities of title may result in loss of development rights over land, which will prejudice the success of such projects and may require the entity undertaking such project, to write off substantial expenditures in respect of a project. Any inability to identify defects or irregularities of title, and any inability to correct any such defects or irregularities of title may have an adverse effect on our business, financial condition and results of operations. Any decision to acquire land based on inaccurate, incomplete or dated information may result in risks and liabilities associated with acquiring and owning such parcels of land.

The process of consolidating land for several projects such as our power and port projects is underway. This process is subject to risks associated with third parties and factors that are beyond our control. Any inability to successfully consolidate land as needed could materially affect our projects.

The cost of acquiring land for proposed projects may be higher than we or our Specified Affiliates estimated. The cost of acquiring land is subject to a number of factors, including the type of land being acquired, market prices, relocation and rehabilitation policies, the level of economic development in the area where the land is located and government regulations pertaining to the price of land. If the cost of acquiring land substantially increases before we or our Specified Affiliates are able to acquire all of the land that is needed for the proposed projects, we and our Specified Affiliates may not be able to acquire the land required for our projects on commercially viable terms or at all, which could adversely affect our prospects, results of operations and financial condition. Further the lack of government support could hinder our ability to acquire land as needed. For example, newspaper reports have indicated that the Government of Maharashtra has recently decided that farmers should be free to use land previously reserved for the Maha Mumbai Special Economic Zone in the District of Raigad.

29. ***A substantial portion of the Issue Proceeds will be used to repay some of our indebtedness and we may be subject to pre-payment penalties.***

We intend to use ₹ 8,000 million of the Net Proceeds of the Issue to repay our loan obligations with various lenders. Our financing arrangements with some of these lenders contain provisions relating to pre-payment penalties and such penalties, if any, will not be paid from the Net Proceeds of the Issue. We intend to initiate discussions with our lenders to reduce or waive the amount of pre-payment penalties. However, we cannot assure you that we will be successful in our attempts to limit such penalties. For further details, please see *"Objects of the Issue"* beginning on page 111.

30. ***Our Company and some of our Group Entities have incurred losses and some of our Group Entities have had negative net worth in the past year. Sustained financial losses by our Company, our Subsidiaries or Group Entities may be perceived adversely by external parties such as customers, bankers, and suppliers, which may affect our reputation and business operations.***

Our Company and the following Group Entities have incurred losses in the past year:

(₹in mn.)

Sr. No.	Name of Group Entity	Profit/ (loss) after tax in Fiscal 2010
1.	SKIL Infrastructure Limited	(198.34)
2.	Pipavav Shipyard Limited	(460.66)
3.	Grevek Investments & Finance Private Limited	(6.52)
4.	Montana Infrastructure Limited	(7.10)
5.	SKIL Institute of Nursing Private Limited	(0.01)
6.	Donyipolo Petrochemicals Limited	(0.03)
7.	Metropolitan Overseas Limited	(28.58)
8.	Everonn Infrastructure Limited	(3.56)
9.	Everonn Skill Development Limited	(12.89)
10.	Everonn Business Education Limited	(5.30)
11.	Urban Infrastructure Holdings Private Limited	(18.04)
12.	Mahakaleshwar Knowledge Infrastructure Private Limited	(2.77)
13.	Chiplun FTWZ Private Limited	(1.99)
14.	Dronagiri Infrastructure Private Limited	(0.21)
15.	AEG Skill Update Private Limited	(0.01)
16.	Shivalik Infrapromoters Private Limited	(0.12)
17.	Shivalik Project Development Company Private Limited	(0.04)
18.	Himland Infrastructure Private Limited	(0.01)
19.	Sohar Free Zone LLC (for the year ended December 31, 2010)	(31.87)

Our Group Entities had negative net worth in the past year:

(₹in mn.)

Name of Group Entity	Fiscal 2010
SKIL Institute of Nursing Private Limited	(4.20)
Metropolitan Overseas Limited	(165.41)
Everonn Infrastructure Limited	(3.06)
Everonn Business Education Limited	(4.80)

Negative net worth and/or losses incurred by our Group Entities may be perceived adversely by external parties such as customers, bankers, and suppliers, which may affect our reputation and business operations. For details, please see "*Group Entities*" on page 249.

31. ***We have interests in businesses in multiple industries, which may result in reduced focus from us in a particular industry and adversely affect our success in any or all industries in which we have an interest and may adversely affect our business, results of operations and financial condition.***

    Our Company operates and plans to operate through our Subsidiaries and Specified Affiliates in multiple industries such as the infrastructure, education, ports, logistics, SEZ and defence sectors. This diversification could result in reduced focus from our part on any of these industries. This may result in risks to our business continuity and a diffusion of efforts and may adversely affect our business, results of operations and financial condition.

32. ***Our and our Specified Affiliates' reputations are important to our business and any adverse impact on those reputations may have a material adverse impact on our business, results of operations and financial condition.***

    Our ability to source business opportunities depends on our reputation and the reputation of our Promoters and Specified Affiliates. We rely on, among other things, the business and personal contacts of our Promoters in sourcing business opportunities. Our business strategy requires us, in many instances, to work with various entities providing financial and technical support and with governmental agencies for various kinds of support and approvals. Our ability to obtain the approval and/or the participation of such entities will depend on our reputation. Any adverse event relating to our Company, our Subsidiaries, our Promoters or Specified Affiliates, or a perception of any such adverse event, including allegations in the media (even if such adverse event, perception or allegation ultimately proves to be baseless) may have a negative impact on our reputation, which may adversely affect our ability to source, and invest in, suitable business opportunities and have a material adverse impact on our business, results of operations and financial condition.

33. ***Our success depends largely upon the services of our executive directors and other Key Managerial Personnel and our ability to retain them. If we are unable to attract and retain Key Managerial Personnel, it may adversely affect our operations.***

    Our executive directors and other Key Managerial Personnel possess substantial expertise and experience crucial to the success of our business. We do not maintain keyman insurance for any of the senior members of our management team or other key personnel. There can be no assurance that we will not lose some of our Key Managerial Personnel to third parties, including our competitors. Any inability to attract talent and/or retain the services of any of our Executive Directors or other Key Managerial Personnel could have a material adverse effect on our business and could harm our ability to maintain or grow our business.

34. ***Our Promoters, Mr. Nikhil Gandhi and Mr. Bhavesh Gandhi, are also involved in the management of many of our Group Entities. Their management in such Group Entities could reduce their participation in the management of our Company and could result in conflicts of interests, which may have a material adverse effect on our business.***

    Our Promoters, Mr. Nikhil Gandhi and Mr. Bhavesh Gandhi, are also involved in the management of many of our Group Entities. Therefore, there may be situations in which our Promoters are unable to allocate sufficient time to our Company or effectively participate in the management of our Company, which could have a material adverse effect on our business. Further, our Promoters are involved in the management of certain Group Entities which are engaged in the same businesses as our Company, such as Horizon Infrastructure Limited and SKIL Ports and Logistics Limited, which may result in conflicts of interests and have a material adverse effect on our business.

35. Any past or future investments and acquisitions may not be successful or may not be on terms which are favourable to us, which could adversely affect our business and financial condition.

We expect to continue to pursue selective investments and acquisitions of businesses. We cannot assure you that the investments and acquisitions we have made in the past or those that we will make in the future will be suitable or that we will be able to consummate any such transactions on terms and conditions acceptable to us or at all, or that such transactions will be successful. To the extent we have undertaken or will undertake investments and acquisitions of businesses, we will face various risks and uncertainties including risks associated with, (i) the required investment of capital and other resources, and (ii) the possibility that we have insufficient expertise to engage in such activities profitably or without incurring inappropriate amounts of risk. We may also undertake investments and acquisitions without entering into written agreements and as a result may not have the benefit of representations, warranties and indemnities from the other party or its promoters. For example, we did not enter into a written agreement in connection with the acquisition of shares in New Horizons India Limited.

Past or future investments and acquisitions in new fields could bring us into businesses we have not previously conducted and expose us to additional business risks that are different from those we have traditionally experienced. Entry into any new lines of business may subject us to new laws and regulations with which we are not familiar, and may lead to increased litigation and regulatory risk. When conducting due diligence and making an assessment regarding an opportunity, we rely on the sources available to us, including information provided by the other party. The due diligence investigation that we have carried out for past investments or acquisitions or that we will carry out with respect to any future opportunity may not be sufficient to identify all significant risks during our due diligence activities or integrating investments and acquisitions and successfully managing the growth we expect to experience from these investments and acquisitions. If a business, whether acquired or initiated in the past or to be acquired in the future, generates insufficient revenues or if we are unable to efficiently manage our expanded operations, our results of operations will be materially and adversely affected.

36. We may be subject to liability and adverse tax consequences upon the disposal of assets, which could adversely affect our business and financial condition.

In connection with the disposal or sale of assets or investments, we may be required to give representations, warranties and indemnities in respect of those assets and to pay damages to the extent that any such representations, warranties or indemnities are or become inaccurate. We may become involved in claims, disputes or litigation concerning such representations, warranties and indemnities and may be required to make payments to third parties as a result of such claims, disputes or litigation. We may also be subject to tax consequences upon the disposal of assets or investments, including potential double taxation relating to assets through special purpose vehicles, taxation on capital gains and other forms of tax that could be applicable to such dispositions.

37. We have entered into transactions with related parties, which could adversely affect our business and financial condition.

We have entered into certain transactions with related parties, including our Promoters, the Promoter Group, Directors and our employees and may continue to do so. For more information see "*Related Party Transactions*" beginning on page 298 and *"Financial Information"* beginning on page 300. While we believe that our related party transactions are entered into on an arms length basis, there can be no assurance that future transactions with related parties will be on an arms length basis. Additionally, there can be no assurance that disputes will not arise between us and related parties. In the event that disputes arise between our Company and related parties or if such disputes are not resolved in our favour, our business and financial condition could be adversely affected.

38. Our Registered office is not owned by us. In the event we are unable to renew our leave and license agreement, or if such agreement is terminated, we may suffer a disruption in our operations and our business may be adversely affected.

Our Registered Office is located on property owned by Awaita Properties Private Limited (one of our Promoter Group Entities). We have entered into a leave and license agreement in September 2010 for a period of 24 months beginning on June 1, 2010. Pursuant to the agreement a monthly fee of ₹ 25,000 is payable by us to Awaita Properties Private Limited. Further, the said leave and license agreement has not been registered under the Registration Act, 1908. The term of the agreement may not be renewed on terms favourable to us or at all. In the event the agreement is terminated or not renewed on commercially acceptable terms, and we are required to vacate our office, our operations could be adversely affected. For more information see "*Business*" beginning on page 163.

39. Our Company and our Promoters are subject to certain restrictive covenants under the Shareholders' Agreements entered into by our Company and our Promoters. There can be no assurance that we or our Promoters will be able to comply with these covenants or that we will be able to obtain mandatory consents to take certain actions which would materially and adversely affect our business.

Our Promoters have granted tag-along rights to M2N2 Partners Limited under certain circumstances under a Shareholders' Agreement**.** The Shareholders' Agreement terminates upon the completion of an initial public offering of our Company. We have received no objections from shareholders for the proposed Issue and have received the necessary consents. For details, please refer to the paragraph titled *"Material Contracts"* under *"History and Certain Corporate Matters"* beginning on page 200.

In addition, our Company has entered into certain agreements which restrict our ability to sell our equity interests in certain unlisted Specified Affiliates without the consent of the other parties or in certain circumstances may compel us to sell such interests pursuant to drag-along rights. Any inability to sell our equity shares in our Specified Affiliates could limit funds available to meet our debt obligations. Further, we may be forced to reject purchase offers for the restricted equity shares of our Specified Affiliates at prices beneficial to us.

40. Our Company's insurance cover may not be adequate to cover all the risks that may arise in the ordinary course of business; in case our Company is required to bear losses arising therefrom, our Company's results of operation and financial performance could be adversely affected.

As on the date of the Draft Red Herring Prospectus, our Company has not availed directors liability insurance and key man insurance policies. Further, our Company has not availed business interruption insurance cover. Our Company's insurance cover therefore may not be adequate to cover all the risks that may arise in the ordinary course of business. 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.

41. Certain of our Subsidiaries and Specified Affiliates operate in sectors where potential liabilities may not be covered by insurance or may not be fully covered by insurance.

Certain of our Subsidiaries and Specified Affiliates operate in sectors, such as the shipyard, ports, logistics, power, free zone and defence sectors, where a variety of risks beyond their control could expose such entities to substantial liability for personal injury, wrongful death, product liability, property damage, pollution and other environmental damages. Although these entities attempt to limit and mitigate their liability for damages arising from negligent acts, errors or omissions through contractual provisions and/ or insurance policies, the indemnities set forth in our contracts and/or our insurance policies may not be enforceable in all instances or the limitations of liability may not protect them from entire liability for damages. A successful assertion of one or more large claims against these entities could adversely affect their results of operations and in turn our business and financial performance.

42. *Some of our Company's records relating to certain filings made with the ROC by our Company including, inter alia, in relation to changes to its authorized share capital are not traceable.*

Our Company is unable to locate certain corporate records which include copies of certain filings made by our Company with the ROC, in compliance with its obligations under the Companies Act. These filings include, *inter alia*, certain filings made with the ROC in relation to certain changes to its authorized share capital in 1992, 1998 and 2007. For details of certain filings whose copies are not presently available in our records please see the chapter titled "*Capital Structure*" on page 93. While our Company believes that these forms were duly filed on a timely basis, we have not been able to obtain copies of these documents, including from the RoC. We can provide no assurance that all such filings were in fact made or that these filings will be available in the future or that we will not be subject to any penalty imposed by the competent regulatory authority in connection with these filing requirements.

43. *We have not yet identified any acquisition targets for which we propose to use part of the Net Proceeds of the Issue.*

We propose to use a portion of the Net Proceeds of the Issue (₹1,500 million) for future investments and acquisitions. However, as of the date of this Draft Red Herring Prospectus we have not identified any specific targets and there can be no assurance that we will be able to identify acquisition targets on terms favourable to us or at all. No agreement for any such acquisitions have been entered into as the date of this Draft Red Herring Prospectus. Pending utilization for the Objects of the Issue, we intend to invest the funds in interest/dividend bearing liquid instruments including money market mutual funds and deposits with banks for the necessary duration or for reducing overdraft. For further details please see the section titled "*Objects of the Issue*" on page 111.

Risks Related to PSL

As of March 31, 2011, we owned an approximate 43.14% direct and indirect equity interest in PSL, a publicly listed company in India, and are one of its promoters together with one of our Group Entities. Below are certain risks affecting PSL's business, the occurrence of which could adversely affect PSL's share price and financial performance and thereby our Company's financial performance and share price

44. *The trading price of PSL's equity shares is subject to market fluctuations and may be volatile.*

PSL is a company whose equity shares are listed on the BSE and the NSE. Our investment in PSL constituted approximately 71.27% of our consolidated assets at December 31, 2010. The market price of PSL's equity shares may fluctuate as a result of several factors, including the following:

- risks relating to PSL, including those discussed in this Draft Red Herring Prospectus;
- cancellations or renegotiations of orders by PSL's customers;
- any major accident, failure of key equipment, or any other untoward incident at PSL's facilities in Gujarat;
- strategic actions by PSL or its competitors;
- perceptions about PSL's future performance or the performance of Indian ship building companies or companies engaged in PSL's business generally;
- future sales of PSL's equity shares;
- variations in PSL's quarterly results of operations;
- differences between PSL's actual financial and operating results and those expected by investors and analysts;
- PSL's future expansion plans;
- PSL's failure to obtain contracts for future defence work or additional naval orders; and
- changes in the estimates of PSL's performance or recommendations by financial analysts.

45. PSL has assigned documents pertaining to the Pipavav Shipyard and government approvals and licenses relating to the Pipavav Shipyard in favour of PSL's lenders. Invocation of these assignment rights by such lenders could materially and adversely affect PSL's and our business.

Documents pertaining to the Pipavav Shipyard, including the sub-lease agreement with Gujarat Pipavav Port Limited ("GPPL") dated as of October 7, 1998 ("Sub-Lease Agreement") under which the Pipavav Shipyard was constructed and is operated by PSL, and related governmental approvals and licenses have been assigned in favor of PSL's lenders and may be assigned to other lenders in the future, as security for loans. In the event of a default on any of the loans that are secured by such assignments, the lender would be able to, among other things, take possession of PSL's rights under the Sub-Lease Agreement or invoke any legal remedies available to dispossess PSL of its rights under those documents, government approvals and licenses. If PSL loses possession or clear title to its rights under the Sub-Lease Agreement or the government approval and licenses relating to the Pipavav Shipyard and are unable to operate the Pipavav Shipyard, PSL's financial condition and results of operations will be adversely affected. In addition, PSL's working capital credit facilities are secured by stocks of raw materials, semi-finished and finished goods, stores and spares not relating to plant and machinery (consumable stores and spares), receivables, debts owed to us and all other movable assets of PSL. There is also a second mortgage and charge in favour of PSL's working capital lenders ranking after the charges made in favour of PSL's term lenders on PSL's immovable properties (other than current assets) both present and future. Invocation of these assignment rights by PSL's lenders could materially and adversely affect PSL's and our business.

46. PSL has been subject to search and seizure proceedings by the Department of Revenue Intelligence. Any adverse outcome from these proceedings will adversely affect PSL's financial condition and thereby our financial condition.

The Department of Revenue Intelligence carried out search and seizure proceedings against PSL on August 27, 2008, September 23, 2008 and October 14, 2008 in respect of alleged non-payment of excise duties and customs duties in respect of steel used by PSL in the construction of the dry dock at the Pipavav Shipyard. PSL believes that it was exempt from paying excise duties and custom duties on steel used in the construction of the dry dock because as a notified Export Oriented Unit ("EOU") PSL is exempt from paying excise duties and customs duties on goods used for the production of capital goods, raw materials, goods used in the manufacture of export products and raw materials used for making capital goods. This matter is now pending before the High Court of Gujarat. In the interim the Supreme Court of India has permitted PSL to use the seized material for construction of the dry dock subject to PSL (i) having deposited a sum of ₹ 35 million, (ii) furnishing a bond in the amount of ₹ 135 million in favour of the Department of Revenue Intelligence through PSL's executive director, and (iii) fulfilling certain other obligations. There can be no assurance that the High Court of Gujarat will rule in PSL's favour. If the High Court of Gujarat determines that the dry dock is civil construction, the deposit of ₹ 35 million will not be refunded to PSL and PSL may be liable to pay an additional sum of approximately ₹ 135 million together with interest on account of excise duties and customs duties payable on the steel used to construct the dry dock, which could have an adverse effect on PSL's and our financial condition and results of operation. For further details on these proceedings, please see "*Outstanding Litigation, Material Developments and Other Disclosures*" beginning on page 586.

47. PSL may not be in compliance with certain of its obligations to the Gujarat Maritime Board ("GMB"), which could have a material adverse effect on our business, results of operations and financial condition.

In response to a request for consent to commence construction activities for the Pipavav Shipyard at Pipavav Port, the GMB, by its letter dated June 25, 2007, granted its consent which imposed certain conditions including, among others, the requirement of statutory environmental clearances from the relevant regulatory authorities, no-objection certificates from customs authorities, payment of applicable charges to GMB, submission of periodic progress reports, execution of a sub-concession agreement, clearance for acquisition of direct or indirect interests of more than 10% in PSL (subject to a right to withhold such approval, should GMB or the Government of Gujarat opine that the acquisition would be prejudicial to national interests), and for any direct or indirect change in management or ownership, mergers or acquisition, or substantial change in directors. PSL has received legal advice that certain of these conditions in the consent by GMB will not apply to PSL since PSL operates under the Sub-Lease Agreement. However, PSL is in discussions with GMB to finalize a sub-concession agreement. There can be no assurance that GMB will concur with the legal advice relied upon by PSL and will not take appropriate action against PSL in this regard including seeking to terminate the Sub-Lease Agreement. If GMB does proceed to take such action against PSL, its and our business, financial condition and results of operations may be materially and adversely affected.

48. PSL's order book does not indicate or guarantee that future earnings will be earned relating to the performance of that work.

PSL's order book of ₹ 71,161.37 million at May 28, 2011 (conversion at the rate of 1 USD = ₹ 45.21), consists of 51.09% Panamax bulk carriers, 7.11% offshore support vessels and 41.80% offshore patrol vessels in value terms.

The order book includes revenue for the orders which have been booked in accounts as per Accounting Standard 7 "Percentage of Completion Method." PSL's order book does not indicate or guarantee that future earnings will be earned relating to the performance of that work or that earnings accounted for in the past will actually materialise. Accordingly, you should not consider PSL's order book to represent future revenues. PSL's order book represents business that is considered likely, but cancellations or scope or schedule adjustments may and do occur. Also, most of the contracts in PSL's current order book have been renegotiated in the past and there can be no assurance that they will not be further renegotiated in the future.

49. Certain properties, including the land on which PSL has constructed the Pipavav Shipyard, are not owned by PSL and PSL enjoys only a leasehold right over certain of these properties.

Pursuant to a lease agreement dated September 30, 1998 ("Lease Agreement") between the Gujarat Maritime Board ("GMB") and Gujarat Pipavav Port Limited ("GPPL"), GMB leased to GPPL land located in village Rampara, District Amreli, State of Gujarat, for a term of 30 years, together with the right to use the foreshore land and the waterfront. PSL entered into a sub-lease agreement with GPPL on October 7, 1998 ("Sub-Lease Agreement"), which granted PSL leasehold rights over part of the land and the right to use the foreshore land and the waterfront. PSL is required to use such land and the waterfront for shipyard activities and for which it has the right to reclaim, excavate, enclose and raise any part of the foreshore land and the waterfront.

The Lease Agreement is subject to termination or renewal of the concession agreement among the Government of Gujarat, GMB and GPPL dated September 30, 1998 ("Concession Agreement"). Upon termination of the Concession Agreement, the Lease Agreement and the Sub-Lease Agreement will automatically terminate. Further, pursuant to the terms of the Sub-Lease Agreement, PSL is required to comply with the provisions of the Concession Agreement. In addition, upon termination of the Sub-Lease Agreement, whether upon expiry or early termination, the immoveable properties on the Pipavav Shipyard will be transferred to GMB through GPPL in accordance with the procedure specified in the Concession Agreement.

PSL has reclaimed land measuring approximately 39.06 hectares (approximately 96.52 acres) and are in the process of reclaiming land measuring approximately 18.8 hectares (approximately 46.45 acres). PSL's wet dock that has been converted into a dry dock is located on the reclaimed land. The land under reclamation is and will be occupied and used by PSL for shipyard activities and other incidental activities. Under the terms of the Concession Agreement, ownership of reclaimed land and land under reclamation vests with GMB and no lease rentals are required to be paid for occupation and use of this land. This land has not been notified under the revenue records of the Government of Gujarat and PSL does not pay rent for occupation and use of this land. PSL relies upon the provisions set forth in the Sub-Lease Agreement to claim rights to occupy and use the reclaimed land and land under reclamation during the subsistence of the Sub Lease Agreement. Upon termination of the Sub-Lease Agreement and the Lease Agreement, this land shall revert to GMB. There can be no assurance that the Government of Gujarat, GMB or GPPL will not require PSL to enter into additional contracts or arrangements to specify PSL's rights over any area of reclaimed land or land under reclamation or requires PSL to pay fees or charges in connection with the occupation and use of such land. If any of the Lease Agreement or Concession Agreement expire or terminate, PSL will not be entitled to use the reclaimed land or reclaim additional land.

Pursuant to an agreement dated March 30, 2005 between PSL and GPPL ("Provisional Agreement"), PSL and GPPL agreed to enter into definitive agreements as soon as practicable to record certain arrangements relating to the lease and sublease by PSL of various parcels of land to GPPL.

PSL entered into a deed of sub-lease dated May 31, 2008 with GPPL ("May 2008 Deed") for land on which PSL has built part of the dedicated corridor road between the E Complex Private Limited facilities and the Pipavav Shipyard. The term of the sub-lease is valid until September 29, 2028. However, the May 2008 Deed contains a provision that states that such deed shall be subject to the terms and conditions of the Concession Agreement, the Lease Agreement and the terms of the proposed sub-concession agreement and further that if the proposed sub-concession agreement is not entered into on or before August 31, 2008 or such further date as may be mutually agreed, the May 2008 Deed shall become null and void. The proposed sub-concession agreement has not been executed as yet nor has any extension been agreed. Accordingly, unless the parties reach a definitive written understanding, the sub-lease pursuant to which PSL is occupying and using the land is null and void. Under the May 2008 Deed, PSL is required to restore the land to its original condition, failing which GPPL remains free to restore such land to its original position at PSL's cost. As of the date of this Draft Red Herring Prospectus, PSL continues to occupy and use part of such land as the dedicated corridor road between the E Complex Private Limited facilities and the Pipavav Shipyard and has been paying GPPL rent at the rate specified under the May 2008 Deed. There can be no assurance that GPPL will not seek to exercise its rights under the May 2008 Deed. If PSL is unable to occupy and use this land and prevented access to the corridor road, it may have a material adverse effect on the business, financial condition and results of operations of PSL.

As of the date of this Draft Red Herring Prospectus, no definitive agreements have been entered into as contemplated under the Provisional Agreement. PSL does not have leasehold rights to part of the corridor road land it currently occupies and uses for shipyard activities, housing development, infrastructure development and other incidental activities and purposes and has been paying GPPL rent at the rate specified under the Lease Agreement and the May 2008 Deed.

There can be no assurance that the Government of Gujarat or GMB will not terminate the existing arrangements with GPPL, or GPPL will not terminate its arrangements with PSL. PSL may also be subject to additional restrictions or charges or material increases in rent with respect to such land. The occurrence of any of these events may have a material adverse effect on the business, financial condition and results of operations of PSL.

50. ***The loss of or shutdown of operations at the Pipavav Shipyard would have a material adverse effect on PSL's business, financial condition and results of operations.***

PSL constitutes a majority of our consolidated assets. PSL relies exclusively on its facilities at the Pipavav Shipyard to earn revenues, pay operating expenses and service debt. Any significant interruption to, or loss or shutdown of, operations at Pipavav Shipyard would adversely affect PSL's business. PSL does not maintain business interruption insurance and is not covered for any claims or damages for such disruptions. In the event PSL's facilities are forced to shut down for a significant period of time, both our Company's and PSL's financial condition and results of operation would be materially and adversely affected.

51. ***PSL is required to comply with certain conditions under approvals and applicable laws and regulations, the non-fulfillment of which may expose PSL to penalties.***

PSL has been notified as an Export Oriented Unit ("EOU") and has been granted permission for the establishment of a new undertaking under the EOU scheme in respect of shipbuilding, ship repair and refit facility services. Under the terms of the EOU certificate, PSL is required to comply with certain conditions, including specified export obligations. Failure to meet these conditions may result in penalties and duties against PSL under the provisions of the Foreign Trade (Development and Regulation) Act, 1992 and the rules and regulations made thereunder, which may have an adverse effect on PSL's and our reputation, business and results of operations.

In addition, PSL operates a SEZ through its subsidiary, E Complex Private Limited. PSL operates a SEZ unit in the SEZ and such unit is required to comply with certain conditions, such as the achievement of positive Net Foreign Exchange in every period comprising of a block of five years, starting from the date of commencement of commercial production, which is April 1, 2009. Failure by such unit to meet these obligations may result in penalties under the SEZ Act, 2005 and the rules thereunder.

The EOU and the SEZ operated by PSL are linked by a dedicated corridor which is a Domestic Tariff Area ("DTA"). SEZs are subject to certain conditions and the interface between PSL's EOU, SEZ and DTA is subject to strict compliance with certain documentation requirements. Any failure to comply with these conditions could result in actions by regulators and have an adverse effect on PSL's and our business and results of operations.

52. Delays in the manufacturing and delivery of vessels to customers may result in PSL being liable to pay its customers damages and may adversely affect its reputation, business, financial condition, results of operation and prospects.

In the past, there have been delays in the manufacturing and delivery of the vessels and such delays may occur in the future.

PSL may encounter problems executing the projects as ordered, or executing them on a timely basis. Moreover, factors beyond PSL's control may cause a project to be delayed, including delays or failures to obtain necessary authorizations, permissions or permits in a timely manner, and other types of difficulties or obstructions. Any delay in the completion and delivery of the vessels that PSL is constructing under its shipbuilding contracts will result in PSL being liable to pay its customers damages, liquidated or otherwise. Further, performance and warranty bonds PSL has executed if invoked may have an adverse impact on PSL's financial results.

If the delay continues beyond the time stipulated in the contracts, PSL's customers may terminate their vessel construction contracts. Even relatively short delays or surmountable difficulties in the execution of a project could result in PSL's failure to receive, on a timely basis or at all, all payments otherwise due to PSL on a project. Moreover, any significant delay in the manufacture and delivery of vessels to customers could result in delayed receipt of revenue, additional funding requirements, cost overruns, increased debt service obligations and additional financing and operating covenants contained in new loan documents that would restrict PSL's operations. Accordingly, any delay in the manufacturing and delivery of vessels to customers would have an adverse impact on PSL's reputation and could have a material adverse effect on its business, financial condition, results of operation and prospects.

53. PSL incurs expenses in multiple currencies and exchange rates movements may have a negative effect on PSL's results of operations.

PSL has foreign currency exposure related to the import of most of the materials required for shipbuilding. PSL does not currently have any hedging arrangements. Significant currency exchange rate fluctuations could result in cost overruns. Most of PSL's contracts with customers are fixed priced contracts and consequently PSL may not pass on such cost overruns to its customers.

54. PSL's profitability may be adversely affected if PSL does not receive a shipbuilding subsidy from the Government of India.

Until August 14, 2007, the Government of India provided a ship building subsidy that, when applicable, provided a subsidy benefit of 30% to shipbuilding companies in respect of (i) ocean-going merchant ships that were over 80 meters in length and manufactured for the domestic market and (ii) ships of all types that were manufactured for export, subject to fulfillment of certain conditions. Under that policy, the subsidy was available to private shipyards in respect of ships that met the Government of India eligibility requirements upon completion of construction and delivery of eligible ships. Pursuant to that policy PSL filed eligibility applications with the Government of India in respect of the Panamax bulk carriers comprising PSL's order book at that time. However, on August 14, 2007, the shipbuilding policy of the Government of India expired. In March 2009, the Government of India issued a notification clarifying that all shipbuilding contracts entered into prior to August 14, 2007 would be eligible for the subsidy that expired on August 14, 2007. Consequently, PSL's original application for the subsidy in respect of the Panamax bulk carriers comprising its order book as of that date are being processed and our Company believes that PSL will continue to be eligible for the subsidy.

PSL has been booking the subsidy in its financial statements and results thus far and in case PSL is unable to avail the subsidy, its financial results may be adversely affected. Also, the notification issued by the Government of India in March 2009 stipulated that the total benefits accruing to shipyards located in SEZs from the subsidy plus any other benefits and incentives from the Government of India available to shipyards would be capped at 30% instead of the shipyard being entitled to a 30% subsidy in addition to any other available benefits and incentives, as was PSL's previous understanding of the subsidy.

55. The performance/execution vis-à-vis certain of the objects stated in the initial public offering of PSL were delayed.

The performance/execution vis-à-vis certain of the objects stated in the initial public offering of PSL as stated in the report of the monitoring agency, IDBI Bank, dated May 28, 2010 for the period commencing from October 8, 2009 and ending March 31, 2010 were materially delayed. Details of the delays are as under:

Project	Scheduled Completion Date	Actual Completion Date	Reasons for Delay
Construction of Pipavav Shipyard (other than the offshore yard)	October 2009	September 2010	The Installation of Goliath Cranes was delayed due to restriction on issuance of visas to Chinese technicians required for installation.
The Offshore yard	March 2010	September 2010	Yard has been delayed because of changes in platform designs from originally planned 6000T capacity to modified 10000T capacity. Further, large boulders were encountered in piling. There was also some delay in mobilization of equipment like piling rigs and accessories by the contractors.

Risks Related To Our Special Economic and Free Zones ("SEZs")

At March 31, 2011, we owned a 35% interest in Urban Infrastructure Holdings Private Limited, which holds a 99.67% interest in Dronagiri Infrastructure Private Limited, which in turn holds a 74% interest in Navi Mumbai SEZ Private Limited. Consequently we have an indirect 25.81% beneficial equity interest in Navi Mumbai SEZ Private Limited ("NM SEZ"). At March 31, 2011, we owned a 33.33% equity interest in Sohar Free Zone, LLC ("Sohar FZ") and a 6.49% equity interest in Mumbai SEZ Limited. Below are certain risks affecting our SEZs, the occurrence of which could adversely affect the value of our investments in such SEZs.

56. Our SEZs (excluding E-Complex) are in the development stage. There can be no assurance that we will be able to successfully develop these projects, which could materially and adversely affect our business, financial condition and results of operations.

Our SEZs (excluding E-Complex) are currently in the development stage and we do not have significant prior experience in this sector. We have yet to enter into definitive agreements for some of these projects and have yet to acquire all the land necessary. These projects have not received all the required approvals from regulatory authorities. In the event that we are unable to obtain the necessary governmental approvals or secure definitive agreements and acquire land under terms acceptable to us in a timely manner or at all, we may not be able to develop our SEZs and our business, financial condition and results of operation could be adversely affected.

57. ***SEZs are subject to a variety of risks which are not within our control and usually involve a long development period, which could adversely affect our business, financial condition and results of operations.***

SEZs are subject to a variety of risks which are not within our control. Such risks include construction delays, risks associated with the use of sub-contractors, unanticipated costs increases and changes in the regulatory and business environment of the SEZ. Additionally, the development of a SEZ is usually a long process. Further, under the SEZ Rules, 2006, SEZs are required to comply with certain conditions, such as the achievement of positive Net Foreign Exchange in a specified period after commencement of production. Failure to meet such obligations may result in penalties under applicable law. There can be no assurance that we will be able to successfully develop our SEZs in a timely manner or at all or comply with conditions of operation, which could materially affect our business, financial condition and results of operations.

58. ***Our Sohar FZ project is located in the Sultanate of Oman and is subject to political, economic, regulatory and other risks of doing business in the Sultanate of Oman.***

We are developing our Sohar FZ project in the Sultanate of Oman, which subjects us to risks associated with its political and economic environment as well as its legal system, that are different from the legal system that we are familiar with in India, and which may be qualitatively different in terms of establishment or predictability. In addition, we could be subject to expropriation or deprivation of assets or contract rights, foreign currency restrictions, exchange rate fluctuations and unanticipated taxes or encounter potential incompatibility with foreign partners.

Risks Related To Our Logistics Business

At March 31, 2011, we owned a 46.40% equity interest in Horizon Country Wide Logistics Limited ("Horizon"), and are its sole promoter. Below are risks affecting Horizon's business, the occurrence of any of which could adversely affect the value of our interest in Horizon

59. ***We have no prior experience in the logistics sector. Any inability to implement our logistics projects could adversely affect our business and prospects.***

We have no prior experience in the logistics sector. There can be no assurance that we will be successful in the implementation of our logistics projects, which could adversely affect our business and prospects.

60. ***None of the seven logistics sites being developed are currently operational. If these sites are not completed, or their completion is delayed, it could have an adverse effect on Horizon.***

It is intended that each of the seven logistics site being developed / proposed to be developed would operate as a stand alone asset. None of these sites are currently operational. As of the date of this Draft Red Herring Prospectus, land for four of the sites has not been acquired and Horizon or the relevant project entities have yet to secure debt financing arrangements for six of these locations. Furthermore, approvals for many of the sites have not yet been received. Any failure on the part of Horizon or the relevant project entities to acquire suitable land, obtain necessary approvals and secure sufficient financing to implement and unify each logistics site with the other logistics sites could have a material adverse effect on the business, financial condition, results of operation of such project entities and of Horizon and, through its holding in Horizon, our Company.

61. ***Our logistics business will be significantly dependent on our ability to secure arrangements with customers and overseas and domestic agents. Any deficiency in the service levels of such agents or termination of agreements with such agents or customers could materially and adversely affect our logistics business.***

Our logistics business will be significantly dependent on our ability to secure arrangements with overseas and domestic agents for procuring business contracts. Further, any deficiency in the service levels of such agents or termination of agreements with such agents could materially and adversely affect our logistics business.

Our logistics business will also depend on our ability to secure relationships with key customers. If we are unable to secure such relationships, our logistics business will be materially and adversely affected.

62. Horizon has entered into a MoU with Sohar Free Zone LLC with respect to developing, operating and managing the main logistics zone in the Sohar FZ. There can be no assurance that this project will materialize, which could adversely affect our logistics business.

Horizon, has entered into a MoU with Sohar Free Zone LLC, with respect to developing, operating and managing the logistics zone in the Sohar FZ. Development has yet to commence and there can be no assurance that definitive agreements will be reached. Further, while the MoU envisages that while Horizon will be the main logistics provider in the Sohar FZ, it does not grant Horizon any exclusivity rights for logistics activities in the Sohar FZ and there can be no assurance that this MoU will be implemented in a definitive agreement.

63. The various approval requirements for the development of the FTWZ and certain transfers of interests in the underlying land, have not yet been completed and if they are delayed or not completed this could have a material adverse effect on our financial results and operations.

Chiplun FTWZ Private Limited ("Chiplun FTWZ"), in which Horizon owns a 52% equity interest, was set up to develop, as a co-developer under the SEZ Act, 2005, the processing area of a Free Trade Warehousing Zone ("FTWZ") project over approximately 100 acres of land (the "FTWZ Land") situated in the Raigad district of Maharashtra in the outskirts of the J.N. Port, Navi Mumbai. Chiplun FTWZ has received the approval from the Ministry of Commerce of India to be the co-developer. Such approval is subject to certain conditions which remain to be fulfilled and is valid until October 31, 2011. There is no assurance that Chiplun FTWZ will fulfill such conditions or that the approval will be renewed, which would have an adverse impact on the business, financial condition and results of operations of Horizon and hence our Company.

Pursuant to the terms of an agreement to lease (the "Agreement to Lease") between (1) Chiplun Infrastructure Private Limited ("CIPL"), (2) Karanja Infrastructure Private Limited ("KIPL"), (3) Chiplun FTWZ and (4) Horizon, KIPL and CIPL are under an obligation to lease or, in certain circumstances, transfer the FTWZ land to Chiplun FTWZ. However, at present no such transfer has been made. Any failure on the part of Chiplun FTWZ to acquire title to the FTWZ Land could also prevent Chiplun FTWZ from operating the FTWZ and have a material adverse effect on the business, financial condition, result of operation and prospects of Chiplun FTWZ and, through its holding in Chiplun FTWZ, our Company.

Risks related to our Ports Business

At March 31, 2011, we owned a 48.39% equity interest in Gujarat Positra Port Company Limited ("GPPCL"). Our Company, along with GPPCL and POR, entered into a Memorandum of Understanding in January 2009 with the Gujarat Port Infrastructure and Development Company Limited with respect to the development and ownership of an all weather deep-water port in Positra, Gujarat ("Port West").

64. Our Port West project is in the development stage and we have not received approvals from regulatory authorities for this project. There can be no assurance that we will be able to successfully develop this project, which could materially and adversely affect our business, financial condition and results of operations.

Our Port West project is currently in the development stage. Our Company and POR entered into a binding heads of agreement in December 2008 with respect to the development of an all weather deep-water port in Positra, Gujarat ("Port West") through a joint venture, with POR making its investments through its wholly-owned subsidiary, Mainport Foreign Investments B.V. Our Company, along with GPPCL and POR, entered into a Memorandum of Understanding in January 2009 with the Gujarat Port Infrastructure and Development Company Limited with respect to the development and ownership of Port West. The land for Port West is proposed to be leased to GPPCL by the Gujarat Maritime Board, which has initiated steps to acquire 3,400 hectares of land for Port West, of which 1,000 hectares will be required for the initial stage of the development plan. However, the land concession agreement has not been executed and is currently being negotiated. GPPCL obtained a feasibility report on Port West in July 2007 and POR obtained a design report in 2008. We have not received approvals from regulatory authorities in relation to this project. In the event that we are unable to obtain the necessary governmental approvals or secure formal agreements and arrangements acceptable to us in a timely manner or at all, we may not be able to develop our Port West project and our business, financial condition and results of operation could be adversely affected. The concession agreement, under which Port West derives its entitlement to receive the land and the permission to develop the port from the GMB, has not been executed as of the date of this Draft Red Herring Prospectus. Delay or failure to approve Port West' application and/or execute the concession agreement could have an adverse effect on the business, financial condition and results of operations of Port West and hence our Company. An application made by GPPCL, a Group Entity, to conduct certain sea-bed surveys required under the Terms of Reference for Environmental Impact Assessment approved by the Ministry of Environment and Forest was rejected by the National Board for Wildlife on the ground that the Marine National Park in Jamnagar is highly rich in marine biodiversity and is an ecologically fragile area. We have challenged this decision in the High Court of Gujarat. If we are not permitted to carry out the Environmental Impact Assessment, it may not be possible to proceed with our Port West project. For further details, please see "*Outstanding Litigation, Material Developments and Other Disclosures*" beginning on page 586.

Pursuant to the Relationship Agreement with SPL, when any future funding is sought for Port West, whether by the issue of new equity by GPPCL or the sale by us of some or all of our equity in GPPCL, we will offer SPL a right of first preference to acquire such equity on terms to be agreed between the parties (acting reasonably and in good faith), subject to certain limitations, which could result in dilution of our interest in GPPCL. Under the Relationship Agreement, SPL's right shall be subject to any shareholder agreements between the existing shareholders in the relevant project. Our Company is required to use its reasonable endeavors to procure that each such existing shareholder waives any rights or pre-emption with respect to any proposed transaction with SPL. The parties to the Relationship Agreement acknowledged that this may not be possible with respect to Port West.

65. ***The acquisition of land in Gujarat by GMB for the development of our Port West project has been challenged in the Gujarat High Court. Any adverse outcome resulting from these proceedings could have a material adverse effect on our Business and prospects.***

In 2008 and 2010, various local farmers filed seventeen petitions in the Gujarat High Court challenging the acquisition of land in Gujarat by GMB for the development of our Port West project. GPPCL became a respondent in these petitions in 2010. Any adverse outcome resulting from this action could prevent us from developing our Port West project as currently planned and materially adversely affect our Business and prospects. For further details on these proceedings, please see "*Outstanding Litigation, Material Developments and Other Disclosures*" beginning on page 586.

Risks Related to Our Proposed Entry into the Power Sector

66. ***We have entered into a memorandum of understanding dated October 2008 with Evonik Energy Services GmbH with respect to the possible development of energy projects involving the construction of coal-fired power plants. This proposal is at a very preliminary stage and subject to numerous development risks, including the receipt of necessary regulatory approvals, securing of financing arrangements and other uncertainties. We may not be successful in developing our power plant business, which could have a material adverse effect on our financial condition and results of operations.***

We have conducted a feasibility study with Evonik Energy Services GmbH regarding the construction and operation of power plants in Raigad, Maharashtra. We have started the process of acquiring the land on which the proposed power plant will be constructed. Except for that preliminary step, we have yet to enter into any formal agreements or arrangements in relation to the construction of the power plant, make arrangements for power evacuation or entered into any off-take arrangements or secured any financing for this project. We also have not received approvals from regulatory authorities in relation to this project.

In the event we determine not to proceed with this project or are unable to obtain the necessary government approvals, acquire suitable land or determine adequate sources of coal and water supply for this project or are unable to enter into formal agreements acceptable to us in a timely manner or at all for land, water and coal supply, or for evacuation and off-take arrangements, we may not be able to develop our power business. Furthermore, if we are unable to secure financing on terms that are acceptable to us, we may not be able to complete the project in a timely manner or at all.

We have no experience in the power sector and are relying on the expertise of external agencies, including Evonik Energy Services GmbH, which may increase our vulnerability to risks affecting the project. We are also subject to risks and uncertainties associated with any new business enterprise in the power sector, including the risk that we will not achieve our business objective. Our proposed entry in the power sector will require a substantial capital investment and there can be no assurance that we will be successful in the development of this business.

67. Our proposed power projects are subject to regulatory risks, including tariff risks, which may adversely affect our results of operations.

The statutory and regulatory framework for the power sector in India has changed significantly in the last 20 years. The statutes and regulations governing power generation in India are evolving and there could be changes in such statutes and regulations, including changes to tariffs, the manner in which we can sell power and environmental compliance. Changes and/or uncertainties in statutory and regulatory frameworks may adversely impact our entry into the power sector. Regulatory and tariff risks related to our proposed power projects include:

- actual generation tariffs may be lower than expected due to competition from other power generating companies or may not reflect actual costs; and
- regulations imposed by the State in which our proposed power plants are to be located, which may restrict us from selling the power generated from such power plants on a short-term basis or may require us to sell power at a low tariff fixed by the State Electricity Regulatory Commission ("SERC") and the Central Electricity Regulatory Commission ("CERC"). If such an order were to be made by such State in which we have projects under planning, it may lead to a loss of potential opportunities and have a negative impact on our results of operations.

Risks Related To our Education Businesses

We have an investment in the education sector through our ownership of 21.02% of the outstanding equity shares of Everonn Education Limited ("Everonn"), a public company listed on the NSE and BSE, at March 31, 2011. Additionally, at March 31, 2011 we owned 19.05% of the outstanding equity shares of New Horizons India Limited ("NHIL" and together with Everonn, our "Education Businesses"). Below are risks affecting our Education Businesses, which in turn could affect the value of our interests in our Education Businesses.

68. Education curriculum changes or certification requirements could materially affect our Education Businesses.

Our Education Businesses' products are closely linked to the prevailing education curriculum. Any changes in such curriculum may require substantial changes to such products or may render such products obsolete. Further, any requirement for certification of curriculum could adversely affect our Education Businesses.

69. Our Education Businesses' products could be subject to piracy and misuse or breach of copyright, which could adversely affect our Education businesses.

A significant part of our Education Businesses' revenues are derived from development and sale of education content in the form of electronic disks and other software loaded on a computer system. There is always a risk that such materials could be pirated or hacked into. Such an event could materially affect our Education

Businesses. Further, any breach of our Education Businesses' copyrights could adversely effect our Education Businesses.

70. Any malfunction of computer software and electronic equipment could materially adversely affect our Education Businesses.

Our Education Businesses' products depend on computer software and electronic equipment. Any malfunction of such software or equipment, which is out of our Education Businesses' control, could materially affect our Education Businesses.

71. Any default in payment to our Education Businesses by colleges and schools could materially affect our Education Businesses.

In Fiscal 2010, substantially all of Everonn's revenues were generated from sales to colleges and schools. Any delay or default in payment by these schools and colleges would adversely affect the financial condition, results of operations and prospects of our Education Businesses.

72. The price of the equity shares we own in Everonn is subject to fluctuations and may be highly volatile.

The price of the equity shares we own in Everonn may fluctuate as a result of many factors, including, among others, the following:

- results of operations and performance of Everonn;
- perception about Everonn's future performance; and
- changes in the estimates of Everonn's performance or recommendations by financial analysts.

Any fluctuation in Everonn's share price could affect the price of our Company's Equity Shares.

73. NHIL provides services in the areas of IT, vocational and domain skills training, technology services and supplementary education. Any decrease in demand of such services could materially affect its business, results of operations and financial condition.

NHIL provides services in the areas of IT, vocational and domain skills training, technology services and supplementary education. NHIL offers programs for young aspirants as well as IT professional looking to enhance their skills. Any decrease in demand of such services or inability to adapt to changes in curriculum could materially affect its business, results of operations and financial condition and thereby the value of our shareholding in NHIL could be reduced.

74. There has been a delay and other divergence in the performance/execution vis-à-vis some of the objects stated in the initial public offering of Everonn.

There has been a delay and other divergence in the performance/execution vis-à-vis some of the objects stated in the initial public offering of Everonn. Details of the delay and other divergence are as under:

Stated Objects	Actual Performance
Institutional Education and IT Infrastructure Services (Capex)	The conclusion of this object was delayed by 2 years due to delay in securing certain projects from the relevant governmental authorities.
Mergers and acquisitions	There was a shortfall in the utilisation of issue proceeds towards this object as EEL experienced difficulty in getting viable and beneficial merger and acquisition proposals. The estimated amount to be utilised from issue proceeds for this object was ₹ 60.00 million whereas actual amount utilised from issue proceeds was ₹ 37.80 million.
Issue expenses	There was a cost overrun in this object due to legal expenses incurred, cost of printing additional application forms and costs incurred towards refund of application money as the issue was oversubscribed. The estimated amount to be utilised from issue proceeds for this object was ₹ 34.10 million whereas actual amount utilised from issue proceeds was ₹ 56.50 million.

Risks Related To Our Proposed New Defence Businesses

75. ***We intend to enter into new activities in the defence sector in which we do not have prior experience. If we are unable to manage our entry into new defence businesses and compete against existing market players, we may not be successful in developing a profitable defence business, which could have a material adverse effect on our financial condition and results of operations.***

    We intend to enter into new activities in the defence sector in which we do not have prior experience, which may increase our vulnerability to risks affecting the defence sector. The entities through which we intend to develop these new activities are PSL and our wholly-owned subsidiaries, SKIL Advanced Systems Private Limited, and SKIL Strategic Deterrence Systems Private Limited. We are also subject to risks and uncertainties associated with any new business enterprise, including the risk that we will not achieve our business objective. If we are unable to manage our entry into the defence business and compete against existing market players, we may not be successful in developing a profitable defence business which could have a material adverse effect on our financial condition and results of operations.

76. ***Defence products require lengthy R&D processes, testing, approval, order procurement and servicing. Further, the products that we develop may not receive necessary regulatory approvals or may be rejected by the relevant authorities in India or abroad. This could have a material adverse effect on our business.***

    Defence products require lengthy R&D processes and testing. The products that we develop may not receive the necessary regulatory approvals or may be rejected by the relevant authorities in India or abroad for a variety of reasons. This could have a material adverse effect on our business, financial condition and results of operations. By the time the product development and evaluation cycle is completed, new technologies and products may render the developed product unattractive to the potential user. In such event our products may not find a market, which could result in an adverse effect on our Company.

EXTERNAL RISKS

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

    Increases in interest rates could significantly affect our financial condition and results of operations. As at December 31, 2010, substantially all of our borrowings were at floating rates of interest. If interest rates increase, our interest payments will increase and our ability to obtain additional debt could be adversely affected with a concurrent adverse effect on our business, financial position and results of operations.

78. ***The trading price of our equity shares in PSL and Everonn is subject to various risks and may be volatile.***

    PSL and Everonn are companies in India whose equity shares are listed on the BSE and the NSE. The market price of PSL's and Everonn's equity shares may fluctuate as a result of several factors, including the following:

    - volatility in the Indian and other global securities markets;
    - the performance of the Indian and global economy;
    - risks relating to PSL's and Everonn's sector, including those discussed in this Draft Red Herring Prospectus;
    - adverse media reports about PSL or Everonn;
    - performance of PSL's and Everonn's competitors and the perception in the market about investments in their sectors;
    - significant developments in the regulation of the shipyard and education industries in key markets;
    - significant developments in India's economic liberalisation and deregulation policies; and
    - significant developments in India's fiscal and environmental regulations.

There has been significant volatility in the Indian stock markets in the past, and PSL's and Everonn's share price could fluctuate significantly as a result of market volatility. A decrease in the market price of PSL's or Everonn's equity shares could cause the price of our Equity Shares to decline and adversely affect our financial performance as the value of these shares must be marked to market as the end of Fiscal period.

79. Our transition to IFRS reporting could have a material adverse effect on our reported results of operations or financial condition.

Our Company may be required to prepare annual and interim financial statements under IFRS in accordance with the roadmap for the adoption of, and convergence with, the IFRS announced by the Ministry of Corporate Affairs, Government of India through a press note dated January 22, 2010 ("IFRS Convergence Note"). The Ministry of Corporate Affairs by a press release dated February 25, 2011 has notified that 35 Indian Accounting Standards are to be converged with IFRS. The date of implementation of such converged Indian accounting standards has not yet been determined and will be notified by the Ministry of Corporate Affairs after various tax related issues are resolved. We have not yet determined with certainty what impact the adoption of IFRS will have on our financial reporting. Our financial condition, results of operations, cash flows or changes in shareholders' equity may appear materially different under IFRS than under Indian GAAP or our adoption of IFRS may adversely affect our reported results of operations or financial condition. This may have a material adverse effect on the amount of income recognised during that period.

In addition, in our transition to IFRS reporting, we may encounter difficulties in the ongoing process of implementing and enhancing our management information systems and internal controls. Moreover, our transition may be hampered by increasing competition for the relatively small number of IFRS-experienced accounting personnel available as more Indian companies begin to prepare IFRS financial statements. There can be no assurance that our adoption of IFRS will not adversely affect our reported results of operations or financial condition and any failure to successfully adopt IFRS by an agreed deadline could have a material adverse effect on the price of our Equity Shares.

80. Any increase in labour costs due to wage increases, strikes or claims arising from accidents could materially affect our business operations and financial condition.

Currently, our employees are not represented by any labour unions. We may hire additional employees as our business expands. Although in the past, we or our Specified Affiliates have not experienced any strikes, there is no assurance that we or our Specified Affiliates will not experience future disruptions to business operations due to problems with our or our Specified Affiliates workforce. If labour costs increase our and our Specified Affiliates business operations and financial condition could be materially affected.

81. The successful development of the projects which we or our Specified Affiliates develop depends on stable and reliable information technology systems, transportation infrastructure and power and water supplies. Disruption of transportation services could affect our or our Specified Affiliates' operations.

Any delay in implementation or disruption of the functioning of our or our Specified Affiliates' IT systems could cause loss of data and disruption to our or our Specified Affiliates' operations, ability to process financial information or engage in normal business activities. Any technical failures associated with information technology systems or network infrastructure, including those caused by power failures and breaches in security caused by computer viruses and other unauthorised tampering, may cause interruptions or delays in operations, and may also result in costs for information retrieval and verification. We and our Specified Affiliates may need to regularly upgrade and improve information technology systems, including our software, back-up systems and disaster recovery operations, at substantial cost. Any failure to improve or upgrade information technology systems effectively or in a timely manner could materially and adversely affect our and our Specified Affiliates' operations and business.

In addition, the projects which we or our Specified Affiliates develop will depend on stable and reliable power and water supplies and on various forms of transport, such as roadways, railways and pipelines to receive fuel, raw materials and water during construction and during their operation. There can be no assurance that such power and water supplies and transportation infrastructure will be maintained and operated at adequate levels, which may affect the estimated commissioning dates for our projects. Further, disruptions of transportation services because of weather-related problems, strikes, inadequacies in the road or rail infrastructure, or other events could impair the ability of our suppliers to deliver fuel and raw materials and may have an adverse impact on our operations.

82. Changes in technology may affect the projects which we or our Specified Affiliates develop by making such projects less competitive or obsolete.

Our and our Specified Affiliates' future success will depend in part on the ability to respond to technological advances and emerging industry standards and practices on a cost-effective and timely basis. Changes in technology may require additional capital expenditures to upgrade facilities. Once equipment that utilizes certain technology has been selected, it may be expensive to change or upgrade equipment. If we or our Specified Affiliates are unable to adapt in a timely manner to changing market conditions, customer requirements or technological changes, our business, financial performance and the trading price of our Equity Shares could be adversely affected.

83. Any downgrading of India's debt rating, and, to a lesser extent, any downgrading of the Sultanate of Oman's debt rating by an international rating agency could have an adverse impact on our business.

Any adverse revision by international rating agencies to the credit ratings of the Indian national government's sovereign domestic and international debt may adversely affect our ability to raise financing by resulting in a change in the interest rates and other commercial terms at which we may obtain such financing. Any downgrading of the Sultanate of Oman's debt rating may adversely affect the development of our Sohar FZ project. This could have a material adverse effect on our business and financial performance, our ability to obtain financing to fund our future expansion and growth and the trading price of our Equity Shares. A downgrading of the Indian national government's debt rating may occur, for example, upon a change of government tax or fiscal policy, which are outside our control.

84. Our performance is linked to the stability of policies and the political situation in India and the development of our Sohar FZ project is also dependent on the stability of policies and the political situation in the Sultanate of Oman.

Since 1991, the Government of India has pursued policies of economic liberalization, including significantly relaxing restrictions on the private sector. Any political instability could delay the reform of the Indian economy and could have a material adverse effect on the market for our Equity Shares. We cannot assure you that these liberalization policies will continue under the current or future governments. Protests against privatization could slowdown the pace of liberalization and deregulation. The rate of economic liberalization could change, and specific laws and policies affecting companies in the infrastructure sector, foreign investment, currency exchange rates and other matters affecting investment in our securities could change as well. A significant change in India's economic liberalization and deregulation policies could disrupt business and economic conditions in India and our business in particular.

The Sohar FZ project is being developed in the Sultanate of Oman. Any political instability in the Sultanate of Oman could have a material adverse affect on the development of this project.

85. Government policies, laws and regulations affecting the sectors in which we operate and the related industries, could adversely affect our operations and our profitability.

Our business and the business of our Specified Affiliates are regulated by the Central Government and State Governments in India. Our Sohar FZ project is regulated by the Sultanate of Oman. For a description of laws and regulations applicable to us and our Specified Affiliates, see the section "*Key Regulations and Policies*" on page 188. The regulatory framework in India is evolving. The timing and content of any new law or regulation in India and elsewhere is not in our control and such new law or regulation could have an adverse effect on our business, results of operations and financial condition. Non-compliance with any regulation may also lead to penalties, revocation of our permits or licenses or litigation.

Any reduction in India's defence budget or changes to its defence procurement policies could have a material adverse effect on any defence business we set up in the future. Further, any change in the Government's legislation and policies requiring the offset of a portion of the costs of its defence imports could materially affect plans to enter into this business.

The regulatory framework for the education sector is ambiguous, vague and continues to be fluid. A series of enactments have been proposed which are pending before the competent legislative bodies. Similarly, regulatory changes at the subordinate legislation level are made on a very regular basis, simultaneously with the proposal to re-organise the regulatory bodies themselves into new or amended bodies. Further, schools and other educational institutions should not be for profit, although generation of surpluses for reinvestment in education is permitted. The lack of clarity and constant changes in the regulatory framework can damage or otherwise adversely affect our Company and our Specified Affiliates' reputation, business, financial condition, results of operations and prospects.

Under the Finance Bill, 2011, it has been proposed that the SEZs will be subject to the minimum alternate tax, or MAT, of 18.5% of their book profits.

86. Reduction or termination of our and our Specified Affiliates' tax incentives will increase our Specified Affiliates tax liability and reduce our profitability.

Currently, our Specified Affiliates benefit from certain tax incentives. We cannot assure you that the Indian government will not enact laws in the future that would adversely impact tax incentives available to our Specified Affiliates and consequently, tax liabilities and profits of such Specified Affiliates. When tax incentives expire or terminate, tax expense may materially increase which could have a material adverse effect on our, or our Specified Affiliates', financial condition and results of operations and could cause the price of our Equity Shares to decline.

87. Third party statistical and financial data in this Draft Red Herring Prospectus may be incomplete or unreliable.

We have not independently verified any of the data from industry publications and other sources referenced in this Draft Red Herring Prospectus and therefore cannot assure you that they are complete or reliable. Discussions of matters relating to India, the Sultanate of Oman and Singapore, their economies or the industries in which we operate in this Draft Red Herring Prospectus are subject to the caveat that the statistical and other data upon which such discussions are based may be incomplete or unreliable.

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

Any major hostilities involving India or other acts of violence, including civil unrest or similar events that are beyond our control, could have a material adverse effect on India's economy and our business. Incidents such as the November 2008 Mumbai terrorist attacks, other incidents such as those in Indonesia, Madrid, London, New York and Washington, D.C. and other acts of violence may adversely affect the Indian stock markets where our Equity Shares will trade as well the global equity markets generally. Such acts could negatively impact business sentiment as well as trade between countries, which could adversely affect our Company's business and profitability.

Also, India, the United States or other countries may enter into armed conflict or war with other countries or extend pre-existing hostilities. South Asia has, from time to time, experienced instances of civil unrest and hostilities among neighboring countries. Military activity or terrorist attacks could adversely affect the Indian economy by, for example, disrupting communications and making travel more difficult. Such events could also create a perception that investments in Indian companies involve a higher degree of risk. This, in turn, could adversely affect business confidence in India, which could have an adverse impact on the economies of India and other countries, on the markets for our products and services and on our business. Additionally, such events could have a material adverse effect on the market for securities of Indian companies, including our Equity Shares.

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

Global economic and political factors that are beyond our control, influence forecasts and directly affect performance. These factors include interest rates, rates of economic growth, fiscal and monetary policies of governments, inflation, deflation, foreign exchange fluctuations, financial, banking or liquidity crises, consumer credit availability, consumer debt levels, unemployment trends, terrorist threats and activities, worldwide military and domestic disturbances and conflicts, and other matters that influence consumer confidence, spending and tourism. In the event of a market downturn, each of our Subsidiaries and Specified Affiliates could be affected in different ways, which may have an adverse impact on their business performance. Our and our Specified Affiliates' profitability may also be adversely affected by fixed costs and the possible inability to scale back other costs within a time frame sufficient to match any decreases in revenue relating to changes in market and economic conditions.

Moreover, our financial condition may be affected by reduced opportunities to exit and realize value from investments and by the fact that we may not be able to find suitable business opportunities for investments and acquisitions. Additionally, during periods of adverse economic conditions, we may have difficulty accessing financial markets, which could make it more difficult or impossible for us to obtain funding for additional investments and acquisitions. A general market downturn, or a specific market dislocation, may result in lower investment returns, which would adversely affect our revenues.

90. Natural calamities and force majeure events may have an adverse impact on the Indian economy.

Natural calamities in India and elsewhere could have a negative impact on the Indian economy and cause our business to suffer. India has experienced natural calamities such as earthquakes, tsunami, floods and drought in the past few years. The extent and severity of these natural disasters determines their impact on the Indian economy. Prolonged spells of below or above normal rainfall or other natural calamities could have a negative impact on the Indian economy, adversely affecting our business and the price of our Equity Shares.

91. The businesses of our Subsidiaries and Specified Affiliates may be subject to seasonal and cyclical variations.

The revenues and results of our Subsidiaries and Specified Affiliates may be affected by seasonal factors. Further, some of the consumers of our Subsidiaries or Specified Affiliates may be engaged in businesses which are cyclical in nature and a downturn in demand by such consumers could reduce our revenue during such periods.

92. Our ability to freely raise foreign direct equity investment and foreign currency denominated debt outside India may be constrained by Indian law.

India's foreign direct investment regulations prescribe sectors where such investment is completely prohibited, some where such investment is permitted with prior government approval, others where foreign direct investment is permitted up to 100% without any requirement for prior approval, and some sectors where the level of foreign direct investment has been capped at levels ranging from 26% to 74%. There are also regulatory restrictions on the purpose and quantum of external borrowings. In view of these regulations, we may be required to obtain regulatory approvals for foreign direct equity investment and to raise foreign currency denominated indebtedness outside India. The need to obtain such regulatory approval for equity issuances and/or future indebtedness, if any, could limit our ability to raise funds necessary for us to grow our business, including to modernize our facilities and make strategic acquisitions. No assurance can be given that any required approvals will be obtained in a timely manner, or at all.

93. Our Company intends to approach the Foreign Investment Promotion Board ("FIPB") seeking clarification as to whether FIPB approval is required for foreign investors to be able to participate in this Issue. We may, if required, need to obtain such approval which may be subject to any conditions that may be prescribed by the FIPB in this regard.

We propose to make an application to the FIPB, to seek clarification on whether FIPB approval is required to permit eligible non-resident investors, i.e. FIIs, NRIs, FVCIs registered with SEBI, multilateral and bilateral development financial institutions and other eligible non-resident investors to participate in this Issue and we may, if required, need to obtain such approval subject to any conditions that may be prescribed by the FIPB in this regard. In the event we are unable to obtain approval (as needed) from the FIPB, eligible non-resident investors may not be able to participate in this Issue.

RISKS RELATING TO THE EQUITY SHARES

94. We have issued Equity Shares at prices that may be lower than the Issue Price in the last 12 months.

In the last 12 months, we have issued the following Equity Shares at a price that may be lower than the Issue Price.

Date of Allotment*	No. of Equity Shares	Face Value (in ₹)	Issue Price (in	Nature of Consideration	Nature of allotment	Whether allottees are part of the Promoter Group
November 27, 2010	106,775	10	360	Cash	Preferential allotment	No
May 16, 2011	25,320,593	10	78.99	Cash	Preferential allotment	No
May 16, 2011	8,241,168	10	245.38	Cash	Preferential allotment	No
May 16, 2011	56,930	10	360	Cash	Preferential allotment	No
May 20, 2011	12,500,000	10	10	Cash	Preferential allotment	No

**all shares were fully paid up on allotment*

For further details of such issuances, please see "*Capital Structure*" on page 93.

95. There is no existing market for our Company's Equity Shares, and we do not know if one will develop. Our stock price may be highly volatile after the Issue and, as a result, you could lose a significant portion or all of your investment.

Prior to the Issue, there has not been a public market for our Company's Equity Shares. Our Company will apply to the Stock Exchanges for final listing and trading approvals after the allotment of our Equity Shares in the Issue. There can be no assurance that our Company will receive such approvals on time or at all. We cannot predict the extent to which investor interest will lead to the development of an active trading market on the Stock Exchanges or how liquid that market will become. If an active market does not develop, you may experience difficulty selling Equity Shares that you have purchased. The Issue Price may not be indicative of prices that will prevail in the open market following the Issue. Consequently, you may not be able to sell your Equity Shares at prices equal to or greater than the price you paid in the Issue.

96. Any future equity offerings by us could lead to dilution of your shareholding and sales of our Equity Shares by certain significant shareholders may adversely affect the market price of our Equity Shares. Certain existing shareholders can freely sell the Equity Shares held by them immediately upon commencement of trading.

Any future offerings of Equity Shares by us could dilute your shareholding. Under the Securities Contracts (Regulation) Rules, 1957, as amended ("SCRR"), listed companies are required to maintain public shareholding of at least 25% of their issued share capital and companies, whose post issue capital calculated at offer price is more than ₹ 40,000 million, upon listing are required to increase their public shareholding to at least 25% of its issued share capital within 3 years from the date of the listing. Failure to comply with the minimum public shareholding provision would result in penalties which may include delisting and in penal action being taken against the listed company pursuant to the SEBI Act. In order to ensure that the public shareholding in our Company is at least 25%, we may either undertake equity issuances in the future which may include a primary offering (which may dilute your shareholding) or there may be a further sale of our shareholding by our Promoter. Any future equity issuances by us or sales of our Equity Shares by our Promoter may adversely affect the trading price of our Equity Shares. In addition, any perception by potential investors that such issuances or sales might occur could also affect the trading price of our Equity Shares.

Furthermore, the market price of our Equity Shares could decline if some of our existing shareholders sell a substantial number of Equity Shares subsequent to listing or the perception that such sales or distributions could occur. This, in turn, could make it difficult for you to sell Equity Shares in the future at a time and at a price that you deem appropriate. For instance, 25,320,593 Equity Shares collectively held by AIG Funds (which are both FVCIs) representing 8.41% of our pre-Issue paid up equity share capital, are not subject to the lock-in requirements under the SEBI ICDR Regulations and accordingly, such shareholders are permitted to sell such Equity Shares immediately after completion of the Issue and commencement of trading.

97. There can be no assurance that our Equity Shares will be listed on the BSE and the NSE in a timely manner or at all, and any trading closures at the BSE and the NSE may adversely affect the trading price of our Equity Shares. You may not be able to sell immediately on an Indian stock exchange any of the Equity Shares you purchase in the Issue until the Issue receives the appropriate trading approvals.

In accordance with Indian law and practice, final listing and trading approval of our Equity Shares will not be applied for, or granted until after those Equity Shares have been issued and allotted. There could be a failure or delay in listing our Equity Shares on the BSE and the NSE. Any failure or delay in obtaining the approval would restrict your ability to dispose of your Equity Shares.

Under the SEBI ICDR Regulations, you can start trading in the Equity Shares only after they have been credited to your demat account and listing and trading permissions are received from the Stock Exchanges. Our Equity Shares will be listed on the NSE and the BSE. Pursuant to Indian regulations, certain actions must be completed before the Equity Shares can be listed and trading may commence. Investors' demat accounts with depository participants in India are expected to be credited within two Working Days of the date on which the basis of allotment is approved by Designated Stock Exchange. Thereafter trading in the Equity Shares is expected to commence within 12 Working Days of the Bid/Issue Closing Date. Further, there can be no assurance that the Equity Shares allocated to you will be credited to your demat account, or that the trading in Equity Shares will commence within the specified time periods.

98. There are restrictions on daily movements in the price of the Equity Shares, which may adversely affect a shareholder's ability to sell, or the price at which it can sell, Equity Shares at a particular point in time.

Once listed our Equity Shares will be subject to a daily circuit breaker imposed by all stock exchanges in India which does not allow transactions beyond certain volatility in the price of the Equity Shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on our circuit breaker is set by the stock exchanges based on the historical volatility in the price and trading volume of the Equity Shares. The stock exchanges do not inform us of the percentage limit of the circuit breaker from time to time, and may change it without our knowledge. This circuit breaker effectively limits the upward and downward movements in the price of the

Equity Shares. As a result of this circuit breaker, there can be no assurance regarding the ability of shareholders to sell the Equity Shares or the price at which shareholders may be able to sell their Equity Shares.

99. Our ability to pay any dividends in the future will depend upon future earnings, financial condition, cash flows, working capital requirements and capital expenditures and are also prohibited by the terms of our financing arrangements.

Our Company has not paid annual dividends in the last five years and under our current financial arrangements, we cannot pay dividends without the consent of our lenders. The amount of our future dividend payments, if any, will depend upon our Company's future earnings, financial condition, cash flows, working capital requirements, capital expenditures, the financial performance of our Subsidiaries and Associates, applicable Indian legal restrictions and other factors. There can be no assurance that our Company will be able to pay dividends.

100. If we were deemed an investment company under the U.S. Investment Company Act of 1940, applicable restrictions could make it impractical for us to continue our business as contemplated and could have a material adverse effect on our business and the price of our Equity Shares.

We have not registered and do not intend to register the Equity Shares under the U.S. Investment Company Act of 1940 in reliance upon Section 3(c)(7) thereof. If we were to be deemed an investment company, without the benefit of any exemption under the US Investment Company Act of 1940, restrictions imposed by the US Investment Company Act of 1940, including limitations on our capital structure and our ability to transact with affiliates, could make it impractical for us to continue our business as contemplated and could have a material adverse effect on our business and the price of our Equity Shares as well as the ability of foreign investors to own our Equity Shares.

101. We may be treated as a passive foreign investment company for US tax purposes.

We have not conducted an analysis regarding our status as a passive foreign investment company ("PFIC") for the current tax year. However, based on our income, assets and activities, there is a risk that we may be classified as a PFIC for US federal income tax purposes. If a United States person holding Equity Shares is treated as owning stock of a PFIC, any gain recognised by such person upon a sale or other disposition of Equity Shares and any "excess distribution" received in relation to such shares generally will be ordinary income (rather than capital income), and any resulting United States federal income tax may be increased by an interest charge. A United States person generally may take steps to avoid certain of these unfavourable United States federal income tax consequences, including by making a timely and effective Qualified Electing Fund election or a Mark to Market election. However, in the event we are a PFIC, there can be no assurance that we will make available to holders of Equity Shares the annual statement currently required for purposes of making a Qualified Electing Fund election. United States persons should consult their own tax advisors regarding the potential application of the PFIC rules to such persons as a result of holding Equity Shares and the availability of certain elections in connection therewith.

102. Our assets may become deemed assets of a US Benefit Plan.

Until such time as we are an "operating company" as defined under the US Plan Asset Regulations, our assets would be deemed assets of a US Benefit Plan if 25% or more of the Equity Shares are held by US Benefit Plans in aggregate. If our assets were deemed to constitute the assets of a US Benefit Plan, transactions involving our assets would be subject to the fiduciary responsibility, prohibited transaction and other restrictive provisions of ERISA and our assets would be subject to reporting, disclosure and other requirements under ERISA. Failure to comply with the additional ERISA regulations and requirements may result in the imposition of excise taxes and other liabilities under ERISA and the Code.

Prominent Notes

1. This is a Public Issue of [●] Equity Shares of face value of ₹ 10/- each for cash at a price of ₹ [●] per Equity Share (including share premium of ₹ [●] per Equity Share) aggregating to ₹ 11,250 million. Our Company is considering a Pre-IPO Placement. The Pre-IPO Placement is at the discretion of our Company. If undertaken, our Company will complete the issuance of such Equity Shares prior to the filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the Issue size will be reduced to the extent of the allotment made in the Pre-IPO Placement subject to the Issue being at least 10% of the post Issue capital.

2. The unconsolidated net worth of our Company was ₹ 14,211.96 million and ₹ 16,928.66 million as of March 31, 2010 and December 31, 2010 respectively. The consolidated net worth of our Company was ₹ 14,531.19 million and ₹ 17,572.28 million as of March 31, 2010 and December 31, 2010 respectively. The net asset value of each Equity Share was ₹ 47.91 and ₹ 58.54 as of March 31, 2010 and December 31, 2010 respectively as per the restated unconsolidated financial statements of our Company. The net asset value of each Equity Share was ₹ 49.16 and ₹ 61.06 as of March 31, 2010 and December 31, 2010 respectively as per the restated consolidated financial statements of our Company. For more information, please see the section "*Financial Information*" beginning on page 300.

3. The average cost of acquisition of per Equity Shares by our Promoters, which has been calculated by taking the average amount paid by them to acquire our Equity Shares, is as follows:

Name of Promoter	Average cost of acquisition per Equity Share (₹)
Mr. Nikhil Gandhi	0.21
Mr. Bhavesh Gandhi	0.21
M/s. Metropolitan Industries	1.13

4. For details of related party transactions entered into by our Company, please see the section titled "*Statement of Related Party Transactions, as Restated*" (unconsolidated) appearing as Annexure XI and *"Statement of Transactions with Related Parties, as Restated"* (consolidated) appearing as Annexure XI of the section titled "*Financial Information*" beginning on page 300. The aggregate of related party transactions entered into by our Company as per the audited and restated financials (consolidated) for the nine month period ended December 31, 2010 and in Fiscal 2010, 2009 and 2008 is as under:

(₹ in mn.)

Nature of transaction	December 31, 2010	March 31, 2010	March 31, 2009	March 31, 2008
Investment - purchased / allotted during the period	2,693.55	-	1,172.55	405.97
Investment as at	30,201.46	19,948.10	5,318.18	3,743.23
Share application money paid	287.31	700.91	64.28	280.98
Share application money received back	255.00	252.82	-	-
Share application money as at	582.03	549.71	101.62	280.98
Share application money received during the year (Including advance against share application)	3,515.91	2,574.50	995.02	3250.78
Share application money refunded during the year / period	2,567.64	2,161.14	1,395.81	1,729.20
Share application money as at	1,803.11	854.85	1,268.20	1,671.11
Advances given	-	307.58	663.27	394.53
Advances received	26.70	523.54	525.83	230.70
Advances written off	3.59	-	-	-
Advances as at	19.46	155.22	376.39	257.80
Sundry debtors balances as on	23.20	23.20	47.30	-
Income from Project Development Fees (Gross)	-	25.79	47.30	216.66

Nature of transaction	December 31, 2010	March 31, 2010	March 31, 2009	March 31, 2008
Deposit as at	0.95	-	-	-
Rent	0.12	-	41.97	27.77
Reimbursement of expenses	13.94	11.70	-	-
Managerial remuneration	5.85	9.20	32.50	26.40
Corporate guarantee given	38,048.22	38,713.07	27,760.14	7,632.64

5. Investors may contact the BRLMs, the Co-BRLMs or the Compliance Officer for any clarification / complaint or information relating to the Issue, which shall be made available by the BRLMs, the Co-BRLMs and our Company to the investors at large. No selective or additional information will be available for a section of investors in any manner whatsoever. For contact details of the BRLMs, the Co-BRLMs and the Compliance Officer, please see "*General Information*" beginning on page 82.

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

7. Our Company has not changed its name in the past three years. For further details of changes in the name of our Company, please see "*History and Certain Corporate Matters*" beginning on page 200.

SECTION IV – INTRODUCTION

SUMMARY OF THE INDUSTRY

The following summary highlights information contained elsewhere in this Draft Red Herring Prospectus. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information and the financial statements, including the notes thereto, appearing elsewhere in this Draft Red Herring Prospectus. Unless stated otherwise, industry and market data used in this chapter has been obtained from CRISIL Reports as also industry publications including inter alia information sourced from the RBI and the Ministry of Finance, Government of India.

Overview of the Indian Economy

India had a GDP on a purchasing power parity basis (equalized exchange rates) of an estimated US $4.046 trillion in calendar 2010. *(Source: United States Central Intelligence Agency Factbook)*. This made the Indian economy the fifth largest in the world after the European Union, United States, China and Japan.

The sharp and broad-based recovery of the Indian economy started in the second half of Fiscal 2010 and continued through the first quarter of Fiscal 2011. Industrial production showed robust growth, though with wide volatility around the trend. The Indian economy exhibited robust acceleration in the pace of recovery in the fourth quarter of Fiscal 2010 led by strong growth in industrial activities. At 8.8%, GDP growth in the first quarter of Fiscal 2011 showed a significant recovery from the 5.8% growth recorded during the second half of Fiscal 2009 and met the average 8.8% growth achieved during 2003-2008. The RBI expects GDP growth in Fiscal 2011 to remain consistent. *(Source: RBI's Macroeconomic and Monetary Developments Second Quarter Review 2010-11 dated as of November 1, 2010)*

The Indian economy has weathered the global downturn relatively well. The Organization for Economic Cooperation and Development (OECD) projects that India's real GDP will grow at a rate of 8.2% in calendar 2011 and 8.5% in calendar 2012 due to a rebound of the agricultural sector following a return of normal rainfall patterns. The OECD predicts that an increase in consumption spending, aided by a recovery in farm incomes and robust business investment are to be the mainstays of growth. *(Source: Economic Outlook No. 88 released in November 2010)*

Although the Indian economy has improved markedly since the implementation of economic reforms in 1991, India continues to underperform in the development of its infrastructure. The Government of India's Mid-Term Appraisal of the Eleventh Plan, dated June 10, 2010, cites that although the first three years of the plan showed a commendable increase in the total investment in infrastructure, the "weaknesses in infrastructure, particularly in the energy and transport sectors, are perhaps the most important constraints on the growth of the economy in the medium term."

The Infrastructure Industry

Overview of the Shipyard Industry

The shipyard industry involves the construction and modification of ships, offshore vessels and rigs, both for commercial and military purposes. Globally, the shipyard industry was estimated in the CRISIL Reports to be worth $450 billion at the end of calendar 2009. Although shipyards are a global industry, China, South Korea and Japan controlled approximately 89% of the total market share by gross tonnage at the end of calendar 2009, while the Indian shipbuilding industry accounted for 1.4%, or $6.3 billion, of the global market at the end of calendar 2009.

Over the five years from calendar 2003 to calendar 2008, the global orders for ship construction significantly increased, with a CAGR of 26.0%. This increase was mainly due to the rise in freight rates and increased demand for sea-borne trade. In calendar 2009, global orders declined by 13% due to the global economic crisis.

The Indian Shipyard Industry

The Indian shipbuilding industry is centred around 27 shipyards, out of which 8 are operated by public sector companies (6 under Central control and 2 under state governments), while 19 are private sector shipyards. Currently, the major public sector shipyards include Cochin Shipyard, Mazgaon Dock and Hindustan Shipyard, while major private sector shipyards include ABG, Bharati and Pipavav.

The Indian shipbuilding industry was dominated by public sector undertakings (PSUs) until the year 2000. After the expansion by the private shipbuilding companies such as ABG and Bharati, the Indian shipbuilding industry has witnessed healthy order growth. While the public sector companies have orders from the defence sector and domestic shipping companies, the private sector has received significant orders from the offshore sector, global shipping companies and the defence sector. Over the past few years, led by private shipbuilders, India has also emerged as a key player in the offshore segment.

The Indian government has taken some key initiatives in developing and promoting the country's shipbuilding industry. In 2002, the Indian government introduced a subsidy scheme for both public and private sector shipyards. The subsidy was targeted at addressing the distortions of the domestic economic environment which adversely affected domestic shipbuilders as well as addressing the impact of direct and indirect support provided to the shipyards in other countries. The Indian shipbuilding industry has been able to take advantage of this government support to establish a presence in global shipbuilding. The subsidies include 30% subsidy assistance for public sector yards. Further, to encourage private sector investments, the Ministry of Shipping, in 2002, granted subsidies to private sector yards for a period of five years. In May 2001, the government opened up the defence procurement industry to 100% private sector participation with a permissible foreign direct investment of 26%, subject to licensing requirements. The Government of India has also allowed 100% foreign direct investment for strengthening and promoting the shipbuilding sector.

While the Indian shipyard industry may be small when compared to South Korea, China and Japan, it has showed a robust increase in orders, with a CAGR of 100%, increasing from 0.11 million gross tonnes at the end of calendar 2003 to 3.5 million gross tonnes at the end of calendar 2008. In calendar 2009, India has risen to be the fifth largest country in terms of shipyard orders, a rise from the eighth largest in calendar 2007.

Shipyard Industry Outlook

Revenue and profitability of global shipyards is expected to remain under pressure due to the decrease in new building prices from their peak, overcapacity, and limited availability of credit, coupled with a weak outlook on new orders. However, Indian shipyards are expected to be less affected due to their activity within the offshore segment and relatively smaller vessels, where the CRISIL Reports project that the outlook is more stable.

With most of the global shipyards booked until 2012, the impact of the decline in new orders and prices will be witnessed post 2012, But as the global economy is expected to recover over the next few years, new orders may recover post 2012 leading to better utilisation rates and a marginal recovery in prices.

Overview of the Trade/Investment – Economic Zones Industry

Trade/Investment zones refer to the plots of land allocated for setting up investment projects with the goal of boosting economic development. Investment Zone opportunities are offered throughout various regions within the country to match competitive advantages, human and natural resources of each. Some of the different variants of these zones are:

- **Special Economic Zones**: SEZs are specially demarcated zones where units operate under a set of rules and regulations different from those applicable to other units in the country. SEZs provide substantial benefits by way of government policies and physical infrastructure that would enable enterprises of any sector located within it to have a commensurate competitive advantage. The emphasis is on enhancing exports and creating an environment for attracting FDI by offering tax breaks. These SEZs attract huge investment and generate large scale employment.

SEZs can be set up by any private / public / joint sector or State Government or its agencies. Foreign investors can also participate in setting up SEZs. SEZs can either be single product/sector SEZs or multi-product/sector SEZs. SEZs differ from other trade or investment zones in that the objective of an SEZ is an integrated development through the setting up of superior infrastructure along with township benefits.

- **Export Oriented Unit**: The Export Oriented Units (EOUs) scheme is complementary to the SEZ scheme. It adopts the same production regime but offers a wide option in locations with reference to factors like source of raw materials, ports of export, hinterland facilities, availability of technological skills, existence of an industrial base and the need for a larger area of land for the project.

- **Export Processing Zones**: Export Processing Zones (EPZs) can be summarized as a unit bearing clusters of specially designed zones of intense economic activity for the promotion of exports. These Export Processing Zones of India were established to help the growth of Indian export commodities, especially from the fast growing sectors.

SEZs must be notified by the Government of India, through the Board of Approvals ("BoA"), under the supervision of the Department of Commerce, Ministry of Commerce and Industry, Government of India. Applications are submitted by promoters or developers after an area is identified. If land is already owned, the BoA may grant a formal approval to develop the SEZ, whereupon the developer may begin construction. The formal approval is valid for three years and may be extended upon request to the Government of India, after the merits of the request have been considered.

The Indian Special Economic Zones Industry

India was one of the first in Asia to recognize the effectiveness of the Export Processing Zone (EPZ) model in promoting exports, with Asia's first EPZ set up in Kandla, Gujarat in 1965. With a view to overcome the shortcomings experienced on account of the multiplicity of controls and clearances; absence of world-class infrastructure, and an unstable fiscal regime and with a view to attract larger foreign investments in India, the Special Economic Zones (SEZs) Policy was announced in April 2000.

To instil confidence in investors and signal the Government's commitment to a stable SEZ policy regime and with a view to impart stability to the SEZ regime thereby generating greater economic activity and employment through the establishment of SEZs, The Special Economic Zones Act, 2005, was passed by Parliament in May, 2005 which received Presidential assent on the 23rd of June, 2005. After extensive consultations, the SEZ Act, 2005, supported by SEZ Rules, came into effect on 10th February, 2006.

The SEZ Rules provide for different minimum land requirement for different class of SEZs. Every SEZ is divided into a processing area where only the SEZ activities would take place and the non-processing area where the supporting infrastructure would take place.

Captive SEZs (where the developer and supplier are the same entity) presents an attractive proposition since the developer can avail of both sets of tax benefits. For non-captive SEZs, a balance has been struck with liberal incentives for both developer as well as unit.

These attractive incentives have prompted considerable investor interest in SEZs, which was supported by the steady rise in export demand for goods and services. These incentives have led to SEZs achieving considerable success with respect to increasing exports from India. Total exports from SEZs in Fiscal 2010 grew by a sizeable 121% over Fiscal 2009. The share of SEZ exports in India's total exports increased as well, from 13% in Fiscal 2009 to approximately 26% in Fiscal 2010.

Special Economic Zones Industry Outlook

According to the CRISIL Reports, the Government of India has proposed the development of a total 2,041 sq km of SEZs, of which only 22% has been specified so far. The CRISIL Reports estimate that SEZs have attracted a total investment of ₹ 1,665 billion as at June 30, 2010 and this momentum is expected to continue over the long term due to a reviving in economy and continued focus on infrastructure development by the government.

Investments in SEZs are expected to be driven largely by the private sector. Until March 2008, a mere 19% of the proposed total investments were made. Going forward, the CRISIL Limited expects 70-75% of the proposed investments to actually be made into the sector.

Overview of the Logistics and Warehousing Industry

The Indian logistics industry has always been perceived as a cost centre and efforts are made across various industries to manage costs rather than use the industry to enhance customer satisfaction and improve revenue growth. However, the industry can be viewed as a strategic tool, which can lead to efficient business operations resulting in higher revenues and better profitability. Due to the huge diversity in Indian topography and the distant spread of business, the supply chain network - the backbone of growth, has become multi-modal and infrastructure dependent. A well-developed and networked logistics industry is imperative for the success and overall growth of the economy.

Warehousing refers to activities involving storage of goods and merchandise in order to protect their quality and quantity. It is an integral part of the logistics value chain and constitutes the node which allows for collection, storage and dissemination of goods within the supply chain. Globally, warehousing is increasingly becoming a critical component of the supply chain with growing awareness about its importance as a key physical infrastructure facility, and as an effective tool for achieving logistic efficiencies. It is an essential support function in the production and distribution set-up of an organization. Such facilities ensure the steady flow of goods; and hence, have a considerable impact on the price of these goods.

CFS/ICDs are infrastructure points near ports and at inland stations used for handling, loading, unloading and transitory storage of EXIM goods, as well as empty and loaded containers. These help in increasing the efficiency of the ports, by taking the load of the cargo, act as extensions of the ports. Customs documentation and other clearing formalities are authorised to be carried out, for both imported and exportable cargo, under the supervision of customs officials positioned at these locations.

The Indian Logistics Industry

The CRISIL Reports state that the Logistics industry in India is expected to grow at a CAGR of around 11% until Fiscal 2014, with revenues of ₹ 4.6 trillion. While modes of transport such as roads, rail, coastal and pipelines are expected to grow at a combined CAGR of around 11%, infrastructure segments such as warehousing, cold storage and container logistics are expected to exhibit growth of around 10%. Improved infrastructure in segments such as warehousing, cold storage and container logistics, coupled with evolving regulatory environment and changing consumer behaviour are expected to lead the growth of the overall logistics industry.

The CRISIL Reports estimate that ₹ 2.9 trillion was spent on Indian logistics in 2010, which includes only primary transport modes and infrastructure, equivalent to around 7-8% of the Gross Domestic Product (GDP). The secondary movement (from the hub to the various depots) when included, the logistics spending increases to 10.7% of the GDP. This increase can be attributed to the overall inefficiency in logistics operations, multiple tax structures, inadequate infrastructure and unorganized nature of the industry in India. The overall logistics costs, which the CRISIL Reports estimate to be as high as 12% of India's GDP, are higher than in developed economies where the percentage is approximately 9%. In China, a fragmented logistics infrastructure has resulted in overall costs estimated as high as 21%.

The Indian Warehousing Industry

The CRISIL Reports estimate the market size of the warehousing industry was at ₹ 210-230 billion as of March 31, 2010, with the industrial and agricultural warehousing segment (excluding temperature controlled warehousing) in the range of ₹ 180-200 billion and ₹ 25-35 billion annually, respectively. The warehousing industry has grown at a CAGR of 10-12% per annum. Industrial warehousing and agricultural warehousing have grown at the rate of 11-13% and 5-6% per annum, respectively.

Several factors like growth in external trade, growth across major industry segments such as automobile, pharmaceutical, fast moving consumer goods and the emergence of organized retail have favourably impacted the industry's growth. Over the past few years, large companies in India have been shifting focus from couriers and cargo segments to logistics and supply chain; from being freight forwarders to integrated logistics players. Competition has increased due to entry of new players including global third party logistics players. In spite of the high bargaining power of buyers, warehouses providing value-added services are able to charge a premium.

To cater to the increasing demands for food security, the Ministry of Consumer Affairs, Food and Public distribution has announced a scheme of private participation in the agricultural warehousing industry, which is expected to increase investments on account of a ten year committed utilization by the Food Corporation of India.

Logistics and Warehousing Industry Outlook

The Indian economy witnessed strong growth over the last decade, making it a preferred destination for investment by multi-national corporations as well as a globally recognized manufacturing and outsourcing hub. Consequently, there is an increased demand for efficient logistics services in India, leading to the growth and transformation of this sector.

Additionally, the increasing presence of multi-national corporations across various segments is expected to boost the demand for better supply management and logistics best practices. This will further drive the demand for organised warehousing. This would also lead to entry of global logistics players in India who are expected to bring in established practices of outsourcing logistics services.

The CRISIL Reports state that CRISIL Limited expects the warehousing sector to grow at a CAGR of 8- 10% between 2011 and 2013, driven by higher economic growth, increase in the organized segment's share across sectors, simplified tax regime, etc. These factors would give a boost to organized warehousing in India, and lead to a gradual decline in the share of the unorganized segment.

Overview of the Ports Industry

Ports have played a significant role in the development of maritime trade and economy in India. The importance of maritime infrastructure in facilitating international trade is well recognized. In India, development of ports has been closely associated with the growth of the country's economy. The first few decades after Indian independence saw restrictive foreign policies and exports and imports being constrained by strict controls.

The CRISIL Reports estimate that the Indian ports handle around 70% of the country's total trade in terms of volume and 95% in terms of value. The country depends on ports for sustained economic growth, for expanding its export trade, and also for ensuring timely availability of raw material across industries. There has been a sustained rise in volume of exports with revival of growth in the manufacturing sector and improved export competitiveness.

The Indian Ports Industry

There are 13 major and 187 non-major ports across India's coastline. *(Source: www.shipping.nic.in)* The last few years have witnessed the emergence of a number of non-major ports in the country. The share of cargo handling of non-major ports has grown from almost nil a few years back to around 34% in Fiscal 2010. The faster growth rate was mainly due to higher efficiency at these non-major ports, higher draft to handle larger vessels and also greater mechanisation. Moreover, considering that many of the major ports are working at close to 90% utilisation levels, with several working at over 100% utilisation, the congestion at major ports is very high, leading to lower operational efficiency.

The government, through its policies, has invited private sector participation in areas like leasing out of existing assets and the construction and operation of container terminals, cargo berths and other warehousing and storage facilities. Currently, private participation at major ports is limited to construction and operation of container terminals at major ports.

A major port is a port which is under the control of the central government and is classified as a major port under the Major Ports Act, 1963. If a non-major, state controlled port is to be classified as a major port, then a bill must be passed in that state assembly, approved by the cabinet and passed by the parliament. Non-major ports are all those ports that are not classified as major ports under the Major Ports Act, 1963. Non-major ports come under the purview of the respective state governments where they are located and are regulated by their departments or in some cases, their maritime boards.

The Government of India has also announced a major project known as the National Maritime Development Programme to develop India's maritime sector, in particular, the port sector. This government policy aims to encourage more investments in ports and a development plan through Fiscal 2012 has been formulated after assessing the potential growth in traffic.

The Government of India announced a new shipping sector policy in January 2011 that entails an investment of ₹ 4.2 trillion into the industry, out of which ₹ 3 trillion will be applied to the Port sector and ₹ 1.2 trillion to the shipping sector. The new policy replaces the current National Maritime Development Project and proposes to take the port capacity of India from 1 billion tons to 3.2 billion tonnes by Fiscal 2020. *(Source: www.shipping.nic.in)*

Ports Industry Outlook

According to the CRISIL Reports, traffic at Indian ports is estimated to grow at a CAGR of 10.3% from 827 million tonnes in Fiscal 2010 to 1,353 million tonnes by Fiscal 2015. This growth will be led mainly by coal and container traffic, which in turn can be attributed to healthy external trade volumes arising out of steady economic growth. While major ports are expected to grow at a CAGR of 6.9% from 561 million tonnes in Fiscal 2010 to 782 million tonnes in Fiscal 2015, non-major ports are forecasted by the CRISIL Reports to grow at an estimated CAGR of 17%, from 266 million tonnes in Fiscal 2010 to 571 million tonnes in Fiscal 2015.

Non-major ports are set to outpace the growth of major ports considering the pace of investments and capacity expansion in non-major ports, and congestion, capacity constraints and other operational issues plaguing major ports. The CRISIL Reports estimate these ports to record traffic growth at a CAGR of 16% to 571 million tonnes from Fiscal 2010 to Fiscal 2015, mainly driven by coal traffic since many power plants are being set up in the vicinity of non-major ports. They are also likely to benefit from higher traffic on account of capacity constraints and operational inefficiencies at major ports.

The CRISIL Reports project traffic at major ports to grow at a 5-year CAGR of 7% to 782 million tonnes in Fiscal 2015. Over the long-term, with faster growth in traffic, non-major ports are expected to handle a higher share in the total traffic at ports. The CRISIL Reports projects the share of non-major ports in the total port traffic to increase from 32% in Fiscal 2010 to around 43% by Fiscal 2015.

<u>Overview of the Power Sector</u>

The Indian power sector has undergone a variety of reforms intended to encourage private sector participation since the early 1990s. The reforms make state electricity boards viable by unbundling them into generation, transmission and distribution utilities, privatising distribution and providing choice to some categories of consumers. Despite these reforms, however, the ability of the power sector to attract private sector investment, especially in the transmission and distribution segments, remains low.

The Indian Power Industry

The Government of India launched an ambitious mission of "Power for all by 2012" in 2005. The mission requires significant capacity additions, especially towards expanding the regional transmission network and inter-regional capacity to transmit power. The government has announced significant capacity additions in order to meet the target. The Tenth and Eleventh Plans were supposed to add to the capacity, providing a total of more than 100,000 mega-watts (MW), with 41,110MW and 66,000MW under the Tenth and Eleventh Plans, respectively. However, the Tenth Plan saw capacity additions of only 21,095MW. The revised estimate for the Eleventh Plan was adjusted accordingly to 78,700MW. Looking at the progress of projects, in the mid-term appraisal of 11th plan, this target has been revised downwards to about 62,300MW.

India's GDP has grown significantly over the past few years, leading to notable growth in demand for power. The boom in the industrial and commercial sectors over the last five years has led to a 7% CAGR in demand for power. However, the growth in capacities has been insufficient to meet the growth in demand, resulting in deficit levels rising to 11% in Fiscal 2009 from 7% in Fiscal 2004. Nevertheless, Fiscal 2010 has witnessed a trend reversal with supply outstripping demand for the first time since Fiscal 2004, with the countrywide base load deficit falling to 10% in Fiscal 2010.

Over the last five years power demand has grown at a CAGR of 7.1% while supply has grown by only 6.6% resulting in the base load deficit widening from 8.4% in Fiscal 2006 to 10.1% in Fiscal 2010. During the same period, movement in peak load deficit has been very uneven with the deficit rising from 12.3% in Fiscal 2006 to 16.6% in Fiscal 2008 before declining again to 12.7% in Fiscal 2010.

The base load power deficit in the country expanded from 7.3% in Fiscal 2005 to 11.1% in Fiscal 2009. However, the trend reversed in Fiscal 2010, with supply outpacing demand. This was mainly on account of 9.6 gigawatts (GW) of capacities commissioned along with commencement of gas supplies from the Krishna-Godavari (KG) basin. The CRISIL Reports predict that this trend will continue over the next five years. From FY11, the capacity additions, especially during the Twelfth Plan, are expected to bring down the base load deficit to 4-5% by end Fiscal 2015.

However; for India to sustain its GDP growth in the 8-10% range over the long term, continuous capacity additions will be essential in the power sector in order to meet the incremental demand stemming from economic growth.

Moreover, the peak load deficit will continue to be substantially higher than the base load deficit. In developed countries there are dedicated plants which cater to the peak demand, however, most of the plants in India operate on base load. Hence, additional peak load capacities would be required to be added. To take advantage of the high power prices during peak hours some players have set up capacities on a merchant basis. This is facilitating the development of short term power trading market in the country.

To address the demand, the Government of India has planned a series of power projects, the Ultra Mega Power projects. Each of the UMPP projects has a planned capacity of 4000 megawatts or above. The UMPP projects are expected to contribute significantly to domestic power generation. As of the date of the CRISIL Reports, four of the fourteen planned projects have been awarded to private power companies.

Power Industry Outlook

CRISIL Limited expects capacity additions to fall short of the targets set by the government. In the first three years of the Eleventh Plan (Fiscal 2008 to Fiscal 2012), 22 GW of capacities have been added as against the target of 62 GW during the Plan period. The CRISIL Reports state that CRISIL Limited expects capacity additions of 48 GW to be commissioned during the Eleventh Plan.

Between Fiscal 2011 and Fiscal 2015 (which includes the CRISIL Reports' capacity estimates for the remaining two years of the Eleventh Plan), capacities of 82 GW are expected to be added, of which about 90% is expected to be thermal, including the planned UMPPs, with the remainder expected to be hydro and nuclear-based. Projects via the Case I and Case II bidding routes as well as memorandum of understanding (MoU) based projects are expected to become commercially operational over the next five years.

As per the CRISIL Reports, an average of 16 GW is expected to be added annually over the next five years compared to 6-7 GW of capacities per year over the last five years. This is due to: (1) Entry and announcements by private sector players of large capacity additions; (2) More than 90% of the 82 GW scheduled to be commissioned over the next five years have received environmental and forest clearances, acquired land, achieved financial closures and placed equipment orders; and (3) Almost 80% of the projects have signed power purchase agreements (PPAs) with various state utilities or will sell power on merchant basis. Others are expected to enter into PPAs as more utilities invite bids for procurement of power.

The Education Sector

Overview of the Education Sector

According to the CRISIL Reports, the largest population group in India is in the 0-24 age bracket, which is also the largest age bracket worldwide, accounting for up to 585 million people throughout the world. Nearly 3.5% of India's GDP is spent on the Indian education sector.

Over the last few decades, there has been a healthy growth in the literate population in India, with the literacy rate being around 66% in Fiscal 2008 (as per the National Sample Survey Organisation). The literacy rate in India, however, does not reflect the educational level, as can be seen from the following table which highlights the urban-rural disparity in education. In Fiscal 2008, 60% of the rural population was literate; but only 50% had completed primary education and only 8% had completed higher secondary education. University graduates accounted for only 3.3% of the rural population.

Distribution of Indian Population by Education Level in Fiscal 2008 (%)

Indians aged 15 and above		Not literate	Literate without formal schooling	Pre-Primary	Primary	Upper Primary	Secondary	Higher Secondary	Diploma, Graduates and PG	All
Rural	F	52.5	0.8	7.8	14.4	12.3	7.2	3.1	1.9	100
	M	28.2	1.1	9.4	17.7	19.9	12.6	6.4	4.6	100
	All	40.3	1.0	8.6	16.0	16.2	9.9	4.7	3.3	100
Urban	F	25.4	0.9	5.9	13.2	15.9	15.6	10.0	13.1	100
	M	11.3	0.9	5.5	13.3	18.8	18.4	12.1	19.6	100
	All	18.0	0.9	5.7	13.2	17.4	17.0	11.1	16.6	100

Source: NSSO Report: Education in India 2007-08

Although the Government of India has been investing in promoting literacy and education, their efforts remain largely focused on elementary schooling. Secondary and higher education have not been key priorities as the Indian government believes it is necessary to first create adequate infrastructure and provide incentives to universalise elementary education.

Education Sector Outlook

The CRISIL Reports project the total number of K-12 institutions to reach 1.4 million by Fiscal 2016 and enrolments to reach 207 million during that year. The government aims to achieve 100% enrolment in K-12 schools by Fiscal 2016 but the CRISIL Reports projects it to reach 90%.

The CRISIL Reports state that CRISIL Limited expects demand for higher education to grow at a steady pace in the medium term. Enrolment is likely to increase at a CAGR of around 6.5% from an estimated 16 million in Fiscal 2008 to nearly 21 million by Fiscal 2013; GER would increase from around 12% to 15% during the same period on the back of strong demand drivers such as: (1) Rising household incomes; (2) Favourable Age Demographics; and (3) Steady growth in employment opportunities.

The Defence Industry

Overview of the Defence Industry

India's security concerns are defined by a dynamic global security environment and the perception that South Asia region is of particular interest to global security. The continuing presence of terrorist and fundamentalist forces in its neighbourhood has prompted India to maintain a high level of defence vigilance and preparedness to face any challenge to its security.

The security challenges facing India are varied and complex. The country faces a series of low intensity conflicts characterized by tribal, ethnic and left wing movements and ideologies and also various radical groups that sometimes engage in terrorism.

India's size, strategic location, trade interests and a security environment that extends from the Persian Gulf in the west to the Straits of Malacca in the east and from the Central Asian Republics in the north to near the equator in the south, underpin India's defence needs. In view of the broad geographical spread and historic tensions with its northern neighbours, it is essential for the country to maintain a credible land, air and maritime force to safeguard its security interests.

As a percentage of GDP, India has been able to maintain defence expenditure to a range of 2-3%, in line with other major developed nations, signifying a fairly steady focus on defence within the economy to date. The Government is the sole purchaser of defence equipment.

The production of defence equipment was, until relatively recently entirely a government function. The Industrial Policy Resolution, 1948, restricted the entry of the private sector into this industry. However, in May 2001, the sector was opened for private sector participation, with 100% private sector ownership permissible and 26% FDI. This led to a paradigm shift in the structure of the defence industry as private players were able to become manufacturers of more advanced defence equipments and systems.

The Indian Defence Industry

The Union Budget for Fiscal 2011 has raised the defence budget to ₹ 1,473.4 billion. This represents a growth rate of 8.13% over the revised estimate for Fiscal 2010. The increase in defence expenditure of ₹ 110.8 billion is due to enhanced requirement for the modernisation of the Indian defence forces.

Among the defence services, the Army receives the largest budget, at approximately ₹ 745.8 billion in Fiscal 2011, distantly followed by the Air Force at ₹ 404.6 billion, the Navy at ₹ 214.7 billion, the Defence Research and Development Organization (DRDO) at ₹ 98.1 billion, and Ordnance Factories at ₹ 10.2 billion.

Defence Public Sector Undertakings (DPSUs) continue to play an integral part in the defence production. This is because defence has, for a long time, been a part of the public sector as it requires large investments and substantial Research and Development support. There are more than 39 Ordnance Factories and eight DPSUs which are engaged in the manufacture of state-of-the-art weapons and systems for the armed forces.

Defence Industry Outlook

A paper released by The Associated Chambers of Commerce and Industry of India highlights the fact that defence offsets in India are expected to bring in US $10 billion during the 11th five year plan period. As India has a large industrial base, offsets will further develop its technical and manufacturing potential and they will also help to increase investments in domestic research and development.

SUMMARY OF BUSINESS

The following summary highlights information contained elsewhere in this Draft Red Herring Prospectus. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information and the financial statements, including the notes thereto, appearing elsewhere in this Draft Red Herring Prospectus. For a discussion of certain matters that should be considered by prospective investors in the Equity Shares, see the section entitled "Risk Factors" on page 14.

OVERVIEW

We are an infrastructure development company, experienced in the conceptualization, development and execution of a diverse array of greenfield and brownfield projects. We currently have interests in shipyard, special economic zones, free zones, logistics, port, education and defence sectors through our Subsidiaries and Specified Affiliates. We are also planning initiatives in the power sector through our Subsidiaries.

Since incorporation in 1990, our Company and Promoters have gained experience in the successful implementation of a variety of infrastructure projects in India, including ports, shipyards, railway lines, roads and special economic zones. We and our Associates generally play an active role in all stages of development of our projects, including identifying and promoting projects, obtaining necessary regulatory approvals, supervising implementation, arranging for necessary financing and operating the project.

Due to the nature of the businesses we are involved in and the need to involve partners with sector-specific expertise and other investors to provide financing, we often participate in businesses through our Subsidiaries, Associates and Investments, including our Specified Affiliates. Our shipyard business is conducted through our 43.14% direct and indirect equity interest in Pipavav Shipyard Limited ("PSL"), a listed company. Our special economic and free zone businesses are conducted through a 33.33% equity interest in Sohar Free Zone LLC, a 25.81% indirect equity interest in Navi Mumbai SEZ Private Limited, a 6.49% equity interest in Mumbai SEZ Limited as well as through E-Complex Private Limited, a wholly-owned subsidiary of PSL that operates an engineering SEZ. We conduct our logistics businesses through our 46.40% equity interest in Horizon Country Wide Logistics Limited, which operates through two subsidiaries, Fastlane Distriparks & Logistics Limited and Chiplun FTWZ Private Limited. We participate in the education sector through our 21.02% equity interest in Everonn Education Limited, a listed company, which we acquired in December 2010, a 19.05% equity interest in New Horizons India Limited, an unlisted company, which we acquired in November 2010, and through an association with the University of Strathclyde in the United Kingdom. We participate in the defence sector through PSL and through two wholly-owned subsidiaries; SKIL Strategic Deterrence Systems Private Limited and SKIL Advanced Systems Private Limited, both of which pursue opportunities under the Government of India's defence offset policy. Further, we are also pursuing opportunities in the port sector through our 48.39% equity interest in Gujarat Positra Port Company Limited. In addition, we are seeking opportunities in the power sector through our 76.00% equity interest in Energy India Corporation Limited.

<u>Overview of Our Company's Various Business Activities</u>

Infrastructure Sector

<u>Shipyard</u>

At March 31, 2011, we owned a 43.14% direct and indirect equity interest in PSL, a listed company in India, and are one of its promoters along with Grevek Investment and Finance Private Limited ("Grevek"), a Group Entity controlled by our Promoters, which owned an additional 1.85% of PSL at March 31, 2011. At May 31, 2011, PSL had an equity market capitalization of ₹ 54.83 billion *(Source: www.nseindia.com)*. PSL operates Pipavav Shipyard, a shipbuilding, ship repair and refitting, offshore fabrication and engineering complex spread over approximately 198.88 hectares (491.44 acres) of land located in the State of Gujarat on the west coast of India adjacent to major sea lanes between the Persian Gulf and Asia. Pipavav Shipyard has the largest dry dock in India *(Source: The CRISIL Reports)*.

Pipavav Shipyard commenced commercial operation on April 1, 2009 and is capable of ship construction and repairs for a range of vessels of different sizes and types up to a maximum individual capacity of 400,000 dead weight tonnes, including naval vessels and coast guard vessels, as well as the fabrication and construction of products such as offshore platforms, offshore drilling rigs, drilling rig framework jackets and vessels for oil and gas companies. PSL's order book of ₹ 71,161.37 million at May 28, 2011 (conversion at the rate of 1 USD = ₹ 45.21), consists of 51.09% Panamax bulk carriers, 7.11% offshore support vessels and 41.80% offshore patrol vessels in value terms. A portion of the income from these orders has been booked in accordance with the percentage of completion method.

At March 31, 2011, PSL owned 100% of E-Complex Private Limited ("E-Complex"), which owns land in the State of Gujarat, including 124 hectares (306.40 acres) which have been notified as an engineering SEZ by the Government of India and approximately 95 hectares (234.75 acres) of PSL's land has been leased from E-Complex, on which PSL has established its SEZ unit for block making and fabrication facilities.

<u>Special Economic and Free Zones</u>

Our Company operates in the Special Economic and Free Zones sector through Sohar Free Zone LLC, Navi Mumbai SEZ Private Limited and Mumbai SEZ Limited. In addition, PSL operates in this sector through E-Complex, its wholly-owned subsidiary which operates an engineering SEZ.

Sohar Free Zone LLC

At March 31, 2011, we owned 33.33% of the issued share capital in Sohar Free Zone LLC, a limited liability company in Oman that is developing an approximately 4,500 hectare (approximately 11,115 acres) multi-product, multi-service free zone in the Sultanate of Oman ("Sohar FZ"). The remaining 66.67% of the issued shares are owned by the Sohar International Development Company LLC, a joint venture owned 50.00% by the Government of the Sultanate of Oman and 50.00% by Mainport Foreign Investments B.V., a subsidiary of Havenbeddrijf Rotterdam N.V. (Port of Rotterdam Authority or ("POR")). Sohar FZ is strategically located in the immediate vicinity of the Sohar Industrial Port in the Sultanate of Oman and is currently planned to be connected to an extensive sea and rail transportation network. Its location outside the Straits of Hormuz provides access to important international shipping routes. Sohar FZ provides access to the Gulf Cooperation Council ("GCC") countries, whose members include the Kingdom of Saudi Arabia, the Kingdom of Bahrain, Kuwait, the State of Qatar, the United Arab Emirates and the Sultanate of Oman. Sohar FZ shall also provide access to Africa, India and other European markets.

Navi Mumbai SEZ Private Limited

At March 31, 2011, we owned a 35.00% interest in Urban Infrastructure Holdings Private Limited, which holds a 99.67% interest in Dronagiri Infrastructure Private Limited, which in turn holds a 74.00% interest in Navi Mumbai SEZ Private Limited. Consequently, we have an indirect 25.81% beneficial equity interest in Navi Mumbai SEZ Private Limited, which is subject to dilution down to 5.90% in the event all outstanding convertible securities are converted. The outstanding convertible securities are in favour of group entities of Reliance Group Investment and Holding Private Limited. Navi Mumbai SEZ Private Limited has received gazette notification to develop a SEZ on 1,766.16 hectares (4,364.28 acres) in Navi Mumbai (Dronagiri node, Ulwe node and Kalamboli node). *(Source: www.sezindia.nic.in)*. Further, Navi Mumbai SEZ Private Limited has achieved financial closure for 2,140 hectares and is currently developing the site. *(Source: Navi Mumbai SEZ Private Limited's 2010 Annual Report)* Our Company was a lead consortium member for Navi Mumbai SEZ Private Limited and management and control of the company is currently held by Reliance Group Investment and Holding Private Limited.

Mumbai SEZ Limited

At March 31, 2011, we owned a 6.49% equity interest in Mumbai SEZ Limited, which is developing a SEZ at Khopta, District Raigad in Maharashta. Mumbai SEZ Limited is currently majority owned and controlled by Reliance Group Investment and Holding Private Limited.

Logistics

At March 31, 2011, we owned a 46.40% equity interest in Horizon Country Wide Logistics Limited ("Horizon"), and are the sole promoters of the company. Horizon's objective is to develop logistics infrastructure through a hub-spoke model by developing an integrated Pan-India network of multi-modal logistics parks. Horizon intends to develop Container Freight Stations ("CFS"), Inland Clearance Depots ("ICD"), Free Trade Warehousing Zones ("FTWZ") and warehousing facilities at strategic locations such as ports, entry and exit points of the Golden Quadrilateral, a highway network connecting Delhi, Mumbai, Chennai and Kolkata, and the North-South East-West Corridor, a developing highway network crossing perpendicularly through the middle of India, as well as entry and exit points of major rail junctions. For its current phase of development, Horizon has identified seven locations for setting up CFSs, ICDs, FTWZs and warehousing facilities. Two of these locations, both in Navi Mumbai, are currently being developed through Horizon's subsidiaries, one by Chiplun FTWZ Private Limited and another by Fastlane Distriparks and Logistics Limited, in each of which Horizon owned a 52.00% equity interest at March 31, 2011. Chiplun FTWZ Private Limited has been approved by the Ministry of Commerce of India as a co-developer of a FTWZ for approximately 100 acres. Fastlane Distriparks and Logistics Limited is currently waiting for renewal of the regulatory approval to set up a CFS, which has been requested and is currently pending. Horizon has also secured approximately 100 acres of land in Jhansi, Uttar Pradesh on a long-term lease basis for an ICD and 15.4 acres of land in Navi Mumbai on a long-term lease basis for a warehousing facility.

Ports

At March 31, 2011, we owned a 48.39% equity interest in Gujarat Positra Port Company Limited ("GPPCL"). Our Company and POR entered into a binding heads of agreement in December 2008 with respect to the development of an all weather deep-water port in Positra, Gujarat ("Port West") through a joint venture, with POR making its investments through its wholly-owned subsidiary, Mainport Foreign Investments B.V. Our Company, along with GPPCL and POR, entered into a Memorandum of Understanding in January 2009 with the Gujarat Port Infrastructure and Development Company Limited with respect to the development and ownership of Port West. The land for Port West is proposed to be leased to GPPCL by the Gujarat Maritime Board, which has initiated steps to acquire 3,400 hectares of land for Port West, of which 1,000 hectares will be required for the initial stage of the development plan, however, the land concession agreement has not been executed and is currently being negotiated. GPPCL obtained a feasibility report on Port West in July 2007 and POR obtained a design report in 2008. GPPCL is in the process of obtaining clearance under requisite environment laws for the Port West project.

Power

Our Company entered into a memorandum of understanding with Evonik Energy Services GmbH ("Evonik Energy") in October 2008 for the development of coal-based power plants in India. Evonik Energy is part of a group that owns thermal power generation assets in Germany and other countries. We have identified a location for the development of a power plant with two 660 MW coal-based units in Raigad, Maharashtra and Evonik Energy completed a feasibility study for this plant in March 2010. We are proposing to develop this plant through Energy India Corporation Limited ("Energy India"), which was our Company's 76.00% subsidiary as of March 31, 2011. The project is at an early stage of development and our Company is taking the necessary steps to acquire the land and enter into agreements for fuel supplies and power off-take, but no definitive agreements have been executed.

Education Sector

Our Company participates in the education sector through interests in Everonn Education Limited and New Horizons India Limited as well as through an association with University of Strathclyde.

Everonn Education Limited

At March 31, 2011, we owned 21.02% of the outstanding equity shares of Everonn Education Limited ("Everonn"), an education service provider. We acquired four million equity shares in December 2010 through an investment agreement (upon the conversion of optionally convertible debentures) and an open offer for a total cash consideration of ₹ 2,089.33 million. Everonn's equity shares are listed on the NSE and BSE and Everonn had an equity market capitalization of ₹ 10.62 billion at May 31, 2011. *(Source: www.nseindia.com)* We are a co-promoter of Everonn and have the right to nominate one non-executive director and two permanent invitees to the board of Everonn under our investment agreement. Pursuant to this right, Mr. Nikhil Gandhi has been appointed as a non-executive director on the board of Everonn.

Everonn is an integrated knowledge management, education and vocational training company which offers a range of services, including (i) creating global educational and training content; (ii) designing and executing large learning initiatives; and (iii) setting up necessary infrastructure for learning and training. Everonn's operations are divided into eight strategic business units, including instructional and communication technology and virtual and technology enabled learning solutions for colleges, web-based schools and retail products delivered through virtual and interactive classroom networks.

New Horizons India Limited

At March 31, 2011, we owned 19.05% of the outstanding equity shares of New Horizons India Limited ("NHIL"), an unlisted educational and training company in India that offers services in the areas of IT, vocational and domain skills training, technology services and supplementary education. We acquired a total of 6.85 million equity shares, or 26.09% of the outstanding equity shares, in NHIL in November 2010 for a total consideration of ₹ 616.5 million. In February 2011, we sold 1.85 million equity shares, or 7.05% of the outstanding equity shares, of NHIL to Awaita Properties Private Limited, a Group Entity controlled by our Promoters, at cost. NHIL offers programs for young aspirants as well as IT professionals looking to enhance their skills. NHIL also operates a computer training division for foreign nationals under the brand "SIBIT" and coaching classes under the brand "Knowledge Horizon Classes". Mr. Nikhil Gandhi is a non-executive director and Vice Chairman of NHIL.

University of Strathclyde

Pursuant to a memorandum of understanding dated August 2010, our Company entered into an agreement with University of Strathclyde and V.S. Educational Society in February 2011 to establish a new higher education institute at Greater NOIDA in the National Capital Region. The institute, to be known as the Strathclyde SKIL Business School, will focus on developing postgraduate and undergraduate programs in business and management. Under the agreement, our Company and V.S. Educational Society will provide the local infrastructure and recruit the academic staff, while University of Strathclyde will confer the final awards for the courses.

Defence Sector

Our Company participates in the defence sector through PSL and through our wholly owned subsidiaries SKIL Advanced Systems Private Limited, and SKIL Strategic Deterrence Systems Private Limited.

PSL

PSL operates in the defence sector through the manufacture, refit, repair and dry-docking of medium-sized strategic defence vessels for the Indian Navy and Coast Guard. In May 2011, PSL entered into a contract with the Government of India to build five naval offshore patrol vessels for the Indian Navy for an aggregate amount of ₹ 29,745.84 million. In October 2010, PSL received a licence from the Government of India for the production of up to five medium-sized strategic defence vessels per annum. PSL has also entered into MoUs with international defence contractors for the construction of aircraft carriers, military vessels, and other related military projects, although no definitive agreements have been entered into at this point.

SKIL Advanced Systems Private Limited

SKIL Advanced Systems Private Limited ("SASPL") became our wholly-owned subsidiary on February 2, 2010. Through SASPL, we plan to supply defence systems, internal security systems and personal security systems to various parties, including the Government of India and state governments. In March 2011, SASPL obtained an industrial license for the manufacture of radar and remote control apparatus from the Ministry of Commerce and Industry. SASPL has entered into an MoU with an international defence contractor for projects relating to counter terrorism, security products and critical infrastructure programs. Our role, if the MoU results in the execution of a definitive agreement, would be to provide industrial support for the aspects of the projects that take place within India. However, SASPL has not yet entered into any definitive agreements, commenced business activity or generated any revenues to date.

SKIL Strategic Deterrence Systems Private Limited

We incorporated SKIL Strategic Deterrence Systems Private Limited ("SSDSPL") in October 2010 as our wholly-owned subsidiary in order to supply manufacturers with a variety of defence systems. However, SSDSPL has not yet entered into any definitive agreements, commenced business activity or generated any revenues to date.

Our total consolidated income, as restated, decreased by 38.79% from ₹ 98.15 million in Fiscal 2009 to ₹ 60.08 million in Fiscal 2010. Our consolidated profits (losses) after tax decreased from a profit of ₹ 17.72 million in Fiscal 2009 to a loss of ₹ 198.34 million in Fiscal 2010. Our total consolidated income and consolidated loss after tax for the nine months ended December 31, 2010, was ₹ 83.92 million and ₹ 1,503.16 million, respectively.

Our Competitive Strengths

We believe our competitive strengths include the following:

Proven track record of our Company and our Promoters

We and our Promoters believe we have a proven track record of promoting infrastructure projects in India and are experienced in owner-managed construction of infrastructure projects, including Pipavav Shipyard, Pipavav Port, the Pipavav Railway and the Pipavav Linkroad. Pipavav Port, India's first private sector port was awarded the IDFC Award for Excellence in Infrastructure in 2000. In 2005, our interests in Gujarat Pipavav Port Limited, the owner of Pipavav Port, as well as the Pipavav Linkroad and Pipavav Railway, were sold to the Denmark based A.P. Møller Maersk Group. We believe that our Promoters have a demonstrated track record of attracting strategic partners, securing financing and successfully completing large infrastructure projects.

Our Promoters were also involved in the development and construction of the Pipavav Railway (a 270 kilometre joint sector broad gauge railway linking Pipavav to the rail hub at Surendranagar and serving the Saurashtra region in Gujarat) in 2003, the Pipavav Linkroad (an expressway running between Pipavav Port and the National Highway 8E), and initially led the Mumbai SEZ and the Navi Mumbai SEZ projects.

Our Promoters and our Company led the conception and development of Pipavav Shipyard, a shipbuilding, ship repair, offshore fabrication and heavy engineering complex spread over 198.88 hectares (491.44 acres) of land located in the State of Gujarat. Pipavav Shipyard has the largest dry dock in India *(Source: The CRISIL Reports)*. In addition, PSL operates in the SEZ sector through E-Complex, its wholly-owned subsidiary which operates an engineering SEZ.

We believe that our experience, knowledge and human resources will enable us to continue to identify and execute infrastructure projects.

Diversified portfolio of projects and businesses

We currently have interests in companies that are developing and propose to develop infrastructure projects across the shipyard, SEZ and free zone, logistics, power and ports sectors. We also have interests in companies in the defence and education sectors. We believe that the wide range of our activities not only enables us to diversify our risks by reducing our dependence on any one sector, but also helps us leverage the experience gained in diverse sectors. We have the following material investments:

- At March 31, 2011, we owned 43.14% of the outstanding shares of PSL, a listed company with an equity market capitalization of ₹ 54.83 billion at May 31, 2011. (Source: www.nseindia.com) PSL has the largest dry dock in India *(Source: The CRISIL Reports)* and has secured a license from the Government of India for the production of five medium-sized strategic and defence vessels per annum.
- At March 31, 2011, we owned 33.33% of the outstanding shares of Sohar Free Zone LLC, a limited liability company in the Sultanate of Oman. A royal decree was issued by the Sultanate of Oman on December 21, 2010 earmarking a certain area as a free zone in the Sultanate of Oman. The area is positioned near the Sohar Industrial Port, allowing ships to avoid the Strait of Hormuz. Once developed, our Company believes this area will become a manufacturing, logistics and export hub for cargo being transported to GCC countries, Africa, India and other European markets.
- At March 31, 2011, we owned 46.40% of the outstanding shares of Horizon Country Wide Logistics Limited, an unlisted company. Horizon has signed an MoU to develop, operate and manage a logistics zone in Sohar FZ in the Sultanate of Oman. Horizon's two subsidiaries are in the process of developing a CFS and a FTWZ in Navi Mumbai, near the Jawaharlal Nehru Port.
- At March 31, 2011, we owned 21.02% of the outstanding shares of Everonn, a listed company with an equity market capitalization of ₹ 10.62 billion at May 31, 2011. *(Source: www.nseindia.com)* Everonn develops educational content though an in-house team, backed by resources drawn from educational institutes across India. Everonn also has experience customising their content to the needs of individual private sector schools using interactive technology.

We have extensive experience working with international corporations and leading financial institutions

We, along with our Subsidiaries and Specified Affiliates, have entered into agreements with various entities with sector-specific expertise, such as Evonik Energy Services GMBH, University of Strathclyde Business School, and other investors to provide financing, including IFCI Limited, Ashoka Investment Holdings Limited, Ambadevi Mauritius Holdings, M2N2 Partners Limited, Trinity Capital (Four) Limited. We believe our working relationships with international corporations and Indian financial institutions, as well as our extensive experience in working with them, will enhance our ability to find strategic partners and source additional funding.

We have strong project management skills.

Our Company has significant experience in the area of project development and project management and plays an active role in all stages of development of each project, including supervision of construction services, financing and operation. Using this experience, obtained since our incorporation in 1990, our Company and our Promoters have successfully completed many major infrastructure projects, including Pipavav Shipyard, Pipavav Port, the Pipavav Railway and the Pipavav Linkroad. We believe our experience, track record, commercial relationships and brand recognition will help us expand our operations into new sectors within the infrastructure industry, education sector and defence sector in India.

Our approach towards acquiring land for our projects has been a significant factor in our success. Land for our projects is mainly acquired through direct negotiation with farmers and other land owners, in a manner that allows the current land owners to benefit through the process of development that we undertake. In addition to direct employment opportunities, the land owners are favoured as service providers for the project, including for the hire of vehicles and the rental of premises for use as residences and offices.

Our Strategy

Since our incorporation in 1990, our Company has focused on identifying desirable projects throughout infrastructure sectors in India and abroad. We typically identify potential projects through the insights, relationships and the experience of our management team. These projects are greenfield or brownfield core-infrastructure projects that often involve areas that have traditionally been served by the government, such as ports, basic infrastructure and education. Once identified, we determine whether to participate in a project by evaluating and balancing the following factors: (i) whether the project focuses on businesses that are located in, or are designed to serve, growth regions; (ii) whether we will be able to exercise control or significant influence over management of the project entities; and (iii) whether the project is strategically aligned with or complementary to our existing businesses and can benefit from our expertise.

If we decide to sponsor a project, we utilize our management experience and, if required, the technical expertise of strategic partners who are already established in the particular infrastructure sector. During the execution stage, our Company typically receives revenue in the form of project development fees. These fees are earned for our work in the initial stages of the project for obtaining approvals and aggregating land, but often also for our continuing management of the ongoing operations. We may also advance initial financing to the project which is later refinanced by third party lenders as the project matures.

Once a project becomes self-sustaining, we may retain our interests in the project or divest portions and apply the proceeds from such divestment for further developments of new projects and investments. On occasion, a completed project may involve us in an undertaking to expand or upgrade facilities. In those cases, we may again receive project development fees for our work assisting and managing the project, either directly or through our Subsidiaries, Associates or Investments.

We believe that our business has grown organically into new business areas as we have looked to maximize the value of our existing assets. Thus, PSL's entry into repair and maintenance was a logical outgrowth of its shipyard facilities. Similarly, as the Indian naval requirements and the demand in the defence sectors began to increase, we began expanding our shipbuilding activities into defence vessels and other defence related work that can be performed using our shipyard facilities and infrastructure. Similarly, PSL's need for training skilled workers showed us a business need that evolved into our initiative in education, which culminated in our investments in Everonn and New Horizons.

Continue to pursue partnership strategy to mitigate risks

For each of our projects, we seek strategic and financial partners to bring expertise and resources to the project and to help mitigate our risks as well as reducing our financing requirements.

Our Company can develop beneficial relationships by using each partner’s individual strengths, with a goal toward developing each of our business projects into profitable ventures.

Continue to enhance training and development of management and employees

We seek to attract and retain talented individuals and improve their skills, productivity and career development opportunities through advanced human resources management. In addition to on-the-job training, we and our Specified Affiliates will continue to send selected employees to leading educational institutions both in India and abroad for advanced training. We believe that highly qualified management and employees are critical to our future business success.

Continue to develop our existing assets across various sectors in order to maximize the value of our Company and our holdings

Our existing assets and holdings are spread across the infrastructure sector, the education sector and the defence sector. While each sector does have common elements in the developmental, operational and maintenance stages, following are particular strategies for each sector:

<u>Shipyard</u>

Increase opportunities beyond commercial shipbuilding through expansion into other shipyard activities

In order to increase potential opportunities beyond the commercial shipbuilding sector, PSL is planning to enter into the defence sector and the offshore oil and gas sector through the fabrication and erection of oil and gas assets. PSL has entered into a contract to build five naval offshore patrol vessels and plans to seek additional contracts to build medium-sized strategic defence vessels for the Indian Navy and Coast Guard. PSL also plans to offer its repair and dry-docking facilities to a wide range of vessels, including aircraft carriers, very-large crude carriers and offshore supply vessels, as well as naval, coast guard and other specialty vessels such as liquefied natural gas carriers. PSL has a dedicated offshore yard to cater to the needs of offshore oil and gas exploration and production.

Special Economic and Free Zones

Provide opportunities and services in geographically advantageous regions

We believe the geopolitical climate in the Middle East and South Asia regions create an opportunity for the Sohar FZ. Due to the natural chokepoint of the Straits of Hormuz, shippers are currently subject to the policies and decisions of a few governments. The Sohar Industrial Port's location outside the Straits of Hormuz provides cost effective access to the main shipping routes of the world, including to the GCC countries, Africa, India and other European markets. Our Company believes that with increasing growth in the region more shippers will take advantage of the Sohar Industrial Port, resulting in increased business for the Sohar FZ.

Divest holdings at a financially beneficial time

Our holdings in Navi Mumbai SEZ Private Limited and Mumbai SEZ Limited may provide us with future opportunities to take advantage of appreciation in these assets. If we are successful in divesting a portion of our holdings at financially beneficial times, we may be able to obtain additional capital which can be reinvested in other strategic businesses in the future.

Logistics

Expand interests to create a network of complementary services

Our logistics interests were developed to accommodate the services in other sectors, particularly ports and special economic and free zones. As the growth in these sectors has been complementary, we intend to use Horizon to develop an integrated network of multi-modal logistics parks through a hub-spoke model. By developing CFSs, ICDs, FTWZs and warehousing facilities at strategic locations such as ports, entry and exit points of the Golden Quadrilateral, the North-South East-West Corridor, and major rail junctions, we plan to capture revenue in multiple sectors. We also intend to expand our current logistics business into the Sohar FZ, which we believe offers an excellent opportunity for developing an important logistics hub for the region.

Ports

Prepare for future shipping needs with a project able to accommodate next generation vessels

Our Company is currently focused on developing our Port West project, a proposed deep-sea port located at the mouth of the Gulf of Kutch, on the western coast of India in the state of Gujarat, located on the Dubai-Singapore shipping and trade route. We believe that the Port West site enjoys key strategic and natural advantages such as a natural deep-water draft, relatively tranquil waters, two natural approach channels and good rail and road connectivity. The location is sheltered by islands and we believe that the channel should not require major dredging. We believe that Port West will have the potential to handle next-generation large ships due to its 18 meter deep-water draft.

Power

Capitalize on the growth of the Indian power generation sector

The power sector in India is characterized by power shortages that have increased over time as a result of the rapid economic development and increasing demands for power. The Government of India has carried out a series of regulatory reforms in order to address the power shortage in India and to hasten the development of new power projects that we believe may generate opportunities for us in the power sector.

Our Company is pursuing the development of coal-based power plants in India with Evonik Energy Services GMBH. Our role to date has been to use our expertise to develop the project, including arranging for the acquisition of suitable land and applying for critical approvals.

Education

Partner with educational institutions and companies in order to capitalize on the increased need for domestic education

We have begun implementing our education business strategy through our acquisition of equity shares in Everonn and NHIL as well as our association with University of Strathclyde.

Everonn's strategy is based on technology, content and human resources, enabling them to cater to educational needs at all levels, from young students to higher education in technical, engineering, medical, business and vocational areas. Everonn's educational platform will be supported by our Company's experience in infrastructure development. NHIL is an unlisted educational and training company in India which offers services in the areas of IT, vocational and domain skills training, technology services and supplementary education.

We also have entered into an agreement with University of Strathclyde to establish a new higher education institute with a focus on developing postgraduate and undergraduate programs in business and management.

Defence

Partner with well-known foreign defence companies to expand our defence business.

The Ministry of Defence of the Government of India announced a revised defence procurement policy in January 2011, which expanded the scope of the offset policy and now covers civil aerospace, including aircraft. It also includes internal security, weapons and services for counter-terrorism as well as training services in the list of eligible products and services. Manufacturers in the category of *'Buy'* and *'Make and Buy'* for acquisitions over and above ₹ 3,000 million are required to invest at least 30% of the estimated cost in indigenous defence industries.

We believe that our Company's past experience in working with foreign strategic partners will help us to negotiate and establish alliances with large foreign defence systems contractors. These alliances would generally not be exclusive and would not establish any form of partnership. We also seek to develop relationships with small to medium-sized Indian defence production companies that supply defence systems and components on a standalone basis. Our Company hopes that through our partnership with international as well as domestic companies, we will be able to develop, design, procure, produce and integrate various components and systems, and supply defence products and services.

Seek to capitalize on the need for additional security and surveillance services throughout India.

The Government of India and state governments have increased surveillance and security across the cities, towns and coastal areas of India. Our Company's proposed areas of business would include:

- Coastal Security – To procure and provide systems such as highly sensitive radar systems, CCTVs and voice monitors and computer aided command and control systems.
- Urban Protection – To procure and provide the systems used in coastal security to be used for monitoring land areas, with the addition of specialty designed monitoring systems such as stealth detectors, recorders and night vision enhancements.

We plan to assist with synchronizing and integrating the systems to enable users to gather, analyze, communicate and disseminate data online to relevant agencies for necessary preventive actions. Our Company is currently in discussions with several leading international security and surveillance technology companies.

SUMMARY OF FINANCIAL INFORMATION

The following tables set forth summary financial information derived from our restated consolidated and unconsolidated financial statements as of and for the years ended March 31, 2006, 2007, 2008, 2009 and 2010 and for 9 month period ended December 31, 2010. These financial statements have been prepared in accordance with the Indian GAAP, the Companies Act and the SEBI ICDR Regulations and presented under the section titled "Financial Information" on page 300. The summary financial information presented below should be read in conjunction with the chapter titled "Management's Discussion and Analysis of Financial Conditions and Results of Operations" and "Financial Information" on pages 544 and 300 respectively.

SUMMARY STATEMENT OF CONSOLIDATED ASSETS & LIABILITIES, AS RESTATED

(₹ in mn.)

Particulars	As at					
	31st Dec 2010	31st March, 2010	31st March, 2009	31st March, 2008	31st March, 2007	31st March, 2006
(A) Fixed Assets						
Gross Block	232.73	225.07	209.98	106.12	85.06	378.03
Less: Depreciation	81.31	70.81	58.17	46.28	33.89	136.67
Net block	151.42	154.26	151.81	59.84	51.17	241.36
Capital work in Progress (Including Capital Advances)	1,315.27	915.98	331.22	1,331.60	651.66	7,130.14
Total	**1,466.69**	**1,070.24**	**483.03**	**1,391.44**	**702.83**	**7,371.50**
(B) Investments (Refer Note No. 11 of Annexure VI)	32,055.08	21,131.42	6,658.88	4,944.23	4,437.96	1,280.45
(C) Deferred Tax Assets	-	-	-	-	-	13.71
(D) Current Assets, Loans & Advances						
Sundry Debtors	55.53	23.96	47.30	-	-	-
Cash & Bank Balances	188.50	1,087.04	80.46	10.14	10.18	113.54
Loans & advances	1,527.67	1,635.58	1,118.25	796.19	1,479.81	2,785.52
Total	**1,771.70**	**2,746.58**	**1,246.01**	**806.33**	**1,489.99**	**2,899.06**
(E) Liabilities & Provisions						
Secured Loans	14,901.43	6,623.38	1,147.77	535.70	602.90	3,555.79
Unsecured Loans	-	-	-	229.30	229.30	229.30
Current Liabilities	2,775.16	3,749.63	238.78	1,224.32	689.44	3,113.95
Provisions	32.27	44.03	39.97	44.76	12.87	36.01
Shares Application Money	12.33	-	-	-	335.01	729.40

Minority Interest	-	0.01	0.01	335.24	0.02	868.57
Total	**17,721.19**	**10,417.05**	**1,426.53**	**2,369.32**	**1,869.54**	**8,533.02**
(F) Net-worth (A+B+C+D-E)	**17,572.28**	**14,531.19**	**6,961.39**	**4,772.68**	**4,761.24**	**3,031.70**
(G) Networth represented by						
Equity Share capital	2,550.19	2,549.12	2,549.12	2,523.88	2,523.88	550.55
Preference Share capital	2,000.00	2,000.00	2,000.00	-	-	119.20
Reserves and Surplus	14,295.71	9982.28	2,412.44	2,261.37	2,237.51	2,362.08
(Refer Note No. 11 of Annexure VI)						
Less : Debit Balance of Profit & Loss Account	1,273.25	-	-	-	-	-
Less: Miscellaneous expenditure	0.37	0.21	0.17	12.57	0.15	0.13
Net Worth	**17,572.28**	**14,531.19**	**6,961.39**	**4,772.68**	**4,761.24**	**3,031.70**

Note:

The above statement should be read with the notes on adjustments for restated consolidated financial statements, significant accounting policies and significant notes on accounts (as appearing in Annexures IV, V and VI respectively)

SUMMARY STATEMENT OF CONSOLIDATED PROFIT AND LOSS ACCOUNT, AS RESTATED

(₹ in mn.)

Particulars	For the period ended 31st Dec 2010	For the year ended 31st March 2010	2009	2008	2007	2006
INCOME						
Project Development Fees	-	23.38	47.30	216.66	100.75	0.94
Other Income	83.92	36.70	50.85	75.99	71.61	214.93
Total Income (A)	**83.92**	**60.08**	**98.15**	**292.65**	**172.36**	**215.87**
EXPENDITURE						
Employee Cost, Administrative and Other Expenses (Net) (B)	111.57	45.30	21.37	77.65	85.01	158.09
Loss on disposal of investment in subsidiary (C)	-	-	-	-	51.61	-
Earnings before Interest, Depreciation and Tax (A-B-C) (D)	**(27.65)**	**14.78**	**76.78**	**215.00**	**35.74**	**57.78**
Interest & Finance Charges (E)	1,454.10	8.90	2.23	137.38	30.15	9.84
Depreciation (F)	9.11	11.87	13.63	11.76	12.81	6.86
Profit/(Loss) before Tax (D-E-F)	**(1,490.86)**	**(5.99)**	**60.92**	**65.86**	**(7.22)**	**41.08**
Provision For Tax						
- Current Tax	-	5.64	1.00	68.67	9.50	14.98
- Fringe benefit Tax	-	-	0.95	1.64	2.03	0.93
- Deferred Tax	-	-	-	-	13.21	(0.26)
Net Profit / (Loss) after Tax	**(1,490.86)**	**(11.63)**	**58.97**	**(4.45)**	**(31.96)**	**25.43**
Add/ (Less): Consolidated Share in the Profit/(Loss) of Associates	(12.30)	(186.71)	(41.25)	2.66	(3.28)	-
Less : Minorities Interest	-	-	-	0.21	-	18.41
Net Profit /(Loss) for the period / year ended	**(1,503.16)**	**(198.34)**	**17.72**	**(2.00)**	**(35.24)**	**7.02**
Balance brought forward	229.38	427.72	410.00	412.22	641.47	634.45
Add :Transferred from General Reserve	0.53	-	-	-	-	-
Less :Transfer to Capital Reserve	-	-	-	0.22	-	-

Amount Available for Appropriations						
Appropriations	-	**-**	**-**	**-**	**-**	**-**
Utilised for Issue of Bonus Shares	-	**-**	**-**	**-**	(194.01)	-
Balance Carried forward, as restated	**(1,273.25)**	**229.38**	**427.72**	**410.00**	**412.22**	**641.47**

Note:

The above statement should be read with the notes on adjustments for restated consolidated financial statements, significant accounting policies and significant notes on accounts (as appearing in Annexures IV, V and VI respectively)

SUMMARY STATEMENT OF CONSOLIDATED CASH FLOW, AS RESTATED

(₹ in mn.)

Sr. No.	Particulars	As at					
		31st Dec 2010	31st March 2010	31st March 2009	31st March 2008	31st March 2007	31st March 2006
A.	**Cash Flow From Operating Activities**						
	Net Profit before tax as Restated	(1,490.86)	(5.99)	60.92	65.86	(7.22)	41.08
	Adjusted for:						
	Depreciation	9.11	11.87	13.63	11.76	12.81	6.86
	Interest Income	(37.41)	(0.12)	(7.45)	(26.38)	-	(0.05)
	Dividend Income	(1.22)	(0.48)	(6.13)	(6.19)	(3.76)	(9.60)
	Gain on Account of Change in Mark to Market Value (Net)	(22.72)	(34.36)	(30.41)	9.93	(0.03)	(0.50)
	Profit on Sale of Investment	(18.94)	-	-	(52.63)	(58.98)	(189.79)
	Loss on Disposal of Investment in Subsidiary	-	-	-	-	51.61	-
	(Profit) / Loss on Sale of Fixed Assets	4.32	0.06	-	0.12	0.13	0.24
	Interest and Financial Charges	1,454.10	8.90	2.23	137.38	30.15	9.84
	Wealth Tax	0.12	0.16	-	-	-	-
	Sundry balances written off / (written back) - (Net)	(1.87)	11.24	0.48	0.74	2.60	-
	Investment Written off	0.50	0.15	-	-	-	-
	Preliminary Expenses	-	-	-	-	-	0.02
	Operating profit before working capital changes	**(104.87)**	**(8.57)**	**33.27**	**140.59**	**27.31**	**(141.90)**
	Adjusted for:						
	Trade & Other Receivables	259.20	523.67	(502.98)	963.74	1,222.44	2,282.40
	Trade Payables	(1,889.88)	2,620.79	(696.74)	532.21	(1,375.16)	2,593.17
	Cash Generated From Operations	**(1,735.55)**	**3,135.89**	**(1,166.45)**	**1,636.54**	**(125.41)**	**4,733.67**
	Direct tax paid	(2.99)	(12.62)	(12.64)	(46.34)	(34.29)	(20.00)
	Net Cash Flow From /(used in) Operating Activities	**(1,738.54)**	**3,123.27**	**(1,179.09)**	**1,590.20**	**(159.70)**	**4,713.67**
B.	**Cash Flow From Investing Activities**						
	Purchase of fixed assets & Capital Work-in-Progress	(410.00)	(600.69)	(52.28)	(701.24)	(556.16)	-
	Sale of fixed assets	0.12	0.27	-	0.10	0.13	(0.24)
	Advances towards share application money	(193.15)	(1,021.14)	-	(318.19)	-	-
	Advances towards share application money Refund back	-	-	57.88	-	-	-
	Investment	(6,469.51)	(6,925.25)	(1,373.28)	(1,015.96)	(3,961.50)	(5,968.34)
	Disposal of Investment in Subsidiary & Associates	-	-	-	-	37.50	-
	Sale of Investments	80.70	70.00	-	626.19	3,691.15	-
	Dividend Income	1.22	0.07	6.13	6.19	3.76	9.60

	Interest Income	37.41	0.12	7.45	26.38	-	0.05
	Net Cash Flow from/ (used in) Investing Activities	(6,953.21)	(8,476.62)	(1,354.10)	(1,376.53)	(785.12)	(5,958.93)
C.	**Cash Flow From Financing Activities**						
	Issue of Preference Shares	-	-	2,000.00	-	-	-
	Proceeds against issue of share capital	999.03	854.86	-	-	335.01	-
	Proceeds from Long Term Borrowing	6,413.62	6,605.57	1,080.52	25.90	591.35	1,368.77
	Repayment of Long Term Borrowing	(0.26)	(1,129.95)	(467.51)	(93.10)	(39.86)	-
	Short Term Borrowings (Net)	1,500.00	-	-	-	-	-
	Share Issue Expenses	(0.14)	(0.04)	(7.92)	(12.42)	(0.02)	-
	Interest & Financial Charges	(1,119.04)	29.49	(1.58)	(134.09)	(33.61)	(13.24)
	Net Cash flow from /(Used in) Financing Activities	**7,793.21**	**6,359.93**	**2,603.51**	**(213.71)**	**852.87**	**1,355.53**
	Net (decrease) / increase in cash & cash equivalents (A+B+C)	**(898.54)**	**1,006.58**	**70.32**	**(0.04)**	**(91.95)**	**110.27**
	Cash & Cash equivalents (Opening)	1,087.04	80.46	10.14	10.18	113.54	3.27
	Less : Opening balance of Cash & Cash equivalents in respect of Subsidiary disposed during the year	-	-	-	-	11.41	-
	Cash & Cash equivalents (Closing)	188.50	1,087.04	80.46	10.14	10.18	113.54
	Components of Cash & Cash Equivalents						
	Cash in hands	1.90	1.28	0.51	0.40	0.52	10.75
	Balance with Banks						
	- Current Account	186.60	1,083.25	4.82	9.61	9.66	102.79
	- Fixed Deposit Account	-	2.51	75.13	0.13*	-	-
		188.50	1,087.04	80.46	10.14	10.18	113.54

Note:

1. The above cash flow statement has been prepared under the "Indirect Method" as set out in Accounting Standard 3 – Cash Flow Statements.
2. Figures in brackets indicate Outflows.

*Represent Fixed Deposits pledge with Banks as margin for Bank Guarantee

SUMMARY STATEMENT OF UNCONSOLIDATED ASSETS & LIABILITIES, AS RESTATED

(₹ in mn.)

Particulars	As at					
	31st Dec 2010	31st March 2010	31st March 2009	31st March 2008	31st March 2007	31st March 2006
(A) Fixed Assets						
Gross Block	119.84	114.58	107.19	90.63	81.50	61.20
Less: Depreciation	76.44	67.88	56.54	44.47	32.70	19.90
Net block	**43.40**	**46.70**	**50.65**	**46.16**	**48.80**	**41.30**
Capital work in Progress (Including Capital Advances)	48.41	4.93	-	-	-	-
Total	**91.81**	**51.63**	**50.65**	**46.16**	**48.80**	**41.30**
(B) Investments	30,232.86	19,749.24	7,171.84	5,348.34	4,442.73	4,089.96
(Refer Note No. 11 of Annexure VI)						
(C) Deferred Tax Assets	-	-	-	-	-	13.21
(D) Current Assets, Loans & Advances						
Sundry Debtors	82.37	52.37	47.30	–	–	–
Cash & Bank Balances	71.47	1,059.81	77.75	7.79	4.94	101.87
Loans & advances	2,969.02	3,649.41	1,043.59	1,069.39	1,634.40	2,665.50
Total	**3,122.86**	**4,761.59**	**1,168.64**	**1,077.18**	**1,639.34**	**2,767.37**
(E) Liabilities & Provisions						
Secured Loans	13,877.67	6,618.96	1,141.69	530.74	602.25	51.41
Unsecured Loans	–	–	–	229.30	229.30	229.30
Current Liabilities	2,597.31	3,688.36	208.16	892.16	523.19	1,933.77
Provisions	31.56	43.18	37.85	42.88	11.90	13.02
Share Application Money	12.33	-	-	-	-	-
Total	**16,518.87**	**10,350.50**	**1,387.70**	**1,695.08**	**1,366.64**	**2,227.50**
(F) Net–worth (A+B+C+D–E)	**16,928.66**	**14,211.96**	**7,003.43**	**4,776.60**	**4,764.23**	**4,684.34**
(G) Net worth represented by						
Equity Share capital	2,550.19	2,549.12	2,549.12	2,523.88	2,523.88	550.55
Preference Share capital	2,000.00	2,000.00	2,000.00	–	–	140.00
Reserves and Surplus (Refer Note No. 11 of Annexure VI)	13,228.72	9,662.84	2,454.31	2,265.15	2,240.36	3,993.80
Less : Debit Balance of Profit & Loss Account	850.25	–	–	–	–	–
Less: Miscellaneous expenditure	–	–	–	12.43	0.01	0.01
Net Worth	**16,928.66**	**14,211.96**	**7,003.43**	**4,776.60**	**4,764.23**	**4,684.34**

Note:
The above statement should be read with the notes on adjustments for restated financial statements, significant accounting policies and significant notes on accounts (as appearing in Annexure IV, V and VI respectively)

SUMMARY STATEMENT OF UNCONSOLIDATED PROFIT AND LOSS ACCOUNT, AS RESTATED

(₹ in mn.)

Particulars	For the period ended 31st Dec 2010	For the year ended 31st March 2010	2009	2008	2007	2006
INCOME						
Project Development Fees	-	52.76	47.30	216.66	100.75	0.93
Other Income	82.20	36.54	47.50	75.99	71.61	76.43
Total Income (A)	**82.20**	**89.30**	**94.80**	**292.65**	**172.36**	**77.36**
EXPENDITURE						
Employee Cost, Administrative and Other Expenses (Net) (B)	57.31	34.93	21.37	74.29	85.02	39.14
Earnings before Interest, Depreciation and Tax (A-B) (C)	24.89	54.37	73.43	218.36	87.34	38.22
Interest and Finance Charges (D)	1,364.17	8.90	2.23	137.38	30.15	9.77
Depreciation (E)	9.07	11.85	13.62	11.77	12.81	3.35
Profit / (loss) before Tax (C-D-E)	**(1,348.35)**	**33.62**	**57.58**	**69.21**	**44.38**	**25.10**
Provision For Tax						
– Current Tax	-	5.64	1.00	68.67	9.50	11.83
– Fringe benefit Tax	-	-	0.96	1.64	2.03	0.83
– Deferred Tax	-	-	-	-	13.21	-
Net Profit / (loss) after Tax, as restated	**(1,348.35)**	**27.98**	**55.62**	**(1.10)**	**19.64**	**12.44**
Balance brought forward	497.57	469.59	413.97	415.07	589.44	577.00
Amount Available for Appropriations	(850.78)	497.57	469.59	413.97	609.08	589.44
Appropriations						
Transfer from General Reserve Account	0.53					
Utilised for Issue of Bonus Shares	-	-	-	-	(194.01)	-
Balance Carried forward, as restated	(850.25)	497.57	469.59	413.97	415.07	589.44

Note:
The above statement should be read with the notes on adjustments for restated financial statements, significant accounting policies and significant notes on accounts (as appearing in Annexure IV, V and VI respectively).

SUMMARY STATEMENT OF UNCONSOLIDATED CASH FLOW, AS RESTATED

(₹ in mn.)

Sr. No.	Particulars	As at 31st Dec 2010	31st March 2010	31st March 2009	31st March 2008	31st March 2007	31st March 2006
A	**Cash Flow From Operating Activities**						
	Net Profit before tax as Restated	(1,348.35)	33.62	57.58	69.21	44.38	25.10
	Adjusted for:						
	Depreciation	9.07	11.85	13.62	11.77	12.81	3.35
	Interest Income	(37.41)	(0.12)	(7.45)	(26.38)	–	(0.04)
	Dividend Income	(1.22)	(0.48)	(6.13)	(6.19)	(3.76)	(9.58)
	(Gain)/Loss on Account of Change in Mark to Market Value of Investments (Net)	(22.72)	(34.36)	(30.41)	9.93	0.15	(0.50)
	Profit on Sale of Investment	(18.94)	-	-	(52.63)	(59.16)	(65.89)
	(Profit) / Loss on Sale/discarding of Fixed Assets	4.31	0.06	-	0.12	0.13	0.24
	Interest and Financial Charges	1,364.17	8.86	2.23	137.38	30.15	9.77
	Wealth Tax	0.12	0.16	-	-	-	-
	Sundry balances written off / (written back) – (Net)	(1.86)	11.23	0.48	0.74	2.61	-
	Miscellaneous Income	-	0.15	-	-	-	-
	Investment Written off	0.50	-	-	-	-	-
	Provision for Impairment of Investments	5.03	-	-	-	-	-
	Operating profit before working capital changes	(47.30)	30.97	29.92	143.95	27.31	(37.55)
	Adjusted for:						
	Trade & Other Receivables	24.50	310.26	(393.02)	1,214.50	1,261.54	1,352.68
	Trade Payables	(2,001.40)	2,590.09	(682.52)	366.30	(1,407.12)	1,460.72
	Cash Generated From Operations	(2,024.20)	2,931.32	(1,045.62)	1,724.75	(118.27)	2,775.85
	Direct tax paid	(2.82)	(12.74)	52.51	(69.85)	(35.26)	(0.45)
	Net Cash Flow From / (Used in) Operating Activities	**(2,027.02)**	**2,918.58**	**(993.11)**	**1,654.90**	**(153.53)**	**2,775.40**
B.	**Cash Flow From Investing Activities**						
	Purchase of fixed assets & Capital Work–in–Progress	(53.68)	(13.16)	(16.55)	(9.15)	(20.57)	(33.45)
	Sale of fixed assets	0.12	0.27	–	0.10	0.13	–
	Investment in Subsidiaries	(2.09)	(5.82)	(519.58)	(753.98)	(0.49)	–
	Investment in Joint venture	(30.47)	(21.50)	-	-	-	–
	Other Investments	(6,473.19)	(5,404.86)	(1,323.70)	(709.44)	(3962.44)	(4,018.41)
	Advances towards share application money	610.60	(2,922.10)	308.88	(619.70)	(210.44)	–
	Disposal of Investment in Subsidiary & Associates	-	–	–	–	37.50	576.76
	Sale of Investments	84.87	70.00	–	626.18	3,691.93	2,937.45
	Dividend Income	1.22	0.07	6.13	6.19	3.76	9.58
	Interest Income	37.41	0.12	7.45	26.38	–	0.04

Sr. No.	Particulars	As at					
		31st Dec 2010	31st March 2010	31st March 2009	31st March 2008	31st March 2007	31st March 2006
	Net Cash Flow From / (Used in) Investing Activities	**(5,825.21)**	**(8,296.98)**	**(1,537.37)**	**(1,433.42)**	**(460.62)**	**(528.03)**
C.	**Cash Flow From Financing Activities**						
	Issue of Preference Shares	–	–	2,000.00	–	–	–
	Proceeds against issue of Share Capital	999.01	854.87	–	–	–	–
	Proceeds from Long Term Borrowing	6,620.12	6,605.57	853.59	516.56	590.70	247.39
	Repayment of Long Term Borrowing	(1,206.26)	(1,128.29)	(242.64)	(588.07)	(39.87)	(2,382.99)
	Short Term Borrowings (Net)	1,500.00	-	-	-	-	-
	Share Issue Expenses	–	–	(7.90)	(12.41)	–	–
	Interest & Financial Charges	(1,048.98)	28.31	(2.61)	(134.71)	(33.61)	(13.17)
	Net Cash From/ (Used in) Financing Activities	**6,863.89**	**6,360.46**	**2,600.44**	**(218.63)**	**517.22**	**(2,148.77)**
	Net (decrease) / increase in cash & cash equivalents (A+B+C)	**(988.34)**	**982.06**	**69.96**	**2.85**	**(96.93)**	**98.60**
	Cash & Cash equivalents (Opening)	1,059.81	77.75	7.79	4.94	101.87	3.27
	Cash & Cash equivalents (Closing)	71.47	1,059.81	77.75	7.79	4.94	101.87
	Components of Cash & Cash Equivalents						
	Cash in hands	0.36	0.46	0.50	0.28	0.39	0.75
	Balance with Schedule Banks						
	– Current Account	71.11	1,056.84	2.12	7.38	4.55	101.12
	– Fixed Deposit Account	–	2.51	75.13	0.13*	–	–
		71.47	**1,059.81**	**77.75**	**7.79**	**4.94**	**101.87**

Note:

1. The above cash flow statement has been prepared under the "Indirect Method" as set out in Accounting Standard 3 – Cash Flow Statements and is based on the Restated Account
2. Figures in brackets indicate Outflows.

*Represent Fixed Deposits pledge with Banks as margin for Bank Guarantee

ISSUE

Equity Shares offered:	
Issue aggregating up to ₹ 11,250.00 million[1]	[●] Equity Shares
Of which[2]	
1. Qualified Institutional Buyers portion (QIBs)	QIB Portion of not more than [●] Equity Shares constituting not more than 50% of the Issue
Of which	
Anchor Investor Portion[3]	Up to [●] Equity Shares
Net QIB Portion	Not more than [●] Equity Shares
Portion of Net QIB Portion available for Allocation to Mutual Funds only	[●] Equity Shares
2. Non-Institutional Portion	[●] Equity Shares constituting not less than 15% of the Issue
3. Retail Portion[4]	[●] Equity Shares constituting not less than 35% of the Issue
Equity Shares outstanding prior to the Issue	301,137,476 Equity Shares
Equity Shares outstanding after the Issue	[●] Equity Shares
Use of Issue proceeds	Please refer to the section titled *"Objects of the Issue"* on page 111.

[1]*Our Company is considering a Pre-IPO Placement of up to 20 million Equity Shares aggregating up to ₹2,250 million with certain investors. The Pre-IPO Placement is at the discretion of our Company. If undertaken, our Company will complete the issuance of such Equity Shares prior to the filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the Issue size will be reduced to the extent of allotment made in the Pre-IPO Placement subject to the Issue being at least 10% of the post Issue capital.*

[2] *Allocation to all categories, except Anchor Investor Portion, if any, shall be made on a proportionate basis subject to valid Bids received at or above the Issue Price. Under-subscription, if any, in any category would be allowed to be met with spill over from any other category at the discretion of our Company, in consultation with the BRLMs, the Co-BRLMs and the Designated Stock Exchange and in accordance with applicable laws, rules, regulations and guidelines, subject to valid bids being received at or above the Issue Price (net of Retail Discount, if any).*

[3]*Our Company may allocate up to 30% of the QIB Portion to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to Anchor Investors. For further details, please refer to the chapters titled "Issue Structure" and "Issue Procedure" on pages 641 and 643, respectively.*

[4]*Our Company, in consultation with the BRLMs and Co – BRLMs may decide to offer a discount of ₹ [●] to the Issue Price determined pursuant to completion of the Book Building process to Retail Individual Bidders.*

GENERAL INFORMATION

Our Company was incorporated as '*Sea King Engineers Limited*' on February 20, 1990 as a public limited company in Mumbai, and registered pursuant to a Certificate of Incorporation bearing registration number 11-55506 of 1990, with the Registrar of Companies, Maharashtra, under the Companies Act. Our Company received its Certificate of Commencement of Business on April 17, 1990, issued by the Assistant Registrar of Companies, Maharashtra. Pursuant to a Fresh Certificate of Incorporation Consequent Upon Change of Name dated January 14, 1999, issued by the Assistant Registrar of Companies, Maharashtra, the name of our Company was changed to '*Sea King Infrastructure Limited*' to reflect the business of our Company more accurately. Further, pursuant to a Fresh Certificate of Incorporation Consequent Upon Change of Name dated March 25, 2004, issued by the Registrar of Companies, Maharashtra, the name of our Company was changed to '*SKIL Infrastructure Limited*' to reflect the abbreviation of our Company's former name for administrative convenience. Our CIN is U29110MH1990PLC055506.

Our Registered and Corporate Office:
SKIL House,
209, Bank Street Cross Lane,
Fort,
Mumbai - 400 023,
Maharashtra,
India.
Tel. No.: +91- 22- 6619 9000
Fax No.: +91- 22- 2269 6024
Email: ipo@skilgroup.co.in
Website: www.skilgroup.co.in

Changes in our Registered Office
For details of changes in the address of our Registered Office please see the chapter titled "*History and Certain Corporate Matters*" on page 200.

Registrar of Companies:
Registrar of Companies, Mumbai
Everest Building,
100, Marine Drive,
Mumbai - 400 002,
Maharashtra,
India.

Our Board of Directors:
The following table sets out details regarding our Board as on the date of filing this Draft Red Herring Prospectus:

Name, Designation and Occupation	Age (in years)	DIN	Address
Mr. Nikhil Gandhi *Executive Chairman* *Occupation*: Industrialist	52	00030560	21, Sagar Villa, 38 Bhulabhai Desai Road, Mumbai - 400 026, Maharashtra, India
Mr. Bhavesh Gandhi *Vice Chairman (Non Executive and Non-Independent)* *Occupation*: Industrialist	45	00030623	D-4, 4th Floor New Breach Candy Apartment Breach Candy Mumbai - 400 026, Maharashtra, India
Mr. P. Krishnamurthy *Whole -time Director* *Occupation*: Service	62	00013565	1401/1402, Vinayak Angan, Old Prabhadevi Road, Worli, Mumbai- 400 025, Maharashtra, India
Mr. Santosh Senapati *Non Executive Director* *Occupation*: Service	48	00076219	Flat No.34, NCPA Apartments, Dorabji Tata Road, Nariman Point, Mumbai - 400 021, Maharashtra, India
Mr. K. Roy Paul	66	02863821	C - II / 69, Moti Bagh - I,

Name, Designation and Occupation	Age (in years)	DIN	Address
Independent Director *Occupation*: IAS (Retired)			New Delhi – 110 021, Delhi, India
Mr. Ajay Prasad *Independent Director* *Occupation:* IAS (Retired)	64	02046653	C – 622, (GF), New Friends Colony, New Delhi – 110 025, Delhi, India
Ms. Gayathri Ramachandran *Independent Director* *Occupation:* IAS (Retired)	62	02872723	Plot No. 20-A, Road No. 2, Jubilee Hills, Hyderabad – 500 033, Andhra Pradesh, India
Dr. Anil Kumar Khandelwal *Independent Director* *Occupation:* Retired Chairman and Managing Director, Bank of Baroda	63	00005619	184, Tower B, Horizon CHS, S. K. Ahire Marg, Worli, Mumbai – 400 018, Maharashtra, India

For detailed profiles of our Directors, please refer to the section titled '*Management*' on page 228.

Company Secretary and Compliance Officer:
Mr. Nilesh Mehta
SKIL House,
209, Bank Street Cross Lane,
Fort
Mumbai - 400 023,
Maharashtra,
India.
Tel. No.: +91- 22- 6619 9000
Fax No.: +91- 22- 2269 6024
Email: ipo@skilgroup.co.in

Investors may contact our Company Secretary and Compliance Officer or the Registrar to the Issue, in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of Allotment, credit of Allotted Equity Shares in the respective beneficiary account or refund orders.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSBs or the Syndicate / Sub – Syndicate Members to whom the Bid was submitted (at ASBA Bidding Locations), giving full details such as name and address of the applicant, number of Equity Shares applied for, Bid Amount blocked, ASBA Account number and the Designated Branch of the SCSBs or details of the Syndicate / Sub – Syndicate Members to whom the Bid was submitted (at ASBA Bidding Locations) where the ASBA Form was submitted by the ASBA Bidders.

For all Issue related queries and for redressal of complaints, investors may also write to the Book Running Lead Managers and Co- Book Running Lead Managers. All complaints, queries or comments received by SEBI shall be forwarded to the Book Running Lead Managers and Co- Book Running Lead Managers, who shall respond to the same.

Book Running Lead Managers

Edelweiss Capital Limited Edelweiss House, Off. C.S.T. Road, Kalina Mumbai – 400 098, Maharashtra, India. **Tel. No.:** +91- 22- 4086 3535 **Fax No.:** +91- 22- 4086 3610 **Email:** skil.ipo@edelcap.com **Investor Grievance ID:** customerservice.mb@edelcap.com **Website:** www.edelcap.com **Contact Person:** Ms. Neetu Ranka / Mr. Niraj Mandhana	**JM Financial Consultants Private Limited** 141, Maker Chambers III Nariman Point Mumbai - 400 021, Maharashtra, India. **Tel. No.:** +91 -22- 6630 3030 **Fax No.:** +91- 22- 2204 7185 **Email:** skil.ipo@jmfinancial.in **Investor Grievance ID:** grievance.ibd@jmfinancial.in **Website:** www.jmfinancial.in **Contact Person:** Ms. Lakshmi Lakshmanan

SEBI Registration Number: INM 00000 10650	**SEBI Registration Number.:** INM000010361
SBI Capital Markets Limited 202, Maker Tower 'E' Cuffe Parade Mumbai - 400 005, Maharashtra, India. **Tel. No.:** +91-22-2217 8300 **Fax No.:** +91-22-2218 8332 **E-mail:** skil.ipo@sbicaps.com **Investor Grievance ID:** investor.relations@sbicaps.com **Website:** www.sbicaps.com **Contact Person:** Ms. Sylvia Mendonca/ Ms. Abhilasha Kamath **SEBI Registration Number:** INM000003531	**Nomura Financial Advisory and Securities (India) Private Limited** Ceejay House, Level 11, Dr. Annie Besant Road, Worli, Mumbai 400 018, India **Tel. No.:** +91- 22- 4037 4037 **Fax No.:** +91- 22 -4037 4111 **E-mail:** skil.ipo-in@nomura.com **Investor Grievance ID:** investorgrievances-in@nomura.com **Website:** http://www.nomura.com/asia/services/capital_raising/equity.shtml **Contact Person:** Mr. Shreyance Shah **SEBI Registration Number:** INM000011419
ICICI Securities Limited ICICI Centre, H.T. Parekh Marg, Churchgate, Mumbai 400 020, India **Tel. No.:** +91-22- 2288 2460 **Fax No.:** +91-22-2282 6580 **E-mail:** skil.ipo@icicisecurities.com **Investor Grievance ID:** customercare@icicisecurities.com **Website:** www.icicisecurities.com **Contact Person:** Mr. Sumit Agarwal **SEBI Registration Number:** INM000011179	

Co – Book Running Lead Managers

IDBI Capital Market Services Limited 2nd Floor, Mittal Court, C-Wing, Mumbai 400 021, India **Tel. No.:** +91-22- 4322 1212 **Fax No.:** +91-22- 2283 8782 **E-mail:** skil.ipo@idbicapital.com **Investor Grievance:** redressal@idbicapital.com **Website:** www.idbicapital.com **Contact Person:** Mr. Hemant Bothra / Mr. Swapnil Thakur **SEBI Registration Number:** INM000010866	**SMC Capitals Limited** 3rd Floor, 'A' wing, Laxmi Tower, Bandra Kurla Complex, Bandra (East), Mumbai 400 051, India **Tel. No.:** +91-22- 6138 3838 **Fax No.:** +91-22- 6138 3899 **E-mail:** skil.ipo@smccapitals.com **Investor Grievance:** investor.grievance@smccapitals.com **Website:** www.smccapitals.com **Contact Person:** Mr. Abhishek Gaur **SEBI Registration Number:** MB/INM000011427

Legal Counsel to our Company:
M/s. Crawford Bayley & Co.
State Bank Buildings,
4th floor,
N. G. N. Vaidya Marg,
Fort
Mumbai - 400 023
Maharashtra, India
Tel. No.: +91- 22- 2266 8000
Fax No.: +91- 22- 2266 0355

Indian Legal Counsel to the Book Running Lead Managers and Co- Book Running Lead Managers:
S&R Associates
One Indiabulls Centre, 1403, Tower 2, B Wing
841 Senapati Bapat Marg,
Lower Parel

Mumbai - 400 013
Maharashtra, India
Tel. No.: +91 -22- 4302 8000
Fax No.: +91- 22- 4302 8001

International Legal Counsel
Dorsey & Whitney LLP
51 West 52nd Street,
New York, New York 10019-6119
Tel. No.: +212- 415- 9200
Fax No.: +212-953-7201

Registrar to the Issue
Link Intime India Private Limited
C-13 Pannalal Silk Mill Compound
L.B.S. Marg,
Bhandup (West)
Mumbai- 400 078
Maharashtra, India
Tel. No.: +91- 22- 2596 0320, 1- 800- 22- 0320
Fax No.: +91- 22- 2596 0329
E-mail: skil.ipo@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Mr. Sachin Achar
SEBI Registration Number: INR000004058

Bankers to our Company

Central Bank of India 1st Floor, MMO Building Fort Mumbai - 400 023 Tel. No: +91- 022- 4078 5858 Fax No.: +91- 022- 4078 5840 Contact Person: Mr. V. K. Nagpal, Assistant General Manager Email: cfcbi@rediffmail.com	**State Bank of India** Commercial Branch, N.G. N. Vaidya Marg Fort Mumbai - 400 023 Maharashtra, India Tel. No: +91- 022 - 2266 2205 Fax No.: +91- 022 -2266 1868 Contact Person: Mr. Deepak Khobragade, Assistant Manager Email: sbi.06070@sbi.co.in
IDBI Bank Limited Unit No. 2, Corporate Park Near Swastik Chambers Sion- Trombay Road Chembur Mumbai - 400 071 Maharashtra, India Tel. No: +91- 022 - 6690 8402 Fax No.: +91- 022 -6690 8424 Contact Person: Mr. M. N. Kamat, General Manager Email: mn.kamat@idbi.co.in	**UCO Bank** Flagship Corporate Branch D.N. Road UCO Bank Building 359, D. N. Road Mumbai- 400 023 Maharashtra, India Tel. No: +91- 022- 4018 0201 Fax No.: +91- 022 -4018 -0210 Contact Person: Mr. S. Krishnan, Chief Manager Email: bo.mccdnroad@ucobank.co.in
Corporation Bank Industrial Finance Branch, Ground Floor, Bharat House No. 104, M. S. Marg Mumbai - 400 023	**HDFC Bank Limited** Trade World, A Wing, 2nd Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel (West),

Maharashtra, India Tel. No: +91- 022- 2267 7088 Fax No.: +91- 022- 2269 3453 Contact Person: Mr. G. Guruharinadha Rao, Deputy General Manager Email: cb0443@corpbank.co.in	Mumbai - 400 013 Maharashtra, India Tel. No: +91- 022- 2498 8484 Fax No.: +91-022- 2496 0773 Contact Person: Mr. Rahul Ranjan, Senior Manager Email: rahul.ranjan@hdfcbank.com
Axis Bank Limited Universal Insurance Building, Sir P M Road, Fort, Mumbai – 400 001 Maharashtra, India Tel. No: +91- 022- 6707 4407 Fax No.: +91- 022- 2215 5157 Contact Person: Mr. Rajesh Khandelwal Email: Rajesh.Khandelwal@axisbank.com	

Bankers to the Issue / Escrow Collection Bank(s)

The Bankers to the Issue shall be appointed prior to filing of the Red Herring Prospectus with the RoC.

Syndicate Member(s)

The Syndicate Member(s) will be appointed prior to filing the Red Herring Prospectus with the RoC.

Self Certified Syndicate Banks

The SCSBs are as per the updated list available on SEBI's website http://www.sebi.gov.in/pmd/scsb.html

Refund Banker(s)

The Refund Banker(s) shall be appointed prior to filing of the Red Herring Prospectus with the RoC.

Joint Statutory Auditors

M/s. Bharat Shah & Associates, Chartered Accountants 512, Vyapar Bhavan, 49, P. D'Mello Road, Carnac Bunder, Mumbai - 400 009 Maharashtra, India **Tel. No.:** +91- 022- 2348 1027 **Fax No.:** +91- 022- 2348 3536 **Contact Person:** Mr. Bharat A. Shah **E-mail:** bas23@rediffmail.com **Membership Number:** 032281 **Firm Registration Number:** 101249W	**M/s. Chaturvedi & Shah, Chartered Accountants** 714-715, Tulsiani Chambers 212, Nariman Point Mumbai - 400 021, Maharashtra, India **Tel. No.:** +91- 022- 3021 8500 **Fax No.:** +91- 022- 3021 8595 **Contact Person:** Mr. Rajendra Koria/ Mr. Nikhil Jain **E-mail:** koria@cas.ind.in **Membership Number:** 35629 **Firm Registration Number:** 101720W

Inter se Responsibilities of the BRLMs and the Co-BRLMs:

The following table sets forth the inter se allocation of responsibilities for various activities in relation to this Issue among the Book Running Lead Managers (Edelweiss, I-Sec, JM Financial, Nomura, SBI Caps) and Co - Book Running Lead Managers (IDBI Caps and SMC Caps):

Sr. No.	Activity	Responsibility	Co-ordinator
1.	Capital structuring with relative components and formalities such as composition of the debt and equity, type of instruments, etc.	Edelweiss, I-Sec, JM Financial, Nomura, SBI Caps, IDBI Caps, SMC Caps	Edelweiss

Sr. No.	Activity	Responsibility	Co-ordinator
2.	Due diligence of our Company's operations/management/ business/plans/legal etc. Drafting and design of the offer document and of statutory advertisements including a memorandum containing salient features of the offer document. The BRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, the RoC and SEBI including finalisation of the Prospectus and RoC filing of the same.	Edelweiss, I-Sec, JM Financial, Nomura, SBI Caps, IDBI Caps, SMC Caps	Edelweiss
3.	Drafting and approval of all publicity material other than statutory advertisements as mentioned in 2 above but including corporate advertisement, brochure, corporate films, in relation to the Issue, etc.	Edelweiss, I-Sec, JM Financial, Nomura, SBI Caps, IDBI Caps, SMC Caps	I-Sec
4.	Appointment of Registrar to the Issue and printers	Edelweiss, I-Sec, JM Financial, Nomura, SBI Caps, IDBI Caps, SMC Caps	JM Financial
5.	Appointment of Advertising agency and Collection Bankers to the Issue.	Edelweiss, I-Sec, JM Financial, Nomura, SBI Caps, IDBI Caps, SMC Caps	I-Sec
6.	Preparation of road show presentation and FAQs	Edelweiss, I-Sec, JM Financial, Nomura, SBI Caps, IDBI Caps, SMC Caps	Nomura
7.	International Marketing strategy • Finalise the list and division of investors for one to one meetings, in consultation with our Company; and • Finalizing the International road show schedule and investor meeting schedules	Edelweiss, I-Sec, JM Financial, Nomura, SBI Caps, IDBI Caps, SMC Caps	Nomura
8.	Domestic institutions / banks / mutual funds marketing strategy • Finalise the list and division of investors for one to one meetings, institutional allocation in consultation with our Company; • Finalizing the Domestic road show schedule and investor meeting schedules	Edelweiss, I-Sec, JM Financial, Nomura, SBI Caps, IDBI Caps, SMC Caps	Edelweiss
9.	Non-institutional and Retail marketing of the Issue, which will cover, *inter alia*: • Formulating marketing strategies, preparation of publicity budget; • Finalising media and public relations strategy; • Finalising centres for holding conferences for brokers, etc.; • Follow-up on distribution of publicity and Issue material including forms, the Prospectus and deciding on the quantum of Issue material; and • Finalising collection centres.	Edelweiss, I-Sec, JM Financial, Nomura, SBI Caps, IDBI Caps, SMC Caps	JM Financial
10.	Co-ordination with Stock Exchanges for Book Building Software, bidding terminals and mock trading	Edelweiss, I-Sec, JM Financial, Nomura, SBI Caps, IDBI Caps, SMC Caps	I-Sec
11.	Finalisation of pricing in consultation with our Company.	Edelweiss, I-Sec, JM Financial, Nomura, SBI Caps, IDBI Caps, SMC Caps	JM Financial

Sr. No.	Activity	Responsibility	Co-ordinator
12.	Post-Bidding activities including management of escrow accounts, follow-up with Bankers to the Issue and SCSBs to get quick estimates of collection and advising our Company about the closure of the Issue, co-ordination of non-institutional allocation, intimation of allocation and dispatch of refunds to Bidders, etc. The post-Issue activities will involve essential follow up steps, which include, based on correct figures, finalisation of the basis of Allotment or weeding out of multiple applications, finalisation of listing of instruments and dispatch of certificates and demat delivery of shares, with the various agencies connected with the work such as the Registrar to the Issue, the Bankers to the Issue, SCSBs and the bank handling refund business and SCSBs. The BRLMs and the Co-BRLMs shall be responsible for ensuring that these agencies fulfil their functions and enable it to discharge this responsibility through suitable agreements with our Company.	Edelweiss, I-Sec, JM Financial, Nomura, SBI Caps, IDBI Caps, SMC Caps	SBI Caps

Credit Rating

As this is an issue of equity shares, credit rating is not required for this Issue.

IPO Grading Agency

[●]

IPO Grading

This Issue has been graded by [●], a SEBI registered credit rating agency, and has been assigned the "IPO Grade [●]" indicating [●] through its letter dated [●], which is valid for a period of [●] months. The IPO grading is assigned on a five point scale from 1 to 5 wherein an "IPO Grade 5" indicates strong fundamentals and "IPO Grade 1" indicates poor fundamentals.

A copy of the report provided by [●], furnishing the rationale for its grading, will be annexed to the Red Herring Prospectus and will be made available for inspection at our Registered Office from 10.00 a.m. to 4.00 p.m. on working days from the date of filing of the Red Herring Prospectus, until the Bid/Issue Closing Date. For details of and a summary of the rationale for the grading assigned by the IPO Grading Agency, please see the section titled "*Annexure [●]*" of the Red Herring Prospectus.

Monitoring Agency

Our Company has appointed a monitoring agency in compliance with Regulation 16 of the SEBI ICDR Regulations. Details of Monitoring Agency are as follows:

[●]

Expert Opinion

Except the report of [●] in respect of the IPO grading of this Issue (a copy of which will be annexed to the Red Herring Prospectus as Annexure I), furnishing the rationale for its grading and the reports of the Joint Statutory Auditors of our Company on the restated financial statements and Statement of Tax Benefits, included in this Draft Red Herring Prospectus, our Company has not obtained any expert opinions.

Trustees

As this is an issue of equity shares, the appointment of Trustees is not required.

Project Appraisal

The objects of the Issue have not been appraised by any agency. The Objects of the Issue and means of finance, therefore, are based on internal estimates of our Company.

Book Building Process

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

1. Our Company;
2. Book Running Lead Managers and Co-Book Running Lead Managers;
3. Syndicate Member(s) who are intermediaries registered with SEBI or registered as brokers with BSE / NSE and eligible to act as Underwriters. The BRLMs and Co-BRLMs shall appoint the Syndicate Members;
4. Registrar to this Issue;
5. Escrow Collection Bank(s); and
6. Self Certified Syndicate Banks.

This Issue is being made in compliance with Regulation 26(1) of the SEBI ICDR Regulations and through the Book Building Process. In accordance with Regulation 26(4) of the SEBI ICDR Regulations, our Company shall ensure that the number of Allottees shall be not less than 1,000.

In terms of Rule 19(2)(b)(ii) of the SCRR read with Regulation 41(1) of SEBI ICDR Regulations, this is an issue for less than 25% of the post-Issue capital, subject to the Issue being at least 10% of the post Issue capital. Further, pursuant to Regulation 26(1) of the SEBI ICDR Regulations, not more than 50% of the Issue shall be available for allocation to QIBs. If the minimum public shareholding requirements are not met with as per Rule 19)(2)(b) of the SCRR, then the entire application money shall be refunded forthwith.

Our Company may, in consultation with the Book Running Lead Managers and Co- Book Running Lead Managers, allocate up to 30% of the QIB Portion to Anchor Investors at the Anchor Investor Issue Price, in accordance with the SEBI ICDR Regulations. At least one-third of the Anchor Investor Portion shall be available for allocation to domestic Mutual Funds only. Allocation to Anchor Investors shall be on a discretionary basis subject to minimum number of 2 Anchor Investors for allocation of up to ₹ 2,500 million and minimum number of 5 Anchor Investors for allocation of more than ₹ 2,500 million. An Anchor Investor shall make a minimum bid of such number of Equity Shares so that the Bid Amount is at least ₹. 100 million.

Our Company is considering a Pre-IPO Placement of up to 20 million Equity Shares and aggregating up to ₹ 2,250 million with certain investors. The Pre-IPO Placement is at the discretion of our Company. If undertaken, our Company will complete the issuance of such Equity Shares prior to the filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the Issue size will be reduced to the extent of allotment made in the Pre-IPO Placement subject to the Issue being at least 10% of the post Issue capital.

In the event of non-allotment in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to QIBs, subject to valid Bids being received from them at or above the Issue Price. However, if the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the Net QIB Portion and allocated proportionately to the QIBs, subject to valid Bids received from them at or above the Issue Price.

Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received from them at or above the Issue Price (net of Retail Discount, if any, available to Retail Individual Bidders).

Under-subscription, if any, in any category, would be allowed to be met with spill-over from any other category or combination of categories, at the discretion of our Company, in consultation with the BRLMs, Co-BRLMs and the Designated Stock Exchange and in accordance with applicable laws, rules, regulations and guidelines, subject to valid Bids being received at or above the Issue Price. For further details, please see the section titled "*Issue Procedure*" on page 643.

Pursuant to SEBI circular no. CIR/CFD/DIL/1/2011 dated April 29, 2011 all non- retail Investors i.e. QIBs and Non Institutional Investors are mandatorily required to utilise the ASBA facility to submit their Bids and participate in this Issue. **For further details please see the chapter titled "*Issue Procedure*" on page 643.**

Attention of all QIBs is specifically drawn to the fact that all QIBs (including Anchor Investors) are required to pay the entire Bid Amount at the time of the submission of the Bid cum Application Form. Anchor Investors are not allowed to withdraw their Bids after the Anchor Investor Bid / Issue Period. In accordance with the SEBI ICDR Regulations, QIBs Bidding in the Net QIB Portion are not allowed to withdraw their Bids after the QIB Bid Closing Date. Further, allocation to QIBs will be on a proportionate basis. For further details, see the sections titled "*Terms of the Issue*" and "*Issue Procedure*" on pages 637 and 643 respectively.

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

The Book Building Process is subject to change from time to time and investors are advised to make their own judgment about an investment through this process prior to submitting a Bid in the Issue.

Steps to be taken by the Bidders for making a Bid or application in this Issue:

1. Check eligibility for making a bid (for further details, please refer to the section titled "*Issue Procedure*" on page 643). Specific attention of ASBA Bidders is invited to the section titled "*Issue Procedure*" on page 643;
2. Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid cum Application Form, as the case may be;
3. Ensure that the Bid cum Application Form is duly completed as per the instructions given in the Red Herring Prospectus and in the respective forms;
4. Ensure that you have mentioned your PAN in the Bid cum Application Form or ASBA Form (for further details, see the section titled "*Issue Procedure*" on page 643). Bidders are specifically requested not to submit their GIR number instead of the PAN as the Bid is liable to be rejected on this ground;
5. Ensure the correctness of your Demographic Details (as defined under the paragraph titled "*Bidder's Depository Account Details*", in section titled "*Issue Procedure*" on page 643), given in the Bid cum Application Form, and the details recorded with your Depository Participant; and
6. Bids by ASBA Bidders have to be submitted to the SCSBs at the Designated Branches or Members of the Syndicate (at ASBA Bidding Locations). ASBA Bidders should ensure that their bank accounts have adequate credit balance at the time of submission to the SCSBs to ensure that their ASBA Form is not rejected.

Illustration of Book Building and Price Discovery Process
(Investors should note that the following is solely for the purpose of illustration and is not specific to this Issue and excludes information pertaining to Bidding by Anchor Investors)

Bidders (including ASBA Bidders) can bid at any price within the price band. For instance, assuming a price band of ₹ 200 to ₹ 240 per share, an 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 website of the BSE (www.bseindia.com) and the NSE (www.nseindia.com) during the bidding period.

The illustrative book shown below shows the demand for the shares at various prices and is collated from bids from various investors.

Number of Equity Shares Bid for	Bid Price (₹)	Cumulative Equity Shares Bid for	Subscription
500	240	500	16.67%
1,000	230	1,500	50.00%
1,500	220	3,000	100.00%
2,000	210	5,000	166.67%
2,500	200	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.*, ₹ 220 in the above example. The Issuer, in consultation with the BRLMs and Co-BRLMs will finalize the issue price at or below such cut off price, *i.e.* at or below ₹ 220. All bids at or above this issue price and cut off bids by Retail Individual Bidders are valid bids and are considered for allocation in the respective categories.

Bid / Issue Programme

BID/ISSUE OPENS ON*	[●]
BID/ISSUE CLOSES ON (QIB BIDDERS)	[●]
BID/ISSUE CLOSES ON (EXCEPT QIB BIDDERS)	[●]

** Our Company may, in consultation with the Book Running Lead Managers and Co- Book Running Lead Managers, allocate up to 30% of the QIB Portion, i.e. [●] Equity Shares, to Anchor Investors on a discretionary basis, in accordance with the SEBI ICDR Regulations. The Anchor Investor Bid / Issue Period shall be 1 Working Day prior to the Bid / Issue Opening Date.*

Bids and any revision in Bids shall be accepted only between 10 a.m. and 5.00 p.m. (Indian Standard Time) during the Bid / Issue Period as mentioned above at the Bidding Centres mentioned on the Bid cum Application Form or in case of Bids submitted through ASBA Form, the Designated Branches or the Syndicate/Sub-syndicate members (at ASBA Bidding Locations) except that on the Bid / Issue Closing Date (which for the QIBs may be a day prior to that of the other Bidders), the Bids shall be accepted only between 10 a.m. and 3.00 p.m. (Indian Standard Time) and uploaded till (i) 4.00 p.m. in case of Bids by QIBs, (ii) until 4.00 p.m in case of Bids by Non Institutional Bidders, and (iii) until 5.00 p.m. in case of Bids by Retail Individual Bidders, which may be extended up to such time as deemed fit by the Stock Exchanges after taking into account the total number of applications received up to the closure of timings and reported by BRLMs and Co- BRLMs to the Stock Exchanges within half an hour of such closure.

Due to limitation of the time available for uploading the Bids on the Bid/Issue Closing Date, the Bidders are advised to submit their Bids one Working Day prior to the Bid / Issue Closing Date and, in any case, no later than 3.00 p.m. (Indian Standard Time) on the Bid/Issue Closing Date. Bidders are requested to note that due to clustering of last day applications, as is typically experienced in public offerings, some Bids may not get uploaded on the last date. Such Bids that cannot be uploaded will not be considered for allocation under the Issue. Bids not uploaded in the book would be rejected. If such Bids are not uploaded, our Company, BRLMs, Co-BRLMs, Syndicate Members, Sub-syndicate members and the SCSBs will not be responsible. Bids will be accepted only on Working Days. Bids by ASBA Bidders shall be uploaded by the SCSBs in the electronic system to be provided by the NSE and the BSE.

On the Bid/Issue Closing Date, extension of time may be granted by the Stock Exchanges only for uploading the Bids received by Retail Individual Bidders after taking into account the total number of Bids received up to the closure of timings for acceptance of Bid cum Application Forms and ASBA Form as stated herein and reported by the BRLMs, Co-BRLMs to the Stock Exchanges within half an hour of such closure. All times mentioned in this Draft Red Herring Prospectus are Indian Standard Time.

Our Company in consultation with the BRLMs and Co-BRLMs reserves the right to revise the Price Band during the Bid/Issue Period in accordance with the SEBI ICDR Regulations, provided that the Cap Price is less than or equal to 120% of the Floor Price and the Floor Price shall not be less than the face value of the Equity Shares. The Floor Price can be revised up or down to a maximum of 20% of the Floor Price advertised at least two Working Days before the Bid /Issue Opening Date.

In case of revision of the Price Band, the Bid / Issue Period will be extended for a minimum of 3 additional working days, subject to the total Bid / Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bid / Issue, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a press release and also by indicating the changes on the websites of the BRLMs, Co-BRLMs and at the terminals of the Syndicate.

Withdrawal of the Issue

Our Company, in consultation with the BRLMs and Co-BRLMs, reserves the right not to proceed with the Issue at any time after the Bid / Issue Opening Date, but prior to allotment, without assigning any reason thereof. In such an event, it shall issue a public notice, within 2 days of the Bid / Issue Closing Date. The public notice shall be issued in the same newspapers where, the pre-Issue advertisement had appeared. The Stock Exchanges where the specified securities were proposed to be listed shall also be informed promptly.

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

In terms of the SEBI ICDR Regulations, QIB Bidders (other than Anchor Investors) shall not be allowed to withdraw their Bid after the QIB Bid / Issue Closing Date. Anchor Investors shall not be allowed to withdraw their Bids after the Anchor Investor Bid / Issue Period.

If our Company withdraws the Issue and thereafter determines that it will proceed with an IPO, our Company shall be required to file a fresh draft red herring prospectus with SEBI.

Underwriting Agreement

After the determination of the Issue Price but prior to filing of the Prospectus with RoC, we intend to enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be issued through this Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLMs and Co-BRLMs shall be responsible for bringing in the amount devolved in the event that the Syndicate Member(s) do not fulfil their underwriting obligations. The underwriting shall be to the extent of the bids procured by each Underwriter, including through its respective syndicates/sub-syndicates. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and are subject to certain conditions, as specified therein.

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

Name, address and contact information of the Underwriter/(s)	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten (₹ million)
[•]	[•]	[•]
[•]	[•]	[•]
[•]	[•]	[•]

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

The above mentioned amount is an indicative underwriting and would be finalised after the determination of the Issue Price and actual Allocation of the Equity Shares. The above underwriting agreement is dated [•] and has been approved by the Board of Directors on [•].

In the opinion of the Board of Directors of our Company (based on a certificate given by the Underwriters), the resources of all the above mentioned Underwriter(s) are sufficient to enable them to discharge their respective underwriting obligations in full. All the above-mentioned Underwriter(s) are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchange(s).

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

CAPITAL STRUCTURE

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

(₹ in mn.)

Sr. No.	Particulars	Aggregate nominal value	Aggregate value at Issue Price
1.	**AUTHORISED CAPITAL**		
	550,000,000 Equity Shares of ₹ 10 each	5,500.00	
2.	**ISSUED, SUBSCRIBED AND PAID-UP CAPITAL**		
	301,137,476 Equity Shares of ₹ 10 each	3,011.37	
3.	**PRESENT ISSUE TO THE PUBLIC IN TERMS OF THIS DRAFT RED HERRING PROSPECTUS**[a]		
	Public Issue of [●] Equity Shares*		11,250.00
	Which comprises:		
	QIB Portion of [●] Equity Shares, being not more than 50% of the Issue[b] [c]	[●]	[●]
	Non-Institutional portion of not less than [●] Equity Shares, being not less than 15% of the Issue[c]	[●]	[●]
	Retail Portion of not less than [●] Equity Shares, being not less than 35% of the Issue[c]	[●]	[●]
4.	**PAID UP CAPITAL AFTER THE ISSUE**		
	[●] Equity Shares	[●]	[●]
5.	**SECURITIES PREMIUM ACCOUNT**		
	Before the Issue	3,932.59	
	After the Issue**	[●]	

* *Our Company is considering a Pre-IPO Placement of up to 20 million Equity Shares and aggregating up to ₹ 2,250 million with certain investors. The Pre-IPO Placement is at the discretion of our Company. If undertaken, our Company will complete the issuance of such Equity Shares prior to the filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the Issue size will be reduced to the extent of allotment made in the Pre-IPO Placement subject to the Issue being at least 10% of the post Issue capital.*

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

a) *This Issue has been authorized by a resolution of our Board dated November 29, 2010 , 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 December 08, 2010.*

b) *Our Company may consider participation by Anchor Investors for up to 30% of the QIB Portion in accordance with applicable SEBI ICDR Regulations.*

c) *Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in any portion would be met with spillover from other categories, at the discretion of our Company, in consultation with the BRLMs and Co-BRLMs and the Designated Stock Exchange. Investors may note that in case of over-subscription in the Issue, allotment to QIB Bidders, Non-Institutional Bidders and Retail Bidders shall be on a proportionate basis.*

NOTES TO CAPITAL STRUCTURE

1. *Details of changes in the Authorised Capital of our Company since incorporation:*

Particulars of Change		Date of Shareholders' Meeting	AGM/EGM
From	**To**		
-	₹ 500,000 consisting of 5,000 Equity shares of ₹ 100 each.	Incorporation	-
₹ 500,000 consisting of 5,000 Equity shares of ₹ 100 each.	₹ 15,000,000 consisting of 150,000 Equity shares of ₹ 100 each.	June 18, 1991	EGM
Re-organisation of the capital structure			
₹ 15,000,000 consisting of 150,000 Equity shares of ₹ 100 each.	₹ 15,000,000 consisting of 1,500,000 Equity Shares of ₹ 10 each.	September 22, 1992(a)	EGM
₹ 15,000,000 consisting of 1,500,000 Equity Shares of ₹ 10 each.	₹ 150,000,000 consisting of 15,000,000 Equity shares of ₹ 10 each.	April 29, 1994	EGM
₹ 150,000,000 consisting of 15,000,000 Equity shares of ₹ 10 each.	₹ 165,000,000 consisting of 16,500,000 Equity shares of ₹ 10 each.	April 21, 1995	EGM
₹ 165,000,000 consisting of 16,500,000 Equity shares of ₹ 10 each.	₹ 170,000,000 consisting of 17,000,000 Equity shares of ₹ 10 each.	May 17, 1995	EGM
Re-organisation of the capital structure			
₹ 170,000,000 consisting of 17,000,000 Equity shares of ₹ 10 each.	₹ 170,000,000 consisting of 16,500,000 Equity shares of ₹ 10 each aggregating to ₹ 165,000,000 and 500,000 cumulative redeemable preference shares of ₹ 10 aggregating to ₹ 5,000,000.	December 22, 1997	EGM
Re-organisation of the capital structure			
₹ 170,000,000 consisting of 16,500,000 Equity Shares of ₹ 10 each aggregating to ₹ 165,000,000 and 500,000 cumulative redeemable preference shares of ₹ 10 aggregating to ₹ 5,000,000.	₹ 170,000,000 consisting of 3,000,020 Equity Shares of ₹ 10 each aggregating to ₹ 30,000,200 and 13,999,980 cumulative redeemable preference shares of ₹ 10 each aggregating to ₹ 139,999,800	April 20, 1998(a)	EGM
₹ 170,000,000 consisting of 3,000,020 Equity Shares of ₹ 10 each aggregating to ₹ 30,000,200 and 13,999,980 cumulative redeemable preference shares of ₹ 10 each aggregating to ₹ 139,999,800.	₹ 250,000,000 consisting of 11,000,020 Equity Shares of ₹ 10 each aggregating to ₹ 110,000,200 and 13,999,980 cumulative redeemable preference shares of ₹ 10 each aggregating to ₹ 139,999,800.	June 23, 1998	EGM
₹ 250,000,000 consisting of 11,000,020 Equity Shares of ₹ 10 each aggregating to ₹ 110,000,200 and 13,999,980 cumulative redeemable preference shares of ₹ 10 each aggregating to ₹ 139,999,800.	₹ 800,000,000 consisting of 60,000,000 Equity Shares of ₹ 10 each aggregating to ₹ 600,000,000 and 20,000,000 cumulative redeemable preference shares of ₹ 10 each aggregating to ₹ 200,000,000.	September 14, 1998	EGM
₹ 800,000,000 consisting of 60,000,000 Equity shares of ₹ 10 each aggregating to ₹ 600,000,000 and 20,000,000 cumulative redeemable preference shares of ₹ 10 each aggregating to ₹ 200,000,000	₹ 2,600,000,000 consisting of 240,000,000 Equity shares of ₹ 10 each aggregating to ₹ 2,400,000,000 and 20,000,000 cumulative redeemable preference shares of ₹ 10 each aggregating to ₹ 200,000,000.	March 8, 2007	EGM
Re-organisation of the capital structure			

₹ 2,600,000,000 consisting of 240,000,000 Equity Shares of ₹ 10 each aggregating to ₹ 2,400,000,000 and 20,000,000 cumulative redeemable preference shares of ₹ 10 each aggregating to ₹ 200,000,000.	₹ 2,600,000,000 consisting of 260,000,000 Equity Shares of ₹ 10 each	March 28, 2007[(a)]	EGM
₹ 2,600,000,000 consisting of 260,000,000 Equity Shares of ₹ 10 each	₹ 4,600,000,000 consisting of 260,000,000 Equity Shares of ₹ 10 each aggregating to ₹ 2,600,000,000 and 20,000 0% fully convertible preference shares of ₹ 100,000 each aggregating to ₹ 2,000,000,000.	April 3, 2008	EGM
₹ 4,600,000,000 consisting of 260,000,000 Equity Shares of ₹ 10 each aggregating to ₹ 2,600,000,000 and 20,000 0% fully convertible preference shares of ₹ 100,000 each aggregating to ₹ 2,000,000,000.	₹ 5,500,000,000 consisting of 350,000,000 Equity Shares of ₹ 10 each aggregating to ₹ 3,500,000,000 and 20,000 0% fully convertible preference shares of face value ₹ 100,000 each aggregating to ₹ 2,000,000,000.	September 30, 2010	AGM
Re-organisation of the capital structure			
₹ 5,500,000,000 consisting of 350,000,000 Equity Shares of ₹ 10 each aggregating to ₹ 3,500,000,000 and 20,000 0% fully convertible preference shares of face value ₹ 100,000 each aggregating to ₹ 2,000,000,000.	₹ 5,500,000,000 consisting of 550,000,000 Equity Shares of ₹ 10 each.	May 16, 2011	EGM

a) The Form 5 for 3 changes in the authorized share capital of our Company are not available in the records of our Company and in the records of the RoC. Please refer to the risk factor titled "Some of our Company's records relating to certain filings made with the ROC by our Company including, inter alia, in relation to changes to its authorized share capital are not traceable" in the section titled "Risk Factors" on page 14 for further details.

2. *History of Equity Share Capital of our Company:*

Date of Allotment*	No. of Equity Shares	Face Value (in ₹)	Issue Price (in ₹)	Nature of Consideration	Nature of allotment	Cumulative Paid -up Capital (₹)	Cumulative No. of shares	Cumulative Securities Premium (₹)
February 20, 1990	70	100	100	Cash	Initial Subscription(1)	7,000	70	0
Sub-division of nominal value of Equity Shares of our Company from ₹100 per equity share to ₹10 per equity share (EGM dated September 22, 1992).								
April 30, 1994	4,583,150	10	10	Cash	Preferential allotment (2)	45,838,500	4,583,850	0

Date of Allotment*	No. of Equity Shares	Face Value (in ₹)	Issue Price (in ₹)	Nature of Considera tion	Nature of allotment	Cumulative Paid -up Capital (₹)	Cumulative No. of shares	Cumulative Securities Premium (₹)
April 30, 1994	4,290,500	10	10	Other than cash	Preferential allotment (3)	88,743,500	8,874,350	0
January 9, 1995	1,496,130	10	10	Cash	Preferential allotment (4)	103,704,800	10,370,480	0
April 24, 1995	2,020,000	10	10	Cash	Preferential allotment (5)	123,904,800	12,390,480	0
August 1, 1997	4,000,000	10	10	Cash	Preferential allotment (6)	163,904,800	16,390,480	0
April 27, 1998	(2,322,600)	10	10	-	Converted into Preference shares(7)	140,678,800	14,067,880	0
April 27, 1998	(11,177,380)	10	10	-	Converted into Preference Shares (7)	28,905,000	2,890,500	0
July 30, 1998	2,114,500	10	240	Cash	Preferential allotment (8)	50,050,000	5,005,000	486,335,000
September 16, 1998	50,050,000	10	-	Other than cash	Bonus Issue (10:1) (9)	550,550,000	55,055,000	0
March 22, 2007	183,333,150	10	-	Other than cash	Bonus Issue (333:100) (10)	2,383,881,500	238,388,150	0
March 28, 2007	13,999,980	10	10	Cash	Preferential allotment (11)	2,523,881,300	252,388,130	0
May 30, 2008	2,523,880	10	90.85	Cash	Allotment pursuant to conversion of 2,293,024 optionally convertible bonds (12)	2,549,120,100	254,912,010	204,063,600#
November 27, 2010	106,775	10	360	Cash	Preferential allotment (13)	2,550,187,850	255,018,785	226,092,650#
May 16, 2011	25,320,593	10	78.99	Cash	Preferential allotment (14)	2,803,393,780	280,339,378	1,972,886,720
May 16, 2011	8,241,168	10	245.38	Cash	Preferential allotment (15)	2,885,805,460	288,580,546	3,912,666,821
May 16, 2011	56,930	10	360	Cash	Preferential allotment (16)	2,886,374,760	288,637,476	3,932,592,321
May 20, 2011	12,500,000	10	10	Cash	Preferential allotment(17)	3,011,374,760	301,137,476	3,932,592,321
		TOTAL				3,011,374,760	301,137,476	3,932,592,321#

1. *Initial allotment of 10 Equity Shares each to the subscribers to the MoA of our Company being Mr. Nikhil Gandhi, Mr. Vasant Honnavar, Mr. Bhavesh Gandhi, Mr. Prataprai Gandhi, Mr. Hitesh Shah, Ms. Amitabha Ray and Ms. Neha Gandhi.*
2. *Preferential allotment of 2,460,900 Equity Shares to M/s. Metropolitan Industries, 294,850 Equity Shares to Vipla Organics Private Limited, 50,000 Equity Shares to Everyday Investment Leasing Services Private Limited, 45,000 Equity Shares to M/s. Polcons, 61,000 Equity Shares to M/s. Modern Engineering Industries, 540,100 Equity Shares to Sea King Marine Industries Limited (presently known as Blue Water Marine Industries Limited), 49,400 Equity Shares to M/s. A-One Industries, 170,000 Equity Shares to M/s. Asian Engineering Trading Company, 80,000 Equity Shares to M/s. B. K. Trading Co., 80,000 Equity Shares to M/s. Neptune Industries, 227,000 Equity Shares to Montana Valves & Compressors Private Limited (presently known as Montana Infrastructure Limited), 459,900 Equity Shares to M/s. Spark Electro Communication Systems and 65,000 Equity Shares to Horizon India Batteries Limited.*
3. *Preferential allotment of 255,200 Equity Shares to Sea King Marine Industries Limited (presently known as Blue Water Marine Industries Limited), 150,500 Equity Shares to Metropolitan Organics and Chemicals Industries Limited, 3,689,700 Equity Shares to M/s. Metropolitan Industries, 180,100 Equity Shares to M/s. Spark Electro Communication System, 6,000 equity shares to Mr. Mahendra Gandhi and 9,000 equity shares to Mr. Prataprai Gandhi in consideration for the expenses incurred by these allottees in respect of incorporation of Gujarat Pipavav Port Limited on behalf of our Company.*
4. *Preferential allotment of 4,530 Equity Shares to Mr. Hitesh Shah, 808,100 Equity Shares to M/s. Sea King Marine*

Services, 570,000 Equity Shares to M/s. Metropolitan Industries, 100,000 Equity Shares to M/s. Khodiyar Impex and 13,500 Equity Shares to Metropolitan Energy Limited.

5. *Preferential allotment of 930,000 Equity Shares to M/s. Metropolitan Industries, 90,000 Equity Shares to M/s. Super Metal Industries and 1,000,000 Equity Shares to M/s. Modern Engineering Industries.*
6. *Preferential allotment of 1,950,000 Equity Shares to M/s. Spark Electro Communication System, 340,000 Equity Shares to Blue Water Marine Industries Limited, 1,530,000 Equity Shares to Grevek Investments & Finance Private Limited and 180,000 Equity Shares to M/s. Neptune Industries.*
7. *Pursuant to resolution of the members of our Company passed in their extra ordinary general meeting held on April 20, 1998, 13,499,980 Equity Shares of ₹ 10 each were converted to 13,499,980 cumulative redeemable preference shares of ₹ 10 each.*
8. *Preferential allotment of 2,114,500 Equity Shares to Montana Valves & Compressors Limited (presently known as Montana Infrastructure Limited).*
9. *Our Company vide its Board Resolution dated September 16, 1998, issued 50,050,000 Equity Shares of ₹ 10 each as bonus shares to the existing shareholders, as on September 15, 1998 in the ratio of 10 Equity Shares for every 1 equity share held by them by utilizing ₹ 486,335,000 out of the Share premium account and ₹ 14,165,000 out of the profit and loss account.*
10. *Our Company vide its Board Resolution dated March 22, 2007, issued 183,333,150 Equity Shares of ₹10 each as bonus shares to the existing shareholders, as on March 15, 2007 in the ratio of 333 Equity Shares for every 100 Equity Shares held by them by utilizing ₹ 1,578,328,395 out of the free capital reserves and ₹ 255,003,105 out of the profit and loss account.*
11. *Preferential allotment of 13,999,980 Equity Shares to M/s. Metropolitan Industries.*
12. *Preferential allotment of 2,523,880 Equity Shares to M2N2 Partners Limited upon conversion of 2,293,024 optionally convertible bonds of face value ₹ 100 each.*
13. *Preferential allotment of 11,100 Equity Shares to Mr. Arvind Tibrewala and Ms. Karuna Tibrewala, 27,750 Equity Shares to Shree Mana Ma Finance Private Limited, 13,850 Equity Shares to Ms. Anamika Dubey, 6,925 Equity Shares to Mr. Shashikant Tulsian and Ms. Uma Tulsian, 27,750 Equity Shares to Mr. Mahender Parupati and Ms. Pushpa Parupati, 825 Equity Shares to Mr. Dipak Gathani, 1,525 Equity Shares to M/s. Dipak J. Gathani (HUF), 1,375 Equity Shares to M/s. Jayantilal P. Gathani (HUF), 825 Equity Shares to Ms. Pali Gathani, 950 Equity Shares to Ms. Lalita Gathani and 13,900 Equity Shares to Ms. Sarladevi Dasondi and Mr. Himanshu Dasondi.*
14. *Preferential allotment of 19,477,866 Equity Shares to Ashoka Investment Holdings Limited and 5,842,727 Equity Shares to Ambadevi Mauritius Holding Limited upon conversion of 20,000 0% Fully Convertible Preference Shares of face value ₹ 100,000 each.*
15. *Preferential allotment of 8,241,168 Equity Shares to IFCI Limited upon conversion of 20 Optionally Convertible Debentures of face value ₹ 100 million each with interest as applicable.*
16. *Preferential allotment of 11,110 Equity Shares to Mr. Sunil Tandon, 135 Equity Shares to Mr. Himay Siddharth Chikani, 13,885 Equity Shares to Mr. Arush Kishore, 1,350 Equity Shares to Ms. Vaishali S. Mane, 2,850 Equity Shares to Mr. Shankar P. Mane, 2,750 Equity Shares to Mr. Kiran B. Shah, 1,110 Equity Shares to Mr. Dipak J. Gathani, 1,385 Equity Shares to M/s. Dipak J. Gathani (HUF), 1,110 Equity Shares to M/s. Jayantilal P. Gathani (HUF), 1,525 Equity Shares to Ms. Lalita J. Gathani, 19,720 Equity Shares to Ms. Syeda Tahera Peeran.*
17. *Preferential allotment to SKIL Group Employees Welfare Trust 2011. For details of the SKIL Group Employees Welfare Trust 2011, please see note 34 to Capital Structure.*

* *All Equity Shares were fully paid up at allotment.*

\# *In Fiscal 2009 the securities premium account was debited a sum of ₹ 7.90 million towards expenses incurred by our Company in relation to issuances of Equity Shares. In Fiscal 2010 the securities premium account was debited a sum of ₹ 7.44 million towards expenses incurred by our Company in relation to issuances of Equity Shares. As on the date of this Draft Red Herring Prospectus, the amounts lying to the credit of the securities premium account are ₹ 3,932.59 million.*

3. *History of 12% Cumulative Redeemable Preference Share Capital of our Company:*

Date of Allotment*	No. of Preference Shares	Face Value (in ₹)	Issue Price (in ₹)	Consideration	Nature of allotment	Cumulative Securities Premium (in ₹)	Cumulative Paid -up Capital (in ₹)	Cumulative No. of shares
February 16, 1998	500,000	10	10	Cash	Preferential allotment (1)	0	5,000,000	500,000
April 27, 1998	11,177,380	10	10	Cash	Converted from equity share capital(2)	0	116,773,800	11,677,380

Date of Allotment*	No. of Preference Shares	Face Value (in ₹)	Issue Price (in ₹)	Consideration	Nature of allotment	Cumulative Securities Premium (in ₹)	Cumulative Paid -up Capital (in ₹)	Cumulative No. of shares
April 27, 1998	2,322,600	10	10	Other than cash	Converted from equity share capital(2)	0	139,999,800	13,999,980
March 28, 2007	(13,999,980)	10	10	Cash	Redemption of Preference Shares(3)	0	0	-

(1) Preferential allotment of 500,000 cumulative redeemable preference shares of ₹10 each to Grevek Investments & Finance Private Limited

(2) Our Company vide its Board Resolution dated April 27, 1998, allotted the following number of cumulative redeemable preference shares of ₹10 each to the allotees as mentioned under:

Sr. No.	*Name*	*cumulative redeemable preference shares*
1	Grevek Investments & Finance Private Limited	1,530,000
2	Mr. Hitesh Shah	4,630
3	M/s. Metropolitan Industries	4,783,200
4	Vipla Organics Private Limited	294,850
5	Everyday Investment & Leasing Services Private Limited	50,000
6	Mr. Mahendra Gandhi	6,000
7	M/s. Polcons	45,000
8	M/s. Modern Engg. Industries	1,061,000
9	Blue Water Marine Industries Limited	1,135,300
10	M/s. A- One Industries	49,400
11	M/s. Asian Engg. Trading Company	170,000
12	M/s. B. K. Trading Company	80,000
13	M/s. Neptune Industries	260,000
14	Montana Valves & Compressors Limited (presently known as Montana Infrastructure Limited)	227,000
15	M/s. Spark Electro Communication System	2,590,000
16	Horizon (India) Batteries Limited (presently known as Horizon Infrastructure Limited)	65,000
17	Donyi-Polo Petro Chemicals Limited.	150,500
18	M/s. Sea King Marine Services	808,100
19	M/s. Khodiyar Impex	100,000
20	M/s. Super Metal Industries	90,000

(1) Pursuant to a resolution of the members of our Company passed in their extra ordinary general meeting held on March 28, 2007, 13,999,980 cumulative redeemable preference shares of ₹10 each were redeemed.

**All Equity Shares were fully paid up at allotment.*

4. History of 0% Fully Convertible Preference Share Capital of our Company:

Date of Allotment *	No. of Preference Shares	Face Value (in ₹)	Issue Price (in ₹)	Consider-ation	Nature of allotment	Cumulative Securities Premium (in ₹)	Cumulative Paid -up Capital (in ₹)	Cumulat-ive No. of shares
April 21, 2008	20,000	100,000	100,000	Cash	Preferential Allotment(1)	0	2,000,000,000	20,000
May 16, 2011	(20,000)	NA	NA	NA	Conversion into Equity Shares(2)	0	(2,000,000,000)	0

(1) Preferential allotment of 15,385 0% Fully Convertible Preference Shares to Ashoka Investment Holdings Limited and 4,615 0% Fully Convertible Preference Shares to Ambadevi Mauritius Holding Limited.

(2) Conversion of 20,000 0% Fully Convertible Preference Shares into 25,320,593 Equity Shares of face value ₹ 10 each at a premium of ₹68.99 per Equity Share.

**All 0% Fully Convertible Preference Shares were fully paid up at allotment.*

5. Save and except as mentioned below, our Company has not issued any Equity Shares for consideration other than cash:

Date of Allotment	Name of the person(s)	No. of Equity Shares	Face Value (₹)	Issue Price (₹)	Reasons for Allotment	Benefit accrued to our Company
April 30, 1994	M/s. Sea King Marine Industries	255,200	10	10	In consideration for the expenses incurred by the allottees, in respect of incorporation of Gujarat Pipavav Port Limited on behalf of our Company.	Compensation of expenses incurred by the allottees, in respect of incorporation of Gujarat Pipavav Port Limited on behalf of our Company
	Metropolitan Organic and Chemicals Industries Limited	150,500				
	M/s. Metropolitan Industries	3,689,700				
	M/s. Spark Electro Communication Systems	180,100				
	Mr. Mahendra Gandhi	6,000				
	Mr. Prataprai Gandhi	9,000				
September 16, 1998	Shareholders as on the record date.	50,050,000	10	-	Bonus Issue (ratio of 10:1)	Nil
March 22, 2007	Shareholders as on the record date.	183,333,150	10	-	Bonus Issue (ratio of 333:100)	Nil

6. Details of Promoters' contribution and lock-in

The Equity Shares held by the Promoters were acquired / allotted in the following manner:

Details of build-up of shareholding of Promoters

Date of Allotment / Transfer / Acquisition	No. of Equity Shares	Face Value (₹)	Issue / Acquisition Price (₹)	Nature of consideration	Nature of Issue
Mr. Nikhil Gandhi					
February 20, 1990	10*	100	100	Cash	Subscription to the MoA
September 16, 1998	1,000	10	-	Other than cash	Bonus issue
March 22, 2007	3,663	10	-	Other than cash	Bonus issue
Total	**4,763**				
Mr. Bhavesh Gandhi					
February 20, 1990	10*	100	100	Cash	Subscription to the MoA
September 16, 1998	1,000	10	-	Other than cash	Bonus issue
March 22, 2007	3,663	10	-	Other than cash	Bonus issue
Total	**4,763**				
M/s. Metropolitan Industries (Represented by its partners, Mr. Nikhil Gandhi and Mr. Bhavesh Gandhi)					
April 30, 1994	2,460,900	10	10	Cash	Preferential Allotment
April 30, 1994	3,689,700	10	10	Other than cash	Preferential Allotment
January 9, 1995	570,000	10	10	Cash	Preferential

Date of Allotment / Transfer / Acquisition	No. of Equity Shares	Face Value (₹)	Issue / Acquisition Price (₹)	Nature of consideration	Nature of Issue
					Allotment
April 24, 1995	930,000	10	10	Cash	Preferential Allotment
April 27, 1998	(1,730,900)	10	-	-	Converted in to Redeemable Preference Shares
April 27, 1998	(3,052,300)	10	-	-	Converted in to Redeemable Preference Shares
September 16, 1998	28,674,000	10	-	Other than cash	Bonus issue
March 10, 2007	148,500	10	10	Cash	Purchased from Metropolitan Energy Limited
March 22, 2007	105,527,367	10	-	Other than cash	Bonus issue
March 28, 2007	13,999,980	10	10	Cash	Preferential allotment
Total	**151,217,247**				

** Each Equity Share with a face value of ₹ 100 was sub- divided into 10 Equity Shares of ₹ 10 each vide a resolution dated September 22, 1992 passed at the extraordinary general meeting of the Shareholders of our Company.*

Details of Promoters Contribution locked-in for 3 years

As per clause (a) sub-regulation (1) Regulation 32 of the SEBI ICDR Regulations and in terms of the aforesaid table, an aggregate of 20% of the post-Issue Equity Share Capital of our Company shall be locked in for a period of 3 years from the date of Allotment ("minimum Promoters' contribution"). The details of such lock-in are given below:

Name	Date of Acquisition and when made fully paid up	No. of Equity Shares	Face Value (₹)	Issue / Acquisition Price	Nature of Issue	Nature of Consideration (Cash/ bonus/ kind etc.)	Percentage of Pre-issue paid up capital	Percentage of Post-issue paid up capital
[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
	TOTAL	[●]	[●]	[●]	[●]	[●]	[●]	[●]

** The figures to be provided in this table shall be finalised upon determination of Issue Price and the number of Equity Shares to be issued in the Issue, consequent to the Book Building Process.*

The Promoter's contribution has been brought in to the extent of not less than the specified minimum amount and has been contributed by the persons defined as Promoters under the SEBI ICDR Regulations. We confirm that specific written consent has been obtained from our Promoters, whose Equity Shares form part of Promoters' contribution, to lock-in their Equity Shares for a period of 3 years to ensure minimum Promoter's contribution to the extent of 20% of the post-Issue paid-up equity share capital of our Company.

We confirm that the minimum Promoters' contribution of 20% which is subject to lock-in for three years does not consist of:

a) Equity Shares acquired during the preceding 3 years for consideration other than cash and revaluation of assets or capitalisation of intangible assets;
b) Equity Shares acquired during the preceding 3 years resulting from a bonus issue by utilisation of revaluation reserves or unrealised profits of the issuer or from bonus issue against Equity Shares which are ineligible for minimum Promoters' contribution;
c) Equity Shares acquired by Promoter during the preceding 1 year at a price lower than the price at which Equity Shares are being offered to public in the Issue; or
d) Equity Shares held by any Promoter which are subject to pledge.

The share certificates for the Equity Shares in physical form, 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 be included in the Prospectus to be filed with the RoC.

Further, our Company has not been formed by the conversion of a partnership firm into a company.

Equity Shares locked-in for 1 year

In addition to 20% of the post-Issue shareholding of our Company locked-in for 3 years as the minimum Promoters contribution the balance Pre-Issue Paid-up Equity Share Capital would be locked-in for a period of 1 year from the date of Allotment. Further, such lock-in of the Equity Shares would be created as per the bye laws of the Depositories.

Pursuant to proviso (b) to Regulation 37 of the SEBI ICDR Regulations, Equity Shares held by VCFs or FVCIs for at least one year prior to filing this Draft Red Herring Prospectus with SEBI would not be subject to the above lock-in. Therefore, AIG Funds being FVCIs, 25,320,593 Equity Shares held by it would not be subject to the above lock-in.

Any Equity Shares allotted to Anchor Investors in the Anchor Investor Portion shall be locked-in for a period of 30 days from the date of Allotment.

Details of Equity Shares pledged by our Promoters

63,728,003 Equity Shares held jointly by our Promoter, M/s. Metropolitan Industries (represented by Mr. Nikhil Gandhi and Mr. Bhavesh Gandhi) have been pledged with certain lenders as collateral security for loans granted to our Company in terms of loan agreement entered into by us with these lenders. For further details of these loans, refer section titled "*Financial Indebtedness*" on page 567. The Equity Shares which are pledged as mentioned above do not constitute the minimum Promoter's contribution. Under the terms of our loan agreements with SREI Infrastructure Finance Limited and JM Financial Products Private Limited, our Promoters have undertaken to pledge an additional 25% of the paid up equity share capital of our Company held by them in case the Issue is not completed by September 30, 2011. For details of the terms of our agreements with lenders, please see the section titled "*Financial Indebtedness*" on page 567.

Other requirements in respect of 'lock-in'

In terms of Regulation 40 of the SEBI ICDR Regulations, the Equity Shares held by persons other than the Promoters prior to the Issue may be transferred to any other person holding the Equity Shares which are locked-in as per Regulation 37 of the SEBI ICDR Regulations, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the Takeover Code as applicable.

In terms of Regulation 40 of the SEBI ICDR Regulations, the Equity Shares held by our Promoters which are locked in as per the provisions of Regulation 36 of the SEBI ICDR Regulations, may be transferred to and amongst Promoters / members of the Promoter Group or to a new promoter or persons in control of our Company, subject to continuation of lock-in in the hands of transferees for the remaining period and compliance of Takeover Code, as applicable.

In terms of Regulation 39 of the SEBI ICDR Regulations, the locked-in Equity Shares held by our Promoters can be pledged only with any scheduled commercial banks or public financial institutions as collateral security for loans granted by such banks or financial institutions, subject to the following:

- If the specified securities are locked-in in terms of sub-regulation (a) of Regulation 36 of the SEBI ICDR Regulations, the loan has been granted by such bank or institution for the purpose of financing one or more of the objects of the issue and the pledge of specified securities is one of the terms of sanction of the loan;
- If the specified securities are locked-in in terms of sub-regulation (b) of Regulation 36 of the SEBI ICDR Regulations and the pledge of specified securities is one of the terms of sanction of the loan.

7. The table below represents the shareholding pattern of our Company, before the proposed Issue and as on the date of this Draft Red Herring Prospectus as also after the Issue:

Category code	Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in dematerialized form	Total pre – Issue share capital				Total post – Issue share capital	
					Total shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered		Number of Shares held	
					As a percentage of (A+B)	As a percentage of (A+B+C)	Number of shares	As a percentage of share holding	Number of shares	As a percentage of (A+B+C)
(A)	**Shareholding of Promoter and Promoter Group**									
1	**Indian**									
(a)	Individuals / Hindu Undivided Family / Nominee of Promoter	6	151,674,495	151,674,495	50.37	50.37	63,728,003	42.02	151,674,495*	[●]
(b)	Central Government/ State Government(s)						NIL	NIL		
(c)	Bodies Corporate	1	91,187,635	91,187,635	30.28	30.28	66,277,125	72.68	91,187,635*	[●]
(d)	Financial Institutions / Banks						NIL	NIL		
(e)	Any Other (specify)						NIL	NIL		
	Promoter Group						NIL	NIL		
	Directors						NIL	NIL		
	Relatives of Promoters / Directors & HUF						NIL	NIL		
	Sub-Total (A)(1)	7	242,862,130	242,862,130	80.65	80.65	130,005,128	53.53	242,862,130*	[●]
2	**Foreign**						NIL	NIL		
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)						NIL	NIL		
(b)	Promoter Companies						NIL	NIL		
(c)	Institutions						NIL	NIL		
(d)	Any Other (specify)						NIL	NIL		
	Sub-Total (A)(2)						NIL	NIL		
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)	7	242,862,130	242,862,130	80.65	80.65	130,005,128	53.53	242,862,130*	[●]

Category code	Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in dematerialized form	Total pre – Issue share capital				Total post – Issue share capital	
					Total shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered		Number of Shares held	
					As a percentage of (A+B)	As a percentage of (A+B+C)	Number of shares	As a percentage of share holding	Number of shares	As a percentage of (A+B+C)
	(2)									
(B)	**Public shareholding**						NIL	NIL	[●]	[●]
1	**Institutions**						NIL	NIL	[●]	[●]
(a)	Mutual Funds/ UTI						NIL	NIL	[●]	[●]
(b)	Financial Institutions / Banks	1	8,241,168	8,241,168	2.74	2.74	NIL	NIL	[●]	[●]
(c)	Central Government/ State Government(s)						NIL	NIL	[●]	[●]
(d)	Venture Capital Funds						NIL	NIL	[●]	[●]
(e)	Insurance Companies						NIL	NIL	[●]	[●]
(f)	Foreign Institutional Investors						NIL	NIL	[●]	[●]
(g)	Foreign Venture Capital Investors	2	25,320,593		8.41	8.41	NIL	NIL	[●]	[●]
(h)	Foreign Bodies Corporate						NIL	NIL	[●]	[●]
	Sub-Total (B)(1)	3	33,561,761	8,241,168	11.15	11.15	NIL	NIL	[●]	[●]
2	**Non-institutions**						NIL	NIL	[●]	[●]
(a)	Bodies Corporate	2	9,524,365	9,524,365	3.16	3.16	NIL	NIL	[●]	[●]
(b)	Individuals						NIL	NIL	[●]	[●]
	i. Individual shareholders holding nominal share capital up to Rs. 1 lakh.	10	24,640	24,640	0.01	0.01	NIL	NIL	[●]	[●]
	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	9	140,700	140,700	0.05	0.05	NIL	NIL	[●]	[●]
(c)	Any Other						NIL	NIL	[●]	[●]
	1. N R I						NIL	NIL	[●]	[●]

Category code	Category of shareholder	Number of share holders	Total number of shares	Number of shares held in dematerialized form	Total pre – Issue share capital				Total post – Issue share capital	
					Total shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered		Number of Shares held	
					As a percentage of (A+B)	As a percentage of (A+B+C)	Number of shares	As a percentage of share holding	Number of shares	As a percentage of (A+B+C)
	2. DIRECTORS & RELATIVES						NIL	NIL	[●]	[●]
	3. FOREIGN COMPANY	1	2,523,880		0.84	0.84	NIL	NIL	[●]	[●]
	4. TRUST	1	12,500,000		4.15	4.15	NIL	NIL	[●]	[●]
	Sub-Total (B)(2)	23	24,713,585	9,689,705	8.21	8.21	NIL	NIL	[●]	[●]
	Total Public Shareholding (B)= (B)(1)+(B)(2)	26	58,275,346	17,930,873	19.35	19.35	NIL	NIL	[●]	[●]
	TOTAL (A)+(B)	33	301,137,476	260,793,003	100.00	100.00	130,005,128	43.17	[●]	[●]
(C)	**Shares held by Custodians and against which Depository Receipts have been issued**						NIL	NIL	[●]	[●]
(a)	Promoter and Promoter group								[●]	[●]
(b)	Public						NIL	NIL	[●]	[●]
	GRAND TOTAL (A)+(B)+(C)	33	301,137,476	260,793,003	100.00	100.00	130,005,128	43.17	[●]	[●]

** This is based on the assumption that the existing shareholders, shall continue to hold the same number of Equity Shares after the Issue. This does not include any Equity Shares that shareholders (excluding Promoters and Promoter Group) may subscribe for and be Allotted pursuant to this Issue.*

8. *The details of the shareholding of the Promoters and the Promoter Group as on the date of filing of this Draft Red Herring Prospectus:*

(Face value of Equity Shares of ₹10 each)

Name of the Shareholders	Number of Equity Shares	% of Pre-Issue Equity Capital	% of Post – Issue Equity Capital
(A) Promoters			
Mr. Nikhil Gandhi	4,763	Negligible	Negligible
Mr. Bhavesh Gandhi	4,763	Negligible	Negligible
M/s. Metropolitan Industries (Represented by Mr. Nikhil Gandhi and Mr. Bhavesh Gandhi)	151,217,247	50.22	[●]
Total (A)	**151,226,773**	**50.22**	[●]
(B) Promoter Group			

Name of the Shareholders	Number of Equity Shares	% of Pre-Issue Equity Capital	% of Post – Issue Equity Capital
Ms. Rupali Gandhi	9,526	Negligible	Negligible
Mr. Prataprai Gandhi	433,433	0.14	[●]
Ms. Neha Gandhi	4,763	Negligible	Negligible
Montana Infrastructure Limited	91,187,635	30.28	[●]
Total (B)	**91,635,357**	30.43	[●]
Total (A) + (B)	**242,862,130**	**80.65**	[●]

9. Particulars of the top 10 shareholders

(a) Particulars of the top 10 shareholders as on the date of this Draft Red Herring Prospectus:

Sr. No.	Name of Shareholders	Number of Equity Shares	Percentage of Total Paid-Up Capital
1	M/s. Metropolitan Industries (represented by Mr. Nikhil Gandhi and Mr. Bhavesh Gandhi)	151,217,247	50.22
2	Montana Infrastructure Limited	91,187,635	30.28
3	Ashoka Investment Holdings Limited	19,477,866	6.47
4	SKIL Group Employees Welfare Trust 2011	12,500,000	4.15
5	Ashwini Infrastructure Private Limited	9,496,615	3.15
6	IFCI Limited	8,241,168	2.74
7	Ambadevi Mauritius Holdings Limited	5,842,727	1.94
8	M2N2 Partners Limited	2,523,880	0.84
9	Mr. Prataprai Gandhi	433,433	0.14
10	Shree Manama Finance Private Limited	27,750	0.01
	Mr. Mahender Reddy Parupati jointly with Ms. Pushpa Leela Parupati	27,750	0.01
	TOTAL	**300,976,071**	**99.95**

(b) Particulars of top 10 shareholders 10 days prior to this Draft Red Herring Prospectus:

Sr. No.	Name of Shareholders	Number of Equity Shares	Percentage of Total Paid-Up Capital
1	M/s. Metropolitan Industries (represented by Mr. Nikhil Gandhi and Mr. Bhavesh Gandhi)	151,217,247	50.22
2	Montana Infrastructure Limited	91,187,635	30.28
3	Ashoka investment Holdings Limited	19,477,866	6.47
4	SKIL Group Employees Welfare Trust 2011	12,500,000	4.15
5	Ashwini Infrastructure Private Limited	9,496,615	3.15
6	IFCI Limited	8,241,168	2.74
7	Ambadevi Mauritius Holdings Limited	5,842,727	1.94
8	M2N2 Partners Limited	2,523,880	0.84
9	Mr. Prataprai Gandhi	433,433	0.14
10	Shree Manama Finance Private Limited	27,750	0.01
	Mr. Mahender Reddy Parupati jointly with Ms. Pushpa Leela Parupati	27,750	0.01
	TOTAL	**300,976,071**	**99.95**

(c) Particulars of the top 10 shareholders 2 years prior to the date of this Draft Red Herring Prospectus:

Sr. No.	Name of Shareholders	Number of Equity Shares	Percentage of Total Paid-Up Capital
1	M/s. Metropolitan Industries (Represented by Mr. Nikhil Gandhi and Mr. Bhavesh Gandhi)	151,217,247	59.32
2	Montana Infrastructure Limited	91,187,635	35.77
3	Ashwini Infrastructure Private Limited	9,526,000	3.74

Sr. No.	Name of Shareholders	Number of Equity Shares	Percentage of Total Paid-Up Capital
4	M2N2 Partners Limited	2,523,880	0.99
5	Mr. Prataprai Gandhi	433,433	0.17
6	Ms. Rupali Gandhi	9,526	Negligible
7	Mr. Nikhil Gandhi	4,763	Negligible
8	Mr. Bhavesh Gandhi	4,763	Negligible
9	Ms. Neha Gandhi	4,763	Negligible
	TOTAL	**254,912,010**	**100.00**

10. ***None of our Directors or Key Managerial Personnel hold Equity Shares in our Company, other than as follows:***

Sr. No.	Name of shareholder	Number of Equity Shares held	Pre Issue %	Post Issue %*
Directors				
1.	Mr. Nikhil Gandhi	4,763	Negligible	Negligible
2.	Mr. Bhavesh Gandhi	4,763	Negligible	Negligible
3.	Mr. Nikhil Gandhi and Mr. Bhavesh Gandhi, on behalf of M/s. Metropolitan Industries	151,217,247	50.22	[●]

Note: This is based on the assumption that the Directors and the Key Managerial Personnel, shall continue to hold the same number of Equity Shares after the Issue. This does not include any Equity Shares that Directors and the Key Managerial Personnel (excluding Promoters) may subscribe for and be Allotted pursuant to this Issue.

11. Our Promoters, our Promoter Group, the Directors of our Company and their immediate relatives, as defined under the SEBI ICDR Regulations, have not purchased or financed the purchase by any other person, or sold any Equity Shares, during a period of 6 months preceding the date of filing this Draft Red Herring Prospectus with SEBI.

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

13. None of the BRLMs, the Co-BRLMs or their associates hold any equity shares as on the date of filing of this Draft Red Herring Prospectus. 63,728,003 Equity Shares of our Company held by M/s. Metropolitan Industries and 66,277,125 Equity Shares of our Company held by Montana Infrastructure Limited have been pledged in favour of JM Financial Products Private Limited (on *pari passu* basis), an associate of JM Financial (one of the BRLMs to this Issue) as security for loan of ₹ 140.29 million (outstanding as on March 31, 2011) availed by our Company and in favour of ECL Finance Limited (on *pari passu* basis with certain lenders), an associate of Edelweiss (one of the BRLMs to this Issue) as security for loan of ₹ 394.57 million (amount outstanding as on March 31, 2011) availed by our Company.

14. For the details of transactions by our Company with our Subsidiaries, Promoter Group, Group Companies during the last 5 Fiscals i.e. 2006, 2007, 2008, 2009 and 2010 and for the 9 month period ended December 31, 2010, please refer to the sections titled "Statement of Related Party Transactions, as Restated" (unconsolidated) appearing as Annexure XI and "Statement of Transactions with Related Parties, as Restated" (consolidated) appearing as Annexure XI appearing in the chapter titled "*Financial Statements*" beginning on page 300.

15. There are no outstanding warrants, options or rights to convert debentures or other financial instrument into Equity Shares issued by our Company as on the date of this Draft Red Herring Prospectus. For details of rights of certain of our lenders in the event of default by our Company in terms of our loan agreements, please see the chapter titled "*Financial Indebtedness*" on page 567.

16. As per RBI regulations, OCBs are not allowed to participate in this Issue.

17. All the Equity Shares of our Company are fully paid up as on the date of filing of this Draft Red Herring

Prospectus. Further, since the entire money in respect of the Issue is being called on application, all the successful applicants will be issued fully paid-up equity shares.

18. In terms of Rule 19(2)(b)(ii) of the SCRR read with Regulation 41(1) of the SEBI ICDR Regulations, this is an Issue for less than 25% of the post-Issue equity share capital, subject to the Issue being at least 10% of the post-Issue equity share capital of our Company. If the minimum public shareholding requirements of Rule 19(2)(b)(ii) of the SCRR cannot be met, the entire application money will be refunded by our Company forthwith.

19. Pursuant to the SEBI ICDR Regulations not more than 50% of the Issue shall be available for allocation to QIBs. Our Company may allocate up to 30% of the QIB Portion to Anchor Investors at the Anchor Investor Price, on a discretionary basis, out of which at least one-third will be available for allocation to domestic Mutual Funds only. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to QIBs, subject to valid Bids being received from them, at or above the Issue Price. However, if the aggregate demand from Mutual Funds is less than [●], the remainder shall be added to the Net QIB Portion and shall be available and allocated proportionately to the QIBs.

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 (net of Retail Discount on the Issue Price, if any) 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. Our Company, in consultation with the BRLMs and Co – BRLMs may offer a Retail Discount of ₹ [●] to the Retail Individual Bidders. For details thereof, please see the chapter titled "*Issue Procedure*" on page 643.

20. Under subscription, if any, in any category, shall be met with spill-over from any other category or combination of categories at the discretion of our Company, in consultation with the BRLMs, the Co-BRLMs and the Designated Stock Exchange.

21. Oversubscription, if any, to the extent of 10% of the Issue, can be retained for the purpose of rounding off and making allotments in minimum lots, while finalising the 'Basis of Allotment'.

22. The total number of members of our Company as on the date of filing this Draft Red Herring Prospectus is 33.

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

24. Other than in connection with the Pre-IPO Placement, there will be no further issue of capital, whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from the date of filing of this Draft Red Herring Prospectus with SEBI until the Equity Shares have been listed. Further, our Company presently does not have any intention or proposal to alter our capital structure for a period of 6 months from the date of opening of this Issue, by way of split / consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into exchangeable, directly or indirectly, for our Equity Shares) subject to necessary approvals, whether preferential or otherwise, except that if we enter into acquisition(s) or joint venture(s), we may consider issuance of additional capital to fund such activities or to use Equity Shares as a currency for acquisition or participation in such joint ventures.

25. There shall be only one denomination of Equity Shares, unless otherwise permitted by law.

26. We shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.

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

28. Till date no Equity Shares have been allotted pursuant to any scheme approved under section 391-394 of the Companies Act, 1956.

29. There has been no revaluation of fixed assets in the history of our Company. Since our Company has preferred the early adoption of Accounting Standard 30, all the investments appearing in the books as at December 31, 2010 and March 31, 2010, 2009, 2008, 2007 and 2006 have been valued at fair market value as on that date and resultant gains/losses have been credited to "Investment Revaluation Reserve Account" in case of Investments – available for sale and to "Gain on Mark to Market of Current Investments" in case of investments – held for trading.

30. Our Company has not made any public issue since its incorporation.

31. The shares locked in by our Promoters are not pledged to any party except as detailed in point no. 6 above and in the chapter titled "*Financial Indebtedness*" on page 567.

32. No payment, direct or indirect in the nature of discount, commission, and allowance or otherwise shall be made either by us or our Promoters or Directors to the persons who receive allotments, if any, in this Issue.

33. Our Company does not have any Employee Stock Option Scheme / Employee Stock Purchase Scheme for our employees.

34. Certain details of SKIL Group Employee Welfare Trust 2011 are as under:

(i) The SKIL Group Employees Welfare Trust 2011 ("**Trust**") was established by a deed of trust dated May 11, 2011 by our Company for the benefit of its existing and future non- Promoter directors, employees. The trustees of the Trust are Mr. Ajay Khera, Mr. Joginder Singh and Mr. Vipul Acharya ("**Trustees**").

(ii) SKIL Infrastructure Limited ("**Settlor**") had established the Trust with an initial corpus of ₹ 0.1 million, which was handed over to the trustees on April 24, 2011. The Trust deposited a sum of ₹ 125 million with the Company as share application money against which our Company allotted 12.50 million Equity Shares of face value ₹ 10 each at par to the Trust on May 20, 2011.The Equity Shares were allotted to the Trust at par for the benefit of the employees of our Company and no valuation report was obtained for the same. Our Company / Promoter / Promoter Group are not bound by any obligations pursuant to the formation of Trust except for the initial corpus of ₹ 0.1 million handed over by the Settlor, to the Trustees at the time of settlement of the Trust.

(iii) The funds accruing to the Trust can be utilised by the trustees for the benefit of the employees for the time being.

(iv) The beneficiaries of the Trust are all the existing and future employees who are engaged in providing services to the Settlor.

(v) Trustees shall at their sole discretion by a unanimous vote of all the Trustees invest the money, which may require investment. There is no express provision in the Trust deed preventing the Trustees for expending such monies as may be required for the administration or the management of the Trust. The formation and operation of the Trust is in compliance with all applicable statutory provisions, to the extent applicable, including The Indian Trusts Act and Companies Act.

(vi) The Trust currently holds 12.50 million Equity Shares in our Company. Since the beneficiaries of the said Equity Shares are the employees of the Settlor, the said shareholding of the Trust does not form a part of the Promoter Group.

35. Our Promoters and the members of our Promoter Group will not participate in this Issue.

36. There has been no allotment of Equity Shares that may be at a price lower than the Issue Price within the last 12 months from the date of this Draft Red Herring Prospectus except as under:

Date of Allotment	Nature of Allotment	Name of Allottee	No. of Equity Shares	Face Value per Equity Share (₹)	Issue Price per Equity Share (₹)	Consideration
November 27, 2010	Preferential allotment to persons other than the Promoter Group	Mr. Arvind Tibrewala and Ms. Karuna Tibrewala	11,100	10	360	Cash
		Shree Mana Ma Finance Private Limited	27,750			
		Ms. Anamika Dubey	13,850			
		Mr. Shashikant Tulsian and Ms. Uma Tulsian	6,925			
		Mr. Mahender Parupati and Ms. Pushpa Parupati	27,750			
		Mr. Dipak Gathani	825			
		M/s. Dipak J. Gathani (HUF)	1,525			
		M/s. Jayantilal P. Gathani (HUF)	1,375			
		Ms. Pali Gathani	825			
		Ms. Lalita Gathani	950			
		Ms. Sarladevi Dasondi and Mr. Himanshu Dasondi	13,900			
		Total	**106,775**			
May 16, 2011	Preferential allotment to persons other than the Promoter Group	Ashoka Investment Holdings Limited	19,477,866	10	78.99	Cash
		Ambadevi Mauritius Holding Limited	5,842,727			
		Total	**25,320,593**			
May 16, 2011	Preferential allotment to persons other than the Promoter Group	IFCI Limited	8,241,168	10	245.38	Cash
May 16, 2011	Preferential allotment to persons other than the Promoter Group	Mr. Sunil Tandon	11,110	10	360	Cash
		Mr. Himay Siddharth Chikani	135			
		Mr. Arush Kishore	13,885			
		Ms. Vaishali S. Mane	1,350			
		Mr. Shankar P. Mane	2,850			
		Mr. Kiran B. Shah	2,750			
		Mr. Dipak J. Gathani	1,110			
		M/s. Dipak J. Gathani (HUF)	1,385			
		M/s. Jayantilal P.	1,110			

Date of Allotment	Nature of Allotment	Name of Allottee	No. of Equity Shares	Face Value per Equity Share (₹)	Issue Price per Equity Share (₹)	Consideration
		Gathani (HUF)				
		Ms. Lalita J. Gathani	1,525			
		Ms. Syeda Tahera Peeran	19,720			
		Total	**56,930**			
May 20, 2011	Preferential allotment to persons other than the Promoter Group	SKIL Group Employees Welfare Trust 2011	12,500,000	10	10	Cash

37. Our Company shall ensure that transactions in the Equity Shares by the Promoters and the Promoter Group between the date of registering the Red Herring Prospectus with the RoC and the Bid/Issue Closing Date shall be reported to the Stock Exchanges within 24 hours of such transactions.

SECTION V- OBJECTS OF THE ISSUE

OBJECTS OF THE ISSUE

The Issue is being undertaken to meet the Objects thereof, as set forth herein, and to realise the benefits of listing of our Equity Shares on the Stock Exchanges, including the enhancement our Company's brand name and creation of a public market for our Equity Shares in India.

The proceeds of the Issue, after deducting Issue related expenses ("**Net Proceeds of the Issue**"), are estimated to be approximately ₹ [●] million.

The details of the Net Proceeds of the Issue are summarized in the table below:

(₹ in mn.)

Particulars	Amount
Gross Proceeds from the Issue	11,250
Less (Issue Related Expenses*)	[●]
Net Proceeds of the Issue**	[●]

**to be finalized upon completion of the Issue*
***to be determined pursuant to Issue related expenses being paid*

The Net Proceeds of the Issue are proposed to be utilized by our Company for the following Objects:

A. To repay / prepay high cost borrowings;
B. To acquire, invest in and/ or operate business ventures; and
C. General Corporate Purposes.

The Main Objects clause of our Memorandum of Association enables us to undertake the existing activities and the activities for which the funds are being raised by us through the present Issue. Further, we confirm that the activities which we have been carrying out till date are in accordance with the Objects clause of our Memorandum of Association.

Utilisation of Net Proceeds of the Issue

The Net Proceeds of the Issue will be utilized in accordance with the table set forth below:

(₹ in mn.)

Sr. No.	Particulars	Amount
A.	To repay/ prepay high cost borrowings	8,000
B.	To acquire, invest in and/ or operate business ventures	1,500
C.	General Corporate Purposes	[●]
	Total	[●]

Schedule and Deployment of Funds

Our Company proposes to deploy the Net Proceeds in the aforesaid objects in Fiscal 2012 and Fiscal 2013. Detailed below is the estimated deployment of funds:

(₹ in mn.)

Sr. No.	Expenditure Items	Amount Estimated to be Utilised from Net Proceeds	Estimated Net Proceeds Utilisation in Fiscal 2012	Estimated Net Proceeds Utilisation in Fiscal 2013
1.	To repay/ prepay of high cost borrowings	8,000	8,000	Nil
2.	To acquire, invest in and operate business ventures	1,500	750	750
2.	General corporate purposes	[●]*	[●]*	[●]*
Total		**[●]***	**[●]***	**[●]***

**To be finalised upon completion of the Issue*

The fund requirement and deployment thereof are based on internal management estimates and have not been appraised by any bank or financial institution. These are based on current circumstances of our business and are subject to change in light of changes in external circumstances or costs, or in our financial condition, business or strategy, as discussed further below. Our management, in response to the competitive and dynamic nature of the industries in which we operate, will have the discretion to revise its business plan from time to time and consequently our funding requirements and deployment of funds may also change. This may also include rescheduling the proposed utilization of Net Proceeds of the Issue and increasing or decreasing expenditure for a particular object *vis-à-vis* the utilization of Net Proceeds of the Issue.

Means of finance

The entire requirements of the Objects detailed above are intended to be funded from the Net Proceeds of the Issue. No amount is required to be raised through means other than this Issue for financing the objects of the Issue (excluding pre-payment penalties if any, which may be paid from sources other than Net Proceeds of the Issue). Accordingly, we confirm that there is no requirement for us to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised through the Issue.

In case of any shortfall in the Net Proceeds of the Issue, we intend to meet the same through a range of options including utilizing our internal accruals, subject to necessary consents and approvals, as required. Any surplus from the proceeds of the Issue, after meeting the primary objects mentioned above, if any, will be utilised for our general corporate purposes.

Further, we may choose not to repay / prepay certain of the loans from the Net Proceeds of the Issue in the event of short fall of Net Proceeds. The entire requirement of funds as set out above will be met through the Net Proceeds of the Issue. In the event that estimated utilization out of the Net Proceeds of the Issue in a fiscal is not completely met, the same shall be utilized in the next fiscal. Our management will have flexibility in utilizing the sum earmarked for general corporate purposes and any surplus amounts from the Net Proceeds.

Until our Company receives Issue Proceeds, it will utilise its internal resources to finance the Objects of the Issue, and the Issue Proceeds when received will be adjusted against expenses so incurred.

Utilization of Net Proceeds of the Issue

A. To repay/ prepay high cost borrowings

As at March 31, 2011, our Company's secured borrowings excluding vehicle loans amounted to ₹ 13,513.63 million. Our Company proposes to utilize ₹ 8,000 million from the Net Proceeds of the Issue towards repayment of certain high cost borrowings availed by our Company.

We operate in businesses which are capital-intensive, and over the last few years there has been an increased reliance on borrowings to meet our cash flow requirements for our operations, investments and to repay our existing borrowings. Our Company will approach the banks/financial institutions/lenders after the completion of this Issue, for repayment of some of the below mentioned loans. Under the terms and conditions of the relevant loan agreements, prepayment of such debt, in part or whole any time during their respective tenure may attract certain prepayment penalties or premiums in certain cases. Payment of such prepayment penalty or premium, if any, shall be made by our Company out of its internal accruals.

The following table sets forth details of certain loans / facilities availed by our Company, of which certain loans/ facilities will be repaid/ pre-paid from the Net Proceeds of the Issue:

(₹ in mn.)

Purpose of the loan	Amount sanctioned (₹ in mn)	Principal amount outstanding as on March 31 , 2011 (₹ in mn)	Rate of interest	Repayment Terms	Pre-Payment terms and penalty, if any
IL&FS Financial Services Limited (IFIN)					
Acquisition of Equity Shares of Pipavav Shipyard Limited from Punj Lloyd Limited.	2,950.00	2,150.00	IFIN long term Benchmark Lending Rate – 250 bps, payable quarterly	Bullet Repayment at the end of the tenor or on exercise of Put option. Put Option: At the end of 12/18/24 months from the date of 1st disbursement.	IFIN shall agree to prepayment of the facility on mutually agreeable terms and conditions.
Central Bank of India					
Various infrastructure project development activities which includes ports, logistics, knowledge infrastructure projects etc. through the SPVs by lending such amounts as unsecured loans only	1,500.00	1,500.00	Bank Prime Lending Rate + 1%, payable monthly.	Bullet payment at the end of 36 months from the date of disbursement	Fee of 1% of the amount pre-paid shall be charged if the facility is taken over by another bank or financial institution; otherwise waived.
Central Bank of India					
Capital expenditure	2,000.00	2,000.00	Base Rate + 4.50%, payable monthly.	Repayable in bullet payment at the end of the 36 months from the date of first disbursement.	Allowed at the absolute discretion of the lender, subject to a notice of 30 days in writing. Fee of 1% or any rate that the bank may fix from time to time on the amount prepaid shall be charged if the said facility is taken over by another bank or financial institution; otherwise waived.
IFCI Limited					
Acquisition of Equity Shares of Pipavav Shipyard Limited from Punj Lloyd Limited.	1,500.00	1,500.00	13.50% per annum payable monthly on the principal amount of loan outstanding from time to time.	Bullet payment at the end of 12 months from the date of first disbursement.	If the loan is pre-paid within 6 months from the date of disbursement, prepayment premium of 2% on the amount being pre-paid shall be payable. If the loan is pre-paid after 6 months from the date of disbursement, no prepayment premium shall be payable provided 15 days notice has been given to IFCI by our Company.
JM Financial Products Private Limited#					*Mandatory*

Purpose of the loan	Amount sanctioned (₹ in mn)	Principal amount outstanding as on March 31 , 2011 (₹ in mn)	Rate of interest	Repayment Terms	Pre-Payment terms and penalty, if any
Acquisition of Equity Shares of Pipavav Shipyard Limited	800.00	140.29	Minimum of 15% per annum. To be revised on January 1, April 1, July 1, and October 1, of every year on the basis of the then prevailing BMLR plus 800 bps. (BMLR is the average yield of six months commercial paper of a NBFC with a minimum rating of P1+ or equivalent by any of the rating agency operating in India for the immediate preceding 7 days from the respective reset date).	End of 18 months period commencing from draw down date.	*prepayment*: our Company shall prepay or procure the prepayment of the obligations under the Facility within one business day of receipt of written notice in the event of (1) sale of shares of PSL by our Company or the Promoters; (2) any dilution of their shareholding by the Promoters in our Company or any equity or quasi-equity infusion in our Company. *Other prepayment:* Allowed either in full or in multiples of ₹ 300 million by giving 5 business days prior notice in writing to lenders and facility agent. A prepayment fee of 0.5% on the amount being repaid will be levied on any prepayment prior to the expiry of 6 months from the date of disbursement. The prepayment shall be made to each Lender from whom the loan has been availed, pro rata to the amounts outstanding to such Lender as a proportion to the total outstanding obligations of our Company under the Facility.
Religare Finvest Limited#					
Acquisition of Equity Shares of Pipavav Shipyard Limited	1,000.00	175.36			
SREI Infrastructure Finance Limited#					
Acquisition of Equity Shares of Pipavav Shipyard Limited	1,250.00	306.89			
Indiainfoline Investments Services Limited#					
Acquisition of Equity Shares of Pipavav Shipyard Limited	1,500.00	263.05			
ECL Finance Limited#					
Acquisition of Equity Shares of Pipavav Shipyard Limited	1,50 0.00	394.57			
Religare Finvest Limited					
Acquisition of Equity Shares of Everonn Education Limited	2,100.00	1,040.00*	Minimum of 13% per annum. To be revised on January 1, April 1, July 1, and October 1, of every year on the basis of	The loan is repayable on the last day of 24 months commencing from the drawdown date for subscription of OCDs of Everonn Education Limited	*Mandatory Prepayment:* our Company shall prepay the obligations under the facility within 1 business day in the event of sale of shares of EEL by our Company in excess of
ECL Finance Limited					
Acquisition of Equity Shares of Everonn	1,250.00	1,043.48*			

Purpose of the loan	Amount sanctioned (₹ in mn)	Principal amount outstanding as on March 31 , 2011 (₹ in mn)	Rate of interest	Repayment Terms	Pre-Payment terms and penalty, if any
Education Limited			the then prevailing Benchmark Lending Rate plus 600 bps.		5% of the paid up capital of EEL. Allowed either in full or in multiples of ₹ 300 million. A prepayment fee of 0.5% on the amount being repaid within six months from the date of first drawdown will be levied and thereafter no prepayment fee shall be payable. The prepayment so made shall be irrevocable and the amount once prepaid shall not be re-borrowed.
SREI Infrastructure Finance Limited					
Development of various infrastructure projects including power projects	1,500.00	1,500.00	SREI Benchmark Rate (SBR) - 1% per annum payable monthly in arrears	Bullet repayment at the end of tenure as per put/ call option Put/ Call Option: our Company will have option to repay the facility at the end of 12 months and 24 months from the date of first disbursement. SREI shall have the option to recall the facility at the end 12 months and 24 months from the date of first disbursement.	*Compulsory Prepayment:* (a) our Company shall ensure that any amount realized by our Company from divestment of their Pipavav Shipyard Limited holding, at any time during the tenor of the facility, shall be used to compulsorily prepay/ part-prepay the facility on pro-rata basis. If our Company is under existing obligation to repay any other facility/lender(s) from such divestment of PSL holding, then balance proceeds after meeting such obligation will be used to compulsorily prepay/part-prepay the facility. Our Company would make such obligation known

Purpose of the loan	Amount sanctioned (₹ in mn)	Principal amount outstanding as on March 31 , 2011 (₹ in mn)	Rate of interest	Repayment Terms	Pre-Payment terms and penalty, if any
					to lenders prior to disbursement. (b) Our Company shall utilize proceeds of any further issue of its equity or equity related instruments prior to IPO, to prepay/ part-prepay the facility on pro-rata basis amongst the lenders. The amount of such pre-IPO proceeds towards repayment/ part-repayment shall be mutually agreed prior to such pre-IPO issue. However, this does not include the proposed preferential allotments of up to ₹ 6,150.00 million. *Prepayment:* Our Company may foreclose the entire outstanding principal of the loan or any part thereof at any point of time before the repayment date, by giving seven business days prior written notice, subject to payment of prepayment premium and at such terms and conditions as the lender may stipulate from time to time in its own discretion.
JM Financial Products Private Limited					
General corporate purposes including refinancing of current loans	900	900	15.5% per annum payable monthly in arrears	Bullet repayment at the end of the tenor i.e. 12 months from the date of disbursement.	*Compulsory prepayment*: (a) Our Company shall agree that it shall mandatorily repay/part-repay the lender through

Purpose of the loan	Amount sanctioned (₹ in mn)	Principal amount outstanding as on March 31 , 2011 (₹ in mn)	Rate of interest	Repayment Terms	Pre-Payment terms and penalty, if any
					proceeds of any sale of PSL shares pledged to the consortium. Further in the event that any shares pledged to any other lender are sold, our Company will utilize the proceeds to (part/full) repay the consortium from the surplus funds remaining after settling the liability that was earlier secured by the sold shares. *(b)* The utilization of proceeds from any pre-IPO placement of our Company in excess of ₹ 6150 million would require written consent from the lenders. *Prepayment:* Prepayment other than as above, can only be permitted with the prior written consent of JFPPL.
	TOTAL	**12,913.64**			

** out of this amount outstanding, a sum of ₹237.50 million has been repaid to each of RFL and ECL as on the date of this Draft Red Herring Prospectus.*

#Loan availed from ECL Finance Limited, JM Financial Products Private Limited, Religare Finvest Limited, SREI Infrastructure Finance Limited and India Infoline Investment Services Limited vide common loan documentation

We have the right to prepay these amounts under the terms of these loan agreements, in accordance with the terms set forth in the table above. For further details of the terms and conditions of the said financing arrangements, please see section titled "*Financial Indebtedness*" on page 567.

Our Company has obtained a certificate dated May 31, 2011 from M/s. Chaturvedi & Shah, Chartered Accountants, confirming that the aforesaid loans have been deployed for the same purpose for which the loan were sanctioned.

B. To Acquire, Invest In and Operate Business Ventures

Our Company's overall business strategy includes inorganic growth through acquisitions of entities in the sectors in which we operate, with the objective of broadening and consolidating our Company's presence in the said sectors. As an example of this strategy, our Company has, most recently, entered the Education sector by acquiring shareholding in Everonn Education Limited and further broadened its presence in the sector by acquiring shareholding in New Horizons India Limited. As part of our growth strategy, we intend to focus on consolidation of our presence in various sectors and verticalisation of our capabilities and industry expertise. We strongly believe that strategic investments and acquisitions made at business- efficient valuations and monitored continuously, will prove beneficial to our Company's presence in the industries in which we operate. We specifically, intend to adopt this strategy to augment our abilities and presence in the defence, power and education sectors.

Currently we are exploring possible acquisition candidates in companies with presence in the education, infrastructure and defence industries, with strong management set- up and business model.

Ideal target companies we intend to acquire would offer a strategic fit into our existing businesses, have significant domain expertise and experience, have a strong management team and would add value to our Company's profile of investments. We propose to enter into non-binding letters of intent once the potential target company has been identified, evaluate the risks associated with such an acquisition and then either enter into a binding agreement with the target company or terminate the non-binding letter of intent. However, we have not yet entered into any definitive/contractual commitment for any acquisition, investment or joint venture.

We intend to utilise ₹ 1,500 million from the proceeds of the Issue towards such acquisitions and strategic initiatives. The above amount is based on the management's current estimates of the amounts to be utilised towards these objects. The actual deployment of funds would, of course, depend on a number of factors, including the timing of acquisitions, number of acquisitions, the size of the target companies and the nature of strategic initiative. These factors will also determine the form of investment for these acquisition(s) / strategic initiatives, i.e. whether equity, debt or any other instrument, which, as on the date of this Draft Red Herring Prospectus, has not been decided. Any specific acquisition opportunity will be considered based on actual value estimates at that time. The proceeds allocated towards acquisition may not be the total value of the acquisition or cost toward strategic initiative, but may provide us with enough leverage to enter into binding agreements or contract and we may need further approval from our shareholders for additional funding if required.

In the event that there is a shortfall of funds required for such acquisitions and / or strategic initiatives then, such shortfall shall be met out of the amounts allocated for general corporate purposes and/or through internal accruals or debt. In the event that there is a surplus or in the event of under-utilisation of funds allocated for this purpose, such amounts shall be utilised towards general corporate purposes.

In this regard, we propose to appoint advisors, in identifying potential target companies. We retain the flexibility of electing whether or not to proceed with acquisitions in the short term, based on the prevailing business environment and suitability of identified target companies.

C. General Corporate Purposes

Our Company intends to deploy the balance of the Net Proceeds of the Issue aggregating ₹ [●] million, towards general corporate purposes, including but not restricted to strategic initiatives, organic growth opportunities strengthening of our marketing capabilities, brand building exercises meeting exigencies and contingencies which our Company in the ordinary course of business may not foresee, or any other purposes as approved by our Board of Directors.

Our management, in accordance with the policies of our Board, will have flexibility in utilizing the proceeds earmarked for general corporate purposes.

Issue Related Expenses

The expenses for this Issue include Issue management fees, IPO grading expenses, selling commissions, underwriting commission, printing and distribution expenses, fee payable to other intermediaries, processing fees, advertisement and marketing expenses and fees payable to the Stock Exchanges and SEBI, amongst others. The estimated Issue expenses are as under:

(₹ in mn.)

Activity	Expenses (₹ in mn.)	% of Issue Size	% of Issue expenses
Fees of the Book Running Lead Managers, Co- Book Running Lead Managers underwriting and selling commission (including commission and processing fees to SCSBs and the Syndicate for ASBA Applications) and to the Bankers to the Issue*	[●]	[●]	[●]
Fees to Registrar to the Issue*	[●]	[●]	[●]
Fees to the legal advisors*	[●]	[●]	[●]
Other expenses (Printing and stationary, distribution and postage, advertisement and marketing expense etc.)*	[●]	[●]	[●]
IPO Grading expenses*	[●]	[●]	[●]
Others – SEBI filing fees, bidding software, listing fees, etc.*	[●]	[●]	[●]
Total Estimated Issue Expenses	[●]	[●]	[●]

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

Appraisal Report

None of the objects for which the Net Proceeds of the Issue will be utilized are required to be financially appraised by any banks, financial institutions or agency and the funding requirements mentioned above are based on the internal estimates of our Company.

Bridge Financing Facilities

We have currently not raised any bridge loans against the Net Proceeds of the Issue. However, depending on business requirements, we might consider raising bridge financing facilities, pending receipt of the Net Proceeds of the Issue.

Interim Use of Funds

The management, in accordance with the approval of the Board of Directors, will have the flexibility in deploying the Net Proceeds of the Issue received by us. Pending utilization for the purposes described above, we intend to invest the funds in interest/dividend bearing liquid instruments including money market mutual funds and deposits with banks for the necessary duration or for reducing overdraft. Such investments would be in accordance with all applicable laws and investment policies approved by our Board from time to time. Our Company confirms that pending utilization of the Net Proceeds of the Issue it shall not use the funds for any investments in the equity markets.

Monitoring Utilisation of Net Proceeds of the Issue

Our Company has appointed [●] as the Monitoring Agency in relation to the Issue. The Monitoring Agency will monitor the utilization of Net Proceeds of the Issue and submit report to our Company in terms of Regulation 16(2) of SEBI ICDR Regulations. Further, our Audit Committee will also monitor the utilization of the Net Proceeds of the Issue. We will disclose the utilization of the Net Proceeds of the Issue under separate head in our balance sheet for the relevant Fiscals.

Further, on an annual basis, our Company shall prepare a statement of funds utilized for purposes other than those stated in this Draft Red Herring Prospectus and place it before the Audit Committee. The said disclosure shall be made till such time that the Net Proceeds of the Issue have been fully utilized. The statement shall be certified by the Statutory Auditors. Further, our Company will furnish to the Stock Exchanges on a quarterly basis, a statement indicating material deviations, if any, in the use of the Net Proceeds of the Issue from the Objects stated in the Draft Red Herring Prospectus. Pursuant to Clause 49 of the Listing Agreement, our Company shall on a quarterly basis disclose to the Audit Committee the uses and application of the Net Proceeds of the Issue. We will disclose the utilization of the Net Proceeds of the Issue under a separate head in our balance sheet till such time the Net Proceeds of the Issue have been utilized, clearly specifying the purpose for which such proceeds have been utilized. We will also, in our balance sheet till such time the Net Proceeds of the Issue have been utilized, provide details, if any, in relation to all such Net Proceeds of the Issue that have not been utilized thereby also indicating investments, if any, of such unutilized Net Proceeds of the Issue.

Other confirmations

No part of the Net Proceeds of the Issue will be paid as consideration to our Promoters, Directors, Key Managerial Personnel or Group Companies other than in the normal course of our business.

BASIS FOR ISSUE PRICE

The Issue Price will be determined by our Company in consultation with the BRLMs and Co-BRLM(s) on the basis of assessment of market demand for the Equity Shares through the Book Building Process. The face value of the Equity Shares is ₹ 10 each. The financial data presented in this section are based on our Company's restated financial statements. Investors should also refer to the sections "*Risk Factors*" and "*Financial Information*" on pages 14 and 300 respectively, to get a more informed view before making the investment decision.

Qualitative Factors

Some of the qualitative factors which form the basis for computing the price are:

- *Proven track record of our Company and our Promoters;*
- *Diversified portfolio of projects and businesses;*
- *Experience working with international corporations and leading financial institutions; and*
- *Strong project management skills.*

Quantitative Factors

1. ***Basic & Diluted Earnings Per Share (EPS):***
   On a consolidated basis

Period	Basic and Diluted EPS (₹)	Weightage
Fiscal 2010	(0.78)	3
Fiscal 2009	0.07	2
Fiscal 2008	(0.01)	1
Weighted Average	**(0.37)**	

The consolidated Basic and Diluted EPS for the period ended December 31, 2010 is ₹ (5.90) (not annualized)

On an unconsolidated basis

Period	Basic and Diluted EPS (₹)	Weightage
Fiscal 2010	0.11	3
Fiscal 2009	0.22	2
Fiscal 2008	(0.01)	1
Weighted Average	**0.13**	

The unconsolidated Basic and Diluted EPS for the period ended December 31, 2010 is ₹ (5.29) (not annualized)

Note:

1) *The face value of Equity shares is ₹10.*
2) *The earning per share has been computed by dividing net profit, as restated, after tax attributable to equity shareholders by weighted average number of diluted Equity Shares outstanding during the year. Weighted average number of Equity Shares has been computed as per Accounting Standard -20 "Earning per Share" issued by Institute of Chartered Accountants of India.*

2. Price to Earnings (P/E) ratio in relation to Issue Price of ₹ [●]:

   a. Based on the basic and diluted EPS of ₹ (0.78)as per consolidated restated financial statements for the year ended March 31, 2010, the P/E ratio is [●] *
   b. Based on the basic and diluted EPS of ₹ 0.11as per unconsolidated restated financial statements for the year ended March 31, 2010, the P/E ratio is [●]*
   c. Based on the weighted average basic and diluted EPS of ₹ (0.37), as per consolidated restated financial statements the P/E ratio is [●]*
   d. Based on the weighted average basic and diluted EPS of ₹ 0.13, as per unconsolidated restated financial statements the P/E ratio is [●] *

*P/E Ratio will be determined on conclusion of book building process.

   e. Industry P/E
   There are no comparable listed companies with the same business as our Company.

3. *Return on Net Worth*

As per consolidated restated financial statements

Period	Return on Net Worth(%)	Weightage
Year ended March 31, 2010	(1.36)	3
Year ended March 31, 2009	0.25	2
Year ended March 31, 2008	(0.04)	1
Weighted Average	**(0.60)**	

Return on Net Worth for the period ended December 31, 2010 is (8.56%). (Not annualized)

As per unconsolidated restated financial statements

Period	Return on Net Worth(%)	Weightage
Year ended March 31, 2010	0.20	3
Year ended March 31, 2009	0.79	2
Year ended March 31, 2008	(0.02)	1
Weighted Average	**0.36**	

Return on Net Worth for the period ended December 31, 2010 is (7.96%). (Not annualized)

4. *Minimum Return on increased Net Worth required to maintain pre-Issue EPS.*

The minimum return on increased net worth required to maintain pre-Issue EPS for the Fiscal 2010:

A) Based on Basic and Diluted EPS

a. At the Floor Price – [●]% and [●]% based on unconsolidated and consolidated restatedfinancial Statements respectively.
b. At the Cap Price – [●]% and [●]% based on unconsolidated and consolidated restated financial statements respectively.

5. *Net Asset Value per Equity Share*

Based on consolidated restated financial statements:

- As of March 31, 2010, ₹ 49.16
- As of December 31, 2010, ₹ 61.06

Based on unconsolidated restated financial statements:

- As of March 31, 2010, ₹ 47.91
- As of December 31, 2010, ₹ 58.54
- NAV per Equity Share after the Issue is ₹ [●]
- Issue Price per Equity Share is ₹ [●]*

*Issue Price per Equity Share will be determined on conclusion of book building process.

6. *Comparison of Accounting Ratios*

There are no listed companies in India that engage in a business similar to that of our Company. Hence, it is not possible to provide an industry comparison in relation to our Company.

The face value of Equity Shares of our Company is ₹ 10 per Equity Share and the Issue price is [●] times the face value at the Floor Price and [●] times the face value at the Cap Price. The Issue Price of ₹ [●] is determined by our Company, in consultation with the BRLMs and the Co-BRLM(s), on the basis of assessment of market demand for the Equity Shares through the Book Building Process and is justified based on the above accounting ratios. See the sections titled "*Risk Factors*", "*Business*" and "*Financial Information*" on pages 14, 163 and 300 for further information.

STATEMENT OF TAX BENEFITS

To

The Board of Directors
SKIL Infrastructure Limited
SKIL House
209, Bank Street Cross Lane,
Off Shahid Bhagat Singh Road,
Fort,Mumbai - 400023

Dear Sirs,

Statement of Possible Direct Tax Benefits

We hereby confirm that the enclosed Annexure, prepared by SKIL Infrastructure Limited (**'the Company'**), states the possible tax benefits available to the Company and the shareholders of the Company under the Income-tax Act, 1961 ('IT Act') and the Wealth Tax Act, 1957, presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions which, based on business imperatives which the Company may face in the future, the Company may or may not fulfil.

The benefits discussed in the Annexure are not exhaustive and the preparation of the contents stated is the responsibility of the Company's management. We are informed that this statement is only intended to provide general information to the investors and hence 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.

Our confirmation is based on the information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company and the interpretation of the current tax laws in force in India.

We do not express any opinion or provide any assurance whether:

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

The contents of the 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.

Our views expressed herein are based on the facts and assumptions indicated to us. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. The views are exclusively for the use of SKIL Infrastructure Limited. We shall not be liable to SKIL Infrastructure Limited for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this statement.

Thanking you,

Yours faithfully,

For Chaturvedi & Shah
Chartered Accountants
Firm Registration No. 101720W

R. Koria
Partner
Membership No. 35629

For **Bharat Shah & Associates**
Chartered Accountants
Firm Registration No. 101249W

Bharat A Shah
Proprietor
Membership No. 32281

Date : May 28, 2011
Place: Mumbai

ANNEXURE

STATEMENT OF POSSIBLE DIRECT TAX BENEFITS AVAILABLE TO SKIL INFRASTRUCTURE LIMITED AND TO ITS SHAREHOLDERS

UNDER THE INCOME TAX ACT, 1961 (“THE ACT”)

A. TO COMPANY

I. SPECIAL TAX BENEFITS

There are no special benefits accruing to the Company.

II. GENERAL TAX BENEFITS

1. As per section 10(34) of the Act, income earned by the Company by way of dividend from another domestic company referred to in section 115-O of the Act is exempt from tax.

2. As per section 10(35) of the Act, the following income will be exempt from tax in the hands of the Company:

    a. Income received in respect of the units of a Mutual Fund specified under section 10(23D); or
    b. Income received in respect of units from the Administrator of the specified undertaking; or
    c. Income received in respect of units from the specified company

3. As per section 10(38) of the Act, long term capital gains arising to the Company from the transfer of a long term capital asset being an equity share in a company or a unit of an equity oriented fund, where such transaction is chargeable to securities transaction tax, will be exempt in the hands of the Company.

4. Under section 32 of the Act, the Company is entitled to claim depreciation subject to the conditions specified therein, at the prescribed rates on its specified assets used for its business.

5. As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from tax if the capital gains are invested in a “long term specified asset” within a period of six months after the date of such transfer, subject to the limit of Rupees Five Millions in a year.

6. As per section 111A of the Act, short term capital gains arising to the Company from the sale of Equity Shares or units of an equity oriented mutual fund transacted through a recognized stock exchange in India, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 15%.

7. As per section 112 of the Act, the tax on capital gains on transfer of listed securities or units where the transaction is not chargeable to securities transaction tax, held as long term capital assets will be the lower of:-
    a. 20% of the capital gains as computed after indexation of the cost; or
    b. 10% of the capital gains as computed without indexation.

8. As per Section 80G of the Act, the Company is entitled to claim deduction of an specified amount in respect of eligible donations subject to the fulfillment of the conditions specified in that section as per the provisions of Chapter XVII-B of the Income-Tax Act.

9. The amount of tax paid under section 115JB by the Company will be available as credit to the extent specified in section 115JAA for ten years succeeding the assessment year in which MAT credit becomes allowable in accordance with the provisions of Section 115JAA.

B. TO MEMBERS

I. Special Benefits

There are no special benefits accruing to the members.

II. General Benefits

(A) Resident Members

1. As per section 10(34) of the Act, income earned by the resident members by way of dividend from the domestic company referred to in section 115-O of the Act is exempt from tax.

2. As per section 10(38) of the Act, long term capital gains arising to the resident members from the transfer of a long term capital asset being an equity share in a company or a unit of an equity oriented fund, where such transaction is chargeable to securities transaction tax, will be exempt in the hands of such members.

3. As per section 111A of the Act, short term capital gains arising to the resident members from the sale of equity shares or units of an equity oriented mutual fund transacted through a recognized stock exchange in India, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 15%.

4. As per section 112 of the Act, the tax on capital gains on transfer of listed securities or units where the transaction is not chargeable to securities transaction tax, held as long term capital assets will be the lower of:-
   a. 20% of the capital gains as computed after indexation of the cost; or
   b. 10% of the capital gains as computed without indexation.

5. As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from tax if the capital gains are invested in a "long term specified asset" within a period of six months after the date of such transfer, subject to the limit of Rupees Five Millions in a year.

6. As per the provisions of section 54F of the Act, long term capital gains (in cases not covered under section 10(38)) arising on the transfer of the shares of the Company held by an individual or Hindu Undivided Family will be exempt from tax if the net consideration is utilised, within a period of one year before, or two years after the date of transfer, in the purchase of a residential house, or for construction of a residential house within three years.

(B) Non-Resident Indian Members

1. As per section 10(34) of the Act, income earned by way of dividend from the domestic company referred to in section 115-O of the Act is exempt from tax.

2. As per section 10(38) of the Act, long term capital gains arising from the transfer of a long term capital asset being an equity share in a company or a unit of an equity oriented fund, where such transaction is chargeable to securities transaction tax, will be exempt.

3. As per section 111A of the Act, short term capital gains arising from the sale of equity shares or units of an equity oriented mutual fund transacted through a recognized stock exchange in India, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 15%.

4. As per section 112 of the Act, the tax on capital gains on transfer of listed securities or units where the transaction is not chargeable to securities transaction tax, held as long term capital assets will be the lower of:-
   a. 20% of the capital gains as computed after indexation of the cost; or
   b. 10% of the capital gains as computed without indexation.

5. As per the first proviso to section 48 of the Act, in case of a non resident shareholder, the capital gain/loss arising from transfer of shares or debentures of the Company, acquired in convertible foreign exchange, will be computed by converting the cost of acquisition, sales consideration and expenditure incurred wholly and exclusively incurred in connection with such transfer, into the same foreign currency which was initially utilized in the purchase of shares. Cost indexation benefit will not be available in such a case.

6. As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from tax if the capital gains are invested in a “long term specified asset” within a period of six months after the date of such transfer, subject to the limit of Rupees Five Millions in a year.

7. As per the provisions of section 54F of the Act, long term capital gains (in cases not covered under section 10(38)) arising on the transfer of the shares of the Company held by an individual or Hindu Undivided Family will be exempt from tax if the net consideration is utilised, within a period of one year before, or two years after the date of transfer, in the purchase of a residential house, or for construction of a residential house within three years.

8. As per section 115E of the Act, income from investment or income from long term capital gains on transfer of assets other than specified asset shall be taxable at the rate of 20%. Income by way of long term capital gains in respect of a specified asset (as defined in section 115C (f) of the Act) shall be chargeable at 10%.

9. In accordance with section 115F of the Act, subject to the conditions and to the extent specified therein, long term capital gains arising from transfer of shares of the Company acquired out of convertible foreign exchange, and on which securities transaction tax is not payable, shall be exempt from capital gains tax, if the net consideration is invested within six months of the date of transfer in any specified asset.

10. In accordance with section 115G of the Act, It is not necessary for a non-resident Indian to file a return of income under section 139 (1) of the Act, if his total income consist only of investment income earned on shares of the Company acquired out of convertible foreign exchange or Income by way of long term capital gains earned on transfer of shares of the company acquired out of convertible foreign exchange, and the tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Income-Tax Act.

11. As per section 115H of the Act, where a non-resident Indian becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer, along with his return of income for that year under section 139 of the 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.

12. In accordance with section 115-I of the Act, Where a non-resident Indian opts not to be governed by the provisions of Chapter XII-A for any assessment year, his total Income for that assessment year (Including Income arising from Investment in the Company) will be computed and tax will be charged according to the other provisions of the Income-Tax Act.

13. The tax rates and consequent taxation mentioned above will be further subject to any benefits available under the Tax Treaty, if any, between India and the country in which the non-resident has Fiscal domicile. As per the provisions of section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the non-resident.

(C) Foreign Institutional Investors (FII's)

1. As per section 10(34) of the Act, any income earned by way of dividend income from the domestic Company referred to in section 115-O of the Act is exempt from tax.

2. As per section 10(38) of the Act, long term capital gains arising from the transfer of a long term capital asset being an equity share of the Company, where such transaction is chargeable to securities transaction tax, will be exempt.

3. As per section 115AD read with section 111A of the Act, short term capital gains arising from the sale of Equity Shares of the Company transacted through a recognized stock exchange in India, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 15%.

4. As per section 115AD of the Act, FIIs will be taxed on the capital gains that are not exempt under the provisions of section 10(38) of the Act at the following rates:

Nature of income	Rate of tax (%)
Long term capital gains	10
Short term capital gains (other than referred to in section 111A)	30

In case of long term capital gains, (in cases not covered under section 10(38) and section 115 AD of the Act), the tax is levied on the capital gains computed without considering the cost indexation and without considering foreign exchange fluctuation.

5. The tax rates and consequent taxation mentioned above will be further subject to any benefits available under the Tax Treaty, if any between India and the country in which the FII has fiscal domicile. As per the provisions of section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the FII.

6. As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from tax if the capital gains are invested in a "long term specified asset" within a period of six months after the date of such transfer, subject to the limit of Rs. Five Millions in a year.

(D) Mutual Funds

As per section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made thereunder, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorised by the Reserve Bank of India will be exempt from income tax, subject to such conditions as the Central Government may by notification in the Official Gazette, specify in this behalf.

(E) Venture Capital Companies / Funds

As per section 10(23FB) of the Act, all Venture Capital Companies/Funds registered with the Securities and Exchange Board of India, subject to the conditions specified, are eligible for exemption from income tax on their entire income, including income from sale of shares of the company. However, under section 115U of the Act, income received by a person out of investment made in a venture capital company or in a venture capital fund will be chargeable to tax in the hands of such person.

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.

NOTES

(i) In the above statement only basic tax rates have been enumerated and the same is subject to surcharge and education cess, wherever applicable.

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

(iii) All the above benefits are as per the current tax laws, legislation, its judicial interpretation and the policies of the regulatory authorities are subject to change from time to time, and these may have a bearing on the benefits listed above. Accordingly, any change or amendments in the law or relevant regulations would necessitate a review of the above.

(iv) Several of these benefits are dependent on the company and its shareholders fulfilling the conditions prescribed under the provisions of the relevant sections under the relevant tax laws.

(v) This statement is only extended 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 tax consequences, being based on all the facts, in totality, of the investors, each investor is advised to consult his/her/its own tax advisor with respect to specific tax consequences of his/her/its investments in the shares of the Company.

SECTION VI – ABOUT US

INDUSTRY OVERVIEW

This Draft Red Herring Prospectus includes summaries of or quotes information set forth in seven reports (Shipyard Industry, Ports, Educational Sector, The Indian Defence Sector, Free Trade Zones- SEZs, Logistics, and Power Sector) each dated as of March, 2011, prepared by CRISIL Limited (together, the "CRISIL Reports"), that were commissioned by us for purposes of this Draft Red Herring Prospectus. CRISIL Limited is an independent, integrated research consultant. CRISIL Limited's research was undertaken through secondary research obtained from various sources within the various industries. Secondary research involved reviewing company reports, independent research, analyses, data and opinions of industry experts as well as CRISIL Limited's own information archives. The CRISIL Reports were drafted based on the information CRISIL Limited deemed reasonable.

Disclaimer by CRISIL Limited in connection with each of the CRISIL Reports: "CRISIL Research, a division of CRISIL Limited (CRISIL) has taken due care and caution in preparing this Report based on the information obtained by CRISIL from sources which it considers reliable (Data). However, CRISIL does not guarantee the accuracy, adequacy or completeness of the Data / Report and is not responsible for any errors or omissions or for the results obtained from the use of Data / Report. This Report is not a recommendation to invest / disinvest in any company covered in the Report. CRISIL especially states that it has no financial liability whatsoever to the subscribers/ users/ transmitters/ distributors of this Report. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL's Ratings Division / CRISIL Risk and Infrastructure Solutions Limited (CRIS), which may, in their regular operations, obtain information of a confidential nature. The views expressed in this Report are that of CRISIL Research and not of CRISIL's Ratings Division / CRIS. No part of this Report may be published / reproduced in any form without CRISIL's prior written approval."

We have not commissioned any reports for purposes of this Draft Red Herring Prospectus other than the CRISIL Reports. Except for the CRISIL Reports, market and industry related data used in this Draft Red Herring Prospectus has been obtained or derived from publicly available documents and other industry sources. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured and accordingly, investment decisions should not be based on such information.

<u>Overview of the Indian Economy</u>

India had a GDP on a purchasing power parity basis (equalized exchange rates) of an estimated US $4.046 trillion in calendar 2010. *(Source: United States Central Intelligence Agency Factbook)*. This made the Indian economy the fifth largest in the world after the European Union, United States, China and Japan.

The sharp and broad-based recovery of the Indian economy started in the second half of Fiscal 2010 and continued through the first quarter of Fiscal 2011. Industrial production showed robust growth, though with wide volatility around the trend. The Indian economy exhibited robust acceleration in the pace of recovery in the fourth quarter of Fiscal 2010 led by strong growth in industrial activities. At 8.8%, GDP growth in the first quarter of Fiscal 2011 showed a significant recovery from the 5.8% growth recorded during the second half of Fiscal 2009 and met the average 8.8% growth achieved during 2003-2008. The RBI expects GDP growth in Fiscal 2011 to remain consistent. *(Source: RBI's Macroeconomic and Monetary Developments Second Quarter Review 2010-11 dated as of November 1, 2010)*

The Indian economy has weathered the global downturn relatively well. The Organization for Economic Cooperation and Development (OECD) projects that India's real GDP will grow at a rate of 8.2% in calendar 2011 and 8.5% in calendar 2012 due to a rebound of the agricultural sector following a return of normal rainfall patterns. The OECD predicts that an increase in consumption spending, aided by a recovery in farm incomes and robust business investment are to be the mainstays of growth. *(Source: Economic Outlook No. 88 released in November 2010)*

Although the Indian economy has improved markedly since the implementation of economic reforms in 1991, India continues to underperform in the development of its infrastructure. The Government of India's Mid-Term Appraisal of the Eleventh Plan, dated June 10, 2010, cites that although the first three years of the plan showed a commendable increase in the total investment in infrastructure, the "weaknesses in infrastructure, particularly in the energy and transport sectors, are perhaps the most important constraints on the growth of the economy in the medium term."

The Infrastructure Industry

<u>Overview of the Shipyard Industry</u>

The shipyard industry involves the construction and modification of ships, offshore vessels and rigs, both for commercial and military purposes. Globally, the shipyard industry was estimated in the CRISIL Reports to be worth $450 billion at the end of calendar 2009. Although shipyards are a global industry, China, South Korea and Japan controlled approximately 89% of the total market share by gross tonnage at the end of calendar 2009, while the Indian shipbuilding industry accounted for 1.4%, or $6.3 billion, of the global market at the end of calendar 2009.

Over the five years from calendar 2003 to calendar 2008, the global orders for ship construction significantly increased, with a CAGR of 26.0%. This increase was mainly due to the rise in freight rates and increased demand for sea-borne trade. In calendar 2009, global orders declined by 13% due to the global economic crisis.

The Indian Shipyard Industry

The Indian shipbuilding industry is centred around 27 shipyards, out of which 8 are operated by public sector companies (6 under Central control and 2 under state governments), while 19 are private sector shipyards. Currently, the major public sector shipyards include Cochin Shipyard, Mazgaon Dock and Hindustan Shipyard, while major private sector shipyards include ABG, Bharati and Pipavav.

The Indian shipbuilding industry was dominated by public sector undertakings (PSUs) until the year 2000. After the expansion by the private shipbuilding companies such as ABG and Bharati, the Indian shipbuilding industry has witnessed healthy order growth. While the public sector companies have orders from the defence sector and domestic shipping companies, the private sector has received significant orders from the offshore sector, global shipping companies and the defence sector. Over the past few years, led by private shipbuilders, India has also emerged as a key player in the offshore segment.

The Indian government has taken some key initiatives in developing and promoting the country's shipbuilding industry. In 2002, the Indian government introduced a subsidy scheme for both public and private sector shipyards. The subsidy was targeted at addressing the distortions of the domestic economic environment which adversely affected domestic shipbuilders as well as addressing the impact of direct and indirect support provided to the shipyards in other countries. The Indian shipbuilding industry has been able to take advantage of this government support to establish a presence in global shipbuilding. The subsidies include 30% subsidy assistance for public sector yards. Further, to encourage private sector investments, the Ministry of Shipping, in 2002, granted subsidies to private sector yards for a period of five years. In May 2001, the government opened up the defence procurement industry to 100% private sector participation with a permissible foreign direct investment of 26%, subject to licensing requirements. The Government of India has also allowed 100% foreign direct investment for strengthening and promoting the shipbuilding sector.

While the Indian shipyard industry may be small when compared to South Korea, China and Japan, it has showed a robust increase in orders, with a CAGR of 100%, increasing from 0.11 million gross tonnes at the end of calendar 2003 to 3.5 million gross tonnes at the end of calendar 2008. In calendar 2009, India has risen to be the fifth largest country in terms of shipyard orders, a rise from the eighth largest in calendar 2007.

Indian Ship Repair Industry

Ship repairing in India started when the first dry dock was built at Bombay port in 1750 and second at Calcutta port in 1781. During the Tenth Five Year Plan the industry achieved an annual turnover of about ₹ 4,360 million. The Eleventh five year plan working group has assessed the annual market potential for ship repairs in India to be between ₹ 24.4 billion and ₹ 27.9 billion. Of this almost 50% will be accounted for by foreign ships on overseas trade visiting Indian ports, and the remaining by domestic ships engaged in overseas trade, coastal/service vessels, offshore rig repairs, navy and coast guard vessels, and other merchant vessels in the region.

In India, major shipyards carry out both ship repair and ship building activities. The industry is controlled by 10 large and 30 to 40 medium and small sized shipyards apart from Naval Dock yards and defence shipyards. Unlike the shipbuilding industry, which experiences cyclical downturns and upturns, the ship repair industry is relatively constant. Ship-repair yards generally have a continuous and consistent flow of business and revenue generation is more predictable.

With the growing fear of pollution and stricter norms and regulations, ship repairing services are in demand. Indian shipyards have competitive advantages like low labour costs, availability of trained and skilled labour force and proximity to international shipping routes. However, the industry is not yet adequately serving the needs of the Indian merchant fleet.

Major Companies Involved in the Shipyards Industry in India

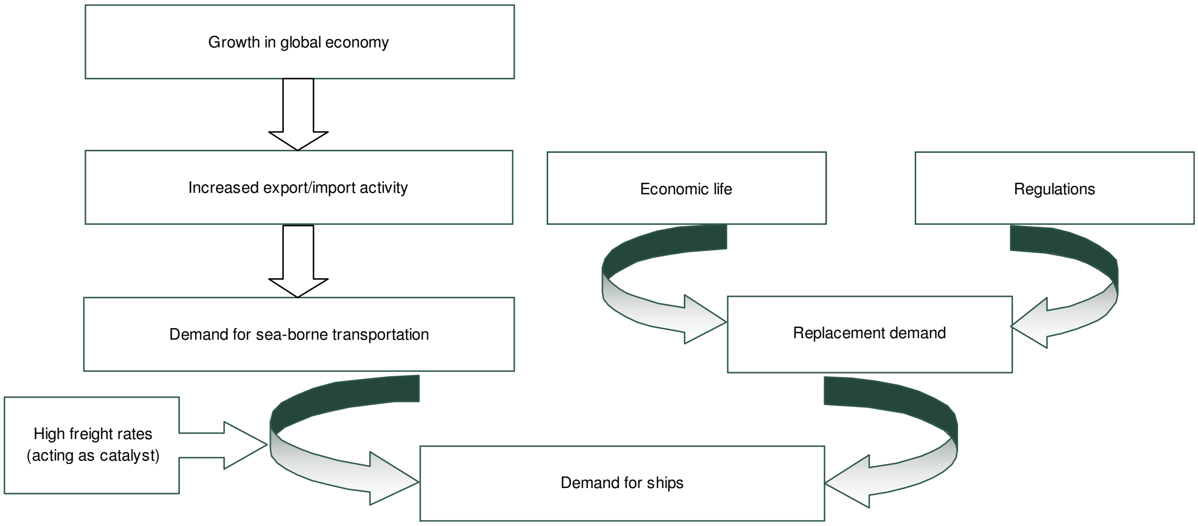
Name of Yard	Type of Vessel	Max Length of Vessel which can be built (mtrs)	Max DWT
Pipavav Shipyard Limited	All types up to	662*	400,000
ABG Shipyard Limited	All types up to	250	120,000
Cochin Shipyard Limited	All types up to	250	110,000
Hindustan Shipyard Limited	All types up to	240	80,000
Hooghly Dock and Port Engineers Limited	Naval Ships	190	27,000
Garden Reach Shipbuilders and Engineers Limited	Naval Ships	160	26,000
Bharati Shipyard Limited	Small Ships	125	10,000

Source: CRISIL Reports
** Equal to the length of the largest dock*

Key Demand Drivers

The shipyard industry is dependent upon many factors, including the financial condition of companies in the shipping and offshore oil and gas, including companies that purchase marine ships and require marine repair and conversion services. The main growth drivers for the industry relate to the growth and status of global economies, high freight rates and governmental regulations regarding ship ages. Offshore oil exploration has also created a demand in the industry.

Demand for Ships



Source: CRISIL Reports

- **Growing Global Economies**

One of the primary reasons for the surge in orders to build new ships since 2004 has been the strong global economic growth through calendar 2009. World output growth in the period from calendar 2004 to calendar 2008 has been greater than 4.5%. This robust growth resulted in a surge in demand for tonnage, as there is a positive correlation between world output and sea-borne trade. The tonnage demand growth of world merchant fleet has been greater than 5%. However, due to the decline in global growth rates in calendar 2009 amid the global economic crisis, tonnage demand declined.

- **Government Regulations and Ship Aging**

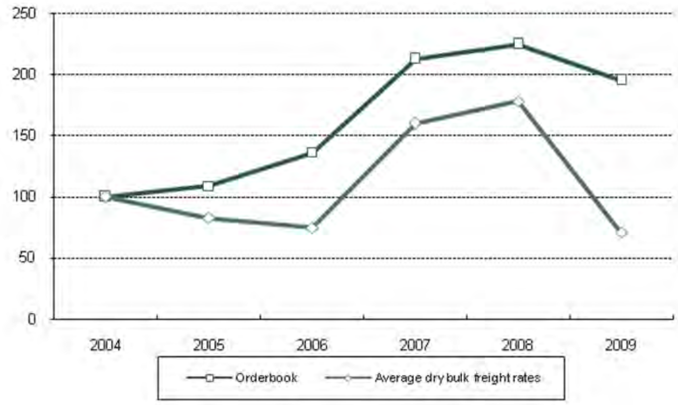
Government regulations and ship and fleet ages have also contributed to the growth in orders. To avert potential accidents, government regulators set age limits for ships. For example, the International Maritime Organization (IMO) prescribed a phase out timetable, setting 2010 as the cut-off date for all single hull tankers. This has created a strong replacement demand for ships in the tanker segment. Further, the Directorate General of Shipping has fixed the age limit at 25 years for all cargo vessels other than gas carriers, oil or product tankers and dredgers. For gas carriers, the limit is 30 years. These regulations act as a demand driver for shipyards, increasing orders as ships reach their age limit.

Ships are also scrapped due to age because of rising maintenance costs making them unfeasible to operate. Of the total bulk carrier fleet, 25% of the vessels are older than 20 years. This has resulted in a sharp increase in orders for new bulk carriers over the last few years.

- **High Freight Rates**

Increasing freight rates gives a boost to the shipbuilding industry as ship-owners place orders for new ships in order to cash in on the increased freight rates. Average dry bulk freight rates rose globally by 78% between calendar 2004 and calendar 2008, which led to an increase in global shipyard orders, from 165 million gross tonnes in calendar 2004 to 370 million gross tonnes in calendar 2008. Thereafter, in 2009, the dry bulk freight rates declined by 68%, leading to a decline in orders to build new ships, to 322 million gross tonnes in calendar 2009. The below graph indicates the correlation between freight rates and orders:

Comparison of Freight Rates and Orders



Source: CRISIL Reports

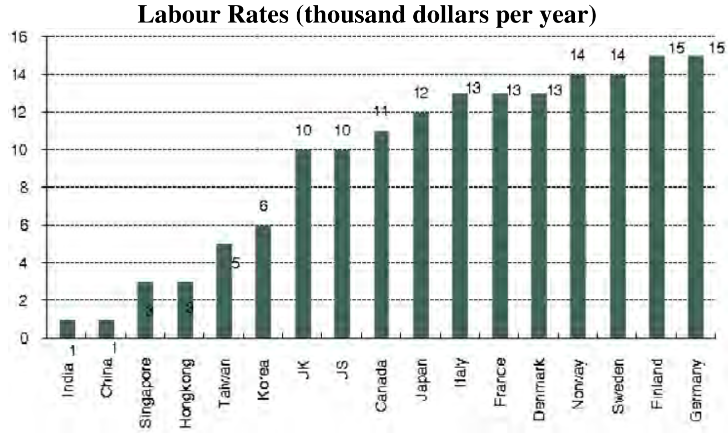
- **Shipyard Availability**

Global shipyards are being booked until 2012. South Korea, the market leader, has its yards booked for three years, with a number of shipyards selling 2013 capacities. Indian shipyards have taken advantage of this situation, offering attractive delivery dates and competitive prices. The Indian order book is marginal when compared with South Korea, China and Japan. However, the Indian order book has shown a robust CAGR of 100%, increasing from 0.11 million GT at the end of 2003 to 3.5 million GT at the end of 2008. In 2009, India rose to having the fifth largest order book compared to having the eighth largest in 2007.

- **Low Labour Cost**

In the Indian shipyard industry labour costs are typically 12-15% of the total cost, based on the design of the vessel. A low labour cost helps in competing with other global shipyards. The labour cost per worker in India is estimated at $1,192 per year, compared to $10,743 in South Korea and $21,317 in Singapore.

Labour Rates (thousand dollars per year)



Source: CRISIL Reports

- **Offshore Oil Exploration**

For the last few years there has been increased focus and investments in offshore oil exploration segment. Rising demand for crude oil, declining reserves and aging oilfields have forced countries to increase focus on exploration and production, with concentration on offshore activities. A high crude oil price is also aiding exploration and production investments. This focus has stimulated strong demand for offshore vessels such as support vessels and rigs, which are essential to oil exploration. In addition, an aging fleet of offshore support supply vessels as well as rigs has augmented demand for offshore vessels. Offshore support vessels and rigs more than 25 years old constitute 55% and 70%, respectively, of the existing fleet of such vessels.

Key Risks and Concerns

The CRISIL Reports identify certain key issues that need to be addressed if the Indian shipyard industry is to successfully achieve its objectives:

- **Cyclical Nature of the Industry**

The demand for ships and offshore facilities is dependent upon many factors, including the financial condition of companies in the shipping, shipbuilding and offshore oil and gas, including companies that purchase marine ships and require marine repair and conversion services. Companies in these industries are subject to significant fluctuations in their revenue and profitability due to a variety of factors, including general economic conditions and factors affecting each of these industries individually. Due to the cyclical nature of these industries, shipyards get excess orders when there is a boom and have fewer orders and excess production capacity when there is a downturn in a particular industry. Further, any global economic downturn, and the timing, speed and magnitude of any economic recovery will have an impact on their businesses, profitability and financial condition.

- **Intensive Working Capital Requirements**

The shipbuilding industry is working capital intensive on account of the long gestation period involved in the construction of ships and offshore vessels, and also due to the sizeable requirement of raw materials. Typically, a shipyard requires working capital of 25-35% of the cost of the ship during the entire construction period. The primary raw material involved is steel, for which hedging generally cannot be done due to time lag between securing a contract and the start of construction. As the majority of contracts are fixed price contracts, shipyards could be exposed to changes in the price of steel during the construction period after the fixed price has been agreed. Hence, shipbuilding companies stock up inventory for the entire period upon receipt of orders to maintain margins, thus requiring considerable working capital.

Shipyard Industry Outlook

Revenue and profitability of global shipyards is expected to remain under pressure due to the decrease in new building prices from their peak, overcapacity, and limited availability of credit, coupled with a weak outlook on new orders. However, Indian shipyards are expected to be less affected due to their activity within the offshore segment and relatively smaller vessels, where the CRISIL Reports project that the outlook is more stable.

With most of the global shipyards booked until 2012, the impact of the decline in new orders and prices will be witnessed post 2012, But as the global economy is expected to recover over the next few years, new orders may recover post 2012 leading to better utilisation rates and a marginal recovery in prices.

Overview of the Trade/Investment – Economic Zones Industry

Trade/Investment zones refer to the plots of land allocated for setting up investment projects with the goal of boosting economic development. Investment Zone opportunities are offered throughout various regions within the country to match competitive advantages, human and natural resources of each. Some of the different variants of these zones are:

- **Special Economic Zones**: SEZs are specially demarcated zones where units operate under a set of rules and regulations different from those applicable to other units in the country. SEZs provide substantial benefits by way of government policies and physical infrastructure that would enable enterprises of any sector located within it to have a commensurate competitive advantage. The emphasis is on enhancing exports and creating an environment for attracting FDI by offering tax breaks. These SEZs attract huge investment and generate large scale employment.

SEZs can be set up by any private / public / joint sector or State Government or its agencies. Foreign investors can also participate in setting up SEZs. SEZs can either be single product/sector SEZs or multi-product/sector SEZs. SEZs differ from other trade or investment zones in that the objective of an SEZ is an integrated development through the setting up of superior infrastructure along with township benefits.

- **Export Oriented Unit**: The Export Oriented Units (EOUs) scheme is complementary to the SEZ scheme. It adopts the same production regime but offers a wide option in locations with reference to factors like source of raw materials, ports of export, hinterland facilities, availability of technological skills, existence of an industrial base and the need for a larger area of land for the project.

- **Export Processing Zones**: Export Processing Zones (EPZs) can be summarized as a unit bearing clusters of specially designed zones of intense economic activity for the promotion of exports. These Export Processing Zones of India were established to help the growth of Indian export commodities, especially from the fast growing sectors.

SEZs must be notified by the Government of India, through the Board of Approvals ("BoA"), under the supervision of the Department of Commerce, Ministry of Commerce and Industry, Government of India. Applications are submitted by promoters or developers after an area is identified. If land is already owned, the BoA may grant a formal approval to develop the SEZ, whereupon the developer may begin construction. The formal approval is valid for three years and may be extended upon request to the Government of India, after the merits of the request have been considered.

The Indian Special Economic Zones Industry

India was one of the first in Asia to recognize the effectiveness of the Export Processing Zone (EPZ) model in promoting exports, with Asia's first EPZ set up in Kandla, Gujarat in 1965. With a view to overcome the shortcomings experienced on account of the multiplicity of controls and clearances; absence of world-class infrastructure, and an unstable fiscal regime and with a view to attract larger foreign investments in India, the Special Economic Zones (SEZs) Policy was announced in April 2000.

To instil confidence in investors and signal the Government's commitment to a stable SEZ policy regime and with a view to impart stability to the SEZ regime thereby generating greater economic activity and employment through the establishment of SEZs, The Special Economic Zones Act, 2005, was passed by Parliament in May, 2005 which received Presidential assent on the 23rd of June, 2005. After extensive consultations, the SEZ Act, 2005, supported by SEZ Rules, came into effect on 10th February, 2006.

The SEZ Rules provide for different minimum land requirement for different class of SEZs. Every SEZ is divided into a processing area where only the SEZ activities would take place and the non-processing area where the supporting infrastructure would take place.

Key Requirements for Different SEZs

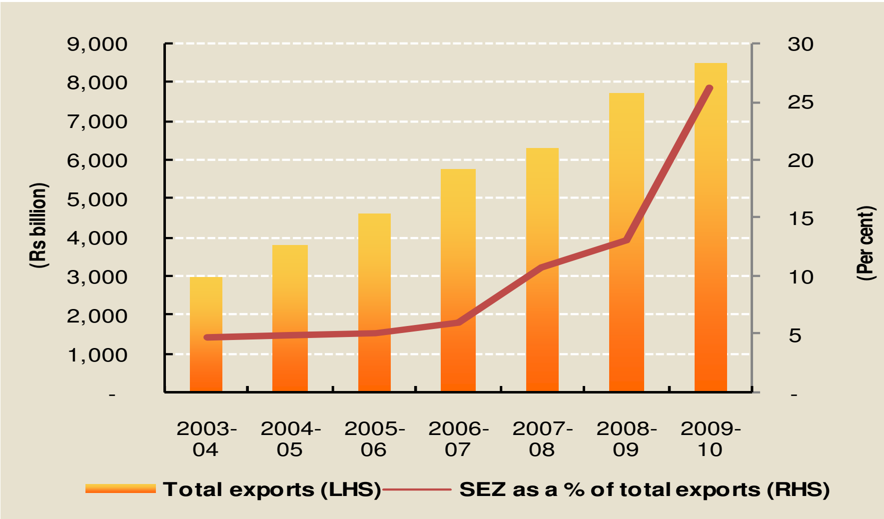
Nature of SEZ	Description	Minimum contiguous area (sq kms)	Minimum contiguous area (sq kms)[1]	Minimum processing area
Multi-product	Two or more goods/service in a sector or in two or more	10.0	2.0	50 per cent
Sector specific	One or more goods/services in a sector	1.0	0.5	50 per cent
SEZ in a port or airport	SEZ in an existing port/airport dealing in two or more goods in a sector or in two or more sectors	1.0	1.0	50 per cent
FTWZ	Trading and warehousing activities	0.4	0.4	50 per cent
Electronics		0.1	0.1	50 per cent

[1] *In selected states of Assam, Meghalaya, Nagaland, Arunachal Pradesh, Mizoram, Manipur, Tripura, Himachal Pradesh, Uttaranchal, Sikkim, Jammu & Kashmir, Goa or a Union territory*
Source: CRISIL Reports

Captive SEZs (where the developer and supplier are the same entity) presents an attractive proposition since the developer can avail of both sets of tax benefits. For non-captive SEZs, a balance has been struck with liberal incentives for both developer as well as unit.

These attractive incentives have prompted considerable investor interest in SEZs, which was supported by the steady rise in export demand for goods and services. These incentives have led to SEZs achieving considerable success with respect to increasing exports from India. Total exports from SEZs in Fiscal 2010 grew by a sizeable 121% over Fiscal 2009. The share of SEZ exports in India's total exports increased as well, from 13% in Fiscal 2009 to approximately 26% in Fiscal 2010.

Export Value and SEZ Percentages



Source: CRISIL Reports

Current Status of Indian Special Economic Zones

As of the date of the CRISIL Reports, a total of 735 SEZs have been proposed, of which 363 have been notified (post notification, the SEZ would be eligible for income tax benefits). As of April 2011, a total of 130 SEZs were operational. Of these, 7 have been notified by the Central Government and 12 are state/private SEZs (both sets were notified/approved prior to the SEZ Act, 2005), with the remaining 111 notified under the SEZ Act, 2005. There were a total of 3,048 activities being approved in SEZs as of June 2010. *(Source: www.SEZIndia.nic.in)*

Among the SEZs operational in the country, Information Technology and IT enabled services (IT/ITeS) constitute the largest share, with a total of 55 SEZs. However, in terms of area, multi-product SEZs have the largest share, with 58% of the total area of 23,237 sq km as of March 2008).

Key Demand Drivers

The CRISIL Reports predict that the future growth of the Indian special economic zone industry will be due to the following demand drivers:

- **Increased Government Participation**

A key factor that differentiates the SEZs in India from those in the rest of the world is the limited role played by the public sector. In India, investment and development is heavily dependent on the private sector. The government is expected to continue play a key role in developing infrastructure and creating a conducive environment for sustainable development of SEZs.

- **State Specific Initiatives**

Within the purview of the SEZ Act, 2005, a few states have passed special acts which enable single-window clearance and provide additional incentives to prospective investors. The clustering of SEZs in western and southern India is due to these state-specific benefits such as waiver of registration fees, allocation of land from a common land bank, exemption from electricity duty for a stipulated period, flexible labour laws and single-window clearance for prospective investors, amongst others. Gujarat is the frontrunner in providing a liberal set of benefits to SEZs, making investments in the state attractive. As a result, 36% of the proposed SEZ investments have been made in Gujarat.

- **Size and Location**

Size and location of SEZ are critical elements in determining the success of a SEZ. A smaller sized SEZ may be unable to provide agglomeration economies and a zone located far from any urban centre would face infrastructure constraints.

Key Risks and Concerns

The CRISIL Reports identify certain key issues that need to be addressed if the Indian special economic zone industry is to successfully achieve its objectives:

- **Inconsistent Policy Framework**

A consistent and clear policy framework, which is imperative to sustain the growth momentum, is lacking for SEZs. By example, reference to SEZs as "commercial real-estate" by bankers subjects the projects to higher interest costs due to higher rates of lending. Additionally, for the purpose of taxation, SEZs are treated as areas outside India's customs territory. Supplies from SEZs to the Domestic Tariff Area currently attract customs levies as well as VAT by some state governments, effectively amounting to double taxation. Lastly, it is necessary to have a formal de-notification policy in place to consider withdrawal requests from cash-strapped developers on account of slumps in demand for certain categories of export goods and services. Currently, such requests must be considered on a case-to-case basis.

- **Land Acquisition and Long Gestation Period**

Land holdings in India are fragmented and it is difficult to acquire large tracts of land. This often leads to long gestation period which expose SEZs to cost and time overruns and continuous revisions in the economics of the business plan and hence, it is of paramount importance that promoters and developers of these SEZ's have the requisite experience and financial strength to finance these projects over a long term. The risk associated with financial position of the developer has been offset to some extent by the government guidelines in respect of minimum investment and the net worth criteria for the promoters and developers of the SEZs.

- **Proposed Direct Tax Code**

The loss of revenue due to the current income tax applicable to SEZs has prompted the finance ministry to consider overhauling the existing provisions of the Income Tax Act applicable to SEZs. Under the proposed direct tax code ("DTC"), SEZ developers would be allowed to only recover capital and revenue expenditures (except expenditures on land), and would be liable for income tax on profits made thereafter. This implies a shift from profit-linked incentives, which formed the basis of incentives under the SEZ Act, 2005. The uncertainty over the likelihood and timeline for implementation of the proposed DTC is likely to affect investor confidence and investment outlook.

Special Economic Zones Industry Outlook

According to the CRISIL Reports, the Government of India has proposed the development of a total 2,041 sq km of SEZs, of which only 22% has been specified so far. The CRISIL Reports estimate that SEZs have attracted a total investment of ₹ 1,665 billion as at June 30, 2010 and this momentum is expected to continue over the long term due to a reviving in economy and continued focus on infrastructure development by the government.

Investments in SEZs are expected to be driven largely by the private sector. Until March 2008, a mere 19% of the proposed total investments were made. Going forward, the CRISIL Limited expects 70-75% of the proposed investments to actually be made into the sector.

Overview of the Logistics and Warehousing Industry

The Indian logistics industry has always been perceived as a cost centre and efforts are made across various industries to manage costs rather than use the industry to enhance customer satisfaction and improve revenue growth. However, the industry can be viewed as a strategic tool, which can lead to efficient business operations resulting in higher revenues and better profitability. Due to the huge diversity in Indian topography and the distant spread of business, the supply chain network - the backbone of growth, has become multi-modal and infrastructure dependent. A well-developed and networked logistics industry is imperative for the success and overall growth of the economy.

Warehousing refers to activities involving storage of goods and merchandise in order to protect their quality and quantity. It is an integral part of the logistics value chain and constitutes the node which allows for collection, storage and dissemination of goods within the supply chain. Globally, warehousing is increasingly becoming a critical component of the supply chain with growing awareness about its importance as a key physical infrastructure facility, and as an effective tool for achieving logistic efficiencies. It is an essential support function in the production and distribution set-up of an organization. Such facilities ensure the steady flow of goods; and hence, have a considerable impact on the price of these goods.

CFS/ICDs are infrastructure points near ports and at inland stations used for handling, loading, unloading and transitory storage of EXIM goods, as well as empty and loaded containers. These help in increasing the efficiency of the ports, by taking the load of the cargo, act as extensions of the ports. Customs documentation and other clearing formalities are authorised to be carried out, for both imported and exportable cargo, under the supervision of customs officials positioned at these locations.

The Indian Logistics Industry

The CRISIL Reports state that the Logistics industry in India is expected to grow at a CAGR of around 11% until Fiscal 2014, with revenues of ₹ 4.6 trillion. While modes of transport such as roads, rail, coastal and pipelines are expected to grow at a combined CAGR of around 11%, infrastructure segments such as warehousing, cold storage and container logistics are expected to exhibit growth of around 10%. Improved infrastructure in segments such as warehousing, cold storage and container logistics, coupled with evolving regulatory environment and changing consumer behaviour are expected to lead the growth of the overall logistics industry.

The CRISIL Reports estimate that ₹ 2.9 trillion was spent on Indian logistics in 2010, which includes only primary transport modes and infrastructure, equivalent to around 7-8% of the Gross Domestic Product (GDP). The secondary movement (from the hub to the various depots) when included, the logistics spending increases to 10.7% of the GDP. This increase can be attributed to the overall inefficiency in logistics operations, multiple tax structures, inadequate infrastructure and unorganized nature of the industry in India. The overall logistics costs, which the CRISIL Reports estimate to be as high as 12% of India's GDP, are higher than in developed economies where the percentage is approximately 9%. In China, a fragmented logistics infrastructure has resulted in overall costs estimated as high as 21%.

Third Party Logistics

Third party logistic companies facilitate the movement of materials from suppliers to manufacturers and finished products from manufacturers to distributors and retailers. They provide services such as transportation, warehousing, cross-docking, packaging, and also freight forwarding. They are also involved indirectly in activities for controlling the flow of goods such as order processing and inventory management.

The Indian Warehousing Industry

The CRISIL Reports estimate the market size of the warehousing industry was at ₹ 210-230 billion as of March 31, 2010, with the industrial and agricultural warehousing segment (excluding temperature controlled warehousing) in the range of ₹ 180-200 billion and ₹ 25-35 billion annually, respectively. The warehousing industry has grown at a CAGR of 10-12% per annum. Industrial warehousing and agricultural warehousing have grown at the rate of 11-13% and 5-6% per annum, respectively.

Several factors like growth in external trade, growth across major industry segments such as automobile, pharmaceutical, fast moving consumer goods and the emergence of organized retail have favourably impacted the industry's growth. Over the past few years, large companies in India have been shifting focus from couriers and cargo segments to logistics and supply chain; from being freight forwarders to integrated logistics players. Competition has increased due to entry of new players including global third party logistics players. In spite of the high bargaining power of buyers, warehouses providing value-added services are able to charge a premium.

To cater to the increasing demands for food security, the Ministry of Consumer Affairs, Food and Public distribution has announced a scheme of private participation in the agricultural warehousing industry, which is expected to increase investments on account of a ten year committed utilization by the Food Corporation of India.

Key Demand Drivers

The CRISIL Reports predict that future growth of the Indian logistics and warehousing industries will be due to the following demand drivers:

- **Export/Import Trade to Boost Containerisation in Long Term**

The growing export/import trade is driving container traffic at most of the ports in the country. India's international trade over the past 10 years has been driven mainly due to governmental liberalisation, lowering of import duties and the country's emergence as a key outsourcing destination, especially in the auto components and textiles segments. Containerisation also aids inter-modal and multimodal transport, that is, the movement of cargo from its origin to the destination, using different modes such as roadways, railways, shipping and airlines.

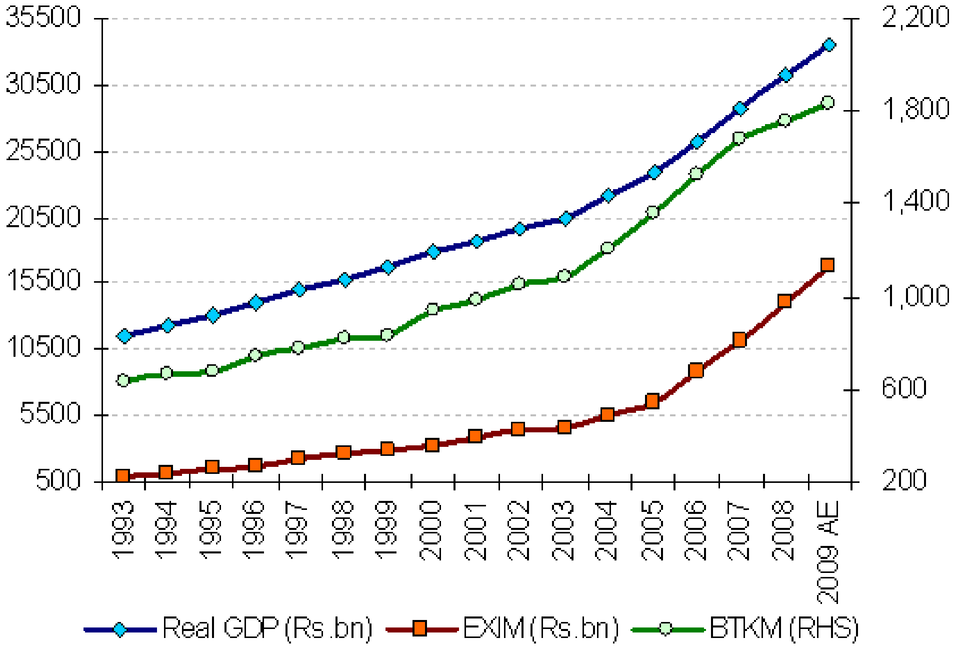
Container traffic increased from 55 million tonnes at the end of Fiscal 2005 to around 114.3 million tonnes in Fiscal 2010, nearly a 16% CAGR. With containerisation, shippers began to load their goods into containers and deliver them to the port container yard for shipment, thereby leading to quicker turnaround times for container vessels.

Export/import growth for Fiscal 2009 and Fiscal 2010, however, was relatively subdued due to declining internal as well as external demand. The deceleration in export/import growth has a direct bearing on container traffic, which only grew by 7.2% during Fiscal 2010. However, the long-term prospects for export/import trade and port activities remain intact, as growth fundamentals are expected to be favourable in the long run. In fact, the volume of containerised traffic handled by State owned ports rose by 2.17% between Fiscal 2010 to Fiscal 2011, while growth at Jawahar Lal Nehru Port, Navi Mumbai during the same period was 5.82%, according to the Indian Ports Association. *(Source: www.ipa.nic.in)*

- **Increasing Export/Import Trade and Domestic Freight Movement**

Freight movement and export/import trade are the two primary growth drivers for the logistics industry. The CRISIL Reports indicates that India's GDP has a very strong correlation with freight movement. CRISIL Research expects domestic freight movement to grow at a CAGR of 6-7% until Fiscal 2015. Export/import trade has also posted a strong CAGR of 27.2% between Fiscal 2005 and Fiscal 2010. India's share of the international trade market, which is presently very small, is predicted by the CRISIL Reports to double over the next five years. This, in turn, would drive the growth of the Indian corporate industry and the resultant demand for warehousing.

GDP, Export/Import Rates (EXIM) and Billion Tonne Kilometres (BTKM)



Note: AE = Advanced estimates for GDP
Source: CRISIL Reports

- **Increase in Share of Organized Segment Across Different Sectors**

The growth of organised segment for any sector drives the demand for efficient logistics services and thereby the need for organised warehousing to ensure higher returns, value added services, better inventory management and reduction in logistics cost. The CRISIL Reports analysed various non-bulk sectors such as consumer durables, and pharmaceuticals and stated that the penetration of the organised segment in each of these sectors would increase over the next five years which in turn would boost the demand for organised warehousing.

- **Deficiencies in Existing Storage Infrastructure**

At present, the storage infrastructure does not offer any protection against delays in unloading, value loss, pilferage, etc. Goods are offloaded at warehouses with limited/negligible value addition, and this in turn, has led to higher warehousing, inventory carrying and other overheads for the companies. Modern warehouses offer facilities such as racking, stacking, inventory management, MIS system, automated handling system, and other services, thus granting protection against the above mentioned losses. Consequently, the supply chain efficiency would improve, albeit at an additional cost.

- **Demand for Organized Warehousing Models to Reduce Tax Burden**

The tax structure in India currently requires the manufacturing companies to set up warehouses in each state to avoid repeated taxation. This has led to emergence of small and inefficient warehouses, unorganized in nature with lack of modern facilities and value added services. A simplified tax structure would be likely to promote a hub and spoke model where there would be a central warehouse receiving products from different origins, consolidating of the products and sending the same to different destinations. This would in turn boost the demand for larger organized warehouses providing customized and value added services.

- **Rising Investment in Infrastructure**

Lack of quality physical infrastructure is a major barrier in the growth of the Indian logistics industry. However, this scenario has been witnessing a change due to increasing government investments in infrastructure. The Eleventh Five Year Plan of the Government of India projects investment in infrastructure to increase from 5.4% of the GDP in Fiscal 2007 to 9.3% by Fiscal 2012. Additionally, major investments have been made in the National Highway Development Programme ("NHDP") which includes the Golden Quadrilateral project and North South-East West corridor. Other infrastructure investments include development of Dedicated Freight Corridor, increase in port handling capacity and the modernization of airports.

Key Risks and Concerns

The CRISIL Reports identify certain key issues that need to be addressed if the Indian logistics and warehousing industry is to successfully achieve its objectives:

- **Implementation of Goods and Service Tax ("GST") to Reduce the Numbers of Warehousing Locations**

The existing warehousing network in India has been designed with the prevalent tax structure in mind, rather than the need to meet customer requirements at optimal cost. Under the current tax structure, around 2% Central Sales Tax ("CST") is levied on interstate sales, apart from the 4% Value Added Tax ("VAT"). To avoid this interstate CST while transferring stocks, companies are forced to maintain at least a presence in each state where they sell their products. This not only increases space and inventory requirements but also expands the number of small and inefficient warehouses which lack modern handling facilities and equipments. This also translates into higher warehousing cost and other overheads for companies. With the phasing out of CST and the implementation of GST by Fiscal 2012, companies will no longer need to maintain a presence in each state, as no tax would be levied on stock transfers from one state to another. GST would be levied only when goods are sold or services are provided.

- **Land Availability for Container Freight Stations ("CFSs") and Inland Container Depots ("ICDs")**

It has been observed that CFSs situated closer to the ports, and ICDs located near the demand and supply points in the hinterland, enjoy higher utilisation rates. This indicates the importance of location in the success of CFS or ICD. Given the robust growth predicted in containerised cargo over the next few years, a large number of players have entered this segment. Along with the general escalation in real estate prices, land costs have increased manifold, hurting the economics of each CFS and ICD. Apart from the costs, other issues that companies face include a lack of availability of land at appropriate locations, uncertain land records and a cumbersome land acquisition process.

- **High Competition in the CFS and ICD Sectors**

In the CFS and ICD sectors, moderate capital requirements have increased the threat of new competitors in the sector. Additionally, because containers must be routed through CFSs or ICDs for customs clearance, there will always be a supply of customers. End users of CFS and ICD services (shippers and suppliers) have moderate bargaining power due to the largely unorganised nature of the industry, resulting in small CFS companies struggling to gain market share. On the other hand, the bargaining power of these suppliers is high due to the domination of a few large players.

Logistics and Warehousing Industry Outlook

The Indian economy witnessed strong growth over the last decade, making it a preferred destination for investment by multi-national corporations as well as a globally recognized manufacturing and outsourcing hub. Consequently, there is an increased demand for efficient logistics services in India, leading to the growth and transformation of this sector.

Additionally, the increasing presence of multi-national corporations across various segments is expected to boost the demand for better supply management and logistics best practices. This will further drive the demand for organised warehousing. This would also lead to entry of global logistics players in India who are expected to bring in established practices of outsourcing logistics services.

The CRISIL Reports state that CRISIL Limited expects the warehousing sector to grow at a CAGR of 8- 10% between 2011 and 2013, driven by higher economic growth, increase in the organized segment's share across sectors, simplified tax regime, etc. These factors would give a boost to organized warehousing in India, and lead to a gradual decline in the share of the unorganized segment.

Overview of the Ports Industry

Ports have played a significant role in the development of maritime trade and economy in India. The importance of maritime infrastructure in facilitating international trade is well recognized. In India, development of ports has been closely associated with the growth of the country's economy. The first few decades after Indian independence saw restrictive foreign policies and exports and imports being constrained by strict controls.

The CRISIL Reports estimate that the Indian ports handle around 70% of the country's total trade in terms of volume and 95% in terms of value. The country depends on ports for sustained economic growth, for expanding its export trade, and also for ensuring timely availability of raw material across industries. There has been a sustained rise in volume of exports with revival of growth in the manufacturing sector and improved export competitiveness.

The Indian Ports Industry

There are 13 major and 187 non-major ports across India's coastline. *(Source: www.shipping.nic.in)* The last few years have witnessed the emergence of a number of non-major ports in the country. The share of cargo handling of non-major ports has grown from almost nil a few years back to around 34% in Fiscal 2010. The faster growth rate was mainly due to higher efficiency at these non-major ports, higher draft to handle larger vessels and also greater mechanisation. Moreover, considering that many of the major ports are working at close to 90% utilisation levels, with several working at over 100% utilisation, the congestion at major ports is very high, leading to lower operational efficiency.

The government, through its policies, has invited private sector participation in areas like leasing out of existing assets and the construction and operation of container terminals, cargo berths and other warehousing and storage facilities. Currently, private participation at major ports is limited to construction and operation of container terminals at major ports.

A major port is a port which is under the control of the central government and is classified as a major port under the Major Ports Act, 1963. If a non-major, state controlled port is to be classified as a major port, then a bill must be passed in that state assembly, approved by the cabinet and passed by the parliament. Non-major ports are all those ports that are not classified as major ports under the Major Ports Act, 1963. Non-major ports come under the purview of the respective state governments where they are located and are regulated by their departments or in some cases, their maritime boards.

The Government of India has also announced a major project known as the National Maritime Development Programme to develop India's maritime sector, in particular, the port sector. This government policy aims to encourage more investments in ports and a development plan through Fiscal 2012 has been formulated after assessing the potential growth in traffic.

The Government of India announced a new shipping sector policy in January 2011 that entails an investment of ₹ 4.2 trillion into the industry, out of which ₹ 3 trillion will be applied to the Port sector and ₹ 1.2 trillion to the shipping sector. The new policy replaces the current National Maritime Development Project and proposes to take the port capacity of India from 1 billion tons to 3.2 billion tonnes by Fiscal 2020. *(Source: www.shipping.nic.in)*

Major Port Growth

Major ports witnessed a growth of around 8% CAGR in traffic from Fiscal 2005. As per the Indian Ports Association (IPA), major ports handled around 561 million tonnes of traffic accounting for nearly 72% in Fiscal 2010. Container and fertiliser traffic has witnessed the highest growth of around 13% and 12%, respectively, over the last five years from Fiscal 2005 to Fiscal 2010, followed by petroleum, oil and lubricants and coal at around 7% and 6%, respectively. Other commodities also grew at a CAGR of nearly 8%.

Petroleum, oil and lubricants continue to account for the largest share of traffic at major ports. Although its share has declined over the last few years from 33% in Fiscal 2005 to 31% in Fiscal 2010, it still accounts for the largest share of traffic. Among the other segments, containers have shown highest growth in the share of traffic from around 14% in 2005 to 18% in Fiscal 2010, driven by increased imports of capital equipment, rising garment exports and the move towards the containerisation of other bulk commodities.

Non-major Port Growth

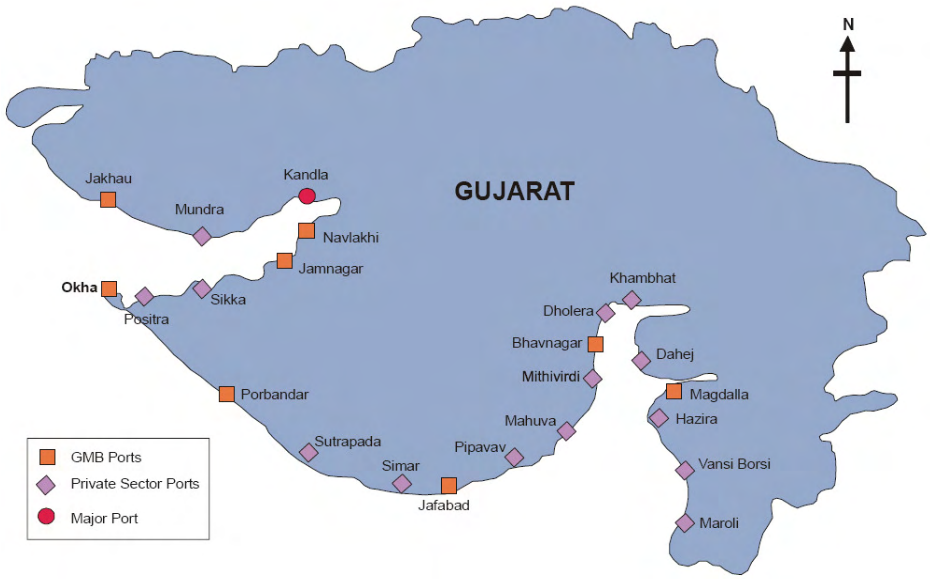
In Fiscal 2009, as per IPA statistics, non-major ports handled around 202 million tonnes of traffic. This accounted for around 28% of the total traffic handled at the Indian ports. Traffic at non-major ports has grown at a CAGR of around 11% over the last five years, whereas growth in the last decade has been roughly 18%. The increase in traffic can be attributed to the higher increase in capacity at non-major ports as well as better efficiency offered at these ports. The CRISIL Reports estimate that the total traffic handled by non-major ports reached 266 million tonnes in Fiscal 2010.

Petroleum, oil and lubricants account for the largest traffic in non-major ports. Petroleum, Oil and Lubricants traffic has grown at a CAGR of 11% over the last five years. Fertilisers and iron ore have witnessed growth of 22% and 9%, respectively, over the last five years. Traffic of other commodities has grown at a CAGR of 17% during the same period.

Regional Overview of Gujarat

The state of Gujarat has a 1,600 km long coastline with 42 operational ports. Of these, one is a major port (Kandla), while the remaining 41 are non-major ports.

Ports in Gujarat

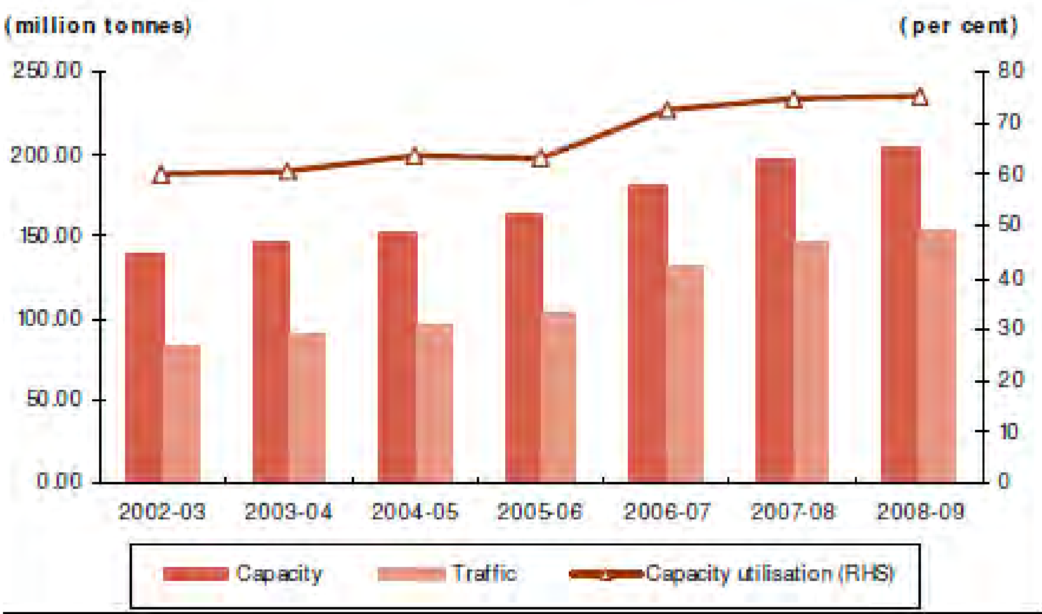


Source: CRISIL Reports

The state enjoys a strategic advantage in terms of its location as it is the nearest maritime outlet from India to Africa, West Asia, and Europe. The Gulf of Khambat and the Gulf of Kutch feature along the Gujarat coastline providing a natural navigational and logistical advantage. Gujarat has the maximum number of non-major ports in the country, followed by Tamil Nadu and Maharashtra. Although Maharashtra has the highest number of non-major ports, most of them are not operational. Also, non-major ports in Gujarat handled nearly 75% of the total traffic at non-major ports in Fiscal 2009.

According to the CRISIL Report, out of the total traffic handled in Fiscal 2009, nearly 76% was handled by ports in Gujarat. Although the formation of non-major ports in other states has resulted in a marginal decline in the share of total traffic in Gujarat, it remains the largest contributor. In Fiscal 2009, the capacity of the non-major ports in Gujarat was 203 million tonnes, whereas the traffic handled was around 153 million tonnes, resulting in a capacity utilisation of 75%.

Trends in Gujarat's Non-major Port's Capacity and Traffic



Source: CRISIL Reports

Key Demand Drivers

The CRISIL Reports predict that future growth of the Indian ports industry will be due to the following demand drivers:

- **Growth in Export/Import Trade**

Freight movement and export/import trade are the two primary growth drivers for the ports industry. The CRISIL Reports indicate that India's GDP has a very strong correlation with freight movement. The CRISIL Reports estimate that domestic freight movement will grow at a CAGR of 6-7% until Fiscal 2015. Export/import trade has also resulted in a strong CAGR of 27.2% between Fiscal 2005 and Fiscal 2010. India's share in international trade, which is presently very small, is predicted by the CRISIL Reports to double over the next five years. This, in turn, would drive the growth of the Indian corporate industry and the resultant demand for warehousing.

- **Increase in Industrialisation**

The proposed high-speed connectivity between Delhi and Mumbai offers immense opportunities for development of an Industrial corridor along the alignment of the connecting infrastructure. A band of 150 km has been chosen on both the sides of the Freight corridor to be developed as the Delhi-Mumbai Industrial Corridor. The vision for this industrial corridor is to create strong economic base in this band with state-of-the-art infrastructure to activate local commerce and attain sustainable development of requisite feeder rail/road connectivity to hinterland/markets and ports along the western coast especially Gujarat and Mumbai.

- **Increase in Containerisation**

Container traffic in India increased from 55 million tonnes at the end of Fiscal 2005 to around 114.3 million tonnes in Fiscal 2010, nearly a 16% CAGR. With containerisation, shippers began to load their goods into containers and deliver them to the port container yard for shipment, thereby leading to quicker turnaround times for container vessels. Containerisation also aids inter-modal transport, that is, the total movement of cargo from its origin to the destination, using different modes such as roadways, railways, shipping and airlines.

- **High Returns**

The CRISIL Reports estimate that the return on capital employed in non-major private ports on average is more than 20%. Private terminals at major ports have enjoyed returns of 16%. Operating margins in non-major parts after the initial period has tended to be around 55-60% while major ports operate on margins of 40-50%. As a result, the industry has been attracting private investment.

Key Risks and Concerns

The CRISIL Reports identify certain key issues that need to be addressed if the Indian port industry is to successfully achieve its objectives:

- **Infrastructure Constraints**

Indian ports are not equipped to function as hub ports and hence, most of the cargo to be trans-shipped in Asia is handled by the Port of Singapore or the Port of Colombo. Additionally, connectivity of the hinterland to the ports remains inadequate due to poor network of roads and railways. Although the government has taken steps to improve connectivity and is currently addressing it on a high priority basis, through the National Highway Development Programme and the National Rail Vikas Yojana, there is significant room for improvement. The present policies with respect to regulation of tariffs and other such policies have resulted in non-integration of Indian ports. Most of the ports, especially major ports in India, are very old; in fact, they have been in operation for more than 100 years. Some of them have very old and obsolete machinery and equipment as well, which acts as a bottleneck in cargo handling and inefficient operations.

- **High Costs and Low Productivity**

The average turnaround time (TAT) is defined as the total time taken from the time the ship reports at the anchorage till the time it leaves the port. This measure is an important indicator of port efficiency as it determines the total time taken and the level of traffic that can be handled at the port. In 2008-09, as per IPA statistics average TAT at major ports was 3.87 days, an improvement from 3.93 days in 2007-08, mainly due to decrease in pre-berthing time at the ports. This is still quite high as compared to international ports whose turnaround time for ships is a few hours. The high TAT at Indian ports can be attributed to the fact that many of the ports operate at capacity utilisation levels of more than 100 per cent, resulting in high congestion levels which impacts their operational performance.

- **Higher Labour Costs**

Most of the Indian ports have large number of employees on board due to governmental regulations on termination of employment. This has escalated the labour costs at ports. The total salaries and wages as a percentage of operating expenses was around 40%. The average output per ship berth day has been increasing over the years, which has helped to reduce the handling cost per tonne of cargo. In Fiscal 2008, handling cost per tonne was ₹ 70 per tonne which increased to ₹ 79 per tonne in Fiscal 2009.

- **Pre-berthing Time**

Pre-berthing time too has worsened over the years with traffic increasing at a faster pace than capacity. To enable the ports industry to cope with the increase in trade, it will be necessary that the pre-berthing time be reduced, potentially through the expansion of current ports and the creation of new ports.

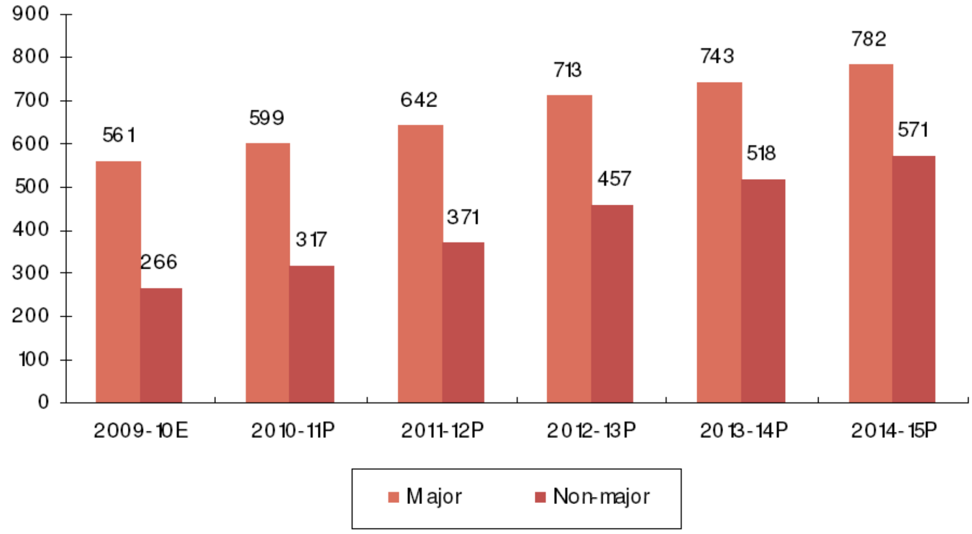
Ports Industry Outlook

According to the CRISIL Reports, traffic at Indian ports is estimated to grow at a CAGR of 10.3% from 827 million tonnes in Fiscal 2010 to 1,353 million tonnes by Fiscal 2015. This growth will be led mainly by coal and container traffic, which in turn can be attributed to healthy external trade volumes arising out of steady economic growth. While major ports are expected to grow at a CAGR of 6.9% from 561 million tonnes in Fiscal 2010 to

782 million tonnes in Fiscal 2015, non-major ports are forecasted by the CRISIL Reports to grow at an estimated CAGR of 17%, from 266 million tonnes in Fiscal 2010 to 571 million tonnes in Fiscal 2015.

Expected Growth in Traffic in Major and Non-major Ports

(million tonnes)



Source: CRISIL Reports *E – Estimated P – Projected*

Non-major ports are set to outpace the growth of major ports considering the pace of investments and capacity expansion in non-major ports, and congestion, capacity constraints and other operational issues plaguing major ports. The CRISIL Reports estimate these ports to record traffic growth at a CAGR of 16% to 571 million tonnes from Fiscal 2010 to Fiscal 2015, mainly driven by coal traffic since many power plants are being set up in the vicinity of non-major ports. They are also likely to benefit from higher traffic on account of capacity constraints and operational inefficiencies at major ports.

The CRISIL Reports project traffic at major ports to grow at a 5-year CAGR of 7% to 782 million tonnes in Fiscal 2015. Over the long-term, with faster growth in traffic, non-major ports are expected to handle a higher share in the total traffic at ports. The CRISIL Reports projects the share of non-major ports in the total port traffic to increase from 32% in Fiscal 2010 to around 43% by Fiscal 2015.

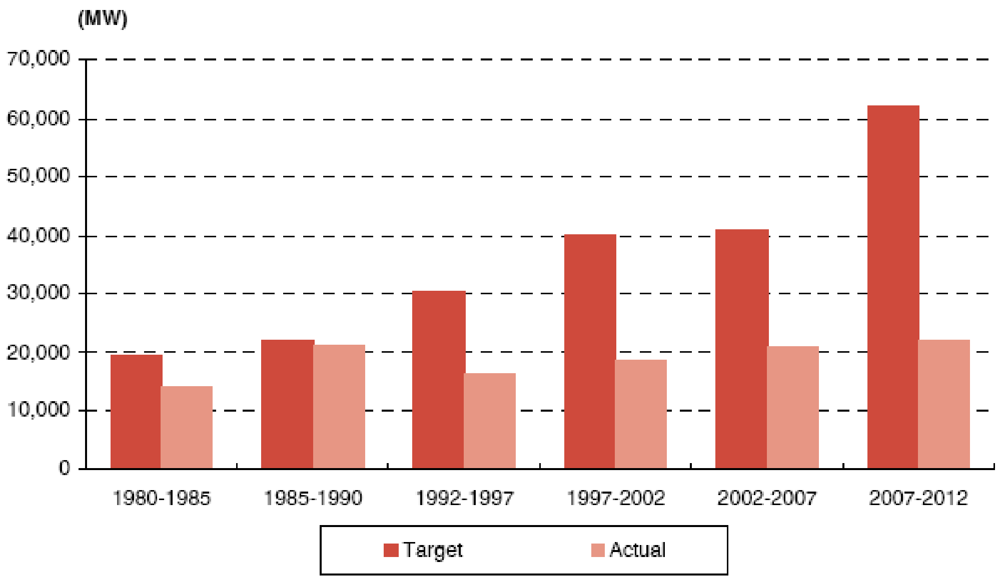
Overview of the Power Sector

The Indian power sector has undergone a variety of reforms intended to encourage private sector participation since the early 1990s. The reforms make state electricity boards viable by unbundling them into generation, transmission and distribution utilities, privatising distribution and providing choice to some categories of consumers. Despite these reforms, however, the ability of the power sector to attract private sector investment, especially in the transmission and distribution segments, remains low.

The Indian Power Industry

The Government of India launched an ambitious mission of "Power for all by 2012" in 2005. The mission requires significant capacity additions, especially towards expanding the regional transmission network and inter-regional capacity to transmit power. The government has announced significant capacity additions in order to meet the target. The Tenth and Eleventh Plans were supposed to add to the capacity, providing a total of more than 100,000 mega-watts (MW), with 41,110MW and 66,000MW under the Tenth and Eleventh Plans, respectively. However, the Tenth Plan saw capacity additions of only 21,095MW. The revised estimate for the Eleventh Plan was adjusted accordingly to 78,700MW. Looking at the progress of projects, in the mid-term appraisal of 11th plan, this target has been revised downwards to about 62,300MW.

Planned and Achieved Capacity Additions

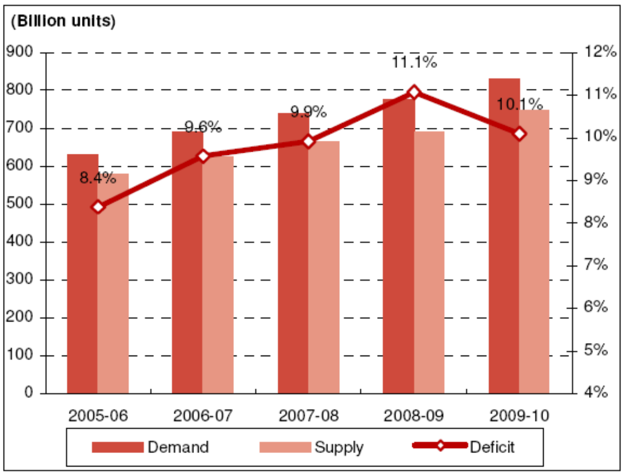


Note: Actual figures of Eleventh Plan is for April 2007-March 2010
Source: CRISIL Reports

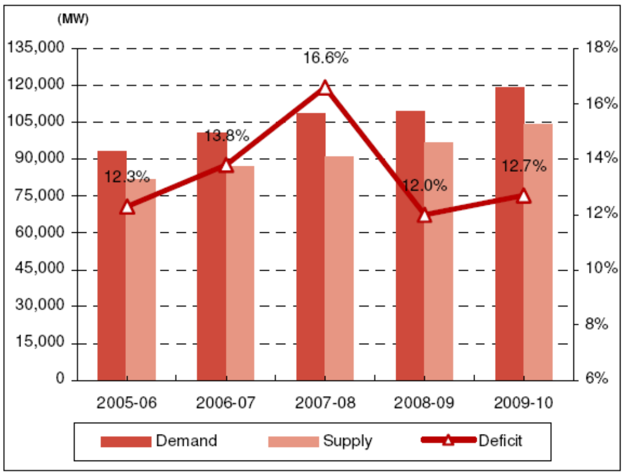
India's GDP has grown significantly over the past few years, leading to notable growth in demand for power. The boom in the industrial and commercial sectors over the last five years has led to a 7% CAGR in demand for power. However, the growth in capacities has been insufficient to meet the growth in demand, resulting in deficit levels rising to 11% in Fiscal 2009 from 7% in Fiscal 2004. Nevertheless, Fiscal 2010 has witnessed a trend reversal with supply outstripping demand for the first time since Fiscal 2004, with the countrywide base load deficit falling to 10% in Fiscal 2010.

Over the last five years power demand has grown at a CAGR of 7.1% while supply has grown by only 6.6% resulting in the base load deficit widening from 8.4% in Fiscal 2006 to 10.1% in Fiscal 2010. During the same period, movement in peak load deficit has been very uneven with the deficit rising from 12.3% in Fiscal 2006 to 16.6% in Fiscal 2008 before declining again to 12.7% in Fiscal 2010.

Base Load Deficit



Peak Load Deficit

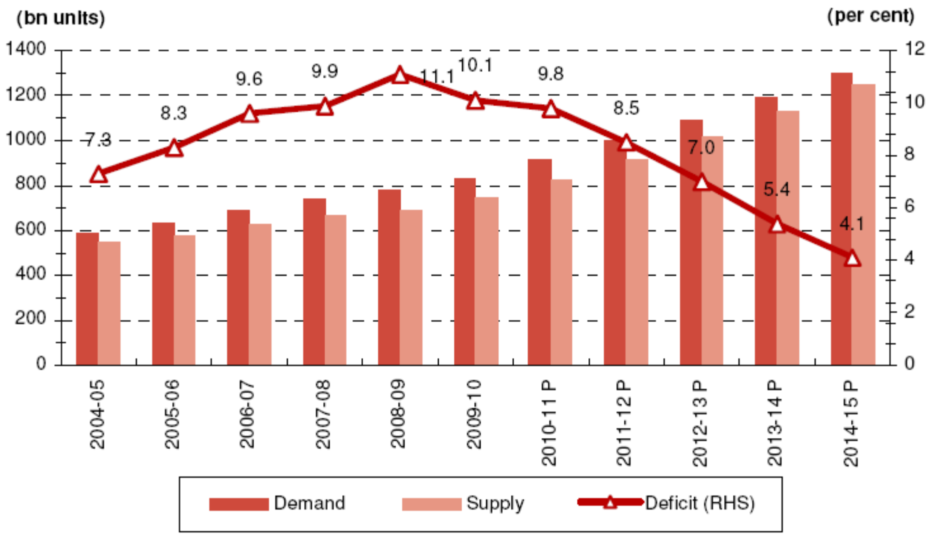


Source: CRISIL Reports

The base load power deficit in the country expanded from 7.3% in Fiscal 2005 to 11.1% in Fiscal 2009. However, the trend reversed in Fiscal 2010, with supply outpacing demand. This was mainly on account of 9.6 gigawatts (GW) of capacities commissioned along with commencement of gas supplies from the Krishna-Godavari (KG) basin. The CRISIL Reports predict that this trend will continue over the next five years. From FY11, the capacity additions, especially during the Twelfth Plan, are expected to bring down the base load deficit to 4-5% by end Fiscal 2015.

However; for India to sustain its GDP growth in the 8-10% range over the long term, continuous capacity additions will be essential in the power sector in order to meet the incremental demand stemming from economic growth.

Power Deficit Scenario



Source: CRISIL Reports *P – Projected*

Moreover, the peak load deficit will continue to be substantially higher than the base load deficit. In developed countries there are dedicated plants which cater to the peak demand, however, most of the plants in India operate on base load. Hence, additional peak load capacities would be required to be added. To take advantage of the high power prices during peak hours some players have set up capacities on a merchant basis. This is facilitating the development of short term power trading market in the country.

To address the demand, the Government of India has planned a series of power projects, the Ultra Mega Power projects. Each of the UMPP projects has a planned capacity of 4000 megawatts or above. The UMPP projects are expected to contribute significantly to domestic power generation. As of the date of the CRISIL Reports, four of the fourteen planned projects have been awarded to private power companies.

Captive Power Generation

Captive power refers to generation of power from a unit set up by an industry for its exclusive consumption. The rising shortage of power, combined with the deteriorating quality of supply, has compelled more industrial consumers to depend on captive power generation to meet their power requirements. The Electricity Act of 2003 provided the required impetus to captive power generators by exempting them from license requirement. The current installed captive power capacity in the country is more than 20,000 MW, accounting for around 20% of the total installed capacity in the country.

Merchant Power Plants

A merchant power plant is funded by investors and sells electricity in the competitive wholesale power market. The power is traded via the bilateral route or through power exchanges. Unlike traditional utilities, merchant power plants compete for customers and absorb the full market risk. There are no guarantees that they have a minimum off-take of their output. They help to ensure that power is produced with efficiency and supplied to locations where it is needed most. The power trading market via power exchanges and through the bilateral route is steadily gaining acceptance in India, with the share of power traded-to-total power generated rising. In 2009, the share of the short term market, as a percentage of total electricity generation, stood at 4.1% as against 3.3% in 2008.

Key Demand Drivers

The CRISIL Reports predict that future growth of the Indian power industry will be due to the following demand drivers:

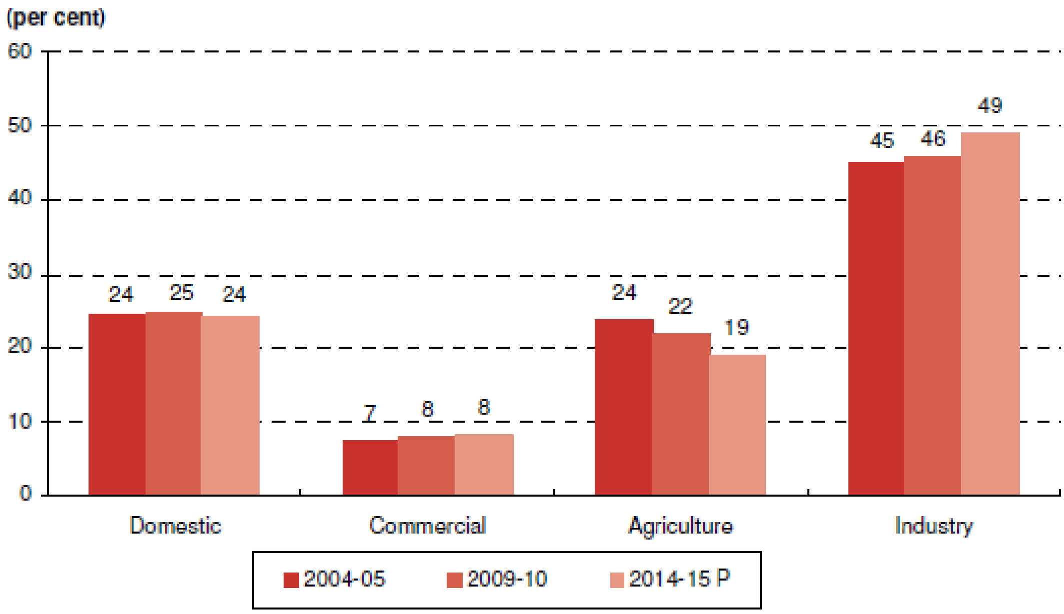
- **Economic Growth and Capacity Additions to Fuel Power Demand**

The CRISIL Reports forecasts that the power demand will grow at a CAGR of 9.4% between Fiscal 2010 and Fiscal 2015. The robust demand is on the back of India's GDP growing at a faster pace as well as rapid augmentation of power generation in the country translating to increased and improved availability of power. While India's GDP, according to the CRISIL Reports, will continue to be in the 8.0% to 9.0% range over the next five years, 82 GW in power capacity is expected to be added during the same period as compared to only 33 GW added over the previous five year period.

- **Industrial Sector to Lead Demand Growth**

The CRISIL Reports state that CRISIL Limited expects the industrial sector's share in the total electricity demand mix to increase from 45% in Fiscal 2005 to around 49% by Fiscal 2015, on account of significant growth in industrial activity. Electricity demand from the real estate sector is expected to record steady growth on the back of new residential developments. The CRISIL Reports state that CRISIL Limited expects that growth in commercial complexes, malls and other super marts will keep the commercial sector's share in overall demand steady. However, the share of agriculture is likely to decline sharply, from 24% in Fiscal 2005 to 19% in Fiscal 2015.

Consumer Share of Demand



Source: CRISIL Reports *P – Projected*

According to the CRISIL Reports, high domestic growth is expected on account of an increase in household power consumption as income levels rise and increased sales of consumer durables. However, as the overall demand growth is also expected to be high, the share of the domestic category in the overall demand mix expected to remain stable.

The per capita consumption of power rose from 612 units in Fiscal 2005 to around 733 units in Fiscal 2009. Growth in demand was the result of industrial players adding large amounts of capacity (as well as plants running at high operating rates), residential demand increasing steadily on the back of sizeable real estate development, and increasing consumption from households. Conversely, the share of the agricultural sector declined during the same period.

Key Risks and Concerns

The Indian power industry faces key issues that will need to be addressed in order for the industry to successfully achieve its objectives:

- **Difficulty in Land Acquisition**

Land holdings in India are fragmented and it is difficult to acquire large tracts of land. This often leads to long gestation period which expose power projects to cost and time overruns and continuous revisions in the economics of the business plan. Due to this, it is of paramount importance that promoters and developers of power projects have the requisite experience and financial strength to finance these projects over a long term.

- **Coal Fuel**

The primary fuel used in the Indian power sector is coal, either sourced domestically or imported. As power needs increase and are met with greater power plants and higher capacity, the national requirement for coal will increase. As the supply of domestic coal decreases, it will be come more expensive to source and purchase. Across Indian ports, the percentage of traffic that will consist of imported coal is expected to increase from 12% to 18% over the next four years. Both the increasing cost of domestic coal and the added expenses of transporting imported coal will both result in constrained capacity utilisation and may also affect the profitability of the power generation sector.

Power Industry Outlook

CRISIL Limited expects capacity additions to fall short of the targets set by the government. In the first three years of the Eleventh Plan (Fiscal 2008 to Fiscal 2012), 22 GW of capacities have been added as against the target of 62 GW during the Plan period. The CRISIL Reports state that CRISIL Limited expects capacity additions of 48 GW to be commissioned during the Eleventh Plan.

Between Fiscal 2011 and Fiscal 2015 (which includes the CRISIL Reports' capacity estimates for the remaining two years of the Eleventh Plan), capacities of 82 GW are expected to be added, of which about 90% is expected to be thermal, including the planned UMPPs, with the remainder expected to be hydro and nuclear-based. Projects via the Case I and Case II bidding routes as well as memorandum of understanding (MoU) based projects are expected to become commercially operational over the next five years.

As per the CRISIL Reports, an average of 16 GW is expected to be added annually over the next five years compared to 6-7 GW of capacities per year over the last five years. This is due to: (1) Entry and announcements by private sector players of large capacity additions; (2) More than 90% of the 82 GW scheduled to be commissioned over the next five years have received environmental and forest clearances, acquired land, achieved financial closures and placed equipment orders; and (3) Almost 80% of the projects have signed power purchase agreements (PPAs) with various state utilities or will sell power on merchant basis. Others are expected to enter into PPAs as more utilities invite bids for procurement of power.

The Education Sector

Overview of the Education Sector

According to the CRISIL Reports, the largest population group in India is in the 0-24 age bracket, which is also the largest age bracket worldwide, accounting for up to 585 million people throughout the world. Nearly 3.5% of India's GDP is spent on the Indian education sector.

Over the last few decades, there has been a healthy growth in the literate population in India, with the literacy rate being around 66% in Fiscal 2008 (as per the National Sample Survey Organisation). The literacy rate in India, however, does not reflect the educational level, as can be seen from the following table which highlights the urban-rural disparity in education. In Fiscal 2008, 60% of the rural population was literate; but only 50% had completed primary education and only 8% had completed higher secondary education. University graduates accounted for only 3.3% of the rural population.

Distribution of Indian Population by Education Level in Fiscal 2008 (%)

Indians aged 15 and above		Not literate	Literate without formal schooling	Pre-Primary	Primary	Upper Primary	Secondary	Higher Secondary	Diploma, Graduates and PG	All
Rural	F	52.5	0.8	7.8	14.4	12.3	7.2	3.1	1.9	100
	M	28.2	1.1	9.4	17.7	19.9	12.6	6.4	4.6	100
	All	40.3	1.0	8.6	16.0	16.2	9.9	4.7	3.3	100
Urban	F	25.4	0.9	5.9	13.2	15.9	15.6	10.0	13.1	100
	M	11.3	0.9	5.5	13.3	18.8	18.4	12.1	19.6	100
	All	18.0	0.9	5.7	13.2	17.4	17.0	11.1	16.6	100

Source: NSSO Report: Education in India 2007-08

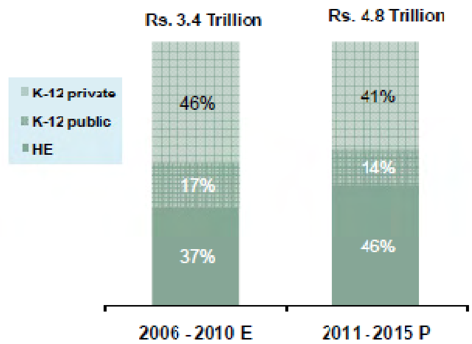
Although the Government of India has been investing in promoting literacy and education, their efforts remain largely focused on elementary schooling. Secondary and higher education have not been key priorities as the

Indian government believes it is necessary to first create adequate infrastructure and provide incentives to universalise elementary education.

The Structure of the Indian Education Sector

All levels of formal education, from K-12 to higher education, fall under the purview of the Ministry of Human Resource Development (Department of School Education and Literacy & Department of Higher Education). The CRISIL Reports state that CRISIL Limited expects investments of around ₹ 5.0 trillion to flow into the formal educational services industry from Fiscal 2011 to Fiscal 2015.

Educational Spending in the Next Five Years



Source: CRISIL Reports *E – Estimated P – Projected*

K-12 Education

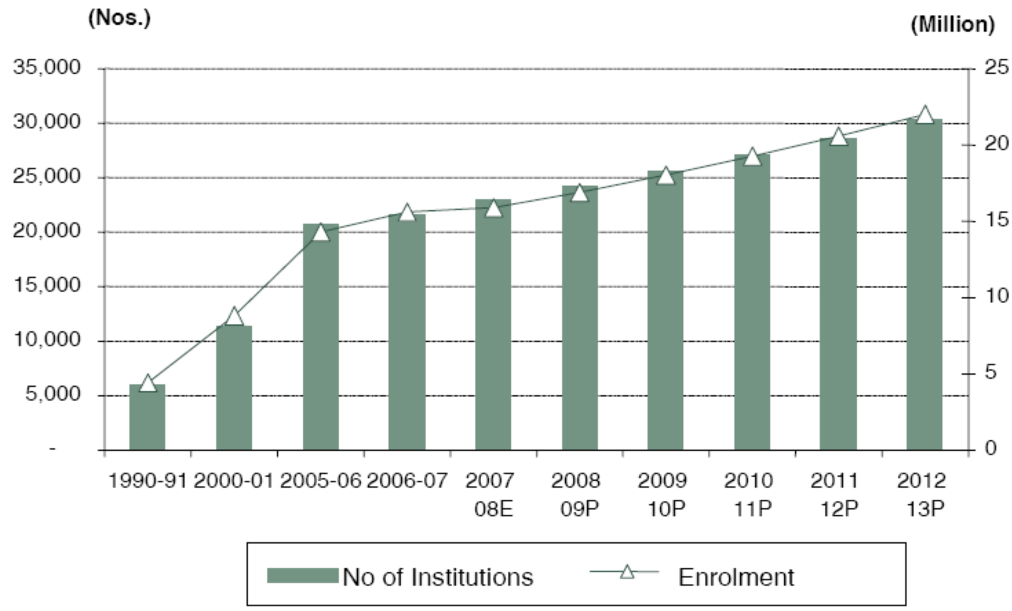
K-12 schooling is the largest segment within the Indian education sector. The segment encompasses kindergarten through the 12th year of schooling. The minimum age for entry into kindergarten is five or six years old. This level of K-12 education is generally completed at 17 or 18 years old. All K-12 schools must be established and operated as societies or trusts having a "not-for-profit" character. The state government regulates education through the Board of Secondary and Higher Secondary Education for schools owned by the state or affiliated to the State Board. Central government schools affiliated to the Central Board of Secondary Education ("CBSE") will be regulated by CBSE and schools affiliated to Council for Indian School Certificate Examinations ("ICSE") will be regulated by ICSE.

Higher Education

While 12 years of schooling is mandatory for entry into a degree-granting, graduate-level program, diploma programs offered by polytechnics and other institutions grant entry after 10 years of schooling. Higher education is usually completed at 18-23 years old. The regulatory structure in the higher education segment is multi-layered and complex, due to the governing structure being comprised of multiple bodies. The regulations are also more stringent as compared to the K-12 segment. While indirectly controlled by the Ministry of Human Resource Development, all higher education institutes come under the purview of the central governing body, the University Grants Commission.

Public spending in higher education has largely been in the form of grants to a few institutions. This is in stark contrast to elementary education, wherein the government has been directly involved in setting up and running schools. Although government spend on education has been increasing over the years, the share of higher education in the total governmental spending has been on the decline. India has one of the lowest public spends per student on Higher Education. Despite this, the number of institutions imparting higher education increased from 516 in Fiscal 1948 to 21,619 in Fiscal 2007. Total enrolments rose from 0.2 million in Fiscal 1948 to 15.6 million in Fiscal 2007.

Growth in Higher Education



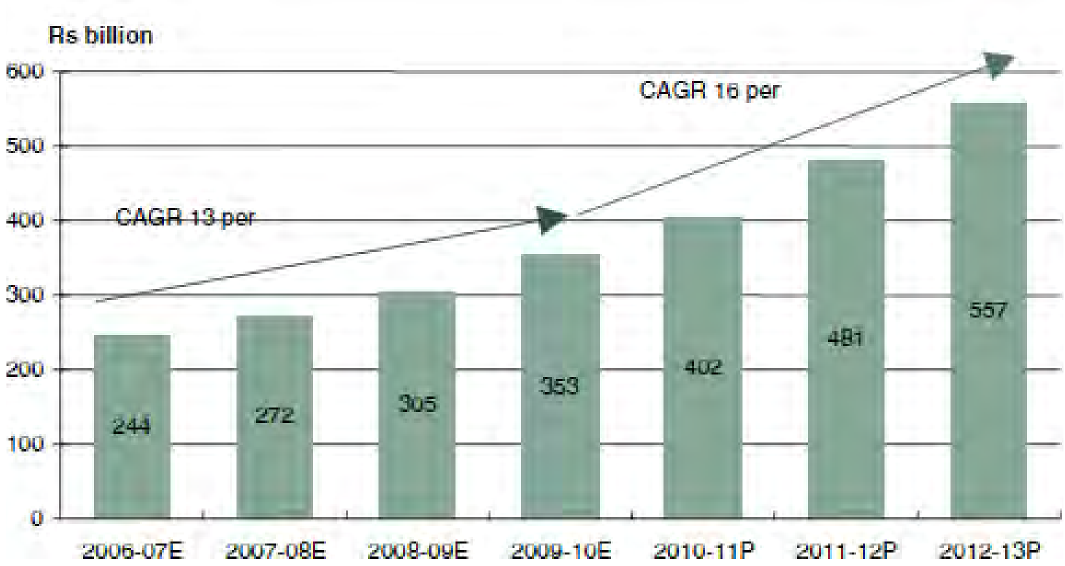
Source: CRISIL Reports *E – Estimated P – Projected*

Enrolment in higher education has increased in tandem with the rise in employment opportunities and the number of higher education institutes. Accordingly, the number of graduates (all streams) as well as employed graduates increased at a CAGR of 7% from 1997-2007, mirroring the GDP growth during the period. The number of graduates increased from 30.5 million in Fiscal 1998 to nearly 61 million in Fiscal 2008, while employed graduates increased from 20.5 million to 41 million over the same period. The CRISIL Reports project the number of graduates to reach beyond 85 million by Fiscal 2013 and number of employed graduates to reach 58 million.

Coaching Classes

The lack of availability of quality institutions in India, along with the high degree of competition for entry into professional colleges had lead to growth of the coaching educational segment. The non-regulated nature of the business, low capital intensity and relative immunity to economic downturns has led to considerable investor interest in this field, specifically in (i) curriculum tutoring, (ii) graduation test preparation and (iii) post-graduation test preparation. Between 2010 and 2013, CRISIL Research expects the coaching class industry to increase at a CAGR of 16%, reaching ₹ 557 billion by Fiscal 2013. The industry recorded a three-year CAGR of around 13% during Fiscal 2007 and Fiscal 2010.

Market Size of the Coaching Industry



Source: CRISIL Reports *E – Estimated P – Projected*

Vocational Training

It is a requirement for students and employees to enhance their skill sets in order to compete in a dynamic environment. There is a large market potential for vocational education services in India due to the growth of the services sector in the Indian economy coupled with a lack of training services. Because of the current low enrolment rates and high dropout rates throughout the entire education sector, and the increased requirements of the corporate sector for trained manpower, vocational training has significant market potential, with CRISIL Research expecting a 25% CAGR in the coming years.

Information and Communication Technology

This sector involves setting up IT hardware with educational software as well as maintenance and training at public schools. It is a highly underpenetrated market with some major companies and a host of regional companies. Contracts are commonly structured as BOOT (Build-Own-Operate-Transfer) contracts although some state governments follow the "outright buy" model where the government pays upfront. Information and communication technology generally involves large upfront investments and long receivables cycles. However, the Government of India has allocated dedicated funds for this sector, with a goal of extending computer infrastructure and connectivity to over 18,000 colleges across India, including 400 universities.

Key Growth Drivers

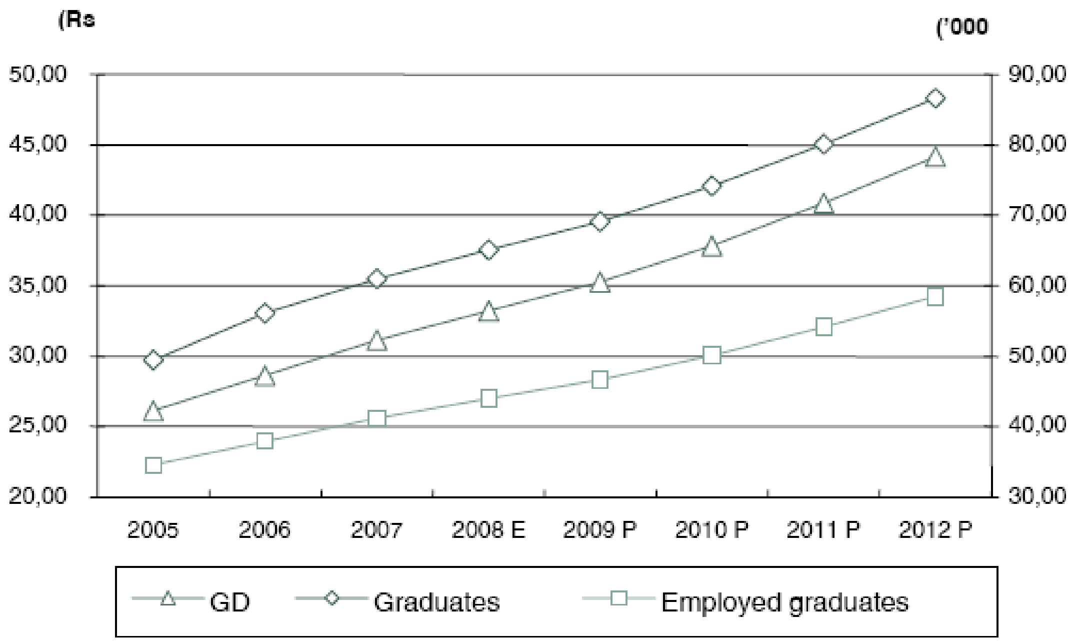
The CRISIL Reports predict that future growth of the Indian education sector across all levels will be due to the following growth drivers:

- **Penetration of Higher Education in India Remains Low**

Today, India has a large young population, with close to 100 million people in the higher education age group of 18-24 years. However, as of CENSUS 2008, enrolments in this segment stood at a mere 16 million. Additionally, as per the NSSO, only 3.3% of the rural population and 16.6% of the urban population had received some form of higher education (diploma, graduation or post graduation) in Fiscal 2008. India's gross enrolment ratio ("GER", equal to the total enrolments / total number of students in the corresponding age bracket) of 12% compares unfavourably not only with the world average of 25% but also with the average GER for developing countries of 17%.

CRISIL Limited expects higher education to grow at a steady pace in the medium term due to rising household incomes, favourable age demographics and steady growth in employment opportunities. In particular, the combination of the increasing educational age group (ages 5 – 24) with increasing disposable incomes will likely result in higher education enrolments increasing at a CAGR of 6.5% through Fiscal 2013.

Growth in Higher Education



Source: CRISIL Reports E – Estimated P – Projected
Data for 'Graduates' and 'Employed Graduates' is presented on the right hand side of the graph

- **Potential Market Share of K-12 Segment**

K-12 institutions are required by government regulations to be not for profit. However, there can be models whereby education services companies can provide services like academic materials, coaching, IT support, and real estate infrastructure and earn management fees. Therefore, we believe that private investment in this sector will continue to grow even in the current regulatory environment.

Government run schools continue to dominate the elementary education segment, accounting for 85% of all institutions and 72% of all enrolments. In contrast, private schools have 15% of all institutions, but have 28% of all enrolments. This variation is attributable to the fact that private schools have over twice the number of enrolments per school than government schools.

Enrolments in this segment have been growing steadily at a CAGR of about 5% from Fiscal 2002 to Fiscal 2007, resulting in the GER improving from 51%from Fiscal 2002 to 77% in Fiscal 2007.

- **Government Policies Driving Growth in Information and Communication Technology Sector**

With the objective of improving computer literacy, the government has allocated dedicated funds for Information and Communication Technology ("ICT"), resulting in public school computer labs and training in computer literacy. A draft policy on ICT for Open and Distance Learning as well as for networks and connectivity has been prepared and sent to key organizations and ministries for feedback. A centrally sponsored scheme called the National Mission on Education through ICT has been developed to utilize the potential of ICT in higher education settings. The components of the scheme include providing connectivity, along with provision for access devices, to institutions and learners and content generation.

Key Risks and Concerns

The Indian education sector faces key issues that will need to be addressed in order for the industry to successfully achieve its objectives:

- **Government Spending**

Government spending in the education sector has increased through the efforts to promote literacy and education, but their efforts remain largely focused on elementary schooling. Secondary and higher education have not been key priorities as it is necessary to first create adequate infrastructure and provide incentives to universalise elementary education. India has one of the lowest percentages of public funds spent towards higher education per student in the world.

- **Infrastructure Costs**

The cost of infrastructure required to support advancements in the education sector, such as for land and building purchase or construction, have been steadily increasing. As these rising costs outpace the educational spending it becomes increasingly difficult to operate in the sector.

- **Focus on Specific Personnel**

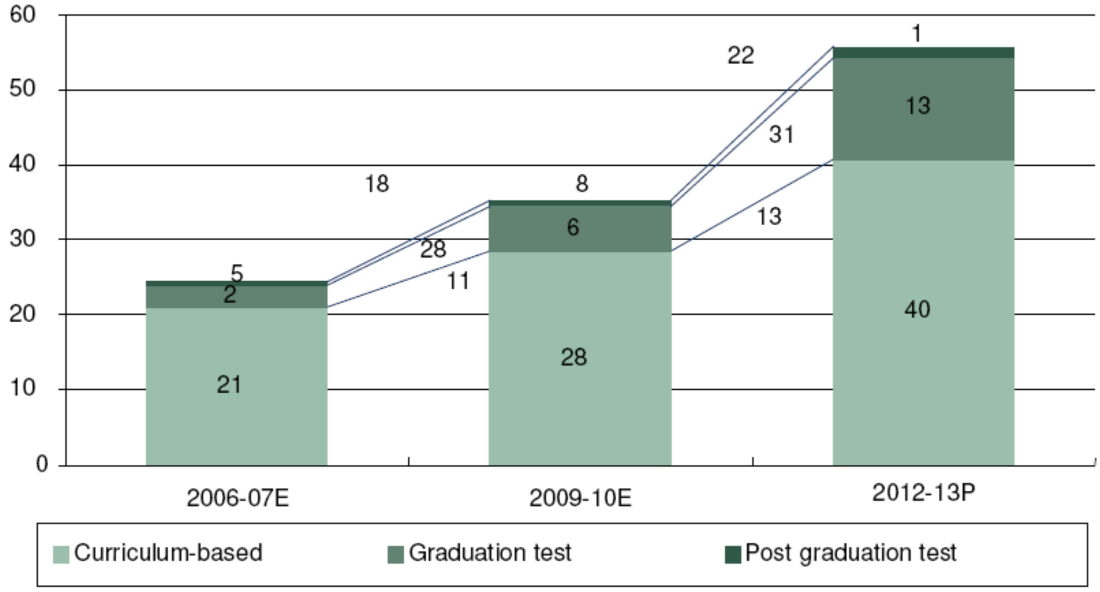
One of the key factors for success in the coaching institutes is the quality of teachers and pedagogy. Another success factor is the ability to replicate the teaching process. Currently, the coaching sector, and the K-12 segment in particular, is un-organized and fragmented with high dependence on specific individuals and teachers. This prevents a curriculum-based coaching business from being easily scalable.

Education Sector Outlook

The CRISIL Reports project the total number of K-12 institutions to reach 1.4 million by Fiscal 2016 and enrolments to reach 207 million during that year. The government aims to achieve 100% enrolment in K-12 schools by Fiscal 2016 but the CRISIL Reports projects it to reach 90%.

The CRISIL Reports state that CRISIL Limited expects demand for higher education to grow at a steady pace in the medium term. Enrolment is likely to increase at a CAGR of around 6.5% from an estimated 16 million in Fiscal 2008 to nearly 21 million by Fiscal 2013; GER would increase from around 12% to 15% during the same period on the back of strong demand drivers such as: (1) Rising household incomes; (2) Favourable Age Demographics; and (3) Steady growth in employment opportunities.

Growth in Coaching Classes



Source: CRISIL Reports *E – Estimated P – Projected*

The Defence Industry

Overview of the Defence Industry

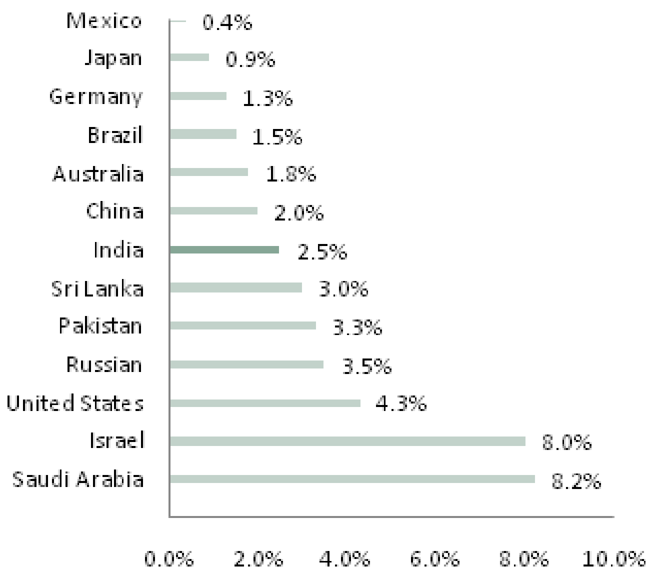
India's security concerns are defined by a dynamic global security environment and the perception that South Asia region is of particular interest to global security. The continuing presence of terrorist and fundamentalist forces in its neighbourhood has prompted India to maintain a high level of defence vigilance and preparedness to face any challenge to its security.

The security challenges facing India are varied and complex. The country faces a series of low intensity conflicts characterized by tribal, ethnic and left wing movements and ideologies and also various radical groups that sometimes engage in terrorism.

India's size, strategic location, trade interests and a security environment that extends from the Persian Gulf in the west to the Straits of Malacca in the east and from the Central Asian Republics in the north to near the equator in the south, underpin India's defence needs. In view of the broad geographical spread and historic tensions with its northern neighbours, it is essential for the country to maintain a credible land, air and maritime force to safeguard its security interests.

As a percentage of GDP, India has been able to maintain defence expenditure to a range of 2-3%, in line with other major developed nations, signifying a fairly steady focus on defence within the economy to date. The Government is the sole purchaser of defence equipment.

Major World Countries Military Expenditures as a Percentage of GDP



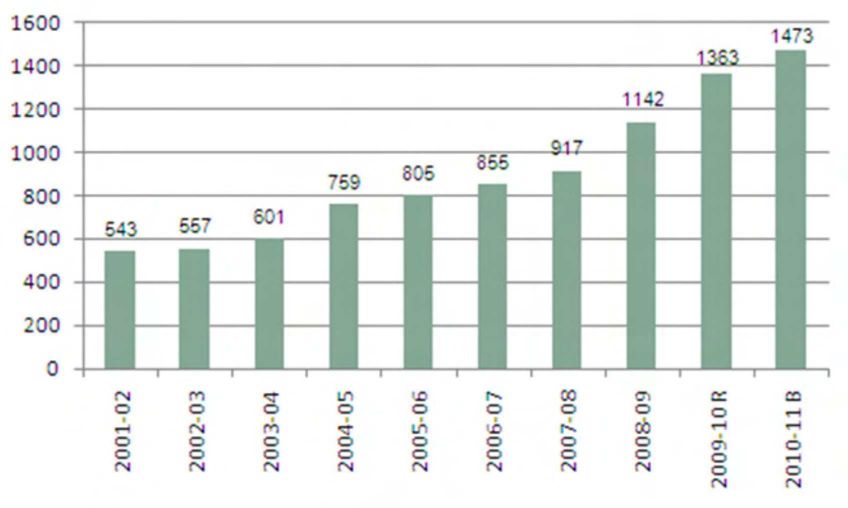
Source: World Bank, World Development Indicators, 2008

The production of defence equipment was, until relatively recently entirely a government function. The Industrial Policy Resolution, 1948, restricted the entry of the private sector into this industry. However, in May 2001, the sector was opened for private sector participation, with 100% private sector ownership permissible and 26% FDI. This led to a paradigm shift in the structure of the defence industry as private players were able to become manufacturers of more advanced defence equipments and systems.

The Indian Defence Industry

The Union Budget for Fiscal 2011 has raised the defence budget to ₹ 1,473.4 billion. This represents a growth rate of 8.13% over the revised estimate for Fiscal 2010. The increase in defence expenditure of ₹ 110.8 billion is due to enhanced requirement for the modernisation of the Indian defence forces.

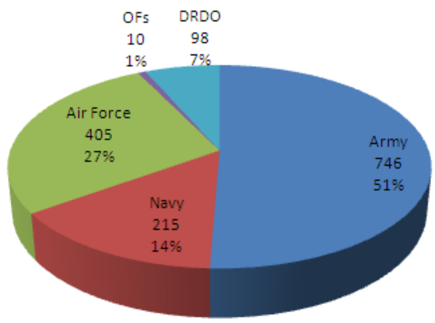
India Defence Expenditure (₹ Billion)



Note: R = Revised, B = Budget
Source: CRISIL Reports

Among the defence services, the Army receives the largest budget, at approximately ₹ 745.8 billion in Fiscal 2011, distantly followed by the Air Force at ₹ 404.6 billion, the Navy at ₹ 214.7 billion, the Defence Research and Development Organization (DRDO) at ₹ 98.1 billion, and Ordnance Factories at ₹ 10.2 billion.

Defence Services Budget



Source: Union Budget, 2010-2011, Ministry of Finance

Defence Public Sector Undertakings (DPSUs) continue to play an integral part in the defence production. This is because defence has, for a long time, been a part of the public sector as it requires large investments and substantial Research and Development support. There are more than 39 Ordnance Factories and eight DPSUs which are engaged in the manufacture of state-of-the-art weapons and systems for the armed forces.

Defence Offsets

Defence offsets are concessions that the Indian government (the buyer) seeks from a foreign defence supplier to direct a portion of the benefits of the sale back to India. The global demand for offsets in defence has exhibited an upward trajectory since the 1950s. It gained further momentum in the 1980s and has been growing ever since.

India was, however, late in adopting an offset policy. It was only in 2005 that the nation, through its Defence Procurement Procedure (DPP), announced an official policy to secure offsets for its defence imports. The policy was amended to give it greater clarity and direction in 2006 and again in 2008.

The provisions in the DPP 2006 concerning offsets apply to all Capital acquisitions categorized as "Buy" i.e., Outright Purchase from foreign/Indian vendor, or 'Buy and Make with Transfer of Technology', i.e., Purchase from foreign vendor followed by Licensed Production, where the indicative cost in the Request For Proposal (RFP) is ₹ 3.0 billion or more. As per the DPP 2008 a uniform offset of 30% of the estimated cost of the acquisition would be the minimum required value of the offset. However, the Defence Acquisition Council (DAC) may, after due deliberation, prescribe varying offset percentages above 30% for different classes of cases or for individual cases depending upon the factors involved such as strategic importance of the acquisition or technology, enhanced ability of Indian defence industry to absorb the offset, export potential generated, and other factors. It may also waive the requirement of an offset obligation in very special cases.

Key Risks and Concerns

The Indian defence industry faces key issues that will need to be addressed in order for the industry to successfully achieve its objectives:

- **Regulatory Burdens and Restrictions**

Due to the sensitive nature of the contracts subject to the defence offset policy, there is significant regulation in the industry. This makes the defence sector particularly vulnerable to governmental policy and regulatory changes, creating uncertainty for those involved in the sector. Additionally, while the government opened the defence procurement industry to 100% private sector participation, limits of 26% on foreign direct investments act as an inhibiting factor towards foreign companies entering the sector.

- **Rapid Technological Changes**

Increasing advancements in technology continue to push the industry standards forward, including changing the client preferences and potential service requirements. Because of the nature of the defence products, they require lengthy research, development and testing. Once products are developed and ready to be marketed, the market may have advanced significantly, possibly rendering a developed product or service undesirable to the potential client base.

- **Defence Industry Outlook**

A paper released by The Associated Chambers of Commerce and Industry of India highlights the fact that defence offsets in India are expected to bring in US $10 billion during the 11th five year plan period. As India has a large industrial base, offsets will further develop its technical and manufacturing potential and they will also help to increase investments in domestic research and development.

BUSINESS

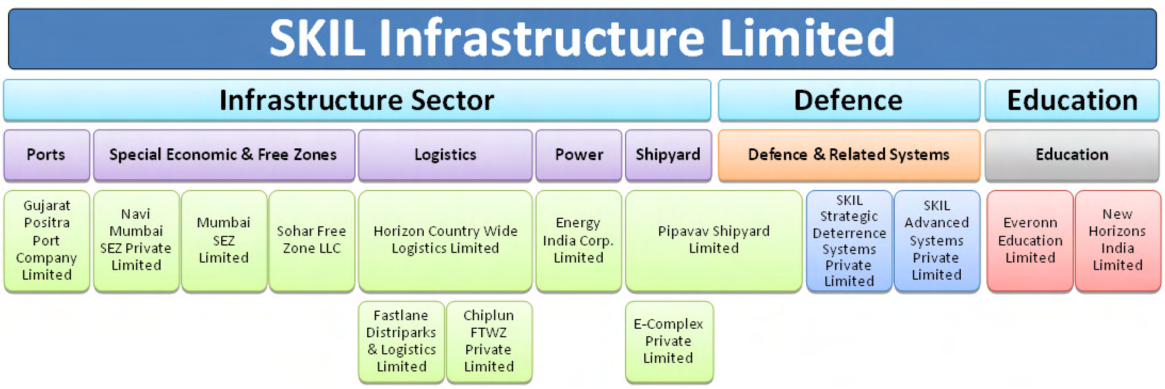
OVERVIEW

We are an infrastructure development company, experienced in the conceptualization, development and execution of a diverse array of greenfield and brownfield projects. We currently have interests in shipyard, special economic zones, free zones, logistics, port, education and defence sectors through our Subsidiaries and Specified Affiliates. We are also planning initiatives in the power sector through our Subsidiaries.

Since incorporation in 1990, our Company and Promoters have gained experience in the successful implementation of a variety of infrastructure projects in India, including ports, shipyards, railway lines, roads and special economic zones. We and our Associates generally play an active role in all stages of development of our projects, including identifying and promoting projects, obtaining necessary regulatory approvals, supervising implementation, arranging for necessary financing and operating the project.

Due to the nature of the businesses we are involved in and the need to involve partners with sector-specific expertise and other investors to provide financing, we often participate in businesses through our Subsidiaries, Associates and Investments, including our Specified Affiliates. Our shipyard business is conducted through our 43.14% direct and indirect equity interest in Pipavav Shipyard Limited ("PSL"), a listed company. Our special economic and free zone businesses are conducted through a 33.33% equity interest in Sohar Free Zone LLC, a 25.81% indirect equity interest in Navi Mumbai SEZ Private Limited, a 6.49% equity interest in Mumbai SEZ Limited as well as through E-Complex Private Limited, a wholly-owned subsidiary of PSL that operates an engineering SEZ. We conduct our logistics businesses through our 46.40% equity interest in Horizon Country Wide Logistics Limited, which operates through two subsidiaries, Fastlane Distriparks & Logistics Limited and Chiplun FTWZ Private Limited. We participate in the education sector through our 21.02% equity interest in Everonn Education Limited, a listed company, which we acquired in December 2010, a 19.05% equity interest in New Horizons India Limited, an unlisted company, which we acquired in November 2010, and through an association with the University of Strathclyde in the United Kingdom. We participate in the defence sector through PSL and through two wholly-owned subsidiaries; SKIL Strategic Deterrence Systems Private Limited and SKIL Advanced Systems Private Limited, both of which pursue opportunities under the Government of India's defence offset policy. Further, we are also pursuing opportunities in the port sector through our 48.39% equity interest in Gujarat Positra Port Company Limited. In addition, we are seeking opportunities in the power sector through our 76.00% equity interest in Energy India Corporation Limited.

The following diagram shows the various sectors in which our Company operates and includes the Specified Affiliates as well as certain of our Company's Investments, Mumbai SEZ Limited and New Horizons India Limited, and certain of our Company's Subsidiaries, Energy India Corporation Limited, SKIL Strategic Deterrence Systems Private Limited and SKIL Advanced Systems Private Limited. The diagram also shows two subsidiaries of Horizon Country Wide Logistics Limited and a subsidiary of Pipavav Shipyard Limited. Our Company also has other Subsidiaries, Associates and Investments that are not shown. For details on these entities, please refer to the chapters titled *"Subsidiaries"* and *"Group Entities"* beginning on pages 221 and 249, respectively, of this Draft Red Herring Prospectus.



The table below sets forth our Group Entities' shareholding as on March 31, 2011 in each of the entities presented in the diagram above.

Company Name	Interest of Issuer or Group Entity	Extent of Shareholding
Infrastructure Sector		
Shipyard		
Pipavav Shipyard Limited[1]	SKIL Infrastructure Limited	38.64%
	SKIL Shipyard Holdings Private Limited	04.50%
	Grevek Investment and Finance Private Limited[2]	01.85%
Special Economic and Free Zones		
Sohar Free Zone LLC[1]	SKIL Infrastructure Limited	33.33%
Navi Mumbai SEZ Private Limited[1]	SKIL Infrastructure Limited	25.81%[3]
Mumbai SEZ Limited[1]	SKIL Infrastructure Limited	06.49%
E-Complex Private Limited	Pipavav Shipyard Limited	100.00%
Logistics		
Horizon Country Wide Logistics Limited[1]	SKIL Infrastructure Limited	46.40%
Fastlane Distriparks & Logistics Limited	Horizon Country Wide Logistics Limited	52.00%
Chiplun FTWZ Private Limited	Horizon Country Wide Logistics Limited	52.00%
Ports		
Gujarat Positra Port Company Limited[1]	SKIL Infrastructure Limited	48.39%
	Horizon Infrastructure Limited[2]	21.27%
Power		
Energy India Corporation Limited	SKIL Infrastructure Limited	76.00%
Education Sector		
Everonn Education Limited[1]	SKIL Infrastructure Limited	21.02%
New Horizons India Limited	SKIL Infrastructure Limited	19.05%
	Awaita Properties Private Limited[2]	7.05%
Defence Sector[4]		
SKIL Strategic Deterrence Systems Private Limited	SKIL Infrastructure Limited	100.00%
SKIL Advanced Systems Private Limited	SKIL Infrastructure Limited	100.00%

[1] *This entity is a Specified Affiliate of our Company*

[2] *This entity is owned and controlled by our Promoter*

[3] *This interest is indirectly owned through Urban Infrastructure Holdings Private Limited and Dronagiri Infrastructure Private Limited*

[4] *Pipavav Shipyard Limited also operates in the Defence sector*

Overview of Our Company's Various Business Activities

Infrastructure Sector

Shipyard

At March 31, 2011, we owned a 43.14% direct and indirect equity interest in PSL, a listed company in India, and are one of its promoters along with Grevek Investment and Finance Private Limited ("Grevek"), a Group Entity controlled by our Promoters, which owned an additional 1.85% of PSL at March 31, 2011. At May 31, 2011, PSL had an equity market capitalization of ₹ 54.83 billion *(Source: www.nseindia.com)*. PSL operates Pipavav Shipyard, a shipbuilding, ship repair and refitting, offshore fabrication and engineering complex spread over approximately 198.88 hectares (491.44 acres) of land located in the State of Gujarat on the west coast of India adjacent to major sea lanes between the Persian Gulf and Asia. Pipavav Shipyard has the largest dry dock in India *(Source: The CRISIL Reports)*.

Pipavav Shipyard commenced commercial operation on April 1, 2009 and is capable of ship construction and repairs for a range of vessels of different sizes and types up to a maximum individual capacity of 400,000 dead weight tonnes, including naval vessels and coast guard vessels, as well as the fabrication and construction of products such as offshore platforms, offshore drilling rigs, drilling rig framework jackets and vessels for oil and gas companies. PSL's order book of ₹ 71,161.37 million at May 28, 2011 (conversion at the rate of 1 USD = ₹ 45.21), consists of 51.09% Panamax bulk carriers, 7.11% offshore support vessels and 41.80% offshore patrol vessels in value terms. A portion of the income from these orders has been booked in accordance with the percentage of completion method.

At March 31, 2011, PSL owned 100% of E-Complex Private Limited ("E-Complex"), which owns land in the State of Gujarat, including 124 hectares (306.40 acres) which have been notified as an engineering SEZ by the Government of India and approximately 95 hectares (234.75 acres) of PSL's land has been leased from E-Complex, on which PSL has established its SEZ unit for block making and fabrication facilities.

Special Economic and Free Zones

Our Company operates in the Special Economic and Free Zones sector through Sohar Free Zone LLC, Navi Mumbai SEZ Private Limited and Mumbai SEZ Limited. In addition, PSL operates in this sector through E-Complex, its wholly-owned subsidiary which operates an engineering SEZ.

Sohar Free Zone LLC

At March 31, 2011, we owned 33.33% of the issued share capital in Sohar Free Zone LLC, a limited liability company in Oman that is developing an approximately 4,500 hectare (approximately 11,115 acres) multi-product, multi-service free zone in the Sultanate of Oman ("Sohar FZ"). The remaining 66.67% of the issued shares are owned by the Sohar International Development Company LLC, a joint venture owned 50.00% by the Government of the Sultanate of Oman and 50.00% by Mainport Foreign Investments B.V., a subsidiary of Havenbeddrijf Rotterdam N.V. (Port of Rotterdam Authority or ("POR")). Sohar FZ is strategically located in the immediate vicinity of the Sohar Industrial Port in the Sultanate of Oman and is currently planned to be connected to an extensive sea and rail transportation network. Its location outside the Straits of Hormuz provides access to important international shipping routes. Sohar FZ provides access to the Gulf Cooperation Council ("GCC") countries, whose members include the Kingdom of Saudi Arabia, the Kingdom of Bahrain, Kuwait, the State of Qatar, the United Arab Emirates and the Sultanate of Oman. Sohar FZ shall also provide access to Africa, India and other European markets.

The current phase of development for Sohar FZ includes 500 hectares of land, to be developed into 380 hectares of land for fully serviced offices, warehouses and logistics, manufacturing and service spaces. Sohar Free Zone LLC will enter into land reservation agreements with various companies that will invest in these activities. Of this planned space, 73.5 hectares have been reserved by customers. Construction of the current phase commenced in October 2010 and is being executed through a number of contract packages over a period of time. The first contract package, consisting of site levelling, fencing, waste dump remediation, excavation and the routing of storm water drainage, has been awarded to contractors.

Navi Mumbai SEZ Private Limited

At March 31, 2011, we owned a 35.00% interest in Urban Infrastructure Holdings Private Limited, which holds a 99.67% interest in Dronagiri Infrastructure Private Limited, which in turn holds a 74.00% interest in Navi Mumbai SEZ Private Limited. Consequently, we have an indirect 25.81% beneficial equity interest in Navi Mumbai SEZ Private Limited, which is subject to dilution down to 5.90% in the event all outstanding convertible securities are converted. The outstanding convertible securities are in favour of group entities of Reliance Group Investment and Holding Private Limited. Navi Mumbai SEZ Private Limited has received gazette notification to develop a SEZ on 1,766.16 hectares (4,364.28 acres) in Navi Mumbai (Dronagiri node, Ulwe node and Kalamboli node). *(Source: www.sezindia.nic.in)*. Further, Navi Mumbai SEZ Private Limited has achieved financial closure for 2,140 hectares and is currently developing the site. *(Source: Navi Mumbai SEZ Private Limited's 2010 Annual*

Report) Our Company was a lead consortium member for Navi Mumbai SEZ Private Limited and management and control of the company is currently held by Reliance Group Investment and Holding Private Limited.

Mumbai SEZ Limited

At March 31, 2011, we owned a 6.49% equity interest in Mumbai SEZ Limited, which is developing a SEZ at Khopta, District Raigad in Maharashta. Mumbai SEZ Limited is currently majority owned and controlled by Reliance Group Investment and Holding Private Limited.

<u>Logistics</u>

At March 31, 2011, we owned a 46.40% equity interest in Horizon Country Wide Logistics Limited ("Horizon"), and are the sole promoters of the company. Horizon's objective is to develop logistics infrastructure through a hub-spoke model by developing an integrated Pan-India network of multi-modal logistics parks. Horizon intends to develop Container Freight Stations ("CFS"), Inland Clearance Depots ("ICD"), Free Trade Warehousing Zones ("FTWZ") and warehousing facilities at strategic locations such as ports, entry and exit points of the Golden Quadrilateral, a highway network connecting Delhi, Mumbai, Chennai and Kolkata, and the North-South East-West Corridor, a developing highway network crossing perpendicularly through the middle of India, as well as entry and exit points of major rail junctions. For its current phase of development, Horizon has identified seven locations for setting up CFSs, ICDs, FTWZs and warehousing facilities. Two of these locations, both in Navi Mumbai, are currently being developed through Horizon's subsidiaries, one by Chiplun FTWZ Private Limited and another by Fastlane Distriparks and Logistics Limited, in each of which Horizon owned a 52.00% equity interest at March 31, 2011. Chiplun FTWZ Private Limited has been approved by the Ministry of Commerce of India as a co-developer of a FTWZ for approximately 100 acres. Fastlane Distriparks and Logistics Limited is currently waiting for renewal of the regulatory approval to set up a CFS, which has been requested and is currently pending. Horizon has also secured approximately 100 acres of land in Jhansi, Uttar Pradesh on a long-term lease basis for an ICD and 15.4 acres of land in Navi Mumbai on a long-term lease basis for a warehousing facility.

Horizon has also entered into an MoU with Sohar Free Zone LLC on October 30, 2010, with respect to developing, operating and managing a logistics zone in the Sohar FZ. The proposed zone would be approximately 200 hectares and would be connected to the Sohar Industrial Port and the proposed airport, although development has yet to commence.

Our Company has entered into a relationship agreement (the "SPL Relationship Agreement") dated October 1, 2010 with SKIL Ports & Logistics Limited ("SPL"), a London Alternative Investment Market listed company controlled by our Promoters, which contains restrictions on our operations in the port-related logistics sector. Our Chiplun FTWZ project, as described above, is exempt from some of these restrictions. For details on these restrictions, please refer to the chapter titled *"History and Certain Corporate Matters"* on page 200.

<u>Ports</u>

At March 31, 2011, we owned a 48.39% equity interest in Gujarat Positra Port Company Limited ("GPPCL"). Our Company and POR entered into a binding heads of agreement in December 2008 with respect to the development of an all weather deep-water port in Positra, Gujarat ("Port West") through a joint venture, with POR making its investments through its wholly-owned subsidiary, Mainport Foreign Investments B.V. Our Company, along with GPPCL and POR, entered into a Memorandum of Understanding in January 2009 with the Gujarat Port Infrastructure and Development Company Limited with respect to the development and ownership of Port West. The land for Port West is proposed to be leased to GPPCL by the Gujarat Maritime Board, which has initiated steps to acquire 3,400 hectares of land for Port West, of which 1,000 hectares will be required for the initial stage of the development plan, however, the land concession agreement has not been executed and is currently being negotiated. GPPCL obtained a feasibility report on Port West in July 2007 and POR obtained a design report in 2008. GPPCL is in the process of obtaining clearance under requisite environment laws for the Port West project.

The SPL Relationship Agreement contains restrictions on our operations in this sector. Our Port West project, as described above, is exempt from some of these restrictions. For details on these restrictions, please refer to the chapter titled *"History and Certain Corporate Matters"* on page 200.

Power

Our Company entered into a memorandum of understanding with Evonik Energy Services GmbH ("Evonik Energy") in October 2008 for the development of coal-based power plants in India. Evonik Energy is part of a group that owns thermal power generation assets in Germany and other countries. We have identified a location for the development of a power plant with two 660 MW coal-based units in Raigad, Maharashtra and Evonik Energy completed a feasibility study for this plant in March 2010. We are proposing to develop this plant through Energy India Corporation Limited ("Energy India"), which was our Company's 76.00% subsidiary as of March 31, 2011. The project is at an early stage of development and our Company is taking the necessary steps to acquire the land and enter into agreements for fuel supplies and power off-take, but no definitive agreements have been executed.

Education Sector

Our Company participates in the education sector through interests in Everonn Education Limited and New Horizons India Limited as well as through an association with University of Strathclyde.

Everonn Education Limited

At March 31, 2011, we owned 21.02% of the outstanding equity shares of Everonn Education Limited ("Everonn"), an education service provider. We acquired four million equity shares in December 2010 through an investment agreement (upon the conversion of optionally convertible debentures) and an open offer for a total cash consideration of ₹ 2,089.33 million. Everonn's equity shares are listed on the NSE and BSE and Everonn had an equity market capitalization of ₹ 10.62 billion at May 31, 2011. *(Source: www.nseindia.com)* We are a co-promoter of Everonn and have the right to nominate one non-executive director and two permanent invitees to the board of Everonn under our investment agreement. Pursuant to this right, Mr. Nikhil Gandhi has been appointed as a non-executive director on the board of Everonn.

Everonn is an integrated knowledge management, education and vocational training company which offers a range of services, including (i) creating global educational and training content; (ii) designing and executing large learning initiatives; and (iii) setting up necessary infrastructure for learning and training. Everonn's operations are divided into eight strategic business units, including instructional and communication technology and virtual and technology enabled learning solutions for colleges, web-based schools and retail products delivered through virtual and interactive classroom networks.

Everonn's indirect wholly-owned subsidiary Everonn Skill Development Limited ("ESDL") has entered into an agreement with National Skill Development Corporation ("NSDC") to train 15 million people across nine industry sectors by 2022. NSDC is a non-profit entity established by the Ministry of Finance, Government of India with a goal of training 150 million people by 2022 and plans to invest ₹ 141.5 million in ESDL in exchange for 14.15 million equity shares of ESDL.

New Horizons India Limited

At March 31, 2011, we owned 19.05% of the outstanding equity shares of New Horizons India Limited ("NHIL"), an unlisted educational and training company in India that offers services in the areas of IT, vocational and domain skills training, technology services and supplementary education. We acquired a total of 6.85 million equity shares, or 26.09% of the outstanding equity shares, in NHIL in November 2010 for a total consideration of ₹ 616.5 million. In February 2011, we sold 1.85 million equity shares, or 7.05% of the outstanding equity shares, of NHIL to Awaita Properties Private Limited, a Group Entity controlled by our Promoters, at cost. NHIL offers programs for young aspirants as well as IT professionals looking to enhance their skills. NHIL also operates a computer training division for foreign nationals under the brand “SIBIT” and coaching classes under the brand “Knowledge Horizon Classes”. Mr. Nikhil Gandhi is a non-executive director and Vice Chairman of NHIL.

University of Strathclyde

Pursuant to a memorandum of understanding dated August 2010, our Company entered into an agreement with University of Strathclyde and V.S. Educational Society in February 2011 to establish a new higher education institute at Greater NOIDA in the National Capital Region. The institute, to be known as the Strathclyde SKIL Business School, will focus on developing postgraduate and undergraduate programs in business and management. Under the agreement, our Company and V.S. Educational Society will provide the local infrastructure and recruit the academic staff, while University of Strathclyde will confer the final awards for the courses.

Defence Sector

Our Company participates in the defence sector through PSL and through our wholly owned subsidiaries SKIL Advanced Systems Private Limited, and SKIL Strategic Deterrence Systems Private Limited.

PSL

PSL operates in the defence sector through the manufacture, refit, repair and dry-docking of medium-sized strategic defence vessels for the Indian Navy and Coast Guard. In May 2011, PSL entered into a contract with the Government of India to build five naval offshore patrol vessels for the Indian Navy for an aggregate amount of ₹ 29,745.84 million. In October 2010, PSL received a licence from the Government of India for the production of up to five medium-sized strategic defence vessels per annum. PSL has also entered into MoUs with international defence contractors for the construction of aircraft carriers, military vessels, and other related military projects, although no definitive agreements have been entered into at this point.

SKIL Advanced Systems Private Limited

SKIL Advanced Systems Private Limited (“SASPL”) became our wholly-owned subsidiary on February 2, 2010. Through SASPL, we plan to supply defence systems, internal security systems and personal security systems to various parties, including the Government of India and state governments. In March 2011, SASPL obtained an industrial license for the manufacture of radar and remote control apparatus from the Ministry of Commerce and Industry. SASPL has entered into an MoU with an international defence contractor for projects relating to counter terrorism, security products and critical infrastructure programs. Our role, if the MoU results in the execution of a definitive agreement, would be to provide industrial support for the aspects of the projects that take place within India. However, SASPL has not yet entered into any definitive agreements, commenced business activity or generated any revenues to date.

SKIL Strategic Deterrence Systems Private Limited

We incorporated SKIL Strategic Deterrence Systems Private Limited (“SSDSPL”) in October 2010 as our wholly-owned subsidiary in order to supply manufacturers with a variety of defence systems. However, SSDSPL has not yet entered into any definitive agreements, commenced business activity or generated any revenues to date.

Our total consolidated income, as restated, decreased by 38.79% from ₹ 98.15 million in Fiscal 2009 to ₹ 60.08 million in Fiscal 2010. Our consolidated profits (losses) after tax decreased from a profit of ₹ 17.72 million in Fiscal 2009 to a loss of ₹ 198.34 million in Fiscal 2010. Our total consolidated income and consolidated loss after tax for the nine months ended December 31, 2010, was ₹ 83.92 million and ₹ 1,503.16 million, respectively.

Our Competitive Strengths

We believe our competitive strengths include the following:

Proven track record of our Company and our Promoters

We and our Promoters believe we have a proven track record of promoting infrastructure projects in India and are experienced in owner-managed construction of infrastructure projects, including Pipavav Shipyard, Pipavav Port, the Pipavav Railway and the Pipavav Linkroad. Pipavav Port, India's first private sector port was awarded the IDFC Award for Excellence in Infrastructure in 2000. In 2005, our interests in Gujarat Pipavav Port Limited, the owner of Pipavav Port, as well as the Pipavav Linkroad and Pipavav Railway, were sold to the Denmark based A.P. Møller Maersk Group. We believe that our Promoters have a demonstrated track record of attracting strategic partners, securing financing and successfully completing large infrastructure projects.

Our Promoters were also involved in the development and construction of the Pipavav Railway (a 270 kilometre joint sector broad gauge railway linking Pipavav to the rail hub at Surendranagar and serving the Saurashtra region in Gujarat) in 2003, the Pipavav Linkroad (an expressway running between Pipavav Port and the National Highway 8E), and initially led the Mumbai SEZ and the Navi Mumbai SEZ projects.

Our Promoters and our Company led the conception and development of Pipavav Shipyard, a shipbuilding, ship repair, offshore fabrication and heavy engineering complex spread over 198.88 hectares (491.44 acres) of land located in the State of Gujarat. Pipavav Shipyard has the largest dry dock in India *(Source: The CRISIL Reports)*. In addition, PSL operates in the SEZ sector through E-Complex, its wholly-owned subsidiary which operates an engineering SEZ.

We believe that our experience, knowledge and human resources will enable us to continue to identify and execute infrastructure projects.

Diversified portfolio of projects and businesses

We currently have interests in companies that are developing and propose to develop infrastructure projects across the shipyard, SEZ and free zone, logistics, power and ports sectors. We also have interests in companies in the defence and education sectors. We believe that the wide range of our activities not only enables us to diversify our risks by reducing our dependence on any one sector, but also helps us leverage the experience gained in diverse sectors. We have the following material investments:

- At March 31, 2011, we owned 43.14% of the outstanding shares of PSL, a listed company with an equity market capitalization of ₹ 54.83 billion at May 31, 2011. (Source: *www.nseindia.com*) PSL has the largest dry dock in India *(Source: The CRISIL Reports)* and has secured a license from the Government of India for the production of five medium-sized strategic and defence vessels per annum.
- At March 31, 2011, we owned 33.33% of the outstanding shares of Sohar Free Zone LLC, a limited liability company in the Sultanate of Oman. A royal decree was issued by the Sultanate of Oman on December 21, 2010 earmarking a certain area as a free zone in the Sultanate of Oman. The area is positioned near the Sohar Industrial Port, allowing ships to avoid the Strait of Hormuz. Once developed, our Company believes this area will become a manufacturing, logistics and export hub for cargo being transported to GCC countries, Africa, India and other European markets.
- At March 31, 2011, we owned 46.40% of the outstanding shares of Horizon Country Wide Logistics Limited, an unlisted company. Horizon has signed an MoU to develop, operate and manage a logistics zone in Sohar FZ in the Sultanate of Oman. Horizon's two subsidiaries are in the process of developing a CFS and a FTWZ in Navi Mumbai, near the Jawaharlal Nehru Port.
- At March 31, 2011, we owned 21.02% of the outstanding shares of Everonn, a listed company with an equity market capitalization of ₹ 10.62 billion at May 31, 2011. *(Source: www.nseindia.com)* Everonn develops educational content though an in-house team, backed by resources drawn from educational

institutes across India. Everonn also has experience customising their content to the needs of individual private sector schools using interactive technology.

We have extensive experience working with international corporations and leading financial institutions

We, along with our Subsidiaries and Specified Affiliates, have entered into agreements with various entities with sector-specific expertise, such as Evonik Energy Services GMBH, University of Strathclyde Business School, and other investors to provide financing, including IFCI Limited, Ashoka Investment Holdings Limited, Ambadevi Mauritius Holdings, M2N2 Partners Limited, Trinity Capital (Four) Limited. We believe our working relationships with international corporations and Indian financial institutions, as well as our extensive experience in working with them, will enhance our ability to find strategic partners and source additional funding.

We have strong project management skills.

Our Company has significant experience in the area of project development and project management and plays an active role in all stages of development of each project, including supervision of construction services, financing and operation. Using this experience, obtained since our incorporation in 1990, our Company and our Promoters have successfully completed many major infrastructure projects, including Pipavav Shipyard, Pipavav Port, the Pipavav Railway and the Pipavav Linkroad. We believe our experience, track record, commercial relationships and brand recognition will help us expand our operations into new sectors within the infrastructure industry, education sector and defence sector in India.

Our approach towards acquiring land for our projects has been a significant factor in our success. Land for our projects is mainly acquired through direct negotiation with farmers and other land owners, in a manner that allows the current land owners to benefit through the process of development that we undertake. In addition to direct employment opportunities, the land owners are favoured as service providers for the project, including for the hire of vehicles and the rental of premises for use as residences and offices.

Our Strategy

Since our incorporation in 1990, our Company has focused on identifying desirable projects throughout infrastructure sectors in India and abroad. We typically identify potential projects through the insights, relationships and the experience of our management team. These projects are greenfield or brownfield core-infrastructure projects that often involve areas that have traditionally been served by the government, such as ports, basic infrastructure and education. Once identified, we determine whether to participate in a project by evaluating and balancing the following factors: (i) whether the project focuses on businesses that are located in, or are designed to serve, growth regions; (ii) whether we will be able to exercise control or significant influence over management of the project entities; and (iii) whether the project is strategically aligned with or complementary to our existing businesses and can benefit from our expertise.

If we decide to sponsor a project, we utilize our management experience and, if required, the technical expertise of strategic partners who are already established in the particular infrastructure sector. During the execution stage, our Company typically receives revenue in the form of project development fees. These fees are earned for our work in the initial stages of the project for obtaining approvals and aggregating land, but often also for our continuing management of the ongoing operations. We may also advance initial financing to the project which is later refinanced by third party lenders as the project matures.

Once a project becomes self-sustaining, we may retain our interests in the project or divest portions and apply the proceeds from such divestment for further developments of new projects and investments. On occasion, a completed project may involve us in an undertaking to expand or upgrade facilities. In those cases, we may again receive project development fees for our work assisting and managing the project, either directly or through our Subsidiaries, Associates or Investments.

We believe that our business has grown organically into new business areas as we have looked to maximize the value of our existing assets. Thus, PSL's entry into repair and maintenance was a logical outgrowth of its shipyard facilities. Similarly, as the Indian naval requirements and the demand in the defence sectors began to increase, we began expanding our shipbuilding activities into defence vessels and other defence related work that can be performed using our shipyard facilities and infrastructure. Similarly, PSL's need for training skilled workers showed us a business need that evolved into our initiative in education, which culminated in our investments in Everonn and New Horizons.

Continue to pursue partnership strategy to mitigate risks

For each of our projects, we seek strategic and financial partners to bring expertise and resources to the project and to help mitigate our risks as well as reducing our financing requirements.

Our Company can develop beneficial relationships by using each partner’s individual strengths, with a goal toward developing each of our business projects into profitable ventures.

Continue to enhance training and development of management and employees

We seek to attract and retain talented individuals and improve their skills, productivity and career development opportunities through advanced human resources management. In addition to on-the-job training, we and our Specified Affiliates will continue to send selected employees to leading educational institutions both in India and abroad for advanced training. We believe that highly qualified management and employees are critical to our future business success.

Continue to develop our existing assets across various sectors in order to maximize the value of our Company and our holdings

Our existing assets and holdings are spread across the infrastructure sector, the education sector and the defence sector. While each sector does have common elements in the developmental, operational and maintenance stages, following are particular strategies for each sector:

Shipyard

Increase opportunities beyond commercial shipbuilding through expansion into other shipyard activities

In order to increase potential opportunities beyond the commercial shipbuilding sector, PSL is planning to enter into the defence sector and the offshore oil and gas sector through the fabrication and erection of oil and gas assets. PSL has entered into a contract to build five naval offshore patrol vessels and plans to seek additional contracts to build medium-sized strategic defence vessels for the Indian Navy and Coast Guard. PSL also plans to offer its repair and dry-docking facilities to a wide range of vessels, including aircraft carriers, very-large crude carriers and offshore supply vessels, as well as naval, coast guard and other specialty vessels such as liquefied natural gas carriers. PSL has a dedicated offshore yard to cater to the needs of offshore oil and gas exploration and production.

Special Economic and Free Zones

Provide opportunities and services in geographically advantageous regions

We believe the geopolitical climate in the Middle East and South Asia regions create an opportunity for the Sohar FZ. Due to the natural chokepoint of the Straits of Hormuz, shippers are currently subject to the policies and decisions of a few governments. The Sohar Industrial Port’s location outside the Straits of Hormuz provides cost effective access to the main shipping routes of the world, including to the GCC countries, Africa, India and other European markets. Our Company believes that with increasing growth in the region more shippers will take advantage of the Sohar Industrial Port, resulting in increased business for the Sohar FZ.

Divest holdings at a financially beneficial time

Our holdings in Navi Mumbai SEZ Private Limited and Mumbai SEZ Limited may provide us with future opportunities to take advantage of appreciation in these assets. If we are successful in divesting a portion of our holdings at financially beneficial times, we may be able to obtain additional capital which can be reinvested in other strategic businesses in the future.

Logistics

Expand interests to create a network of complementary services

Our logistics interests were developed to accommodate the services in other sectors, particularly ports and special economic and free zones. As the growth in these sectors has been complementary, we intend to use Horizon to develop an integrated network of multi-modal logistics parks through a hub-spoke model. By developing CFSs, ICDs, FTWZs and warehousing facilities at strategic locations such as ports, entry and exit points of the Golden Quadrilateral, the North-South East-West Corridor, and major rail junctions, we plan to capture revenue in multiple sectors. We also intend to expand our current logistics business into the Sohar FZ, which we believe offers an excellent opportunity for developing an important logistics hub for the region.

Ports

Prepare for future shipping needs with a project able to accommodate next generation vessels

Our Company is currently focused on developing our Port West project, a proposed deep-sea port located at the mouth of the Gulf of Kutch, on the western coast of India in the state of Gujarat, located on the Dubai-Singapore shipping and trade route. We believe that the Port West site enjoys key strategic and natural advantages such as a natural deep-water draft, relatively tranquil waters, two natural approach channels and good rail and road connectivity. The location is sheltered by islands and we believe that the channel should not require major dredging. We believe that Port West will have the potential to handle next-generation large ships due to its 18 meter deep-water draft.

Power

Capitalize on the growth of the Indian power generation sector

The power sector in India is characterized by power shortages that have increased over time as a result of the rapid economic development and increasing demands for power. The Government of India has carried out a series of regulatory reforms in order to address the power shortage in India and to hasten the development of new power projects that we believe may generate opportunities for us in the power sector.

Our Company is pursuing the development of coal-based power plants in India with Evonik Energy Services GMBH. Our role to date has been to use our expertise to develop the project, including arranging for the acquisition of suitable land and applying for critical approvals.

Education

Partner with educational institutions and companies in order to capitalize on the increased need for domestic education

We have begun implementing our education business strategy through our acquisition of equity shares in Everonn and NHIL as well as our association with University of Strathclyde.

Everonn's strategy is based on technology, content and human resources, enabling them to cater to educational needs at all levels, from young students to higher education in technical, engineering, medical, business and vocational areas. Everonn's educational platform will be supported by our Company's experience in infrastructure development. NHIL is an unlisted educational and training company in India which offers services in the areas of IT, vocational and domain skills training, technology services and supplementary education.

We also have entered into an agreement with University of Strathclyde to establish a new higher education institute with a focus on developing postgraduate and undergraduate programs in business and management.

Defence

Partner with well-known foreign defence companies to expand our defence business.

The Ministry of Defence of the Government of India announced a revised defence procurement policy in January 2011, which expanded the scope of the offset policy and now covers civil aerospace, including aircraft. It also includes internal security, weapons and services for counter-terrorism as well as training services in the list of eligible products and services. Manufacturers in the category of *'Buy'* and *'Make and Buy'* for acquisitions over and above ₹ 3,000 million are required to invest at least 30% of the estimated cost in indigenous defence industries.

We believe that our Company's past experience in working with foreign strategic partners will help us to negotiate and establish alliances with large foreign defence systems contractors. These alliances would generally not be exclusive and would not establish any form of partnership. We also seek to develop relationships with small to medium-sized Indian defence production companies that supply defence systems and components on a standalone basis. Our Company hopes that through our partnership with international as well as domestic companies, we will be able to develop, design, procure, produce and integrate various components and systems, and supply defence products and services.

Seek to capitalize on the need for additional security and surveillance services throughout India.

The Government of India and state governments have increased surveillance and security across the cities, towns and coastal areas of India. Our Company's proposed areas of business would include:

- Coastal Security – To procure and provide systems such as highly sensitive radar systems, CCTVs and voice monitors and computer aided command and control systems.
- Urban Protection – To procure and provide the systems used in coastal security to be used for monitoring land areas, with the addition of specialty designed monitoring systems such as stealth detectors, recorders and night vision enhancements.

We plan to assist with synchronizing and integrating the systems to enable users to gather, analyze, communicate and disseminate data online to relevant agencies for necessary preventive actions. Our Company is currently in discussions with several leading international security and surveillance technology companies.

Description of Our Company's Various Business Activities

Infrastructure Projects

Since 1990, we and our Promoters have been involved in the development and implementation of diverse infrastructure projects, including port projects, a shipyard, railway lines, roads and special economic zones. We and our Associates play an active role in all stages of development of our projects, including supervision of construction services, financing and operation.

Shipyard

Pipavav Shipyard Limited

At March 31, 2011, we owned a 43.14% direct and indirect equity interest in PSL, which operates Pipavav Shipyard, a shipbuilding, ship repair and refitting, offshore fabrication and engineering complex spread over approximately 198.88 hectares (491.44 acres) of land located in the State of Gujarat on the west coast of India adjacent to major sea lanes between the Persian Gulf and Asia. Pipavav Shipyard has the largest dry dock in India *(Source: The CRISIL Reports).*

Pipavav Shipyard commenced commercial operation on April 1, 2009 and is capable of ship construction and repairs for a range of vessels of different sizes and types up to a maximum individual capacity of 400,000 dead weight tonnes, including naval vessels and coast guard vessels, as well as the fabrication and construction of products such as offshore platforms, offshore drilling rigs, drilling rig framework jackets and vessels for oil and gas companies. On June 1, 2010, Prime Minister Dr. Manmohan Singh dedicated Pipavav Shipyard to the nation. Pipavav Shipyard was awarded the Essar Steel Infrastructure Excellence Award - 2010.

PSL is led by a team of qualified and experienced managers, both from India and abroad, who are focused on different aspects of shipbuilding. In the commercial shipbuilding sector, PSL focuses on the serial construction of large vessels built to standard specifications and widely used by shipowners, such as the Panamax bulk carriers, which currently comprise approximately 51% of PSL's commercial shipbuilding order book. By focusing on construction of multiple Panamax bulk carriers in the initial stages of its shipbuilding operations, PSL is seeking to achieve efficiency and cost competitiveness in its manufacturing process through economies of scale.

As of May 28, 2011, PSL had a confirmed order book of ₹ 71,161.37 million (conversion at the rate of 1 USD = ₹ 45.21), which includes the following significant ongoing projects and work orders. A portion of the income from these orders has been booked in accordance with the percentage of completion method:

Client	Description of Vessels	Expected Year of Completion	Aggregate Estimated Contract Price (₹ million)
International Customers	21 Panamax Bulk Carriers of 74,500 DWT each, including two options for additional vessels and one Mobile Floating Work Platform	2014	36,358.79
Domestic Customers	12 Offshore Support Vessels	2011	5,056.74
Domestic Customers	5 Offshore Patrol Vessels	2016	29,745.84
Total:			**71,161.37**

Until August 14, 2007, the Government of India provided a shipbuilding subsidy that, when applicable, provided a subsidy benefit of 30% to shipbuilding companies in respect of (i) ocean-going merchant ships that were over 80 meters in length and manufactured for the domestic market and (ii) ships of all types that were manufactured for export, subject to fulfilment of certain conditions. Under that policy, the subsidy was available to private shipyards in respect of ships that met the Government of India's eligibility requirements upon completion of construction and delivery of eligible ships. Pursuant to that policy, PSL filed eligibility applications with the Government of India in respect of 22 Panamax bulk carriers comprising PSL's order book at that time. However, on August 14, 2007, the shipbuilding policy of the Government of India expired. In March 2009, the Government of India issued a notification clarifying that all shipbuilding contracts entered into prior to August 14, 2007 would be eligible for the subsidy that expired on August 14, 2007. Consequently, PSL's original application for the subsidy in respect of the 22 Panamax bulk carriers comprising its order book as of that date are being processed and the Company believes that PSL will continue to be eligible for the subsidy.

We believe that Pipavav Shipyard enjoys strategic geographic advantages and favourable marine conditions. It is located adjacent to Pipavav Port, which has connecting rail and road links, including the Pipavav Railway (a 270 kilometre joint sector broad gauge railway linking Pipavav to the rail hub at Surendranagar and serving the Saurashtra region in Gujarat) and the Pipavav Linkroad (an expressway running between Pipavav Port and the National Highway 8E).

In addition, PSL's subsidiary, E-Complex, has developed an engineering SEZ spread over 124 hectares (306.40 acres) near Pipavav Shipyard. PSL has established a unit in the SEZ developed by E-Complex ("SEZ Unit"). This SEZ Unit, approved on January 8, 2008 by the Unit Approval Committee set up under the SEZ Act, 2005 (headed by the Development Commissioner, Kandla Special Economic Zone, Ministry of Commerce and Industry), was established to carry out PSL's fabrication and block making activities within the SEZ Unit in order to benefit from the tax benefits and simplified procedures available to companies that operate within such SEZs. The SEZ Unit and Pipavav Shipyard are linked by a 4.5 km dedicated road that was developed by PSL in 2008.

Facilities

The infrastructure located at PSL originally included two wet basins – one 680 meters long and 65 meters wide and the other approximately 680 meters long and 60 meters wide. PSL has converted the larger wet basin into India's largest dry dock measuring 662 meters long and 65 meters wide along with fit out berths. The remaining wet basin includes a basin with diaphragm walls, side wall structures, earth slopes, rock protections and excavated and dredged areas. PSL has completed a fabrication and block assembling facility for its shipyard operations. PSL has also installed two Goliath cranes, each having a lifting capacity of 600 tonnes. The Goliath cranes are necessary to facilitate the building and repair of vessels. PSL has also set up an offshore yard for the fabrication and construction of offshore business products.

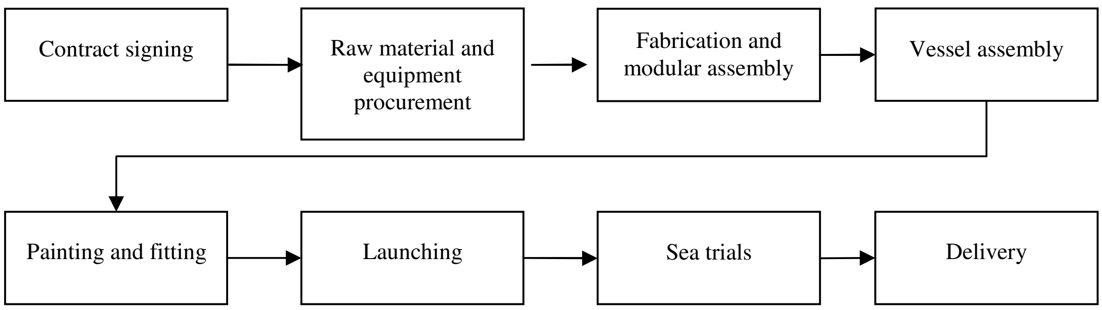
Location of Pipavav Shipyard

PSL believes that the strategic location of Pipavav Shipyard between Dubai and Singapore, adjacent to major shipping lanes, will provide it with significant efficiencies, resulting in lower overheads and cost effectiveness. It is approximately 150 nautical miles from Mumbai, one of the busiest international maritime ports in India. Pipavav Shipyard also benefits from traffic calling at other ports on the west coast of India and Pakistan. In addition, Pipavav Shipyard is located relatively close to the offshore oil fields on the western coast of India and to the Middle East. We believe that Pipavav Shipyard also enjoys other strategic locational advantages, such as a natural breakwater, relatively tranquil marine conditions, a short navigation channel and adequate drafts.

Shipbuilding Operations

The construction process for a vessel is typically divided into eight distinct stages:

Ship Construction Process



PSL assigns a project management team to supervise all aspects of the vessel construction project. The project management team oversees the completion of the project's drawings and supervises the planning of the project's construction. The project management team also oversees the purchase of all supplies and equipment needed to construct the project, as well as the actual construction of the project until delivery.

PSL builds vessels on a modular basis. Steel plates are purchased from India and abroad and transported to its fabrication facility in the SEZ Unit where they are prepared and then assembled into blocks. Blocks of up to 350 tonnes can be transported to the dry dock where they are assembled into the vessel hull, outfitted with propulsion systems, superstructure and other components and prepared for launch. After launch, the vessel goes through final outfitting and finishing in preparation for sea trials and commissioning.

PSL purchases steel plate from steel suppliers based on criteria including price, supply capacity and timing of delivery. From time to time, PSL orders steel plate in advance, particularly from its overseas suppliers, in order to seek price advantages or security of supply during periods of high consumer demand. PSL also orders propulsion systems and component parts such as hydraulic systems, generators, auxiliary machinery and electronic equipment, including telecommunications and navigational equipment.

Component parts, such as propulsion systems, hydraulic systems and generators, auxiliary machinery and electronic equipment are purchased separately by PSL and installed in the vessel. PSL uses job scheduling and costing systems to track progress of the construction of the project, allowing it and the customer to remain apprised of the status of the project's construction.

Construction drawings and bills of materials are prepared for each module to be fabricated. Modules are built separately, and penetrations for piping, electrical cables and ventilation systems for each module are positioned and cut with a plasma cutter. Parts of piping, raceways and ducting are also installed prior to the final assembly of modules into blocks. As much as possible, pre-outfitting is done at this block fabrication stage. After the blocks are assembled to form the vessel, final outfitting takes place prior to and after launching, and again before the sea trials and before delivery of the vessel.

Contract Procedure and Structure

Contracts are generally obtained through a competitive bidding process as well as by direct negotiations with customers. Substantially all of PSL's contracts are fixed-price contracts under which PSL retains all cost savings on completed contracts but is liable for all cost overruns.

In addition, in selecting contracts for major offshore platform construction projects, customers generally limit the tender to contractors they have pre-qualified based on a number of criteria including experience, technological capacity and performance, reputation for quality, safety record, financial strength and bonding capacity and size of previous contracts in similar projects, although price competitiveness of the bid is one of the most important criteria. The frequency or timing of new contract awards cannot be predicted.

Certain of PSL's contracts require bank refund guarantees for pre-delivery instalments, letters of credit, advance payment bonds, retention bonds, warranty bonds, contract bid bonds and performance bonds or similar obligations. With respect to certain vessel contracts, PSL provides a warranty for a period between 12 and 18 months with respect to workmanship and materials furnished by it. PSL generally has back-to-back contractual arrangements with its suppliers of critical equipment in order to mitigate its potential liability under those warranties.

Property

The land on which Pipavav Shipyard and related facilities are located measures approximately 198.88 hectares (491.44 acres), including reclaimed land and land under reclamation. The majority of the land is leased to PSL, with the remainder being reclaimed land which is not itself covered by a lease.

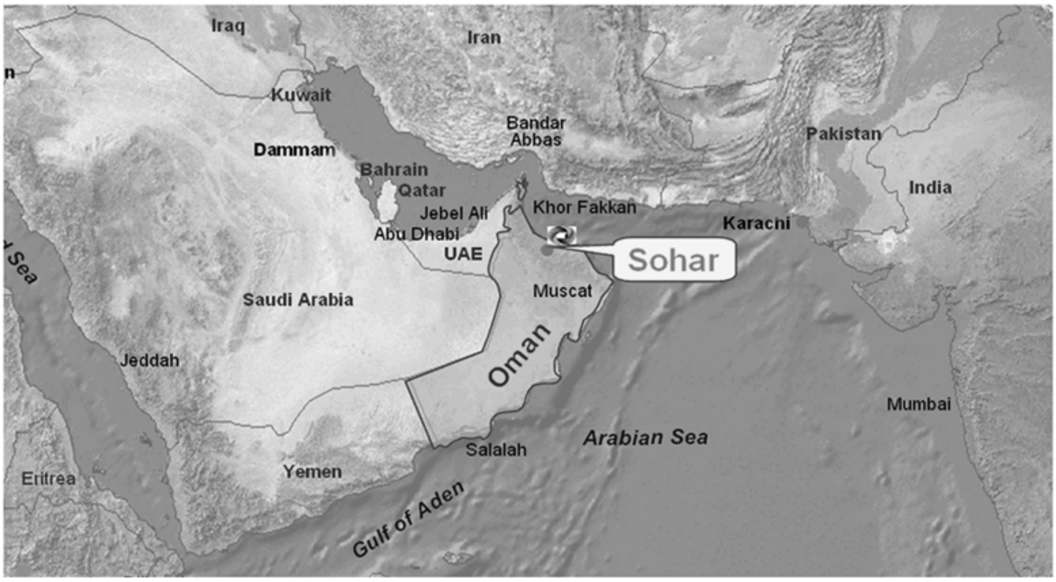
Special Economic and Free Zones

Our Company operates in the Special Economic and Free Zones sector through Sohar Free Zone LLC, Navi Mumbai SEZ Private Limited and Mumbai SEZ Limited. In addition, PSL operates in this sector through E-Complex, its wholly-owned subsidiary which operates an engineering SEZ.

Sohar Free Zone LLC

At March 31, 2011, we owned 33.33% of the issued share capital in Sohar Free Zone LLC, which is developing the Sohar FZ. The remaining 66.67% of the issued shares are owned by the Sohar International Development Company LLC, a joint venture owned 50.00% by the Government of the Sultanate of Oman and 50.00% by Mainport Foreign Investments B.V., a subsidiary of POR.

A royal decree was issued by the Sultanate of Oman on December 21, 2010 earmarking a certain area as a free zone in the Sultanate of Oman, on which the Sohar FZ is to be developed. The area is strategically located in the immediate vicinity of the Sohar Industrial Port in the Sultanate of Oman and is currently planned to be connected to an extensive sea and rail transportation network. Its location outside the Straits of Hormuz provides access to important international shipping routes. Sohar FZ is intended to provide access to the GCC countries, Africa, India and other European markets. The below diagram shows the location of Sohar in the region.



Map not to scale

We believe the availability of power and the reasonable cost of labour and land will enable the Sohar FZ to compare favourably to other special economic zones in the region. The Government of the Sultanate of Oman has granted tax and operational incentives to units being developed in the Sohar FZ, including allowing 100% foreign ownership with no minimum capital requirements and free repatriation of capital and profits, as well as a ten-year corporate tax holiday.

Furthermore, our Company believes that the Sultanate of Oman's regulatory policies are conducive to foreign direct investment, allowing free repatriation of capital and profits, and since the start of industrial development in 2003, the Sohar Industrial Port has disclosed current investments exceeding US$ 14 billion *(Source: www.PortOfSohar.com)*

The Sohar Industrial Port is located in the immediate vicinity of three industrial clusters: petrochemical, metals and logistics. These include various gas-based and infrastructure projects such as, oil refinery, polypropylene, aromatics, methanol, chemical urea, direct reduction iron, iron pelletising, aluminium smelter, heavy modular fabrication, port terminals, jetties and berths, roads and rainwater drainage corridors, power plants, water desalination plants, wastewater treatment plant, and telecommunication systems. *(Source: www.PortofSohar.com)* We believe that these industrial clusters can potentially benefit the Sohar FZ by creating an opportunity to invest in downstream industries, especially chemicals, petrochemicals, metals and minerals and logistics and warehousing. Modern basic infrastructure, such as power, potable and waste water treatment security services and ICT facilities are available. We believe the Sohar FZ is an opportunity for our Company to serve the expanding Indian market and the markets of the upper Gulf and Europe.

The current phase of development for Sohar FZ includes 500 hectares of land, to be developed into 380 hectares of land for fully serviced offices, warehouses and logistics, manufacturing and service spaces. Sohar Free Zone LLC will enter into land reservation agreements with various companies that will invest in these activities. Of this planned space, 73.5 hectares have been reserved by customers. Construction of the current phase commenced in October 2010 and is being executed through a number of contract packages over a period of time. The first contract package, consisting of site levelling, fencing, waste dump remediation, excavation and the routing of storm water drainage, has been awarded to contractors.

Navi Mumbai SEZ Private Limited

At March 31, 2011, we owned a 35.00% interest in Urban Infrastructure Holdings Private Limited, which holds a 99.67% interest in Dronagiri Infrastructure Private Limited, which in turn holds a 74.00% interest in Navi Mumbai SEZ Private Limited. Consequently, we have an indirect 25.81% beneficial equity interest in Navi Mumbai SEZ Private Limited, which is subject to dilution down to 5.90% upon full conversion of certain outstanding convertible securities in favour of group entities of Reliance Group Investment and Holding Private Limited. Navi Mumbai SEZ Private Limited has received gazette notification to develop a SEZ on 1,766.16 hectares (4,364.28 acres) in Navi Mumbai (Dronagiri node, Ulwe node and Kalamboli node). *(Source: www.sezindia.nic.in)*. Further, Navi Mumbai SEZ Private Limited has achieved financial closure for 2,140 hectares and is currently developing the site. *(Source: Navi Mumbai SEZ Private Limited's 2010 Annual Report)* Our Company was a lead consortium member for Navi Mumbai SEZ Private Limited and management and control of the company is currently held by Reliance Group Investment and Holding Private Limited.

Mumbai SEZ Limited

At March 31, 2011, we owned a 6.49% equity interest in Mumbai SEZ Limited, which is developing a SEZ at Khopta, District Raigad in Maharashta. Mumbai SEZ Limited is currently majority owned and controlled by Reliance Group Investment and Holding Private Limited.

The SEZs operated by Navi Mumbai SEZ Private Limited and Mumbai SEZ Limited are located eight kilometres from Jawaharlal Nehru Port in the State of Maharashtra, southeast of Mumbai. The locations are accessible by rail, road, international port and airport. In addition, the proposed Mumbai Trans Harbour Link across the sea would connect South Mumbai to the Greater Mumbai region across a 22 kilometre two-way six lane highway, thereby reducing travel time *(Source: www.cidcoindia.com).*

E-Complex Private Limited

At March 31, 2011, PSL owned 100% of E-Complex Private Limited ("E-Complex"), which owns land in the State of Gujarat, including 124 hectares (306.40 acres) which have been notified as an engineering SEZ by the Government of India and approximately 95 hectares (234.75 acres) of PSL's land has been leased from E-Complex, on which PSL has established its SEZ unit for block making and fabrication facilities.

Logistics

Horizon Country Wide Logistics Limited

At March 31, 2011, we owned a 46.40% equity interest in Horizon and are the sole promoter of the company. Horizon's objective is to develop logistics infrastructure through a hub-spoke model by developing an integrated Pan-India network of multi-modal logistics parks. Horizon intends to develop CFSs, ICDs, FTWZs and warehousing facilities at strategic locations such as ports, entry and exit points of the Golden Quadrilateral, the North-South East-West Corridor and major rail junctions.

For its current phase of development, Horizon has identified seven locations for setting up CFSs, ICDs, FTWZs and warehousing facilities. Activities at these sites will include storage of cargo, stuffing and emptying containers, value-added assembly and customs clearance. Two of these projects are being developed through Horizon's subsidiaries, one by Chiplun FTWZ Private Limited and another by Fastlane Distriparks and Logistics Limited, in each of which Horizon owned a 52.00% equity interest at March 31, 2011. The other five currently planned locations are proposed to be two CFSs, one each located in Pipavav and Chennai, two ICDs, one each located in Jhansi and National Capital Region, and one warehousing facility in Navi Mumbai. Horizon has also secured approximately 100 acres of land in Jhansi, Uttar Pradesh on a long term lease basis for setting up an ICD and 15.4 acres of land in Navi Mumbai on a long term lease basis for setting up a warehousing facility. However, these projects remain at an early stage of development.

Horizon has also entered into an MoU with Sohar Free Zone LLC on October 30, 2010, with respect to developing, operating and managing a logistics zone in the Sohar FZ. The proposed zone would be approximately 200 hectares and would be connected to the Sohar Industrial Port and the proposed airport, although development has yet to commence.

The SPL Relationship Agreement contains restrictions on our operations in the port-related logistics sector. Our Chiplun FTWZ project, as described below, is exempt from some of these restrictions. For details on these restrictions, please refer to the chapter titled *"History and Certain Corporate Matters"* on page 200.

Chiplun FTWZ

Chiplun FTWZ Private Limited, in which Horizon owned a 52.00% equity interest at March 31, 2011, was established to develop the processing area of an FTWZ over an approximately 100 acre site in Village Chanje, Taluka Uran, District Raigad, Maharashtra ("Chiplun FTWZ"), near Jawaharlal Nehru Port ("JNP"), India's largest container port. Chiplun FTWZ will be an integrated logistics and distribution hub focusing on container traffic. Chiplun FTWZ is expected to benefit from certain favourable tax provisions that relate to SEZs, including excise duty exemptions and income tax benefits. Chiplun FTWZ Private Limited has been approved by the Ministry of Commerce of India as a co-developer of a FTWZ for approximately 100 acres. Chiplun FTWZ is not yet seeking financing for this project and the project remains in the planning stage. Revenues are proposed to be primarily generated from charges relating to ground rent, container handling, storage and handling and value added services, including palletisation and consolidation of cargo.

Fastlane Distriparks CFS

Fastlane Distriparks and Logistics Limited, in which Horizon owned a 52.00% equity interest at March 31, 2011, was established to develop a CFS. Approximately 73.15 acres of land in Navi Mumbai, near to JNP ("Fastlane CFS") have been acquired for this project. Fastlane Distriparks and Logistics Limited is currently waiting for renewal of the regulatory approval to set up a CFS, which has been requested as is currently pending.

Ports

Gujarat Positra Port Company Limited

At March 31, 2011, we owned a 48.39% equity interest in GPPCL. Our Company and POR entered into a binding heads of agreement in December 2008 with respect to the development of Port West through a joint venture, with POR making its investments through its wholly-owned subsidiary, Mainport Foreign Investments B.V. Our Company, along with GPPCL and POR, entered into a Memorandum of Understanding in January 2009 with the Gujarat Port Infrastructure and Development Company Limited with respect to the development and ownership of Port West. The land for Port West is proposed to be leased to GPPCL by the Gujarat Maritime Board, which has initiated steps to acquire 3,400 hectares of land for Port West, of which 1,000 hectares will be required for the initial stage of the development plan, however, the land concession agreement has not been executed and is currently being negotiated. GPPCL obtained a feasibility report on Port West in July 2007 and POR obtained a design report in 2008. GPPCL is in the process of obtaining clearance under requisite environment laws for the Port West project.

Port West is located at the mouth of the Gulf of Kutch, on the western coast of India in the state of Gujarat, located on the Dubai-Singapore shipping and trade route. We believe that the Port West site enjoys strategic and natural advantages such as a natural deep-water draft, relatively tranquil waters, two natural approach channels and good rail and road connectivity. The location is sheltered by islands and we believe that the channel should not require major dredging. Our management believe that Port West would be able to handle large new ships due to its deep-water draft.

Map not to scale

The development of the proposed Port West would be on the landlord-based model with GPPCL building the first terminal along with supporting infrastructure and then leasing the terminal to an external operator. Development of other terminals would also be leased out to external operators. Port West is located on the western coast of India in the state of Gujarat, which has 1,600 kilometres of coastline handling 76.00% of the total port traffic in India in Fiscal 2009. *(Source: The CRISIL Reports)* Due to the proximity to GCC countries and the Middle East, the site acts as a gateway for petroleum, oil and lubricant products, which account for the largest share of traffic in Gujarat.

The SPL Relationship Agreement contains restrictions on our operations in this sector. Our Port West project, as described above, is exempt from some of these restrictions. For details on these restrictions, please refer to the chapter titled *"History and Certain Corporate Matters"* on page 200.

Power

Our Company entered into a memorandum of understanding with Evonik Energy Services GmbH ("**Evonik Energy**") in October 2008 for the development of coal-based power plants in India. Evonik Energy is part of a group that owns thermal power generation assets in Germany and other countries. We have identified a location for the development of a power plant with two 660 MW coal-based units in Raigad, Maharashtra and Evonik Energy completed a feasibility study for this plant in March 2010. We selected one of the most feasible sites by considering the ease of land acquisition, local infrastructure availability, feasibility of power transmission at minimal costs and the availability of low cost shore-based coal sourcing.

We are proposing to develop this plant through Energy India, which was our Company's 76.00% subsidiary at March 31, 2011. The project is at an early stage of development and our Company is taking the necessary steps to acquire the land and enter into agreements for fuel supplies and power off-take, but no definitive agreements have been executed.

Education Sector

Our Company participates in the education sector through interests in Everonn Education Limited and New Horizons India Limited as well as through an association with University of Strathclyde.

Everonn Education Limited

At March 31, 2011, we owned 21.02% of the outstanding equity shares of Everonn, an education service provider. We acquired four million equity shares in December 2010 through an investment agreement (upon the conversion of optionally convertible debentures) and an open offer for a total cash consideration of ₹ 2,089.33 million. Everonn's equity shares are listed on the NSE and BSE and Everonn had an equity market capitalization of ₹ 10.62 billion at May 31, 2011. *(Source: www.nseindia.com)* We are a co-promoter of Everonn and have the right to nominate one non-executive director and two permanent invitees to the board of Everonn under our investment agreement. Pursuant to this right, Mr. Nikhil Gandhi has been appointed as a non-executive director on the board of Everonn.

Everonn is an integrated knowledge management, education and vocational training company which offers a range of services, including (i) creating global educational and training content; (ii) designing and executing large learning initiatives; and (iii) setting up necessary infrastructure for learning and training. Everonn's operations are divided into the following eight strategic business units ("SBU"):

- Instructional and Communication Technology: This SBU concentrates on executing long term contracts with state governments and government schools under which it provides turnkey solutions by setting up computer labs to impart IT education, computer-aided learning, computer literacy and teacher training projects for the schools and colleges named under the contract.
- Virtual and Technology Enabled Learning Solutions: This SBU develops and accesses educational content that it delivers virtually, using very small aperture terminal ("VSAT") technology, to schools and learning centres and over the internet. This SBU oversees the largest VSAT network in the world. This SBU subdivides its operations into four working units: (i) iSchool, which focuses on assisting grade school teachers digitize their curricula; (ii) Colleges, which offers a blend of traditional and modern teaching methodologies in colleges and universities including VSAT training, Internet-based personalized learning and direct expert coaching; (iii) Retail, which operates virtual and interactive classroom networks in major cities in India with an aim to deliver affordable education; and (iv) Web Products, which operates the largest virtual school in existence, classontheweb.com, a curriculum-based eLearning portal that caters to all academic needs of students with a focus on helping them enhance their performance in school.
- Global Institute of Teacher's Training: This is a new SBU that provides training for teachers, principals and other educational professionals to ensure a higher standard of quality in the education industry. The Global Institute of Teacher's Training offers comprehensive courses and content and provides segment specific guidance.
- Preschool: This SBU is operated under the brand "Kinderstand". It offers a unique pre-school model focused on offering comprehensive full-day care for children between the ages of two and eight, by enabling a comprehensive introduction to the formal education system.
- Skill Development: This SBU is operated by Everonn's indirect wholly-owned subsidiary Everonn Skill Development Limited ("ESDL") and is focused on industry-specific training and degree certification. Since commencing operations in 2009, this SBU has signed memoranda of understanding with international educational organizations in Canada, Sri Lanka, Australia and the United States of America to provide VSAT courses in a variety of industries, including animation and nursing. ESDL has entered into an agreement with National Skill Development Corporation ("NSDC") to train 15 million people across nine

industry sectors by 2022. NSDC is a non-profit entity established by the Ministry of Finance, Government of India with a goal of training 150 million people by 2022 and plans to invest ₹ 141.5 million in ESDL in exchange for 14.15 million equity shares of that company.

- Tutoring: This SBU is operated by Everonn's wholly-owned subsidiary Toppers Tutorial Private Limited that offers individualised tutoring services to students studying for IIT-JEE and other Engineering Entrance Exams.
- Resources: This SBU is operated by Everonn's wholly-owned subsidiary Everonn Educational Resources Solutions Limited that seeks to provide competitively-priced access to resources such as sporting equipment and information technology to schools and colleges by taking advantage of Everonn's existing relationship with vendors.
- Business School: This SBU is operated by Everonn's wholly-owned subsidiary Everonn Business Education Limited that has begun setting up business schools through memoranda of understandings with educational institutions in India and abroad. Everonn Business Education Limited has also announced that it has started its own business school under the brand "Global School of Business" and is in the process of acquiring a number of locations of one of India's institutes, which it intends to re-brand.

New Horizons India Limited

At March 31, 2011, we owned 19.05% of the outstanding equity shares of NHIL, an unlisted educational and training company in India that offers services in the areas of IT, vocational and domain skills training, technology services and supplementary education. We acquired a total of 6.85 million equity shares, or 26.09% of the outstanding equity shares, in NHIL in November 2010 for a total consideration of ₹ 616.5 million. In February 2011, we sold 1.85 million equity shares, or 7.05% of the outstanding equity shares, of NHIL to Awaita Properties Private Limited, a Group Entity controlled by our Promoters, at cost. NHIL offers programs for young aspirants as well as IT professionals looking to enhance their skills. NHIL also operates a computer training division for foreign nationals under the brand "SIBIT" and coaching classes under the brand "Knowledge Horizon Classes". Mr. Nikhil Gandhi is a non-executive director and Vice Chairman of NHIL.

University of Strathclyde

Pursuant to a memorandum of understanding dated August 2010, our Company entered into an agreement with University of Strathclyde and V.S. Educational Society in February 2011 to establish a new higher education institute at Greater NOIDA in the National Capital Region. The institute, to be known as the Strathclyde SKIL Business School, will focus on developing postgraduate and undergraduate programs in business and management. Under the agreement, our Company and V.S. Educational Society will provide the local infrastructure and recruit the academic staff, while University of Strathclyde will confer the final awards for the courses.

The Strathclyde SKIL Business School will be operated on land leased to V.S. Educational Society, an entity registered as a Society under the Societies Act, and which has been allotted approximately 7.8 acres of land by the Greater NOIDA Industrial Development Authority. The Strathclyde SKIL Business School will commence a two-year Masters in Management programme that has received accreditation from the Association of MBAs of the UK.

Defence Sector

Our Company participates in the defence sector through PSL and through our wholly owned subsidiaries SKIL Advanced Systems Private Limited, and SKIL Strategic Deterrence Systems Private Limited, each of which will enable us to take advantage of the opportunities provided by the Government's defence offset policy, which requires manufacturers in the category of *'Buy'* and *'Make and Buy'* for acquisitions over and above ₹ 3,000 million to invest at least 30% of the estimated cost in indigenous defence industries.

PSL

PSL operates in the defence sector through the manufacture, refit, repair and dry-docking of medium-sized strategic defence vessels for the Indian Navy and Coast Guard. In May 2011, PSL entered into a contract with the Government of India to build five naval offshore patrol vessels for the Indian Navy for an aggregate amount of ₹ 29,745.84 million. In October 2010, PSL received a licence from the Government of India for the production of up to five medium-sized strategic defence vessels per annum. PSL has also entered into MoUs with international defence contractors for the construction of aircraft carriers, military vessels, and other related military projects, although no definitive agreements have been entered into at this point.

SKIL Advanced Systems Private Limited

SASPL became our wholly-owned subsidiary on February 2, 2010. Through SASPL, we plan to supply defence systems, internal security systems and personal security systems to various parties, including the Government of India and state governments. In March 2011, SASPL obtained an industrial license for the manufacture of radar and remote control apparatus from the Ministry of Commerce and Industry. SASPL has entered into an MoU with an international defence contractor for projects relating to counter terrorism, security products and critical infrastructure programs. Our role, if the MoU results in the execution of a definitive agreement, would be to provide industrial support for the aspects of the projects that take place within India. However, SASPL has not yet entered into any definitive agreements, commenced business activity or generated any revenues to date.

SKIL Strategic Deterrence Systems Private Limited

We incorporated SSDSPL in October 2010 as our wholly-owned subsidiary in order to supply manufacturers with a variety of defence systems. However, SSDSPL has not yet entered into any definitive agreements, commenced business activity or generated any revenues to date.

Competition

Our competition for projects depends on the size, complexity and location of the project. While service quality, technical ability, performance record, experience, health and safety records and the availability of skilled personnel are key factors in client decisions among competitors, price is often the deciding factor. Some of our primary competitors are substantially larger companies with substantially greater resources than us. Our Subsidiaries', Associates' and Investments' primary competitors include entities in the public and private sectors.

Intellectual Property

At March 31, 2011, our Company owns the following trademarks:

Trademark	Category of Goods or Services	Trademark Number	Valid From	Valid Until
SKIL THE INFRAPRENEURS	Class 35	1560068	May 21, 2007	May 20, 2017
SKIL THE INFRAPRENEURS	Class 36	1560069	May 21, 2007	May 20, 2017
SKIL THE INFRAPRENEURS	Class 37	1560070	May 21, 2007	May 20, 2017
SKIL THE INFRAPRENEURS	Class 39	1560071	May 21, 2007	May 20, 2017
SKIL THE INFRAPRENEURS	Class 41	1560072	May 21, 2007	May 20, 2017
SKIL THE INFRAPRENEURS	Class 42	1560073	May 21, 2007	May 20, 2017

Employees

Our Company believes that a motivated and empowered employee base is integral to our competitive advantage. At March 31, 2011, our Company had 128 employees (including 73 under contractual employment and 10 consultants under retainer).

Corporate Social Responsibility

We strive to be socially responsible and believe in pursuing people-centered development. We strive to honour our social responsibilities to the communities where our projects are located and to the society at large.

Our Corporate Social Responsibility principles include:

- Conducting business responsibly by contributing to the economic growth and sustainable development of the communities in which we operate;
- Providing opportunities for farmers and other land owners who sell or lease land to us for our projects, such as treating them as favoured service providers for the project, including for the hire of vehicles and the rental of premises for use as residences and offices;
- Offering healthy and safe working conditions to our employees, and ensuring fair compensation and good communication as well as equal opportunity for growth and value addition;
- Ensuring preservation of the environment and natural resources by executing projects in strict compliance with required regulation and industry norms;
- Remaining accountable to key stakeholders through dialogue and transparency regarding the economic, social and environmental impacts of our business ethics; and
- Striving to provide a fair return to our shareholders while fulfilling the above principles.

Insurance

At the date of this Draft Red Herring Prospectus, our Company only maintains vehicle insurance. As our Company does not own any immovable properties, we do not maintain standard fire and special perils insurance protection.

Property

The following sets forth our significant freehold and leasehold properties at the date of the Draft Red Herring Prospectus:

Freehold Properties

At the date of this Draft Red Herring Prospectus, our Company does not own any immovable properties.

Our Company has entered into declarations for the proposed purchase of the following properties, but has not yet entered into any definitive agreements:

Agreement	Purchaser	Seller	Consideration	Usage	Property Description
Declaration dated September 16, 2010	SKIL Infrastructure Limited	Real Gem Buildtech Private Limited (developer) and Bhishma Realty Limited (owner)	Amount to be paid: ₹ 81,875,000	Residential property	Apartment 4503 along with two car parking spaces, of the proposed multi-storey building to be known as "Orchid Crown" located at F. P. Number 1043 of T. P. S. IV, Mahim Division, Gokhale Road South, Dadar,

Agreement	Purchaser	Seller	Consideration	Usage	Property Description
					Mumbai
Declaration dated September 14, 2010	SKIL Infrastructure Limited	Bhishma Realty Limited	Amount to be paid: ₹ 81,875,000	Residential property	Apartment 4403 along with two car parking spaces, of the proposed multi-storey building to be known as "Orchid Crown" located at F. P. Number 1043 of T. P. S. IV, Mahim Division, Gokhale Road South, Dadar, Mumbai

Leasehold properties, including the registered office

Agreement	Property Description	Consideration	Term	Usage
Mumbai				
Leave and License Agreement dated September 6, 2010 between Awaita Properties Private Limited and SKIL Infrastructure Limited, SKIL Advance Energy Private Limited, SKIL Advanced Systems Private Limited, SKIL Himachal Waknaghat SEZ Private Limited, SKIL Shipyard Holdings Private Limited. Supplemental Agreement dated September 10, 2010 for use of furniture and fixtures	Portion of second floor, SKIL House, 209 Bank Street, Cross lane, Fort, Mumbai 400023	Monthly fee: ₹ 15,000 Refundable interest-free security deposit: ₹ 300,000 Monthly fee for use of furniture and fixtures in the premises: ₹ 10,000 Refundable interest-free security deposit for use of furniture and fixtures in the premises: ₹ 200,000	A period of 24 months commencing from June 1, 2010 and expiring on May 31, 2012, with the option to extend the lease for 12 months	Commercial and Registered Office
Business Centre Agreement dated April 24, 2010 between Satguru Infocorp Services Private Limited and SKIL Infrastructure Limited	Suite No. 801A of the premises known as "MMTC House" located at Plot No. C-22, Bandra Kurla Complex Bandra (E) Mumbai 400051 along with one car parking space	Monthly fee: ₹ 354,374 Refundable interest-free security deposit: ₹ 2,480,625	A period of 36 months commencing from April 5, 2010 and expiring on April 4, 2013 unless terminated by express written notice by either of the parties.	Commercial
Leave and License Agreement dated September 09, 2008 between Dr. Pratima Chipalkatti, Dr. Prasad Chipalkatti and SKIL Infrastructure Limited	315B, 3rd Floor Lotus House, 33-A Near Liberty Cinema, New Marine Lines, Mumbai 400020 along with one car parking space	Monthly fee: ₹ 141,000 Refundable interest-free security deposit: ₹900,000	A period of 11 months commencing from July 09, 2010 and expiring on June 8, 2011.	Commercial

Agreement	Property Description	Consideration	Term	Usage
Leave and License Agreement dated April 22, 2010 between Ms. Ganga V. Khemani and Dr. Ashok V. Khemani and SKIL Infrastructure Limited	Flat No. 801, 8th Floor, The Sea King Premises, Co-operative Housing Society Limited, H.K. Bhabha Road, Bandstand, Bandra, Mumbai 400050 along with one car parking space	Monthly fee: ₹ 100,000 Refundable interest-free security deposit: ₹ 2,000,000	A period of 36 months commencing from April 25, 2010 and expiring on April 24, 2013, but terminable on two months written notice by either party after 18 months	Residential property for our employees
Leave and License Agreement dated September 24, 2009 between Smt. Pushpadevi Jatia, Shri Sunil Jatia, Shri Anil Jatia, Shri Rajesh Jatia and Shri Ajay Jatia and SKIL Infrastructure Limited	Flat No. 4, 3rd and 4th Floor Damodar Bhuvan, Bhulabhai Desai Road, Mumbai 400026 along with four car parking spaces	Monthly fee: ₹ 300,000 Refundable interest-free security deposit: ₹ 500,000 Corporate guarantee given by our Company for vacating the premises upon termination of the leave and license: ₹ 300,000,000	A period of 24 months commencing from July 21, 2009 and expiring on July 20, 2011	Residential property for our Directors and Officers
Leave and License Agreement dated June 18, 2009 between Shri Nilesh Abhaykumar Doshi and Shri Mehul Abhaykumar Doshi and SKIL Infrastructure Limited	Flat No. 202, 2nd Floor, Siddhachal, Hanuman Road, Vile Parle (East), Mumbai 400057 along with a car parking space	Monthly fee: ₹ 55,000 Refundable interest-free security deposit: ₹ 300,000	A period of 24 months commencing from June 16, 2009 and expiring on June 15, 2011, terminable by either party on two months notice after 12 months	Residential property for our Directors and Officers
Leave and License Agreement dated December 30, 2010 between Shri Raghawjee Ramji Manek, Mrs. Minaxi Manek and SKIL Infrastructure Limited	Flat No. 702, B Wing, Poonam Apartments, Dr Annie Besant Road, Worli, Mumbai 400018 along with one car parking space	Monthly fee: ₹ 80,000 during the first year, increasing to ₹ 84,000 during years two and three Refundable interest-free security deposit: ₹ 500,000	A period of three years commencing on January 1, 2011 and expiring on December 31, 2013, terminable after December 1, 2011 by either party on one month's notice	Residential property for our Directors and Officers
Leave and License Agreement dated October 29, 2010 between Mrs. Amreen Sikander and SKIL Infrastructure Limited	Flat No. 302, 3rd Floor, Julian Alps-B-Wing, Bhakti Park, Wadala Link Road, Wadala East, Mumbai- 400037	Monthly license fee: ₹ 44,000 Refundable interest-free security deposit: ₹ 300,000	A period of 12 months commencing on November 1, 2010 and expiring on October 31, 2011	Residential property for our Directors and Officers

Agreement	Property Description	Consideration	Term	Usage
Leave and License Agreement dated February 9, 2011 between Mrs. Lakshmi Mani Aiyar, Ms. Jayamangala Mani Aiyar and SKIL Infrastructure Limited	Flat No. 71, 7th Floor, Landmark, Carmichael Road, Mumbai- 400026 along with one car parking space	Monthly license fee: ₹ 250,000 with eleven months paid in advance Refundable interest-free security deposit: ₹ 250,000	A period of 24 months commencing on February 15, 2011 and expiring on February 14, 2013.	Residential property for our Directors and Officers
Lease Agreement dated March 1, 2000 between Mumbai Cricket Association and SKIL Infrastructure Limited	Block No.J, Wankhede Cricket Stadium, Churchgate, Mumbai- 400020	Monthly fee: ₹1,536 Refundable interest-free security deposit: ₹ 4,608	Monthly tenancy basis	Commercial
Delhi				
Residential Lease Agreement dated October 15, 2009 between Adhar Universal Inns and Apartments and SKIL Infrastructure Limited	Apartment No. 2 'D'-1, Rao Tula Ram Marg, New Delhi 110022	Monthly fee: ₹ 110,000 Refundable interest-free security deposit: ₹ 330,000	A period of 24 months commencing from November 1, 2009 and expiring on October 31, 2011	Residential property for our Directors and Officers

KEY REGULATIONS AND POLICIES

The business of our Company requires, at various stages, the sanction of the concerned authorities under the relevant state legislation and local bye-laws. The following description is an overview of certain laws and regulations in India, which are relevant to our Company, its Subsidiaries and Specified Affiliates. Certain information detailed in this chapter has been obtained from publications available in the public domain. The regulations set out below are not exhaustive, and are only intended to provide general information to Bidders and is neither designed nor intended to be a substitute for professional legal advice.

Taxation statutes such as the Income Tax Act, 1961, Central Sales Tax Act, 1956 and applicable local sales tax statutes, and other miscellaneous regulations and statutes such as the Trade Marks Act, 1999 and labour laws apply to us as they do to any other Indian company. The statements below are based on current provisions of Indian law, and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions. For details of government approvals obtained by us, see the section titled "Government and Other Statutory Approvals" on page 619.

SHIPPING SECTOR

The Merchant Shipping Act, 1958

The Merchant Shipping Act, 1958, as amended (the "**Merchant Shipping Act**"), was enacted with an objective to foster the development of an Indian mercantile marine legislation to serve national interests and to establish a National Shipping Board for the registration of Indian ships and generally to amend and consolidate the law relating to merchant shipping. The Merchant Shipping Act is the principal legislation that applies to ships that are registered in India or which are required to be registered under this statute. The Merchant Shipping Act provides for, *inter alia*, regulations governing the transfer, mortgage and sale of ships, certification of competency of the officers, engagement and discharge of seamen, payment of wages to seamen, health and accommodation of seamen, the duties of the shipping masters, agreements with the crew, disputes between seamen and employers, inspection by a shipping master of provisions, accommodation on board and a certificate of survey for passenger carrying ships. In addition, with a view to ensure the safety of the vessels, the Merchant Shipping Act makes it compulsory to install life saving appliances, fire appliances as well as radio telegraphy, radio telephony and direction finders. The Merchant Shipping Act also contains provisions relating to safety and space requirements of unberthed passenger ships. The statute also sets out the requirements in relation to the following, among other things, dangerous goods and grain cargoes, collisions, accidents at sea and limitation of liability, wreck and salvage, and weights and measures on board. The Merchant Shipping Act also contains special provisions for control of Indian ships and other ships engaged in coasting trade.

The Directorate General of Shipping (the "**DG Shipping**") is vested with statutory powers under section 7 of the Merchant Shipping Act. The DG Shipping has the power to make rules in relation to maritime administration. The DG Shipping deals with the matters concerning implementation of shipping policy and legislations, prevention of marine pollution, promotion of maritime education and training in co-ordination with the international maritime organisation, regulation of employment and welfare of seamen development of coastal shipping, augmentation of shipping tonnage, examination and certification of merchant navy officers, supervision and control of the allied departments and officer under its administrative jurisdiction. The DG Shipping may from time to time make rules and notify circulars as part of the administration of various matters related to shipping.

The Merchant Shipping (Cargo Ship Construction and Survey) Rules, 1991

The Merchant Shipping (Cargo Ship Construction and Survey) Rules, 1991, as amended (the "**Cargo Ship Rules**"), prescribe the specifications related to the hull, equipment and machinery of all sea-going cargo ships of 500 tons gross or more, registered in India and have been enacted in order to implement the provisions of the Convention for the Safety of Life at Sea, 1948, as amended from time to time. The Cargo Ship Rules classify the ships and prescribe the specifications relating to, among other things, construction of hull including structural strength; construction and testing of watertight bulkheads, decks and inner bottoms; construction and testing of watertight decks, trunks, tunnels, duet keels and ventilators, watertight doors, ballast and bilge pumping and drainage arrangements; the type of machinery, boilers and electrical installations required; unattended machinery spaces including alarm and other safety systems; protection of cargo ships against shock, fire, flooding; additional requirements for tankers; and periodical surveys of cargo ships.

The Merchant Shipping (Construction and Survey of Passenger Ships) Rules, 1981

The Merchant Shipping (Construction and Survey of Passenger Ships) Rules, 1981, as amended (the "**Passenger Ship Rules**"), are applicable to all passenger ships that are at a port in India or within the territorial waters of India or registered in India. The Passenger Ship Rules provide for requirements of the hulls of passenger ships relating to, among other things, structure, watertight sub-division into compartments, fitting of collision bulkhead, double bottom tanks and watertight recesses and trunk ways. The Passenger Ship Rules also prescribe fire protection measures that are required to be adopted in the structure, bulkheads and decks including automatic sprinkler, fire alarm and fire detection systems as well as means of escape for the passengers. In addition, these rules deal with carriage of passengers and provide specifications relating to position of passenger accommodation, lighting and ventilation, supply of food and water, medical stores and space requirements for different classes of passengers.

The Dock Workers (Regulation of Employment) Act, 1948

The Dock Workers (Regulation of Employment) Act, 1948 (the "**Dock Workers Act**") regulates the employment of dock workers, which are defined as persons employed or to be employed in, or in the vicinity of any port on work in connection with the loading, unloading, movement or storage of cargoes, or work in connection with the preparation of ships or other vessels for the receipt or discharge of cargoes or leaving a port. The Government of India may formulate a scheme for a port or a group of ports, under the Dock Workers Act for the registration of dock workers and employers for regulating the employment of dock workers. Such a scheme may provide *inter alia* for (a) Classes of dock workers and employers to be covered under the scheme; (b) Obligations of dock workers and employers; and (c) Regulation of the employment of dock workers (whether registered or not) including their remuneration and working hours. The scheme may also provide for penalty and/or imprisonment in case of contravention of any provision of the scheme.

In addition, the Dock Workers Act also provides for the establishment of a board for administering the scheme and exercising the powers and perform the functions specified in the scheme.

The Shipbuilding Subsidy Scheme

The GOI announced a Shipbuilding Subsidy Scheme pursuant to a press note dated October 25, 2002 (the "Shipbuilding Subsidy Scheme") issued through a letter by the Ministry of Shipping (Letter No. SY-12025/3/98-SBR) dated October 25, 2002. The Shipbuilding and Ship repair Division of the Ministry of Shipping, GOI also prescribed detailed procedures and guidelines pursuant to a press note dated March 7, 2003. The Shipbuilding Subsidy Scheme was valid for a period of five years ending August 14, 2007. This scheme has not been extended as yet. Representatives from the shipping industry are currently lobbying for a further extension of the Shipbuilding Subsidy Scheme.

The main features of the Shipbuilding Subsidy Scheme were as follows:

(a) Shipbuilding subsidy on domestic order: A subsidy of 30% was payable for ocean-going merchant vessels that were at least 80 meters in length on the price at which the tender was won and any subsequent escalation was not be taken into account.

(b) Shipbuilding subsidy on export order: A subsidy of 30% was admissible on each export order irrespective of whether the order was obtained through a tender process or otherwise, and irrespective of the size and type of vessel.

Pursuant to a notification dated March 25, 2009, the Ministry of Shipping, Road Transport and Highways stated that the Government had decided to liquidate the committed liability for payment of subsidy for (i) ongoing eligible shipbuilding contracts entered into by central public sector shipyards until August 14, 2007 and (ii) eligible shipbuilding contracts signed by non-central public sector shipyards and private sector shipyards on October 25, 2002 and thereafter until August 14, 2007. The Ministry of Shipping, Road Transport and Highways also notified the "Amended Guidelines for Shipbuilding Subsidy to Indian Shipyards for considering Subsidy of

Vessels for which Contracts were signed on or before August 14, 2007" that set out the procedure for approval and release of the shipbuilding subsidy and shall apply with retrospective effect.

National Maritime Development Programme

The National Maritime Development Programme (the "**NMDP**") was formulated by the Ministry of Shipping, Road Transport and Highways, GOI on December 30, 2005. The objective of the NMDP is to raise the performance of the Indian maritime sector to international standards through an investment of approximately ₹1,003.39 billion comprising an investment of ₹ 558.04 billion in major ports and ₹ 445.35 billion in the shipping and inland water transport ("IWT") sectors. The NMDP has identified 111 projects in the shipping sector, which will be implemented over a period of 20 years. In the ship building sector, the proposals of the NMDP include the revival and modernization of the public sector shipyards and the setting up of two international size shipyards through an investment of ₹ 71.96 billion.

The Inland Vessel Act, 1917

The Inland Vessel Act, 1917 (the "**Inland Vessel Act**") was enacted to consolidate the enactments relating to inland vessels. It provides, among other things, for inland water limits, registration and survey of inland vessels, certificates of competency, licensing of masters and crew, investigation into causalities, protection and carriage of passengers and insurance against third party risks. An "inland vessel" or "inland mechanically propelled vessel" is defined as a mechanically propelled vessel, which ordinarily plies on inland water, but does not include fishing vessel and a ship registered under the Merchant Shipping Act, 1958. The Inland Vessel Act provides that an inland mechanically propelled vessel cannot proceed on any voyage, or used for any service unless she has a certificate of survey and a certificate of registration. The Inland Vessel Act empowers the State Government to appoint examiners for the purpose of examining the qualifications of persons desirous of obtaining certificates of competency to the effect that he is competent to act as a first-class master, second-class master or serang, or as an engineer, first-class engine-driver or second-class engine driver. The Inland Vessel Act also provides for the scope of inland vessel, inland waters, the concept of temporary permit and makes provision for prevention and control of pollution and protection of inland water.

Inland Vessels Act, 1917 was amended by the Indian Vessels (Amendment) Act, 2007 *(the **"Amendment"**)*. The foremost purpose of the Amendment was to extend inland water limits to enable extensive use of inland waterways by vessels and expanding inland water transport activities.

It further aimed to prevent and control the pollution of Inland Water. Therefore, a new chapter VIAB was inserted in order to implement the prevention and control of pollution. It laid down the provisions for power of entry, inspection inland port, at cargo or passenger terminal and punishment, in case of non- compliance. The Amendment provides that if any difficulty arises in giving effect to the provisions, the Central Government may, by order, published in the Official Gazette, make such provisions, not inconsistent with the provisions of the Indian Vessels Act, 1917 (the "***Principal Act***") as or the Amendment as may appear to be necessary or expedient for the purpose of removing the difficulty.

Marine Insurance Act, 1963

The Marine Insurance Act ('**MI Act**') was enacted in 1963 by the Indian Legislature to provide for a comprehensive regulation on the subject of marine insurance. The MI Act provides that the insurer shall undertake to indemnify the assured against the losses incidental to marine adventures. It is extended to protect the assured against any losses on inland waters or any land risk which may be incidental to any sea voyage. Further, it requires that the assured must be interested in the subject-matter at the time of the loss. In the event, the assured has no interest at the time of loss, such person could not acquire interest by any act or election after the assured person becomes aware of the loss. It is essential that the contract of marine insurance is embodied in the marine policy and such policy must be executed and issued either at the time when the contract is concluded or subsequently. The MI Act provides that the assured can avail different types of insurance including voyage policy, time policy, valued or unvalued policy, floating policy by ships and others.

Maritime Agenda 2010-2020

The Ministry of Shipping launched the Maritime Agenda 2010-2020, a perspective plan of the Ministry of Shipping for the present decade. The goals set for the sector includes, *inter alia,* to create a port capacity of around 3,200 million MT to handle the expected traffic of about 2,500 million MT by the year 2020. The Maritime Agenda projects a total traffic of 2,495.95 million MT for all major and non-major ports taken together. The proposed investments in major ports by the year 2020 is expected to be ₹ 1,094,494 million and in non-major ports it is ₹ 1,679,308 million.

ENVIRONMENTAL LAWS

The Environmental Protection Act, 1986, the Water (Prevention and Control of Pollution) Act, 1974 and the Air (Prevention and Control of Pollution) Act, 1981 provide for the prevention, control and abatement of pollution. Pollution Control Boards ("PCBs") have been constituted in all the States in India to exercise the authority provided under these statutes for the purpose of preventing and controlling pollution. Companies are required to obtain approvals of the relevant State PCBs for emissions and discharge of effluents into the environment. The Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008 include waste oil and oil emulsions under the definition of hazardous wastes and impose an obligation on every occupier and operator of a facility generating hazardous waste to dispose of such hazardous wastes properly including proper collection, treatment, storage and disposal. Every person engaged in generation, processing, treatment, packaging, storage, transportation, use, collection, destruction, conversion, offering for sale and transfer of hazardous wastes must obtain an approval from the applicable State PCB.

LAWS APPLICABLE TO SPECIAL ECONOMIC ZONES IN INDIA

The Special Economic Zone Act, 2005

The Special Economic Zone Act, 2005 (the "**SEZ Act**") was enacted to provide for the establishment, development and management of the Special Economic Zones for the promotion of exports and for matters connected therewith or incidental thereto including the generation of additional economic activity, promotion of export of goods and services, investment from domestic and foreign sources and creation of employment opportunities. The SEZ Act allows for the establishment of Special Economic Zones either jointly or severally by the Central Government, State Government, or any person for manufacture of goods or rendering services or both; it also allows the provision of services as a Free Trade and Warehousing Zone. Any person, with an intention to set up a Special Economic Zone, may make a proposal to the State Government concerned for the purpose of setting up the Special Economic Zone.

The Special Economic Zone Rules, 2006

The Special Economic Zone Rules, 2006 (the "**SEZ Rules**") provide for procedures on matters relating to the Central Government as well as the State Governments for setting up of Special Economic Zones or a 'unit' in a Special Economic Zone. The SEZ Rules also prescribe the procedure for the operation and maintenance of an SEZ, for setting up and conducting business therein with an emphasis on 'self certification' and the terms and conditions subject to which entrepreneur and developer shall be entitled to exemptions, drawbacks and concessions etc. The SEZ Rules also provide for the minimum area requirement for various categories of SEZs.

PORT RELATED REGULATIONS

The Indian Ports Act, 1908

The Indian Ports Act, 1908 (the "**Ports Act**") defines the jurisdiction of the GOI and various State Governments over ports and consolidates the enactments relating to ports and port charges. The Ports Act specifies rules for safety of shipping and conservation of ports and regulates matters pertaining to the administration of port dues, pilotage fees and other charges. The Government of India can make rules for the prevention of danger arising to the public health by the spread of any infectious or contagious disease from vessels arriving at or sailing from any such port. State Governments have been given power to make rules with respect to regulating the time, hours, speed, manner and conditions in which vessels may enter, leave or move in the port; berths, stations and anchorages to be occupied by vessels in a port; the anchoring, fastening, mooring and un-mooring of vessels in any such port; regulating the moving and warping of all vessels; removal or proper hanging or placing of anchors, spars and other things being in or attached to vessels etc. The State Governments can alter the limits of a port.

Ports are classified into two categories, i.e., major ports and minor ports. The GOI is responsible for policy formulation and regulation in relation to major ports, while minor ports are under the jurisdiction of State Governments. Major ports are governed by the Major Port Trusts Act, 1963 (the "**Major Port Act**"), which provides for the constitution of port authorities responsible for the administration, control and management of certain major ports. The ports at Kolkata, Mumbai and Chennai are administered by the respective port trusts, which are statutory bodies, whereas the remaining major ports are administered directly by the GOI. Port trusts comprise a chairman, elected representatives of the GOI, elected representatives from the commercial shipping and trade industry and representatives of certain departments of the GOI.

Proposed amendment to Tariff Authority of Major Ports (the "TAMP")

The Department of Shipping is reportedly planning to bring the 187 non-Major Ports under the jurisdiction of the Tariff Authority of Major Ports. At present, TAMP regulates tariffs of only Major Ports. This move is expected to reduce the ability of a number of these smaller ports to attract cargo from Major Ports, because TAMP regulations may restrict them from fixing competitive tariffs.

DEFENCE SECTOR

The Defence Procurement Manual, 2009

The Defence Procurement Manual, 2009, (hereinafter referred to as the "**Manual**") which has been made effective from April 1, 2009 contains the principles and procedure relating to procurement of goods and services for the defense services, organizations and establishments, laid down in terms of Rule 135 of the General Financial Rules. The Manual is a detailed compendium of procedures covering revenue procurements as well as the provision of all other goods, services and support activities intended to maintain the operational effectiveness of the Indian Armed Forces. The term 'procurement' as per the Manual means acquiring all types of goods (both scaled and non-scaled), such as equipment, stores, spares, technical literature, etc., as well as all types of services, including packing, unpacking, preservation, transportation, insurance, delivery, special services, leasing, technical assessment, consultancy, systems study, software development, maintenance, updates, conservancy, etc. The principles and procedures contained in the Manual are to be followed by all wings of the Ministry of Defence and the Defence Services, as well as all organizations and units/establishments thereunder, for procurement of goods and services, expenditure on account of which is met from the revenue heads of the Defence Services Estimate and any other type of purchases to which the provisions are made specifically applicable.

Defence Procurement Procedure, 2011

The Defence Procurement Procedure, 2011("***DPP 2011***") is to cover all capital acquisitions (except medical equipment) undertaken by the Ministry of Defence, defence services and Indian Coast Guard both from indigenous sources and ex-import. Defence Research and Development Organisation (DRDO), Ordnance Factory Board (OFB) and Defence Public Sector Undertakings (DPSUs) will, however, continue to follow their own procedures for procurement.

The DPP 2011 has widened the ambit of the offset policy and now covers civil aerospace, including aircraft, both fixed wing and rotary, air frames, air engines, avionics, aircraft components, aircraft designs etc. It also includes internal security (including weapons and services for counter-terrorism) and training services in the list of eligible products and services. The manufacturers in the category of *'Buy' and 'Make and Buy'* for acquisitions over and above ₹ 300 crore are required to invest at least 30% of the estimated cost in indigenous defence industries.

The DPP 2011 '*Make'* Category will cover all capital acquisitions of high technology complex systems and upgrades undertaken by indigenous research, design and development. These would be undertaken by Ordnance

Factory Board (OFB), defence public sector undertakings and Indian industry and industries identified as Raksha Udyog Ratna (RUR) / Consortia on a level playing field on shared development cost.

The DPP 2011 provides for training services and stimulators which were not a part of the previous defence procurement procedure. The major change in the shipbuilding is that the DPP 2011 divides the industry it into defence public sector undertaking shipyards ("***DPSU Shipyards***") and private shipyards. DPSU Shipyards would be given shipbuilding contracts on a nominated basis while private shipyards would have to participate through competitive bidding.

The DPP 2011 also provides for a fast track procedure ("***FTP***") to ensure expeditious procurement for urgent operational requirements, foreseen as imminent or in a situation in which crisis emerges without prior warning. The FTP includes acquisitions undertaken by the Ministry of Defence and defence services under *'Buy category' or 'outright purchase'*. These acquisitions are applicable to both indigenous sources and ex-import. Procurement proposals in which user trials are envisaged will not be under the purview of FTP. The acquisition under FTP is categorized as: (a) procurement of equipment already inducted into service; (b) procurement of new equipment.

EDUCATION SECTOR

Universities Grants Commission, Act, 1956 (the "UGC Act")

The University Grants Commission ("**UGC**") was set up to lay down provisions for the co-ordination and determination of standards in Universities. According to the UGC Act, a university is normally established pursuant to a Central, Provincial or a State Act. The UGC Act also makes provision for a deemed university and once an institution of higher education is designated as such, all the provisions of the UGC Act apply to it. The main function of the UGC is to recommend to any university the measure necessary for the improvement of university education and advice the university upon the action to be taken for the purposes of implementing such recommendations. It also makes provisions for disbursement of funds to universities recognized under the UGC Act.

The UGC (Establishment of and Maintenance of Standards in Private Universities), Regulations, 2003 (the "**UGC Private Universities Regulations**") were brought into force to create an effective regulatory mechanism for the maintenance of standards of teaching, research, examination and extension services in these private universities. All universities which have been established through statutes passed by their respective State Legislatures need to follow the regulations which prescribe the minimum qualifications that should be possessed by any person to be appointed as a teaching staff of the university, regulations defining the minimum standards on instruction for the grant of a degree by a university.

As per the UGC Private Universities Regulations, every university so established shall be governed by a separate State Act. A private university so established has to operate within the bounds of the State concerned and the overall performance of the campus centre and the study centre shall be monitored by the UGC and the State Government.

A private university has to fulfil the minimum criteria in terms of programmes, faculty, infrastructural facilities and financial viability laid down by the UGC and other concerned statutory authorities such as the All India Council for Technical Education, the Bar Council of India, the Distance Education Council, the Dental Council of India, the Medical Council of India etc. The university is also required to inform the UGC about its first degree and post graduate degree/diploma programmes including the curriculum structure, contents, teaching and learning process, examination and evaluation system and the eligibility criteria for admission of students, to the UGC on a proforma prescribed by the UGC prior to starting of these programmes.

The UGC may also conduct periodic inspection of any private university and its off-campus centres, study centres, off-shore campuses offering its programmes. After the award of the first degree and/or postgraduate degree/diploma courses, the UGC may indicate to the university any deficiency or nonconformity with the relevant UGC Regulations and provide it a reasonable opportunity to rectify the same. If the university despite being provided such an opportunity does not rectify the same, then the private university shall be prevented from offering any courses for the award of the first degree/post graduate degree and/ or diploma until such time that the deficiency is rectified.

Bye-Laws for getting Schools affiliated with the Central Board of Secondary Education and Council for the Indian School Certificate Examinations

The Council for the Indian School Certificate Examinations and the Central Board of Secondary Education has laid down guidelines that need to be complied with by schools for affiliation purposes. A synopsis of these guidelines laid down by both the boards is as follows:

Central Board of Secondary Education Affiliation

The Central Board of Secondary Education ("**CBSE Board**") requirements for affiliation are prescribed under the Central Board of Secondary Education Affiliation Bye-laws ("**CBSE Bye-laws**"). Applications for affiliation under the bye-laws can be considered if approval is required for any of the following categories of cases:

i. approval of middle class syllabus;
ii. provisional affiliation of a secondary school;
iii. upgradation/provisional affiliation of a senior secondary school;
iv. regular affiliation for schools run by the Government, Government aided Kendriya Vidyalaya Sangathan, Navodaya Vidyalaya Samiti , Central Tibetan Schools Organization (CTSO); and
v. permanent affiliation.

The CBSE bye-laws mandate that the following conditions need to be complied with if affiliation is required for schools with the CBSE Board:

- school must have prior affiliation or formal recognition from the State or Union Territory Government;
- a no objection certificate should be obtained from the State Government for affiliation of the school with the CBSE Board;
- school must have at least 2 acres of land (out of which at least one acre should be through ownership or through a lease in favour of the school for thirty years) and a building constructed on a part of land and proper playgrounds on the remaining land;
- in metropolitan cities with a population exceeding ₹ 2.5 million, the land should not be less than one acre with adequate building and arrangement for imparting physical and health education facilities for conducting games to the satisfaction of the CBSE Board;
- the trust or the society or the section 25 company registered under the Companies Act should be on a non-proprietary character and should run the school on a not for profit basis;
- the school should have adequate teaching staff possessing the necessary qualifications laid down for various subjects and posts for the teachers by the CBSE Board;
- it is also mandated that the salary scale and the admissible allowances of the staff should not be less than the corresponding categories of employees in the State Government schools or as per the pay scales prescribed by the Government of India;
- the school shall maintain a reserve fund in the following manner possible:
  (i) Up to 500 students – ₹ 60,000
  (ii) From 501 to 750 students – ₹ 80,000
  (iii) From 751 to 1000 students – ₹ 100,000
  (iv) Above 1,000 students – ₹ 100 per student rounded to the nearest thousand.
  (v) All admissions and. withdrawal registers are to be properly maintained;
- the service records of teaching and non-teaching staffs are to be duly maintained and updated;
- teaching and non-teaching staff is to be appointed on prescribed pay scales and no staff is to be appointed on a consolidated pay. They are also to be paid dearness allowance and other admissible allowances as per Central or State Government rates as required; and
- schools managed directly by Public Sector Undertaking ("PSU") or by reputed societies under financial control of these PSUs may apply for permanent affiliation and all other schools get a provisional affiliation. If a school wishes to get permanently affiliated with the CBSE Board, then, after the expiry of the provisional affiliated period of three years, it may ask the Board to grant it permanent affiliation on the basis of the fulfillment of certain condition which may be laid down by the CBSE Board.

Council for the Indian School Certificate Examinations

The Council for the Indian School Certificate Examinations ("**ISC Council**") requirements for affiliation are prescribed under the ISC Guidelines for Affiliation ("**ISC Guidelines**"). Applications for affiliation under the ISC Guidelines can be considered and will be granted if the following conditions are met:

- the school has to obtain a no objection certificate from the state in which the school is to be set-up;
- if the school is started as an affiliating entity from class VI, then, the school must leave sufficient time for the purpose of preparing candidates and presenting them, in the first instance for the Indian School Certificate of Secondary Education;
- the school has to be run either as a registered society under the Societies Registration Act, 1860 or a trust or a section 25 company under the Companies Act and it must not be run for profit;
- the school must have a properly constituted governing body or managing committee which is responsible to and under the control of the society or trust or company;
- the medium of instruction in the school has to be English and special emphasis has to be placed on oral English, as a really high standard is required to be maintained;
- the school should have two acres of land with suitable buildings constructed on the land along with proper playgrounds with adequate facilities;
- in metropolitan cities with a population exceeding 2.5 million, the land should not be less than one acre with adequate building and arrangement for imparting physical and health education facilities for conducting games to the satisfaction of the ISC Council;
- the school should have a well equipped library for the use of its staff and pupils. It should have at least five books per student in its stock subject with a minimum of 2,500 books to begin with. It shall not stock notes, examination guides of any kind;
- the teaching staff must be properly qualified and trained. The minimum qualifications for the teaching staff have been laid down under Chapter II of the ISC Guidelines;
- the schools affiliated to the ISC Council shall place their buildings and furniture at the disposal of the ISC Council for the conduct of examinations for which candidates from the school have been entered and for such other candidates assigned to the centre of the school by the ISC Council which can be reasonably accommodated;
- schools will initially be granted provisional affiliation and after the end of a period of three years, they can apply to the ISC Council for permanent affiliation which will be decided by the ISC Council on the basis of the performance of the school; and
- the ISC Council may have the power to withdraw the affiliation of a school or temporarily suspend affiliation, if the ISC Council is satisfied that the school concerned is not fit to continue as an affiliated school.

The Foreign Educational Institutions (Regulation of Entry and Operations) Bill, 2010

The Government of India has introduced the Foreign Educational Institutions (Regulation of Entry and Operations) Bill, 2010 ("**Bill**") for regulation and entry of foreign educational institutions in India. In terms of the Bill, any foreign university intending to impart foreign education in India, shall submit an application, for being recognised as such to the Registrar. In terms of the Bill, those foreign educational institutions will be accredited which have been offering educational services for at least twenty years in the country of incorporation/establishment. Further, such foreign educational institutions should offer educational services in India through conventional methods of teaching, and not through the distant learning mode in India.

Besides, the Bill grants recognition to not only standalone foreign educational institutions but also to those foreign educational institutions, which maybe established in collaboration or partnership with any Indian educational institution. The foreign educational institutions have to comply with the following regulations under the Bill:

- Foreign educational institutions should apply for grant of recognition to the concerned Registrar;
- The foreign educational institutions should respond to all the inquiries made by the Registrar;
- They should be notified by the Government of India as foreign educational institutions;
- The foreign educational institutions should ensure that they maintain a corpus of not less than ₹ five hundred million or such sum as maybe notified from time to time by the Government of India.

The foreign educational institution has to also comply with the norms laid down by the University Grants Commission and has to submit a report of its activities from time to time to the University Grants Commission. If the foreign educational institution is in violation of the norms laid down by the University Grants Commission or any other laws for the time being in force in India, then, the University Grants Commission after giving a reasonable opportunity of being heard to the foreign educational institution, may, recommend to the Government of India for withdrawal of recognition and rescind the notification of such foreign educational institution.

COMPETITION LAWS

The Competition Act, 2002

The Competition Act, 2002 (the "**Competition Act**") prohibits anti competitive agreements, abuse of dominant positions by enterprises and regulates "combinations" in India. The Competition Act also established the Competition Commission of India (the "**CCI**") as the authority mandated to implement the Competition Act. The provisions of the Competition Act relating to combinations were notified recently on March 4, 2011 and has come into effect on June 1, 2011. Combinations which are likely to cause an appreciable adverse effect on competition in a relevant market in India are void under the Competition Act. A combination is defined under Section 5 of the Competition Act as an acquisition, merger or amalgamation of enterprise(s) that meets certain asset or turnover thresholds. There are also different thresholds for those categorized as 'Individuals' and 'Group'. The CCI may enquire into all combinations, even if taking place outside India, or between parties outside India, if such combination is likely to have an appreciable adverse effect on competition in India. Effective June 1, 2011, all combinations have to be notified to the CCI within 30 days of the execution of any agreement or other document for any acquisition of assets, shares, voting rights or control of an enterprise under Section 5(a) and (b) of the Competition Act (including any binding document conveying an agreement or decison to acquire control, shares, voting rights or assets of an enterprise); or the board of directors of a company (or an equivalent authority in case of other entities) approving a proposal for a merger or amalgamation under Section 5(c) of the Competition Act. The obligation to notify a combination to the CCI falls upon the acquirer in case of an acquisition, and on all parties to the combination jointly in case of a merger or amalgamation.

LAWS RELATING TO LAND ACQUISITION

Land Acquisition Act, 1894

The Land Acquisition Act, 1894 (the "**LA Act**") was enacted with the objective of facilitating the Central and State Governments to acquire privately held land for public purposes. The GoI and the State Governments are empowered to acquire and take possession of any property for public purpose, however, the courts in India have, through numerous decisions stipulated that any property acquired by the government must satisfy the due process of law. The key legislation relating to the acquisition of property is the LA Act.

Under the provisions of the LA Act, land in any locality can be acquired compulsorily by the government whenever it appears to the government that it is needed or is likely to be needed for any public purpose or for use by a corporate body. Under the LA Act, the term "public purpose" has been defined to include, among other things:

- the provision of village sites, or the extension, planned development or improvement of existing village sites;
- the provision of land for town or rural planning;
- the provision of land for its planned development from public funds in pursuance of any scheme or policy of government and subsequent disposal thereof in whole or in part by lease, assignment or outright sale with the object of securing further development as planned;
- the provision of land for any other scheme of development sponsored by government, or, with the prior approval of the appropriate government, by a local authority; and
- the provision of any premises or building for locating a public office, but does not include acquisition of land for companies.

The LA Act lays down the procedures which are required to be compulsorily followed by the GoI or any of the State Governments, during the process of acquisition of land under the LA Act. The procedure for acquisition, as mentioned in the LA Act, can be summarised as follows:

- identification of land;

- notification of land;
- declaration of intended acquisition;
- acquisition of land; and
- payment and ownership of land.

Any person having an interest in the land being acquired by the Government has the right to object and the right to receive compensation. The value of compensation for the property acquired depends on several factors, which, among other things, include the market value of the land and damage sustained by the person in terms of loss of profits. Such a person has the right to approach the courts. However, the land owner can raise objections in respect of land acquisition in relation to the amount of compensation. The land owner cannot challenge the acquisition of land under the LA Act.

Urban Land (Ceiling and Regulation) Act, 1976

The Urban Land (Ceiling and Regulation) Act, 1976 (the "**ULCA")** prescribes the limits to urban areas that can be acquired by a single entity. The ULCA allows the government to take over a person's property and fixes ceilings on vacant and urban land. Under the ULCA, excess vacant land is required to be surrendered to a competent authority for a minimum level of compensation. Alternatively, the competent authority has been empowered to allow the land to be developed for permitted purposes. Even though the ULCA has been repealed, it remains in force in certain States like Haryana, Punjab, Uttar Pradesh, Gujarat, Karnataka, Madhya Pradesh, Rajasthan, Orissa and the Union Territories.

LAWS REGULATING TRANSFER OF PROPERTY

Transfer of Property Act, 1882

The Transfer of Property Act, 1882 (the "TP Act") establishes the general principles relating to the transfer of property in India. It forms a basis for identifying the categories of property that are capable of being transferred, the persons competent to transfer property, the validity of restrictions and conditions imposed on the transfer and the creation of contingent and vested interest in the property. It also provides for the rights and liabilities of the vendor and purchaser in a transaction for the sale of land.

Indian Easements Act, 1882

The law relating to easements and licences in property is governed by the the Easements Act, 1882 (the "Easements Act"). The right of easement has been defined under the Easements Act to mean a right which the owner or occupier of any land possesses over the land of another for beneficial enjoyment of his land. Such right may allow the owner of the land to do and continue to do something or to prevent and continue to prevent something being done, in or upon any parcel of land which is not his own.

Easementary rights may be acquired or created by (a) an express grant; or (b) a grant or reservation implied from a certain transfer of property; or (c) by prescription, on account of long use, for a period of twenty years without interruption; or (d) local custom.

The Registration Act, 1908

The Registration Act, 1908 (the "Registration Act") details the formalities for registering an instrument. Section 17 of the Registration Act identifies documents for which registration is compulsory and includes, *inter alia*, any non-testamentary instrument which purports or operates to create, declare, assign, limit or extinguish, whether in the present or in future, any right, title or interest, whether vested or contingent, in immovable property of the value of ₹ 100 or more, and a lease of immovable property for any term exceeding one year or reserving a yearly rent. The Registration Act also stipulates the time for registration, the place for registration and the persons who may present documents for registration.

Any document which is required to be compulsorily registered but is not registered will not affect the subject property, nor be received as evidence of any transaction affecting such property (except as evidence of a contract in a suit for specific performance or as evidence of part performance of a contract under the TP Act or as evidence of any collateral transaction not required to be effected by registered instrument), unless it has been registered.

The Indian Stamp Act, 1899

Stamp duty is payable on all instruments/ documents evidencing a transfer or creation or extinguishment of any right, title or interest in immoveable property. The Indian Stamp Act, 1899 (the "Stamp Act") provides for the imposition of stamp duty at the specified rates on instruments listed in Schedule I of the Stamp Act. However, under the Constitution of India, the states are also empowered to prescribe or alter the stamp duty payable on such documents executed within the state.

Instruments chargeable to duty under the Stamp Act but which have not been duly stamped, are incapable of being admitted in court as evidence of the transaction contained therein. The Stamp Act also provides for impounding of instruments by certain specified authorities and bodies and imposition of penalties, for instruments which are not sufficiently stamped or not stamped at all. Instruments which have not been properly stamped instruments can be validated by paying a penalty of up to 10 times of the total duty payable on such instruments.

LAWS RELATING TO EMPLOYMENT

The 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.

The Payment of Gratuity Act, 1972

Under the Payment of Gratuity Act, 1972 (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.

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.

Payment of Bonus Act, 1965

Pursuant to the Payment of Bonus Act, 1965 (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.

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.

Equal Remuneration Act, 1976

This statute 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

This statute 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.

Inter-State Migrant Workmen's (Regulation of Employment and Conditions of Service) Act, 1979

This statute is applicable to an establishment, which employs five or more inter-state migrant workmen through an intermediary (who has recruited workmen from one State for employment in an establishment situated in another State). The inter State migrant workmen, in an establishment to which this Act becomes applicable, are required to be provided certain facilities such as housing, medical aid, travel expenses etc.

LOGISTICS SECTOR

Customs Act, 1962

Customs Act, 1962 ("**Customs Act**") was enacted to consolidate and amend the laws related to customs. The Custom Act provides that all importers must file a bill of entry or a cargo declaration, containing the prescribed particulars for a customs clearance. Additionally, a series of other documents relating to the cargo are to be filed with the appropriate authority. This is followed by an assessment by the assessing officer in order to determine the duty liability which is on the basis of statement made in the entry relating thereto and the documents produced and information furnished by the importer or exporter. Further, all imported goods are examined for verification of correctness of description given in the bill of entry. Post assessment, the importer may seek delivery of the goods from the custodians.

Carriers Act, 1865

The Carriers Act, 1865 **("Carriers Act")** relates to the rights and liabilities of common carriers. The Carriers Act defines a "common carrier" as a person, other than the Government, engaged in the business of transporting for hire property from place to place, by land or inland navigation, for all persons indiscriminately. A common carrier who carries his customer's goods can limit his liability in all respects save and except against negligence and criminal act on his part or on the part of his servants and agents.

The Aircraft Act, 1934

The Aircraft Act, 1934 ("**Aircraft Act**") empowers the Central Government to regulate possession, use, operation *inter alia* of any aircraft or class of aircraft and for securing the safety of aircraft operation. The Aircraft Act enables the Central Government to make rules, orders and issue directions in a number of matters, including, *inter alia*, regulation of air transport services, the economic regulation of civil aviation and air transport services including the approval, disapproval or revision of tariff of operators of air transport services and the officers or authorities who may exercise powers in this behalf, the licensing, inspection and regulation of aerodromes, the inspection and control of the manufacture, repair and maintenance of aircraft, the registration and marking of aircraft, the conditions under which aircraft may be flown, or may carry passengers, mails or goods, or may be used for industrial purposes and the certificates, licenses or documents to be carried by aircraft, the licensing of persons employed in the operation, manufacture, repair or maintenance of aircraft and the air-routes by which and, the conditions under which aircraft may operate.

Furthermore our Company's and our Group Entities' activities in the power sector are regulated by various statutes including the Electricity Act, 2003 and the rules formulated thereunder.

REGULATIONS REGARDING FOREIGN INVESTMENT

Please see the section titled "*Restriction on Foreign Ownership of Indian Securities*" on page 684.

HISTORY AND CERTAIN CORPORATE MATTERS

Brief Corporate Profile of our Company

Our Company was incorporated as 'Sea King Engineers Limited' on February 20, 1990, as a public limited company in Mumbai, and registered *vide* registration number 11-55506 of 1990 with the Registrar of Companies, Maharashtra, under the Companies Act. Our Company received its certificate of commencement of business on April 17, 1990, issued by Assistant Registrar of Companies, Maharashtra. Pursuant to a Fresh Certificate of Incorporation dated January 14, 1999, issued by the Assistant Registrar of Companies, Maharashtra, the name of our Company was changed to 'Sea King Infrastructure Limited' to reflect the business of our Company more accurately. Further, pursuant to a Fresh Certificate of Incorporation dated March 25, 2004, issued by the Registrar of Companies, Maharashtra, the name of our Company was changed to 'SKIL Infrastructure Limited' to reflect the abbreviation of our Company's former name for administrative convenience. Our Company is promoted by Mr. Nikhil Gandhi, Mr. Bhavesh Gandhi and M/s. Metropolitan Industries (through its partners, Mr. Nikhil Gandhi and Mr. Bhavesh Gandhi). Our Company's CIN is U29110MH1990PLC055506.

Our Company had earlier proposed to make an initial public offering of 4,130,200 Equity Shares of face value ₹ 10 each at par and had also filed a draft red herring prospectus with SEBI in Fiscal 1996. However, our Board of Directors through a resolution adopted on May 1, 1996, decided not to proceed with the aforementioned initial public offering in view of the alternative means of financing available for the projects which our Company had undertaken at that time.

As on the date of this Draft Red Herring Prospectus, the total number of holders of Equity Shares is 33.

Our Company's activities

For details of our business and projects in which our Company is presently involved, please refer to the chapter titled "*Business*" on page 163.

Changes in our Registered Office

Our Company's Registered Office was located at 507, Vyapar Bhavan, 49, P. D' Mello Road, Carnac Bunder, Mumbai – 400 009 at the time of incorporation. Details of changes in the address of the Registered Office of our Company are set forth as under:

Sr. No.	Effective date	Address of the Registered Office	Reason
1.	May 25, 1995	401-C, Poonam Chambers, "A" Wing, Shivsagar Estate, Dr. Annie Besant Road, Worli, 400 018	Administrative convenience
2.	November 05, 1997	534/ 535, Vyapar Bhavan, 49, P. D'Mello Road, Carnac Bunder, Mumbai – 400 009	Administrative convenience
3.	July 01, 2005	SKIL House, 209 Bank Street Cross Lane, Fort, Mumbai – 400 023, Maharashtra, India	Administrative convenience

Main Objects of our Company

The main objects of our Company as contained in our MOA are:

1. To carry on the business of all types of Infrastructure and related projects, facilities, activities or works and to finance, build, construct, erect, install, undertake, laydown, commission, establish, own, operate, manage, control, administer, lease, and transfer all infrastructure projects, facilities or works and activities including Special Economic Zones, Free Zones, industrial parks, logistics parks, services and facilities, agricultural parks, gardens, roads, bridges, flyovers, highways, roadways and other related structures, rail, road, railway stations, platforms, railway yards, sea ports, berths, jetties, docks, Airstrips, Airports, Well, Dams, Canals, Reservoirs, Water Ways, ship-yards, and marine structures and undertaking developing and ship-breaking, shipbuilding, ship repairing and refit, coastal shipping, ro-ro

services, in land and sea transport including goods, passengers, and mail, rapid transport and telecommunications systems and all type of transportation systems, irrigation projects, chemical plants, Liquid Petroleum Gas, Liquid Natural Gas and all types of petroleum products handling and storage plants and terminals, handling equipment of various types, pumping stations industrial and technology parks, gas pipeline projects and other pipeline projects, oil and gas exploration, development, production including transportation, sale and refining of Hydrocarbons, Airport facilities including Maintenance and Repair Organisation (MRO), aerospace, Schools, Colleges, Hospitals, hotels, Holiday Homes and /or Beach Resorts and such other activities as may be defined by the Government from time to time as Infrastructure activity and to do investments and provide consultancy in the aforesaid related activities carried on by other companies.

2. To enter into, or provide consultancy in connection with any contract, agreement, joint venture with the Central and State Governments, Foreign Government, Municipal Local authorities whether in India or elsewhere as the Company may deem fit on the basis of any of the variations of the Public Private Partnership principles, including Build-Own-Lease-Transfer (BOLT), Built, Own-Operate-Transfer (BOOT), Built-Own-Operate (BOO) or any other similar mechanism, and to do investments in other companies for the purpose of carrying out the said objects of the Company.

3. To generate, accumulate, transmit, distribute, purchase, manufacture, produce, sell and supply electricity, power or any other energy from conventional or non-conventional energy sources including but not limited to coal, gas, lignite, oil, biomass, waste, thermal, solar, hydel, geo-hydel, wind and tidal waves, on commercial basis and to undertake the business of managing, owing, controlling, erecting, commissioning, operating, running, leasing or transferring power plants, plants based on conventional or non-conventional energy sources, and similar projects and to do investment in other companies to manage, produce and do all things necessary for the above, including mining of coal and other natural resources, engaging in offshore and/or onshore production of oil and gas and related activities etc, and to deal in carbon credits and also to apply for such license, approval as may be required for selling CERs (carbon credit) to any country, agencies and statutory bodies and also to companies in India or abroad, and to enter into agreements with Governmental, Statutory Authorities including State and Central Government agencies either in India or abroad for the above purposes.

4. Either on its own or through any of its subsidiaries or in association with any Indian or foreign agency, individual, firm, company or government undertaking, to invest in and to be engaged in all aspects of the defence and defence production business, including acting as managers and consultants and availing of defence and aerospace business opportunities including opportunities created by offset obligations in India of foreign suppliers.

5. To carry on the business of Import, Export, Manufacturing and Trading of Marine Spares, General Machinery parts, Economizer Steel Studded Tubes & Aluminum Guild Tubes.

Changes in Memorandum of Association since Incorporation

The following table sets forth the changes made to our Company's MOA since incorporation:

Sr. No.	Particulars of Change	Date of Shareholders' Meeting	AGM/EGM
1.	**Increase in Authorised Capital** From ₹ 500,000 consisting of 5,000 Equity shares of ₹ 100 each to ₹ 15,000,000 consisting of 150,000 Equity shares of ₹ 100 each.	June 18, 1991	EGM
2.	**Reorganisation of the capital structure** From 150,000 Equity Shares of ₹ 100 each to 1,500,000 Equity Shares of ₹ 10 each.	September 22, 1992	EGM
3.	**Increase in Authorised Capital** From ₹ 15,000,000 consisting of 1,500,000 Equity Shares of ₹ 10 each to ₹ 150,000,000 consisting of 15,000,000 Equity shares of ₹ 10 each.	April 29, 1994	EGM

Sr. No.	Particulars of Change	Date of Shareholders' Meeting	AGM/EGM
4.	**Increase in Authorised Capital** From ₹ 150,000,000 consisting of 15,000,000 Equity shares of ₹ 10 each to ₹ 165,000,000 consisting of 16,500,000 Equity shares of ₹ 10 each.	April 21, 1995	EGM
5.	**Increase in Authorised Capital** From ₹ 165,000,000 consisting of 16,500,000 Equity Shares of ₹ 10 each to ₹ 170,000,000 consisting of 17,000,000 Equity Shares of ₹ 10 each	May 17, 1995	EGM
6.	**Reorganisation of capital structure** From ₹ 170,000,000 consisting of 17,000,000 Equity Shares of ₹10 each to ₹ 170,000,000 consisting of 16,500,000 Equity shares of ₹ 10 each aggregating to ₹ 165,000,000 and 500,000 cumulative redeemable preference shares of ₹ 10 aggregating to ₹ 5,000,000	December 22, 1997	EGM
7.	**Reorganisation of capital structure** From ₹ 170,000,000 consisting of 16,500,000 Equity Shares of ₹ 10 each aggregating to ₹ 165,000,000 and 500,000 cumulative redeemable preference shares of ₹ 10 aggregating to ₹ 5,000,000 to ₹ 170,000,000 consisting of 3,000,020 Equity Shares of ₹ 10 each aggregating to ₹ 30,000,200 and 13,999,980 cumulative redeemable preference shares of ₹ 10 each aggregating to ₹ 139,999,800	April 20, 1998	EGM
8.	**Increase in Authorised Capital** From ₹ 170,000,000 consisting of 3,000,020 Equity shares of ₹ 10 each aggregating to ₹ 30,000,200 and 13,999,980 cumulative redeemable preference shares of ₹ 10 each aggregating to ₹ 139,999,800 to ₹ 250,000,000 consisting of 11,000,020 Equity Shares of ₹ 10 each aggregating to ₹ 110,000,200 and 13,999,980 cumulative redeemable preference shares of ₹ 10 each aggregating to ₹ 139,999,800	June 23, 1998	EGM
9.	**Change in Main Objects Clause** The main objects of our Company was amended to include the following objects: (i) To Carry on all types of Infrastructure Project facilities, activities or works and to finance, build, construct, erect, install, undertake laydown, commission, establish, own, operate, manage, control, administer, lease, and transfer all infrastructure projects, facilities or works and activities including industrial parks, agricultural parks, gardens, roads, bridges, flyovers, highways, roadways and other related structures, rail, road, railway stations, platforms, railway yards, sea ports, berths, jetties, docks, Airstrips, Airports, Well, Dams, Canals, Reservoirs, Water Ways, shipyards, and marine structures and undertaking developing and shipbreaking, Ship building, ship repairing, coastal shipping, ro-ro servicers, in land and sea transport including goods, passengers, and mail, rapid transport and telecommunications systems and all types of transportation systems, irrigation projects, chemical plants, Liquid Petroleum Gas, Liquid Natural Gas and all types of petroleum products handling and storage plants and terminals, handling equipments of various types, pumping stations industrial and technology parks, gas pipeline projects and other pipeline projects, Oil exploration, Air port facilities, Schools, Colleges, Hospitals, hotels, Holiday Homes and / or Beach Resorts and such other activities as may be defined by the Government from time to time as Infrastructure activity and to do investments in the aforesaid related activities carried on by other companies. (ii) To enter into any contract, agreement, joint venture with the Central and State Governments, Foreign Government, Municipal Local authorities whether in India or elsewhere as the Company may deem fit on the basis of Build-Own-Lease-Transfer (BOLT), Built, Own-Operate-Transfer (BOOT), Built-Own-Operate (BOO) or such other methods and to do investments in other companies for the purpose of carrying out the said objects of the Company. (iii) To generate, accumulate, transmit, distribute, purchase, manufacture, produce, sell and supply electricity, power or any other energy from conventional/non-	June 23, 1998	EGM

Sr. No.	Particulars of Change	Date of Shareholders' Meeting	AGM/EGM
	conventional energy sources on commercial basis and to undertake the business of managing, owing, controlling, erecting, commissioning, operating, running, leasing or transferring power plants, plants based on conventional or non-conventional energy sources, solar energy plants, and similar projects and to do investment in the said related activities in other companies. (iv) To enter into, manage, undertake, to do investments, carry on and engage in the business of Real Estate Development, Land Development, Site Development, Civil Construction of Commercial, Residential or Industrial Building Complexes and Shopping Centers and Farms, etc.		
10.	**Increase in Authorised Capital** From ₹ 250,000,000 consisting of 11,000,020 Equity Shares of ₹ 10 each aggregating to ₹ 110,000,200 and 13,999,980 cumulative redeemable preference shares of ₹ 10 each aggregating to ₹ 139,999,800 to ₹ 800,000,000 consisting of 60,000,000 Equity Shares of ₹ 10 each aggregating to ₹ 600,000,000 and 20,000,000 cumulative redeemable preference shares of ₹ 10 each aggregating to ₹ 200,000,000.	September 14, 1998	EGM
11.	**Change of Name** Name of our Company was changed from Sea King Engineers Limited to Sea King Infrastructure Limited	November 03, 1998	EGM
12.	**Change of Name** Name of our Company was changed from Sea King Infrastructure Limited to SKIL Infrastructure Limited	March 11, 2004	EGM
13.	**Increase in Authorised Capital** From ₹ 800,000,000 consisting of 60,000,000 Equity Shares of ₹ 10 each aggregating to ₹ 600,000,000 and 20,000,000 cumulative redeemable preference shares of ₹ 10 each aggregating to ₹ 200,000,000 to ₹ 2,600,000,000 consisting of 240,000,000 Equity shares of ₹ 10 each aggregating to ₹ 2,400,000,000 and 20,000,000 cumulative redeemable preference shares of ₹ 10 each aggregating to ₹ 200,000,000.	March 8, 2007	EGM
14.	**Reorganisation of capital structure** From ₹ 2,600,000,000 consisting of 240,000,000 Equity Shares of ₹ 10 each aggregating to ₹ 2,400,000,000 and 20,000,000 cumulative redeemable preference shares of ₹ 10 each aggregating to ₹ 200,000,000 to ₹ 2,600,000,000 consisting of 260,000,000 Equity Shares of ₹ 10 each.	March 28, 2007	EGM
15.	**Increase in Authorised Capital** From ₹ 2,600,000,000 consisting of 260,000,000 Equity Shares of ₹ 10 each to ₹ 4,600,000,000 consisting of 260,000,000 Equity Shares of ₹ 10 each aggregating to ₹ 2,600,000,000 and 20,000 cumulative convertible preference shares of ₹ 100,000 each aggregating to ₹ 2,000,000,000.	April 3, 2008	EGM
16.	**Change in Main Objects Clause** The main objects no. 2 of our Company was amended to include the following objects: For the word "oil exploration projects" the word "oil and gas exploration" be inserted and thereafter the word "development, production including transportation, sale and refining Hydrocarbons" be inserted, but before the word "Air Port Facilities".	May 21, 2008	EGM
17.	**Increase in Authorised Capital** From ₹ 4,600,000,000 consisting of 260,000,000 Equity Shares of ₹ 10 each aggregating to ₹ 2,600,000,000 and 20,000 cumulative redeemable preference shares of ₹ 100,000 each aggregating to ₹ 2,000,000,000 to ₹ 5,500,000,000 consisting 350,000,000 Equity Shares of ₹ 10 each aggregating to 3,500,000,000 and 20,000 0% fully convertible preference shares of ₹ 100,000 each aggregating to ₹ 2,000,000,000.	September 30, 2010	AGM
18.	**Change in Main Objects Clause** The Main Objects clause was amended as under:	May 16, 2011	EGM

Sr. No.	Particulars of Change	Date of Shareholders' Meeting	AGM/EGM
	1. To carry on the business of all types of Infrastructure and related projects, facilities, activities or works and to finance, build, construct, erect, install, undertake, laydown, commission, establish, own, operate, manage, control, administer, lease, and transfer all infrastructure projects, facilities or works and activities including Special Economic Zones, Free Zones, industrial parks, logistics parks, services and facilities, agricultural parks, gardens, roads, bridges, flyovers, highways, roadways and other related structures, rail, road, railway stations, platforms, railway yards, sea ports, berths, jetties, docks, Airstrips, Airports, Well, Dams, Canals, Reservoirs, Water Ways, ship-yards, and marine structures and undertaking developing and ship-breaking, shipbuilding, ship repairing and refit, coastal shipping, ro-ro services, in land and sea transport including goods, passengers, and mail, rapid transport and telecommunications systems and all type of transportation systems, irrigation projects, chemical plants, Liquid Petroleum Gas, Liquid Natural Gas and all types of petroleum products handling and storage plants and terminals, handling equipment of various types, pumping stations industrial and technology parks, gas pipeline projects and other pipeline projects, oil and gas exploration, development, production including transportation, sale and refining of Hydrocarbons, Airport facilities including Maintenance and Repair Organisation (MRO), aerospace, Schools, Colleges, Hospitals, hotels, Holiday Homes and /or Beach Resorts and such other activities as may be defined by the Government from time to time as Infrastructure activity and to do investments and provide consultancy in the aforesaid related activities carried on by other companies. 2. To enter into, or provide consultancy in connection with any contract, agreement, joint venture with the Central and State Governments, Foreign Government, Municipal Local authorities whether in India or elsewhere as the Company may deem fit on the basis of any of the variations of the Public Private Partnership principles, including Build-Own-Lease-Transfer (BOLT), Built, Own-Operate-Transfer (BOOT), Built-Own-Operate (BOO) or any other similar mechanism, and to do investments in other companies for the purpose of carrying out the said objects of the Company. 3. To generate, accumulate, transmit, distribute, purchase, manufacture, produce, sell and supply electricity, power or any other energy from conventional or non-conventional energy sources including but not limited to coal, gas, lignite, oil, biomass, waste, thermal, solar, hydel, geo-hydel, wind and tidal waves, on commercial basis and to undertake the business of managing, owing, controlling, erecting, commissioning, operating, running, leasing or transferring power plants, plants based on conventional or non-conventional energy sources, and similar projects and to do investment in other companies to manage, produce and do all things necessary for the above, including mining of coal and other natural resources, engaging in offshore and/or onshore production of oil and gas and related activities etc, and to deal in carbon credits and also to apply for such license, approval as may be required for selling CERs (carbon credit) to any country, agencies and statutory bodies and also to companies in India or abroad, and to enter into agreements with Governmental, Statutory Authorities including State and Central Government agencies either in India or abroad for the above purposes. 4. Either on its own or through any of its subsidiaries or in association with any Indian or foreign agency, individual, firm, company or government undertaking, to invest in and to be engaged in all aspects of		

Sr. No.	Particulars of Change	Date of Shareholders' Meeting	AGM/EGM
	the defence and defence production business, including acting as managers and consultants and availing of defence and aerospace business opportunities including opportunities created by offset obligations in India of foreign suppliers. 5. To carry on the business of Import, Export, Manufacturing and Trading of Marine Spares, General Machinery parts, Economizer Steel Studded Tubes & Aluminum Guild Tubes.		
19.	**Change in "Object Incidental or Ancillary to the attainment of the Main Object of the Memorandum of Association of the Company" Clause** The said Clause was amended to include Clauses III(C) 52 to 54 as under: To carry out all activities necessary for the dissemination of knowledge and literature in all educational training and enabling fields, to carry out the business of imparting education and undertaking consultancy and management services in the field of education and for carrying out the said object, to enter into agreements and contracts with Indian or foreign individuals and/or entities for technical, financial or any other assistance either directly or through subsidiaries and other entities in which the Company does investments for the purpose of carrying out the said object. To carry out the business and/ or activity of imparting education in all forms and manners in any stream, faculty or courses and enter into alliances and agreements for all or any kinds of purposes with any persons, authorities, universities, companies or associations for any form of business in the field of education. To enter into, manage, undertake, to do investments, carry on and engage in the business of Real Estate Development, Land Development, Site Development, Civil Construction of Commercial, Residential or Industrial Building Complexes and Shopping Centres and Farms, etc.	May 16, 2011	EGM
20.	**Change in "Object Incidental or Ancillary to the attainment of the Main Object of the Memorandum of Association of the Company" Clause** Existing Clause No. III (B) (14) of the Object Incidental or Ancillary to the attainment of the Main Object of the Memorandum of Association of the Company was amended by adding the word 'all subsidiary Companies and group Companies' after the words 'ex-employees of the Company' in the second line and addition of the word 'loan' before the word 'pensions' in the fifth line of the said clause. Existing Clause No. III (B) (15) of the Object Incidental or Ancillary to the attainment of the Main Object of the Memorandum of Association of the Company was amended by adding the word 'all subsidiary Companies and group Companies' after the words 'ex-employees of the Company' in the third line and addition of the word 'loan' after the words ' to grant pensions' in the fifth line of the said clause.	May 16, 2011	EGM
21.	**Reorganisation of capital structure** From ₹ 5,500,000,000 consisting of 350,000,000 Equity Shares of ₹ 10 each aggregating to ₹ 3,500,000,000 and 20,000 0% fully convertible preference shares of face value ₹ 100,000 each aggregating to ₹ 2,000,000,000 to ₹ 5,500,000,000 consisting of 550,000,000 Equity Shares of ₹ 10 each	May 16, 2011	EGM

Major Events

The following table sets forth the major events in the history of our Company, since incorporation:

Year	Event
1990	Our Company was incorporated as "*Sea King Engineers Limited*" and registered *vide* registration number

Year	Event
	11-55506 of 1990 with the Registrar of Companies, Maharashtra, under the Companies Act, 1956.
2001	The Pipavav Port was awarded the "Excellence in Infrastructure Award" by the Infrastructure Development Finance Company Limited for the year 2000
2003	Our Company completed the construction of India's first joint sector railway line, i.e. the Pipavav Railway as scheduled and it was inaugurated by the then Deputy Prime Minister of India on May, 2003
2004	A consortium led by our Company commenced development of the "Navi Mumbai Special Economic Zone" area.
2005	Our Company divests its shareholding in Gujarat Pipavav port Limited to the A.P. Moller-Maersk Group.
2005	Certain investors enter into agreements with our Company for investments into Urban Infrastructure Holdings Private Limited and consequently, into Navi Mumbai SEZ Private Limited (presently Reliance Group Holdings Private Limited is a major shareholder in the said companies).
2008	Ashoka Investment Holdings Limited and Ambadevi Mauritius Holding Limited acquired preference shareholding in our Company aggregating to ₹ 2,000 million. Subsequently in 2011, the preference shares were converted into 19,477,866 Equity Shares allotted to Ashoka Investment Holdings Limited and 5,842,727 Equity Shares allotted to Ambadevi Mauritius Holding Limited respectively.
2008	Our Company made an allotment of 2,523,880 Equity Shares to M2N2 Partners Limited upon conversion of 2,293,024 optionally convertible bonds.
2008	Our Company enters into a Heads of Agreement with Havenbedriif Rotterdam N. V. for developing a deep water sea port at Positra in the Gulf of Kutchch.
2009	PSL, our Group Entity made an initial public offering of 85,450,225 equity shares of face value ₹ 10.00 each. The equity shares of PSL were listed on the BSE and the NSE.
2009	Our Company enters into an agreement with Sohar International Development Company LLC for the setting up of Sohar Free Zone LLC.
2010	Pursuant to its purchase of Punj Lloyd's shareholding in PSL, SKIL made an open offer to acquire 20% (or 133,159,678 Equity Shares of face value of ₹ 10 each) of fully paid up capital of Pipavav Shipyard Limited in terms of Regulation 11 (1) and 12 of SEBI Takeover Regulations.
2010	SKIL acquires optionally convertible debentures of Everonn Education Limited and pursuant thereto, along with SKIL Knowledge Cities Private Limited, made an open offer to acquire 20% (or 3,944,080 equity shares of face value of ₹ 10 each) of fully paid up capital of Everonn Education Limited in terms of Regulation 10 and 12 of SEBI Takeover Regulations and became co-promoter of Everonn Education Limited.
2010	Our Company acquires shareholding in New Horizons India Limited (as on the date of this Draft Red Herring Prospectus, our Company holds 19.05% of the issued equity share capital of New Horizons India Limited).
2011	Our Company alloted optionally convertible debentures ("**OCDs**") aggregating to ₹ 2,000 million to IFCI Limited. The OCDs were subsequently converted into 8,241,168 Equity Shares.

Other confirmations and disclosures

Mergers and acquisitions in the history of our Company

There have been no mergers or acquisitions of businesses or undertakings in the history of our Company.

Raising of capital in the form of equity or debt

Other than as disclosed under sections "*Capital Structure*" and "*Financial Indebtedness*" on pages 93 and 567 respectively, our Company has not raised any capital either in the form of equity or debt.

Revaluation of assets

There has been no revaluation of fixed assets in the history of our Company. Since our Company has preferred the early adoption of Accounting Standard 30, all the investments appearing in the books as at December 31, 2010 and March 31, 2010, 2009, 2008, 2007 and 2006 have been valued at fair market value as on that date and resultant gains/losses have been credited to "Investment Revaluation Reserve Account" in case of Investments – available for sale and to "Gain on Mark to Market of Current Investments" in case of investments – held for trading.

Changes in the activities of our Company having a material effect

Except the activities undertaken / which may be undertaken by our Company, directly or through Specified Affiliates and Subsidiaries, towards establishing a presence in the Education sector and except initiatives taken by our Company directly or through Subsidiaries and Specified Affiliates towards foraying into the defence and power sectors, there have been no changes in the activities of our Company in the past five years, which may have had a material effect on our profits or loss, including discontinuance of our lines of business, loss of agencies or markets and similar factors. For details of our Company's activities in the education, defence and power sectors, please see the section titled "*Business*" on page 163.

Injunctions or Restraining Orders

Our Company is not operating under any injunction or restraining order.

Time and cost overruns

There have been no time and cost overruns in any projects undertaken by our Company since incorporation.

Defaults and rescheduling of borrowings

None of the loans / facilities which have been availed by our Company and are outstanding as on date, have been rescheduled. Further our Company has not defaulted on any loans availed by it since incorporation. Certain of the loans availed by our Company in the past have been rescheduled, details of which are as under:

Name of Bank / Institution	Loan Amount (₹ in mn)	Original Due date of payment	Revised due date of payment	Date of repayment and remarks
Canara Bank	300	December 30, 2003	June 30, 2004	First tranche of the loan was repaid on April 29, 2005. The balance was paid on July 11, 2005
Dena Bank	200	September 30, 2004	March 31, 2006	First tranche of the loan was repaid on July 11, 2005. The balance was paid on June 27, 2006
Infrastructure Leasing &Financial Services Limited	100	October 20, 2004	November 20, 2004	The loan was repaid on November 20, 2004

Strikes and lock- outs

Our Company has, since incorporation, not been involved in any labour disputes or disturbances including strikes and lock- outs. As on the date of this Draft Red Herring Prospectus, our employees are not unionized.

Our Subsidiaries

Our Company has the following 9 Subsidiaries as on the date of filing of this Draft Red Herring Prospectus:

1. SKIL Himachal Infrastructure and Tourism Limited;
2. SKIL Shipyard Holdings Private Limited;
3. SKIL (Singapore) Pte. Limited;
4. SKIL Advanced Systems Private Limited;
5. SKIL Advance Energy Private Limited;
6. SKIL Himachal Waknaghat SEZ Private Limited;
7. SKIL Karnataka SEZ Limited;
8. SKIL Strategic Deterrence Systems Private Limited; and
9. Energy India Corporation Limited.

For details of our Subsidiaries please refer to the section titled "*Subsidiaries*" on page 221.

Material Agreements

Agreements entered into with certain shareholders in our Company

1. *Investment agreement dated April 14, 2008 (the "**Investment Agreement**") among Ashoka Investment Holdings Limited, Ambadevi Mauritius Holdings Limited (together the "**Investors**"), Mr. Nikhil Gandhi, Mr. Bhavesh Gandhi, M/s. Metropolitan Industries and Montana Valves and Compressors Limited (presently known as Montana Infrastructure Limited) (collectively the "**Sponsors**") and SKIL Infrastructure Limited (the "**Company**" or "**SKIL**")*

   Pursuant to the Investment Agreement, the Investors have subscribed to 20,000 compulsorily convertible preference shares of ₹ 100,000 each of SKIL ("Investor Shares") for an aggregate subscription price of ₹ 2,000 million. The key terms of the Investment Agreement are as under:

   Use of Funds: SKIL shall, utilize the proceeds of the subscription by the Investors for the Investor Shares solely for investing in the shares of Pipavav Shipyard Limited, SKIL Karnataka SEZ Limited, SKIL Himachal Infrastructure & Tourism Limited, Horizon Country Wide Logistics Limited, Gujarat Positra Port Company Limited, Mumbai SEZ Limited, Urban Infrastructure Holdings Private Limited, Dronagiri Infrastructure Private Limited and Navi Mumbai SEZ Private Limited or any other company which is a subsidiary of PSL, SKSL, SHITL, HCWLL, GPPCL and E-Complex Private Limited.

   Investor Equity: In accordance with the terms of the Investment Agreement the Investors shall be allotted an aggregate of 3,694,377 Equity Shares of SKIL, upon conversion of the Investor' Shares. Such number of shares to be allotted to the Investors will, however, be proportionately adjusted for any stock/share splits, issuance of bonus shares, issue of shares on a right basis and be subject to adjustments made, if any, in relation to the pre- subscription valuation of our Company. The Parties agreed that the pre-subscription equity valuation of SKIL of its holding in Pipavav Shipyard Limited, SKIL Karnataka SEZ Limited, SKIL Himachal Infrastructure & Tourism Limited, Horizon Country Wide Logistics Limited, Gujarat Positra Port Company Limited, Mumbai SEZ Limited, Urban Infrastructure Holdings Private Limited, Dronagiri Infrastructure Private Limited and Navi Mumbai SEZ Private Limited at the time of entering into the Investment Agreement was US Dollars 3,500 million (the "**Current Valuation**")

   Conversion: Each preference share outstanding on such date which is earlier of the following: (a) the date selected by the Investors by notice in writing to the Sponsors and SKIL; (b) the date which is 5 business days prior to SKIL filing a draft red herring prospectus with the relevant authorities in furtherance of completion of an IPO; (c) the date on which SKIL raises at least US Dollars 100 million by further issue of its shares or other equity or equity-linked securities (including convertible bonds, share warrants and convertible preference shares (other than to Investors)) and which date shall not be later than April 01, 2013 shall be converted.

   The preference shares have been converted into 25,320,593 Equity Shares of our Company, allotted to the Investors, on May 16, 2011 in terms of the conversion agreement entered into by the parties to the Investment Agreement, also dated May 16, 2011. For further details please see the section titled "*Capital Structure*" on page 93.

   The Investors, SKIL and the Sponsors had entered into a shareholders' agreement dated April 14, 2008 for the purpose of regulating the relationship among them prior to the conversion of the Preference Shares. The said Shareholders' Agreement was terminated by the execution of the conversion agreement.

2. *Investment and shareholders' agreement dated May 24, 2008 (the "**Investment and Shareholders' Agreement**") among M2N2 Partners Limited (the "**Investor**"), Mr. Nikhil Gandhi, Mr. Bhavesh Gandhi (collectively the "**Sponsors**") and SKIL Infrastructure Limited (the "**Company**" or "**SKIL**")*

   The aforesaid parties entered into the Investment and Shareholders' Agreement for the purpose of recording the terms and conditions upon which the 2,293,024 optionally convertible bonds of ₹ 100 each of SKIL held by the Investor were converted into 2,523,880 Equity Shares of ₹ 10 each of SKIL and for the purposes of regulating the relationship between them in relation to SKIL. The 2,293,024 optionally convertible bonds were converted into 2,523,880 Equity Shares on May 30, 2008.The key terms of the Investment and Shareholders' Agreement are as under: -

Initial Public Offering ("IPO"): SKIL has given an undertaking to the Investor that it will conclude an initial public offering of the Equity Shares of SKIL on or prior to March 31, 2015. The Investor shall not be considered as a promoter of SKIL and the Investor's shareholding in SKIL shall not be offered for any lock-in requirements related to an IPO.

Right of further subscription: The Investor, within 30 calendar days, shall have the right but not the obligation to subscribe to such number of new shares or other equity or equity linked securities including convertible bonds or preference shares issued in the capital of our Company to any shareholder excluding AIG or its affiliates, which is necessary to ensure that the aggregate shareholding percentage of the Investor is not affected by such issuance, which may be exercised at the sole discretion of the Investor.

Investor tag along rights / Sponsors Right of First Offer: (a) If the Sponsors propose to transfer their equity shares or securities in SKIL to any person, other than their affiliates then the Sponsors shall give a written notice to the Investor, stating the number and kind of equity shares proposed to be transferred and the details of the offer from the third party. The Investor shall have a 20 business days period to accept the notice and sell the proportionate shares held by him to the seller/ purchaser otherwise it shall be deemed to have been rejected. The Investor shall have the option to require the selling Sponsor(s) and/ or the purchaser of such shares to purchase such number of shares of our Company held by the Investor as are proportionate to the shares being sold by the selling Sponsor(s); (b) If the Investor proposes to transfer their equity shares or securities in SKIL to any person other than its affiliates, then the Investor shall give a written notice to the Sponsors indicating the number of shares and the price per share being offered. The Sponsors shall have a 30 calendar days' period to accept the notice and convey their willingness to purchase all but not part of the shares of the Investors, otherwise it shall be deemed to have been rejected. In case the Sponsors do not indicate interest in purchasing the shares offered for sale by the Investor, the Investor may, within thirty days sell the shares offered for sale (but not part) to a third party at a price as indicated to the Sponsors.

Duration: This agreement came into force at the time of execution and will remain in force until the completion of this Issue.

Other material contracts

3. *Investment agreement dated July 21, 2010 (the "**Investment Agreement**") between Everonn Education Limited ("**EEL**"), SKIL Infrastructure Limited (the "**Investor**" or "**SKIL**") and Sarvotham P, Kishore P, Jaya Padmanabhan, P K Padmanabhan, Celebrate India Tourism Limited, Keerthi Kishore, Jansi Kishore (collectively referred to as "**Promoters**")*

   EEL is engaged in the business of education and training, offering satellite enabled learning solutions and digital content to schools, colleges and retail segments. The promoters of EEL being desirous of inducting SKIL as a "co-promoter" of EEL entered into the Investment Agreement whereby EEL has issued to SKIL 4,000,000 6% optionally convertible debentures ("**OCDs**") of EEL, on a preferential allotment basis, for a price of ₹ 520.87 per 6% optionally convertible debenture aggregating to ₹ 2,083.48 million. The key terms of the Investment Agreement are as follows:

   Conversion of OCDs: The OCDs shall necessarily be redeemed or converted into equity shares on a date which is the earlier of (i) the date falling 18 months after the date on which the OCDs are subscribed to and issued as per the Agreement and (ii) the date falling 15 days after the closure of the open offer window as per Regulation 22(5) of the Takeover Code (as on the date of this Draft Red Herring Prospectus, these OCDs have been converted into equity shares of EEL). The OCDs will be converted into such number of equity shares of EEL, such that post the conversion, the aggregate shareholding of SKIL (including all equity shares of EEL acquired by SKIL pursuant to the said open offer) does not exceed 4,000,000 equity shares of EEL.

Board Representation: SKIL shall have the right to appoint one non executive director and nominate two permanent invitees to the board of EEL. Such non executive director will not retire by rotation and shall be appointed in accordance with the Takeover Code.

Affirmative Vote Items: The parties to the Investment Agreement have agreed that neither EEL, nor any of its shareholders, directors, officers, committee members, employees, agents shall take any of the following actions without the written consent of SKIL (a) increase, decrease, alter or modify the authorized or issued share capital or create or issue any securities (including equity shares, preference shares, non-voting share, warrants, options, debentures, etc.; (b) incur any indebtedness or capital expenditure of any nature whatsoever; (c) approve or amend the business plan of EEL; (d) enter into any related party transaction; (e) take any action that would affect the rights of SKIL pursuant to the Investment Agreement. Pursuant to an amendment agreement dated October 29, 2010 entered into between EEL, SKIL and the Promoters, the parties to the Investment Agreement have agreed that the said Affirmative Vote will be exercisable by SKIL only upon the appointment of a SKIL nominated director on the board of EEL, after the earlier of (i) completion of the open offer or (ii) the date on which SKIL deposits 100% of the consideration due into the escrow account opened for the purposes of the said open offer.

Pre-emption Right for further issue of equity shares: EEL shall give SKIL a pre-emption right in any future equity financing undertaken by EEL through equity shares/OCDS, or any instruments convertible into equity shares on the same terms and conditions as offered to any person / entity other than SKIL such that SKIL can maintain its ownership percentage, post dilution.

Transfer Restrictions: The promoters and promoter group of EEL have agreed not to transfer or attempt to transfer their shareholding in EEL for a period of three years from the date of conversion of the OCDs by SKIL.

Right of First Offer: If the Promoters and / or their affiliates or SKIL and / or their affiliates, as the case may be, who hold equity shares of EEL, propose to transfer its or their equity shares or securities in EEL to any person (except for transfer through a recognized stock exchange having nationwide trading terminals) and not a negotiated, pre-arranged or synchronized sale to any person, then such seller shall give a written notice to the Promoters / SKIL as the case may be (“Offeree”), stating the number and price of equity shares proposed to be transferred. Within 15 business days of such notice, the other party may send a notice to the offeree mentioning the price and terms and conditions of the offer. If the third party price is more than 150% of the offer price, the shares may be transferred. The Offeree shall have a 15 day period to accept the notice otherwise it shall be deemed to have been rejected. On rejection the shares may be transferred at a price greater than or equal to the offer price.

Tag Along Right: In the event that the promoters of EEL and / or their affiliates transfer / sell any part of their shareholding in EEL, after having obtained the written consent from SKIL, then the promoters of EEL and / or their affiliates, as the case may be, shall arrange for a pro rata tag-along option for SKIL on terms no less favourable than those offered to the promoters of EEL and / or their affiliates as the case may be by way of issuance to SKIL, of a notice in this regard providing details of the transferee to whom the promoters of EEL and / or their affiliates propose to sell any part of their shareholding and the terms of such sale.

Steering Committee: The representatives of the Investor and the Promoters shall constitute a steering committee comprising equal number of representatives of the Investor and the Promoters (“Steering Committee”) which shall meet at least once every fortnight during the first year after the subscription for and issue of OCDs under this Agreement and at regular intervals thereafter, to discuss matters relating to the operation and management of our Company. The Steering Committee will (a) issue recommendations to the board of our Company if such recommendations are approved by the Steering Committee; or (b) present the consensus or the divergent views to the board of our Company.

Falling away of SKIL’s rights: The rights of SKIL and the obligations of EEL and the promoters of EEL shall cease to be available or applicable immediately upon SKIL’s shareholding in EEL falling below 2,000,000 Equity Shares.

4. *Shareholders' agreement dated March 07, 2009 (the "**Shareholders' Agreement**") between Sohar International Development Company LLC ("**SIDC**") and SKIL Infrastructure Limited ("**SKIL**").*

Sohar Industrial Port Company SAOC ("SIPC"), a closed joint stock company incorporated jointly by the Government of the Sultanate of Oman ("GOSO") and Mainport Foreign Investments B.V. ("MFI"), has been granted a concession to act as the manager and operator of the Sohar Industrial Port ("SIP") at Sohar situated at Al Batinah, Oman, subject to the terms of the concession agreement entered into on July 23, 2002 ("Concession Agreement") between the GOSO and SIPC, as amended.

SIDC was established to develop and operate commercial projects in the SIP concession area. The parties agreed to create a special purpose vehicle, in the form of a limited liability company to be incorporated in Oman ("SEZ SPV"), pursuant to Commercial Companies Law of Oman ("CCL"), to undertake the business of development and management of the SEZ, subject to the terms of the Shareholders' Agreement. The parties have entered into the Shareholders' Agreement to set out the terms and conditions upon which SIDC and SKIL shall incorporate the SEZ SPV and develop, manage and operate the SEZ SPV. The key terms of the Agreement are as under:

Business of the SEZ SPV: The business of the SEZ SPV shall be to undertake and conduct the business of development and management of the SEZ area, or any extension thereto, including establishment of project companies for the development and operation of infrastructure and commercial projects for social development inside the SEZ area and performance of any or all activities which are necessary or desirable in connection and accordance with its objects.

Shareholding: It was provided that upon the incorporation of SEZ SPV, SKIL would hold 33% of the share capital of the SEZ SPV and SIDC would hold 67% of the share capital of the SEZ SPV. Throughout the term of the Shareholders' Agreement, SKIL would hold a minimum of 26% of the share capital of the SEZ SPV and SIDC would hold 52% of the share capital of the SEZ SPV. Each party shall be at liberty to propose a new strategic party to be inducted in the SEZ SPV as a shareholder ("Third Party Shareholder"), which will hold up to a maximum of 22% of shares. Further, no share issuance or transfer shall be completed without prior consent of the other party and prior amendment of the agreement to take account of such change in , ownership, management and control from the current shareholdings of SKIL and SIDC. If the SEZ SPV requires additional funding, the shareholders shall contribute, in proportion to their respective shareholding in the total issued share capital of SEZ SPV on the terms approved by the management board unanimously. The management board shall promptly notify the shareholders in writing specifying the price and amount of the offered shares, granting to each shareholder the opportunity to purchase up to its pro-rata shares of the offered shares (the "**Offer**"). The Offer shall remain in force for 60 days from the date on which such written Offer is received by the shareholders. Each shareholder may elect to purchase by giving notice (the "**Notice**") to the management board. If a shareholder fails to purchase the shares, the other shareolder shall have the right to purchase all or part of the shares, within a period of 10 days. If the other shareholder fails to purchase the remaining offered shares, then: (a) the first shareholder may purchase these remaining shares at the end of 10 days, failing which, (b) the shareholders may allow a third party purchaser to acquire such remaining shares, or (c) the shareholders may cancel the Offer.

Management: The board of the SEZ SPV shall consist of a minimum of 6 members; each Party shall be entitled to nominate board members pro rata according to its percentage of shares. The Chairman of the board shall be a nominee of SIDC and the Deputy Chairman of the board shall be a nominee of SKIL. No business may be transacted at any board meeting unless attended by at least 50% of all members including at least one SIDC board and one SKIL board member present in person or by proxy.

Reserved Matters: No action shall be taken by the management board of SEZ SPV in respect of certain matters including the following matters without the prior written consent and approval of the shareholders: (a) any amendment, modification or alteration to the Articles or other constitutional documents of the SEZ SPV; (b) any change in the authorized or issued share capital of the SEZ SPV which shall require unanimous approval; (c) the creation, consolidation, sub-division, conversion or cancellation of any share capital of the SEZ SPV; (d) the issue or allotment of any share capital of the SEZ SPV or the creation of any new option to convert any indebtedness into share capital; (e) purchase or redemption by the SEZ SPV of any share capital;

(f) approval of a business plan; (g) any material change in the scope of objects; (h) raising of any form of indebtedness in excess of 250,000 Rial Omani; (i) any resolution for winding up of the SEZ SPV or application for appointment of receiver; and (j) decision to invest in the SEZ SPV infrastructure.

Affirmative voting rights: Certain actions cannot be taken without the prior approval of at least 51% of the board members, including the affirmative vote of at least one SKIL Board and one SIDC board member including the following: (a) the creation or redemption of any mortgage, charge, debenture, pledge, lien, encumbrance or security interest over any of the assets, property, undertaking or share capital of the SEZ SPV; (b) the acquisition or disposal of any asset which is material to the business of the SEZ SPV and which exceeds the financial limit set in the Shareholders' Agreement, subject to certain exceptions; (c) the raising of any indebtedness other than as approved by the management board; (d) the adoption of any new business plan or annual budget or material amendment to an existing plan or budget; (e) any change in authorized or issued share capital of the SEZ SPV; (f) the issue or allotment of any share capital of the SEZ SPV or creation of any new option or right to subscribe or acquire or convert any indebtedness or security into any share capital of the SEZ SPV;

Pre-emptive rights: If any shareholder wishes to transfer all or any of its shares to a third party purchaser, it shall deliver a written notice to the non transferring shareholders, stating *inter alia*, the number of equity shares and the price at which it proposes to transfer the equity shares of the SEZ SPV. The non-selling party shall have a 30 day period to accept the notice otherwise it shall be deemed to have been rejected. In case the price offered by the proposed seller is not acceptable to the non-selling party, the proposed seller shall have a right to sell such equity shares not earlier than 60 days from the date of notice and not later than 120 days at a price which shall not be lower than the price at which they were offered to the non-selling party.

Non-Compete: None of SIPC, SIDC, SKIL, or any of their affiliates or associate companies shall participate in any project that competes directly with the business carried on by the SEZ SPV. The Parties agree that this restriction will not apply to various special economic zone projects located in India that SKIL is involved with in India as at the date of the Shareholders' Agreement and which are: (a) development of special economic zones at Gagret (district Una, State Himachal Pradesh), Waknaghat (District Solan, Himachal Pradesh) and Manali (District Kullu), Himachal Pradesh; (b) development of a deep water port at Positra, Gujarat, largely on the landlord port model, which also involves the development of a special economic zone in the immediate vicinity of the Port; (c) development of a special economic zone at Nandagudi, Bangalore Rural District, Karnataka; (d) free trade warehousing zone in the Navi Mumbai area of Maharashtra.

Termination: The Shareholders' Agreement may be terminated *inter alia* (a) if the SEZ SPV cannot carry out its business as result of government risk for a period exceeding 365 days; (b) by mutual consent of the parties; or (c) any item of default occurs, which is not remedied in the period specified. Items of default include, *inter alia,* a material change in the shareholding pattern of SKIL, without notice to SIDC; (c) if the SEZ SPV becomes owned by one shareholder; or (d) the SEZ SPV is dissolves or liquidated, whichever occurs earlier.

5. *Memorandum of understanding dated October 24, 2008 (the "**Memorandum of Understanding**") between SKIL Infrastructure Limited ("**SKIL**") and Evonik Energy Services GmBH ("**Evonik**")*

SKIL plans to enter into thermal power generation projects ("**Business**") to capture the vast and sustained opportunity available in India. The corporate group to which Evonik belongs ("**Evonik Group**") is a large electrical power utility having thermal power generation assets in Germany and other countries. The Evonik Group has expertise in engineering, development, operation and maintenance of large thermal power plants including the expertise for coal sourcing and coal blending. Pursuant to the Memorandum of Understanding SKIL and Evonik intend to work together on a non-exclusive basis for development of Business, subject to technical and economic feasibility, satisfactory contractual documentation as well as government and statutory approvals and are also interested in entering into business specific joint ventures at each location ("**Specific Project**"). The key terms of the Memorandum of Understanding are the following:

Scope: SKIL shall identify suitable locations in India where a Specific Project can be set up. In case SKIL identifies a Specific Project, the Parties shall jointly review its economic and technical feasibility. If the Parties find a specific project economically and technically feasible, they shall enter into a specific joint venture agreement for the Specific Project ("**JVA**") on an exclusive basis. SKIL shall interface with regulatory authorities in India, assist in obtaining all statutory approval and provide all the administrative and managerial support to the Specific Project.

Equity Participation: Pursuant to the execution of a JVA and subject to the conditions set forth in the Memorandum of Understanding, the Parties shall incorporate a joint venture company for the Specific Project ("**JVC**"). Further, SKIL and Evonik intend to participate in the equity share capital of JVCs, with SKIL holding majority and controlling stake and with Evonik holding, unless agreed otherwise, 5% in each JVC. SKIL is free to induct any financial or strategic investor/s in each JVC as it may deem fit.

Limitation of Liability: There is no financial liability whatsoever under the Memorandum of Understanding on either of the parties and neither of them shall be liable to the other for any consequential loss suffered by one party due to any act or omission by the other party in respect of the Business or specific Project unless agreed otherwise.

Validity: The Memorandum of Understanding is valid for a period of three years from the date of its execution, unless extended by mutual consent of all the parties.

6. *Shareholders' agreement dated June 24, 2008 (the **"Shareholders' Agreement"**) between Askar Capital H. F. (**"Askar"**), SKIL Infrastructure Limited (the **"Company"** or **"SKIL"**) and Askar Capital Advisory Private Limited ("**ACAPL**").*

SKIL has paid ₹ 32,613,614 as share application money towards subscribing to 1,482,437 equity shares of ACPL representing 50% of ACAPL's share capital. The parties intend to jointly promote and develop ACAPL as a joint venture company to render financial services, in accordance with the terms and conditions as agreed to between them. The key terms of the Agreement are as follows:

Change of Name: Askar shall cause the name of ACAPL to be changed to "ASKIL Private Limited" within a period of thirty days from the closing date (as defined in the Shareholders' Agreement) and Askar shall take all the necessary steps to effect such change.

Board of Directors: The board shall consist of 4 directors out of which 2 shall be nominated by Askar and two by SKIL. The board may appoint 1 independent director.

Affirmative voting rights: The following matters *inter alia* shall require the affirmative votes of at least one director nominated by Askar and one by SKIL, at the board meetings: (a) amendment to the memorandum of association or articles of association; (b) increase, reduction, cancellation or buy-back of the issued share capital; (c) change in composition of the board, except as provided in the Shareholders' Agreement; (d) making loan, advances, investment or providing guarantee or security in excess of ₹ 2,500,000; (e) any consolidation or merger with any other company which results in change in control; and (f) any change in the nature of the business, auditors, approving accounts, appropriation of profit and declaration of dividend.

Pre-emptive Rights: ACAPL shall give Askar and SKIL, a pre-emption right in any future equity financing undertaken by it through equity shares, or any instruments convertible into equity shares, on the same terms and conditions as offered to any person / entity other than Askar and SKIL.

Non Compete: During the term of the Agreement, SKIL and Askar shall not, directly or indirectly, either on their own account or as a partner, employee, consultant or shareholders either independently or jointly promote or fund any venture within the same or similar line of business as that of ACAPL. The said provision shall survive for a period of one year, which can be further extended by mutual consent of the parties, after the expiry or earlier termination of the Shareholders' Agreement. Askar and SKIL shall not directly or indirectly own, solely as an investment or otherwise, invest more than 25% in securities of an unlisted company or more than 10% of the securities of any listed company, organisation or entity engaged in a business in India similar to the business of ACAPL.

Right of first offer: Where, either SKIL or Askar ("Selling Party") is desirous of selling all, or part of, its holding in ACAPL to a third party then it shall notify the other party via a written notice of its intention and seek the price at which the other party would be willing to offer, thereby giving the latter a right of first offer. The non-selling shareholder shall have a 30 day period to accept the notice otherwise it shall be deemed to have been rejected. In case the price offered by the non-selling shareholder is not acceptable to the Selling Party, the Selling Party will be free to transfer the offer shares at a price which shall be at least 10% higher than the price offered by the non-selling shareholder. In the event the price offered by the third party is not more than 10% higher, the selling party will issue a fresh notice to the non selling shareholder, disclosing the new price, whereupon, the non selling shareholder will have the option to purchase the shares at the new price.

Tag Along Rights: In the event that Askar or SKIL, as the case may be, intend to transfer / sell their shareholding in ACAPL (or any part thereof), then Askar or SKIL, as the case may be, shall, only upon the request of the other party, arrange for a pro rata tag-along option for the other shareholder on terms no less favourable than those offered to the transferring / selling party.

Termination: The Shareholders' Agreement can be terminated by mutual consent of the parties or by any of the parties if (a) either party decides to sell its shares in ACAPL such that its shareholding falls below 10%; (b) ACAPL is wound up according to the provisions of Companies Act.

As on the date of this Draft Red Herring Prospectus, our Company has not been allotted any securities of ACAPL.

7. *Shareholders' and Subscription Agreement (the "**Agreement**") dated January 10, 2008 between Gujarat Positra Port Company Limited ("**GPPCL**"), Visionfirst Capital Limited ("**Askar**" or the "**Investor**"), SKIL Infrastructure Limited (the "**Promoter**"), Horizon Infrastructure Limited ("**HIL"** or the "**Other Investor**").*

The Promoter and HIL jointly promoted GPPCL. Pursuant to the Agreement and subsequent understanding between the parties, Askar subscribed to fully paid up equity shares of GPPCL and also Askar purchased certain equity shares from HIL under a separate arrangement. Resultantly Askar holds 25,231,977 fully paid up equity shares of GPPCL amounting to 30.34% of the issued, subscribed and paid up equity share capital of GPPCL. It is contemplated that upon GPPCL raising further capital, Askar's shareholding in GPPCL will be reduced. The parties entered into the Agreement for recording the terms and conditions governing relationship of Askar as shareholder of GPPCL, including special rights of Askar and certain related matters including the inter-se understanding between the parties. The key terms of the Agreement are:

Right of First Offer: (a) If Askar or the Promoter or HIL any of their Affiliates ("Offeror") propose to transfer their equity shares in GPPCL to any person other than their affiliates, then the Offeror shall give a written notice to Askar or the Promoter, as the case may be ("Remaining Shareholders") stating inter-alia the number and price, or in case of non cash consideration, a valuation by an independent financial advisor of equity shares proposed to be transferred. The Remaining Shareholders shall have a 30 day period to accept the notice otherwise it shall be deemed to have been rejected. In case Remaining Shareholders do not elect to or fail to purchase the equity shares offered by the Offeror, the Offeror shall have a right to sell its entire shareholding (and not part) within 180 days at a price which shall not be lower than the price at which they were offered to the Remaining Shareholders and on terms no less favourable than those offered to the Remaining Shareholders; (b) In the event HIL is desirous of transferring the Shares or voting interests to any Person other than Askar or the Promoter then Askar, or the Promoter, as the case may be, will have a right of first refusal with respect to such shares, in proportion to their shareholding in the Company. In the event one of the Promoters or Askar purchases these shares ("Buying Shareholder"), the other shareholder shall have the right to buy from the Buying Shareholder, on terms and conditions which are not less favourable to the other party who has purchased the equity shares being sold, shares proportionate to its *inter se* shareholding in GPPCL with the buying shareholder, subject to compliance with applicable law.

Tag Along Right: If the Promoter and/or its affiliates propose to transfer any or all of their respective shareholding in GPPCL to a person, Askar shall have the right: (a) to transfer any or all of the equity shares of GPPCL held by Askar, in case the combined shareholding of the Promoter and HIL falls below 51% of the equity share capital of GPPCL; and (b) to transfer proportionate equity shares of GPPCL held by Askar in case the combined shareholding of the Promoter and HIL does not fall below 51% of the equity share capital of GPPCL at the same price and on the same terms, as agreed to by the Promoter and/or its affiliates, as the case may be, subject to compliance with applicable law.

Pre-emptive Rights: GPPCL shall give Askar, a pre-emption right in any future equity financing undertaken by GPPCL of equity shares on the same terms and conditions as offered to any person / entity other than Askar.

Board Representation: Promoter and HIL agree that Askar shall have the right to nominate one director ("Askar Director") to the board of GPPCL so long as Askar holds 5% of the paid up equity share capital of GPPCL. The Askar Director shall have voting rights equal to other directors. Askar shall be entitled to nominate any person(s) to be an alternate director to the Askar Director. For the discussion of a specified matter, the presence of one Askar Director and promoter- nominated director ("Promoter Director") shall be necessary.

Non Competition: GPPCL and the Promoter agree that during the period the Investor holds 5% equity shares in GPPCL, either directly or through affiliates, they (GPPCL and the Promoter) will not, and neither will their affiliates, engage or hold any direct or indirect financial interest beyond 10% in any entity whose business competes with the business of GPPCL without the prior Askar consent. This consent may be withheld in Askar's absolute and sole discretion.

Termination: The Agreement shall stand terminated, if: (a) there is a material breach by any party (the "Defaulting Party") of any of the provisions of the Agreement; (b) in the event any of the parties to the SHA become insolvent (such party also being referred to as "Defaulting Party"). The other party ("Notifying Party") shall give notice of the alleged termination event ("Determination Notice") to the Defaulting Party. The Defaulting Party shall have a period of 60 business days to rectify the event which caused termination. Askar may grant a further period of 60 days to take substantial steps to rectify such termination event. The Agreement may also be terminated by: (a) mutual agreement of the parties to the Agreement in writing; (b) Upon completion of an IPO by GPPCL at a price per share which is not less than the aggregate of the amount that was invested by the Investor and a gross return at the rate of 25% thereon compounded on an annualized basis; or (c) upon the Investor ceasing to hold any equity shares in the Company.

8. *Amendment and consent agreement dated September 06, 2010 (the "**Amendment and Consent Agreement**") between Horizon Country Wide Logistics Limited ("**HCWLL**"), SKIL Infrastructure Limited ("**SKIL**"), Karanja Infrastructure Private Limited ("**KIPL**") and Trinity Capital (Four) Limited ("**Trinity**").*

SKIL, KIPL and Trinity are the shareholders of HCWLL and between themselves hold 100% of the paid-up equity share capital of HCWLL.

Background: Trinity, SKIL and HCWLL entered into a shareholders' agreement dated September 09, 2008 ("**Trinity SHA**"), as amended by the Master Amendment and Consent Agreement dated November 20, 2008 (the "**Master Amendment and Consent Agreement**") in relation, *inter alia*, to certain rights, duties and obligations of SKIL and Trinity as shareholders of HCWLL. Furthermore, a share purchase agreement dated November 16, 2009 was executed between Citadel MT Trading Limited, Credit Suisse (Singapore) Limited, KIPL and HCWLL, pursuant to which KIPL purchased from Citadel MT Trading Limited and Credit Suisse (Singapore) Limited, 42,197,000 equity shares of HCWLL. Pursuant to the joinder to the shareholders' agreement dated November 16, 2009 executed by KIPL, KIPL became a party to the shareholders' agreement dated April 25, 2008 ("**KIPL SHA**"), originally executed between HCWLL, SKIL, Citadel MT Trading Limited ("**Citadel**") and Credit Suisse (Singapore) Limited ("**CS**") and as amended by the Master Amendment and Consent Agreement, after which KIPL has all the rights and obligations of a shareholder and those of Citadel as provided under the KIPL SHA. Upon coming into effect of the Trinity SHA and KIPL SHA, Trinity and KIPL respectively are entitled to certain rights in relation to certain specified matters as defined in the Trinity SHA and the KIPL SHA. The Amendment and Consent Agreement has been entered into to modify certain rights of Trinity in relation to specified matters under the Trinity SHA and certain rights of KIPL under the KIPL SHA ("**Specified Matters**"). The key terms of the Amendment and Consent Agreement are as following:

Amendment: The parties to the Amendment and Consent Agreement have agreed that from the date of execution of the Amendment and Consent Agreement, Trinity and KIPL shall not have any rights in relation to the Specified Matters under the Trinity SHA and KIPL SHA respectively and consequently the presence, affirmative approval or written consent of the investor director(s) nominated by Trinity or KIPL or from Trinity or KIPL shall not be required to constitute a valid quorum for any meeting of the board, or any committee thereof or a meeting of the shareholders of HCWLL or its subsidiaries at which any action, or any resolution is proposed to be taken, approved or adopted in relation to a Specified Matter.

The quorum for any board, committee or shareholders' meeting shall be constituted in accordance with the provisions of the Companies Act and any resolution proposed to be passed, at such a meeting, in relation to a Specified Matter shall be approved or adopted in accordance with the provisions of the Companies Act.

Effect of Amendment: The Trinity SHA and the KIPL SHA stands amended to the extent provided in the Amendment and Consent Agreement and all the other provisions of the Trinity SHA and KIPL SHA remain valid and binding on the parties thereto. In the event of any inconsistency between Trinity SHA, KIPL SHA and Amendment and Consent Agreement, the Amendment and Consent Agreement shall prevail.

9. *Investor rights agreement dated September 06, 2010 (the "**Investor Rights Agreement**") between Trinity Capital (Four) Limited ("**Trinity**") and SKIL Infrastructure Limited ("**SKIL**").*

Trinity, SKIL and Horizon Country Wide Logistics Limited ("***HCWLL***") entered into a shareholders' agreement dated September 09, 2008 ("***Trinity SHA***"). Pursuant to the amendment and consent agreement (the "***Master Amendment and Consent Agreement***") dated September 06, 2010, Trinity agreed not to have any rights in relation to the specified matters defined in Trinity SHA in order to facilitate the smooth and efficient functioning of HCWLL. Pursuant to the Investor Rights Agreement, Trinity has agreed to allow and support SKIL to operate and manage HCWLL independently without any interference and objection. SKIL has agreed to provide exit to Trinity by the listing of the equity shares of HCWLL via an initial public offer or its merger with any other listed entity including with group/ associate company listed on any stock exchange in India. Also, SKIL agreed to grant Trinity a put option over its shareholding in HCWLL. The key terms of the Investor Rights Agreement are as follows:

Grant of Put option: In consideration of Trinity agreeing to forego its rights in relation to specified matters, SKIL granted Trinity a put option to sell the shares of HCWLL held by Trinity (the "**Option Shares**") and has undertaken to buy the Option shares at ₹ 22 per share. The put option may be exercised by Trinity at any time: (i) if an IPO event has not occurred within 3 years of the Investor Rights Agreement; or (ii) if any specified event as defined in the Investor Rights Agreement occurs. If SKIL fails to buy the Option shares at the stipulated price and pursuant thereto and Trinity sells the Option shares at a price less than the option price of ₹ 22 per Option share, SKIL shall indemnify Trinity to the extent of loss suffered by Trinity due to such deficiency in price.

Prevalence of Agreement: In the event of inconsistency between the provisions of the Investor Rights Agreement, the Trinity SHA, amendment and consent agreement dated September 06, 2010 (the "**Amendment and Consent Agreement")** or any other document in writing between the Parties, the provisions of the Investor Rights Agreement shall prevail.

Master Amendment and Consent Agreement: The key terms of the Master Amendment and Consent Agreement are (a) *No obligations:* Citadel and CS do not have any obligations under the previous agreements entered into with Trinity ("**Trinity Documents**") and Trinity does not have any obligations under the previous agreements entered into with Citadel ("**Citadel Documents**"); (b) *Automatic Amendments:* Unless stated otherwise the Trinity Documents are amended to ensure that Citadel and CS can exercise their rights and enjoy their privileges and benefit from the obligations of other parties (i) under the Citadel Agreements; and (ii) which Trinity enjoys under the Trinity Documents, without diluting or affecting the rights and privileges of Trinity under the Trinity Documents; (c) *Amendment to Amendment Documents:* No modifications to the Citadel Agreements or the Trinity Agreements will be made which would adversely affect Trinity or Citadel and CS, as the case may be, without the written consent of Trinity or Citadel and CS, as the case may be. In case any modifications are made to the Citadel Agreements or the Trinity Documents which would give more favorable rights and privileges to Citadel and CS or Trinity, as the case may be, than Trinity or Citadel and CS, as the case may be, shall automatically enjoy such more favorable rights and privileges together with Trinity or Citadel and CS, as the case may be; (d) *Tag-along Rights:* In case of a tag-along sale where SKIL ownership shares in HCWLL falls below 26% equity shares held by Citadel and CS shall have a priority over equity shares held by Trinity in such a tag-along sale. In case of a tag-along sale where SKIL ownership shares in HCWLL does not fall below 26% then the number of equity shares that each, may transfer shall be reduced on pro rata basis in proportion to their respective tag-along portions; (e) *Drag-along Rights:* In case of a drag-along sale Trinity, Citadel or CS shall notify the other parties of its intention to initiate a drag-along sale and shall afford each other the opportunity to include in such drag-along sale up to such number of equity shares equal to the difference between the total number of shares that the drag-along transferee is willing to purchase and the total drag shares. In case a drag-along sale is initiated by Trinity or Citadel, as the case may be, no prior written consent of the other party would be required, and the other party shall not have any right of first refusal, right of first offer, tag-along right or other similar right in connection of the drag-along sale provided that prior to the drag-along sale the party initiating the same has given each of SKIL and Trinity, Citadel and CS, as the case may be, an offer notice with respect to all of its equity shares and the offer is not accepted in full within the time stipulated in the Amendment Agreements; (f) *Right of First Refusal:* The right of first refusal of respective parties under the Amendment Agreements remains unchanged except for Trinity, Citadel and CS, as the case may be, would not have a right of first refusal with respect to any proposed transfer of equity shares by Trinity, Citadel or CS, as the case may be, to SKIL; (g) *Priority Exit in Qualified Public Offering:* Until the time Trinity, Citadel and CS are significant shareholders of HCWLL, they shall have a priority right over SKIL and other shareholders of HCWLL to exit in a public offering on a *pro rata* basis with other significant shareholders. Trinity shall not be permitted to sell any of its equity shares in preference to Citadel and CS; (h) *Consent and Waiver of Pre-emptive Rights:* Citadel and CS have approved, consented and have waived their rights to subscribe to and purchase any of the 30,917,210 equity shares of the HCWLL that HCWLL proposes to allot to Trinity.

Trinity SHA: The key terms of the Trinity SHA are (a) *Board of Directors:* The board of directors of HCWLL shall consist of not less than five and not more than twelve members. SKIL has the right to designate the chairperson of the board; Trinity has the right to nominate one director to the board for every 10% ownership percentage held by it in HCWLL; (b) *Restrictions on Transfer:* SKIL cannot, without the prior written consent of the Investor, sell its equity shares to any third party which will result in its ownership percentage becoming less than 40%. Further, SKIL cannot, without the prior written consent of the Investor, pledge or encumber any HCWLL's securities owned by it, except in favour of the project lenders for the purpose of debt to be obtained by HCWLL. Also, SKIL may transfer an aggregate of up to 17,398,013 equity shares to one or more third parties without complying with tag along rights and right of first offer, provided that as result of such transfer or transfers, SKIL's ownership percentage will not be less than 40%; (c) *Rights of First Refusal:* At any time prior to the consummation of an initial public offering, as defined in the Agreement, if either SKIL or Trinity ("Seller") as the case may be, proposes to transfer any of its equity shares to any third party, such Seller shall notify by a notice in writing to the other party ("Transfer Notice") the shares proposed to be transferred the terms and conditions, and the price offered by the proposed transferee ("Offer Price"). The non-selling shareholder shall have a 15 business days period to accept the notice otherwise it shall be deemed to have been rejected. In case the price offered by the non-selling shareholder is not acceptable to the Seller, the Seller will have a right to sell its shareholding within 90 days at a price which shall not be less than the price at which the shares were offered to the non-selling shareholder; (d) *Pre-emptive Rights*: HCWLL shall give a pre-emption right to the Parties if it proposes to issue any securities. It shall give a notice of at least 30 business days prior to the proposed issue. The issuance notice shall specify the price at which the securities are being issued along with other key terms; (e) *Tag-Along Rights:* In the event, SKIL ("tag-along seller") intends to transfer all or a portion of its equity shares in HCWLL to a third party, the other shareholders whose ownership percentage in the share capital of HCWLL is not less than 5% will have the right to participate in the proposed transfer on terms no less favourable than those offered to SKIL; (f) *Drag-Along Rights:* At the fourth anniversary from the closing date, if the Investor is holding the Investor shares and HCWLL has not come out with an initial public offering of its equity shares or a reverse merger having occurred and Investor ("drag-along seller") intends to transfer all of its equity shares to a third party, then it may require SKIL and its affiliates to transfer all of the equity shares of HCWLL held by them in such a transfer to such third party; (g) *Qualified Public Offering:* Horizon shall use its best efforts to effect an initial public offering ("IPO") of its equity shares by the third anniversary of the closing date of the Shareholders' Agreement wherein the Investor shall have a right to sell the Investor shares. Further, the issue price of the shares being offered under the IPO will be such that it ensures 20% annual return to the Investor failing which HCWLL shall issue such additional number of equity shares to the Investor whose value along with the value of Investor Shares ensures 20% annual return.

10. *Relationship Agreement (the "**Agreement**") dated October 01, 2010 among SKIL Ports and Logistics Limited ("**SPL**"), Mr. Nikhil Gandhi ("**Mr. Gandhi**"), SKIL Global Ports and Logistics ("**Investment Company**") and SKIL Infrastructure Limited ("**SKIL**")*

The Agreement has been entered into to regulate certain aspects of the continuing relationship between SPL, Mr. Gandhi, Investment Company and SKIL.

Independence and Board Appointments: As long as Mr. Gandhi holds 15% of the voting rights in SPL, he shall be entitled to appoint $1/3^{rd}$ of the members of the board. Such appointments shall be of non-executive directors (the "***Nominated Directors***"). He may also require the removal or appointment of any Nominated Director.

Non Compete and Qualifying Projects: SKIL, Investment Company and Mr. Gandhi shall not, and SKIL shall exercise all reasonable endeavours that each of SKIL and/ or its Subsidiaries shall not engage, invest or be interested, directly or indirectly, in the business of owning, constructing or operating a port or port related logistics business. Mr. Gandhi, Investment Company, SKIL and its members may be interested in such a business if: (a) SKIL has offered SPL a majority equity stake in respect of such investments or activities along with the right to become a co-promoter; (b) such investments or activities are, in the opinion of SKIL, not material to SKIL's total assets. SKIL, Investment Company and Mr. Gandhi shall not, during the term of the Agreement and for a period of 12 months after its expiry, solicit the services of, entice away, any employee, director or consultant of SPL which was employed by the SPL Group (as defined in the Agreement).

In case of any qualifying projects ("Qualifying Projects"), SPL shall have the following rights:
(a) Right of First Offer: SPL shall notify SKIL from time to time to discuss any possibility of investing in a qualifying project. Also, SKIL shall evaluate SPL's proposal in good faith and reasonably.

(b) Right of First Preference: Where funding is sought for a qualifying project whether by the issue of new equity or by SKIL or its members seeking to sell all or a part of its equity in a qualifying project vehicle, SKIL shall notify SPL of the proposal. Such a proposal shall be deemed to be an offer to SPL to acquire new or existing securities.

SPL's rights under the Agreement shall be limited as follows:

(i) SPL's rights shall only be capable of exercise once in relation to each qualifying project, whether or not such exercise results in SPL making an investment in the qualifying project;

(ii) SPL's rights shall not apply to any proposed investment in a qualifying project by an Indian state or central government corporation or undertaking or by a strategic investor (as defined in the Agreement);

(iii) SPL's rights shall be subject to any shareholders' agreement between the existing shareholders in the relevant qualifying project SPV. SKIL shall use its reasonable endeavours to procure that each such existing shareholder waives any rights of pre-emption with respect to any proposed transaction of SPL (the parties to the Agreement acknowledge that this may not be possible with respect to GPPCL).

Termination: The Agreement shall terminate if: (a) as a result of any future issue, sale or disposal of shares in SPL, Mr. Gandhi ceases to hold ordinary shares not less than 15% of the voting rights of SPL; (b) any shareholder has a control of 15% or more voting rights and such a shareholder does not enter into an agreement with SPL; (c) SPL's shares cease to be admitted to trading on AIM or the main market for listed securities of the London Stock Exchange plc. and (d) in the event that Mr. Gandhi ceases to control directly or indirectly 50% or more of the voting rights attached to the issued share capital of SKIL.

The termination clause also provides for the following: (a) if the termination circumstances, mentioned above, cease to apply and Mr. Gandhi subsequently holds directly or indirectly ordinary shares carrying not less than 15% of the voting rights, the terms of the Agreement shall revive and continue in full force; (b) in the event, SKIL or any member of the SKIL Group acquires voting rights in SPL during the term of the Agreement, then each reference in the Agreement to Mr. Gandhi shall be deemed to be a reference to SKIL. Where Mr. Gandhi ceases to hold any voting rights in SPL, then his rights and obligations in the Agreement will cease to be of any effect other than non-compete and confidentiality clauses; (c) in the event, Mr. Gandhi ceases to control directly or indirectly 50% or more of the voting rights attaching to the issued share capital of SKIL, the rights and obligations of SKIL and SKIL Group in the Agreement will cease to be of any effect other than non-compete and confidentiality clauses except in circumstances in which SKIL Group holds ordinary shares carrying not less than 15% of the voting rights in SPL, in which case the rights and obligations of SKIL and SKIL Group shall continue, subject to the terms of the Agreement.

11. *Heads of Agreement ("**HoA**") dated December 11, 2008 between SKIL Infrastructure Limited ("**SKIL**"), Havenbedrijf Rotterdam N.V. ("**POR**"), as amended by the Agreement to extend the Heads of Agreement dated December 28, 2010*

SKIL and Horizon Infrastructure Limited ("**HIL**") have been entrusted with the responsibility of developing a deep water sea port at Positra in the Gulf of Kutchch (the "***Project***"). The HoA is a record of understanding reached between the parties to achieve this purpose. The key terms of the HoA are as follows:

Scope of Work: The parties have agreed on a project plan (the "***Project Plan***") and have agreed to: (a) develop a greenfield port of international standards in accordance with the Project Plan and cooperation with terminal operators and service companies of high reputation; (b) representation to the state and central government for obtaining necessary approvals and clearances for the Project as well as well as necessary concession agreement from the GMB; (c) contribute to the Project by means of knowledge, expertise and experience; (d) to attract investments in port of Positra by leading international players in terminal operation, maritime services and other port industry related companies; (e) to negotiate contracts with port services companies of high reputation and experience. SKIL and HIL have incorporated a special purpose vehicle knows as Gujarat Positra Port Company Limited ("**GPPCL**") for the development of the Project.

Transaction: POR shall invest 26% in GPPCL. The parties will investigate the possibility of establishing a joint new company ("***New Co***") in which both the parties intend to develop and further the Project. In case, the parties incorporate the New Co all clauses except "Representations and Warranties" shall be deemed to apply to New Co. The subscription of shares by POR in GPPCL shall be done at mutually agreed valuation. However, POR shall not be diluted below 26%. If GoG, GMB or GPIDCL or any other instrumentality of the Government of Gujarat takes equity position in the Project, SKIL, HIL, Visionfirst Capital Limited ("**Askar**") shall be diluted proportionately either by selling their shares or by issuance of new shares by GPPCL to accommodate such equity interest. SKIL will cease to dilute once it has reached 26%. Additional strategic or financial partners shall be inducted based on the mutual agreement of SKIL and POR. Unissued shares of GPPCL shall be allotted only in such manner as to maintain specified proportions. Also the combined shareholding of SKIL and POR in GPPCL shall not, at any time, fall below 52%.

Board Representation: The principle shall be in accordance with the Companies Act. Each consortium member (viz. SKIL HIL, POR and Askar) shall be permitted to nominate directors proportionate to its shareholding percentage. Each director shall have one vote. The appointment of the chairman of the board shall rotate between POR and SKIL, every two years. The chairman for the first two years following the subscription of shares by POR shall be nominated by SKIL. The board shall meet at least once in three months and a maximum of four times a year. The quorum shall comprise at least 1/3rd directors present and voting including at least one POR director and one SKIL director. All decisions taken at the board shall be by a simple majority including the approval of at least one SKIL and one POR director, except reserved matters.

Reserved Matters: The reserved matters, *inter-alia* are:(a) Any acquisition, merger, restructuring, sale, divestment, amalgamation, demerger, reorganisation or consolidation of GPPCL or including the creation of any new subsidiaries; (b) Any decisions relating to the listing of the securities of GPPCL on any stock exchange; (c) Any liquidation, winding up or dissolution of GPPCL; (d) Redemption of capital or buy back of shares or other distribution to holders of any class or series of shares; (e) any transaction (including series of transactions) of GPPCL or any of its subsidiaries, including but not limited to, investment of any kind, purchase, sale, lease, disposition, exchange of property, lien, encumbrance, joint venture etc. except in ordinary course of GPPCL's regular business and as approved in the annual business plan of GPPCL; (f) Approval of any amendment, supplement or modification to the constitutional documents of GPPCL or any of its subsidiaries; (g) declare or pay any dividend or make any other distributions; (h) the incurrence of any indebtedness for borrowed money; (i) any material change in the business of GPPCL or any of its subsidiaries or in its principal place of business;(j) appointment or dismissal of any member of board of directors or similar governing body of a subsidiary originally appointed by POR; (k) any material change in the accounting policy of GPPCL; (l) the entry into or variation of any transaction by GPPCL with a director of GPPCL, with a shareholder or one of its affiliates or with which a shareholder or one of its affiliates or a director or an officer of a shareholder is interested.

Management: The management of GPPCL shall vest in a management team headed by a CEO/GM and his/her direct reports. The management team shall be appointed by the board. Each party shall be at liberty to nominate persons to be considered for appointment to suitable positions. However, the decision shall vest with the Board of Directors.

Definitive Agreements: The parties shall enter into Share Subscription and Shareholders' Agreement, execute the Articles of Association of GPPCL and any other agreements as may be considered necessary (the "***Definitive Agreements***")

Right of First Refusal: If a party ("***Selling Shareholder***") proposes to transfer their respective shareholding in GPPCL to any person, it shall be required to first offer such shares to the other parties who are part of the consortium. In the event, the other party is unable or unwilling to purchase the shareholding, then the Selling Shareholder shall be entitled to sell the entire shareholding to any third party at a price not less than the price at which the shares were offered for sale to the other party. The parties shall incorporate clauses like call and put option, tag along and drag along rights in the Definitive Agreements. Provided that no party shall be entitled to transfer its equity shareholding in GPPCL to any competitor without the prior written consent of the other parties and GPPCL.

Non Disposal and Lock in: Subject to any additional terms specified in the Definitive Agreements, a party shall not be entitled to transfer its shareholding in GPPCL without the written consent of other parties for a period of 10 years from the date of execution of the Definitive Agreements. Provided that the parties shall be entitled to pledge their shareholding in GPPCL in favour of a public financial institution, in case the same is for disbursement of any debt funding for the implementation of the project by GPPCL. Such a pledging shall be on a pro-rata basis.

Inter-se Transfers: No restrictions shall apply to inter se transfer between the parties or its affiliates.

Exclusivity: A party shall not enter into or discuss, entertain, negotiate with any other party as regards to the Project without the prior consent of the other party till the existence of the HoA. The parties have further agreed that SKIL will inform POR on all its business activities in the port at Positra and other activities in the range of 30 kms of the port. POR shall have the right of first refusal and negotiation with regard to any and all entities in which SKIL has an interest.

Term: The term of HoA has been extended till December 10, 2011 *vide* an Agreement entered into on December 28, 2010 (the "*Agreement to Extend Heads of Agreement*").

Strategic Partners

Our Company does not have any strategic partners as on the date of this Draft Red herring Prospectus.

Financial Partners

Our Company does not have any financial partners as on the date of this Draft Red herring Prospectus.

SUBSIDIARIES

Our Company has 9 Subsidiaries as on May 30, 2011, namely:

Sr. No.	Name of Subsidiary	% of shares held by SKIL (as on May 30, 2011)
1.	SKIL Shipyard Holdings Private Limited	100.00%
2.	SKIL Karnataka SEZ Limited	100.00%
3.	SKIL Advanced Systems Private Limited	100.00%
4.	SKIL Himachal Waknaghat SEZ Private Limited	100.00%
5.	SKIL Advance Energy Private Limited	100.00%
6.	SKIL (Singapore) Pte. Limited	100.00%
7.	SKIL - Himachal Infrastructure and Tourism Limited	100.00%
8.	SKIL Strategic Deterrence Systems Private Limited	100.00%
9.	Energy India Corporation Limited	76.00%

1. SKIL Shipyard Holdings Private Limited

SKIL Shipyard Holdings Private Limited ("**SSHPL**") was incorporated on August 16, 2005 *vide* Certificate of Incorporation issued by the Assistant Registrar of Companies, Maharashtra, at Mumbai. The CIN of SSHPL is U45203MH2005PTC155377.

The main objects of SSHPL include, *inter alia,* promoting, developing, building, creating, operating, owning, contracting, organising all kind of infrastructure facilities and services.

Currently SSHPL is not carrying out any significant business activities.

Registered Office

The registered office of SSHPL is located at SKIL House, 209, Bank Street Cross Lane, Fort, Mumbai – 400 023, Maharashtra, India.

Capital Structure and Shareholding Pattern

The authorized share capital of SSHPL is ₹ 500,000 divided into 50,000 equity shares of ₹ 10 each. The issued, subscribed and paid- up share capital of SSHPL is ₹ 500,000 divided into 50,000 equity shares of ₹ 10 each. The shareholding pattern of SSHPL as on May 30, 2011 is as follows:

Name of Shareholder	Number of Shares held	Percentage of Shareholding
SKIL	49,994	99.99
Mr. Nikhil Gandhi jointly with SKIL*	1	Negligible
Mr. Bhavesh Gandhi jointly with SKIL*	1	Negligible
Mr. Jigar Shah jointly with SKIL*	1	Negligible
Mr. Dinesh Choudhary jointly with SKIL*	1	Negligible
Mr. P. Krishnamurthy jointly with SKIL*	1	Negligible
Mr. Nilesh Mehta jointly with SKIL*	1	Negligible
Total	**50,000**	**100.00**

** SKIL holds the beneficial interest in such shares.*

2. SKIL Karnataka SEZ Limited

SKIL Karnataka SEZ Limited ("**SKSL**") was incorporated on August 31, 2007 *vide* Certificate of Incorporation issued by the Assistant Registrar of Companies, Maharashtra, at Mumbai. SKSL received its Certificate for Commencement of Business on November 15, 2007 from the Assistant Registrar of Companies, Maharashtra, at Mumbai. The CIN of SKSL is U45200MH2007PLC173683.

SKSL is engaged, *inter alia,* in the business of promoting, developing, building, creating, supplying, operating, owning, contracting, organising all kinds of Special Economic Zone and infrastructure projects, facilities, works and services.

Registered Office

The registered office of SKSL is located at SKIL House, 209, Bank Street Cross Lane, Fort, Mumbai- 400 023, Maharashtra, India.

Capital Structure and Shareholding pattern:

The authorized share capital of SKSL is ₹ 500,000 divided into 50,000 equity shares of ₹ 10 each. The issued, subscribed and paid-up share capital of SKSL is ₹ 500,000 divided into 50,000 equity shares of ₹ 10 each. The shareholding pattern of SKSL as on May 30, 2011 is as follows*:*

Name of Shareholder	Number of Shares held	Percentage of Shareholding
SKIL	49,994	99.99
Mr. Nikhil Gandhi jointly with SKIL*	1	Negligible
Mr. R. K. Vijayan jointly with SKIL*	1	Negligible
Mr. N. Ravichandran jointly with SKIL*	1	Negligible
Mr. Jai Prakash Rai jointly with SKIL*	1	Negligible
Mr. Dinesh Choudhary jointly with SKIL*	1	Negligible
Mr. Jigar Shah jointly with SKIL*	1	Negligible
TOTAL	**50,000**	**100.00**

** SKIL holds the beneficial interest in such shares.*

3. SKIL Advanced Systems Private Limited

SKIL Advanced Systems Private Limited ("**SASPL**") was incorporated on September 24, 2009 *vide* Certificate of Incorporation issued by the Assistant Registrar of Companies, Maharashtra, at Mumbai as "*Stupendous Infrastructure Private Limited*". The name "*SKIL Advanced Systems Private Limited*" was adopted on March 5, 2010, *vide* Fresh Certificate of Incorporation Consequent upon Change of Name issued by the Deputy Registrar of Companies, Maharashtra at Mumbai. . The CIN of SASPL is U74900MH2009PTC196016.

The main objects of SASPL include, *inter alia,* scientific, technical and other research and development activities in any field, particularly in the field of developing/ deploying advanced defense and other technologies.

Currently SASPL is not carrying out any significant business activities.

Registered Office

The registered office of SASPL is located at SKIL House, 209 Bank Street Cross Lane, Fort, Mumbai- 400 023, Maharashtra, India.

Capital Structure and Shareholding Pattern

The authorized share capital of SASPL is ₹ 500,000 divided into 50,000 equity shares of ₹ 10 each. The issued, paid up and subscribed share capital of SASPL is ₹ 500,000 divided into 50,000 equity shares of ₹ 10 each. The shareholding pattern of SASPL as on May 30, 2011is as follows:

Name of the Shareholders	Number of Shares held	Percentage of Shareholding
SKIL	49,994	99.99
Mr. Jigar Shah jointly with SKIL*	1	Negligible
Mr. Dinesh Choudhary jointly with SKIL*	1	Negligible
Mr. Nilesh Mehta jointly with SKIL*	1	Negligible
Mr. Ketan Shah jointly with SKIL*	1	Negligible

Mr. R.K. Vijayan jointly with SKIL*	1	Negligible
Ms. Sweta Shah jointly with SKIL*	1	Negligible
Total	**50,000**	**100.00**

**SKIL is the beneficial holder of these equity shares.*

4. SKIL Himachal Waknaghat SEZ Private Limited

SKIL Himachal Waknaghat SEZ Private Limited ("**SHWSPL**") was incorporated on August 27, 2007 *vide* Certificate of Incorporation issued by the Assistant Registrar of Companies, Maharashtra, at Mumbai. The CIN of SHWSPL is U45400MH2007PTC173506.

The main objects of SHWSPL include, *inter alia*, tourism and leisure projects and special economic zone focussed on tourism and leisure projects.

Currently SHWSPL is not carrying out any significant business activities.

Registered Office

The registered office of SHWSPL is located at SKIL House, 209, Bank Street Cross Lane, Fort, Mumbai- 400 023, Maharashtra, India.

Capital Structure and Shareholding Pattern

The authorized share capital of SHWSPL is ₹ 500,000 divided into 50,000 equity shares of ₹ 10 each. The issued, paid- up and subscribed share capital of SHWSPL is ₹ 500,000 divided into 50,000 equity shares of ₹ 10 each. The shareholding pattern of SHWSPL as on May 30, 2011 is as follows:

Name of the Shareholders	Number of Shares held	Percentage of Shareholding
SKIL	49,994	99.99
Mr. Jigar Shah jointly with SKIL*	1	Negligible
Mr. Dinesh Choudhary jointly with SKIL*	1	Negligible
Ms. Sweta Shah jointly with SKIL*	1	Negligible
Mr. Nilesh Mehta jointly with SKIL*	1	Negligible
Mr. R.K. Vijayan jointly with SKIL*	1	Negligible
Mr. Joginder Singh jointly with SKIL*	1	Negligible
Total	**50,000**	**100.00**

**SKIL is the beneficial holder of these equity shares.*

5. SKIL Advance Energy Private Limited

SKIL Advance Energy Private Limited ("**SAEPL**") was incorporated on September 24, 2009 *vide* Certificate of Incorporation issued by the Assistant Registrar of Companies, Maharashtra, at Mumbai as "*Protuberant Infrastructure Private Limited*". The name "*SKIL Advance Energy Private Limited*" was adopted on March 5, 2010, *vide* Fresh Certificate of Incorporation on Change of Name issued by the Deputy Registrar of Companies, Maharashtra, at Mumbai. The CIN of SAEPL is U40102MH2009PTC195998.

The main objects of SAEPL are, *inter alia,* transmitting, manufacturing, supplying, generating, distributing, and dealing in electricity and all forms of energy and power generated by any source.

Currently SAEPL is not carrying out any significant business activities.

Registered Office

The registered office of SAEPL is located at SKIL House, 209 Bank Street Cross Lane, Fort, Mumbai- 400 023, Maharashtra, India.

Capital Structure and Shareholding Pattern

The authorized share capital of SAEPL is ₹ 500,000 divided into 50,000 equity shares of ₹ 10 each. The issued, paid- up and subscribed share capital of SAEPL is ₹ 500,000 divided into 50,000 equity shares of ₹ 10 each. The shareholding pattern of SAEPL as on May 30, 2011 is as follows:

Name of the Shareholders	Number of Shares held	Percentage of Shareholding
SKIL	49,994	99.99
Mr. Jigar Shah jointly with SKIL*	1	Negligible
Mr. Dinesh Choudhary jointly with SKIL*	1	Negligible
Mr. Nilesh Mehta jointly with SKIL*	1	Negligible
Mr. Ketan Shah jointly with SKIL*	1	Negligible
Mr. R.K. Vijayan jointly with SKIL*	1	Negligible
Ms. Sweta Shah jointly with SKIL*	1	Negligible
Total	**50,000**	**100.00**

**SKIL is the beneficial holder of these equity shares.*

6. SKIL (Singapore) Pte. Limited

SKIL (Singapore) Pte. Limited ("**SSPL**") was incorporated on November 30, 2007 with registration number 200722209Z in Singapore under the Companies Act, (CAP. 50).

The main objects of SSPL include, *inter alia,* development, construction and operation of infrastructure project, mines and minerals, development, management and operation of leisure resorts and related activities.

Currently SSPL is not carrying out any significant business activities.

Registered Office

The registered office of SSPL is located at 10, Jalan Besar, #11-05, Sim Lim Tower, Singapore – 208 787.

Capital Structure and Shareholding Pattern

The authorized share capital of SSPL is 163,322 Singapore Dollars divided into 163,322 equity shares of 1 Singapore Dollar each. The shareholding pattern of SSPL as on May 30, 2011 is as follows:

Name of the Shareholders	Number of Shares held	Percentage of Shareholding
SKIL	163,322	100.00
Total	**163,322**	**100.00**

7. SKIL- Himachal Infrastructure and Tourism Limited

SKIL-Himachal Infrastructure and Tourism Limited ("**SHITL**") was incorporated on December 16, 2005 *vide* Certificate of Incorporation issued by the Assistant Registrar of Companies, National Capital Territory of Delhi and Haryana, at New Delhi. SHITL received its Certificate for Commencement of Business on October 27, 2006 from the Assistant Registrar of Companies, National Capital Territory of Delhi and Haryana, at New Delhi. The CIN of SHITL is U74899DL2005PLC143781.

SHITL is engaged, *inter alia,* in the business of hotels, motels, resorts, villas, bungalows, recreation/amusement centres, amusement parks etc.

Registered Office

The registered office of SHITL is located at Sanskriti Pratisthan, C-11, Qutub Institutional Area, New Delhi – 110 016, India.

Capital Structure and Shareholding pattern:

The authorized share capital of SHITL is ₹ 500,000,000 divided into 50,000,000 equity shares of ₹ 10 each. The issued, paid- up and subscribed share capital of SHITL is ₹ 470,500,000 divided into 47,050,000 equity shares of ₹ 10 each. The shareholding pattern of SHITL as on May 30, 2011 is as follows:

Name of the Shareholders	Number of Shares held	Percentage of Shareholding
SKIL	47,049,300	99.99
Mr. Ashok Rai jointly with SKIL	100	Negligible
Mr. Hemendra Singh jointly with SKIL	100	Negligible
Mr. Mir Taqi Ali Khan jointly with SKIL	100	Negligible
Mr. Munish Khullar jointly with SKIL	100	Negligible
Mr. Rudra Singh jointly with SKIL	100	Negligible
Mr. Anil Kaula jointly with SKIL	100	Negligible
Mr. Manish Rai jointly with SKIL	100	Negligible
Total	**47,050,000**	**100.00**

8. SKIL Strategic Deterrence Systems Private Limited

SKIL Strategic Deterrence Systems Private Limited ("**SSDSPL**") was incorporated on October 4, 2010 *vide* Certificate of Incorporation issued by the Deputy Registrar of Companies of Maharashtra at Mumbai. The CIN of SSDSPL is U74999MH2010PTC208594.

The main objects of SSDSPL include, *inter alia,* designing, developing, assembling, producing, manufacturing, fabricating, modifying, repairing, servicing, selling, buying, importing, exporting and acting as stockiest, distributor, licensee, licensor and otherwise deal in all kinds, shapes sizes, capacities, varieties and specifications of arms and ammunitions, including revolvers, pistols, guns, machine guns, stenguns, rifles, artillery weapons, automatic and semi-automatic weapons, bullets and other ammunitions used for defence, internal security and personal security.

Currently SSDSPL is not carrying out any significant business activities.

Registered Office

The registered office of SSDSPL is located at SKIL House, 209, Bank Street Cross Lane, Fort, Mumbai- 400 023, Maharashtra, India.

Capital Structure and Shareholding pattern:

The authorized share capital of SSDSPL is ₹ 500,000 divided into 50,000 equity shares of ₹ 10 each. The issued and subscribed share capital of SSDSPL is ₹ 500,000 divided into 50,000 equity shares of ₹ 10 each. The shareholding pattern of SSDSPL as on May 30, 2011 is as follows:

Name of the Shareholders	Number of Shares held	Percentage of Shareholding
SKIL	49,994	99.99
Mr. Jai Prakash Rai jointly with SKIL*	1	Negligible
Mr. Jigar Shah jointly with SKIL*	1	Negligible
Mr. Dinesh Choudhary jointly with SKIL*	1	Negligible
Cmde Vasant Honnavar jointly with SKIL*	1	Negligible
Mr. P. Krishnamurthy jointly with SKIL*	1	Negligible
Mr. Nilesh Mehta jointly with SKIL*	1	Negligible
Total	**50,000**	**100.00**

** SKIL is the beneficial holder of this equity share.*

9. Energy India Corporation Limited

Energy India Corporation Limited ("**EICL**") was incorporated on April 15, 2008 *vide* Certificate of Incorporation issued by the Assistant Registrar of Companies, Maharashtra, at Mumbai. EICL received its Certificate for

Commencement of Business from the Assistant Registrar of Companies, Maharashtra, at Mumbai on October 30, 2008. The CIN of EICL is U40101MH2008PLC181157.

EICL is engaged in the business, *inter alia*, of establishment of thermal power plants, hydraulic power plants and other power plants based on any source of energy.

EICL was promoted by Mr. Nikhil Gandhi, Mr. Bhavesh Gandhi, Mr. N. Ravichandran, Mr. Suresh Prabhu, Mr. Ameya Prabhu, Mr. Dinesh Choudhary, Mr. Jigar Shah and became our Subsidiary with effect from December 23, 2010 pursuant to our Company acquiring 76% of the outstanding equity share capital of EICL for total consideration of ₹ 380,000 (as certified by our Statutory Auditor, M/s. Bharat Shah & Associates). The said acquisition was made from the internal funds of our Company.

Registered Office

SKIL House, 209, Bank Street Cross Lane, Fort, Mumbai- 400 023, Maharashtra, India.

Capital Structure and Shareholding pattern:

The authorized share capital of EICL is ₹ 50,000,000 divided into 5,000,000 equity shares of ₹ 10 each. The issued, paid- up and subscribed share capital of EICL is ₹ 500,000 divided into 50,000 equity shares of ₹ 10 each. The shareholding pattern of EICL as on May 30, 2011 is as follows:

Name of the Shareholders	Number of Shares held	Percentage of Shareholding
SKIL	37,995	75.99
Mr. Suresh Prabhu	6,000	12
Mr. Ameya Prabhu	6,000	12
Mr. Nikhil Gandhi jointly with SKIL*	1	Negligible
Mr. Bhavesh Gandhi jointly with SKIL*	1	Negligible
Mr. N. Ravichandran jointly with SKIL*	1	Negligible
Mr. Jigar Shah jointly with SKIL*	1	Negligible
Mr. Dinesh Choudhary jointly with SKIL*	1	Negligible
Total	**50,000**	**100.00**

** SKIL is the beneficial holder of this equity share.*

Amount of accumulated profits and/ or losses of our Subsidiaries not accounted for by our Company

Our Company has accounted for all accumulated profits and losses of our Subsidiaries in the consolidated financial statements of our Company, as included in this Draft Red Herring Prospectus. Please refer to the section titled "*Financial Information*" on page 300. None of our Subsidiaries has had negative net worth in Fiscal 2010.

Other declarations and disclosures

None of our Subsidiaries are listed entities and their securities have not been refused listing at any time by any recognized stock exchange in India or abroad. Further, none of our Subsidiaries has made a Public Issue or Rights Issue (as defined in the SEBI ICDR Regulations) in the past 3 years. No action has been taken against any of our Subsidiaries by any Stock Exchange or by SEBI.

None of our Subsidiaries is a sick company within the meaning of the term as defined in the Sick Industrial Companies (Special Provisions) Act, 1985.

None of our Subsidiaries is under winding up. None of our Subsidiaries has received a notice for striking- off of such Subsidiary's name from the relevant Registrar of Companies. However Poseidon Infrastructure Limited, an erstwhile subsidiary of our Company, has been struck off from the register of companies pursuant to an application being made to the Registrar of Companies under the Easy Exit Scheme (EES), 2010.

None of our Subsidiaries have any business interest in our Company. For details of business pursuits common to our Company and our Subsidiaries, please see the chapter titled "*Group Entities*" on page 249.

MANAGEMENT

Under our Articles, our Company is required to have not less than 3 Directors and not more than 12 Directors. Our Company currently has 8 Directors on its Board. The Chairman of our Company is an Executive Director and our Vice Chairman is a Non Executive and Non-Independent Director. Further, our Company has 1 Whole – time Director and 1 Non Executive Director and in compliance with the requirements of clause 49 of the Listing Agreement, our Company has 4 Independent Directors.

Our Board

Name, Designation, Address, Nationality, Occupation and DIN	Age (Years)	Date of Appointment and Term	Other Directorships
Mr. Nikhil Gandhi Designation: Executive Chairman Address: 21, Sagar Villa, 38 Bhulabhai Desai Road, Mumbai – 400 026 Maharashtra, India Nationality: Indian Occupation: Industrialist DIN: 00030560	52	Date of Appointment: October 8, 1990 Reappointed as Executive Chairman with effect from April 1, 2009 Term: For a period of 3 years	***Public limited companies*** 1. Pipavav Shipyard Limited; 2. Horizon Infrastructure Limited; 3. Everonn Education Limited; 4. JPT Securities Limited; 5. KLG Capital Services Limited; 6. SKIL Himachal Infrastructure and Tourism Limited; 7. New Horizons India Limited; 8. Mumbai SEZ Limited; 9. Horizon Country Wide Logistics Limited; and 10. Fastlane Distriparks & Logistics Limited. ***Private limited companies*** 11. SKIL Institute of Nursing Private Limited; 12. Awaita Properties Private Limited; 13. Navi Mumbai SEZ Private Limited; 14. Urban Infrastructure Holdings Private Limited; and 15. SKIL Strategic Deterrence Systems Private Limited ***Bodies corporate*** 16. Sohar Free Zone LLC; and 17. SKIL Ports & Logistics Limited
Mr. Bhavesh Gandhi Designation: Vice Chairman (Non Executive and Non-Independent) Address: D-4, 4th Floor, New Breach Candy Apartment, Breach Candy, Mumbai – 400 026 Maharashtra, India Nationality: Indian Occupation: Industrialist DIN: 00030623	45	Date of Appointment: April 17, 1999 Term: Liable to retire by rotation	***Public limited companies*** 1. Pipavav Shipyard Limited; 2. Donyi Polo Petrochemicals Limited; 3. Horizon Infrastructure Limited; 4. Metropolitan Overseas Limited; 5. Mumbai SEZ Limited; and 6. Energy India Corporation Limited ***Private limited companies*** 7. Awaita Properties Private Limited; 8. E Complex Private Limited; 9. Navi Mumbai SEZ Private Limited; 10. Urban Infrastructure Holdings Private Limited; and 11. SKIL Shipyard Holdings Private Limited

Mr. P. Krishnamurthy Designation: Whole - time Director Address: 1401/1402, Vinayak Angan, Old Prabhadevi Road, Worli, Mumbai – 400 025 Maharashtra, India Nationality: Indian Occupation: Service DIN: 00013565	62	Date of Appointment: January 22, 2005 Reappointed as Whole-time Director with effect from April 1, 2007. Term: For a period of 5 years	***Public limited companies*** 1. Mumbai SEZ Limited; 2. Urban Infrastructure Venture Capital Lmited; 3. GMM Pfaudler Limited; 4. Repro India Limited; 5. Apodis Hotels & Resorts Limited; and 6. SICOM Limited ***Private limited companies*** 7. J.M. Financial Investment Consultancy Services Private Limited; 8. Urban Infrastructure Holdings Private Limited; 9. E Complex Private Limited; and 10. SKIL Shipyard Holdings Private Limited
Mr. Santosh Senapati Designation: Non - Executive Director Address: Flat No. 34, NCPA Apartments, Dorabji Tata Road, Nariman Point, Mumbai – 400 021 Maharashtra, India Nationality: Indian Occupation: Service DIN: 00076219	48	Date of Appointment: April 21, 2008 Term: liable to retire by rotation	***Public limited companies*** 1. Kinetic Engineering Limited; 2. Avasarala Technologies Limited; and 3. Uniparts India Limited ***Private limited companies*** 4. Maini Precision Products Private Limited; 5. Firepro Systems Private Limited; 6. Narayana Hrudayalaya Private Limited; and 7. PineBridge Investments India Advisors Private Limited
Mr. K. Roy Paul Designation: Independent Director Address: C - II / 69, Moti Bagh - I, New Delhi – 110 021 India Nationality: Indian Occupation: IAS (Retired) DIN: 02863821	66	Date of Appointment: January 1, 2010 Term: Liable to retire by rotation	NIL

Mr. Ajay Prasad Designation: Independent Director Address: C-622, (GF), New Friends Colony, New Delhi – 110 025 India Nationality: Indian Occupation: IAS (Retired) DIN: 02046653	64	Date of Appointment: November 29, 2010 Term: Liable to retire by rotation	***Public limited companies*** 1. Reliance Media Works Limited ***Private limited companies*** 2. Metro Valley Business Park Private Limited
Ms. Gayathri Ramachandran Designation: Independent Director Address: Plot No. 20-A, Road No. 2, Jubilee Hills, Hyderabad – 500 033 Andhra Pradesh, India Nationality: Indian Occupation: IAS (Retired) DIN: 02872723	62	Date of Appointment: November 29, 2010 Term: Liable to retire by rotation	***Public limited companies*** 1. Gujarat Positra Port Company Limited
Dr. Anil Kumar Khandelwal Designation: Independent Director Address: 184, Tower B, Horizon CHS, S. K. Ahire Marg, Worli, Mumbai – 400 018 Maharashtra, India Nationality: Indian Occupation: Retired Chairman and Managing Director, Bank of Baroda DIN: 00005619	63	Date of Appointment: April 22, 2011 Term: liable to retire by rotation	***Public limited companies*** 1. Transcorp International Limited; 2. BP Ergo Limited; 3. LMJ International Limited; and 4. Dighi Port Limited ***Private limited companies*** 5. Anugyan Consulting Private Limited

Brief Profile of our Directors

Mr. Nikhil Gandhi, aged 52 years, is a first generation entrepreneur with business interests in marine equipments, marine engineering and infrastructure. In 1990, Mr. Gandhi along with his brother who is one of our Promoters, Mr. Bhavesh Gandhi, founded our Company and forayed into the Indian infrastructure space. Mr. Gandhi is presently the Executive Chairman of our Company. He has approximately 27 years of experience in conceiving and developing infrastructure projects across India.

Mr. Bhavesh Gandhi, aged 45 years, is the co-founder of our Company. He joined our Company as a Promoter and Director in the year 1999. He along with Mr. Nikhil Gandhi is responsible for developing our Company's business. Mr. Gandhi is presently the Vice - Chairman of our Company. He has approximately 21 years of experience in various fields pertaining to infrastructure development projects.

Mr. P. Krishnamurthy, aged 62 years, is a Whole - time Director of our Company. He is a fellow member of Institute of Chartered Accountants of India. Prior to joining our Company in 2005, he was associated as Vice-Chairman at JM Morgan Stanley. He has an aggregate experience of approximately 34 years in corporate management and strategy, restructuring, mergers & acquisitions and joint ventures, financial management and banking. He also has experience in managing and supervising business units in India and abroad. He is responsible for policy development and finance management in our Company.

Mr. Santosh Senapati, aged 48 years, is a Non - Executive Director of our Company. He holds a Bachelors Degree in Mining Machinery from the Indian School of Mines, Dhanbad and a Masters Degree in Business Administration from the Indian Institute of Management, Ahmedabad. Mr. Senapati is currently the Managing Director for PineBridge's private equity business franchise in India, PineBridge Investments (formerly AIG Investments). Prior to joining PineBridge Investments, Mr. Senapati was associated with Jardine Fleming India Securities Limited, wherein he was responsible for financing infrastructure projects in India. He has approximately 25 years of experience in project financing. Mr. Senapati has also been associated with ABN Amro Bank and Oil India Limited. Mr. Senapati has been paid sitting fees of ₹ 0.02 million for Fiscal 2011 by our Company.

Mr. K. Roy Paul, aged 66 years, is an Independent Director of our Company. He joined the Indian Administrative Service in 1967 and served the State Government of Bihar and the Government of India in various capacities. In his tenure of more than 37 years with the Government, he held various senior positions including secretary to Government of India in the Ministry of Civil Aviation and Chairman of Air India, special secretary and additional secretary in the Ministry of Environment and Forests, joint secretary in the Department of Information Technology, director and deputy secretary in the Ministry of Commerce and principal secretary to the State Government of Bihar in the Departments of Industries and Urban development. He was the first Chairman of the National Coastal Zone Management Authority. After his retirement from the Indian Administrative Service in 2004, he was appointed as a member of the Union Public Service Commission. Mr. Roy Paul has been paid sitting fees of ₹ 0.02 million for Fiscal 2011 by our Company.

Mr. Ajay Prasad, aged 64 years, is an Independent Director of our Company. He holds a Masters Degree in History from St. Stephen's College, Delhi and he joined the Indian Administrative Service in 1969. He has more than 37 years of experience in industries such as textiles, media, power, defence and civil aviation. Mr. Ajay Prasad has not been paid sitting fees for Fiscal 2011 by our Company.

Ms. Gayathri Ramachandran, aged 62 years, is an Independent Director of our Company. She holds a Bachelors Degree in Economics (Honours) from University of Delhi, a Masters Degree in Economics from University of Delhi, a Masters Degree in Development Economics from Williams College, Massachusetts, United States of America and a Masters Degree in Defence Studies from National Defence College, New Delhi. She has an aggregate experience of more than 30 years in the Indian Administrative Service ("IAS"). Ms. Ramachandran has previously served as the Director General, Environment Protection & Training and Research Institute, Department of Environment, Government of Andhra Pradesh for a period of 7 years. Ms. Ramachandran has not been paid sitting fees for Fiscal 2011 by our Company.

Dr. Anil Kumar Khandelwal, aged 63 years, is an Independent Director of our Company. He holds a Bachelors Degree in Chemical Engineering from Harcourt Butler Technological Institute, Kanpur, a Bachelors Degree in Law from Gujarat University, Ahmedabad and a Degree in Business Administration from University of Rajasthan. He also completed his PhD in Management from Gujarat University, Ahmedabad. Dr. Khandelwal has previously served as the chairman and managing director of 2 public sector banks viz, Bank of Baroda and Dena Bank. He has held several positions including, president of Indian Institute of Banking and Finance, Deputy Chairman, Indian Banks Association and a member in many forums and committees. He has an experience of over 37 years in the banking industry. Dr. Khandelwal has not been paid sitting fees for Fiscal 2011 by our Company.

Relationship between our Directors and other confirmations

Mr. Nikhil Gandhi and Mr. Bhavesh Gandhi are brothers. Hence, they are "relatives" within the meaning of Section 6 of the Companies Act. Except for this none of our Directors are related to each other.

There is no arrangement or understanding with major investors, customers, suppliers or others, pursuant to which any of our directors was selected as a Director or a member of our senior management, except the appointment of Mr. Santosh Senapati on our Board on April 21, 2008 pursuant to investments in our Company by the AIG Funds. However, pursuant to the Conversion Agreement dated May 16, 2011, AIG Funds no longer have the right to appoint a director on our Board as on the date of this Draft Red Herring Prospectus.

As on the date of this Draft Red Herring Prospectus, there are no service contracts entered into by and between our Directors and our Company whereby benefits would be provided upon termination of employment.

Except as disclosed below, as on the date of this Draft Red Herring Prospectus, none of our Directors currently are or have been in the past, directors in listed companies which have been / were delisted or whose share were suspended from being traded from the stock exchanges:

Name of the company:	Horizon Infrastructure Limited
Directors associated with this company and term of association:	Mr. Nikhil Gandhi (director of the said company from April 15, 2006 till date) and Mr. Bhavesh Gandhi (director of the said company from August 1, 1994 till date)
Listed on:	NSE and CSE
Period during which trading of the equity shares was suspended on NSE:	March 8, 2000 to January 24, 2008
Reasons for suspension:	Non compliance of technical and procedural requirements as per listing agreement entered into with NSE. However, after satisfactory redressal of instances of non-compliance by Horizon Infrastructure Limited with provisions of its listing agreement, NSE *vide* its letter bearing number NSE/LIST/C/2008/0073 dated January 23, 2008, revoked the suspension of the shares and stated that the shares to be traded on NSE with effect from January 25, 2008.

Borrowing Powers of our Board of Directors

Our Articles of Association, subject to the provisions of the Companies Act, authorize the Board, to raise or borrow or secure the payment of any sum or sums of money for the purposes of our Company. The shareholders have, pursuant to a resolution adopted at the AGM dated September 30, 2009 authorized the Board to borrow sums from time to time, for the purpose of conducting the business of our Company, as they may deem requisite notwithstanding the money to be borrowed together with the money already borrowed by our Company (apart from the temporary loans obtained from our Company's bankers in the ordinary course of business) will or may exceed an aggregate of the paid-up capital of our Company and its free reserves that the total amount up to which the money may be borrowed by the Board of Directors shall not exceed at any time ₹ 35,000 million. For further details of the provisions of our Articles of Association, please see the chapter titled "*Main Provisions of our Articles of Association*" on page 685.

Terms and Conditions of Employment of our Executive Directors

Mr. Nikhil Gandhi, Executive Chairman

Mr. Nikhil Gandhi was reappointed as our Executive Chairman by the shareholders of our Company, at the Annual General Meeting held on September 30, 2009, with effect from April 1, 2009, for a period of 3 years on the following terms and conditions subject to the approval of the Central Government:

Tenure of Appointment	April 1, 2009 to March 31, 2012

Basic Salary	₹ 2 million per month
Perquisites	Medical Benefits: Reimbursment of actual medical expenses and/or premium paid on hospitalization/medical policy, for self and family members Leave Travel Concession: 2 months' basic salary Club Fees: Membership and Annual fees of clubs shall be incurred by our Company subject to a maximum of 4 clubs/hotels. Contribution to Provident Fund, Superannuation and Annuity Fund: Membership of the provident fund to which our Company will contribute 12% of the basic salary. The appointee will be governed by the Provident Fund Rules applicable to our Company. Gratuity: The appointee will be entitled to gratuity calculated on the basis of 15 days basic salary for each year of completed service subject to completion of minimum 5 years of continuous service with our Company. Leave: As per Company rules. Housing allowance: ₹ 0.5 million per month. Gas, Electricity, Water and Furnishings Expenses: Reimbursement of actual expenses. Other perquisites: Reimbursement of vehicle expenses including drivers' salary, fuel, road tolls/taxes, maintenance expenses, parking charges, lease/hire charges, etc.
Amenities	Conveyance facilities: Our Company shall provide 2 cars at its cost to the appointee Business promotion expenses: Reimbursement of actual expenses Performance incentives as may be decided by the Board from time to time including sweat equity in project SPVs.

Mr. P. Krishnamurthy, Whole- time Director

Mr. P. Krishnamurthy was appointed as Whole-time Director by the shareholders of our Company, at the Extraordinary General Meeting held on April 2, 2007, for a period of 5 years with effect from April 1, 2007 on the following terms and conditions:

Tenure of Appointment	April 1, 2007 to March 31, 2012
Salary and Perquisites	₹ 0.25 million per month plus bonus and perquisites as per the policy of our Company with such increments as may be decided by our Board and/or Remuneration Committee of our Company from time to time subject to maximum limit of ₹ 0.4 million per month as specified in Schedule XIII of the Companies Act including any statutory modification(s) or re-enactment thereof.

Terms and Conditions of Employment of Non-Executive Directors

Our Non- Executive Directors (including Independent Directors) are entitled to sitting fees for attending meetings of the Board, or of any committee of the Board. Currently, the sitting fees payable by our Company to our Non-Executive Directors is ₹ 0.02 million for every meeting of the Board and of a committee thereof attended by them.

Shareholding of our Directors

As per our Articles of Association, our Directors are not required to hold any Equity Shares in our Company. Save and except as below, our Directors do not hold any Equity Shares in our Company as on May 30, 2011:

Sr. No.	Directors	Number of Equity Shares	Pre-Issue (%) of holding in our Company
1.	Mr. Nikhil Gandhi	4,763	Negligible
2.	Mr. Bhavesh Gandhi	4,763	Negligible
3.	M/s Metropolitan Industries (represented by Mr. Nikhil Gandhi and Mr. Bhavesh Gandhi)	151,217,247	50.22

Interest of Directors

Except for Mr. Nikhil Gandhi and Mr. Bhavesh Gandhi, who are our Promoter-Directors, none of our Directors are interested in the promotion of our Company.

Our Directors may be deemed to be interested to the extent of fees payable to them for attending meetings of the Board or a Committee thereof as well as to the extent of remuneration payable to them for their services as Whole-time Director of our Company and reimbursement of expenses as well as to the extent of commission and other remuneration, if any, payable to them under our Articles of Association. Some of the Directors may be deemed to be interested to the extent of consideration received/paid or any loan or advances provided to any body corporate including companies and firms, and trusts, in which they are interested as directors, members, partners or trustees.

Our Directors may also be deemed to be interested to the extent of Equity Shares, if any, already held by them or their relatives in our Company, or that may be subscribed for and allotted to our non-promoter Directors, out of the present Issue and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

Our Directors may be deemed to be interested in the contracts, agreements/ arrangements entered into or to be entered into by our Company with any of either the Director himself, or any other company in which they hold directorships or any partnership firm in which they are partners, as declared in their respective declarations.

Our Directors may also be regarded interested to the extent of dividend payable to them and other distributions in respect of the Equity Shares, if any, held by them or by the companies / firms / ventures promoted by them or that may be subscribed by or allotted to them and the companies, firms, in which they are interested as Directors, members, partners and Promoters, pursuant to this Issue.

Our Directors do not have any interest in any property acquired by our Company in a period of 2 years before the date of this Draft Red Herring Prospectus or proposed to be acquired by us as on the date of this Draft Red Herring Prospectus. For further details please refer to paragraph titled "*Our Property*" in the chapter titled "*Business*" on page 163.

Further, save and except as stated otherwise in "*Statement of Transactions with Related Parties, as Restated*" (consolidated) in the section titled "*Financial Information*" on page 300 and under the paragraph titled "*Common Pursuits*" in the chapter titled "*Group Entities*" on page 249, our Directors do not have any other interests in our Company as on the date of this Draft Red Herring Prospectus.

Our Directors are not interested in the appointment of Underwriters, Registrar and Bankers to the Issue or any such intermediaries registered with SEBI.

Changes in our Board of Directors during the last 3 years

Save and except as mentioned herein below, there had been no change in the constitution of our Board during the last 3 years:

Name	Date of Appointment	Date of Cessation / Change in designation	Reason
Commodore Vasant Honnavar	October 8, 1990	November 29, 2010	Resignation

Name	Date of Appointment	Date of Cessation / Change in designation	Reason
Mr. N. Ravichandran	April 24, 1995	September 23, 2009	Resignation
Mr. Chirravuri Dikshith	February 21, 2000	July 29, 2009	Death
Mr. Akhileshwar Prasad	January 22, 2005	November 29, 2010	Resignation
Mr. Sridhar Narayan	April 21, 2008	August 22, 2008	Resignation
Mr. Bhabani Prasad Mishra	March 5, 2009	November 29, 2010	Resignation
Mr. K. Roy Paul	January 1, 2010	--	Appointment
Mr. Ajay Prasad	November 29, 2010	--	Appointment
Ms. Gayathri Ramachandran	November 29, 2010	--	Appointment
Mr. Sarthak Behuria	November 29, 2010	March 1, 2011	Resignation
Dr. Anil Kumar Khandelwal	April 22, 2011	--	Appointment

Corporate Governance

The provisions of the Listing Agreements to be entered into with the Stock Exchanges with respect to corporate governance and SEBI ICDR Regulations in respect of corporate governance will be applicable to our Company immediately upon the listing of its Equity Shares on the Stock Exchanges. Our Company has complied with the corporate governance code in accordance with Clause 49 of such Listing Agreement, particularly, in relation to appointment of Independent Directors to our Board and constitution of the Audit Committee, the Shareholders' / Investors' Grievance Committee and the Remuneration Committee. Our Board functions either as a full Board or through various committees constituted to oversee specific operational areas. Our Company undertakes to take all necessary steps to continue to comply with all the requirements of Clause 49 of the Listing Agreement to be entered into with the Stock Exchanges.

Our Company currently has 8 Directors on its Board. The Chairman of our Company is an Executive Director and our Vice Chairman is a Non Executive and Non-Independent Director. Further our Company has 1 Whole – time Director and 1 Non Executive Director and in compliance with the requirements of Clause 49 of the Listing Agreement our Company has 4 Independent Directors.

Committees of the Board

Our Company has constituted the following committees of the Board for compliance with corporate governance requirements:

In terms of the Clause 49 of the Listing Agreement, our Company has constituted the following Committees

1. Audit Committee;
2. Shareholders'/ Investors' Grievance Committee; and
3. Remuneration Committee.

To enable efficient functioning with regards to the activities relating to this Issue we have constituted the IPO Committee.

Details of the Committees are as under:

Audit Committee

The Audit Committee was originally constituted by the Board of Directors at a meeting held on November 29, 2010 and reconstituted on April 22, 2011.

The constitution of the Audit Committee is as follows:

Name of the Director	Designation in the Committee	Nature of Directorship
Ms. Gayathri Ramachandran	Chairperson	Independent Director
Mr. Ajay Prasad	Member	Independent Director
Dr. Anil Kumar Khandelwal	Member	Independent Director

Name of the Director	Designation in the Committee	Nature of Directorship
Mr. P. Krishnamurthy	Member	Whole - time Director

The Audit Committee carries out the following functions:

1. Oversight of our Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees;
3. Approval of payment to the statutory auditors for any other services rendered by the statutory auditors;
4. Appointment, removal and terms of remuneration of internal auditor;
5. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference, but not restricted to:
   a) Matters required to be included in the 'Director's Responsibility Statement' to be included in our Board's report in terms of Clause (2AA) of Section 217 of the Companies Act;
   b) Changes, if any, in accounting policies and practices and reasons for the same;
   c) Major accounting entries involving estimates based on the exercise of judgment by management;
   d) Significant adjustments made in the financial statements arising out of audit findings;
   e) Compliance with listing and other legal requirements relating to financial statements;
   f) Disclosure of any related party transactions;
   g) Qualifications in the draft audit report.
6. Reviewing, with the management, the quarterly financial statements before submission to the board of directors for their approval, including such review as may be required for compliance with provisions of the listing agreement entered into with the Stock Exchanges;
7. Monitoring the statement of uses/ application of issue proceeds 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;
8. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
9. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
10. Reviewing management letters / letters of internal control weaknesses issued by the statutory auditors;
11. Discussion with internal auditors on any significant findings and follow up there on;
12. 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;
13. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
14. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
15. To review the functioning of the 'whistle blower' mechanism, when the same is adopted by our Company and is existing;
16. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
17. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee and to carry out any other function statutorily required to be carried out by the Audit Committee as per applicable laws;
18. The Audit Committee shall mandatorily review the following information:
   a) Management discussion and analysis of financial information and results of operations;
   b) Statement of significant related party transactions (as defined by the Audit Committee), submitted by the management;
   c) Management letters / letters of internal control weaknesses issued by the statutory auditors;
   d) Internal audit reports relating to internal control weaknesses; and

e) The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the Audit Committee.

19. Terms of reference, power, quorum and other matters in relation to the Audit Committee will be as per Clause 49 of Listing Agreement

Meeting of Audit Committee

The audit committee shall meet at least 4 times in a year and not more than 4 months shall elapse between 2 meetings. The quorum shall be either 2 members or one third of the members of the Audit Committee whichever is greater, but there shall be a minimum of 2 Independent Directors, who are members, present.

Shareholders' / Investors' Grievance Committee

The Shareholders'/ Investors' Grievance Committee was constituted by the Board of Directors at a meeting held on November 29, 2010. The Shareholders' / Investors' Grievance Committee is responsible for the redressal of investor grievances.

The constitution of the Shareholders' / Investors' Grievance Committee is as follows:

Name of the Director	Designation in the Committee	Nature of Directorship
Ms. Gayathri Ramchandran	Chairman	Independent Director
Mr. Santosh Senapati	Member	Non - Executive Director
Mr. Nikhil Gandhi	Member	Executive Chairman
Mr. P. Krishnamurthy	Member	Whole - time Director

This committee will address all grievances of Shareholders / Investors in compliance of the provisions of Clause 49 of the Listing Agreements with the Stock Exchanges and its terms of reference include the following:

1. Efficient transfer of shares; including review of cases for refusal of transfer / transmission of shares and debentures;
2. Redressal of shareholders and investor complaints in relation to transfer of shares, allotment of shares, non-receipts of the refund orders, right entitlement, non-receipt of Annual Reports and other entitlements, non-receipt of declared dividends etc;
3. Monitoring transfers, transmissions, dematerialization, re-materialization, splitting and consolidation of shares and other securities issued by our Company, including review of cases for refusal of transfer/ transmission of shares
4. Issue of duplicate / split / consolidated share certificates;
5. Allotment and listing of shares;
6. Review of cases for refusal of transfer / transmission of shares and debentures;
7. Reference to statutory and regulatory authorities regarding investor grievances;
8. Ensure proper and timely attendance and redressal of investor queries and grievances.
9. To do all such acts, things or deeds as may be necessary or incidental to the exercise of all the above powers.

Quorum for Shareholders' / Investors' Grievance Committee

The quorum necessary for a meeting of the Shareholders' / Investors' Grievance Committee shall be 2 members.

Remuneration Committee

The Remuneration Committee was reconstituted by the Board of Directors at a meeting held on November 29, 2010.

The constitution of the Remuneration Committee is as follows:

Name of the Director	Designation in the Committee	Nature of Directorship

Mr. K. Roy Paul	Chairman	Independent Director
Mr. Ajay Prasad	Member	Independent Director
Ms. Gayathri Ramchandran	Member	Independent Director
Mr. Nikhil Gandhi	Member	Executive Chairman

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

1. to ensure that our Company has formal and transparent procedures for the selection and appointment of new directors to the board and succession plans;
2. to develop and implement a plan for identifying and assessing competencies of directors;
3. to identify individuals who are qualified to become board members, taking into account a variety of factors, including, but not limited to:
   a) the range of skills currently represented on the board;
   b) the skills, expertise, experience (including commercial and/or industry experience) and particular qualities that make individuals suitable to be a director of our Company; and/or
   c) the individual's understanding of technical, accounting, finance and legal matters;
4. to make recommendations for the appointment and removal of directors;
5. ensure that our Company has in place a programme for the effective induction of new directors;
6. to review, on an ongoing basis, the structure of the board, its committees and their inter relationship;
7. to recommend to the Board, the remuneration packages of our Company's Managing / Joint Managing / Deputy Managing / Whole time / Executive Directors, including all elements of remuneration package (i.e. salary, benefits, bonuses, perquisites, commission, incentives, stock options, pension, retirement benefits, details of fixed component and performance linked incentives along with the performance criteria, service contracts, notice period, severance fees etc.);
8. to be authorised at its duly constituted meeting to determine on behalf of the Board of Directors and on behalf of the shareholders with agreed terms of reference, our Company's policy on specific remuneration packages for Company's Managing / Joint Managing / Deputy Managing / Whole-time / Executive Directors, including pension rights and any compensation payment;
9. to implement, supervise and administer any share or stock option scheme of our Company; and
10. to attend to any other responsibllity as may be entrusted by the Board within the terms of reference.

Quorum for Remuneration Committee

The quorum necessary for a meeting of the Remuneration Committee shall be 2 members.

IPO Committee

The IPO Committee was constituted by the Board of Directors at a meeting held on November 29, 2010 and reconstituted on April 22, 2011.

The constitution of the IPO Committee is as follows:

Name of the Director	Designation in the Committee	Nature of Directorship
Mr. Nikhil Gandhi	Chairman	Executive Chairman
Mr. P. Krishnamurthy	Member	Whole - time Director
Mr. Bhavesh Gandhi	Member	Non Executive and Non-Independent Director
Dr. Anil Kumar Khandelwal	Member	Independent Director

The broad terms of reference of the IPO Committee of our Company includes:

1. Evaluating the viability of the proposed IPO of our Company vis-a-vis market conditions, investors' interest and recommend to the Board on the timings of the proposed IPO, the number of equity shares that may be offered under the Issue, including pursuant to any Pre-IPO Placement, Reservation, Green Shoe Option and any rounding off in the event of any oversubscription as permitted under the SEBI ICDR Regulations, the

objects of the Issue, allocation of the Equity Shares to a specific category of persons and the estimated expenses on the Issue as percentage of Issue size;
2. Identify, appoint and instruct suitable persons, as the committee may think fit, as Book Running Lead Managers and Co-Book Running Lead Managers to the Issue, Legal Counsels to the Issue, escrow collection banks, bankers to the Issue, brokers, sub brokers, syndicate members, placement agents, managers, underwriters, guarantors, escrow agents, credit rating agencies, monitoring agencies, accountants, auditors, depositories, trustees, custodians, advertising agencies and all such persons or agencies as may be involved in or concerned with the Issue, including any successors or replacements thereto and to negotiate and finalize the terms of their appointment, including mandate letter, negotiation, finalization and execution of the memoranda of understanding etc.;
3. Remunerating all such intermediaries, advisors, agencies and persons as may be involved in or concerned with the Issue, if any, by way of commission, brokerage, fees or the like;
4. Guiding the intermediaries in the preparation and finalization of the draft red herring prospectus, the red herring prospectus, the prospectus and the preliminary and final international wrap, and approving such documents, including any amendments, supplements, notices or corrigenda thereto, together with any summaries thereto;
5. Finalizing and arranging for the submission of the draft red herring prospectus, the red herring prospectus, the prospectus and the preliminary and final international wrap and any amendments, supplements, notices or corrigenda thereto, to the SEBI, the Stock Exchanges and other appropriate government and regulatory authorities, institutions or bodies;
6. Approving a code of conduct as may be considered necessary by the Board or the IPO Committee or as required under Applicable Laws for the Board, officers of our Company and other employees of our Company;
7. Approving a suitable policy on insider trading as required under Applicable Laws;
8. Approving any corporate governance requirement that may be considered necessary by the Board or the IPO Committee or as may be required under Applicable Laws in connection with the Issue;
9. Opening bank accounts, share/securities accounts, escrow or custodian accounts, in India or abroad, in ₹ or in any other currency, in accordance with applicable laws, rules, regulations, approvals and guidelines, including the SEBI ICDR Regulations;
10. Seeking the listing of the Equity Shares on the Stock Exchanges, submitting listing applications to the Stock Exchanges and taking all such actions as may be necessary in connection with obtaining such listing, including, without limitation, entering into the listing agreements;
11. Seeking the admission of our Company's Equity Shares into Central Depository Services (India) Limited and National Securities Depository Limited and taking any further action as may be necessary or required for the dematerialization of our Company's Equity Shares;
12. Determining and finalizing the price band for the Issue, any revision to the price band and the final Issue Price after bid closure;
13. Determining the bid opening and closing dates;
14. Approving and finalizing the basis of allocation and confirming the allocation/allotment/transfer of Equity Shares to the various categories of persons as disclosed in the draft red herring prospectus, the red herring prospectus and the prospectus, in consultation with the book running lead managers and co-book running lead managers, the Stock Exchanges and/or any other entity;
15. Determining the price at which the Equity Shares are offered or issued/allotted to investors in the Issue;
16. Allotment/transfer of the Equity Shares;
17. Authorising/ delegate power to the representative of our Company to seek necessary action for the purpose of the IPO.

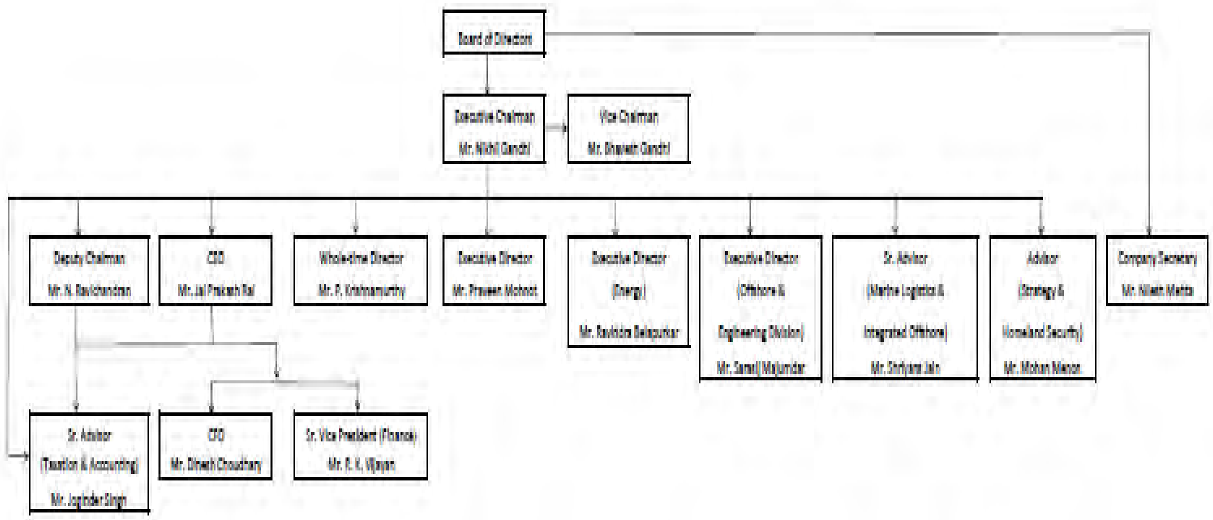
Quorum for IPO Committee

The quorum necessary for a meeting of the IPO Committee shall be 2 members.

Policy on Disclosures and Internal Procedure for Prevention of Insider Trading

Our Company undertakes to comply with the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 1992 after listing of our Company's shares on the Stock Exchanges. Our Company Secretary and Compliance Officer, Mr. Nilesh Mehta is responsible for setting forth policies, procedures, monitoring and adhering to the rules for the prevention of dissemination of price sensitive information and the implementation of the code of conduct under the overall supervision of the Board.

Management Organizational Structure of our Company



Key Managerial Personnel

In addition to our Executive Directors, below are details of the key managerial employees of our Company:

Except as stated hereinbelow, all our Key Managerial Personnel are permanent employees of our Company:
(i) Mr. Ajay Khera is an employee of our Group Company, Horizon Country Wide Logistics Limited;
(ii) Mr. M. Jitendran, Mr. Jigar Shah Mr. Sarasij Majumder, Rear Admiral Mohiner Kumar Badhwar (Retired), Rear Admiral R. M. Bhatia (Retired) and Mr. Debasis Bir are employees of our Group Company, Pipavav Shipyard Limited;
(iii) Rear Admiral V. Balachandran (Retired) is an employee of our Group Company, Gujarat Positra Port Company Limited; and
(iv) Mr. Shriyans Jain and Mr. Mohan Menon are consultants on retainer basis of our Company.

None of our Key Managerial Personnel were appointed pursuant to any arrangement or understanding with major shareholders, customers or suppliers.

The details of our Key Managerial Personnel are set out below:

Mr. N. Ravichandran, aged 53 years, is the Deputy Chairman of our Company. He holds a Bachelors Degree in Science from University of Mumbai and a Bachelors Degree in Law from the University of Mumbai. He is a fellow member of the Institute of Chartered Accountants of India, with approximately 30 years of experience in the finance industry. Prior to his association with our Company in 1990, he practiced as an independent advisor and principal finance consultant in the field of Finance and Export/Import for companies in the manufacturing sector. Mr. Ravichandran has been actively involved with our Company since its inception and has played a key role in the overall development of our Company's operations. Mr. Ravichandran is responsible for overseeing the various projects of our Company. He also oversees the project finance requirements of our Company. The gross remuneration paid by our Company to Mr. Ravichandran during Fiscal 2011 was ₹ 10.54 million inclusive of perquisites and other benefits.

Mr. Jai Prakash Rai, aged 56 years, is the Chief Executive Officer of our Company. He holds a Bachelors Degree in Law from the University of Mumbai, a Bachelors Degree in Science from Banaras Hindu University and a Masters Degree in Business Management (Marketing Management) from Banaras Hindu University, Varanasi. He joined our Company as the Chief Executive Officer on July 1, 2010, prior to which he was associated with Pipavav Shipyard Limited. Mr. Rai also oversees our Company's interests in the education sector. Mr. Rai worked for the State Bank of India for 6 years, before joining the Indian Administrative Service ("**IAS**"). He joined the IAS in the year 1983 and has approximately 28 years of experience in handling law and administration, during which he held various positions such as District Magistrate, Director to the Ministry of Human Resource Development and Electoral Officer, United Nations Transitional Authority for Cambodia. The gross remuneration paid by our Company to Mr. Rai during Fiscal 2011 was ₹ 10.66 million inclusive of perquisites and other benefits.

Mr. Dinesh Choudhary, aged 41 years, is the Chief Financial Officer of our Company. Mr. Choudhary holds a Bachelors Degree in Commerce from University of Rajasthan. He is an associate member of the Institute of Chartered Accountants of India. Mr. Choudhary has approximately 19 years of experience in finance and prior to joining our Company, was associated with Iveon Laboratories, a division of Dhunseri Tea and Industries Limited as an Assistant General Manager. He joined our group on February 17, 1997 and he is currently responsible for project finance requirements of our Company. The remuneration paid to him in Fiscal 2011 was ₹ 7.54 million inclusive of perquisites and other benefits.

Rear Admiral Mohinder Kumar Badhwar, aged 59, is the Chief Operating Officer, Strategic Business of PSL. He holds a Bachelors Degree in Technology (Mechanical) from Indian Institute of Technology, Kharagpur, a Masters Degree in finance from Faculty of Management Studies, Delhi University. He has approximately 18 years of experience, and prior to joining our Company, he was associated with the Indian Navy as the Director General Naval Design. He joined PSL on January 1, 2010. His current role includes responsibility for business development in the field of defence shipbuilding. The remuneration paid to him in Fiscal 2011 was ₹ 7.56 million inclusive of perquisites and other benefits.

Mr. Praveen Mohnot, aged 52 years, is the Executive Director of our Company. He holds a Bachelors Degree in Commerce from University of Udaipur. He is a fellow member of the Institute of Chartered Accountants of India. He has also completed a senior executive course from Manchester Business School. Mr. Mohnot has approximately 30 years of experience in corporate management and finance and, prior to joining our Company, was associated as Senior Vice President, Corporate Finance in Welspun Gujarat Stahl Rohren Limited, as Senior Vice President in UTI Asset Management Company, as General Manager in UTI and as Managing Director of the Over-The-Counter Exchange of India. He joined our Company on July 1, 2007 and his current role in our Company is corporate planning for fund raising, mergers & acquisitions and institutional relationship. The remuneration paid to him in Fiscal 2011 was ₹ 4.65 million inclusive of perquisites and other benefits.

Mr. Sarasij Majumder, aged 60 years, is the Executive Director, Offshore and Engineering Division of our Company. Mr. Majumder holds a Bachelors Degree in Engineering from University of Calcutta, a Masters Degree in Engineering from University of Burdwan. Mr. Majumder has approximately 39 years of experience and, prior to joining our Company, was associated with Engineers India Limited. He joined our Company on September 1, 2010. Mr. Majumder's current role in our Company includes business development and execution of offshore projects, marine operations and infrastructure development. The remuneration paid to him in Fiscal 2011 was ₹ 1.4 million inclusive of perquisites and other benefits.

Mr. Ravindra Belapurkar, aged 63 years, is the Executive Director, Energy. Mr. Belapurkar holds Masters Degree in Technology (Power Systems) from Indian Institute of Technology, Delhi. Mr. Belapurkar has 39 years of experience and, prior to joining our Company, was associated with Bharat Heavy Electricals Limited. He joined our Company on April 29, 2008. Mr. Belapurkar's current role in our Company is establishment of project and work pertaining to conventional energy. The remuneration paid to him in Fiscal 2011 was ₹ 4.48 million inclusive of perquisites and other benefits.

Mr. R. K. Vijayan, aged 57 years, is the Senior Vice President, Finance of our Company. Mr. Vijayan holds a Bachelors Degree in Commerce from University of Pune. Prior to joining our Company, he was associated with Dena Bank where he worked for 29 years in various capacities in the corporate and industrial finance departments.

He joined our Company on June 1, 2001 and his current role includes supervision of the finance and treasury operations, legal affairs and general administration of our Company. The remuneration paid to him in Fiscal 2011 was ₹ 4.04 million inclusive of perquisites and other benefits.

Mr. Nilesh Mehta, aged 43 years**,** is the Company Secretary of our Company. Mr. Mehta holds a Masters Degree in Commerce from University of Bombay, is a qualified company secretary and member of the Institute of Company Secretaries of India as also the Institute of Cost and Works Accountants of India. Mr. Mehta has 19 years of experience and prior to joining our Company, was associated with Horizon Infrastructure Limited. Mr. Mehta joined our Company on April 12, 2011 and is responsible for compliance by our Company with the Companies Act, SEBI rules and regulations as also the Listing Agreements which our Company proposes to enter into with the Stock Exchanges. As Mr. Mehta was appointed in Fiscal 2012, no remuneration was paid to him by our Company in Fiscal 2011.

Rear Admiral V. Balachandran (Retired), aged 61 years, is the Senior Advisor, Projects and Infrastructure of GPPCL. He holds a Bachelors Degree in Engineering (Electronics & Telecom) from Madras University, a Masters Degree in Technology (Computer Science) from Indian Institute of Technology, Mumbai and a Masters Degree in Philosophy from Mumbai University. He has approximately 39 years of experience, and prior to joining GPPCL, he was associated with the Naval Dockyard, Mumbai as Admiral Superintendent as a head of organization for refit of ships and submarines and modernization programmes. He joined our Company on June 1, 2007. His current role includes planning and development of ports, allied infrastructure and development of deep water port at Positra. The remuneration paid to him in Fiscal 2011 was ₹ 1.42 million.

Mr. Joginder Singh, aged 64 years, is the Senior Advisor, Taxation and Accounts of our Company. Mr. Singh holds Bachelors Degree in Science and Masters Degree in Law from the University of Mumbai and is an associate member of Institute of Company Secretaries of India. Mr. Singh had a long-standing career with Indian Revenue Services (“**IRS”**). Mr. Singh has approximately 36 years of experience and was associated with Income Tax Department under Indian Revenue Services. He joined our Company on November 12, 2007. Mr. Singh’s current role includes handling matters pertaining to taxation, accounts and legal affairs of our Company. The professional fee paid to him in Fiscal 2011 was ₹ 4.66 million inclusive of benefits.

Mr. Shriyans Jain, aged 61 years, is the Senior Advisor, Marine Logistics and Integrated Offshore Activities, of our Company. Mr. Jain holds a Bachelors Degree in Science from Meerut University, a Bachelors in Technology from Madras Institute of Technology and a Masters Degree in Human Resources from Indira Gandhi National Open University. Mr. Jain has approximately 37 years of experience and was associated with Oil and Natural Gas Corporation. He has been associated with our Company since January 1, 2010. Mr. Jain’s current role in our Company is heading the marine logistics and integrated offshore division and business development. The professional fee paid to him in Fiscal 2011 was ₹ 8.38 million inclusive of benefits.

Mr. Mohan Menon, aged 63 years, is the Advisor, Strategy and Homeland Security of our Company. Mr. Menon holds a Bachelors Degree of Arts in Economics from the University of Delhi and a Masters Degree in Economics from Delhi School of Economics, New Delhi. Prior to joining our Company, Mr. Menon has worked with the University of Delhi as a lecturer from 1971 to 1974, before joining the Indian Police Services (“**IPS**”) from 1974 with whom he worked in various roles till 2008. He has approximately 34 years of experience in public administration. He joined our Company on April 1, 2010. Mr. Menon’s current role in our Company encompasses envisaging homeland security options and strategies in engendering high level and sensitive collaborations for the SKIL Group in the security and special zones arena. The professional fee paid to him in Fiscal 2011 was ₹ 1.7 million inclusive of benefits.

Commodore M. Jitendran, aged 60 years, is the chief executive officer of PSL. He holds a Bachelors Degree in Engineering (Mechanical) from National Institute of Technology, Bhopal and a Masters Degree in Science (Naval Architecture) from Naval Academy, St. Petersburg, Russia. Prior to joining PSL, he was associated with Cochin Shipyard Limited as Chairman and Managing Director for 5 years since May 2005 and as Director (Operations) since May 2002. He has approximately 30 years of experience in the Indian Navy. He joined PSL on July 1, 2010. The remuneration paid to him in Fiscal 2011 was ₹ 11.47 million inclusive of perquisites and other benefits.

Mr. Jigar Shah, aged 38 years, is the chief financial officer of PSL. Mr. Shah is a fellow member of the Institute of Chartered Accountants of India. Prior to being deputed to PSL, Mr. Shah was associated with SKIL as President, Finance. He has approximately 13 years of experience in finance. He was deputed to PSL on August 13, 2010. The remuneration paid to him by our Company in Fiscal 2011 was ₹ 7.20 million inclusive of benefits.

Mr. Debashis Bir, aged 56 years, is the chief operating officer of Production in PSL. He holds a Bachelors Degree in Science from Calcutta University and a Bachelors Degree in Technology (Naval Architecture) from Indian Institute of Technology, Kharagpur. He has 33 years of experience and prior to his association with PSL, he was associated with Alcock Ashdown (Gujarat) Limited, Bhavnagar. He joined PSL on August 16, 2007. Mr. Bir's current role include, *inter alia*, being in charge of the shipyard asset management, supply chain management and the production functions, encompassing ship design, merchant ship production, defense ship production, ship repairs and offshore production platform construction. Mr. Bir is on the payrolls of PSL and the remuneration paid to him in Fiscal 2011 was ₹ 8.92 million inclusive of perquisites and other benefits.

Rear Admiral R.M. Bhatia (Retired), aged 65 years, is the Executive Director of PSL. He holds a Bachelors Degree in Technology from Indian Institute of Technology, Delhi. He has approximately 45 years of experience, and prior to joining PSL he was the Chairman and Managing Director of Mazagon Dock Limited. He joined PSL on November 1, 2008 and his current role includes supervising defense projects. The remuneration paid to him in Fiscal 2011 was ₹ 7.33 million.

Mr. Ajay Khera, aged 55 years, is the Vice Chairman and Managing Director of HCWLL. Mr. Khera holds a Masters in Science with Honors in Bio chemistry from Punjab University, Chandigarh, Diploma in International Marketing from Punjabi University, Patiala, a Diploma in Industrial Purchasing and Material Management, Delhi and an Advanced Diploma in German Language from Punjab University, Chandigarh. Mr. Khera has 29 years of experience in the warehousing and logistics sector. He has been associated with HCWLL since December 7, 2007 and prior to joining HCWLL, he has served Central Warehousing Corporation, as Schedule A Mini Ratna PSU, for almost 3 decades before taking voluntary retirement, and is an Independent Director on the board of Inventure Growth and Securities Limited. The remuneration paid to him in Fiscal 2011 was ₹ 12.44 million.

Interest of Key Managerial Personnel

All our Key Managerial Personnel may be deemed to be interested to the extent of the remuneration and other benefits in accordance with their terms of employment for services rendered as officers or employees to our Company. Further, if any Equity Shares are allotted to our Key Managerial Personnel prior to/ in terms of this Issue, they will be deemed to be interested to the extent of their shareholding and / or dividends paid or payable on the same.

Shareholding of the Key Managerial Personnel

None of our Key Managerial Personnel hold any Equity Shares in our Company as on the date of this Draft Red Herring Prospectus.

Relation of the Key Managerial Personnel with our Promoters/Directors

None of our Key Managerial Personnel are "related" to each other or to the Promoters or Directors of our Company within the meaning of Section 6 of the Companies Act.

Bonus or profit sharing plan for Key Managerial Personnel

Our Company does not offer any bonus or profit sharing plan to its Key Managerial Personnel, as on the date of this Draft Red Herring Prospectus.

Changes in the Key Managerial Personnel during the last 3 years

Changes in the Key Managerial Personnel of our Company in the last 3 years preceding the date of filing this Draft Red Herring Prospectus are as follows:

Name	Designation	Date of Appointment	Date of Resignation
Mr. N. Ravichandran	Deputy Chairman	September 24, 2009*	-
Mr. Jai Prakash Rai	Chief Executive Officer	July 1, 2010	-
Mr. Shriyans Jain	Senior Advisor	January 1, 2010	-
Mr. Sarasij Majumder	Executive Director	September 1, 2010	-
Mr. Mohan Menon	Advisor,Strategy	April 1, 2010	-
Ms. Sweta Shah	Company Secretary	September 1, 2007	March 30, 2011
Mr. Nilesh Mehta	Company Secretary	April 12, 2011	-

** Mr. Ravichandran has been associated with our Company in various capacities since 1990. Mr. Ravichandran was appointed as Key Managerial Personnel subsequent to his resignation from our Board.*

Employees Stock Option Scheme

As on the date of this Draft Red Herring Prospectus, our Company does not have any Employee Stock Option Scheme in place.

Payment of Benefits to Officers of our Company (non-salary related)

Except as stated above and the payment of salaries, perquisites and reimbursement of expenses incurred in the ordinary course of business, and the transactions as enumerated in the chapters titled "*Financial Information*" and "*Business*" on pages 300 and 163, we have not paid / given any amount or benefit to the officers of our Company, within the 2 preceding years nor do we intend to make such payment/give such benefit to any officer as on the date of this Draft Red Herring Prospectus.

Retirement Benefits

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.

PROMOTERS

Our Promoters are as under:

1. Mr. Nikhil Gandhi;
2. Mr. Bhavesh Gandhi; and
3. M/s. Metropolitan Industries (Represented by its partners Mr. Nikhil Gandhi and Mr. Bhavesh Gandhi)

Brief profiles of our Promoters are as under:

Mr. Nikhil Gandhi, aged 52 years, Executive Chairman

Please see the section titled "*Management*" on page 228 for a brief profile of Mr. Nikhil Gandhi.

Driving License No.	Not applied for
Voter Identification number	Not applied for
Address	21, Sagar Villa, 38 Bhulabhai Desai Road, Mumbai - 400 026 Maharashtra, India.

Mr. Bhavesh Gandhi, aged 44 years, is the Vice Chairman of our Company.

Please see the section titled "*Management*" on page 228 for a brief profile of Mr. Bhavesh Gandhi.

Driving License No.	**:**	84/W/28312
Voter Identification number	**:**	Not applied for
Address	**:**	D – 4, 4th Floor, New Breach Candy Apartment, Breach Candy, Mumbai - 400 026, Maharashtra, India.

M/s. Metropolitan Industries (Represented by its partners, Mr. Nikhil Gandhi and Mr. Bhavesh Gandhi)

M/s. Metropolitan Industries is a partnership firm formed *vide* partnership deed dated March 13, 1986 entered into by and between Ms. Neha Gandhi and Mr. Atul Desai. *vide* Deed of Partnership dated May 15, 1987 entered into by and between Ms. Neha Gandhi, Mr. Atul Desai and Mr. Nikhil Gandhi, Mr. Nikhil Gandhi became a partner in M/s. Metropolitan Industries. Further, *vide* Deed of Retirement dated May 16, 1987 Ms. Neha Gandhi ceased to be partner of of M/s. Metropolitan Industries. *vide* Deed of Partnership dated April 01, 1988 entered into by and between Mr. Nikhil Gandhi, Mr. Atul Desai and Mr. Bhavesh Gandhi, Mr. Bhavesh Gandhi became a partner in M/s. Metropolitan Industries. Further, *vide* Deed of Retirement dated April 02, 1988, Mr. Atul Desai retired from M/s. Metropolitan Industries. *vide* Deed of Partnership dated January 01, 1992 entered into by and between Mr. Nikhil Gandhi, Mr. Bhavesh Gandhi and Mr. Krishna Goenka, Mr. Krishna Goenka became a partner in M/s. Metropolitan Industries. Further, *vide* Deed of Retirement dated January 02, 1992 Mr. Krishna Goenka ceased to be partner of M/s. Metropolitan Industries. Subsequent to the Deed of Retirement dated January 02, 1992, Mr. Nikhil Gandhi and Mr. Bhavesh Gandhi entered into a Supplementary Deed of Partnership on April 01, 1993 and became continuing partners of M/s. Metropolitan Industries.

M/s. Metropolitan Industries is registered under the Indian Partnership Act, 1932 *vide* certificate dated February 21, 1991 (registration no. BA-25226). The place of business of M/s. Metropolitan Industries is located at 512, Vyapar Bhavan, 5th Floor, 49, P.D'mello Road, Carnac Bunder Masjid (E), Mumbai- 400009.

M/s. Metropolitan Industries is enabled, in terms of its constitution documents, to carry on the business, *inter alia,* of acting as manufacturer, exporter, importer, dealer, stockist, merchant of dyes, chemicals, pharmaceuticals, medicines, bulk drugs and intermediates, etc.,

As on the date of this Draft Red Herring Prospectus, the details of the partners of M/s. Metropolitan Industries and profit- sharing ratio of the partners is as under:

Sr. No.	Name of partner	% of profit- sharing
1.	Mr. Nikhil Gandhi	75
2.	Mr. Bhavesh Gandhi	25
TOTAL		**100**

Loss if any, of M/s. Metropolitan Industries, shall be apportioned in the same proportion as for profit sharing.

The financial information of M/s. Metropolitan Industries (certified) for the past 3 Fiscals is as under:

(In ₹)

Particulars	For Fiscal		
	2010	2009	2008
Total Income	200	200	180
Profit / (Loss) after tax	(188,972)	(16,047)	(1,894,599)
Capital Account	951,671	1,140,643	1,156,690

We confirm that the Permanent Account Numbers, bank account numbers and passport numbers of our individual Promoters have been submitted to BSE and NSE at the time of filing the Draft Red Herring Prospectus with the Stock Exchanges. We confirm that the Permanent Account Number, bank account number and registration details of M/s. Metropolitan Industries have been submitted to BSE and NSE at the time of filing the Draft Red Herring Prospectus with the Stock Exchanges.

For further details pertaining to Mr. Nikhil Gandhi and Mr. Bhavesh Gandhi, please refer to the section titled "*Management*" on page 228 of this Draft Red Herring Prospectus.

Relationship of Promoters with each other, our Directors and our Key Managerial Personnel

Mr. Nikhil Gandhi is the brother of Mr. Bhavesh Gandhi. Mr. Nikhil Gandhi and Mr. Bhavesh Gandhi are partners in the firm M/s. Metropolitan Industries. Except as disclosed herein, none of our Promoters are related to any of our Company's Directors or Key Managerial Personnel.

Changes in our Promoters

Our present Promoters are our original Promoters and there have been no changes in the control of our Company since its incorporation.

Companies / Firms from which the Promoters have disassociated themselves in last 3 years

None of our Promoters have disassociated themselves from any of the companies, firms or other entities during the last 3 years preceding the date of this Draft Red Herring Prospectus.

Common Pursuits

There are no common pursuits between our Company, our Promoters and our Group Entities except as disclosed in the section titled "*Group Entities*" on page 249.

Interest of Promoters

Our Promoters have personally guaranteed a significant portion of the debt held by our Company. The Promoters may be deemed to be interested in our Company to the extent that the Issue Proceeds are used to repay such guaranteed debt obligations.

Our Promoters are interested in our Company to the extent that they have promoted our Company, to the extent of their shareholding, for which they are entitled to receive the dividend declared and other distributions in respect of Equity Shares, if any, by our Company.

Further, our Promoters, may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of our Board or committees constituted thereof as well as to the extent of remuneration and/or reimbursement of expenses payable to them for services rendered to us in accordance with the provisions of the Companies Act, terms of the Articles and their terms of appointment.

Our Promoters are also directors on the boards or are members, or are partners of our Group Entities and may be deemed to be interested to the extent of the payments made by our Company, if any, to these Group Entities.

Our Promoters may be deemed to be interested in the transactions entered into by our Company and the ventures where they are interested as Promoters, Directors or otherwise.

Except as stated in the section titled "*Financial Information*" on page 300, we have not entered into any contract, agreements or arrangements during the preceding 2 years from the date of the Draft Red Herring Prospectus in which the Promoters are directly or indirectly interested and no payments have been made to them in respect of these contracts, agreements or arrangements which are proposed to be made to them including the properties purchased by our Company other than in the normal course of business.

Our Promoters and their immediate relatives have not given any loans to our Company, secured or unsecured, as on the date of the Draft Red Herring Prospectus.

Interest in the Property of our Company

Except the rent received by Awaita Properties Private Limited, our Group Entity from our Company, for using the properties as mentioned under the paragraph titled "*Our Property*" under the chapter titled "*Business*" on page

163, our Promoters do not have any interest in any property being used by our Company within 2 years preceding the date of this Draft Red Herring Prospectus or proposed to be acquired by our Company.

Payment or Benefit to our Promoters in the last 2 years

Except as mentioned in this chapter, in the chapter titled "*Related Party Transactions*" on page 298 no payment has been made or benefit given to our Promoters in the 2 years preceding the date of the Draft Red Herring Prospectus.

Except following incentives, there is no bonus or profit sharing plan for our Promoters.

Performance incentive may be payable to Mr. Nikhil Gandhi as may be decided by the Board of Directors from time to time and including in the form of sweat equity interests in the project SPVs.

Other Ventures of our Promoters

Save and except as disclosed in the chapter titled "*Group Entities*" on page 249, there are no other ventures promoted by Promoters in which they have business interests/other interests.

Related Party Transactions

For details on our related party transactions refer the paragraph titled *"Statement of Transactions With Related Parties, as Restated"* (consolidated) in the section titled *"Financial Information"* on page 300.

Other confirmations

Our Promoters and Promoter Group confirm that they have not been declared as a wilful defaulter by the RBI or any other governmental authority and there have been no violations of securities laws committed by them or any entities they are connected with in the past and no proceedings pertaining to such penalties are pending against them.

None of the Promoters, Promoter Group entities or persons in control of the Promoters or bodies corporate forming part of the Promoter Group has been (i) prohibited from accessing the capital market under any order or direction passed by SEBI or any other authority or (ii) refused listing of any of the securities issued by such entity by any stock exchange, in India or abroad. None of the Promoters is or has ever been a promoter, director or person in control of any other company which is debarred from accesing the capital markets under any order or direction passed by the SEBI.

GROUP ENTITIES

Our Group Entities

Our Group Entities as defined by the SEBI ICDR Regulations, comprise the following entities:

PUBLIC LIMITED COMPANIES			
Sr. No.	**Name of the Group Company**	**Name(s) of Promoter(s)/ Promoter Group entities interested**	**Extent of shareholding**
1.	SKIL Karnataka Infrastructure Limited	Mr. Nikhil Gandhi	45.00%
2.	Horizon Infrastructure Limited	Mr. Nikhil Gandhi	10.94%
		Mr. Bhavesh Gandhi	10.94%
		Grevek Investments & Finance Private Limited	03.97%
		Awaita Properties Private Limited	2.12%
		SKIL	0.47%
3.	Montana Infrastructure Limited	M/s. Metropolitan Industries (represented by Mr. Nikhil Gandhi and Mr. Bhavesh Gandhi)	99.88%
		Mr. Nikhil Gandhi	0.05%
		Mr. Bhavesh Gandhi	0.05%
4.	Donyi Polo Petrochemicals Limited	M/s. Metropolitan Industries (represented by Mr. Nikhil Gandhi and Mr. Bhavesh Gandhi)	18.18%
		SKIL	08.25%
		Grevek Investments & Finance Private Limited	07.51%
		Metropolitan Overseas Limited	04.72%
		Horizon Infrastructure Limited	03.01%
5.	Metropolitan Overseas Limited	M/s. Metropolitan Industries (represented by Mr. Nikhil Gandhi and Mr. Bhavesh Gandhi)	90.85%
6.	Sagar Inflatable Limited	M/s. Metropolitan Industries (represented by Mr. Nikhil Gandhi and Mr. Bhavesh Gandhi)	55.23%
		Montana Infrastructure Limited	07.10%
7.	SKIL – Himachal Infrastructure and Tourism Limited	SKIL	100.00%
8.	SKIL Karnataka SEZ Limited	SKIL	100.00%
9.	Energy India Corporation Limited	SKIL	76.00%
10.	Gujarat Positra Port Company Limited	SKIL	48.39%
		Horizon Infrastructure Limited	21.27%
11.	Everonn Education Limited	SKIL	21.02%
12.	Pipavav Shipyard Limited	SKIL	38.64%
		SKIL Shipyard Holdings Private Limited	04.50%
		Grevek Investments & Finance Private Limited	1.85%
13.	Horizon Country Wide Logistics Limited	SKIL	46.40%
14.	KLG Capital Services Limited	Awaita Properties Private Limited	60.46%
15.	JPT Securities Limited	Awaita Properties Private Limited	60.09%
16.	Fastlane Distriparks & Logistics Limited	Horizon Country wide Logistics Limited	52.00%
17.	Everonn Educational Resources Solutions Limited	Everonn Education Limited	99.99%
18.	Everonn Infrastructure Limited	Everonn Education Limited	99.99%

19.	Edifications India Limited	Everonn Education Limited	99.99%
20.	Everonn Dassani Literate Limited	Everonn Education Limited	60.00%
21.	Everonn Knowledge & Education Corridor Limited	Everonn Education Limited	99.99%
22.	Everonn Business Education Limited	Everonn Education Limited	99.99%
23.	Everonn School Limited	Everonn Education Limited	99.99%
24.	Everonn Medical Education India Limited	Everonn Education Limited	99.99%
25.	Everonn Technical Education India Limited	Everonn Education Limited	99.99%
26.	Everonn Sport Management Limited	Everonn Education Limited	99.99%
27.	Everonn Skill Development Limited	Edifications India Limited	99.99%
PRIVATE LIMITED COMPANIES			
Sr. No.	**Name of the Group Company**	**Name(s) of Promoter(s)/ Promoter Group entities interested**	**Extent of shareholding**
1.	Awaita Properties Private Limited	Mr. Nikhil Gandhi	49.82%
		Mr. Bhavesh Gandhi	1.41%
		Mr. Bhavesh Gandhi HUF	48.41%
2.	Grevek Investments & Finance Private Limited	Montana Infrastructure Limited	62.33%
		M/s. Metropolitan Industries (represented by Mr. Nikhil Gandhi and Mr. Bhavesh Gandhi)	17.53%
		Awaita Properties Private Limited	8.91%
3.	SKIL Advanced Systems Private Limited	SKIL	100.00%
4.	SKIL Advance Energy Private Limited	SKIL	100.00%
5.	SKIL Himachal Waknaghat SEZ Private Limited	SKIL	100.00%
6.	SKIL Strategic Deterrence Systems Private Limited	SKIL	100.00%
7.	SKIL Shipyard Holdings Private Limited	SKIL	100.00%
8.	Urban Infrastructure Holdings Private Limited	SKIL	35.00%
9.	E Complex Private Limited	Pipavav Shipyard Limited	100.00%
10.	SKIL Institute of Nursing Private Limited	Awaita Properties Private Limited	99.99%
11.	Eduskill Learning Private Limited	Awaita Properties Private Limited	96.50%
12.	SKIL Knowledge Cities Private Limited	Awaita Properties Private Limited	91.67.%
		SKIL	8.33%
13.	SKIL Water Resources Private Limited	Awaita Properties Private Limited	50.00%
		Grevek Investments & Finance Private Limited	50.00%
14.	SKIL Reality Private Limited	Awaita Properties Private Limited	50.00%
		Grevek Investments & Finance Private Limited	50.00%
15.	SKIL SEZ Holdings Private Limited	Awaita Properties Private Limited	50.00%
		Grevek Investments & Finance Private Limited	50.00%
16.	SKIL Maritime & Logistics Ventures Limited	Awaita Properties Private Limited	50.00%
		Grevek Investments & Finance Private Limited	49.99%
17.	SKIL Tourism & Leisure Management Company Private Limited	Awaita Properties Private Limited	50.00%
		Grevek Investments & Finance Private Limited	50.00%

18.	SKIL Tourism and Resorts Private Limited	Awaita Properties Private Limited	50.00%
		Grevek Investments & Finance Private Limited	50.00%
19.	SKIL Knowledge Park and Management Private Limited	Awaita Properties Private Limited	50.00%
		Grevek Investments & Finance Private Limited	50.00%
20.	SKIL Offshore Logistics Private Limited	Awaita Properties Private Limited	50.00%
		Grevek Investments & Finance Private Limited	50.00%
21.	Metrotech Technology Park Private Limited	Horizon Infrastructure Limited	100.00%
22.	Varahi Infrastructure Private Limited	Horizon Infrastructure Limited	100.00%
23.	Mahakaleshwar Knowledge Infrastructure Private Limited	Horizon Infrastructure Limited	85.00%
24.	Toppers Tutorial Private Limited	Everonn Education Limited	99.99%
25.	AEG Skill Update Private Limited	Everonn Education Limited	51.00%
26.	Shivalik Infrapromoters Private Limited	Eduskill Learning Private Limited	99.99%
27.	Shivalik Project Development Company Private Limited	Eduskill Learning Private Limited	99.99%
28.	Himland Infrastructure Private Limited	Eduskill Learning Private Limited	99.99%
29.	KLG Stock Brokers Private Limited	KLG Capital Services Limited	100.00%
30.	JPT Share Services Private Limited	JPT Securities Limited	100.00%
31.	Chiplun FTWZ Private Limited	Horizon Country wide Logistics Limited	52.00%
32.	Dronagiri Infrastructure Private Limited	Urban Infrastructure Holdings Private Limited	99.67%
33.	Navi Mumbai SEZ Private Limited	Dronagiri Infrastructure Private Limited	74.00%
34.	Karanja Terminal & Logistics Private Limited	Karanja Terminal & Logistics (Cyprus) Limited	99.71%
		SKIL	0.14%

BODIES CORPORATE

Sr. No.	Name of Body Corporate	Name(s) of Promoter(s)/ Promoter Group entities interested	Percentage of shareholding
1.	SKIL Global Ports & Logistics Limited	Mr. Nikhil Gandhi	100.00%
2.	SKIL (Singapore) Pte Limited	SKIL	100.00%
3.	Sohar Free Zone LLC	SKIL	33.33%
4.	SKIL Ports & Logistics Limited	SKIL Global Ports & Logistics Limited	28.91%
5.	Karanja Terminal & Logistics (Cyprus) Limited	SKIL Ports & Logistics Limited	100.00%

PARTNERSHIP FIRMS

Sr. No.	Name of partnership	Name(s) of Promoter(s)/ Promoter Group entities interested	Percentage of profit- sharing
1.	M/s. Sea King Marine Services	M/s. Prataprai S. Gandhi HUF	20.00%
		Mr. Bhavesh Gandhi	20.00%
		Ms. Neha Nikhil Gandhi	10.00%

HINDU UNDIVIDED FAMILIES

Sr. No.	Name of HUF	Names of Promoter(s)/ Promoter Group persons who are part thereof
1.	M/s. Nikhil Gandhi (HUF)	Mr. Nikhil Gandhi, Ms. Neha Gandhi, Ms. Akshita Gandhi and Ms. Priyanka Gandhi
2.	M/s. Bhavesh Gandhi (HUF)	Mr. Bhavesh Gandhi, Ms. Rupali Gandhi, Mr. Ansh Gandhi and Ms. Anushka Gandhi
3.	M/s. Prataprai S. Gandhi (HUF)	Mr. Prataprai Gandhi, Mr. Nikhil Gandhi, Mr. Bhavesh Gandhi, Ms. Neha

		Nikhil Gandhi, Ms. Rupali Gandhi
TRUSTS		
Sr. No.	**Name of Trust**	**Names of Trustees who are part of the Promoter Group**
1.	Nikhil Prataprai Gandhi Family Trust	Mr. Nikhil Gandhi

For further details of our Subsidiaries, i.e.:

1. SKIL - Himachal Infrastructure and Tourism Limited;
2. SKIL Shipyard Holdings Private Limited;
3. SKIL (Singapore) Pte. Ltd.;
4. SKIL Advanced Systems Private Limited;
5. SKIL Advance Energy Private Limited;
6. SKIL Himachal Waknaghat SEZ Private Limited;
7. SKIL Karnataka SEZ Limited;
8. SKIL Strategic Deterrence Systems Private Limited; and
9. Energy India Corporation Limited

please refer to the section titled "*Subsidiaries*" on page 221.

Five largest Group Companies

Our 5 listed Group Companies as on the date of this Draft Red Herring Prospectus are as under:

1. Pipavav Shipyard Limited;
2. Everonn Education Limited;
3. Horizon Infrastructure Limited;
4. JPT Securities Limited; and
5. KLG Capital Services Limited.

1. Pipavav Shipyard Limited

Corporate Information

Pipavav Shipyard Limited ("**PSL**") was incorporated on October 17, 1997 as '*Pipavav Ship Dismantling and Engineering Limited*' *vide* Certificate of Incorporation bearing registration number 04–33193 of 1997–1998, issued by the Registrar of Companies, Gujarat, Dadra and Nagar Haveli, at Ahmedabad. PSL received its Certificate for Commencement of Business from the Registrar of Companies, Gujarat, Dadra and Nagar Haveli, at Ahmedabad on December 2, 1997. The name '*Pipavav Shipyard Limited*' was adopted on April 29, 2005, *vide* Fresh Certificate of Incorporation on Change of Name issued by the Registrar of Companies, Gujarat, Dadra and Nagar Haveli, at Ahmedabad. The CIN of PSL is L35110GJ1997PLC033193. Further, PSL has, on May 24, 2011 informed the Stock Exchanges that it has initiated the process of effecting a change in its name.

PSL's main objects clause provides, *inter alia,* that PSL can construct and carry on the business of ship building and ship construction, sale, break or other wise deal in any manner with ships, tugs, boards, ocean going vessels, harbours, drafts, pontoons, barges, dredgers, and any other floating vessels, and acquire any business as a going concern, which is engaged in the aforesaid activities.

PSL currently operates Pipavav shipyard, located on the west coast of India adjacent to major sea lanes between the Persian Gulf and Asia. Pipavav shipyard is capable of ship construction and repairs for a wide range of vessels of different sizes and types, including naval vessels and coast guard vessels, as well as the fabrication and construction of products such as offshore platforms, rigs, jackets and vessels (excluding sub-sea pipelines) for oil and gas companies.

Registered Office

The registered office of PSL is situated at Pipavav Port, Post Ucchaya, Via Rajula, Rajula – 365 560, Gujarat, India.

Interest of our Promoters

As on March 31, 2011, our Company directly holds 38.64% of the issued and paid up equity share capital of PSL. Additionally, our Company holds 25,221,612 warrants issued by PSL with an exercise price of ₹ 99.10 per equity share. Our Company has paid ₹ 24.80 per warrant with balance of ₹ 74.30 per warrant payable upon exercise. The warrants remain outstanding and unexercised as on the date of this Draft Red Herring Prospectus. In the event our Company does not exercise the warrants in full or in part, the amount paid by our Company as warrant subscription amount shall be liable for forfeiture, on a *pro rata* basis.

Share Capital

The equity shares of PSL (each of face value ₹ 10) are listed on BSE and NSE. The shareholding pattern of PSL as on March 31, 2011 is as follows:

Category of Shareholder	No. of Shareholders	Total No. of Shares	Total No. of Shares held in Dematerialized Form	Total Shareholding as a % of total No. of Shares		Shares pledged or otherwise encumbered	
				As a % of (A+B)	As a % of (A+B+C)	Number Of Equity Shares	As a % of Total No. of Shares
(A) Shareholding of Promoter and Promoter Group							
(1) Indian							
Bodies Corporate	3	299,576,180	299,576,179	45.00	45.00	298,371,179	99.60
Sub Total	**3**	**299,576,180**	**299,576,179**	**45.00**	**45.00**	**298,371,179**	**99.60**
(2) Foreign							
Total shareholding of Promoter and Promoter Group (A)	**3**	**299,576,180**	**299,576,179**	**45.00**	**45.00**	**298,371,179**	**99.60**
(B) Public Shareholding							
(1) Institutions							
Mutual Funds / UTI	5	18,669,761	18,669,761	2.80	2.80	-	-
Financial Institutions / Banks	6	30,623,218	30,623,218	4.60	4.60	-	-
Insurance Companies	1	10,172,300	10,172,300	1.53	1.53	-	-
Foreign Institutional Investors	38	51,415,118	51,415,118	7.72	7.72	-	-
Foreign Venture Capital Investors	1	18,627,000	18,627,000	2.80	2.80	-	-
Sub Total	**51**	**129,507,397**	**129,507,397**	**19.45**	**19.45**	**-**	**-**
(2) Non-Institutions							
Bodies Corporate	1,156	171,516,171	171,516,171	25.76	25.76	-	-

Individuals						**-**	**-**
Individual shareholders holding nominal share capital up to ₹ 1 lakh	70,295	21,270,848	21,263,073	3.19	3.19	-	-
Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	298	24,316,225	24,316,225	3.65	3.65	-	-
Any Others (Specify)	**991**	**19,611,567**	**2,111,567**	**2.95**	**2.95**	**-**	**-**
Clearing Members	166	415,982	415,982	0.06	0.06	-	-
Trusts	6	870,800	870,800	0.13	0.13	-	-
Non Resident Indians	817	824,285	824,285	0.12	0.12	-	-
Foreign Corporate Bodies	1	17,500,000	-	2.63	2.63	-	-
Foreign Nationals	1	500	500	-	-	-	-
Sub Total	**72,740**	**236,714,811**	**219,207,036**	**35.55**	**35.55**	**-**	**-**
Total Public shareholding (B)	**72,791**	**366,222,208**	**348,714,433**	**55.00**	**55.00**	**-**	**-**
Total (A)+(B)	**72,794**	**665,798,388**	**648,290,612**	**100.00**	**100.00**	**298,371,179**	**44.81**
(C) Shares held by Custodians and against which Depository Receipts have been issued	**-**	**-**	**-**	**-**	**-**	**-**	**-**
(1) Promoter and Promoter Group	-	-	-	-	-	-	-
(2) Public	-	-	-	-	-	-	-
Sub Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total (A)+(B)+(C)	**72,794**	**665,798,388**	**648,290,612**		**100.00**	**298,371,179**	**44.81**

The composition of the board of directors of PSL is in compliance with Clause 49 of the listing agreement entered into by PSL with the Stock Exchanges.

Financial Performance

The summary of audited consolidated financial results of PSL for the Fiscal 2010, 2009 and 2008 are as under:

(₹ in mn., unless otherwise stated)

Particulars	For the Fiscal 2010	2009	2008
Income/Sales	6,969.31	617.78	277.49
Profit (Loss) after Tax	(460.66)	47.26	47.58
Equity share capital	6,657.98	5,803.48	5,796.93
Reserves and surplus (excluding revaluation reserves)(1)	9,882.24	6,743.67	6,707.69
Earnings per share (₹) (2)	-0.77	0.07	0.01
Diluted Earnings per share (₹) (2)	-0.77	0.07	0.01
Net asset value or book value per share (₹) (2)	25.57	21.63	21.64

(1) Net of miscellaneous expenditure not written off.
(2) Face value of each equity share is ₹10

Significant notes, observations or qualifications in audit reports of PSL:

Fiscal 2010

"according to the information and explanations given to us in respect of statutory dues the company has been regular in depositing undisputed statutory dues... during the year except in few cases"

"the company has accumulated loss as on 31st March 2010, which is not more than fifty percent of its net worth as on that date. The company has incurred cash loss in the immediately preceding year"

"based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the company has not defaulted in the repayment of dues to banks and financial institutions except in case of a financial institution where Rs. 815.65 Lacs were outstanding as on 31st March 2010 which has since been paid"

Fiscal 2009

"The company has been regular in depositing undisputed statutory dues... during the year except in few cases"

"On the basis of review of utilization of funds, which is based on overall examination of the Balance Sheet of the company as at March 31, 2009, related information's as made available to us and as represented to us, by the management, we are of the opinion, that funds raised on short term basis aggregating to ₹716,369.90 thousands have been utilised for purchase of Fixed Assets"

"During the year, the company has changed its accounting policy relating to accounting of share issue expenses from writing off 1/10th of the expenditure every year to adjusting the same against the balance available in Securities Premium Account in line with Sec. 78 of the Companies Act, 1956. Had there been no change in the policy, the profit for the year would have been lower by ₹5,466.59 Thousands"

Fiscal 2008

"The company has not commenced commercial operations. However during the year in accordance with the requirements of AS-26, analysis of pre-operative expenses was carried out and expenditure not related directly or indirectly or incidental to the project have been charged to Profit and Loss account which is prepared for the first time by the company. Such expenditure incurred till the preceding year have also been segregated and are disclosed as debit balance in Profit and Loss Account"

Stock Market Data

The details of the highest and lowest price on the BSE and the NSE during the preceding 6 months are as follows:

	BSE		NSE	
Month	**High (₹)**	**Low (₹)**	**High (₹)**	**Low (₹)**
May 2011	87.40	80.35	87.45	80.10
April 2011	92.25	79.00	92.15	78.50
March 2011	84.20	76.35	85.30	75.10
February 2011	83.95	74.25	84.00	74.40
January 2011	88.55	77.00	88.35	77.25
December 2010	87.50	62.05	87.50	62.00

The closing share price of PSL as of May 31, 2011 on the BSE and the NSE were ₹ 82.20 per equity share and ₹ 82.35 per equity share respectively.

The market capitalization of PSL as of May 31, 2011 was ₹ 54.73 billion on the BSE and ₹ 54.83 billion on the NSE.

Details of Public Issue/Rights Issue of capital in the last 3 years

PSL has made an initial public offering of its equity shares and issued 85,450,225 equity shares of face value ₹ 10 each for cash at a premium of ₹ 48 per share for investors other than anchor investors and at ₹ 50 for anchor investors aggregating ₹ 4,986.66 million through its Red Herring Prospectus dated September 5, 2009. The initial public offering closed on September 18, 2009. The delivery of share certificates was completed on October 3, 2009.

Performance vis-à-vis Objects

PSL had undertaken a public issue amounting ₹ 4,986.66 million in September 2009. The objects of the public issue and the performance in comparison to the stated objects, as stated in the relevant reports of the monitoring agency appointed for PSL's public issue, are as under:

Sr. No.	Stated Objects	Performance
1.	Construction of facilities for shipbuilding, ship repair and the Offshore Business	The installation of goliath cranes as part of this project was delayed due to restriction on issuance of visas to Chinese technicians required for installation. The installation thereof was completed in September, 2010 whereas the scheduled date of completion was October, 2009. Further the offshore yard work was also delayed because of the changes in platform designs from originally planned 6000T capacity to modified 10000T Loads. Further, large boulders were encountered in piling. There was also some delay in mobilization of equipment like piling rigs and accessories by the contractors. The construction thereof was completed in September, 2010 whereas the scheduled date of completion was March, 2010.

Changes in capital structure

Pursuant to Share Purchase Agreement dated March 27, 2010, our Company acquired 129,360,532 equity shares of PSL from Punj Lloyd Limited. Consequently, our Company and SKIL Shipyard Holdings Private Limited made an open offer for the acquisition of upto 133,159,678 equity shares of PSL representing 20% of the voting capital of PSL. After the conclusion of the open offer, our Company's shareholding (consolidated basis) in PSL increased to 286,021,686 equity shares representing 42.96% of the equity share capital of PSL.

Mechanism for redressal of investor grievance

All share related matters, namely transfer, transmission, transposition, dividend, change of name, address and signature of mandate and power of attorney, replacement, split, consolidation, dematerialisation and re-materialisation of shares, issue of duplicate certificates etc. are handled by PSL's registrar and transfer agent, being Karvy Computershare Private Limited ("**RTA**").

PSL has an established mechanism for investor service and grievance handling, with RTA and the compliance officer appointed by PSL. The board of directors of PSL has constituted a 'Shareholders / Investor Grievance Committee' which, *inter alia*, consider shareholders and investors complaints including transfer of shares, non receipt of balance sheet, non receipt of dividend warrant, etc and to redress genuine grievances of shareholders and investors.

Status of Complaints

Details of Complaints received for the period October, 2009 to April, 2011 are as follows:

Period	Beginning	Received	Resolved	Pending
April 2010 – April 2011	Nil	56	56	Nil

Period	Beginning	Received	Resolved	Pending
October 2009 – March 2010	Nil	465	465	Nil

PSL is not a 'sick company' as defined in SICA nor have winding up proceedings been initiated against PSL except as disclosed in the chapter titled "*Outstanding Litigations, Material Defaults and Other Disclosures*" on the page 586.

2. *Everonn Education Limited*

Corporate Information

Everonn Education Limited ("**EEL**") was incorporated as a public limited company on April 19, 2000 as '*Everonn Systems India Limited*' *vide* Certificate of Incorporation issued by the Registrar of Companies, Tamil Nadu and Coimbatore at Coimbatore under the Companies Act and commenced its business under Certificate of Commencement of Business issued by the Registrar of Companies, Tamil Nadu and Coimbatore at Coimbatore dated April 24, 2000. The name '*Everonn Education Limited*' was adopted on August 19, 2009, *vide* Fresh Certificate of Incorporation on Change of Name to reflect the change in its primary business focus. The CIN of EEL is L65991TN2000PLC058466.

EEL's main objects provide that EEL can, *inter alia*, carry on the business of imparting computer education and undertaking consultancy and job works in the area of computer, electronics and information technology.

EEL is currently engaged in the business of education and training offering satellite-enabled learning and providing a blend of traditional and digitized content to the schools, colleges and retail segments. EEL also provides education and training solutions through satellite based Very Small Aperture Terminal (VSAT) technology to various schools, colleges and learning centres across India.

Registered Office

The registered office of EEL is situated at No. 82, IV Avenue, Ashok Nagar, Chennai – 600 083, Tamil Nadu, India.

Interest of our Promoters

As on March 31, 2011, our Company directly holds 21.02% of the issued and paid up equity share capital of EEL.

Share Capital

The equity shares of EEL (each of face value ₹ 10) are listed on BSE and NSE. The shareholding pattern of EEL as on March 31, 2011 is as follows:

Category of Shareholder	No. of Shareholders	Total No. of Shares	Total No. of Shares held in Dematerialized Form	Total Shareholding as a % of total No. of Shares		Shares pledged or otherwise encumbered	
				As a % of (A+B)	As a % of (A+B+C)	Number Of Equity Shares	As a % of Total No. of Shares
(A) Shareholding of Promoter and Promoter Group							
(1) Indian							
Individuals / Hindu Undivided Family	4	3,583,803	3,458,753	18.83	18.83	466,989	13.03
Bodies Corporate	2	4,116,500	4,116,500	21.63	21.63	4,116,500	100.00
Any Others	**2**	**420,045**	**420,045**	**2.21**	**2.21**	**-**	**-**

Category of Shareholder	No. of Shareholders	Total No. of Shares	Total No. of Shares held in Dematerialized Form	Total Shareholding as a % of total No. of Shares		Shares pledged or otherwise encumbered	
				As a % of (A+B)	As a % of (A+B+C)	Number Of Equity Shares	As a % of Total No. of Shares
(Specify)							
Directors/Promoters and their Relatives and Friends	2	420,045	420,045	2.21	2.21	-	-
Sub Total	**8**	**8,120,348**	**7,995,298**	**42.67**	**42.67**	**4,583,489**	**56.44**
(2) Foreign							
Any Others (Specify)	**1**	**50**	**-**	**-**	**-**	**-**	**-**
Directors/Promoters and their Relatives and Friends	1	50	-	-	-	-	-
Sub Total	**1**	**50**	**-**	**-**	**-**	**-**	**-**
Total shareholding of Promoter and Promoter Group (A)	**9**	**8,120,398**	**7,995,298**	**42.67**	**42.67**	**4,583,489**	**56.44**
(B) Public Shareholding							
(1) Institutions							
Mutual Funds / UTI	3	139,063	139,063	0.73	0.73	-	-
Financial Institutions / Banks	2	38,790	38,790	0.20	0.20	-	-
Foreign Institutional Investors	39	5,447,160	5,447,160	28.62	28.62	-	-
Foreign Venture Capital Investors	1	840,484	840,484	4.42	4.42	-	-
Sub Total	**45**	**6,465,497**	**6,465,497**	**33.97**	**33.97**	**-**	**-**
(2) Non-Institutions							
Bodies Corporate	629	1,005,038	1,005,038	5.28	5.28	-	-
Individuals						**-**	**-**
Individual shareholders holding nominal share capital up to ₹ 1 lakh	28,849	1,762,749	1,761,645	9.26	9.26	-	-
Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	13	526,659	526,659	2.77	2.77	-	-
Any Others (Specify)	**1,317**	**1,151,559**	**1,151,559**	**6.05**	**6.05**	**-**	**-**
Clearing Members	246	88,802	88,802	0.47	0.47	-	-
Hindu Undivided Families	736	80,747	80,747	0.42	0.42	-	-
Non Resident Indians	327	106,596	106,596	0.56	0.56	-	-
Trusts	4	180,636	180,636	0.95	0.95	-	-
Directors and their Relatives and Friends	1	125,643	125,643	0.66	0.66	-	-
Foreign Nationals	1	250	250	-	-	-	-
Foreign Investors	1	568,285	568,285	2.99	2.99	-	-
Any Other	1	600	600	-	-	-	-
Sub Total	**30,808**	**4,446,005**	**4,444,901**	**23.36**	**23.36**	**-**	**-**
Total Public shareholding (B)	**30,853**	**10,911,502**	**10,910,398**	**57.33**	**57.33**	**-**	**-**

Category of Shareholder	No. of Shareholders	Total No. of Shares	Total No. of Shares held in Dematerialized Form	Total Shareholding as a % of total No. of Shares		Shares pledged or otherwise encumbered	
				As a % of (A+B)	As a % of (A+B+C)	Number Of Equity Shares	As a % of Total No. of Shares
Total (A)+(B)	**30,862**	**19,031,900**	**18,905,696**	**100.00**	**100.00**	**4,583,489**	**24.08**
(C) Shares held by Custodians and against which Depository Receipts have been issued	**-**	**-**	**-**	**-**	**-**	**-**	**-**
(1) Promoter and Promoter Group	-	-	-	-	-	-	-
(2) Public	-	-	-	-	-	-	-
Sub Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total (A)+(B)+(C)	**30,862**	**19,031,900**	**18,905,696**	**-**	**100.00**	**4,583,489**	**24.08**

Financial Performance

The summary of audited consolidated financial results of EEL for the Fiscal 2010, 2009 and 2008 are as under:

(₹in mn., unless otherwise stated)

Particulars	For the Fiscal		
	2010	2009	2008
Income/Sales	2,939.67	1,485.88	931.84
Profit (Loss) after Tax	454.46	220.83	138.00
Equity share capital	151.20	151.20	138.51
Reserves and surplus (excluding revaluation reserves)(1)	2,398.63	1902.91	808.17
Earnings per share (₹) (2)	30.06	14.87	10.84
Diluted Earnings per share (₹) (2)	30.06	14.08	10.84
Net asset value or book value per share (₹) (2)	168.64	135.85	68.35

(1) Net of miscellaneous expenditure not written off.
(2) Face value of each equity share is ₹10

Significant notes, observations or qualifications in audit reports of EEL:

<u>*Fiscal 2010:*</u>

"As per the information and explanations made available to us and also based on the records made available to us, in our opinion the Company is regular in depositing the undisputed statutory dues including ESI, Income Tax, Sales Tax, Fringe Benefit Tax, Service Tax and other statutory dues, excepting Provident Fund in few cases there were delays in remittance."

<u>*Fiscal 2008*</u>

"As per the information and explanations made available to us and also based on the records made available to us, in our opinion the Company is regular in depositing the undisputed statutory dues including ESI, Income Tax, Sales Tax, Fringe Benefit Tax, Service Tax and other statutory dues, excepting Provident Fund in few cases there were delays in remittance."

Stock Market Data

The details of the highest and lowest price on the BSE and the NSE during the preceding 6 months are as follows:

Month	BSE		NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
May 2011	665.00	527.20	652.00	530.25
April 2011	723.80	566.70	723.90	542.65
March 2011	600.80	531.10	600.70	527.00
February 2011	648.30	435.25	648.00	438.65
January 2011	707.80	546.15	708.40	546.10
December 2010	663.65	575.00	653.80	562.60

The closing share price of EEL as of May 31, 2011 on the BSE and the NSE were ₹ 558.40 per equity share and ₹ 558.25 per equity share respectively.

The market capitalization of EEL as of May 31, 2011 was ₹ 10.63 billion on the BSE and ₹ 10.63 billion on the NSE.

Details of Public Issue/Rights Issue of capital in the last 3 years

EEL has not made any public / rights issue in the past 3 years.

Performance vis-à-vis Objects

EEL had undertaken a public issue amounting ₹464.49 million in July, 2007. The objects of the public issue and the performance in comparison to the stated objects are as under:

Sr. No.	Stated Objects	Performance
1	Institutional Education and IT Infrastructure Services (Capex)	The conclusion of this object was delayed by 2 years due to delay in securing certain projects from the relevant governmental authorities.
2	Mergers and acquisitions	There was a shortfall in the utilisation of issue proceeds towards this object as EEL experienced difficulty in getting viable and beneficial merger and acquisition proposals. The estimated amount to be utilised from issue proceeds for this object was ₹ 60.00 million whereas actual amount utilised from issue proceeds was ₹ 37.80 million.
3	Issue expenses	There was a cost overrun in this object due to legal expenses incurred, cost of printing additional application forms and costs incurred towards refund of application money as the issue was oversubscribed. The estimated amount to be utilised from issue proceeds for this object was ₹ 34.10 million whereas actual amount utilised from issue proceeds was ₹ 56.50 million.

Changes in capital structure

Our Company along with SKIL Knowledge Cities Private Limited made an open offer for the acquisition of up to 3,944,080 equity shares of EEL representing 20% of the voting capital of EEL. After the conclusion of the open offer, our Company's shareholding in EEL is 4,000,000 equity shares representing 21.02% of the equity share capital of EEL. After the conversion of the optionally convertible debentures allotted to our Company pursuant to an investment agreement by EEL, and the open offer the issued and paid- up equity share capital of EEL was 19,031,900 equity shares of face value ₹ 10 each.

The Board of EEL has, on May 23, 2011 approved the allotment of 167,652 equity shares to HT Media Limited consequent upon exercise of conversion of fully convertible debentures.

Mechanism for redressal of investor grievance

All share related matters, namely transfer, transmission, transposition, dividend, change of name, address and signature of mandate and power of attorney, replacement, split, consolidation, dematerialisation and re-materialisation of shares, issue of duplicate certificates etc. are handled by EEL's registrar and transfer agent being Cameo Corporate Services Limited ("**RTA**").

EEL has an established mechanism for investor service and grievance handling, with the RTA and the compliance officer appointed by EEL. The board of directors of EEL has constituted a 'shareholders / investor grievance committee' which, *inter alia*, considers the basic rights of the shareholders including transfer of shares, issue of duplicate/split certificates, sub division/ consolidation of shares, consolidation of folios, change of address, non receipt of the refund orders and such other issues relating to investor relations.

Status of Complaints

Details of Complaints received for the period April 2008 to April 2011 are as follows:

Period	Beginning	Received	Resolved	Pending
April 2010 – April 2011	Nil	8	8	Nil
April 2009 – March 2010	Nil	14	14	Nil
April 2008 – March 2009	6	90	96	Nil

EEL is not a 'sick company' as defined in SICA nor have winding up proceedings been initiated against EEL.

3. Horizon Infrastructure Limited

Corporate Information

Horizon Infrastructure Limited ("**HIL**") was incorporated on April 21, 1983 as '*Emerald Udyog Limited*' *vide* Certificate of Incorporation bearing registration number 36216 of 1983, issued by the Registrar of Companies, West Bengal, at Calcutta. HIL received its Certificate for Commencement of Business on May 20, 1983 from the Registrar of Companies, West Bengal, at Calcutta. The name '*Horizon Battery Technologies Limited*' was adopted on March 25, 1994, *vide* Fresh Certificate of Incorporation Consequent on Change of Name issued by the Registrar of Companies West Bengal, at Calcutta. The name '*Horizon Infrastructure Limited*' was adopted on March 25, 1994, *vide* Fresh Certificate of Incorporation Consequent on Change of Name issued by the Registrar of Companies West Bengal, at Calcutta. Thereafter, on January 28, 2008, *vide* Certificate of Registration of Company Law Board order for Change of State issued by the Assistant Registrar of Companies, Maharashtra at Mumbai, the place of registered office of HIL was changed from West Bengal to Maharashtra. The CIN of HIL is L36911MH1983PLC178299.

HIL's main objects provide, *inter alia*, that HIL can engage in the business of all kinds of infrastructure development, projects, facilities or works and related activities and to render all services in connection thereto.

Registered Office

The registered office of HIL is situated at SKIL House, 209, Bank Street Cross Lane, Fort, Mumbai – 400 023, Maharashtra, India.

Interest of our Promoters

As on March 31, 2011, our Promoters, Mr. Nikhil Gandhi and Mr. Bhavesh Gandhi directly hold 10.94% each of the issued and paid up equity share capital of HIL.

Share Capital

The equity shares of HIL (each of face value ₹ 10) are listed on NSE and CSE. The shareholding pattern of HIL as on March 31, 2011 is as follows:

Category of Shareholder	No. of Shareholders	Total No. of Shares	Total No. of Shares held in Dematerialized Form	Total Shareholding as a % of total No. of Shares		Shares pledged or otherwise encumbered	
				As a % of (A+B)	As a % of (A+B+C)	Number Of Equity Shares	As a % of Total No. of Shares
(A) Promoter and Promoter Group							
(1) Indian							
Individuals/ Hindu Undivided Family	9	4,925,290	4,726,665	45.86	45.86	4,726,665	95.97
Central Government/ State(s) Government	0						
Bodies Corporate	3	704,299	704,299	6.56	6.56	704,299	100.00
Financial Institutions/ Banks	0	0	0	0.00	0.00	0	0.00
Any Other (Specify)							
Sub Total (A) (1):	**12**	**5,629,589**	**5,430,964**	**52.42**	**52.42**	**5,430,964**	**96.47**
(2) Foreign							
Individuals (Non-Resident Individuals/ Foreign Individuals)	0	0	0	0.00	0.00	0	0.00
Bodies Corporate	0	0	0	0.00	0.00	0	0.00
Institutions	0	0	0	0.00	0.00	0	0.00
Any Other (Specify)	0	0	0	0.00	0.00	0	0.00
Sub Total (A) (2):	0	0	0	0.00	0.00	0	0.00
Total Shareholding of Promoter and Promoter Group **(A)= (A) (1) + (A) (2)**	12	5,629,589	5,430,964	52.42	52.42	5,430,964	96.47
(B) Public Shareholding							
(1)Institutions							
Mutual Funds / UTI	0	0	0	0.00	0.00	0	0.00
Financial Institutions /Banks	0	0	0	0.00	0.00	0	0.00
Central Government / State Government(s)	0	0	0	0.00	0.00	0	0.00
Venture Capital Funds	0	0	0	0.00	0.00	0	0.00
Insurance Companies	0	0	0	0.00	0.00	0	0.00
Foreign Institutional Investors	1	2,845	2,845	0.03	0.03	0	0.00
Foreign Venture Capital Investors	0	0	0	0.00	0.00	0	0.00
Any Other (specify)							
Any Other Total	0	0	0	0.00	0.00	0	0.00
Sub Total (B) (1)	1	2,845	2,845	0.03	0.03	0	0.00
(2) Non-Institutions							
Bodies Corporate	122	3722423	2062250	34.66	34.66	0	0.00
Individuals							
Individual shareholders holding nominal share capital up to ₹ 1 lakh	2,276	427,668	377,106	3.98	3.98	0	0.00

Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	20	877,531	780,031	8.17	8.17	0	0.00
Any Others							
Clearing Member	35	68,655	68,655	0.64	0.64	NA	NA
Non Resident Indians (Repeat)	10	10,229	10,229	0.10	0.10	NA	NA
Non Resident Indians (Non Repeat)	2	1,060	1,060	0.01	0.01	NA	NA
Any Other Total	47	79,944	79,944	0.74	0.74	0	0.00
Sub Total (B) (2):	2,465	5,107,566	3,299,331	47.56	47.56	0	0.00
Total Public shareholding (B)= (B) (1) + (B) (2)	2,466	5,110,411	3,302,176	47.58	47.58	0	0.00
Total (A)+(B)	**2,478**	**10,740,000**	**8,733,140**	**100.00**	**100.00**	**5,430,964**	**50.57**
(C) Shares held by Custodians and against which Depository Receipts have been issued							
(1) Promoter and Promoter Group	0	0	0	0.00	0.00	0	0.00
(2) Public	0	0	0	0.00	0.00	0	0.00
(3) Sub Total	0	0	0	0.00	0.00	0	0.00
Grand Total (A)+(B)+(C)	**2,478**	**10,740,000**	**8,733,140**	**N.A.**	**100.00**	**5,430,964**	**50.57**

Financial Performance

The summary of audited consolidated financial statements of HIL for the Fiscal 2010, 2009 and 2008 are as under:

(₹ in mn., unless otherwise stated)

Particulars	For the Fiscal		
	2010	**2009**	**2008**
Income/Sales	1,610.92	968.13	412.01
Profit (Loss) after Tax	55.97	33.56	25.34
Equity share capital	107.40	107.40	107.4
Reserves and surplus (excluding revaluation reserves)(1)	109.27	53.44	41.06
Earnings per share (₹) (2)	5.21	3.13	2.36
Diluted Earnings per share (₹) (2)	5.21	3.13	2.36
Net asset value or book value per share (₹) (2)	20.17	14.97	13.82

(1) Net of miscellaneous expenditure not written off.
(2) Face value of each equity share is ₹10

Significant notes, observations or qualifications in audit reports or notes to accounts of HIL:

Fiscal 2010:

"The Company had issued 5,00,000 equity shares @ Rs. 10 each in the year 1997 as per price prevailing on the Calcutta Stock Exchange, but as per the preferential guidelines dated 4th August 1994, the issue price should be Rs. 33 per equity share (the price prevailing on the National Stock Exchange). The company had collected an amount of Rs. 1,15,00,000 being a difference of Rs. 23 per equity share on total 5,00,000 equity shares. The same is transferred to Capital Reserve."

Stock Market Data

The details of the highest and lowest price on the NSE during the preceding 6 months are as follows:

	NSE

Month	High (₹)	Low (₹)
May 2011	248.00	197.05
April 2011	250.00	197.05
March 2011	214.90	185.05
February 2011	232.00	181.05
January 2011	300.30	223.00
December 2010	286.00	187.30

The closing share price of HIL as of May 31, 2011 on the NSE was ₹ 238 per equity share.

The market capitalization of HIL as of May 31, 2011 was ₹ 2,556.12 million on the NSE. The equity shares of HIL are not being traded on CSE as on the date of this Draft Red Herring Prospectus.

Details of Public Issue/Rights Issue of capital in the last 3 years

HIL had filed a draft letter of offer before SEBI for proposed issuance of 16,110,000 fully paid equity share of ₹ 10 each at the price of ₹ 75 on May 30, 2008 on rights basis. Further, on October 1, 2008 HIL withdrew the Draft Letter of Offer.

Changes in capital structure

There have been no changes in the capital structure of HIL in the past 10 years.

Mechanism for redressal of investor grievance

All share related matters, namely transfer, transmission, transposition, dividend, change of name, address and signature of mandate and power of attorney, replacement, split, consolidation, dematerialisation and re-materialisation of shares, issue of duplicate certificates etc. are handled by HIL's registrar and transfer agent being Link Intime India Private Limited ("**RTA**").

Investors correspond with RTA and HIL, on all share related matters. HIL has an established mechanism for investor service and grievance handling, with RTA and the compliance officer appointed by HIL. The board of directors of HIL has constituted a 'Shareholders / Investor Grievance Committee' which, *inter alia*, approves transfer and transmission of shares, issue of duplicate certificates, rematerialisation of shares and oversees and reviews all matters connected with securities transfers and other processes. It oversees performance of RTA and recommends measures for overall improvement in the quality of investor services.

Status of Complaints

Details of Complaints received for the period April 2008 to April 2011 are as follows:

Period	Beginning	Received	Resolved	Pending
April 2010 – April 2011	Nil	Nil	Nil	Nil
April 2009 – March 2010	Nil	23	23	Nil
April 2008 – March 2009	1	17	18	Nil

Further, no action has been taken against HIL by any Stock Exchanges or SEBI except as under:

Name of the company:	Horizon Infrastructure Limited
Directors associated with this company and term of association:	Mr. Nikhil Gandhi (director of the said company from April 15, 2006 till date) and Mr. Bhavesh Gandhi (director of the said company from August 1, 1994 till date)
Listed on:	NSE and CSE
Period during which trading of the equity shares was suspended on NSE:	March 8, 2000 to January 24, 2008

Reasons for suspension on NSE:	Non compliance of technical and procedural requirements as per listing agreement entered into with NSE. However, after satisfactory redressal of instances of non-compliance by Horizon Infrastructure Limited with provisions of its listing agreement, NSE *vide* its letter bearing number NSE/LIST/C/2008/0073 dated January 23, 2008, revoked the suspension of the shares and stated that the shares to be traded on NSE with effect from January 25, 2008.

HIL is not a 'sick company' as defined in SICA nor have winding up proceedings been initiated against HIL.

4. *JPT Securities Limited*

Corporate Information

JPT Securities Limited ("**JSL**") was incorporated on April 13, 1994 as '*JPT Securities Limited*' *vide* Certificate of Incorporation bearing registration number 55-58408 of 1994-95, issued by the Registrar of Companies, Delhi and Haryana. JSL received its Certificate for Commencement of Business on June 15, 1994 from the Registrar of Companies, Delhi and Haryana. The CIN of JSL is L67120MH1994PLC204636.

JSL's main objects provide, *inter alia*, that JSL can engage in the business of share and stock brokers, invest in, buy, sell, transfer, hypothecate, deal in and dispose of securities of any kind.

Registered Office

The registered office of JSL is situated at B/315, 3rd Floor, Lotus House, 33A, New Marine Lines, Mumbai- 400 020, Maharashtra, India.

Interest of our Promoters

As on March 31, 2011, Awaita Properties Private Limited (a Group Entity) directly holds 60.09% of the issued and paid up equity share capital of JSL.

Share Capital

The equity shares of JSL (each of face value ₹ 10) are listed on BSE. The shareholding pattern of JSL as on March 31, 2011 is as follows:

Category of Shareholder	No. of Shareholders	Total No. of Shares	Total No. of Shares held in Dematerialized Form	Total Shareholding as a % of total No. of Shares		Shares pledged or otherwise encumbered	
				As a % of (A+B)	As a % of (A+B+C)	Number Of Equity Shares	As a % of Total No. of Shares
(A) Shareholding of Promoter and Promoter Group							
(1) Indian							
Bodies Corporate	1	1,806,350	1,806,350	60.09	60.09	-	-
Sub Total (A) (1):	**1**	**1,806,350**	**1,806,350**	**60.09**	**60.09**	**-**	**-**
(2) Foreign							
Total Shareholding of Promoter and Promoter Group **(A)= (A) (1) + (A) (2)**	**1**	**1,806,350**	**1,806,350**	**60.09**	**60.09**	**-**	**-**

(B) Public Shareholding							
(1)Institutions							
(2) Non-Institutions							
Bodies Corporate	90	215,140	196,440	7.16	7.16	-	-
Individuals							
(i)Individual shareholders holding nominal share capital up to ₹ 1 lakh	2,102	806,621	667,287	26.83	26.83	-	-
(ii)Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	6	139,408	139,408	4.64	4.64	-	-
Any Other (Specify)	40	38,481	38,481	1.28	1.28	-	-
NRIs/OCBs	19	17,847	17,847	0.59	0.59	-	-
Clearing Member	20	14,834	14,834	0.49	0.49	-	-
Trusts	1	5,800	5,800	0.19	0.19	-	-
Sub Total (B) (2)	2,238	1,199,650	1,041,616	39.91	39.91	-	-
Total Public Shareholding (B)= (B) (1) + (B) (2)	2,238	1,199,650	1,041,616	39.91	39.91	-	-
Total (A)+(B)	2,239	3,006,000	2,847,966	100.00	100.00	-	-
(C) Shares held by Custodians and against which Depository Receipts have been issued	-	-	-	-	-	-	-
(1) Promoter and Promoter Group	-	-	-	-	-	-	-
(2) Public	-	-	-	-	-	-	-
Sub Total	-	-	-	-	-	-	-
Grand Total (A)+(B)+(C)	**2,239**	**3,006,000**	**2,847,966**	**-**	**100.00**	**-**	**-**

Financial Performance

The summary of audited financial results of JSL for the Fiscal 2010, 2009 and 2008 are as under:

(₹ in mn., unless otherwise stated)

Particulars	For the Fiscal		
	2010	**2009**	**2008**
Income/Sales	6.50	6.92	4.45
Profit (Loss) after Tax	2.25	3.54	0.58
Equity share capital	30.06	30.06	30.06
Reserves and surplus (excluding revaluation reserves)(1)	9.41	7.16	3.62
Earnings per share (₹) (2)	0.75	1.18	0.19
Diluted Earnings per share (₹) (2)	0.75	1.18	0.19
Net asset value or book value per share (₹) (2)	13.13	12.38	11.21

(1) Net of miscellaneous expenditure not written off.
(2) Face value of each equity share is ₹10

Significant notes, observations or qualifications in audit reports of JSL:

Fiscal 2010:

"The company does not have on its records any intimation from suppliers regarding their status under Micro, Small and Medium Enterprises Development Act,2006 and hence disclosure, if any, relating to amounts unpaid at the year end together with interest paid/ payable as required under the said act have not been furnished"

Fiscal 2009:

"The company has disposed off all fixed assets during the year as a part of takeover agreement, however it has no bearing on the going concern assumption"

"The company does not have on its records any intimation from suppliers regarding their status under Micro, Small and Medium Enterprises Development Act,2006 and hence disclosure, if any, relating to amounts unpaid at the year end together with interest paid/ payable as required under the said act have not been furnished"

Fiscal 2008:

"The company does not have on its records any intimation from "suppliers" regarding their status under Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure, if any, relating to amounts unpaid at the year end together with interest paid/ payable as required under the said act have not been furnished"

Stock Market Data

The details of the highest and lowest price of JSL on the BSE during the preceding 6 months are as follows:

Month	BSE	
	High (₹)	**Low (₹)**
May 2011	58.60	42.00
April 2011	62.90	52.05
March 2011	73.90	50.00
February 2011	85.00	61.00
January 2011	87.00	56.05
December 2010	85.70	62.50

The closing share price of JSL as of May 31, 2011 on the BSE was ₹ 52.00 per equity share.

The market capitalization of JSL as of May 31, 2011 was ₹ 156.31 million on the BSE.

Details of Public Issue/Rights Issue of capital in the last 3 years

JSL has not done any public issue /right issue in the last 3 years.

Mechanism for redressal of investor grievance

All share related matters, namely transfer, transmission, transposition, dividend, change of name, address and signature of mandate and power of attorney, replacement, split, consolidation, dematerialisation and re-materialisation of shares, issue of duplicate certificates etc. are handled by JSL's registrar and transfer agent being MAS Services Limited ("**RTA**").

Investors correspond with RTA and JSL, on all share related matters. The board of directors of JSL has constituted a shareholders/investors grievance committee in accordance with clause 49 of the Listing Agreement with the Stock Exchanges to specifically look into the redressal of complaints of investors such as transfers or credit of shares to demat accounts, non receipt of dividend/ interest/ annual reports, etc.

Status of Complaints

Details of Complaints received for the period April 2008 to April 2011 are as follows:

Period	Beginning	Received	Resolved	Pending
April 2010 – April 2011	Nil	Nil	Nil	Nil
April 2009 – March 2010	Nil	Nil	Nil	Nil
April 2008 – March 2009	Nil	1	1	Nil

JSL is not a 'sick company' as defined in SICA nor have winding up proceedings been initiated against JSL.

5. <u>*KLG Capital Services Limited*</u>

Corporate Information

KLG Capital Services Limited ("**KCSL**") was incorporated on February 15, 1994 as '*KLG Capital Services Limited*' *vide* Certificate of Incorporation bearing registration number 55-57413 of 1993-94, issued by the Registrar of Companies, Delhi and Haryana. KCSL received its Certificate for Commencement of Business on March 22, 1994 from the Registrar of Companies, Delhi and Haryana. The CIN of KCSL is L74899DL1994PLC057413.

KCSL's main objects provide, *inter alia*, that KCSL can engage in the business of stock share broking and its allied matters, to acquire and hold, buy or sell or otherwise dispose of or deal in securities of any kind.

Registered Office

The registered office of KCSL is situated at SKIL House, 209, Bank Street Cross Lane, Fort, Mumbai – 400 023, Maharashtra, India.

Interest of our Promoters

As on March 31, 2011, Awaita Properties Private Limited (our Group Entity) directly holds 60.46% of the issued and paid up equity share capital of KCSL.

Share Capital

The equity shares of KCSL (each of face value ₹ 10) are listed on BSE. The shareholding pattern of KCSL as on March 31, 2011 is as follows:

Category of Shareholder	No. of Shareholders	Total No. of Shares	Total No. of Shares held in Dematerialized Form	Total Shareholding as a % of total No. of Shares		Shares pledged or otherwise encumbered	
				As a % of (A+B)	As a % of (A+B+C)	Number Of Equity Shares	As a % of Total No. of Shares
(A) Shareholding of Promoter and Promoter Group							
(1) Indian							
Bodies Corporate	1	1,936,075	1,936,075	60.46	60.46	-	-
Sub Total (A) (1):	**1**	**1,936,075**	**1,936,075**	**60.46**	**60.46**	**-**	**-**
(2) Foreign							
Total Shareholding of Promoter and Promoter Group **(A)= (A) (1) + (A) (2)**	**1**	**1,936,075**	**1,936,075**	**60.46**	**60.46**	**-**	**-**
(B) Public Shareholding							

(1)Institutions							
(2) Non-Institutions							
Bodies Corporate	92	293,040	293,040	9.15	9.15	-	-
Individuals							
(i)Individual shareholders holding nominal share capital up to ₹ 1 lakh	1,410	392,649	382,017	12.26	12.26	-	-
(ii)Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	13	536,453	512,453	16.75	16.75	-	-
Any Others (Specify)	**68**	**44,183**	**44,183**	**1.38**	**1.38**	**-**	**-**
Non Resident Indians	16	17,157	17,157	0.54	0.54	-	-
Clearing Members	8	340	340	0.01	0.01	-	-
Hindu Undivided Families	44	26,686	26,686	0.83	0.83	-	-
Sub Total (B) (2)	1,583	1,266,325	1,231,693	39.54	39.54	-	-
Total Public Shareholding (B)= (B) (1) + (B) (2)	1,583	1,266,325	1,231,693	39.54	39.54	-	-
Total (A)+(B)	1,584	3,202,400	3,167,768	100.00	100.00	-	-
(C) Shares held by Custodians and against which Depository Receipts have been issued	-	-	-	-	-	-	-
(1) Promoter and Promoter Group	-	-	-	-	-	-	-
(2) Public	-	-	-	-	-	-	-
Sub Total	-	-	-	-	-	-	-
Grand Total (A)+(B)+(C)	**1,584**	**3,202,400**	**3,167,768**	**-**	**100.00**	**-**	**-**

Financial Performance

The summary of audited financial results of KCSL for the Fiscal 2010, 2009 and 2008 are as under:

(₹ in mn., unless otherwise stated)

Particulars	**For the Fiscal**		
	2010	**2009**	**2008**
Income/Sales	5.02	4.95	0.73
Profit (Loss) after Tax	2.88	1.58	0.08
Equity share capital	32.02	32.02	32.02
Reserves and surplus (excluding revaluation reserves)(1)	9.59	6.71	5.14
Earnings per share (₹) (2)	0.90	0.49	0.02
Diluted Earnings per share (₹) (2)	0.90	0.49	0.02
Net asset value or book value per share (₹) (2)	13.00	12.10	11.61

(1) Net of miscellaneous expenditure not written off.
(2) Face value of each equity share is ₹ 10

There are no significant observations or qualifications in audit reports of KCSL for the aforesaid years.

Stock Market Data

The details of the highest and lowest price on the BSE during the preceding 6 months are as follows:

Month	BSE	
	High (₹)	Low (₹)
May 2011	71.45	53.10
April 2011	77.80	56.00
March 2011	73.50	53.50
February 2011	102.90	66.50
January 2011	93.80	69.50
December 2010	111.00	72.00

The closing share price of KCSL as of May 31, 2011 on the BSE was ₹ 64.80 per equity share.

The market capitalization of KCSL as of May 31, 2011 was ₹ 207.52 million on the BSE.

Details of Public Issue/Rights Issue of capital in the last 3 years

KCSL has not done any public issue /right issue during the last 3 years.

Mechanism for redressal of investor grievance

All share related matters, namely transfer, transmission, transposition, dividend, change of name, address and signature of mandate and power of attorney, replacement, split, consolidation, dematerialisation and re-materialisation of shares, issue of duplicate certificates etc. are handled by KCSL's registrar and transfer agent being Link Intime India Private Limited ("**RTA**").

Investors correspond with RTA and KCSL, on all share related matters. The board of directors of KCSL has constituted a shareholders/investors grievance committee in accordance with clause 49 of the Listing Agreement with the Stock Exchanges to specifically look into the redressal of complaints of investors such as transfers or credit of shares to demat accounts, non receipt of dividend/ interest/ annual reports, etc.

Status of Complaints

Details of Complaints received for the period April 2008 to April 2011 are as follows:

Period	Beginning	Received	Resolved	Pending
April 2010 – April 2011	Nil	Nil	Nil	Nil
April 2009 – March 2010	Nil	Nil	Nil	Nil
April 2008 – March 2009	Nil	Nil	Nil	Nil

KCSL is not a 'sick company' as defined in SICA nor have winding up proceedings been initiated against KCSL.

Other Group Companies

Public Limited Companies

1. ***SKIL Karnataka Infrastructure Limited***

SKIL Karnataka Infrastructure Limited ("**SKIL Karnataka**") was incorporated on October 3, 2007 as "*SKIL Karnataka Infrastructure Limited" vide* Certificate of Incorporation issued by the Assistant Registrar of Companies, Maharashtra, at Mumbai. SKIL Karnataka received its Certificate for Commencement of Business from the Assistant Registrar of Companies, Maharashtra, at Mumbai on November 19, 2007. The CIN of SKIL Karnataka is U45205MH2007PLC174658.

SKIL Karnataka is engaged in the business, *inter alia*, of all kinds of infrastructure development, projects, facilities or works.

Shareholding Pattern

As on May 30, 2011the shareholding pattern of SKIL Karnataka is as follows:

Sr. No.	Name	Number of Equity Shares	% of issued capital
1.	Mr. Nikhil Gandhi	22,500	45.00
2.	Mr. R. K. Vijayan	5,000	10.00
3.	Mr. N. Ravichandran	5,000	10.00
4.	Mr. Jai Prakash Rai	5,000	10.00
5.	Mr. Dinesh Choudhary	5,000	10.00
6.	Mr. Jigar Shah	5,000	10.00
7.	Mr. Devichand Nimade	2,500	5.00
	Total	**50,000**	**100.00**

2. *Montana Infrastructure Limited*

Montana Infrastructure Limited ("**MIL**") was incorporated on December 9, 1991 as '*Montana Valves and Compressors Private Limited*' *vide* Certificate of Incorporation bearing registration number 04-16740 of 1991 – 1992, issued by the Registrar of Companies, Gujarat, Dadra and Nagar Haveli, at Ahmedabad. The name '*Montana Valves and Compressors Limited*' was adopted on March 2, 1995, *vide* Fresh Certificate of Incorporation Consequent on Change of Name issued by the Registrar of Companies, Gujarat, Dadra and Nagar Haveli, at Ahmedabad. The present name '*Montana Infrastructure Limited*' was adopted thereafter on August 25, 2008, *vide* Fresh Certificate of Incorporation Consequent on Change of Name issued by the Registrar of Companies, Gujarat, Dadra and Nagar Haveli, at Ahmedabad. The CIN of MIL is U29120GJ1991PLC016740.

The main objects clause of the memorandum of association of MIL enables it to engage in the business, *inter alia*, of manufacturing, assembling, repairing, buying, selling, importing and exporting all kind of valves and compressors and components and spare parts and carrying out all types of infrastructure, project facilities, activities or works. Presently, MIL is not carrying on any significant business activities.

Shareholding Pattern

As on May 30, 2011, the shareholding pattern of MIL is as follows:

Sr. No.	Name	Number of Equity Shares	% of issued capital
1.	M/s. Metropolitan Industries (represented by Mr. Nikhil Gandhi and Mr. Bhavesh Gandhi)	2,911,500	99.88
2.	Mr. Nikhil Gandhi	1,500	0.05
3.	Mr. Bhavesh Gandhi	1,500	0.05
4.	Mr. Hitesh Shah	100	Negligible
5.	Mr. Prataprai Gandhi	100	Negligible
6.	Mr. Chetan Kothari	100	Negligible
7.	Mr. Neha Gandhi	100	Negligible
8.	Ms. Rupali Gandhi	100	Negligible
	Total	**2,915,000**	**100.00**

3. *Donyi Polo Petrochemicals Limited*

Donyi Polo Petrochemicals Limited ("**DPPL**") was incorporated on March 30, 1988 as '*Metropolitan Organics and Chemicals Industries Private Limited*' *vide* Certificate of Incorporation bearing registration number 11- 46817 of 1988 issued by the Registrar of Companies, Maharashtra, at Mumbai. The name '*Metropolitan Organics & Chemicals Industries Limited* was adopted on June 15, 1989, *vide* Certificate of Change of Name issued by the Assistant Registrar of Companies, Maharashtra, at Mumbai. Thereafter, the present name '*Donyi Polo Petrochemicals Limited*' was adopted on April 28, 1995, *vide* Fresh Certificate of Incorporation Consequent on Change of Name issued by the Additional Registrar of Companies, Maharashtra, at Mumbai. The CIN of DPPL is U24200MH1988PLC046817.

DPPL is engaged in the business, *inter alia*, of import, export, manufacture process, purchase, sell and commission agency of drugs, drug intermediates and pharmaceutical raw materials.

Shareholding Pattern

As on May 30, 2011 the shareholding pattern of DPPL is as follows:

Sr. No.	Name of the Shareholders	Number of Equity Shares held	% of issued capital
1.	Horizon India Batteries Limited	11,919,700	51.14
2.	M/s. Metropolitan Industries (represented by Mr. Nikhil Gandhi and Mr. Bhavesh Gandhi)	4,236,800	18.18
3.	SKIL	1,924,000	8.25
4.	Grevek Investments & Finance Private Limited	1,750,000	7.51
5.	Metropolitan Overseas Limited	1,100,000	4.72
6.	Blue Water Marine Industries Limited	925,800	3.97
7.	Horizon Infrastructure Limited	701,500	3.01
8.	Esquire Gujarat Petrochemicals Limited	102,500	0.44
9.	Montana Infrastructure Limited	52,500	0.23
10.	Other Individuals	596,950	2.56
	Total	**23,309,750**	**100.00**

4. *Metropolitan Overseas Limited*

Metropolitan Overseas Limited ("**MOL**") was incorporated on October 19, 1989 as '*Metropolitan Drugs and Pharmaceuticals Industries Limited*' *vide* Certificate of Incorporation bearing number 11 – 53959 of 1989 issued by the Registrar of Companies, Maharashtra, at Mumbai. The name '*Metropolitan Overseas Limited*' was adopted with effect from October 8, 1997 *vide* Certificate of Change of Name issued by the Registrar of Companies, Maharashtra, at Mumbai. MOL received its Certificate for Commencement of Business on February 19, 1990. The CIN of MOL is U24230MH1989PLC053959.

MOL is engaged in the business, *inter alia*, of producing, processing, packing, manufacturing, trading, importing, exporting, dealing, wholesaling, and retailing of all pharmaceutical products.

Shareholding Pattern

As on May 30, 2011the shareholding pattern of MOL was as follows**:**

Sr. No.	Name	Number of Equity Shares	% of issued capital
1.	M/s. Metropolitan Industries (represented by Mr. Nikhil Gandhi and Mr. Bhavesh Gandhi)	5,704,603	90.85
2.	V. R. Malaji and Company	573,750	9.14
3.	Mr. Nikhil Gandhi	100	Negligible
4.	Mr. Bhavesh Gandhi	100	Negligible
5.	Mr. Pradeep Patel	100	Negligible

6.	Mr. Suresh Kothari	100	Negligible
7.	Mr. Bakul Kapadia	100	Negligible
8.	Mr. Hitesh Shah	100	Negligible
9.	Commodore Vasant Honnavar	100	Negligible
	Total	**6,279,053**	**100.00**

5. *Sagar Inflatables Limited*

Sagar Inflatables Limited ("**SIL**") was incorporated on November 22, 1988 as '*Sea King Inflatables Private Limited*' *vide* Certificate of Incorporation bearing registration number 11-49725 of 1988 issued by the Registrar of Companies, Maharashtra, at Mumbai. The name '*Sagar Inflatables Limited*' was adopted on April 20, 1995 *vide* Fresh Certificate of Incorporation Consequent on Change of Name issued by the Additional Registrar of Companies, Maharashtra, at Mumbai. The CIN of SIL is U29193MH1988PLC049725.

SIL is engaged in the business, *inter alia*, of import, export, manufacture, process, sell, purchase and commission agency of nuclear biological chemical suits, life saving and fire fighting equipments, compressors, underwater equipments and breathing apparatus.

Shareholding Pattern

As on May 30, 2011 the shareholding pattern of SIL is as follows:

Sr. No.	Name	Number of Equity Shares	% of issued capital
1.	M/s. Metropolitan Industries (represented by Mr. Nikhil Gandhi and Mr. Bhavesh Gandhi)	1,656,900	55.23
2.	Blue Water Marine Industries Limited	731,700	24.39
3.	Montana Infrastructure Limited	213,000	7.10
4.	Mr. Chetan Kothari jointly with Mr. Sanjay Doshi	161,000	5.37
5.	Other individuals holding less than 1%	237,400	7.91
	Total	**3,000,000**	**100.00**

6. *Gujarat Positra Port Company Limited*

Gujarat Positra Port Company Limited ("**GPPCL**") was incorporated on July 22, 1998 as '*Gujarat Positra Port Company Limited*' *vide* Certificate of Incorporation bearing number 04-34420 of 1998-1999, issued by the Registrar of Companies, Gujarat, Dadra and Nagar Haveli, at Ahmedabad. GPPCL received its Certificate for Commencement of Business on August 7, 1998 from the Registrar of Companies, Gujarat, Dadra and Nagar Haveli. The CIN of GPPCL is U35117GJ1998PLC034420.

GPPCL is engaged in the business, *inter alia*, of constructing, maintaining, building, and operating ports, shipyard, harbours, docks, ship buildings etc.

Shareholding Pattern

As on May 30, 2011 the shareholding pattern of GPPCL is as follows:

Sr. No.	Name of shareholders	Number of Equity Shares	% of issued capital
1.	SKIL	40,239,980	48.39
2.	Visionfirst Capital Limited	25,231,977	30.34
3.	Horizon Infrastructure limited	17,687,941	21.27
4.	Mr. Sanjay Doshi	100	Negligible
5.	Mr. Chetan Kothari	100	Negligible
6.	Mr. Sanjeeta Doshi	100	Negligible
7.	Mr. Atul Desai	100	Negligible
8.	Mr. Deepali Desai	100	Negligible
9.	Mr. Jitubhai Mehta	100	Negligible

10.	Ms. Parina Mehta	100	Negligible
	Total	**83,160,598**	**100.00**

7. *Horizon Country Wide Logistics Limited*

Horizon Country Wide Logistics Limited ("**HCWLL**") was incorporated on June 7, 2007 as '*Nhava Seva Distriparks Limited*' *vide* Certificate of Incorporation issued by the Registrar of Companies, Maharashtra, at Mumbai. HCWLL received its Certificate for Commencement of Business from the Registrar of Companies, Maharashtra, at Mumbai on July 27, 2007. The name '*Horizon Country Wide Logistics Limited*' was adopted on October 17, 2007, *vide* Fresh Certificate of Incorporation Consequent upon Change of Name, issued by the Registrar of Companies, Maharashtra, at Mumbai. The CIN of HCWLL is U60231MH2007PLC171419.

HCWLL is engaged in business, *inter alia*, of building, constructing, acquiring, maintaining, operating, transferring and leasing all types of infrastructure project, logistics project including inland container depot, container freight station, free trade, warehousing zone, etc.

Shareholding Pattern

As on May 30, 2011, the shareholding pattern of HCWLL is as follows:

Sr. No.	Name of the Shareholder	Number of Equity Shares	% of issued capital
1.	SKIL	63,295,494	46.40
2.	Karanja Infrastructure Private Limited	42,197,000	30.93
3.	Trinity Capital (Four) Limited	30,917,210	22.66
4.	Mr. N. Ravichandran	1	Negligible
5.	Mr. Jigar Shah	1	Negligible
6.	Mr. Sumit Mehta	1	Negligible
7.	Mr. Dinesh Choudhary	1	Negligible
8.	Mr. Devichand Nimade	1	Negligible
9.	Mr. R. K. Vijayan	1	Negligible
	Total	**136,409,710**	**100.00**

8. *Fastlane Distriparks & Logistics Limited*

Fastlane Distriparks & Logistics Limited ("**FDLL**") was incorporated on February 3, 2007 as "*GEM Distriparks & Logistics Limited*" *vide* Certificate of Incorporation issued by the Registrar of Companies, Maharashtra, at Mumbai. The name '*Fastlane Distriparks & Logistics Limited*' was adopted on December 12, 2007, *vide* Fresh Certificate of Incorporation Consequent upon Change of Name issued by the Deputy Registrar of Companies, Maharashtra, at Mumbai. FDLL received its Certificate for Commencement of Business from the Assistant Registrar of Companies, Maharashtra, at Mumbai on February 28, 2007. The CIN of FDLL is U93090MH2007PLC167519.

FDLL is engaged in the business, *inter alia*, of logistic support for the movement of cargo, goods, container etc.

Shareholding Pattern

As on May 30, 2011, the shareholding pattern of FDLL is as follows:

Sr. No.	Name	Number of Equity Shares	% of issued capital
1.	Horizon Country Wide Logistics Limited	38,573,134	52.00
2.	Apollo Asia Opportunity Master Fund L. P	14,835,823	20.00
3.	Balyasmy SI Limited	14,835,823	20.00
4.	Dominent Financial Services Private Limited	5,934,330	8.00
5.	Mr. R. K. Vijayan	1	Negligible
6.	Mr. Ashok Jain	1	Negligible

7.	Mr. Jigar Shah	1	Negligible
8.	Mr. Dinesh Choudhary	1	Negligible
9.	Mr. Devichand Nimade	1	Negligible
10.	Mr. Amrut Dhumal	1	Negligible
11.	Mr. Nilesh Mehta	1	Negligible
	Total	**74,179,117**	**100.00**

9. *Everonn Educational Resources Solutions Limited*

Everonn Educational Resources Solutions Limited ("**EERSL**") was incorporated on November 6, 2007 as '*Everonn Educational Resources Solutions Limited*' *vide* Certificate of Incorporation issued by the Assistant Registrar of Companies, Tamil Nadu, Chennai, Andaman and Nicobar Islands, at Chennai. EERSL received its Certificate for Commencement of Business on December 6, 2007 from the Assistant Registrar of Companies, Tamil Nadu, Chennai, Andaman and Nicobar Islands, at Chennai. The CIN of EERSL is U74140TN2007PLC065306.

EERSL is engaged in the business, *inter alia*, of dealing in trading, importing, exporting, stocking of technical and non technical educational aid to the teachers, students, parents and other educational resources which include providing consultancy services and services such as hardware maintenance, setting up computer laboratories, etc.

Shareholding Pattern

As on May 30, 2011 the shareholding pattern of EERSL is as follows:

Sr. No.	Name	Number of Equity Shares	% of issued capital
1.	Everonn Education Limited	2,099,994	99.99
2.	Mr. Kishore Padmanabhan	1	Negligible
3.	Ms. Susha John	1	Negligible
4.	Mr. Keerthi Kishore	1	Negligible
5.	Mr. A.V. Sridhar	1	Negligible
6.	Mr. G. Ramesh Chandra Gunti Reddy	1	Negligible
7.	Ms. Ranjini Vinod	1	Negligible
	Total	**2,100,000**	**100.00**

10. *Everonn Infrastructure Limited*

Everonn Infrastructure Limited ("**EIL**") was incorporated on February 25, 2009 as '*Everonn Infrastructure Limited*' *vide* Certificate of Incorporation issued by the Registrar of Companies, Tamil Nadu, Chennai, Andaman and Nicobar Islands, at Chennai. EIL received its Certificate for Commencement of Business from the Deputy Registrar of Companies, Tamil Nadu, Chennai, Andaman and Nicobar Islands, at Chennai on June 17, 2009.The CIN of EIL is U70100TN2009PLC070827.

EIL is engaged in the business, *inter alia*, of creating and developing infrastructure, buildings and facilities for the purpose of setting up educational institutions.

Shareholding Pattern

As on May 30, 2011 the shareholding pattern of EIL is as follows:

Sr. No.	Name	Number of Equity Shares	% of issued capital
1.	Everonn Education Limited	15,49,994	99.99
2.	Mr. Kishore Padmanabhan	1	Negligible
3.	Ms. Susha John	1	Negligible
4.	Mr. Keerthi Kishore	1	Negligible
5.	Mr. A.V. Sridhar	1	Negligible

6.	Mr. G. Ramesh Chandra Gunti Reddy	1	Negligible
7.	Ms. Ranjini Vinod	1	Negligible
	Total	**15,50,000**	**100.00**

11. *Edifications India Limited*

Edifications India Limited ("**EDIL**") was incorporated on January 5, 2011 as '*Edifications India Limited*' under the Companies Act *vide* Certificate of Incorporation issued by the Deputy Registrar of Companies, Tamil Nadu, Chennai, Andaman and Nicobar Islands, at Chennai. EDIL received its Certificate for Commencement of Business from the Registrar of Companies, Tamil Nadu, Chennai, Andaman and Nicobar Islands, at Chennai on January 7, 2011. The CIN of EDIL is U80301TN2011PLC078700.

EDIL is engaged in the business, *inter alia*, of imparting education and undertaking consultancy and job works in all the areas of education and carry out all activities necessary for the dissemination of knowledge/literature in all educational training and enabling fields and to create content and knowledge resource for catering to the educational institutions in India and abroad in the form of content, study material, e-learning content and case studies and digital assets.

Shareholding Pattern

As on May 30, 2011the shareholding pattern of EDIL is as follows:

Sr. No.	Name	Number of Equity Shares	% of issued capital
1.	Everonn Education Limited	6,499,940	99.99
2.	Mr. Kishore Padmanabhan	1	Negligible
3.	Ms. Susha John	1	Negligible
4.	Ms. Keerthi Kishore	1	Negligible
5.	Mr. Vinod Meenoth Madthal	1	Negligible
6.	Ms. Ranjini Vinod	1	Negligible
7.	Mr. A.V. Sridhar	1	Negligible
	Total	**6,500,000**	**100.00**

12. *Everonn Dassani Literate Limited*

Everonn Dassani Literate Limited ("**EDLL**") was incorporated on February 24, 2011 as '*Everonn Dassani Literate Limited*' under the Companies Act *vide* Certificate of Incorporation issued by the Registrar of Companies, Tamil Nadu, Chennai, Andaman and Nicobar Islands, at Chennai. EDLL received its Certificate for Commencement of Business from the Deputy Registrar of Companies, Tamil Nadu, Chennai, Andaman and Nicobar Islands, at Chennai on March 9, 2011. The CIN of EDLL is U80211TN2011PLC079346.

EDLL is engaged in the business, *inter alia*, of imparting education and undertaking consultancy and job works in all the areas of education and carry out all activities necessary for the dissemination of knowledge/literature in all fields of education.

Shareholding Pattern

As on May 30, 2011 the shareholding pattern of EDLL is as follows:

Sr. No.	Name	Number of Equity Shares	% of issued capital
1.	Everonn Education Limited	29,995	60.00
2.	Mr. Himalay Pannalal Dassani	20,000	40.00
3.	Ms. Susha John	1	Negligible
4.	Ms. Keerthi Kishore	1	Negligible
5.	Mr. Vinod Meenoth Madthal	1	Negligible
6.	Ms. Ranjini Vinod	1	Negligible

7.	Mr. Kishore Padmanabhan	1	Negligible
	Total	**50,000**	**100.00**

13. *Everonn Knowledge & Education Corridor Limited*

Everonn Knowledge & Education Corridor Limited ("**EKECL**") was incorporated on January 13, 2011 as '*Everonn Knowledge & Education Corridor Limited*' under the Companies Act *vide* Certificate of Incorporation issued by the Deputy Registrar of Companies, Tamil Nadu, Chennai, Andaman and Nicobar Islands, at Chennai. EKECL received its Certificate for Commencement of Business from the Deputy Registrar of Companies, Tamil Nadu, Chennai, Andaman and Nicobar Islands, at Chennai on January 20, 2011. The CIN of EKECL is U80211TN2011PLC078820.

EKECL is engaged in the business, *inter alia*, of imparting knowledge by establishing schools, colleges, universities, education centres and training centres.

Shareholding Pattern

As on May 30, 2011 the shareholding pattern of EKECL is as follows:

Sr. No.	Name	Number of Equity Shares	% of issued capital
1.	Everonn Education Limited	49,994	99.99
2.	Mr. A.V. Sridhar	1	Negligible
3.	Ms. Susha John	1	Negligible
4.	Ms. Keerthi Kishore	1	Negligible
5.	Mr. Vinod Meenoth Madthal	1	Negligible
6.	Ms. Ranjini Vinod	1	Negligible
7.	Mr. Kishore Padmanabhan	1	Negligible
	Total	**50,000**	**100.00**

14. *Everonn Business Education Limited*

Everonn Business Education Limited ("**EBEL**") was incorporated on October 23, 2009 as '*Everonn Business Education Limited*' *vide* Certificate of Incorporation issued by the Assistant Registrar of Companies, Tamil Nadu, Chennai, Andaman and Nicobar Islands, at Chennai. EBEL received its Certificate for Commencement of Business from the Registrar of Companies, Tamil Nadu, Chennai, Andaman and Nicobar Islands, at Chennai on November 6, 2009. The CIN of EBEL is U80901TN2009PLC073317.

EBEL is engaged in the business, *inter alia*, of establishing, setting up, creating and running in any part of India business schools, management institutes, study centres and training centres wherein business and management education is provided at undergraduate, post graduate and research level in every field.

Shareholding Pattern

As on May 30, 2011 the shareholding pattern of EBEL is as follows:

Sr. No.	Name	Number of Equity Shares	% of issued capital
1.	Everonn Education Limited	2,249,994	99.99
2.	Mr. Kishore Padmanabhan	1	Negligible
3.	Ms. Susha John	1	Negligible
4.	Ms. Keerthi Kishore	1	Negligible
5.	Mr. Vinod Meenoth Madthal	1	Negligible
6.	Ms. Rajini Vinod	1	Negligible
7.	Mr. A. V. Sridhar	1	Negligible
	Total	**2,250,000**	**100.00**

15. *Everonn School Limited*

Everonn School Limited ("**ESL**") was incorporated on April 28, 2010 as "*Everonn School Limited" vide* Certificate of Incorporation issued by the Assistant Registrar of Companies, Tamil Nadu, Chennai, Andaman and Nicobar Islands, at Chennai. ESL received its Certificate for Commencement of Business from the Assistant Registrar of Companies, Tamil Nadu, Chennai, Andaman and Nicobar Islands, at Chennai on May 10, 2010.The CIN of ESL is U80211TN2010PLC075518.

ESL is engaged in the business, *inter alia*, of establishing, providing, managing, maintaining, conducting, or subsidizing educational institutions, schools with or without residential facilities in all the fields of education.

Shareholding Pattern

As on May 30, 2011 the shareholding pattern of ESL is as follows:

Sr. No.	Name	Number of Equity Shares	% of issued capital
1.	Everonn Education Limited	2,449,994	99.99
2.	Mr. Kishore Padmanabhan	1	Negligible
3.	Ms. Susha John	1	Negligible
4.	Mr. Vinod Meenoth Madthal	1	Negligible
5.	Mr. A.V. Sridhar	1	Negligible
6.	Mr. G. Ramesh Chandra Gunti Reddy	1	Negligible
7.	Ms. Keerthi Kishore	1	Negligible
	Total	**2,450,000**	**100.00**

16. *Everonn Medical Education India Limited*

Everonn Medical Education India Limited ("**EMEIL**") was incorporated on May 5, 2010 as '*Everonn Medical Education India Limited*' *vide* Certificate of Incorporation issued by the Assistant Registrar of Companies, Tamil Nadu, Chennai, Andaman and Nicobar Islands, at Chennai. EMEIL received its Certificate for Commencement of Business from the Deputy Registrar of Companies, Tamil Nadu, Chennai, Andaman and Nicobar Islands, at Chennai on May 31, 2010. The CIN of EMEIL is U80301TN2010PLC075583.

EMEIL is engaged in the business, *inter alia*, of establishing, setting up, creating and running medical colleges, universities, nursing schools, colleges in every field of medicines and medical science.

Shareholding Pattern

As on May 30, 2011 the shareholding pattern of EMEIL is as follows:

Sr. No.	Name	Number of Equity Shares	% of issued capital
1.	Everonn Education Limited	49,994	99.99
2.	Mr. Kishore Padmanabhan	1	Negligible
3.	Ms. Susha John	1	Negligible
4.	Ms. Keerthi Kishore	1	Negligible
5.	Mr. Vinod Meenoth Madthal	1	Negligible
6.	Mr. A. V. Sridhar	1	Negligible
7.	Mr. G. Ramesh Chandra Gunti Reddy	1	Negligible
	Total	**50,000**	**100.00**

17. *Everonn Technical Education India Limited*

Everonn Technical Education India Limited ("**ETEIL**") was incorporated on July 8, 2010 as '*Everonn Technical Education India Limited*' *vide* Certificate of Incorporation issued by the Deputy Registrar of Companies, Tamil Nadu, Chennai, Andaman and Nicobar Islands, at Chennai. ETEIL received its Certificate for Commencement of

Business from the Deputy Registrar of Companies, Tamil Nadu, Chennai, Andaman and Nicobar Islands, at Chennai on July 29, 2010. The CIN of ETEIL is U80302TN2010PLC076512.

ETEIL is engaged in the business, *inter alia*, of establishing, setting up, creating and running engineering colleges, universities, technical schools, colleges in every field of technical and science education.

Shareholding Pattern

As on May 30, 2011 the shareholding pattern of ETEIL is as follows:

Sr. No.	Name	Number of Equity Shares	% of issued capital
1.	Everonn Education Limited	49,994	99.99
2.	Mr. Kishore Padmanabhan	1	Negligible
3.	Ms. Susha John	1	Negligible
4.	Ms. Keerthi Kishore	1	Negligible
5.	Mr. Vinod Meenoth Madthal	1	Negligible
6.	Mr. A. V. Sridhar	1	Negligible
7.	Mr. G. Ramesh Chandra Gunti Reddy	1	Negligible
	Total	**50,000**	**100.00**

18. *Everonn Sport Management Limited*

Everonn Sport Management Limited ("**ESML**") was incorporated on January 6, 2011 as '*Everonn Sport Management Limited*' under the Companies Act *vide* Certificate of Incorporation issued by the Deputy Registrar of Companies, Tamil Nadu, Chennai, Andaman and Nicobar Islands, at Chennai. ESML received its Certificate for Commencement of Business from the Deputy Registrar of Companies, Tamil Nadu, Chennai, Andaman and Nicobar Islands, at Chennai on January 18, 2011. The CIN of ESML is U92412TN2011PLC078710.

ESML is engaged in the business, *inter alia*, of managing schools and colleges in all the fields of sports and physical education, providing sports training, sports medicine training and manage all sports events at all levels.

Shareholding Pattern

As on May 30, 2011 the shareholding pattern of ESML is as follows:

Sr. No.	Name	Number of Equity Shares	% of issued capital
1.	Everonn Education Limited	49,994	99.99
2.	Ms. Susha John	1	Negligible
3.	Ms. Keerthi Kishore	1	Negligible
4.	Mr. Vinod Meenoth Madthal	1	Negligible
5.	Ms. Ranjini Vinod	1	Negligible
6.	Mr. A.V. Sridhar	1	Negligible
7.	Mr. Kishore Padmanabhan	1	Negligible
	Total	**50,000**	**100.00**

19. *Everonn Skill Development Limited*

Everonn Skill Development Limited ("**ESDL**") was incorporated on April 3, 2009 as '*Everonn Skill Development Limited*' *vide* Certificate of Incorporation issued by the Assistant Registrar of Companies, Tamil Nadu, Chennai, Andaman and Nicobar Islands, at Chennai. ESDL received its Certificate for Commencement of Business from the Deputy Registrar of Companies, Tamil Nadu, Chennai, Andaman and Nicobar Islands, at Chennai on June 17, 2009.The CIN of ESDL is U72300TN2009PLC071228.

ESDL is engaged in the business, *inter alia*, of designing, developing, conducting, imparting, delivering and implementing various skill developments, skill up gradation and training programmes, vocational skills, employment generating programmes, human resource development programmes based on emerging trends in all disciplines.

Shareholding Pattern

As on May 30, 2011 the shareholding pattern of ESDL is as follows:

Sr. No.	Name	Number of Equity Shares	% of issued capital
1.	Edifications India Limited	14,169,994	99.99
2.	Mr. Kishore Padmanabhan	1	Negligible
3.	Ms. Susha John	1	Negligible
4.	Mr. Keerthi Kishore	1	Negligible
5.	Mr. A.V. Sridhar	1	Negligible
6.	Mr. G. Ramesh Chandra Gunti Reddy	1	Negligible
7.	Ms. Ranjini Vinod	1	Negligible
	Total	**14,170,000**	**100.00**

Private Limited Companies

1. ***Awaita Properties Private Limited***

Awaita Properties Private Limited ("**APPL**") was incorporated on January 4, 1995 as "*Awaita Properties Private Limited*" *vide* Certificate of Incorporation bearing registration number 11-84308 of 1995 issued by the Additional Registrar of Companies, Maharashtra, at Mumbai. The CIN of APPL is U45102MH1995PTC084308.

APPL is engaged in the business, *inter alia*, of purchasing, selling, leasing, mortgaging or otherwise disposing of lands, houses, buildings and other properties of the company.

Shareholding Pattern

As on May 30, 2011 the shareholding pattern of APPL is as follows**:**

Sr. No.	Name	Number of Equity Shares	% of issued capital
1.	Mr. Nikhil Gandhi	3,807,598	49.82
2.	Mr. Bhavesh Gandhi HUF	3,700,000	48.41
3.	Mr. Bhavesh Gandhi	107,597	1.41
4.	Mr. Prataprai Gandhi	28,000	0.37
	Total	**7,643,195**	**100.00**

2. ***Grevek Investments & Finance Private Limited***

Grevek Investments & Finance Private Limited ("**GIFPL**") was incorporated on January 6, 1993 as '*Grevek Investments & Finance Private Limited*' *vide* Certificate of Incorporation bearing registration number 11-70326 of 1993 issued by the Assistant Registrar of Companies, Maharashtra, at Mumbai. The CIN of GIFPL is U65990MH1993PTC070326.

GIFPL is engaged in the business, *inter alia*, of an investment company, financial consultant and to acquire, hold, sell, deal in any shares, stocks, bonds, mortgage and other securities by original subscription, tender, purchase, exchange, gift.

Shareholding Pattern

As on May 30, 2011 the shareholding pattern of GIFPL is as follows**:**

Sr. No.	Name of the Shareholder	Number of Equity Shares	% of issued capital
1.	Montana Infrastructure Limited	7,999,998	62.33
2.	M/s. Metropolitan Industries (represented by Mr. Nikhil Gandhi and Mr. Bhavesh Gandhi)	2,250,000	17.53
3.	Starwort Engineering Private Limited	1,260,000	9.82
4.	Awaita Properties Private Limited	1,144,000	8.91
5.	Horizon India Batteries Limited	180,000	1.40
6.	Ms. Neha Gandhi jointly with Montana Infrastructure Limited	1	Negligible
7.	Ms. Rupali Gandhi jointly with Montana Infrastructure Limited	1	Negligible
	Total	**12,834,000**	**100.00**

3. ***Urban Infrastructure Holdings Private Limited***

Urban Infrastructure Holdings Private Limited ("**UIHPL**") was incorporated on June 28, 2005 as '*Urban Infrastructure Holdings Private Limited*' *vide* Certificate of Incorporation issued by the Registrar of Companies, Maharashtra, at Mumbai. The name '*Urban Infrastructure Holdings Limited*' was adopted on May 14, 2008, *vide* Fresh Certificate of Incorporation Consequent upon Change of Name on Conversion to Public Limited Company issued by the Deputy Registrar of Companies, Maharashtra, at Mumbai. Thereafter, the present name '*Urban Infrastructure Holdings Private Limited*' was adopted on September 23, 2008, *vide* Fresh Certificate of Incorporation Consequent upon Change of Name on Conversion to Private Limited Company issued by the Deputy Registrar of Companies, Maharashtra, at Mumbai. The CIN of UIHPL is U45200MH2005PTC154303.

UIHPL is engaged in the business, *inter alia*, of promoting, developing, building, creating, operating, owning, contracting, organising of all and any kind of infrastructure facilities and services including cities, towns, roads, ports, airports, airways, railways, tramways, mass rapid transport systems, cargo movement and management systems, industrial estates, residential houses, green parks, relating port infrastructure environmental protection and pollution control, transport, public utilities, municipal services, clearing house agency and stevedoring services and creation of infrastructure facilities and services viz. telecommunication, cell services, satellite communication and networking.

Shareholding Pattern

As on May 30, 2011 the shareholding pattern of UIHPL is as follows:

Sr. No.	Name	Number of Equity Shares	% of issued capital
1.	SKIL	124,160,000	35.00
2.	Reliance Group Holdings Private Limited	117,065,142	33.00
3.	Jai Corp Limited	113,517,714	32.00
	Total	**354,742,856**	**100.00**

4. ***E Complex Private Limited***

E Complex Private Limited ("**ECPL**") was incorporated on May 30, 1995 as '*Metdist Industries Limited*' *vide* Certificate of Incorporation bearing number 04-26113 of 1995 – 1996, issued by the Assistant Registrar of Companies, Gujarat, Dadra and Nagar Haveli, at Ahmedabad. The name '*Metdist Industries Private Limited*' was adopted on October 28, 2003, *vide* Fresh Certificate of Incorporation Consequent on Conversion issued by the Registrar of Companies, Gujarat, at Ahmedabad. Thereafter, the present name '*E Complex Private Limited*' was adopted on March 6, 2007, *vide* Fresh Certificate of Incorporation Consequent upon Change of Name issued by the Assistant Registrar of Companies, Gujarat, Dadra and Nagar Haveli, at Ahmedabad. The company received its Certificate for Commencement of Business on July 6, 1995. The CIN of ECPL is U67120GJ1995PTC026113.

ECPL is engaged in the business, *inter alia*, of manufacturing, producing, selling, purchasing of or dealing in all types of ferrous and non ferrous metals.

Shareholding Pattern

As on May 30, 2011 the shareholding pattern of ECPL is as follows:

Sr. No.	Name	Number of Equity Shares	% of issued capital
1.	Pipavav Shipyard Limited	21,709,320	99.99
2.	Mr. Dilip Mehta jointly with Pipavav Shipyard Limited	1	Negligible
3.	Mr. Bhavesh Gandhi jointly with Pipavav Shipyard Limited	1	Negligible
4.	Mr. N. Ravichandran jointly with Pipavav Shipyard Limited	1	Negligible
5.	Mr. Parag Phukan jointly with Pipavav Shipyard Limited	1	Negligible
6.	Mr. Virender Kumar jointly with Pipavav Shipyard Limited	1	Negligible
7.	Mr. Shekhar Gandhi jointly with Pipavav Shipyard Limited	1	Negligible
8.	Mr. Ajit Dabholkar jointly with Pipavav Shipyard Limited	1	Negligible
	Total	**21,709,327**	**100.00**

5. ***SKIL Institute of Nursing Private Limited***

SKIL Institute of Nursing Private Limited ("**SINPL**") was incorporated on December 6, 2007 as '*SKIL Institute of Nursing Private Limited*' *vide* Certificate of Incorporation issued by the Registrar of Companies, National Capital Territory of Delhi and Haryana, at New Delhi. The CIN of SINPL is U80300DL2007PTC171140.

SINPL is engaged in the business, *inter alia*, of facilitation of project development and transaction advisor cum fund mobilizer for education institutes.

Shareholding Pattern

As on May 30, 2011 the shareholding pattern of SINPL is as follows:

Sr. No.	Name	Number of Equity Shares	% of issued capital
1.	Awaita Properties Private Limited	299,999	99.99
2.	Mr. Chetan Kothari	1	Negligible
	Total	**300,000**	**100.00**

6. ***Eduskill Learning Private Limited***

Eduskill Learning Private Limited ("**ELPL**") was incorporated on April 8, 2003 as '*Shivalik Exim Private Limited*' *vide* Certificate of Incorporation issued by the Assistant Registrar of Companies, National Capital Territory of Delhi and Haryana, at Delhi. The name '*Eduskill Learning Private Limited*' was adopted on April 2, 2008, *vide* Fresh Certificate of Incorporation Consequent on Change of Name issued by the Deputy Registrar of Companies, National Capital Territory of Delhi and Haryana, at Delhi. The CIN of ELPL is U51909DL2003PTC119801.

ELPL is engaged in the business, *inter alia*, of educational institutes such as nursery school, vocational schools, research institutions, colleges, training centres, medical institutions etc.

Shareholding Pattern

As on May 30, 2011 the shareholding pattern of ELPL is as follows:

Sr. No.	Name	Number of Equity Shares	% of issued capital
1.	Awaita Properties Private Limited	965,000	96.50
2.	Ms. Akshita Gandhi	6,250	0.63
3.	Ms. Priyanka Gandhi	6,250	0.63

4.	Ms. Anushka Gandhi	6,250	0.63
5.	Mr. Ansh Ganhi	6,250	0.63
6.	Mr. Gaurav Mittal	5,000	0.50
7.	Mr. Harsh Mittal	5,000	0.50
	Total	**1,000,000**	**100.00**

7. **Skil Knowledge Cities Private Limited**

Skil Knowledge Cities Private Limited ("**SKCPL**") was incorporated on April 2, 2007 as '*Skil Knowledge Cities Private Limited*' *vide* Certificate of Incorporation issued by the Registrar of Companies, Maharashtra at Mumbai. The CIN of SKCPL is U80301MH2007PTC169540.

SKCPL is engaged in the business, *inter alia*, of establishing institutions, education centres, training centres, research centres, university for advancement of knowledge, information technology, engineering, electronics, technical, medical etc. Also, to lease, create, manage, control all types of infrastructure projects such as rail road, hotels, godowns, gymnasiums etc.

Shareholding Pattern

As on May 30, 2011 the shareholding pattern of SKCPL is as follows:

Sr. No.	Name of the Shareholder	Number of Equity Shares	% of issued capital
1.	SKIL	5,000	08.33
2.	Awaita Properties Private Limited	55,000	91.67
	Total	**60,000**	**100.00**

8. ***SKIL Water Resources Private Limited***

SKIL Water Resources Private Limited ("**SWRPL**") was incorporated on May 15, 2007 as '*SKIL Water Resources Private Limited*' under the Companies Act, 1956 *vide* Certificate of Incorporation issued by the Registrar of Companies, Maharashtra at Mumbai. The CIN of SWRPL is U74900MH2007PTC170855.

SWRPL was incorporated to be engaged in the business, *inter alia*, of promoting water project works on weather forecasts, river condition and forecasts, reservoir release, flood protection, flood emergency information, dam safety, water safety and works on watershed restoration program and to promote, develop rainwater harvesting technologies in urban and rural areas and to grant loans for water conservation. Also, to provide irrigation facilities and sink wells.

An application dated April 29, 2011 has been made with the Registrar of Companies for the striking- off of SWRPL from the Register of Companies under the Easy Exit Scheme, 2011 as the said company has not and does not intend to carry on any business. The application is pending before the Registrar of Companies.

Shareholding Pattern

As on May 30, 2011 the shareholding pattern of SWRPL is as follows:

Sr. No.	Name of the Shareholder	Number of Equity Shares	% of issued capital
1.	Grevek Investments & Finance Private Limited	5,000	50.00
2.	Awaita Properties Private Limited	5,000	50.00
	Total	**10,000**	**100.00**

9. SKIL Reality Private Limited

SKIL Reality Private Limited ("**SRPL**") was incorporated on December 7, 2007 as "*SKIL Reality Private Limited*" *vide* Certificate of Incorporation issued by the Assistant Registrar of Companies, Maharashtra at Mumbai. The CIN of SRPL is U70102MH2007PTC176540.

SRPL is engaged in the business, *inter alia*, of providing all kinds of infrastructure facilities and services including but not limited to free trade zones, export processing zones or any other such zones, cities, towns, roads, ports, airports, airways, railways, tramways or construction work in India and abroad.

Shareholding Pattern

As on May 30, 2011 the shareholding pattern of SRPL is as follows:

Sr. No.	Name of the Shareholder	Number of Equity Shares	% of issued capital
1.	Grevek Investments & Finance Private Limited	5,000	50.00
2.	Awaita Properties Private Limited	5,000	50.00
	Total	**10,000**	**100.00**

10. SKIL SEZ Holdings Private Limited

SKIL SEZ Holdings Private Limited ("**SSEZHPL**") was incorporated on December 7, 2007 as '*SKIL Properties Private Limited*' under the Companies Act, 1956 *vide* Certificate of Incorporation issued by the Assistant Registrar of Companies, Maharashtra at Mumbai. The name '*SKIL SEZ Holdings Private Limited*' was adopted on August 16, 2010 *vide* Fresh Certificate of Incorporation upon Change of Name, issued by the Deputy Registrar of Companies, Maharashtra at Mumbai, The CIN of SPPL is U70102MH2007PTC176546.

SSEZHPL was incorporated to be engaged in the business, *inter alia*, of creating, building, erecting, acquiring, procuring, leasing, providing all types of services, facilities to infrastructure projects or setting up of special economic zones, ports, airways, railways, mass rapid transport systems, oil explorations, pipeline water supply system, health care centres and amusement parks.

An application dated April 29, 2011 has been made with the Registrar of Companies for the striking- off of SSEZHPL from the Register of Companies under the Easy Exit Scheme, 2011 as the said company has not and does not intend to carry on any business. The application is pending before the Registrar of Companies.

Shareholding Pattern

As on May 30, 2011the shareholding pattern of SSEZHPL is as follows:

Sr. No.	Name of the Shareholder	Number of Equity Shares	% of issued capital
1.	Grevek Investments & Finance Private Limited	5,000	50.00
2.	Awaita Properties Private Limited	5,000	50.00
	Total	**10,000**	**100.00**

11. SKIL Maritime & Logistics Ventures Limited

SKIL Maritime & Logistics Ventures Limited ("**SMLVL**") was incorporated on January 16, 2009 as "*SKIL Maritime & Logistics Ventures Limited*" *vide* Certificate of Incorporation issued by the Assistant Registrar of Companies, Maharashtra at Mumbai. The CIN of SMLVL is U63000MH2009PLC189629.

SMLVL is engaged in the business, *inter alia*, of building, constructing, erecting, operating, managing, leasing and transferring all infrastructure projects, facilities or works. Further, creation of all types of infrastructure related to maritime and logistics projects and industrial parks, gardens, roads, bridges, flyovers, highways, roadways and other structures, rail, road, railway stations, platforms, berths, jetties, docks, airstrips, well, dams, canals. Gas pipelines, colleges, hospitals etc. and do investments in the said activities.

Shareholding Pattern

As on May 30, 2011 the shareholding pattern of SMLVL is as follows:

Sr. No.	Name of the Shareholder	Number of Equity Shares	% of issued capital
1.	Awaita Properties Private Limited	25,000	50.00
2.	Grevek Investments & Finance Private Limited	24,995	49.99
3.	Jigar Shah	1	Negligible
4.	Dinesh Chaudhary	1	Negligible
5.	Nilesh Mehta	1	Negligible
6.	Ketan Shah	1	Negligible
7.	Sweta Shah	1	Negligible
	Total	**50,000**	**100.00**

12. **SKIL Tourism & Leisure Management Company Private Limited**

SKIL Tourism & Leisure Management Company Private Limited ("**STLMCL**") was incorporated on March 10, 2007 as '*SKIL Tourism & Leisure Management Company Private Limited*' *vide* Certificate of Incorporation issued by the Registrar of Companies, Maharashtra at Mumbai. The CIN of STLMCL is U74930MH2007PTC168606.

STLMCL is engaged in the business, *inter alia*, of designing, developing and constructing tourism and leisure projects, special category of special economic zones, setting of motels, hotels, restaurants, lodging house, tourist resort and golf course as well as to act as advisers, consultants, designers, developers, builders, managers, contractors in respect of any of the said activities.

Shareholding Pattern

As on May 30, 2011 the shareholding pattern of STLMCL is as follows:

Sr. No.	Name of the Shareholder	Number of Equity Shares	% of issued capital
1.	Grevek Investments & Finance Private Limited	5,000	50.00
2.	Awaita Properties Private Limited	5,000	50.00
	Total	**10,000**	**100.00**

13. **SKIL Tourism and Resorts Private Limited**

SKIL Toursim and Resorts Private Limited ("**STRPL**") was incorporated on May 15, 2007 as "*SKIL Tourism and Resorts Private Limited*" *vide* Certificate of Incorporation issued by the Registrar of Companies, Maharashtra at Mumbai. The CIN of STRPL is U63090MH2007PTC170857.

STRPL is engaged in the business, *inter alia*, of designing, developing, constructing of resorts, tourism and leisure projects including setting of hotels, motels, resorts, villas, holiday camps, lifestyle city and all types of recreation facilities or service in respect of activities mentioned.

Shareholding Pattern

As on May 30, 2011 the shareholding pattern of STRPL is as follows:

Sr. No.	Name of the Shareholder	Number of Equity Shares	% of issued capital
1.	Grevek Investments & Finance Private Limited	5,000	50.00

2.	Awaita Properties Private Limited	5,000	50.00
	Total	**10,000**	**100.00**

14. **SKIL Knowledge Park and Management Private Limited**

SKIL Knowledge Park and Management Private Limited ("**SKPMPL**") was incorporated on March 10, 2007 as "*SKIL Knowledge Park and Management Private Limited*" under the Companies Act, 1956 *vide* Certificate of Incroporation issued by the Registrar of Companies, Maharashtra at Mumbai. The CIN of SKPMPL is U80301MH2007PTC168558.

SKPMPL is engaged in the business, *inter alia*, of acquiring, establishing institutions, educational centres, training centres, computer centres, research centres, university and promote, run or otherwise manage the business in the field of educational knowledge, information technology, engineering, electronics etc.

An application dated April 29, 2011 has been made with the Registrar of Companies for the striking- off of SKPMPL from the Register of Companies under the Easy Exit Scheme, 2011 as the said company has not and does not intend to carry on any business. The application is pending before the Registrar of Companies.

Shareholding Pattern

As on May 30, 2011 the shareholding pattern of SKPMPL is as follows:

Sr. No.	Name of the Shareholder	Number of Equity Shares	% of issued capital
1.	Grevek Investments & Finance Private Limited	5,000	50.00
2.	Awaita Properties Private Limited	5,000	50.00
	Total	**10,000**	**100.00**

15. ***SKIL Offshore Logistics Private Limited***

SKIL Offshore Logistics Private Limited ("**SOLPL**") was incorporated on December 31, 2009 as "*SKIL Offshore Private Limited*" under the Companies Act, 1956 *vide* Certificate of Incorporation issued by the Assistant Registrar of Companies, Maharashtra at Mumbai. The name "*SKIL Offshore Logistics Private Limited*" was adopted on August 5, 2010 *vide* a fresh Certificate of Incorporation Consequent on Change of name issue by the relevant Registrar of Companies. The CIN of SOLPL is U61200MH2009PTC198231.

SOLPL is engaged in the business, *inter alia*, of chartering, hiring, selling, exchanging or trading in or with steam, and ships, boats, vessels and conveyance of every description propelled or capable of being propelled of worked, by steam, petrol, oil, gas, electricity or any other motive power.

Shareholding Pattern

As on May 30, 2011 the shareholding pattern of SOLPL is as follows:

Sr. No.	Name of the Shareholder	Number of Equity Shares	% of issued capital
1.	Grevek Investments & Finance Private Limited	5,000	50.00
2.	Awaita Properties Private Limited	5,000	50.00
	Total	**10,000**	**100.00**

16. ***Metrotech Technology Park Private Limited***

Metrotech Technology Park Private Limited ("**MTPPL**") was incorporated on June 12, 2006 as "*Metrotech Technology Park Private Limited*" *vide* Certificate of Incorporation issued by the Assistant Registrar of

Companies, National Capital Territory of Delhi and Haryana, at Delhi. The CIN of MTPPL is U45200MH2006PTC213958.

MTPPL is engaged in the business, *inter alia*, of trading and dealing in the field of computers, hardware, software and information technologies.

Shareholding Pattern

As on May 30, 2011, the shareholding pattern of MTPPL is as follows:

Sr. No.	Name	Number of Equity Shares	% of issued capital
1.	Horizon Infrastructure Limited	99,994	99.99
2.	Mr. M. P. Vora jointly with Horizon Infrastructure Limited	1	Negligible
3.	Mr. Nikhil Gandhi jointly with Horizon Infrastructure Limited	1	Negligible
4.	Mr. Praveen Mohnot jointly with Horizon Infrastructure Limited	1	Negligible
5.	Mr. Rakesh Verma jointly with Horizon Infrastructure Limited	1	Negligible
6.	Mr. Nautam Shah jointly with Horizon Infrastructure Limited	1	Negligible
7.	Mr. Nilesh Mehta jointly with Horizon Infrastructure Limited	1	Negligible
	Total	**100,000**	**100.00**

17. ***Varahi Infrastructure Private Limited***

Varahi Infrastructure Private Limited ("**VIPL**") was incorporated on September 24, 2010 as '*Varahi Infrastructure Private Limited*' *vide* Certificate of Incorporation issued by the Assistant Registrar of Companies, Maharashtra, at Mumbai. The CIN of VIPL is U45400MH2009PTC195999.

VIPL is engaged in the business, *inter alia*, of carrying on, whether in India or outside India, all types of Infrastructure projects, facilities activities or works, to build, construct, erect, install, undertake, lay down, commission, establish, own, operate, manage, control, administer, lease and transfer all infrastructure projects.

Shareholding Pattern

As on May 30, 2011 the shareholding pattern of VIPL is as follows:

Sr. No.	Name	Number of Equity Shares	% of issued capital
1.	Horizon Infrastructure Limited	9,994	99.99
2.	Mr. Chandrakant Sanghavi jointly with Horizon Infrastructure Limited	1	Negligible
3.	Mr. Dinkar Samant jointly with Horizon Infrastructure Limited	1	Negligible
4.	Mr. Rajendra Ganatra jointly with Horizon Infrastructure Limited	1	Negligible
5.	Mr. Girish Tulaskar jointly with Horizon Infrastructure Limited	1	Negligible
6.	Mr. Nilesh Mehta jointly with Horizon Infrastructure Limited	1	Negligible
7.	Mr. Rakesh Verma jointly with Horizon Infrastructure Limited	1	Negligible
	Total	**10,000**	**100**

18. ***Mahakaleshwar Knowledge Infrastructure Private Limited***

Mahakaleshwar Knowledge Infrastructure Private Limited ("**MKIPL**") was incorporated on June 19, 2007 as '*Mahakaleshwar Properties Private Limited*' *vide* Certificate of Incorporation issued by the Registrar of Companies, Maharashtra, at Mumbai. The name '*Mahakaleshwar Knowledge Infrastructure Private Limited*' was adopted on June 18, 2009, *vide* Fresh Certificate of Incorporation Consequent upon Change of Name issued by the Assistant Registrar of Companies, Maharashtra, at Mumbai. The CIN of MKIPL is U70102MH2007PTC171789.

MKIPL is engaged in the business, *inter alia*, of parting knowledge by establishing institutions, education centres, research centres, university and promote, run, education institutes such as nursery schools, vocational schools, college, medical education including nursing, paramedical, medical college, aviation school etc.

Shareholding Pattern

As on May 30, 2011 the shareholding pattern of MKIPL is as follows:

Sr. No.	Name	Number of Equity Shares	% of issued capital
1.	Horizon Infrastructure Limited	2,502,783	85.00
2.	Ashwini Infrastructure Private Limited	106,667	3.62
3.	Mr. Pranlal Shah	100,000	3.40
4.	Kaushal Infrastructure Private Limited	100,000	3.40
5.	Ms. Ami Shah and Mr. Ketan Shah	25,000	0.85
6.	Mr. Kunal Gaurav	5,000	0.17
7.	Mr. Shailesh More	5,000	0.17
8.	Mr. Sanjeev Sheth	100,000	3.40
	Total	**2,944,450**	**100.00**

19. ***Toppers Tutorial Private Limited***

Toppers Tutorial Private Limited ("**TTPL**") was incorporated on September 10, 1996 as '*Toppers Tutorial Private Limited*' *vide* Certificate of Incorporation issued by the Registrar of Companies, Bihar, at Patna. The CIN of TTPL is U00092BR1996PTC007456.

TTPL is engaged in the business, *inter alia*, of establishing and running coaching organisations in the field of science, arts, commerce, engineering, medical science, accountancy, law, management, computers, computer science and all other educational and professional courses either orally or through post on such terms and conditions as may be laid down by the company from time to time.

Shareholding Pattern

As on May 30, 2011 the shareholding pattern of TTPL is as follows:

Sr. No.	Name	Number of Equity Shares	% of issued capital
1.	Everonn Education Limited	1,07,999	100.00
2.	Mr. Kishore Padmanabhan	1	Negligible
	Total	**1,08,000**	**100.00**

20. ***AEG Skill Update Private Limited***

AEG Skill Update Private Limited ("**ASUPL**") was incorporated on November 25, 2008 as '*AEG Skill Update Private Limited*' *vide* Certificate of Incorporation issued by the Assistant Registrar of Companies, Tamil Nadu, Chennai, Andaman and Nicobar Islands, at Chennai. The CIN of ASUPL is U74200TN2008PTC069972.

ASUPL is engaged in the business, *inter alia*, of carrying out all activities necessary for the dissemination of knowledge, literature, skill update, skill development in all educational training, technical and non technical fields.

Shareholding Pattern

As on May 30, 2011 the shareholding pattern of ASUPL is as follows:

Sr. No.	Name	Number of Equity Shares	% of issued capital
1.	Everonn Education Limited	5,100	51.00
2.	Mr. Naveen P. Patil	2,400	24.00
3.	Mr. Abhijith P. Merve	2,500	25.00
	Total	**10,000**	**100.00**

21. ***Shivalik Infrapromoters Private Limited***

Shivalik Infrapromoters Private Limited ("**SIPL**") was incorporated on May 7, 2007 as '*Shivalik Infrapromoters Private Limited*' *vide* Certificate of Incorporation issued by the Registrar of Companies, National Capital Territory of Delhi and Haryana, at New Delhi. The CIN of SIPL is U45400DL2007PTC163011.

SIPL is engaged in the business, *inter alia*, of undertaking development and/or promotion of infrastructure projects, providing all types of advisory and consultancy services for infrastructure projects in India or abroad.

Shareholding Pattern

As on May 30, 2011the shareholding pattern of SIPL is as follows:

Sr. No.	Name of the Shareholder	Number of Equity Shares	% of issued capital
1.	Eduskill Learning Private Limited	9,999	99.99
2.	Mr. Gaurav Mittal	1	0.01
	Total	**10,000**	**100.00**

22. ***Shivalik Project Development Company Private Limited***

Shivalik Project Development Company Private Limited ("**SPDCL**") was incorporated on May 7, 2007 as '*Shivalik Project Development Company Private Limited*' *vide* Certificate of Incorporation issued by the Registrar of Companies, National Capital Territory of Delhi and Haryana, at New Delhi. The CIN of SPDCL is U45400DL2007PTC163004.

SPDCL is engaged in the business, *inter alia*, of undertaking development and/or promotion of infrastructure projects, providing all types of advisory and consultancy services for infrastructure projects in India or abroad.

Shareholding Pattern

As on May 30, 2011the shareholding pattern of SPDCL is as follows:

Sr. No.	Name of the Shareholder	Number of Equity Shares	% of issued capital
1.	Eduskill Learning Private Limited	9,999	99.99
2.	Mr. Gaurav Mittal	1	0.01
	Total	10,000	**100.00**

23. ***Himland Infrastructure Private Limited***

Himland Infrastructure Private Limited ("HIPL") was incorporated on May 8, 2007 as '*Shivalik Integrated Infrastructure Private Limited*' *vide* Certificate of Incorporation issued by the Registrar of Companies, National Capital Territory of Delhi and Haryana, at New Delhi. The name '*Himland Infrastructure Private Limited*' was adopted on April 11, 2008, *vide* Fresh Certificate of Incorporation upon Change of Name issued by the Deputy Registrar of Companies, National Capital Territory of Delhi and Haryana, at New Delhi. The CIN of HIPL is U45209DL2007PTC163047.

HIPL is engaged in the business, *inter alia*, of undertaking development and/or promotion of infrastructure projects, providing all types of advisory and consultancy services for infrastructure projects in India or abroad..

Shareholding Pattern

As on May 30, 2011the shareholding pattern of HIPL is as follows:

Sr. No.	Name of the Shareholder	Number of Equity Shares	% of issued capital
1.	Eduskill Learning Private Limited	9,999	99.99
2.	Mr. Gaurav Mittal	1	0.01
	Total	**10,000**	**100.00**

24. ***KLG Stock Brokers Private Limited***

KLG Stock Brokers Private Limited ("**KSBPL**") was incorporated on September 1, 2010 as '*KLG Stock Brokers Private Limited*' *vide* Certificate of Incorporation issued by the Assistant Registrar of Companies, Maharashtra, at Mumbai. The CIN of KSBPL is U74120MH2010PTC207363.

KSBPL is engaged in the business, *inter alia*, of securities broking including share and stock broking and derivative broking.

Shareholding Pattern

As on May 30, 2011 the shareholding pattern of KSBPL is as follows:

Sr. No.	Name	Number of Equity Shares	% of issued capital
1.	KLG Capital Services Limited	349,999	99.99
2.	Mr. Nilesh Mehta*	1	Negligible
	Total	350,000	**100.00**

**beneficial shareholding is held by KLG Capital Services Limited.*

25. ***JPT Share Services Private Limited***

JPT Share Services Private Limited ("**JSSPL**") was incorporated on September 7, 2010 as '*JPT Share Services Private Limited*' *vide* Certificate of Incorporation issued by the Registrar of Companies, Maharashtra, at Mumbai. The CIN of JSSPL is U74992MH2010PTC207481.

JSSPL is engaged in the business, *inter alia*, of share and stock brokers/ sub-brokers by acquiring membership of stock exchanges.

Shareholding Pattern

As on May 30, 2011 the shareholding pattern of JSSPL is as follows:

Sr. No.	Name	Number of Equity Shares	% of issued capital
1.	JPT Securities Limited	349,999	99.99
2.	Mr. Jay Mehta*	1	Negligible
	Total	350,000	**100.00**

**beneficial shareholding is held by JPT Share Services Private Limited.*

26. ***Chiplun FTWZ Private Limited***

Chiplun FTWZ Private Limited ("**CFPL**") was incorporated on November 29, 2005 as '*Equity Overseas Private Limited*' *vide* Certificate of Incorporation issued by the Assistant Registrar of Companies, Maharashtra, at Mumbai. The name '*Chiplun FTWZ Private Limited*' was adopted on January 16, 2008, *vide* Fresh Certificate of

Incorporation Consequent on Change of Name issued by the Deputy Registrar of Companies, Maharashtra, at Mumbai. The CIN of CFPL is U51900MH2005PTC157660.

CFPL is engaged in the business, *inter alia*, of logistics with special focus on and development of logistics projects and support for movement of cargo, goods, containers and door to door facilities.

Shareholding Pattern

As on May 30, 2011 the shareholding pattern of CFPL is as follows:

Sr. No.	Name	Number of Equity Shares	% of issued capital
1.	Horizon Country Wide Logistics Limited	46,799,940	52.00
2.	Chiplun Infrastructure Private Limited	43,200,000	48.00
3.	Mr. Sumit Mehta	10	Negligible
4.	Mr. Hiten Mehta	10	Negligible
5.	Mr. N. Ravichandran	10	Negligible
6.	Mr. R. K. Vijayan	10	Negligible
7.	Mr. Jigar Shah	10	Negligible
8.	Mr. Dinesh Choudhary	10	Negligible
	Total	**90,000,000**	**100.00**

27. ***Dronagiri Infrastructure Private Limited***

Dronagiri Infrastructure Private Limited ("**DIPL**") was incorporated on March 11, 2004 as '*Dronagiri Infrastructure Private Limited*' *vide* Certificate of Incorporation issued by the Assistant Registrar of Companies, Maharashtra, at Mumbai. The name '*Dronagiri Infrastructure Limited*' was adopted on May 21, 2008, *vide* Fresh Certificate of Incorporation Consequent upon Change of Name on Conversion to Public Limited Company, issued by the Deputy Registrar of Companies, Maharashtra, at Mumbai. Thereafter, the present name '*Dronagiri Infrastructure Private Limited*' was adopted on October 3, 2008 *vide* Fresh Certificate of Incorporation Consequent upon Change of Name on Conversion to Private Limited Company, issued by the Deputy Registrar of Companies, Maharashtra, at Mumbai.The CIN of DIPL is U45200MH2004PTC144991.

DIPL is engaged in the business, *inter alia*, of promoting, developing, building, creating, operating, owning, contracting, organizing of all and any kind of infrastructure facilities and services including free trade zone, special economic zones, export processing zones or any other such zones, cities, towns, roads, ports, airports, airways, railways, tramways, industrial estates, residential houses, green parks, relating port infrastructure environmental protection and pollution control, waste management, transport, public utilities, municipal services, clearing house agency and stevedoring services and creation of infrastructure facilities and services.

Shareholding Pattern

As on May 30, 2011 the shareholding pattern of DIPL is as follows:

Sr. No.	Name	Number of Equity Shares	% of issued capital
1.	Urban Infrastructure Holdings Private Limited	598,000,000	99.67
2.	Avinash Bhosale Infrastructure Private Limited	1,000,000	0.17
3.	Hiranandani Properties Private Limited	1,000,000	0.17
	Total	**600,000,000**	**100.00**

28. ***Navi Mumbai SEZ Private Limited***

Navi Mumbai SEZ Private Limited ("**NMSPL**") was incorporated on June 15, 2004 as '*NM SEZ Development Company Private Limited*' *vide* Certificate of Incorporation issued by the Registrar of Companies, Maharashtra, at Mumbai. The name '*Navi Mumbai SEZ Private Limited*' was adopted on June 20, 2006 *vide* Fresh Certificate of

Incorporation Consequent upon Change of Name, issued by the Deputy Registrar of Companies, Maharashtra, at Mumbai. The CIN of NMSPL is U45200MH2004PTC146973.

NMSPL is engaged in the business, *inter alia*, of promoting, developing, building, supplying, creating, operating, owning, contracting, organizing of all and any kind of infrastructure facilities and services including but not limited to free trade zone, special economic zones, export processing zones or any other such zones, cities, towns, roads, ports, airports, airways, railways, tramways, mass rapid transport systems, cargo movement and management systems, cargo handing equipments, water supply power generation, transmission and distribution, industrial estates, residential houses, green parks, port infrastructure environmental protection and pollution control, transport, public utilities, municipal services, clearing house agency and stevedoring services and creation of like infrastructure facilities and services viz. telecommunication, cell services, satellite communication and networking.

Shareholding Pattern

As on May 30, 2011 the shareholding pattern of NMSPL is as follows:

Sr. No.	Name	Number of Equity Shares	% of issued capital
1.	Dronagiri Infrastructure Private Limited	571,239,588	74.00
2.	City & Industrial Development Corporation of Maharashtra Limited	200,705,800	26.00
	Total	**771,945,388**	**100.00**

29. ***Karanja Terminal & Logistics Private Limited***

Karanja Terminal & Logistics Private Limited ("**KTLPL**") was incorporated on May 14, 2010 as "*Karanja Terminal & Logistics Private Limited" vide* Certificate of Incorporation issued by the Registrar of Companies, Maharashtra, at Mumbai. The CIN of KTLPL is U63090MH2010PTC203226.

KTLPL is currently engaged in the business, *inter alia*, of building, hiring, owning, transferring or otherwise dealing with ports, shipyards, jetties, harbours, docks, ship breaking, ship building etc.

Shareholding Pattern

As on May 30, 2011 the shareholding pattern of KTLPL is as follows:

Sr. No.	Name	Number of Equity Shares	% of issued capital
1.	Karanja Terminal & Logistics (Cyprus) Limited	17,206,226	99.71
2.	Karanja Infrastructure Limited	25,000	0.14
3.	SKIL	24,495	0.14
4.	Blackstone Capital Limited	500	Negligible
5.	Mr. Jigar Shah jointly with SKIL	1	Negligible
6.	Mr. Dinesh Choudhary jointly with SKIL	1	Negligible
7.	Mr. Jay Mehta jointly with SKIL	1	Negligible
8.	Mr. Arvind Gupta jointly with SKIL	1	Negligible
9.	Mr. Nikhil Gandhi jointly with SKIL	1	Negligible
	Total	**17,256,226**	**100.00**

Bodies Corporate

1. ***SKIL Global Ports & Logistics Limited***

SKIL Global Ports & Logistics Limited ("**SGPLL**") was incorporated on August 24, 2010 as '*SKIL Global Ports & Logistics Limited*' under Companies (Guernsey) Law 2008 *vide* Certificate of Incorporation bearing registration number 52320.

SGPLL is a holding/ investment company and holds equity shares of SKIL Ports & Logistics Limited.

Shareholding Pattern

As on May 30, 2011 the shareholding pattern of SGPLL is as follows:

Sr. No.	Name of the Shareholder	Number of Equity Shares	% of issued capital
1	Mr. Nikhil Gandhi	1	100.00
	Total	**1**	**100.00**

2. ***Sohar Free Zone LLC***

Sohar Free Zone LLC ("**SFZ**") was incorporated on May 30, 2009 as '*Sohar Free Zone LLC*' and registered with the Ministry of Commerce and Industry, Sultanate of Oman on May 27, 2009, *vide* commercial registration number 1/07017/4.

Sohar Free Zone LLC is engaged in the business, *inter alia*, of designing and developing of Sohar Free Zone.

Shareholding Pattern

As on May 30, 2011the shareholding pattern of SFZ is as follows:

Sr. No.	Name of the Shareholder	Number of Equity Shares	% of issued capital
1.	Sohar International Development Company LLC	857,295	66.67
2.	SKIL	429,395	33.33
	Total	**1,286,690**	**100.00**

3. **SKIL Ports & Logistics Limited**

SKIL Ports & Logistics Limited ("**SPLL**") was incorporated on August 24, 2010 as '*SKIL Ports & Logistics Limited*' under Companies (Guernsey) Law 2008 *vide* Certificate of Incorporation bearing registration number 52321. SPLL is an AIM listed entity.

SPLL is engaged in the business, *inter alia,* of developing, owning and operating port and logistics facilities in India.

Shareholding Pattern

As on May 30, 2011the shareholding pattern of SPLL is as follows:

Sr. No.	Name of the Shareholder	Number of Equity Shares	% of issued capital
1.	SKIL Global Ports & Logistics Limited	12,720,000	28.91
2.	Chase Nominees Limited	8,057,725	18.31
3.	Vidacos Nominees Limited	4,476,035	10.17
4.	State Street Nominees Limited	4,971,922	11.30
5.	Nortrust Nominees Limited	3,491,721	7.94
6.	HSBC Global Custody Nominee (UK)	2,919,506	6.64
7.	K.B. (C.I.) Nominees Limited	2,400,000	5.45
8.	Bbhisl Nominees Limited	958,200	2.18
9.	Pavandeep Singh Bakhshi	880,000	2.00
10.	Other shareholders holding less than 1%	3,124,891	7.10
	Total	**44,000,000**	**100.00**

4. **Karanja Terminal & Logistics (Cyprus) Limited**

Karanja Terminal & Logistics (Cyprus) Limited ("**Karanja Cyprus**") was incorporated on August 31, 2010 as '*Karanja Terminal & Logistics (Cyprus) Limited*' under Companies Law, Cap. 113 as a limited liability company and registered with Registrar of Companies, Republic of Cyprus *vide* Certificate of incorporation bearing number HE272677.

Karanja Cyprus is engaged in the business, *inter alia,* of acting as importers, exporters, sellers, wholesale and retail merchants, distributers, manufactures or producers and general and commission agents of any kinds of clothing and shoes and/or furniture and any other products, merchandise or goods produced or made in any country abroad.

Shareholding Patten

As on May 30, 2011 the shareholding pattern of Karanja Cyprus is as follows:

Sr. No.	Name of the Shareholder	Number of Equity Shares	% of issued capital
1	SKIL Ports & Logistics Limited	5,000	100.00
	Total	**5,000**	**100.00**

Partnership Firm

1. ***M/s. Sea King Marine Services***

M/s. Sea King Marine Services is a partnership firm formed under a partnership deed dated September 1, 1989 entered into by and between Mr. Hitesh Shah and Mr. Prataprai Gandhi (on behalf of M/s Prataprai S. Gandhi HUF), Mr. Bhavesh Gandhi, Ms. Neha Gandhi, Ms. Deepali Desai, Ms Sanjita Doshi, Ms. Kavita Mehta. M/s. Sea King Marine Services has its office at 512, Nav Vyapar Bhavan, 49, P. D'Mello Road, Mumbai – 400 009, Maharashtra, India.

M/s. Sea King Marine Services is engaged in the business, *inter alia*, of manufacturing, importing, supplying iron tubes, metals, spare parts, refrigeration items, hellium gases etc.

Hindu Undivided Families

1. ***M/s. Nikhil P. Gandhi (HUF)***

M/s. Nikhil P. Gandhi (HUF) is a Hindu Undivided Family comprising of Mr. Nikhil Gandhi, Ms. Neha Gandhi, Ms. Akshita Gandhi and Ms. Priyanka Gandhi. M/s. Nikhil P. Gandhi (HUF) has its office at 21, Sagar Villa, 38, Bhullabhai Desai Road, Mumbai – 400 026, Maharashtra, India.

2. ***M/s. Bhavesh P. Gandhi (HUF)***

M/s. Bhavesh P. Gandhi (HUF) is a Hindu Undivided Family comprising of Mr. Bhavesh Gandhi, Ms. Rupali Gandhi, Mr. Ansh Gandhi and Ms. Anushka Gandhi. M/s. Bhavesh P. Gandhi (HUF) has its office at 21, Sagar Villa, 38, Bhullabhai Desai Road, Mumbai – 400 026, Maharashtra, India.

3. ***M/s. Prataprai S. Gandhi (HUF)***

M/s. Prataprai S. Gandhi (HUF) is a Hindu Undivided Family comprising of Mr. Prataprai S. Gandhi, Mr. Nikhil Gandhi, Mr. Bhavesh Gandhi, Ms. Neha Gandhi, Ms. Rupali Gandhi. M/s. Prataprai S. Gandhi (HUF) has its office at 21, Sagar Villa, 38, Bhullabhai Desai Road, Mumbai – 400 026, Maharashtra, India.

Trusts

1. ***Nikhil Prataprai Gandhi Family Trust***

Nikhil Prataprai Gandhi Family Trust ("**Trust**") has been constituted by Mr. Prataprai Gandhi ("**Settlor**") *vide* Trust Deed dated June 7, 2010 for the benefit of Ms. Neha Gandhi, Ms. Akshita Gandhi and Ms. Priyanka Gandhi. The trustees of the Trust are Mr. Nikhil Gandhi and Mr. Bharat Shah.

Other Confirmations

Details of our Group Entities whose names have been struck off the records of the Registrar of Companies

None of our Group Companies have been struck off the record of Registrar of Companies as 'defunct companies' in the last 5 years, except as disclosed hereunder:

Our Subsidiary, Poseidon Infrastructure Limited, has been struck off the record by the Registrar of Companies with effect from January 7, 2011 pursuant to an application under the Easy Exit Scheme, 2010.

Our Group Entities, SKIL Water Projects Private Limited, SKIL Tourism Infrastructure Private Limited have been struck off the record by the Registrar of Companies with effect from April 23, 2011 pursuant to an application under the Easy Exit Scheme, 2011. Our Group Entity, SKIL Himachal Airport Infrastructure Private Limited has been struck off the record by the Registrar of Companies with effect from March 17, 2011 pursuant to an application under the Easy Exit Scheme, 2011.

Our Company has not made an application for the striking- off of any of our Group Companies except as under:

Applications dated April 29, 2011 have been made for the striking off of SKIL Knowledge Park and Management Private Limited, SKIL SEZ Holdings Private Limited and SKIL Water Resources Private Limited from the Register of Companies under the Easy Exit Scheme, 2011 as the said companies have not been carrying on any business activities and do not intend to carry on any business activities in the future.

No action has been initiated by the Registrar of Companies for the striking- off of our Group Companies.

Further, none of our Group Companies have made losses in the preceding one year except as under:

(₹ in mn., unless otherwise stated)

Sr. No.	Name of Group Company	Profit/ (loss) after tax in Fiscal 2010	2009	2008
1.	Pipavav Shipyard Limited	(460.66)	47.26	47.58
2.	Grevek Investments & Finance Private Limited	(6.52)	7.96	12.37
3.	Montana Infrastructure Limited	(7.10)	(1.06)	(0.98)
4.	SKIL Institute of Nursing Private Limited	(0.01)	(0.12)	
5.	Donyipolo Petrochemicals Limited	(0.03)	(0.05)	(0.03)
6.	Metropolitan Overseas Limited	(28.58)	(4.25)	(23.98)
7.	Everonn Infrastructure Limited	(3.56)	-	-
8.	Everonn Skill Development Limited	(12.89)	-	-
9.	Everonn Business Education Limited	(5.30)	-	-
10.	Urban Infrastructure Holdings Private Limited	(18.04)	(152.82)	31.19
11.	Mahakaleshwar Knowledge Infrastructure Private Limited	(2.77)		(0.02)
12.	Chiplun FTWZ Private Limited	(1.99)	0.02	
13.	Dronagiri Infrastructure Private Limited	(0.21)	0.01	3.88
14.	AEG Skill Update Private Limited	(0.01)	(0.05)	-
15.	Shivalik Infrapromoters Private Limited	(0.12)	0.11	(0.01)
16.	Shivalik Project Development Company Private Limited	(0.04)	0.01	
17.	Himland Infrastructure Private Limited	(0.01)	(0.01)	(0.01)
18.	Sohar Free Zone LLC (as on December 31)	(31.87)	(29.17)	-

Group Entities referred to the Board for Industrial & Financial Reconstruction ("BIFR")/ under winding up/having negative net worth

None of our Group Companies have been referred to BIFR or are under winding up. Except for the following companies, none of our Group Companies have negative net worth, in Fiscal 2010:

(i) SKIL Institute of Nursing Private Limited (net worth in Fiscal 2010: ₹(4.20) million)

(₹ in mn.)

Particulars	For the Fiscal		
	2010	2009	2008
Income/Sales	0.00	0	0
Profit (Loss) after Tax	(0.01)	(0.12)	0
Equity share capital	3.00	3.00	0.50
Reserves and surplus(1)	(7.20)	(3.37)	(0.03)
Earnings per share (₹) (2)	(0.03)	(0.41)	0
Diluted Earnings per share (₹)(2)	(0.03)	(0.41)	0
Net asset value or book value per share (₹)(2)	(14.01)	(1.25)	9.5

(1) net of miscellaneous expenses not written off
(2) face value of each equity share is ₹ 10

(ii) Metropolitan Overseas Limited (net worth in Fiscal 2010: ₹(165.41) million)

(₹ in mn.)

Particulars	For the Fiscal		
	2010	2009	2008
Income/Sales	84.92	69.24	127.86
Profit (Loss) after Tax	(28.58)	(4.25)	(23.98)
Equity share capital	62.79	62.79	62.79
Reserves and surplus(1)	(228.20)	(199.63)	(195.39)
Earnings per share (₹)(2)	(4.55)	(0.68)	(3.82)
Diluted Earnings per share (₹)(2)	(4.55)	(0.68)	(3.82)
Net asset value or book value per share (₹)(2)	(26.34)	(21.79)	(21.11)

(1) net of miscellaneous expenses not written off
(2) face value of each equity share is ₹ 10

(iii) Everonn Infrastructure Limited (net worth in Fiscal 2010: ₹(3.06) million)

(₹ in mn.)

Particulars	For the Fiscal
	2010*
Income/Sales	0.00
Profit (Loss) after Tax	(3.56)
Equity share capital	0.50
Reserves and surplus(1)	(3.56)
Earnings per share (₹)(2)	(71.16)
Diluted Earnings per share (₹)(2)	(71.16)
Net asset value or book value per share (₹)(2)	(61.16)

**this entity was incorporated in Fiscal 2010 and accordingly financial information for this entity will not be available for preceding Fiscals.*
(1) net of miscellaneous expenses not written off
(2) face value of each equity share is ₹ 10

(iv) Everonn Business Education Limited (net worth in Fiscal 2010: ₹(4.80) million)

(₹ in mn.)

Particulars	For the Fiscal
	2010*
Income/Sales	0.00
Profit (Loss) after Tax	(5.30)
Equity share capital	0.50
Reserves and surplus (1)	(5.30)

Earnings per share (₹)[2]	(106.05)
Diluted Earnings per share (₹)[2]	(106.05)
Net asset value or book value per share (₹)[2]	(96.05)

**this entity was incorporated in Fiscal 2010 and accordingly financial information for this entity will not be available for preceding Fiscals.*

[1] net of miscellaneous expenses not written off

[2] face value of each equity share is ₹ 10

Common Pursuits / Conflict of interest of Promoters and Group Entities

Several of our Group Entities are engaged in businesses in the industries in which our Company operates. Furthermore, certain of our Group Entities are enabled, by the main objects clause of their memorandum of association, to carry on activities which may be common to the business of our Company. However, our Company carries out its business in the sectors in which it operates, through certain of the Group Entities.

Further, our Company has entered into a relationship agreement dated October 1, 2010 with SKIL Ports and Logistics Limited, SKIL Global Ports and Logistics and Mr. Nikhil Gandhi, to regulate certain aspects of continuing business of the parties thereto, in the ports and port-based logistics sectors. For details thereof, please see the section titled "*History and Certain Corporate Matters*" on page 200.

Related Party Transactions and sales and purchases between our Company and Group Entities/ Subsidiaries/ associate companies

For details of related party transactions entered into by our Company with our Group Companies and/ or Promoter Group entities, please see the section titled "*Related Party Transactions*" of the chapter titled "*Financial Information*" on page 300

Business interest of Group Entities/Subsidiaries/associate companies in our Company

Our Group Entities, Subsidiaries and associate companies do not have any interest in our Company except to the extent of:

(i) The shareholding of such Group Entities, if any, in our Company;
(ii) Properties taken on leasehold basis by our Company from such Group Entities;
(iii) Project development fees payable to our Company by our Group Entities and Subsidiaries, for project management and development services provided by our Company.

Interest of Group Entities in promotion of the Issuer

Our Group Entities have no in interest in the promotion of our Company.

Interest of Group Entities in the properties of the Issuer

Our Group Entities have no interest in the properties acquired by our Company or proposed to be acquired by it within 2 years of the date of this Draft Red Herring Prospectus, except as disclosed in the chapter titled "*Business*" on page 163.

Litigation

For details relating to legal proceedings involving the Promoter and the Group Entities, please see the chapter *"Outstanding Litigation, Material Developments and Other Disclosures"* on page 586.

Payment or Benefit to our Group Entities

Except as stated in the section titled "*Financial Information*" on page 300, there has been no payment of benefits to our Group Companies during the 2 years.

RELATED PARTY TRANSACTIONS

The following is a summary of our Company's related party transactions (consolidated basis) in Fiscals 2008, 2009 and 2010 and for the nine month period ended December 31, 2010:

(₹ in mn.)

Nature of transaction	December 31, 2010	March 31, 2010	March 31, 2009	March 31, 2008
Investment - purchased / allotted during the period	2,693.55	-	1,172.55	405.97
Investment as at	30,201.46	19,948.10	5,318.18	3,743.23
Share application money paid	287.31	700.91	64.28	280.98
Share application money received back	255.00	252.82	-	-
Share application money as at	582.03	549.71	101.62	280.98
Share application money received during the year (Including advance against share application)	3,515.91	2,574.50	995.02	3250.78
Share application money refunded during the year / period	2,567.64	2,161.14	1,395.81	1,729.20
Share application money as at	1,803.11	854.85	1,268.20	1,671.11
Advances given	-	307.58	663.27	394.53
Advances received	26.70	523.54	525.83	230.70
Advances written off	3.59	-	-	-
Advances as at	19.46	155.22	376.39	257.80
Sundry debtors balances as on	23.20	23.20	47.30	-
Income from Project Development Fees (Gross)	-	25.79	47.30	216.66
Deposit as at	0.95		-	-
Rent	0.12		41.97	27.77
Reimbursement of expenses	13.94	11.70	-	-
Managerial remuneration	5.85	9.20	32.50	26.40
Corporate guarantee given	38,048.22	38,713.07	27,760.14	7,632.64

For further details, please see the section titled "*Financial Information*" on page 300.

DIVIDEND POLICY

Dividends, other than interim dividends, may be declared at the AGM of our shareholders based on the recommendation of our Board of Directors. Our Board may, at its discretion, recommend dividends to be paid to the shareholders, considering a number of factors including, without limitation, our Company's future expansion plans and capital requirements, profits earned during the Fiscal, cost of raising funds from alternate sources, liquidity position, applicable taxes including tax on dividend, as well as exemptions under tax laws available to various categories of investors from time to time, legal restrictions, our Articles of Association and other factors considered relevant by the Board of Directors.

In addition, our ability to pay dividends may be impacted by a number of factors, including restrictive covenants under the loan or financing arrangements we may enter into to finance our various projects and also the fund requirements for our projects.

Our Company has not paid any dividend in the past 5 years. The amounts paid as dividend in the past are not necessarily indicative of our dividend policy or dividend amounts, if any, in the future.

SECTION VII – FINANCIAL INFORMATION

FINANCIAL INFORMATION

AUDITORS' REPORT On Consolidated Financial Informations
(As required by Part II of Schedule II of the Companies Act, 1956)

To,
The Board of Directors
SKIL Infrastructure Limited
SKIL House
209, Bank Street Cross Lane
Fort, Mumbai – 400023

Dear Sirs,

1. We, Chaturvedi & Shah (C&S) and Bharat Shah & Associates (BS&A) (Collectively "the Joint Auditors"), have examined the attached Consolidated Financial Information of SKIL Infrastructure Limited, ("the Company") and its subsidiaries, associates and joint venture as stated in Para below (collectively hereinafter referred to as "the Group") as at 31st December, 2010; 31st March, 2010; 31st March, 2009; 31st March, 2008; 31st March, 2007 and 31st March, 2006. This consolidated financial information have been prepared by the Company and approved by the Board of Directors, in accordance with the requirements of:
   a. paragraph B(1) of Part II of Schedule II to the Companies Act, 1956 ("the Act");
   b. the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("the ICDR Regulations"), to the extent applicable and the related clarifications issued by the Securities and Exchange Board of India (SEBI) under section 11 (A) of SEBI Act 1992 as amended to date;

2. We have examined such restated consolidated financial information taking into consideration:
   a. the Guidance Note on Reports in Company Prospectus (Revised) issued by the Institute of Chartered Accountants of India (ICAI); and
   b. the terms of our engagement agreed upon with you in accordance with our engagement letter dated 8th December, 2010 in connection with the offer document being issued by the Company for its proposed Initial Public Offer.

3. The Financial Information is based on the consolidated financial statements of the Group for the years ended on 31st March, 2010, 2009, 2008, 2007 and 2006 audited solely by one of the joint auditors, BS&A, the statutory auditors of the company during those years. Accordingly reliance has been placed by C&S on those financial statements.

4. The Financial Information of the Company as at and for the nine months period ended 31st December, 2010 is based on the Consolidated Financial Statements of the Company jointly audited by us.

5. This report is being issued for incorporating the same in the offer document, to be issued by SKIL Infrastructure Limited in connection with the proposed Initial Public Offer of Equity Shares.

6. **Consolidated Financial Information**:
   i. The Consolidated Financial Information has been extracted by the management from the consolidated financial statements for the period/years ended 31st December 2010, 31st March, 2010, 31st March,2009; 31st March, 2008, 31st March, 2007 and 31st March, 2006 and approved by Board of Directors.
   ii. We did not audit the financial statements of the certain subsidiaries of the Company namely - Poseidon Infrastructure Limited (For the years ended 31st March 2010, 2009, 2008, 2007 and 2006); Gujarat Positra Port Company Limited (For the year ended 31st March 2006); SKIL Himachal Infrastructure & Tourism Limited (For the period/years ended 31st December, 2010, 31st March 2010, 2009, 2008 and 2007); SKIL Singapore Pte Limited (For the period/year ended 31st December 2010 and 31st March 2010); Pipavav Shipyard Limited (For the year ended 31st March 2006) and Emgee Solar Limited (For the year ended 31st March 2006), which reflects total assets, total revenue and net cash flow as mentioned below. These financial statements and other

financial information have been audited by the other auditors whose reports have been furnished to us and, our opinion, in so far as it relates to the amounts included in these Summary statement of Consolidated Assets and Liabilities, as restated, Summary Statement of Consolidated Profits and Losses, as restated and Summary Statement of Consolidated Cash Flows, as restated ("Consolidated Restated Financial Statements") is based solely on the reports of those auditors.

(₹ in mn.)

Particulars	As at and for the period ended 31st December 2010	As at and for the financial years ended 31st March				
		2010	2009	2008	2007	2006
Total Assets	1,034.65	1,094.95	670.50	561.99	188.16	7,418.51
Total Revenues	–	–	–	–	–	–
Net Cash inflow/(outflow)	1.51	2.88	0.48	(2.81)	(5.39)	0.49

iii. The financial statements of certain subsidiaries namely - Gujarat Positra Port Company Ltd (For the years ended 31st March 2008 and 2007); Grevek Investment & Finance Pvt Ltd (For the year ended 31st March 2006); Ganpati Port Warehousing Pvt Ltd (For the year ended 31st March 2006); Awaita Properties Pvt Ltd (For the year ended 31st March 2006); SKIL Shipyard Holdings Pvt Ltd (For the period/years ended 31st December 2010 and 31st March 2010, 2009 and 2008); SKIL Karnataka SEZ Ltd (For the period/year ended 31st December 2010 and 31st March 2010); SKIL Himachal Waknaghat SEZ Private Ltd (For the period/year ended 31st December 2010 and 31st March 2010); SKIL Advance Systems Private Ltd (For the period/year ended 31st December 2010 and 31st March 2010) and SKIL Advance Energy Pvt Ltd (For the period/year ended 31st December 2010 and 31st March 2010), reflecting the total assets, total revenue and net cash flows as mentioned below, were audited solely by one of the joint auditors, BS&A, the statutory auditors of the company during those years and, C&S' opinion, in so far as it relates to the amounts included in these Consolidated Restated Financial Statements is based solely on the reports of BS&A.

(₹ in mn.)

Particulars	As at and for the period ended 31st December 2010	As at and for the financial years ended 31st March				
		2010	2009	2008	2007	2006
Total Assets	2,920.74	1,774.40	0.10	1,062.53	612.45	892.83
Total Revenues	–	–	–	–	–	138.51
Net Cash inflow/(outflow)	1.10	0.61	0.00	(0.08)	(0.02)	(8.63)

iv. The financial statements of Sohar Free Zone LLC, the joint venture company, for the periods ended 31st December 2010 and 2009 as considered in the Consolidated Financial Statements for the period/year ended 31st December 2010 and 31st March 2010 respectively, reflecting total assets, total revenues and net cash flow as mentioned below, have been audited by the other auditors whose reports have been furnished to us and, our opinion, in so far as it relates to the amounts included in these Consolidated Restated Financial Statements is based solely on the reports of the other auditors.

(₹ in mn.)

Particulars	As at and for the period ended 31st December 2010	As at and for the period ended 31st December 2009
Total Assets	172.93	37.13
Total Revenues	1.71	0.16
Net Cash inflow/(outflow)	86.72	20.05

v. We did not audit the financial statements of Horizon Countrywide Logistics Limited; Urban Infrastructure Holdings Pvt Ltd (For the period/year ended 31st December, 2010, 31st March 2009, 2008 and 2007); and Everonn Education Limited (for the period ended 31st December, 2010) the associate companies, whose financial statements reflect group's share of profit/(loss) for the period/years ended on 31st December 2010 and 31st March 2010,2009,2008,2007 and 2006 given below, as considered in the Consolidated Financial Statement. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion, is based solely on their reports.

(₹ in mn.)

Particulars	For the period ended 31st December 2010	For the financial years ended 31st March				
		2010	2009	2008	2007	2006
Group's Share of Profit/(Loss)	15.55	1.18	(50.52)	11.42	(3.28)	-

vi. The financial statement of Gujarat Positra Port Company Limited, the associate company, which reflect group's share of profit/ (loss) for the period/years ended on 31st December 2010, 31st March 2010,2009,2008,2007 and 2006 given below, were audited solely by one of the joint auditors, BS&A, the statutory auditors of the company during those years and, C&S' opinion, in so far as it relates to the amounts included in these Consolidated Restated Financial Statements is based solely on the reports of BS&A.

(₹ in mn.)

Particulars	For the period ended 31st December 2010	For the financial years ended 31st March				
		2010	2009	2008	2007	2006
Group's Share of Profit/(Loss)	0.01	0.01	-	-	-	-

vii. a. We did not audit the financial statements of Pipavav Shipyard Limited (PSL), an associate Company, for the years ended on 31st March 2007 and 2008. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion, is based solely on their reports. The financial statement for the year ended on 31st March 2009 was jointly audited by C&S with other auditor and for the period/ year ended on 31st December 2010 and 31st March 2010 were audited solely byC&S, the statutory auditors of the company during those years and, BS&A's opinion, in so far as it relates to the amounts included in these Consolidated Restated Financial Statements is based solely on the reports of C&S. The group's share of profit/(loss) in respect of PSL is as given below:

(₹ in mn.)

Particulars	For the period ended 31st December 2010	For the financial years ended 31st March				
		2010	2009	2008	2007	2006
Group's Share of Profit/(Loss)	(27.86)	(181.59)	9.27	(8.76)	-	-

b. The financial statement of Urban Infrastructure Holdings Pvt Ltd, the associate company, which reflect group's share of loss for the year ended on 31st March 2010 of ₹ 6.31 millions, was audited solely by one of the joint auditors, C&S, the statutory auditors of the company during those years and, BS&A's opinion, in so far as it relates to the amounts included in these Consolidated Restated Financial Statements is based solely on the reports of C&S.

Consolidated Financial Information

In accordance with the requirements of Paragraph B of Part II of Schedules II of the Act, the ICDR Regulations and terms of our engagement agreed with you, we further report that:

a) The Consolidated Restated Financial Statements of the Group, as at 31st December 2010, 31st March 2010, 31st March 2009, 31st March 2008, 31st March 2007 and 31st March, 2006 examined by us, as set out in **Annexure I, II and III** to this report are after making adjustments and regroupings as in our opinion were appropriate and more fully described in Notes on adjustments for Consolidated Restated Financial Statements, Significant Accounting Policies and Significant Notes on Accounts for Consolidated Restated Financial Statements (Refer Annexure IV, V and VI respectively).

b) Based on above and also reliance placed on the reports submitted by either of the joint auditors, other auditors as mentioned in the Para 3 and 6 above, for the respective years, we are of the opinion that the restated Financial Statements have been made after incorporating;

- The impact arising on account of changes in Accounting Policies adopted by the Group as at and for the nine months period ended 31st December, 2010 applied with retrospective effect in the restated Financial Statements.

- Adjustments for the material amounts in the respective financial years to which they relate; except to the extent stated in Note no. 5 in Annexure IV to this report.

- The qualifications and material adjustments relating to the relevant previous years.

c) There are no extraordinary items which need to be disclosed separately in the restated Consolidated Summary Statements.

In our opinion, the Consolidated Financial Information as disclosed in the Annexures to this report, read with the Notes on Adjustments, Significant Accounting Policies and Significant Notes disclosed in the Annexures IV, V and VI respectively, and after making adjustments and regroupings as considered appropriate and disclosed in Annexure IV, has been prepared in accordance with Part II of Schedule II of the Act and the ICDR Regulations.

Other Financial Information:-

At the Company's request, we have also examined the following Consolidated Financial Information proposed to be included in the offer document prepared by the management and approved by the Board of Directors of the Company and annexed to this report relating to the Company for the nine months period ended 31st December, 2010 and the financial years ended 31st March, 2010, 31st March, 2009, 31st March, 2008, 31st March, 2007 and 31st March, 2006. Further, in respect of the financial years ended 31st March, 2010, 31st March, 2009, 31st March, 2008, 31st March, 2007 and 31st March, 2006 these information have been included based on the Audited Consolidated Financial Statements of the Company audited solely by BS&A and whose reports have been relied upon by C&S for those years:

a. Statement of Other Income, as restated, enclosed as **Annexure VII;**

b. Statement of Sundry Debtors, as restated, enclosed as **Annexure VIII**

c. Statement of Secured Loans, as restated, enclosed as **Annexure IX;**

d. Statement of Unsecured Loans, as restated, enclosed as **Annexure X**;

e. Statement of transactions with Related Parties, enclosed as **Annexure XI;**

f. Statement of Loans and Advances, as Restated, enclosed as **Annexure XII;**

g. Statement of Investments, as Restated, enclosed as **Annexure XIII;**

h. Statement of Accounting Ratios, as Restated, enclosed as **Annexure XIV;**

i. Capitalization Statement, as Restated, enclosed as **Annexure XV;**

j. Statement of Dividend Payout, enclosed as **Annexure XVI**

We have no responsibility to update our report for events and circumstances occurring after the date of the report. This report should not, in any way, be construed as a re – issuance or re – dating of any of the previous audit reports issued by us or by other firm of Chartered Accountants, nor should this report be construed as a new opinion on any of the financial statements referred to herein.

This report is intended solely for use of management and for inclusion in the offer document in connection with the proposed Initial Public Offer of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

Yours faithfully,

For **Chaturvedi & Shah**
Chartered Accountants
Firm Reg. No. – 101720W

R Koria
Partner
Membership No. – 35629

For **Bharat Shah & Associates**
Chartered Accountants
Firm Reg. No. 101249W

Bharat A Shah
Proprietor
Membership No. – 32281

Mumbai
Date: 2nd May, 2011.

CONSOLIDATED RESTATED FINANCIAL INFORMATION OF THE COMPANY

Annexure I

Summary Statement of Consolidated Assets & Liabilities, as restated

(₹ in mn.)

Particulars	As at					
	31st Dec 2010	31st March, 2010	31st March, 2009	31st March, 2008	31st March, 2007	31st March, 2006
(A) Fixed Assets						
Gross Block	232.73	225.07	209.98	106.12	85.06	378.03
Less: Depreciation	81.31	70.81	58.17	46.28	33.89	136.67
Net block	151.42	154.26	151.81	59.84	51.17	241.36
Capital work in Progress (Including Capital Advances)	1,315.27	915.98	331.22	1,331.60	651.66	7,130.14
Total	**1,466.69**	**1,070.24**	**483.03**	**1,391.44**	**702.83**	**7,371.50**
(B) Investments (Refer Note No. 11 of Annexure VI)	32,055.08	21,131.42	6,658.88	4,944.23	4,437.96	1,280.45
(C) Deferred Tax Assets	-	-	-	-	-	13.71
(D) Current Assets, Loans & Advances						
Sundry Debtors	55.53	23.96	47.30	-	-	-
Cash & Bank Balances	188.50	1,087.04	80.46	10.14	10.18	113.54
Loans & advances	1,527.67	1,635.58	1,118.25	796.19	1,479.81	2,785.52
Total	**1,771.70**	**2,746.58**	**1,246.01**	**806.33**	**1,489.99**	**2,899.06**
(E) Liabilities & Provisions						
Secured Loans	14,901.43	6,623.38	1,147.77	535.70	602.90	3,555.79
Unsecured Loans	-	-	-	229.30	229.30	229.30
Current Liabilities	2,775.16	3,749.63	238.78	1,224.32	689.44	3,113.95
Provisions	32.27	44.03	39.97	44.76	12.87	36.01
Shares Application Money	12.33	-	-	-	335.01	729.40
Minority Interest	-	0.01	0.01	335.24	0.02	868.57
Total	**17,721.19**	**10,417.05**	**1,426.53**	**2,369.32**	**1,869.54**	**8,533.02**
(F) Net-worth (A+B+C+D-E)	**17,572.28**	**14,531.19**	**6,961.39**	**4,772.68**	**4,761.24**	**3,031.70**

(G) Networth represented by						
Equity Share capital	2,550.19	2,549.12	2,549.12	2,523.88	2,523.88	550.55
Preference Share capital	2,000.00	2,000.00	2,000.00	-	-	119.20
Reserves and Surplus	14,295.71	9982.28	2,412.44	2,261.37	2,237.51	2,362.08
(Refer Note No. 11 of Annexure VI)						
Less : Debit Balance of Profit & Loss Account	1,273.25	-	-	-	-	-
Less: Miscellaneous expenditure	0.37	0.21	0.17	12.57	0.15	0.13
Net Worth	**17,572.28**	**14,531.19**	**6,961.39**	**4,772.68**	**4,761.24**	**3,031.70**

Note:

The above statement should be read with the notes on adjustments for restated consolidated financial statements, significant accounting policies and significant notes on accounts (as appearing in Annexures IV, V and VI respectively)

Annexure II

Summary Statement of Consolidated Profit and Loss Account, as restated

(₹ in mn.)

Particulars	For the period ended 31st Dec 2010	For the year ended 31st March				
		2010	2009	2008	2007	2006
INCOME						
Project Development Fees	-	23.38	47.30	216.66	100.75	0.94
Other Income	83.92	36.70	50.85	75.99	71.61	214.93
Total Income (A)	**83.92**	**60.08**	**98.15**	**292.65**	**172.36**	**215.87**
EXPENDITURE						
Employee Cost, Administrative and Other Expenses (Net) (B) EExpenses	111.57	45.30	21.37	77.65	85.01	158.09
Loss on disposal of investment in subsidiary (C)	-	-	-	-	51.61	-
Earnings before Interest, Depreciation and Tax (A-B-C) (D)	**(27.65)**	**14.78**	**76.78**	**215.00**	**35.74**	**57.78**
Interest & Finance Charges (E)	1,454.10	8.90	2.23	137.38	30.15	9.84
Depreciation (F)	9.11	11.87	13.63	11.76	12.81	6.86
Profit/(Loss) before Tax (D-E-F)	**(1,490.86)**	**(5.99)**	**60.92**	**65.86**	**(7.22)**	**41.08**
Provision For Tax						
- Current Tax	-	5.64	1.00	68.67	9.50	14.98
- Fringe benefit Tax	-	-	0.95	1.64	2.03	0.93
- Deferred Tax	-	-	-	-	13.21	(0.26)
Net Profit / (Loss) after Tax	**(1,490.86)**	**(11.63)**	**58.97**	**(4.45)**	**(31.96)**	**25.43**
Add/ (Less): Consolidated Share in the Profit/(Loss) of Associates	(12.30)	(186.71)	(41.25)	2.66	(3.28)	-
Less : Minorities Interest	-	-	-	0.21	-	18.41
Net Profit /(Loss) for the period / year ended	**(1,503.16)**	**(198.34)**	**17.72**	**(2.00)**	**(35.24)**	**7.02**
Balance brought forward	229.38	427.72	410.00	412.22	641.47	634.45
Add :Transferred from General Reserve	0.53	-	-	-	-	-
Less :Transfer to Capital Reserve	-	-	-	0.22	-	-
Amount Available for Appropriations						
Appropriations	-	-	-	-	-	-
Utilised for Issue of Bonus Shares	-	-	-	-	(194.01)	-
Balance Carried forward, as restated	**(1,273.25)**	**229.38**	**427.72**	**410.00**	**412.22**	**641.47**

Note: The above statement should be read with the notes on adjustments for restated consolidated financial statements, significant accounting policies and significant notes on accounts (as appearing in Annexures IV, V and VI respectively)

Annexure III

Summary Statement of Consolidated Cash Flow, as restated

(₹ in mn.)

Sr. No.	Particulars	As at 31st Dec 2010	31st March 2010	31st March 2009	31st March 2008	31st March 2007	31st March 2006
A.	**Cash Flow From Operating Activities**						
	Net Profit before tax as Restated	(1,490.86)	(5.99)	60.92	65.86	(7.22)	41.08
	Adjusted for:						
	Depreciation	9.11	11.87	13.63	11.76	12.81	6.86
	Interest Income	(37.41)	(0.12)	(7.45)	(26.38)	-	(0.05)
	Dividend Income	(1.22)	(0.48)	(6.13)	(6.19)	(3.76)	(9.60)
	Gain on Account of Change in Mark to Market Value (Net)	(22.72)	(34.36)	(30.41)	9.93	(0.03)	(0.50)
	Profit on Sale of Investment	(18.94)	-	-	(52.63)	(58.98)	(189.79)
	Loss on Disposal of Investment in Subsidiary	-	-	-	-	51.61	-
	(Profit) / Loss on Sale of Fixed Assets	4.32	0.06	-	0.12	0.13	0.24
	Interest and Financial Charges	1,454.10	8.90	2.23	137.38	30.15	9.84
	Wealth Tax	0.12	0.16	-	-	-	-
	Sundry balances written off / (written back) - (Net)	(1.87)	11.24	0.48	0.74	2.60	-
	Investment Written off	0.50	0.15	-	-	-	-
	Preliminary Expenses	-	-	-	-	-	0.02
	Operating profit before working capital changes	**(104.87)**	**(8.57)**	**33.27**	**140.59**	**27.31**	**(141.90)**
	Adjusted for:						
	Trade & Other Receivables	259.20	523.67	(502.98)	963.74	1,222.44	2,282.40
	Trade Payables	(1,889.88)	2,620.79	(696.74)	532.21	(1,375.16)	2,593.17
	Cash Generated From Operations	**(1,735.55)**	**3,135.89**	**(1,166.45)**	**1,636.54**	**(125.41)**	**4,733.67**
	Direct tax paid	(2.99)	(12.62)	(12.64)	(46.34)	(34.29)	(20.00)
	Net Cash Flow From /(used in) Operating Activities	**(1,738.54)**	**3,123.27**	**(1,179.09)**	**1,590.20**	**(159.70)**	**4,713.67**
B.	**Cash Flow From Investing Activities**						
	Purchase of fixed assets & Capital Work-in-Progress	(410.00)	(600.69)	(52.28)	(701.24)	(556.16)	-
	Sale of fixed assets	0.12	0.27	-	0.10	0.13	(0.24)
	Advances towards share application money	(193.15)	(1,021.14)	-	(318.19)	-	-
	Advances towards share application money Refund back	-	-	57.88	-	-	-
	Investment	(6,469.51)	(6,925.25)	(1,373.28)	(1,015.96)	(3,961.50)	(5,968.34)
	Disposal of Investment in Subsidiary & Associates	-	-	-	-	37.50	-
	Sale of Investments	80.70	70.00	-	626.19	3,691.15	-
	Dividend Income	1.22	0.07	6.13	6.19	3.76	9.60

	Interest Income	37.41	0.12	7.45	26.38	-	0.05
	Net Cash Flow from/ (used in) Investing Activities	(6,953.21)	(8,476.62)	(1,354.10)	(1,376.53)	(785.12)	(5,958.93)
C.	**Cash Flow From Financing Activities**						
	Issue of Preference Shares	-	-	2,000.00	-	-	-
	Proceeds against issue of share capital	999.03	854.86	-	-	335.01	-
	Proceeds from Long Term Borrowing	6,413.62	6,605.57	1,080.52	25.90	591.35	1,368.77
	Repayment of Long Term Borrowing	(0.26)	(1,129.95)	(467.51)	(93.10)	(39.86)	-
	Short Term Borrowings (Net)	1,500.00	-	-	-	-	-
	Share Issue Expenses	(0.14)	(0.04)	(7.92)	(12.42)	(0.02)	-
	Interest & Financial Charges	(1,119.04)	29.49	(1.58)	(134.09)	(33.61)	(13.24)
	Net Cash flow from /(Used in) Financing Activities	**7,793.21**	**6,359.93**	**2,603.51**	**(213.71)**	**852.87**	**1,355.53**
	Net (decrease) / increase in cash & cash equivalents (A+B+C)	**(898.54)**	**1,006.58**	**70.32**	**(0.04)**	**(91.95)**	**110.27**
	Cash & Cash equivalents (Opening)	1,087.04	80.46	10.14	10.18	113.54	3.27
	Less : Opening balance of Cash & Cash equivalents in respect of Subsidiary disposed during the year	-	-	-	-	11.41	-
	Cash & Cash equivalents (Closing)	188.50	1,087.04	80.46	10.14	10.18	113.54
	Components of Cash & Cash Equivalents						
	Cash in hands	1.90	1.28	0.51	0.40	0.52	10.75
	Balance with Banks						
	- Current Account	186.60	1,083.25	4.82	9.61	9.66	102.79
	- Fixed Deposit Account	-	2.51	75.13	0.13*	-	-
		188.50	1,087.04	80.46	10.14	10.18	113.54

Note:

1. The above cash flow statement has been prepared under the "Indirect Method" as set out in Accounting Standard 3 – Cash Flow Statements.
2. Figures in brackets indicate Outflows.

*Represent Fixed Deposits pledge with Banks as margin for Bank Guarantee

Annexure IV

Notes on Adjustments made for Restated Consolidated Financial Statements

Note 1 :Adjustments on account of Prior Period Items :

In the financial statement for the period ended 31st December 2010 certain items of expenses have been identified as Prior Period Items. For the purpose of restated consolidated financial statements, such prior period items have appropriately been adjusted in the respective years as per details mentioned below:

(₹ in mn.)

Adjustments made in Restated Profit & Loss Account	For the period ended 31st Dec , 2010	For the year ended 31st March				
		2010	2009	2008	2007	2006
Profit/(loss) after tax as per Consolidated Audited Financial Statements	**(1,513.81)**	**(197.79)**	**17.72**	**8.10**	**(35.24)**	**7.02**
Adjustments on account of:						
Prior Period Item [(Expenses)/Income]						
Employee, Administrative, Selling and Other Expenses	0.50	(0.50)	-	-	-	-
Interest and Financial Charges	0.05	(0.05)	-	-	-	-
Provision For Tax - Current Tax	10.10	-	-	(10.10)	-	-
Total Adjustments	**10.65**	**(0.55)**	**-**	**(10.10)**	**-**	**-**
Tax impact on Adjustments*	-	-	-	-	-	-
Profit after tax as per Restated Consolidated Financial Statements	(1,503.16)	(198.34)	17.72	(2.00)	(35.24)	7.02

*Since the Company has not claimed the deductions in respect of Prior Period Items by filing the revised return of income tax. Tax on adjustments has been considered Nil.

Note 2:-Balance in Profit & Loss Account as at 1st April, 2005 as Restated

Due to the accounting of Financial Assets and Financial Liabilities as per the Accounting Standard 30 & 31 and Prior Period items as mentioned in Note 1 above, the balance in Profit & Loss Account as at 1st April 2005 have been restated as per the following details:

(₹ in mn.)

Particulars	Amount
Balance in Profit & Loss Account as at 1st April, 2005, as per audited financial statements	598.12
Increase/(Decrease) in the accumulated profit as at 1st April, 2005 as a result of-	
Dividend payable on Preference Shares and consequent dividend tax written back	56.29
Administrative, Selling and Other Expenses	(18.54)
Income tax relating to earlier years	(1.42)
Balance in Profit & Loss Account as at 1st April, 2005 as restated	**634.45**

The above information should be read along with significant accounting policies appearing in Annexure V, together with notes on adjustments as appearing in Annexure IV.

Note 3: Material Regrouping:

a) **Share Application Money:**

The Share application monies given to various project companies, which were forming part of "Investments" until the financial year ended on 31st March 2009, have been regrouped to "Advances recoverable in cash or in kind or for value to be received" from the Financial year 2009-10. Accordingly the Share application monies whenever given have been regrouped to Advances recoverable in cash or in kind or for value to be received. However, due to above change, there was no impact on the Profits/(Losses) of the Company.

b) Investment in Liquid Mutual Funds

Investments in Liquid Mutual Funds which were clubbed under "Loans and Advances" upto the financial year 2006-07, have been regrouped to "Investments" from the financial year 2007-08. Accordingly whenever the Company has invested any amount in the Liquid Mutual Funds during all the periods covered, the same has been considered forming part of investments. This regrouping has no Impact on the Profits/ (Losses) of the Company.

c) Long Terms Investments

Upto the financial year ended on 31st March, 2009, long term investments in certain quoted securities was forming part of "Stock in Trade". Since the same were long term in nature and included the Company's investment in one of the associate concern of the Company the same have been regrouped to "Investments – available for sale" from the financial year 2009-10. Accordingly all the long-term investments during the reporting periods have been considered as part of "Investments". In view of early adoption of AS 30 the reclassification of Investments has not impacted Profits/ (Losses) of the Company.

d) Advances on Capital Account

The advances on account of purchase of capital items, which were forming part of "Advances recoverable in cash or in kind or for value to be received" until the financial year 2008-09, have been regrouped to Capital Work In Progress from the financial year 2009-10. The effects of such changes have been given retrospectively. However there was no impact on the Profits/(Losses) of the Company.

Note 4 : Non-Adjustments

Gratuity

From the year ended 31st March 2010, the Company had accounted for its gratuity liability based on an actuarial valuation determined by the actuary on the Projected Unit Credit Method consequent to adoption of Accounting Standard - 15 on "Employee Benefits" (Revised 2005). However necessary adjustments and disclosures for the prior periods have not been made due to non availability of relevant data for those periods.

Note 5 : Auditors Qualification:

There were no audit qualifications during any of the period/years, which required any corrective adjustments in the financial information.

The audit qualification which does not require any corrective adjustment in the restated consolidated financial statements are as under:

i. **In respect of Grevek Investment & Finance Pvt. Ltd.**

For the year ended 31st March, 2006

CARO 2006:-

- **Clause - viii**

  According to the information and explanation given to us, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, income tax, sales tax, wealth tax, customs duty, excise duty, cess and other material statutory dues applicable to it. As informed to us there are no undisputed payment in respect of aforesaid dues as on 31st March, 2006, for the period of more than six months from the date they became payable by the Company, except for an Income Tax Liability of ₹ 2.95 millions which is for the Income Tax Block Period (A.Y-1989-90 to A.Y-1999-2000).

ii. **In respect of Sohar free Zone LLC**

For the year ended 31st December 2010 –

The auditor in their Auditor's Report have drawn attention to the following Note:

"At 31st December 2010, the Company had accumulated losses of RO 509,350 (2009: RO 241,358) and the current liabilities exceeded current assets by RO 861,809 (2009: RO 147,866). The Shareholders have confirmed their financial support to the Company to meet the liabilities as they fall due. Accordingly, the financial statements have been prepared under going concern basis."

Annexure V

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES FOR RESTATED CONSOLIDATED FINANCIAL STATEMENTS

1. Principles of Consolidation :

The consolidated financial statements relate to the SKIL Infrastructure Limited ('the Company') and its subsidiary companies, joint ventures and associate companies. The consolidated financial statements have been prepared on the following basis:

a. The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together the values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions in accordance with Accounting Standard (AS) 21 – " Consolidated Financial Statements".

b. Interest in Joint Ventures has been accounted by using the proportionate consolidation method as per Accounting Standard (AS) 27 – "Financial Reporting of Interest in Joint Ventures".

c. The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances with certain exceptions mentioned in Note No. 5 in the Annexure VI and are presented to the extent possible, in the same manner as the Company's separate financial statements.

d. The difference between the cost of investments in the subsidiaries over the net assets at the time of acquisition of shares in the subsidiaries is recognised in the financial statements as Goodwill, which is not being ammortised, or Capital Reserve as the Case may be.

e. The difference between the proceeds from disposal of investment in subsidiaries and the carrying amount of its assets less liabilities as of the date of disposal is recognised in the Consolidated statement of Profit and Loss account being the profit or loss on disposal of investment in subsidiary.

f. Minority Interest's share of net profit of consolidated financial statements for the period is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.

g. Minority Interest's share of net assets of consolidated subsidiaries is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Company's shareholders.

h. In case of associates where the Company directly or indirectly through subsidiaries holds more than 20% of equity, investments in associates are accounted for using equity method in accordance with Accounting Standard (AS) 23 – "Accounting for Investments in associates in Consolidated Financial Statements".

i. The Company accounts for its share in the change in the net assets of the associates, post acquisition, after eliminating unrealized profits and losses resulting from transaction between the Company and its associate to the extent of its share, through its profit and loss account to the extent such change is attributable to the associates' profit and loss account and through its reserves for the balance, based on available information.

j. Financial statements of Foreign Subsidiary and Joint Ventures have been converted in Indian Rupees at following Exchange Rates:

   i. Revenues and Expenses: At the Average of the period

   ii. Assets and Liabilities: At the end of the period

   The resultant translation exchange difference has been transferred to Foreign Currency Translation Reserve.

2. OTHER SIGNIFICANT ACCOUNTING POLICIES :

a. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Financial Statements are prepared as a going concern under historical cost convention on an accrual basis and in accordance with the companies Act, 1956, except those items covered under "Accounting standard – 30" on "Financial Instruments: Recognition and Measurement" which have been measured at their fair value.

b. USE OF ESTIMATES

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known / materialised.

c. FIXED ASSETS

Fixed Assets are stated at cost of acquisition including expenses incidental to their acquisition less accumulated depreciation & impairment.

d. DEPRECIATION

Depreciation on Fixed Assets is provided on the Written Down Value Method, at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

e. INVESTMENTS

i. Investments are classified as investments in Subsidiaries, Associates, Joint Ventures, Available for Sale, Held for Trading and Held to Maturity within the meaning of Accounting Standard 30 on "Financial Instruments: Recognition and Measurement" read with the limited revisions of Accounting Standard 21 on Consolidated Financial Statements, Accounting Standard 23 on Accounting for

Investments in Associates & Accounting Standard 27 on Financial Reporting of Interest in Joint Ventures.

ii. Investments are recorded as Long Term Investments unless they are expected to be sold within one year. Investments in subsidiaries, associates (other than those classified as available for sale), joint venture and in unquoted shares are valued at cost less any provision for impairment. Investments are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable.

iii. Investments classified as Available for Sale (that have a market price) are initially recorded at cost and then remeasured at subsequent reporting dates to fair value. Unrealised gains/losses on such investments are recognised directly in Investment Revaluation Reserve Account. At the time of disposal, derecognition or impairment of the investments, cumulative gain or loss previously recognised in the Investment Revaluation Reserve Account is recognised in the Profit & Loss Account.

iv. Investments classified as Held for Trading that have a market price are measured at fair value & gain/loss arising on account of fair valuation is routed through Profit and Loss account & those that do not have a market price and whose fair value cannot be reliably measured are carried at cost.

v. Investments classified as Held to Maturity are measured at amortised cost using an effective interest method.

f. BORROWING COST:

Borrowing Cost that are directly attributable to the acquisition or construction of qualifying assets (net of income earned on temporary deployment of funds) are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial periods of time to get ready for intended use. All other borrowing costs are charged to revenue.

g. REVENUE RECOGNITION

i. Income from Consultancy and Infrastructure Project Services are Recognised in accordance with the Contract/Agreement entered into. Revenues are recognised when it is earned and no significant uncertainty exists as to its ultimate collection and includes, service tax, wherever applicable.

ii. Interest income is recognised on a time proportion basis. Dividend is considered when the right to receive is established

h. EMPLOYEE BENEFITS

i. Short term employee benefits are recognized as an expense at the undiscounted amount in the Profit and Loss Account of the year in which related service is rendered.

ii. Post employment and other long term employee benefits are recognized as an expense in the Profit & Loss account for the year in which the employee has rendered services. The expenses are recognized at the present value of the amount payable determined using the actuarial valuation techniques. Actuarial gain and losses in respect of post employment and other long term benefits are charged to Profit & Loss Account.

i. IMPAIRMENT OF ASSETS

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

j. FOREIGN CURRENCY TRANSACTIONS:

i. Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing on the date of the transaction.

ii. Monetary items denominated in foreign currencies at the year end are restated at year end rates. In case of monetary items which are hedged by derivative instruments, the valuation is done as per "Accounting Standard – 30", Financial Instruments: Recognition and Measurement" read with accounting policy on derivative instruments. The fair value of foreign currency contracts are calculated with reference to current forward exchange rates for the contracts with similar maturity profile.

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

iv. Any income or expense on account of exchange difference either on settlement or on translation is recognised in the Profit & Loss Account.

k. DERIVATIVE INSTRUMENTS:

Derivative financial instruments are initially recorded at their fair value on the date of the derivative transaction and are re-measured at their fair value at subsequent balance sheet dates. Changes in the fair value of derivatives are recorded in the Profit & Loss account.

l. PROVISION, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

m. PROVISION FOR CURRENT AND DEFERRED TAX

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961. Deferred tax resulting from "timing differences" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognised and carried forward only to the extent that there is a virtual certainty that the asset will be realized in future.

n. PRELIMINARY AND ISSUE EXPENSES

Preliminary and Expenses related to issue of equity and equity related instruments are adjusted against Securities Premium Account.

Annexure VI

Significant Notes on Accounts for Restated Consolidated Financial Statements:

1. The Subsidiary Companies considered in the restated consolidated financial statements are:

Name of the Subsidiaries	Country of Incorporation	Percentage of Ownership Interest as at (%) As at 31st Dec 2010	31st March 2010	31st March 2009	31st March 2008	31st March 2007	31st March 2006
Poseidon Infrastructure Ltd	India	#	100.00	100.00	100.00	100.00	100.00
SKIL Karnataka SEZ Ltd	India	100.00	100.00	-	-	-	-
SKIL Himachal Waknaghat SEZ Pvt Ltd	India	100.00	100.00	-	-	-	-
SKIL Advanced Systems Pvt Ltd	India	100.00	100.00	-	-	-	-
SKIL Advance Energy Pvt Ltd.	India	100.00	100.00	-	-	-	-
SKIL (Singapore) Pte Ltd	Singapore	100.00	99.99	-	-	-	-
SKIL Shipyard Holdings Pvt Ltd	India	100.00	99.98	99.98	99.98	-	-
SKIL Himachal Infrastructure & Tourism Ltd	India	100.00	99.99	99.99	98.60	98.60	-
SKIL Strategic Deterrence Systems Pvt. Ltd.	India	100.00	-	-	-	-	-
Energy India Corporation Ltd.	India	76.00	-	-	-	-	-
Gujarat Positra Port Company Ltd	India	-	-	-	54.50	98.60	98.60
Grevek Investment and Finance Pvt Ltd	India	-	-	-	-	-	75.00
Pipavav Shipyard Ltd	India	-	-	-	-	-	71.16
Emgee Solar Ltd @	India	-	-	-	-	-	74.92
Ganpati Port Warehousing Pvt Ltd @	India	-	-	-	-	-	74.85
Awaita Properties Pvt Ltd @	India	-	-	-	-	-	71.94

In view of Ministry of Company Affairs' approval *vide* its letter dated 21st March 2011, Poseidon Infrastructure Limited (PIL) has been dissolved and its name has been struck off the register. Consequently the Company's investments in to and advances given to PIL aggregating to ₹ 0.5 Million and ₹ 0.7 Million respectively have been written off.
@ Step down Subsidiaries.

2. The Associates / Joint Venture considered in the consolidated financial statements are:

Name of the Associates/JV	Country of Incorporation	Percentage of Ownership Interest as at (%) 31st Dec 2010	31st March 2010	31st March 2009	31st March 2008	31st March 2007	31st March, 2006
Pipavav Shipyard Limited	India	43.14	37.70	20.96	20.99	41.99	-
Gujarat Positra Port Company Limited	India	48.39	48.39	48.39	-	-	-
Horizon Countrywide Logistics Limited	India	46.40	46.40	46.40	50.04	-	-
Urban Infrastructure Holding Private	India	35.00	35.00	35.00	35.00	24.50	-

Limited							
Everonn Education Ltd.	India	21.02	-	-	-	-	-
Sohar Free Zone LLC (Jointly Controlled Entity)	Sultanate of Oman	33.33	33.33*	-	-	-	-

*Audited Financial statements for the year ended 31st December 2009 have been considered.

3. During the period ended 31st December 2010, the Company purchased 6,850,000 equity shares of ₹ 10 each of New Horizon India Limited (NHIL) constituting more than 20% of the paid-up equity share capital of NHIL. Subsequently in the month of February 2011, the Company disinvested 1,850,000 equity shares of NHIL at cost resulting in the Company's holding in NHIL being reduced below 20% and accordingly NHIL has not been considered as an associate for the purpose of Consolidated Accounts.

4. In respect of Jointly Controlled Entity, the Company's share of assets, liabilities, income and expenditure of the joint venture Company is as follows:

(₹ in mn.)

Particulars	As at 31st Dec 2010	As at 31st December 2009	As at 31st March 2009	As at 31st March 2008	As at 31st March 2007	As at 31st March 2006
Assets						
- Long Term Assets	63.83	16.33	-	-	-	-
- Current Assets	109.10	20.80	-	-	-	-
Liabilities						
- Current Liabilities & Provisions	142.65	26.74	-	-	-	-
Income	1.71	0.16	-	-	-	-
Expenses	12.34	9.91	-	-	-	-

5. The audited financial statements of SKIL (Singapore) Pte Ltd. (foreign subsidiary) and audited financial statements of Sohar Free Zone LLC (joint ventures) are general purpose financial statements which have been prepared in accordance with Generally Accepted Accounting Principles and complies with other requirements of the law of the Countries in which these Companies are incorporated. The financial statements of foreign subsidiary reflect total income of ₹ Nil (Previous year ₹ 0.09 Million) and total expenditure of ₹ 0.10Million (Previous year ₹ Nil) for the period ended 31st December 2010 and total assets of ₹ Nil (Previous year ₹ Nil) and total liabilities of ₹ 0.10 Million (Previous year ₹ Nil) as at 31st December 2010 and joint venture reflect total income of ₹ 1.71 Million (Previous year ₹ 0.16 Million) and total expenditure of ₹ 12.34 Million (Previous year ₹ 9.91 Million) for the period ended 31st December 2010 and total assets of ₹ 172.93 Million (Previous year ₹ 37.13 Million) and total liabilities of ₹ 142.65 Million (Previous year ₹ 26.74 Million) as at 31st December, 2010. The proportion of above income, expenditure, assets and liabilities are 2.04%, 0.79%, 0.52% & 0.81% (previous year 0.42%, 15.12%, 0.15% & 0.71%), respectively, to the consolidated financial statements.

6. The carrying amount of investments in associates is net of/includes:

(₹ in mn.)

Particulars	As at					
	31st Dec 2010	31st March 2010	31st March 2009	31st March 2008	31st March 2007	31st March 2006
Goodwill	6,472.04	3,826.27	278.48	278.48	195.28	-

Particulars	As at					
	31st Dec 2010	31st March 2010	31st March 2009	31st March 2008	31st March 2007	31st March 2006
Capital Reserves	125.01	125.01	125.01	0.51	-	-

7. **CONTINGENT LIABILITIES:**

(₹ in mn.)

	Particulars	As at					
		31st Dec 2010	31st Mar 2010	31st Mar 2009	31st Mar 2008	31st Mar 2007	31st Mar 2006
i.	Corporate guarantees given on behalf of others.	39,052.36	40,713.07	28,246.33	8,461.00	5,680.00	6,200.00
	(No Cash Out Flow is expected)						
ii.	Demands not acknowledged as Debts						
	Income Tax	52.00	13.63	-	-	-	-
	(No Cash Outflow is expected in the near future)						

8. Capital Commitment:

(₹ in mn.)

Particulars	As at					
	31st Dec 2010	31st Mar 2010	31st Mar 2009	31st Mar 2008	31st Mar 2007	31st Mar 2006
Estimated amount of contracts remaining to be executed on Capital Accounts and not provided for (Net of Advances). (Cash flow is expected on execution of such Capital Contracts on Progressive basis)	116.26	159.75	-	-	-	-

9. **EMPLOYEE BENEFITS:**

As per Accounting Standard 15 "Employee Benefits" the disclosure of employee benefits as defined in the accounting standards are given below:

Defined Contribution Plan

(₹ in mn.)

Particulars	For the period ended December 31, 2010	For the year ended 31st March				
		2010	2009	2008	2007	2006
Employers Contribution to Provident Fund & Pension Fund	0.17	0.17	0.17	0.15	0.09	–

Defined Benefit Plan

The employees Gratuity Fund Scheme of the Company is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

a) Reconciliation of opening and closing balances of the present value of the defined benefit obligation.

(₹ in mn.)

Particulars	Gratuity Unfunded	
	As at 31st Dec 2010	**As at 31st March 2010**
Defined Benefit Obligation at beginning of the period/year	5.01	-
Current & Past Service Cost	1.57	3.02
Current Interest Cost	0.31	-
Actuarial (Gain) / Loss	(0.49)	1.99
Benefits paid	-	-
Defined Benefit Obligation at end of the period/year	6.40	5.01

b) Reconciliation of Present Value of Obligation and Fair Value of Plan Assets

(₹ in mn.)

Particulars	Gratuity Unfunded	
	As at 31st Dec 2010	**As at 31st March 2010**
Fair Value of Plan Assets at the end of the period/ year	-	-
Present Value of Defined Benefit Obligation at end of the period/ year	6.40	5.01
Liabilities / (Assets) recognised in the Balance Sheet	6.40	5.01

c) Expenses recognised during the year

(₹ in mn.)

Particulars	Gratuity Unfunded	
	For the period ended 31st Dec 2010	**For the year ended 31st March 2010**
Current & Past Service Cost	1.57	3.02
Interest Cost	0.31	-
Expected Return on Plan Assets	-	-
Actuarial (Gain) / Loss	(0.49)	1.99
Effect of the limit in Para 59(b)	-	-
Net Cost Recognised in Profit and Loss Account	1.39	5.01

d) Assumptions used to determine the defined benefit obligations

Particulars	Gratuity unfunded	
	For the period/ year Ended	
	31st Dec 2010	**31st March 2010**
Mortality Table (LIC)	(1994–96 ultimate)	
Discount Rate (p.a.)	8.15%	8.00%
Expected Rate of increase in Salary (p.a.)	10.00%	10.00%

The estimates of rate of increase in salary considered in actuarial valuation, taking into account, inflation, seniority, promotion, attrition and other relevant factors including supply and demand in the employment market. The above information is as certified by Actuary.

10. **Segment Reporting**

The Company's activities predominantly revolve around Investment in and Development of Infrastructure Projects and hence considering the nature of Company's business and operations, there is only one reportable segment (business and / or geographical) in accordance with the requirements of the Accounting Standard 17 – "Segment Reporting" notified in the Companies (Accounting Standards) Rules 2006.

11. The Company has chosen to early adopt 'Accounting Standard – 30', 'Financial Instruments: Recognition and Measurement' in its entirety read with limited revisions in various other Accounting Standard as published by ICAI. Accordingly all the financial assets and financial liabilities and derivatives have been re–measured at their respective fair values as against cost or market value whichever is lower. Coterminous with this, in the spirit of complete adoption, the Company has also implemented the consequential limited revisions in view of AS – 30 to 'Accounting Standard – 13' on 'Accounting for Investments', 'Accounting Standard – 21' on 'Consolidated Financial Statements and Accounting for Investments in Subsidiaries in Separate Financial Statements', 'Accounting Standard – 23' on 'Accounting for Investments in Associates' and 'Accounting Standard – 27' on 'Financial Reporting of Interests in Joint Ventures' as have been announced by the ICAI. As a result the Company has changed the designation and measurement of all its significant financial assets and liabilities. The effect of above change in accounting policy has resulted as under:

i. The resulting gain as at 1st April 2005 amounting to ₹ 0.83 millions has been credited to General Reserves in accordance with transitional provisions. The gain/loss on account of mark to market of Investment held for trading accounted in the respective years is as follows:-

(₹ in mn.)

Particulars	As at					
	31st Dec 2010	31st March 2010	31st March 2009	31st March 2008	31st March 2007	31st March 2006
Mark to market Gain (Loss)	22.72	34.36	30.41	(9.93)	0.03	0.50

ii. The resulting gain on fair valuation of investment available for sale has been transferred to Investment Revaluation Reserve Account. The balance in the Investment Revaluation Reserve Account as at the end of the reporting periods is as follows:

(₹ in mn.)

Particulars	As at					
	31st Dec 2010	31st March 2010	31st March 2009	31st March 2008	31st March 2007	31st March 2006
Balance in Investment Revaluation Reserve Account	14,075.76	9,569.79	1,800.44	1,850.64	1,779.49	-

iii. Investment being higher by following amounts over its cost :

(₹ in mn.)

Particulars	As at					
	31st Dec 2010	31st March 2010	31st March 2009	31st March 2008	31st March 2007	31st March 2006
Amount by which Investments are carried above their cost	14,146.87	9,617.30	1,813.59	1,833.37	1,778.51	1.03

12. During the financial year 2005-06, the Company had sold part of investment in Mumbai Integrated Special Economic Zone Projects. The project being infrastructure compliant, the net resultant gains arising on account of this is directly transferred to Capital Reserve. The Company also, during the year sold part of its holding in Pipavav Shipyard Limited and the difference between the book value and sale price has been adjusted in Capital Reserve. Further, the net loss on account of Pipavav LNG transaction is also adjusted in Capital Reserve Account.

13. In Pipavav Shipyard Limited, during the Financial Year 2005-06, the penalty proceedings initiated by Department of Revenue Intelligence, Jamnagar (DRI), who inter-alia placed under seizure certain imported machineries, is under adjudication. As per the legal advice, the penalty proceedings against the Company may not be maintainable. Under the circumstances, liability if any, is neither quantified nor provided for. The contention of the management in this regard was relied upon by the Auditors.

14. During the period ended 31st December 2010 the Company has invested in the equity share warrants of Pipavav Shipyard Ltd., an associate of the Company, having face value of ₹ 99.10 each, in which respect the Company will have to pay ₹ 1,873.96 million as and when the option is exercised.

15. During the Financial Year 2006-07, the Company had issued 183,333,150 equity shares as fully paid-up bonus shares by way of Capitalisation of Reserve & Surplus.

16. Each Compulsory Convertible Preference Shares (CCPS) outstanding as at 31st December, 2010 shall be converted into 184.74 equity shares of ₹ 10/–each by 1st April 2013 or at the option of CCPS Holders on any date or 5 days prior to the date of filing of Draft Red Herring Prospectus or on the date on which the Company raises at least US Dollar 100,000,000 by further issue of equity or equity–linked securities, whichever is earlier, subject to adjustments for the valuation milestones, stock/share splits, issuance of bonus shares, issue of shares on a rights basis, from the date of subscription to the date of conversion of CCPS and thereafter adjustment for time & value at which equity, if any, is placed to other investors until IPO.

17. **Deferred Tax Liability / (Asset)**

As required by Accounting Standard 22 on "Accounting for Taxes on Income" Deferred Tax comprises of the following items:

(₹ in mn.)

Particulars	As at					
	31st Dec 2010	31st March 2010	31st March 2009	31st March 2008	31st March 2007	31st March 2006
Deferred Tax Liabilities						
- related to the Fixed Assets	-	-	-	-	0.01	0.41
Total	-	-	-	-	**0.01**	**0.41**
Deferred Tax Assets						
- related to the Fixed Assets	8.34	4.05	3.09	2.03	0.83	0.83
-Disallowance under Income Tax	2.13	1.66	1.03	0.12	1.99	13.29
Total	10.47	5.71	4.12	2.15	2.82	14.12
Net Deferred Tax Liability / (Assets)	**(10.47)**	**(5.71)**	**(4.12)**	**(2.15)**	**(2.81)**	**(13.71)**

As at 31st December 2010, 31st March 2010, 2009, 2008 and 2007 the Company had Net Deferred Tax Assets, however in the absence of virtual certainty that sufficient future Taxable Income will be available against which Deferred Tax Assets can be realized, the same has not been recognised in the books of account in line with Accounting Standard 22 dealing with Accounting for Taxes on Income.

18. Details of Capital Work In Progress (CWIP):

i. CWIP Includes:

(₹ in mn.)

Particulars	As at 31st December 2010	As at 31st March,				
		2010	2009	2008	2007	2006
Capital Advances	130.51	4.93	-	134.68	-	-
Pre-operative Expenses (Refer para (ii) below)	1,184.76	911.05	331.22	350.87	70.48	2,249.09
Other	-	-	-	846.05	581.18	4,881.05
TOTAL	**1,315.27**	**915.98**	**331.22**	**1,331.60**	**651.66**	**7,130.14**

ii. Period/Year-wise breakup of Preoperative expenses pending capitalisation is as follows:

(₹ in mn.)

Particulars	For the Period ended 31st December 2010	For the Year Ended 31st March,				
		2010	2009	2008	2007	2006
Opening Balance	**911.05**	**331.22**	**350.87**	**70.48**	**2,249.09**	**1,779.29**
Add: On Acquisition of Subsidiary/Joint Venture	24.58	82.90	-	-	8.90	-
Add: Incurred during the Period/Year						
Business Promotion expenses	7.58	14.14	4.33	9.37	5.54	0.43
Interest and finance charges	1.80	285.29	0.61	0.23	0.10	360.15
Vehicle hire charges	1.94	2.89	-	0.02	-	-
Depreciation	1.27	1.27	1.14	0.62	0.15	11.05

Particulars	For the Period ended 31st December 2010	For the Year Ended 31st March,				
		2010	2009	2008	2007	2006
Employee Cost	59.90	45.43	30.49	49.53	2.53	8.18
Insurance expenses	-	0.02	-	-	-	4.35
Legal and Professional fees	93.73	57.29	16.23	115.88	22.58	16.59
Rent	9.59	9.99	9.08	44.50	2.87	0.05
Repair and maintenance	3.17	3.76	3.03	1.34	-	-
Communication expenses	2.79	3.22	3.63	4.58	2.11	-
Travelling expenses	15.78	44.28	4.17	35.53	15.78	4.07
Preference Share redemption premium	-	-	-	-	-	34.74
Other expenses	51.58	29.35	5.84	18.79	1.26	30.19
Total	**249.13**	**496.93**	**78.55**	**280.39**	**52.92**	**469.80**
Less : on account of disposal of subsidiary	-	-	98.20	-	2,240.43	-
Pre-operative Expenses – Closing Balance	**1,184.76**	**911.05**	**331.22**	**350.87**	**70.48**	**2,249.09**

19. In accordance with the Accounting Standard (AS - 28) on "Impairment of Assets" the Management during the year carried out an exercise of identifying the asset that may have been impaired in respect of each cash generating unit. On the basis of this review carried out by the Management, there was no impairment loss on Fixed Assets during the period ended 31st December 2010.

20. The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary. Amounts and other disclosures for the preceding year are included as an integral part of the current year consolidated financial statements and are to be read in relation to the amounts and other disclosures relating to the current year.

Annexure VII

Statement of other Income (Consolidated) as restated:-

(₹ in mn.)

Particulars	For the period ended 31st Dec 2010	For the years ended 31st March				
		2010	2009	2008	2007	2006
Recurring:-						
Dividend	1.22	0.48	6.13	6.19	3.76	9.60
Gain on Mark to Market of Current Investments	22.72	34.36	30.41	(9.93)	0.03	0.50
Profit on sale of Current Investments	18.94	-	-	52.63	58.98	66.03
Profit on sale of Long Term Investments	-	-	-	-	-	123.76
Interest Income	37.41	0.12	7.45	26.38	-	0.05
Rent Income	1.72	0.16	-	-	-	13.98
Non-recurring:-						
Sundry Balances/Liabilities written back (Net)	1.87	-	-	-	4.11	-
Foreign Exchange Gain / (Loss)	0.04	-	-	-	0.02	-
Miscellaneous Income	-	1.58	6.86	0.72	4.71	1.01
Total	**83.92**	**36.70**	**50.85**	**75.99**	**71.61**	**214.93**

Note:

i. In view of the management, all the Other Income mentioned above are mainly related to the business activities of the Company.

ii.The classification of the other income as recurring /non recurring and related \non related to the business activities is

iii.The above amounts are as per the Summary Statement of Consolidated Profit and Losses, as restated of the Company.

Annexure VIII

Statement of Sundry Debtors (Consolidated), as Restated:-

(₹ in mn.)

Particulars	As at					
	31st Dec 2010	31st March2010	31st March 2009	31st March 2008	31st March 2007	31st March 2006
Debtors (Unsecured & Considered Good)						
- Outstanding for period exceeding six month						
Associates	23.20	-	-	-	-	-
Others	-	-	-	-	-	-
- Others						
Associates	-	23.20	47.30	-	-	-
Others	32.32	0.76	-	-	-	-
Total	**55.52**	**23.96**	**47.30**	-	-	-

Note

The above amounts are as per the Summary Statement of Consolidated Assets and Liabilities, as restated of the Company.

Annexure IX

Statement of Secured Loans (Consolidated), as Restated: -

(₹ in mn.)

Particulars	As at					
	31st Dec 2010	**31st March 2010**	**31st March 2009**	**31st March 2008**	**31st March 2007**	**31st March 2006**
Long Term Loans						
–From Bank	3,500.00	1,500.00	-	-	93.10	3,535.52
–From Financial Institutions	2,150.00	2,100.00	1,119.87	513.90	490.00	-
Inter Corporate Deposits	4,363.63	-	-	-	-	-
Short Term Loans						
–From Bank	3,000.00	3,000.00	-	-	-	-
–From Financial Institutions	1,500.00	-	-	-	-	-
Vehicle Loans	23.08	23.38	27.90	21.80	19.80	20.27
Interest Accrued & Due	364.72	-	-	-	-	-
Total	**14,901.43**	**6,623.38**	**1,147.77**	**535.70**	**602.90**	**3,555.79**

Note:

1. Term loans from a Bank as at 31st December 2010 is Secured by way of equitable mortage of land owned by other body corporate
2. Short Term Loan from a Bank and a Financial Institution, Long Term Loan from a Financial Institution and Inter Corporate Deposits as at 31st December 2010 aggregating to ₹ 11,013.63 millions secured by way of pledge of Investments of the Company in equity shares.
3. All the above loans are guaranteed by one of the Directors of the Company in his personal capacity.
4. Vehicle Loans referred to above are secured by the hypothecation of the specific vehicles financed.
5. The above amounts are as per the Summary Statement of Consolidated Assets and Liabilities, as restated of the Company.

Annexure X

Statement of Unsecured Loans (Consolidated), as Restated :-

(₹ in mn.)

Particulars	As at					
	31st Dec, 2010	**31st March 2010**	**31st March 2009**	**31st March 2008**	**31st March 2007**	**31st March 2006**
Optionally Convertible Bonds (2,293,024 Optionally Convertible bonds of face value of ₹ 100 each)	-	-	-	229.30	229.30	229.30
Total	**-**	**-**	**-**	**229.30**	**229.30**	**229.30**

Note:

1. The above Optionally Convertible Bonds were converted into 2,523,880 equity shares of ₹ 10/- each during the financial year 2008-09.

2. The above amounts are as per the Summary Statement of Consolidated Assets and Liabilities, as restated of the Company.

Annexure XI

Statement of transactions with Related Parties (Consolidated), as restated

I. Details of Related parties for the Period ended 31st December, 2010

a. List of Related Parties

Sr. No.	Particulars
1	**Associates**
	Gujarat Positra Port Company Limited
	Horizon Countrywide Logistics Limited
	Pipavav Shipyard Limited
	Everonn Education Limited (w.e.f. 9th Dec. 2010)
	Montana Infrastructure Limited
	Urban Infrastructure Holding Private Limited
	Metropolitan Industries
2	**Joint Venture**
	Sohar Free Zone LLC
3	**Key Management Personnel & Relatives**
	Nikhil P. Gandhi
	Bhavesh P.Gandhi
	P Krishnamurthy
4	**Enterprises owned or significantly influenced by key management personnel or their relatives (Other related parties) with whom transaction have taken place during the year**
	Matushree Nirmalaben Gandhi Charitable Foundation
	Grevek Investment & Finance P. Ltd.
	Awaita Properties Pvt. Ltd.

b. Summary of Related Party Transactions

(₹ in mn.)

Nature of transaction	Associates & Joint Venture	Key Management Personnel & their Relatives	Enterprises significantly influence by KMP & their Relatives	Total
Investment - purchased / allotted during the period	2,693.35	0.20	-	2,693.55
Investment as at 31st December, 2010	30,201.46	-	-	30,201.46
Share Application money paid during the period	287.31	-	-	287.31
Share Application money received back	255.00	-	-	255.00
Share Application money as at 31st December, 2010	582.03	-	-	582.03
Share Application money received during the year (Including Advance against Share Application)	-	-	3,515.91	3,515.91
Share Application Money refunded during the year	-	-	2,567.64	2,567.64
Share Application Money as at 31st December, 2010	-	-	1,803.11	1,803.11
Advances Given	-	-	-	-
Advances Received	26.70	-	-	26.70
Advances Written off	3.59	-	-	3.59
Advances as at 31st December, 2010	19.46	-	-	19.46
Sundry Debtors Balances as on 31st December, 2010	23.20	-	-	23.20
Deposit as at 31st December, 2010	-	0.95	-	0.95
Rent			0.12	0.12
Reimbursement of Expenses	13.94	-	-	13.94
Managerial Remuneration	-	5.85	-	5.85
Corporate Guarantee Given	38,048.22	-	-	38,048.22

c. Details of major transactions with related party

(₹ in mn.)

Particulars	Name of the Related Party	As on 31st December, 2010
Investment – purchased / allotted during the year	Everonn Education Ltd.	2,037.38
	Pipavav Shipyard Ltd. (Share Warrant)	625.50
Investments as at 31st December, 2010	Pipavav Shipyard Limited	25,361.17
Share Application Money paid during the year	Gujarat Positra Port Co. Ltd.	287.31
Share Application Money received back	Gujarat Positra Port Co. Ltd.	255.00
Share Application Money as at 31st December 2010	Gujarat Positra Port Co. Ltd.	582.03
Advance Received towards Share Application Money	Grevek Investment & Finance Pvt. Ltd.	3,515.91
Advance refund back towards Share Application Money	Grevek Investment & Finance Pvt. Ltd.	2,567.64
Advance towards Share Application Money as at 31st December, 2010	Grevek Investment & Finance Pvt. Ltd.	1,803.11
Advances Received back	Horizon Countrywide Logistics Limited	11.73
	Pipavav Shipyard Ltd	14.88
Advances Written off	Sohar Free Zone LLC	3.59
Advance receivable as on 31st December 2010	Pipavav Shipyard Ltd	17.54
Deposit as at 31st December 2010	Mr. Bhavesh P Gandhi	0.95
Sundry Debtors	Gujarat Positra Port Co. Ltd.	23.20
Rent paid	Awaita Properties Pvt. Ltd.	0.12
Reimbursement of Expenses	Pipavav Shipyard Limited	12.60
Managerial Remuneration	Mr. Nikhil P Gandhi	3.60
	Mr.P. Krishnamurthy	2.25
Corporate Gurantee Given	Pipavav Shipyard Limited	37,907.50

II. Details of Related parties for the year ended 31st March, 2010

a. List of Related Parties

Sr. No.	Particulars
1	**Associates**
	Gujarat Positra Port Company Ltd.
	Pipavav Shipyard Ltd.
	Horizon Countrywide Logistics Ltd.
	Montana Infrastructure Ltd.
	Urban Infrastructure Holding Pvt.Ltd.
2	**Joint Venture**
	Sohar Free Zone LLC
3	**Key Management Personnel & Relatives**
	Nikhil P.Gandhi
	Bhavesh Gandhi
	N.Ravichandran (up to sep. 2009)
	P Krishnamurthy
4	**Enterprises owned or significantly influenced by key management personnel or their relatives (Other related parties) with whom transaction have taken place during the year**
	Grevek Investment & Finance Pvt.Ltd.
	Matushree Nirmalaben Gandhi Charitable Foundation'
	Awaita Properties Pvt.Ltd.
	Metropolitan Industries

b. Summary of Related Party Transactions

(₹ in mn.)

Nature of transaction	Associates & Joint Venture	Key Management Personnel & their Relatives	Enterprises significantly influence by KMP & their Relatives	Total
Investment as at 31st March,2010	19,948.10	-	-	19,948.10
Share Application Money paid during the year	700.91	-	-	700.91
Share Application Money Received back	252.82	-	-	252.82

Nature of transaction	Associates & Joint Venture	Key Management Personnel & their Relatives	Enterprises significantly influence by KMP & their Relatives	Total
Share Application Money as at 31st March 2010	549.71	-	-	549.71
Share Application Money Received during the year (Including Advance against Share Application)	-	-	2,574.50	2,574.50
Share Application Money refund	-	-	2,161.14	2,161.14
Share Application Money as at 31st March, 2010	-	-	854.85	854.85
Advances Given	11.73	-	295.85	307.58
Advance Received back	-	-	523.54	523.54
Advance Receivable as at 31st March, 2010	32.25	0.95	122.02	155.22
				-
Sundry Debtors balance as at 31st March, 2010	23.20	-	-	23.20
Income from Project Development Fees (Gross)	25.79	-	-	25.79
Reimbursement of Expenses	11.70	-	-	11.70
Managerial Remuneration	-	9.20	-	9.20
Corporate Guarantee Given	38,713.07			38,713.07

c. Details of major transactions with related party

(₹ in mn.)

Particulars	Name of the Related Party	As on 31st March, 2010
Investment as at 31st March 2010	Gujarat Positra Port Co. Ltd.	402.40
	Pipavav Shipyard Limited	17,671.18
	Horizon Countrywide Logistics Limited	632.95
	Urban Infrastructure Holdings Ltd.	1,241.57
Share Application Money Paid during the year	Gujarat Positra Port Co. Ltd.	700.91
Share Application Money Refund	Gujarat Positra Port Co. Ltd.	252.82
Share Application Money as at 31st March, 2010	Gujarat Positra Port Co. Ltd.	549.71
Advance Received towards Share Application Money	Grevek Investment & Finance Pvt.Ltd.	2,574.50
Advance refund back towards share application money	Grevek Investment & Finance Pvt Ltd	2,161.14
Advance towards Share Application Money as at 31st March, 2010	Grevek Investment & Finance Pvt.Ltd.	854.85

Particulars	Name of the Related Party	As on 31st March, 2010
Advance Given during the year	Horizon Countrywide Logistics Limited	11.73
	Awaita Properties Pvt.Ltd.	295.85
Advance Received back	Awaita Properties Pvt.Ltd.ope	512.81
	Grevek Investment & Finance Pvt.Ltd.	10.72
Advance Receivable as at 31st March 2010	Horizon Countrywide Logistics Limited	11.73
	Grevek Investment & Finance Pvt.Ltd.	122.02
	Pipavav Shipyard Limited	19.82
	Sohar Free Zone LLC	0.35
Sundry Debtors	Gujarat Positra Port Co. Ltd.	23.20
Income from Project Development Fees (Gross)	Gujarat Positra Port Co. Ltd.	25.79
Reimbursement of Expenses	Horizon Countrywide Logistics Limited	5.12
	Pipavav Shipyard Limited	5.88
	Sohar Free Zone LLC	0.35
Managerial remuneration	Nikhil Gandhi	4.50
	N Ravichandran	1.50
	P Krishnamurthy	3.20
Corporate Guarantee Given	Pipavav Shipyard Limited	38,711.83

III. Details of Related parties for the year ended 31st March, 2009

a. List of Related Parties

Sr. No.	Particulars
1	**Associates**
	Gujarat Positra Port Company Ltd.
	Pipavav Shipyard Ltd.
	Montana Infrastructure Ltd.
	Horizon Countrywide Logistics Ltd.
	Urban Infrastructure Holding Pvt.Ltd
2	**Key Management Personnel & Relatives**
	Nikhil P.Gandhi
	Bhavesh Gandhi
	N.Ravichandran
	P Krishnamurthy
3	**Enterprises owned or significantly influenced by key management personnel or their relatives (Other related parties) with whom transaction have taken place during the year**
	Grevek Investment & Finance Pvt.Ltd.
	Matushree Nirmalaben Gandhi Charitable Foundation'
	Awaita Properties Pvt.Ltd.
	Metropolitan Industries

b. Summary of Related Party Transactions

(₹ in mn.)

Nature of transaction	Associates	Key Management Personnel & their Relatives	Enterprises significantly influence by KMP & their Relatives	Total
Investment – purchased / allotted during the year	1,172.55	-	-	1,172.55
Investment as at 31st March, 2009	5,318.18	-	-	5,318.18
Share Application Money paid during the year	64.28	-	-	64.28

Nature of transaction	Associates	Key Management Personnel & their Relatives	Enterprises significantly influence by KMP & their Relatives	Total
Share Application Money as at 31st March, 2009	101.62	-	-	101.62
Share Application Money Received during the year (Including Advance against Share Application)	-	-	995.02	995.02
Share Application Money refund	-	-	1,395.81	1,395.81
Share Application Money as at 31st March, 2009	-	-	1,268.20	1,268.20
Advances Given during the year	32.20	-	631.07	663.27
Advances Received during the year	27.24	-	498.59	525.83
Advances Receivable as at 31st March, 2009	13.94	12.74	349.71	376.39
Income- Project Development fees	47.30	-	-	47.30
Rent	-	-	41.97	41.97
Sundry Debtors	47.30	-	-	47.30
Managerial Remuneration	-	32.50	-	32.50
Corporate Guarantee Given	27,760.14			27,760.14

c. Details of major transactions with related party

(₹ in mn.)

Particulars	Name of the Related Party	As on 31st March,2009
Investment - purchased / allotted during the year	Horizon Countrywide Logistics Limited	280.98
	Urban Infrastructure Holdings Pvt.Ltd.	891.57
Investment as at 31st March, 2009	Gujarat Positra Port Co. Ltd.	402.40
	Pipavav Shipyard Limited	3,041.26
	Horizon Countrywide Logistics Limited	632.95
	Urban Infrastructure Holdings Pvt.Ltd.	1,241.57
Share Application Money paid during the year	Gujarat Positra Port Co. Ltd.	64.28
Share Application Money as at 31st March, 2009	Gujarat Positra Port Co. Ltd.	101.62
Advance Received towards Share Application Money	Grevek Investment & Finance Pvt.Ltd	995.02
Advance refund back towards share application money	Grevek Investment & Finance Pvt.Ltd	1,395.81
Advance towards Share Application Money as at	Grevek Investment & Finance Pvt.Ltd	1,268.20

Particulars	Name of the Related Party	As on 31st March,2009
31st March, 2009		
Advances Given	Pipavav Shipyard Ltd.	32.20
	Awaita Properties Pvt.Ltd	29.07
	Grevek Investment & Finance Pvt Ltd	602.00
Advance Received during the Year	Pipavav Shipyard Ltd.	27.24
	Awaita Properties Pvt.Ltd	29.34
	Grevek Investment & Finance Pvt.Ltd.	469.25
Advances as at 31st March, 2009	Pipavav Shipyard Ltd.	13.94
	Grevek Investment & Finance Pvt.Ltd.	132.75
	Awaita Properties Pvt.Ltd	216.96
Sundry Debtors	Pipavav Shipyard Limited	47.30
Rent Expenses	Awaita Properties Pvt. Ltd.	41.97
Income from Project Development Fees	Pipavav Shipyard Limited	47.30
Managerial remuneration	Mr. Nikhil Gandhi	18.00
	Mr. N Ravichandran	3.00
	Mr.P. Krishnamurthy	11.50
Corporate Guarantee Given	Pipavav Shipyard Limited	27,760.14

IV. Details of Related parties for the year ended 31st March, 2008

a. List of Related Parties

Sr. No.	Particulars
1	**Associates**
	Horizon Country Wide Logistics Ltd.
	Fastlane Distripark & Logistics Ltd.
	Chiplun FTWZ Pvt.Ltd.
	Pipavav Shipyard Limited
	Montana Infrastructure Ltd.
	Urban Infrastructure Holding Pvt.Ltd.
2	**Key Management Personnel & Relatives**
	Nikhil P.Gandhi
	Bhavesh Gandhi
	N.Ravichandran
3	**Enterprises owned or significantly influenced by key management personnel or their relatives (Other related parties) with whom transaction have taken place during the year**

	Matushree Nirmalaben Gandhi Charitable Foundation
	Grevek Investment & Finance Pvt.Ltd.
	Awaita Properties Pvt.Ltd.
	Metropolitan Industries

b. Summary of Related Party Transactions

(₹ in mn.)

Nature of transaction	Associates	Key Management Personnel & Relatives	Enterprises significantly influence by KMP & Relatives	Total
Investment - purchased / allotted during the year	405.97	-	-	405.97
Investment as at 31st March, 2008	3,743.23	-	-	3,743.23
				-
Share Application money paid during the year	280.98	-	-	280.98
Share Application money as at 31st March, 2008	280.98	-	-	280.98
Share Application money received (Including Advance against Share Application)	-	-	3,250.78	3,250.78
Share Application money refund	-	-	1,729.20	1,729.20
Share Application money as at 31st March, 2008	-	-	1,671.11	1,671.11
Advances Given during the year	146.02	3.65	244.86	394.53
Advances Received back during the year	144.42	52.07	34.21	230.70
				-
Advances Receivable as at 31st March, 2008	25.08	15.49	217.23	257.80
Income- Project Development fees	216.66	-	-	216.66
				-
Rent Expenses	-	-	27.77	27.77
Managerial Remuneration	-	26.40	-	26.40
Corporate Guarantee Given	7,632.64			7,632.64

c. Details of major transactions with related party

(₹ in mn.)

Particulars	Name of the Related Party	As at 31st March, 2008
Investment - purchased / allotted during the year	Horizon Countrywide Logistics Ltd.	351.97

Particulars	Name of the Related Party	As at 31st March, 2008
	Urban InfrastructureHolding Pvt.Ltd	54.00
Share Application Money paid	Horizon Countrywide Logistics Ltd.	280.98
Share Application Money as at 31st March, 2008	Horizon Countrywide Logistics Ltd.	280.98
Investment as at 31st March, 2008	Horizon Countrywide Logistics Ltd.	351.97
	Urban Infrastructure Holding Pvt.Ltd	350.00
	Pipavav Shipyard Ltd.	3,041.26
Advance Received towards Share Application Money	Grevek Investment & Finance Pvt.Ltd	3,250.78
Advance refund back towards share application money	Grevek Investment & Finance Pvt.Ltd	1,729.20
Advance towards Share Application Money as at 31st March, 2008	Grevek Investment & Finance Pvt Ltd	1,671.11
Advances Given during the year	Nikhil P.Gandhi	3.28
	N Ravichandran	0.37
	Metropolitan Industries	0.50
	Awaita Properties Pvt.Ltd	244.35
	Pipavav Shipyard Ltd	129.92
	Fastlane Distripark & Logistics Ltd.	8.84
	Chiplun FTWZ Pvt. Ltd.	7.26
Advances Received back	Metropolitan Industries	34.21
	Pipavav Shipyard Ltd	144.42
	Nikhil P.Gandhi	52.07
Advances as at 31st March, 2008(Receivable)	Pipavav Shipyard Ltd	8.98
	Awaita Properties Pvt.Ltd	217.23
	Fastlane Distripark & Logistics Ltd.	8.84
	Chiplun FTWZ Pvt. Ltd.	7.26
Income from Project Development Fees	Pipavav Shipyard Limited	216.66
Rent Expenses	Awatia Properties Pvt. Ltd.	27.77
Managerial remuneration	Nikhil Gandhi	18.00
	N Ravichandran	8.40
Corporate Guarantee Given	Pipavav Shipyard Limited	7,632.64

V. Details of Related parties for the year ended 31st March, 2007

a. List of Related Parties

Sr. No.	Particulars
1	**Associates**
	Pipavav Shipyard Limited
	Montana Infrastructure Ltd.
	Urban Infrastructure Holding Pvt. Ltd.
2	**Key Management Personnel & Relatives**
	Nikhil P.Gandhi
	Bhavesh Gandhi
	N.Ravichandran
3	**Enterprises owned or significantly influenced by key management personnel or their relatives (Other related parties) with whom transaction have taken place during the year**
	Grevek Investment & Finance Pvt.Ltd.
	Awaita Properties Pvt.Ltd.
	Metropolitan Industries
	Matushree Nirmalaben Gandhi Charitable Foundation

b. Summary of Related Party Transactions

(₹ in mn.)

Nature of transaction	Associates	Key Management Personnel & Relatives	Enterprises significantly influence by KMP & Relatives	Total
Investment – purchased / allotted during the year	296.00	-	91.51	387.51
Investment- sold during the year	-	-	37.50	37.50
Investment as at 31st March, 2007	3,337.26	-	-	3,337.26
Share Application money received (Including Advance against Share Application)	-	-	182.15	182.15
Share Application Money Refund	-	-	997.63	997.63
Share Application Money as on 31st March, 2007	-	-	14.46	14.46
Advance Accepted during year	-	-	19.13	19.13
Refund back during the year	-	-	110.61	110.61
Advances payable as at 31st March, 2007	-	-	27.13	27.13

Nature of transaction	Associates	Key Management Personnel & Relatives	Enterprises significantly influence by KMP & Relatives	Total
Advances Given	245.10	79.47	-	324.57
Advances Received during the year	186.20	4.15	-	190.35
Advances as at 31st March, 2007	129.71	63.50	33.71	226.92
Sale of Fixed Assets	4.17	-	-	4.17
Rent Expenses	-	-	2.06	2.06
Managerial Remuneration	-	24.00	-	24.00
Corporate Guarantee Given	4,410.00			4,410.00

c. Details of major transactions with related party

(₹ in mn.)

Particulars	Name of the Related Party	As on 31st March, 2007
Investment	Grevek Invstment & Finance Pvt. Ltd.	91.51
	Urban Infrastructure Holdings Pvt. Ltd.	296.00
Investment sold during the year	Grevek Investment & Finance Pvt.Ltd	37.50
Investment as at 31st March, 2007	Pipavav Shipyard Limited	3,041.26
	Urban Infrastructure Holding Pvt. Ltd.	296.00
Share Application Money received during the year	Grevek Investment & Finance Pvt.Ltd	182.15
Share Application Money refunded during the year	Grevek Investment & Finance Pvt.Ltd	997.63
Share Application Money as at 31st March, 2007	Grevek Investment & Finance Pvt.Ltd	14.46
Advance Accepted during the year	Awaita Properties Pvt.Ltd.	19.13
Refund back during the year	Awaita Properties Pvt.Ltd.	110.61
Advances Payable as at 31st March, 2007	Awaita Properties Pvt.Ltd.	27.13
Advances Given during the year	Pipavav Shipyard Limited	205.55
	Montana Infrastucture Ltd.	39.55
	Nikhil P Gandhi	71.85
	N. Ravichandran	7.62
Advances received back during the year	Pipavav Shipyard Limited	186.20
	N. Ravichandran	4.15
Advances receivable as at 31st March, 2007	Pipavav Shipyard Limited	23.48

Particulars	Name of the Related Party	As on 31st March, 2007
	Metropolitan Industries	33.71
	Montana Infrastucture Ltd.	106.23
	Nikhil P Gandhi	48.36
	N. Ravichandran	15.14
Sale of Fixed Assets	Pipavav Shipyard Limited	4.17
Rent Expenses	Awaita Properties Pvt. Ltd.	2.06
Managerial remuneration	Nikhil Gandhi	18.00
	N Ravichandran	6.00
Corporate Guarantee Given	Pipavav Shipyard Limited	4,410.00

VI. Details of Related parties for the year ended 31st March, 2006

a. List of Related Parties

Sr. No.	Particulars
1	**Associates**
	Montana Infrastructure Ltd.
2	**Key Management Personnel & Relatives**
	Nikhil P.Gandhi –HUF
	Nikhil P.Gandhi
	Neha N.Gandhi
	Rupali Gandhi
	Prataprai S.Gandhi-HUF
	Prataprai S.Gandhi
	Bhavesh P.Gandhi-HUF
	Bhavesh P.Gandhi
	N.Ravichandran
3	**Enterprises owned or significantly influenced by key management personnel or their relatives (Other related parties) with whom transaction have taken place during the year**
	Matushree Nirmalaben Gandhi Charitable Foundation
	Metropolitan Industries
	Spark Electro Communication Systems
	Triforce Infrastructure Pvt.Ltd.

b. Summary of Related Party Transactions

(₹ in mn.)

Nature of transaction	Associates	Key Management Personnel & Relatives	Enterprise over which KMP have significant Influence	Total
Share Application Money Paid during the year	-	-	28.11	28.11
Share Application Money as at 31st March, 2006	-	-	28.11	28.11
Advance Accepted during year	-	4.85	-	4.85
Refund back during the year	0.03	6.18	-	6.21
Advance payable as at 31st March, 2006	10.09	9.67	-	19.76
Advances Given during the year	9.00	34.75	74.44	118.19
Advances received back during the year	69.03	23.56	4.79	97.38
Advances Receivable as at 31st March, 2006	228.56	155.61	35.90	420.07
Sundry Creditors	-	0.18	-	0.18
Managerial Remuneration	-	4.75	-	4.75

c. Details of major transactions with related party

(₹ in mn.)

Particulars	Name of the Related Party	As at 31st March,2006
Share Application Money Paid During the year	Triforce Infrastructure (India) Pvt. Ltd.	28.11
Share Application Money as at 31st March, 2006	Triforce Infrastructure (India) Pvt. Ltd.	28.11
Advances Accepted during the year	Neha Gandhi	4.85
Refund back during the year	Nikhil P. Gandhi (HUF)	4.40
	Prataprai S. Gandhi	1.64
	Montana Infrastructure Ltd.	0.03
Advance payable as at 31st March, 2006	Nikhil P. Gandhi (HUF)	1.53
	Prataprai S. Gandhi	0.79
	Prataprai S. Gandhi (HUF)	5.79
	Montana Infrastructure Ltd.	10.09
Advances Given during the year	Prataprai Gandhi	0.14
	Nikhil P. Gandhi	27.58
	Montana Infrastructure Ltd.	9.00

Particulars	Name of the Related Party	As at 31st March,2006
	Matushree Nirmalaben Gandhi Charitable Foundation	1.50
	Metropolitan Industries	72.94
Advance Received back during the year	Montana Infrastructure Ltd.	69.03
	Matushree Nirmalaben Gandhi Charitable Foundation	0.50
	Metropolitan Industries	4.29
	Nikhil P. Gandhi	21.16
Advances Receivable as at 31st March, 2006	Nikhil P. Gandhi	65.46
	Metropolitan Industries	33.71
	Montana Infrastructure Ltd.	228.56
	Prataprai Gandhi	0.24
	Matushree Nirmalaben Gandhi Charitable Foundation	1.69
Sundry Creditors	Bhavesh Gandhi	0.18
Managerial remuneration	N Ravichandran	3.00
	Bhavesh Gandhi	1.75

Annexure XII

Statement of Loans and Advances (Consolidated), as Restated:-

(₹ in mn.)

Particulars	As at					
	31st Dec, 2010	31st March 2010	31st March 2009	31st March 2008	31st March 2007	31st March 2006
Loan & Advances						
1) Directors of Company *	0.95	0.95	12.74	15.49	63.50	155.61
2) Associates/Joint ventures	601.49	581.61	115.56	306.06	129.71	228.56
3) Other Related Party	-	122.02	349.71	217.23	48.17	64.01
4) Others	925.23	931.00	640.24	257.41	1,238.43	2,337.34
Total	**1,527.67**	**1,635.58**	**1,118.25**	**796.19**	**1,479.81**	**2,785.52**

* Includes Rent Deposits of ₹ 0.95 millions.

Note

1. The above amounts are as per the Summary Statement of Consolidated Assets and Liabilities, as restated of the Company.

2. Refer Annexure XI for details on related party transactions.

Annexure XIII

Statement of Investments (Consolidated), as Restated :-

(₹ in mn.)

Particulars	As at					
	31st Dec 2010	31st March 2010	31st March 2009	31st March 2008	31st March 2007	31st March 2006
Long Term Investment						
In Equity Shares Of Associates Company (Unquoted Fully/Partly Paid Up)	2,227.42*	2,229.41	5,276.32	3,742.62	3,333.98	-
Available for Sale						
In Equity shares of Associates (Quoted Fully Paid Up)	27,136.41**	17,490.10	-	-	-	-
In Equity Shares- Others (Quoted Fully paid up)	14.30 *	16.19	21.50	71.70	0.55	23.73
In Equity Shares- Others (Unquoted Fully paid up)	1,646.76	1,030.02	1,029.97	859.23	659.24	188.83
In Share Warrants of Associate Co. (unquoted, Face Value 99.20 each, Paid up ₹ 24.80 each)	544.79	-	-	-	-	-
Current Investments –Held for Trading (other than Trade)						
In Equity Shares (Quoted Fully paid up)	20.85	22.40	9.12	20.53	15.69	842.82
In Equity Shares (Unquoted Fully paid up)	0.33	0.33	-	-	-	-
In Units						
Quoted Fully paid up	101.56	0.41	0.15	0.15	-	-
Unquoted Fully paid up	362.66	342.56	321.82	250.00	428.50	225.07
Total	**32,055.08**	**21,131.42**	**6,658.88**	**4,944.23**	**4,437.96**	**1,280.45**

* includes 40,239,980 Equity Shares of Gujarat Positra Port Company Limited, 63,295,494 Equity Shares of Horizon Countrywide Logistics Limited, 4,000,000 Equity shares of Everonn Education Limited and 50,000 Equity Shares of Horizon Infrastructure Ltd, pledged with the lenders of the Company.

** Includes 121,650,500 Equity shares of Pipavav Shipyard Limited, pledged with the lenders of an associate of the Company and 164,371,184 Equity shares of Pipavav Shipyard Limited, pledged with the lenders of the Company.

Note:

1. Book Value and Market Value of Quoted and Unquoted Investments are:

(₹ in mn.)

Particulars	As at					
	31st Dec 2010	**31st March 2010**	**31st March 2009**	**31st March 2008**	**31st March 2007**	**31st March 2006**
Quoted Investments – Book Value	27,273.12	17,529.10	30.77	92.38	16.24	866.55
- Market Value	27,273.12	17,529.10	30.77	92.38	16.24	866.55
Unquoted Investments – Book Value	4,781.96	3,602.32	6,628.11	4,851.85	4,421.72	413.90

2. In view of Ministry of Company Affairs' approval *vide* its letter dated 21st March 2011, Poseidon Infrastructure Limited (PIL) has been dissolved and its name has been struck off the register. Consequently the Company's investments in to and advances given to PIL aggregating to ₹ 0.5 Million and ₹ 0.7 Million respectively have been written off.

Annexure XIV

Statement of Accounting Ratio (Consolidated), as Restated:-

Particulars	As at					
	31st Dec 2010	**31st March 2010**	**31st March 2009**	**31st March 2008**	**31st March 2007**	**31st March 2006**
Basic earnings per share (₹)	(5.90)	(0.78)	0.07	(0.01)	(0.15)	0.03
Diluted earnings per share (₹)	(5.90)	(0.78)	0.07	(0.01)	(0.15)	0.03
Return on Net Worth (%)	(8.56)	(1.36)	0.25	(0.04)	(0.74)	0.23
Net Assets Value per equity share (₹)	61.06	49.16	19.46	18.91	18.86	52.90
Weighted average no. of Equity shares outstanding during the year used for						
Basic earnings per share	254,925,600	254,912,010	254,504,040	252,388,130	238,541,574	238,388,150
Diluted earnings per share	254,925,600	254,912,010	257,996,007	252,388,130	238,541,574	238,388,150
Total No. of Equity Shares outstanding at the end of the period / year	255,018,785	254,912,010	254,912,010	252,388,130	252,388,130	55,055,000

Notes: -

1. The ratios have been computed as below:

   Basic & Diluted Earning per share (₹) = $\dfrac{\text{Net profit/(loss) after tax, as restated, attributable to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the year}}$

   Return on net worth (%) = $\dfrac{\text{Net profit/ (loss) after tax, as restated}}{\text{Net worth, as restated, at the end of the year}}$

   Net asset value per share (₹) = $\dfrac{\text{Net worth, as restated, at the end of the year (-) Preference share capital.}}{\text{Number of equity shares outstanding at the end of the year}}$

2. The figures disclosed above are based on the restated summary statements of SKIL Infrastructure Ltd.

3. The Equity Shares are of face value of ₹ 10/– each.

4. Earnings per share calculations are done in accordance with Accounting Standard 20 on "Earning per Share".

5. During the Financial Year 2006–07, the Company had issued 183,333,150 equity shares as fully paid–up bonus shares by way of capitalisation of reserves & surplus. Accordingly the number of Equity Shares outstanding as on 31st March 2006 is adjusted for this bonus issue as if the bonus issue had occurred at the beginning of the earliest period reported, in terms of Accounting Standard 20 on "Earnings Per Share".

6. Weighted average number of equity shares is the number of equity shares outstanding at the beginning of the year, adjusted by the number of equity shares issued during the year/period multiplied by the time-weighting factor. The time-weighting factor is the number of days for which the specific shares are outstanding as a proportion of the total number of days in the year. The potential equity shares having anti-dilutive effects have not been considered while calculating the diluted earning per share.

7. Net worth means Equity share capital + Convertible Preference share capital+ Reserves & Surplus – Misc Expenditure (to the extent not written off/ adjusted) –Debit balance of Profit & Loss account as appearing in "Summary Statement of Consolidated Assets & Liabilities, as restated."

Annexure XV

Capitalisation Statement (Consolidated), as Restated

(₹ in mn.)

Particulars	Pre issue position as at 31st Dec 2010	As Adjusted for Issue
Short Term Debts (A)	4,500.00	
Long Term Debts (B)	10,401.43	
Total Debts (C)	**14,901.43**	
Share holders' funds:-		
Equity Share Capital	2,550.19	Refer Note 1
Reserves & Surplus	13,022.46	
Less: Miscellaneous Expenditure	0.37	
Total Shareholders' Funds (D)	**15,572.28**	
Long Term Debt/Equity Ratio (B/D)	0.67 : 1	

Note :

1) Share Capital & Reserves after the issue can be ascertained only on conclusion of book building process. The Post issue capitalisation shall be updated before filing the prospectus.

2) Since the Compulsory Convertible Preference Shares of ₹ 2,000 millions have not been converted as on 31st December, 2010, the same has not been considered for calculation of Long Term Debt Equity Ratio.

3) The above has been computed based on restated accounts.

Annexure XVI

Details of Dividend Paid

(₹ in mn.)

The dividends declared by the Company during the period ended 31st December,2010 and the last five financial years are presented below:-

Particulars	For the period ended 31st Dec 2010	For the year ended 31st March				
		2010	2009	2008	2007	2006
Class of shares						
Equity share Capital	2,550.19	2,549.12	2,549.12	2,523.88	2,523.88	550.55
(Face Value ₹10 Each)						
Preference Share Capital	2,000.00	2,000.00	2,000.00	-	-	119.20
(Face Value ₹1,00,000 Each)						
Dividend on						
Equity shares	NIL	NIL	NIL	NIL	NIL	NIL
Preference shares	NIL	NIL	NIL	NIL	NIL	NIL

Note:

The preference shares holders in the meeting held on 28th March, 2007 had agreed to forgo the dividend accrued to them accordingly the provision for divided payable to preference shares holder was reversed during the financial year ended 31st March, 2007.

AUDITORS' REPORT
(As required by Part II of Schedule II of the Companies Act, 1956)

To,
The Board of Directors
SKIL Infrastructure Limited
SKIL House
209, Bank Street Cross Lane
Fort, Mumbai – 400023

Dear Sirs,

1. We, Chaturvedi & Shah (C&S) and Bharat Shah & Associates (BS&A) (Collectively "the Joint Auditors"), have examined the attached unconsolidated Financial Information of SKIL Infrastructure Limited, ("the Company") as at 31st December, 2010; 31st March, 2010; 31st March, 2009; 31st March, 2008; 31st March, 2007 and 31st March, 2006. This unconsolidated financial information have been prepared by the Company and approved by the Board of Directors, in accordance with the requirements of:
   a. paragraph B(1) of Part II of Schedule II to the Companies Act, 1956 ("the Act");
   b. the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("the ICDR Regulations"), to the extent applicable and the related clarifications issued by the Securities and Exchange Board of India (SEBI) as amended to date;

7. We have examined such restated unconsolidated financial information taking into consideration:
   a. the Guidance Note on Reports in Company Prospectus (Revised) issued by the Institute of Chartered Accountants of India (ICAI); and
   b. the terms of our engagement agreed upon with you in accordance with our engagement letter dated 8th December, 2010 in connection with the offer document being issued by the Company for its proposed Initial Public Offer.

8. The Financial Information is based on the unconsolidated financial statements of the Company for the years ended on 31st March, 2010, 2009, 2008, 2007 and 2006 which were audited solely by one of the joint auditors, BS&A, the statutory auditors of the company during those years and whose Auditor's Reports have been relied upon by C&S for the said years.

9. The Financial Information of the Company as at and for the nine months period ended 31st December, 2010 is based on the Unconsolidated Financial Statements of the Company jointly audited by us.

10. This report is being issued for incorporating the same in the offer document, to be issued by SKIL Infrastructure Limited in connection with the proposed Initial Public Offer of Equity Shares.

11. **Financial Information as per the audited financial statements:**

    The financial information of SKIL Infrastructure Limited has been extracted by the management from the financial statements of SKIL Infrastructure Limited for the period/years 31st December 2010, ended 31st March, 2010, 31st March, 2009, 31st March, 2008, 31st March, 2007 and 31st March, 2006 and approved by the Board of Directors.

12. In accordance with the requirements of Paragraph B of Part II of Schedule II of the Act, the ICDR Regulations and terms of our engagement agreed with you, we further report that:

    a. The Summary statement of Unconsolidated Assets and Liabilities, as restated, Summary Statement of Unconsolidated Profits and Losses, as restated and Summary Statement of Unconsolidated Cash Flows, as restated ("Restated Financial Statements") of the Company as at and for the years ended 31st March, 2010, 31st March, 2009, 31st March, 2008, 31st March, 2007, and 31st March, 2006, based on the Audited Unconsolidated Financial Statements of the Company which were solely audited by

BS&A and whose Auditor's Report have been relied upon by C&S for the said years and for the period ended 31st December, 2010 jointly examined by us, as set out in Annexure I, II and III to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Notes on adjustments for Restated Financial Statements, Significant Accounting Policies and Significant Notes on Accounts for Restated Financial Statements (Refer Annexure IV, V and VI respectively).

b. Based on above and also as per the reliance placed on the reports submitted by the one of the joint auditors, for the respective years, we are of the opinion that the restated financial statements have been made after incorporating:

- the impact arising on account of change in accounting policies adopted by the Company as at and for the period ended 31st December, 2010 applied with retrospective effect in the restated financial statements;

- adjustments for the material amounts in the respective financial years to which they relate; except to the extent stated in Note No. 5 in Annexure IV.

- the qualifications if any and material adjustments relating to the relevant previous years.

c. There are no extraordinary items which need to be disclosed separately in the restated financial statements.

13. **Other Financial Information**

At the Company's request, we have also examined the following financial information, proposed to be included in the offer document, prepared by the management and approved by the Board of Directors of the Company and annexed to this report relating to the Company, for the period/years ended 31st December, 2010, 31st March, 2010, 31st March, 2009, 31st March, 2008, 31st March, 2007 and 31st March, 2006. Further, in respect of the years ended 31st March, 2010, 31st March 2009, 31st March, 2008, 31st March, 2007 and 31st March, 2006 these information have been included based on the Audited unconsolidated Financial Statements of the Company which were audited solely by BS&A and whose Auditor's reports have been relied upon by C&S for the said years:

k. Statement of Other Income, as restated, enclosed as **Annexure VII;**

l. Statement of Sundry Debtors, as restated, enclosed as **Annexure VIII**

m. Statement of Secured Loans, as restated, enclosed as **Annexure IX;**

n. Statement of Unsecured Loans, as restated, enclosed as **Annexure X**;

o. Statement of transactions with Related Parties, enclosed as **Annexure XI;**

p. Statement of Loans and Advances, as Restated, enclosed as **Annexure XII;**

q. Statement of Investments, as Restated, enclosed as **Annexure XIII;**

r. Statement of Accounting Ratios, as Restated, enclosed as **Annexure XIV;**

s. Statement of Tax Shelters, as Restated, enclosed as **Annexure XV;**

t. Capitalization Statement, as Restated, enclosed as **Annexure XVI;**

u. Statement of Dividend Payout, enclosed as **Annexure XVII**

In our opinion, the financial information as disclosed in the Annexures to this report, read with the notes on adjustments, significant accounting policies and significant notes disclosed in the Annexures IV, V and VI respectively, and after making adjustments and regroupings as considered appropriate and disclosed in Annexure IV, has been prepared in accordance with Part II of the Act and the ICDR Regulations.

14. We have no responsibility to update our report for events and circumstances occurring after the date of the report.
15. This report should not, in any way, be construed as a re – issuance or re – dating of any of the previous audit reports nor should this be construed as a new opinion on any of the financial statements referred to herein.

16. This report is intended solely for use of management and for inclusion in the Offer Document in connection with the proposed Initial Public Offer of the Company's shares and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For **Chaturvedi & Shah**
Chartered Accountants
Firm Reg. No. – 101720W

R Koria
Partner
Membership No. – 35629

For **Bharat Shah & Associates**
Chartered Accountants
Firm Reg. No. – 101249W

Bharat A Shah
Proprietor
Membership No. – 32281

Mumbai
Date:

UNCONSOLIDATED RESTATED FINANCIAL INFORMATION OF THE COMPANY

Annexure I

Summary Statement of Unconsolidated Assets & Liabilities, as restated

(₹ in mn.)

Particulars	As at					
	31st Dec 2010	31st March 2010	31st March 2009	31st March 2008	31st March 2007	31st March 2006
(A) Fixed Assets						
Gross Block	119.84	114.58	107.19	90.63	81.50	61.20
Less: Depreciation	76.44	67.88	56.54	44.47	32.70	19.90
Net block	**43.40**	**46.70**	**50.65**	**46.16**	**48.80**	**41.30**
Capital work in Progress (Including Capital Advances)	48.41	4.93	-	-	-	-
Total	**91.81**	**51.63**	**50.65**	**46.16**	**48.80**	**41.30**
(B) Investments	30,232.86	19,749.24	7,171.84	5,348.34	4,442.73	4,089.96
(Refer Note No. 11 of Annexure VI)						
(C) Deferred Tax Assets	-	-	-	-	-	13.21
(D) Current Assets, Loans & Advances						
Sundry Debtors	82.37	52.37	47.30	–	–	–
Cash & Bank Balances	71.47	1,059.81	77.75	7.79	4.94	101.87
Loans & advances	2,969.02	3,649.41	1,043.59	1,069.39	1,634.40	2,665.50
Total	**3,122.86**	**4,761.59**	**1,168.64**	**1,077.18**	**1,639.34**	**2,767.37**
(E) Liabilities & Provisions						
Secured Loans	13,877.67	6,618.96	1,141.69	530.74	602.25	51.41
Unsecured Loans	–	–	–	229.30	229.30	229.30
Current Liabilities	2,597.31	3,688.36	208.16	892.16	523.19	1,933.77
Provisions	31.56	43.18	37.85	42.88	11.90	13.02
Share Application Money	12.33	-	-	-	-	-
Total	**16,518.87**	**10,350.50**	**1,387.70**	**1,695.08**	**1,366.64**	**2,227.50**
(F) Net–worth (A+B+C+D–E)	**16,928.66**	**14,211.96**	**7,003.43**	**4,776.60**	**4,764.23**	**4,684.34**

(G) Net worth represented by						
Equity Share capital	2,550.19	2,549.12	2,549.12	2,523.88	2,523.88	550.55
Preference Share capital	2,000.00	2,000.00	2,000.00	–	–	140.00
Reserves and Surplus (Refer Note No. 11 of Annexure VI)	13,228.72	9,662.84	2,454.31	2,265.15	2,240.36	3,993.80
Less : Debit Balance of Profit & Loss Account	850.25	–	–	–	–	–
Less: Miscellaneous expenditure	–	–	–	12.43	0.01	0.01
Net Worth	**16,928.66**	**14,211.96**	**7,003.43**	**4,776.60**	**4,764.23**	**4,684.34**

Note: The above statement should be read with the notes on adjustments for restated financial statements, significant accounting policies and significant notes on accounts (as appearing in Annexure IV, V and VI respectively)

Annexure II

Summary Statement of Unconsolidated Profit and Loss Account, as restated

(₹ in mn.)

Particulars	For the period ended 31st Dec 2010	For the year ended 31st March				
		2010	2009	2008	2007	2006
INCOME						
Project Development Fees	-	52.76	47.30	216.66	100.75	0.93
Other Income	82.20	36.54	47.50	75.99	71.61	76.43
Total Income (A)	**82.20**	**89.30**	**94.80**	**292.65**	**172.36**	**77.36**
EXPENDITURE						
Employee Cost, Administrative and Other Expenses (Net) (B)	57.31	34.93	21.37	74.29	85.02	39.14
Earnings before Interest, Depreciation and Tax (A-B) (C)	24.89	54.37	73.43	218.36	87.34	38.22
Interest and Finance Charges (D)	1,364.17	8.90	2.23	137.38	30.15	9.77
Depreciation (E)	9.07	11.85	13.62	11.77	12.81	3.35
Profit / (loss) before Tax (C-D-E)	**(1,348.35)**	**33.62**	**57.58**	**69.21**	**44.38**	**25.10**
Provision For Tax						
– Current Tax	-	5.64	1.00	68.67	9.50	11.83
– Fringe benefit Tax	-	-	0.96	1.64	2.03	0.83
– Deferred Tax	-	-	-	-	13.21	-
Net Profit / (loss) after Tax, as restated	**(1,348.35)**	**27.98**	**55.62**	**(1.10)**	**19.64**	**12.44**
Balance brought forward	497.57	469.59	413.97	415.07	589.44	577.00
Amount Available for Appropriations	(850.78)	497.57	469.59	413.97	609.08	589.44
Appropriations						
Transfer from General Reserve Account	0.53					
Utilised for Issue of Bonus Shares	-	-	-	-	(194.01)	-
Balance Carried forward, as restated	(850.25)	497.57	469.59	413.97	415.07	589.44

Note:
The above statement should be read with the notes on adjustments for restated financial statements, significant accounting policies and significant notes on accounts (as appearing in Annexure IV, V and VI respectively)

Annexure III

Summary Statement of Unconsolidated Cash Flow, as restated.

(₹ in mn.)

Sr. No.	Particulars	As at					
		31st Dec 2010	31st March 2010	31st March 2009	31st March 2008	31st March 2007	31st March 2006
A	**Cash Flow From Operating Activities**						
	Net Profit before tax as Restated	(1,348.35)	33.62	57.58	69.21	44.38	25.10
	Adjusted for:						
	Depreciation	9.07	11.85	13.62	11.77	12.81	3.35
	Interest Income	(37.41)	(0.12)	(7.45)	(26.38)	–	(0.04)
	Dividend Income	(1.22)	(0.48)	(6.13)	(6.19)	(3.76)	(9.58)
	(Gain)/Loss on Account of Change in Mark to Market Value of Investments (Net)	(22.72)	(34.36)	(30.41)	9.93	0.15	(0.50)
	Profit on Sale of Investment	(18.94)	-	-	(52.63)	(59.16)	(65.89)
	(Profit) / Loss on Sale/discarding of Fixed Assets	4.31	0.06	-	0.12	0.13	0.24
	Interest and Financial Charges	1,364.17	8.86	2.23	137.38	30.15	9.77
	Wealth Tax	0.12	0.16	-	-	-	-
	Sundry balances written off / (written back) – (Net)	(1.86)	11.23	0.48	0.74	2.61	-
	Miscellaneous Income	-	0.15	-	-	-	-
	Investment Written off	0.50	-	-	-	-	-
	Provision for Impairment of Investments	5.03	-	-	-	-	-
	Operating profit before working capital changes	(47.30)	30.97	29.92	143.95	27.31	(37.55)
	Adjusted for:						
	Trade & Other Receivables	24.50	310.26	(393.02)	1,214.50	1,261.54	1,352.68
	Trade Payables	(2,001.40)	2,590.09	(682.52)	366.30	(1,407.12)	1,460.72
	Cash Generated From Operations	(2,024.20)	2,931.32	(1,045.62)	1,724.75	(118.27)	2,775.85
	Direct tax paid	(2.82)	(12.74)	52.51	(69.85)	(35.26)	(0.45)
	Net Cash Flow From / (Used in) Operating Activities	**(2,027.02)**	**2,918.58**	**(993.11)**	**1,654.90**	**(153.53)**	**2,775.40**
B.	**Cash Flow From Investing Activities**						
	Purchase of fixed assets & Capital Work–in–Progress	(53.68)	(13.16)	(16.55)	(9.15)	(20.57)	(33.45)
	Sale of fixed assets	0.12	0.27	–	0.10	0.13	–

Sr. No.	Particulars	As at 31st Dec 2010	31st March 2010	31st March 2009	31st March 2008	31st March 2007	31st March 2006
	Investment in Subsidiaries	(2.09)	(5.82)	(519.58)	(753.98)	(0.49)	–
	Investment in Joint venture	(30.47)	(21.50)	-	-	-	–
	Other Investments	(6,473.19)	(5,404.86)	(1,323.70)	(709.44)	(3962.44)	(4,018.41)
	Advances towards share application money	610.60	(2,922.10)	308.88	(619.70)	(210.44)	–
	Disposal of Investment in Subsidiary & Associates	-	–	–	–	37.50	576.76
	Sale of Investments	84.87	70.00	–	626.18	3,691.93	2,937.45
	Dividend Income	1.22	0.07	6.13	6.19	3.76	9.58
	Interest Income	37.41	0.12	7.45	26.38	–	0.04
	Net Cash Flow From / (Used in) Investing Activities	**(5,825.21)**	**(8,296.98)**	**(1,537.37)**	**(1,433.42)**	**(460.62)**	**(528.03)**
C.	**Cash Flow From Financing Activities**						
	Issue of Preference Shares	–	–	2,000.00	–	–	–
	Proceeds against issue of Share Capital	999.01	854.87	–	–	–	–
	Proceeds from Long Term Borrowing	6,620.12	6,605.57	853.59	516.56	590.70	247.39
	Repayment of Long Term Borrowing	(1,206.26)	(1,128.29)	(242.64)	(588.07)	(39.87)	(2,382.99)
	Short Term Borrowings (Net)	1,500.00	-	-	-	-	-
	Share Issue Expenses	–	–	(7.90)	(12.41)	–	–
	Interest & Financial Charges	(1,048.98)	28.31	(2.61)	(134.71)	(33.61)	(13.17)
	Net Cash From/ (Used in) Financing Activities	**6,863.89**	**6,360.46**	**2,600.44**	**(218.63)**	**517.22**	**(2,148.77)**
	Net (decrease) / increase in cash & cash equivalents (A+B+C)	**(988.34)**	**982.06**	**69.96**	**2.85**	**(96.93)**	**98.60**
	Cash & Cash equivalents (Opening)	1,059.81	77.75	7.79	4.94	101.87	3.27
	Cash & Cash equivalents (Closing)	71.47	1,059.81	77.75	7.79	4.94	101.87
	Components of Cash & Cash Equivalents						
	Cash in hands	0.36	0.46	0.50	0.28	0.39	0.75
	Balance with Schedule Banks						
	– Current Account	71.11	1,056.84	2.12	7.38	4.55	101.12

Sr. No.	Particulars	As at					
		31st Dec 2010	**31st March 2010**	**31st March 2009**	**31st March 2008**	**31st March 2007**	**31st March 2006**
	– Fixed Deposit Account	–	2.51	75.13	0.13*	–	–
		71.47	**1,059.81**	**77.75**	**7.79**	**4.94**	**101.87**

Note:

1. The above cash flow statement has been prepared under the "Indirect Method" as set out in Accounting Standard 3 – Cash Flow Statements and is based on the Restated Account
2. Figures in brackets indicate Outflows.

*Represent Fixed Deposits pledge with Banks as margin for Bank Guarantee

Annexure IV

Notes on Adjustments made for Restated Unconsolidated Financial Statements

Note 1: Adjustments on account of prior Period Items, Preliminary and Share Issue expenses and early adoption of Accounting Standard 30 on Financial Instruments: Recognition and Measurement

In the financial statements for the period/years ended 31st December 2010, 31st March 2010, 2009, 2008, 2007 and 2006, certain items of expenses have been identified as Prior Period Items. For the purpose of restated unconsolidated financial statements, such prior period items have appropriately been adjusted in the respective years.

The Company has choose to adopt AS-30 on Financial Instruments: Recognition and Measurement w.e.f. the year ended 31st March 2010 and the effect of such changes has been given in the restated accounts as if those policies are were being followed w.e.f. 1st April. 2005.

Below mentioned is the summary of results of restatement, made due to above mentioned prior period items and changes in the accounting policies, in the audited accounts for the respective years and their impact on the Profits/(Losses) of the Company.

(₹ in mn.)

Particulars	For the period ended 31st Dec 2010	For the years ended 31st				
		Mar–10	Mar–09	Mar–08	Mar–07	Mar–06
Profit/(loss) after tax as per Unconsolidated Audited Financial Statements	**(1,358.50)**	**25.26**	**(57.23)**	**65.21**	**78.28**	**7.19**
Adjustments on account of:						
1) Prior Period Item						
Other Income	–	–	–	**(0.40)**	**0.40**	–
Employee, Administrative, Selling and other Expenses	**–**	**2.83**	**(2.71)**	**(0.05)**	**1.50**	**14.73**
Accrued Dividend and Dividend Distribution Tax	–	–	–	–	**(56.29)**	**–**
Interest and Financial Charges	**0.05**	**(0.05)**	**8.87**	–	–	**(8.87)**
Provision For Tax – Current Tax	**10.10**	**–**	**61.90**	**(60.17)**	–	**(11.83)**
Excess provision of Fringe Benefit Tax written back	–	**(0.54)**	**0.01**	**0.06**	**0.47**	–
2) Preliminary and Share Issue Expenses (Refer Note No. 3 Below)	–	–	**2.48**	**2.48**	–	**0.02**
3) Early adoption of Accounting Standard – 30 "Financial Instruments: Recognition and Measurement" (Refer Note No. 3 Below)						
Gain on Mark to Market in Current Investments	–	**0.48**	**42.30**	**(8.23)**	**(4.72)**	**11.20**
Total Adjustments	**10.15**	**2.72**	**112.85**	**(66.31)**	**(58.64)**	**5.25**
Tax on adjustments*	–	–	–	–	–	–
Profit after tax as per Restated Unconsolidated Financial Statements	**(1,348.35)**	**27.98**	**55.62**	**(1.10)**	**19.64**	**12.44**

*Since the Company has not claimed the deductions in respect of Prior Period Items by filing the revised return of income tax and there are no tax impacts on accounting of financial instruments as per AS 30 and Preliminary and Share Issue Expenses, tax on adjustments have been considered Nil.

Note 2: Balance in Profit & Loss Account as at 1st April, 2005 as Restated:

Due to the accounting of Financial Assets and Financial Liabilities as per the accounting standard 30 & 31, Prior Period items and Share Issue expenses as mentioned in Note 1 above, the balance in Profit & Loss Account as at 1st April 2005 have been restated as per the following details:

(₹ in mn.)

Particulars	Amount
Balance in Profit & Loss Account as at 1st April, 2005, as per audited financial statements	537.00
Increase/(Decrease) in the accumulated profit as at 1st April, 2005 as a result of–	
Reversal of dividend payable on Preference Shares and dividend tax there on	56.29
Administrative, Selling and Other Expenses	(16.29)
Balance in Profit & Loss Account as at 1st April, 2005 as restated	**577.00**

The above information should be read along with significant accounting policies appearing in Annexure V, together with notes on adjustments as appearing in Annexure IV.

Note 3: **Changes in Accounting Policies**

Preliminary & Issue Expenses

i. Till the financial year ended on 31st March 2009, the Company was carrying all the expenditure incurred towards Company's incorporation as well as issue of shares to the Balance Sheet and amortising such Preliminary and Share issue expenses in 10 years on Straight Line basis. However, in the financial year ended on 31st March 2010, the Company adopted the policy of adjusting the same against the balance available in Securities Premium Account in accordance with Section 78 of the Companies Act, 1956.

ii. **Accounting Standard 30 on Financial Instruments: Recognition and Measurement**

During the financial year 2009–10, the Company has chosen to early adopt 'Accounting Standard – 30', 'Financial Instruments: Recognition and Measurement' in its entirety read with limited revisions in various other Accounting Standard as published by ICAI. Accordingly all the financial assets and financial liabilities and derivatives have been re – measured at their respective fair values as against cost or market value whichever is lower, as on 1st April 2009 as well as on 31st March 2010. Coterminous with this, in the spirit of complete adoption, the Company has also implemented the consequential limited revisions in view of AS – 30 to 'Accounting Standard–13' on 'Accounting for Investments' as have been announced by the ICAI. As a result, during the year, the Company has changed the designation and measurement of all its significant financial assets and liabilities. The effect of above change in accounting policy has resulted as under:

a. The resulting gain on Investment held for trading as at 1st April 2009 amounting to ₹ 41.57 millions has been credited to General Reserves in accordance with transitional provisions and for the year to Profit & Loss Account.

b. The resulting gain on fair valuation of investment available for sale amounting to ₹ 8,981.00 millions has been transferred to Investment Revaluation Reserve Account, including ₹ 1,779.49 millions transferred from Capital Reserve Account.

c. Investment being higher by ₹ 7,269.23 millions, profits for the year (after tax) being higher by ₹ 21.98 millions and the aggregate reserves being higher by ₹ 7,265.06 millions.

Note 4 : <u>Material Regrouping:</u>

e) <u>Share Application Money:</u>

The Share application monies given to various project companies, which were forming part of "Investments" until the financial year ended on 31st March 2009, have been regrouped to "Advances recoverable in cash or in kind or for value to be received" from the Financial year 2009–10. Accordingly the Share application monies whenever given have been regrouped to Advances recoverable in cash or in kind or for value to be received. However, due to above change, there was no impact on the Profits/(Losses) of the Company.

f) <u>Investment in Liquid Mutual Funds:</u>

Investments in Liquid Mutual Funds which were clubbed under "Loans and Advances" upto the financial year ended 2006–07, have been regrouped to "Investments" from the financial year ended 2007–08. Accordingly whenever the Company has invested any amount in the Liquid Mutual Funds during all the periods covered, the same has been considered forming part of investments. This regrouping has no Impact on the Profits/(Losses) of the Company.

g) <u>Long Terms Investments :</u>

Upto the financial year ended on 31st March, 2009, long term investments in certain quoted securities was forming part of "Stock in Trade". Since the same were long term in nature and included the Company's investment in one of the associate concern of the Company the same have been regrouped to "Investments – available for sale" from the financial year ended 2009–10. Accordingly all the long–term investments during the reporting periods have been considered as part of "Investments". In view of early adoption of AS 30 the reclassification of Investments has not impacted Profits/(Losses) of the Company.

h) <u>Advances on Capital Account :</u>

The advances on account of purchase of capital items, which were forming part of "Advances recoverable in cash or in kind or for value to be received" till the financial year 2008–09, have been regrouped to Capital Work In Progress from the financial year 2009–10. The effects of such changes have been given retrospectively. However there was no impact on the Profits/(Losses) of the Company.

Note 5 : <u>Non–Adjustments :</u>

<u>Gratuity</u>

From the year ended 31st March 2010, the Company had accounted for its gratuity liability based on an actuarial valuation determined by the actuary on the Projected Unit Credit Method consequent to adoption of Accounting Standard – 15 on "Employee Benefits" (Revised 2005). However necessary adjustments and disclosures for the prior periods have not been made due to non availability of relevant data for those periods.

Note 6: Auditors Qualification:

There were no audit qualifications requiring any corrective adjustments in the restated unconsolidated financial informations during any of the period/years. There were no other audit qualifications which do not require any corrective adjustment in the restated unconsolidated financial statements.

Annexure V

Statement of Significant Accounting Policies for Restated Financial Statements

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Financial Statements are prepared as a going concern under historical cost convention on an accrual basis and in accordance with the companies Act, 1956, except those items covered under "Accounting standard – 30" on "Financial Instruments: Recognition and Measurement" which have been measured at their fair value.

3. USE OF ESTIMATES

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known / materialised.

4. FIXED ASSETS

Fixed Assets are stated at cost of acquisition including expenses incidental to their acquisition less accumulated depreciation & impairment.

5. DEPRECIATION

Depreciation on Fixed Assets is provided on the Written Down Value Method, at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

6. INVESTMENTS

vi. Investments are classified as investments in Subsidiaries, Associates, Joint Ventures, Available for Sale, Held for Trading and Held to Maturity within the meaning of Accounting Standard 30 on "Financial Instruments: Recognition and Measurement" read with the limited revisions of Accounting Standard 21 on Consolidated Financial Statements, Accounting Standard 23 on Accounting for Investments in Associates & Accounting Standard 27 on Financial Reporting of Interest in Joint Ventures.

vii. Investments are recorded as Long Term Investments unless they are expected to be sold within one year. Investments in subsidiaries, associates (other than those classified as available for sale), joint venture and in unquoted shares are valued at cost less any provision for impairment. Investments are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable.

viii. Investments classified as Available for Sale (that have a market price) are initially recorded at cost and then remeasured at subsequent reporting dates to fair value. Unrealised gains/losses on such investments are recognised directly in Investment Revaluation Reserve Account. At the time of disposal, derecognition or impairment of the investments, cumulative gain or loss previously recognised in the Investment Revaluation Reserve Account is recognised in the Profit & Loss Account.

ix. Investments classified as Held for Trading that have a market price are measured at fair value & gain/loss arising on account of fair valuation is routed through Profit and Loss account & those that do not have a market price and whose fair value cannot be reliably measured are carried at cost.

x. Investments classified as Held to Maturity are measured at amortised cost using an effective interest method.

7. BORROWING COST:

Borrowing Cost that are directly attributable to the acquisition or construction of qualifying assets (net of income earned on temporary deployment of funds) are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial periods of time to get ready for intended use. All other borrowing costs are charged to revenue.

8. REVENUE RECOGNITION

i. Income from Consultancy and Infrastructure Project Services are Recognised in accordance with the Contract/Agreement entered into. Revenues are recognised when it is earned and no significant uncertainty exists as to its ultimate collection and includes, service tax, wherever applicable.

ii. Interest income is recognised on a time proportion basis. Dividend is considered when the right to receive is established

9. EMPLOYEE BENEFITS

i. Short term employee benefits are recognized as an expense at the undiscounted amount in the Profit and Loss Account of the year in which related service is rendered.

ii. Post employment and other long term employee benefits are recognized as an expense in the Profit & Loss Account for the year in which the employee has rendered services. The expenses are recognized at the present value of the amount payable determined using the actuarial valuation techniques. Actuarial gain and losses in respect of post employment and other long term benefits are charged to Profit & Loss Account.

10. IMPAIRMENT OF ASSETS

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

11. FOREIGN CURRENCY TRANSACTIONS:

i. Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing on the date of the transaction.

ii. Monetary items denominated in foreign currencies at the year end are restated at year end rates. In case of monetary items which are hedged by derivative instruments, the valuation is done as per "Accounting Standard – 30", Financial Instruments: Recognition and Measurement" read with accounting policy on derivative instruments. The fair value of foreign currency contracts are calculated with reference to current forward exchange rates for the contracts with similar maturity profile.

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

iv Any income or expense on account of exchange difference either on settlement or on translation is recognised in the Profit & Loss Account except in respect of long term Foreign Currency monetary Items which are not covered by Accounting Standard (AS 30) on "Financial instruments; Recognition and Measurement" relatable to acquisition of depreciable fixed assets, such difference is adjusted to the carrying cost of the depreciable fixed assets. In respect of other long term Foreign Currency Monetary items, the same is transferred to "Foreign Currency Monetary Translation Difference Account" and amortised over the balance period of such long term Foreign Currency Monetary items but not beyond 31 March 2011.

12. DERIVATIVE INSTRUMENTS:

Derivative financial instruments are initially recorded at their fair value on the date of the derivative transaction and are re–measured at their fair value at subsequent balance sheet dates. Changes in the fair value of derivatives are recorded in the Profit & Loss account.

13. PROVISION, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements

14. PROVISION FOR CURRENT AND DEFERRED TAX

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961. Deferred tax resulting from "timing differences" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognised and carried forward only to the extent that there is a virtual certainty that the asset will be realized in future.

15. PRELIMINARY AND ISSUE EXPENSES

Preliminary and Expenses related to issue of equity and equity related instruments are adjusted against Securities Premium Account.

Annexure VI

Significant Notes on Accounts for Restated Financial Statements:

2. Contingent Liabilities:–

(₹ in mn.)

	Particulars	As at					
		31st Dec 2010	31st Mar 2010	31st Mar 2009	31st Mar 2008	31st Mar 2007	31st Mar 2006
i.	Corporate guarantees given on behalf of others (No Cash Out Flow is expected)	39,052.36	40,713.07	28,246.33	8,461.00	5,680.00	6,200.00
ii.	Demands not acknowledged as Debts						
	Income Tax (No Cash Outflow is expected in the near future)	52.00	13.63	–	–	–	–

3. Capital commitments:–

(₹ in mn.)

Particulars	As at					
	31st Dec 2010	31st Mar 2010	31st Mar 2009	31st Mar 2008	31st Mar 2007	31st Mar 2006
Estimated amount of contracts remaining to be executed on Capital Accounts and not provided for (Net of Advances). (Cash flow is expected on execution of such Capital Contracts on Progressive basis)	116.26	159.75	–	–	–	–

4. Remuneration to Managerial Personnel

(₹ in mn.)

Particulars	For the Period ended 31st Dec, 2010	For the year ended 31st March				
		2010	2009	2008	2007	2006
Salaries	5.85	9.20	30.00	26.40	24.00	3.00
Perquisites and other allowances	–	–	–	–	–	–
Total	**5.85**	**9.20**	**30.00**	**26.40**	**24.00**	**3.00**

As the liability for Gratuity is provided on actuarial basis for the Company as a whole, the amount pertaining to the executive Directors is not ascertainable and therefore not included above.

5. Employee Benefits:–

As per Accounting Standard 15 "Employee Benefits" the disclosure of employee benefits as defined in the accounting standards are given below:

Defined Contribution Plan:

(₹ in mn.)

Particulars	For the period ended 31st Dec 2010	For the year ended 31st March 2010	2009	2008	2007	2006
Employers Contribution to Provident Fund & Pension Fund	0.17	0.17	0.17	0.15	0.09	–

Defined Benefit Plan:

The present value of the obligation in respect of Company's liability towards gratuity payable to employees is determined based on actuarial valuation using Projected Units Credit Method, which recognizes each period of service as giving rise to additional units of employees benefit entitlement and measures each unit separately to build–up the final obligation.

i. Reconciliation of opening and closing balances of the present value of the defined benefit obligation.

(₹ in mn.)

Particulars	Gratuity unfunded As at 31st Dec 2010	Gratuity unfunded As at 31st March 2010
Defined Benefit Obligation at beginning of the period/year	5.01	–
Current Service Cost	1.57	3.02
Current Interest Cost	0.31	–
Actuarial (Gain) / Loss	(0.49)	1.99
Defined Benefits Obligation at the end of the period/year	6.40	5.01

ii. Reconciliation of Present Value of Obligation and Fair Value of Plan Assets

(₹ in mn.)

Particulars	Gratuity unfunded As at 31st Dec 2010	Gratuity unfunded As at 31st March 2010
Fair Value of Plan Assets at the end of the year	–	–
Defined Benefit Obligation at end of the period/year	6.40	5.01
Liabilities / (Assets) recognised in the Balance Sheet	6.40	5.01

iii. Expenses recognised during the year

(₹ in mn.)

Particulars	Gratuity unfunded For the Period/Year Ended 31st Dec 2010	Gratuity unfunded For the Period/Year Ended 31st March 2010
Current Service Cost	1.57	3.02
Interest Cost	0.31	–

Actuarial (Gain) / Loss	(0.49)	1.99
Net Cost Recognised in Profit and Loss Account	1.39	5.01

iv. Assumptions used to determine the defined benefit obligations

Particulars	Gratuity unfunded	
	For the period/ year Ended	
	31st Dec, 2010	31st March 2010
Mortality Table (LIC)	(1994–96 ultimate)	
Discount Rate (p.a.)	8.15%	8.00%
Expected Rate of increase in Salary (p.a.)	10.00%	10.00%

Note: In the absence of relevant data, figures for the financial years 2005–06, 2006–07, 2007–08 and 2008–09 have not been given.

6. Deferred Tax Liability / (Asset)

As required by accounting standard 22 on "Accounting for Taxes on Income" Deferred Tax is comprised of the following items

(₹ in mn.)

Particulars	As at					
	31st Dec 2010	31st March 2010	31st March 2009	31st March 2008	31st March 2007	31st March 2006
Deferred Tax Liabilities						
–related to the Fixed Assets	–	–	–	–	0.01	0.41
Total	–	–	–	–	**0.01**	**0.41**
Deferred Tax Assets						
–related to the Fixed Assets	8.34	4.05	3.09	2.03	0.83	0.83
–Disallowance under Income Tax	2.13	1.66	1.03	0.12	1.99	12.79
Total	10.47	5.71	4.12	2.15	2.82	13.62
Net Deferred Tax Liability / (Assets)	**(10.47)**	**(5.71)**	**(4.12)**	**(2.15)**	**(2.81)**	**(13.21)**

As at 31st December 2010, 31st March 2010, 2009, 2008 and 2007 the Company had Net Deferred Tax Assets, however in the absence of virtual certainty that sufficient future Taxable Income will be available against which Deferred Tax Assets can be realized, the same has not been recognised in the books of account in line with Accounting Standard 22 dealing with Accounting for Taxes on Income.

7. Segment Reporting

The Company's activities predominantly revolve around Investment in and Development of Infrastructure Projects and hence considering the nature of Company's business and operations, there is only one reportable segment (business and / or geographical) in accordance with the requirements of the Accounting Standard 17 – "Segment Reporting" notified in the Companies (Accounting Standards) Rules 2006.

8. During the financial year 2005–06, the Company had sold part of investment in Mumbai Integrated Special Economic Zone Projects. The project being infrastructure compliant, the net resultant gains arising on account of this is directly transferred to Capital Reserve. The Company also, during the year sold part of its holding in Pipavav Shipyard Limited and the difference between the book value and sale price has been adjusted in Capital Reserve. Further, the net loss on account of Pipavav LNG transaction is also adjusted in Capital Reserve Account.

9. During the period ended 31st December 2010 the Company has invested in the equity share warrants of Pipavav Shipyard Ltd., an associate of the Company, having face value of ₹ 99.10 each, in which respect the Company will have to pay ₹ 1,873.96 million as and when the option is exercised.

10. During the Financial Year 2006–07, the Company had issued 183,333,150 equity shares as fully paid–up bonus shares by way of Capitalisation of Reserve & Surplus.

11. Each Compulsory Convertible Preference Shares (CCPS) outstanding as at 31st December, 2010 shall be converted into 184.74 equity shares of ₹ 10/–each by 1st April 2013 or at the option of CCPS Holders on any date or 5 days prior to the date of filing of Draft Red Herring Prospectus or on the date on which the Company raises at least US Dollar 100,000,000 by further issue of equity or equity–linked securities, whichever is earlier, subject to adjustments for the valuation milestones, stock/share splits, issuance of bonus shares, issue of shares on a rights basis, from the date of subscription to the date of conversion of CCPS and thereafter adjustment for time & value at which equity, if any, is placed to other investors till IPO.

12. The Company has chosen to early adopt 'Accounting Standard – 30', 'Financial Instruments: Recognition and Measurement' in its entirety read with limited revisions in various other Accounting Standard as published by ICAI. Accordingly all the financial assets and financial liabilities and derivatives have been re– measured at their respective fair values as against cost or market value whichever is lower. Coterminous with this, in the spirit of complete adoption, the Company has also implemented the consequential limited revisions in view of AS – 30 to 'Accounting Standard – 13' on 'Accounting for Investments', 'Accounting Standard – 21' on 'Consolidated Financial Statements and Accounting for Investments in Subsidiaries in Separate Financial Statements', 'Accounting Standard – 23' on 'Accounting for Investments in Associates' and 'Accounting Standard – 27' on 'Financial Reporting of Interests in Joint Ventures' as have been announced by the ICAI. As a result the Company has changed the designation and measurement of all its significant financial assets and liabilities. The effect of above change in accounting policy has resulted as under:

i. The resulting gain as at 1st April 2005 amounting to ₹ 0.83 millions has been credited to General Reserves in accordance with transitional provisions. The gain/loss on account of mark to market of Investment held for trading accounted in the respective years is as follows:-

(₹ in mn.)

Particulars	As at					
	31st Dec 2010	31st March 2010	31st March 2009	31st March 2008	31st March 2007	31st March 2006
Mark to market Gain (Loss)	22.72	34.36	30.41	(9.93)	(0.15)	0.50

ii. The resulting gain on fair valuation of investment available for sale has been transferred to Investment Revaluation Reserve Account. The balance in the Investment Revaluation Reserve Account as at the end of the reporting periods is as follows:

(₹ in mn.)

Particulars	As at					
	31st Dec 2010	31st March 2010	31st March 2009	31st March 2008	31st March 2007	31st March 2006
Balance in Investment Revaluation Reserve Account	13,007.61	8,981.00	1,800.44	1,850.64	1,779.49	1,779.49

iii. Investment being higher by following amounts over its cost :

(₹ in mn.)

Particulars	As at					
	31st Dec 2010	31st March 2010	31st March 2009	31st March 2008	31st March 2007	31st March 2006
Amount by which Investments are carried above their cost	13,078.72	9,028.51	1,813.59	1,833.37	1,778.51	1,780.53

13. JOINTLY CONTROLLED ENTITY:

Name	Country of Incorporation	Ownership interest		
		As at 31st Dec 2010	As at 31st March 2010	As at 31st Dec 2009
Sohar Free Zone LLC	Sultanate of Oman	33.33%	33.33%	33.33%

The Company's share of assets, liabilities, income and expenditure of the joint venture entity are as follows:

(₹ in mn.)

Particulars	As at 31st December 2010	As at 31st December 2009
Assets		
– Long Term Assets	63.83	16.33
– Current Assets	109.10	20.80
Liabilities		
– Current Liabilities & Provisions	142.65	26.74
Income	1.71	0.16
Expenses	12.34	9.91

14. In accordance with the Accounting Standard (AS – 28) on "Impairment of Assets" the Management during the year carried out an exercise of identifying the asset that may have been impaired in respect of each cash generating unit. On the basis of this review carried out by the Management, there was no impairment loss on Fixed Assets during the period ended 31st December, 2010.

15. The figures for the years ended 31st March 2010, 2009, 2008, 2007 and 2006 have been regrouped, rearranged, reclassified and re–casted wherever necessary, to confirm to the period ended 31st December 2010's classification.

Annexure VII

Statement of Other income as Restated:–

(₹ in mn.)

Particulars	For the period ended 31st Dec 2010	For the year ended 31st March				
		2010	2009	2008	2007	2006
Recurring:–						
Dividend	1.22	0.48	6.13	6.19	3.76	9.58
Gain on Mark to Market of Current Investment	22.72	34.36	30.41	(9.93)	(0.15)	0.50
Profit on sale of Current Investment	18.94	–	–	52.63	59.16	65.89
Interest Income	37.41	0.12	7.45	26.38	–	0.04
Non–recurring:–						
Sundry Balances/Liabilities written back (Net)	1.86	–	–	–	4.11	–
Foreign Exchange Gain / (Loss)	0.05	–	–	–	0.02	–
Miscellaneous Income	–	1.58	3.51	0.72	4.71	0.42
Total	**82.20**	**36.54**	**47.50**	**75.99**	**71.61**	**76.43**

Note:

i. In view of the management, all the Other Income mentioned above are mainly related to the business activities of the Company.

ii. The classification of the other income as recurring /non recurring and related /non related to the business activities is based on the current operation and the business activities of the Company as determined by the management.

iii. The above amounts are as per the Summary Statement of Unconsolidated Profit and Losses, as restated of the Company.

Annexure VIII

Statement of Sundry Debtors, as Restated :–

(₹ in mn.)

Particulars	As at					
	31st Dec 2010	31st Mar 2010	31st Mar 2009	31st Mar 2008	31st Mar 2007	31st Mar 2006
Debtors (Unsecured & Considered Good)						
– Outstanding for period exceeding six month						
Subsidiary Company	29.17	-	-	-	-	-
Associates	23.20	-	-	-	-	-
– Others						
Subsidiary Company	-	29.17	-	-	-	-
Associates	-	23.20	47.30	-	-	-
Others	30.00	-	-	-	-	-
Total	**82.37**	**52.37**	**47.30**	**-**	**-**	**-**

Note

The above amounts are as per the Summary Statement of Unconsolidated Assets and Liabilities, as restated of the Company.

Annexure IX

Statement of Secured Loans, as Restated:–

(₹ in mn.)

Particulars	As at					
	31st Dec 2010	31st March 2010	31st March 2009	31st March 2008	31st March 2007	31st March 2006
Long Term Loans						
–From Bank	3,500.00	1,500.00	–	–	93.10	33.33
–From Financial Institutions	2,150.00	2,100.00	1,119.87	513.90	490.00	–
Inter Corporate Deposits	3,363.63	–	–	–	–	–
Short Term Loans						
–From Banks	3,000.00	3,000.00	–	–	–	–
–From Financial Institutions	1,500.00	–	–	–	–	–
Vehicle Loans	19.19	18.96	21.82	16.84	19.15	18.08
Interest Accrued & Due	344.85	–	–	–	–	–
Total	**13,877.67**	**6,618.96**	**1,141.69**	**530.74**	**602.25**	**51.41**

Note :

6. Term loans from a Bank as at 31st December, 2010 is secured by way of equitable mortgage of a land owned by other body corporate.

7. Long Term Loan from Financial Institutions, Short Term Loan from Banks and Financial Institutions and Inter Corporate Deposits as at 31st December, 2010 aggregating to ₹ 10,013.63 millions secured by way of pledge of Investments of the Company in equity shares.

8. All the above loans are guaranteed by one of the Directors of the Company in his personal capacity.

9. Vehicle Loans referred above are secured by the hypothecation of the specific vehicles financed.

10. The above amounts are as per the Summary Statement of Unconsolidated Assets and Liabilities, as restated of the Company.

Annexure X

Statement of Unsecured Loans, as Restated :–

(₹ in mn.)

Particulars	As at					
	31st Dec 2010	**31st March 2010**	**31st March 2009**	**31st March 2008**	**31st March 2007**	**31st March 2006**
Optionally Convertible Bonds (2,293,024 Optionally Convertible bonds of face value of ₹ 100 each)	–	–	–	229.30	229.30	229.30
Total	–	–	–	**229.30**	**229.30**	**229.30**

Note:

1. The above Optionally Convertible Bonds were converted into 25,23,880 equity shares of ₹ 10/– each during the financial year 2008–09.

2. The above amounts are as per the Summary Statement of Unconsolidated Assets and Liabilities, as restated of the Company.

Annexure XI

Statement of Related Party Transactions, as restated

I. Details of Related Parties for the Period Ended 31st December, 2010

A. List of Related Parties

Sr. No.	Particulars
1	**Subsidiary**
	SKIL Himachal Infrastructure & Tourism Limited
	Poseidon Infrastructure Limited (up to 08th Dec, 2010)
	SKIL Shipyard Holdings Private Limited
	SKIL Karnataka SEZ Limited
	SKIL Singapore Pte Limited of Singapore
	SKIL Himachal Wankanaghat SEZ Pvt Ltd
	SKIL Strategic Deterrence Systems Pvt. Ltd. (w.e.f. 4th Oct, 2010)
	Energy India Corporation Limited (w.e.f. 23rd Dec, 2010)
	SKIL Advance Systems Private Limited
	SKIL Advance Energy Private Limited
2	**Associates**
	Gujarat Positra Port Company Limited
	Horizon Countrywide Logistics Limited
	Pipavav Shipyard Limited
	Everonn Education Limited (w.e.f. 9th Dec. 2010)
	Montana Infrastructure Limited
	Urban Infrastructure Holding Private Limited
	Metropolitan Industries
3	**Joint Ventrue**
	Sohar Free Zone LLC
4	**Key Management Personnel**
	Nikhil P Gandhi
	Bhavesh P Gandhi
	P Krishnamurthy
5	**Enterprises owned or significantly influenced by key management personnel or their relatives (Other related parties) with whom transaction have taken place during the year**
	Matushree Nirmalaben Gandhi Charitable Foundation
	Grevek Investment & Finance Pvt.Ltd.
	Awaita Properties Pvt.Ltd.

B. Summary of Related Party Transactions

(₹ in mn.)

Nature of transaction	Subsidiary	Associates / Joint Venture	Key Management Personnel & Relatives	Enterprises significantly influenced by KMP & relatives	Total
Investment – purchased /allotted during the year	**1.70**	**2,693.35**	**0.20**	–	**2,695.25**
Impairment of investment	**5.03**	**-**	**-**	**-**	**5.03**
Investment Written off	**0.50**	**-**	**-**	**-**	**0.50**
Investment as at 31st December, 2010	**478.50**	**27,612.92**	–	–	**28,091.42**
Share Application money paid during the year	**2,685.59**	**287.31**	–	–	**2,972.90**
Share Application money received back	**3,572.89**	**255.00**	–	–	**3,827.89**
					–
Share Application money as at 31st December, 2010	**1,466.70**	**582.03**	–	–	**2,048.73**
Share Application money received during the year (Including Advance against Share Application)	–	–	–	**3,515.91**	**3,515.91**
Share Application Money refunded during the year	–	–	–	**2,567.64**	**2,567.64**
Share Application Money as at 31st December, 2010	–	–	–	**1,803.11**	**1,803.11**
Advances given	**0.01**	**-**	–	–	**0.01**
Advances received back	–	**26.70**	–	–	**26.70**
Advances Written off	**0.70**	**3.59**	-	-	**4.29**
Advances as at 31st December, 2010	–	**19.46**	–	–	**19.46**
Sundry Debtors					
Balances as at 31st December, 2010	**29.17**	**23.20**	–	–	**52.37**
Deposit as at 31st December, 2010	**-**	**-**	**0.95**	**-**	**0.95**
Corporate Guarantee Given	**-**	**38,048.22**	**-**	**-**	**38,048.22**
Reimbursement of Expenses	–	**13.94**	–	–	**13.94**
Managerial Remuneration	–	–	**5.85**	–	**5.85**

C. Details of major transactions with related party

(₹ in mn.)

Particulars		As at Dec 31, 2010
Investment – purchased /allotted during the year	Everonn Education Ltd.	2,037.38

	Pipavav Shipyard Ltd. (Share Warrant)	625.50
Investments as at 31st December 2010	Pipavav Shipyard Limited	22,772.63
Impairment of Investment	SKIL Singapore Pte. Ltd.	5.03
Investment Written off	Poseidon Infrastructure Ltd	0.50
Share Application money paid during the year	SKIL Himachal Infrastructure & Tourism Ltd.	568.10
	SKIL Shipyard Holdings Pvt. Ltd.	815.15
	SKIL Advanced Systems Pvt. Ltd.	1,253.99
	Gujarat Positra Port Co. Ltd.	287.31
Share Application money received back	SKIL Shipyard Holdings Pvt. Ltd.	1,700.65
	SKIL Himachal Infrastructure & Tourism Ltd.	622.24
	SKIL Advanced Systems Pvt. Ltd.	1,250.00
Share Application money as at 31st December, 2010	SKIL Himachal Infrastructure & Tourism Ltd.	503.92
	SKIL Karnataka SEZ Ltd.	289.33
	SKIL Shipyard Holdings Pvt. Ltd.	635.32
	Gujarat Positra Port Co. Ltd.	582.03
Share Application money received during the year	Grevek Investment & Finance Pvt.Ltd	3,515.91
Share Application Money refund	Grevek Investment & Finance Pvt.Ltd	2,567.64
Share Application Money as at 31st December, 2010	Grevek Investment & Finance Pvt.Ltd	1,803.11
Advances Given	Poseidon Infrastructure Ltd.	0.01
Advances Received back	Horizon Countrywide Logistics Limited	11.73
	Pipavav Shipyard Ltd	14.88
Advances Written off	Poseidon Infrastructure Ltd.	0.70
	Sohar Free Zone LLC	3.59
Advance receivable as at 31st December 2010	Pipavav Shipyard Ltd	17.54
Deposit as at 31st December 2010	Mr.Bhavesh P.Gandhi	0.95
Sundry Debtors	SKIL Himachal Infrastructure & Tourism Ltd.	29.17
	Gujarat Positra Port Co. Ltd.	23.20
Corporate Guarantee Given	Pipavav Shipyard Limited	37,907.50
Reimbursement of Expenses	Pipavav Shipyard Ltd	12.60
Managerial Remuneration	Mr. Nikhil Gandhi	3.60
	Mr.P. Krishnamurthy	2.25

II. Details of Related Parties for the year ended 31st March, 2010

A. List of Related Parties

Sr. No.	Particulars
1	**Subsidiary**
	SKIL Himachal Infrastructure & Tourism Limited
	Poseidon Infrastructure Limited
	SKIL Shipyard Holdings Private Limited
	SKIL Karnataka SEZ Limited
	SKIL Singapore Pte Limited of Singapore
	SKIL Himachal Wankanaghat SEZ Pvt Ltd
	SKIL Advance Systems Private Limited
	SKIL Advance Energy Private Limited
2	**Associates**
	Gujarat Positra Port Company Limited
	Horizon Countrywide Logistics Limited
	Pipavav Shipyard Limited
	Montana Infrastructure Limited
	Urban Infrastructure Holding Private Limited
3	**Joint Ventrue**
	Sohar Free Zone LLC
4	**Key Management Personnel**
	Nikhil Prataprai Gandhi
	Bhavesh Prataprai Gandhi
	N. Ravichandran (Upto September, 2009)
	P Krishnamurthy
5	**Enterprises owned or significantly influenced by key management personnel or their relatives (Other related parties) with whom transaction have taken place during the year**
	Matushree Nirmalaben Gandhi Charitable Foundation
	Metropolitan Industries
	Grevek Investment & Finance Pvt.Ltd.
	Awaita Properties Pvt.Ltd.

B. Summary of Related Party Transactions

(₹ in mn.)

Nature of transaction	Subsidiaries	Associates / Joint Venture	Key Management Personnel & Relatives	Enterprises significantly influenced by KMP & relatives	Total
Investment – purchased /allotted during the year	5.82	21.50	–	–	27.32

Investment as at 31st March, 2010	476.92	17,860.41	–	–	18,337.33
Share application money paid during the year	3,169.88	700.91	–	–	3,870.79
Share application money receive	1,182.04	252.82	–	–	1,434.86
Share application money as at 31st March, 2010	2,331.66	549.71	–	–	2,881.37
Share Application Money Received during the year (Including Advance against Share Application)	–	–	–	2,574.50	2,574.50
Share Application Money refund	–	–	–	2,161.14	2,161.14
Share Application Money as at 31st March, 2010				854.85	854.85
Advances Given	–	11.73	–	295.85	307.58
Advance Received back	–	–	–	512.81	512.81
Advance Receivable as at 31st March 2010	–	31.90	0.95	–	32.85
Sundry Debtors					
Balance as at 31st March, 2010	29.17	23.20	–	–	52.37
Corporate Guarantee Given	-	38,713.07	-	-	38,713.07
Income					
Project Development Fees (Gross)	32.41	25.79	–	–	58.20
Expenses					
Reimbursement of Expense	–	11.35	–	–	11.35
Managerial Remuneration	–	–	9.20	–	9.20

C. Details of major transactions with related party

(₹ in mn.)

Particulars		As on 31st March, 2010
Investment – purchased/ allotted during the year	SKIL Karnataka SEZ Ltd.	0.50
	SKIL Himachal Wanknaghat SEZ Ltd.	0.10
	SKIL Advance Systems Pvt. LTd.	0.10

Particulars		As on 31st March, 2010
	SKIL Advance Energy Pvt. Ltd.	0.10
	SKIL Singapore Pte. Ltd.	5.02
	Sohar Free Zone LLC	21.50
Investment as at 31st March, 2010	Poseidon Infrastructure Ltd.	0.50
	SKIL Himachal Infrastructure & Tourism Ltd.	470.49
	SKIL Karnataka SEZ Ltd.	0.50
	SKIL Shipyard Holdings Pvt. Ltd.	0.10
	SKIL Himachal Wanknaghat SEZ Ltd.	0.10
	SKIL Advance Systems Pvt. LTd.	0.10
	SKIL Advance Energy Pvt. Ltd.	0.10
	SKIL Singapore Pte. Ltd.	5.02
	Gujarat Positra Port Co. Ltd.	402.40
	Pipavav Shipyard Limited	15,561.99
	Horizon Countrywide Logistics Limited	632.95
	Urban Infrastructure Holdings Pvt.Ltd.	1,241.57
	Sohar Free Zone LLC	21.50
Share Application Money Paid	SKIL Himachal Infrastructure & Tourism Ltd.	1,054.10
	SKIL Karnataka SEZ Ltd.	169.58
	SKIL Shipyard Holdings Pvt. Ltd.	1,946.20
	Gujarat Positra Port Co. Ltd.	700.91
Share Application Money Refund	SKIL Himachal Infrastructure & Tourism Ltd.	757.04
	SKIL Shipyard Holdings Pvt. Ltd.	425.00
	Gujarat Positra Port Co. Ltd.	252.82
Share Application Money as at 31st March 2010	SKIL Himachal Infrastructure & Tourism Ltd.	558.06
	SKIL Karnataka SEZ Ltd.	252.38
	SKIL Shipyard Holdings Pvt. Ltd.	1,521.22
	Gujarat Positra Port Co. Ltd.	549.71
Share Application Money Received during the year	Grevek Investment & Finance Pvt.Ltd	2,574.50
Share Application Money refund	Grevek Investment & Finance Pvt.Ltd	2,161.14
Share Application Money as at 31st March, 2010	Grevek Investment & Finance Pvt.Ltd	854.85
Advance Given during the year	Horizon Countrywide Logistics Limited	11.73
	Awaita Properties Pvt.Ltd.	295.85
Advance Received back	Awaita Properties Pvt.Ltd.	512.81

Particulars		As on 31st March, 2010
Advance Receivable as at 31st March 2010	Horizon Countrywide Logistics Limited	11.73
	Pipavav Shipyard Limited	19.82
	Sohar Free Zone LLC	0.35
Sundry Debtors	SKIL Himachal Infrastructure & Tourism Ltd.	29.17
	Gujarat Positra Port Co. Ltd.	23.20
	Pipavav Shipyard Limited	
Corporate Guarantee Given	Pipavav Shipyard Limited	38,711.83
Income from Project Development Fees (Gross)	SKIL Himachal Infrastructure & Tourism Ltd.	32.41
	Gujarat Positra Port Co. Ltd.	25.79
Reimbursement of Expenses	Horizon Countrywide Logistics Limited	5.12
	Pipavav Shipyard Limited	5.88
	Sohar Free Zone LLC	0.35
Managerial remuneration	Mr. Nikhil Gandhi	4.50
	Mr. N Ravichandran	1.50
	Mr.P. Krishnamurthy	3.20

III. Details of Related Parties for the year ended 31st March, 2009

A. List of Related Parties

Sr. No.	Particulars
1	**Subsidiary**
	SKIL Himachal Infrastructure & Tourism Ltd.
	Poseidon Infrastructure Ltd.
	SKIL Shipyard Holdings Pvt. Ltd.
2	**Associates**
	Pipavav Shipyard Ltd.
	Gujarat Positra port Co. Ltd.
	Horizon Countrywide Logistics Ltd
	Montana Infrastructure Ltd
	Urban Infrastructure Holdings Pvt.Ltd
3	**Key Management Personnel**

	Mr. Nikhil Gandhi
	Mr. Bhavesh Gandhi
	Mr. N Ravichandran
	Mr. P Krishnamurthy
4	**Enterprises owned or significantly influenced by key management personnel or their relatives (Other related parties) with whom transaction have taken place during the year**
	Matushree Nirmalaben Gandhi Charitable Foundation
	Metropolitan Industries
	Grevek Investment & Finance Pvt.Ltd.
	Awaita Properties Pvt.Ltd.

B. Summary of Related Party Transactions

(₹ in mn.)

Nature of transaction	Subsidiaries	Associates	Key Management Personnel & Relatives	Enterprises significantly influenced by KMP & relatives	Total
Investment – purchased/alloted during the year	470.00	1,172.55	–	–	1,642.55
Investment as at 31st March, 2009	471.09	5,318.18	–	–	5,789.27
Share Application Money Paid	673.13	64.28	–	–	737.41
Share Application Money Refund	454.00	–	–	–	454.00
Share Application Money as at 31st March, 2009	261.02	101.62	–	–	362.64
Share Application Money Received during the year (Including Advance against Share Application)	–	–	–	995.02	995.02
Share Application Money refund	–	–		1,395.81	1,395.81
Share Application Money as at 31st March, 2009	–	–	–	1,268.20	1,268.20
Advances Given during the year	–	32.20	–	29.07	61.27
Advances Received back	–	27.24	–	29.34	56.58
Advances Receivable as at 31st March, 2009	0.59	13.94	12.74	216.96	244.23

Sundry Debtors					
Balance as at 31st March, 2010		47.30			47.30
Corporate Guarantee Given	–	27,760.14	–	–	27,760.14
Income– Project Development fees	–	47.30	–	–	47.30
Managerial Remuneration	–	–	32.50	–	32.50

C. Details of major transaction with related party

(₹ in mn.)

Particulars		As at 31st March, 2009
Investment – purchased/alloted during the year	SKIL Himachal Infrastructure & Tourism Ltd.	470.00
	Horizon Countrywide Logistics Limited	280.98
	Urban Infrastructure Holdings Pvt.Ltd.	891.57
Investment as at 31st March, 2009	Poseidon Infrastructure Ltd.	0.50
	SKIL Himachal Infrastructure & Tourism Ltd.	470.49
	SKIL Shipyard Holdings Pvt. Ltd.	0.10
	Gujarat Positra Port Co. Ltd.	402.40
	Pipavav Shipyard Limited	3,041.26
	Horizon Countrywide Logistics Limited	632.95
	Urban Infrastructure Holdings Pvt.Ltd.	1,241.57
Share Application Money	SKIL Himachal Infrastructure & Tourism Ltd.	673.13
	Gujarat Positra Port Co. Ltd.	64.28
Share Application Money Received back	SKIL Himachal Infrastructure & Tourism Ltd	454.0(
Share Application Money as at 31st March, 2009	SKIL Himachal Infrastructure & Tourism Ltd.	261.00
	SKIL Shipyard Holding Pvt. Ltd.	0.02
	Gujarat Positra Port Co. Ltd.	101.62
Share Application Money Received during the year	Grevek Investment & Finance Pvt.Ltd	995.02
Share Application Money refund	Grevek Investment & Finance Pvt.Ltd	1,395.81
Share Application Money as at 31st March, 2009	Grevek Investment & Finance Pvt.Ltd	1,268.20
Advances Given	Pipavav Shipyard Ltd.	32.20
	Awaita Properties Pvt.Ltd	29.07
Advance Received back	Pipavav Shipyard Ltd.	27.24
	Awaita Properties Pvt.Ltd	29.34
Advances Receivable as at 31st March, 2009	Pipavav Shipyard Ltd.	13.94
	Awaita Properties Pvt.Ltd	216.96
Sundry Debtors	Pipavav Shipyard Limited	47.30
Corporate Guarantee Given	Pipavav Shipyard Limited	27,760.14

Particulars		As at 31st March, 2009
Income from Project Development Fees	Pipavav Shipyard Limited	47.30
Managerial remuneration	Mr. Nikhil Gandhi	18.00
	Mr. N Ravichandran	3.00
	Mr.P. Krishnamurthy	11.50

IV. Details of Related Parties for the year ended 31st March, 2008

A. List of Related Parties

Sr. No.	Particulars
1	**Subsidiary**
	SKIL Himachal Infrastructure & Tourism Ltd.
	Poseidon Infrastructure Ltd.
	Gujarat Positra port Co. Ltd.
	SKIL Shipyard Holdings Pvt. Ltd.
2	**Associates**
	Pipavav Shipyard Ltd.
	Montana Infrastructure Ltd
	Urban Infrastructure Holdings Pvt.Ltd
	Horizon Countrywide Logistics Ltd
	Fastlane Distripark & Logistics Ltd.
	Chiplun FTWZ Pvt.Ltd.
3	**Key Management Personnel**
	Mr. Nikhil Gandhi
	Mr. Bhavesh Gandhi
	Mr. N Ravichandran
4	**Enterprises owned or significantly influenced by key management personnel or their relatives (Other related parties) with whom transaction have taken place during the year**
	Matushree Nirmalaben Gandhi Charitable Foundation
	Metropolitan Industries
	Grevek Investment & Finance Pvt.Ltd.
	Awaita Properties Pvt.Ltd.

B. Summary of Related Party Transactions

(₹ in mn.)

Nature of transaction	Subsidiaries	Associates	Key Management Personnel & Relatives	Enterprises significantly influenced by KMP & relatives	Total
Investment – purchased/allotted during the year	402.01	405.48	–	–	807.49
					–
Investment as at 31st March, 2008	403.49	3743.24	–	–	4,146.73
Share Application money paid	1,078.80	280.98	–	–	1,359.78
Share Application money refund	338.12	–	–	–	338.12
Share Application money as at 31st March, 2008	549.21	280.98	–	–	830.19
Share Application money received (Including Advance against Share Application)	–	–	–	3,248.67	3,248.67
Share Application money refund	–	–	–	1,594.14	1,594.14
Share Application money as at 31st March, 2008	–	–	–	1,669.00	1,669.00
Advances Given during the year	0.03	129.92	3.65	244.86	378.46
Advances Received back	–	144.42	52.07	34.21	230.70
					–
Advances Receivable as at 31st March, 2008	0.61	8.98	10.49	217.23	237.31
Corporate Guarantee Given	–	7,632.64	–	–	7,632.64
Income– Project Development fees	–	216.66	–	–	216.66
					–
Managerial Remuneration	–	–	26.40	–	26.40
					–

C. Details of major transactions with related party

(₹ in mn.)

Particulars		As on 31st March,2008
Investment – purchased/alloted during the year	Horizon Countrywide Logistics Ltd.	351.48
	SKIL Shipyard Holdings Pvt. Ltd.	0.10
	Gujarat Positra Port Co. Ltd.	401.91
	Urban Infrastructure Holding Pvt.Ltd	54.00
Share Application Money paid	Gujrat Positra Port Co.Ltd	660.52
	SKIL Himachal Infrastructure & Tourism Ltd.	418.28
	Horizon Countrywide Logistics Ltd.	280.98
Share Application Money Refund	SKIL Himachal Infrastructure & Tourism Ltd.	3.10

Particulars		As on 31st March,2008
	Gujrat Positra Port Co.Ltd	335.02
Share Application Money as at 31st March, 2008	Gujrat Positra Port Co.Ltd	37.34
	SKIL Himachal Infrastructure & Tourism Ltd.	511.87
	Horizon Countrywide Logistics Ltd.	280.98
Investment as at 31st March, 2008	Poseidon Infrastructure Ltd.	0.50
	SKIL Himachal Infrastructure & Tourism Ltd.	0.49
	Gujrat Positra Port Co.Ltd	402.40
	SKIL Shipyard Holdings Pvt. Ltd.	0.10
	Horizon Countrywide Logistics Ltd.	351.97
	Urban Infrastructure Holding Pvt.Ltd	350.00
	Pipavav Shipyard Ltd.	3,041.26
Share Application money received	Grevek Investment & Finance Pvt.Ltd	3,248.67
Share Application money refund	Grevek Investment & Finance Pvt.Ltd	1,594.14
Share Application money as at 31st March, 2008	Grevek Investment & Finance Pvt.Ltd	1,669.00
Advances Given during the year	Posedion Infrastructure	0.02
	Skil Shipyard Holdings Pvt.Ltd	0.02
	Mr.Nikhil P Gandhi	3.28
	Mr.Ravichandran	0.37
	Metropolitan Industries	0.50
	Awaita Properties Pvt.Ltd	244.35
	Pipavav Shipyard Ltd	129.92
Advances Received back	Metropolitan Industries	34.21
	Pipavav Shipyard Ltd	144.42
	Mr.Nikhil P Gandhi	52.07
Advances Receivable as at 31st March, 2008	Poseidon Infrastructure	0.59
	Pipavav Shipyard Ltd	8.98
	Skil Shipyard Pvt.Ltd	0.02
	Metropolitan Industries	–
	Awaita Properties Pvt.Ltd	217.23
Corporate Guarantee Given	Pipavav Shipyard Limited	7,632.64
Income from Project Development Fees	Pipavav Shipyard Limited	216.66
Managerial remuneration	Mr. Nikhil Gandhi	18.00
	Mr. N Ravichandran	8.40

V. Details of Related Parties for the year ended 31st March, 2007

A. List of Related Parties

Sr. No.	Particulars
1	**Subsidiary**
	SKIL Himachal Infrastructure & Tourism Ltd.
	Poseidon Infrastructure Ltd.
	Gujarat Positra Port Co. Ltd.
2	**Associates**
	Pipavav Shipyard Ltd.
	Montana Infrastructure Ltd
	Urban Infrastructure Holdings Pvt.Ltd
3	**Key Management Personnel**
	Mr. Nikhil Gandhi
	Mr. Bhavesh Gandhi
	Mr. N Ravichandran
4	**Enterprises owned or significantly influenced by key management personnel or their relatives (Other related parties) with whom transaction have taken place during the year**
	Matushree Nirmalaben Gandhi Charitable Foundation
	Metropolitan Industries
	Grevek Investment & Finance Pvt.Ltd.
	Awaita Properties Pvt.Ltd.

B. Summary of Related Party Transactions

(₹ in mn.)

Nature of transaction	Subsidiary	Associates	Key Management Personnel & Relatives	Enterprises significantly influenced by KMP & relatives	Total
Investment – purchased/alloted during the year	0.49	296.00	–	91.51	388.00
Investment–sold during the year	–	–	–	–	-
Investment as at 31st March, 2007	1.49	3,337.26	–	–	3,338.75
Share Application Money Paid	215.84	–	–	–	215.84

Nature of transaction	Subsidiary	Associates	Key Management Personnel & Relatives	Enterprises significantly influenced by KMP & relatives	Total
Share Application Money Refund	5.40	–	–	–	5.40
Share Application Money as at 31 March, 2007	210.44	–	–	–	210.44
Share Application money received (Including Advance against Share Application)	–	–	–	182.15	182.15
Share Application money refund	–	–	–	997.63	997.63
Share Application money as at 31st March, 2007	–	–	–	14.46	14.46
Advance Accepted during year				19.13	19.13
Advance Refund back				110.61	110.61
Advance payable as at 31st March, 2006				27.13	27.13
Advances Given	–	245.10	79.47	–	324.57
Advances Received back	–	186.20	4.15	–	190.35
Advances as at 31st March, 2007	0.57	129.71	63.50	33.71	227.49
Sale of Fixed Assets		4.17			4.17
Corporate Guarantee Given	–	4410	–	–	4410
Reimbursement of Expesnes	–	–	–	–	–
Managerial Remuneration	–	–	24.00	–	24.00

C. Details of major transactions with related party

(₹ in mn.)

Particulars		As on 31st March, 2007
Investment – purchased/alloted during the year	SKIL Himachal Infrastructure & Tourism Ltd.	0.49
	Urban Infrastructure Holding Pvt. Ltd	296.00
	Grevek Invstment & Finance Pvt. Ltd.	91.51
Investment as at 31st March, 2007	SKIL Himachal Infra & Tourism Ltd.	0.49
	Gujarat Positra Port Co. Ltd.	0.49
	Poseidon Infrastructure Ltd.	0.50
	Pipavav Shipyard Ltd.	3,041.26
	Urban Infrastructure Holdings Pvt. Ltd.	296.00
Share Application Money paid during the	SKIL Himachal Infrastructure & Tourism Ltd.	102.09

Particulars		As on 31st March, 2007
year	Gujrat Positra Port Co.Ltd	113.75
Share Application Money receive back during the year	SKIL Himachal Infrastructure & Tourism Ltd.	5.40
Share Application Money as at 31st March, 2007	SKIL Himachal Infrastructure & Tourism Ltd.	96.68
	Gujrat Positra Port Co.Ltd	113.76
Share Application money receive	Grevek Investment & Finance Pvt.Ltd	182.15
Share Application money refund	Grevek Investment & Finance Pvt.Ltd	997.63
Share Application money as at 31st March, 2007	Grevek Investment & Finance Pvt.Ltd	14.46
Advances Accepted during the year	Awaita Properties Pvt.Ltd.	19.13
Advance Refund back	Awaita Properties Pvt.Ltd.	110.61
Advances Payable as at 31st March, 2007	Awaita Properties Pvt.Ltd.	27.13
Advances Given during the year	Pipavav Shipyard Limited	205.55
	Montana Infrastucture Ltd.	39.55
	Mr.Nikhil P Gandhi	71.85
	Mr. N. Ravichandran	7.62
Advances received back	Pipavav Shipyard Limited	186.20
	Mr. N. Ravichandran	4.15
Advances receivable as at 31st March, 2007	Pipavav Shipyard Limited	23.48
	Poseidon Infrastructure Ltd.	0.57
	Metropolitan Industries	33.71
	Montana Infrastucture Ltd.	106.23
	Mr.Nikhil P Gandhi	48.36
	Mr. N. Ravichandran	15.14
Corporate Guarantee Given	Pipavav Shipyard Limited	4,410
Sale of Fixed Assets	Pipavav Shipyard Limited	4.17
Managerial remuneration	Mr. Nikhil Gandhi	18.00
	Mr. N Ravichandran	6.00

VI. Details of Related Parties for the year ended 31st March, 2006

A. List of related parties

Sr. No.	Particulars
1	**Subsidiary**

	Pipavav Shipyard Ltd.
	Poseidon Infrastructure Ltd.
	Gujarat Positra port Co. Ltd.
	Grevek Investment & Finance Pvt. Ltd.
	Emgee Solar Ltd.
	Awaita Properties Pvt. Ltd.
	Ganpati Port Ware Housing Pvt. Ltd.
2	**Associates**
	Montana Infrastructure Ltd
3	**Key Management Personnel**
	Mr. Nikhil P.Gandhi – HUF
	Mr. Nikhil P.Gandhi
	Neha N.Gandhi
	Rupali Gandhi
	Prataprai S.Gandhi - HUF
	Prataprai S.Gandhi
	Mr. Bhavesh P.Gandhi - HUF
	Mr. Bhavesh P.Gandhi
	Mr. N Ravichandran
4	**Enterprises owned or significantly influenced by key management personnel or their relatives (Other related parties) with whom transaction have taken place during the year**
	Metropolitan Industries
	Matushree Nirmalaben Gandhi Charitable Foundation
	Spark Electrocommunication Systems
	Triforce Infrastructure Pvt.Ltd.

B. Summary of Related Party Transactions

(₹ in mn.)

Nature of transaction	Subsidiary	Associates	Key Management Personnel & Relatives	Enterprise over which KMP have significant Influence	Total
Investment sold during the year	1,441.89	–	–	–	1,441.89
Investment as at 31st March, 2006	2,850.99	–	–	–	2,850.99
Advance Accepted during year	142.94	–	–	–	142.94
Advance Refund back	489.73	–	–	–	489.73

Advance payable as at 31st March, 2006	948.68	–	–	–	948.68
Advances Given during the year	249.56	–	–	33.71	283.27
Advances received during the year	1,187.35	–	–	–	1,187.35
Corporate Guarantee Given	–	4,410.00	–	–	4,410.00
Advances Receivable as at 31st March, 2006	17.05	66.68	12.61	33.71	130.05
Managerial Remuneration	–	–	3.00	–	3.00

C. Details of major transactions with related party

(₹ in mn.)

Particulars		**As at 31st March,2006**
Investment sold during the year	Pipavav Shipyard Ltd	1,441.89
Investment as at 31st March, 2006	Posedion Infrastructure Limited	0.50
	Grevek Investment & Finance Pvt.Ltd	37.50
	Gujrat Positra Port Pvt.Ltd	0.49
	Pipavav Shipyard Ltd	2,812.50
Advances Accepted during the year	Grevek Investment & Finance Pvt.Ltd	135.40
	Awaita Properties Pvt.Ltd	7.54
Refund back during the year	Grevek Investment & Finance Pvt.Ltd	484.00
	Awaita Properties Pvt.Ltd	5.73
Advance payable as at 31st March 2006	Grevek Investment & Finance Pvt.Ltd	829.94
	Awaita Properties Pvt.Ltd	118.44
	Guajrat Positra Port Pvt.Ltd	0.30
Advances Given during the year	Poseidon Infrastructure Ltd	1.00
	Metropolitan Industries	33.71
	Pipavav Shipyard Ltd.	248.56
Advance Received during the year	Pipavav Shipyard Ltd.	1,187.35
Advances Receivable as at 31st March 2006	Posedion Infrastructure	0.57
	Metropolitan Industries	33.71
	Montana Infrastructure Ltd.	66.68
	Emgee Solar Ltd.	8.18
	Pipavav Shipyard Ltd.	8.30
Corporate Guarantee Given	Pipavav Shipyard Ltd.	4,410.00
Managerial Remuneration	Mr. N Ravichandran	3.00

Annexure XII

Statement of Loans and Advances, as Restated :–

(₹ in mn.)

Particulars	As at					
	31st Dec 2010	**31st March 2010**	**31st March 2009**	**31st March 2008**	**31st March 2007**	**31st March 2006**
Loan & Advances						
1) Directors of Company *	0.95	0.95	12.74	10.49	63.50	12.61
2) Subsidiary Companies	1,466.70	2,331.66	261.61	549.82	211.01	17.05
3) Associates/Joint ventures	601.49	581.61	115.56	289.88	129.71	66.68
4) Other Related Parties	-	-	216.96	217.23	33.71	33.71
5) Others	899.88	735.19	436.72	1.97	1196.47	2,535.45
Total	**2,969.02**	**3,649.41**	**1,043.59**	**1,069.39**	**1,634.40**	**2,665.50**

* Includes Rent Deposits of ₹ 0.95 Millions.

Note

1. The above amounts are as per the Summary Statement of Unconsolidated Assets and Liabilities, as restated of the Company.

2. Refer Annexure XI for details on related party transactions.

Annexure XIII

Statement of Investments, as Restated:–

(₹ in mn.)

Particulars	As at 31st Dec 2010	31st March 2010	31st March 2009	31st March 2008	31st March 2007	31st March 2006
Long Term Investment						
In Equity Shares Of Subsidiary companies (Unquoted Fully Paid Up) *	478.51	476.92	471.09	755.47	1.49	2,850.99
Less : Provision for Impairment	(5.03)	–	–	–	–	–
In Equity Shares Of Associates Company ** (Unquoted Fully/Partly Paid Up)	2,276.92	2,276.92	5,318.18	3,391.26	3,337.26	–
In Equity Shares Of Joint Venture (Unquoted, fully paid up)	51.97	21.50	–	–	–	–
In Share Warrants of Associate Co.(unquoted, Face Value 99.20 each, Paid up ₹ 24.80 each)	544.79					
Available for Sale						
In Equity share of Associates (Quoted Fully Paid Up) @	24,739.24	15,561.99	–	–	–	–
In Equity Shares– Others (Quoted Fully paid up) #	14.30	16.19	21.50	71.70	0.55	0.55
In Equity Shares– Others (Unquoted Fully paid up)	1,646.76	1,030.02	1,029.98	859.23	659.24	171.29
Current Investments –Held for Trading (other than Trade)						
In Equity Shares (Quoted Fully paid up)	20.85	22.40	9.12	20.53	15.69	842.31
In Equity Shares (Unquoted Fully paid up)	0.33	0.33	–	–	–	–
In Units						
Quoted Fully paid up	101.56	0.41	0.15	0.15	–	–
Unquoted Fully paid up	362.66	342.56	321.82	250.00	428.50	224.82
Total	**30,232.86**	**19,749.24**	**7,171.84**	**5,348.34**	**4,442.73**	**4,089.96**

* includes 4,7,049,300 Equity Shares of SKIL Himachal Infrastructure & Tourism Ltd, pledged with the lenders of the Company.

** includes 40,239,980 Equity Shares of Gujarat Positra Port Company Limited, 63,295,494 Equity Shares of Horizon Countrywide Logistics Limited and 4,000,000 Equity shares of Everon Education Limited , pledged with the lenders of the Company.

@ Includes 121,650,500 Equity shares of Pipavav Shipyard Limited, pledged with the lenders of an associate of the Company and 134,411,184 Equity shares of Pipavav Shipyard Limited, pledged with the lenders of the Company.

includes 50,000 Equity Shares of Horizon Infrastructure Ltd, pledged with the lenders of the Company.
Note:

i. Book Value and Market Value of Quoted and Unquoted Investments are:

(₹ in mn.)

Particulars	As at					
	31st Dec 2010	**31st March 2010**	**31st March 2009**	**31st March 2008**	**31st March 2007**	**31st March 2006**
Quoted Investments – Book Value	24,875.9	15,600.9	30.77	92.38	16.24	842.86
- Market Value	24,875.9	15,600.9	30.77	92.38	16.24	842.86
Unquoted Investments – Book Value	5,356.91	4,148.25	7,141.0	5,255.9	4,426.4	3,247.1

ii. The above amounts are as per the Summary Statement of Unconsolidated Assets and Liabilities, as restated of the Company.

iii. In view of Ministry of Company Affairs' approval *vide* its letter dated 21st March 2011, Poseidon Infrastructure Limited (PIL) has been dissolved and its name has been struck off the register. Consequently the Company's investments in to and advances given to PIL aggregating to ₹ 0.50 millions and ₹ 0.70 millions respectively have been written off.

Annexure XIV

Statement of Accounting Ratio, as Restated:–

Particulars	**As at**					
	31st Dec 2010	**31st March 2010**	**31st March 2009**	**31st March 2008**	**31st March 2007**	**31st March 2006**
Basic earnings per share (₹)	(5.29)	0.11	0.22	(0.01)	0.08	0.05
Diluted earnings per share (₹)	(5.29)	0.11	0.22	(0.01)	0.08	0.05
Return on Net Worth (%)	(7.96)	0.20	0.79	(0.02)	0.41	0.27
Net Assets Value per equity share (₹)	58.54	47.91	19.63	18.93	18.88	82.54
Weighted average no. of Equity shares outstanding during the year used for						
–Basic earnings per	254,925,600	254,912,010	254,504,040	252,388,130	238,541,574	238,388,150
–Diluted earnings per	254,925,600	258,606,410	257,996,007	252,388,130	238,541,574	238,388,150
–Total No. of Equity Shares outstanding at the end of the period / year	255,018,785	254,912,010	254,912,010	252,388,130	252,388,130	55,055,000

Notes: –

1. The ratios have been computed as below:

Basic & Diluted Earning per share (₹) = $\dfrac{\text{Net profit/(loss) after tax, as restated, attributable to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the year}}$

Return on net worth (%) = $\dfrac{\text{Net profit/(loss) after tax, as restated}}{\text{Net worth, as restated, at the end of the year}}$

Net asset value per share (₹) = $\dfrac{\text{Net worth, as restated, at the end of the year (–) Preference share capital.}}{\text{Number of equity shares outstanding at the end of}}$

the year

2. The figures disclosed above are based on the restated summary statements of the Company.

3. The Equity Shares are of face value of ₹ 10/– each.

4. During the Financial Year 2006–07, the Company had issued 183,333,150 equity shares as fully paid–up bonus shares by way of capitalisation of reserves & surplus. Accordingly the number of Equity Shares outstanding as on 31st March 2006 is adjusted for this bonus issue as if the bonus issue had occurred at the beginning of the earliest period reported, in terms of Accounting Standard 20 on "Earnings Per Share".

5. Earnings per share calculations are done in accordance with AS 20 on "Earnings Per Share".

6. Weighted average number of equity shares is the number of equity shares outstanding at the beginning of the year, adjusted by the number of equity shares issued during the year/period multiplied by the time–weighting factor. The time–weighting factor is the number of days for which the specific shares are outstanding as a proportion of the total number of days in the year. The potential equity shares having anti–dilutive effects have not been considered while calculating the diluted earning per share.

7. Net worth means Equity share capital + Convertible Preference share capital+ Reserves & Surplus – Misc Expenditure (to the extent not written off/ adjusted) –Debit balance of Profit & Loss account as appearing in 'Summary Statement of Unconsolidated Assets & Liabilities, as restated."

Annexure XV

Tax Shelter Statement

(₹ in mn.)

Sr. No.	Particulars	Period ended 31st Dec 2010	Year ended 31st March 2010	2009	2008	2007	2006
	Profit After Tax, as restated	**(1,348.35)**	**27.98**	**55.62**	**(1.10)**	**19.64**	**12.44**
	Add:						
	Provision For Tax						
	– Current Tax	–	5.64	1.00	68.67	9.50	11.83
	– Fringe benefit Tax	–	–	0.96	1.64	2.03	0.83
	– Deferred Tax	–	–	–	–	13.21	–
A:	**Profit Before Tax, as restated**	**(1,348.35)**	**33.62**	**57.58**	**69.21**	**44.38**	**25.10**
B:	Tax Rate (%)	30.22%	33.99%	33.99%	33.99%	33.66%	33.66%
C:	**Tax expense at nominal rate (A*B)**	**–**	11.43	19.57	23.52	14.94	8.45
	Adjustments						
	Permanent Differences						
	(Profit) / Loss on sale of Fixed Assets	–	0.06	–	0.12	0.13	0.24
	Donations	–	1.07	3.63	2.70	0.56	–
	Wealth Tax	–	0.16	–	–	–	–
	Gain on Mark to Market on Current Investments	–	(34.36)	(30.41)	9.93	0.15	(0.50)
	Dividend	–	(0.48)	(6.13)	(6.19)	(3.76)	(9.58)
	Other disallowance under Income Tax Act	–	1.77	–	167.09	–	21.10
D:	**Total Permanent Differences**	**–**	**(31.76)**	**(32.91)**	**173.65**	**(2.92)**	**11.26**
	Timing Differences						
	Difference Between Book and Tax Depreciation	**–**	9.74	6.65	3.49	(0.04)	(1.21)
	Provision for Gratuity	**–**	5.01	2.65	–	–	–
E:	**Total Timing Differences**		**14.75**	**9.30**	**3.49**	**(0.04)**	**(1.21)**
F:	Profit set off against brought forward losses and unabsorbed depreciation		–	(31.03)	(44.33)	(13.19)	–
G:	**Total Adjustments (D+E+F)**		**(17.02)**	**(54.64)**	**132.80**	**(16.15)**	**10.05**
H:	**Tax Expenses/(Tax Savings) thereon (B*G)**	**–**	**(5.78)**	**(18.57)**	**45.14**	**(5.44)**	**3.38**
I	**Total Tax (Domestic) (H+C)**	**–**	**5.64**	**1.00**	**68.67**	**9.50**	**11.83**
	Tax as per books of accounts	**–**	**5.64**	**1.00**	**68.67**	**9.50**	**11.83**

Annexure XVI

Capitalisation Statement, as Restated

(₹ in mn.)

Particulars	Pre issue position as at 31st Dec 2010	As Adjusted for Issue
Short Term Debts (A)	4,500.00	
Long Term Debts (B)	9,377.67	
Total Debts (C)	13,877.67	
Share holders' funds:–		Refer Note 1
Equity Share Capital	2,550.19	
Reserves & Surplus	12,379.53	
Total Shareholders Funds (D)	14,929.72	
Long Term Debt/Equity Ratio (B/D)	0.63:1	

Note:

1) Share Capital & Reserves after the issue can be ascertained only on conclusion of book building process. The Post issue capitalisation shall be updated before filing the prospectus.

2) Since the Compulsory Convertible Preference Shares of ₹ 2,000 Millions have not been converted as on 31st December, 2010, the same has not been considered for calculation of Long Term Debt Equity Ratio.

3) The above has been computed based on restated accounts.

Annexure XVII

Details of Dividend Paid

(₹ in mn.)

The dividends declared by the Company during the period ended 31st December,2010 and the last five financial years are presented below:–

Particulars	**For the period ended 31st Dec 2010**	**For the year ended 31st March**				
		2010	**2009**	**2008**	**2007**	**2006**
Class of shares						
Equity share Capital	2,550.19	2,549.12	2,549.12	2,523.88	2,523.88	550.55
(Face Value ₹ 10 Each)						
Preference Share Capital	2,000.00	2,000.00	2,000.00	–	–	140.00
(Face Value ₹ 1,00,000 Each)						
Dividend on						
Equity shares	NIL	NIL	NIL	NIL	NIL	NIL
Preference shares	NIL	NIL	NIL	NIL	NIL	NIL

Note:

The preference shares holders in the meeting held on 28th March, 2007 had agreed to forgo the dividend accrued to them accordingly the provision for divided payable to preference shares holders was reversed during the financial year ended 31st March, 2007.

PIPAVAV SHIPYARD LIMITED

AUDITED STANDALONE AND CONSOLIDATED FINANCIAL RESULTS FOR THE YEAR ENDED MARCH 31, 2011.

Rs in Lacs Except share data

Sr No	Particulars	Standalone		Consolidated	
		Year Ended		Year Ended	
		31.03.2011	31.03.2010	31.03.2011	31.03.2010
		Audited		Audited	
1	Income				
(a)	Net Sales / Income from Operations	85,993.08	62,938.26	85,993.08	62,938.26
(b)	Other Operating Income	768.29	-	768.29	-
	Total Income	86,761.37	62,938.26	86,761.37	62,938.26
2	Expenditure				
(a)	(Increase) / Decrease in Stock in trade & Work in progress	2,235.06	11,294.30	2,235.06	11,294.30
(b)	Consumption of Raw Materials and Components	28,283.20	16,931.91	28,283.20	16,931.91
(c)	Purchase of Traded Goods	25,758.80	9,477.15	25,758.80	9,477.15
(d)	Employees Cost	2,739.93	2,162.85	2,773.33	2,197.76
(e)	Cost estimated for Revenue Recognised	(3,028.47)	11,400.78	(3,028.47)	11,400.78
(f)	Depreciation	4,873.26	3,654.73	5,198.09	3,773.62
(g)	Other Expenditure	14,750.69	12,333.50	13,785.59	11,761.60
	Total	75,612.47	67,255.22	75,005.60	66,837.12
3	Profit from operations before Other Income, Interest & Exceptional Items (1 - 2)	11,148.90	(4,316.96)	11,755.77	(3,898.86)
4	Other Income	5,568.22	6,750.66	5,573.31	6,754.79
5	Profit / (Loss) before Interest and Exceptional Items (3 + 4)	16,717.12	2,433.70	17,329.08	2,855.93
6	Interest and Financial Charges	11,900.63	7,299.92	11,900.70	7,300.02
7	Profit / (Loss) after Interest but before Exceptional Items (5 - 6)	4,816.49	(4,866.22)	5,428.38	(4,444.09)
8	Exceptional Items	-	-	-	-
9	Profit / (Loss) from Ordinary Activities before Tax (7 + 8)	4,816.49	(4,866.22)	5,428.38	(4,444.09)
10	Tax Expense				
	- Current Tax	1,161.40	-	1,161.40	-
	- MAT Credit Entitlement	(1,127.65)	-	(1,127.65)	-
	- Deferred Tax Liability	794.20	-	1,011.47	146.70
	- Income Tax of the Earlier Years	11.39	15.83	14.03	15.83
11	Net Profit / (Loss) from Ordinary Activities after Tax (9 - 10)	3,977.15	(4,882.05)	4,369.13	(4,606.62)
12	Extraordinary items (Net of Tax Expenses)	-	-	-	-
13	Net Profit / (Loss) for the year (11 - 12)	3,977.15	(4,882.05)	4,369.13	(4,606.62)
14	Paid-up Equity Share Capital (Face Value of Rs. 10/- each)	66,579.84	66,579.84	66,579.84	66,579.84
15	Reserves excluding Revaluation Reserves as on date	102,501.56	103,650.01	102,501.56	103,650.01
16	Earnings Per Share (EPS)				
(a)	Basic EPS (Rs.)	0.60	(0.82)	0.66	(0.77)
(b)	Diluted EPS (Rs.)	0.60	(0.82)	0.66	(0.77)
17	Aggregate of Public Share Holding				
	- No. of Shares	366,222,208	402,436,855	366,222,208	402,436,855
	- % of Shareholding	55.00%	60.44%	55.00%	60.44%
18	Promoter & Promoter Group Shareholding				
	a) Pledged / Encumbered				
	- Number of Shares	298,371,179	133,999,994	298,371,179	133,999,994
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	99.60%	50.88%	99.60%	50.88%
	- Percentage of shares (as a % of the total share capital of the company)	44.81%	20.13%	44.81%	20.13%
	b) Non-Encumbered				
	- Number of Shares	1,205,001	129,361,539	1,205,001	129,361,539
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	0.40%	49.12%	0.40%	49.12%
	- Percentage of shares (as a % of the total share capital of the company)	0.19%	19.43%	0.19%	19.43%

Notes:

1 The above results have been reviewed by the Audit Committee and taken on record by the Board of Directors at its meeting held on May 28, 2011.

2 As per the Revised Guidelines for the Shipbuilding Subsidy issued by the Government of India on March 25, 2009, the Company is eligible for subsidy at the rate of 30% of the contract price, in respect of the export order received for vessels for which the contracts with the customers were signed on or before August 14, 2007. Accordingly, Government Subsidy of Rs. 7,494.13 Lacs for the year ended March 31, 2011 (Previous Year: Rs. 8,814.91 Lacs) has been recognised as revenue in respect of Ships under construction on proportionate completion basis.

3 Proceeds from issue of 10% Compulsorily and mandatorily convertible unsecured Debentures of Rs. 17,780.00 Lacs and from issue of Convertible share warrants to Promoters of Rs. 6,254.96 Lacs have been fully utilized for Capital expenditures , Working capital requirements and for general corporate purposes.

4 Work on pending equipments / facilities have substantially been completed and one Goliath crane commissioned. The other Goliath Crane is in the process of Trial Commissioning.

5 In respect of Offshore Vessels (OSVs), the Company has accounted for contract revenue and expenses based on the proportion of completion of contracts certified by technical experts. "Cost estimated for Revenue Recognised" represents reversal of Rs. 3,028.47 Lacs for the year ended March 31, 2011 (Previous Year provision of Rs.11,400.78 Lacs) being the provision for proportionate cost to be incurred with an aim to allocate the profit on the said contract to whole of the contract.

6 STATEMENT OF ASSETS AND LIABILITIES IS AS UNDER:- *Rs in Lacs*

Particulars	STANDALONE		CONSOLIDATED	
	As at 31.03.2011	As at 31.03.2010	As at 31.03.2011	As at 31.03.2010
	(Audited)	(Audited)	(Audited)	(Audited)
SHAREHOLDERS' FUNDS				
(a) Capital	66,579.84	66,579.84	66,579.84	66,579.84
(b) Reserves and Surplus	102,501.56	103,650.01	102,501.56	103,650.01
CONVERTIBLE SHARE WARRANTS	6,254.96	-	6,254.96	-
LOAN FUNDS	202,075.18	132,991.54	202,075.18	132,991.54
DEFERRED TAX LIABILITY	794.20	-	1,158.16	146.70
TOTAL (LIABILITIES)	378,205.74	303,221.39	378,569.70	303,368.09
FIXED ASSETS (including Capital Work in Progress)	270,017.47	243,666.35	285,024.33	258,303.11
INVESTMENTS	4,196.52	2,675.69	2,299.79	778.96
CURRENT ASSETS , LOANS AND ADVANCES				
(a) Inventories	24,534.79	13,302.32	24,534.79	13,302.32
(b) Sundry Debtors	20,499.33	701.80	20,499.33	701.80
(c) Cash and Bank Balances	42,562.56	64,009.08	42,772.90	64,018.44
(d) Other current Assets	43,447.18	34,843.50	43,447.18	34,843.50
(e) Loans and Advances	48,312.70	29,716.83	37,726.15	19,023.47
Less: Current Liabilities and Provisions				
(a) Liabilities	(66,322.39)	(75,898.37)	(68,063.56)	(77,570.90)
(b) Provisions	(10,117.39)	(14,860.38)	(10,117.39)	(14,860.38)
PROFIT AND LOSS ACCOUNT	1,074.97	5,064.57	446.18	4,827.77
TOTAL (ASSETS)	378,205.74	303,221.39	378,569.70	303,368.09

7 The company has consolidated its results based on the Accounting Standards on Consolidation of Financial Statements (AS-21) as notified by Companies (Accounting Standard) Rules, 2006.

8 The Company's activities during the year predominantly revolved around the Shipbuilding , Ship repair and related activities, accordingly there is only one reportable segment.

9 There were no complaints pending from investors at the beginning of the quarter, 1 complaint received was resolved during the quarter ended 31st March 2011 and no complaints were outstanding as on 31st March 2011.

10 Previous year figures have been reworked, regrouped, rearranged and reclassified, whereever necessary to make them comparable with those of the current year.

Place :- Mumbai
Date :- May 28, 2011

for Pipavav Shipyard Limited

Bhavesh P. Gandhi
Executive Vice Chairman
DIN - 00030623

AUDITORS' REPORT FOR PIPAVAV SHIPYARD LIMITED (31st Dec 2010)

To
The Board of Directors
Pipavav Shipyard Limited,
SKIL House,
209, Bank Street Cross Lane,
Fort, Mumbai – 400023

1. We have audited the attached Consolidated Balance Sheet of **'Pipavav Shipyard Limited'** ("the Company")**,** and its subsidiary (collectively referred to as "the Group") as at 31st December 2010 and also the Consolidated Profit & Loss Account and Consolidated Cash Flow Statement for the period ended on that date annexed thereto. The Consolidated Financial Statements are the responsibility of the Company's Management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We did not audit the financial statements of the subsidiary company, whose financial statements reflect total assets of Rs. 14019.38 Lacs as at 31st December 2010, total revenues of Rs. 894.22 Lacs and net cash flows amounting to Rs. 0.37 Lacs for the period ended on that date as considered in the Consolidated Financial Statement. These financial statements and other financial information have been audited by other auditors whose report has been furnished to us, and our opinion, is based solely on their report.

4. We report that the Consolidated Financial Statement have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements notified by the Companies (Accounting Standards) Rules, 2006.

5. Based on our audit and on the consideration of report of other auditor on separate financial statements and to the best of information and according to the explanations given to us, we are of the opinion that the attached Consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India: -

i. In the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st December 2010;

ii. In the case of the Consolidated Profit & Loss Account, of the loss of the Group for the period ended on that date; and

iii. In the case of the Consolidated Cash Flow Statement, of the Cash Flows of the Group for the period ended on that date.

For **Chaturvedi & Shah**
Chartered Accountants
Firm Reg. No. – 101720W

R Koria
Partner
Membership No. – 35629
Place: Mumbai
Date: 26.02.2011

Consolidated Balance sheet as at December 31st 2010

Rs in Lacs

Particulars	Schedule	As at December 31st 2010		As at March 31st 2010	
SOURCES OF FUNDS					
Share Holders' Funds					
Share Capital	1	66,579.84		66,579.84	
Reserves and Surplus	2	102,488.76		103,650.01	
			169,068.60		170,229.85
Convertible Share Warrants (Refer note no. 6 of Schedule 21)			6,254.96		-
Loan Funds					
Secured Loans	3	145,284.16		113,107.59	
Unsecured Loans	4	43,796.02		19,883.95	
			189,080.18		132,991.54
Deferred Tax Liability (Net)			314.55		146.70
TOTAL			364,718.29		303,368.09
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	5	128,745.46		118,730.49	
Less :- Depreciation		8,433.91		4,589.08	
Net Block		120,311.55		114,141.40	
Capital Work in Progress		155,816.05		144,161.72	
			276,127.60		258,303.13
Investments (Other than associates)			2,161.46		778.96
Current Assets, Loans and Advances					
Inventories	6	22,571.92		13,302.32	
Sundry Debtors	7	9,835.60		701.80	
Cash and Bank Balances	8	72,831.95		64,018.45	
Other Current Assets	9	43,650.55		34,843.50	
Loans and Advances	10	22,597.74		19,023.45	
		171,487.76		131,889.52	
Less :-					
Current Liabilities and Provisions	11				
Liabilities		71,619.32		77,570.90	
Provisions		18,899.51		14,860.38	
		90,518.83		92,431.28	
Net Current Assets			80,968.93		39,458.24
Profit and Loss Account			5,460.30		4,827.76
TOTAL			364,718.29		303,368.09
Significant Accounting Policies	20				
Notes to Accounts	21				

As per our report of even date
For Chaturvedi and Shah
Chartered Accountants

For and on behalf of the Board of Directors

R Koria
Partner

Nikhil P. Gandhi
Chairman

Bhavesh P. Gandhi
Executive Vice Chairman

Place : Mumbai
Date :

Jigar Shah
Chief Financial Officer

Ajit Dabholkar
Company Secretary

Consolidated Profit and Loss Account for the nine months period ended 31st December 2010

Rs in Lacs

Particulars	Schedule	for the period ended 31st December 2010	for the period ended 31st December 2009
INCOME			
Income from Operations	12	60,111.84	43,839.27
Other Income	13	5,827.16	4,818.63
Increase / (Decrease) in Inventories	14	872.56	(13,127.94)
	Total	66,811.56	35,529.96
EXPENDITURE			
Purchase of Traded Goods		17,401.20	7,049.79
Raw Materials Consumed	15	21,269.80	17,079.29
Manufacturing Expenses	16	11,164.86	1,592.13
Payments to and Provisions for Employees	17	1,985.84	1,493.22
Administrative, Selling and Other Expenses	18	3,771.34	2,886.89
Interest and Financial Charges	19	7,846.31	4,728.18
Depreciation		3,847.46	2,547.60
	Total	67,286.81	37,377.10
Profit / (Loss) Before Taxes		(475.25)	(1,847.14)
Provision For Tax - Current Tax		-	-
- Deferred Tax		167.85	-
- Income Tax for Earlier Years		2.63	-
Profit / (Loss) after Tax		(645.74)	(1,847.14)
Prior Period Items (Net)		13.19	(203.14)
Balance brought forward		(4,827.76)	(11.14)
Amount Available for Appropriation		(5,460.30)	(2,061.42)
Appropriations		-	-
Balance carried to Balance sheet		(5,460.30)	(2,061.42)
Earnings per Equity share of Rs. 10/- each			
- Basic (In Rupees)		(0.10)	(0.34)
- Diluted (In Rupees)		(0.10)	(0.34)
(Refer note no. 18 of Schedule 21)			
Significant Accounting Policies	20		
Notes to Accounts	21		

As per our report of even date
For Chaturvedi and Shah
Chartered Accountants

For and on behalf of the Board of Directors

R Koria
Partner

Nikhil P Gandhi
Chairman

Bhavesh Gandhi
Executive Vice Chairman

Place : Mumbai
Date :

Jigar Shah
Chief Financial Officer

Ajit Dabholkar
Company Secretary

Consolidated Cash Flow Statement for the nine months Period ended December 31st 2010

Rs in Lacs

Sr. No.	Particulars	For the period ended 31st December 2010	For the period ended 31st December 2009
A	Cash Flow from Operating Activities		
	Net Profit / (Loss) before Tax and Extraordinary items	(475.25)	(1,847.14)
	Adjustments for :-		
	Depreciation and amortization	3,847.46	2,547.60
	Interest Income	(3,549.25)	(2,675.74)
	Dividend Income	(102.24)	(8.31)
	Profit on Sale of Current Investment	(334.55)	(170.31)
	Loss on Sale of Asset	3.20	(0.02)
	Interest Expense	7,846.31	4,728.18
	Provision for Wealth Tax	2.00	2.51
	Provision for estimated cost over contract revenue	106.52	-
	Cost Estimated for Revenue Recognised	3,899.68	-
	Liability No Longer Required (Written Back)	(464.52)	-
	Foreign Exchange Difference	(687.08)	(1,300.77)
	Operating profit before working capital changes	10,092.28	1,276.00
	Adjusted for		
	Inventories	(9,269.59)	17,852.85
	Trade and other receivables	(18,488.88)	(23,778.15)
	Trade Payables	(13,191.56)	(21,098.47)
	Cash Generated from Operations	(30,857.75)	(25,747.77)
	Net Prior Period Adjustments	13.19	(203.14)
	Direct Taxes Paid / Refund	(527.35)	(77.34)
	Net Cash Flow from Operating Activities	(31,371.91)	(26,028.25)
B	Cash Flow from Investing Activities		
	Purchase of Fixed Assets and Capital Work in Progress	(8,865.06)	(15,547.22)
	Sale of Fixed Assets	1.01	0.78
	Advance to Subsidiary	-	-
	Purchase of Investment	(205,751.85)	(17,575.27)
	Sale of Investment	204,721.97	5,015.40
	Dividend Income Received	84.17	8.31
	Interest Received	1,174.07	3,229.31
	Fixed Deposits held for more than three month Placed	(14,953.05)	(5,932.31)
	Fixed Deposits held for more than three month Matured	1,657.95	16,645.37
	Net Cash Flow from Investing Activities	(21,930.79)	(14,155.63)
C	Cash Flow from Financing Activities		
	Proceeds from issue of Share Capital	-	49,866.59
	Proceeds from issue of Share Warrants	6,254.96	-
	Proceeds from issue of Convertible Debentures	17,780.00	-
	Issue Expenses	(1,161.25)	(4,805.29)
	Proceeds from Long Term Borrowings	20,128.25	29,821.77
	Repayment of Long Term Borrowings	(7,951.68)	(33,746.43)
	Short Term Loans (Net)	26,210.15	9,972.96
	Interest Paid	(12,439.31)	(12,682.42)
	Net Cash Flow from Financing Activities	48,821.12	38,427.18
	Net (decrease) / increase in cash and cash equivalents (A+B+C)	(4,481.58)	(1,756.70)
	Cash & Cash Equivalents - Opening balance	13,080.21	3,005.54
	Cash & Cash Equivalents - Closing balance	8,598.63	1,248.84
	Add: Fixed Deposits held for more than three months	64,233.32	52,461.38
	Closing Cash and Bank Balance as per Schedule 08	72,831.95	53,710.22

Notes:

(1) The above cash flow statement has been prepared under the "indirect method" as set out in Accounting Standard 3 - Cash flow Statement.

(2) Figures in ( ) indicate outflow.

(3) Cash and Cash equivalent at the end of the period include deposit with banks aggregating to Rs. 59,615.10 Lacs (Previous period Rs 51,898.62 Lacs) which are pledged with Banks as margin for bank guarantee and letter of credits.

(4) Previous Years / period figures have been regrouped / rearranged / recasted wherever necessary to make them comparable with those of current period. The figures for the period ended 31st December 2009 are unaudited and as certified by the management.

As per our report of Even Date
For Chaturvedi and Shah
Chartered Accountants

For and on behalf of the Board of Directors

R. Koria
Partner

Nikhil P. Gandhi
Chairman

Bhavesh Gandhi
Executive Vice Chairman

Place : Mumbai
Date :

Jigar Shah
Chief Financial Officer

Ajit Dabholkar
Company Secretary

Schedules forming part of the Consolidated Balance Sheet

Rs in Lacs

Particulars		As at December 31st 2010		As at March 31st 2010
Schedule - 1				
SHARE CAPITAL				
Authorised				
800,000,000 (Previous Year: 800,000,000) Equity shares of Rs. 10/- each		80,000.00		80,000.00
		80,000.00		80,000.00
Issued, Subscribed and Paid Up				
665,798,388 (Previous Year: 665,798,388) Equity Shares of Rs. 10/- each fully paid up		66,579.84		66,579.84
Total		66,579.84		66,579.84

Note:
25,400,000 Equity shares of Rs. 10 each fully paid up will be alloted to the holders of 10% Compulsorily and Mandatorily Convertible Debentures on the conversion of these debentures and 25,221,612 Equity shares of Rs. 10 each fully paid up will be alloted on the exercise of the option by the equity share warrant holders.

Particulars		As at December 31st 2010		As at March 31st 2010
Schedule - 2				
RESERVES AND SURPLUS				
Securities Premium Account				
Balance as per Last Balance Sheet	103,650.01		67,448.02	
Add :- On Issue of Shares	-		41,321.57	
Less :- Securities Issue Expenses	1,161.25		5,119.58	
		102,488.76		103,650.01
Total		102,488.76		103,650.01
Schedule - 3				
SECURED LOANS				
Term Loans				
- from Banks	69,472.84		57,035.09	
- from Financial Institutions	40,723.32		40,782.25	
		110,196.16		97,817.34
Short Term Loans				
- from Banks	35,000.00		9,500.00	
- from Financial Institutions	-		5,500.00	
		35,000.00		15,000.00
Vehicle Loans		87.99		47.85
Interest Accrued and Due		-		242.40
Total		145,284.16		113,107.59

1) The term loan from Banks and Financial Institutions referred to above are secured by way of first charge and mortgage on all the Company's immovable properties, both present and future and hypothecation of all movable properties, both present and future, except book debts and stocks which are subject to the prior charge to secure working capital requirements.

2) Short Term Loans from Banks referred to above includes:

a) Rs. 10,000 lacs are secured by subservient charge on current assets of the company, b) Rs. 20,000 lacs are secured by subservient charges on Fixed assets of the Company and c) Rs. 5,000 lacs are secured by subservient charge on moveable fixed assets of the Company.

3) All term loans and short term loans of Rs. 25,000 lacs are guaranteed by a promoter group company.

4) Term Loans of Rs. 82,136.78 lacs and short term loans of Rs. 30,000 lacs are guaranteed by some of the directors in their personal capacity.

5) Vehicle Loans are secured by Hypothecation of the specific vehicles financed.

Particulars	As at December 31st 2010	As at March 31st 2010
Schedule - 4		
UNSECURED LOANS		
Debentures		
25,400,000 (Previous Year: NIL) 10% Compulsorily and Mandatorily Convertible Debentures of Rs. 70/- each	17,780.00	-
Short Term :-		
From Banks	* 26,016.02	* 19,883.95
Total	43,796.02	19,883.95

* Includes Rs. 1,990.38 lacs (Previous Year: Rs.1032.15 lacs) relating to discounting of letter of credits / buyers credit for the project and Rs. 24,025.64 lacs (Previous Year: 8,851.80 lacs) for operations.

Note:
Each Compulsorily and Mandatorily Convertible Debenture will be converted into one fully paid up Equity share of the company of Rs. 10/- each on completion of one year from the date of allotment i.e. 19th May, 2010.

Schedules forming part of the Consolidated Balance Sheet

Schedule - 5
FIXED ASSETS

Rs in Lacs

Particulars	Gross Block				Depreciation				Net Block	
	As on 01.04.2010	Additions during the period	Deductions/ Adjustments	As on 31.12.2010	Upto 31.03.2010	For the period	Deductions / Adjustments	Upto 31.12.2010	As at 31.12.2010	As at 31.03.2010
A) Tangible Assets										
Freehold Land	3,052.68	-	-	3,052.68	-	-	-	-	3,052.68	3,052.68
Leasehold Land	22,271.45	-	-	22,271.45	1,139.86	859.15	-	1,999.01	20,272.45	21,131.59
Buildings	44,776.74	1,814.52	280.74	46,310.52	880.98	1,093.42	(3.82)	1,978.22	44,332.30	43,895.76
Plant and Machinery	46,493.51	8,007.95	** (225.31)	54,726.77	2,190.17	1,808.59	3.35	3,995.40	50,731.37	44,303.35
Furniture and Fixtures	467.24	87.39	** (48.59)	603.22	229.61	15.84	3.10	242.35	360.87	237.64
Vehicles	418.07	77.40	-	495.47	96.97	34.74	-	131.71	363.76	321.10
B) Intangible Assets										
Softwares*	232.83	34.56	-	267.39	51.51	35.72	-	87.22	180.16	181.32
Goodwill on Acquisation	1,017.96			1,017.96	-	-	-		1,017.96	1,017.96
Total	118,730.49	10,021.82	6.84	128,745.46	4,589.08	3,847.46	2.63	8,433.91	120,311.55	114,141.40
Previous Year	7,177.24	111,631.18	(77.93)	118,730.49	818.77	3,773.61	3.30	4,589.08	114,141.40	
Capital Work In Progress									155,816.05	144,161.72

* Other than Internally Generated

Notes:

1) The Leasehold Land represents the lease premium if any paid and the cost incurred for reclaiming and development of the Land.

2) Capital Work in Progress includes	As at 31st Dec 2010	As at 31st Mar 2010
- Advances on Capital Account	1,711.14	656.87
- Material at site	397.01	1,246.26
- Buildings under construction	1,567.17	1,903.34
- Plant and Machinery under installation	107,675.50	102,045.58
- Pre-operative Expenses	44,465.23	38,309.67
	155,816.05	144,161.72

3)** Represents re-classification of certain Fixed Assets.

Schedules forming part of the Consolidated Balance Sheet

Rs in Lacs

Particulars	As at December 31st 2010	As at March 31st 2010
Schedule - 6		
INVENTORIES		
(as taken, valued and certified by the Management)		
Raw Materials and Components	18,417.60	10,123.40
Work in Progress	3,229.94	2,559.16
Stores, Spares and Consumables	500.62	397.78
Scrap	423.76	221.98
Total	22,571.92	13,302.32
Schedule - 7		
SUNDRY DEBTORS		
(Unsecured,considered good & subject to confirmations)		
- Due for a period exceeding 6 months	46.54	-
- Others	9,789.06	701.80
Total	9,835.60	701.80
Schedule - 8		
CASH AND BANK BALANCES		
Cash on Hand	6.73	10.13
Balances with Scheduled Banks		
- In Current Accounts	3,119.74	13,061.36
- In Fixed Deposit Accounts	69,705.48	50,946.96
(Out of the above Rs. 59,615.10 Lacs (P.Y. 50,822.57 Lacs) are pledged with banks as Margin for Bank Guarantees and Letter of Credits)		
Total	72,831.95	64,018.45
Schedule - 9		
OTHER CURRENT ASSETS		
(Unsecured & considered good)		
Shipbuilding Contracts Receivables	27,941.67	26,028.59
Subsidy Receivable	15,708.88	8,814.91
Total	43,650.55	34,843.50
Schedule - 10		
LOANS AND ADVANCES		
(Unsecured & considered good)		
Advance recoverable in cash or in kind or for the value to be received *	18,644.00	15,447.75
Deposits	1,280.72	1,424.89
Advance Taxes (including Fringe Benefit Tax) (Net)	2,673.02	2,150.81
Total	22,597.74	19,023.45

* Subject to Confirmation.

Schedules forming part of the Consolidated Balance Sheet

Rs in Lacs

Particulars	As at December 31st 2010	As at March 31st 2010
Schedule - 11		
CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES		
(Subject to Confirmation)		
Acceptances	288.01	193.08
Sundry Creditors		
- Dues to Micro Small and Medium Enterprises	190.17	61.54
- Dues to Others	25,253.64	16,723.68
Advance from Customers	41,582.35	58,012.31
Unclaimed Share Application Money *	6.70	18.36
Other Liabilities	2,024.97	1,870.89
Interest Accrued but not due on Loans	2,273.48	691.04
Total	71,619.32	77,570.90
Provisions		
For Wealth Tax	2.00	2.50
For Gratuity / Leave Encashment	197.15	163.72
Other Provisions **	18,700.36	14,694.16
Total	18,899.51	14,860.38
Total	90,518.83	92,431.28

* Does not include any amount due and outstanding to be credited to Investor Education & Protection Fund.

** The company has recognised liabilities based on substantial degree of estimation for provision for estimated cost over contract revenue on shipbuilding contracts and costs estimated for revenue recognised. The provision for estimated cost over contract revenue on Shipbuilding contracts and costs estimated for revenue recognised as at 31st March 2010 was of Rs 3,293.38 Lacs and Rs.11,400.78 Lacs respectively. During the period Rs. 106.52 Lacs and Rs.3,899.68 Lacs was incurred. Liability recognised under this clause as at 31st December 2010 is Rs.3,399.90 Lacs and Rs.15,300.46 Lacs. Actual outflow is expected in the subsequent financial years.

Schedules forming part of the Consolidated Profit and Loss Account

Rs in Lacs

Particulars		for the period ended 31st December 2010	for the period ended 31st December 2009
Schedule - 12			
INCOME FROM OPERATIONS			
Shipbuilding		35,253.41	28,223.24
Trade Sales		17,951.76	7,149.06
Subsidy on Shipbuilding *		6,893.96	8,466.97
Ship Repairs		12.71	-
*(Refer note no. 10 of Schedule 21)			
	Total	60,111.84	43,839.27
Schedule - 13			
OTHER INCOME			
Interest Income		3,549.25	2,675.74
{Tax Deducted at Source Rs. 321.43 lacs (Previous Year: Rs. 455.27 lacs)}			
Project consultancy		300.00	-
Profit on Sale of Asset (Net)		-	0.02
Profit on Sale of Current Investments (Net)		334.55	170.31
Dividend on Current Investments		102.24	8.31
Foreign Exchange difference (Net)		1,067.92	1,934.34
Liability No Longer Required (Written Back)		464.52	-
Miscellaneous Income		8.68	29.91
	Total	5,827.16	4,818.63
Schedule - 14			
INCREASE AND (DECREASE) IN INVENTORIES			
Closing Balance			
Scrap		423.76	126.44
Work in progress		3,229.94	821.06
		3,653.70	947.50
Less :- Opening Balance			
Scrap		221.98	18.61
Work in progress		2,559.16	14,056.83
		2,781.14	14,075.44
Increase / (Decrease) in Inventories		872.56	(13,127.94)
Schedule - 15			
RAW MATERIALS CONSUMED			
Opening Stock of Raw Materials		10,123.40	17,753.86
Add :- Purchases		29,564.00	12,325.05
Less :- Closing Stock of Raw Materials		18,417.60	12,999.62
	Total	21,269.80	17,079.29
Schedule - 16			
MANUFACTURING EXPENSES			
Stores, Spares and Consumables		1,473.12	106.82
Site Rent		18.84	-
Power Fuel and Water		1,145.72	540.29
Labour Charges		2,547.26	837.55
Design and Drawing Fees		454.96	-
Insurance		103.00	16.50
Repairs and Maintenance - Plant and Machinery		563.79	55.12
Equipment Hire Charges		301.19	-
Other Manufacturing Expenses		657.31	35.85
Cost Estimated for Revenue Recognised (Refer note no. 20 of Schedule 21)		3,899.68	-
	Total	11,164.86	1,592.13

Schedules forming part of the Consolidated Profit and Loss Account

Rs in Lacs

Particulars		for the period ended 31st December 2010	for the period ended 31st December 2009
Schedule - 17			
PAYMENTS TO AND PROVISIONS FOR EMPLOYEES			
(Including Managerial Remuneration)			
Salaries Wages and Allowances		1,801.96	1,355.90
Contribution to PF and Other Fund		58.93	62.66
Welfare and Other Amenities		124.95	74.66
	Total	1,985.84	1,493.22
Schedule - 18			
ADMINISTRATIVE, SELLING AND OTHER EXPENSES			
ADMINISTRATIVE EXPENSES			
Rent		312.84	260.16
Rates and Taxes		104.48	6.77
Electricity Expenses		48.58	38.33
Insurance Premium		19.04	24.11
Printing and Stationery		46.37	26.47
Communication Expenses		72.49	49.13
Travelling, Conveyance and Vehicle Hire Charges		722.63	445.38
Repairs and Maintenance - Building		117.45	-
Repairs and Maintenance - Others		107.62	45.35
Legal and Professional Charges		1,095.60	1,528.39
Directors Sitting Fees		2.20	4.00
Payment to Auditors		47.68	26.45
Miscellaneous Expenses		274.14	280.00
Security Expenses		42.90	
SELLING EXPENSES			
Advertising / Publicity Expenses		401.96	144.22
Brokerage and Commission		3.77	2.39
Business Promotion Expenses		208.71	-
OTHER EXPENSES			
Provision for estimated cost over contract revenue		106.52	-
Loss on Sale of Fixed Assets (Net)		3.20	-
Donations		31.16	3.23
Wealth Tax		2.00	2.51
	Total	3,771.34	2,886.89
Schedule - 19			
INTEREST AND FINANCIAL CHARGES			
Interest			
- On Fixed Loans		6,145.85	2,437.52
- On Others		350.47	686.57
Loan Processing and Other Financial charges		1,349.99	1,604.09
	Total	7,846.31	4,728.18

PIPAVAV SHIPYARD LIMITED

SCHEDULE 20: SIGNIFICANT ACCOUNTING POLICIES

1. **Principles of Consolidation :**

The consolidated financial statements relate to the Pipavav Shipyard Limited ('the Company') and its subsidiary company. The consolidated financial statements have been prepared on the following basis:

a. The financial statements of the Company and its subsidiary company are combined on a line-by-line basis by adding together the book values of the like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions in accordance with Accounting Standard (AS) 21 – "Consolidated Financial Statements".

b. As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, in the same manner as the Company's separate financial statements.

c. The difference between the cost of investment in the subsidiary, over the net assets at the time of acquisition of shares in the subsidiary is recognized in the financial statements as Goodwill.

2. **Other significant accounting policies :**

These are set out under "Significant Accounting Policies" as given in the Standalone Financial Statements of Pipavav Shipyard Limited.

PIPAVAV SHIPYARD LIMITED

SCHEDULE 21: NOTES TO ACCOUNTS

1. Following subsidiary company is considered in the consolidated financial statements :

Name of the Subsidiary	Country of Incorporation	Proportion of ownership interest
E Complex Private Limited	India	100%

(Rs. In Lacs)

2. Contingent Liabilities:	**31.12.2010**	**31.03.2010**
a) Guarantees given by Company's Bankers		
i) Refund Bank Guarantees given to customers (Net of liabilities accounted for)	15,908.73	48,400.26
ii) Other Bank Guarantees	7,816.78	7,597.99
(Bank Guarantees are provided under Contractual/ Legal obligations. No cash outflow is expected)		
b) Demands not acknowledged as Debts		
i) Income Tax	304.49	40.49
(The Company has already deposited Rs. 288.67 Lacs (P.Y. 21.17 Lacs) out of total demand and no further cash outflow is expected in the near future)		
ii) Other Claims	10.49	94.01
(Mainly related to demand raised by vendor for service tax, No Cash Outflow is expected in the near future)		
c) Letters of Credit opened in favour of suppliers	12,652.85	1,891.67
(Cash Flow is expected on receipt of materials from Suppliers)		
3. Estimated amount of contracts remaining to be executed on Capital Accounts and not provided for (Net of Advances)	6,992.61	11,791.55
(Cash flow is expected on execution of such Capital Contracts on Progressive basis)		

4. The Company has developed its sector specific Special Economic Zone (SEZ) for engineering goods at Amreli in Gujarat and is constructing its integrated shipyard projects comprising two units, viz., Special Economic Zone (SEZ) and Export Oriented Unit (EOU), situated at Amreli in Gujarat. Certain facilities at the above mentioned units commenced and others are still under construction. The Project Development Expenditure (included in Capital Work-in-Progress) is as under:

(Rs. In Lacs)

Particulars of Expenses	01 April 2010 to 31st December 2010	2009 – 2010
Opening Balance	**38,309.67**	**55,513.24**
Add:		
Rent	67.19	83.05
Salaries Wages and Allowances	558.17	983.46
Contribution to PF and Other Fund	14.91	34.29
Welfare and Other Amenities	30.73	54.54
Legal, Professional and Consultancy Charges	159.84	1,107.80
Conveyance, Travelling and Vehicle Expenses	113.91	237.42
Rates and Taxes	56.77	876.34
Insurance	58.67	60.31
Communication Expenses	11.60	30.31
Repairs & Maintenance – Building	26.10	-
Repairs & Maintenance – Others	59.46	79.96
Miscellaneous Expenditure	120.02	184.12
Interest on Fixed Loans	6,067.91	7,416.52
Interest Others	-	1,168.76
Bank and Financial Charges	107.55	697.46
Sub Total -	**45,762.50**	**68,527.58**
Less :		
Miscellaneous Income	-	1.81
Balances Written Back	145.59	61.65
CST/VAT Recoverable	-	153.62
Sub Total -	**145.59**	**217.08**
Less:		
Allocated to Fixed Assets	1,151.68	30,000.83
Closing Balance	**44,465.23**	**38,309.67**

5. Investments (Other than Associates) are as under:

(R.s in Lacs)

Particulars	Numbers 31-Dec-10	31-Mar-10	Face Value (Rs.)	As at December 31st, 2010	As at March 31st, 2010
Long Term Investments, (Unquoted)					
Government and Other Securities (Other than Trade)					
6 years National Savings Certificate (Deposited with Sales Tax Department)	-	-	-	0.05	0.05
				0.05	0.05
Current Investments (Other than Trade, Unquoted)					
Kotak Floater Long Term Growth*	5,469,316.83	5,469,316.83	10.00	792.90	778.91
SBI PSU Fund	1,000,000.00	-	10.00	100.00	-
Taurus Ultra Short Term Bond Fund SI Daily Div. Plan	86,701	-	10.00	868.51	-
Edelweiss Qtly Interval Fund - Daily Dividend Reinvestment	3,997,443	-	10.00	400.00	-
				2,161.41	778.91
			Total	**2,161.46**	**778.96**

** - Pledged with a financial institution for guarantee facilities availed from them.*

6. As approved by the Shareholders in Extra-Ordinary General Meeting held on September 07, 2010, the Company has issued 2,52,21,612 Convertible Share Warrants to SKIL Infrastructure Limited, the Promoters of the Company, having a currency period of eighteen months from the date of issue of Share Warrant i.e. September 22, 2010. Each Share Warrant provides the holder an option to convert it into one fully paid up Equity Share of Rs. 10/- each at an exercise price of Rs. 99.10 per equity share. The company has received Rs. 6,254.96 Lacs upto 31st December 2010 against the above Convertible Share Warrants. No Share Warrants have been converted during the period.

7. During the period the company has decided to value the inventories of its major raw materials viz. steel palates, profiles & equipments on Specific Identification Method as against Weighted Average Method. This change in method of valuation has resulted into inventory of raw materials higher by Rs.319.28 Lacs and consumption of raw material lower by the equal amount & the loss for the period higher by Rs.163.58 Lacs.

8. The Company has issued, a Bond-cum-Legal Undertaking for Rs. 33,400 Lacs (Previous Year Rs. 33,400 Lacs) in favour of President of India acting through Development Commissioner of Kandla Special Economic Zone for setting up a SEZ unit for availing exemption from payment of duties, taxes or cess or drawback and concession etc, and a General Bond in favour of the President of India for a sum of Rs. 15,300 Lacs (Previous Year. Rs. 15,300 Lacs) a security for compliance of applicable provisions of the Customs Act, 1962 and the Excise Act, 1944 for EOU unit.

9. In the Opinion of the Management, the Current Assets, loans and Advances are approximately of the value stated, if realized in the ordinary course of business.

10. As per the Revised Guidelines for the Shipbuilding Subsidy issued by the Government of India on 25th March 2009, the Company is eligible for subsidy at the rate of 30% of the contract price, in respect of the export order received for vessels for which the contracts with the customers were signed on or before 14th August 2007. Accordingly for the period ended 31st December, 2010 Government Subsidy amounting to Rs. 6,893.96 Lacs (Previous period Rs. 8,466.97 Lacs) has been recognised as revenue in respect of Ships under construction on proportionate completion basis.

11. Advances recoverable in cash or in kind or for the value to be received in Schedule 10 includes Rs. 5,022.80 Lacs (Previous Year Rs. 4,435.00 Lacs), being the Cenvat/VAT/Central Sales Tax paid on the purchase of goods and services for the project. The company has been legally advised that such amounts are recoverable. Any unrealized amounts will be added back to the cost of the project.

12. The company has received four show cause notices in its 100% EOU from the Office of the Commissioner of Central Excise, Bhavnagar and Directorate of Revenue Intelligence which mainly relates to availment of Cenvat/Customs Duty/Service Tax Credit availed on inputs/services used for Construction of Dry Dock and Goliath Cranes and Non-submission of original evidences/documents. The company has also received seven show cause notices in its SEZ Unit from the Office of the Assistant Commissioner of Service Tax, Bhavnagar, mainly related to refund of the Service Tax. The company does not forsee any losses on this account and duty reversal, if any, will be added back to the cost of project.

13. Managerial Remuneration:

a) Remuneration to Executive Vice-Chairman

(Rs. In Lacs)

Particulars	01 April 2010 to 31 December 2010	01 April 2009 to 31 December 2009
Salaries	180.00	235.95
Contribution to Provident Fund	5.40	5.40
Perquisites and other allowances	0.30	0.30
Total	**185.70**	**241.65**

Liability for Gratuity and Leave Encashment is provided on actuarial basis for the Company as a whole, the amounts pertaining to the Director is not ascertainable and therefore not included above.

b) The computation of net profit for the purpose of directors remuneration under section 349 of the Companies Act 1956 have not been enumerated since no commission has been paid to any of the directors. Fixed Managerial Remuneration has been paid to the whole time director.

14. Auditors Remuneration

(Rs. In Lacs)

Particulars	01 April 2010 to 31st December 2010	01 April 2009 to 31 December 2009
Audit Fees	25.13	22.88
Tax Audit Fee	4.87	3.38
Certification Charges and Other Matters	17.68	45.20*
Total	**47.68**	**71.46**

**Includes Rs.45 Lacs adjusted against Securities Premium.*

15. Employee Benefits:

As per Accounting Standard 15 “Employee Benefits” the disclosure of employee benefits as defined in the accounting standards are given below:

Defined Contribution Plan

(Rs. In Lacs)

Particulars	01 April 2010 to 31st December 2010	01 April 2009 to 31 March 2010
Employers Contribution to Provident Fund	47.02	54.71
Employers Contribution to Pension Fund	14.44	18.96
Total	**61.46**	**73.67**

Defined Benefit Plan

The Employees Gratuity Fund Scheme, which is a defined benefit plan is managed by the trust maintained with Life Insurance Corporation of India (LIC).

The present value of the obligation is determined based on actuarial valuation using Projected Units Credit Method, which recognizes each period of service as giving rise to additional units of employees benefit entitlement and measures each unit separately to buildup the final obligation.

a) Reconciliation of opening and closing balances of the present value of the defined benefit obligation.

(Rs. In Lacs)

Particulars	Gratuity Funded	
	01 April 2010 to 31st December 2010	01 April 2009 to 31 March 2010
Defined Benefit Obligation at beginning of the period	86.21	46.85
Current & Past Service Cost	30.91	98.25
Current Interest Cost	4.63	3.08
Actuarial (Gain) / Loss	(11.48)	(43.42)
Benefits paid	18.12	18.55
Defined Benefit Obligation at end of the period	92.15	86.21

b) Reconciliation of opening and closing balances of the Fair Value of the Plan Assets.

(Rs. In Lacs)

Particulars	Gratuity Funded	
	01 April 2010 to 31st December 2010	**01 April 2009 to 31 March 2010**
Fair Value of Plan Assets at the beginning of the period	45.11	63.66
Expected Return on Plan Assets	2.76	4.35
Actuarial Gain / (Loss)	(0.72)	(4.35)
Contributions	-	-
Benefits Paid	-	18.55
Fair Value of the Assets at the end of the period	47.15	45.11

c) Reconciliation of Present Value of Obligation and Fair Value of Plan Assets

(Rs. In Lacs)

Particulars	Gratuity Funded	
	01 April 2010 to 31st December 2010	**01 April 2009 to 31 March 2010**
Fair Value of Plan Assets at the end of the period	47.15	45.11
Present Value of Defined Benefit Obligation at end of the period	92.15	86.21
Liabilities / (Assets) recognised in the Balance Sheet	45.00	41.10

d) Expenses recognised during the period

(Rs. In Lacs)

Particulars	Gratuity Funded	
	01 April 2010 to 31st December 2010	**01 April 2009 to 31 March 2010**
Current and Past Service Cost	30.91	98.25
Interest Cost	4.63	3.08
Expected Return on Plan Assets	(2.76)	(4.35)
Actuarial (Gain) / Loss	11.32	39.07
Effect of the limit in Para 59(b)	-	-
Net Cost Recognised in Profit and Loss Account	22.02	57.91

e) Assumptions used to determine the defined benefit obligations

Particulars	Gratuity Funded	
	01 April 2010 to 31st December 2010	**01 April 2009 to 31 March 2010**
Mortality Table (LIC)	(1994 – 96 ultimate)	
Discount Rate (p.a.)	8.00%	8.00%
Estimated Rate of Return on Plan Asset	8.00%	8.00%
Expected Rate of increase in Salary (p.a.)	7.00%	7.00%

The estimates of rate of increase in salary considered in actuarial valuation, taking into account, inflation, seniority, promotion, attrition and other relevant factors including supply and demand in the employment market. The above information is certified by Actuary.

f) Amounts for the Current and previous periods for Gratuity Funded are as follows:

(Rs. In Lacs)

Particulars	01 April 2010 to 31st December 2010	01 April 2009 to 31 March 2010	01 April 2008 to 31 March 2009
Defined Benefit Obligation	92.15	86.21	46.85
Plan Assets	47.15	45.11	63.66
Surplus/(Deficit)	(45.00)	(41.10)	16.81
Experience adjustment on plan assets (Gain)/Loss	*	*	*
Experience adjustment on plan Liabilities Gain/ (Loss)	*	*	*

* - *Details are not readily available in the valuation report taken by the Company and hence are not furnished.*

Note: In the absence of detailed information regarding plan assets which is funded with Life Insurance Corporation of India, the composition of each major category of plan assets, the percentage and amount for each category of the fair value of plan assets has not been disclosed.

16. Segment Reporting

The Company’s activities predominantly revolve around the shipbuilding activity. Considering the nature of Company’s business and operations, there is only one reportable segment (business and / or geographical) in accordance with the requirements of the Accounting Standard 17 – “Segment Reporting” notified in the Companies (Accounting Standards) Rules 2006.

17. Related Party Disclosures

a. List of Related parties

1. **Associates**
   SKIL Infrastructure Limited
   Punj Lloyd Limited (upto26-05-2010)

2. **Key Managerial Personnel**
   Mr. Nikhil P Gandhi
   Mr. Bhavesh Gandhi
   Mr. J P Rai (upto 30-06-2010)
   Mr. M Jitendran (w.e.f. 01-07-2010)

3. **Enterprises in which key managerial persons and their relative are able to exercise significant influence (Other Related Parties)**
   Awaita Properties Private Limited

b. Transactions with related parties for the nine months period ended 31st December, 2010

(Rs. Lacs)

Nature of Transactions	Associates	Key Managerial Personnel				Other Related Parties	Total
	SKIL Infrastr-ucture Ltd.	Mr. Nikhil P. Gandhi (Chairman)	Mr. Bhavesh P. Gandhi (Whole time Director)	Mr. J P Rai (CEO)	Mr. M Jitendran (CEO)	Awaita Properties Pvt. Ltd.	
Expenditure							
Rent Expenses	- (-)	- (-)	- (-)	- (-)	- (-)	288.60 (281.71)	**288.60 (281.71)**
Project Development Fees	- (473.00)	- (-)	- (-)	- (-)	- (-)	- (-)	**- (473.00)**
Directors Sitting Fees	- (-)	0.40 (0.90)	- (-)	- (-)	- (-)	- (-)	**0.40 (0.90)**
Remuneration	- (-)	- (-)	185.70 (272.20)	130.84 (123.48)	84.49 (-)	- (-)	**401.03 (395.68)**
Expenses reimbursed to	130.83 (56.67)	- (-)	- (-)	- (0.15)	- (-)	35.03 (45.58)	**165.86 (102.40)**
Expenses reimbursed from	8.80 (0.79)	- (-)	- (-)	- (-)	- (-)	- (-)	**8.80 (0.79)**
Lease Deposits as on 31.12.2010	- (-)	- (-)	- (-)	- (-)	- (-)	325.00 (200.00)	**325.00 (200.00)**
Loans &Advances							
Balance as at 01.04.2010	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	**- (-)**
Given during the period	300.00 (-)						**300.00 (-)**
Returned during the period	300.00 (-)						**300.00 (-)**
Balance as at 31.12.2010	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	**- (-)**
Sundry Creditors	175.41 (193.38)	- (-)	- (-)	- (-)	- (-)	68.23 (50.73)	**243.64 (244.11)**

Note: *Figures in brackets pertain to previous year*

18. Earnings per share (Basic and Diluted)

(Rs. In Lacs)

Particulars		01 April 2010 to 31st December 2010	01 April 2009 to 31 Dec. 2009
Net Profit (Loss) after Tax		(645.74)	(1,847.14)
Less: Prior period Items		(13.19)	203.14
Amount available for calculation of Basic EPS and Diluted EPS	(A)	(632.55)	(2,050.28)
Weighted Average No. of Equity Shares outstanding for Basic and Diluted EPS	(B)	665,798,388	608,935,147
Basic and Diluted Earnings per share of Rs. 10/- each (in Rs.)	(A)/(B)	(0.10)	(0.34)

Note: The effect of 10% Compulsorily and Mandatorily Convertible Debentures and Convertible Share Warrants on Earnings Per Share are anti dilutive and hence, they are not considered for the purpose of calculation of dilutive earnings per share.

19. Deferred Tax Liability / (Asset)

As required by accounting standard 22 on “Accounting for Taxes on Income”, Deferred Tax is comprising of the following items

(Rs. In Lacs)

Particulars		31.12.2010	31.03.2010
Deferred Tax Liabilities			
Related to Fixed Assets		6,692.01	4,075.48
	Total	**6,692.01**	**4,075.48**
Deferred Tax Assets			
Unabsorbed Depreciation		7,965.91	6,158.28
Disallowance under Income Tax		67.03	56.70
	Total	**8,032.94**	**6,214.98**
Net Deferred Tax Liability / (Assets)		**(1,340.93)**	**(2,139.50)**

The above Deferred Tax Assets include Deferred Tax Liability of Rs. 314.55 Lacs (Previous Year Rs. 146.70 Lacs) pertaining to E Complex Private Limited accounted for and Net Deferred Tax Assets of Rs. 1,655.48 Lacs (Previous Year Rs. 2,286.20 Lacs) pertaining to Pipavav Shipyard Limited. In the absence of virtual certainty that sufficient future Taxable Income will be available against which Deferred Tax Assets can be realized, the same has not been recognised in the books of accounts in line with Accounting Standard 22 dealing with accounting for Taxes on Income.

20. In respect of Offshore Vessels (OSVs), the Company has accounted for contract revenue and expenses based on the proportion of completion of contracts as certified by technical experts. With an aim to allocate the profit on the said contracts to whole of the contract during the period a provision of Rs. 3,899.68 Lacs (Previous period Rs. NIL) being the proportionate cost to be incurred has been made. The total provision on this account as on 31st December, 2010 is Rs. 15,300.46 Lacs (as on 31st March, 2010 Rs. 11,400.78 Lacs).

21. Disclosure pursuant to Accounting Standard – 7 (AS – 7 "Accounting for Construction Contracts") as notified by Companies Accounting Standards Rules, 2006:

(Rs. in Lacs)

	Particulars	**01 April 2010 to 31 Dec. 2010**	**01 April 2009 to 31 Dec. 2009**
a.	The contract revenue recognized in the period	35,253.41	28,223.24
b.	The aggregate amount of cost incurred and recognized profits (less recognized losses) upto the end of Financial Year for all contracts in progress	87,109.64	35,745.78
c.	Amount of advance received from the customers for contracts in progress	93,424.15	82,165.47
d.	The retention amount due from customers for contracts in progress as at the end of Financial Year	-	-

22. In accordance with the Accounting Standard (AS – 28) on "Impairment of Assets" the Management during the year carried out an exercise of identifying the asset that may have been impaired in respect of each cash generating unit. On the basis of this review carried out by the Management, there was no impairment loss on Fixed Assets during nine months ended 31st December, 2010.

23. Figures for the previous period ended 31st December 2009 are as per unaudited accounts as certified by the management.

24. These interim financial statements have been prepared in accordance with Accounting Standard - 25 (AS - 25 "Interim Financial Reporting").

25. Previous year / period figures have been reworked, regrouped, rearranged and reclassified, wherever necessary to make them comparable with those of the current period.

As per our report of Even Date
For Chaturvedi & Shah
Chartered Accountants

For and on behalf of the Board of Directors

R Koria
(Partner)

Nikhil P. Gandhi
(Chairman)

Bhavesh P. Gandhi
(Executive Vice Chairman)

Place : Mumbai
Date :

Jigar Shah
(Chief Financial Officer)

Ajit Dabholkar
(Company Secretary)

Auditors' Report for Pipavav Shipyard Limited (31st Mar 2010)

To The Board of Directors
Pipavav Shipyard Limited

1. We have audited the attached Consolidated Balance Sheet of Pipavav Shipyard Limited (the Company) and its Subsidiary (collectively referred to as "the Group") as at March 31, 2010, and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the Management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We did not audit financial statement of the subsidiary, whose Financial Statement reflects total assets of Rs. 13902.71 lacs as at March 31, 2010, total revenue of Rs 728.92 lacs and cash flows amounting to Rs 6.02 lacs

for the year ended on that date as considered in consolidated Financial Statement. This Financial Statement and other financial information have been audited by other auditors whose report has been furnished to us, and our opinion is based solely on their report.

4. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standards (AS) 21, Consolidated Financial Statements notified by the Companies (Accounting Standards) Rules, 2006.

5. Based on our audit as aforesaid, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

   (i) in the case of the Consolidated Balance Sheet, of the State of Affairs of the Group as at March 31, 2010;

   (ii) in the case of the Consolidated Profit and Loss Account, of the Loss of the Group for the year ended on that date; and

(iii) in the case of the Consolidated Cash Flow Statement, of the Cash Flows of the Group for the year ended on that date.

For Chaturvedi & Shah
Firm Reg. No. – 101720W
Chartered Accountants

R Koria
Partner
Membership No.35629

Place: Mumbai
Date: 28th May, 2010

Consolidated Balance sheet as at March 31st, 2010.

Rs in Lacs

Particulars	Schedule	As at March 31st 2010		As at March 31st 2009	
SOURCES OF FUNDS					
Share Holders' Funds					
Share Capital	1	66,579.84		58,034.82	
Reserves and Surplus	2	103,650.01		67,448.02	
			170,229.85		125,482.84
Loan Funds					
Secured Loans	3	113,107.59		77,458.99	
Unsecured Loans	4	19,883.95		37,901.43	
			132,991.54		115,360.42
DEFERRED TAX LIABILITY (NET) (Refer note no 19 of schedule 22)			146.70		-
TOTAL			303,368.09		240,843.26
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	5	118,730.49		7,177.24	
Less :- Depreciation		4,589.08		818.77	
Net Block		114,141.41		6,358.47	
Capital Work in Progress		144,161.72		227,369.10	
			258,303.13		233,727.57
Investments (Other than Associates)			778.96		4,845.09
Current Assets, Loans and Advances					
Inventories	6	13,302.32		31,829.30	
Sundry Debtors	7	701.80		1.00	
Cash and Bank Balances	8	64,018.45		66,183.35	
Other Current Assets	9	34,843.50		-	
Loans and Advances	10	19,023.45		16,047.39	
		131,889.52		114,061.04	
Less:-					
Current Liabilities and Provisions	11				
Liabilities		77,570.90		110,586.02	
Provisions		14,860.38		1,215.56	
		92,431.28		111,801.58	
Net Current Assets			39,458.24		2,259.46
Miscellaneous Expenditure (to the extent not written off or adjusted)	12		-		-
Profit and Loss			4,827.76		11.14
TOTAL			303,368.09		240,843.26
Significant Accounting Policies	21				
Notes to Accounts	22				

As per our report of even date
For Chaturvedi and Shah
Chartered Accountants

For and on behalf of the Board of Directors

R Koria
Partner

Nikhil P. Gandhi
Chairman

Bhavesh P. Gandhi
Executive Vice Chairman

Jai Prakash Rai
Chief Executive Officer

Place : Mumbai
Date : 28.05.2010

Hasmukh Daftary
Chief Financial Officer

Ajit Dabholkar
Company Secretary

Consolidated Profit and Loss Account for the year ended March 31st, 2010.

Rs in Lacs

Particulars	Schedule	For ther year ended March 31st, 2010	For the year ended March 31st, 2009
INCOME			
Income from Operations	13	62,938.26	-
Other Income	14	6,754.80	6,177.83
Increase / (Decrease) in Inventories	15	(11,294.30)	-
	Total	58,398.76	6,177.83
EXPENDITURE			
Purchase of Traded Goods		9,477.15	-
Raw Materials Consumed	16	16,931.91	-
Manufacturing Expenses	17	15,692.19	-
Payments to and Provisions for Employees	18	2,197.76	767.69
Administrative, Selling and Other Expenses	19	7,470.21	3,157.99
Interest and Financial Charges	20	7,300.02	1,295.80
Depreciation		3,773.61	16.33
	Total	62,842.85	5,237.81
Profit / (Loss) Before Taxes		(4,444.09)	940.02
Provision For Tax - Current Tax		-	412.00
- Fringe Benefit Tax		-	55.40
- Income Tax for Earlier Years		15.83	-
- Deferred Tax		146.70	-
Profit / (Loss) after Tax		(4,606.62)	472.62
Prior Period Items (Net)		(210.00)	(50.01)
Balance brought forward		(11.14)	(433.75)
Amount Available for Appropriation		(4,827.76)	(11.14)
Appropriations		-	-
Balance carried to Balance sheet		(4,827.76)	(11.14)
Earnings per Equity share of Rs. 10/- each - Basic and Diluted (In Rupees) (Refer note no. 18 of Schedule 22)		(0.77)	0.07
Significant Accounting Policies	21		
Notes to Accounts	22		

As per our report of even date
For Chaturvedi and Shah
Chartered Accountants

For and on behalf of the Board of Directors

R Koria
Partner

Nikhil P Gandhi
Chairman

Bhavesh Gandhi
Executive Vice Chairman

Jai Prakash Rai
Chief Executive Officer

Place : Mumbai
Date : 28.05.2010

Hasmukh Daftary
Chief Financial Officer

Ajit Dabholkar
Company Secretary

Consolidated Cash Flow Statement for the year ended March 31st 2010

Rs in Lacs

Sr. No	Particulars	2009-2010	2008-2009
A	Cash Flow from Operating Activities		
	Net Profit / (Loss) before Tax and Extraordinary items	(4,444.09)	940.02
	Adjustments for :-		
	Depreciation and amortization	3,773.61	16.33
	Interest Income	(3,779.78)	(6,177.83)
	Dividend Income	(11.23)	-
	Profit on Sale of Current Investment	(392.80)	-
	Loss on Sale of Asset	1.49	3.03
	Interest Expense	7,300.02	1,295.80
	Provision for Wealth Tax	2.50	2.63
	Provision for estimated cost over contract revenue	3,293.38	-
	Cost Estimated for Revenue Recognised	11,400.78	-
	Preliminary Expenses written Off	-	13.04
	Foreign Exchange Difference	(504.80)	590.50
	Operating profit before working capital changes	16,639.08	(3,316.48)
	Adjusted for		
	Inventories	18,526.97	(26,115.55)
	Trade and other receivables	(38,319.55)	(4,105.66)
	Trade Payables	(47,122.29)	32,408.62
	Cash Generated from Operations	(50,275.79)	(1,129.07)
	Net Prior Period Adjustments	(23.35)	(50.01)
	Direct Taxes Paid / Refund	(580.15)	(1,718.72)
	Net Cash Flow from Operating Activities	(50,879.29)	(2,897.80)
B	Cash Flow from Investing Activities		
	Purchase of Fixed Assets and Capital Work in Progress	(5,803.32)	(103,087.36)
	Sale of Fixed Assets	73.14	0.94
	Purchase of Investment	(176,239.53)	(52,811.60)
	Sale of Investment	180,698.48	65,502.16
	Dividend Income Received	11.23	159.25
	Interest Received	3,673.26	7,361.41
	Fixed Deposits held for more than three month placed	(50,938.22)	(61,643.72)
	Fixed Deposits held for more than three month Matured	61,643.72	-
	Net Cash Flow from Investing Activities	13,118.76	(144,518.92)
C	Cash Flow from Financing Activities		
	Proceeds from issue of Share Capital	49,866.58	523.82
	Issue Expenses	(5,119.58)	(127.72)
	Proceeds from Long Term Borrowings	22,099.10	49,237.09
	Repayment of Long Term Borrowings	(1,692.89)	(1,208.81)
	Short Term Loans (Net)	(2,676.07)	28,080.62
	Interest Paid	(16,176.01)	(9,041.85)
	Net Cash Flow from Financing Activities	46,301.13	67,463.15
	Net (decrease) / increase in cash and cash equivalents (A+B+C)	8,540.60	(79,953.57)
	Cash & Cash Equivalents - Opening balance	4,539.63	84,493.20
	Cash & Cash Equivalents - Closing balance	13,080.23	4,539.63
	Add: Fixed Deposits held for more than three months	50,938.22	61,643.72
	Closing Cash and Bank Balance	64,018.45	66,183.35

Notes:

(1) The above cash flow statement has been prepared under the "indirect method" as set out in Accounting Standard 3 - Cash flow Statement.

(2) Figures in ( ) indicate outflow.

(3) Cash and Cash equivalent at the end of the period include deposit with banks aggregating to Rs. 50,946.96 Lacs . (P Y: 63,366.82 Lacs) which are pledged with Banks as margin for bank guarantee and letter of credits.

(4) Previous Years figures have been regrouped / rearranged / recasted wherever necessary to make them comparable with those of current year.

As per our report of Even Date
For Chaturvedi and Shah
Chartered Accountants

For and on behalf of the Board of Directors

R Koria
Partner

Nikhil P Gandhi
Chairman

Jai Prakash Rai
Chief Executive Officer

Place : Mumbai
Date : 28.05.2010

Hasmukh Daftary
Chief Financial Officer

Ajit Dabholkar
Company Secretary

Schedules forming part of the Consolidated Balance Sheet

Rs in Lacs

Particulars		As at March 31st 2010		As at March 31st 2009
Schedule - 1				
SHARE CAPITAL				
Authorised				
800,000,000 (Previous Year: 800,000,000) Equity shares of Rs. 10/- Each		80,000.00		80,000.00
		80,000.00		80,000.00
Issued, Subscribed and Paid Up				
665,798,388 (Previous Year: 580,348,163) Equity Shares of Rs. 10/- Each fully paid up		66,579.84		58,034.82
Total		66,579.84		58,034.82
Schedule - 2				
RESERVES AND SURPLUS				
Securities Premium Account				
Balance as per Last Balance Sheet	67,448.02		67,494.47	
Add :- On Issue of Shares	41,321.57		458.34	
Less :- Preliminary and Issue Expenses Written Off	5,119.58		504.79	
		103,650.01		67,448.02
Total		103,650.01		67,448.02
Schedule - 3				
SECURED LOANS				
Term Loans				
- from Banks	57,035.09		36,136.00	
- from Financial Institutions	40,782.25		41,254.25	
		97,817.34		77,390.25
Short Term Loans				
- from Banks	9,500.00		-	
- from Financial Institutions	5,500.00		-	
		15,000.00		-
Vehicle Loans		47.85		68.74
Interest Accrued and Due		242.40		-
Total		113,107.59		77,458.99

1) The term loan from Banks and Financial Institutions referred above are secured by way of first charge and mortgage of all the Company's immovable properties, both present and future and hypothecation of all movable properties, both present and future, except book debts and stocks which are subject to the prior charge to secure working capital requirements.

2) Short Term Loan from Banks and Financial Institutions referred above includes:

a) Rs. 4,500 lacs secured by way of first charge on moveable properties of the company both present and future except book debts and stock. b) Rs. 5,500 lacs secured by way of first charge on moveable properties of the company both present and future except book debts and stock and further secured by pledge of entire share holding of the company in E-Complex Private Limited and first charge of all right title and interest on Land admeasuring 29.1289 hectares at village Rampara 2, hypothecation of moveable assets of SEZ Developer c) Rs. 5,000 lacs secured by subservient charge on moveable fixed assets of the company and d) All short term loans are guaranteed by a promoter group company.

3) All the above loans are guaranteed by some of the directors in their personal capacity.

4) Vehicle Loans are secured by Hypothecation of the specific vehicles financed.

Schedule - 4		
UNSECURED LOANS		
Short Term :-		
From Banks	* 19,883.95	* 34,926.99
Inter Corporate Deposits	-	2,974.44
Total	19,883.95	37,901.43

* Includes Rs.1032.15 lacs (Previous Year: Rs.16513.28 lacs) relating to discounting of letter of credits / buyers credit for the project and Rs. 8,851.80 lacs (Previous Year: 18,413.71 lacs) for operations. Rs. 10,000 lacs are guaranteed by some of the directors in their personal capacity.

Schedules forming part of the Consolidated Balance Sheet

Schedule - 5
FIXED ASSETS

Rs in Lacs

Particulars	Gross Block				Depreciation				Net Block	
	As on 01.04.2009	Additions during the year	Deductions/ Adjustments	As on 31.03.2010	Upto 31.03.2009	Additions during the year	Deductions / Adjustments	Upto 31.03.2010	As at 31.03.2010	As at 31.03.2009
A) Tangible Assets										
Leasehold Land	880.92	24,508.11	(64.90)	25,324.13	-	1,139.86	-	1,139.86	24,184.27	880.92
Buildings	1,500.03	43,281.59	(4.88)	44,776.74	30.28	855.53	1.02	884.79	43,891.95	1,469.75
Plant and Machinery	2,931.62	43,570.04	(8.15)	46,493.51	561.97	1,629.75	2.28	2,189.44	44,304.07	2,369.65
Furniture and Fixtures	368.86	98.38		467.24	155.54	70.97	-	226.51	240.73	213.32
Vehicles	405.51	12.56		418.07	59.03	37.94	-	96.97	321.10	346.48
B) Intangible Assets										
Softwares*	72.34	160.50		232.84	11.95	39.56	-	51.51	181.33	60.39
Goodwill on Consolidation	1,017.96	-	-	1,017.96	-	-	-	-	1,017.96	1,017.96
Total	7,177.24	111,631.18	(77.93)	118,730.49	818.77	3,773.61	3.30	4,589.08	114,141.41	6,358.47
Previous Year	3,863.34	3,319.16	(5.26)	7,177.24	513.26	306.25	0.74	818.77	6,358.47	
Capital Work In Progress									144,161.72	227,369.10

* Other than Internally Generated

Notes:
1) The Leasehold land represents the lease premium if any paid and the cost incurred for reclaiming and development of the Land.

2) Capital Work in Progress includes	As at 31st Mar 10	As at 31st Mar 09
- Advances on Capital Account	656.87	1,022.93
- Material at site	1,246.26	204.31
- Buildings under construction	1,903.34	31,681.79
- Plant and Machinery under installation	102,045.58	138,946.83
- Pre-operative Expenses	38,309.67	55,513.24
	144,161.72	227,369.10

3) Out of the above Buildings and Plant & machineries aggregating of Rs. 30393.67 Lacs are constructed /installed on leasehold land.

Schedules forming part of the Consolidated Balance Sheet

Rs in Lacs

Particulars	As at March 31st 2010	As at March 31st 2009
Schedule - 6		
INVENTORIES		
(as taken, valued and certified by the Management)		
Raw Materials and Components	10,123.40	17,753.86
Work in Progress	2,559.16	* 14,056.83
Stores, Spares and Consumables	397.78	-
Scrap	221.98	* 18.61
Total	13,302.32	31,829.30
* During Trial Run		
Schedule - 7		
SUNDRY DEBTORS		
(Unsecured & considered good)		
- Due for a period exceeding 6 months	-	-
- Others	701.80	1.00
Total	701.80	1.00
Schedule - 8		
CASH AND BANK BALANCES		
Cash on Hand	10.13	4.10
Balances with Scheduled Banks		
- In Current Accounts	13,061.36	2,812.43
- In Fixed Deposit Accounts	50,946.96	63,366.82
(Pledged with banks as Margin for Bank Guarantees and Letter of Credits)		
Total	64,018.45	66,183.35
Schedule - 9		
OTHER CURRENT ASSETS		
(Unsecured & considered good)		
Shipbuilding Contracts Receivables	26,028.59	-
Subsidy Receivable	8,814.91	-
Total	34,843.50	-
Schedule - 10		
LOANS AND ADVANCES		
(Unsecured & considered good)		
Advance recoverable in cash or in kind or for the value to be received **	15,447.75	12,813.93
Deposits	1,424.89	1,176.94
Advance Taxes (including Fringe Benefit Tax) (Net)	2,150.81	2,056.52
Total	19,023.45	16,047.39

** Subject to Confirmation

Schedules forming part of the Consolidated Balance Sheet

Rs in Lacs

Particulars		As at March 31st 2010		As at March 31st 2009
Schedule - 11				
CURRENT LIABILITIES AND PROVISIONS				
CURRENT LIABILITIES				
(Subject to Confirmations)				
Acceptances		193.08		4,512.54
Sundry Creditors				
- Dues to Micro Small and Medium Enterprises		61.54		85.39
(Refer note no. 14 of Schedule 22)				
- Dues to Others		16,723.68		22,038.07
Advance from Customers		58,012.31		82,152.65
Unclaimed Share Application Money *		18.36		-
Other Liabilities		1,870.89		1,270.68
Interest Accrued but not due on Loans		691.04		526.69
Total		77,570.90		110,586.02
PROVISIONS				
For Income Tax		-		412.00
For Fringe Benefit Tax		-		55.40
For Wealth Tax		2.50		2.63
For Gratuity / Leave Encashment		163.72		155.03
Other Provisions **		14,694.16		-
For Mark to Market Losses on Forward Contracts		-		590.50
Total		14,860.38		1,215.56
Total		92,431.28		111,801.58

* Does not include any amount due and outstanding to be credited to Investor Education & Protection Fund.

** The company has recognised liabilities based on substantial degree of estimation for provision for estimated cost over contract revenue on shipbuilding contracts and costs estimated for revenue recognised. Actual outflow is expected in the subsequent financial years.

Schedule - 12				
MISCELLANEOUS EXPENDITURE				
(to the extent not written off or adjusted)				
Preliminary and Issue Expenses				
Balance as per last Balance Sheet	-		377.07	
Add: Incurred During the year	5,119.58		127.72	
		5,119.58		504.79
Less: Transferred to Security Premium account		5,119.58		504.79
Total		-		-

Schedules forming part of the Consolidated Profit and Loss Account

Rs in Lacs

Particulars		For ther year ended March 31st, 2010	For the year ended March 31st, 2009
Schedule - 13			
INCOME FROM OPERATIONS			
Shipbuilding		44,529.58	-
Trade Sales		9,593.77	-
Subsidy on shipbuilding		8,814.91	-
(Refer note no. 09 of Schedule 22)			
	Total	62,938.26	-
Schedule - 14			
OTHER INCOME			
Interest Received		3,779.78	6,177.80
{Tax Deducted at Source Rs. 455.27 lacs			
(Previous Year: Rs. 1,508.75 lacs)}			
Profit on Sale of Current Investments (Net)		392.80	-
Foreign Exchange difference (Net)		2,531.62	-
Dividend on Current Investments		11.23	-
Miscellaneous Income		39.37	0.03
	Total	6,754.80	6,177.83
Schedule - 15			
INCREASE AND (DECREASE) IN INVENTORIES			
Closing Balance			
Scrap		221.98	-
Work in progress		2,559.16	-
		2,781.14	-
Less :- Opening Balance			
Scrap		18.61	-
Work in progress		14,056.83	-
		14,075.44	-
Increase / (Decrease) in Inventories		(11,294.30)	-
Schedule - 16			
RAW MATERIALS CONSUMED			
Opening Stock of Raw Materials		17,753.86	-
Add :- Purchases		9,301.45	-
Less :- Closing Stock of Raw Materials		10,123.40	-
	Total	16,931.91	-
Schedule - 17			
MANUFACTURING EXPENSES			
Stores, Spares & Consumables		1,166.29	-
Site Rent		28.22	-
Power Fuel and Water		894.64	-
Labour Charges		1,545.96	-
Design and Drawing Fees		76.99	-
Insurance		19.05	-
Repairs and Maintenance - Plant and Machinery		180.00	-
Equipment Hire Charges		285.28	-
Other Manufacturing Expenses		94.98	-
Cost Estimated for Revenue Recognised		11,400.78	-
(Refer note no. 20 of Schedule 22)			
	Total	15,692.19	-

Schedules forming part of the Consolidated Profit and Loss Account

Rs in Lacs

Particulars		For ther year ended March 31st, 2010	For the year ended March 31st, 2009
Schedule - 18			
PAYMENTS TO AND PROVISIONS FOR EMPLOYEES			
(Including Managerial Remuneration)			
Salaries Wages and Allowances		1,830.85	712.93
Contribution to PF and Other Fund		243.38	11.23
Welfare and Other Amenities		123.53	43.53
	Total	2,197.76	767.69
Schedule - 19			
ADMINISTRATIVE, SELLING AND OTHER EXPENSES			
ADMINISTRATIVE EXPENSES			
Rent		289.81	106.97
Rates and Taxes		21.06	2.32
Electricity Expenses		60.47	0.73
Insurance Premium		27.65	8.75
Printing and Stationery		33.43	7.98
Communication Expenses		62.78	18.29
Travelling, Conveyance and Vehicle Hire Charges		694.20	246.80
Repairs and Maintenance - Building		33.88	-
Repairs and Maintenance - Others		93.53	5.51
Legal and Professional Charges		1,959.12	260.11
Directors Sitting Fees		4.30	4.70
Payment to Auditors		45.95	38.78
Preliminary Expenses Written Off		-	13.04
Miscellaneous Expenses		239.93	73.94
SELLING EXPENSES			
Advertising / Publicity Expenses		341.00	33.47
Brokerage and Commission		4.21	142.47
Business Promotion Expenses		228.04	82.27
OTHER EXPENSES			
Provision for estimated cost over contract revenue		3,293.38	-
Foreign Exchange Difference (Net)		-	2,093.77
Loss on Sale of Fixed Assets (Net)		1.49	3.03
Donations		33.48	12.43
Wealth Tax		2.50	2.63
	Total	7,470.21	3,157.99
Schedule - 20			
INTEREST AND FINANCIAL CHARGES			
Interest			
- On Fixed Loans		4,003.67	4.28
- On Others		1,418.73	80.11
Loan Processing and Other Financial charges		1,877.62	1,211.41
	Total	7,300.02	1,295.80

PIPAVAV SHIPYARD LIMITED

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010 AND TO THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2010

SCHEDULE 21: SIGNIFICANT ACCOUNTING POLICIES

1. Principles of Consolidation :

The consolidated financial statements relate to the Pipavav Shipyard Limited ('the Company') and its subsidiary company. The consolidated financial statements have been prepared on the following basis:

a. The financial statements of the Company and its subsidiary company are combined on a line-by-line basis by adding together the book values of the like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions in accordance with Accounting Standard (AS) 21 – "Consolidated Financial Statements".

b. As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, in the same manner as the Company's separate financial statements.

c. The difference between the cost of investment in the subsidiary, over the net assets at the time of acquisition of shares in the subsidiary is recognized in the financial statements as Goodwill.

2. Other significant accounting policies :

These are set out under "Significant Accounting Policies" as given in the Standalone Financial Statements of Pipavav Shipyard Limited.

PIPAVAV SHIPYARD LIMITED

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010 AND TO THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2010

SCHEDULE 22: NOTES TO ACCOUNTS

1. Following subsidiary company is considered in the consolidated financial statements :

Name of the Subsidiary	Country of Incorporation	Proportion of ownership interest
E Complex Private Limited	India	100%

(Rs. In Lacs)

2. Contingent Liabilities:	**31.03.2010**	**31.03.2009**
a) Guarantees given by Company's Bankers		
i) Refund Bank Guarantees given to customers (Net of liabilities accounted for)	48,400.26	50,642.13
ii) Other Bank Guarantees	7,597.99	1,035.62
(Bank Guarantees are provided under Contractual/ Legal obligations. No cash outflow is expected)		
b) Demands not acknowledged as Debts		
i) Income Tax	40.49	1.84
(The Company has deposited Rs. 21.17 Lacs out of total demand and no further cash outflow is expected in the near future)		
ii) Other Claims	94.01	85.36
(Mainly related to Geology and Mining Charges, No Cash Outflow is expected in the near future)		
c) Letters of Credit opened in favour of suppliers	1,891.67	9,321.04
(Cash Flow is expected on receipt of materials from Suppliers)		
3. Estimated amount of contracts remaining to be executed on Capital Accounts and not provided for (Net of Advances)	11,791.55	17,604.55
(Cash flow is expected on execution of such Capital Contracts on Progressive basis)		

4. The Company has developed its sector specific Special Economic Zone (SEZ) for engineering goods at Amreli in Gujarat and is constructing its integrated shipyard projects comprising two units, viz., Special Economic Zone (SEZ) and Export Oriented Unit (EOU), situated at Amreli in Gujarat. During the year certain facilities at the above mentioned units commenced and others are still under construction. The Project Development Expenditure (included in Capital Work-in-Progress) is as under:

(Rs. In Lacs)

Particulars of Expenses	2009 – 2010	2008 – 2009
Opening Balance	**55,513.24**	**35,548.49**
Add:		
Opening Work in Progress (Trial Run)	-	1,944.88
Raw Material Consumed	-	8,205.18
Stores & Spares Consumed	-	323.87
Other Manufacturing Expenses	-	3,430.23
Power & Fuel	-	152.68
Rent	83.05	269.33
Salaries Wages and Allowances	983.46	2,365.88
Contribution to PF and Other Fund	34.29	52.49
Welfare and Other Amenities	54.54	85.59
Legal, Professional and Consultancy Charges	1,107.80	2,436.35
Conveyance, Travelling and Vehicle Expenses	237.42	1,364.09
Rates and Taxes	876.34	92.73
Insurance	60.31	150.50
Communication Expenses	30.31	66.08
Repairs & Maintenance – Building	-	81.95
Repairs & Maintenance – Plant & Machinery	-	53.28
Repairs & Maintenance – Others	79.96	38.37
Miscellaneous Expenditure	184.12	768.76
Loss on Sale on Long – Term Investments	-	192.95
Interest on Fixed Loans	7,416.52	5,893.08
Interest Others	1,168.76	1,692.60
Bank and Financial Charges	697.46	514.03
Foreign Exchange Difference (Net)	-	4,526.93
Depreciation	-	287.65
Sub Total -	68,527.58	70,537.95
Less :		-
Closing Work In Progress (Trial Run)	-	14,056.83
Dividend on Current Investments	-	159.25
Profit on sale of Current Investments	-	138.34
Interest on FD [(Previous Year TDS Rs. Rs. 161.14 lacs)]	-	647.82
Miscellaneous Income	1.81	22.47
Provisions Written Back	61.65	-
CST/VAT Recoverable transferred during the year	153.62	-
Sub Total -	217.08	15,024.72

		-
Less:		
Allocated to Fixed Assets	30,000.83	-
Closing Balance	**38,309.67**	**55,513.24**

5. Investments (Other than Associates) are as under:

(Rs in Lacs)

Particulars	Numbers 31-Mar-10	Numbers 31-Mar-09	Face Value (Rs.)	As at March 31st, 2010	As at March 31st, 2009
Long Term Investments, (Unquoted)					
Government and Other Securities (Other than Trade)					
6 years National Savings Certificate (Deposited with Sales Tax Department)	-	-	-	0.05	0.05
				0.05	0.05
Current Investments (Other than Trade, Unquoted)					
Kotak Floater Long Term Growth*	5,469,316.83	5,469,316.83	10.00	778.91	756.30
LIC MF Liquid Fund Plus - Daily Dividend Plan	-	40,019,731.72	10.00	-	4,001.98
HDFC Cash Management Fund	-	815.767.15	10.00	-	86.76
				778.91	4,845.04
			Total	**778.96**	**4,845.09**

** - Pledged with a financial institution for financial facilities availed from them.*

6. During the year, the Company had raised Rs. 49,866.58 Lacs through its Initial Public Offer (IPO) and allotted 85,450,225 Equity Shares of Rs. 10 each on 1st October, 2009. The above proceeds have been fully utilized as – Rs. 17,926.68 Lacs for Construction of Facilities for Shipbuilding, Ship Repairs and the Offshore Business; Rs. 24,403.81 Lacs for Working Capital; Rs. 2,416.51 Lacs for General Corporate Purpose and Rs. 5,119.58 Lacs for Share Issue Expenses

7. The Company has issued Bond-cum-Legal Undertakings for Rs. 33,400 Lacs in favour of President of India acting through Development Commissioner of Kandla Special Economic Zone for setting up a SEZ unit for availing exemption from payment of duties, taxes or cess or drawback and concession etc, and a General Bond in favour of the President of India for a sum of Rs. 15,300 Lacs as a security for compliance of applicable provisions of the Customs Act, 1962 and the Excise Act, 1944 for EOU unit.

8. In the Opinion of the Management, the Current Assets, loans and Advances are approximately of the value stated, if realized in the ordinary course of business.

9. As per the Revised Guidelines for the Shipbuilding Subsidy issued by the Government of India on 25th March 2009, the Company is eligible for subsidy at the rate of 30% of the contract price, suitably adjusted for any unintended benefits by the SEZ unit in respect of the export order received for vessels for which the contracts with the customers were signed on or before 14th August 2007. Accordingly Government Subsidy of Rs. 8,814.91 Lacs for the year has been recognised as revenue in respect of Ships under construction on proportionate completion basis. This includes Rs. 4,422.85 Lacs (including Rs. 3,724.02 Lacs of customs duty), being the indirect tax benefits availed by the SEZ unit. The company is of the view that the above tax benefits would in any case be available for export of ships irrespective of whether the ships are built in SEZ or otherwise and do not include any unintended benefits and hence need not be netted against the subsidy so recognised.

10. Advances recoverable in cash or in kind or for the value to be received in Schedule 10 includes Rs. 4,435.00 Lacs (Previous Year Rs. 3,871.47 Lacs), being the Cenvat/VAT/Central Sales Tax paid on the purchase of goods and services for the project. The company has been legally advised that such amounts are recoverable. Any unrealized amounts will be added back to the cost of the project.

11. The company has received two show cause notices in its 100% EOU from the Office of the Commissioner of Central Excise, Bhavnagar and Directorate of Revenue Intelligence which mainly relates to availment of Cenvat/Customs Duty/Service Tax Credit availed on inputs/services used for Construction of Dry Dock and Goliath Cranes and Non-submission of original evidences/documents. The company does not forsee any losses on this account and duty reversal, if any, will be added back to the cost of project.

12. Managerial Remuneration:

a) Remuneration to Executive Vice-Chairman

(Rs. In Lacs)

Particulars	**2009 – 2010**	**2008 – 2009**
Salaries	264.60**	594.00*
Contribution to Provident Fund	7.20	7.20
Perquisites and other allowances	0.40	96.00
Total	**272.20**	**697.20**

*** Includes Performance Linked Incentives for the Financial Year 2009 - 10*

**Includes Performance Linked Incentives for the Financial Year 2007 – 2008 and 2008 – 2009*

i) The above managerial remuneration is subject to approval of Central Government in terms of Sec. 269 of the Companies Act 1956, for which the Company has filed the application.

ii) Liability for Gratuity and Leave Encashment is provided on actuarial basis for the Company as a whole, the amounts pertaining to the Director is not ascertainable and therefore not included above.

b) The computation of net profit for the purpose of directors remuneration under section 349 of the Companies Act 1956 have not been enumerated since no commission has been paid to any of the directors. Fixed Managerial Remuneration has been paid to the whole time director.

13. Auditors Remuneration

(Rs. In Lacs)

Particulars	2009 – 2010	2008 – 2009
Audit Fees	33.50	32.50
Tax Audit Fee	6.50	4.25
Certification Charges and Other Matters	50.95*	8.73*
Total	**90.95**	**45.48**

**Includes Rs. 45 Lacs (Previous Year Rs. 6.70 Lacs) adjusted against Securities Premium*

14. Micro, Small and Medium Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 have been determined based on the information available with the Company and the required disclosures are given below:

(Rs. In Lacs)

Sr. No.	Particulars	As at March 31st 2010	As at March 31st 2009
a.	Principal amount remaining unpaid	61.54	85.39
b.	Interest due thereon	-	-
c.	Interest paid by the Company in term of Section 16	-	-
d.	Interest due and payable for the period of delay in payment	-	-
e.	Interest accrued and remaining unpaid.	-	-
f.	Interest remaining due and payable even in succeeding years.	-	-

15. Employee Benefits:

As per Accounting Standard 15 "Employee Benefits" the disclosure of employee benefits as defined in the accounting standards are given below:

Defined Contribution Plan

(Rs. In Lacs)

Particulars	2009 – 2010	2008 – 2009
Employers Contribution to Provident Fund	54.71	43.92
Employers Contribution to Pension Fund	18.96	15.73
Total	**73.67**	**59.65**

Defined Benefit Plan

The Employees Gratuity Fund Scheme, which is a defined benefit plan is managed by the trust maintained with Life Insurance Corporation of India (LIC).

The present value of the obligation is determined based on actuarial valuation using Projected Units Credit Method, which recognizes each period of service as giving rise to additional units of employees benefit entitlement and measures each unit separately to buildup the final obligation.

a) Reconciliation of opening and closing balances of the present value of the defined benefit obligation.

(Rs. In Lacs)

Particulars	Gratuity Funded	
	2009 - 2010	**2009 - 2010**
Defined Benefit Obligation at beginning of the year	46.85	18.81
Current & Past Service Cost	98.25	16.25
Current Interest Cost	3.08	2.43
Actuarial (Gain) / Loss	(43.42)	9.37
Benefits paid	18.55	-
Defined Benefit Obligation at end of the year	86.21	46.85

b) Reconciliation of opening and closing balances of the Fair Value of the Plan Assets.

(Rs. In Lacs)

Particulars	Gratuity Funded	
	2009 – 2010	**2008 – 2009**
Fair Value of Plan Assets at the beginning of the year	63.66	40.37
Expected Return on Plan Assets	4.35	3.03
Actuarial Gain / (Loss)	(4.35)	0.82
Contributions	-	19.45
Benefits Paid	18.55	-
Fair Value of the Assets at the end of the year	45.11	63.66

c) Reconciliation of Present Value of Obligation and Fair Value of Plan Assets

(Rs. In Lacs)

Particulars	Gratuity Funded	
	2009-10	**2008-09**
Fair Value of Plan Assets at the end of the year	45.11	63.66
Present Value of Defined Benefit Obligation at end of the year	86.21	46.85
Liabilities / (Assets) recognised in the Balance Sheet	41.10	(16.81)

d) Expenses recognised during the year

(Rs. In Lacs)

Particulars	Gratuity Funded	
	2009-10	**2008-09**
Current and Past Service Cost	98.25	16.25
Interest Cost	3.08	2.43
Expected Return on Plan Assets	(4.35)	(3.03)
Actuarial (Gain) / Loss	39.07	8.55
Effect of the limit in Para 59(b)	-	(0.42)
Net Cost Recognised in Profit and Loss Account	57.91	23.78

e) Assumptions used to determine the defined benefit obligations

(Rs. In Lacs)

Particulars	Gratuity Funded	
	2009-10	**2008-09**
Mortality Table (LIC)	(1994 – 96 ultimate)	
Discount Rate (p.a.)	8.00%	7.05%
Estimated Rate of Return on Plan Asset	8.00%	7.50%
Expected Rate of increase in Salary (p.a.)	7.00%	7.00%

The estimates of rate of increase in salary considered in actuarial valuation, taking into account, inflation, seniority, promotion, attrition and other relevant factors including supply and demand in the employment market. The above information is certified by Actuary.

f) Amounts for the Current and previous periods for Gratuity Funded are as follows:

(Rs. In Lacs)

Particulars	2009-10	2008-09	2007-08
Defined Benefit Obligation	86.21	46.85	18.81
Plan Assets	45.11	63.66	40.37
Surplus/(Deficit)	(41.10)	16.81	21.56
Experience adjustment on plan assets (Gain)/Loss	*	*	*
Experience adjustment on plan Liabilities Gain/ (Loss)	*	*	*

** - Details are not readily available in the valuation report taken by the Company and hence are not furnished.*

Note: In the absence of detailed information regarding plan assets which is funded with Life Insurance Corporation of India, the composition of each major category of plan assets, the percentage and amount for each category of the fair value of plan assets has not been disclosed.

16. Segment Reporting

The Company's activities predominantly revolve around the shipbuilding activity. Considering the nature of Company's business and operations, there is only one reportable segment (business and / or geographical) in accordance with the requirements of the Accounting Standard 17 – "Segment Reporting" notified in the Companies (Accounting Standards) Rules 2006.

17. Related Party Disclosures

a. List of Related parties

1. **Associates**
   SKIL Infrastructure Limited
   Punj Lloyd Limited

2. **Key Managerial Personnel**
   Mr. Nikhil P Gandhi
   Mr. Bhavesh Gandhi
   Mr. Ray Stewart (upto 31-01-2009)
   Mr. J P Rai. (w.e.f : 02-02-2009)

3. **Enterprises in which key managerial persons and their relative are able to exercise significant influence (Other Related Parties)**
   Awaita Properties Private Limited

b. Transactions with related parties for the year ended 31.03.2010

(Rs. in Lacs)

Nature of Transactions	Associates	Key Managerial Personnel				Other Related Parties	Total
	SKIL Infrastr-ucture Ltd	**Mr. Nikhil P. Gandhi (Chairman)**	**Mr. Bhavesh P. Gandhi (Whole time Director)**	**Mr Raymond Stewart (CEO)**	**Mr. J P Rai (CEO)**	**Awaita Properties Pvt. Ltd.**	
Expenditure							
Rent Expenses	- (-)	- (-)	- (-)	- (-)	- (-)	281.71 (154.80)	**281.71** **(154.80)**
Project Development Fees	473.00 (-)	- (-)	- (-)	- (-)	- (-)	- (-)	**473.00** **(-)**
Directors Sitting fees	**-** (-)	0.90 (0.90)	**-** (-)	**-** (-)	**-** (-)	**-** (-)	**0.90** **(0.90)**
Remuneration	**-** (-)	- (-)	272.20 (697.20)	- (191.79)	123.48 (20.49)	**-** (-)	**395.68** **(909.48)**
Reimbursem-ents of Expenses Given	56.67 (246.02)	- (-)	- (-)	- (-)	0.15 (-)	45.58 (45.09)	**102.40** **(291.11)**
Reimbursem-ents of Expenses Received	0.79 (-)	- (-)	- (-)	- (-)	- (-)	- (-)	**0.79** (-)
Lease Deposits as on 31.03.2010	- (-)	- (-)	- (-)	- (-)	- (-)	200.00 (200.00)	**200.00** **(200.00)**

Note: *Figures in brackets pertain to previous years*

18. Earnings per share (Basic and Diluted)

(Rs. In Lacs)

Particulars		2009 – 2010	2008 – 2009
Net Profit (Loss) after Tax		(4,606.62)	472.62
Less: Prior period Items		210.00	50.01
Amount available for calculation of Basic EPS and Diluted EPS	(A)	(4,816.62)	422.61
Weighted Average No. of Equity Shares outstanding for Basic and Diluted EPS	(B)	622,956,220	580,211,400
Basic and Diluted Earnings per share of Rs. 10/- each (in Rs.)	(A)/(B)	(0.77)	0.07

19. Deferred Tax Liability / (Asset)

As required by Accounting Standard 22 on "Accounting for Taxes on Income", Deferred Tax is comprising of the following items

(Rs. In Lacs)

Particulars		2009 – 2010	2008 – 2009
Deferred Tax Liabilities			
Related to Fixed Assets		4,075.48	-
	Total	**4,075.48**	**-**
Deferred Tax Assets			
Unabsorbed Depreciation		6,158.28	28.91
Disallowance under Income Tax		56.70	57.12
	Total	**6,214.98**	**86.03**
Net Deferred Tax Liability / (Assets)		**(2,139.50)**	**(86.03)**

The above net Deferred Tax Assets include Deferred Tax Liability of Rs. 146.70 Lacs pertaining to E Complex Private Limited, which has been accounted for and Deferred Tax Assets of Rs. 2,286.20 Lacs pertaining to Pipavav Shipyard Limited which, in the absence of virtual certainty that sufficient future Taxable Income will be available against which Deferred Tax Assets can be realized, has not been recognised in the books of accounts in line with Accounting Standard 22 dealing with accounting for Taxes on Income.

20. In respect of Offshore Vessels (OSVs), the Company has accounted for contract revenue and expenses based on the proportion of completion of contracts as certified by technical experts. With an aim to allocate the profit on the said contracts to whole of the contract a provision of Rs. 11,400.78 Lacs being the proportionate cost to be incurred has been made in the books of accounts.

21. Disclosure pursuant to Accounting Standard – 7 (AS – 7 "Accounting for Construction Contracts") as notified by Companies Accounting Standards Rules, 2006:

(Rs. in Lacs)

	Particulars	2009 - 2010	2008 – 2009
a.	The contract revenue recognized in the year	44,529.58	-
b.	The aggregate amount of cost incurred and recognized profits (less recognized losses) upto the end of Financial Year for all contracts in progress	50,037.08	-
c.	Amount of advance received from the customers for contracts in progress	76,345.43	82,153.05
d.	The retention amount due from customers for contracts in progress as at the end of Financial Year	-	-

22. In accordance with the Accounting Standard (AS – 28) on "Impairment of Assets" the Management during the year carried out an exercise of identifying the asset that may have been impaired in respect of each cash generating unit. On the basis of this review carried out by the Management, there was no impairment loss on Fixed Assets during the year ended 31.03.2010.

23. Financial and Other Derivative Instruments:

a) Derivative contracts entered into by the Company and outstanding as on 31st March 2010.

For Hedging currency and interest rate related risks

(Rs. In Lacs)

Particulars	As at March 31st 2010	As At March 31st 2009
Forward Contract	-	10,190.00

b) All derivative and financial instruments acquired by the company are for hedging purpose only.

c) Foreign currency exposures that are not hedged by derivative instruments or forward contracts as at 31st March 2010, are:

(Rs. In Lacs)

Particulars	2009 – 2010	2008 – 2009
Receivables	8,108.64	7,534.46
Payables	84,802.76	120,249.90

24. Previous year figures have been reworked, regrouped, rearranged and reclassified, wherever necessary to make them comparable with those of the current year.

As per our report of Even Date
For Chaturvedi & Shah
Chartered Accountants

For and on behalf of the Board of Directors

R Koria	**Nikhil P. Gandhi**	**Bhavesh P. Gandhi**	**Jai Prakash Rai**
(Partner)	(Chairman)	(Executive Vice Chairman)	(Chief Executive Officer)

Place :- Mumbai	**Hasmukh Daftary**	**Ajit Dabholkar**
Date :- 28.05.2010	(Chief Financial Officer)	(Company Secretary)

Everonn Education Limited

CONSOLIDATED AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED MARCH 31, 2011

Rs. in lakhs

Particulars	Year Ended Audited 31-Mar-11	Year Ended Audited 31-Mar-10
1. (a) Net Sales/Income from Operations	42,469.57	29,349.72
(b) Other Operating Income	-	-
Total	42,469.57	29,349.72
2. Expenditure		
a. Increase/decrease in stock in trade and work in progress	-	-
b. Consumption of raw materials	-	-
c. Purchase of traded goods	7,892.32	6,328.10
d. Employees cost	6,167.22	3,844.01
e. Depreciation	4,199.41	2,524.79
f. Other expenditure	12,862.34	9,081.33
Total	31,121.29	21,778.23
3. Profit from Operations before Other Income, Interest and Exceptional Items (1-2)	11,348.28	7,571.49
4. Other Income	274.33	47.00
5. Profit before Interest and Exceptional Items (3+4)	11,622.61	7,618.49
6. Interest	2,105.14	1,036.93
7. Profit after Interest but before Exceptional Items (5-6)	9,517.47	6,581.56
8. Exceptional items	-	-
9. Profit (+)/ Loss (-) from Ordinary Activities before tax (7+8)	9,517.47	6,581.56
10. Tax expense	2,753.62	2,036.95
11. Net Profit (+)/ Loss (-) from Ordinary Activities after tax (9-10)	6,763.85	4,544.61
12. Extraordinary Item (net of tax expense)	-	-
13. Net Profit(+)/ Loss(-) for the period (11-12)	6,763.85	4,544.61
14. Paid-up equity share capital (Face Value Rs. 10/-)	1,903.19	1,512.04
15. Reserve excluding Revaluation Reserves as per balance sheet of previous accounting	50,401.99	23,986.26
16. Earnings Per Share (EPS)		
a) EPS before Extraordinary items for the period, for the year to date and for the previous year (not to be annualized)		
- Basic	41.44	30.06
- Diluted	40.09	30.06
b) EPS after Extraordinary items for the period, for the year to date and for the previous year (not to be annualized)		
- Basic	41.44	30.06
- Diluted	40.09	30.06
17. Public Shareholding		
- No. of shares	10,911,502	11,137,356
- Percentage of shareholding	57.33%	73.67%
18. Promoters and Promoter Group shareholding		
a) Pledged / Encumbered		
- Number of Shares	4,110,000	490,041
- Percentage of shares (as a % of the total shareholding of Promoter and Promoter	50.61%	12.30%
- Percentage of shares (as a % of the total share capital of the Company)	21.60%	3.24%
b) Non encumbered		
- Number of shares	3,536,909	3,493,003
- Percentage of shares (as a % of the total shareholding of Promoter and Promoter	43.56%	87.69%
- Percentage of shares (as a % of the total share capital of the Company)	18.58%	23.10%

Rs in lakhs

Statement of Assets and Liabilities		
Particulars	Audited as on 31.03.2011	Audited as on 31.03.2010
SOURCES OF FUNDS		
SHAREHOLDERS FUND:		
Share capital	1,903.19	1,512.04
Reserves and Surplus	51,153.00	24,082.25
Minority Interest	1.93	0.19
Loan Funds	21,191.29	8,393.39
Deferred tax	1,825.66	1,535.83
TOTAL SOURCES OF FUNDS	76,075.07	35,523.70
APPLICATION OF FUNDS		
FIXED ASSETS	29,354.49	14,560.71
Capital Work in Progress	5,954.31	2,459.44
Goodwill	276.52	47.83
INVESTMENTS	2,231.59	107.41
CURRENT ASSETS, LOANS & ADVANCES		
Sundry Debtors	20,876.31	11,714.87
Cash and Bank Balances	14,686.69	4,392.33
Loans and Advances	10,152.26	6,050.70
LESS: CURRENT LIABILITIES & PROVISIONS	7,457.10	3,809.59
NET CURRENT ASSETS	38,258.16	18,348.31
TOTAL APPLICATION OF FUNDS	76,075.07	35,523.70

NOTE:

1. THE ABOVE RESULTS HAVE BEEN REVIEWED BY THE AUDIT COMMITTEE AND APPROVED BY THE BOARD OF DIRECTORS IN THEIR MEETING HELD ON 23RD MAY 2011

2. THE COMPANY IS PRESENTLY OPERATING ONLY IN EDUCATIONAL SEGMENT

3. THE BOARD OF DIRECTORS HAS RECOMMENDED A FINAL DIVIDEND OF RS.2.50/- PER EQUITY SHARE (FACE VALUE - RS.10/-) (25% FINAL DIVIDEND) SUBJECT TO THE APPROVAL BY THE SHAREHOLDERS AT THE ENSUING ANNUAL GENERAL MEETING

4. THE DETAILS OF STANDALONE RESULTS (ANNUAL AUDITED) ARE AS FOLLOWS (IN LAKHS): TURNOVER-30,162.93, PROFIT BEFORE TAX – 10,303.43, PROFIT AFTER TAX: 7,296.53

5. GIVEN THE SEASONAL NATURE THE INDUSTRY, THE RESULTS OF ANY QUARTER MAY NOT BE A TRUE INDICATIVE OF QUARTER TO QUARTER / ANNUAL PERFORMANCE

6. THE FIGURES OF THE PREVIOUS FINANCIAL YEAR HAVE BEEN REGROUPED / RE-ARRANGED WHEREEVER NECESSARY.

7. NO INVESTOR COMPLAINT WAS PENDING TO BE RESOLVED AT THE BEGINNING OF THE QUARTER. 1 COMPLAINT WAS RECEIVED AT THE END OF THE QUARTER, NIL COMPLAINTS WERE RESOLVED. 1 COMPLAINT WAS PENDING TO BE RESOLVED AT THE END OF THE QUARTER.

8. THE PROMOTERS / PERSONS FROM PROMOTER GROUP OF THE COMPANY HAVE PLEDGED A TOTAL OF 45,83,489 EQUITY SHARES HELD BY THEM. THE TOTAL PLEDGED SHARES AMOUNT TO 24.08% OF THE TOTAL PAID UP CAPITAL OF THE COMPANY. 41,10,000 SHARES HAVE BEEN PLEDGED DURING THE QUARTER ENDED 31ST MARCH 2011. OUT OF THE ABOVE 39,11,500 SHARES ARE SUBJECT TO LOCK-IN FOR A PERIOD OF 3 YEARS UPTO 7TH SEPTEMBER, 2013.

9. THE COMPANY HAS THIRTEEN SUBSIDIARIES DURING THE YEAR ENDED 31ST MARCH 2011. OUT OF WHICH TEN SUBSIDIARIES ARE WHOLLY OWNED SUBSIDIARIES, 1 COMPANY IS AN INDIRECT WHOLLY OWNED SUBSIDIARY AND HOLDS 51% & 60% IN OTHER 2 COMPANIES SUBSIDIARY COMPANIES RESPECTIVELY.

10. PURSUANT TO CLAUSE 41 OF THE LISTING AGREEMENT, THE COMPANY HAS OPTED TO PUBLISH THE CONSOLIDATED FINANCIAL RESULTS. THE STANDALONE RESULTS HOWEVER ARE BEING MADE AVAILABLE TO THE STOCK EXCHANGE WHERE THE SECURITIES OF THE COMPANY ARE LISTED AND ARE ALSO BEING POSTED ON THE WEBSITE OF THE COMPANY VIZ (WWW.EVERONN.COM) AND ON THE WEBSITES OF BSE (WWW.BSEINDIA.COM) & NSE (WWW.NSEINDIA.COM).

By order of the Board of Directors
For Everonn Education Limited

Place: Chennai
Date: 23rd May, 2011

P Kishore
Managing Director.

AUDITORS' REPORT FOR EVERONN EDUICATION LIMITED (31st Dec 2010)

To
The Board of Directors
Everonn Education Limited

1. We have audited the attached Consolidated Balance Sheet of **'Everonn Education Limited'** ("the Company"), and its subsidiaries and its associates (collectively referred to as "the Group") as at 31st December 2010 and also the Consolidated Profit & Loss Account and Consolidated Cash Flow Statement for the period ended on that date annexed thereto. The Consolidated Financial Statements are the responsibility of the Company's Management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We report that the Consolidated Financial Statements have been prepared by the Company's management and as per information and explanations given to us, in accordance with the requirements of Accounting Standard (AS) 21, "Consolidated Financial Statements" and Accounting Standard (AS) 23, "Accounting for Investments in Associates/Subsidiaries in Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.

4. Based on our audit and on the consideration of reports of other auditors on separate financial statements (refer Paragraph 3 above) and on other information of the components, in our opinion and to the best of information and explanations given to us, the attached Consolidated financial statements together with notes thereon and attached thereto, give a true and fair view in conformity with the accounting principles generally accepted in India.

   i. In so far as it relates, to Consolidated Balance Sheet, the Consolidated state of affairs of the Group as at 31st December 2010;

ii. In so far as it relates to the Consolidated Profit & Loss Account, of the Consolidated results of operations of the Group for the period ended on that date; and

iii. In so far as it relates to the Consolidated Cash Flow Statement, of the Consolidated Cash Flows of the Group for the period ended on that date.

For M/s. P.Chandrasekar
Chartered Accountants
Firm Registration No:000580S

Mr. P.Chandrasekaran
Designation: Partner
Membership No:26037

Place: Chennai
Date: 23.02.2011

EVERONN EDUCATION LIMITED

CONSOLIDATED BALANCE SHEET FOR THE PERIOD ENDED 31.12.2010

Amt in Rs. '000

Particulars	SCHEDULE	AS at 31-Dec-10	AS at 31-Mar-10
SOURCES OF FUNDS			
SHARE HOLDER'S FUNDS			
Share capital	1	190,319	151,204
Share warrants	1A	64,568	-
Employee stock option outstanding		10,534	9,599
Reserves and surplus	2	4,804,457	2,398,626
MINORITY INTEREST		19	19
LOAN FUNDS			
Secured loans	3	1,891,209	839,339
Unsecured loans	4	585,217	-
DEFERRED TAX		225,991	153,583
TOTAL SOURCES OF FUNDS		7,772,314	3,552,370
APPLICATION OF FUNDS			
FIXED ASSETS	5		
Gross block		3,601,852	2,158,721
Less: Depreciation and amortisation		820,928	702,650
Net block		2,780,924	1,456,071
Capital Work in Progress		198,498	245,944
GOODWILL		4,783	4,783
INVESTMENTS	6	1,010,741	10,741
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	7	-	-
Sundry debtors	7	1,957,859	1,171,487
Cash and bank balances	8	1,322,574	439,233
Loans and advances	9	1,128,918	605,064
		4,409,352	2,215,784
LESS: CURRENT LIABILITIES & PROVISIONS	10	631,983	380,954
NET CURRENT ASSETS		3,777,368	1,834,830
TOTAL APPLICATION OF FUNDS		7,772,314	3,552,370
Significant Accounting Policies & Notes on Accounts	Refer Schedule No.19		

EVERONN EDUCATION LIMITED

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31.12.2010

			Amt in Rs. '000
		For the Period Ended	For the Year Ended
PARTICULARS	SCHEDULE	31-Dec-10	31-Mar-10
INCOME			
Sales and Service Income	11	2,908,215	2,934,972
Other Income	12	121	4,700
TOTAL INCOME	A	2,908,336	2,939,672
EXPENDITURE			
Manpower	13	421,913	384,401
Education and training expenses	14	1,129,289	1,275,497
Administration and other expenses	15	320,635	265,446
Interest and finance charges	16	128,942	103,693
Depreciation & amortisation		285,159	252,479
TOTAL EXPENDITURE	B	2,285,938	2,281,516
Profit before Taxation	A-B	622,397	658,156
Provision for taxation			
Current tax		135,491	141,574
Deferred tax		72,581	62,121
Fringe benefit tax		-	-
Profit after taxation		414,326	454,461
Minority interest		-	(3)
Surplus brought forward from last year		720,657	453,943
Profit available for appropriations		1,134,983	908,407
Appropriation :			
Transfer to Debenture Redemption Reserve		32,717	109,083
Proposed Dividend		-	30,241
Tax on dividend		-	5,023
Transfer to general reserve		-	43,403
Balance carried to balance sheet		1,102,266	720,657
Basic earnings per equity share (basic) Rs.		25.39	30.06
Basic earnings per equity share (diluted) Rs.		24.56	30.06
Significant Accounting Policies & Notes on Accounts	Refer Schedule No.17		

EVERONN EDUCATION LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31.12.2010 Rs in '000

Particulars	For the Period Ended 31-Dec-10	For the Year Ended 31-Mar-10
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	622,397	658,156
Adjustments for:		
Depreciation	285,231	252,479
Interest on long term loan	12,633	12,742
Employee stock option plan amortisation	935	3,160
Operating profit before working capital changes	*921,197*	*926,537*
Adjustments for :		
Trade and other receivables	(1,748,214)	(222,046)
Trade payables and other liabilities	613,015	(342,403)
Cash generated from operations	(214,002)	362,088
Direct taxes paid / deducted at source	(66,424)	(110,752)
Net Cash from Operating Activities	(280,426)	251,336
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Asset	(1,562,638)	(778,676)
Investment made during the year	(1,000,000)	223,853
Net Cash Used in Investing Activities	(2,562,638)	(554,823)
CASH FLOW FROM FINANCING ACTIVITIES		
Share capital Raised (net of exp)	2,101,951	-
Increase / (decrease) in secured loans	1,051,871	357,657
Increase / (decrease) in unsecured loans	585,217	(4,997)
Interest payment	(12,633)	(12,742)
Net Cash from Financing Activities	3,726,405	339,918
Net Increase in Cash and Cash Equivalents	*883,341*	*36,431*
Opening Balance of Cash and Cash Equivalents	439,233	402,802
Closing Balance of Cash and Cash Equivalents	*1,322,574*	*439,233*

EVERONN EDUCATION LIMITED
SCHEDULES TO CONSOLIDATED BALANCE SHEET AS AT 31.12.2010

Amt in Rs.'000

	AS at 31-Dec-10	AS at 31-Mar-10
Schedule 1 SHARE CAPITAL		
AUTHORISED		
2,50,00,000/- (Previous Year 2,00,00,000) Equity Shares of Rs.10/- each	250,000	200,000
	250,000	200,000
ISSUED, SUBSCRIBED AND PAID UP		
1,90,31,900/- (Previous Year 1,51,20,400) Equity Shares of Rs.10/- each fully paid up	190,319	151,204

Of the above:
(1) 68,54,748 equity shares were issued as bonus shares by capitalisation of Securities Premium account on 31/05/2006.
(2) On 31/05/2006 Prefrential allotment was made to Director's for 1,25,670 shares of Rs.10/- each fully paid up at a premium of Rs.10/- per share.
(3) On 28/06/2006 2.57,053 shares of Rs.10/- each fully paid up are allotted to Everonn Employee Welfare Trust at par.
(4) On 17/06/2008, 1269219 equity shares of Rs.10 each fully paid up are alloted at a premium of Rs. 710.04 on preferential basis
(5) On 09/12/2010, 3911500 equity shares of Rs.10 each fully paid up are alloted at a premium of Rs. 510.87 on preferential basis consequent to conversion of 39,11,500 6% Optionally Convertible Debentures

	AS at 31-Dec-10	AS at 31-Mar-10
Schedule 1A SHARE WARRANTS		
EQUITY SHARE WARRANTS		
6,00,000 Partly Paid Share Warrants of Rs. 430.45 (Previous Year Nill) each to be converted into Equity Shares of Rs.10/- each at a premium of Rs.420.45/-	64,658	-
Schedule 2 RESERVES AND SURPLUS		
Securities Premium Account		
Opening Balance	1,437,604	1,437,604
Add: Share Premium received on allotment of equity shares during the year	1,998,268	-
	3,399,872	1,437,604
Less: Share issue expenes adjusted	-	-
Total	3,435,872	1,437,604
General Reserve		
Opening balance	54,558	11,155
Add: Transfer from Profit & Loss A/c	120,000	43,403
Total	174,558	54,558
Capital Reserve	76,514	76,514
Debenture Redemption Reserve	21,800	109,083
Surplus in Profit and Loss Account	1,095,714	720,867
Total Reserves and Surplus	4,804,457	2,398,626

	AS at 31-Dec-10	AS at 31-Mar-10
Schedule 3 SECURED LOANS		
debentures	21,800	141,800
218000 6% Secured Non - Convertible Debentures of Rs. 100 each Rs. 21800 (000)		
From Banks		
- Cash Credit / Secured Overdraft	671,259	1,162
- Loan against Deposits / Other Secured loans	595,562	350,384
- Term Loan	105,239	81,332
From Others	-	-
- Term Loan	497,350	264,660
	-	
Total Secured Loans	1,891,209	839,339

Schedule 4 UNSECURED LOANS		
Debentures		
228000 0% Unsecured Fully Convertible Debentures of Rs. 10 each Rs. 22800 (000)	126,800	
10400000 0% UnSecured Fully Convertible Debentures of Rs. 10 each Rs. 104000 (000)		
Term loan from Others	458,417	
[Loan repayable within one year Rs. '(000s) Rs. 2,052/-]		
[Previous year Rs. '(000s) Rs. 1,701/-]		
Total Unsecured Loans	585,217	

Schedule 5 Fixed assets

Amt in Rs.000

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2010	Additions	Deductions	As at 31.12.2010	As at 01.04.2010	For the year	Deductions	As at 31.12.2010	As at 31.12.2010	As at 31.03.2010
Tangible Assets										
Land	33,400	-	-	33,400	-	-	-	-	33,400	33,400
Building	157,800	-	-	157,800	3,934	5,945	-	9,879	147,921	153,866
Plant and machinery	1,149,443	658,553	133,390	1,674,606	468,479	161,921	133,390	497,081	1,177,525	680,965
Electrical fittings	62,579	59,220	3,006	118,793	19,399	7,375	3,006	23,768	95,026	43,180
Furniture & Fittings	431,300	116,082	9,020	538,362	78,294	39,481	9,020	108,756	429,606	353,006
Vehicles	9,142	2,164	-	11,306	3,175	529	-	3,704	7,602	5,966
	-	-	-	-	-	-	-	-	-	-
Intangibles Assets	-	-	-	-	-	-	-	-	-	-
Software	95,559	40,023	10,582	125,001	39,383	21,860	10,582	50,172	74,829	56,176
Knowledge Resource and Content	219,498	734,042	10,956	942,584	89,986	48,050	10,956	127,569	815,015	129,512
Total	2,158,721	1,610,084	166,953	3,601,852	702,650	285,159	166,953	820,928	2,780,924	1,456,071
Previous Year	1,376,014	782,710	-	2,158,721	450,171	252,478	-	702,650	1,456,071	925,834
Capital WIP									198,498	245,944

	AS at 31-Dec-10	AS at 31-Mar-10
Schedule 6 INVESTMENTS		
(A) Long Term, Unquoted, Non Trade & Cost		
- 82530 Equity shares (Previsou Year Nil) of Rs. 10/- each fully paid up DT Media and Entertainment Pvt Limited	10,729	10,729
	10,729	10,729
(B) Current Investment		
Listed and Quoted (Trade)	12	12
500 Equity shares of Rs.10/- each in Indian Overseas Bank Market Value Investments (IOB Shares) @ Rs.45.60/- amounting to Rs. 22800/- (Previous year @ Rs.135.10/- amounting to Rs. 67550/-) Unquoted		

Investment in Mutual Funds

No of Units	Face Value per unit	Description
2122022.69	10.00	Birla Sunlife Liquid Plus - Institutional Daily Dividend
2031458.43	10.00	ICICI Prudential Flexible Income Plan - Daily Dividend
2103113.904	10.00	ING Liquid plus fund - Institutional Dqaily Dividend
2112932.616	10.00	Sundaram BNB paribas Liquid Plus
1363.832	10.00	Reliance Liquid Plus Fund - Retail Option
36955.921	10.00	Lotus India Liquid Plus Fund
25003.677	10.00	Principal Floating Rate Fund FMP - Institutional option
205457.671	10.00	ICICI PRUDENTIAL FLEXIBLE INCOME PLAN PREMIUM
1463.37	1000.00	RELIANCE MONEY CHANGER FUND
62177.9817515	1000.00	RELIANCE MONEY CHANGER FUND
1101075.656	10.00	ICICI PRUDENTIAL FLEXIBLE INCOME PLAN PREMIUM
83350.58111	1000.00	RELIANCE MONEY CHANGER FUND
5310673.424	10.00	RELIANCE MONEY CHANGER FUND
10401.147	1000.00	UTI TREASURY ADVANTAGE FUND
1061530.338	10.00	JP MORGAN TREASURY FUND

	AS at 31-Dec-10	AS at 31-Mar-10
Investment in Mutual Funds		
In Mutual Funds	1,000,000	-
(Net Asset Value (NAV) as on 31.03.09 Rs. 234582 ('000)		
Total Investments	1,010,741	10,741
Schedule 7 SUNDRY DEBTORS		
[Unsecured considered Good]		
More than Six Months	391,307	444,583
Others	1,566,552	726,904
Total Sundry Debtors	1,957,859	1,171,487

	AS at 31-Dec-10	AS at 31-Mar-10
Schedule 8 CASH & BANK BALANCES		
(a) Cash on Hand	2,780	1,513
(b) Balance with Schedule Banks in		
(i) Current Accounts	476,223	329,732
(ii) Deposit Accounts (Including Interest accrued)	754,483	21,054
(iii) Margin Account	89,088	86,934
Total Cash and Bank Balances	1,322,574	439,233
Schedule 9 LOANS AND ADVANCES		
(Unsecured considered good)		
(a) Advances recoverable in cash (or) in kind (or) for value to be received	867,527	517,797
(b) Security & Other Deposits	210,512	50,829
(c) Advance Income Tax and Tax Deducted at Source	50,879	36,439
Advances include due from Subsidiary companies Rs. 201968 ('000) PY: 48 ('000)		
Maximum Amount Outstanding during the year Rs. 201968 ('000), PY: 48 ('000)		
Total Loans and Advances	1,128,918	605,064
Schedule 10 CURRENT LIABILITIES & PROVISIONS		
CURRENT LIABILITIES		
Sundry Creditors	170,293	37,274
Security Deposits and Advance against services to be rendered	24,457	20,695
Other Liabilities	193,039	112,446
Total Current Liabilities	387,790	170,409
PROVISIONS		
Proposed Dividend		30,241
Tax on Dividend		5,023
Current Tax	239,600	170,533
Fringe Benefit Tax		
Leave Encashment	4,289	4,183
Gratuity	305	565
	244,193	210,545
Total Current Liabilities and Provisions	631,983	380,954

SCHEDULES FORMING PART OF CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31.12.2010

Amt in Rs. '000

		For the Period Ended 31-Dec-10	For the Year Ended 31-Mar-10
Schedule 11	SALES AND SERVICE INCOME		
	Education & Training Income	2,216,530	2,237,055
	Sale of Hardware	691,685	697,917
	Total	2,908,215	2,934,972
Schedule 12	OTHER INCOME		
	Dividend from Mutual Funds	2	4,017
	Miscellaneous Income	119	683
	Total	121	4,700
Schedule 13	MANPOWER COSTS		
	Salaries	396,757	353,908
	Employer contribution to PF,ESIC incl admn charges	14,289	18,220
	Staff welfare expenses & others	9,932	9,112
	Employee stock option plan compensation	935	3,160
	Total	421,913	384,401
Schedule 14	EDUCATION AND TRAINING EXPENSES		
	a. Cost of goods sold		
	Opening stock	-	-
	Less: Stock Trf to Asset	-	-
	Purchase of hardware	609,772	632,810
	Freight Forwarding Charges	-	-
	Less: Closing stock	-	-
	Cost of goods sold (a)	609,772	632,810
	b. Course execution and delivery expenses (b)	519,517	642,687
	Total education and training expenses (a+b)	1,129,289	1,275,497

Amt in Rs. '000

		For the Period Ended	For the Year Ended
		31-Dec-10	31-Mar-10
Schedule 15	ADMINISTRATION AND OTHER EXPENSES		
	Electricity charges	22,492	21,824
	Insurance charges	2,906	2,161
	Communication expenses	22,074	21,248
	Audit fees	1,488	1,795
	Directors sitting fees	410	330
	Rates and taxes	17,022	8,865
	Legal, professional and consultancy charges	76,336	37,664
	Rent	51,266	39,345
	Printing & Stationery	5,727	1,196
	Repairs and maintenance	86	-
	- Building	2,830	1,590
	- Plant & Machinery	22,401	11,019
	- Others	14,148	13,643
	Travelling and Conveyance	36,540	33,199
	Sales promotion and Advertisement expenses	43,380	70,708
	Miscellaneous expenses	1,520	859
	Write off / (write back) for doubtful debts	8	-
	Total administration and other expenses	320,635	265,446
Schedule 16	INTEREST AND FINANCIAL CHARGES		
	Interest on Term loans	12,633	12,742
	Interest on other loans	123,797	69,337
	Bank Charges	29,546	24,444
	Less:	-	-
	Interest income on deposits	(37,035)	(2,830)
	Total	128,942	103,693

Schedule 17 SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

I. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Preparation of Consolidated Financial Statements

The consolidated financial statements comprises of the financial statements of Everonn Education India Limited (the Holding Company or Parent Company) and its subsidiaries. The Consolidated Financial Statements are prepared on an accrual basis, under historical cost convention and in accordance with the Accounting Standards issued by the Institute of chartered accountants of India and as per the requirements of the Companies Act, 1956.

2. Use of Estimates

The preparation of financial statements requires the management of the company to make estimate and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of financial statements and reported amounts of income and expenses during the year.

3. Principles of Consolidation

The Consolidated Financial Statements of the Company and its wholly owned subsidiaries have been combined on a line by line basis by adding together like items of assets, liabilities, income and expenses. The intra-group balances and intra-group transactions are eliminated.

The excess of cost to the Company of its investments in the subsidiary over its shares of the equity of the subsidiary, at the date on which the investments in the subsidiary company was made, is recognized as 'goodwill' being an asset in the consolidated financial statements.

The following entities are considered in the consolidated financial statements.

Sl. No.	Name of Entity	Country of Incorporation	%age of ownership held at Dec 31, 2010	%age of ownership held at Mar 31, 2010
1.	Everonn Educational Resources Solutions Limited	India	100	100
2.	Toppers Tutorials Private Limited	India	100	100
3.	Everonn Infrastructure Limited	India	100	100
4.	AEG Skill Update Pvt Limited	India	51	51%
5.	Everonn Skill Development Limited	India	100	100%
6.	Everonn Business Education Limited	India	100	100%
7.	Everonn Technical Education India Ltd	India	100	-
8.	Everonn Medical Education Ltd	India	100	-
9.	Everonn School Ltd	India	100	-

The financial statements of the Company add its subsidiaries are prepared under uniform accounting policies in accordance with the generally accepted accounting principles in India.

4. Fixed Assets, Intangible Assets and Capital Work-in-Progress

Fixed Assets are carried at cost less accumulated depreciation and impairment loss if any. Cost includes all expenses incurred to bring the assets to its present location and condition. Capital Work-in-Progress comprises outstanding advances paid to acquire fixed assets, and the cost of fixed assets that are not yet ready for their intended use at the reporting date. Assets acquired on hire purchase are capitalized at gross value and interest there on is charged to revenue. Intangible assets are stated at cost of acquisition/ cost of development less accumulated amortization.

5. Depreciation and Amortization

Depreciation on fixed assets other than purchased for usage in executing the contractual obligations with the customers under the project is provided on Straight Line method at the rates and in the manner prescribed in Schedule XIV of the Companies Act 1956.

Fixed assets purchased for usage in executing the contractual obligations with the customers under the project are depreciated over the period of contract.

Intangible assets comprising knowledge resource and content are amortized over period of five years

6. Revenue Recognition

Education and training income is recognized on rendering of services over the period of instruction.

In respect of fixed price contracts, revenue is recognized as per the proportionate completion method.

Revenue in respect of sale of courseware content and knowledge resource is recognized on the basis of dispatch/delivery to the customers.

Revenue in respect of sale of hardware is recognized when substantial risks and rewards of ownership is transferred to the buyer under the terms of the contact.

Revenue from online educational services is recognized upon receipt of subscription fees.

Dividend income is recognized when the right to receive payment is established. Interest income is recognized on time proportion basis.

7. Investments

Long-term investments are carried at cost less provision for other than temporary diminution in the carrying value of each investment. Current investments are stated at the lower of cost or quoted/ fair value computed category wise.

8. Leases

Lease arrangements where the risks and rewards incidental to the ownership of an asset substantially vest with the lessor, are recognized as operating leases. Lease rentals under operating leases are recognized in the Profit and Loss account on a straight-line basis over the lease term.

9. Employee Benefits

a. Short term employee benefits are charged off at the undiscounted amount in the year in which related service is rendered.

b. Post employment and other long term employee benefits are charged off in the year in which the employee has rendered the service. The amount charged off is recognized at the present value of the amount payable determined using actuarial valuation technique. Actuarial gain and loss in respect of post employment and other long term benefits are charged to profit and loss account.

10. Provisions, Contingent Liabilities and Contingent Assets

A provision is recognized when there is a present obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and in respect of which reliable estimate can be made.

Contingent liabilities are not provided for and are disclosed by way of notes.

Contingent assets are neither recognized nor disclosed in the financial statements.

11. Borrowing Cost

Borrowing costs that are attributable to the acquisition or construction of qualifying fixed assets are capitalized as part of the cost of such assets till such time as the asset is ready for its intended use or sale. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use or sale and other borrowing costs are recognized as an expense in the period in which they are incurred.

12. Taxation

Current tax is determined as the amount of tax payable in respect of taxable income of the year.

Deferred tax expense or benefit is recognized on timing differences being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

In the event of unabsorbed depreciation and carry forward of losses, deferred tax assets are recognized only to the extent that there is virtual certainty that sufficient taxable income will be available to realize such assets. In other situations, deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available to realize these assets.

Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance taxes paid and income tax provisions arising in the same tax jurisdiction and the Company intends to settle the asset and liability on a net basis.

The company offsets deferred tax assets and deferred tax liabilities if it has a legally enforceable right and these relate to taxes on income levied by the same governing taxation laws.

13. Foreign Currency Transactions

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transaction. Gains and losses resulting from the settlement of such transactions and from the translations of monetary assets and liabilities denominated in foreign currencies at the year end are recognized in the profit and loss account.

14. Impairment of Assets

Assets that are subject to impairment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the assets carrying amount exceeds the recoverable amount.

15. Earnings per share

The earnings considered in ascertaining EPS comprise the net profit after tax. The number of shares used in computing Basic EPS is the weighted average number of shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares considered for deriving basis earnings per share and also the weighted average number of equity shares that could have been issued up on conversion of all dilutive potential equity shares.

16. Cash flow statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payment. The cash flows from regular revenue generating investment and financing activities of the Company are segregated.

17. Share Issue Expenses

Expenditure relating to issue of shares is adjusted against the Securities Premium Account.

II. NOTES TO ACCOUNTS

1. Details of Subsidiaries in Consolidated Financial Statements

The consolidated financial statements comprise the results of Everonn Education Limited (Parent) and the following subsidiaries.

Sl. No.	Name of the Subsidiary	Country of Incorporation	Percentage of Ownership held at 31st December 2010	Percentage of Ownership held at 31st March 2010
1.	Everonn Educational Resources Solutions Limited	India	100	100
2.	Toppers Tutorial Private Limited	India	100	100
3.	Everonn Infrastructure Limited	India	100	100
4.	AEG Skill Update Private Limited	India	51	51
5.	Everonn Skill Development Limited	India	100	100
6.	Everonn Business Education Limited	India	100	100
7.	Everonn Technical Education India Limited	India	100	-
8.	Everonn Medical Education Limited	India	100	-
9.	Everonn School Limited	India	100	-

2. Issue of Warrants

During the period, the company had allotted 6,00,000 convertible equity warrants on 11th August 2010 to Promoters / person from promoter group, entitling each holder to obtain allotment of one equity share against each such warrant at a price of Rs 430.45.As per the terms of issue of equity warrant at a price of equity warrants an amount of equivalent to 25% of the issue price aggregating to Rs.64,568 ('000) was received and is retained under "Share Warrants".

As per the terms of issue holder of equity warrants will have an option to apply for and be allotted one equity share of the company per equity warrant at the time after the allotment but on or before the expiry of 18 Months from the date of allotment, in one or more tranches.

3. Debentures

During the period, the company has issued and allotted following debentures

Sl. No.	Particulars	Amount (Rs.in Crores)	Debenture Holder	Date of Allotment
1	1,04,00,000, 0% Fully Convertible Debentures of Face Value of Rs. 10/- each	10.4 Crores	HT Media Limited	11 August 2010
2	22,80,000, 0% Fully Convertible Debentures of Face Value of Rs. 10/- each	2.28 Crores	DB Corp Limited	11 August 2010
3	40,00,000, 6% Optionally Convertible Debenture of Face Value of Rs.520.87/- per Debenture	208.34 Crores	SKIL Infrastructure Limited	31 August 2010

During the year company had redeemed the following Debentures

Sl.No.	Particulars	Amount (Rs.in Crores)	Debenture Holder
1	10,00,000, 4% Non Convertible Debentures of face value of Rs. 100/- each	10 Crores	HT Media Limited
2	2,00,000, 14% Non Convertible Debentures of face value of Rs. 100/- each	2 Crores	DB Corp Limited
3	88,500, 6% Optionally Convertible Debenture of Face Value of Rs.520.87/- per Debenture	4.60 Crores	SKIL Infrastructure Limited

4. Preferential Issue of Shares

During the period, the company has issued 39,11,500 equity shares of Rs.10 each at a premium of Rs.510.87 on preferential basis to M/s SKIL Infrastructure limited on 9th December 2010 consequent to conversion of 39,11,500, 6% Optionally Convertible Debentures of Face value of Rs. 520.87 per debenture.. Post issue of shares, the M/s SKIL Infrastructure limited is categorized as co-promoter of the Company.

5. Contingent liability

Rs in' 000

Particulars	For the Period Ended 31.12.2010	Year Ended 31.3.2010
Bank guarantee issued by banks	4,12,127	4,24,966
LC Issued by Banks	3,38,588	1,72,215
Corporate Guarantee issued to banks for secured loans to third party	5,91,200	5,91,200
Bills Discounted	-	1,89,896

6. Operating leases

The Company and its subsidiaries have entered into operating lease arrangement for its Office facilities and equipments. These leases are for a period ranging from 1 to 5 years with an option to the company for renewing at the end of the initial term. Equipment Rental / Rental for operating leases is added in Profit and Loss Account for the year Rs.1,91,429 ('000's) (PY Rs. 2,08,248 ('000's))

The future minimum lease payments under non-cancelable operating leases are as follows:

Rs in' 000

Particulars	For the Period Ended 31.12.2010	Year Ended 31.3.2010
Within one year	5,37,760	1,76,546
Due in a period between one to five years	15,31,629	2,88,979
Due after five years	-	-

The lease agreements for the above non-cancelable leases do not provide for any escalation and the same has been factored in the future minimum rentals as disclosed above.

7. Employee Stock Option Scheme (ESOP)

During 2006-07, the holding company established Employee Stock Option Scheme 2006 under which 2,57,053 equity shares have been allotted at Rs,10 each at par to Everonn Employee Welfare Trust a trust specifically formed for this purpose with an option vesting period of 8 years. As per the scheme, the compensation committee grants options to the employees deemed eligible for this purpose. The options are granted at par and the shares granted vest over a period of 1 to 3 years and can be exercised over maximum period of 3 years from the date of vesting

Employees Stock Option details as on the Balance Sheet are:

PARTICULARS	**For the Period Ended 31.12.2010**	**Year Ended 31.3.2010**
Total grants authorised under the plan	856844	856844
Total options granted under the plan	81030	81030
Pricing formula	Rs. 10/- per option	Rs. 10/- per option
Options vested	64324	50111
Options exercised	64324	49616
Total number of equity shares arising as a result of exercise of options	49616	49616
Options forfeited/ lapsed	11688	11688
Variation of terms of options	NA	NA
Money realized by exercise of options*	643240	496160
Total number of options in force as on the date of this report	-	19726
EMPLOYEE WISE DETAIL OF OPTIONS GRANTED		
Senior Managerial Personnel (Directors on Board)	NA	NA
Any other employee receiving grant in any one year of option amounting to 5% or more of the options granted during the year	NA	NA
Identified employees who are granted options during any one year, equal to or exceeding 1% of the total issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.	NA	NA
Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS-20-Earnings Per Share)	NA	NA
Difference, if any, between the employee compensation cost calculated using intrinsic value of stock options and the employee compensation cost recognized if the fair value of the options had been used and the impact of this difference on profits and EPS of the Company.	NA	NA

PARTICULARS	For the Period Ended 31.12.2010	Year Ended 31.3.2010
Weighted average exercise price and weighted average fair value of options whose exercise price equals or exceeds or is less than market price of the stock	NA	NA
Description of method and significant assumptions used during the year to estimate fair value of options, including following weighted average information: i) Risk free interest rate ii) Expected life (in years) iii) expected volatility iv) expected dividend yield v)Price of the underlying share in the market at the time of option grant	NA	NA

* The money realized by exercise of options by the employees has been transferred to the Everonn Employees Welfare Trust as shares given to the employees were transferred from the Trust.

8. Related party disclosure

List of Related Parties

Name	Nature of relationship
1. Everonn Education Resources Solutions Limited 2. Toppers Tutorial Private Limited 3. Everonn Infrastructure Limited 4. Everonn Skill Development Limited 5. Everonn Business Education Limited 6.Everonn Medical Education Limited 7.Everonn Technical Education Limited 8.Everonn School Ltd	Wholly owned Subsidiary Company
AEG Skill Update Private Limited	Subsidiary Company with 51% of Holding
SKIL Infrastructure Limited	Promoter Entity
1. Tourism Resorts (Pvt) Limited 2. Mistair Realtys (Pvt) Limited 3. Celebrate India Tourism Limited	Enterprise over which some of the directors exercise significant influence
1. Mr. P.Kishore 2. Mrs. Susha John	Key Management Personnel

Note: Related parties are as identified by the Company based on information available and relied up by the Auditors

Details of Transaction with the Related Parties

Amt in Rs. '000

Nature of Transaction	Subsidiaries		Enterprise over which some of the directors exercise significant influence		Key Management Personnel	
	01.04.2010-31.12.10	2009-10	01.04.2010 -31.12.10	2009-10	01.04.2010 -31.12.10	2009-10
Money received against warrants issued (Note 1)	-	-	-	-	64,568	-
Salary, perquisites (Note 2)	-	-	-	-	9,491	11,213
Investments made in Subsidiaries (Note 3)	3,91,500	1,36,000				
Loans Given to						
1. Toppers Tutorial Private Limited	29,162	50,433				
2. Everonn Educational Resources Solutions Limited	8,313	10,074				
3. Everonn Infrastructure Limited	5,570	5,066				
4. Everonn Skill Development Limited	2,86,859	410				
5. Everonn Business Education Limited	1,46,542	8,854				
6. Everonn Medical Education Limited	20,291	-				
7. Everonn Technical Education India Limited	5,230	-				
8. Everonn School Limited	31,008	-				
9. AEG Skill Update Pvt Limited	25	10				
Interest Income from Subsidiaries						
Toppers Tutorial Private Limited	-	2,985				

Notes:

1. Represents issue of Convertible equity warrants to
   a. Mr. P. Kishore Rs.53,806 ('000) (Previous Year Nil)
   b. Mrs. Susha John Rs.10,762 ('000) (Previous Year Nil)

2. Includes remuneration to
   a. Mr. P. Kishore Rs.5,484 ('000) (previous year Rs.5,959 ('000))
   b. Mrs. Susha John Rs.4,007 ('000) (previous year Rs.4,274 ('000))

3. Includes investment made in
   a. Everonn Infrastructure Limited Rs. 15,000 ('000) (Previous Year 500 ('000))

b. Toppers Tutorial Private Limited Rs.65,000 (‘000) (Previous Year 70,000 (‘000)
c. Everonn Skill Development Limited Rs.30,000 (‘000) (Previous Year 30,500 (‘000)
d. Everonn Business Education Limited Rs.2,20,000 (‘000) (Previous Year 500 (‘000)
e. Everonn School Limited Rs 60,500 (‘000) Previous Year Nil
f. Everonn Medical Education Limited Rs.500 (‘000) Previous Year Nil
g. Everonn Technical Education India Limited Rs.500 (‘000) Previous Year Nil

Outstanding balances (in respect of related parties)

Amt in Rs. ‘000

Particulars	As at Dec 31, 2010		As at Mar 31, 2010	
	Recoverable	Payable	Recoverable	Payable
Subsidiary Company	5,33,000		74,847	

Corporate Guarantee of Rs. 5,000 (‘000) (previous year Rs. 5,000 (‘000)) given by M/s. Tourism Resorts (Pvt) Ltd., towards Collateral to obtain Term Loan from State Bank of India

7. Earnings per share

Particulars	For the Period Ended 31.12.2010	For the Year Ended 31.3.2010
Profit attributable to equity shareholders -(Rs. 000) - (A)	414,326	454,461
Weighted average number of equity shares outstanding during the year (Nos) - (B)	1,63,20,641	1,51,20,400
Add: Effect of potential dilutive shares (being warrants issued) (Nos) - (C)	Nil	Nil
Weighted average number of equity shares outstanding considered for determining diluted earnings per share (Nos) - (D)	16,870,200	1,51,20,400
Nominal value of equity shares (Rs.)	10.00	10.00
Basic earnings per share (A/B) (Rs.)	25.39	30.06
Diluted Earnings per share (Rs.) (A/B) (Rs.)	24.56	30.06

Note: Warrants if any outstanding at the year end are anti dilutive and hence ignored computing diluted EPS.

8. a. Directors Remuneration (Holding Company)

Amt in Rs.’000

Particulars	For the Period Ended 31.12.2010	For the Year Ended 31.3.2010
A. Remuneration to Whole-time Directors		
Salary and Allowances (including perquisites)	9,394	8,882
Contribution of Provident Fund	97	141
Commission to Executive Directors	-	2190
Total (A)	**9,491**	**11,213**
B. Remuneration to Non-Executive Directors		
Sitting Fees paid to Non-executive Directors	410	330
Commission to Non-executive Directors	-	1500
Total (A)	**410**	**1,830**
Total (A+B)	**9,901**	**13,043**

b. Computation of Net Profit in accordance with Section 349 of the Companies Act, 1956

Amt in Rs.'000

Particulars	**For the Period Ended 31.12.2010**	**For the Year Ended 31.3.2010**
Profit before tax	6,73,198	6,26,472
Add: Directors Remuneration	9,491	12,713
Sitting Fees	410	330
Less: Surplus / (Loss) on Fixed Assets		
Net profit under Section 198 of the Companies Act, 1956	6,83,099	6,39,515
Maximum remuneration to whole time directors @ 10%	68,309	63,952
Remuneration Provided Whole time Directors	9,491	11,213
Maximum Commission to Non-Executive Directors under Companies Act @ 1%	6,831	6,395
Commission provided	-	1,500

9. Payments to Auditors

Amt in Rs.'000

Particulars	**For the Period Ended 31.12.2010**	**Year Ended 31.3.2010**
a) For Statutory Audit	1,320	1,560
b) Reimbursement of Expenses	168	235
Total	**1,488**	**1,795**

10. Circulation of Confirmation of balances from Debtors and Creditors has been made during the year but in few cases the same is yet to be received from customers / parties

11. Employee Benefits

The disclosures required under Accounting Standard 15 "Employee Benefits" notified in the Companies (Accounting Standards) Rules 2006, are given below:-

Defined Contribution Plan

Contribution to Defined Contribution Plan, recognized as expenses for the year are as under:

Rs. in '000

Particulars	**For the Period Ended 31.12.2010**	**For the Year Ended 31.3.2010**
Employer's Contribution to Provident Fund	14,324	15,630

Defined benefit Plan

Provisions towards employee benefits have been made based on the workings relating to actuarial valuation as at 31.03.2010. Adjustments, if any would be made based on actuarial valuation as at the end of the year 31.03.2011.

The Holding companies Employees gratuity fund scheme managed by SBI Life Insurance Co Ltd. is a defined benefit plan.

b. unfunded Leave encashment Rs. 4,774 ('000) (PY Rs. 3,833 ('000))

12. Disclosures under Micro small and Medium Enterprises Development Act 2006

The dues to Micro, Small and Medium Enterprises, as defined in the Micro, Small and Medium Enterprises Development Act, 2006, are identified by the company based on enquiries with the parties and information available with the company are relied upon by the auditors.

13. The company is engaged in the business of providing education and training and related sale of equipments. There being only one "business segment' and 'geographical segment' the segment information is not provided.

14. Other Information pursuant to Schedule VI of the Companies, Act, 1956

Amount in 000s

Particulars	For the Period Ended 31.12.2010	For the Year Ended 31.3.2010
CIF Value of Imports	-	2,220
Expenditure in Foreign Currency		
Business Associate Expenses	33,377	27805
Travel and Conveyance	2,324	5896
Professional Fees	4,956	719
Earnings in Foreign Exchange		
Testing Services	1,15,104	14,585

Payment of Dividend to Non Resident Shareholders:

The Company had 372 Non resident shareholders holding 5647098 shares were eligible for payment of dividend for the financial year 2009-10. Out of this, the Company has remitted dividend in foreign currencies equivalent to INR 1136570 only to 1 non resident shareholder holding 568285 shares.

15. Deferred Tax

The deferred tax asset (liability) as at 31st December 2010 Comprises of the tax impact arising from timing differences on account of the following:

Particulars	For the Period Ended 31.12.2010	For the Year Ended 31.3.2010
Deferred Tax Liability		
- On account of Timing Differences (A)	2,84,690	179,237
Defered Tax Assets		
- On account of fiscal disallowances Expenses allowable for tax purposes when paid		
Defered Tax Assets Total (B)	58,522	25,655

Net Deferred Tax Liability (A – B)	2,26,168	153,582
Deferred Tax Liability Charged To Profit & Loss account	72,581	62,221

16. The company has entered into an agreement for purchase of 130000 Sq Ft of office space at 89-99, Industrial Estate, Perungudi, Chennai for a consideration of Rs. 55.00 Cr payable after 36 months together with interest @ HDFC base PLR plus additional 3%.

The company has purchased III floor measuring 43,000 Sqft., for a consideration of Rs.191200('000). The company has advanced Rs.48,811('000) against acquisition of balance two floors.

17. Secured Loans

i. The debentures are secured by way of a first pari passu charge on certain moveable assets.

ii. Cash Credit facility availed from banks is secured by Hypothecation of entire current assets, excluding specifically charged assets, on pari pasu basis with the lending banks, First charge on the company's entire fixed assets excluding assets specifically charged. The Loan is also secured by immoveable properties of third parties, and personal Property of the Managing Director. The Loan is further secured by the Personal Guarantee of the Managing Director and Corporate guarantee of Tourism Resorts private Limited.

iii. Bank Overdraft are secured against Project Receivables.

iv. Loan against Deposits are secured by related deposits against which loans are raised.

v. Term Loans from various banks are secured by exclusive first charge on the equipments and other fixed assets(Including Intangible assets) created out of the respective loans . Term Loan from state Bank of India is secured by First charge on the company's entire fixed assets excluding assets specifically charged and hypothecation of receivable relating to the projects to be financed and further secured by immoveable properties of third parties, and personal Property of the Managing Director, and also by the Personal Guarantee of the Managing Director and Corporate guarantee of Tourism Resorts private Limited.

18. Profit on sale of assets Nil.

19. Previous Years figures have been regrouped to conform to the classifications for the current year.

As per our report of even date	For and on Behalf of Board of Directors	
for M/s.P.Chandrasekar	P.Kishore	Susha John
Chartered Accountants	Managing Director	Whole Time Director
P.Chandrasekaran		S. Vijayanand
Partner		Company Secretary
Membership No: 26037		
Place : Chennai Date:		

Statement pursuant to Section 212 of the Companies Act, 1956 relating to subsidiary companies as on December 31, 2010

Name of the Subsidiary	Financial Period Ending of the subsidiary	Number of equity shares held	Extent of holding	For Financial Year of the Subsidiary		For the Previous Financial Years since it became a Subsidiary	
				Profit / (Losses) so far it concerns the members of the holding company and not dealt with in the books of accounts of the holding company	Profit / (Losses) so far it concerns the members of the holding company and dealt with in the books of accounts of the holding company	Profit / (Losses) so far it concerns the members of the holding company and not dealt with in the books of accounts of the holding company	Profit / (Losses) so far it concerns the members of the holding company and dealt with in the books of accounts of the holding company
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Everonn Educational Resources Solutions Ltd.,	Dec 31, 2010	2099994 equity shares of Rs. 10 each fully paid	100%	25252	Nil	31517	Nil
Toppers Tutorials Pvt Ltd.,	Dec 31, 2010	56000 equity shares of Rs. 10 each fully paid	100%	18309	Nil	10621	Nil
Everonn Infrastructure Ltd.,	Dec 31, 2010	49994 equity shares of Rs. 10 each fully paid	100%	(4337)	Nil	(3504)	Nil
AEG Skill Update Private Ltd.,	Dec 31, 2010	5100 equity shares of Rs. 10 each fully paid	51%	-	Nil	(7)	Nil
Everonn Skill Development Ltd.,	Dec 31, 2010	2049994 equity shares of Rs. 10 each fully paid	100%	(14389)	Nil	(12893)	Nil
Everonn Business	Dec 31, 2010	50000 equity	100%	(23146)	Nil	(5302)	Nil

Education Ltd.,		shares of Rs. 10 each fully paid					
Everonn School Limited	Dec 31, 2010	2450000 equity shares of Rs. 10 each fully paid	100%	(18485)	Nil	Nil	Nil
Everonn Medical Education Limited	Dec 31, 2010	50000 equity shares of Rs. 10 each fully paid	100%	(13529)	Nil	Nil	Nil
Everonn Technical education Limited	Dec 31, 2010	50000 equity shares of Rs. 10 each fully paid	100%	(4195)	Nil	Nil	Nil

Name of the Company	Share Capital	Reserves	Total Assets	Total Liabilities	Details of Investment	Turnover	Profit before tax	Provision for tax	Profit / (Loss) after Taxation	Proposed Dividend
Everonn Educational Resources Solutions Ltd.,	21000	77229	98398	98398	-	691685	38214	12863	25352	-
Toppers Tutorials Pvt Ltd.,	10800	130651	147254	147254	-	113213	27736	9427	18309	-
Everonn Infrastructure Ltd.,	15500	(7895)	3703	3703	-	-	(6469)	(2132)	(4337)	-
AEG Skill Update Private Ltd.,	100	(61)	100	100	-	-	-	-	-	-
Everonn Skill Development Ltd.,	40500	(7282)	40500	40500	-	24669	(21412)	(7023)	(14389)	-
Everonn Business Education Ltd.,	22500	169552	177901	177901	-	36076	(34659)	(11513)	(23146)	-
Everonn School Limited	24500	10753	26066	26066	-	1752	(27672)	(9187)	(18485)	-
Everonn Medical Education Limited	500	(13529)	500	500	-	-	(20258)	(6729)	(13529)	
Everonn Technical Education India Limited	500	(4195)	500	500	-	-	(6281)	(2086)	(4195)	

AUDITORS' REPORT for Everonn Education Limited (31st March 2010)

REPORT OF THE AUDITORS TO THE BOARD OF DIRECTORS OF EVERONN EDUCATION LIMITED

1. We have audited the attached consolidated Balance Sheet of Everonn Education Limited and its subsidiaries and its associates (the "Group"), as at 31st March, 2010 and the consolidated Profit and Loss Account and consolidated Cash Flow Statement for the year ended on that date together with notes thereon and attached thereto, which we have signed under reference to this report. These consolidated financial statements are the responsibility of the Everonn Education Limited management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We report that the consolidated financial statements have been prepared by Everonn Education Limited management and as per information and explanations given to us, in accordance with the requirements of Accounting standard (AS) 21, “Consolidated Financial Statements” and Accounting Standard (AS) 23, “Accounting for investments in Associates in Consolidated Financial Statements”, issued by the Institute of Chartered Accountants of India.

4. Based on our audit and on consideration of the reports of the other auditors on separate financial statements (refer Paragraph 3 above) and on other information of the components, in our opinion and to the best of our information and explanations given to us, the attached consolidated financial statements together with notes thereon and attached thereto, give a true and fair view in conformity with the accounting principles generally accepted in India.

(i) in case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Group as at 31st March, 2010;
(ii) in case of the Consolidated Profit and Loss Account, of the consolidate results of operations of the Group for the year ended on that date; and
(iii) in case of the Consolidated Cash Flow Statement, of the consolidate cash flows of the Group for the year ended on that date.

For M/s P.CHANDRASEKAR
Chartered Accountants

Place: Chennai
Date : 19.05.2010

P.CHANDRASEKARAN
Partner

M.No.26037

Consolidated Balance Sheet as at March 31, 2010

Rs. in '000

Particulars	Schedule	As at 31st March 2010	As at 31st March 2009
SOURCES OF FUNDS			
SHARE HOLDER'S FUNDS			
Share capital	1	**151,204**	151,204
Share warrants	1A	-	76,514
Employee stock option outstanding		**9,599**	6,439
Reserves and surplus	2	**2,398,626**	1,902,912
MINORITY INTEREST		**19**	23
LOAN FUNDS			
Secured loans	3	**839,339**	481,682
Unsecured loans	4	-	4,997
DEFERRED TAX LIABILITY		**153,583**	91,462
TOTAL SOURCES OF FUNDS		**3,552,370**	**2,715,233**
APPLICATION OF FUNDS			
FIXED ASSETS	5		
Gross block		**2,158,721**	1,376,014
Less: Depreciation and Amortization		**702,650**	450,171
Net block		**1,456,071**	925,843
Capital Work in Progress		**245,944**	249,974
GOODWILL		**4,783**	4,783
INVESTMENTS	6	**10,741**	234,594
CURRENT ASSETS, LOANS & ADVANCES			
Sundry debtors	7	**1,171,487**	763,655
Cash and bank balances	8	**439,233**	402,802
Loans and advances	9	**605,065**	575,951
		2,215,785	1,742,408
LESS: CURRENT LIABILITIES & PROVISIONS	10	**380,954**	442,369
NET CURRENT ASSETS		**1,834,831**	1,300,039
TOTAL APPLICATION OF FUNDS		**3,552,370**	2,715,233
Significant Accounting Policies & Notes on Accounts	Refer Schedule No.17		

As per our report of even date
For **M/s.P.Chandrasekar**
Chartered Accountants

For and on Behalf of Board of Directors

P.Chandrasekaran
Partner
Membership No:26037
Place : Chennai
Date : May 19, 2010

P. Kishore
Managing Director

Susha John
Director

S. Vijayanand
Company Secretary

Consolidated Profit & Loss Account for the Year ended March 31, 2010

Rs. in '000

Particulars	Schedule	Year ended 31st March 2010	Year ended 31st March 2009
INCOME			
Sales and Service Income	11	**2,934,972**	1,446,865
Other Income	12	**4,700**	39,010
TOTAL INCOME	**A**	**2,939,672**	1,485,875
EXPENDITURE			
Purchase of tranding items		**632,810**	218,209
Manpower	13	**384,401**	277,244
Education and Training expenses	14	**642,687**	291,987
Administration and Other expenses	15	**265,446**	147,276
Interest and Finance charges	16	**103,693**	51,835
Depreciation & Amortisation	5	**252,479**	158,558
TOTAL EXPENDITURE	**B**	**2,281,516**	1,145,109
Profit Before Taxation	**A-B**	**658,156**	340,766
Provision for taxation			
Current Tax		**141,574**	85,602
Deferred Tax		**62,121**	31,192
Fringe Benefit Tax		-	3,141
Profit After Taxation		**454,461**	220,831
Minority interest		**(3)**	(26)
Surplus brought forward from last year		**454,154**	233,295
Profit available for appropriations		**908,618**	454,154
Appropriation :		-	
Transfer to Debenture Redemption Reserve		**109,083**	-
Proposed Dividend		**30,241**	-
Tax on dividend(including interest payable)		**5,023**	-
Transfer to general reserve		**43,403**	-
Balance carried to balance sheet		**720,868**	454,154
Basic earnings per equity share (basic) Rs.		**30.06**	14.87
Basic earnings per equity share (diluted) Rs.		**30.06**	14.08
Significant Accounting Policies & Notes on Accounts	Refer Schedule No.17		

As per our report of even date
For **M/s.P.Chandrasekar**
Chartered Accountants

P.Chandrasekaran
Partner
Membership No:26037
Place : Chennai
Date : May 19, 2010

For and on Behalf of Board of Directors

P. Kishore
Managing Director

Susha John
Director

S. Vijayanand
Company Secretary

Consolidated Cash Flow Statement for the year ended March 31, 2010

Rs. in '000

Particulars	As at 31st March 2010	As at 31st March 2009
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	658,156	340,766
Adjustments for :		
Depreciation	252,479	158,558
Interest on long term loan	12,742	26,703
Profit / Loss on sale of asset	-	(3,300)
Employee stock option plan amortisation	3,160	3,460
Operating profit before working capital changes	926,537	526,181
Adjustments for :		
Trade and other receivables	(222,046)	(977,873)
Trade payables and other liabilities	(342,403)	393,303
Cash Generated from Operations	362,088	(58,383)
Direct taxes paid / deducted at source	(110,752)	(31,430)
Net Cash Flow from Operations	251,336	(89,813)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Asset	(778,676)	(812,652)
Sale of fixed assets	-	103,022
Investment made during the year	223,853	(148,260)
Net Cash Flow from Investing Activities	(554,823)	(857,890)
CASH FLOW FROM FINANCING ACTIVITIES		
Share capital Raised (Net of Expenditure)	-	963,687
Increase/(Decrease) in Secured loans	357,657	29,097
Increase/(Decrease) in Unsecured loans	(4,997)	(1,207)
Interest payment	(12,742)	(26,703)
Dividend paid (including dividend tax)	-	-
Net Cash Flow from Financing Activities	339,918	964,874
Net Increase in Cash and Cash Equivalents	36,431	17,171
Opening balance of Cash and Cash Equivalents	402,802	385,631
Closing balance of Cash and Cash Equivalents	439,233	402,802

As per our report of even date
For **M/s.P.Chandrasekar**
Chartered Accountants

P.Chandrasekaran
Partner
Membership No:26037
Place : Chennai
Date : May 19, 2010

For and on Behalf of Board of Directors

P. Kishore
Managing Director

Susha John
Director

S. Vijayanand
Company Secretary

Schedules annexed to and forming part of Consolidated Balance Sheet as at March 31, 2010

Rs. in '000

Particulars	As at 31st March 2010	As at 31st March 2009
Schedule 1		
SHARE CAPITAL		
AUTHORISED		
2,00,00,000 (Previous Year 2,00,00,000) Equity Shares of Rs.10/- each	**200,000**	200,000
	200,000	**200,000**
ISSUED, SUBSCRIBED AND PAID UP		
1,51,20,400 (Previous Year 1,51,20,400) Equity Shares of Rs.10/- each fully paid up	**151,204**	151,204
Of the above:		
(1) 68,54,748 equity shares were issued as bonus shares by Capitalization of Securities Premium account on 31/05/2006.		
(2) On 31/05/2006 Preferential allotment was made to Director's for 1,25,670 shares of Rs.10/- each fully paid up at a premium of Rs.10/- per share.		
(3) On 28/06/2006 2,57,053 shares of Rs.10/- each fully paid up were allotted to Everonn Employee Welfare Trust at par.		
(4) On 17/06/2008, 12,69,219 equity shares of Rs.10 each fully paid up were allotted at a premium of Rs. 710.04/- on preferential basis		
Schedule 1A		
SHARE WARRANTS		
EQUITY SHARE WARRANTS		
10,62,634 Partly paid Share warrants of Rs.720.04/- each to be converted into Equity Shares of Rs.10/- each at a premium of Rs.710.04/-	-	76,514
	-	76,514

Schedules annexed to and forming part of Consolidated Balance Sheet as at March 31, 2010

Rs. in '000

Particulars	As at 31st March 2010	As at 31st March 2009
Schedule 2		
RESERVES AND SURPLUS		
Securities Premium Account		
Opening Balance	**1,437,603**	563,722
Add: Equity Share Warrants transfered on non-conversion on due dates	-	901,196
	1,437,603	1,464,918
Less: Share issue expense adjusted	-	27,315
Total	**1,437,603**	1,437,603
General Reserve		
Opening balance	**11,155**	11,155
Add: Transfer from Profit & Loss A/c	**43,403**	-
Total	**54,558**	11,155
Capital Reserve	**76,514**	-
Debenture Redemption Reserve	**109,083**	-
Surplus in Profit and Loss Account	**720,868**	454,154
Total Reserves and Surplus	**2,398,626**	1,902,912
Schedule 3		
SECURED LOANS		
Debentures	**141,800**	-
200000 14% Secured Non - Convertible Debentures of Rs.100 each - Rs. 20000 (000) (PY Nil)		
1000000 4% Secured Non - Convertible Debentures of Rs. 100 each - Rs. 100000 (000) (PY Nil)		
218000 6% Secured Non - Convertible Debentures of Rs. 100 each - Rs. 21800 (000) (PY Nil)		
From Banks		
- Cash Credit / Secured Overdraft	**1,162**	202,895
- Loan against Deposits	**350,384**	121,294
- Term Loan	**81,333**	157,493
From Others		
- Term Loan	**264,660**	-
[Due within One year Rs.76411(000)]		
[Previous year Rs.108953(000)]		
Total Secured Loan	**839,339**	481,682
Schedule 4		
UNSECURED LOANS		
Term loan from Others	-	4,997
[Loan repayable within one year Nil]		
[Previous yearRs.'(000s) Rs.2,052/-]		
Total Unsecured Loan	-	4,997

EVERONN EDUCATION LIMITED

Schedules annexed to and forming part of Consolidated Balance Sheet as at March 31, 2010

Schedule 5

FIXED ASSETS **Rs in '000**

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2009	Additions	Deductions	As at 31.03.2010	Upto 01.04.2009	forthe year	Deductions	Upto 31.03.2010	As at 31.03.2010	As at 31.03.2009
Tangible Assets										
Land	-	33,400	-	**33,400**	--			-	**33,400**	-
Building	-	157,800	-	**157,800**	-	3,934	-	**3,934**	**153,866**	-
Plant and Machinery	864,348	285,098	-	1,149,443	315,472	153,007	-	468,479	680,965	548,868
Electrical Fittings	44,185	18,395	-	62,579	12,466	6,933	-	19,399	43,180	31,719
Furniture &Fittings	216,239	215,060	-	431,300	41,444	36,850	-	78,294	353,006	174,795
Vehicles	9,142	-	-	9,142	2,470	705	-	3,175	5,966	6,671
Intangible Assets										
Software	51,494	44,065	-	95,559	26,847	12,536	-	39,383	56,176	24,647
Knowledge Resource andContent	190,606	28,892	-	219,498	51,472	38,513	-	89,986	129,512	139,134
Total	**1,376,014**	**782,710**	-	**2,158,721**	**450,171**	**252,478**	-	**702,650**	**1,456,071**	**925,834**
PreviousYear	787,059	689,067	100,112	1,376,014	292,014	158,558	390	450,182	925,832	495,045
Capital WIP									245,944	249,974

EVERONN EDUCATION LIMITED

Schedules annexed to and forming part of Consolidated Balance Sheet as at March 31, 2010

Rs. in '000

Particulars	As at 31st March 2010	As at 31st March 2009
Schedule 6		
INVESTMENTS		
(A) Long Term, Unquoted, Non Trade & Cost		
82530 Equity shares (PreviousYear Nil) of Rs. 10/- each fully paid up in DT Media and Entertainment Pvt Limited	**10,729**	-
(B) Current Investment Listed and Quoted (Trade)		
500 Equity shares of Rs.10/- each in Indian Overseas Bank Market Value Investments (IOB Shares) @ Rs.91.95/- amounting to Rs. 45975/- (Previous year @ Rs.45.60/- amounting to Rs. 22800/-)	**12**	12
INVESTMENTS IN MUTUAL FUNDS		
ICICI PRUDENTIAL FLEXIBLE INCOME PLAN - DAILY DIVIDEND (21146.465 UNITS @ RS.105.7350 SOLD DURING THE YEAR)	**NIL**	2172
RELIANCE LIQUID PLUS FUND - RETAIL OPTION (1505863 UNITS @ RS.1000.8857 WERE SOLD DURING THE YEAR)	**NIL**	1465
RELIANCE MONEY MANAGER FUND (889418.587 UNITS @ RS.10.2031 AND 12745.483 UNITS @ RS.1001.1364 WERE SOLD DURING THE YEAR)	**NIL**	62233
ICICI PRUDENTIAL INSTITUTIONAL LIQUID PLAN - SUPER INSTITUTIONAL DAILY DIVIDEND (1125405.201 UNITS @ RS.10.0022 WERE SOLD DURING THE YEAR)	**NIL**	11011
RELIANCE MONEY MANAGER FUND 1. 3321207.913 UNITS @ RS.15.2872 SOLD DURING THE YEAR. 2. 32615.371 UNITS @ RS.1001.1364 SOLD DURING THE YEAR	**NIL**	83424
RELIANCE INTERVAL FUND - QUARTERLY PLAN (5310673.424 @ RS.10.0242 SOLD DURING THE YEAR)	**NIL**	53235
UTI TREASURY ADVANTAGE FUND (10401.147 UNITS @ 1001.4773 WERE SOLD DURING THE YEAR)	**NIL**	10417
JP MORGAN TREASURY FUND (1061530.339 UNITS @ RS.10.0089 WERE SOLD DURING THE YEAR)	**NIL**	10625
Investment in Mutual Funds (Net Asset Value (NAV) as on 31.03.09 Rs. 234582 ('000)	-	234,582
Total Investments	**10,741**	234,594

EVERONN EDUCATION LIMITED

Schedules annexed to and forming part of Consolidated Balance Sheet as at March 31, 2010

Rs. in '000

Particulars	As at 31st March 2010	As at 31st March 2009
Schedule 7		
SUNDRY DEBTORS		
[Unsecured considered Good]		
More than Six Months	**444,583**	247,797
Others	**726,904**	515,858
Total Sundry Debtors	**1,171,487**	**763,655**
Schedule 8		
CASH & BANK BALANCES		
(a) Cash on Hand	**1,513**	2,297
(b) Balance with Schedule Banks in		
(i) Current Accounts	**329,732**	84,547
(ii) Deposit Accounts (Including Interest accrued)	**21,054**	203,872
(iii) Margin Account	**86,934**	112,086
Total Cash and Bank Balances	**439,233**	**402,802**
Schedule 9		
LOANS AND ADVANCES		
(Unsecured considered good)		
(a) Advances recoverable in cash (or) in kind (or) for value to be received	**517,797**	489,502
(b) Security & Other Deposits	**50,829**	60,578
(c) Advance Income Tax and Tax Deducted at Source	**36,439**	25,871
Total Loans and Advances	**605,065**	**575,951**
Schedule 10		
CURRENT LIABILITIES & PROVISIONS		
CURRENT LIABILITIES		
Sundry Creditors	**37,274**	173,946
Security Deposits and Advance against services to be rendered	**20,695**	17,792
Other Liabilities	**112,440**	118,348
Total Current Liabilities	**170,409**	**310,086**
PROVISIONS		
Proposed Dividend	**30,241**	-
Dividend tax	**5,023**	-
Current Tax	**170,533**	126,865

EVERONN EDUCATION LIMITED

Schedules annexed to and forming part of Consolidated Profit & Loss Account for the year ended March 31, 2010

Rs. in '000

Particulars	Year ended 31st March 2010	Year ended 31st March 2009
Fringe Benefit Tax	-	3,164
Leave Encashment	3,823	2,254
Gratuity	925	-
	210,545	132,283
Total Current Liabilities and Provisions	380,954	442,369
Schedule 11		
SALES AND SERVICE INCOME		
Education & Training Income	2,237,055	1,218,099
Sale of Hardware	697,917	228,766
Total	2,934,972	1,446,865
Schedule 12		
OTHER INCOME		
Dividend from Mutual Funds	4,017	35,191
Profit on sale of asset	-	3,300
Unclaimed balance write back	-	-
Miscellaneous Income	683	519
Total	4,700	39,010
Schedule 13		
MANPOWER COSTS		
Salaries	353,909	251,120
Contribution to Provident and other funds	18,220	13,113
Staff welfare expenses & others	9,112	9,551
Employee stock option plan compensation	3,160	3,460
Total	384,401	277,244
Schedule 14		
EDUCATION AND TRAINING EXPENSES		
a. Cost of goods sold		
Add : Purchase of hardware	632,810	218,209
Cost of goods sold (a)	632,810	218,209
b. Course execution and delivery expenses (b)	642,687	291,987
Total Education and Training Expenses (a+b)	1,275,497	510,196

EVERONN EDUCATION LIMITED

Schedules annexed to and forming part of

Consolidated Profit & Loss Account for the year ended March 31, 2010

Rs. in '000

Particulars	Year ended 31st March 2010	Year ended 31st March 2009
Schedule 15		
ADMINISTRATION AND OTHER EXPENSES		
Electricity charges	**21,824**	10,157
Insurance charges	**2161**	870
Communication expenses	**21,248**	17,137
Audit fees	**1,795**	785
Directors sitting fees	**330**	370
Rates and taxes	**8,865**	3,674
Legal, professional and consultancy charges	**37,664**	17,339
Rent	**39,345**	25,134
Printing & Stationery	**1,196**	134
Repairs and Maintenance	-	-
- Building	**1,590**	1,048
- Plant & Machinery	**11,019**	6,949
- Others	**13,643**	5,821
Travelling and Conveyance	**33,199**	37,022
Sales promotion and Advertisement expenses	**70,708**	20,050
Miscellaneous expenses	**859**	424
Write off / (write back) for doubtful debts	-	362
Total Administration and Other Expenses	**265,446**	147,276
Schedule 16		
INTEREST AND FINANCIAL CHARGES		
Interest on Term loans	**12,742**	26,703
Interest on other loans	**69,337**	30,943
Bank Charges	**24,444**	10,794
Less: Interest income on deposits	**2,830**	16,605
Total	**103,693**	51,835

As per our report of even date
For **M/s.P.Chandrasekar**
Chartered Accountants

P.Chandrasekaran
Partner
Membership No:26037
Place : Chennai
Date : May 19, 2010

For and on Behalf of Board of Directors

P. Kishore
Managing Director

Susha John
Director

S. Vijayanand
Company Secretary

SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

Schedule 17

I. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Preparation of Consolidated Financial statements

The consolidated financial statements comprises of the financial statements of Everonn Education India Limited (the Holding Company or Parent Company) and its subsidiaries. The Consolidated Financial Statements are prepared on an accrual basis, under historical cost convention and in accordance with the Accounting Standards issued by the Institute of chartered accountants of India and as per the requirements of the Companies Act, 1956.

2. Use of Estimates

The preparation of financial statements requires the management of the company to make estimate and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of financial statements and reported amounts of income and expenses during the year.

3. Principles of Consolidation

The Consolidated Financial Statements of the Company and its wholly owned subsidiaries have been combined on a line by line basis by adding together like items of assets, liabilities, income and expenses. The intra-group balances and intra-group transactions are eliminated.

The excess of cost to the Company of its investments in the subsidiary over its shares of the equity of the subsidiary, at the date on which the investments in the subsidiary company was made, is recognized as 'goodwill' being an asset in the consolidated financial statements.

The following entities are considered in the consolidated financial statements.

4. Fixed Assets, Intangible Assets and Capital Work-in-Progress

Fixed Assets are carried at cost less accumulated depreciation and impairment loss if any. Cost includes all expenses incurred to bring the assets to its present location and condition. Capital Work-in-Progress comprises outstanding advances paid to acquire fixed assets, and the cost of fixed assets that are not yet ready for their intended use at the reporting date. Assets acquired on hire purchase are capitalized at gross value and interest there on is charged to revenue. Intangible assets are stated at cost of acquisition / cost of development less accumulated amortization.

Sl.No	Name of Entity	Country of Incorporation	Percentage of ownership held at Mar 31, 2010	Percentage of ownership held at Mar 31, 2009
1.	Everonn Educational Resources Solutions Limited	India	**100**	100
2.	Toppers Tutorials Private Limited	India	**100**	100
3.	Everonn Infrastructure Limited	India	**100**	100
4.	AEG Skill Update Private Limited	India	**51**	51
5.	Everonn Skill Development Limited	India	**100**	-
6.	Everonn Business Education Limited	India	**100**	-

5. Depreciation and Amortization

Depreciation on fixed assets other than purchased for usage in executing the contractual obligations with the customers under the project is provided on Straight Line method at the rates and in the manner prescribed in Schedule XIV of the Companies Act 1956.

Fixed assets purchased for usage in executing the contractual obligations with the customers under the project are depreciated over the period of contract.

Intangible assets comprising knowledge resource and content are amortized over period of five years

6. Revenue Recognition

Education and training income is recognized on rendering of services over the period of instruction.

In respect of fixed price contracts, revenue is recognized as per the proportionate completion method.

Revenue in respect of sale of courseware content and knowledge resource is recognized on the basis of dispatch/delivery to the customers.

Revenue in respect of sale of hardware is recognized when substantial risks and rewards of ownership is transferred to the buyer under the terms of the contact.

Revenue from online educational services is recognized upon receipt of subscription fees.

Dividend income is recognized when the right to receive payment is established. Interest income is recognized on time proportion basis.

7. Investments

Long-term investments are carried at cost less provision for other than temporary diminution in the carrying value of each investment. Current investments are stated at the lower of cost or quoted/ fair value computed category wise.

8. Leases

Lease arrangements where the risks and rewards incidental to the ownership of an asset substantially vest with the lessor, are recognized as operating leases. Lease rentals under operating leases are recognized in the Profit and Loss account on a straight-line basis over the lease term.

9. Employee Benefits

a. Short term employee benefits are charged off at the undiscounted amount in the year in which related service is rendered.

b. Post employment and other long term employee benefits are charged off in the year in which the employee has rendered the service. The amount charged off is recognized at the present value of the amount payable determined using actuarial valuation technique. Actuarial gain and loss in respect of post employment and other long term benefits are charged to profit and loss account.

10. Provisions, Contingent Liabilities and Contingent Assets

A provision is recognized when there is a present obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and in respect of which reliable estimate can be made.

Contingent liabilities are not provided for and are disclosed by way of notes.

Contingent assets are neither recognized nor disclosed in the financial statements.

11. Borrowing Cost

Borrowing costs that are attributable to the acquisition or construction of qualifying fixed assets are capitalized as part of the cost of such assets till such time as the asset is ready for its intended use or sale. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use or sale and other borrowing costs are recognized as an expense in the period in which they are incurred.

12. Taxation

Current tax is determined as the amount of tax payable in respect of taxable income of the year.

Deferred tax expense or benefit is recognized on timing differences being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

In the event of unabsorbed depreciation and carry forward of losses, deferred tax assets are recognized only to the extent that there is virtual certainty that sufficient taxable income will be available to realize such assets. In other situations, deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available to realize these assets.

Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance taxes paid and income tax provisions arising in the same tax jurisdiction and the Company intends to settle the asset and liability on a net basis.

The company offsets deferred tax assets and deferred tax liabilities if it has a legally enforceable right and these relate to taxes on income levied by the same governing taxation laws.

13. Foreign Currency Transactions

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transaction. Gains and losses resulting from the settlement of such transactions and from the translations of monetary assets and liabilities denominated in foreign currencies at the year end are recognized in the profit and loss account.

14. Impairment of Assets

Assets that are subject to impairment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the assets carrying amount exceeds the recoverable amount.

15. Earnings Per Share

The earnings considered in ascertaining EPS comprise the net profit after tax. The number of shares used in computing Basic EPS is the weighted average number of shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares considered for deriving basis earnings per share and also the weighted average number of equity shares that could have been issued up on conversion of all dilutive potential equity shares.

16. Cash Flow Statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payment. The cash flows from regular revenue generating investment and financing activities of the Company are segregated.

17. Share Issue Expenses

Expenditure relating to issue of shares is adjusted against the Securities Premium Account.

II. NOTES TO ACCOUNTS

1. Details of Subsidiaries in Consolidated Financial Statements

The consolidated financial statements comprise the results of Everonn Education Limited (Parent) and the following subsidiaries.

Sl. No.	Name of the Subsidiary	Country of Incorporation	Proportion of Ownership
1.	Everonn Educational Resources Solutions Limited	India	100%
2.	Toppers Tutorial Private Limited	India	100%
3.	Everonn Infrastructure Limited	India	100%
4.	AEG Skill Update Private Limited	India	51%
5.	Everonn Skill Development Limited	India	100%
6.	Everonn Business Education Limited	India	100%

2. Forfeiture of Warrants

During the year ended Mar 31, 2009, the Holding Company had allotted 1062634 convertible equity warrants to Non-Promoters and Promoter/

Person from Promoter group, entitling each holder to obtain allotment of one equity share against each such warrant at a price of Rs. 720.04. As per the terms of issue of equity warrants an amount equivalent to 10% of the issue price aggregating to Rs. 76514 ('000) was received and is retained under share warrants. The holder of the said equity warrants have had an option to apply for and be allotted one equity share of the company per equity warrant at the time after the allotment but on or before the expiry of 18 months from the date of allotment, in one or more tranches. Further in case the investors do not opt for conversion of the warrants, the upfront amount so paid stands forfeited by the Company and all the rights attached to the warrants lapse automatically.

None of the warrant holders exercised the option to convert any of the aforesaid warrants till the last date of conversion within 18 months from their respective entitlements. Accordingly, during the financial year under review, the Company forfeited the amounts of Rs. 76514 ('000) paid on the warrants due to non exercise of the option by the warrant holders. This amount has been credited to Capital Reserve Account.

2. Contingent liability

Rs. in ‘000

Particulars	**Year Ended 31.3.2010**	**Year Ended 31.3.2009**
Bank guarantee issued by banks	**424,966**	319,210
LC Issued by Banks	**172,215**	-
Corporate Guarantee issued to banks for secured loans to third party	**591,200**	-
Bills discounted	**189,896**	-

4. Operating Leases

The Company and its subsidiaries have entered into operating lease arrangement for its Office facilities and equipments. These leases are for a period ranging from 1 to 5 years with an option to the company for renewing at the end of the initial term. Equipment Rental / Rental for operating leases is added in Profit and Loss Account for the year Rs. 208248/- ('000's) (PY Rs. 71253/- ('000's))

The future minimum lease payments under non-cancelable operating leases are as follows:

Rs. in’ 000

Particulars	**Year Ended 31.3.2010**	**Year Ended 31.3.2009**
With in one years	**176,546**	67,595
Due in a period between one to five years	**288,979**	87,867
Due after five years		

The lease agreements for the above non-cancelable leases do not provide for any escalation and the same has been factored in the future minimum rentals as disclosed above.

5. Employee Stock Option Scheme (ESOP)

During 2006-07, the holding company established Employee Stock Option Scheme 2006 under which 2,57,053 equity shares have been allotted at Rs,10 each at par to Everonn Employee Welfare Trust a trust specifically formed for this purpose with an option vesting period of 8 years. As per the scheme, the compensation committee grants options to the employees deemed eligible for this purpose. The options are granted at par and the shares granted vest over a period of 1 to 3 years and can be exercised over maximum period of 3 years from the date of vesting

Employees Stock Option details as on the Balance Sheet are:

Particulars	**Year Ended 31.3.2010**	**Year Ended 31.3.2009**
Total grants authorised under the plan	**856844**	856844
Total options granted under the plan	**81030**	81030
Pricing formula	**Rs. 10/- per option**	Rs. 10/- per option
Options vested	**50111**	30472
Options exercised	**49616**	30472
Total number of equity shares arising as a result of exercise of options	**49616**	30472
Options forfeited/ lapsed	**11688**	4850
variation of terms of options	**NA**	NA

Particulars	Year Ended 31.3.2010	Year Ended 31.3.2009
Money realized by exercise of options*	**496160**	304720*
Total number of options in force as on the date of this report	**19726**	45708
EMPLOYEE WISE DETAIL OF OPTIONS GRANTED		
Senior Managerial Personnel (Directors on Board)	**NA**	NA
Any other employee receiving grant in any one year of option amounting to 5% or more of the options granted during the year	**NA**	NA
Identified employees who are granted options during any one year, equal to or exceeding 1% of the total issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.	**NA**	NA
Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS-20-Earnings Per Share)	**NA**	NA
Difference, if any, between the employees compensation cost calculated using intrinsic value of stock options and the employee compensation cost recognized if the fair value of the options had been used and the impact of this difference on profits and EPS of the Company.	**NA**	NA
Weighted average exercise price and weighted average fair value of options whose exercise price equals or exceeds or is less than market price of the stock	**NA**	NA

Particulars	Year Ended 31.3.2010	Year Ended 31.3.2009
Description of method and significant assumptions used during the year to estimate fair value of options, including following weighted average information: i) Risk free interest rate ii) Expected life (in years) iii) expected volatility iv) expected dividend yield v) Price of the underlying share in the market at the time of option grant	**NA**	NA

* The money realized by exercise of options by the employees has been transferred to the Everonn Employees Welfare Trust as shares given to the employees were transferred from the Trust.

6. Related party disclosure

List of Related Parties

Name	Nature of relationship
1. Everonn Education Resources Solutions Limited 2. Toppers Tutorials Private Limited 3. Everonn Infrastructure Limited 4. Everonn Skill Development Limited 5. Everonn Business Education Limited	Wholly owned Subsidiary Company
1. AEG Skill Update Private Limited	Subsidiary Company with 51% of Holding
1. Tourism Resorts (Pvt) Limited 2. Mistair Realtys (Pvt) Limited 3. Celebrate India Tourism Limited	Enterprise over which some of the directors exercise significant influence
1. Shri. P.Kishore 2. Smt. Susha John	Key Management Personnel

Note: Related parties are as identified by the Company based on information available and relied up by the Auditors

Details of Transaction with the Related Parties

Amt in Rs. '000

Nature of Transaction	Subsidiaries		Enterprise over which some of the directors exercise significant influence		Key Management Personnel	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Money received against warrants issued (Note 1)						50,403
Salary, perquisites (Note 2)					112,13	11,634
Investments made in Subsidiaries (Note 3)	1,36,000	551				
Loans Given to 1. Toppers Tutorials Pvt. Ltd., 2. Everonn Educational Resources Solutions Ltd., 3. Everonn Infrastructure Ltd., 4. Everonn Skill Development Ltd., 5. Everonn Business Education Ltd., 6. AEG Skill Update Pvt. Ltd.,	 50,433 10,074 5,066 410 8,854 10	 82,939 118,981				
Interest Income from Subsidiaries Toppers Tutorials Pvt. Ltd.,	2986					

Notes:

1. Represents issue of Convertible equity warrants to
   a. Mr. P. Kishore Rs. Nil (Previous Year Rs.28,802 ('000))
   b. Ms. Susha John Rs. Nil (Previous Year Rs.8,640 ('000))
   c. Mr. R. Kannan Rs. Nil (Previous Year Rs.12,961 ('000))
2. Includes remuneration to
   a. Mr. P. Kishore Rs. 5,959 ('000) (Previous Year Rs. 3,000 ('000))
   b. Ms. Susha John Rs. 4,274 ('000) (Previous Year Rs. 2,101 ('000))
   c. Mr. R. Kannan Rs. 979 ('000) (Previous Year Rs. 3,000 ('000))
3. Includes investment made in
   a. AEG Skill Update Private Limited Rs. Nil (Previous Year Rs. 51 ('000))
   b. Everonn Infrastructure Limited Rs. Nil (Previous Year Rs.500 ('000))
   c. Toppers Tutorials Private Limited Rs.65,000 ('000) (Previous Year Nil)
   d. Everonn Educational Resources Solutions Limited Rs.40,000 ('000) (Previous Year Nil)
   e. Everonn Skill Development Limited Rs.30,500 ('000) (Previous Year Nil)
   f. Everonn Business Education Limited Rs.500 ('000) (Previous Year Nil)

Outstanding balances (in respect of related parties)

Amt in Rs. '000

Particulars	As at Mar 31, 2010		As at Mar 31, 2009	
	Recoverable	Payable	Recoverable	Payable
Subsidiary Company	74,847		201,968	
Key Managerial Personnel		4,129		1,054

Corporate Guarantee of Rs. 5,000 ('000) (previous year Rs. 5,000 ('000)) given by M/s. Tourism Resorts (Pvt) Ltd., towards Collateral to obtain Term Loan from State Bank of India.

7. Earnings per share

Particulars	Year Ended 31.3.2010	Year Ended 31.3.2009
Profit attributable to equity shareholders - (Rs. 000) - (A)	**454,461**	220,806
Weighted average number of equity shares outstanding during the year (Nos) - (B)	**15,120,400**	14,849,170
Add: Effect of potential dilutive shares (being warrants issued) (Nos) - (C)	**Nil**	835,551
Weighted average number of equity shares outstanding considered for determining diluted earnings per share (Nos) - (D)	**15,120,400**	15,684,721
Nominal value of equity shares (Rs.)	**10.00**	10.00
Basic earnings per share (A/B) (Rs.)	**30.06**	14.87
Diluted Earnings per share (Rs.) (A/D) (Rs.)	**30.06**	14.08

Note: Warrants if any outstanding at the year end are anti dilutive and hence ignored computing diluted EPS.

8. a. Directors Remuneration (Holding Company)

Amt in Rs.'000

Particulars	Year Ended 31.3.2010	Year Ended 31.3.2009
A.Remuneration to Whole-time Directors		
Salary and Allowances (including perquisites)	**8882**	11,432
Contribution of Provident Fund	**141**	202
Commission to Executive Directors	**2190**	
Total (A)	**11213**	11,634
B.Remuneration to Non-Executive Directors		
Sitting Fees paid to Non-executive Directors	**330**	370
Commission to Non-executive Directors	**1500**	900
Total (B)	**1830**	1,270
Total (A+B)	**13043**	12,904

b.Computation of Net Profit in accordance with Section 349 of the Companies Act, 1956

Amt in Rs.'000

Particulars	Year Ended 31.3.2010	Year Ended 31.3.2009
Profit before tax	**626,472**	367,000
Add: Directors Remuneration	**12,713**	12,534
Sitting Fees	**330**	370
Less: Surplus / (Loss) on Fixed Assets		3,300
Net profit under Section 198 of the Companies Act, 1956	**639,515**	376,604
Maximum remuneration to whole time directors @ 10%	**63,952**	37,660
Remuneration Provided to Whole time Directors	**11,213**	11,634
Maximum Commission to Non-Executive Directors under Companies Act @ 1%	**6,395**	3,766
Commission provided	**1500**	900

9. Payments to Auditors

Amt in Rs.'000

Particulars	Year Ended 31.3.2010	Year Ended 31.3.2009
a) For Statutory Audit and Tax Audit	**1560**	700
b) Reimbursement of Expenses	**235**	85
Total	**1795**	785

10. Estimated value of contract remaining to be executed on capital account and not provided for is Rs.Nil (Previous Year Rs.140,000 ('000).

11. Circulation of Confirmation of balances from Debtors and Creditors have been made during the year but in few cases the same is yet to be received from customers / parties.

12. Employee Benefits

The disclosures required under Accounting Standard 15 "Employee Benefits" notified in the Companies (Accounting Standards) Rules 2006, are given below:-

Defined Contribution Plan

Contribution to Defined Contribution Plan, recognized as expenses for the year are as under:

Amt in Rs.'000

Particulars	Year Ended 31.3.2010	Year Ended 31.3.2009
Employer's Contribution to Provident Fund	**15,630**	11,603

Defined benefit Plan

The Employees gratuity fund scheme managed by SBI Life Insurance Co. Ltd., is a defined benefit plan.

The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method.

Amt in Rs.

Sl. No.	Particulars	Gratuity Funded For the year ended 31/03/2010	Gratuity Funded For the year ended 31/03/2009
1	**Changes in present value of obligations**		
	Present value of obligations as at beginning of year	3,427,614	2,009,278
	Interest cost	268,157	160,742
	Current Service Cost	2,771,294	734,144
	Benefits Paid	(151,296)	(21,313)
	Actuarial (gain)/Loss on obligations	59,793	544,763
	Present value of obligations as at end of year	6,375,562	3,427,614
2	**Changes in the fair value of plan assets**		
	Fair value of plan assets at beginning of year	3,646,851	1,738,783
	Expected return on plan assets	428,076	209,750
	Contributions	3,559,496	1,787,500
	Benefits paid	(151,296)	(21,313)
	Actuarial Gain / (Loss) on Plan assets	(102,377)	(67,869)
	Fair value of plan assets at the end of year	7,380,750	3,646,851
3	**Fair value of plan assets**		
	Fair value of plan assets at beginning of year	3,646,851	1,738,783
	Actual return on plan assets	325,699	141,881
	Contributions	3,559,496	1,787,500
	Benefits Paid	(151,296)	(21,313)
	Fair value of plan assets at the end of year	7,380,750	3,646,851
	Funded status	1,910,665	219,237
	Excess of Actual over estimated return on plan assets	(102,377)	(67,869)
4	**Actuarial Gain/Loss recognized**		
	Actuarial gain/(Loss) for the year -Obligation	59,793	544,763
	Actuarial (gain)/Loss for the year - plan assets	102,377	67,869
	Total (gain)/Loss for the year	162,170	612,632
	Actuarial (gain)/Loss recognized in the year	162,170	612,632
5	**The amounts to be recognized in the balance sheet and statements of profit and Loss**		
	Present value of obligations as at the end of year	6,375,562	3,427,614
	Fair value of plan assets as at the end of the year	7,380,750	3,646,851
	Funded status	1,005,188	219,237
	Net Asset/(liability) recognized in balance sheet	1,005,188	219,237

Amt in Rs.'000

Sl. No.	Particulars	Gratuity Funded For the year ended 31/03/2010	Gratuity Funded For the year ended 31/03/2009
6	**Expenses Recognised in statement of Profit & Loss**		
	Current Service cost	**2,771,294**	499,382
	Interest Cost	**268,157**	105,195
	Expected return on plan assets	**(428,076)**	(69,551)
	Net Actuarial (gain)/Loss recognised in the year	**162,170**	159,314
	Difference in opening balance (actuarial valuation)	-	201112
	Expenses recognised in statement of Profit & loss*	**2,773,545**	895,451
7	**Assumptions used in accounting gratuity plan**		
	Discount Rate	**8%**	8%
	Salary Escalation	**4%**	4%
	Rate of return on Plan Assets	**8%**	8%

The Holding companies Employees gratuity fund scheme managed by SBI Life Insurance Co Ltd., is a defined benefit plan.

b. Unfunded Leave encashment Rs. 3,833 ('000)

(PY Rs. 2,254 ('000))

13. Disclosures under Micro Small and Medium Enterprises Development Act 2006

The dues to Micro, Small and Medium Enterprises, as defined in the Micro, Small and Medium Enterprises Development Act, 2006, are identified by the company based on enquiries with the parties and information available with the company are relied upon by the auditors.

14. The company is engaged in the business of providing education and training and related sale of equipments. There being only one 'business segment' and 'geographical segment' the segment information is not provided.

15. Other Information pursuant to Schedule VI of the Companies, Act, 1956

Amt in Rs. '000s

Particulars	Year Ended 31.3.2010	Year Ended 31.3.2009
CIF Value of Imports	**14,305**	2,220
Expenditure in Foreign Currency		
Business Associate Expenses	**35,534**	27,805
Travel and Conveyance	**3,022**	5,896
Professional Fees	**811**	719
Earnings in Foreign Exchange		
Testing Services	**67,148**	14,585

16. Deferred Tax

The deferred tax asset (liability) as at 31st March 2010 comprises of the tax impact arising from timing differences on account of the following:

Particulars	Year Ended 31.3.2010	Year Ended 31.3.2009
Deferred Tax Liability - On account of Timing Differences (A)	**179,237**	112,104
Defered Tax Assets - On account of fiscal disallowances Expenses allowable for tax purposes when paid		
Defered Tax Assets Total (B)	**25,655**	20,641
Net Deferred Tax Liability (A – B)	**153,582**	91,463
Deferred Tax Liability Charged To Profit & Loss account	**62,221**	31,192

17. The company has entered into an agreement for purchase of 130000 Sqft of office space at 89-99, Industrial Estate, Perungudi, Chennai for a consideration of Rs. 55.00 Cr payable after 36 months together with interest @ Hdfc base PLR plus additional 3%.

The company has so far advanced Rs. 110000 (000) against the above purchase/acquisition.

The Company has purchased III Floor measuring 43,000 Sqft.,for a consideration of Rs.191200('000). The Company has advanced Rs.48811('000) against acquisition of Balance two floors.

18. Secured Loans

i. During the year the company has issued following debentures

200000 14% Secured Non - Convertible Debentures of Rs. 100 each Rs. 20000 (000) (PY Nil)

1000000 4% Secured Non - Convertible Debentures of Rs. 100 each Rs. 100000 (000) (PY Nil)

218000 6% Secured Non - Convertible Debentures of Rs. 100 each Rs. 21800 (000) (PY Nil)

The above debentures are secured by way of a first pari passu charge on certain movable assets.

ii. Cash Credit facility availed from banks is secured by Hypothecation of entire current assets, excluding specifically charged assets, on pari passu basis with the lending banks, First charge on the company's entire fixed assets excluding assets specifically charged. The Loan is also secured by immovable properties of third parties, and personal Property of the Managing Director. The Loan is further secured by the Personal Guarantee of the Managing Director and Corporate guarantee of Tourism Resorts private Limited.

iii. Bank Overdraft are secured against Project Receivables.

iv. Loan against Deposits are secured by related deposits against which loans are raised.

v. Term Loans from various banks are secured by exclusive first charge on the equipments and other fixed assets (Including Intangible assets) created out of the respective loans. Term Loan from state Bank of India is secured by First charge on the company's entire fixed assets excluding assets specifically charged and hypothecation of receivable relating to the projects to be financed and further secured by immovable properties of third parties, and personal Property of the Managing Director, and also by the Personal Guarantee of the Managing Director and Corporate guarantee of Tourism Resorts private Limited.

19. Profit on sale of assets includes Nil (Previous year Rs.3300 (000)) being profit on sale of assets on account of sale and lease back transaction entered by the company during the year.

20. Previous Years figures have been regrouped to conform to the classifications for the current year.

As per our report of even date
For **M/s.P.Chandrasekar**

For and on Behalf of Board of Directors

P.Chandrasekaran
Partner
Membership No:26037

P. Kishore
Managing Director

Susha John
Director

Place : Chennai
Date : May 19, 2010

S. Vijayanand
Company Secretary

<u>AUDITORS' REPORT For UIHPL (December 31st 2010)</u>

To,
The Board of Directors
Urban Infrastructure Holdings Private Limited.

1. We have audited the attached Balance Sheet of **Urban Infrastructure Holdings Private Limited ("The Company"),** as at 31st December, 2010 and also the Profit & Loss Account and Cash Flow Statement for the period ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We report that:

   i. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   ii. in our opinion, proper books of account, as required by law have been kept by the Company so far as appears from our examination of such books;

   iii. the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

   iv. in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956.

4. In our opinion and to the best of our information and according to the explanations given to us, the accounts read together with significant accounting policies and notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India: -

   i. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st December 2010;

ii. In the case of the Profit & Loss Account, of the loss of the Company for the period ended on that date; and

iii. In the case of the Cash Flow Statement, of the Cash Flows for the period ended on that date.

For Pathak H. D & Associates
Chartered Accountants
Firm Reg. No. – 107783W

Anuj Bhatia
Membership No. – 122179

Place: Mumbai
Date: 29th March 2011

URBAN INFRASTRUCTURE HOLDINGS PRIVATE LIMITED
Balance Sheet as at 31st December 2010

(Amount in Rs.)

	Schedule	As at 31st December 2010		As at 31st March 2010	
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	A	**354 74 28 560**		354 74 28 560	
Reserves and Surplus	B	**-**		84 00 000	
			354 74 28 560		355 58 28 560
Loan Funds					
Unsecured Loans	C		**1518 33 00 000**		1381 08 00 000
Deferred Tax Liability (Refer Note No. 2 of Schedule L)			**3 43 824**		-
TOTAL			**1873 10 72 384**		1736 66 28 560
APPLICATION OF FUNDS					
Fixed Assets	D				
Gross Block		**38 24 929**		44 37 093	
Less : Depreciation		**4 99 139**		4 69 415	
Net Block			**33 25 790**		39 67 678
Investments	E		**599 26 31 139**		599 70 92 224
Current Assets, Loans and Advances					
Current Assets	F				
Sundry Debtors		**15 00 000**			
Bank Balances		**1 75 997**		73 19 152	
Loans & Advances		**1263 39 84 209**		1265 55 42 746	
		1263 56 60 206		1266 28 61 898	
Less : Current Liabilities & Provisions	G				
Current Liabilities		**1 95 969**		140 52 58 605	
		1 95 969		140 52 58 605	
Net Current Assets			**1263 54 64 237**		1125 76 03 293
Profit & Loss Account			**9 96 51 218**		10 79 65 365
TOTAL			**1873 10 72 384**		1736 66 28 560

Significant Accounting Policies K
Notes on Accounts L

As per our Report of even date

For Pathak H. D. & Associates
Chartered Accountants

Anuj Bhatia
Partner

Place : Mumbai
Date : 29th March, 2011

For and on Behalf of the Board

Rohit C. Shah
Director

Gotam Kothari
Director & Company Secretary

URBAN INFRASTRUCTURE HOLDINGS PRIVATE LIMITED

Profit & loss Account for the period ended 31st December 2010

(Amount in Rs.)

INCOME	**Schedule**	**Period ended 31st December 2010**	Period ended 31st December 2009
Other Income	H	23 20 110	3 49 19 779
Total		**23 20 110**	3 49 19 779
EXPENDITURE			
Interest and Finance Charges	I	-	4 84 40 582
General and Administration Expenses	J	21 20 449	41 34 794
Depreciation		1 45 051	1 57 334
Total		**22 65 500**	5 27 32 710
Profit / (Loss) Before Tax		**54 609**	(1 78 12 931)
Provision for Current tax		(2 03 362)	-
Provision for Deferred Tax		3 43 824	-
Profit / (Loss) After Tax		(85 853)	(1 78 12 931)
Add : Balance Brought Forward from Previous Year		**(10 79 65 365)**	(8 99 23 762)
Profits Available for Appropriations		**(10 80 51 218)**	(10 77 36 693)
APPROPRIATIONS			
Transfer from General Reserve		84 00 000	-
Balance Carried to Balance Sheet		**(9 96 51 218)**	(10 77 36 693)
Earning Per Share of Face Value of Rs. 10 /- each			
Basic		(0.00)	(0.05)
Diluted		(0.00)	(0.05)
(Refer Note No 5 of schedule L)			
Significant Accounting Policies	K		
Notes on Accounts	L		

As per our Report of even date

For Pathak H. D. & Associates
Chartered Accountants

For and on Behalf of the Board

Rohit C. Shah
Director

Anuj Bhatia
Partner

Place : Mumbai
Date : 29th March, 2011

Gotam Kothari
Director & Company Secretary

URBAN INFRASTRUCTURE HOLDINGS PRIVATE LIMITED
Cash Flow Statement for the period ended 31st December 2010

		Amount in Rs. Period ended 31st December 2010	Amount in Rs. Period ended 31st December 2009
A.	**CASH FLOW FROM OPERATING ACTIVITIES:**		
	Net (Loss) / Profit before tax as per Profit and Loss Account	**54 609**	(1 78 12 931)
	Adjusted for:		
	Depreciation	**1 45 051**	1 57 334
	Dividend Income	**-**	(20 67 388)
	Loss / (Profit) on sale of long term investment (Net)	**6 20 582**	(2 90 68 014)
	Profit on sale of Current Investment	**(1 14 207)**	(30 14 995)
	Profit on sale of Fixed Asset	**(12 03 163)**	
	Interest Expenditure	**-**	4 84 40 582
	Operating Profit before Working Capital Changes	**(4 97 128)**	(33 65 412)
	Adjusted for:		
	Trade & Other Receivables	**3 11 58 538**	23 85 601
	Trade Payables	**(141 61 62 636)**	14 99 88 225
	Cash from / (used) in Operations	**(138 55 01 225)**	14 90 08 414
	Taxes Paid	**2 03 362**	
	Net Cash from/ (Used) in Operating Activities	**(138 52 97 863)**	14 90 08 414
B.	**CASH FLOW FROM INVESTING ACTIVITIES:**		
	Purchase of Investment	**(4 05 36 375)**	(144 13 80 196)
	Sale of Investment	**4 44 91 084**	145 01 54 196
	Sale of Fixed Asset	**17 00 000**	
	Dividend Income	**-**	20 67 388
	Net Cash from/ (Used) in Investing Activities	**56 54 709**	1 08 41 387
C.	**CASH FLOW FROM FINANCING ACTIVITIES:**		
	Debenture Application Money received	**137 25 00 000**	
	Interest Paid	**-**	(25 14 69 596)
	Net Cash from/ (Used) Financing Activities	**137 25 00 000**	(25 14 69 596)
	Net (Decrease) / Increase in Cash and Cash Equivalents	**(71 43 155)**	(9 16 19 795)
	Opening Balance of Cash and Cash Equivalents (Refer Note 3)	**73 19 152**	9 17 30 610
	Closing Balance of Cash and Cash Equivalents (Refer Note 3)	**1 75 997**	1 10 815

Notes:
1) The above Cash Flow Statements have been prepared under the "Indirect Method" as set out in Accounting Standard - 3 on "Cash Flow Statement" notified by Companies (Accounting Standard) Rules, 2006 .
2) The previous period figures have been regrouped and reclassified wherever necessary.
3) For composition refer schedule F

As per our Report of even date

For Pathak H. D. & Associates
Chartered Accountants

Anuj Bhatia
Partner

Place : Mumbai
Date : 29th March, 2011

For and on Behalf of the Board

Rohit C. Shah
Director

Gotam Kothari
Director & Company Secretary

URBAN INFRASTRUCTURE HOLDINGS PRIVATE LIMITED

Schedules Forming Part of the Balance Sheet

		As at 31st December 2010	(Amount in Rs.) As at 31st March 2010
SCHEDULE A			
SHARE CAPITAL			
Authorised Capital			
200 00 00 000 (Previous Year 200 00 00 000) Equity Shares of Rs.10 each		2000 00 00 000	2000 00 00 000
		2000 00 00 000	2000 00 00 000
Issued & Subscribed			
35 47 42 856 (Previous Year 35 47 42 856) Equity Shares of Rs.10 each		**354 74 28 560**	354 74 28 560
Paid up			
35 47 42 856 (Previous Year 35 47 42 856) Equity Share of Rs.10 each fully paid up.		354 74 28 560	354 74 28 560
		354 74 28 560	354 74 28 560
SCHEDULE B			
RESERVES & SURPLUS			
General Reserve			
As per Last Balance Sheet	84 00 000		84 00 000
Less : Transferred to Profit & Loss Account	(84 00 000)		-
		-	84 00 000
		-	84 00 000

URBAN INFRASTRUCTURE HOLDINGS PRIVATE LIMITED

Schedules Forming Part of the Balance Sheet	As at 31st December 2010	(Amount in Rs.) As at 31st March 2010
SCHEDULE C		
UNSECURED LOAN		
Zero Coupon Optionally Fully Convertible Debentures	221 71 00 000	221 71 00 000
Debenture Application Money Pending allotment	1296 62 00 000	1159 37 00 000
	1518 33 00 000	1381 08 00 000

Note :

Optionally Fully Convertible Debenture of Rs. 100/- each is to be converted into 10 equity shares of Rs. 10/- each at the option of the Company or Debenture Holders on October 1st, 2012 or on completion of 1st milestone by Navi Mumbai SEZ Private Limited whichever is later by giving not less 15 days advance notice to the either party.

URBAN INFRASTRUCTURE HOLDINGS PRIVATE LIMITED

Schedules Forming Part of the Balance Sheet

Schedule - D
Fixed Assets

(Amount in Rs.)

	Gross Block				Depreciation				Net Block	
Description	**As at 01-04-2010**	**Additions**	**Deductions**	**As at 31-12-2010**	**Up to 31-03-2010**	**For the Period**	**Deletion**	**Upto 31-12-2010**	**As at 31-12-2010**	**As at 31-03-2010**
Building	44 37 093	-	6 12 164	38 24 929	4 69 415	1 45 051	1 15 327	4 99 139	33 25 790	39 67 678
Total	**44 37 093**		**6 12 164**	**38 24 929**	**4 69 415**	**1 45 051**	**1 15 327**	**4 99 139**	**33 25 790**	**39 67 678**
Previous Year	44 37 093	-	-	44 37 093	2 60 590	2 08 825	-	4 69 415	39 67 678	

URBAN INFRASTRUCTURE HOLDINGS PRIVATE LIMITED

Schedules forming part of the Balance Sheet (Amount in Rs.)

Quantity		As at 31st December 2010	As at 31st March 2010
	SCHEDULE E		
	INVESTMENTS		
	LONG TERM INVESTMENTS **Trade Investments** **In Equity Shares of Subsidiary Company - Unquoted**		
59 80 00 000 (59 80 00 000)	Dronagiri Infrastructure Private Limited of Rs. 10 each fully paid up	598 00 00 000	598 00 00 000
	In Equity Shares - Unquoted		
20 (20)	Dronagiri Commercial Complex Maintenance Co. Private Limited, of Rs. 10 each fully paid up	200	200
	Other Investments **In Equity Shares - Quoted**		
1 53 984 (22 67 364)	Landmark Properties Dev. Co. Limited of Re. 1 each fully paid-up.	1 20 30 939	1 70 92 024
	Current Investment **In Units of Mutual Funds, Unquoted, fully paid up**		
4 236 (-)	ICICI Prudential Liquid Super Institutional Plan - Growth of Rs. 100/- each	6 00 000	-
		599 26 31 139	**599 70 92 224**

Notes :

1. Aggregate value of	**As at 31st December 2010** Book Value	Market Value	As at 31st March 2010 Book Value	Market Value
Quoted Investments	1 20 30 939	60 05 314	1 70 92 024	1 03 16 506
Unquoted Investments	598 00 00 200	-	598 00 00 200	-

2. Investment Purchased and Sold during the period

	Face Value Rs.	**Nos.**	**Cost Rs.**
ICICI Prudential Flexible Income Plan Premium - Growth	100	1 00 215	1 73 01 768
ICICI Prudential Liquid Super Institutional Plan - Growth	100	1 64 254	2 26 34 607

Note :

In the opinion of the management, dimunition in the value of Long Term Investments is temporary in nature, hence no provision has been considered in the accounts.

URBAN INFRASTRUCTURE HOLDINGS PRIVATE LIMITED

(Amount in Rs.)

Schedules Forming Part of the Balance Sheet	As at 31st December 2010	As at 31st March 2010
SCHEDULE F		
CURRENT ASSETS, LOANS AND ADVANCES		
CURRENT ASSETS		
SUNDRY DEBTORS		
(Unsecured & Considered Good)		
For a period of more than six months	-	-
Others	15 00 000	-
	15 00 000	
BANK BALANCE		
In Current Account with a Scheduled Bank	1 75 997	73 19 152
	1 75 997	73 19 152
LOANS AND ADVANCES		
(Unsecured & Considered Good, Subject to Confirmation)		
Advances recoverable in cash or in kind or for the value to be	1262 78 22 199	1264 76 90 746
Advance Tax and Tax deducted at Source (Net)	52 10 162	56 93 671
Deposits	6 00 000	18 00 000
Balance with Service Tax Authorities	3 51 848	3 58 329
	1263 39 84 209	1265 55 42 746

Notes* -
Includes Share Application Money Pending Allotment to Dronagiri Infrastructure Private Limited, the Subsidiary company Rs. 1262 60 00 [illegible]

	As at 31st December 2010	As at 31st March 2010
SCHEDULE G		
CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities		
Sundry Creditors	5 482	4 125
Other Liabilities	1 90 487	140 52 54 480
	1 95 969	140 52 58 605

URBAN INFRASTRUCTURE HOLDINGS PRIVATE LIMITED

(Amount in Rs.)

Schedules Forming Part of the Profit and Loss Account	**Period ended 31st December 2010**	Period ended 31st December 2009
SCHEDULE H		
OTHER INCOME		
Dividend on Long Term Investment	-	20 67 388
Profit on Sale of Fixed Asset	12 03 163	-
Profit on Sale :		
Of Long Term Investments	-	2 90 68 014
Of Current Investments	1 14 207	30 14 995
Interest Income :		
On Fixed Deposit		
[Tax Deducted at Source Rs.Nil (Previous period -Rs 1 61 273)]	-	7 69 381
On Inter Corporate Deposits		
	10 02 740	
	23 20 110	3 49 19 779
SCHEDULE I		
INTEREST & FINANCE CHARGES		
Interest on Fixed Loan	-	4 84 40 582
	-	4 84 40 582
SCHEDULE J		
GENERAL AND ADMINISTRATIVE EXPENSES		
Rent	9 00 000	9 00 000
Rates & Taxes	14 460	3 294
Repair & Maintence	64 660	-
Professional Fees	5 00 750	31 00 250
Payment to Auditors	11 250	1 31 250
Service Tax Expenditure	6 608	-
Loss on sale of Long Term Investment	6 20 582	-
Office Expenses	2 140	-
	21 20 450	41 34 794

URBAN INFRASTRUCTURE HOLDINGS PRIVATE LIMITED

Schedule forming part of the Balance Sheet & Profit and Loss Account

SCHEDULE K

SIGNIFICANT ACCOUNTING POLICIES :

A. **Basis of preparation of financial statements :**

The financial statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles and the provisions of the Companies Act,1956 .

B. **Use of Estimates :**

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known / materialised.

C **Revenue Recognition :**

Revenue is recognised when it is earned and no significant uncertainty exists as to its ultimate collection and includes service tax, wherever applicable.

D **Investments :**

Current investments are valued,script wise, at cost or market / fair value whichever is lower. Long term investments are valued at cost. Provisions for diminution in the value of long term investments is made only if such a decline is other than temporary in the opinion of the management.

E **Fixed Assets :**

Fixed assets are stated at cost less accumulated depreciation and impairment loss if any.

F **Depreciation :**

Depreciation on fixed assets is provided on written down value method at the rate and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

G **Preliminary & Issue Expenses :**

Preliminary and issue expenses are charged to the profit and loss account in the year in which it is incurred.

H **Borrowing Costs :**

Borrowing cost that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing cost are charged to revenue.

I **Provision for Current and Deferred Tax :**

Provision for current tax is made after taking into considerations benefits admissible under the provisions of the Income Tax Act,1961.

Deferred tax resulting from "timing difference" between book and taxable profit is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognised and carried forward only to the extent that there is a reasonable certainty that the asset will be realised in future.

J **Impairment of Assets :**

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

K **Provision,Contingent Liabilities and Contingent Assets :**

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statement.

URBAN INFRASTRUCTURE HOLDINGS PRIVATE LIMITED
(Formerly known as Urban Infrastructure Holdings Limited)

SCHEDULE L

NOTES ON ACCOUNTS

1 In the opinion of the Management, the company is mainly engaged in the promotion, development and operation of Infrastructure facilities and services i.e Special Economic Zones (SEZ), through it's subsidiary company and accordingly has only one reportable segment in accordance with requirements of Accounting Standard 17- "Segment Reporting" notified by companies (Accounting Standard) Rules, 2006.

2 The deferred tax asset/liability comprises of the following :

		As at 31st December 2010	(Amount In Rs.) As at 31st March 2010
a)	Deferred Tax Liability Related to Fixed Assets	(4 79 653)	(1 44 564)
b)	Deferred Tax Assets Unabsorbed Depreciation	1 35 829	1 44 564
	Net Deferred Tax Liability	**(3 43 824)**	-

3 **Payment to Auditors:**

	As at 31st December 2010	(Amount in Rs.) As at 31st December 2009
Audit Fees	7 500	1 12 500
Tax Audit fees	3 750	18 750
	11 250	**1 31 250**

4 As per Accounting Standard 18 on 'Related Party Disclosures', notified by Companies (Accounting Standard) Rules, 2006 disclosures of transactions with the related parties as defined in the Accounting Standard are given below:

List of related parties with whom transactions have taken place during the existence of related party relationship and relatonship.

Sr. No.	**Name of the Related Party**	**Relationship**
1.	Dronagiri Infrastructure Private Limited	Subsidiary Company
2.	Navi Mumbai SEZ Pvt. Ltd.	Subsidiary Company
3.	SKIL Infrastructure Limited	Associate Company
4.	Jai Corp Limited	Associate Company
5.	Reliance Group Holdings Private Limited	Associate Company

Transaction during the Period with related parties :

	Name of the Company / Nature of Transactions	(Amount in Rs.) **31st December 2010**	2009 - 2010
	Dronagiri Infrastructure Private Limited - Subsidiary Company		
I	Investment in Equity Shares		
	Opening Balance	598 00 00 000	598 00 00 000
	Closing Balance	598 00 00 000	598 00 00 000
II	Share Application Money given		
	Opening Balance	1262 60 00 000	1262 60 00 000
	Closing Balance	1262 60 00 000	1262 60 00 000

URBAN INFRASTRUCTURE HOLDINGS PRIVATE LIMITED
(Formerly known as Urban Infrastructure Holdings Limited)

SCHEDULE L

	SKIL Infrastructure Limited		
I	Share Capital		
	Opening Balance	124 16 00 000	124 16 00 000
	Closing Balance	124 16 00 000	124 16 00 000
	Jai Corp Limited		
I	Share Capital		
	Opening Balance	113 51 77 140	113 51 77 140
	Closing Balance	113 51 77 140	113 51 77 140
II	Issue of Fully paid Debentures		
	Opening Balance	7 27 54 000	7 27 54 000
	Closing Balance	7 27 54 000	7 27 54 000
	Reliance Group Holdings Private Limited		
I	Share Capital		
	Opening Balance	117 06 51 270	117 06 51 270
	Closing Balance	117 06 51 270	117 06 51 270
II	Debenture Application Money		
	Opening Balance	794 37 00 000	794 37 00 000
	Closing Balance	794 37 00 000	794 37 00 000

5	Earning per share (EPS)	**31st December 2010**	31st December 2009
a)	Net (Loss) / Profit after tax as per Profit and Loss Account	(85 853)	(1 78 12 931)
b)	Weighted average number of equity shares		
	for Basic EPS	26 72 72 015	26 72 72 015
	for Diluted EPS	78 68 24 549	76 16 74 755
c)	Earning /(Loss) per equity share of face value of Rs. 10 each (Rs.) :		
	Basic EPS	(0.000)	(0.067)
	Diluted EPS	(0.000)	(0.067)

Note :- Since the effect of potential equity shares is anti dilutive. Therefore Basic and Diluted EPS for the period ended 31st December 2010 & 31st December 2009 is same.

Reconciliation between number of shares used for calculating basic and diluted earning per share :

		31st December 2010	31st December 2009
a)	Number of shares used for calculating Basic EPS	26 72 72 015	26 72 72 015
b)	Add : Potential Equity Shares	51 95 52 534	49 44 02 741
b)	Number of shares used for calculating Diluted EPS	78 68 24 549	76 16 74 755

URBAN INFRASTRUCTURE HOLDINGS PRIVATE LIMITED

SCHEDULE L

6 Contigent liabilty :

> Disputed Liabilty in appeal (no cash outflow is expected in near future)

(Amount in Rs.)

	31st December 2010	2009 - 2010
Income Tax	3 50 232	3 50 232

7 The company has not received any information from "suppliers" regarding their status under the micro, small and medium enterprises development act,2006 and hence disclosures as required under schedule VI of the companies act, 1956, relating to amount unpaid as at the year end together with interest paid/payable etc. have not been made.

8 There are no other informations which are required to be disclosed in accordance with Para 3 & 4 of Part II of schedule VI of the Companies Act, 1956.

9 The previous year / period figures have been reworked, regrouped, rearranged and reclassified wherever necessary.

10 In the Opnion of the management, Current Assets, Loans & Advances are of the value stated, if Realised in the ordinary course of business

As per our Report of even date

For Pathak H. D. & Associates
Chartered Accountants

Anuj Bhatia
Partner

Place : Mumbai
Date : 29th March, 2011

For and on Behalf of the Board

Rohit C. Shah
Director

Gotam Kothari
Director & Company Secretary

AUDITORS' REPORT for UIHPL (31st March 2010)

To the Members of
Urban Infrastructure Holdings Private Limited.

We have audited the attached Balance Sheet of **Urban Infrastructure Holdings Private Limited ("The Company")** as at March 31, 2010, the Profit and Loss Account and also the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

2. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government in terms of Sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.

3. Further to our comments in the Annexure referred to in paragraph 2 above, we report that:

    i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

    ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

    iii) The Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of account;

    iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;

    v) On the basis of written representations received from the Directors as on March 31, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2010 from being appointed as a director in terms of section 274 (1) (g) of the Companies Act, 1956;

vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with Significant Accounting Policies and other notes thereto, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2010;

(b) in the case of the Profit and Loss Account, of the Loss of the company for the year ended on that date; and

(c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Chaturvedi & Shah
Chartered Accountants
(Registration No. – 101720W)

R. Koria
Partner
Membership No: 35629

Place: Mumbai
Date: 22/10/2010

ANNEXURE TO THE AUDITOR'S REPORT

Re: Urban Infrastructure Holdings Private Limited.
(Referred to in Paragraph 2 of our report of even date)

(i) In respect of its fixed assets:

(a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
(b) As explained to us, during the year, all fixed assets have been physically verified by the management, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No discrepancies were noticed by the management on such physical verification.
(c) In our opinion, and according to the information and explanations given to us, the Company has not made any substantial disposal of fixed assets during the year and going concern status of the Company is not affected.

(ii) In respect of its inventories:
The Company does not have any inventories. Therefore the provisions of the clause 4 (ii) of the Companies (Auditor's Report) Order, 2003 are not applicable.

(iii) According to the information and explanations given to us, the Company has neither granted nor taken any loans, secured or unsecured to / from companies, firms or parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly clause 4 (iii) of the Companies (Auditor's Report) Order, 2003 are not applicable.

(iv) In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and sale of services. During the financial year, the Company did not undertake any activity of purchase of inventory and sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in such internal control system.

(v) According to information and explanation given to us, there are no contracts or arrangements referred to in Section 301 of the Companies Act 1956 that need to be entered in the register recorded to be maintained under that section. Accordingly, Clause (v) of the Companies (Auditor's Report) Order, 2003 are not applicable.

(vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit from the public and hence directives issued by the Reserve Bank of India and the provisions of section

58A and 58AA of the Companies Act, 1956 and rules framed there under are not applicable for the year under audit.

(vii) In our opinion, the Company has an adequate internal audit system commensurate with the size and nature of its business.

(viii) We are informed by the management that, Central Government has not prescribed maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 in respect of activities carried on by the Company. Hence the provisions of clause 4 (viii) of the Companies (Auditor's Report) Order, 2003 are not applicable.

(ix) According to the information and explanation given to us, and the records of the Company examined by us: -

(a) The Company has generally been regular in depositing with appropriate authorities undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth tax, Service Tax, Custom Duty, Excise Duty and any other material statutory dues applicable to it.

Further, since the Central Government has till date not prescribed the amount of cess payable under section 441A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same

(b) There were no undisputed amounts payable in respect of Income-tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty and other material statutory dues in arrears as at 31st March, 2010_for a period of more than six months from the date they became payable.

(c) There are no dues of Sales Tax, Custom Duty, Wealth Tax, Service Tax and Excise Duty except Income Tax, which have not been deposited on account of any dispute. The disputed dues of income tax amounting to Rs. 3 52 232 that have not been deposited on account of matters pending before appropriate authorities are as under:-

Statute	**Nature of Dues**	**Forum where pending**	**Amount in Rs.**	**Period to which the amount relates**
Income Tax Act, 1961	Income Tax	Commissioner Income Tax (Appeals)	3 50 232	2006-07

(x) The Company has been registered for a period less than five years and accordingly the provisions of clause 4 (x) of the Companies (Auditors' Report) Order, 2003 are not applicable.

(xi) Based on our audit procedures and information and explanations given to us, we are of the opinion that the Company has not defaulted in the repayment of dues to debenture holders. During the year, there are no dues to banks and financial institutions.

(xii) According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion the Company is not a chit fund or a nidhi or a mutual benefit fund or society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable.

(xiv) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of transactions and contracts in respect of trading in shares, debentures and other investment and timely entries have been made therein. All the investments have been held by the Company in its own name.

(xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.

(xvi) According to the information and explanations given to us, no term loans are raised during the year by the Company therefore question of utilization for stated purpose does not arise.

(xvii) On the basis of review of utilization of funds, which is based on overall examinations of the Balance Sheet of the Company as at 31st March, 2010, related information as made available to us and as represented to us the Management, we are of the opinion that funds raised on short term basis amounting to Rs. 1 36 83 96 707 have been used for long term investment.

(xviii) The Company has not made any preferential allotment of the shares to the parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.

(xix) The Company has not issued any secured debentures during the year under audit.

(xx) During the Year, the Company has not raised any money by way of public issue.

(xxi) According to the information & explanations given by the management, no fraud on or by the Company has been noticed or reported during the year.

For Chaturvedi & Shah
Chartered Accountants
(Registration No. – 101720W)

R. Koria
Partner
Membership No: 35629

Place: Mumbai
Date: 22/10/2010

URBAN INFRASTRUCTURE HOLDINGS PRIVATE LIMITED
Balance Sheet as at 31st March 2010

(Amount in Rs.)

	Schedule		As at 31st March 2010		As at 31st March 2009
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	A	**354 74 28 560**		354 74 28 560	
Reserves and Surplus	B	**84 00 000**		84 00 000	
			355 58 28 560		355 58 28 560
Loan Funds					
Unsecured Loans	C		**1381 08 00 000**		1537 17 69 596
TOTAL			**1736 66 28 560**		1892 75 98 156
APPLICATION OF FUNDS					
Fixed Assets	D				
Gross Block		**44 37 093**		44 37 093	
Less : Depreciation		**4 69 415**		2 60 591	
Net Block			**39 67 678**		41 76 502
Investments	E		**599 70 92 224**		610 56 76 844
Current Assets, Loans and Advances					
Current Assets	F				
Sundry Debtors		**-**		19 07 159	
Bank Balances		**73 19 152**		9 17 30 610	
Loans & Advances		**1265 55 42 747**		1263 43 82 943	
		1266 28 61 898		1272 80 20 712	
Less : Current Liabilities & Provisions	G				
Current Liabilities		**140 52 58 605**		1 99 664	
		140 52 58 605		1 99 664	
Net Current Assets			**1125 76 03 293**		1272 78 21 048
Profit & Loss Account			**10 79 65 365**		8 99 23 762
TOTAL			**1736 66 28 560**		1892 75 98 156
					-

Significant Accounting Policies	K
Notes on Accounts	L

As per our Report of even date

For Chaturvedi & Shah
Chartered Accountants

R.Koria
Partner

Place : Mumbai
Date : 22nd October 2010

For and on Behalf of the Board

Rohit C. Shah
Director

Gotam Kothari
Director & Company Secretary

URBAN INFRASTRUCTURE HOLDINGS PRIVATE LIMITED
Profit & loss Account for the year ended 31st March 2010

(Amount in Rs.)

INCOME	**Schedule**		**2009-10**		**2008-09**
Consultancy Fees		-			21 50 850
Less : Service Tax Recovered		-			2 00 850
Net Consultancy Fees			-		19 50 000
Contract Revenue (Net)			-		8 70 00 000
Other Income	H		3 78 15 205		1 30 38 448
Total			**3 78 15 205**		10 19 88 448
EXPENDITURE					
Interest and Finance Charges	I		5 05 59 404		25 14 69 596
General and Administration Expenses	J		50 88 580		24 46 537
Depreciation			2 08 825		2 15 404
Total			**5 58 56 809**		25 41 31 537
(Loss) / Profit Before Tax			**(1 80 41 603)**		(15 21 43 089)
Provision for Current tax			-		-
MAT Credit Charged / (Entitlement)			-		6 72 537
(Loss) / Profit after Tax			(1 80 41 603)		(15 28 15 626)
Add : Balance Brought Forward from Previous Year			**(8 99 23 762)**		6 28 91 864
Balance Carried to Balance Sheet			**(10 79 65 365)**		(8 99 23 762)
Earning & (Loss) Per Share of Face Value of Rs. 10 /- each					
Basic			(0.05)		(0.49)
Diluted			(0.05)		(0.49)
(Refer Note No 5 of schedule L)					
Significant Accounting Policies	K				
Notes on Accounts	L				

As per our Report of even date

For Chaturvedi & Shah
Chartered Accountants

R.Koria
Partner

Place : Mumbai
Date : 22nd October 2010

For and on Behalf of the Board

Rohit C. Shah
Director

Gotam Kothari
Director & Company Secretary

URBAN INFRASTRUCTURE HOLDINGS PRIVATE LIMITED

Cash Flow Statement for the year ended 31st March 2010

		Amount in Rs.	
		2009-2010	**2008-2009**
A.	**CASH FLOW FROM OPERATING ACTIVITIES:**		
	Net (Loss) / Profit before tax as per Profit and Loss Account	**(1 80 41 603)**	(15 21 43 089)
	Adjusted for:		
	Depreciation	**2 08 825**	2 15 404
	Dividend Income	**(20 67 388)**	-
	Profit on sale of long term investment (Net)	**(2 90 68 014)**	-
	Profi on sale of Current Investment	**(40 53 436)**	(1 30 24 886)
	Interest Expenditure	**5 05 59 404**	25 14 69 596
	Operating Profit before Working Capital Changes	**(24 62 213)**	8 65 17 025
	Adjusted for:		
	Trade & Other Receivables	**(1 89 05 673)**	(51 37 405)
	Trade Payables	**140 50 58 941**	(60 48 276)
	Cash Generated from Operations	**138 36 91 056**	7 53 31 344
	Taxes Paid	**(3 46 972)**	-
	Net Cash from/ (Used) in Operating Activities	**138 33 44 085**	**7 53 31 344**
B.	**CASH FLOW FROM INVESTING ACTIVITIES:**		
	Purchase of Fixed Assets	**-**	(2 13 008)
	Purchase of Investment	**(145 53 80 993)**	(200)
	Sale of Investment	**159 70 87 063**	6 44 54 642
	Dividend Income	**20 67 388**	-
	Investment/ Share Application Money in Subsidiary	**-**	(154 60 00 000)
	Net Cash from/ (Used) in Investing Activities	**14 37 73 457**	**(148 17 58 566)**
C.	**CASH FLOW FROM FINANCING ACTIVITIES:**		
	Debenture Application Money received	**10 00 00 000**	1149 37 00 000
	Debenture Application Money refunded	-	(747 09 81 580)
	Repayment of Long Term Borrowings	**(140 95 00 000)**	(339 05 00 000)
	Interest Paid	**(30 20 29 000)**	(2 65 97 077)
	Net Cash from/ (Used) Financing Activities	**(161 15 29 000)**	**60 56 21 343**
	Net (Decrease) / Increase in Cash and Cash Equivalents	**(8 44 11 458)**	(80 08 05 878)
	Opening Balance of Cash and Cash Equivalents (Refer Note 3)	**9 17 30 610**	89 25 36 489
	Closing Balance of Cash and Cash Equivalents (Refer Note 3)	**73 19 152**	9 17 30 611

Notes:

1) The above Cash Flow Statements have been prepared under the "Indirect Method" as set out in Accounting Standard - 3 on "Cash Flow Statement" notified by Companies (Accounting Standard) Rules, 2006 .
2) The previous year figures have been regrouped and reclassified wherever necessary.
3) For composition refer schedule F

As per our Report of even date

For Chaturvedi & Shah
Chartered Accountants

R.Koria
Partner

Place : Mumbai
Date : 22nd October 2010

For and on Behalf of the Board

Rohit C. Shah
Director

Gotam Kothari
Director & Company Secretary

URBAN INFRASTRUCTURE HOLDINGS PRIVATE LIMITED

	As at 31st March 2010	(Amount in Rs.) As at 31st March 2009
Schedules Forming Part of the Balance Sheet		
SCHEDULE A		
SHARE CAPITAL		
Authorised Capital		
200 00 00 000 (Previous Year 200 00 00 000) Equity Shares of Rs.10 each	2000 00 00 000	2000 00 00 000
	2000 00 00 000	**2000 00 00 000**
Issued & Subscribed		
35 47 42 856 (Previous Year 35 47 42 856) Equity Shares of Rs.10 each	**354 74 28 560**	**354 74 28 560**
Paid up		
35 47 42 856 (Previous Year 35 47 42 856) Equity Share of Rs.10 each fully paid up.	354 74 28 560	354 74 28 560
	354 74 28 560	**354 74 28 560**
SCHEDULE B		
RESERVES & SURPLUS		
General Reserve		
As per Last Balance Sheet	84 00 000	84 00 000
	84 00 000	**84 00 000**

URBAN INFRASTRUCTURE HOLDINGS PRIVATE LIMITED

	As at 31st March 2010	(Amount in Rs.) As at 31st March 2009
Schedules Forming Part of the Balance Sheet		
SCHEDULE C		
UNSECURED LOAN		
Long Term Loan from Body Corporate	-	140 95 00 000
Interest Accrued and Due on loan	-	25 14 69 596
Zero Coupon Optionally Fully Convertible Debentures	221 71 00 000	221 71 00 000
Debenture Application Money Pending allotment	1159 37 00 000	1149 37 00 000
	1381 08 00 000	**1537 17 69 596**

Note: Zero Coupon Optionally Fully Convertible Debentures (OFCD) of Rs. 100/- each can be converted into 10 equity shares of Rs. 10 each at par at any time after the expiry of three years from the date of allotment of the OFCD i.e. 27th February 2008 at the option of the either parties. The same can be redeemed after the expiry of three years from the date of allotment.

URBAN INFRASTRUCTURE HOLDINGS PRIVATE LIMITED

Schedules Forming Part of the Balance Sheet

Schedule - D
Fixed Assets

(Amount in Rs.)

Description	Gross Block				Depreciation			Net Block	
	As at 01-04-2009	Additions	Deductions	As at 31-03-2010	Up to 31-03-2009	For the Year	Upto 31-03-2010	As at 31-03-2010	As at 31-03-2009
Building	44 37 093	-	-	44 37 093	2 60 590	2 08 825	4 69 415	39 67 678	41 76 503
Total	**44 37 093**		**-**	**44 37 093**	**2 60 590**	**2 08 825**	**4 69 415**	**39 67 678**	**41 76 503**
Previous Year	6 12 164	38 24 929	-	44 37 093	45 187	2 15 404	2 60 591	41 76 502	

URBAN INFRASTRUCTURE HOLDINGS PRIVATE LIMITED
Schedules forming part of the Balance Sheet

(Amount in Rs.)

Quantity		As at 31st March 2010	As at 31st March 2009
	SCHEDULE E		
	INVESTMENTS		
	LONG TERM INVESTMENTS		
	Trade Investments		
	In Equity Shares of Subsidiary Company - Unquoted		
59 80 00 000 (59 80 00 000)	Dronagiri Infrastructure Private Limited of Rs. 10 each fully paid up	598 00 00 000	598 00 00 000
	In Equity Shares - Unquoted		
20 (20)	Dronagiri Commercial Complex Maintenance Co. Private Limited, of Rs. 10 each fully paid up	200	200
	Other Investments		
	In Equity Shares - Quoted		
- (7 55 788)	OCL India Limited of Rs. 2 each fully paid-up.	-	8 35 49 833
22 67 364 (22 67 364)	Landmark Properties Dev. Co. Limited of Re. 1 each fully paid-up.	1 70 92 024	1 70 92 024
- (22 67 364)	OCL Iron & Steel Limited of Re. 1 each fully paid-up.	-	2 50 34 787
		599 70 92 224	**610 56 76 844**

Notes :

1. Aggregate value of	**As at 31st March 2010**		**As at 31st March 2009**	
	Book Value	Market Value	Book Value	Market Value
Quoted Investments	1 70 92 024	1 03 16 506	12 56 76 644	5 60 03 891
Unquoted Investments	598 00 00 200	-	598 00 00 200	-

2. Mutual Fund Purchased and Sold during the year

	Face Value Rs.	**Nos.**	**Cost Rs.**
ICICI Prudential Flexible Income Plan Premium - Growth	10	3 01 97 779	50 38 89 002
ICICI Prudential Flexible Income Plan Premium - Growth	100	23 18 343	38 99 91 991
ICICI Prudential Liquid Super Institutional Plan - Growth	10	3 80 13 832	50 49 00 000
ICICI Prudential Liquid Super Institutional Plan - Growth	100	4 20 395	5 66 00 000

URBAN INFRASTRUCTURE HOLDINGS PRIVATE LIMITED

Schedules Forming Part of the Balance Sheet	As at 31st March 2010	(Amount in Rs.) As at 31st March 2009
SCHEDULE F		
CURRENT ASSETS, LOANS AND ADVANCES		
CURRENT ASSETS		
SUNDRY DEBTORS		
(Unsecured & Considered Good)		
For a period of more than six months	-	-
Others	-	19 07 159
	-	**19 07 159**
BANK BALANCE		
In Current Account with a Scheduled Bank	73 19 152	17 30 610
In Fixed Deposit Accounts with a Scheduled Bank	-	9 00 00 000
	73 19 152	**9 17 30 610**
LOANS AND ADVANCES		
(Unsecured & Considered Good, Subject to Confirmation)		
Advances recoverable in cash or in kind or for the value to be received*	1264 76 90 746	1262 60 32 535
Advance Tax and Tax deducted at Source (Net)	56 93 672	53 46 700
Deposits	18 00 000	30 00 000
Balance with Service Tax Authorities	3 58 329	3 708
	1265 55 42 747	**1263 43 82 943**

Notes* -

Includes Share Application Money Pending Allotment to Dronagiri Infrastructure Private Limited, the Subsidiary company Rs. 1262 60 00 000 (Previous year Rs. 1262 60 00 000)

SCHEDULE G		
CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities		
Sundry Creditors	4 125	1 124
Other Liabilities	140 52 54 480	1 98 540
	140 52 58 605	**1 99 664**

URBAN INFRASTRUCTURE HOLDINGS PRIVATE LIMITED

(Amount in Rs.)

Schedules Forming Part of the Profit and Loss Account	**2009-10**	**2008-09**
SCHEDULE H		
OTHER INCOME		
Dividend on Long Term Investment	20 67 388	-
Profit on Sale :		
Of Long Term Investments	2 90 68 014	-
Of Current Investments	40 53 436	1 30 24 886
Interest Income :		
On Fixed Deposit		
[Tax Deducted at Source Rs.1 61 273 (Previous Year - NIL)]	7 69 381	13 562
On Inter Corporate Deposits		
[Tax Deducted at Source Rs.1 85 699 (Previous Year - NIL)]	18 56 986	-
	3 78 15 205	**1 30 38 448**
SCHEDULE I		
INTEREST & FINANCE CHARGES		
Interest on Fixed Loan	5 05 59 404	25 14 69 596
	5 05 59 404	**25 14 69 596**
SCHEDULE J		
GENERAL AND ADMINISTRATIVE EXPENSES		
Rates & Taxes	5 124	9 011
Professional Fees	37 05 250	13 65 750
Trusteeship Fees	-	50 000
Rent (Under Cancellable operating lease)	12 00 000	6 00 000
Payment to Auditors	1 75 000	1 75 000
Office Expenses	3 206	2 46 776
	50 88 580	**24 46 537**

URBAN INFRASTRUCTURE HOLDINGS PRIVATE LIMITED

Schedule forming part of the Balance Sheet & Profit and Loss Account

SCHEDULE K

SIGNIFICANT ACCOUNTING POLICIES :

A. **Basis of preparation of financial statements :**

The financial statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles and the provisions of the Companies Act,1956 .

B. **Use of Estimates :**

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known / materialised.

C **Revenue Recognition :**

Revenue is recognised when it is earned and no significant uncertainty exists as to its ultimate collection and includes service tax, wherever applicable.

D **Investments :**

Current investments are valued,script wise, at cost or market / fair value whichever is lower. Long term investments are valued at cost. Provisions for diminution in the value of long term investments is made only if such a decline is other than temporary in the opinion of the management.

E **Fixed Assets :**

Fixed assets are stated at cost less accumulated depreciation and impairment loss if any.

F **Depreciation :**

Depreciation on fixed assets is provided on written down value method at the rate and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

G **Preliminary & Issue Expenses :**

Preliminary and issue expenses are charged to the profit and loss account in the year in which it is incurred.

H **Borrowing Costs :**

Borrowing cost that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing cost are charged to revenue.

I **Provision for Current and Deferred Tax :**

Provision for current tax is made after taking into considerations benefits admissible under the provisions of the Income Tax Act,1961.

Deferred tax resulting from "timing difference" between book and taxable profit is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognised and carried forward only to the extent that there is a reasonable certainty that the asset will be realised in future.

J **Impairment of Assets :**

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

K **Provision,Contingent Liabilities and Contingent Assets :**

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statement.

URBAN INFRASTRUCTURE HOLDINGS PRIVATE LIMITED
(Formerly known as Urban Infrastructure Holdings Limited)

SCHEDULE L

NOTES ON ACCOUNTS

1 In the opinion of the Management, the company is mainly engaged in the promotion, development and operation of Infrastructure facilities and services i.e Special Economic Zones (SEZ), through it's subsidiary company and accordingly has only one reportable segment in accordance with requirements of Accounting Standard 17- "Segment Reporting" notified by companies (Accounting Standard) Rules, 2006.

2 The deferred tax asset/liability comprises of the following :

(Amount In Rs.)

		As at 31st March 2010	As at 31st March 2009
a)	Deferred Tax Liability		
	Related to Fixed Assets	(1 44 564)	(97 823)
b)	Deferred Tax Assets		
	Disallowances under the Income Tax Act 1961	-	4 82 828
	Unabsorbed Depreciation	1 44 564	97 823
	Net Deferred tax Asset	-	4 82 828

Note: - As at 31st March 2010 the Company has net Deferred Tax Assets of Rs. Nil (Previous year Rs. 4 82 828). However in the absence of virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised, the same had not been recognized in the Books of accounts in line with "Accounting Standard"- 22 dealing with "Accounting for taxes on income" notified by Companies (Accounting Standard) Rules, 2006.

3 **Payment to Auditors:**

(Amount in Rs.)

	2009 - 2010	2008 - 2009
Audit Fees	1 50 000	2 00 000
Tax Audit fees	25 000	40 000
	1 75 000	**2 40 000**

4 As per Accounting Standard 18 on 'Related Party Disclosures', notified by Companies (Accounting Standard) Rules, 2006 disclosures of transactions with the related parties as defined in the Accounting Standard are given below:

List of related parties with whom transactions have taken place during the existence of related party relationship and relatonship.

Sr. No.	Name of the Related Party	Relationship
1.	Dronagiri Infrastructure Private Limited	Subsidiary Company
2.	Navi Mumbai SEZ Pvt. Ltd.	Subsidiary Company
3.	SKIL Infrastructure Limited	Associate Company
4.	Jai Corp Limited	Associate Company
5.	Reliance Group Holdings Private Limited	Associate Company (with effect from 05.08.2008)

Transaction during the year with related parties :

Name of the Company / Nature of Transactions (Amount in Rs.)

		2009 - 2010	2008 - 2009
	SKIL Infrastructure Limited		
I	Issue of Fully Paid Equity Shares		
	Opening Balance	124 16 00 000	35 00 35 000
	Addition during the year	-	89 15 65 000
	Closing Balance as at 31st March	124 16 00 000	124 16 00 000

URBAN INFRASTRUCTURE HOLDINGS PRIVATE LIMITED
(Formerly known as Urban Infrastructure Holdings Limited)

SCHEDULE L

II	Share Application Money		
	Opening Balance	-	89 15 65 000
	Received during the Year	-	-
	Closing Balance as at 31st March	-	-
	Dronagiri Infrastructure Private Limited - Subsidiary Company		
I	Investment in Equity Shares		
	Opening Balance	598 00 00 000	598 00 00 000
	Addition during the year	-	-
	Closing Balance as at 31st March	598 00 00 000	598 00 00 000
II	Share Application Money given		
	Opening Balance	1262 60 00 000	1108 00 00 000
	Given during the year	-	154 60 00 000
	Closing Balance as at 31st March	1262 60 00 000	1262 60 00 000
	Jai Corp Limited - Associate Company		
I	Issue of Fully Paid Equity Shares		
	Opening Balance	113 51 77 140	32 00 32 000
	Given during the year		81 51 45 140
	Closing Balance as at 31st March	113 51 77 140	113 51 77 140
II	Share Application Money		
	Opening Balance	-	81 51 45 140
	Received during the Year	-	-
	Closing Balance as at 31st March	-	-
IV	Issue of Fully paid Debentures		
	Opening Balance	7 27 54 000	7 27 54 000
	Received during the Year	-	-
	Closing Balance as at 31st March	7 27 54 000	7 27 54 000
	Reliance Group Holdings Private Limited		
I	Fully Paid Equity Shares		
	Opening Balance	117 06 51 270	-
	Closing Balance as at 31st March	117 06 51 270	117 06 51 270
II	Debenture Application Money		
	Opening Balance	794 37 00 000	-
	Closing Balance as at 31st March	794 37 00 000	794 37 00 000

5	Earning per share (EPS)	2009 - 2010	2008 - 2009
a)	Net (Loss) / Profit after tax as per Profit and Loss Account	(1 80 41 603)	(15 28 15 626)
b)	Weighted average number of equity shares		
	for Basic EPS	35 47 42 856	31 07 75 267
	for Diluted EPS	93 15 13 130	70 98 55 130
c)	Earning /(Loss) per equity share of face value of Rs. 10 each (Rs.) :		
	Basic EPS	(0.05)	(0.49)
	Diluted EPS	(0.05)	(0.49)

Note :- Since the effect of potential equity shares is anti dilutive. Therefore Basic and Diluted EPS for the year ended 31st March 2009 & 31st March 2010 is same.

Reconciliation between number of shares used for calculating basic and diluted earning per share :

		2009 - 2010	2008 - 2009
a)	Number of shares used for calculating Basic EPS	35 47 42 856	31 07 75 267
b)	Add : Potential Equity Shares	57 67 70 274	39 90 79 863
b)	Number of shares used for calculating Diluted EPS	93 15 13 130	70 98 55 130

URBAN INFRASTRUCTURE HOLDINGS PRIVATE LIMITED

SCHEDULE L

6 Contigent liabilty :

> Disputed Liabilty in appeal (no cash outflow is expected in near future)

	(Amount in Rs.) 2009 - 2010	2008 - 2009
Income Tax	3 50 232	-

7 The company has not received any information from "suppliers" regarding their status under the micro, small and medium enterprises development act,2006 and hence disclosures as required under schedule VI of the companies act, 1956, relating to amount unpaid as at the year end together with interest paid/payable etc. have not been made.

8 There are no other informations which are required to be disclosed in accordance with Para 3 & 4 of Part II of schedule VI of the Companies Act, 1956.

9 The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary.

As per our Report of even date

For Chaturvedi & Shah
Chartered Accountants

R.Koria
Partner

Place : Mumbai
Date : 22nd October 2010

For and on Behalf of the Board

Rohit C. Shah
Director

Gotam Kothari
Director & Company Secretary

URBAN INFRASTRUCTURE HOLDINGS PRIVATE LIMITED

(Formerly known as Urban Infrastructure Holdings Limited)

Balance sheet abstract and Company's General Business Profile:

1. Registration Details

Registration No.: U 45200 MH2005 PTC 154303 State Code : 11

Balance Sheet Date : 31st March, 2010

2. Capital raised during the year : (Rs.in thousands)

Public Issue	-	Rights Issue	-
Bonus Issue	-	Private placement	-

3. Position of mobilisation and deployment of fund : (Rs.in thousands)

Total Liabilities	1 73 66 629	Total Assets	1 73 66 629
Source of Funds:		**Application of Funds:**	
Paid up Capital	35 47 429	Net Fixed Assets	3 968
Share Application Money	-	Investments	59 97 092
Secured Loans	-	Net Current Assets	1 12 57 603
Reserves and Surplus	8 400	Profit & Loss A/c	1 07 965
Unsecured Loan	1 38 10 800		

4. Performance of Company : (Rs.in thousands)

Turnover / Total Income	37 815	Total Expenditure	55 857
Profit/(Loss) before tax	(18 042)	Profit after tax	(18 042)
Earnings per Share (Rs)		Dividend per Share (Rs)	--
Basic	(0.05)		
Diluted	(0.05)		

5. Generic Names of principal products, services of the Company :

Item Code	N.A.
Product Description	N.A.

Place : Mumbai

Date : 22nd October 2010

For and on Behalf of the Board

Rohit C. Shah

Director

Gotam Kothari

Director & Company Secretary

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations together with our restated consolidated financial statements included in this Draft Red Herring Prospectus. You should also read the section entitled "Risk Factors" beginning on page 14, which discusses a number of factors, risks and contingencies that could affect our financial condition and results of operations. The following discussion relates to our Company on a consolidated basis, and, unless otherwise stated, is based on our restated consolidated financial statements, which have been prepared in accordance with Indian GAAP, the Companies Act and the SEBI Regulations. Portions of the following discussion are also based on internally prepared statistical information and on other sources. Our fiscal year ends on March 31 of each year, so all references to a particular fiscal year ("Fiscal Year") are to the twelve-month period ended March 31 of that year.

Overview

We are an infrastructure development company, experienced in the conceptualization, development and execution of a diverse array of greenfield and brownfield projects. We currently have interests in shipyard, special economic zones, free zones, logistics, port, education and defence sectors through our Subsidiaries and Specified Affiliates. We are also planning initiatives in the power sector through our Subsidiaries.

Since incorporation in 1990, our Company and Promoters have gained experience in the successful implementation of a variety of infrastructure projects in India, including ports, shipyards, railway lines, roads and special economic zones. We and our Associates generally play an active role in all stages of development of our projects, including identifying and promoting projects, obtaining necessary regulatory approvals, supervising implementation, arranging for necessary financing and operating the project.

Due to the nature of the businesses we are involved in and the need to involve partners with sector-specific expertise and other investors to provide financing, we often participate in businesses through our Subsidiaries, Associates and Investments, including our Specified Affiliates. Our shipyard business is conducted through our 43.14% direct and indirect equity interest in Pipavav Shipyard Limited ("PSL"), a listed company. Our special economic and free zone businesses are conducted through a 33.33% equity interest in Sohar Free Zone LLC, a 25.81% indirect equity interest in Navi Mumbai SEZ Private Limited, a 6.49% equity interest in Mumbai SEZ Limited as well as through E-Complex Private Limited, a wholly-owned subsidiary of PSL that operates an engineering SEZ. We conduct our logistics businesses through our 46.40% equity interest in Horizon Country Wide Logistics Limited, which operates through two subsidiaries, Fastlane Distriparks & Logistics Limited and Chiplun FTWZ Private Limited. We participate in the education sector through our 21.02% equity interest in Everonn Education Limited, a listed company, which we acquired in December 2010, a 19.05% equity interest in New Horizons India Limited, an unlisted company, which we acquired in November 2010, and through an association with the University of Strathclyde in the United Kingdom. We participate in the defence sector through PSL and through two wholly-owned subsidiaries; SKIL Strategic Deterrence Systems Private Limited and SKIL Advanced Systems Private Limited, both of which pursue opportunities under the Government of India's defence offset policy. Further, we are also pursuing opportunities in the port sector through our 48.39% equity interest in Gujarat Positra Port Company Limited. In addition, we are seeking opportunities in the power sector through our 76.00% equity interest in Energy India Corporation Limited.

Certain Factors Affecting Our Results of Operations

We believe that the following factors have affected our results of operations in the past and may affect our results of operations in the future.

(i) *Investments in Associates including Specified Affiliates*: Our Company participates in businesses through affiliates and Associates including Specified Affiliates, with the majority of our consolidated assets consisting of holdings in our Subsidiaries, Associates and Investments in which we have less than a majority of the outstanding equity interests. At March 31, 2011, our Company's largest asset was a 43.14% direct and indirect equity interest in PSL. Our investment in PSL constituted 70.10% and 71.27% of our total consolidated assets at March 31, 2010 and December 31, 2010.

(ii) Nature of infrastructure business: Due to the nature of the infrastructure business, our projects involve long gestation periods, high capital requirements and the risk of the loss of the entire amount of our investment if a project is not successful. In addition, we often provide interim funding to our project companies to develop the project to the point where it can obtain third party financing. If third party financing is obtained, our Company will often be required to guarantee that indebtedness and pledge our related equity in the project company to the lenders to secure the project company's loans. In some cases our Promoters have also guaranteed that indebtedness. As a project matures, we may also sell portions of our equity in the project in order to retire such indebtedness or to realize on our investment. As our projects sometimes take many years to develop, we must often raise both debt and equity financing to cover project working capital and capital expenditure requirements.

(iii) Net losses and high levels of indebtedness: Our Company incurred significant consolidated net losses in Fiscal 2010 and the nine months ended December 31, 2010 and our Company has not had significant consolidated revenues to date. We had negative cash flows from operations of ₹ 1,738.54 million in the nine months ended December 31, 2010. We had a net working capital deficit of ₹ 1,035.73 million at December 31, 2010. Our consolidated restated long term debt to equity ratios were 0.23:1, 0.29:1, and 0.67:1 at March 31, 2009, 2010 and December 31, 2010. We intend to use a substantial part of the net proceeds of the Issue to repay a significant part of our debt obligations. As of December 31, 2010, we had total outstanding debt of ₹ 14,901.43 million and most of our Promoters' equity and substantially all of our assets and our equity in our Specified Affiliates remain pledged to secure such indebtedness. We may also incur significant additional indebtedness in the future to fund our projects and for working capital and other corporate purposes. Our high level of indebtedness and the significant debt servicing costs associated with that indebtedness could have material adverse effects on our ability to implement our business strategy and our results of operations.

(iv) Ability to complete planned projects: Certain of the projects currently being pursued by our Company, our Subsidiaries and our Specified Affiliates are in the development stage and do not currently generate any income. Furthermore, many of these projects are in the infrastructure sector and by nature relatively long term undertakings and could take a number of years before they have the potential to produce income for our Company. Some of our Subsidiaries and Specified Affiliates have yet to enter into definitive agreements and arrangements for these projects. Our Subsidiaries and Specified Affiliates are also yet to receive various required approvals from regulatory authorities in relation to most of our projects. We receive project development fees on completion of various milestones. In the event that our Subsidiaries and Specified Affiliates are unable to obtain or renew the necessary governmental approvals or secure formal agreements and bring in strategic partners with the required expertise and achieve financial arrangements, our Subsidiaries and Specified Affiliates may not be able to develop or continue developing these projects and our Company's financial condition and operations could be adversely affected. In addition, our Subsidiaries and Specified Affiliates also rely on third-party contractors for the construction of their projects and facilities. Any significant delay in the construction schedule could result in additional funding requirements, cost overruns, delays, additional financing, increased debt service obligations and operating covenants that would restrict the operation of our Subsidiaries and Specified Affiliates.

(v) Reliance on success of Subsidiaries, Associates and Investments: The underlying value of our Company is significantly dependent on our Subsidiaries, Specified Affiliates and Investments. Some of those entities are currently publicly listed and some are currently unlisted. As a result, the price of the Equity Shares of our Company may be affected by fluctuations in the trading prices of our publicly traded Associates, as well as the perceived value of our privately held Subsidiaries, Associates and Investments. Such fluctuations are subject to many different factors beyond our control such as adverse media reports on these entities or various other events, as well as factors affecting the sectors they operate in or significant developments in India's economic liberalisation and deregulation policies. Our ability to meet our debt and other obligations is in substantial part dependent on distributions and expense reimbursement from our Subsidiaries and Specified Affiliates, raising fresh loans and advances, raising of equity and debt at those entities level, which may be restricted by the loan agreements of such Subsidiaries and Specified Affiliates. There can be no assurance that distributions, dividends, expense reimbursement and payment of fees, refinancing ability, loans and advances from our Subsidiaries and Specified Affiliates to the Company will be permitted or sufficient to meet our obligations.

(vi) Availability of financing: We will require additional debt and equity funding, whether at the Company level or in our Subsidiaries and Specified Affiliates, to complete the construction of our projects and/or finance our investments, to fund future operational needs and service debt payments. The amount of such additional required funding will depend on certain factors, such as whether the various projects are completed within budget, any further investments we may make, and the amount of cash flow from our operations in the future. If delays and cost overruns are significant, the additional funding we would require could be substantial. Additional funding may not be available as and when required, or may not be available on terms acceptable to us. In addition, our business operations are expected to be capital intensive, including requiring significant working capital. Our operating results and future growth will depend on our ability to optimize our financial resources and to source adequate resources, including working capital commensurate with the size of our business.

(vii) Changes in interest rates: The interest rates on all of our borrowings may fluctuate. The interest rates on all of our borrowings are subject to adjustment based on the prime lending rate, the base rate or benchmark rate of the respective lenders. If the interest rates for our existing or future borrowings increase significantly, our cost of funds will increase.

(viii) Compliance with environmental laws and regulations: Our Subsidiaries and Specified Affiliates are involved in activities which require compliance with various environmental statutes and regulations. As a result, our Subsidiaries and Specified Affiliates are subject to a variety of environmental laws and governing regulations. These laws and regulations and any related investigations can cause project delays and may require a commitment of substantial management time, which could significantly add to the cost of a project. Moreover, these laws and regulations are becoming more stringent, and we expect them to be more stringently enforced in the future.

(ix) Increasing difficulty in obtaining land for our projects: As the Indian economy has grown, it has become increasingly difficult and expensive to acquire land needed on which to build our projects. The cost of acquiring land is subject to a number of factors, including the type of land being acquired, market prices, relocation and rehabilitation policies, the level of economic development in the area where the land is located and government regulations pertaining to the price of land. If the cost of acquiring land substantially increases and if we experience delays in acquiring land before we or our Specified Affiliates are able to acquire all of the land that is needed for the proposed projects, we and our Specified Affiliates may not be able to acquire the land required for our projects on commercially viable terms or at all, which could adversely affect our prospects, results of operations and financial condition.

(x) Changes in labour costs: Employee compensation in India has historically been significantly lower than employee compensation in the United States and Western Europe and in certain Asian countries such as Korea, Japan and Singapore for comparably skilled professionals. However, wage levels have increased significantly in recent years, especially for skilled workers, and we may need to continue to increase the existing levels of our employee compensation to remain competitive and manage attrition, which could negatively affect our profit margins and financial condition. Availability and retention of management and labour having required expertise is also critical for the completion of projects and the management of day to day operations.

(xi) General economic conditions globally and in India: We intend to derive a large portion of our project revenues and a portion of our investment income from the Indian market and from equity and debt financing for our international projects. We therefore will be affected by general economic conditions in India, particularly economic conditions affecting the Indian infrastructure, education and defense sectors. India's GDP growth, industrial growth and demand for the products and services of our Subsidiaries and our Specified Affiliates will be important factors in determining our operating results and future growth.

(xii)Regulatory environment in India: Taxes and other levies imposed by the Government of India or state governments, as well as tax exemptions, financial policies, subsidies and regulations, may have a material adverse effect on our business, financial condition and results of operations. To the extent the regulatory environment in India is unfavourable to our Subsidiaries and our Specified Affiliates, our business, financial

condition and results of operations could be adversely affected. Our project in the Sultanate of Oman, along with our financial condition and results of operation could also be adversely affected by decrees from the Government of Oman, or changes in the financial policies, subsidies and regulations of the Sultanate of Oman.

(xii) Affiliate financial statements: Our consolidated results for the nine months ended December 31, 2010 include audited consolidated financial statements on PSL, Everonn Education Limited, Gujarat Positra Port Company Limited, and Sohar Free Zone LLC and also include audited unconsolidated financial statements on Urban Infrastructure Limited and Horizon Countrywide Logistics Limited. Our consolidated results do not include any financial information of New Horizons India Limited ("NHIL").

Recent Developments

- On February 8, 2011, our Company sold 1.85 million equity shares of NHIL to Awaita Properties Private Limited, an entity wholly-owned by our Promoters, for a total consideration of ₹ 166.50 million as a result of which we now own a 19.05% stake in NHIL. The sale price was set by our Company's Board of Directors at the cost per share originally paid by our Company for such acquisition of shares.

- SKIL Advanced Systems Private Limited, our Subsidiary received a licence *vide* letter dated March 7, 2011 from the Ministry of Commerce and Industry, Department of Industrial Policy and Promotion, Government of India for the manufacture of Radar and Radio Remote Control Apparatus.

- On April 21, 2011, our Company issued 20 optionally convertible debentures to IFCI of ₹ 100.00 million each, with an aggregate principal amount of ₹ 2,000 million. On May 16, 2011, our Company issued 8,241,168 Equity Shares to IFCI upon conversion of optionally convertible debentures at a conversion price of approximately ₹ 245.38 per equity share.

- On May 16, 2011, our Company issued 25,320,593 Equity Shares to Ashoka Investment Holdings Limited and Ambadevi Mauritius Holding Limited upon conversion of 20,000 0% Fully Convertible Preference Shares at a conversion price of approximately ₹ 78.99 per equity share. These 20,000 0% Fully Convertible Preference Shares were issued on April 21, 2008 at the issue price of ₹. 100,000 each.

- On May 16, 2011, our Company issued 56,930 Equity Shares to private investors on a preferential allotment basis at the price of ₹ 360 per equity share.

- On May 20, 2011, our Company issued 12,500,000 Equity Shares to the SKIL Group Employees Welfare Trust 2011 at the par value of ₹ 10 each.

- On May 21, 2011, an advance against share application money received from Grevek Investments and Finance Private Limited of ₹ 1,750 million was converted into non convertible bonds in equal principal amount.

Except as stated above and elsewhere in this Draft Red Herring Prospectus, to our knowledge no circumstances have arisen since December 31, 2010, which is the date of the last restated financial information disclosed in this Draft Red Herring Prospectus, which materially adversely affect or are likely to materially adversely affect, the trading, profitability and financial condition of our Company or the value of our assets or ability to pay our liabilities within the next 12 months.

Critical Accounting Policies

The critical accounting policies have been extracted from the significant accounting policies set forth in the restated consolidated financial statements of the Company for Fiscal 2010 and the nine-month period ended December 31, 2010.

Principles of Consolidation :

The consolidated financial statements relate to the Company and its Subsidiaries, joint ventures and associate companies. The consolidated financial statements have been prepared on the following basis:

2) The financial statements of the Company and its Subsidiaries have been combined on a line-by-line basis by adding together the values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions in accordance with Accounting Standard (AS) 21 – " Consolidated Financial Statements".

3) Interest in Joint Ventures has been accounted for by using the proportionate consolidation method as per Accounting Standard (AS) 27 – "Financial Reporting of Interest in Joint Ventures".

4) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances with certain exceptions mentioned in Note No. 5 of Annexure VI and are presented to the extent possible, in the same manner as the Company's unconsolidated financial statements.

5) The difference between the cost of investments in the Subsidiaries over the net assets at the time of acquisition of shares in the Subsidiaries is recognised in the financial statements as Goodwill, which is not being amortised, or Capital Reserve as the case may be.

6) The difference between the proceeds from disposal of investment in Subsidiaries and the carrying amount of its assets less liabilities as of the date of disposal is recognised in the Consolidated Statement of Profit and Loss account being the profit or loss on disposal of investment in the Subsidiaries.

7) Minority Interest's share of net profit of consolidated financial statements for the period is identified and netted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.

8) Minority Interest's share of net assets of consolidated subsidiaries is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Company's shareholders.

9) In case of associates where the Company directly or indirectly through subsidiaries holds more than 20% of the equity, investments in associates are accounted for using the equity method in accordance with Accounting Standard (AS) 23 – "Accounting for Investments in associates in Consolidated Financial Statements".

10) The Company accounts for its share in the change in the net assets of its associates, post acquisition, after eliminating unrealized profits and losses resulting from transactions between the Company and its associate to the extent of its share, through its profit and loss account to the extent such change is attributable to the associates' profit and loss account and through its reserves for the balance, based on available information.

11) Financial statements of foreign Subsidiaries and joint ventures have been converted to Indian Rupees at following exchange rates:

Revenues and Expenses: at the average for the period

Assets and Liabilities: at the end of the period

12) The resultant translation exchange difference has been transferred to Foreign Currency Translation Reserve.

<u>**Other Significant Accounting Policies**</u>:

Basis of Preparation of Financial Statements

The financial statements are prepared on a going concern basis under historical cost convention on an accrual basis and in accordance with the Companies Act, 1956, except those items covered under "Accounting Standard – 30" on "Financial Instruments: Recognition and Measurement" which have been measured at their fair value.

Use of Estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Differences between actual results and estimates are recognised in the period in which the results are known / materialised.

Fixed Assets

Fixed Assets are stated at cost of acquisition, including expenses incidental to their acquisition less accumulated depreciation and impairment.

Depreciation

Depreciation on Fixed Assets is provided on the written down value method, at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

Investments

- Investments are classified as investments in Subsidiaries, Associates, Joint Ventures, Available for Sale, Held for Trading and Held to Maturity within the meaning of Accounting Standard 30 on "Financial Instruments: Recognition and Measurement" read with the limited revisions of Accounting Standard 21 on Consolidated Financial Statements, Accounting Standard 23 on "Accounting for Investments in Associates" and Accounting Standard 27 on "Financial Reporting of Interest in Joint Ventures".

- Investments are recorded as Long Term Investments unless they are expected to be sold within one year. Investments in Subsidiaries, associates (other than those classified as available for sale), joint venture and in unquoted shares are valued at cost less any provision for impairment. Investments are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable.

- Investments classified as Available for Sale (that have a market price) are initially recorded at cost and then remeasured at subsequent reporting dates to fair value. Unrealised gains/losses on such investments are recognised directly in Investment Revaluation Reserve Account. At the time of disposal, derecognition or impairment of the investments, cumulative gain or loss previously recognised in the Investment Revaluation Reserve Account is recognised in the Profit and Loss Account.

- Investments classified as Held for Trading that have a market price are measured at fair value and gain/loss arising on account of fair valuation is reflected in the Profit and Loss Account and those that do not have a market price and whose fair value cannot be reliably measured are carried at cost.

- Investments classified as Held to Maturity are measured at amortised cost using an effective interest method.

Borrowing Costs

Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets (net of income earned on temporary deployment of funds) are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial periods of time in preparation for its intended use. All other borrowing costs are charged to revenue.

Revenue Recognition

- Income from Consultancy and Infrastructure Project Services are recognised in accordance with the contract or agreement entered into. Revenue is recognised when earned and no significant uncertainty exists as to its ultimate collection. Revenue includes service tax, wherever applicable.

- Interest income is recognised on a time proportion basis. Dividends are recognized when the right to receive the dividend is established

Employee Benefits

- Short term employee benefits are recognized as an expense at the undiscounted amount in the profit and loss account of the year in which related service is rendered.

- Post employment and other long term employee benefits are recognized as an expense in the Profit and Loss account for the year in which the employee has rendered services. The expenses are recognized at the present value of the amount payable determined using the actuarial valuation techniques. Actuarial gain and losses in respect of post employment and other long term benefits are charged to Profit and Loss Account.

Impairment of Assets

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

Foreign Currency Transactions

- Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing on the date of the transaction.

- Monetary items denominated in foreign currencies at the year end are restated at year end rates. In case of monetary items which are hedged by derivative instruments, the valuation is done as per "Accounting Standard – 30", "Financial Instruments: Recognition and Measurement" read with accounting policy on derivative instruments. The fair value of foreign currency contracts are calculated with reference to current forward exchange rates for the contracts with similar maturity profile.

- Non monetary foreign currency items are carried at cost.

- Any income or expense on account of exchange difference either on settlement or on translation is recognised in the Profit and Loss account.

Derivative Instruments

Derivative financial instruments are initially recorded at their fair value on the date of the derivative transaction and are re-measured at their fair value at subsequent balance sheet dates. Changes in the fair value of derivatives are recorded in the Profit and Loss account.

Provision, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements

Provision for Current and Deferred Tax

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961. Deferred tax resulting from "timing differences" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognised and carried forward only to the extent that there is a virtual certainty that the asset will be realized in future.

Preliminary and Issue Expenses

Preliminary and Issue Expenses related to issue of equity and equity related instruments are adjusted against Securities Premium Account.

Summary Results of Operations

The following table presents our restated consolidated statement of profit and loss data in millions of Rupees and expressed as a percentage of total income for the nine months ended December 31, 2010, Fiscal 2010, Fiscal 2009 and Fiscal 2008.

	Nine months ended December 31, 2010		Fiscal 2010		Fiscal 2009		Fiscal 2008	
	₹ in million	*% of Total Income*	₹ in million	*% of Total Income*	₹ in millions	*% of Total Income*	₹ in millions	*% of Total Income*
INCOME								
Project Development Fees	-	-	23.38	*38.91%*	47.30	*48.19%*	216.66	*74.03%*
Other income	83.92	***100%***	36.70	*61.09%*	50.85	*51.81%*	75.99	*25.97%*
Total Income	83.92	***100%***	**60.08**	***100%***	**98.15**	***100%***	**292.65**	***100%***
EXPENDITURE								
Employee cost, administrative and other expenses (Net)	111.57	*132.95%*	45.30	*75.40%*	21.37	*21.77%*	77.65	*26.53%*
Earnings before Interest, Depreciation and Tax	**(27.65)**	*	**14.78**	***24.60%***	**76.78**	***78.23%***	**215.00**	***73.47%***
Interest and Finance Charges	1,454.10	*	8.90	*14.81%*	2.23	*2.27%*	137.38	*46.94%*
Depreciation	9.11	*10.86%*	11.87	*19.76%*	13.63	*13.87%*	11.76	*4.02%*
Total Expenditure	**1,574.78**	*	**66.07**	***109.97%***	**37.23**	***37.93%***	**226.79**	***77.50%***
Profit/(Loss) before tax	(1,490.86)	*	**(5.99)**	*	**60.92**	*62.07%*	**65.86**	*22.50%*
Current tax	-	-	5.64	*9.39%*	1.00	*1.02%*	68.67	*23.46%*
Fringe benefit tax	-	-	-	-	0.95	*0.97%*	1.64	*0.56%*
Deferred tax	-	-	-	-	-	-	-	-
Income tax from earlier year	-	-	-	-	-	-	-	*
Net Profit/(Loss) after tax	(1,490.86)	*	**(11.63)**	*	**58.97**	*60.08%*	**(4.45)**	*
Consolidated share in the profit/(loss) of Associates	(12.30)	*	(186.71)	*	(41.25)	*	2.66	*0.91%*
Less Minorities interest	-	-	-	-	-	-	0.21	*0.07%*
Net Profit/(Loss) after tax, consolidated share in the profit/(loss) of Associates and minorities interest	(1,503.16)	*	**(198.34)**	*	**17.72**	*	**(2.00)**	*

* Not meaningful

Principal Components of our Profit and Loss Statement

Income

Our income consists of project development fees, dividend, capital gain from divestment and miscellaneous income.

Project development fees

Our project development fees consist primarily of income that we receive from our Subsidiaries and our Associates related to projects being developed. We receive project development fees on completion of various milestones for projects under development.

Other income

Other income includes income from dividends from current and long term investments, gains on mark to market of current investments, interest income, rent income and miscellaneous income.

The following table sets out the principal components of our other income and their respective percentage of our total income for the periods indicated.

(₹ in mn., except percentages)

	Nine months ended December 31, 2010	*% of Total Income*	Fiscal 2010	*% of Total Income*	Fiscal 2009	*% of Total Income*	Fiscal 2008	*% of Total Income*
Recurring:								
Dividend	1.22	*1.45%*	0.48	*0.80%*	6.13	*6.25%*	6.19	*2.12%*
Gain on Mark to Market of Current Investments	22.72	*27.07%*	34.36	*57.19%*	30.41	*30.98%*	(9.93)	-
Profit on sale of Current Investments	18.94	*22.57%*	-	-	-	-	52.63	*17.98%*
Profit on sale of Long Term Investments	-	-	-	-	-	-	-	-
Interest Income	37.41	*44.58%*	0.12	*0.20%*	7.45	*7.59%*	26.38	*9.01%*
Rent Income	1.72	*2.05%*	0.16	*0.27%*	-	-	-	-
Non-Recurring:								
Sundry Balances written back (Net)	1.87	*2.23%*	-	-	-	-	-	-
Foreign Exchange Gain/(Loss)	0.04	*0.05%*	-	-	-	-	-	-
Miscellaneous Income	-		1.58	*2.63%*	6.86	*6.99%*	0.72	*0.25%*
Total	**83.92**	***100%***	**36.70**	***61.09%***	**50.85**	***51.81%***	**75.99**	***25.97%***

Expenditure

Our expenditures consist primarily of employee and administrative expenses, interest expense and depreciation.

The following table sets out the principal components of our expenditures and their respective percentage of our total operating expenditures for the periods indicated.

(₹ in mn., except percentages)

	Nine months ended December 31, 2010	*% of total expenditure*	Fiscal 2010	*% of total expenditure*	Fiscal 2009	*% of total expenditure*	Fiscal 2008	*% of total expenditure*
Employee cost, administrative and other expenses	111.57	*7.08%*	45.30	*68.56%*	21.37	*57.40%*	77.65	*34.24%*
Interest and Finance	1,454.10	*92.34%*	8.90	*13.47%*	2.23	*5.99%*	137.38	*60.58%*

	Nine months ended December 31, 2010	*% of total expenditure*	Fiscal 2010	*% of total expenditure*	Fiscal 2009	*% of total expenditure*	Fiscal 2008	*% of total expenditure*
Charges								
Depreciation	9.11	*0.58%*	11.87	*17.97%*	13.63	*36.61%*	11.76	*5.18%*
Total	**1,574.78**	***100%***	**66.07**	***100%***	**37.23**	***100%***	**226.79**	***100%***

Employee cost, administrative and other expenses

Employee cost, administrative and other expenses include salaries and wages, professional charges, manpower and security charges and travelling, conveyance & vehicle expenses.

Interest and finance charges

Interest and finance charges principally consist of arranger fees, interest expense and finance charges on loans and bank charges and commissions.

Depreciation

Depreciation primarily relates to our furniture and fixtures, office equipment and vehicles and is calculated on written down value method at the rates specified in Schedule XIV to the Companies Act, 1956.

Results of Operations

Nine months ended December 31, 2010

Significant Events

Our results were principally affected by the following factors:

1. Pursuant to an agreement dated March 27, 2010, our Company and our Subsidiary, SKIL Shipyard Holdings Private Limited, purchased 129.36 million equity shares of PSL from another significant shareholder for a total consideration of ₹ 6,564.66 million. In connection with this acquisition, our Company also made an offer in accordance with the SEBI takeover regulations and acquired 35.01 million equity shares from the public for a total consideration of ₹ 2,153.15 million. We financed these purchases through a loan from various banks and financial institutions. For details on this loan please see "*Financial Indebtedness*" beginning on page 567;

2. On September 22, 2010, our Company subscribed to 25,221,612 warrants convertible into equity shares of PSL with an exercise price of ₹ 99.10 per share. Our Company paid ₹ 24.80 per warrant with the balance of ₹ 74.30 per warrant payable upon exercise. The initial payment will be forfeited by our Company to the extent that the warrants remain unexercised at expiration. The remaining amount of ₹ 1,873.97 million is due on or before March 22, 2012. Upon exercise of all outstanding warrants, our Company would own 312,448,298 equity shares of PSL constituting a 45.22% stake. The warrants remain outstanding as of the date of this Draft Red Herring Prospectus;

3. In November 2010, our Company purchased 6.85 million equity shares of NHIL for a total consideration of ₹ 616.50 million (1.85 million of the equity shares of NHIL were subsequently sold by our Company at cost to Awaita Properties Private Limited, a Promoter Group Entity);

4. In December 2010, our Company acquired 4 million equity shares of Everonn Education Limited through an investment agreement (upon conversion of optionally convertible debentures) and an open offer for a total consideration of ₹ 2,089.33 million. We financed this purchase through a loan from Religare Finvest Limited and ECL Finance Limited. For details on this loan please see "*Financial Indebtedness*" beginning on page 567; and

5. In December 2010, our Company subscribed to 45.34 million equity shares of Mumbai SEZ Limited for a total consideration of ₹ 453.36 million, which was paid in three instalments.

Income

Our total income in the nine months ended December 31, 2010 was ₹ 83.92 million.

Project development fees

In the nine months ended December 31, 2010, we did not receive any project development fees as no project development fee milestones were achieved in this period.

Other income

Other income in the nine months ended December 31, 2010 equalled ₹ 83.92 million, mainly consisting of net gain on mark to market of current investments of ₹ 22.72 million, profit on sale of current investments of ₹ 18.94 million and interest income of ₹ 37.41 million which mainly consists of interest on 6% optionally convertible debentures issued to our Company by Everonn Education Limited.

Expenditure

Our total expenditure equalled ₹ 1,574.78 million in the nine months ended December 31, 2010. Our total expenditure greatly exceeded our total income of ₹ 83.92 million in the nine months ended December 31, 2010 due to substantially increased interest expense associated with indebtedness incurred in connection with a buy-out of PSL shares from another significant shareholder and the public and our acquisition of equity shares in Everonn Education Limited.

The breakdown of total expenditure before tax is summarized below:

Employee cost, administrative and other expenses

Employee cost, administrative and other expenses were ₹ 111.57 million in the nine months ended December 31, 2010, which exceeded our total income on account of increase in salaries and wages and professional charges, hiring of senior management officials, as well as travelling expenses. At December 31, 2010, our Company had 72 permanent employees, 88 contractual employees and 13 consultants.

Earnings before interest, depreciation and tax

As a result of the foregoing, we incurred a loss of ₹ 27.65 million before interest, depreciation and tax for the nine months ended December 31, 2010.

Interest and finance charges

Interest and finance charges were ₹ 1,454.10 million in the nine months ended December 31, 2010, which substantially exceeded our total income, reflecting a full nine months of interest and finance charges on our Company's indebtedness of ₹ 14,901.43 million at December 31, 2010 mainly associated with the PSL shares buyout and the acquisition of equity shares of Everonn Education Limited.

Depreciation

Depreciation expense equalled ₹ 9.11 million in the nine months ended December 31, 2010, reflecting primarily depreciation on furniture and fixtures, office equipment and vehicles.

Profit/(loss) before tax and net profit/(loss) after tax and before consolidated share in the loss of Associates.

Our loss before and after tax in the nine months ended December 31, 2010 aggregated ₹ 1,490.86 million primarily as a result of the interest and finance charges discussed above.

Consolidated share in the loss of Associates

In the nine months ended December 31, 2010, we had a consolidated share in the loss of Associates of ₹ 12.30 million reflecting primarily the losses of PSL.

Net profit/(loss) after tax and consolidated share in the loss of Associates.

As a result of the foregoing, our net loss after tax and consolidated share in the loss of Associates for the nine months ended December 31, 2010 was ₹ 1,503.16 million.

Fiscal 2010 Compared to Fiscal 2009

Significant Events

In Fiscal 2010, our Group Entity, PSL made an initial public offering of 85,450,225 equity shares of PSL, our Group Entity, aggregating ₹ 4,986.66 million. PSL's equity shares are listed on the BSE and NSE. Further, PSL's shipyard project was completed during this period.

Income

Our total income in Fiscal 2010 of ₹ 60.08 million represented a decrease of 38.79% over total income of ₹ 98.15 million in Fiscal 2009. This decrease was primarily due to a reduction in our project development fees and miscellaneous income.

Project development fees

Project development fees in Fiscal 2010 of ₹ 23.38 million decreased 50.57% from project development fees of ₹ 47.30 million in Fiscal 2009. The decrease in project development fees in Fiscal 2010 was primarily due to the completion of project development activities of PSL.

Other income

Other income in Fiscal 2010 amounted to ₹ 36.70 million, which represented a decrease of 27.83% over our other income of ₹ 50.85 million in Fiscal 2009. The decrease in other income was primarily the result of a decrease in dividends from ₹ 6.13 million in Fiscal 2009 to ₹ 0.48 million in Fiscal 2010 and a decrease in interest income from ₹ 7.45 million in Fiscal 2009 to ₹ 0.12 million in Fiscal 2010 resulting from lower average bank balances.

Expenditure

Our total expenditure amounted to ₹ 66.07 million in Fiscal 2010, an increase of 77.46% over total expenditure of ₹ 37.23 million in Fiscal 2009. Our total expenditure as a percentage of total income was 109.97% in Fiscal 2010 compared to 37.93% in Fiscal 2009.

The breakdown of total expenditure before tax is summarized below:

Employee cost, administrative and other expenses

Our employee cost, administrative and other expenses of ₹ 45.30 million in Fiscal 2010 represented an increase of 111.98% from employee cost, administrative and other expenses of ₹ 21.37 million in Fiscal 2009. At March 31, 2010, we had 54 permanent employees, 67 contractual employees and 8 consultants, compared to 57 permanent employees, 69 contractual employees and 8 consultants at March 31, 2009. In addition to higher salaries, the increase in employee cost and administrative and other expenses was also on account of increases in advertisement and promotion expenses, professional charges and sundry balances written off.

Earnings before interest, depreciation and tax

As a result of the foregoing, our earnings before interest, depreciation and tax decreased from ₹ 76.78 million in Fiscal 2009 to ₹ 14.78 million in Fiscal 2010, which represented a decrease of 80.75%.

Interest and finance charges

Interest and finance charges were ₹ 8.90 million (with reimbursements from project companies of ₹ 340.22 million) in Fiscal 2010, an increase from interest and finance charges of ₹ 2.23 million (with reimbursements from project companies of ₹ 159.92 million) in Fiscal 2009. The increase was primarily a result of new borrowings for carrying out development activities of various projects and the consolidation of our equity stake in PSL through acquisition of equity shares in PSL from another significant shareholder and the public at the end of Fiscal 2010. However, the Company received reimbursements from project companies for ₹ 340.22 million of its interest and finance charges in Fiscal 2010 as most such expenditures were attributable to Subsidiaries and Associates.

Depreciation

Depreciation was ₹ 11.87 million in Fiscal 2010, a decrease of 12.91% from depreciation of ₹ 13.63 million in Fiscal 2009. The decrease was primarily due to no major additions of fixed assets in Fiscal 2010.

Profit/(loss) before tax

We had a loss before tax in Fiscal 2010 of ₹ 5.99 million, compared to a profit before tax of ₹ 60.92 million in Fiscal 2009. The primary reasons for the loss was a decrease in income due to the decrease in project development fees related to the completion of the PSL project and an increase in employee, administrative and finance cost and interest and finance charges due to substantial new borrowings.

Provision for tax

We provided for ₹ 5.64 million of current tax in Fiscal 2010, compared to ₹ 1.00 million of current tax in Fiscal 2009. In addition, we did not provide for fringe benefit tax in Fiscal 2010, as compared to provisions of ₹ 0.95 million in Fiscal 2009 because the fringe benefit tax was withdrawn with effect from April 1, 2009.

Net profit /(loss) after tax before consolidated share in the loss of Associates

As a result of the foregoing, we had a net loss after tax and before consolidated share in the losses of our Associates of ₹ 11.63 million in Fiscal 2010, compared to a net profit after tax and before consolidated losses of our Associates of ₹ 58.97 million in Fiscal 2009. The net loss in Fiscal 2010 resulted primarily from a 50.57% decrease in project development fees due to the completion of the PSL project.

Consolidated share in the loss of Associates

We had a substantial increase in our consolidated share in the loss of Associates to ₹ 186.71 million in Fiscal 2010 from our consolidated share in the loss of Associates of ₹ 41.25 million in Fiscal 2009. These losses are mainly on account of losses at PSL (a loss of ₹ 181.59 million) and Urban Infrastructure Holdings Private Limited (a loss of ₹ 6.31 million).

Net profit/(loss) after tax and consolidated share in the loss of Associates

As a result of the foregoing, our net profit after tax and consolidated share in the loss of Associates of ₹ 17.72 million in Fiscal 2009 turned into a net loss after tax and consolidated share in the loss of Associates of ₹ 198.34 million in Fiscal 2010.

Fiscal 2009 Compared to Fiscal 2008

Significant Events

In Fiscal 2009, unaffiliated private investors invested ₹ 2,000 million in our Company.

Income

Our total income in Fiscal 2009 of ₹ 98.15 million represented a decrease of 66.46% over total income of ₹ 292.65 million in Fiscal 2008, primarily as a result of a decrease in project development fees in Fiscal 2009.

Project development fees

Project development fees in Fiscal 2009 of ₹ 47.30 million decreased by 78.17% from project development fees of ₹ 216.66 million in Fiscal 2008. The decrease in project development fees in Fiscal 2009 primarily occurred because of the general slow down in project development activities.

Other income

Other income in Fiscal 2009 amounted to ₹ 50.85 million, which represented a decrease of 33.08% over our other income of ₹ 75.99 million in Fiscal 2008. The decrease in other income was primarily the result of a decrease in interest income from ₹ 26.38 million in Fiscal 2008 to ₹ 7.45 million in Fiscal 2009 resulting from lower average bank balances and absence of any sale of long term investments in 2009, which accounted for majority of revenue in 2008. In addition, we received a profit on the sale of current investments of ₹ 52.63 million in Fiscal 2008, mainly resulting from the disposition of mutual fund units.

Expenditure

Our total expenditure amounted to ₹ 37.23 million in Fiscal 2009, which represented a decrease of 83.58% over our total expenditure of ₹ 226.79 million in Fiscal 2008 largely due to a reduction in interest and finance charges and salary expenses, and other expenses on account of reimbursement of interest received from project companies and rationalisation of employee costs. Our total expenditure as a percentage of total income was 37.93% in Fiscal 2009 as compared to 77.50% in Fiscal 2008.

The breakdown of total expenditure before tax is summarized below:

Employee cost, administrative and other expenses

Our employee cost, administrative and other expenses equalled ₹ 21.37 million in Fiscal 2009, which represented a decrease of 72.48% from employee and administrative expenses of ₹ 77.65 million in Fiscal 2008. At March 31, 2009, we had 57 permanent employees, 69 contractual employees and 8 consultants, compared to 54 permanent employees, 56 contractual employees and 10 consultants at March 31, 2008. The reduction in employee cost was on account of rationalisation of employee salaries due to adverse economic conditions.

Earnings before interest, depreciation and tax

As a result of the foregoing, our earnings before interest, depreciation and tax decreased from ₹ 215 million in Fiscal 2008 to ₹ 76.78 million in Fiscal 2009, which represented a decrease of 64.29%.

Interest and finance charges

Interest and finance charges were ₹ 2.23 million in Fiscal 2009, a decrease of 98.38%, from interest and finance charges of ₹ 137.38 million in Fiscal 2008. The decrease was primarily due to reimbursements received by the Company in Fiscal 2009 from project companies. The loan taken in 2009 was primarily for the development of various projects, and as a result, the accrued interest was charged to project companies.

Depreciation

Depreciation was ₹ 13.63 million in Fiscal 2009, an increase of 15.90% from depreciation of ₹ 11.76 million in Fiscal 2008. The increase was primarily a result of an increase in fixed assets through the purchase of vehicles.

Profit before tax

Our profit before tax in Fiscal 2009 was ₹ 60.92 million, a decrease of 7.50% over our profit before tax of ₹ 65.86 million in Fiscal 2008 due to reasons stated above.

Provision for tax

We provided for ₹ 1.00 million of current tax in Fiscal 2009, compared to ₹ 68.67 million of current tax in Fiscal 2008. We provided for ₹ 0.95 million of fringe benefit tax in Fiscal 2009, compared to ₹ 1.64 million of fringe benefit tax in Fiscal 2008.

Net profit after tax before consolidated share in the profit/(loss) of Associates and minority interests

As a result of the foregoing, our net loss after tax before consolidated share in the profit/(loss) of Associates and minorities interest changed from a net loss of ₹ 4.45 million in Fiscal 2008 to a net profit of ₹ 58.97 million in Fiscal 2009.

Consolidated shares in the profit/(loss) of Associates and minority interests

We had a consolidated share in the profit of Associates of ₹ 2.66 million in Fiscal 2008 compared to our consolidated share in the loss of Associates of ₹ 41.25 million in Fiscal 2009. These losses were primarily due to losses in the books of Urban Infrastructure of ₹ 53.48 million partially offset by profits from PSL and Horizon Countrywide Logistics Limited. Further, we also had a minorities interest of ₹ 0.21 million in Fiscal 2008.

Net profit/(loss) after tax and prior period adjustments and consolidated share in the profit/(loss) of Associates and minorities interest

As a result of the foregoing, we had a net profit after tax and consolidated share in the profit of Associates and minorities interest of ₹ 17.72 million in Fiscal 2009 compared to a net loss of ₹ 2.00 million in Fiscal 2008.

Liquidity and Capital Resources

We have historically satisfied our working capital needs through bank borrowings, including working capital facilities. At December 31, 2010, we did not have any committed and undrawn credit facilities for capital requirements. On February 8, 2011, we received ₹ 166.50 million from the proceeds of the sale of a 7.05% stake in NHIL to an affiliate. In addition, we received ₹ 38.44 million from the issue of 106,775 equity shares on November 27, 2010, on a preferential allotment basis.

Post December 31, 2010 our Company raised ₹ 2,167.69 million by issue of 20,798,098 Equity Shares comprising, 56,930 Equity Shares at ₹ 360 per Equity Share to private investors, issue of 8,241,168 Equity Shares to IFCI upon conversion at ₹ 245.38 per Equity Share and 12,500,000 Equity Shares at the par value of ₹ 10 per share to the SKIL Group Employee Welfare Trust 2011.

We have liquidity needs from our short-term and long-term debt maturities, including maturities of ₹ 4,180.15 million outstanding (excluding vehicle loans) as on the date of this Draft Red Herring Prospectus which are repayable in the Fiscal 2012. Such maturities include debt maturities of ₹ 1,500 million under a loan agreement with IFCI due July 09, 2011, which will need to be refinanced or extended prior to the completion of this Issue. These maturities may be refinanced by pre-IPO financing or IPO proceeds or otherwise as determined by us. We and our Specified Affiliates may also be required to re-finance any borrowings we and they have from time to time.

Net Cash Flows and Outflows

The following table presents our consolidated cash flow data for the periods indicated:

(₹ in mn.)

	Nine months ended December 31, 2010	Fiscal 2010	Fiscal 2009	Fiscal 2008
Net cash generated from/(used in)operating activities	(1,738.54)	3,123.27	(1,179.09)	1,590.20
Net cash generated from/(used in) investing activities	(6,953.21)	(8,476.62)	(1,354.10)	(1,376.53)
Net cash generated from/(used in)financing activities	7,793.21	6,359.93	2,603.51	(213.71)
Net increase/(decrease) in cash and cash equivalents	(898.54)	1,006.58	70.32	(0.04)

Net Cash from Operating Activities

Net cash from or used in operating activities includes flows and outflows from changes in operating assets and liabilities, trade and other receivables and trade payables.

Net cash used in operating activities for the nine months ended December 31, 2010 was ₹ 1,738.54 million. Our working capital adjustments were ₹ 1,630.68 million, primarily consisting of cash outflows from trade payables of ₹ 1,889.88 million and cash from trade and other receivables of ₹ 259.20 million.

Net cash from operating activities was ₹ 3,123.27 million in Fiscal 2010. Our working capital adjustments were ₹ 3,144.47 million, primarily consisting of cash from trade payables of ₹ 2,620.79 million and cash from trade and other receivables of ₹ 523.67 million.

Net cash used in operating activities was ₹ 1,179.09 million in Fiscal 2009. Our working capital adjustments were ₹ 1,199.72 million, primarily consisting of cash outflows from trade payables of ₹ 696.74 million and cash outflows from trade and other receivables of ₹ 502.98 million.

Net cash from operating activities was ₹ 1,590.20 million in Fiscal 2008. Our working capital adjustments were ₹ 1,495.95 million, primarily consisting of cash from trade payables of ₹ 532.21 million and cash from trade and other receivables of ₹ 963.74 million.

Net Cash from Investing Activities

Net cash used in investing activities includes funds paid in connection with our capital expenditures and net cash inflows and outflows from other investments.

Net cash used in investing activities for the nine months ended December 31, 2010 was ₹ 6,953.21 million. This mainly reflected purchases of fixed assets and capital work-in-progress of ₹ 410.00 million, purchases of long-term investments of ₹ 6,469.51 million and advances paid towards share application money of ₹ 193.15 million. In this period we purchased 164.37 million equity shares of PSL, 4 million equity shares of Everonn Education Limited, and 6.85 million equity shares of NHIL.

Net cash used in investing activities was ₹ 8,476.62 million in Fiscal 2010. This mainly reflected purchases of fixed assets and capital work-in-progress of ₹ 600.69 million, purchases of long-term investments of ₹ 6,925.25 million and advances paid towards share application money of ₹ 1,021.14 million.

Net cash used in investing activities was ₹ 1,354.10 million in Fiscal 2009. This mainly reflected purchases of long-term investments of ₹ 1,373.28 million.

Net cash used in investing activities was ₹ 1,376.53 million in Fiscal 2008. This mainly reflected purchases of fixed assets and capital work-in-progress of ₹ 701.24 million and purchases of long-term investments of ₹ 1,015.95 million which mainly include investments of ₹ 540.00 million in Urban Infrastructure Holdings Private

Limited, ₹ 351.48 million in Horizon Countrywide Logistics Limited and ₹. 200.00 million in Mumbai SEZ Limited.

Net Cash from Financing Activities

Net cash used in financing activities includes inflows and outflows from borrowings and interest and finance charges paid.

Net cash from financing activities for the nine months ended December 31, 2010 was ₹ 7,793.21 million. This mainly reflected proceeds from long-term borrowings of ₹ 6,413.62 million, proceeds from issue of share capital of ₹ 999.03 million, proceeds from short-term borrowings of ₹ 1,500 million, which were partially offset by interest and finance charges of ₹ 1,119.04 million.

Net cash from financing activities was ₹ 6,359.93 million in Fiscal 2010. This reflected proceeds from long-term borrowings of ₹ 6,605.57 million and advances against share application money received of ₹ 854.86 million partially offset by repayment of long-term borrowings of ₹ 1,129.95 million.

Net cash from financing activities was ₹ 2,603.51 million in Fiscal 2009. This reflected proceeds from long-term borrowings of ₹ 1,080.52 million and issue of preference shares of ₹ 2,000 million to private investors partially offset by repayment of long-term borrowings of ₹ 467.51 million and interest paid of ₹ 1.58 million.

Net cash used in financing activities was ₹ 213.71 million in Fiscal 2008. This reflected share issue expenses of ₹ 12.42 million, interest and financial charges of ₹ 134.09 million, proceeds from long-term borrowings of ₹ 25.90 million, and repayment of long-term borrowings of ₹ 93.10 million.

Indebtedness

Our total indebtedness at December 31, 2010 was ₹ 14,901.43 million, consisting of secured loans, bearing interest at a weighted average interest rate of 13.90% per annum. Our indebtedness increased primarily because of additional borrowings necessary to meet our capital expenditure on various infrastructure projects and in order to finance the acquisition of shares of PSL and Everonn Education Limited.

The following table sets forth information regarding our indebtedness at December 31, 2010:

(₹ in mn.)

	Amount Outstanding	Maturity Period			
		Less than 1 year	1-3 years	3-5 years	After 5 years
Long Term Loans					
From Banks	3,500.00	-	3,500.00	-	-
From Financial Institutions	2,150.00	-	2,150.00	-	-
Inter Corporate Deposits	4,363.63	1,280.16	3,083.47	-	-
Short Term Loans					
From Banks	3,000.00	3,000.00	-	-	-
From Financial Institutions	1,500.00	1,500.00	-	-	-
Others – Interest Accrued	364.72	364.72	-	-	-
Vehicle Loans	23.08	1.43	10.45	11.20	-
Total Indebtedness	14,901.43	6,146.31	8,743.92	11.20	-

Capital Commitments

The following table sets forth our contractual obligations and commitments to make future payments under contractual obligations and commitments as at December 31, 2010:

(₹ in mn.)

	Amount	Maturity Period

	Outstanding	Less than 1 year	1-3 years	3-5 years	After 5 years
Total indebtedness	14,901.43	6,146.31	8,743.92	11.20	-
Estimated amount of contracts remaining to be executed on Capital Accounts and not provided for (net of advances)	116.26	38.75	77.51	-	-
Total contractual obligations	**15,017.69**	**9,267.10**	**5,750.59**	**-**	**-**

The amounts shown in the table above represent contractual obligations as at December 31, 2010. Our actual expenditures for various items and periods may substantially exceed the amounts shown above due to commitments entered into after December 31, 2010 and other factors. We intend to fund our contractual obligations and commitments from additional debt, equity, loans and advances from group, dividend, development fee, to finance all or a portion of our contractual obligations and commitments.

Contingent Liabilities

The following table sets forth the principal components of our contingent liabilities as at December 31, 2010, March 31, 2010, 2009, and 2008:

(₹ in mn.)

	At December 31, 2010	At March 31, 2010	At March 31, 2009	At March 31, 2008
Corporate guarantees given on behalf of others	39,052.36	40,713.07	28,246.33	8,461.00
Demands not acknowledged as debts	-	-	-	-
Income tax	52.00	13.63	-	-
Total	**39,104.36**	**41,726.70**	**28,246.33**	**8,461.00**

Selected Balance Sheet Items

Fixed assets

Our total fixed assets after depreciation were ₹ 151.42 million, ₹ 154.26 million, ₹ 151.81 million and ₹ 59.84 million at December 31, 2010, March 31, 2010, March 31, 2009 and March 31, 2008, respectively. Our fixed assets primarily consist of vehicles, office equipment and furniture and fixtures. Gross fixed assets increased by 7.19% from Fiscal 2009 to Fiscal 2010. This increase was mainly due to our addition of vehicles. Gross fixed assets increased by 97.87% from Fiscal 2008 to Fiscal 2009. This increase was mainly due to our addition of vehicles and the acquisition of assets by our Subsidiary, SKIL Himachal.

Capital work-in-progress

Our total capital work-in-progress was ₹ 1,315.27 million, ₹ 915.98 million, ₹ 331.22 million and ₹ 1,331.60 million at December 31, 2010, March 31, 2010, March 31, 2009 and March 31, 2008, respectively. Capital work-in-progress consists of capital expenditure incurred in project companies.

Investments

Our investments were ₹ 32,055.08 million, ₹ 21,131.42 million, ₹ 6,658.88 million and ₹ 4,944.23 million at December 31, 2010, March 31, 2010, March 31, 2009 and March 31, 2008, respectively. Investments which are classified as available for sale and have a market price are re-measured at fair value on the balance sheet date.

Reserves

Our reserves were ₹ 14,295.71 million, ₹ 9,982.28 million, ₹ 2,412.44 million and ₹ 2,261.37 million at December 31, 2010, March 31, 2010, March 31, 2009 and March 31, 2008, respectively. Reserves increased because of the increase of mark to market value of investments in accordance with Accounting Standard 30.

Current assets and current liabilities

The following sets out details of our current assets and current liabilities as at the dates indicated:

(₹ *in mn.)*

	As at December 31,	As at March 31,		
	2010	2010	2009	2008
Current assets				
Sundry debtors	55.53	23.96	47.30	-
Cash and bank balances	188.50	1,087.04	80.46	10.14
Loans and advances	1,527.67	1,635.58	1,118.25	796.19
Total current assets	**1,771.70**	**2,746.58**	**1,246.01**	**806.33**
Current liabilities and provisions				
Current liabilities	2,775.16	3,749.63	238.78	1,224.32
Provisions	32.27	44.03	39.97	44.76
Total current liabilities	**2,807.43**	**3,793.66**	**278.75**	**1,269.08**
Net current assets	(1,035.73)	(1,047.08)	967.26	(462.75)

Sundry debtors

Sundry debtors consist principally of project development fees receivables. Our sundry debtors amounted to ₹ 55.53 million, ₹ 23.96 million, ₹ 47.30 million as at December 31, 2010, March 31, 2010, and March 31, 2009, respectively. We did not have any sundry debtors as at March 31, 2008.
The following table sets out the aging analysis of our sundry debtors as of the dates indicated:

(₹ *in mn.)*

	As at December 31, 2010	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008
Aging analysis of sundry debtors				
Six months or less	32.33	23.96	47.30	-
Over six months	23.20	-	-	-
Total sundry debtors	**55.53**	**23.96**	**47.30**	**-**

Cash and bank balances

Our cash and bank balances amounted to ₹ 188.50 million, ₹ 1,087.04 million, ₹ 80.46 million and ₹ 10.14 million at December 31, 2010, March 31, 2010, March 31, 2009 and March 31, 2008, respectively.

Loans and advances

Our total loans and advances were ₹ 1,527.67 million, ₹ 1,635.58 million, ₹ 1,118.25 million and ₹ 796.19 million at December 31, 2010, March 31, 2010, March 31, 2009 and March 31, 2008, respectively. Loans and advances primarily include loans and advances to project SPVs (share application monies) and others. The increase in loans and advances from Fiscal 2009 to Fiscal 2010 and from Fiscal 2008 to Fiscal 2009 was primarily due to increase in project expenditure, which forms a part of share application money given to project SPVs.

Current liabilities and provisions

Our current liabilities and provisions were ₹ 2,807.43 million, ₹ 3,793.66 million, ₹ 278.75 million and ₹ 1,269.08 million as of December 31, 2010, March 31, 2010, March 31, 2009 and March 31, 2008, respectively.

Our current liabilities consist primarily of sundry creditors, other liabilities, interest accrued but not due, and advances against share application money.

The following table sets out our current liabilities as of the dates indicated:

(₹ in mn.)

	As of December 31, 2010	As of March 31, 2010	As of March 31, 2009	As of March 31, 2008
Current liabilities:				
Sundry creditors	69.84	2820.47	112.78	246.11
Other liabilities	892.40	34.85	123.71	975.54
Interest accrued but not due	9.80	39.46	2.30	2.68
Advances against share application money	1,803.11	854.85		
Total current liabilities	**2,775.16**	**3,749.63**	**238.78**	**1,224.32**

Our current liabilities increased from ₹ 238.78 million as at March 31, 2009 to ₹ 3,749.63 million as at March 31, 2010, primarily due to amounts payable in connection with the acquisition of PSL shares from another significant shareholder and the public and the receipt of advances against share application money. Our current liabilities decreased from ₹ 1,224.32 million as at March 31, 2008 to ₹ 238.78 million as at March 31, 2009, primarily due to repayment of loans and advances received.

Our provisions comprise gratuity and taxation. The following table sets out our provisions as of the date indicated:

(₹ in mn.)

	As of December 31, 2010	As of March 31, 2010	As of March 31, 2009	As of March 31, 2008
Provisions for:				
Gratuity	6.40	5.00	3.02	0.37
Taxation	25.87	39.03	36.95	44.39
Total provisions	**32.27**	**44.03**	**39.97**	**44.76**

Quantitative and Qualitative Disclosures about Market Risk

Interest Rate Risk

We are exposed to interest rate risk primarily as a result of loans from commercial banks, financial institutions and non-banking financial companies. We had ₹ 14,901.43 million in loans that are subject to floating rates of interest as of December 31, 2010, which exposes us to market risk as a result of changes in interest rates. Upward fluctuations in interest rates would increase the cost of new debt and interest cost of outstanding variable rate borrowings. In addition, any increase in interest rates could adversely affect our ability to service long-term debt, which would in turn adversely affect our results of operations.

Inflation

According to the Department of Economic Affairs of the Ministry of Finance, India's annual overall inflation rate as measured in terms of wholesale price index (all commodities) was approximately 9.90% in 2010, 8.41% in 2009 and 7.61% in 2008.

Analysis of Certain Changes

Significant developments after December 31, 2010 that may affect the future of our operations

The significant developments occurring after December 31, 2010 that may effect the results of our operations are discussed above under the heading "*Recent Developments*".

Unusual or infrequent events or transactions

To our knowledge there have been no unusual or infrequent events or transactions that have taken place during the last three years other than as described herein.

Significant economic changes

Our business has been subject, and we expect it to continue to be subject, to significant economic changes arising from the trends identified above in "*Factors Affecting our Results of Operations*" and the uncertainties described in the section entitled "*Risk Factors*" beginning on page 14. To our knowledge, except as we have described in this Draft Red Herring Prospectus, there are no known factors which we expect to bring about significant economic changes.

Known trends or uncertainties

Our business has been affected, and we expect to continue to be affected, by the trends identified above in "*Factors Affecting our Results of Operations*" and the uncertainties described in the section entitled "*Risk Factors*" beginning on page 14. To the best of our knowledge and belief, except as we have described in this Draft Red Herring Prospectus, there are no known material factors which we expect to have a material adverse impact on our revenues or income from continuing operations for the nine months ended December 31, 2010.

Future relationship between expenditure and revenues

Except as described in "*Risk Factors*", "*Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" beginning on page 14, 163 and 544, respectively, to the best of our knowledge and belief there is no future relationship between expenditure and income that will have a material adverse impact on the operations and finances of our Company.

Increase in our revenue

We anticipate expanding our businesses with the development of a variety of projects, which will add to our ability to generate revenue. For more details please refer to the section titled "*Business*" beginning on page 163.

Significant regulatory changes

Except as described in the section titled "*Key Regulations and Policies*" beginning on page 188 there have been no significant regulatory changes that we expect could affect our income from continuing operations.

New products or business segments

We may explore other business opportunities, which would allow us to leverage on our business. For more details please refer to the section titled "*Business – Our Strategy*" beginning on page 163.

Seasonality of business

The revenues and results of our Subsidiaries, Associates and Investments may be affected by seasonal factors. Further, some of the consumers of our Subsidiaries, Associates and Investments may be engaged in businesses which are cyclical in nature and a downturn in demand by such consumers could reduce our revenue during such periods.

Significant dependence on single or few suppliers or customers.

We do not depend on a single or few suppliers or customers.

Competitive conditions

We expect to face the competitive conditions described in "*Business*" and in the section entitled "*Risk Factors*" beginning on pages 163 and 14.

FINANCIAL INDEBTEDNESS

Our Company and our Subsidiaries utilize various credit facilities from banks and financial institutions, for conducting their business.

As on March 31, 2011, neither our Company nor our Subsidiaries, have any unsecured borrowings.

This section pertains to secured borrowings of our Company and its Subsidiaries and has been broadly classified as under:

I *Secured borrowings of our Company*
II Secured borrowings of our Subsidiaries
III *Common Restrictive Covenants*

Brief details of these facilities are as under:

I. Secured borrowings of our Company

As at March 31, 2011, our Company's secured borrowings excluding vehicle loans amounted to ₹ 13,513.63 million. Set forth below is a brief summary of our financing arrangements as on March 31, 2011.

1. Line of credit of up to ₹1,850 million and term loan of up to ₹1,100 million granted by IL&FS Financial Services Limited ('IFIN')

Loan Documentation	a) Sanction letter by IFIN dated March 17, 2010; b) Sanction letter by IL & FS dated March 17, 2010* **IL & FS had granted our Company the term loan facility of Rs 1,100 million vide Sanction letter dated March 17, 2010 and Loan Agreement dated March 22, 2010. The same was assigned to IFIN vide the Deed of Assignment of Loan dated September 27, 2010*
Drawn-down amount as on March 31, 2011	₹ 2,950 million
Outstanding principal amount as on March 31, 2011	₹ 2,150 million
Interest Rate	IFIN long term Benchmark Lending Rate less 250 bps, payable quarterly
Security	1. Pledge/charge of the following listed/unlisted equity shares on *pari passu* basis along with IFCI (for the outstanding loan facility of ₹ 1,500 million), SIFL (for the outstanding loan facility of ₹ 1,500 million), JFPPL (for the outstanding loan facility of ₹ 900 million) ECL and IFIN (for the outstanding loan facilities of ₹ 1,000 million and ₹ 500 million respectively granted to SSHPL) a) 129,360,538 equity shares representing 19.43% of the paid up share capital of PSL of which our Company has pledged 14.93% (99,400,538 equity shares) and SSHPL has pledged 4.5% (29,960,000 equity shares) b) 66,277,125 equity shares representing 26% share holding of our Company held by MIL 2. Pledge/charge of the following listed/unlisted equity on pari passu basis along with IFCI (for the outstanding loan facility of ₹ 1,500 million) and ECL (for the outstanding loan facility of ₹ 1,000 million granted to SSHPL) a) 63,728,000 equity shares representing 25% shares of our Company of which MIL has pledged 9.8 % (24,910,510 equity shares) and Mr. Nikhil Gandhi and Mr. Bhavesh Gandhi have pledged 15.2 % (38,817,490 equity shares) as partners of M/s Metropolitan Industries; b) 2,914,500 equity shares representing 99.98% shareholding of Montana Infrastructure Limited held by Mr. Nikhil Gandhi (1,500 equity shares representing 0.05%), Mr. Bhavesh Gandhi (1,500 equity shares representing 0.05%) and M/s. Metropolitan Industries (represented by Mr. Nikhil Gandhi and Mr. Bhavesh Gandhi) (2,911,500 equity shares representing 99.88%); c) 5,430,964 equity shares representing 51% of the paid up share capital of HIL held

	by our Company and members of the Promoter Group; d) 40,239,980 equity shares representing 48.40% equity of GPPCL held by our Company; e) 47,049,300 equity shares representing 99.98% equity shares of SKIL-Himachal held by our Company; and f) 63,295,494 equity shares representing 46.40% equity of HCWLL held by our Company; g) Negative lien on the unlisted equity of MSL held by our Company and NMSPL held by our Company through UIHPL; h) 100% partnership interest of Mr. Nikhil Gandhi and Mr. Bhavesh Gandhi in Metropolitan Industries; 3. *Pari passu* charge in favour of IFIN of all monies lying in the debt service reserve account; 4. Demand promissory note in favour of IFIN for principal and interest (exclusive of interest tax) payable quarterly in arrears; 5. Irrevocable and unconditional personal guarantee from Mr. Nikhil Gandhi; and 6. Post dated cheque for repayment of principal and interest amount given by our Company.
Tenor	Up to 30 months from the date of first disbursement.
Repayment schedule	Bullet repayment at the end of the tenor or on exercise of put option which may be exercised at the end of 12 months or 18 months or 24 months from the date of first disbursement.
Prepayment	*Compulsory Prepayment:* (a) any amount realized by our Company from sale of its equity share holding in PSL, at any time during the tenor of the facility, shall be used to compulsory prepay or part-prepay the facility; (b) any amount raised by our Company through placement of its equity or equity related instrument, at any time during the tenor of the facility, shall be used to compulsory prepay or part-prepay the facility. *Other Prepayment:* In addition to compulsory prepayment above, the IFIN shall agree to prepay or part-prepay the facility on mutually agreeable terms and conditions.
Negative Lien	An event of default, will entitle the IL&FS Trust Company Limited, as trustee, to exercise a senior negative lien in respect of all unencumbered assets of our Company, which could not have been otherwise disposed of or dealt with.
Certain Restrictive Covenants	During the currency of the facility and until amounts payable by our Company to IFIN remains outstanding, our Company shall not without the prior written consent of the IFIN, *inter alia*: a) Avail of parallel or double finance or any alternate additional finance from any other lender or bank; and b) In case of an event of default the IFIN shall have a right to appoint and remove from time to time one nominee director on the Board of our Company.

2. *Short Term Rupee Loan of up to ₹1,500 million granted by IFCI Limited ('IFCI')*

Loan Documentation	Sanction Letter dated May 21, 2010
Drawn-down amount as on March 31, 2011	₹ 1,500 million
Outstanding principal amount as on March 31, 2011	₹ 1,500 million
Interest Rate	13.50% per annum payable monthly on the principal amount of loan outstanding from time to time.

Security	1. Pledge/charge of the following listed/unlisted equity on pari passu basis along with IFIN (for the outstanding loan facility of ₹ 2,150 million), SIFL (for the outstanding loan facility of ₹ 1,500 million), JFPPL (for the outstanding loan facility of ₹ 900 million), ECL and IFIN (for the outstanding loan facilities of ₹ 1,000 million and ₹ 500 million respectively granted to SSHPL) a) 129,360,538 equity shares representing 19.43% of the paid up share capital of PSL of which our Company has pledged 14.93% (99,400,538 equity shares) and SSHPL has pledged 4.5% (29,960,000 equity shares) b) 66,277,125 equity shares representing 26% share holding of our Company held by MIL 2. Pledge/charge of the following listed/unlisted equity on pari passu basis along with IFIN (for the outstanding loan facility of ₹ 2,150 million), ECL (for the outstanding loan facility of ₹ 1,000 million granted to SSHPL) a) 63,728,000 equity shares representing 25% shares of our Company of which MIL has pledged 9.8 % (24,910,510 equity shares) and Mr. Nikhil Gandhi and Mr. Bhavesh Gandhi have pledged 15.2 % (38,817,490 equity shares) as partners of M/s Metropolitan Industries; b) 2,914,500 equity shares representing 99.98% shareholding of Montana Infrastructure Limited held by Mr. Nikhil Gandhi (1,500 equity shares representing 0.05%), Mr. Bhavesh Gandhi (1,500 equity shares representing 0.05%) and M/s. Metropolitan Industries (represented by Mr. Nikhil Gandhi and Mr. Bhavesh Gandhi) (2,911,500 equity shares representing 99.88%); c) 5,430,964 equity shares representing 51% of the paid up share capital of HIL held by our Company and members of the Promoter Group d) 40,239,980 equity shares representing 48.40% equity of GPPCL held by our Company; e) 47,049,300 equity shares representing 99.98% equity shares of SKIL-Himachal held by our Company; and f) 63,295,494 equity shares representing 46.40% equity of HCWLL held by our Company; g) Negative lien on the unlisted equity of MSL held by our Company and NMSPL held by our Company through UIHPL; h) 100% partnership interest of Mr. Nikhil Gandhi and Mr. Bhavesh Gandhi in Metropolitan Industries. 3. Demand promissory note; 4. Post dated cheques for interest payment and undated cheques for repayment of principal amount; and 5. Irrevocable and unconditional personal guarantee from Mr. Nikhil Gandhi.
Repayment schedule	Bullet payment at the end of 12 months from the date of first disbursement.
Prepayment	If the loan is pre-paid within 6 months from the date of disbursement, prepayment premium of 2% on the amount being pre-paid shall be payable. If the loan is pre-paid after 6 months from the date of disbursement, no prepayment premium shall be payable provided 15 days notice has been given to IFCI by our Company.
Certain Restrictive Covenants	Without the prior approval of IFCI, *inter alia*: (a) Our Company shall not utilize the assistance availed from IFCI for speculative purposes or for trading in stock exchanges; (b) The pledged shares shall at any time be free from any encumbrances, lien or restriction including due to any merger or acquisition; (c) In case of an event of default IFCI shall have a right to appoint and remove from time to time one nominee director on the Board of our Company; (d) Issue any debentures, raise any loans, accept deposits from the public, issue equity or preference capital, change its capital structure or create any charge on its assets or give any guarantee except for normal trade guarantees or temporary loans and advances in the ordinary course of business; and (e) Our Company shall not declare dividend to the equity shareholders in excess of 15% or the average of the dividend paid in the three preceding years, whichever is higher.

3. Loan of up to ₹1,500 million granted by Indiainfoline Investments Services Limited ("IISL"); (2) Loan of up to ₹1,000 million granted by Religare Finvest Limited ("RFL"); (3) Loan of up to ₹1,500 million granted by ECL Finance Limited ("ECL"); (4) Loan of up to ₹ 1,250 million granted by SREI

Infrastructure Finance Limited ("SIFL"); (5) Loan of up to ₹ 800 million granted by JM Financial Products Private Limited ("JFPPL") (Collectively referred to as "Lenders")

<table>
<tr><td>Loan Documentation</td><td colspan="3">a) Sanction Letter from IISL dated March 25, 2010;
b) Sanction Letters from RFL, ECL and SIFL dated March 26, 2010;
c) Sanction Letter from JFPPL dated March 27, 2010;</td></tr>
<tr><td rowspan="7">Drawn-down amount as on March 31, 2011</td><td>Sr. No.</td><td>Name of Lender</td><td>Amount Drawn- down (₹ in mn.)</td></tr>
<tr><td>1.</td><td>IISL</td><td>263.05</td></tr>
<tr><td>2.</td><td>RFL</td><td>175.36</td></tr>
<tr><td>3.</td><td>ECL</td><td>394.57</td></tr>
<tr><td>4.</td><td>SIFL</td><td>306.89</td></tr>
<tr><td>5.</td><td>JFPPL</td><td>140.29</td></tr>
<tr><td>TOTAL</td><td></td><td>1,280.16</td></tr>
<tr><td rowspan="7">Outstanding principal amount as on March 31, 2011</td><td>Sr. No.</td><td>Name of Lender</td><td>Amount outstanding (₹ in mn.)</td></tr>
<tr><td>1.</td><td>IISL</td><td>263.05</td></tr>
<tr><td>2.</td><td>RFL</td><td>175.36</td></tr>
<tr><td>3.</td><td>ECL</td><td>394.57</td></tr>
<tr><td>4.</td><td>SIFL</td><td>306.89</td></tr>
<tr><td>5.</td><td>JFPPL</td><td>140.29</td></tr>
<tr><td>TOTAL</td><td></td><td>1,280.16</td></tr>
<tr><td>Interest Rate</td><td colspan="3">Minimum of 15% per annum. To be revised on January 1, April 1, July 1, and October 1, of every year on the basis of the then prevailing BMLR plus 800 bps. (BMLR is the average yield of six months commercial paper of a NBFC with a minimum rating of P1+ or equivalent by any of the rating agency operating in India for the immediate preceding 7 days from the respective reset date).</td></tr>
<tr><td>Security held on pari passu basis with IISL (for outstanding loans amount of ₹ 263.05 million), RFL (for outstanding loans amount of ₹ 175.36 million), ECL (for outstanding loans amount of ₹ 394.57 million), SIFL (for outstanding loans amount of ₹ 306.89 million) & JFPPL (for outstanding loans amount of ₹ 140.29 million)</td><td colspan="3">1. Pledge of 25,010,647 fully paid up equity shares representing 3.76% of PSL held by our Company;
2. Pledge of 63,728,003 equity shares representing 25% of equity share capital of our Company in dematerialised form held by M/s. Metropolitan Industries (represented by Mr. Nikhil Gandhi and Mr. Bhavesh Gandhi);
3. First charge by way of mortgage of land admeasuring about 151.426 acres or thereabouts situated at Borgaon, taluka Pen, district Raigad, State of Maharashtra owned by MKIPL;
4. The security interest in the form and manner acceptable to the Lenders on all the shares acquired under the open offer having minimum market value of not less than the outstanding obligations under the facility;
5. Demand promissory note by our Company;
6. Irrevocable and unconditional personal guarantee from Mr. Nikhil Gandhi; and
7. Post dated cheques for interest payment and undated cheques for repayment of principal amount.

Continuing Security

8. The security interest created in favour or for the benefit of the Lenders shall be and remains a continuing security to the Lenders and accordingly shall:
(a) Extend to cover the outstanding obligations under the Facility in full;
(b) Not be discharged by any intermediate payment by our Company or any settlement of accounts between our Company and the Lenders;
(c) Be in addition to and not in substitution for or derogation of any other security which the Lenders may at any time hold in respect of the obligations; and
(d) Be a security for all amounts due and payable by our Company to the Lenders, whether under the facility or otherwise.</td></tr>
<tr><td>Repayment schedule</td><td colspan="3">End of 18 months period commencing from draw down date.</td></tr>
<tr><td>Prepayment</td><td colspan="3">Mandatory prepayment: Our Company shall prepay or procure the prepayment of the obligations under the facility within one business day of receipt of written notice in the event of:
a) Sale of shares of PSL by our Company or the Promoters; or
b) Any dilution of their shareholding by the Promoters in our Company or any</td></tr>
</table>

	equity or quasi-equity infusion in our Company. *Prepayment:* Allowed either in full or in multiple of ₹ 300 million by giving 5 business days prior notice in writing to lenders and facility agent. A prepayment fee of 0.5% on the amount being repaid will be levied on any prepayment prior to the expiry of six months from the date of disbursement. The prepayment shall be made to each of the Lenders pro rata to the amounts outstanding to such Lender as a proportion to the total outstanding obligations of our Company under the facility.
Certain Restrictive Covenants	During the currency of facility and until amounts payable by our Company to the Lenders remains outstanding, our Company shall not without the prior written consent of the Lenders, *inter alia*: (a) Close any bank accounts or effect any change in the authorized signatories upon which the post dated cheques for interest and principal repayment have been issued to the Lenders or the facility agent; (b) Change the banking instructions (including the bank account indicated for crediting the dividend) given to the security company in respect to the pledged shares tendered shares; (c) Do, cause or permit to be done anything, which may in any way dilute, diminish, jeopardize or otherwise prejudice the security interest created pursuant to the finance documents; (d) Allow or permit the Promoters to divest or dilute their shareholding below level of the effective date; (e) Withdraw or suspend the open offer; (f) Contract secured borrowing or issue secured debenture in excess of ₹ 2,000 million; (g) In case of an event of default the Lenders shall have a right to appoint and remove from time to time one nominee director on the Board of our Company; (h) Effect any change, whether directly or indirectly, in the beneficial ownership or control or management of our Company whereby the control or management of our Company goes out of the Promoter's group; (i) Subscribe to and ensure that the obligors under the facility (other than guarantor and mortgagor) do not subscribe to the shares and other securities issued by the security companies on preferential basis; and (h) Issue any additional share capital (whether common or preference) or convertible security other than for the repayment of the obligations under the Facility.

4. *Loan of up to ₹1,250 million granted by ECL Finance Limited ("ECL"); (2) Loan of up to ₹2,100 million granted by Religare Finvest Limited ("RFL") (Collectively referred to as "Lenders")*

Loan Documentation	Sanction Letter from ECL dated July 19, 2010		
Drawn-down amount as on March 31, 2011	**Sr. No.**	**Name of Lender**	**Amount drawn-down (₹ in mn.)**
	1.	ECL	1,243.48
	2.	RFL	1,240.00
	TOTAL		**2,483.48**
Outstanding principal amount as on March 31, 2011	**Sr. No.**	**Name of Lender**	**Amount outstanding (₹ in mn.)**
	1.	ECL	1,043.48*
	2.	RFL	1,040.00*
	TOTAL		**2,083.48***
Interest Rate	Minimum of 13% per annum. To be revised on January 1, April 1, July 1, and October 1, of every year on the basis of the then prevailing Benchmark Lending Rate plus 600 bps.		
Security Security held on pari passu basis with ECL (for outstanding loan amount of ₹ 1,043.48 million) & RFL (for outstanding loan amount of ₹ 1,040 million)	1. Pledge of; (a) 30,000,000 fully paid up equity shares representing 4.51% of the equity share capital of PSL of which 20,000,000 (3%) equity shares have been pledged by SMPL and 10,000,000 (1.5%) equity shares have been pledged by our Company; (b) 4,000,000 equity shares representing 21.02% of the total equity share capital of EEL held by our Company.		

	2. Irrevocable and unconditional personal guarantee from Mr. Nikhil Gandhi; 3. Demand Promissory Note; and 4. Post dated cheques for interest payment and undated cheques for repayment of principal amount. *Continuing Security:* 5. The security interest created in favour or for the benefit of the lenders shall be and remains a continuing security to the lenders and accordingly shall: (a) extend to cover the outstanding obligations in full; (b) not be discharged by any intermediate payment by our Company or any settlement of accounts between our Company and the Lenders; (c) be in addition to and not in substitution for or derogation of any other security which the Lenders may at any time hold in respect of the obligations; and (d) be a security for all amounts due and payable by our Company to the lenders, whether under the facility or otherwise.
Repayment schedule	The loan is repayable on the last day of 24 months commencing from the draw-down date for subscription of OCDs of EEL.
Prepayment	*Mandatory Prepayment:* Our Company shall prepay the obligations under the facility within 1 business day in the event of sale of shares of EEL by our Company in excess of 5% of the paid up capital of EEL. *Prepayment:* Either in full or in multiple of ₹ 300 million. A prepayment fee of 0.5% on the amount being repaid within six months from the date of first drawdown will be levied and thereafter no prepayment fee shall be payable. The prepayment so made shall be irrevocable and the amount once prepaid shall not be re-borrowed.
Certain Restrictive Covenants	During the currency of facility and until amounts payable by our Company to the Lenders remains outstanding, our Company shall not without the prior written consent of the lenders, *inter alia*: (a) Effect any change, whether directly or indirectly, in the legal or beneficial ownership or control or management of our Company whereby the control or management of our Company goes out of Promoter's group; (b) Close any bank accounts or affect any change in the authorized signatories upon which the post dated cheques for interest and principal repayment have been issued to the Lenders or the facility agent; (c) Change the banking instructions (including the bank account indicated for crediting the dividend) given to the security company in respect to the pledged shares tendered shares; (d) Grant in favour of any other person any interest in or any option or other rights in respect of any of the pledged shares or any part thereof or the shares to be acquired under open offer or on conversion of OCDs or mortgaged properties other than those created under or pursuant to the terms of the finance documents; (e) Do, cause or permit to be done anything, which may in any way dilute, diminish, jeopardize or otherwise prejudice the security interest created pursuant to the finance documents; (f) Withdraw or suspend the open offer for any reason attributable to our Company; (g) Not create or attempt or agree to create or permit to arise or exist any security interest of any kind whatsoever over all or any part of the pledged shares or shares to be acquired in the open offer on conversion of OCDs or mortgaged properties other than those created under or pursuant to the terms of the finance documents or otherwise assign, transfer, deal with or dispose of in any manner all or any part of the pledged shares or charged assets; (h) Subscribe to and ensure that the obligors (other than the guarantor and mortgagor) do not subscribe to the shares and other securities issued by the security companies on preferential basis, save and except under the investment agreement; (i) Issue any additional share capital (whether common or preference) or convertible security other than for the purpose of repayment of the obligations under the facility;

	(j) Allow or permit the Promoters to divest or dilute their shareholding below level of the effective date; (k) Disinvest its holding in the security companies or support any move for merger or restructuring or change of management or control of any of the security company, save and except as provided in the investment agreement; and (l) Sell or dispose of any of its tangible assets or part thereof, save and except in the ordinary course of business. The proceeds from the sale of assets (after obtaining the consent of the financing parties) shall be used for repayment of the obligations under the facility.

**out of this amount outstanding, a sum of ₹237.50 million has been repaid to each of RFL and ECL as on the date of this Draft Red Herring Prospectus.*

5. Medium Term Loan of up to ₹1,500 million granted by CBI

Loan Documentation	Sanction Letter from CBI dated May 26, 2009.
Drawn-down amount as on March 31, 2011	₹ 1,500 million
Outstanding principal amount as on March 31, 2011	₹ 1,500 million
Interest Rate	Bank Prime Lending Rate + 1%, payable monthly.
Security	1. Mortgage on non agricultural land of 53.953 acres near Navi Mumbai in Pen region, district Raigad, owned by MKIPL; 2. Irrevocable and unconditional personal guarantee from Mr. Nikhil Gandhi; 3. Corporate Guarantee from MKIPL; 4. Post dated cheques for the principal amount of ₹ 1,500 million and interest amounts;
Tenor	36 months from the date of disbursement.
Repayment schedule	Bullet payment at the end of 36 months from the date of disbursement i.e., June 27, 2009.
Prepayment	Fee of 1% shall be charged if the facility is taken over by another bank or financial institution; otherwise waived.
Certain Restrictive Covenants	1. Our Company shall utilize the amounts advanced under the facility for the purpose of various infrastructure project development activities which includes ports, logistics, knowledge infrastructure projects etc. through the SPVs by lending such amounts as unsecured loans only and not through equity participation and for no other purpose; and 2. The amounts raised through the medium term loan shall not be invested in share market.

6. Short Term Loan of upto ₹3,000 million granted by Central Bank of India ("CBI")

Loan Documentation	a) Sanction Letter by CBI dated February 16, 2010; b) Modified Sanction Letter by CBI dated February 25, 2010.
Drawn-down amount as on March 31, 2010	₹ 3,000 million
Outstanding facility as on March 31, 2010	₹ 600 million*
Interest Rate	Benchmark Prime Lending Rate + 0.50%
Security	1. Irrevocable and unconditional personal guarantee from Mr. Nikhil Gandhi; 2. Corporate Guarantee from MKIPL; 3. Mortgage on: a) Non agricultural land admeasuring 56.94 acres situated at village Virani, taluka Pen, district Raigad, State of Maharashtra, owned by MKIPL, together with all the buildings and constructions thereon; and b) Land admeasuring 69.96 acres or thereabouts situated at village Borgaon, taluka Pen, district Raigad, State of Maharashtra, owned by MKIPL together with all the buildings and constructions thereon. c) Post dated cheques for repayment of principal and interest amount given by our Company

Repayment schedule	Repayable in bullet payment of ₹ 3,000 million within 12 months from the date of first disbursement
Prepayment	No prepayment fees in case the amounts are repaid out of project inflows and internal cash accruals. In all other cases, prepayment penalty of 1% or at such rate fixed by CBI shall be levied.
Certain Restrictive Covenants	During the currency of the facility and until amounts payable by our Company to CBI remains outstanding, our Company shall not without the prior written consent of CBI, *inter alia*: 1. Enter into any partnership, profit-sharing or royalty agreement (not including bonus paid to the employees of our Company royalties payable to foreign collaborators in the amounts or rates specified in agreements approved by CBI and the central government) or other similar arrangement whereby its income or profits are or might be shared with any other person, firm or company or enter into any management contract or similar arrangement whereby the business and operations of our Company are managed by any person, firm or company; 2. Directly or indirectly purchase, acquire or lease any property, assets or goods from, or sell, transfer or lease any property, assets or goods to any shareholder, director, officer, agent, employee or any company or body corporate or other body or association of persons in which any one or more of such shareholders, directors, officers, agents or employees of our Company has or hold, singly or jointly and directly or indirectly in the aggregate more than 2% beneficial interest; 3. Approach capital markets for mobilizing additional resources either in the form of debt or equity; 4. Create or permit the creation of any charge or lien on any assets of SKIL except as provided in the facility agreements; 5. Except as provided in the facility agreements, transfer, sell, mortgage, pledge, charge or create any lien, lease, leave and licence or tenancy or otherwise encumber any of the capital or fixed assets of SKIL, part with any of its assets, including machinery stores and machinery spares, both present and future; and 6. Make any drastic changes in its management set up.

**This loan has been fully repaid on April 26, 2011. This loan is no longer outstanding as on the date of this Draft Red Herring Prospectus.*

7. Term Loan of up to ₹2,000 million granted by CBI

Loan Documentation	Sanction letter from CBI dated August 18, 2010.
Drawn-down amount as on March 31, 2011	₹ 2,000 million
Outstanding principal amount as on March 31, 2011	₹ 2,000 million
Interest Rate	Base Rate + 4.50%, payable monthly.
Security	(a) Exclusive Mortgage on land admeasuring 11.485 acres near Navi Mumbai in Pen region, district Raigad, owned by MKIPL; (b) Extension of mortgage on existing security of non agricultural land of 53.953 acres near Navi Mumbai in Pen region, district Raigad, owned by MKIPL; (c) Extension of Mortgage on existing security of non-agricultural land admeasuring 56.94 acres situated at Village Virani, Taluka Pen, District Raigad, State of Maharashtra; owned by MKIPL; (d) Extension of Mortgage on existing security on land admeasuring 69.96 acres situated at Village Borgaon, Taluka Pen, District Raigad, State of Maharashtra, owned by MKIPL together with all the buildings and constructions thereon; (e) Personal guarantee from Mr. Nikhil Gandhi; (f) Corporate Guarantee from MKIPL; and (g) Post dated cheques given by our Company
Tenor	Door to door tenor – 36 months.
Repayment schedule	Repayable in bullet payment at the end of the 36 months from the date of first disbursement.
Prepayment	Allowed at the absolute discretion of CBI, subject to a notice of 30 days in writing. Fee

	of 1% or any rate that the bank may fix from time to time on the amount prepaid shall be changed if the said facility is taken over by another bank or financial institution; otherwise waived.
Certain Restrictive Covenants	a) Our Company shall not utilize the amounts raised through term loan to invest in share market; b) Our Company shall not repay to promoters, partners, directors, shareholders and their relatives and friends in the business of our Company or by way of deposits, loans or share application money etc. brought in by them; c) During the term of the said facility and until amounts payable by our Company to CBI remains outstanding our Company shall not approach capital market for mobilizing additional resources either in the form of debt or equity; (d) Create or permit the creation of any charge or lien on any assets of our Company except as provided in the facility agreements; (e) Enter into any partnership, profit sharing or royalty agreement (not including bonus paid to the employees of our Company, royalties payable to foreign collaborators in the amounts or rates specified in agreements approved by CBI and the central government) or other similar arrangement whereby its income or profits are or might be shared with any other person, firm or company or enter into any management contract or similar arrangement whereby the business and operations of our Company are managed by any person, firm or company; (f) Except as provided in the facility agreements, transfer, sell, mortgage, pledge, charge or create any lien, lease, leave and licence or tenancy or otherwise encumber any of the capital or fixed assets of our Company, part with any of its assets, including machinery stores and machinery spares, both present and future; (g) Directly or indirectly purchase, acquire or lease any property, assets or goods or sell, transfer or lease any property, assets or goods to any shareholder, director, officer, agent, employee or any company or body corporate or other body or association of persons in which any or more of such shareholders, directors, officers, agents or employees of our Company has or held, singly or jointly and directly or indirectly in the aggregate more than 2% beneficial interest; and (h) Make any drastic changes in its management set up.

8. Rupee Term Loan of ₹ 1,500 million granted to our Company by SREI Infrastructure Finance Limited ("SIFL")

Loan Documentation	Sanction Letter from SREI dated March 21, 2011
Drawn-down amount as on March 31, 2011	₹ 1,500 million
Outstanding principal amount as on March 31, 2011	₹ 1,500 million
Interest Rate	SREI Benchmark Rate (SBR) -1% per annum payable monthly in arrears
Security	1. Pledge/charge of the following listed/unlisted equity on pari passu basis along with IFIN (for the outstanding loan facility of ₹ 2,150 million), IFCI (for the outstanding loan facility of ₹ 1,500 million), JFPPL (for the outstanding loan facility of ₹ 900 million), ECL and IFIN (for the outstanding loan facilities of ₹ 1,000 million and ₹ 500 million respectively granted to SSHPL) a) 129,360,538 equity shares representing 19.43% of the paid up share capital of PSL of which our Company has pledged 14.93% (99,400,538 equity shares) and SSHPL has pledged 4.5% (29,960,000 equity shares) b) 66,277,125 equity shares representing 26% share holding of our Company held by MIL Pledge as above will be created after obtaining NoC from all the existing lenders and other equity holders of the respective companies/ lenders as applicable Further, the loan is secured by: (a) First charge on entire fixed assets of our Company; (b) Personal guarantee of Mr. Nikhil Gandhi;

	(c) Guarantee by the pledgors whose shareholding is pledged to secure the facility; (d) Demand promissory note and post dated cheques for the interest and principal installments; (e) The Promoters will give an undertaking to create further 25% pledge of our Company shares taking the total pledge to 51% in the event our Company's IPO is not completed by September 30, 2011. 30 days time to be allowed for creation of first charge on fixed assets, failing which additional 5% interest will be charged till the creation of such security. In the event the market value of the pledged shares of PSL falls below 1.0 times the outstanding obligation owed by our Company to the lenders and such situation continues for 5 consecutive trading days, our Company shall within 5 days of such occurrence, top up by part payment of the loan or by providing additional security up to 1.10 times the outstanding obligation owed by the Company within 5 days. However, if the value of the pledged shares of PSL falls below 0.9 times at anytime during the aforesaid 5 successive trading days the outstanding obligation owed by our Company, our Company shall immediately provide additional security in a manner which is agreeable to the lenders. In the event the market value of the pledged shares of PSL appreciates beyond 1.25 times the outstanding obligation owed by our Company to SIFL and the same continues for over a period of 5 successive trading days, SIFL, IFCI, ECL may at the request of our Company, release the pledged shares in such a manner that the market value of the remaining pledged shares is not less than 1.10 times the outstanding obligation owed by our Company.
Repayment schedule	Interest: Interest to be paid monthly in arrears Principal: Bullet repayment at the end of tenure as per put/ call option i.e. at the end of 36 months from the date of first disbursement. Put/ Call Option: Our Company will have option to repay the facility at the end of 12 months and 24 months from the date of first disbursement. SIFL shall have the option to recall the facility at the end 12 months and 24 months from the date of first disbursement.
Prepayment	*Compulsory Prepayment:* (a) Our Company shall agree that any amount realized by our Company from divestment of their Pipavav Shipyard Limited holding, at any time during the tenor of the facility, shall be used to compulsorily prepay/ part- prepay the facility on pro-rata basis. If our Company is under existing obligation to repay any other facility/lender(s) from such divestment of PSL holding, then balance proceeds after meeting such obligation will be used to compulsorily prepay/part-prepay the facility. Our Company would make such obligation known to lenders prior to disbursement. (b) Our Company shall utilize proceeds of any further issue of its equity or equity related instruments prior to IPO, to prepay/ part-prepay the facility on pro-rata basis amongst the lenders. The amount of such pre-IPO proceeds towards repayment/ part-repayment shall be mutually agreed prior to such pre-IPO issue. However, this does not include the proposed pre-IPO placement up to ₹ 6150 million. *Prepayment:* Our Company may foreclose the entire outstanding principal of the loan or any part thereof at any point of time before the repayment date, by giving seven business days prior written notice, subject to payment of prepayment premium and such terms and conditions as SIFL may stipulate, in its own discretion.
Certain Restrictive Covenants	(a) Our Company/ Mr. Nikhil Gandhi shall undertake if the Promoters acquire any further shareholding of PSL from the amount so raised by way of debt/ pre-IPO proceeds or any other related manner, such shares of first ₹ 1,000 million would be pledged in favor of the Lenders for securing these loans. (b) Our Company/ Mr. Nikhil Gandhi shall undertake that: • no further pledge/ encumbrance of shares of our Company released by the existing lenders shall be created without the consent of the lenders. • any pledge/ encumbrance of any other shares of PSL/ our Company should be intimated to the lender.

	(c) All loans from promoters/ associates/ group companies, present and future, will be subordinated to the loan from the lender. (d) The promoter will undertake that if our Company's IPO is not completed by September 30, 2011, 25% stake of our Company released by existing lenders shall be repledged with the lenders. (e) Without the prior written consent of SIFL, our Company shall not contract, create or incur any debt, nor prepay any debt/ loan other than as otherwise permitted by SIFL. In the event of prepayment as aforesaid, SIFL shall be entitled to demand proportionate prepayment of the rupee loan, subject to such conditions as SIFL may stipulate. (f) No reduction in promoter shareholding in our Company/ other promoter entities during the tenor of the facility. The lenders are aware of our Company's plan to raise fund through equity/ equity linked instruments by way of pre-IPO placement and would consider the approval after vetting the end use of fund. (g) On any default on the part of our Company towards repayment due to SIFL, SIFL shall have the unfettered right to convert its outstanding dues either fully or in part into Equity Shares of our Company, unless the default is cured within a period of 30 days from the date on which such default occurs. (h) Our Company shall not enter into any management contract or similar arrangement whereby its business or operations are managed by any other person. (i) Our Company shall not appoint/ re- appoint/ remove any persons having substantial powers of management without the prior written approval of SIFL. Such persons shall not be paid any compensation/ commission in the event of any default to SIFL having occurred.

9. Term Loan of up to ₹ 900 million granted to our Company by JM Financial Products Private Limited ("JFPPL")

Loan Documentation	Sanction Letter from JM Financial Products Private Limited dated March 17, 2011
Drawn-down amount as on March 31, 2011	₹ 900 million
Outstanding principal amount as on March 31, 2011	₹ 900 million
Interest Rate/ Pricing	15.5% per annum payable monthly.
Security	1. Pledge/charge of the following listed/unlisted equity on pari passu basis along with IFIN (for the outstanding loan facility of ₹ 2,150 million), IFCI (for the outstanding loan facility of ₹ 1,500 million), SIFL (for the outstanding loan facility of ₹ 1,500 million), ECL and IFIN (for the outstanding loan facilities of ₹ 1,000 million and ₹ 500 million respectively granted to SSHPL) a) 129,360,538 equity shares representing 19.43% of the paid up share capital of PSL of which our Company has pledged 14.93% (99,400,538 equity shares) and SSHPL has pledged 4.5% (29,960,000 equity shares) b) 66,277,125 equity shares representing 26% share holding of our Company held by MIL Further the facility is secured by: a) Personal guarantee of Mr. Nikhil Gandhi; and b) Demand promissory note & post dated cheques. In the event the market value of the pledged shares of PSL falls below 1.0 times the outstanding obligation owed by our Company to JFPPL for 5 successive trading days, our Company shall top up by part payment of the loan or by providing additional security up to 1.10 times the outstanding obligation owed by the Company within 5 days. However, if the value of the pledged shares of PSL falls below 0.9 times at anytime during the aforesaid 5 successive trading days the outstanding obligation owed by our Company, our Company shall immediately provide additional security in a manner which is agreeable to JFPPL. In the event the market value of the pledged shares of PSL appreciates beyond 1.25 times the outstanding obligation owed by our Company to JFPPL and the same

	continues for over a period of 5 successive trading days, then the lenders may at the request of our Company, release the pledged shares in such a manner that the market value of the remaining pledged shares is not less than 1.10 times the outstanding obligation owed by our Company. However, it is clarified that release of pledge on pledged PSL shares because of this clause will be only out of the additional PSL shares pledged on account of the top up clause and there will be no release of PSL shares pledged previously in favour of IFIN.
Repayment schedule	Bullet repayment at the end of the tenor i.e. 12 months from the date of disbursement.
Prepayment	*Compulsory prepayment*: (a) Our Company shall agree that it shall mandatorily repay/part-repay the lender through proceeds of any sale of PSL shares pledged to the consortium. Further in the event that any shares pledged to any other lender are sold, our Company will utilize the proceeds to (part/full) repay the consortium from the surplus funds remaining after settling the liability that was earlier secured by the sold shares. (b) The utilization of proceeds from any pre-IPO placement of our Company in excess of ₹ 6150 million would require written consent from the lenders. *Prepayment:* Prepayment other than as above, can only be permitted with the prior written consent of JFPPL.

Certain Restrictive Covenants	(a) The promoters shall undertake that they will not sell any stake in PSL pledged with the consortium without prior written consent of the lender. (b) Any shares of PSL purchased from the proposed loan shall be pledged with the consortium comprising certain of the existing lenders of our Company. (c) Any shares of PSL purchased from the pre-IPO proceeds up to an amount of ₹ 1,000 million shall be pledged as security for the loan. (d) Our Company shall be required to obtain prior written approval from JFPPL for any further borrowing during the tenor of the facility. (e) Our Company /Mr. Nikhil Gandhi shall undertake at all points of time that at least 25% equity of our Company shall remain unencumbered (in any form or manner whatsoever) and free to be pledged to JFPPL in accordance with the terms of this transaction. (f) Our Company / Mr. Nikhil Gandhi shall undertake that they shall intimate JFPPL prior to further pledging/ creating encumbrance upon shares of PSL. Our Company /Mr. Nikhil Gandhi shall not create such encumbrance as long as the pledge of shares to secure the facilityhas not been created. (g) All loans from Promoter/ Associates/ Group companies, present and future, will be subordinated to the proposed loan from JFPPL. (h) If at any time during the tenure of this facility, any previously encumbered shares of PSL are freed from such encumbrance the borrower shall ensure that such freed shares of PSL are pledged to the lenders ("other pledged shares") up to 0.15x of the outstanding facility amount. Such pledged shares shall not be considered while calculating the security cover for the share top-up and top-down clause mentioned above. Such pledged shares shall also not be released during the tenure of the facility. The borrower/ promoters shall ensure that such pledge is created within a maximum of 45 days from the release of shares. (i) In the event that our Company IPO does not take place by September 30, 2011, the borrower will pledge an additional 25% equity of our Company to the consortium thereby enhancing the pledge of our Company equity from 26% to 51%. (j) In the event that our Company does not file its DRHP with SEBI by September 30, 2011 the interest rate on the facility shall be increased from 15.5% per annum payable monthly to 16.5% per annum payable monthly. The borrower, in such circumstance shall promptly provide the lender with post date cheques for the interest amount. (k) Our Company shall utilise the loan/ facility only for general corporate purposes or for refinancing of existing loans. (l) Our Company shall not, without the prior consent of JFPPL, redeem, purchase, buyback, defease, retire, return or repay any of its share capital or resolve to do so for so long as any sums of money are due and payable to JFPPL. (m) NOC from existing lenders for entitlement of PSL and SKIL pledged shares on *pari passu* basis.

II. Secured borrowings of our Subsidiaries

As at March 31, 2011, our Subsidiaries' outstanding secured borrowings amounted to ₹ 1,500 million.

1. Loan of up to ₹1,000 million granted to our Subsidiary, SSHPL, by ECL Finance Limited ("ECL")

Loan Documentation	Sanction Letter from ECL dated May 24, 2010.
Drawn-down amount as on March 31, 2011	₹ 1,000 million
Outstanding principal amount as on March 31, 2011	₹ 1,000 million
Interest Rate	Prevailing benchmark rate, less 450 bps.
Security	1. Pledge/charge of the following listed/unlisted equity on pari passu basis along with IFIN (for the outstanding loan facility of ₹ 2,150 million), IFCI (for the outstanding loan facility of ₹ 1,500 million), SIFL (for the outstanding loan facility of ₹ 1,500 million), JFPPL (for the outstanding loan facility of ₹ 900 million) and IFIN (for the outstanding loan facility of ₹ 500 million granted to SSHPL)

	a) 129,360,538 equity shares representing 19.43% of the paid up share capital of PSL of which our Company has pledged 14.93% (99,400,538 equity shares) and SSHPL has pledged 4.5% (29,960,000 equity shares) b) 66,277,125 equity shares representing 26% share holding of our Company held by MIL 2. Pledge/charge of the following listed/unlisted equity on pari passu basis along with IFIN (for the outstanding loan facility of ₹ 2,150 million) and IFCI (for the outstanding loan facility of ₹ 1,500 million) a) 63,728,000 equity shares representing 25% shares of our Company of which MIL has pledged 9.8 % (24,910,510 equity shares) and Mr. Nikhil Gandhi and Mr. Bhavesh Gandhi have pledged 15.2 % (38,817,490 equity shares) as partners of M/s Metropolitan Industries; b) 2,914,500 equity shares representing 99.98% shareholding of Montana Infrastructure Limited held by Mr. Nikhil Gandhi (1,500 equity shares representing 0.05%), Mr. Bhavesh Gandhi (1,500 equity shares representing 0.05%) and M/s. Metropolitan Industries (represented by Mr. Nikhil Gandhi and Mr. Bhavesh Gandhi) (2,911,500 equity shares representing 99.88%); c) 5,430,964 equity shares representing 51% of the paid up share capital of HIL held by our Company and members of the Promoter Group d) 40,239,980 equity shares representing 48.40% equity of GPPCL held by our Company; e) 47,049,300 equity shares representing 99.98% equity shares of SKIL-Himachal held by our Company; and f) 63,295,494 equity shares representing 46.40% equity of HCWLL held by our Company; g) Negative lien on the unlisted equity of MSL held by our Company and NMSPL held by our Company through UIHPL; a) 100% partnership interest of Mr. Nikhil Gandhi and Mr. Bhavesh Gandhi in Metropolitan Industries; 3. Demand promissory note by SSHPL; 4. Irrevocable and unconditional personal guarantee from Mr. Nikhil Gandhi; 5. Post dated cheques for interest payment and undated cheques for repayment of principal amount; and 6. Any other security interest as may be mutually agreed between the borrower and the ECL. *Continuing Security* 1. The security interest created in favour or for the benefit of the ECL shall be and remains a continuing security to the ECL and accordingly shall: a) Extend to cover the outstanding obligations under the facility in full; b) Not be discharged by any intermediate payment by SSHPL or any settlement of accounts between SSHPL and the ECL; c) Be in addition to and not in substitution for or derogation of any other security which ECL may at any time hold in respect of the obligations; and d) Be a security for all amounts due and payable by SSHPL to ECL, whether under the facility or otherwise.
Repayment schedule	The loan is repayable at the end of 24 months period commencing from the date of first drawdown date.
Prepayment	*Mandatory prepayment*: SSHPL shall prepay or procure the prepayment of the obligations under the facility within one business day of receipt of written notice in the event of the following: a) Sale of shares of PSL by SSHPL or our Company or its Promoter; b) Any dilution of their shareholding by the Promoters in SSHPL or any equity or quasi-equity infusion in SSHPL. *Prepayment:* Allowed either in full or in multiple of ₹ 100 million at any time by giving three business days prior written notice.
Certain Restrictive Covenants	During the currency of facility and until amounts payable by SSHPL to the ECL remains outstanding, SSHPL shall not without the prior written consent of ECL, *inter alia*: a) Close any bank accounts or effect any change in the authorized signatories

	upon which the post dated cheques for interest and principal repayment have been issued to the ECL or the facility agent; b) Change the banking instructions (including the bank account indicated for crediting the dividend) given to the security company in respect to the pledged shares tendered shares; c) Allow/permit the Promoters to divest or dilute their shareholding below level of the effective date; d) In case of an event of default each of the ECL shall have a right to appoint and remove from time to time one nominee director on the Board of our Company; e) Effect any change, whether directly or indirectly, in the legal or beneficial ownership or control or management of SSHPL whereby the control or management of SSHPL goes out of the Promoter's group; f) Do, cause or permit to be done anything, which may in any way dilute, diminish, jeopardize or otherwise prejudice the security interest created pursuant to the finance documents; g) Subscribe to and ensure that the obligors under the Facility (other than guarantor and mortgagor) do not subscribe to the shares and other securities issued by the security companies on preferential basis; h) Issue any additional share capital (whether common or preference) or convertible security other than for the purpose of repayment of the obligations under the Facility; and i) Contract any borrowing or issue debentures.

2. *Loan of up to ₹500 million granted to SSHPL, by IL&FS Financial Services Limited ("IFIN")*

Loan Documentation	Sanction Letter from IFIN dated February 3, 2011.
Drawn-down amount as on March 31, 2011	₹ 500 million
Outstanding principal amount as on March 31, 2011	₹ 500 million
Interest Rate	15.50% per annum linked to IL&FS Long Term Benchmark Lending Rate (ILTBMR), payable monthly in arrears. Applicable interest rate is ILTBRM minus 3.25%. For every change in the ILTBRM from the existing level, the interest (exclusive of interest tax) on the facility will stand increased/ decreased by the corresponding change.
Security	1. Pledge/charge of the following listed/unlisted equity on pari passu basis along with IFIN (for the outstanding loan facility of ₹ 2,150 million), IFCI (for the outstanding loan facility of ₹ 1,500 million), SIFL (for the outstanding loan facility of ₹ 1,500 million), JFPPL (for the outstanding loan facility of ₹ 900 million and ECL (for the outstanding loan facility of ₹ 1,000 million granted to SSHPL) a) 129,360,538 equity shares representing 19.43% of the paid up share capital of PSL of which our Company has pledged 14.93% (99,400,538 equity shares) and SSHPL has pledged 4.5% (29,960,000 equity shares) b) 66,277,125 equity shares representing 26% share holding of our Company held by MIL 2. Corporate guarantee given by our Company to IFIN to secure this loan, vide deed of guarantee dated March 26, 2011; 3. Demand promissory note by SSHPL; 4. Irrevocable and unconditional personal guarantee from Mr. Nikhil Gandhi; 5. Post dated cheques for interest payment and undated cheques for repayment of principal amount. Pledge as above will be created after obtaining NoC from all the existing lenders and other equity holders of the respective companies/ lenders as applicable. In the event the market value of the pledged shares of PSL falls below 1.0 times the outstanding obligation owed by our Company to IFIN for 5 successive trading days SSHPL shall the top up by part payment of the loan or by providing additional security up to 1.10 times the outstanding obligation owed by SSHPL within 5 days. However, if

	the value of the pledged shares of PSL falls below 0.9 times at anytime during the aforesaid 5 successive trading days the outstanding obligation owed by SSHPL, it shall immediately provide additional security in a manner which is agreeable to IFIN. In the event the market value of the pledged shares of PSL appreciates beyond 1.25 times the outstanding obligation owed by SSHPL to IFIN and the same continues for over a period of 5 successive trading days, IFIN, then the lenders may at the request of SSHPL, release the pledged shares in such a manner that the market value of the remaining pledged shares is not less than 1.10 times the outstanding obligation owed by SSHPL. However, it is clarified that release of pledge on pledged PSL shares because of this clause will be only out of the additional PSL shares pledged on account of the top up clause and there will be no release of PSL shares pledged previously in favour of IFIN.
Repayment schedule	Bullet repayment at the end of the tenor i.e. upon 12 months from the date of the first disbursement.
Prepayment	*Compulsory prepayment*: (a) Our Company shall agree that any amount realized by our Company from divestment of their PSL holding, at any time during the tenor of the facility, shall be used to compulsorily prepay / part-prepay the facility (the existing loan and the additional loan) on pro-rata basis (b) Our Company shall utilize proceeds of any further issue of its equity or equity related instruments prior to IPO, to prepay / part-prepay the facility (the existing loan and the additional loan) on pro-rata basis. The amount of such pre-IPO proceeds towards repayment / part-repayment shall be mutually agreed prior to such pre-IPO issue. However, this does not include the proposed pre-IPO placement up to ₹ 6,150 million which would be compulsorily used to first prepay the balance CBI loan of ₹ 1,000 million *Prepayment:* The borrower may prepay the facility with the prior written approval of IFIN, which may be granted by IFIN in its sole discretion with or without condition.

Certain Restrictive Covenants	(a) Our Company/ Mr. Nikhil Gandhi shall undertake if the Promoters acquire any further shareholding of PSL from the loan so raised under the term sheet/ pre-IPO proceeds, such PSL shares to the extent of first ₹ 1,000 million would be pledged in favor of the lenders for the additional loan as well as the existing facilities. (b) Nikhil Gandhi shall undertake that if our Company's IPO is not completed by September 30, 2011, 25% stake of our Company released by IFIN shall be repledged with the Lenders. (c) Our Company would seek approval from IFIN/ the Lenders before filing DRHP for our Company's proposed IPO (d) Any shares purchased from the proposed loan shall be pledged with the consortium (e) Our Company/ Mr. Nikhil Gandhi shall undertake that no further pledge/ encumbrance of shares of PSL/ our Company shall be created without the consent of the Lender (f) Our Company/ Mr. Nikhil Gandhi shall undertake at all points of time at least 25% equity of our Company shall remain unencumbered (in any form or manner whatsoever) and free to be pledged to the lenders in accordance with the terms of this transaction (g) If at any point during the tenure of this facility, any previously encumbered shares of PSL are freed from such encumbrance, our Company shall ensure that such freed shares of PSL are pledged to the lenders ("other pledged shares") up to 0.15x of the outstanding facility. Such pledged shares shall not be considered while calculating the security cover for the share top-up and top-down clause mentioned above. Such pledged shares shall also not be released during the tenure of the facility. Our Company/ its promoters shall ensure that such pledge is created within a maximum of 45 days from the release of shares. (h) Our Company shall seek prior approval of the lenders before raising any further amount by way of equity or equity linked instruments. The lenders are aware of our Company raising approximately ₹ 6,150 million by way of equity or equity linked instruments prior to their proposed IPO and would grant the permission subject to the agreed end use (repayment of CBI loan of ₹ 1,000 million/ repayment of other loans of approximately ₹ 4,000 million/ project expenditure of ₹ 1,150 million). (i) No reduction in promoter shareholding in our Company/ other promoter entities during the tenor of the facility. The lenders are aware of our Company's plan to raise fund through equity/ equity linked instruments by way of pre-IPO placement and would consider the approval after vetting the end use of fund. (j) Our Company shall deposit ₹ 1,000.00 million from the proceeds of its proposed pre- IPO placement with IFIN for servicing of interest / other identified charges. (k) Our Promoters will open a separate DP account with IL & FS Security Services Limited and transfer 25% of our Company's shares being released to this account. (l) All loans from promoters/ associates/ group companies, present and future, will be subordinated to the loan from the lender.

Apart from SSHPL none of our other subsidiaries have availed of any secured borrowings.

During the period commencing from April 01, 2011 till the date of this Draft Red Herring Prospectus, the following are the significant changes / developments in our secured borrowings:

(i) Our Company had availed loans of up to ₹ 1,250 million from ECL Finance Limited and up to ₹ 2,100 million from Religare Finvest Limited. The principal amount outstanding as on March 31, 2011 was ₹ 2,083.48 million. Out of this amount outstanding, a sum of ₹ 237.50 million has been repaid to each of RFL and ECL as on the date of this Draft Red Herring Prospectus;

(ii) Our Company had availed a loan of ₹ 3,000 million from Central Bank of India *vide* sanction letter dated February 16, 2010 and ₹ 600 million was outstanding against the said facility as on March 31, 2011. The same was repaid as on April 26, 2011;

(iii) The following pledges have been released by each of the below-mentioned lenders and the relevant equity shares are free of encumbrance as on the date of this Draft Red Herring Prospectus:

Sr. No.	Details of shares pledged	Lenders in favour of whom the pledge was created and details of pledge created	Date of release of pledge
A.	5,430,964 equity shares of HIL held by our Company and members of the Promoter Group 38,817,490 Equity Shares of our Company held by M/s. Metropolitan Industries (represented by Mr. Nikhil Gandhi and Mr. Bhavesh Gandhi) 24,910,510 Equity Shares of our Company held MIL 40,239,980 equity shares of GPPCL held by our Company 47,049,300 equity shares of SHITL held by our Company 63,295,494 equity shares of HCWLL held by our Company	Pledged on *pari passu* basis for (1) Outstanding facilities of up to ₹ 2,150 million granted by IL&FS Financial Services Limited, (2) Short Term Rupee Loan of up to ₹ 1,500 million granted by IFCI Limited, (3) Loan of up to ₹ 1,000 million granted to our Subsidiary, SSHPL, by ECL Finance Limited	May 27, 2011
B.	6,900,000 equity shares of PSL held by our Company	Pledged on *pari passu* basis for outstanding loan of up to ₹ 394.57 million granted by ECL Finance Limited; (2) Loan of up to ₹ 140.29 million granted by JM Financial Products Private Limited; (3) Loan of up to ₹ 175.36 million granted by Religare Finvest Limited; (4) Loan of up to ₹ 306.89 million granted by SREI Infrastructure Finance Limited; and (5) Loan of up to ₹ 263.05 million granted by Indiainfoline Investments Services Limited	April 06, 2011
C.	800,000 equity shares of EEL held by our Company	Pledged on *pari passu* basis for Loan of up to ₹ 1,043.48 million granted by ECL Finance Limited; (2) Loan of up to ₹ 1,040 million granted by Religare Finvest Limited	April 18 , 2011

Certain of the above loans were also secured by following, which has now been released:
1. Negative lien on the unlisted equity of MSL held by our Company and NMSPL held by our Company through UIHPL;
2. 100% partnership interest of M/s. Metropolitan Industries (represented by Mr. Nikhil Gandhi and Mr. Bhavesh Gandhi).

(iv) On May 21, 2011, an advance against share application money received from Grevek Investments and Finance Private Limited of ₹ 1,750 million was converted into 175 redeemable cumulative non convertible bonds of our Company of face value ₹ 10 million each. The non convertible bonds have a tenure of 5 years from the date of their allotment and yield a coupon rate of 3% payable annually;

(v) Our Company allotted optionally convertible debentures aggregating to ₹ 2,000 million to IFCI Limited. The OCDs were subsequently converted into 8,241,168 Equity Shares on May 16, 2011.

III. Common Restrictive Covenants

During the currency of the aforesaid Facilities and until amounts payable by our Company / SSHPL to the lenders remains outstanding, Company / SSHPL, as the case may be, shall not without the prior written consent of the lenders:

1) Declare or pay or consider the declaration or payment of any dividend to any of its shareholders, whether equity or preference, during any accounting year unless our Company / SSHPL has paid to lenders the instalment of facilities, interest, commitment charges, costs, charges and other monies payable under the loan agreements up to the date on which dividend is proposed to be declared or has made provisions satisfactory to the lenders for making such payment;
2) Amend its Memorandum and Articles of Association or alter its capital structure;

3) Sell, transfer or otherwise create any, mortgages, charges or other encumbrances or liabilities of any nature whatsoever on any of its rights or interests on the security and/or under the security documents executed or to be executed in respect of the facilities;
4) Revalue its assets at any time during the currency of the loan facilities;
5) Change its name;
6) Substantially change the nature of its business;
7) Change its registered office or its location;
8) Effect any changes in its Board of Directors;
9) Extend or change the financial year;
10) Change its statutory auditors or internal auditors;
11) Pay commission to its promoters, directors, managers or other persons for furnishing guarantees, counter-guarantees or indemnities or for undertaking any other liability in connection with any financial assistance obtained or to be obtained for or by our Company / SSHPL or in connection with any other obligations undertaken for or by our Company / SSHPL;
12) Appoint a person as its director who is also a director on the board of any other company, which has been identified as a wilful defaulter by any bank or financial institution as per the parameters determined by RBI from time to time;
13) Make any corporate investment or investments by way of share capital or debentures or lend or advance funds to or place deposits with, any other affiliate, associate, group companies except give normal trade credits or place on security deposits in the normal course of business or make advances to employees, provided that our Company / SSHPL may make such investments by way of deposits or advances that are required statutorily to be made as per the existing laws of the country or the rules or regulations or guidelines issued from time to time by the authorities concerned;
14) Acquire (whether by formation, purchase, subscription or otherwise) any subsidiary or effect the disposal or dilution of its interest, directly or indirectly in any subsidiary, create any subsidiary or permit any company to become its subsidiary;
15) Allow withdrawal of any unsecured loans or deposits brought in or to be brought in by our Company / SSHPL and, its promoters, collaborators or its majority shareholders for financing the capital expenditure without the prior approval of the lenders. Our Company / SSHPL shall not on its own prepay or repay any such unsecured loans or deposits so long as any monies remain due by our Company / SSHPL to lenders;
16) Undertake guarantee obligations on behalf of any third party or any other company, firm, organization, entity, provided that such transactions will take place at arm's length basis at fair market value and on transparent basis;
17) pay any compensation to the directors in the event of loss of their office for any reason whatsoever, if there is any default on the part of our Company / SSHPL in the payment of any instalment of facilities, interest and other monies due and owing by our Company / SSHPL to lenders subsisting at that time;
18) Implement any scheme of expansion, diversification or modernization other than incurring routine capital expenditure;
19) Approach capital market for mobilizing additional resources either in the form of debt or equity;
20) Enter into, amend, modify, cancel or terminate any material contract or consent to or accept any cancellation or termination thereof; sell, assign or dispose of its interest (in whole or in part) in such material contract; waive any default under or breach of any such material contract;
21) Either solely or jointly, directly or indirectly, either on their own account or as a shareholder, joint venture partner, collaborator, consultant, advisor, contractor, director, trustee, committee member, office bearer, manager, agent or otherwise howsoever, whether for profit or otherwise, establish, develop, carry on or assist in carrying on or be engaged, concerned, interested or employed in any business, enterprise or venture similar or materially similar and competing with the business carried on by our Company/ SSHPL;
22) Apply to a court to wind-up our Company or to wind up our Company / SSHPL voluntarily;
23) Enter or undertake into a merger, consolidation or re-organization scheme of arrangement or compromise with the creditors or shareholders, or effecting any scheme of amalgamation or reconstruction;
24) Enter into any borrowing arrangements, either secured or unsecured, with any bank, financial institution, company or otherwise accept deposits in excess of limits laid down by the RBI.

SECTION VIII – LEGAL AND OTHER REGULATORY INFORMATION

OUTSTANDING LITIGATION, MATERIAL DEVELOPMENTS AND OTHER DISCLOSURES

Except as described below, there are no outstanding litigation, suits, civil or criminal prosecutions or proceedings against our Company, our Subsidiaries, our Directors, our Promoters or Group Companies or ventures with which our Promoters were associated in the past (in case our Promoters' name continue to be associated with such proceeding) before any judicial, quasi-judicial, arbitral or administrative tribunals or any disputes, tax liabilities, non payment of statutory dues, overdues to banks/ financial institutions, defaults against banks / financial institutions, 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 imposed and irrespective of whether they are specified under paragraph (i) of Part 1 of Schedule XIII of the Act) against our Company, our Subsidiaries, our Directors, our Promoter and our Group Companies or ventures with which our Promoters were associated in the past (in case our Promoters' name continue to be associated with such proceeding).

Further, except as stated herein, there are no past cases in which penalties have been imposed on our Company, our Subsidiaries, our Promoters, Directors, our Group Companies and there is no outstanding litigation against any other company whose outcome could have a material adverse effect on the position of our Company. Neither our Company nor our Subsidiaries, our Promoters, Directors and our Group Companies have been declared as wilful defaulters by the RBI or any other Governmental authority and, except as disclosed in this section, there are no violations of securities laws committed by them in the past or pending against them.

This chapter has been divided into 11 parts:

I. Contingent Liabilities
II. Litigations involving our Company
III. Litigations involving our Subsidiaries
IV. Litigations involving our Directors
V. Litigations involving our Promoters
VI. Litigations involving our Group Companies
VII. Other litigations involving any other entity whose outcome could have a materially adverse effect of the position of our Company
VIII. Potential litigations involving our Company, our Subsidiaries, our Directors, our Promoters or our Group Companies
IX. Penalties imposed in past cases on:
   i. Our Company
   ii. Our Subsidiaries
   iii. Our Directors
   iv. Our Promoter and Group Companies
X. Amounts owed to small scale undertakings and other creditors exceeding ₹ 0.1 million, for over 30 days
XI. Material developments since the last balance sheet date

A summary of the litigations and potential litigations involving our Company, Subsidiaries, Directors, Promoters or Group Companies is as under:

Type of Proceedings	Number of cases	Amount to the extent quantifiable (₹ in mn.)
Cases filed against our Company		
Civil cases	1	5.86
Criminal cases	Nil	Nil
Tax Proceedings	Nil	Nil
Total	**1**	**5.86**
Cases filed against our Directors and Promoters		
Civil cases	2	136.49
Criminal cases	4	31.14

Tax Proceedings	1	18.45
Total	**7**	**186.08**
Cases filed against our Subsidiaries		
Civil cases	Nil	Nil
Criminal cases	Nil	Nil
Tax Proceedings	Nil	Nil
Total	Nil	Nil
Cases filed against our Group Entities		
Civil cases	44	44.11
Criminal cases	Nil	Nil
Tax Proceedings	Nil	Nil
Total	**44**	**44.11**
Cases filed against any other entities which may have a material adverse effect on our Company		
Civil cases	1	-
Criminal cases	Nil	Nil
Tax Proceedings	Nil	Nil
Total	**1**	**-**
Potential litigation		
Against our Company	1	3.50
Against our Directors and Promoters	1	-
Against our Subsidiaries	Nil	Nil
Against our Group Entities	17	311.59
Total	**19**	**315.09**

Type of Proceedings	Number of cases	Amount to the extent quantifiable (₹ in mn.)
Cases filed by our Company		
Civil cases	Nil	Nil
Criminal cases	Nil	Nil
Tax Proceedings	6	52.25
Total	**6**	**52.25**
Cases filed by our Directors and Promoters		
Civil cases	Nil	Nil
Criminal cases	Nil	Nil
Tax Proceedings	Nil	Nil
Total	Nil	Nil
Cases filed by our Subsidiaries		
Civil cases	Nil	Nil
Criminal cases	Nil	Nil
Tax Proceedings	Nil	Nil
Total	Nil	Nil
Cases filed by our Group Entities		
Civil cases	4	135.00
Criminal cases	Nil	Nil
Tax Proceedings	15	7087.24
Total	**19**	**7222.24**
Cases filed by any other entities which may have a material adverse effect on our Company		
Civil cases	Nil	Nil
Criminal cases	Nil	Nil
Tax Proceedings	Nil	Nil
Potential litigation		
By our Company	Nil	Nil
By our Directors and Promoters	Nil	Nil
By our Subsidiaries	Nil	Nil
By our Group Entities	Nil	Nil
Total	Nil	Nil

(Note: one or more of our Promoters and/ or Group Entities and / or our Company may also be party to the litigations included in the above tables)

I. Contingent Liabilities

Our contingent liabilities as at March 31, 2011 and March 31, 2010 (as disclosed in the notes to our restated consolidated financial statements) are as follows:

(₹ in mn.)

Particulars	As on March 31, 2011	As on March 31, 2010
Corporate guarantees given on behalf of others (No cash outflow is expected)	39,052.36	40,713.07
Demands not acknowledged as Debts		
Income Tax (No cash outflow is expected in the near future)	52.00	13.63

II. Litigations involving our Company

A. ***Cases filed against our Company***

Civil Cases

1. An Original Application bearing number 210 of 2004 ("**Application**") has been filed by ICICI Bank Limited ("**Applicant**") against Gujarat Positra Port Limited ("**GPPL**"), Mr. Nikhil Gandhi ("**Mr. Gandhi**") and SKIL Infrastructure Limited ("**SKIL**") (collectively referred to as the "**Defendants**") before the Mumbai Debts Recovery Tribunal ("**DRT**").

It is alleged that Bank of Madura, an entity which subsequently was taken over by the Applicant, granted lease finance worth ₹ 50 million to the Defendants on the basis of a lease agreement dated March 18, 1995, entered into between Bank of Madura and Gujarat Positra Port Limited ("**Lease Agreement**"). Pursuant to this agreement Mr. Nikhil Gandhi and SKIL each executed a continuing guarantee for maximum liability of ₹ 62.10 million. In accordance with the terms of the Lease Agreement, the Applicant has made a claim to recover ₹ 5.86 million which it has allegedly paid as tax to the Government of Maharashtra on behalf of the Defendants as a sales tax for the period 1995-2004, with interest. Mr. Nikhil Gandhi and SKIL have filed a written statement, submitting, *inter alia*, that:

(i) The claim of the Applicant is time barred;
(ii) Mr. Nikhil Gandhi and SKIL are liable only as guarantors to the liability of GPPL, if any, and that accordingly, the liability of Mr. Nikhil Gandhi and SKIL are co- extensive with that of GPPL;
(iii) The Lease Agreement does not contemplate liability arising to the Defendants from taxation laws of Maharashtra as the transactions which are the subject thereof have been carried out outside the jurisdiction of Maharashtra;
(iv) Applicant has made payment of amounts in acknowledgement of tax liabilities to the Maharashtra government without prior intimation to the Defendants;
(v) Applicant is guilty of latches and negligence in failing to challenge wrongful levy of tax by the Maharashtra government.

GPPL has also filed a written statement in the matter, praying for dismissal of the Application with costs.

The matter is currently pending before DRT.

B. ***Cases filed by our Company***

Tax Cases

Assessment Year 2005 - 2006

1. An Appeal bearing number 3418/Mum- 2010 dated April 23, 2010 (**"Appeal"**) has been filed by our Company ("**Appellant**") against the Assistant Commissioner of Income Tax – Central Circle 25, Mumbai ("**Respondent**") before the Income Tax Appellate Tribunal, Mumbai ("**ITAT**"), against the

order dated March 30, 2010 ("**Impugned Order**") passed by Commissioner Income Tax Central - II, Mumbai (**"CIT Central II"**) under the Income Tax Act, 1961 ("**I. T. Act**") and the rules formulated thereunder.

Respondent had, *vide* Impugned Order, set aside the assessment order dated December 31, 2007 passed by the assessing officer for assessment year 2005 – 2006 as erroneous and prejudicial to the interest of revenue and had ordered that de novo assessment be conducted bearing in mind:

(i) Applying the provisions of explanation to section 73 of the I. T. Act in respect of business losses claimed by the Appellant relating to transfer of equity shares of Gujarat Pipavav Port Limited amounting to ₹ 2,045.10 million;
(ii) Treating the interest of ₹ 47.84 million paid as expenditure related to speculative business, as the interest paid to Gujarat Maritime Board was for the acquisition of equity shares of Gujarat Pipavav Port Limited, which acquisition has been claimed as a loss;
(iii) Directing the assessing officer to verify the loss claimed on sale of shares of Gujarat Pipavav Port Limited by the Company;
(iv) Directing the assessing officer to verify the source of acquisition of motor cars amounting to ₹ 888.10 million. and the date for acquisition of the said motor cars;
(v) Directing the assessing officer to verify the issue of excess TDS allowed to the Appellant, of ₹ 0.05 million.

Appellant has filed the said Appeal, challenging the Impugned Order on the following grounds, *inter alia*,:
(i) That the proceedings initiated against Appellant under section 263 of the I. T. Act are bad in law and liable to be annulled; and
(ii) That the Impugned Order, which set aside the order of the Assistant Commissioner of Income Tax Central Circle 25, dated December 31, 2007 and directed that a fresh assessment of Appellant be made, is incorrect.

The Appeal is currently pending before ITAT.

2. An Appeal dated January 21, 2011 (**"Appeal"**) has been filed by our Company ("**Appellant**") against the Assistant Commissioner of Income Tax – Central Circle 25, Mumbai ("**Respondent**") before the Commissioner of Income Tax (Appeal), Mumbai ("**CIT - A**"), against the order dated December 24, 2010 ("**Impugned Order**") Respondent under the Income Tax Act, 1961 ("**I. T. Act**") and the rules formulated thereunder.

The Respondent had, *vide* Impugned Order, held that the sale of shares of Gujarat Positra Port Limited by Appellant in the relevant assessment year and loss incurred as a result thereof must be treated as loss from speculation in terms of section 73 of the I. T. Act. Thus the total income of Appellant was assessed as being ₹ 53.21 million and notice of demand for a sum of ₹ 30.89 million as income tax was issued to Appellant. Further penalty proceedings were also initiated in respect of the transactions of Appellant relating to sale of shares held by it in Gujarat Positra Port Limited.

The Appeal has been filed on the grounds, *inter alia*, that:
(i) assessment of ₹ 47.84 million paid by Appellant to Gujarat Maritime Board in respect of the sale of shares of Gujarat Positra Port Limited as being speculative in nature and disallowance of related interest in computing Appellant's non- speculative income is erroneous;
(ii) holding losses incurred by Appellant due to sale of shares of Gujarat Positra Port Limited held by it as being speculative is erroneous;
(iii) double disallowance of ₹ 47.84 million was made by Respondent while computing non- speculative business income of Appellant (in respect of the same, Appellant has also filed a rectification application dated January 21, 2011 seeking correction of this alleged double disallowance);
(iv) Respondent erred in not allowing set- off by the Appellant of non- speculative business loss against non- speculative business income.

The Appeal is currently pending before the CIT – A.

Assessment Year 2006 - 2007

3. An Appeal bearing number 2038/Mumbai/2010 dated March 12, 2010 ("**Appeal**") has been filed by our Company ("**Appellant**") against the CIT (A) ("**Respondent**") before the Income Tax Appellate Tribunal, Mumbai ("**ITAT**") against the order of the Respondent dated December 30, 2009 passed by the Respondent ("**Impugned Order**") under the Income Tax Act, 1961 ("**I. T. Act**") and rule 47(1) of the rules formulated thereunder.

The Respondent had levied concealment penalty of ₹ 292.36 million on Appellant for the assessment year 2006- 2007 for concealment. The Assistant Commissioner of Income Tax, Central Circle 25 had, *vide* order dated June 29, 2009, held as under:

(i) The long term capital gain of the Appellant pursuant to sale of investment in Mumbai SEZ Limited to an investor was assessed at ₹ 394.05 million and the same was not offered for tax by the Appellant;
(ii) Pursuant to Appellant selling 57.68 million equity shares of PSL held by the Appellant to an investor, capital gains arising from conversion of the said shares from investment into stock-in-trade is computed at ₹ 146.25 million and the same was not offered for tax by the Appellant;
(iii) Thus, penalty of ₹ 292.36 million was imposed on the Appellant for concealment of income aggregating to ₹ 1,229.72 million.

The penalty amount levied was subsequently reduced to ₹ 8.87 million. The present Appeal has been filed on the grounds, *inter alia*, that the Respondent has erred by not cancelling the entire amount of penalty levied under section 271(1) (c) of Act. The Appellant has prayed that entire demand of penalty may be cancelled.

The Appeal is currently pending before the ITAT.

Assessment Year 2007 - 2008

4. An Appeal bearing number 3419/Mumbai/2010 dated April 30, 2010 ("**Appeal**") has been filed by our Company ("**Appellant**") against the Income Tax Officer, Tax Deduction at Source, Mumbai ("**Respondent**") before the Income Tax Appellate Tribunal, Mumbai ("**ITAT**"), against the order dated January 25, 2010 ("**Impugned Order**") passed by Commissioner of Income Tax (Appeals), Mumbai ("**CIT (Appeals)**") under the Income Tax Act, 1961 ("**I. T. Act**") and rule 47(1) of the rules formulated thereunder.

The Respondent had, *vide* order dated February 20, 2010 under section 201(1) and 201(1)(A) of the I. T. Act, issued a notice of demand of ₹ 0.79 million for the Assessment Year 2007- 2008 towards Tax Deduction at Source ("**TDS**") payable on chartering of helicopters. Appellant had filed an appeal against the order dated February 20, 2010 before the CIT (Appeals), however such appeal was dismissed by the CIT (Appeals) *vide* the Impugned Order.

The Appeal has been filed on the grounds, *inter alia*, that the CIT (Appeals) has erred in holding that the contract for transportation in respect of chartering helicopter attracts TDS at higher rate under section 194 (I) of the Act and not at lower rate under section 194 (C) of the Act.

The Appeal is currently pending before the ITAT.

Furthermore, Appellant has received an order dated March 23, 2011 from the Income Tax Officer (TDS) under section 201(1A) of the I. T. Act whereby it is stated that Appellant has been treated as an "assessee in default" and is liable to pay interest of ₹ 0.15 million.

Assessment Year 2008 - 2009

5. An Appeal bearing number 3420/Mumbai/2010 dated April 30, 2010 ("**Appeal**") has been filed by our Company ("**Appellant**") against the Income Tax Officer, TDS – 3(3), Mumbai ("**Respondent**") before the Income Tax Appellate Tribunal, Mumbai ("**ITAT**"), against the order dated January 25, 2010 ("**Impugned Order**") passed by Commissioner of Income Tax (Appeals), Mumbai ("**CIT (Appeals)"**).

   The Respondent had, *vide* order dated February 20, 2009 under section 201(1) and 201(1)(A) of the I. T. Act, issued a notice of demand of ₹ 0.52 million for the Assessment Year 2008- 2009 on the grounds that the Appellant had not deducted/ inadequately deducted tax at source on hire charges amounting to ₹ 4.01 million paid by Appellant to various parties under the head "hire charges". Appellant had filed an appeal against the order dated February 20, 2009 before the CIT (Appeals), however the appeal was dismissed *vide* the Impugned Order.

   The Appeal has been filed on the grounds, *inter alia*, that the CIT (Appeals) has erred in holding that the contract for transportation in respect of chartering helicopter attracts TDS at higher rate under section 194 (I) of the Act and not at lower rate under section 194 (C) of the Act.

   The Appeal is currently pending before the ITAT.

   Furthermore, Appellant has received an order dated March 23, 2011 from the Income Tax Officer (TDS) under section 201(1A) of the I. T. Act whereby it is stated that Appellant has been treated as an "assessee in default" and is liable to pay interest of ₹ 0.10 million.

6. A Rectification Application dated January 21, 2011 ("**Application**") has been filed by our Company ("**Applicant**") before Assistant Commissioner of Income Tax, Central Circle – 25, Mumbai ("**ACIT**") against the order dated December 28, 2010 passed by the ACIT. Pursuant to the said order dated December 28, 2010 the I. T. Department also issued a notice of demand dated December 28, 2010 for a sum of ₹ 53.49 million.

   The Applicant requests that the ACIT rectify the following errors, *inter alia*,:

   (i) ACIT has not allowed credit of ₹ 4.98 million in respect of tax deducted at source in assessing the income of Applicant;
   (ii) Furthermore, the Applicant submits that the ACIT has not permitted set- off of share trading losses carried forward from Assessment Year 2005 - 2006 against share trading profit in the relevant year;
   (iii) The Applicant also submits that the ACIT has not considered ₹ 26.40 million as being netted off against the gross interest paid by the Applicant;
   (iv) In computing the average investments of the Company the value of share application money paid by our Company has not been included; Further, the Applicant has provided revised details of amounts earned as short term capital gains arising on sale of mutual funds as being a sum of ₹ 10.50 million, which was not taken into consideration by the ACIT;
   (v) ACIT has disallowed fees paid to M/s. Ernst and Young on the grounds the expenditure was capital in nature.

   The Application is pending before the ACIT.

III. Litigations involving our Subsidiaries

Our Company has the following 9 Subsidiaries, which are not involved in any litigation as on the date of this Draft Red Herring Prospectus:

(i) SKIL Himachal Infrastructure and Tourism Limited;
(ii) SKIL Shipyard Holdings Private Limited;
(iii) SKIL (Singapore) Pte. Limited;
(iv) SKIL Advanced Systems Private Limited;
(v) SKIL Advance Energy Private Limited;
(vi) SKIL Himachal Waknaghat SEZ Private Limited;

(vii) SKIL Karnataka SEZ Limited;
(viii) SKIL Strategic Deterrence Systems Private Limited; and
(ix) Energy India Corporation Private Limited.

IV. Litigations involving our Directors

A. ***Outstanding Litigations of Mr. Nikhil Gandhi***

Cases filed against Mr. Nikhil Gandhi

Criminal cases

1. A Criminal Complaint bearing number 2273 of 2001 ("**Complaint**") has been filed by M/s Mantech Consultants ("**Complainant**") against Mr. Nikhil Gandhi ("**Accused**") before the Court of Metropolitan Magistrate, Ahmedabad ("**Authority**") under sections 138 and 142 of the Negotiable Instruments Act, 1881.

The Complainant has alleged that cheques aggregating to ₹ 0.89 million issued by the Accused in favour of the Complainant have been dishonoured.

The Complaint has been filed, on the grounds, *inter alia*, that:
(i) The Complainant and Gujarat Pipavav Port Limited had entered into a lease agreement dated September 27, 1994 for the lease of gas cylinders, pursuant to which Complainant received security deposit of ₹ 0.86 million;
(ii) Complainant was also issued post- dated cheques by the Accused for all amounts due under the aforementioned lease agreement;
(iii) 2 cheques aggregating to ₹ 0.89 million issued by the Accused in favour of the Complainant were dishonoured.

Pursuant to this, Gujarat Pipavav Port Limited ("**Applicant No. 1**") and Mr. Nikhil Gandhi ("**Applicant No. 2**") have filed a criminal miscellaneous application bearing number 6642 of 2003 ("**Application**") against the State of Gujarat ("**Opponent No.1**") and M/s Mantech Consultants ("**Opponent No. 2**") before the High Court of Gujarat at Ahmedabad under section 482 of the Code of Criminal Procedure, 1973 ("**CrPC**").

Applicants No. 1 and 2 have, in the Application submitted, *inter alia*, that the amounts in respect of which the Complaint is filed were already paid by them to the Complainant from the security deposits lying with the Complainant.

Applicants No. 1 and 2 have prayed, *inter alia*, for:
(i) quashing and setting aside the complaint bearing 2273 of 2001 and the order of issuance of summons passed by the Hon'ble Magistrate Court;
(ii) staying further proceedings in the Complaint pending admission, hearing and final disposal of the Application.

The High Court of Gujarat at Ahmedabad has *vide* order dated March 16, 2007 in view of certain payments made by the Applicants, stayed the proceedings in the Complaint until the final disposal of the Application.

Further, Applicants No. 1 and 2 have filed a Criminal Miscellaneous Application bearing number 6642/2003 of 2010, wherein its prayed, *inter alia*,:
(i) for listing the Criminal Miscellaneous Application number 6642 of 2003 for hearing and final disposal; and
(ii) to allow the Application and grant relief prayed for in the said Application.

The amount involved in the matter is 0.89 million. The Applicants have already paid the amount due, without prejudice.

The matter is currently pending before the High Court of Gujarat at Ahmedabad for final hearing and disposal.

2. A Criminal Complaint number 181/M/06 ("**Complaint**") has been filed by Vasant Investment Corporation Limited ("**Complainant**") against (1) Mr. Chimanlal Shah ("**Accused 1**"); (2) Ms. Sharada Shah ("**Accused 2**"); (3) Mr. Bharat Shah ("**Accused 3**"); (4) Ms. Manisha Shah ("**Accused 4**"); (5) Ms. Meeta Shah ("**Accused 5**"); (6) Gujarat Pipavav Port Limited ("**Accused 6**"); (7) Mr. Nikhil Gandhi ("**Accused 7**"); and (8) Mr. V. G. Honnavar ("**Accused 8**") (collectively "**Accused**") before Additional Chief Metropolitan Magistrate, 47th Court, Esplanade, Mumbai, ("**Court**") under section 420, 467, 468, 471 read with 120-B of Indian Penal Code, 1860.

The Complainant has *vide* the said Complaint alleged cheating by the Accused resulting in the transfer by Complainant of specific amounts of money to Accused 1 to 5 with the active participation and connivance of Accused 6 to 8 and with the help of fabricated documents.

The Complainant has prayed, *inter alia*, that the Court take cognizance of the said offences and consequently issue suitable process against all the Accused or in the alternative to record verification of the Complainant and other witnesses as the Court may deem fit and direct police to carry out investigation under section 202 or 156 of the Code of Criminal Procedure, 1973.

The amount involved in the matter is ₹ 5.90 million plus 18% interest per annum.

Mr. Nikhil Gandhi has *vide* statement dated April 24, 2010 before Cuffe Parade Police Station stated, *inter alia*, that the allegations made by the Complainant in the said complaint are false and vexatious.

The matter is currently pending before the Court.

3. A Criminal Complaint bearing number 182/M/06 ("**Complaint**") has been filed by Vasant Investment Corporation Limited ("**Complainant**") against (1) Mr. Chimanlal Shah ("**Accused 1**"); (2) Ms. Sharada Shah ("**Accused 2**"); (3) Mr. Bharat Shah ("**Accused 3**"); (4) Ms. Manisha Shah ("**Accused 4**"); (5) Ms. Meeta Shah ("**Accused 5**"); (6) Gujarat Pipavav Port Limited ("**Accused 6**"); (7) Mr. Nikhil Gandhi ("**Accused 7**"); and (8) Mr. V. G. Honnavar ("**Accused 8**") (collectively referred to as the "**Accused**") before Additional Chief Metropolitan Magistrate, 47th Court, Esplanade, Mumbai, ("**Court**") under section 420, 467, 468, 471 read with 120-B of Indian Penal Code, 1860.

The Complainant has *vide* the said Complaint alleged cheating by the Accused resulting in the transfer by Complainant of specific amounts of money to Accused 1 to 5 with the active participation and connivance of Accused 6 to 8 and with the help of fabricated documents.

The Complainant has prayed, *inter alia*, that the Court take cognizance of the said offences and consequently issue suitable process against all the Accused or in the alternative to record verification of the Complainant and other witnesses as the Court may deem fit and direct police to carry out investigation under section 202 or 156 of the Code of Criminal Procedure, 1973.

The amount involved is the matter is ₹ 5.90 million plus 18% interest per annum.

Mr. Nikhil Gandhi has given a statement dated April 24, 2010 before Cuffe Parade Police Station wherein he has stated, *inter alia*, that the allegations made by the Complainant in the said complaint are totally false and vexatious.

The matter is currently pending before the Court.

4. For details of Criminal Case bearing number 3/CW/06 filed by the Assistant Commissioner of Customs (P) against (1) Mr. Hitesh Shah, in his capacity as director of M/s. Fairlon Engineering Private Limited); (2) M/s. Fairlon Engineering Private Limited; (3) Mr. Nikhil Gandhi and Mr. Bhavesh Gandhi, in their capacity as partners of M/s. Metropolitan Industries; and (4) M/s. Metropolitan Industries (collectively referred to as "**Accused**"), before the Chief Metropolitan Magistrate at Esplanade, Mumbai ("**Authority**") please see "*Litigations involving our Promoters – M/s. Metropolitan Industries*" hereinbelow.

Civil cases

1. A Civil Suit bearing number 600 of 1998 dated January 31, 1998 has been filed by Indo-Dutch Business Development Centre ("**Plaintiff**") against Gujarat Pipavav Port Limited ("**GPPL**") and Mr. Nikhil Gandhi ("**Mr. Gandhi**") (collectively referred to as the "**Defendants**") before the City Civil Court, Ahmedabad ("**Court**").

In the said matter Plaintiff has claimed an amount of ₹ 115.50 million equivalent to Dutch Guiders 6,079,306 against GPPL being the amount due under the agreement dated September 25, 1992 between Plaintiff and GPPL ("**Agreement**"). By virtue of the agreement, the Plaintiff was appointed as the overall consultant for setting up and development of the Port and was also to serve as adviser to GPPL in all matters with foreign consultants, contractors, manufacturers, suppliers, financial institutions etc. in order to set up a modern and efficient port. Plaintiff has also claimed to have rendered services as the overall consultant for the entire project for the development of Port and GPPL has neglected to make payment under the agreement. Further, Plaintiff has on March 2, 1998 sought permission to amend the plaint to raise the amount claimed to ₹ 135.86 million equivalent to Dutch Guilders 6,793,006.

GPPL has filed its written statement dated July 6, 1999 before the Court stating that there was no privity of contract between Plaintiff and Defendants in as much as the Plaintiff was never appointed as an overall consultant for setting up and development of Pipavav Port according to the Agreement. The Agreement could never be executed without due resolution of board of directors of the Defendant. Hence, there is no cause of action for filing the present suit against the Defendants.

The matter is currently pending before the Court.

2. For details of Original Application bearing number 210 of 2004 filed by ICICI Bank Limited against Gujarat Positra Port Limited, Mr. Nikhil Gandhi and SKIL Infrastructure Limited before the Mumbai Debts Recovery Tribunal ("**DRT**"), please refer to case number 1 under the section titled "*Cases filed against our Company*" under the chapter titled "*Outstanding Litigation, Material Developments and Other Disclosures*" above.

Customs Cases

1. For details of the Customs Appeal lodging number 107 of 2007 filed by Union of India through the Commissioner of Customs (Preventive), Mumbai against M/s. Metropolitan Industries, Mr. Nikhil Gandhi, Mr. Bhavesh Gandhi, Mr. Hitesh Shah and Fairlon Engineering Private Limited before High Court of Judicature at Bombay, please refer to the section titles "Cases *filed against M/s. Metropolitan Industries*" under the chapter titled "*Outstanding Litigation, Material Developments and Other Disclosures*" hereinbelow.

B. ***Outstanding Litigations of Mr. Bhavesh Gandhi***

Cases filed against Mr. Bhavesh Gandhi

Criminal Cases

1. For details of Criminal Case bearing number 3/CW/06 filed by the Assistant Commissioner of Customs (P) against (1) Mr. Hitesh Shah, in his capacity as director of M/s. Fairlon Engineering Private Limited);

(2) M/s. Fairlon Engineering Private Limited; (3) Mr. Nikhil Gandhi and Mr. Bhavesh Gandhi, in their capacity as partners of M/s. Metropolitan Industries; and (4) M/s. Metropolitan Industries (collectively referred to as "**Accused**"), before the Chief Metropolitan Magistrate at Esplanade, Mumbai ("**Authority**") please see "*Litigations involving our Promoters – M/s. Metropolitan Industries*" hereinbelow.

Customs Cases

1. For details of the Customs Appeal lodging number 107 of 2007 filed by Union of India through the Commissioner of Customs (Preventive) Mumbai against M/s. Metropolitan Industries, Mr. Nikhil Gandhi, Mr. Bhavesh Gandhi, Mr. Hitesh Shah and Fairlon Engineering Private Limited before High Court of Judicature at Bombay, please refer to the section titled "*Cases filed against M/s. Metropolitan Industries*" under the chapter titled "*Outstanding Litigation, Material Developments and Other Disclosures*" hereinbelow.

There are no litigations involving the following of our Directors:

(i) Mr. P. Krishnamurthy;
(ii) Mr. Santosh Senapati;
(iii) Mr. K. Roy Paul;
(iv) Mr. Ajay Prasad;
(v) Ms. Gayathri Ramachandran; and
(vi) Mr. Anil Kumar Khandelwal.

V. Litigations involving our Promoters

There are no outstanding litigations and material developments / proceeding filed by / against our Promoters, except the following:

1. For details on the outstanding litigations filed by / against our promoters, Mr. Nikhil Gandhi and Mr. Bhavesh Gandhi, please refer to cases under the section titled "*Litigations involving Our Directors*" under the chapter titled "*Outstanding Litigation, Material Developments and Other Disclosures*" above.

A. ***M/s. Metropolitan Industries***

Cases filed against M/s. Metropolitan Industries

Customs cases

1. A Customs Appeal lodging number 107 of 2007 ("**Appeal**") has been filed by Union of India through the Commissioner of Customs (Preventive), Mumbai ("**Appellant**") against M/s. Metropolitan Industries, Mr. Nikhil Gandhi, Mr. Bhavesh Gandhi, Mr. Hitesh Shah and Fairlon Engineering Private Limited (collectively referred to as the "**Respondents**") before High Court of Judicature at Bombay ("**Court**") under section 130 of the Customs Act, 1962.

The Appeal has been filed pursuant to Appellant being aggrieved by the order dated March 30, 2007 passed by CESTAT in appeal numbers C/955 to 958 and 1153/05. The question of law raised by the Appellant *vide* the customs appeal is whether on the facts and circumstances of the case and in law the CESTAT was correct in allowing the appeal of the Respondents therein and holding that the Respondents had fulfilled their export obligations prior to the import of the goods in question and therefore, that there was no bar to their sale / disposal in the open market so as to deny them the benefit of exemption from payment of duty on the imported copper wire bars and nickel cathordes.

The Appellant also filed an application before the Court being notice of motion number 4921 of 2007 for condonation of delay in filing the appeal.

The Court *vide* its order dated August 20, 2008 has admitted the Appeal on the substantial question of law *viz* "Whether on the facts and in the circumstances of the case, the tribunal was justified in holding that the Respondents have fulfilled the export obligation by exporting the goods through supporting manufacturer, even though the statement of the director of the supporting manufacturer and its employees recorded under section 108 of the Customs Act and various other evidence on record clearly established that no export were effected in the present case".

The amount involved is ₹ 18.45 million.

The matter is currently pending before the Court.

Civil cases

1. A Suit bearing number 532 of 2001 ("**Suit**") has been filed by the Board of Trustees of the Port of Jawaharlal Nehru Port Trust ("**Plaintiff**") against M/s. Metropolitan Industries ("**Defendant No. 1**") and M/s. Container Movements (Bombay) Private Limited ("**Defendant No. 2**") before the High Court of Judicature at Bombay.

The Suit has been filed for recovery of ₹ 0.63 million along with interest at the rate of 18% per annum towards demurrage charges for the consignment allegedly imported by Defendant No. 1 through the agent Defendant No. 2 from Belgium. Defendant No. 1 has filed its written statement on October 1, 2007 wherein it submitted, *inter alia*, that (1) according to the terms of the contract M/s. U.C.B.S.A, Belgium was suppose to ship 22.75 metric tons (2FCL) Dimethylamine on or before June 29, 1992 as the letter of credit obtained by Defendant No.1 in favour of M/s. U.C.B.S.A, Belgium and the import license under which the import was being made by Defendant No.1 was expiring on June 29, 1992; (2) M/s. U.C.B.S.A, Belgium made the consignment only on July 7, 1992 i.e. after the expiry of the letter of credit and import license, hence the Defendant No.1, had no *locus standi* to deal with the consignment in any manner whatsoever.

The Defendants No. 1 and 2 have filed their written statement on October 1, 2007.

The suit is currently pending before the High Court of Judicature at Bombay.

Criminal Cases

1. A Criminal Case bearing number 3/CW/06 (**"Case"**) has been filed by the Assistant Commissioner of Customs (P) ("**Complainant**") against (1) Mr. Hitesh Shah, in his capacity as director of M/s. Fairlon Engineering Private Limited); (2) M/s. Fairlon Engineering Private Limited; (3) Mr. Nikhil Gandhi and Mr. Bhavesh Gandhi, in their capacity as partners of M/s. Metropolitan Industries; and (4) M/s. Metropolitan Industries (collectively referred to as "**Accused**"), before the Chief Metropolitan Magistrate at Esplanade, Mumbai ("**Authority**") under sections 132, 135 and 140 of the Customs Act, 1962 and sections 109 and 120B of the Indian Penal Code, 1860.

The Case is filed alleging, *inter alia,* unauthorized import/ fraudulent clearance of nickel and copper under DEEC Scheme and subsequent sale thereof in the open market by the Accused thereby contravening the provisions of the Indian Trade Control Act, 1947 and the Customs Act, 1962 and evading customs duty of ₹ 18.45 million.

The Complainant has prayed, *inter alia*, for a process of law to be issued and that the Accused may be dealt with in accordance to the law for having committed offence as aforesaid.

The matter is currently pending before the Chief Metropolitan Magistrate, Mumbai.

VI. Litigations involving our Group Entities

A. ***Pipavav Shipyard Limited***

Cases filed against Pipavav Shipyard Limited

Civil Cases

1. A Tenant Eviction and Recovery Suit bearing number 110/146 of 2010 ("**Suit**") has been filed by Ms. Rajkumari Harlalka and Mr. Rajkumar Khetan ("**Plaintiffs**") against Gujarat Positra Steel Company Limited and Pipavav Shipyard Limited ("**Defendants**") before the Court of Small Cause at Bombay ("**Court**") for recovery of possession of the tenanted premises bearing unit 13, Khetan Bhavan, 198, J. Tata Road, Churchgate, Mumbai- 400 020 ("**disputed premises**").

It is alleged in the Suit that Plaintiffs entered into an agreement of tenancy with Gujarat Positra Steel Company Limited on November 19, 1999 and thereafter Gujarat Positra Steel Company Limited sublet the disputed premises to Pipavav Shipyard Limited. Plaintiffs alleged that *vide* notice dated April 20, 2010 tenancy of the disputed premises was terminated and Defendants would have to vacate the disputed premises.

The Plaintiffs have filed the suit praying for:
(i) dispossessing the Defendants from the disputed premises;
(ii) payment of arrears of municipal taxes;
(iii) order of injunction and restrained from parting with the possession of the disputed premises or inducting any third party into the disputed premises under any arrangement;
(iv) appointment of court receiver with all powers under Order XL Rule 1 of the Code of Civil Procedure, 1908 with permission to carry out or cause to carry out immediate repairs; and
(v) any other order as may be deemed fit.

Further Pipavav Shipyard Limited has filed the written statement dated September 21, 2010 before the Court.

The amount involved in the present matter is ₹ 6.94 million.

The matter is currently pending before the Court.

2. A Summary Civil Suit bearing number 2174 of 2010 ("**Suit**") has been filed by Globe Ecologistics Limited ("**Plaintiff**") against Pipavav Shipyard Limited ("**Defendant**") before the City Civil Court at Ahmedabad ("**Court**").

The Plaintiff has preferred the Suit, being aggrieved by the alleged non payment of ₹ 0.38 million towards outstanding bills pertaining to work order number 08 – 09/PS/00068 dated December 13, 2008 for transportation of 75T crawler crane by the Respondent.

The Plaintiff has prayed, *inter alia*:
(i) A decree of ₹ 0.38 million towards principal outstanding freight amount plus ₹ 30,000 towards at the interest of 12% per annum from the date of the bill dated December 30, 2008 till the date of suit, amounting to ₹ 0.41 million; and
(ii) For costs of the suit.

The matter is currently pending before the Court.

3. A Consumer Complaint bearing number 65 of 2011 ("**Complaint**") has been filed by Mr. Dalpat Singh ("**Complainant**") against Pipavav Shipyard Limited ("**Defendant**") before the District Consumer Protection Forum, Kachari Parisar, Jodhpur, Rajasthan ("**Authority**").

The Complainant, was rendering his services on retainership basis to the Defendant. On December 25, 2009, the Complainant suffered a heart attack and was on leave from then till February 15, 2010. On his resuming work, the Defendant discontinued the services of Complainant. Hence, the Complainant has filed the Complaint alleging, *inter alia*, that his retainership fee for 3 months was not paid. An amount of ₹ 0.28 million has been claimed by the Complainant.

The Defendant has filed its reply and sought dismissal of the Complaint claiming that the Authority does not have jurisdiction in the said matter and there exists no consumer relationship between the Complainant and the Defendant.

The matter is currently pending before the Authority.

4. A Company Petition bearing number 170 of 2010 dated February 28, 2011 ("**Petition**") has been filed by Oswal Machinery Limited ("**Petitioner**") against Pipavav Shipyard Limited ("**Respondent**") under section 433 and 434 of the Companies Act, 1956 before the High Court of Gujarat at Ahmedabad ("**Court**").

It is alleged by the Petitioner that the Respondent has failed and neglected to pay a sum of ₹ 1.65 million towards three bills raised by the Petitioner under Letter of Intent dated December 3, 2007 for repair of two gantry cranes. Petitioner accordingly prayed, *inter alia*, for the winding up of Respondent. The Respondent has filed its Affidavit in reply seeking rejection of the winding up Petition by asserting, *inter alia*, that the claim of the Petitioner is disputed by the Respondent and the Respondent is solvent and in sound financial position.

The Petition is currently pending before the Gujarat High Court.

Cases filed by Pipavav Shipyard Limited

Civil Cases

1. A Special Civil Application bearing number 14289 of 2008 ("Petition") has been filed by Pipavav Shipyard Limited and Mr. Ajit Dabholkar ("**Petitioners**") against the Union of India, the Commissioner of Central Excise, Bhavnagar, the Deputy Commissioner of Central Excise, Amreli, the Assistant Commissioner Office of the Commissioner of Bhavnagar, the Superintendent of Central Excise, Mahua, Director General, Directorate of Revenue Intelligence, Ahemedabad, Directorate of Revenue Intelligence, Ahemedabad, Development Commissioner, Kandla Special Economic Zone and Deputy Development Commissioner, Kandla Special Economic Zone ("**Respondents**") before the High Court of Judicature at Ahmedabad ("**High Court**").

The Department of Revenue Intelligence ("**DRI**") carried out search and seizure proceedings against Pipavav Shipyard Limited on August 27, 2008, September 23, 2008 and October 14, 2008 for alleged non-payment of excise duties and customs duties in respect of steel used by PSL for the construction of the dry dock at Pipavav Shipyard. The DRI opined that Pipavav Shipyard Limited's plant could not be termed as capital goods since it was a civil construction and hence, Pipavav Shipyard Limited was wrongly availing the exemption of excise duties and customs duties.

Pipavav Shipyard Limited has filed this Petition challenging the action of the DRI in relation to the seizure of it's plant (i.e., the dry dock, raw materials like steel in stock) and for obstructing the procurement and utilization of various raw materials like steel and capital goods required for construction of the dry dock by imposing certain conditions for issuance of CT-3 Certificates / Procurement Certificates necessary for duty free procurement of indigenous and imported goods.

The High Court *vide* its order dated December 11, 2008, has subject to certain conditions, stayed the order of seizure of DRI dated October 14, 2008 and directed the Respondents to issue CT-3/procurement certificates within 2 days of submission of application for such certificate by Pipavav Shipyard Limited.

The DRI has filed a Special Leave Petition before the Supreme Court of India challenging the order dated December 11, 2008 of the High Court. The Supreme Court of India *vide* its order dated May 15, 2009, disposed of the petition, with the following observations that:

(i) a show cause notice dated March 20, 2009 had been issued to Pipavav Shipyard Limited by the DRI to which Pipavav Shipyard Limited's response was awaited; and
(ii) the directions issued to Pipavav Shipyard Limited in relation to furnishing a bond of ₹ 135 million and depositing a sum of ₹ 35 million pursuant to the order dated January 7, 2009 (as modified by order dated February 9, 2009) of the Supreme Court of India were complied with by Pipavav Shipyard Limited.

Pipavav Shipyard Limited has executed a bond for a sum of ₹ 135 million, as directed. Pipavav Shipyard Limited has not yet responded to the show cause notice issued by the DRI as the DRI has not released certain documents it had seized earlier. Pursuant to a letter dated May 11, 2009, Pipavav Shipyard Limited has requested the DRI to release the seized documents.

The matter is currently pending before the High Court.

Tax Cases

Assessment Year 2008 – 2009

1. An Appeal dated January 24, 2011 ("**Appeal**") has been filed by Pipavav Shipyard Limited ("**Appellant**") challenging order dated December 30, 2010 ("**Impugned Order**") passed by the Deputy Commissioner of Income Tax, Range 1 (2) ("**Assessing Officer**") before the Commissioner (Appeals) – 1, Mumbai ("**Appellate Authority**") under section 246A(1)(a) of the the I. T. Act and the rules formulated thereunder.

The Assessing Officer had, in terms of the Impugned Order, noted, *inter alia*, that:

(i) Income of ₹ 125.38 million has been earned by the Appellant on its investments and expenses incurred by it in relation thereto must be apportioned correctly. Thus, disallowance made under section 14A(2) of the I. T. Act in this regard would be disallowed to the extent of ₹ 41.78 million;
(ii) Interest earned by Appellant on loans given to its staff, fixed deposits placed by it and other income is shown by the Appellant as being ₹ 277.49 million and the expenditure claimed by Appellant in this regard pertains to project expenditure. The utilisation of funds for the expenses of the Appellant have been made from a common pool of funds and the Appellant has not provided a reconciliation as to interest earned for treatment under different heads being made in its books of accounts;
(iii) Expenses claimed by Appellant towards payment of stamp duty must be capitalised instead of being treated as revenue expenditure;
(iv) Appellant has claimed a sum of ₹ 6.26 million as revenue expenditure against interest income, in respect of rent paid by it;
(v) Accordingly, expenditure debited by Appellant to profit and loss account, amounting to ₹ 1,613.65 million is capitalised and is not allowed as revenue expense;
(vi) Income of the Appellant from other sources was assessed as being ₹ 277.19 million.

The Appeal has been filed on the grounds, *inter alia*, that:

(i) the Assessing Officer had erred in holding that the expenditures incurred by the Assessee were capital in nature;
(ii) that the disallowance of ₹ 1,615.55 million made by the Assessing Officer in respect of general expenditure incurred by it was for the period subsequent to the setting up of Appellant's business but prior to the commencement of such business. Thus, the Assessing Officer erred in holding that expenditures incurred were capital in nature;
(iii) the Assessing Officer erred in holding that interest income received by the Appellant should be classified as "income from other sources" and not as business income;
(iv) the Assessing Officer erred in making a disallowance of ₹ 5.18 million under section 14A of the I. T. Act.

Separately, penalty proceedings may be initiated by the Income Tax Department in relation to observations made in the Impugned Order. The amount under consideration is ₹ 1.63 million.

The Appeal is currently pending before the Appellate Authority.

B. ***Everonn Education Limited***

Cases filed against Everonn Education Limited

Civil Cases

1. A Civil Suit bearing number 210 of 2011 ("**Suit**") has been filed by ICFAI Academy ("**Plaintiff**") against Everonn Education Limited ("**Defendant No.1**") and Everonn Business Education Limited ("**Defendant No. 2**") (collectively referred to as "**Defendants**") before the High Court of Judicature at Madras ("**Court**") under Order IV Rule 1 of the Original Side Rules ("**O.S. Rules**") read with Order VII Rule 1 of the Civil Procedure Code, 1908 ("**CPC**").

It is alleged that the Defendants *vide* a Memorandum of Understanding dated April 15, 2010 ("**MOU**") had agreed to acquire 65 campuses ("**Campuses**") and 8 control offices ("**Control Offices**") of the Plaintiff on an "as is where is basis". Accordingly, Defendant No. 2 was to refund the security deposits amounting to ₹ 34.99 million lying with various landlords/ lessors to the Plaintiff once Defendant No. 2 stepped into the existing lease/ rental arrangement while simultaneously replacing the security deposit with the respective landlords. Further, Defendant No. 2 was to conclude its due diligence process and the transaction by May 15, 2010. It was alleged that, neither the above security deposits were refunded to the Plaintiff by Defendant No. 2 nor the due diligence concluded on the said date.

It is further alleged by the Plaintiff that it had raised an interim invoice of ₹ 71.27 million for certain moveable assets which remain unpaid by Defendant No.2. The only payments made to the Plaintiff were *ad hoc* payments of ₹ 44.5 million on June 8, 2010 and ₹ 10 million on July 3, 2010. It is also alleged that Defendant No. 2 has been alienating assets transferred under the MOU in almost all Campuses and Control Offices and creating third party rights without having legal title to the same. It is further alleged that the Defendants have been using the purported transaction to further the agenda of promoting themselves at the costs and consequences of the Plaintiff.

The Plaintiff has filed the Suit praying for:

(i) Permanent injunction against Defendant No. 1 its agents, servants, successors, affiliates, group companies or assigns or any person directly or indirectly making any public statements/ advertisements in any media, regarding Plaintiff's Campuses and Control Offices;

(ii) Permanent injunction against the Defendant No. 2 their agents, servants, successors, affiliates, group companies or assigns or any person directly or indirectly alienating, creating third party rights or disposing the assets, both tangible and intangible, in Campuses and Control Offices;

(iii) Permanent injunction against the Defendants, their agents, servants, successors, affiliates, group companies or assignees or any person directly or indirectly claiming through the Defendant from admitting/enrolling/ initiating any admission process for students and its Campuses and Control Offices from the academic year 2011 and onwards;

(iv) The Defendants to jointly and severally pay damages in the sum of ₹ 5 million along with interest at the rate of 18% per annum, subject to Plaintiff's claim to further damages on accounting.

Further, the Plaintiff has filed various original applications before the Court.

Original Application Number 298 of 2011 ("**O.A. No. 298 of 2011**") has been filed by the Plaintiff for an ad-interim injunction restraining the Defendants, their agents, servants, successors, affiliates, group companies or assigns or any other person claiming directly or indirectly from making any public statements/ advertisement in the media regarding taking over of Plaintiff's Campuses and Control Offices.

Original Application Number 299 of 2011 ("**O.A. No. 299 of 2011**") has been filed by the Plaintiff for an ad-interim injunction restraining the Defendants, their agents, servants, successors, affiliates, group companies or assigns or any other person claiming directly or indirectly from alienating, creating third party rights or disposing any of the assets, both tangible and intangible, in the Campuses and Control Offices.

Original Application Number 300 of 2011 ("**O.A. No. 300 of 2011**") has been filed by the Plaintiff for an ad-interim injunction restraining the Defendants, their agents, servants, successors, affiliates, group companies or assigns or any other person claiming directly or indirectly through them from admitting/enrolling/initiating any admission process for students its campuses and control offices from the academic year 2011 and onwards.

Original Application 1748 of 2011 ("**O.A. No. 1748 of 2011**") has been filed by the Plaintiff to produce financial accounts/ accounting records of the Defendants' schools from May 1, 2010 till date before the Court.

The matter is currently pending before the Court.

C. ***Horizon Infrastructure Limited***

Cases filed by Horizon Infrastructure Limited

Tax Cases

Assessment Year 2009 – 2010

1. An Appeal dated April 26, 2011 (**"Appeal"**) has been filed by Horizon Infrastructure Limited ("**Appellant**") against the Deputy Commissioner of Income Tax Circle 1 (1), Mumbai ("**Respondent**") before the Commissioner of Income Tax, Mumbai ("**CIT**"), against the order dated March 28, 2011 ("**Impugned Order**") under the Income Tax Act, 1961 ("**I. T. Act**") and the rules formulated thereunder.

   Respondent had, *vide* Notice of Demand under section 156 of the I.T. Act dated March 23, 2011, raised a demand of ₹ 1.51 million based on the assessment order dated March 25, 2011 passed by the assessing officer for assessment year 2009 – 2010 on the following grounds:
   (i) The Appellant and Gujarat Positra Port Company Limited entered into a contract for which an advance of ₹ 121.51 million was paid to the Appellant.
   (ii) Applying the provisions of section 194C of the I.T. Act TDS of ₹ 2.75 million was deducted on the advance and deposited in HDFC Bank on July 30, 2008.
   (iii) The abovementioned contract was completed to the extent of ₹ 21.09 million and work pertaining to the balance amount of ₹ 100.42 million was cancelled on January 2, 2009
   (iv) The Deputy Commissioner of Income Tax restricted the credit of TDS to ₹ 0.48 million instead of ₹ 2.75 million at the time of computing the tax payable by the Appellant on the basis of assessment done under rule 37BA(3) for work executed amounting to ₹ 21.09 million.

   Appellant has filed the said Appeal, challenging the Impugned Order on the following grounds, *inter alia*,:
   (i) That the Deputy Commissioner of Income Tax has erred in law and on facts by not allowing the appellant credit for TDS of ₹ 2.28 million while computing the tax payable; and
   (ii) That credit of TDS has been restricted at ₹ 0.48 million instead of ₹ 2.75 million on the work executed amounting to ₹ 21.09 million.

   The Appeal is currently pending before ITAT.

2. An Appeal dated April 11, 2011 ("**Appeal**") has been filed by Horizon Infrastructure Limited ("**Appellant**") against the Tax Recovery Officer (TDS Range-1), Mumbai ("**Respondent**") before the Commissioner of Income Tax (Appeals), Mumbai ("**CIT**") against the order passed by the Respondent for the relevant

assessment year ("**Impugned Order**") under sections 201(1) and 201(1A) of the Income Tax Act, 1961 ("**I.T. Act**").

The Respondent had, *vide* the Impugned Order raised a demand of ₹ 10.20 million for the Assessment Year 2009-2010. The said order refers to an earlier show cause notice dated March 15, 2011 issued to the Appellant by the ITO (TDS) Ward 1(3), Mumbai, ("ITO") whereby ITO had called upon the Appellant to show cause as to why the Appellant should not be treated as the assessee in default for non deduction of TDS of ₹ 10.20 million. However, the Appellant's submissions were rejected by the Respondent and the Impugned Order was passed. Therefore, the Appellant has filed the Appeal on the grounds, *inter alia*, that:

(i) The Respondent erred in law and facts in assessing the TDS demand;
(ii) The Appellant had filed the original e-TDS return for the 4th quarter ending Fiscal Year 2008-2009 in Form 24Q where a wrong entry was made for salary amount. This was later rectified in the revised e-TDS return in which the correct salary and TDS figures were shown;
(iii) The Respondent erred in taking the original e-TDS into consideration instead of taking cognizance of the revised e-TDS return which is the correct e-TDS return based on factual grounds. The Appellant has paid correct e-TDS liability as per the revised e-TDS return.

The Appellant has accordingly prayed, *inter alia*, that the Impugned Order be deemed incorrect in law and facts and therefore the Impugned Order be cancelled.

The Appeal is currently pending before the CIT.

D. ***JPT Securities Limited***

Cases filed against JPT Securities Limited

Civil Cases

1. A Civil Suit bearing number 83 of 1999 ("**Suit**") has been filed by Mr. I.P. Singh ("**Plaintiff**") against JPT Securities Limited and others (collectively referred to as "**Defendants**") before the Delhi High Court ("**Court**") in 1999.

The Plaintiff used to buy and sell shares for and on behalf of JPT Securities Limited. The Plaintiff had purchased 124,800 shares on behalf of JPT Securities Limited and had it delivered to JPT Securities Limited office. The Plaintiff claims that the shares were stolen from the office of JPT Securities Limited. It was later found out that the shares in dispute were in the possession of one of the Defendants by virtue of sale and purchase and not by theft. The amount involved is ₹ 5.94 million.

The matter is currently pending before the Court.

E. ***Everonn Business Education Limited***

Cases filed against Everonn Business Education Limited

Civil Cases

1. For details of the Civil Suit bearing number 210 of 2011 filed by ICFAI Academy against Everonn Business Education Limited before the High Court of Judicature at Madras, please refer to the section titled "*Cases filed against Everonn Education Limited*" under the chapter titled "*Outstanding Litigation, Material Developments and Other Disclosures*" above.

F. ***Montana Infrastructure Limited***

Cases filed against Montana Infrastructure Limited

Civil cases

1. A Summary Suit bearing number 15 of 2000 ("**Suit**") has been filed by M/s. Sharda Steel Corporation ("**Plaintiff**") against Montana Infrastructure Limited, formerly known as Montana Valves and Compressors Limited ("**Defendant**") before the Court of Civil Judge (Senior Division) at Rajkot ("**Court**").

The Suit has been filed for recovery of ₹ 5 million which the Plaintiff had allegedly lent to the Defendant by way of demand loan for the Defendant's business purposes along with interest at the rate of 42% per annum. *Vide* order dated May 2, 2001 the Court directed the Defendant to furnish security of ₹ 5 million with solvent surety. Pursuant to the order dated May 2, 2001, Montana Valves and Compressors Limited filed a civil revision application baring number 619 of 2001filed before the High Court of Gujarat, at Ahmedabad ("**High Court**"). The said High Court *vide* its order dated June 29, 2010 quashed the order dated May 2, 2001 and directed the disposal of the Suit within a period of 6 months.

Plaintiff has prayed, *inter alia*, a decree for ₹ 23.89 million along with a running interest thereon at the rate of 42% per annum from January 1, 2000 till realization of the amounts and the costs of the suit.

The Defendant has filed its written statement on August 28, 2010 wherein it submitted, *inter alia*, that:
(i) the Defendant has never borrowed any loan amount as alleged from the Plaintiff and that there is no question of repaying the same;
(ii) the alleged loan was made in February, 1996 whereas the Plaintiff has filed the suit for recovery on April 2, 2000 and that the suit is barred by limitation;
(iii) the Plaintiff, which is a partnership firm was unregistered at the time of filing the suit and that as per section 69 (2) of the Indian Partnership Act, no suit to enforce a right arising from a contract shall be instituted in any court by or on behalf of a firm against any third parties unless the firm is registered.

The Suit is currently pending before the Court.

G. ***E Complex Private Limited***

Cases filed by E Complex Private Limited

Tax cases

1. A Revision Petition bearing number JMN/AML/59/2010 ("**Petition**") has been filed by E Complex Private Limited and another ("**Petitioners**") against the Collector, Amreli and others ("**Respondent**") before the Special Secretary (Appeals) Revenue Department, State of Gujarat against order of the Collector of Amreli dated April 30, 2010 in case number Chi.JMN-1 Sharat-bhang Case number 114/09 (**Collector's Order**").

The Petition has been filed challenging the Collector's Order for resumption of land admeasuring 451 Acres and 10 Gunthas at Taluka Rajula, Village Rampara & Hindorana, and Taluka Jafrabad, Village Lunsapur (the Land) granted to our Company for Industrial purpose whereby the Collector has directed the Mamlatdars of Rajula and of Jafrabad to take back possession on the grounds, *inter alia,* that the Petitioner had failed to observe the conditions under which the said land was allotted to the Petitioner. Further *vide* order dated September 8, 2010 the Special Secretary (Appeals) Revenue Department, State of Gujarat has ordered that status quo be maintained in this matter.

The Petition is currently pending before the Special Secretary (Appeals) Revenue Department, State of Gujarat.

H. ***M/s. Seaking Marine Services***

Cases filed by M/s. Seaking Marine Services

Customs cases

1. An Appeal bearing lodging number 2 of 2011 ("**Appeal**") has been filed by M/s. Seaking Marine Services ("**Appellant**") against the Commissioner of Customs (Preventive), Mumbai before the High Court of Judicature at Mumbai being aggrieved by the order of the Custom, Excise and Service Tax Appellate Tribunal, North Zonal Branch at New Delhi ("**CESTAT**") dated June 28, 2010 ("**Impugned Order**").

The litigation pertains to certain consignments of goods allegedly cleared as "ship - stores" by customs authorities which were allegedly diverted to the local markets by the Appellant. Pursuant to penalty amounts being paid by the Appellant, the Appellant made a claim for refund of ₹ 6.30 million.

The Appellant has filed the Appeal challenging the Impugned Order whereby it was held, *inter alia*, that the claim of refund by the Appellant was subject to the test of "unjust enrichment" on the following grounds, *inter alia*:

(i) CESTAT failed to deal with the ground that the doctrine of unjust enrichment does not apply to a refund claim where amounts had been deposited with the revenue department many years after the clearance/removal and sale of imported goods;
(ii) CESTAT erred in applying the doctrine of unjust enrichment in the case of two consignments which are the subject of the litigation, which had stood exported out of the country because the said doctrine can apply only in the case of the goods which are sold in India;
(iii) CESTAT erred in applying the doctrine of unjust enrichment even where the amount (under claim) does not relate to any clearance of goods.

The Appellant accordingly prays, *inter alia*, that the questions of law raised in the Appeal be considered by the High Court and decided upon.

The Appeal is currently pending before the High Court of Judicature at Bombay.

I. ***Gujarat Positra Port Company Limited***

Cases filed against Gujarat Positra Port Company Limited

Civil Cases

1. 6 Special Civil Applications filed against the State of Gujarat, Gujarat Maritime Board, Special Land Acquisition Officer, and Gujarat Positra Port Company Limited (collectively referred to as the "**Respondents**") before the High Court of Gujarat, at Ahmedabad:

(v) Special Civil Application bearing number 9599 of 2008 by Mr. Khimanand Devanand and Others;
(vi) Special Civil Application bearing number 12690 of 2008 by Mr. Abdul Ali and Others;
(vii) Special Civil Application bearing number 12691 of 2008 by Mr. Gughabha Ashaparbha and Others;
(viii) Special Civil Application bearing number 12692 of 2008 by Mr. Eliyas Isha and Others;
(ix) Special Civil Application bearing number 12693 of 2008 by Mr. Lalji Mavji and Others; and
(x) Special Civil Application bearing number 12694 of 2008 by Mr. Kishor Vashrambhai and Others.

(Applicants in each of the abovementioned special civil applications referred to herein below as "**Petitioners**". The special civil applications referred to hereinabove are collectively referred to as "**Petitions**")

These Petitions are in relation to the acquisition of land by the State of Gujarat allegedly owned by the Petitioners sought to be acquired *vide* notification under section 4 of the Land Acquisition Act, 1894 ("**Act**") dated February 11, 1999 and notification under section 6 of the Act dated October 8, 1999 ("**Notifications**") for development of Positra Port in Gujarat.

The Petitions have been filed, on the grounds, *inter alia*, that:

(i) the notice under section 12 (2) of the Act, given by the state of Gujarat was delayed by 7 years from the date of award under section 11 of the Act i.e., April 16, 2001;

(ii) delay of 7 years has affected the Petitioners' right to get compensation for land acquired from them;
(iii) the action of the Respondents in transferring the disputed land on lease basis by charging rental amounts to third party private agencies is illegal and without procedure of law.

The Petitioners have accordingly prayed, *inter alia*, that the acquisition of the land pursuant to the Notifications be deemed illegal and that the Respondents be directed to issue a fresh notification under section 4 of the Act and that a writ of Mandamus be issued directing the Respondents to return the land acquired pursuant to the Notifications to their owners, pending the issuance of a fresh notification.

The Petitions are currently pending before the High Court of Gujarat.

2. 11 Special Civil Applications filed against the State of Gujarat; Gujarat Maritime Board; Special Land Acquisition Officer and Gujarat Positra Port Company Limited (collectively referred to as the "**Respondents**") before the High Court of Gujarat, at Ahmedabad:

(i) Special Civil Application bearing number 16386 of 2010 by Mr. Foga Malde Suva and Others;
(ii) Special Civil Application bearing number 16387 of 2010 by Mr. Lakhman Momaiya and Others;
(iii) Special Civil Application bearing number 16388 of 2010 by Mr. Rana Ala and Others;
(iv) Special Civil Application bearing number 16389 of 2010 by Mr. Jemal Aspar and Others;
(v) Special Civil Application bearing number 16390 of 2010 by Mr. Natubha Dipubhai Vadher and Others;
(vi) Special Civil Application bearing number 16391 of 2010 by Mr. Mansukh Meghji and Others;
(vii) Special Civil Application bearing number 16392 of 2010 by Mr. Haresh Nanjibhai and Others;
(viii) Special Civil Application bearing number 16393 of 2010 by Mr. Parbat Ala and Others;
(ix) Special Civil Application bearing number 16394 of 2010 by Mr. Kara Ali Gori and Others;
(x) Special Civil Application bearing number 16395 of 2010 by Mr. Abhram Haji Sama and Others; and
(xi) Special Civil Application bearing number 16396 of 2010 by Mr. Ishaq Adu and Others.

(Applicants in each of the abovementioned special civil applications referred to herein below as "**Petitioners**". The special civil applications referred to hereinabove are collectively referred to as "**Petitions**")

These Petitions are in relation to the acquisition of land by the State of Gujarat allegedly owned by the Petitioners sought to be acquired *vide* notification under section 4 of the Land Acquisition Act, 1894 ("**Act**") dated February 11, 1999 and notification under section 6 of the Act dated October 8, 1999 ("**Notifications**") for development of Positra Port in Gujarat.

The Petitions have been filed, on the grounds, *inter alia*, that:

(i) the notice under section 12 (2) of the Act, given by the state of Gujarat was delayed by 7 years from the date of award under section 11 of the Act i.e. April 16, 2001;
(ii) delay of 7 years has affected the Petitioners' right to get compensation for land acquired from them;
(iii) the action of the Respondents in transferring the disputed land on lease basis by charging rental amounts to third party private agencies is illegal and without procedure of law.

The Petitioners have accordingly prayed, *inter alia*, that the acquisition of the land pursuant to the Notifications be deemed illegal and that the Respondents be directed to issue a fresh notification under section 4 of the Act and that a writ of Mandamus be issued directing the Respondents to return the land acquired pursuant to the Notifications to their owners, pending the issuance of a fresh notification.

The Petitions are currently pending before the High Court of Gujarat.

3. For details of Original Application bearing number 210 of 2004 filed by ICICI Bank Limited against Gujarat Positra Port Limited, Mr. Nikhil Gandhi and SKIL Infrastructure Limited before the Mumbai

Debts Recovery Tribunal ("**DRT**"), please refer to case number 1 under the section titled "*Cases filed against our Company*" under the chapter titled "*Outstanding Litigation, Material Developments and Other Disclosures*" above.

Cases filed by Gujarat Positra Port Company Limited

Civil Cases

1. A Special Civil Application bearing number 749 of 2011 ("**Petition**") has been filed by Gujarat Positra Port Company Limited and Mr. Om Prakash Kamla Rai, Senior Vice President, Gujarat Positra Port Company Limited (collectively referred to as the "**Petitioners**") against Union of India, Principal Secretary, Environment and Forest Department, Government of Gujarat, Chief Wildlife Warden, Environment and Forest Department, Government of Gujarat and Chief Conservator of Forest, Marine National Park, Jamnagar (collectively referred to as the "**Respondents**") before the High Court of Gujarat at Ahmedabad ("**Court**") challenging the decisions of Standing Committee of National Board for Wildlife dated April 12, 2010 and October 13, 2010 ("**Impugned Order**") wherein the said Standing Committee has rejected the proposal of Petitioners to carry out study for Environment Impact Assessment and risk assessment for the establishment of port at Positra, district Jamnagar.

   Petitioners are in process of obtaining clearance under requisite environment laws for establishment of port at Positra, district Jamnagar along with Gujarat Port Infrastructure & Development Company Limited. Petitioners *vide* letter dated April 12, 2007 requested the Secretary, Ministry of Environment and Forests to approve the terms of reference for Environmental Impact and Risk Assessment Study for the development of the port at Positra and the same was rejected *vide* the Impugned Order.

   Petitioners have filed this Petition, *inter alia*, on the ground alleging that:
   (i) Impugned Order has been passed without considering the details comments submitted by Petitioners which is against the principal of natural justice; and
   (ii) no physical samples were collected nor any analysis made by the expert committee during the site visit.

   Petitioners have prayed, *inter alia*:
   (i) for the issuance of writ, order or direction in the nature of Mandamus for quashing the Impugned Order; and
   (ii) to pass order directing the Respondents to allow Petitioners to carry out the Environmental Impact Assessment Study for the development of a port at Positra, in accordance with terms of reference by the Ministry of Environment and Forests on August 1, 2007.

   The matter is currently pending before the Court.

J. ***Sagar Inflatables Limited***

Cases filed against Sagar Inflatables Limited

Civil Cases

1. 17 Complaints bearing numbers 114 to 130 of 2006 dated May 9, 2006 have been filed by M/s. Premjibhai Sarvaiya, Bandu M. Patil, Jagdish Patil, R. K. Sinha, Dattate J. Mahajan, Dinaben K. Jeta, Suresh Rathwa, Lilaben Sarvaiya, Mohamed N. Maner, Babulal J. Patil, Nilesh P. Desai and Alpesh G. Zapda (Labourers of Sagar Inflatables Limited) (collectively referred to as "**Complainants**") against Sagar Inflatables Limited ("**Respondent**") before the Labour Court, Rajkot ("**Court**") under the Industrial Disputes Act, 1947.

   The Complainants have prayed for, *inter alia*:
   (i) Re-instatement with back wages;
   (ii) Increment in wages; and

(iii) All other incidental and allegedly due benefits.

The Complaints are currently pending before the Court.

K. ***Navi Mumbai SEZ Private Limited***

Cases filed by Navi Mumbai SEZ Private Limited

Civil Cases

1. A Writ Petition bearing number 2471 of 2009 dated February 18, 2009 ("**Petition**") has been filed by Navi Mumbai SEZ Private Limited ("**Petitioner**") against State of Maharashtra ("**Respondent**") before the High Court of Judicature at Bombay ("**Court**") under Article 226 and 227 of the Constitution of India.

It has been alleged by the Petitioner, *inter alia*, that, the lands in question were acquired by the State Government under the Land Acquisition Act and are held by CIDCO as agent of the Government and the said lands are exempt from payment of land revenue or non-agricultural assessment in view of legal provisions as well as the Government Notification dated June 19, 1999 ("**Notification**"). CIDCO had leased the said lands to the Petitioner for development of Special Economic Zone ("**SEZ**") as a joint venture. CIDCO holds the land in joint venture with the Petitioner and therefore, by virtue of the said Notification, no non-agricultural assessment is leviable or recoverable.

It was also alleged, that, by virtue of the Government Resolutions dated September 15, 2000 and September 11, 2002, appointing CIDCO as Nodal Agency for setting up Navi Mumbai SEZ as approved by the Central Government on February 15, 2002, the Petitioner is only acting as a Special Purpose Vehicle ("**SPV**") of CIDCO and therefore, no non-agricultural assessment can be recovered from the Petitioner.

It was further alleged by the Petitioner that, the lands held by the Petitioner are not being actually put to non-agricultural use and therefore, in terms of plain language of section 115, non-agricultural assessment is not recoverable from the Petitioners. The activity of fencing, levelling, putting up compound wall are not and cannot be construed as non-agricultural use.

The Petitioner has therefore, prayed, *inter alia*, for:

(i) declaration that no non-agricultural taxes are payable by the Petitioner under the provisions of the Maharashtra Land Revenue Code or Rules with respect to the lands leased by CIDCO to the Petitioner for establishment of the SEZ.

(ii) issuance of writ of certiorari, calling for the records and proceedings pertaining to the assessment, levy and recovery of non-agricultural taxes from the Petitioner with respect to the lands granted to the Petitioner by CIDCO as well as the demand notices with regard to the same.

(iii) issuance of writ of mandamus, directing the Respondent to cancel and/or withdraw assessment, levy and recovery of non-agricultural taxes from the Petitioner with respect to the lands for development of SEZ project as well as notices with regard to the same.

The Court, *vide* its order dated August 12, 2009 ("**Order**"), directed the Petitioner to deposit an amount of ₹ 30 million with the Respondent within a period of 8 weeks from the date of the Order.

Being aggrieved by the order of the Court, the Petitioner filed a special leave petition bearing number 24148 of 2009 ("**SLP**") before the Supreme Court ("**Supreme Court**"). The Hon'ble Supreme Court dismissed the SLP and directed the Court to dispose the Petition that was pending before it within 3 months.

The Petitioner has approached the Court for extension of time to deposit the money as directed by the Court order dated August 12, 2009.

The matter is currently pending before the Court.

2. A Writ Petition bearing number 5970 of 2008 dated August 13, 2008 ("**Petition**") has been filed by Navi Mumbai SEZ Private Limited ("**Petitioner**") against the Union Of India And Others ("**Respondent**") before the High Court of Judicature at Bombay ("**Court**") under Article 226 of the Constitution of India; Special Economic Zone Act, 2005 ("**SEZ Act**") and the Rules framed thereunder; Customs Act, 1962 and the Rules framed thereunder; and F.No.6/2/2008 SEZ (pt) dated June 30, 2008 issued by Government of India, Ministry of Commerce and Industry, Department of Commerce (SEZ)

The Petition has been filed on the grounds, *inter alia*:

(i) that by the circuitous reasoning of the Ministry of Finance and the Ministry of Commerce, export duty is being demanded on steel sent from Domestic Tariff Area ("**DTA**") to Special Economic Zone *vide* letter dated June 30, 2008;
(ii) that it is clear that the application of the Customs Act applies to units or developers set up in an SEZ and goods imported into SEZ are exempt from customs duty . Further 'Import' under the SEZ Act has been defined to mean goods coming from outside India into the SEZ territory, 'Export' is also defined as goods exported from an SEZ to any place outside India;
(iii) that under section 26 there is an exemption on goods manufactured in DTA, it also provides for drawback benefits being available on goods transported from DTA into SEZ treating them as being exports for the purposes of the SEZ Act but with a view to defray such duties from being imposed on the SEZ units, the scheme of drawback being granted on such duties was adopted by treating DTA's supply to SEZ as an export; and
(iv) that section 7 of the SEZ Act clearly provides that any goods procured from the DTA to SEZ unit would be exempt from the payment of taxes, duties or cess.

The Petitioner has prayed, *inter alia*:

(i) that the Court issue a Writ of Certiorari or any other appropriate order under Article 226 of the Constitution of India calling for the records pertaining to the Petitioner's case for analysing the validity and legality of the matter to quash and set aside the letter F. No 6/2/2008-SEZ (pt) dated 30th June, 2008 and F.No.6/2/2008-SEZ dated May 23, 2008;
(ii) that the Court issue a Writ of Mandamus or any other appropriate order directing the Respondents to withdraw and/or cancel letter F. No 6/2/2008-SEZ (pt) dated 30th June, 2008 and F.No.6/2/2008-SEZ dated May 23, 2008 issued by the Respondent and refrain from taking any steps or proceedings to recover export duty on the steel procured by the Petitioner;
(iii) that the operation, execution and implementation of impugned letter F. No 6/2/2008-SEZ (pt) dated June 30, 2008 and F.No.6/2/2008-SEZ dated May 23, 2008 be stayed pending the hearing and final disposal of this Petition; and that pending the hearing and final disposal of the Petition the Respondent be restrained from taking any steps to recover any export duty levied by the Respondent under the Customs Act, 1962 read with Customs Tariff Act, 1975 on steel products procured or to be procured by the Petitioner supplied by the Domestic Tariff Area to SEZ.

Tax Cases

Assessment Year 2006-2007

1. An Appeal ("**Appeal**") has been filed by Navi Mumbai SEZ Private Limited ("**NMSPL**") against the order passed of the Commissioner of Income Tax (Appeals) ("**CIT**") before the Income Tax Appellate Tribunal ("**ITAT**") under section 263 of the I.T. Act for the assessment year 2006-2007.

The Appeal has been filed on the grounds, *inter alia*,:
(i) for allowability of interest expenses against the interest income under section 57 (iii) of the I.T. Act; and
(ii) for TDS deduction of reimbursement of expenses.

The Appeal is currently pending before ITAT.

Assessment Year 2007-2008

2. An Appeal ("**Appeal**") has been filed by Navi Mumbai SEZ Private Limited ("**NMSPL**") against the order passed of the assessing officer before the Commissioner of Income Tax (Appeals) ("**CIT**") for the assessment year 2007-2008.

The Appeal has been filed on the grounds, *inter alia*,:

(i) for disallowance under section 35D of the I.T. Act; and
(ii) for disallowance under section 14A of the I.T. Act.

The Appeal is currently pending before CIT.

Assessment Year 2008-2009

3. An Appeal ("**Appeal**") has been filed by Navi Mumbai SEZ Private Limited ("**NMSPL**") against the order passed of the assessing officer before the Commissioner of Income Tax (Appeals) ("**CIT**") for the assessment year 2008-2009.

The Appeal has been filed on the grounds, *inter alia*,:

(i) for disallowance under section 35D of the I.T. Act; and
(ii) for disallowance under section 32 of the I.T. Act.

The Appeal is currently pending before CIT.

Assessment Year 2006-2007

4. An Appeal has been filed by Navi Mumbai SEZ Private Limited ("**NMSPL**") against the order passed by the assessing officer before the Commissioner of Income Tax (Appeals) ("**CIT**") under section 201 (1) and 201 (A) of the Income Tax Act, 1961 ("**I.T.Act**") for the assessment year 2006-2007.

The Appeal has been filed on the grounds, *inter alia*, that the assessing officer has erred in holding that TDS has not been deducted on the payment made by NMSPL to CIDCO. The amount involved in the matter is ₹ 143.60 million.

The Appeal is currently pending before CIT.

Assessment Year 2007-2008

5. An Appeal has been filed by Navi Mumbai SEZ Private Limited ("**NMSPL**") against the order passed by the assessing officer before the Commissioner of Income Tax (Appeals) ("**CIT**") under section 201 (1) and 201 (A) of the Income Tax Act, 1961 ("**I.T.Act**") for the assessment year 2007-2008.

The Appeal has been filed on the grounds, *inter alia*, that the assessing officer has erred in holding that TDS has not been deducted on the payment made by NMSPL to CIDCO.
The amount involved in the matter is ₹ 3141.97 million.

The Appeal is currently pending before CIT.

Assessment Year 2008-2009

6. An Appeal has been filed by Navi Mumbai SEZ Private Limited ("**NMSPL**") against the order passed by the assessing officer before the Commissioner of Income Tax (Appeals) ("**CIT**") under section 201 (1) and 201 (A) of the Income Tax Act, 1961 ("**I.T.Act**") for the assessment year 2008-2009.

The Appeal has been filed on the grounds, *inter alia*, that the assessing officer has erred in holding that TDS has not been deducted on the payment made by NMSPL to CIDCO.
The amount involved in the matter is ₹ 3345.51 million.

The Appeal is currently pending before CIT.

Assessment Year 2009-2010

7. An Appeal has been filed by Navi Mumbai SEZ Private Limited ("**NMSPL**") against the order passed by the assessing officer before the Commissioner of Income Tax (Appeals) ("**CIT**") under section 201 (1) and 201 (A) of the Income Tax Act, 1961 ("**I.T.Act**") for the assessment year 2009-2010.

The Appeal has been filed on the grounds, *inter alia*, that the assessing officer has erred in holding that TDS has not been deducted on the payment made by NMSPL to CIDCO.
The amount involved in the matter is ₹ 436.48 million.

The Appeal is currently pending before CIT.

L. ***Fastlane Distriparks & Logistics Limited***

Cases filed against Fastlane Distriparks & Logistics Limited

Civil Cases

1. A Suit bearing number 357 of 2008 ("**Suit**") has been filed by Ms. Pushpalata M. ("**Plaintiff**") against Tukaram Koli and others, Kotex Private Limited ("**Defendant No. 12**") and Fastlane Distriparks & Logistics Limited (formerly known as Gem Distriparks & Logistics Limited) ("**Defendant No. 13**") (collectively referred to as the "**Defendants**") before the Panvel Court Senior Division 1("**Court**"). In the Suit with regard to partition, the Plaintiff's application for injunction has been rejected by the Court.

The Suit is currently pending before the Court.

2. A Suit bearing number 239 of 2010 has been filed by Padmakar Sitaram Koli ("**Plaintiff**") against Tukaram Koki ("**Defendant No. 17**") and Fastlane Distriparks & Logistics Limited (formerly known as Gem Distriparks & Logistics Limited) ("**Defendant No. 18**") (collectively referred to as the "**Defendants**") before the Panvel Court Senior Division 1 ("**Court**"). The Plaintiff has claimed, *inter alia*, that he is one of the co-sharers in the property which is the subject matter of the dispute.

The Suit is currently pending before the Court.

3. An Application bearing number 13 of 2010 has been filed by Mr. Bala Nana Mhatre ("**Plaintiff**") against Mr. Arjun Daryanani, Kross Link Infrastructure Company Limited ("**Defendant No. 6**") and Fastlane Distriparks & Logistics Limited (formerly known as Gem Distriparks & Logistics Limited) ("**Defendant No. 7**") (collectively referred to as the "**Defendants**") before the Sub Divisional Officer Panvel ("**Authority**").

The Plaintiff has claimed, *inter alia*, that he is the tenant in the property.

The matter is currently pending before the Authority.

M. ***Dronagiri Infrastructure Private Limited***

Cases filed by Dronagiri Infrastructure Private Limited

Tax Cases

Assessment Year 2006-2007

1. An Appeal ("**Appeal**") has been filed by Dronagiri Infrastructure Private Limited ("**DIPL**") against the order passed by the Commissioner of Income Tax (Appeals) ("**CIT**") before the Income Tax Appellate Tribunal ("**ITAT**") for the assessment year 2006-2007.

The Appeal has been filed on the grounds, *inter alia*, of disallowance under section 35D of the I. T. Act. The amount involved in the matter is ₹ 0.04 million.

The Appeal is currently pending before ITAT.

Assessment Year 2008-2009

2. An Appeal ("**Appeal**") has been filed by Dronagiri Infrastructure Private Limited ("**DIPL**") against the order passed by the assessing officer before the Commissioner of Income Tax (Appeals) ("**CIT**") for the assessment year 2008-2009.

The Appeal has been filed on the grounds, *inter alia*:
(i) for disallowance under section 35D of the I.T. Act; and
(ii) for disallowance under section 14A of the I.T. Act.

The Appeal is currently pending before CIT.

N. ***Urban Infrastructure Holdings Limited***

Cases filed by Urban Infrastructure Holdings Limited

Tax Cases

Assessment Year 2007-2008

1. An Appeal has been filed by Urban Infrastructure Holdings Limited ("**UIHL**") against the order passed by the Commissioner of Income Tax (Appeals) ("**CIT**") before the Income Tax Appellate Tribunal ("**ITAT**") for the assessment year 2007-2008.

The Appeal has been filed challenging, *inter alia*, certain disallowances under section 14A of the I.T.Act. The Appeal is currently pending before ITAT.

The following Group Companies are not involved in any litigation as on the date of this Draft Red Herring Prospectus:

(i) Donyi Polo Petrochemicals Limited;
(ii) Horizon Country Wide Logistics Limited;
(iii) Everonn Educational Resources Solutions Limited;
(iv) Everonn Infrastructure Limited;
(v) Edifications India Limited;
(vi) Everonn Dassani Literate Limited;
(vii) Everonn Knowledge & Education Corridor Limited;
(viii) Everonn Skill Development Limited;
(ix) Everonn School Limited;
(x) Everonn Medical Education India Limited;
(xi) Everonn Technical Education India Limited;
(xii) Everonn Sport Management Limited;
(xiii) Awaita Properties Private Limited;
(xiv) SKIL Institute of Nursing Private Limited;
(xv) Eduskill Learning Private Limited;

(xvi) SKIL Knowledge Cities Private Limited;
(xvii) SKIL Water Resources Private Limited;
(xviii) SKIL Reality Private Limited;
(xix) SKIL SEZ Holdings Private Limited;
(xx) SKIL Maritime & Logistics Ventures Limited;
(xxi) SKIL Tourism & Leisure Management Company Private Limited;
(xxii) SKIL Tourism and Resorts Private Limited;
(xxiii) SKIL Knowledge Park and Management Private Limited;
(xxiv) SKIL Offshore Logistics Private Limited;
(xxv) Metrotech Technology Park Private Limited;
(xxvi) Varahi Infrastructure Private Limited;
(xxvii) Mahakaleshwar Knowledge Infrastructure Private Limited;
(xxviii) Toppers Tutorial Private Limited;
(xxix) AEG Skill Update Private Limited;
(xxx) Shivalik Infrapromoters Private Limited;
(xxxi) Shivalik Project Development Company Private Limited;
(xxxii) Himland Infrastructure Private Limited;
(xxxiii) KLG Stock Brokers Private Limited;
(xxxiv) JPT Share Services Private Limited;
(xxxv) Chiplun FTWZ Private Limited;
(xxxvi) Karanja Terminal & Logistics Private Limited;
(xxxvii) SKIL Global Ports & Logistics Limited;
(xxxviii) Sohar Free Zone LLC;
(xxxix) SKIL Ports & Logistics Limited;
(xl) Karanja Terminal & Logistics (Cyprus) Limited;
(xli) M/s. Nikhil Gandhi (HUF);
(xlii) M/s. Bhavesh Gandhi (HUF);
(xliii) M/s. Prataprai S. Gandhi (HUF); and
(xliv) Nikhil Prataprai Gandhi Family Trust.

VII. Other litigations involving any other entity whose outcome could have a materially adverse effect of the position of our Company

1. SEBI had, *vide,* order dated September 22, 2009 against Mr. Praveen Mohnot, Mr. N. Ravichandran, Mr. Hemant Patel and others ("**Appellants**"), in a matter alleging insider trading in the shares of KLG Capital Services Limited, directed the Appellants to:
(i) disgorge profits, if any, accrued to them from alleged insider trading;
(ii) refrain from buying, selling or dealing in the securities market in any manner whatsoever, or accessing the securities market, directly or indirectly, and
(iii) refrain from holding the position of a director of any listed company for a period of 2 or 5 years.

Seperately, adjudication proceedings were also initiated in the said matter. The Appellants appealed against this order before the Securities Appellate Tribunal and *vide* orders dated October 21, 2010, the Securities Appellate Tribunal set aside SEBI's order and remanded the case to a whole time member of SEBI for issuing fresh / supplementary show cause notice to decide all the issues afresh after affording an opportunity of hearing to the persons involved.

VIII. Potential Litigation

Potential Litigation involving our Company

1. A Notice dated February 10, 2010 ("**Notice 1**") has been issued by RITES Limited through their advocate ("**Claimant**") to Gujarat Pipavav Port Limited and others ("**Noticees**") claiming an amount of ₹ 3.50 million from Noticees as consideration allegedly due for engineering/ reconnaissance work done by Claimant on behalf of Noticees. Noticees have in turn caused a notice dated May 18, 2010 ("**Notice 2**") to be issued to each of Mr. Nikhil Gandhi, Grevek Investments & Finance Private Limited and our

Company, claiming that when control of Gujarat Port Company Limited was taken over by its present promoters from Mr. Nikhil Gandhi, *inter alia*, the present promoters were indemnified by Mr. Nikhil Gandhi, our Company and Grevek Investments & Finance Private Limited against third party claims. Notice 2 states that in the event any amounts are payable by Noticees to the Claimant, the Noticees shall hold Mr. Nikhil Gandhi responsible for such claims. Noticees have also replied to Notice 1 and denied any liabilities as stated in Notice 1 on the grounds that the claims set forth in Notice 1 are time- barred.

Potential Litigation involving our Subsidiaries

Nil

Potential Litigation involving our Directors

1. A Show Cause Notice dated October 24, 2001 has been issued by Joint Director General of Foreign Trade, Mumbai ("**DGFT**") whereby DGFT has called upon M/s. Metropolitan Industries, Mr. Nikhil Gandhi and Mr. Bhavesh Gandhi to show cause as to why penalty under section 11 of the Foreign Trade (Development and Regulation) Act, 1992 should not be imposed on them for non fulfillment of their export obligation against advance license number 0316256. M/s. Metropolitan Industries *vide* letter dated November 28, 2001 replied to the said show cause notice stating that all the relevant documents relating to advance license number 0316256 have been destroyed and requested the office of the DGFT to provide photocopies of the said advance license. Further on May 6, 2002 Joint DGFT, Mumbai called upon M/s. Metropolitan Industries, Mr. Nikhil Gandhi and Mr. Bhavesh Gandhi to submit the case as the photocopies of the documents relating to advance license number 0316256 were sent to them *vide* letter dated December 7, 2001. M/s. Metropolitan Industries *vide* letters dated May 15, 2002 and May 16, 2002 replied the abovementioned letter stating that they already filed indemnity bond and affidavit for lost of relevant documents and requested to club license number 0316256 with license number 3422832 as in case the licences are clubbed, the imports made in both the licences put together will be within the entitlement for most of the items. As directed by Joint DGFT, Mumbai M/s. Metropolitan Industries has resubmitted the application for clubbing and redemption of export obligation, on December 18, 2009. M/s. Metropolitan Industries, Mr. Nikhil Gandhi and Mr. Bhavesh Gandhi are awaiting reply from the Joint DGFT, Mumbai.

2. For details of the Show Cause Notice dated February 10, 2010 issued by RITES Limited to Mr. Nikhil Gandhi, please refer to section titled "*Potential Litigation involving our Company*" under the chapter titled "*Outstanding Litigation, Material Developments and Other Disclosures"* above.

Potential Litigation involving our Promoters

For details on the potential litigations involving our Promoters, please refer to the section titled "*Potential Litigations involving our Directors*" under the chapter titled "*Outstanding Litigation, Material Developments and Other Disclosures*" above.

Potential Litigation involving our Group Entities

Pipavav Shipyard Limited

1. A Show Cause Notice dated February 27, 2009 has been issued by Commissioner Central Excise, Bhavnagar ("**Authority**") whereby Authority has called upon Pipavav Shipyard Limited ("**PSL**") to show cause as to why (1) cenvat credit amounting to ₹ 91.29 million should not be recovered from PSL under rule 14 of the Cenvat Credit Rules, 2004 read with section 11A of the Central Excise Act, 1944; (2) interest under rule 14 of the Cenvat Credit Rules, 2004 read with section 11AB of the Central Excise Act, 1944, should not be charged upon the abovementioned amount; (3) penalty under rule 15 of the Cenvat Credit Rules, 2004 read with section 11AC of the Central Excise Act, 1944 should not be imposed on PSL for contravention of the Cenvat Credit Rules, 2004 and Central Excise Act, 1944. It was alleged that PSL has wrongly availed cenvat credit in contravention of the Cenvat Credit Rules, 2004 and to encash by way of filing refund claim for which PSL are not eligible. Further PSL *vide* letter dated

September 22, 2009 replied to the said show cause notice stating that (1) PSL also registered as a service provider under the category of ship management; (2) services provided by the PSL are clearly covered under definition of input service under rule 2 (1) of the Cenvat Credit Rules, 2004, refers to the services used in relation to the setting up of the premises of the provider of output service; (3) since the capital goods in question are to be used for manufacture of ship and also ship management services which attract the levy of services tax and cenvat credit on the same would not be hit by the bar contained in Rule 6 (4) Cenvat Credit Rules, 2004; (4) dry dock is capital goods for any ship building/ ship repair unit and without which no process of manufacture/rendering of service could have been carried out; and (5) credit availed by PSL on the spare is as a service provider and not as a manufacturer, there is no infirmity in the credit availed by PSL on the spares meant for repair and ship refitting. The amount under consideration is ₹ 91.29 million and matter is pending before the Commissioner Central Excise, Bhavnagar.

2. A Show Cause Notice dated December 16, 2009 has been issued by Commissioner Central Excise, Bhavnagar ("**Authority**") whereby Authority has called upon Pipavav Shipyard Limited ("**PSL**") to show cause as to why (1) cenvat credit amounting to ₹ 166.02 million should not be recovered from PSL under rule 14 of the Cenvat Credit Rules, 2004 read with section 11A of the Central Excise Act, 1944; (2) interest under rule 14 of the Cenvat Credit Rules, 2004 read with section 11AB of the Central Excise Act, 1944, should not be charged upon the abovementioned amount; (3) penalty under rule 15 of the Cenvat Credit Rules, 2004 read with section 11AC of the Central Excise Act, 1944 should not be imposed on PSL for contravention of the Cenvat Credit Rules, 2004 and Central Excise Act, 1944. It was alleged that PSL has wrongly availed cenvat credit in contravention of the Cenvat Credit Rules, 2004. Further PSL *vide* letter dated April 15, 2010 replied to the said show cause notice stating that (1) PSL is engaged in providing taxable output services under the 'Shipment Management Services' which is entitled to avail cenvat credit of input services, goods and inputs are required for providing such output services; (2) dry dock is capital goods for any ship building/ ship repair unit without which no process of manufacture/rendering of service could have been carried out; and (3) all goods which are used for construction work of a civil structure would be eligible to cenvat credit. The amount under consideration is ₹ 166.02 million and matter is pending before the Commissioner Central Excise, Bhavnagar.

3. A Show Cause Notice dated July 15, 2009 has been issued by the Assistant Commissioner of Income Tax, TDS-Circle, Rajkot ("**Authority**") whereby Authority has called upon Pipavav Shipyard Limited ("**PSL**") to show cause as to why (1) PSL should not be treated as the assessee in default for non deduction of tax under section 201 (1) of the Income Tax Act, 1961 ("**Act**") for the fiscal year 2007-08 and 2008-09. It was alleged that during the course of verification under section 133 of the Act, Authority found that PSL has made certain payments to various parties on which tax has not been deducted as required under the provisions of the Act. Further PSL *vide* letter dated July 31, 2009 replied to the said show cause notice stating that (1) PSL has already deducted tax at source on car hire charges by applying the provisions of section 194 C of the Act; (2) supply of water also included transportation cost, as these transportation cost included in the purchase price of the water supplied hence under the provisions of section 194 C of the Act, tax was deducted at source at 2%; and (3) charges paid to Alankar Shipping & Clearing Private Limited towards clearing and forwarding agency charges are essentially a contract of work and such is governed by section 194 C of the Act not by the provisions of section 194 J of the Act. The amount involved is ₹ 3.75 million. The matter is pending before the Assistant Commissioner of Income Tax, TDS-Circle, Rajkot.

4. A Show Cause Notice dated August 4, 2010 has been issued by the Income Tax Office, TDS-2, Rajkot ("**Authority**") whereby Authority has called upon Pipavav Shipyard Limited ("**PSL**") for defaults have been found under section 201 (1) and 206C (7) of the Income Tax Act, 1961 in the TDS/TCS statements filed by PSL for transaction in for the fiscal year 2007 – 2008. It was alleged that said default was due to error in data entry and the same should be corrected by filing a correction statement with Tax Information Network Facilitation Centre. PSL *vide* letter dated October 27, 2010 replied to the said show cause notice stating that no TDS is pending or short paid. The matter is pending before the Income Tax Office, TDS-2, Rajkot.

5. A Show Cause Notice dated August 4, 2010 has been issued by the Income Tax Office, TDS-2, Rajkot ("**Authority**") whereby Authority has called upon Pipavav Shipyard Limited ("**PSL**") for defaults have

been found under section 201 (1) and 206C (7) of the Income Tax Act, 1961 in the TDS/TCS statements filed by PSL for transaction in for the fiscal year 2006 – 2007. It was alleged that said default was due to error in data entry and the same should be corrected by filing a correction statement with Tax Information Network Facilitation Centre. PSL *vide* letter dated October 27, 2010 replied to the said show cause notice stating that no TDS is pending or short paid. The matter is pending before the Income Tax Office, TDS-2, Rajkot.

6. A Show Cause Notice dated August 6, 2010 has been issued by the Income Tax Office, TDS-2, Rajkot ("**Authority**") whereby Authority has called upon Pipavav Shipyard Limited ("**PSL**") for defaults have been found under section 201 (1) and 206C (7) of the Income Tax Act, 1961 in the TDS/TCS statements filed by PSL for transaction in for the fiscal year 2008 – 2009. It was alleged that said default was due to error in data entry and the same should be corrected by filing a correction statement with Tax Information Network Facilitation Centre. PSL *vide* letter dated October 27, 2010 replied to the said show cause notice stating that no TDS is pending or short paid. The matter is pending before the Income Tax Office, TDS-2, Rajkot.

7. A Show Cause Notice dated March 17, 2011 bearing number 434/08-09 ("**Notice**") has been issued by the Income Tax Commissioner, TDS-1, Rajkot ("**Authority**") in respect of Assessment Year 2009 – 2010 whereby the Authority has called upon Pipavav Shipyard Limited ("**PSL**") to show cause for not being an assessee committing default under section 201(1)/ 206C(7) pertaining to a payment of TDS amounting to ₹ 38.09 million. The Notice alleges short deduction of TDS / failure to deposit TDS collected by PSL for 4 Quarters of the Fiscal 2009 under section 201(1)/206C(7) of the Income Tax Act, 1961.

   PSL has *vide* letter dated March 24, 2011 replied to the said Notice stating that all returns were filed by PSL with TDS deducted for the fiscal year 2008-2009 within the prescribed time limit without any negligence without any TDS being pending or short paid and TDS of ₹ 160.68 million was deposited by PSL.

   The Authority had claimed a payment of ₹ 9.23 million from PSL for Quarters 2, 3 and 4 of Fiscal 2009 *vide* orders dated March 28, 2011, March 25, 2011 and March 25, 2011 respectively. A request for rectification *vide* letter dated April 8, 2011, was filed by PSL clarifying as to the TDS payments made by PSL in the relevant periods. Further, *vide* letter dated April 29, 2011 PSL has informed the Authority that on April 30, 2011 TDS collected by PSL was deposited within due dates by PSL.

   The amount involved is ₹ 9.21 million and there has been no further communication from the Authority in this regard.

8. A Show Cause Notice dated August 4, 2010 has been issued by ITO TDS-2, Rajkot ("**ITO**"), whereby the ITO has called upon Pipavav Shipyard Limited ("**PSL**") to show cause as to why PSL should not be treated as the assessee in default for short deduction of TDS and failure of payment of interest thereon, under section 201(1) and section 206 (C) (7) of the I. T. Act, for all quarters of Fiscal 2007.The total amount of default is alleged as being ₹ 2.80 million. PSL *vide* letter dated October 27, 2010 replied to the abovementioned notice stating that there is no pending or short paid TDS and further clarified that in respect of the fourth quarter, return was filed with total TDS payment ₹ 2.74 million which included unpaid/non deposited TDS of ₹ 1.53 million; in respect of the quarters 1, 2 and 3, return was filed with total TDS payment ₹ 1.83 million which included unpaid/non deposited TDS of ₹ 1.27 million.

9. A Show Cause Notice dated February 28, 2011 has been issued by ITO TDS-2, Rajkot ("**ITO**"), whereby the ITO has called upon Pipavav Shipyard Limited ("**PSL**") to show cause as to why PSL should not be treated as the assessee in default for short deduction of TDS and failure of payment of interest thereon under section 201(1) and section 206 (C) (7) of the Income Tax Act, 1961 for the second quarter of Fiscal 2007. The total amount of default is alleged as being ₹ 0.006 million. PSL *vide* letter dated March 25, 2011 replied to the abovementioned notice, informing that the TDS was deposited on October 7, 2010.

10. A Show Cause Notice dated August 5, 2010 has been issued by ITO TDS-2, Rajkot ("**ITO**"), whereby the ITO has called upon Pipavav Shipyard Limited ("**PSL**") to show cause as to why PSL should not be treated as the assessee in default for short deduction of TDS and failure of payment of interest thereon, under section 201(1) and section 206 (C) (7) of the I. T. Act, for the third and fourth quarter of Fiscal 2007-08. The total default amount is alleged as being ₹ 0.80 million. PSL *vide* letter dated October 27, 2010 replied to the abovementioned notice stating that there is no pending or short paid TDS. Further, it clarified for the fourth quarter of the said Fiscal, return was filed with total TDS payment ₹ 12.32 million which included unpaid/non-deposited TDS of ₹ 0.75 million; in respect of the third and fourth quarter of the said year, return was filed with total TDS payment ₹ 4.31 million which included unpaid/non-deposited TDS of ₹ 0.05 million.

11. A Show Cause Notice dated January 19, 2011 has been issued by ITO TDS-2, Rajkot ("**ITO**"), whereby the ITO has called upon Pipavav Shipyard Limited ("**PSL**") to show cause as to why PSL should not be treated as the assessee in default for short deduction of TDS and failure of payment of interest thereon, under section 201(1) and section 206 (C) (7) of the I. T. Act, for all quarters of the Fiscal 2008. The total amount of default is alleged as being ₹ 1.07 million. PSL *vide* letter dated March 14, 2011 replied to the abovementioned notice, stating that TDS was deducted within prescribed time limit and there has been no instance of a late payment. PSL further clarified that in respect of the first quarter of the said Fiscal, return was filed with total TDS payment ₹ 9.66 million; for the second quarter of the said Fiscal, return was filed with total TDS payment ₹ 29.33 million; for the third quarter of the said Fiscal, return was filed with total TDS payment of ₹ 12.33 million and for the fourth quarter of the said Fiscal, return was filed with total TDS payment of ₹ 59.64 million.

12. A Show Cause Notice dated August 6, 2010 has been issued by ITO TDS-2, Rajkot ("**ITO**"), whereby the ITO has called upon Pipavav Shipyard Limited ("**PSL**") to show cause as to why PSL should not be treated as the assessee in default for short deduction of TDS and failure of payment of interest thereon, under section 201(1) and section 206 (C) (7) of the Income Tax Act, 1961, for the quarters 3 and 4 of Fiscal 2009. The total default amount is allegedly ₹ 0.10 million. PSL *vide* letter dated October 27, 2010 replied to the abovementioned notice, stating that there is no pending or short paid TDS and further clarified that in respect of the fourth quarter of the said Fiscal, return was filed with total TDS payment ₹ 20.49 million which included unpaid/ non-deposited TDS of ₹ 0.10 million; in respect of the third quarter of the said Fiscal, return was filed with total TDS payment ₹0.02 million.

13. A Show Cause Notice dated November 1, 2011 has been issued by ITO TDS-2, Rajkot ("**ITO**"), whereby the ITO has called upon Pipavav Shipyard Limited ("**PSL**") to show cause as to why PSL should not be treated as the assessee in default for short deduction of TDS and failure of payment of interest thereon, under section 201(1) and section 206 (C) (7) of the Income Tax Act, 1961, for the third and fourth quarter of the Fiscal 2009. The total default amount is alleged as being ₹ 0.40 million. PSL *vide* letter dated March 14, 2011 replied to the abovementioned notice stating that there is no pending or short paid TDS and further clarified that in respect of the fourth quarter of the said Fiscal, return was filed with total TDS payment ₹ 20.49 million; for the third and fourth quarter of the said Fiscal, return was filed with total TDS payment ₹ 5.72 million and ₹ 15.53 million respectively.

14. A Show Cause Notice dated January 19, 2011 has been issued by ITO TDS-2, Rajkot ("**ITO**"), whereby the ITO has called upon Pipavav Shipyard Limited ("**PSL**") to show cause as to why PSL should not be treated as the assessee in default for short deduction of TDS and failure of payment of interest thereon, under section 201(1) and section 206 (C) (7) of the I. T. Act for the fourth quarter of the Fiscal 2009. The total amount of default is allegedly ₹ 0.30 million. PSL *vide* letter dated March 14, 2011 replied to the abovementioned notice stating that there is no pending or short paid TDS.

E Complex Private Limited

1. A Show Cause Notice dated November 23, 2009 has been issued by the Office of the ITO (TDS) Ward 2 (3), Mumbai (New) ("**Authority**") whereby Authority has called upon E Complex Private Limited

("**ECL**") for defaults allegedly found under section 201 (1)/206C (7) of the I. T. Act in the TDS/TCS statements filed by ECL for transactions in the Fiscal 2008. It was alleged that ECL was liable to pay simple interest at the prescribed rates for short deduction/short payment and the same should be clarified by ECL to the Authority. The Authority *vide* 3 orders dated March 14, 2011 each under section 201 (1)/ 201 (1A) of the I. T. Act demanded a payment of ₹ 1.22 million, ₹ 9,350 and ₹ 150 for the relevant quarters of Fiscal 2008. ECL has filed a request for rectification *vide* letter dated April 1, 2011 stating, *inter alia*, that on December 21, 2009 an excess amount of TDS amounting to ₹ 0.12 million was paid and a request for a refund of ₹ 0.12 million was made in lieu of the excess payment made.

Grevek Investments & Finance Private Limited

1. A Show Cause Notice dated February 10, 2011 was issued by the ITO (TDS) Ward (4), Mumbai ("**Authority**") whereby the Authority has called upon Grevek Investments & Finance Private Limited ("**Grevek**") to show cause as to why Grevek should not be treated as the assessee in default for non deduction of TDS from salary of ₹ 1.94 million and corresponding interest under section 201(1A) of the Income Tax Act of ₹ 1.25 million totalling to ₹ 3.19 million for the Assessment Year 2006-2007. The said TDS was paid on October 30, 2006 and since it was paid late, an interest of ₹ 0.24 million was paid on April 21, 2011. In this regard, on April 25, 2011 Grevek filed a Rectification Application ("**Application**") under section 154 of the Income Tax Act, before the ITO TDS1 (4), Mumbai, requesting for cancellation of the demand of ₹ 3.19 million. The Application is pending before the ITO TDS1 (4), Mumbai.

2. For details of the Show Cause Notice dated February 10, 2010 issued by RITES Limited to Grevek Investments & Finance Private Limited, please refer to section titled "*Potential Litigation involving our Company*" under the chapter titled "*Outstanding Litigation, Material Developments and Other Disclosures*" above.

Metropolitan Overseas Limited

1. A Demand Notice bearing number 428/DN/AM02 dated May 1, 2001, issued by the Zonal Joint DGFT, Mumbai ("**DGFT**") to Metropolitan Overseas Limited ("**Metropolitan**") in terms of Para 71 of the Import Policy 92-97, pursuant to the Foreign Trade (Development and Regulation) Act, 1992 and the rules and orders issued thereunder.

   The demand notice has been by the DGFT directing Metropolitan to pay customs duty on the unutilized imported materials of ₹ 31.42 million along with interest at the rate of 24 % per annum. The DGFT stated that the Metropolitan has not fulfilled any export obligations against the advance license and thus, there was a short fall. Metropolitan replied to the demand notices *vide* its letter dated May 8, 2001 and filed several applications/letters before the DGFT for clubbing of advance licenses under which the exports have been completed and pertaining to pending imports as well as for withdrawal of show cause notice together with abeyance of defaulter memos.

   The application is currently pending before the DGFT.

IX. Penalties imposed in past cases

Past cases in which penalties have been imposed on our Company, our Subsidiaries, our Directors, our Promoters and/ or Group Companies:

Sr. No.	Entity on which penalty was imposed	Authority which imposed the penalty	Amount of penalty imposed (₹)	Status
1.	M/s. Metropolitan Industries (represented by Mr. Nikhil Gandhi and Mr. Bhavesh Gandhi)	The Joint Director of Foreign Trade (Enforcement Division) *vide* order dated May 10, 2011	0.025 million	Penalty paid on May 12, 2011

2.	M/s. Seaking Marine Services	CESTAT	1.6 million	Penalty paid and refund claimed (refund is the subject of litigation before the High Court of Judicature at Mumbai – please see details of Appeal bearing lodging number 2 of 2011 above)

X. Amounts owed to small scale undertakings

We believe that there are no amounts due to small scale enterprises exceeding ₹ 0.1 million, for period of more than 30 days.

XI. Material Developments since the last Balance Sheet Date

Except as disclosed in the chapter titled "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on page 544, in the opinion of our Company's Board, there have not arisen, since the date of the last financial statements disclosed in this Draft Red Herring Prospectus, any circumstances that materially or adversely affect or are likely to affect our profitability taken as a whole or the value of our consolidated assets or our ability to pay material liabilities within the next 12 months.

GOVERNMENT AND OTHER STATUTORY APPROVALS

In view of the approvals listed below, our Company can undertake this Issue and our current business activities and no further major approvals from any governmental or regulatory authority or any other entity are required to undertake this Issue or continue our business activities. Unless otherwise stated, these approvals are all valid as of the date of this Draft Red Herring Prospectus.

It must be distinctly understood that, in granting these approvals, the Government of India, the RBI or any other authority does not take any responsibility for our financial soundness or for the correctness of any of the statements made or opinions expressed in this behalf. For further details in connection with the regulatory and legal framework within which we operate, see the section titled "*Regulations and Policies in India*" on page 188.

I. *Issue related Approvals*

1. In- principle approval from the Bombay Stock Exchange Limited dated [●];
2. In- principle approval from the National Stock Exchange Limited dated [●];
3. The Board of Directors of our Company have, pursuant to a resolution dated November 29, 2010, authorised the Issue;
4. The shareholders of our Company have, pursuant to a resolution dated December 08, 2010 under Section 81(1A) of the Companies Act, authorised the Issue.

Our Company proposes to make an application to the Foreign Investment Promotion Board ("**FIPB**"), to seek clarification *inter alia* on whether our Company requires the approval of the FIPB for foreign investment in our Company. Details of the application made and approval received will be updated in the Red Herring Prospectus.

II. *Intellectual Property*

At the date of this Draft Red Herring Prospectus, our Company owns the following trademarks:

Trademark	Category of Goods or Services	Trademark Number	Valid From	Valid To
SKIL THE INFRAPRENEURS	Class 35	1560068	May 21, 2007	May 20, 2017
SKIL THE INFRAPRENEURS	Class 36	1560069	May 21, 2007	May 20, 2017
SKIL THE INFRAPRENEURS	Class 37	1560070	May 21, 2007	May 20, 2017
SKIL THE INFRAPRENEURS	Class 39	1560071	May 21, 2007	May 20, 2017
SKIL THE INFRAPRENEURS	Class 41	1560072	May 21, 2007	May 20, 2017
SKIL THE INFRAPRENEURS	Class 42	1560073	May 21, 2007	May 20, 2017

III. *Corporate Related Approvals of our Company and its Subsidiaries*

Sr. No.	Approval Granted	Authority	Reference/Registration Number	Date Granted	Validity
SKIL Infrastructure Limited					
1.	Certificate of Incorporation as "Sea King Engineers Limited"	Assistant Registrar of Companies, Maharashtra, Mumbai	11-55506	February 20, 1990	Until cancellation or winding up

2.	Certificate for Commencement of Business	Assistant Registrar of Companies, Maharashtra, Mumbai	11-55506	April 17, 1990	Until cancellation or winding up
3.	Fresh Certificate of Incorporation Consequent on Change of Name pursuant to change of name of our Company form "Sea King Engineers Limited" to "Sea King Infrastructure Limited"	Assistant Registrar of Companies, Maharashtra, Mumbai	11-55506	January 14, 1999	Until cancellation or winding up
4.	Fresh Certificate of Incorporation Consequent on Change of Name pursuant to change of name of our Company form "Sea King Infrastructure Limited" to "SKIL Infrastructure Limited"	Registrar of Companies, Maharashtra, Mumbai	11-55506	March 25, 2004	Until cancellation or winding up
SKIL Shipyard Holdings Private Limited					
5.	Certificate of Incorporation as "SKIL Shipyard Holdings Private Limited"	Assistant Registrar of Companies, Maharashtra, Mumbai	U45203MH2005PTC155377	August 16, 2005	Until cancellation or winding up
SKIL Karnataka SEZ Limited					
6.	Certificate of Incorporation as "SKIL Karnataka SEZ Limited"	Assistant Registrar of Companies, Maharashtra, Mumbai	U45200MH2007PLC173683	August 31, 2007	Until cancellation or winding up
7.	Certificate for Commencement of Business	Assistant Registrar of Companies, Maharashtra, Mumbai	U45200MH2007PLC173683	November 15, 2007	Until cancellation or winding up
SKIL Advanced Systems Private Limited					
8.	Certificate of Incorporation as "Stupendous Infrastructure Private Limited"	Assistant Registrar of Companies, Maharashtra, Mumbai	U74900MH2009PTC196016	September 24, 2009	-
9.	Fresh Certificate of Incorporation Consequent on Change of Name pursuant to change of name from "Stupendous Infrastructure Private Limited" to "SKIL Advanced Systems Private Limited"	Deputy Registrar of Companies, Maharashtra, Mumbai	U74900MH2009PTC196016	March 05, 2010	Until cancellation or winding up
SKIL Himachal Waknaghat SEZ Private Limited					
10.	Certificate of Incorporation as "SKIL Himachal Waknaghat SEZ Private Limited"	Assistant Registrar of Companies, Maharashtra, Mumbai	U45400MH2007PTC173506	August 27, 2007	Until cancellation or winding up
SKIL Advance Energy Private Limited					
11.	Certificate of Incorporation as "Protuberant Infrastructure	Assistant Registrar of	U45400MH2009PTC195998	September 24, 2009	-

	Private Limited"	Companies, Maharashtra, Mumbai			
12.	Fresh Certificate of Incorporation Consequent on Change of Name pursuant to change of name from "Protuberant Infrastructure Private Limited" to "SKIL Advance Energy Private Limited"	Deputy Registrar of Companies, Maharashtra, Mumbai	U40102MH2009PTC195998	March 05, 2010	Until cancellation or winding up
SKIL Himachal Infrastructure and Tourism Limited					
13.	Certificate of Incorporation as "SKIL Himachal Infrastructure and Tourism Limited"	Assistant Registrar of Companies, National Capital Territory of Delhi and Haryana	U74899DL2005PLC143781	December 16, 2005	Until cancellation or winding up
14.	Certificate of Commencement of Business	Assistant Registrar of Companies, National Capital Territory of Delhi and Haryana	U74899DL2005PLC143781	October 27, 2006	Until cancellation or winding up
SKIL Strategic Deterrence Systems Private Limited					
15.	Certificate of Incorporation as "SKIL Strategic Deterrence Systems Private Limited"	Deputy Registrar of Companies of Maharashtra, Mumbai	U74999MH2010PTC208594	October 04, 2010	Until cancellation or winding up
Energy India Corporation Limited					
16.	Certificate of Incorporation as "Energy India Corporation Limited"	Assistant Registrar of Companies, Maharashtra, Mumbai	U40101MH2008PLC181157	April 15, 2008	Until cancellation or winding up
17.	Certificate for commencement of business	Deputy Registrar of Companies, Maharashtra, Mumbai	U40101MH2008PLC181157	October 30, 2008	Until cancellation or winding up

IV. *Business Related Approvals*

We have received the following significant government and other approvals pertaining to our business

Sr. No.	Approval Granted	Authority	Reference/Registration Number	Date Granted	Validity
SKIL Infrastructure Limited					
1.	Registration Certificate of Establishment	Inspector under the Bombay Shops and Establishments Act, 1948	A022396/COMMERCIAL II Ward A	May 2, 2000	December 31, 2011

SKIL Shipyard Holdings Private Limited					
2.	Registration Certificate of Establishment	Inspector under the Bombay Shops and Establishments Act, 1948	760161227/COMMERCIAL II Ward A	October 14, 2010	December 31, 2013
SKIL Advanced Systems Private Limited					
3.	Registration Certificate of Establishment	Inspector under the Bombay Shops and Establishments Act, 1948	760161208/COMMERCIAL II Ward A	October 14, 2010	December 31, 2013
4.	Industrial license under the Industrial Development Regulation Act, 1951 for the manufacture of radar and radio remote control apparatus	Deputy Secretary, Secretarial for Industrial Assistance, Department of Industrial Policy & Promotion, Ministry of Commerce & Industry	DIL 16(2011)	March 07, 2011	Industrial undertaking to be completed within 2 years of the date of issue of the license
SKIL Himachal Waknaghat SEZ Private Limited					
5.	Registration Certificate of Establishment	Inspector under the Bombay Shops and Establishments Act, 1948	760161233/COMMERCIAL II Ward A	October 14, 2010	December 31, 2013
SKIL Advance Energy Private Limited					
6.	Registration Certificate of Establishment	Inspector under the Bombay Shops and Establishments Act, 1948	760161222/COMMERCIAL II Ward A	October 14, 2010	December 31, 2013

V. *Tax Related Approvals*

Sr. No.	Approval Granted	Authority	Reference/Registration Number	Date Granted	Validity
SKIL Infrastructure Limited					
1.	Permanent Account Number	Income Tax Department	AABCS7689F	February 20, 1990	Until surrendered or cancelled
2.	Allotment of Taxpayer's Account Number	Income Tax Department	MUMS14831F	July 09, 2005	Until surrendered or cancelled
3.	Taxpayers Identification Number	Sales Tax Department, Government of Maharashtra	27345023391P	-	Until surrendered or cancelled
SKIL Shipyard Holdings Private Limited					
4.	Permanent Account Number	Income Tax Department	AALCS2236E	August 16, 2005	Until surrendered or cancelled
5.	Tax Deduction Account	Income Tax	MUMS67531C	August 07,	Until surrendered

Sr. No.	Approval Granted	Authority	Reference/Registration Number	Date Granted	Validity
	Number	Department		2010	or cancelled
SKIL Karnataka SEZ Limited					
6.	Permanent Account Number	Income Tax Department	AALCS8263R	August 31, 2007	Until surrendered or cancelled
SKIL Advanced Systems Private Limited					
7.	Permanent Account Number	Income Tax Department	AAOCS2092M	September 24, 2009	Until surrendered or cancelled
SKIL Himachal Waknaghat SEZ Private Limited					
8.	Permanent Account Number	Income Tax Department	AAMCS9531R	August 27, 2007	Until surrendered or cancelled
SKIL Advance Energy Private Limited					
9.	Permanent Account Number	Income Tax Department	AAOCS3993H	September 24, 2009	Until surrendered or cancelled
SKIL Himachal Infrastructure and Tourism Limited					
10.	Permanent Account Number	Income Tax Department	AAJCS5372D	December 16, 2005	Until surrendered or cancelled
11.	Taxpayer's Account Number	Income Tax Department	DELS31424B	-	Until surrendered or cancelled
Energy India Corporation Limited					
12.	Permanent Account Number	Income Tax Department	AABCE9918P	June 26, 2008	Until surrendered or cancelled
13.	Allotment of Taxpayer's Account Number	Income Tax Department	MUME07649F	February 25, 2009	Until surrendered or cancelled

VI. Labour Related Approvals

Sr. No.	Approval Granted	Authority	Reference/Registration Number	Date Granted	Validity
SKIL Infrastructure Limited					
14.	Employees' Provident Fund Code	Assistant Provident Fund Commissioner, For Regional Provident Fund Commissioner, Maharashtra & Goa	Code No. MH/44999	December 26, 2000	Until cancelled

VII. For Objects of the Issue

Our Company does not require any additional licenses to meet the Objects of the Issue. Hence there exists no requirement for application / renewal of the same.

VIII. Material Licenses / Approvals for Which We Are Yet To Apply

Nil

IX. License which have been applied for but yet not been approved/ granted

Nil

SECTION IX - OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue of Equity Shares has been authorized by the resolution of the Board of Directors at their meeting held on November 29, 2010. The shareholders have, at the Extraordinary General Meeting of our Company held on December 08, 2010, approved the Issue.

The Bombay Stock Exchange Limited and the National Stock Exchange of India Limited have given in-principle approval for the Issue pursuant to letters dated [●] and [●] respectively, and [●] is the Designated Stock Exchange.

Our Company proposes to make an application to the Foreign Investment Promotion Board ("**FIPB**"), to seek clarification *inter alia* on whether our Company requires the approval of the FIPB for foreign investment in our Company. Details of the application made and approval received will be updated in the Red Herring Prospectus.

Prohibition by SEBI, RBI or Governmental authority

Our Company, our Directors, our Promoters, the Promoter Group, Group Entities or the person (s) in control of our Company have not been debarred from accessing the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or the RBI or any other regulatory or governmental authority. The listing of any securities of our Company has never been refused at any time by any of the stock exchanges in India.

The companies, with which any of the Promoters, Directors or persons in control of our Company are or were associated as promoters, directors or persons in control, have not been debarred from accessing the capital markets under any order or direction passed by SEBI or the RBI or any other regulatory or governmental authority.

Further, except as disclosed hereunder none of our Directors are or were directors of any company whose shares were (a) suspended from trading by Stock Exchange(s) during the 5 years prior to the date of filing this Draft Red Herring Prospectus or (b) delisted from the stock exchanges:

Name of our company:	Horizon Infrastructure Limited
Directors associated with this company and term of association:	Mr. Nikhil Gandhi (director of the said company from April 15, 2006 till date) and Mr. Bhavesh Gandhi (director of the said company from August 01, 1994 till date)
Listed on:	NSE and CSE
Period during which trading of the equity shares was suspended on NSE:	March 08, 2000 to January 24, 2008
Reasons for suspension:	Non compliance of technical and procedural requirements as per listing agreement entered into with NSE. However, after satisfactory redressal of instances of non-compliance by Horizon Infrastructure Limited with provisions of its listing agreement, NSE *vide* its letter bearing number NSE/LIST/C/2008/0073 dated January 23, 2008, revoked the suspension of the shares and stated that the shares to be traded on NSE with effect from January 25, 2008.

None of the Directors are associated in any manner with any entities, which are engaged in securities market related business and are registered with the SEBI for the same except as under:

Mr. Nikhil Gandhi and Mr. Bhavesh Gandhi are associated with the following entities:

Name of the company	JPT Share Services Private Limited
SEBI Registration number	INB011429637

	INF011429637
Category of registration	Trading member in the cash segment and derivatives segment of the Bombay Stock Exchange Limited
Date of expiry of registration and reasons for non – renewal	Not applicable
Details of any enquiry / investigation conducted by SEBI at any time	Not applicable
Penalty imposed by SEBI, if any	Nil
Outstanding fees payable to SEBI, if any	Nil

Name of the company	KLG Stock Brokers Private Limited
SEBI Registration number	INB011438430 INF011438430
Category of registration	Trading member in the cash segment and derivatives segment of the Bombay Stock Exchange Limited
Date of expiry of registration and reasons for non – renewal	Not applicable
Details of any enquiry / investigation conducted by SEBI at any time	Not applicable
Penalty imposed by SEBI, if any	Nil
Outstanding fees payable to SEBI, if any	Nil

Our Company, our Directors, our Promoters and the relatives of the Promoters (as defined under the Companies Act) and our Group Entities have not been identified as wilful defaulters by RBI or any other government authorities. Our Promoters and the Group Entities of our Promoters have further confirmed that there are no violations of securities laws committed by them or any entity connected with them in the past or currently pending against them.

Eligibility for this Issue

Our Company is an “unlisted issuer” in terms of the SEBI ICDR Regulations; and this Issue is an “Initial Public Offer” in terms of the SEBI ICDR Regulations. Our Company is eligible to make the Issue in accordance with Regulation 26(1) of the SEBI ICDR Regulations as explained under, with the eligibility criteria calculated in accordance with the Company’s unconsolidated financial statements under Indian GAAP:

- Our Company has net tangible assets of at least ₹ 30 million in each of the preceding three full years, of which not more than 50% are held in monetary assets;

- Our Company has a track record of distributable profits in accordance with Section 205 of Companies Act, for three of the immediately preceding five years;

- Our Company has a net worth of at least ₹ 10 million in each of the three preceding full years;

- The aggregate of the proposed Issue size and all previous issues made in the same Fiscal in terms of size (i.e. offer through the offer document + firm allotment + promoter’s contribution through the offer document) shall not exceed five times the pre-Issue net worth of our Company as per the audited balance sheet of the last Fiscal;

- During the year preceding the date of the Draft Red Herring Prospectus, our Company’s name has not been changed.

Our Company's net tangible assets, monetary assets, net profit and net worth derived from our Unconsolidated Restated Financial Statements for the last five years are set forth below:

(₹ in mn.)

Particulars	Fiscal 2010	Fiscal 2009	Fiscal 2008	Fiscal 2007	Fiscal 2006
Net Tangible Assets[1]	14,211.96	7,003.43	4,776.60	4,764.23	4,671.13
Monetary Assets [2]	1,082.62	108.52	100.17	21.18	944.73
Monetary Assets as a % of Net Tangible Assets	7.62	1.55	2.10	0.44	20.22
Net Worth[3]	14,211.96	7,003.43	4,776.60	4,764.23	4,684.34
Distributable Profits / (Losses) [4]	27.98	55.62	(1.10)	19.64	12.44

[1] "Net Tangible Assets" are defined as the sum of fixed assets (including capital work in-progress and excluding revaluation reserve) investments, current assets, loans and advances less current liabilities and provisions and excluding borrowings and intangible assets as defined in Accounting Standard 26 (AS 26) issued by the Institute of Chartered Accountants of India.

[2] Monetary Assets are defined as the sum of cash in hand, non trade Investments (i.e. quoted investments that are readily convertible into known amounts of cash and which are not pledged), balance with scheduled bank in current accounts, fixed deposits and public deposit account with the Government, if any.

[3] Net Worth has been computed as the aggregate of equity shares capital and preference share capital and reserves (excluding revaluation reserves and share application money) and after deducting debit balance of profit and loss account and net of miscellaneous expenditure not written off, if any.

[4] Distributable profits have been computed in terms section 205 of the Companies Act, 1956.

This Issue is being made through the Book Building Process. In accordance with Regulation 26(4) of the SEBI ICDR Regulations, our Company shall ensure that the number of Allottees shall be not less than 1,000.

In terms of Rule 19(2)(b)(ii) of the SCRR read with Regulation 41(1) of SEBI ICDR Regulations, this is an issue for less than 25% of the post-Issue capital, subject to the Issue being at least 10% of the post Issue capital. In accordance with the SEBI ICDR Regulations, not more than 50% of the Issue shall be available for allocation to QIBs.

If the minimum public shareholding requirements of Rule 19(2)(b) of the SCRR are not met, the entire application money will be refunded forthwith.

Our Company may, in consultation with the Book Running Lead Managers and Co-Book Running Lead Managers, allocate up to 30% of the QIB Portion to Anchor Investors at the Anchor Investor Issue Price, in accordance with the SEBI ICDR Regulations. At least one-third of the Anchor Investor Portion shall be available for allocation to domestic Mutual Funds only. Allocation to Anchor Investors shall be on a discretionary basis subject to minimum number of two Anchor Investors. An Anchor Investor shall make a minimum bid of such number of Equity Shares so that the Bid Amount is at least ₹ 100 million.

In the event of under-subscription or non-allotment in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to QIBs, subject to valid Bids being received from them at or above the Issue Price. However, if the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the Net QIB Portion and allocated proportionately to the QIBs, subject to valid Bids received from them at or above the Issue Price.

Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received from them at or above the Issue Price (net of Retail Discount, if any).

Under-subscription, if any, in any category, would be allowed to be met with spill-over from any other category or combination of categories, at the discretion of our Company, in consultation with the BRLMs, the Co-BRLMs and the Designated Stock Exchange and in accordance with applicable laws, rules, regulations and guidelines, subject to valid Bids being received at or above the Issue Price. For further details, please see the section titled "*Issue Procedure*" on page 643.

DISCLAIMER CLAUSE OF SEBI

AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI.

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS: EDELWEISS CAPITAL LIMITED, JM FINANCIAL CONSULTANTS PRIVATE LIMITED, SBI CAPITAL MARKETS LIMITED, NOMURA FINANCIAL ADVISORY AND SECURITIES (INDIA) PRIVATE LIMITED AND ICICI SECURITIES LIMITED AND CO- BOOK RUNNING LEAD MANAGERS: IDBI CAPITAL MARKET SERVICES LIMITED AND SMC CAPITALS LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGERS AND CO- BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS, EDELWEISS CAPITAL LIMITED, JM FINANCIAL CONSULTANTS PRIVATE LIMITED, SBI CAPITAL MARKETS LIMITED, NOMURA FINANCIAL ADVISORY AND SECURITIES (INDIA) PRIVATE LIMITED AND ICICI SECURITIES LIMITED AND CO- BOOK RUNNING LEAD MANAGERS, IDBI CAPITAL MARKET SERVICES LIMITED AND SMC CAPITALS LIMITED HAVE FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED JUNE 02, 2011 WHICH READS AS FOLLOWS:

"WE, THE BOOK RUNNING LEAD MANAGERS AND CO- BOOK RUNNING LEAD MANAGERS, TO THE ABOVE MENTIONED FORTHCOMING ISSUE, STATE AND CONFIRM AS FOLLOWS:

1. **WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE;**

2. **ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER, WE CONFIRM THAT:**

    a. **THE DRAFT RED HERRING PROSPECTUS FILED WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (THE "SEBI" OR "BOARD") IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**

b. **ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY SEBI, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**

c. **THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.**

3. **WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID.**

4. **WHEN UNDERWRITTEN, WE WILL SATISFY OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS. – NOTED FOR COMPLIANCE.**

5. **WE CERTIFY THAT WRITTEN CONSENT FROM THE PROMOTERS HAVE BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING 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 REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS.**

7. **WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE - NOT APPLICABLE.**

8. **WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.**

9. WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 73 OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION. – NOTED FOR COMPLIANCE

10. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE - NOT APPLICABLE AS THE ISSUE SIZE IS MORE THAN ₹ 100 MILLION, HENCE UNDER SECTION 68B OF THE COMPANIES ACT, THE ALLOTMENT WILL BE MADE ONLY IN DEMAT FORM.

11. WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.

12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:

a. AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER; AND

b. AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI FROM TIME TO TIME.

13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.

14. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OR THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE, ETC.

15. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.”

THE FILING OF THIS DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE OUR COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR SECTION 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE BRLMS AND CO-BRLMS ANY IRREGULARITIES OR LAPSES IN THIS 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 Registrar of Companies, Maharashtra, in terms of Section 56, 60 and 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 Sections 56, 60 and 60B of the Companies Act.

Disclaimer Statement of our Company, the BRLMs and the Co-BRLMs

Our Company, the BRLMs and the Co-BRLMs accept no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in the advertisement or any other material issued by or at the instance of our Company and anyone placing reliance on any other source of information, including our Company's website www.skilgroup.co.in would be doing so at his or her own risk**.**

The BRLMs and Co-BRLMs accept no responsibility, save to the limited extent as provided in the Issue Agreement entered into between the BRLMs and the Co-BRLMs with our Company and the Underwriting Agreement to be entered into between the Underwriters and our Company.

All information shall be made available by our Company , the BRLMs and the Co-BRLMs to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports, at bidding centers or elsewhere.

Each of the BRLMs, the Co-BRLMs and their respective associates and affiliates may engage in transactions with, and perform services for, our Company, affiliates or associates or third parties in the ordinary course of business and have engaged, or may in future engage, in investment banking transactions with our Company, affiliates or associates or third parties, for which they have received, and may in future receive, compensation.

Neither our Company, nor its Directors and officers, nor any member of the Syndicate are liable for any failure in uploading the Bids due to faults in any software/hardware system or otherwise.

Caution

Bidders will be required to confirm and will be deemed to have represented to our Company and the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares and will not offer, sell, pledge or transfer the Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares. Our Company, 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 in the Issue.

Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with competent courts/ authorities in Mumbai, India.

Disclaimer in respect of jurisdiction

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in Equity Shares, Indian Mutual Funds registered with the SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), trusts (registered under Societies Registration Act, 1860, or any other trust law and are authorized under their constitution to hold and invest in Equity Shares) public financial institutions as specified in Section 4A of the Companies Act, VCFs, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with a minimum corpus of ₹ 250 million, pension funds with a minimum corpus of ₹ 250 million, the National Investment Fund, insurance funds set up and managed by the army, navy and/or air force of the Union of India, insurance funds set up and managed by the Department of Posts, India, and to permitted non-residents including FIIs, Eligible NRIs, multilateral and bilateral development financial institutions, and other eligible foreign investors, provided that they are eligible under all applicable laws and regulations to hold the Equity Shares. This Draft Red Herring Prospectus does not, however, constitute an offer 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 or herself about, and to, observe any such restrictions.

Any disputes arising out of this Issue will be subject to the jurisdiction of courts in Mumbai, Maharashtra, India only. No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Draft Red Herring Prospectus has been submitted to the SEBI for its observations. 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 our Company from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

Transfer Restrictions

The Equity Shares have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Our Company has not registered and does not intend to register under the U.S. Investment Company Act in reliance upon Section 3(c)(7) thereof.

Accordingly, the Equity Shares are being offered and sold (i) in the United States only to, and only to U.S. persons that are, "qualified institutional buyers" (as defined in Rule 144A and referred to in this DRHP as "U.S. QIBs"; which, for the avoidance of doubt, does not refer to a category of institutional investors defined under applicable Indian regulations and referred to in this DRHP as "QIBs") that are also "qualified purchasers" (QPs) (as defined in Section 2(a)(51) of the U.S. Investment Company Act and the rules and regulations thereunder) acting for its own account or for the account of another U.S. QIB that is a QP (and meets the other requirements set forth herein), in reliance on the exemption from registration under the U.S. Securities Act provided by Rule 144A or other available exemption and in reliance upon Section 3(c)(7) of the U.S. Investment Company Act and (ii) outside the United States to non-U.S. persons in reliance on Regulation S.

Each purchaser of Equity Shares inside the United States or who is a U.S. person will be required to represent and agree, among other things, that such purchaser (i) is a U.S. QIB and a QP; and (ii) will only reoffer, resell, pledge or otherwise transfer the Equity Shares in an "offshore transaction" in accordance with Rule 903 or Rule 904 of Regulation S and under circumstances that will not require our Company to register under the U.S. Investment Company Act.

Each purchaser of Equity Shares outside the United States that is not a U.S. person will be required to represent and agree, among other things, that such purchaser is a non-U.S. person acquiring the Equity Shares in an "offshore transaction" in accordance with Regulation S.

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.

Further, each Bidder where required must agree in the Allotment Advice that such Bidder will not sell or transfer any Equity Shares or any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than pursuant to an exemption form, or in a transaction not subject to, the registration requirements of the Securities Act.

Disclaimer Clause of the BSE

As required, a copy of this Draft Red Herring Prospectus has been submitted to BSE. The disclaimer clause as intimated by 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 has been submitted to NSE. The disclaimer clause as intimated by 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.

Disclaimer Clause of the IPO Grading Agency

[●]

Filing

A copy of this Draft Red Herring Prospectus has been filed with SEBI at Corporation Finance Department, SEBI Bhavan, Plot No. C4-A, G Block, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051, Maharashtra, India.

A copy of the Red Herring Prospectus, along with documents to be filed under Section 60B of the Act, and a copy of the Prospectus to be filed under Section 60 of the Companies Act would be delivered for registration to the Registrar of Companies at Registrar of Companies, Maharashtra, 100, Everest Building, Marine Drive, Mumbai – 400 002, Maharashtra, India.

Listing

The Equity Shares issued through the Red Herring Prospectus are proposed to be listed on the BSE and the NSE. Initial listing applications have been made to the BSE and the NSE for permission to list the Equity Shares and for an official quotation of the Equity Shares of our Company. [●] shall be the Designated Stock Exchange with which the basis of allotment shall be finalised.

In case the permission to deal in, and for an official quotation of, the Equity Shares are not granted by any of the above mentioned Stock Exchanges, our Company shall forthwith repay, without interest, all moneys received from the applicants in pursuance of the Red Herring Prospectus. If such money is not repaid within eight (8) days after the day from which the Issuer becomes liable to repay it then our Company and every Director of our Company who is an officer in default shall, on and from expiry of eight (8) days, be jointly and severally liable to repay that money with interest, at 15% per annum on the application monies as prescribed under Section 73 of the Companies Act and the rules formulated thereunder.

Our 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 twelve (12) Working Days of Bid/ Issue Closing Date.

Impersonation

Attention of the Bidders is specifically drawn to the provisions of Sub-Section (1) of Section 68A of the Companies Act which is reproduced below:

"Any person who-

(a) makes in a fictitious name an application to a company for acquiring, or subscribing for, any shares therein, or

(b) ***otherwise induces a company to allot or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years."***

Consents

Consents in writing of our Directors, our Company Secretary and Compliance Officer, the Auditors, the Legal Advisors to our Company, the BRLMs and the Co-BRLMs, the Bankers to our Company, the Registrar to the Issue, Advisor to our Company, the Syndicate Members, the Escrow Collection Banks, Refunds Bank(s) and the IPO Grading Agency to act in their respective capacities, will be obtained and will be filed along with a copy of the Red Herring Prospectus with the RoC and such consents will not be withdrawn up to the time of delivery of the Prospectus for registration, is as required under Section 60 and 60B of the Companies Act.

M/s. Chaturvedi & Shah and M/s. Bharat Shah and Associates, Chartered Accountants, our Joint Statutory Auditors have given their written consent, as experts, 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 Prospectus for registration to the RoC.

M/s. Chaturvedi & Shah and M/s. Bharat Shah and Associates, Chartered Accountants, our Joint Statutory Auditors have given their written consent to the statement of tax benefits accruing to our Company and its members in the form and context in which it appears in this Draft Red Herring Prospectus and will not withdraw such consent up to the time of delivery of the Prospectus for registration with the RoC.

[●], the IPO Grading Agency engaged by us for the purpose of IPO Grading have given their consent as experts, pursuant to their letter dated [●] for inclusion of their report in the form and content in which it will appear in the Red Herring Prospectus, and such consent will not be withdrawn until the time of delivery of the Prospectus for registration with the Registrar of Companies.

Expert Opinion

Except the statement of tax benefits, report of our Joint Statutory Auditors dated May 02, 2011 and the report of [●] issued in respect of the IPO grading of this Issue (a copy of which will be annexed to the Red Herring Prospectus as Annexure I), and except as stated elsewhere in this Draft Red Herring Prospectus, our Company has not obtained any expert opinions.

Expenses of the Issue

The total expenses of the Issue are estimated to be approximately ₹ [●] mn. The expenses of the Issue payable by our Company includes, among others, brokerage, fees payable to the BRLMs, the Co-BRLMs and Registrar to the Issue, legal fees, stamp duty, printing and distribution expenses and listing fees and other miscellaneous expenses estimated as follows:

(₹ in mn.)

Activity	Expenses (₹ in mn.)	% of Issue Size	% of Issue expenses
Fees of the Book Running Lead Managers, Co- Book Running Lead Managers underwriting and selling commission (including commission and processing fees to SCSBs and the Syndicate for ASBA Applications) and Bankers to the Issue*	[●]	[●]	[●]
Fees to Registrar to the Issue*	[●]	[●]	[●]
Fees to the legal advisors*	[●]	[●]	[●]
Other expenses (Printing and stationary, distribution and postage, advertisement and marketing expense etc.)*	[●]	[●]	[●]
IPO Grading expenses*	[●]	[●]	[●]
Others – SEBI filing fees, bidding software, listing fees, etc.*	[●]	[●]	[●]
Total Estimated Issue Expenses	[●]	[●]	[●]

**Would be incorporated post finalisation of Issue Price*

Details of Fees Payable

Fees payable to the Book Running Lead Managers and Co-Book Running Lead Managers

The total fees payable to the Book Running Lead Managers and Co- Book Running Lead Managers will be as stated in the engagement letters signed and executed between our Company, the Book Running Lead Managers and the Co- Book Running Lead Managers, a copy of which will be available for inspection at our Registered Office from 10:00 am to 4:00 pm on all Working Days during the Bid / Issue Period.

Underwriting Commission, Brokerage and Selling Commission

The selling commission for this Issue is as set out in the Syndicate Agreement to be entered into between our Company, the BRLMs and the Co-BRLMs. The underwriting commission shall be paid as set out in the Underwriting Agreement to be entered into between our Company, the BRLMs and the Co-BRLMs based on the Issue Price and amount underwritten in the manner mentioned in the Prospectus. Payment of underwriting commission, brokerage and selling commission would be in accordance with applicable laws.

Fees payable to the Registrar to the Issue

The total 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 Agreement dated December 09, 2010, signed and executed between our Company and the Registrar to the Issue, a copy of which will be available for inspection at our Registered Office from 10:00 am to 4:00 pm during the Bid/ Issue Period.

The Registrar to the Issue will also be reimbursed with all relevant out-of-pocket expenses such as cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable them to make refunds in any of the modes described in the Red Herring Prospectus and the Prospectus or send allotment advice by registered post / speed post.

Previous public or rights issues

Our Company has not made any public or rights issue since its incorporation.

Previous issue of Equity Shares otherwise than for cash

Our Company has not issued any Equity Shares for consideration otherwise than for cash, except as disclosed in the section titled "*Capital Structure*" on page 93.

Commission or brokerage on previous issues

Since this is the initial public offering of our Company's Equity Shares no sum has been paid or has been payable as commission or brokerage for subscribing for or procuring or agreeing to procure subscription for any of the Equity Shares since our Company's incorporation.

Particulars in regard to our Company and other listed companies under the same management within the meaning of Section 370 (1B) of the Companies Act which made any public or rights issue during the last 3 years.

Except as disclosed in the chapter titled "*Our Group Entities*" neither our Company nor any other company under the same management within the meaning of Section 370(1B) of the Companies Act is listed on any of the Stock Exchanges and has not made any public/ rights issue during the past 3 years.

Performance vis-a-vis Objects Previous Issues of our Company and our Group/ Subsidiary/ Associate Entities

Our Company has not made any public issue of Equity Shares since its incorporation. None of our Group/ Subsidiary/ associate Entities has made any public issues in the past 10 years except as disclosed in the chapter titled "*Our Group Entities*" on page 249.

Outstanding debentures or bond issues

As on the date of filing this Draft Red Herring Prospectus, our Company does not have any outstanding debentures or bonds except as disclosed in the chapter titled "*Financial Indebtedness*" on page 567.

Outstanding Preference Shares

As on the date of filing this Draft Red Herring Prospectus, our Company does not have any outstanding preference shares.

Stock Market Data

Our Company is an "unlisted issuer" in terms of the SEBI ICDR Regulations, and this being the "Initial Public Offering" in terms of the SEBI ICDR Regulations no stock market data is available for the Equity Shares of our Company.

Disclosure on Investor Grievances and Redressal System

The Agreement signed between the Registrar to the Issue and our Company entered into on December 9, 2010, provides for retention of records with the Registrar to this Issue for a period of at least three years from the last date of dispatch of the letters of allotment or refund orders, demat credit and making refunds as per the modes disclosed to enable the investors to approach the Registrar to this Issue for redressal of their grievances.

All grievances relating to this Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, application number, number of Equity Shares applied for, amount paid on application, Depository Participant and the bank branch or collection center where the application was submitted.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSBs or the Syndicate / Sub – Syndicate Members to whom the Bid was submitted (at ASBA Bidding Locations), giving full details such as name and address of the applicant, number of Equity Shares applied for, Bid Amount blocked, ASBA Account number and the Designated Branch of the SCSBs or details of the Syndicate / Sub – Syndicate Members to whom the Bid was submitted (at ASBA Bidding Locations) where the ASBA Form was submitted by the ASBA Bidders.

The Registrar shall act as a nodal agency for redressing complaints of ASBA and non-ASBA investors including providing guidance to ASBA investors regarding approaching the SCSBs concerned.

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 will be ten 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 also constituted Shareholders' / Investors' Grievance Committee of the Board of Directors *vide* resolution passed as the Board Meeting held on November 29, 2010, to review and redress the shareholders and investors grievances such as transfer of Equity Shares, non-recovery of balance payments, declared dividends, approve subdivision, consolidation, transfer and issue of duplicate shares. For further details, please refer to the chapter titled '*Management*' on page 228.

Our Company has appointed Mr. Nilesh Mehta , Company Secretary as the Compliance Officer for this Issue and he may be contacted for redressal of any complaints at:

Mr. Nilesh Mehta
SKIL Infrastructure Limited
209 Bank Street Cross Lane, Fort,
Mumbai - 400 023,
Maharashtra,
India.
Tel. No.: +91- 22-66199000
Fax No.: +91 22-22696024
Email: ipo@skilgroup.co.in
Website: www.skilgroup.co.in

Investors can also contact the Registrar to the Issue for redressal of any complaints relating to the Issue at the following address:

Link Intime India Private Limited
C-13 Pannalal Silk Mill Compound
L.B.S. Marg, Bhandup (West)
Mumbai - 400 078
Maharashtra, India
Tel. No.: +91- 22- 2596 0320, 1- 800- 22- 0320
Fax No.: +91 -22- 2596 0329
E-mail: skil.ipo@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Mr. Sachin Achar
SEBI Registration Number: INR000004058

Disposal of Investor Grievances by our listed Group Entities

For more information please refer to the section "*Group Entities*" on Page 249.

Changes in the Auditors during last three years and reasons thereof

There have been no changes in our auditors in the last three years except as disclosed hereunder:

Sr. No.	Name of Auditor	Nature of change	Date of change	Reason for change
1.	M/s. Chaturvedi & Shah	Appointed as joint statutory auditor of our Company along with M/s. Bharat Shah & Associates	September 30, 2010 (for Fiscal 2011)	Appointment

Capitalisation of reserves or profits during the last 5 years

Our Company has made a bonus issue of 183,333,150 Equity Shares on March 22, 2007 by capitalisation of free reserves. For details of the same, please refer to the section titled "*Capital Structure*" on page 93.

Revaluation of assets during the last 5 years

There has been no revaluation of fixed assets in the history of our Company. Since our Company has preferred the early adoption of Accounting Standard 30, all the investments appearing in the books as at December 31, 2010 and March 31, 2010, 2009, 2008, 2007 and 2006 have been valued at fair market value as on that date and resultant gains/losses have been credited to "Investment Revaluation Reserve Account" in case of Investments – available for sale and to "Gain on Mark to Market of Current Investments" in case of investments – held for trading.

SECTION X - ISSUE RELATED INFORMATION

TERMS OF THE ISSUE

The Equity Shares being issued are subject to the provisions of the Companies Act, the SCRR, the SCRA, the Memorandum and Articles of Association of our Company, conditions of RBI approval, if any, the terms of the Red Herring Prospectus, the Prospectus, the Bid cum Application Form, the Revision Form, the Allotment Advice and Confirmation of Allocation Note ("**CAN**"), Listing Agreements with the Stock Exchanges 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 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, FIPB, RoC and / or other authorities, as in force on the date of the Issue and to the extent applicable.

Ranking of Equity Shares

The Equity Shares being offered shall be subject to the provisions of the Companies Act and the Memorandum and Articles of Association and shall rank *pari passu* in all respects with the existing Equity Shares of our Company including in respect of the rights to receive dividends. The Allottees of the Equity Shares in this Issue shall be entitled to dividends and other corporate benefits, if any, declared by our Company after the date of Allotment. For further details, see the section "*Main Provisions of our Articles of Association*" on page 685.

Mode of payment of dividend

We shall pay dividend, if declared, to our shareholders as per the provisions of the Companies Act, the Articles of Association of our Company and the Listing Agreements entered into with the Stock Exchanges.

Face Value and Price Band

The face value of each Equity Share is ₹ 10. The Issue Price is [●]. The Floor Price of Equity Shares is ₹ [●] per Equity Share and the Cap Price is ₹ [●] per Equity Share. At any given point of time there shall be only one denomination of Equity Shares, subject to applicable law. The Price Band, Retail Discount (if any) and Minimum Bid Lot for the Issue will be decided by our Company in consultation with the BRLMs and Co – BRLMs.

Rights of the Equity Shareholder

Subject to applicable laws, the equity shareholders 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 offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation subject to any statutory and other preferential claims being satisfied;
- Right of free transferability subject to applicable foreign direct investment policy, foreign exchange regulations and other applicable laws; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the terms of the listing agreements executed with the Stock Exchanges, and the Memorandum and Articles of Association of our Company.

For a detailed description of the main provisions of the Articles of Association such as those dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and / or consolidation / splitting, please refer to the section titled "*Main Provisions of our Articles of Association*" on page 685.

Market Lot and Trading Lot

Under Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialized form. In terms of existing SEBI ICDR Regulations, the trading in the Equity Shares shall only be in dematerialized form for all investors. Since trading of the Equity Shares is in dematerialized mode, the tradable lot is one Equity Share. Allotment of Equity Shares through this Issue will be done only in electronic form, in multiple of one Equity Share, subject to a minimum allotment of [●] Equity Shares.

Joint Holders

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as joint – tenants with benefits of survivorship.

Nomination Facility to the Investor

In accordance with Section 109A of the Companies Act, the sole or first bidder, along with other joint bidders, may nominate any one person in whom, in the event of the death of sole bidder or in case of joint bidders, death of all the Bidders, as the case may be, the Equity Shares that are 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 such person would be entitled if such person were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/ transfer/ alienation of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Company's Registered Office or with the Registrar of our Company.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

1. to register himself or herself as the holder of the Equity Shares; or
2. to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety (90) days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the allotment of Equity Shares in the Issue will be made only in dematerialized mode, there is no need to make a separate nomination with us. Nominations registered with respective depository participant of the applicant will prevail. If the investors require changing the nomination, they are requested to inform their respective depository participant.

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Issue including devolvement of the Underwriters, if any, within 60 days from the Bid / Issue Closing Date, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after our Company becomes liable to pay the amount, our Company shall pay interest as prescribed under Section 73 of the Companies Act.

Further, in terms of sub-regulation (4) of Regulation 26 of the SEBI ICDR Regulations, our Company shall ensure that the number of prospective allottees to whom the Equity Shares will be Allotted will not be less than 1,000. If the number of allottees in the proposed Issue is less than 1,000 allottees, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 15 days after the Bid / Issue Closing Date, our Company shall pay interest at the rate 15% per annum for the delayed period.

Bid/Issue Period

BID/ISSUE OPENS ON*	[●]
BID/ISSUE CLOSES ON (EXCEPT QIB BIDDERS)	[●]
BID/ISSUE CLOSES ON (QIB BIDDERS)	[●]

** Our Company may, in consultation with the Book Running Lead Managers and Co- Book Running Lead Managers, allocate up to 30% of the QIB Portion, i.e. [●] Equity Shares, to Anchor Investors on a discretionary basis, in accordance with the SEBI ICDR Regulations. The Anchor Investor Bid / Issue Period shall be 1 Working Day prior to the Bid / Issue Opening Date.*

Bids and any revision in Bids shall be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centres mentioned in the Bid cum Application Form, except on the Bid/ Issue Closing Date. Please refer to the section titled "*General Information*" on page 19.

Arrangement for Disposal of Odd Lots

The Equity Shares of our Company will be traded in dematerialized form only and therefore the marketable lot is 1 Equity Share. Hence, there is no possibility of any odd lots.

Restriction on transfer of Equity Shares

Except for the lock-in as detailed in "*Capital Structure*" on page 93, and except as provided in our Articles of Association and as stated below, there are no restrictions on transfers of Equity Shares. There are no restrictions on transmission of Equity Shares and on their consolidation or splitting except as provided in the Articles of Association. For further details, please refer to "*Main Provisions of our Articles of Association*" on page 685.

The Equity Shares have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Our Company has not registered and does not intend to register under the U.S. Investment Company Act in reliance upon Section 3(c)(7) thereof.

Accordingly, the Equity Shares are being offered and sold (i) in the United States only to, and only to U.S. persons that are, "qualified institutional buyers" (as defined in Rule 144A and referred to in this Prospectus as "U.S. QIBs"; which, for the avoidance of doubt, does not refer to a category of institutional investors defined under applicable Indian regulations and referred to in this Prospectus as "QIBs") that are also "qualified purchasers" (QPs) (as defined in Section 2(a)(51) of the U.S. Investment Company Act and the rules and regulations thereunder) acting for its own account or for the account of another U.S. QIB that is a QP (and meets the other requirements set forth herein), in reliance on the exemption from registration under the U.S. Securities Act provided by Rule 144A or other available exemption and in reliance upon Section 3(c)(7) of the U.S. Investment Company Act and (ii) outside the United States to non-U.S. persons in reliance on Regulation S.

Each purchaser of Equity Shares inside the United States or who is a U.S. person will be required to represent and agree, among other things, that such purchaser (i) is a U.S. QIB and a QP; and (ii) will only reoffer, resell, pledge or otherwise transfer the Equity Shares in an "offshore transaction" in accordance with Rule 903 or Rule 904 of Regulation S and under circumstances that will not require our Company to register under the U.S. Investment Company Act.

Each purchaser of Equity Shares outside the United States that is not a U.S. person will be required to represent and agree, among other things, that such purchaser is a non-U.S. person acquiring the Equity Shares in an "offshore transaction" in accordance with Regulation S.

Option to receive Equity Shares in Dematerialized Form

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

The above information is given for the benefit of the Bidders. The Bidders are advised to make their own enquiries about the limits applicable to them. Our Company,the BRLMs and the Co-BRLMs do not accept any responsibility for the completeness and accuracy of the information stated hereinabove. Our Company and the BRLMs and the Co-BRLMs are not liable to inform the investors of any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of 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.

ISSUE STRUCTURE

Public Issue of [●] Equity Shares of face value of ₹ 10 each for cash at a price of ₹ [•] per Equity Share (including share premium of ₹ [•] per Equity Share) aggregating to ₹ 11,250 million, (hereinafter referred to as the "**Issue**").

Our Company is considering a Pre-IPO Placement of up to 20 million Equity Shares and aggregating up to ₹ 2,250 million with certain investors. The Pre-IPO Placement is at the discretion of our Company. If undertaken, our Company will complete the issuance of such Equity Shares prior to the filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the Issue size will be reduced to the extent of allotment made in the Pre-IPO Placement subject to the Issue being at least 10% of the post Issue capital.

The Issue will constitute [●]% of the fully diluted total post issue paid-up equity share capital of our Company. The Issue is being made through the Book Building Process:

Particulars	Qualified Institutional Bidders	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares*	Not more than [●] Equity Shares	Not less than [●] Equity Shares or Issue less allocation to Qualified Institutional Bidders and Retail Individual Bidders	Not less than [●] Equity Shares or Issue less allocation to Non-Institutional Bidders and Qualified Institutional Bidders
Percentage of the Issue Size available for allocation	Not more than 50% of the Issue shall be available for allocation to QIBs. However, up to 5% of the Net QIB Portion shall be available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the QIB Portion will also be eligible for allocation in the remaining QIB Portion.	Not less than 15% of the Issue shall be available for allocation or Issue less allocation to QIB Bidders and Retail Individual Bidders	Not less than 35% of the Issue shall be available for allocation or Issue less allocation to QIB Bidders and Non Institutional Bidders
Basis of Allotment, if respective category is oversubscribed	Proportionate as follows: (a) [●] Equity Shares, constituting 5% of the Net QIB portion, shall be available for allocation on a proportionate basis to Mutual Funds; (b) [●] Equity Shares shall be allotted on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above	Proportionate	Proportionate
Minimum Bid	Such number of Equity Shares that the Bid Amount exceeds ₹ 0.20 million	Such number of Equity Shares that the Bid Amount exceeds ₹ 0.20 million	[•] Equity Shares and in multiples of [•] Equity Shares thereafter such that the Bid Amount does not exceed ₹ 0.20 million (net of Retail Discount, if any)
Maximum Bid	Such number of Equity Shares in multiples of [•] not exceeding the size of the Issue subject to regulations	Such number of Equity Shares in multiples of [•] not exceeding the size of the Issue, subject to applicable	Such number of Equity Shares so as to ensure that the Bid Amount does not exceed ₹ 0.20 million

	as applicable to the Bidder	investment limits	
Mode of Allotment	Compulsorily in dematerialized form	Compulsorily in dematerialized form	Compulsorily in dematerialized form
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.
Allotment Lot	[●] Equity Shares and in multiples of one Equity Share thereafter.	[●] Equity Shares and in multiples of one Equity Share thereafter.	[●] Equity Shares and in multiples of one Equity Shares thereafter.
Trading Lot	One Equity Share	One Equity Share	One Equity Share
Who can Apply **	Qualified Institutional Bidders as defined on page 1.	Resident Indian individuals, Eligible NRIs, HUF (applying through the Karta), companies, corporate bodies, scientific institutions, societies trusts, sub accounts of FIIs registered with SEBI, which are foreign corporate or foreign individuals.	Resident Indian individuals, Eligible NRIs, HUF (applying through the Karta), applying for Equity Shares such that the Bid Amount does not exceed ₹ 0.20 million in value.
Terms of Payment***	Full Bid Amount on bidding, to be blocked by the SCSBs pursuant to Bid being submitted by ASBA (Anchor Investors shall submit Bids through physical mode)	Full Bid Amount on bidding, to be blocked by the SCSBs pursuant to Bid being submitted by ASBA	Full Bid Amount on bidding; in case of ASBA Bidders, full Bid Amount shall be blocked by the SCSBs pursuant to Bid being submitted by ASBA

**Subject to valid Bids being received at or above the Issue Price. The Issue is being made under sub-regulation (1) of Regulation 26 of the SEBI ICDR Regulations and through a Book Building Process wherein not more than 50% of the Issue shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("QIBs" and such portion the "QIB Portion"). Our Company in consultation with the BRLMs and the Co-BRLMs may consider participation by Anchor Investors in the Issue for up to 30% of the QIB Portion in accordance with the applicable SEBI ICDR Regulations ("Anchor Investor Portion"), out of which at least one-third will be available for allocation to domestic Mutual Funds only. In the event of under-subscription or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the remaining QIB Portion ("Net QIB Portion"). Such number of Equity Shares representing 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to QIBs, subject to valid Bids being received from them at or above the Issue Price. Further not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received from them at or above the Issue Price (net of Retail Discount if any, in the case of Retail Individual Bidders). Under-subscription, if any, in any category would be allowed to be met with spill over from any of the other categories at the discretion of our Company, the BRLMs, the Co-BRLMs and the Designated Stock Exchange and in accordance with applicable laws, rules, regulations and guidelines, subject to valid Bids being received at or above the Issue Price.*

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

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

ISSUE PROCEDURE

This section applies to all Bidders. All Bidders (except Anchor Investors) can participate in the Issue through the ASBA process. Furthermore, pursuant to SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011 non- retail Investors are mandatorily required to utilise the ASBA facility to participate in the Issue. ASBA Bidders should note that the ASBA process involves application procedures that are different from the procedure applicable to Bidders other than the ASBA Bidders. Bidders applying through the ASBA process should carefully read the provisions applicable to such applications before making their application through the ASBA process. Please note that all Bidders are required to make payment of the full Bid Amount with the Bid cum Application Form. In case of ASBA Bidders, an amount equivalent to the full Bid Amount will be blocked by the SCSB at the time of Bidding.

Pursuant to SEBI Circular bearing no. CIR/CFD/DIL/2/2011 dated May 16, 2011 Retail Individual Bidders can Bid at a price net of the Retail Discount (if any) and will be required to indicate the Bid price before adjustments for such Retail Discount, if any.

Book Building Procedure

This Issue is being made for less than 25% of the post-Issue capital pursuant to Rule 19(2)(b)(ii) of the SCRR, read with Regulation 41(1) of the SEBI ICDR Regulations. Our Company is eligible for the Issue in accordance with Regulation 26(1) of the SEBI ICDR Regulations. Further, this Issue is being made through the Book Building Process wherein not more than 50% of the Issue shall be available for allocation to QIBs on a proportionate basis out of which 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15% and 35% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and Retail Individual Bidders, respectively, subject to valid Bids being received at or above the Issue Price. Our Company may allocate up to 30% of the QIB Portion to the Anchor Investors on a discretionary basis at the Anchor Investor Issue Price. One third of the Anchor Investor Portion shall be reserved for allocation to domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Issue Price. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion.

Under-subscription, if any, in any category, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company in consultation with the BRLMs, Co-BRLMs and the Designated Stock Exchange.

Any Bidder (other than Anchor Investors) may participate in this Issue through the ASBA process by providing the details of their respective bank accounts / bank account held by a third party (subject to conditions as set forth hereinbelow) in which the corresponding Bid amounts will be blocked by SCSBs. Non- retail investors are mandatorily required to make use of the ASBA facility. All ASBA Bidders can submit their Bids through the Syndicate (at ASBA Bidding Locations). Pursuant to SEBI circular no. CIR/CFD/DIL/1/2011 dated April 29, 2011, the Syndicate/ sub-syndicate members may procure the ASBA Bid cum Application Form from investors in Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bangalore, Hyderabad, Pune, Baroda, and Surat and submit the same to the SCSB. Syndicate/ sub-syndicate members are required to upload the bid and other relevant details of the ASBA Bid cum Application Form in the electronic bidding system provided by the Stock Exchanges and forward the same to the SCSBs.

Investors should note that Allotment of Equity Shares to all successful Bidders will be only in the dematerialised form. The Bid cum Application Forms which do not have the details of the Bidders' depository accounts including DP ID, PAN and beneficiary account number shall be treated as incomplete and rejected. Bidders will not have the option of being Allotted Equity Shares in physical form. The Equity Shares on Allotment shall be traded only on the dematerialised segment of the Stock Exchanges.

Bid cum Application Form and ASBA Bid cum Application Form

Retail Bidders shall use only the specified Bid cum Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of the Red Herring Prospectus. Non- retail Bidders shall use the specified ASBA Bid cum Application Form, indicating the mode of payment option as being "ASBA" obtained from any member of the Syndicate, for the purpose of making a Bid in terms of the Red Herring Prospectus. Before being issued to Bidders, the Bid cum Application Form (except in relation to ASBA Bidders) shall be serially numbered. Bidders (other than ASBA Bidders) are required to submit their Bids through the Syndicate or their affiliates (at ASBA Bidding Locations). Such 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 the Red Herring Prospectus.

ASBA Bidders including QIBs and Non Institutional Bidders, shall submit the ASBA Bid cum Application Form either in physical or electronic form to the SCSB or to a member of the Syndicate (at ASBA Bidding Locations). (Syndicate / Sub – syndicate members at the ASBA Bidding Locations may procure the ASBA Bid cum Application Form from investors and submit the same to SCSBs) authorizing blocking funds that are available in the bank account specified in the ASBA Bid cum Application Form used by ASBA Bidders (through the internet banking facility available with the SCSBs or such other electronically enabled mechanism for Bidding). The ASBA Bid cum Application Form will also be available on the websites of the BSE and the NSE at least 1 day prior to the Bid/Issue Opening Date and shall bear a unique application number. The BRLMs, the Co-BRLMs and the SCSBs will provide the hyperlink to BSE or NSE on their websites. ***Only QIBs can participate in the Anchor Investor Portion and such Anchor Investors cannot submit their Bids through the ASBA process.***

No separate receipts shall be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection centre of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgment slip. This acknowledgment slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder.

The Bid cum Application Form shall contain information about the Bidder and the price and number of Equity Shares that the Bidder wishes to Bid for. Bidders shall have the option to make a maximum of 3 Bids in the Bid cum Application Form and such options shall not be considered multiple Bids.

On filing of the Prospectus with the RoC, the Bid cum Application Form or the ASBA Bid cum Application Form, as the case may be, shall be treated as a valid application form. On completion and submission of the Bid cum Application Form or the ASBA Bid cum Application Form, as the case may be, to a member of the Syndicate (at ASBA Bidding Locations) or the SCSB, the Bidder is deemed to have authorised our Company to make the necessary changes in the Red Herring Prospectus and the Bid cum Application Form/ ASBA Bid cum Application Form as would be required under the SEBI ICDR Regulations and other applicable laws, for filing the Prospectus with the RoC and as would be required by SEBI and/or the RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid cum Application Form for various categories is as follows:

Category	Colour of Bid cum Application Form	Colour of ASBA Bid cum Application Form*
Resident Indians and Eligible NRIs applying on a non-repatriation basis where the Bid Amount does not exceed ₹ 0.20 million.	[●]	[●]
Resident Indians and Eligible NRIs applying on a non-repatriation basis where the Bid Amount exceeds ₹ 0.20 million.	Not applicable	[●]
Non-Residents and Eligible NRIs applying on a repatriation basis where the Bid Amount does not exceed ₹ 0.20 million.	[●]	[●]
Non-Residents, Eligible NRIs, FVCIs, Multilateral and bilateral development financial institutions and FIIs applying on a repatriation basis where the Bid Amount exceeds ₹ 0.20 million.	Not applicable	[●]

**Bid cum Application Forms for Anchor Investors will be made available at Office of BRLMs and Co-BRLMs only.*

Who can Bid?

- Indian nationals resident in India who are not incompetent to contract (including minors) in single or joint names (not more than three) or in the names of minors as natural/legal guardian;
- 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 / ASBA Bid cum Application Form as follows: "Name of Sole or First Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*". Bids by HUFs would be considered at par with those from individuals;
- Companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in equity shares;
- Mutual Funds registered with SEBI;
- Eligible NRIs on a repatriation basis or on a non repatriation basis subject to applicable laws.
- Indian financial institutions, commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to RBI regulations and the SEBI ICDR Regulations and other laws, as applicable);
- FIIs and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual bidding in QIB portion;
- Persons eligible to invest under all applicable laws, regulations, rules and guidelines;
- Limited Liability Partnerships (LLPs) registered in India and authorised to invest in equity shares;
- Sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals only under the Non-Institutional Bidders category.
- Venture capital funds registered with SEBI;
- Foreign Venture Capital Investors registered with SEBI;
- State Industrial Development Corporations;
- Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts/societies and who are authorised under their respective constitutions to hold and invest in equity shares;
- Scientific and/or industrial research organisations authorised to invest in equity shares;
- Insurance Companies registered with Insurance Regulatory and Development Authority;
- Provident Funds with a minimum corpus of ₹ 250 million and who are authorised under their constitution to hold and invest in equity shares;
- Pension Funds with a minimum corpus of ₹ 250 million and who are authorised under their constitution to hold and invest in equity shares;
- National Investment Fund set up by a resolution no. F. No. 2/3/2005- DD II dated November 23, 2005 of the Government of India, published in the Gazette of India;
- Insurance funds set up and managed by army, navy or air force of the Union of India;
- Insurance funds set up and managed by the Department of Posts, India;
- Limited liability partnership;
- Multilateral and Bilateral Development Financial Institutions; and
- All other persons eligible to invest under all applicable laws, rules, regulations and guidelines.

As per the current RBI regulations, OCBs cannot participate in this Issue.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law.

Participation by Associates and Affiliates of BRLMs, Co-BRLMs and Syndicate Members

The BRLMs, the Co-BRLMs and the Syndicate Members shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the BRLMs, the Co-BRLMs and the Syndicate Members are entitled to Bid for Equity Shares in the Issue, including in the QIB Portion (excluding Anchor Investor Portion) and Non-Institutional Portion where the allocation is on a proportionate basis. Such Bidding and subscription may be on their own account or on behalf of their clients. However, the BRLMs, the Co-BRLMs, Syndicate Members and their affiliates and associates shall not be allowed to subscribe to the Anchor Investor Portion.

Bids by Mutual Funds

As per the SEBI ICDR Regulations, 5% of the QIB Portion (excluding the Anchor Investor Portion), has been specifically reserved for Allocation to Mutual Funds on a proportionate basis. An eligible Bid by a Mutual Fund in the Mutual Fund Portion shall first be considered for allocation proportionately in the Mutual Fund Portion. In the event demand in the Mutual Fund Portion is greater than [●] Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by Mutual Funds shall be available for allocation proportionately, after excluding the allocation in the Mutual Fund Portion, in the QIB Portion.

One-third of the Anchor Investor Portion shall be reserved for allocation to domestic Mutual Funds on a discretionary basis subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investors Issue Price.

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No Mutual Fund under all its schemes should own over 10% of any company's paid-up share capital carrying voting rights.

The Bids made by asset management companies or custodians of Mutual Funds shall clearly indicate the name of the concerned scheme for which Bids is being made.

Multiple Bids

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

Bids by Non Residents including Eligible NRIs or FIIs or FVCIs on a repatriation basis

There is no reservation for Eligible NRIs or FIIs or FVCIs registered with SEBI. Such Eligible NRIs, FIIs and FVCIs registered with SEBI will be treated on the same basis as other categories for the purpose of allocation.

The Equity Shares have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Our Company has not registered and does not intend to register under the U.S. Investment Company Act in reliance upon Section 3(c)(7) thereof.

Accordingly, the Equity Shares are being offered and sold (i) in the United States only to, and only to U.S. persons that are, "qualified institutional buyers" (as defined in Rule 144A and referred to in this Draft Red Herring Prospectus as "U.S. QIBs"; which, for the avoidance of doubt, does not refer to a category of institutional investors defined under applicable Indian regulations and referred to in this Draft Red Herring Prospectus as "QIBs") that are also "qualified purchasers" (QPs) (as defined in Section 2(a)(51) of the U.S. Investment Company Act and the rules and regulations thereunder) acting for its own account or for the account of another U.S. QIB that is a QP (and meets the other requirements set forth herein), in reliance on the exemption from registration under the U.S. Securities Act provided by Rule 144A or other available exemption and in reliance upon Section 3(c)(7) of the U.S. Investment Company Act and (ii) outside the United States to non-U.S. persons in reliance on Regulation S.

Each purchaser of Equity Shares inside the United States or who is a U.S. person will be required to represent and agree, among other things, that such purchaser (i) is a U.S. QIB and a QP; and (ii) will only reoffer, resell, pledge or otherwise transfer the Equity Shares in an "offshore transaction" in accordance with Rule 903 or Rule 904 of Regulation S and under circumstances that will not require our Company to register under the U.S. Investment Company Act.

Each purchaser of Equity Shares outside the United States that is not a U.S. person will be required to represent and agree, among other things, that such purchaser is a non-U.S. person acquiring the Equity Shares in an "offshore transaction" in accordance with Regulation S.

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.

Bids by Eligible NRIs

1. Bid cum Application Forms for Eligible NRIs applying on a repatriation basis ([●] in colour if under the retail portion, [●] ASBA Bid cum Application Forms to be used if the Bid amount exceeds ₹ 0.20 million) will be made available at our Registered Office and with the Syndicate or SCSBs and the Registrar to the Issue, as the case may be.

2. Only such applications as are accompanied by payment in freely convertible foreign exchange shall be considered for Allotment. Eligible NRIs who intend to make payment through Non Resident Ordinary ("**NRO**") accounts or by debits to their Non-Resident External ("**NRE**") or Foreign Currency Non-Resident ("**FCNR**") accounts should use the application form meant for Resident Indians ([●] in color if under the retail portion, [●] ASBA Bid cum Application Forms to be used if the Bid amount exceeds ₹ 0.20 million) and shall not use the form meant for any reserved category.

Bids by Eligible NRIs for a Bid Amount of up to ₹ 0.20 million would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Amount of more than ₹ 0.20 million would be considered under Non-Institutional Portion for the purposes of allocation. Eligible NRIs Bidding under the Non- Institutional Portion are required to utilise the ASBA facility to submit their Bids.

Bids by FIIs

As per current regulations, the following restrictions are applicable for investments by FIIs:

The issue of Equity Shares to a single FII should not exceed 10% of our post-Issue issued capital (*i.e.* 10% of [●] Equity Shares). In respect of an FII investing in our Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital or 5% of our total issued capital in case such sub-account is a foreign corporate or a foreign individual. In accordance with the foreign investment limits applicable to our Company, such investment must be made out of funds raised or collected or brought from outside through normal banking channels and the investment must not exceed the overall ceiling specified for FIIs. Under the portfolio investment scheme, the aggregate issue of equity shares to FIIs and their sub-accounts should not exceed 24% of post-issue paid-up equity capital of a company. However, this limit can be increased to the permitted sectoral cap/statutory limit, as applicable to our Company after obtaining approval of its Board of Directors followed by a special resolution to that effect by its shareholders in their general meeting. As of the date of this Draft Red Herring Prospectus, our Company has not passed such resolution and the total foreign investment including FII investment cannot exceed 24% of our total issued capital unless approved by the shareholders of our Company.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of regulation 15A(1) of the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations 1995, as amended (the "**SEBI FII Regulations**"), an FII, as defined in the SEBI FII Regulations, may issue, or otherwise deal in offshore derivative instruments (defined under the SEBI FII Regulations as any instrument, by whatever name called, which is issued overseas by an FII against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with 'know your client' norms. The FII is also required to ensure that no further issue or transfer of any offshore derivative instrument issued by it is made to any persons that are not regulated by an appropriate foreign regulatory authority as defined under the SEBI FII Regulations. Associates and affiliates of the Underwriters, including the BRLMs, the Co-BRLMs and the Syndicate Members that are FIIs may issue offshore derivative instruments against Equity Shares Allotted to them in the Issue. Any such offshore derivative instrument does not constitute any obligation of, claim on or an interest in, our Company.

Bids by SEBI-registered Venture Capital Funds and Foreign Venture Capital Investors

The SEBI (Venture Capital Funds) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000, each, as amended, prescribe investment restrictions on Venture Capital Funds and FVCIs respectively registered with the SEBI. Accordingly, the holding in any company by any individual venture capital fund or FVCI registered with the SEBI should not exceed 25% of the corpus of such venture capital fund or FVCI respectively. However, venture capital funds or FVCIs may invest only up to 33.33% of their respective investible funds in various prescribed instruments, including in initial public offers.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only at the rate of exchange prevailing at the time of remittance and net of bank charges and / or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into USD or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. Our Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

Bids by Anchor Investors

Our Company may consider participation by Anchor Investors in the QIB Portion for up to 30% of the QIB Portion in accordance with the ICDR Regulations. Only QIBs as defined in Regulation 2(1)(zd) of the SEBI ICDR Regulations and not otherwise excluded pursuant to Schedule XI of the SEBI ICDR Regulations are eligible to invest. The QIB Portion shall be reduced in proportion to the allocation under the Anchor Investor Portion. In the event of under-subscription in the Anchor Investor Portion, the balance Equity Shares shall be added to the QIB Portion. In accordance with the SEBI ICDR Regulations, the key terms for participation in the Anchor Investor Portion are provided below:

(a) Anchor Investors Bid cum Application Forms will be made available for the Anchor Investor Portion at the office of the BRLMs and the Co-BRLMs only;

(b) The Bid must be for a minimum of such number of Equity Shares so that the Bid Amount exceeds ₹ 100 million and in multiples of [●] Equity Shares thereafter. A Bid cannot be submitted for more than 30% of the QIB Portion. In case of a Mutual Fund registered with SEBI, separate Bids by individual schemes of a Mutual Fund will be aggregated to determine the minimum application size of ₹ 100 million;

(c) One-third of the Anchor Investor Portion shall be reserved for allocation to domestic Mutual Funds.

(d) The Bidding for Anchor Investors shall open 1 Working Day before the Bid/Issue Opening Date and shall be completed on the same day.

(e) Our Company, in consultation with the BRLMs and the Co-BRLMs, shall finalize allocation to the Anchor Investors on a discretionary basis, provided that the minimum number of Allottees in the Anchor Investor Portion shall not be less than:

- 2, where the allocation under Anchor Investor Portion is up to ₹ 2,500 million; and

- 5, where the allocation under Anchor Investor Portion is over ₹ 2,500 million.

(f) Allocation to Anchor Investors shall be completed on the Anchor Investor Bidding Date. The number of Equity Shares allocated to Anchor Investors and the price at which the allocation is made, shall be made available in public domain by the BRLMs and the Co-BRLMs before the Bid/Issue Opening Date.

(g) Anchor Investors shall pay the entire Bid Amount at the time of submission of the Bid. Anchor Investors cannot withdraw their Bids after the Anchor Investor Bid / Issue Period.

(h) In the event the Issue Price is greater than the Anchor Investor Issue Price, the additional amount being the difference between the Issue Price and the Anchor Investor Issue Price shall be paid by the Anchor Investors by the Pay-in-Date which shall not be later than 2 days from Bid/Issue closing date. In the event the Issue Price is lower than the Anchor Investor Issue Price, the Allotment to Anchor Investors shall be at the higher price *i.e.* the Anchor Investor Issue Price and the excess amount shall not be refunded to Anchor Investors.

(i) The Equity Shares Allotted in the Anchor Investor Portion shall be locked-in for a period of 30 days from the date of Allotment.

(j) None of the BRLMs or the Co-BRLMs or any person related to the BRLMs and / or the Co-BRLMs, Promoters, or Promoter Group shall participate in the Anchor Investor Portion. The parameters for selection of the Anchor Investors shall be clearly identified by the BRLMs and the Co-BRLMs and shall be made available as part of the records of the BRLMs and the Co-BRLMs for inspection by SEBI.

(k) Bids made by QIBs under both the Anchor Investor Portion and the QIB Portion shall not be considered as multiple Bids.

(l) The payment instruments for payment into the Escrow Account should be drawn in favor of:
  - In case of Resident Anchor Investors: "[●]"
  - In case of Non-Resident Anchor Investors: "[●]"

Anchor Investors do not have the option of bidding through ASBA process.

Additional details, if any, regarding participation in the Issue under the Anchor Investor Portion shall be disclosed in the advertisement for the Price Band which shall be published by our Company in 1 English national daily newspaper with wide circulation, Hindi national daily newspaper with wide circulation and 1 regional language newspaper, with wide circulation in Mumbai at least 2 Working Days prior to the Bid / Issue Opening Date.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney by limited companies, corporate bodies, registered societies, FIIs, Mutual Funds, insurance companies and provident funds with minimum corpus of ₹ 250 million (subject to applicable law) and pension funds with a minimum corpus of ₹ 250 million a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged with the Bid cum Application Form / ASBA Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

In addition to the above, certain additional documents are required to be submitted by the following entities:

(a). With respect to Bids by VCFs, FVCIs, FIIs and Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form or the ASBA Bid cum Application Form, as applicable. Failing this, our Company reserves the right to accept or reject any Bid, in whole or in part, in either case without assigning any reasons thereof.

(b). With respect to Bids by insurance companies registered with the Insurance Regulatory and Development Authority, in addition to the above, a certified copy of the certificate of registration issued by the Insurance Regulatory and Development Authority must be lodged with the Bid cum Application Form / ASBA Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid, in whole or in part, in either case without assigning any reasons thereof.

(c). With respect to Bids made by provident funds with minimum corpus of ₹ 250 million (subject to applicable law) and pension funds with a minimum corpus of ₹ 250 million, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Bid cum Application Form / ASBA Bid cum Application Form. Failing this, our Company reserves the right to accept or reject such bid, in whole or in part, in either case without assigning any reasons thereof.

Our Company in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form / ASBA Bid cum Application Form, subject to such terms and conditions that our Company , the BRLMs and the Co-BRLMs may deem fit.

Our Company, in its absolute discretion, reserves the right to permit the holder of the power of attorney to request the Registrar to the Issue that, for the purpose of printing particulars on the refund order and mailing of the Allotment Advice / CANs / refund orders / letters notifying the unblocking of the bank accounts of ASBA Bidders, the Demographic Details given on the Bid cum Application Form / ASBA Bid cum Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar to the Issue shall use Demographic Details as given on the Bid cum Application Form / ASBA Bid cum Application Form instead of those obtained from the Depositories.

The above information is given for the benefit of the Bidders. Our Company, its Directors, officers, the BRLMs and the Co- BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that any Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in the Red Herring Prospectus. Our Company, the BRLMs and the Co- BRLMs do not accept any responsibility for the completeness and accuracy of the information stated above.

Maximum and Minimum Bid Size

(a) **For Retail Individual Bidders:** The Bid must be for a minimum of [•] Equity Shares and in multiples of [•] Equity Share thereafter, so as to ensure that the Bid Amount payable by the Bidder does not exceed ₹ 0.20 million (net of Retail Discount, if any). In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed ₹ 0.20 million (net of Retail Discount, if any). If the Bid Amount is over ₹ 0.20 million due to revision of the Bid or revision of the Price Band or on exercise of the option to be Bid at the Cut-off Price, the Bid would be considered for allocation under the Non-Institutional Portion. The option to Bid at the Cut-Off Price is given only to the Retail Individual Bidders, indicating their agreement to Bid and purchase at the final Issue Price as determined at the end of the Book Building Process.

(b) **For Other Bidders (Non-Institutional Bidders and QIBs excluding Anchor Investors):** The Bid must be for a minimum of such number of Equity Shares in multiples of [•] such that the Bid Amount exceeds ₹ 0.20 million. A Bid cannot be submitted for more than the Issue Size. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. A QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date and is required to pay the entire Bid amount upon submission of the Bid.

In case of revision in Bids, Non-Institutional Bidders who are individuals have to ensure that the Bid Amount is greater than ₹ 0.20 million for being considered for allocation in the Non-Institutional Portion. If the Bid Amount reduces to ₹ 0.20 million or less due to a revision in Bids or revision of the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIBs are not allowed to Bid at the Cut-Off Price. **A QIB Bidder cannot withdraw its Bid after the Bid/ Issue Closing Date.**

Non – retail Investors i.e. QIBs and Non Institutional Investors who intend to participate in the Issue are mandatorily required to submit their Bids through the ASBA facility.

(c) **For Bidders in the Anchor Investor Portion:** The Bid must be for a minimum of such number of Equity Shares in multiples of [•] such that the Bid Amount at least ₹ 100 million. Bids by Anchor Investors under the Anchor Investor Portion and the QIB Portion shall not be considered as multiple Bids. A Bid cannot be submitted for more than 30% of the QIB Portion. **Anchor Investors cannot withdraw their Bids after the Anchor Investor Bid / Issue Period.** Payments made upon any revision of Bids shall be adjusted against the payment made at the time of the original Bid or the previously revised Bid. Anchor Investors are not allowed to subscribe through the ASBA Process.

Payments made upon any revision of Bids shall be adjusted against the payment made at the time of the original Bid or the previously revised Bid.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in the Red Herring Prospectus.

Information for the Bidders:

(a) The Red Herring Prospectus will be filed by our Company with the RoC at least 3 days before the Bid/ Issue Opening Date.

(b) Copies of the Bid cum Application Form and the ASBA Bid cum Application Form, as also the Red Herring Prospectus will be available with the members of the Syndicate. For ASBA Bidders, Bid cum Application Forms will be available on the websites of the BSE and the NSE and the Designated Branches of the SCSBs.

(c) Any Investor (who is eligible to invest in our Equity Shares) who would like to obtain the Red Herring Prospectus and/or the Bid cum Application Form or the ASBA Bid cum Application Form can obtain the same from our Registered Office or from any of the members of the Syndicate. In addition, electronic ASBA Bid cum Application Forms shall be available on the websites of SCSBs. Furthermore, the SCSBs shall ensure that the abridged prospectus is made available on their websites.

(d) Our Company, the BRLMs and the Co-BRLMs shall declare the Bid / Issue Opening Date and the Bid / Issue Closing Date at the time of filing of the Red Herring Prospectus with the RoC and the same shall also be published in 2 widely circulated national newspapers (1 each in English and Hindi) and 1 regional language daily newspaper with wide circulation at Mumbai.

(e) The members of the Syndicate (in accordance with the terms of the Syndicate Agreement) and the Designated Branches shall accept Bids from the Bidder during the Bid / Issue Period in accordance with the terms of the Red Herring Prospectus, provided that the BRLMs and the Co-BRLMs shall accept the Bids from the Anchor Investors only on the Anchor Investor Bidding Date.

(f) Eligible Bidders who are interested in Bidding for the Equity Shares should approach any of the BRLMs, the Co-BRLMs or the Syndicate Members or their authorized agent(s) to register their Bids. Eligible Bidders can approach the members of the Syndicate or their authorised agent(s) to submit their Bids under the ASBA process. It may be noted that QIBs and Non Institutional Investors are mandatorily required to submit their Bids through the ASBA facility, in order to participate in the Issue.

(g) The Bids should be submitted on the prescribed Bid cum Application Form or the prescribed ASBA Bid cum Application Form only, as the case may be. Bids by ASBA Bidders shall be accepted by the members of the Syndicate (at the ASBA Bidding Locations) and Designated Branches of SCSBs in accordance with the SEBI ICDR Regulations and any other circulars issued by SEBI in this regard. Bid cum Application Forms or ASBA Bid cum Application Forms should bear the stamp of the members of the Syndicate or Designated Branch. Bid cum Application Forms or ASBA Bid cum Application Forms (except electronic ASBA Bid cum Application Forms), which do not bear the stamp of a member of the Syndicate or the Designated Branch, are liable to be rejected.

(h) With effect from August 16, 2010, the demat accounts of Bidders for whom PAN details have not been verified excluding (i) persons resident in the state of Sikkim; (ii) the Central or State Governments and the (iii) officials appointed by the courts, who, may be exempted from specifying their PAN for transacting in the securities market, shall be "suspended for credit" and no credit of Equity Shares pursuant to the Issue will be made into the accounts of such Bidders.

ASBA Bidders

It may be noted that with effect from May 01, 2011, non – retail Bidders i.e. QIBs and Non Institutional Investors shall mandatorily utilise the ASBA facility to submit their Bids.

(a) Copies of ASBA Bid cum Application Forms will be available for downloading and printing, from the websites of the Stock Exchanges (which provide electronic interface for ASBA facility) at least 1 day prior to the Bid / Issue Opening Date. A unique application number will be generated for every ASBA Bid cum Application Form downloaded and printed from the websites of the Stock Exchanges. The BRLMs, the Co-BRLMs and the SCSBs will provide the hyperlink to the BSE or the NSE on their websites.

(b) The BRLMs and Co - BRLMs shall ensure that adequate arrangements are made to circulate copies of the Red Herring Prospectus and ASBA Bid cum Application Forms to the members of the Syndicate and the SCSBs. The members of the Syndicate and the SCSBs will then make available such copies to non- retail Investors who are required to apply in this Issue through the ASBA process and retail Investors intending to apply in this Issue through the ASBA process. Additionally, the BRLMs and Co - BRLMs shall ensure that the members of the Syndicate and the SCSBs are provided with soft copies of the abridged prospectus as well as the ASBA Bid cum Application Forms and that the same are made available on the websites of the SCSBs.

(c) ASBA Bidders, under the ASBA process, who wish to obtain the Red Herring Prospectus and/or the ASBA Bid cum Application Form can obtain such documents from the Designated Branches of the SCSBs, BRLM or members of the Syndicate/ sub-syndicate members located at the ASBA Bidding Locations. ASBA Bidders can also obtain a copy of the abridged prospectus and/or the ASBA Bid cum Application Form in electronic form from the websites of the SCSBs and the Stock Exchanges.

(d) The Bids should be submitted on the prescribed ASBA Bid cum Application Form either in physical mode or in electronic mode through the internet banking facility offered by an SCSB for bidding and blocking funds in the bank account maintained with the SCSB specified in the ASBA Bid cum Application Form. ASBA Bidders at ASBA Bidding Locations may also submit the ASBA Bid cum Application Form to the Syndicate/ sub-syndicate members. The Syndicate/ sub-syndicate members are required to upload the bid and other relevant details of the ASBA Bid cum Application Form in the electronic bidding system provided by the stock exchanges and forward the same to the SCSBs.

(e) The ASBA Bid cum Application Forms should bear the stamp of a member of the Syndicate and/or the Designated Branch of the SCSB. ASBA Bid cum Application Forms which do not bear the stamp of a member of the Syndicate and/or an SCSB will be rejected.

(f) ASBA Bidders shall correctly mention the bank account number in the ASBA Bid cum Application Form and ensure that funds equal to the Bid Amount are available in the bank account maintained with the SCSB before submitting the ASBA Bid cum Application Form to the applicable Designated Branch or members of the Syndicate/ sub-syndicate members in Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bangalore, Hyderabad, Pune, Baroda, and Surat. In case the amount available in the bank account specified in the ASBA Bid cum Application Form is insufficient for blocking the amount equivalent to the Bid Amount, the SCSB shall reject the Bid.

(g) If the ASBA Account holder is different from the ASBA Bidder, the ASBA Bid cum Application Form should be signed by the account holder as provided in the ASBA Bid cum Application Form.

Bidders may note that in case the details of DP ID, Client ID and PAN mentioned in the ASBA Bid cum Application Form and entered into the electronic bidding system of the Stock Exchanges by the Syndicate Members do not match with the details of DP ID, Client ID and PAN available in the Depository database, the ASBA Bid cum Application Form, is liable to be rejected.

INSTRUCTIONS FOR COMPLETING THE BID CUM APPLICATION FORM

Bidders other than ASBA Bidders can obtain Bid cum Application Forms and Revision Forms from the members of the Syndicate. ASBA Bidders can obtain ASBA Bid cum Application Forms and/or ASBA Revision Forms from the Designated Branches of the SCSBs and the members of the Syndicate (at ASBA Bidding Locations). ASBA Bidders can also obtain a copy of the ASBA Bid cum Application Forms and/or ASBA Revision Form in electronic form from the websites of the SCSBs and the Stock Exchanges.

Bids and revisions of Bids must be:

1) Made only in the prescribed Bid cum Application Form or Revision Form, as applicable.

2) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained here, in the Bid cum Application Form or in the Revision Form. Bidders must provide details of valid and active DP-ID, client ID and PAN clearly and without error. Invalid accounts, suspended accounts or where such account is classified as invalid or suspended may not be considered for Allotment. Incomplete Bid cum Application Forms, Revision Forms or ASBA Bid cum Application Form, or Revision Forms or in the ASBA Revision Form are liable to be rejected. Bidders should note that the members of the Syndicate and/or the SCSBs (as appropriate) will not be liable for errors in data entry due to incomplete or illegible Bid cum Application Forms or Revision Forms.

3) Information provided by the Bidders will be uploaded in the online IPO system by the members of the Syndicate and the SCSBs, as the case may be, and the electronic data will be used to make allocation/Allotment. Bidders are advised to ensure that the details are correct and legible.

4) For Retail Individual Bidders (including Eligible NRIs), the Bid must be for a minimum of [●] Equity Shares and in multiples of [●] thereafter subject to a maximum Bid Amount of ₹ 0.20 million. In case the Bid Amount is over ₹ 0.20 million due to revision of the Bid or revision of the Price Band or on exercise of Cut-off option, the Bid would be considered for allocation under the Non-Institutional Bidders portion. The option to Bid at cut-off price is an option given only to the Retail Individual Bidders indicating their agreement to Bid and purchase at the final Issue Price as determined at the end of the Book Building Process.

5) For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares in multiples of [●] thereafter such that the Bid Amount exceeds ₹ 0.20 million. Anchor Investors must ensure that their Bids must make a minimum Bid of such number of Equity Shares that the Bid Amount is at least ₹ 100 million. Bids cannot be made for over the Issue size. Bidders are advised to ensure that a single Bids from them should not exceed the investment limits or maximum number of equity shares that can be held by them under the applicable laws or regulations.

6) In a single name or in joint names (not more than three, and in the same order as their Depository Participant details).

7) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

8) Bids through ASBA must be made only in the prescribed ASBA Bid cum Application Form (if submitted in physical mode) or electronic mode. ASBA Bidders should correctly mention the ASBA Account number in the ASBA Bid cum Application Form and ensure that funds equal to the Bid Amount are available in the ASBA Account before submitting the ASBA Form to the respective Designated Branch.

9) If the ASBA Account holder is different from the ASBA Bidder, the ASBA Bid cum Application Form should be signed by the account holder as provided in the ASBA Bid cum Application Form.

Submission of Bid cum Application Form

All Bid cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid. With respect to ASBA Bidders, the ASBA Bid cum Application Form or the ASBA Revision Form shall be submitted to the Designated Branches of the SCSBs / members of the Syndicate (at ASBA Bidding Locations).

No separate receipts shall be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection centre of the members of the Syndicate or the SCSB, as the case may be, will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder.

GENERAL INSTRUCTIONS

Dos:

(a) Check if you are eligible to apply as per the terms of the Red Herring Prospectus under applicable laws, rules and regulations, guidelines and approvals;

(b) Ensure that you have Bid within the Price Band;

(c) Read all the instructions carefully and complete the Resident Bid cum Application Form ([●] in colour), the Non-Resident Bid cum Application Form ([●] in colour), Resident ASBA Bid cum Application Form ([●] in colour), the Non-Resident ASBA Bid cum Application Form ([●] in colour or the Anchor Investor Bid cum Application Form ([●] in colour), as applicable;

(d) Ensure that the details about PAN, Depository Participant and Beneficiary Account are correct, and the Beneficiary Account is activated, as Allotment of Equity Shares will be in the dematerialized form only;

(e) Ensure that the Bids are submitted at the Bidding centres only on forms bearing the stamp of a member of the Syndicate or the SCSB in case of ASBA Bidders (except in case of electronic ASBA Bid cum Application Forms); In case you are a Bidder other than an ASBA Bidder, ensure that your Bid is submitted at the bidding center only on a form bearing the stamp of a member of the Syndicate. In case you are an ASBA Bidder, the Bid should be submitted to a Designated Branch of an SCSB / Syndicate member (at ASBA Bidding Locations), with which the ASBA Bidder or a person whose bank account will be utilised by the ASBA Bidder for bidding has a bank account and not to the Bankers to the Issue or collecting banks (assuming that such collecting banks are not SCSBs), our Company or the Registrar.With respect to ASBA Bids, ensure that you use the ASBA Bid cum Application Form specified for this purpose, and that such form is signed by the account holder in case the applicant is not the account holder. Ensure that you have mentioned the correct bank account number in the ASBA Bid cum Application Form

(f) Ensure that the full Bid Amount is paid for Bids submitted to the members of the Syndicate and funds equivalent to the Bid Amount are blocked by the SCSBs in case of Bids submitted through the ASBA process;

(g) Retail Individual Bidders must ensure that the Retail Discount (if any) is accurately deducted from the Bid Amount to derive the difference in Bidding price;

(h) Ensure that you have funds equal to the Bid Amount in your ASBA bank account of the respective Designated Branch of the SCSB before submitting the ASBA Bid cum Application Form to the respective Designated Branch of SCSB / Syndicate member (at ASBA Bidding Locations);

(i) Ensure that the DP ID, BAN and PAN mentioned in the Bid cum Application Form match with the DP ID, BAN and PAN available in the depository database;

(j) Instruct your respective banks to not release the funds blocked in the bank account under the ASBA process;

(k) Ensure that you request for and have received a TRS for all your Bid options;

(l) Submit revised Bids to the same member of the Syndicate (at ASBA Bidding Locations) or Designated Branch of the SCSB through whom the original Bid was placed and obtain a revised TRS/acknowledgement;

(m) Except for Bids (i) on behalf of the Central or State Government and the officials appointed by the courts, and (ii) (subject to SEBI circular dated April 3, 2008) from the residents of the state of Sikkim, each of the Bidders should mention their PAN allotted under the I.T. Act. Applications in which the PAN is not matching with one entered by the Syndicate or the SCSB in the Bidding terminal and PAN as available with depositories for a given DP ID and client ID is liable to be rejected;

(n) Ensure that the Demographic Details (as defined below) are updated, true and correct in all respects;

(o) Ensure that the name(s) given in the Bid cum Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. If the Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form.

(p) Ensure that the Depository Participant identification number (DP ID), the client identification number (Client ID) and PAN mentioned in the Bid cum Application Form /ASBA Bid cum Application Form and entered into the electronic bidding system of the Stock Exchanges by the Syndicate Members or Designated Branches of the SCSBs, as the case may be, matches with the DP ID, Client ID and PAN available in the Depository database. The Bidders should note that in case the DP ID, Client ID and the PAN mentioned in their Bid cum Application Form /ASBA Bid cum Application Form and entered into the electronic bidding system of the Stock Exchanges by the Syndicate Members or the Designated Branches of the SCSBs, as the case may be, do not match with the DP ID, Client ID and PAN available in the database of the depository, then such Bids are liable to be rejected.

(q) Where the Bid cum Application Form / ASBA Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in the same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form / ASBA Bid cum Application Form. If the Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form;

(r) In addition, ASBA Bidders should ensure that:

a. the ASBA Bid cum Application Form is signed by the account holder in case the applicant is not the account holder;
b. the correct bank account numbers have been mentioned in the ASBA Bid cum Application Form;
c. the authorisation box in the ASBA Bid cum Application Form has been correctly checked, or an authorisation to the SCSB through the electronic mode has been otherwise provided, for the Designated Branch to block funds equivalent to the Bid Amount mentioned in the ASBA Bid cum Application Form in the ASBA Account maintained with a branch of the concerned SCSB; and
d. an acknowledgement from the Designated Branch of the concerned SCSB or the Syndicate/ sub-syndicate member in designated cities for the submission of the ASBA Bid cum Application Form has been obtained.

Dont's:

(a) Do not Bid for lower than the minimum Bid size.

(b) For Bidders other than ASBA Bidders, do not submit a Bid without payment of the entire Bid Amount. In case you are an ASBA Bidder, do not Bid on another ASBA Bid cum Application Form or Bid cum Application Form after you have submitted a Bid to a Designated Branch of an SCSB or a Syndicate Member;

(c) Do not Bid/revise the Bid to less than the Floor Price or higher than the Cap Price (in the case of Retail Individual Bidders, net of Retail Discount if any);

(d) Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate or the Designated Branch. In case you are an ASBA Bidder, do not Bid on another ASBA Bid cum Application Form or Bid cum Application Form after you have submitted a Bid to a Designated Branch of an SCSB or a Syndicate Member;

(e) Do not pay the Bid Amount in cash, by money order or by postal order or by stockinvest and in relation to ABSA Bidders in any other mode other than blocked amounts in the bank accounts maintained by SCSBs;

(f) Do not send Bid cum Application Forms by post; instead submit the same to a member of the Syndicate (at ASBA Bidding Locations) or Designated Branch, as applicable;

(g) Do not Bid at the Cut-off Price (for QIB Bidders, Non-Institutional Bidders, for a bid amount exceeding ₹ 2,00,000);

(h) Do not fill up the Bid cum Application Form or ASBA Bid cum Application Form such that the Equity Shares Bid for exceed the Issue size and/or investment limit or maximum number of Equity Shares that can be held under applicable laws or regulations or the maximum amount permissible under applicable regulations or under the terms of the Red Herring Prospectus;

(i) Do not submit more than five ASBA Bid cum Application Forms per bank account;

(j) Do not Bid for amount exceeding ₹ 200,000 (net of Retail Discount, if any) in case of a Bid by Retail Individual Bidders;

(k) Do not submit the GIR number instead of the PAN as the Bid will be rejected on this ground;

(l) Do not submit incorrect details of DP ID, Client ID and PAN or give details for which demat account is suspended or for which such details cannot be verified by the Registrar ; and

(m) Do not Bid for allotment of Equity Shares in physical form.

(n) Do not submit the Bid cum Application Forms to Escrow Collection Bank(s);

(o) Do not submit a Bid if not competent to enter into a contract under the Indian Contract Act, 1872, as amended;

(p) Do not submit a Bid in case you are not eligible to acquire Equity Shares under applicable law or their relevant constitutional documents or otherwise;

(q) Do not submit a Bid that does not comply with the securities laws of your respective jurisdictions;

(r) Do not submit the Bids without the full Bid Amount.

Method and Process of Bidding

(a) Our Company, the BRLMs and the Co-BRLMs shall declare the Bid/Issue Opening Date and Bid/Issue Closing Date at the time of filing the Red Herring Prospectus with the RoC and also publish the same in two widely circulated national newspapers (one each in English and Hindi) and one regional language daily newspaper with wide circulation at Mumbai, newspapers) This advertisement, subject to the provisions of Section 66 of the Companies Act shall be in the format prescribed in Schedule XIII of the SEBI ICDR Regulations.

(b) The Price Band, Retail Discount (if any) and the minimum Bid lot size for the Issue will be decided by our Company in consultation with the BRLMs and the Co-BRLMs, and advertised in an English national newspaper, a Hindi national newspaper and one regional language daily newspaper with wide circulation at Mumbai, each with wide circulation, at least two Working Days prior to the Bid/Issue Opening Date.

(c) The BRLMs and the Co-BRLMs shall accept Bids from the Anchor Investors on the Anchor Investor Bid / Issue Period, *i.e.* 1 Working Day prior to the Bid / Issue Opening Date. Bidders, except Anchor Investors, who are interested in subscribing to the Equity Shares should approach any of the members of the Syndicate, their authorized agents (at ASBA Bidding Locations) or SCSBs to register their Bids, during the Bid / Issue Period. The members of the Syndicate shall accept Bids from the all Bidders and shall have the right to vet the Bids, during the Bid / Issue Period in accordance with the terms of the Syndicate Agreement and the Red Herring Prospectus. QIB and Non Institutional Bidders must necessarily use the ASBA process and Bidders using the ASBA facility to submit their Bids should approach the Syndicate members (at ASBA Bidding Locations) or Designated Branches of the SCSBs to register their Bids.

ASBA Bidders are required to submit their Bids either in physical or electronic mode to SCSBs or to the Syndicate/ sub-syndicate members (at ASBA Bidding Locations). ASBA Bidders submitting their Bids in electronic form should submit their Bids using the internet enabled bidding and banking facility of the SCSBs for bidding and blocking funds in the accounts of the bank account maintained with the SCSB specified in the ASBA Bid cum Application Form, and accordingly registering such Bids. Every Designated Branch of the SCSBs shall accept Bids from all such investors who wish to place Bids through them and the account in which funds are to be blocked is maintained with them. Such SCSBs shall have the right to vet the Bids, subject to the terms of the SEBI ICDR Regulations and the Red Herring Prospectus.

The Designated Branches of the SCSBs shall provide to the ASBA Bidders an acknowledgment specifying the application number as proof of acceptance of the ASBA Bid cum Application Form. Such acknowledgment does not in any manner guarantee that the Equity Shares Bid for shall be allocated to the ASBA Bidders. Upon receipt of the ASBA Bid cum Application Form, submitted in physical or electronic mode, the Designated Branch of the SCSB shall verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as specified in the ASBA Bid cum Application Form, prior to uploading such Bids with the Stock Exchanges. If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB shall reject such Bids and shall not upload such Bids with the Stock Exchanges

ASBA Bidders at ASBA Bidding Locations may also submit the ASBA Bid cum Application Form to the Syndicate/ sub-syndicate members. Each such Syndicate/ sub-syndicate member shall provide to the ASBA

Bidders an acknowledgement as proof of acceptance of the ASBA Bid cum Application Form. The Syndicate/ sub-syndicate members are required to upload the bid and other relevant details of the ASBA Bid cum Application Form in the electronic bidding system provided by the stock exchanges and forward the same to the SCSBs.

(d) The Bid / Issue Period shall be for a minimum of 3 Working Days and not exceeding 10 Working Days (including the days for which the Issue is open in case of revision in Price Band). If the Price Band is revised, the revised Price Band and the Bid/Issue Period will be published in an English national newspaper, a Hindi national newspaper and 1 regional language daily newspaper with wide circulation at Mumbai, each with wide circulation, together with an indication of such change on the websites of the BRLMs, the Co-BRLMs and SCSBs and at the terminals of the Syndicate Members and the Bidding Period shall be extended by a minimum period of 3 Working Days, subject to the total Bidding Period not exceeding 10 days

(e) Each Bid cum Application Form will give the Bidder the choice to Bid for up to three optional prices (for details see "*Bids at Different Price Levels and Revision of Bids*" below, within the Price Band and specify the demand (*i.e.*, the number of Equity Shares Bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form and / or ASBA Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Issue Price will be considered for allocation/Allotment and the rest of the Bid(s), irrespective of the Bid Amount, will become automatically invalid.

(f) The Bidder cannot Bid on another Bid cum Application Form after Bid(s) on one Bid cum Application Form have been submitted. Submission of a second Bid cum Application Form 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 in time before the Allotment of Equity Shares in the Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph "*Build up of the Book and Revision of Bids*".

(g) An ASBA Bidder cannot Bid, either in physical or electronic mode, on another ASBA Bid cum Application Form or a non-ASBA Bid cum Application Form after a Bid on 1 ASBA Bid cum Application Form, (i) either in physical or electronic mode, has been submitted to the Designated Branches of SCSBs and uploaded by the ASBA Bidder, (ii) has been submitted to Syndicate/ sub-syndicate members (at ASBA Bidding Locations). Submission of a second ASBA Bid cum Application Form or a non-ASBA Bid cum Application Form to either the same or to another Designated Branch of the SCSB or to the Syndicate/ sub-syndicate members (at ASBA Bidding Locations) in designated cities will be treated as multiple Bids and will be liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or Allotment of Equity Shares in the Issue. However, the ASBA Bidder can revise the Bid through the ASBA Revision Form, the procedure for which is detailed under the paragraph "*Build up of the Book and Revision of Bids*".

(h) Except in relation to the Bids received from the Anchor Investors, the members of the Syndicate or the SCSBs will enter each Bid option into the electronic Bidding system as a separate Bid and generate a Transaction Registration Slip ("**TRS**"), for each price and demand option and shall, on demand, give the same to the Bidder. Therefore, a Bidder can receive up to 3 TRSs for each Bid cum Application Form.

(i) With respect to ASBA Bidders who have submitted their physical ASBA Bid cum Application Form to the members of the Syndicate (at the ASBA Bidding Locations), on receipt of the ASBA Bid cum Application Form from the relevant member of the Syndicate, the relevant Designated Branch of the SCSB will verify if sufficient funds equal to the Bid Amount are available in the ASBA Account. If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB will reject the Bid and shall not upload such bids with the Stock Exchanges. If sufficient funds are available in the ASBA Account, the SCSB will block an amount equal to the Bid Amount and will carry out other procedures including signature verification.

(j) The Bid Amount shall remain blocked in the aforesaid ASBA Account until finalisation of the Basis of Allotment and consequent transfer of the Bid Amount against the Allotted Equity Shares to the Public Issue Account, or until withdrawal/failure of the Issue or until withdrawal/rejection of the ASBA Bid cum Application Form, as the case may be. Once the Basis of Allotment is finalized, the Registrar to the Issue shall send an appropriate request to the Controlling Branch of the SCSB for unblocking the relevant ASBA Accounts and for transferring the amount allocable to the successful Bidders to the Public Issue Account. In case of withdrawal/failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the Registrar to the Issue.

(k) The identity of the QIBs, other than Anchor Investors who have been allocatted Equity Shares, bidding in the Issue shall not be made public.

(l) Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph titled "*Payment Instructions*" on page 322.

INVESTORS ARE ADVISED NOT TO SUBMIT THE BID CUM APPLICATION FORMS TO THE ESCROW COLLECTION BANKS. BIDS SUBMITTED TO THE ESCROW COLLECTION BANKS SHALL BE REJECTED AND SUCH BIDDERS SHALL NOT BE ENTITLED TO ANY COMPENSATION ON ACCOUNT OF SUCH REJECTION.

Bids at Different Price Levels and Revision of Bids

(a) The Price Band, Retail Discount (if any) and the minimum Bid lot size shall be decided by our Company in consultation with the BRLMs and the Co-BRLMs and advertised at least 2 Working Days prior to the Bid / Issue Opening Date, in an English national newspaper, a Hindi national newspaper and 1 regional language daily newspaper, each with wide circulation.

(b) Our Company in consultation with the BRLMs and the Co-BRLMs reserves the right to revise the Price Band during the Bid / Issue Period in accordance with the SEBI ICDR Regulations provided that the Cap Price shall be less than or equal to 120% of the Floor Price and the Floor Price shall not be less than the face value of the Equity Shares. The revision in Price Band shall not exceed 20% on either side *i.e.* the floor price can move upward or downward to the extent of 20% of the floor price disclosed at least 2 Working Days prior to the Bid / Issue Opening Date and the Cap Price will be revised accordingly.

(c) In case of revision in the Price Band, the Bid / Issue Period will be extended for at least 3 additional Working Days after revision of Price Band subject to a maximum of 10 Working Days. Any revision in the Price Band and the revised Bid / Issue Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a public notice in an English national newspaper, a Hindi national newspaper and a regional language newspaper, each with wide circulation and also by indicating the change on the websites of the BRLMs, the Co-BRLMs, SCSBs and at the terminals of the Syndicate Members.

(d) Our Company in consultation with the BRLMs and the Co-BRLMs can finalize the Issue Price and Anchor Investor Issue Price within the Price Band in accordance with this section, without the prior approval of or intimation to, the Bidders.

(e) The Bidder can Bid at any price within the Price Band in multiples of ₹ 1. The Bidder has to Bid for the desired number of Equity Shares at a specific price. Retail individual Bidders may Bid at the Cut-Off Price. However, Bidding at Cut-off Price is prohibited for QIB or Non-Institutional Bidders and such Bids from QIBs and Non-Institutional Bidders shall be rejected.

(f) Retail individual Bidders who Bid at the Cut-off Price (net of Retail Discount, if any) agree that they shall purchase the Equity Shares at any price within the Price Band. Retail individual Bidders bidding at Cut-off Price shall deposit the Bid Amount based on the Cap Price with the members of the Syndicate. In case of ASBA Bidders bidding at Cut-off Price, the ASBA Bidders shall instruct the SCSBs (directly or through ASBA Bid cum Application Forms submitted to the Syndicate members) to block an amount based on the

Cap Price. In the event the Bid Amount is higher than the subscription amount payable by the Retail individual Bidders who Bid at Cut-off Price, the Retail individual Bidders and who Bid at Cut-off Price shall receive the refund of the excess amounts from the Escrow Account(s) in the manner described under the paragraph "*Payment of Refund*".

(g) In case of an upward revision in the Price Band announced as above, Retail Individual Bidders who had Bid at Cut-off Price could either (i) revise their Bid or (ii) make additional payment based on the revised Cap Price (such that the total amount *i.e.*, original Bid Amount plus additional payment does not exceed ₹ 0.20 million for Retail individual Bidders, if the Bidder wants to continue to Bid at Cut-off Price net of Retail Discount, if any), with the Syndicate member to whom the original Bid was submitted, or, in the case of ASBA Bidders, instruct the SCSB or the Syndicate/ sub-syndicate member (such Syndicate/ sub-syndicate member to further instruct the relevant SCSB) to whom the original Bid was submitted to block additional amounts based on the cap of the revised Price Band. In case the total amount (*i.e.*, original Bid Amount plus additional payment) exceeds ₹ 0.20 million for Retail Individual Bidders bidding at the Cut-off Price (net of Retail Discount, if any) the Bid will be considered for allocation under the Non-Institutional Portion in terms of the Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the Cap Price prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of Allotment, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off Price.

(h) In case of a downward revision in the Price Band, announced as above, Retail individual Bidders who have Bid at Cut-off Price could either revise their Bid or the excess amount paid at the time of Bidding would be refunded from the Escrow Account(s) or unblocked by the SCSBs.

(i) Our Company in consultation with the BRLMs and the Co-BRLMs shall decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of ₹ 5,000 to ₹ 7,000. In the event of any revision in the Price Band, whether upward or downward, 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 ₹ 5,000 to ₹ 7,000.

(j) When a Bidder has revised his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. It is the Bidder's responsibility to request for and obtain the revised TRS, which will act as proof of revision of the previous Bid.

(k) 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. With respect to the Bids by ASBA Bidders, if revision of the Bids results in an incremental amount, the relevant SCSB or the Syndicate/ sub-syndicate member (such Syndicate/ sub-syndicate member to further instruct the relevant SCSB) to whom the original Bid was submitted shall block the additional Bid Amount. In case of Bids, other than ASBA Bids, the Syndicate shall collect the payment in the form of cheque or demand draft if any, to be paid on account of the upward revision of the Bid. In such cases, the Syndicate will revise the earlier Bids details with the revised Bid and provide the cheque or demand draft number of the new payment instrument in the electronic book. The Registrar will reconcile the Bid data and consider the revised Bid data for preparing the Basis of Allotment.

Bidder's Depository Account and Bank Account Details, PAN

Bidders should note that on the basis of the Sole/First Bidder's Permanent Account Number, Depository Participant's name, DP ID number and beneficiary account number provided by them in the Bid cum Application Form / ASBA Bid cum Application Form and as entered into the electronic bidding system of the Stock Exchanges by the members of the Syndicate and the SCSBs as the case may be, the Registrar to the Issue will obtain from the Depository the demographic details including the Bidder's address, occupation, category, age and bank account details including the nine-digit Magnetic Ink Character Recognition ("**MICR**") code as appearing on a cheque leaf ('**Demographic Details**'). These Demographic Details would be used for giving refunds and allotment advice (including through physical refund warrants, direct credit, NECS and NEFT) to the Bidders. It is mandatory to provide the bank account details in the space provided in the Bid cum Application Form / ASBA Bid cum Application Form and Bid cum Application Forms / ASBA Bid cum Application Forms that do not contain such details are liable to be rejected. Hence, Bidders are advised to immediately update their bank account details, PAN and Demographic Details as appearing on the records of the Depository Participant and ensure that they are true and correct. Failure to do so could result in delays in dispatch/credit of refunds to Bidders at the Bidders sole risk and neither the BRLMs, the Co-BRLMs or the Registrar to the Issue or the Escrow Collection Banks or the SCSBs nor our Company shall have any responsibility and undertake any liability for the same. Hence, Bidders should carefully fill in their depository account details in the Bid cum Application Form. Please note that in case the DP ID, Client ID and PAN mentioned in the Bid cum Application Form / ASBA Bid cum Application Form and entered into the electronic Bidding system of the Stock Exchanges by the members of the Syndicate, do not match with the DP ID, Client ID and PAN available in the depositories' database, such Bid cum Application Form / ASBA Bid cum Application Form is liable to be rejected.

IT IS MANDATORY FOR ALL THE BIDDERS TO RECEIVE THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR PAN, DP NAME, DP ID NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM / ASBA BID CUM APPLICATION FORM AS THE CASE MAY BE. INVESTORS MUST ENSURE THAT THE PAN, DP ID NUMBER AND BENEFICIARY ACCOUNT NUMBER GIVEN IN THE BID CUM APPLICATION FORM / ASBA BID CUM APPLICATION FORM AS THE CASE MAY BE IS EXACTLY THE SAME AS PROVIDED IN THE DEPOSITORY ACCOUNT. IF THE BID CUM APPLICATION FORM / ASBA 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 / ASBA BID CUM APPLICATION FORM.

Since these Demographic Details will be used for all correspondence with the Bidders, they are advised to update the Demographic Details as provided to their Depository Participants. The Demographic Details given by Bidders in the Bid cum Application Form / ASBA Bid cum Application Form will not be used for any other purposes by the Registrar to the Issue.

By signing the Bid cum Application Form / ASBA Bid cum Application Form, the Bidder would be deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Refund Orders (where refunds are not being made electronically) / Allotment 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/ Allotment Advice / CANs may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid cum Application Form / ASBA Bid cum Application Form would be used only to ensure dispatch of refund orders. Any such delay shall be at the Bidders sole risk none of neither our Company, nor Escrow Collection Banks, the Designated Branch of the SCSBs, the Syndicate Members, the BRLMs, the Co-BRLMs nor the Registrar to the Issue shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay. In case of refunds through electronic modes as detailed in the Red Herring Prospectus, Bidders may note that refunds may be delayed if bank particulars obtained from the Depository Participant are incorrect.

In case no corresponding record is available with the Depositories, which matches the 3 parameters, namely, Bidder's PAN (in case of joint Bids, PAN of first applicant), the DP ID and the beneficiary's identity, such Bids are liable to be rejected.

PAYMENT INSTRUCTIONS

Escrow Mechanism for Retail individual Bidders other than ASBA Bidders

Pursuant to SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011 non- retail Investors

are mandatorily required to utilise the ASBA facility to participate in the Issue.

Our Company and the Syndicate shall open Escrow Accounts with one or more Escrow Collection Bank(s) in whose favour the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the Bid. Cheques or demand drafts received for the full Bid Amount from Retail individual Bidders would be deposited in the relevant Escrow Account.

The Escrow Collection Banks will act in terms of the Red Herring Prospectus, the Prospectus and the Escrow Agreement. The Escrow Collection Banks for and on behalf of the Bidders shall maintain the monies in the Escrow Account(s) until the Designated Date. The Escrow Collection Banks shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the funds represented by allocation of Equity Shares (other than ASBA funds with the SCSBs) from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Bankers to the Issue. The balance amount after transfer to the Public Issue Account shall be transferred to the Refund Account. Payments of refund to the Bidders shall also be made from the Refund Account are per the terms of the Escrow Agreement and the Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the Syndicate, the Escrow Collection Banks and the Registrar to the Issue to facilitate collections from the Bidders.

Terms of Payment for Retail individual Bidders other than ASBA Bidders and Payment into the Escrow Account

Each Retail individual Bidder who does not utilize the ASBA facility shall pay the full Bid Amount (net of Retail Discount, if any) at the time of the submission of the Bid cum Application Form, and shall, along with the submission of the Bid cum Application Form, draw a cheque or demand draft in favor of the relevant Escrow Account of the Escrow Collection Bank(s) (see "Payment in Escrow Account" below), and submit such cheque or demand draft to the member of the Syndicate to whom the Bid is being submitted. Retail individual Bidders may also provide the entire Bid Amount by way of an electronic transfer of funds. Bid cum Application Forms accompanied by cash/stockinvest/money order/postal order shall not be accepted.

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 Retail individual Bidders until 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. The balance amount after transfer to the Public Issue Account of our Company shall be transferred to the Refund Account on the Designated Date. No later than 12 Working Days from the Bid / Issue Closing Date, the Escrow Collection Bank(s) shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for Allotment, to the Bidders.

Where the Retail individual Bidder has been allotted a lesser number of Equity Shares than he or she had Bid for, the excess amount paid on Bidding, if any, after adjustment for Allotment, will be refunded to such Bidder within 12 Working Days from the Bid / Issue Closing Date, failing which our Company shall pay interest according to the provisions of the Companies Act for any delay of more than 8 days after the day on which our Company becomes liable or 15 days from the Bid / Issue Closing Date, whichever is earlier.

Payment into Escrow Accounts

(a) All Retail individual Bidders who are not Bidding through ASBA facility would be required to pay the entire Bid Amount at the time of the submission of the Bid cum Application Form.

(b) The Retail individual Bidders shall, with the submission of the Bid cum Application Form, draw a payment instrument for the entire Bid Amount in favour of the Escrow Account(s) and submit the same to the member of the Syndicate. If the payment is not made favouring the Escrow Account along with the

Bid cum Application Form, the Bid shall be rejected. Bid cum Application Forms accompanied by cash, stockinvest, money order or postal order shall not be accepted.

(c) The payment instruments for payment into the Escrow Account(s) should be drawn in favour of:

- In case of Resident Retail Bidders: "[●]"
- In case of Non-Resident Retail Bidders: "[●]"

(d) In the event of Issue Price being higher than the price at which allocation is made to Anchor Investors, the Anchor Investors shall be required to pay such additional amount to the extent of shortfall between the price at which allocation is made to them and the Issue Price within 2 Working Days of the Bid / Issue Closing Date. If the Issue Price is lower than the price at which allocation is made to Anchor Investors, the amount in excess of the Issue Price paid by Anchor Investors shall not be refunded to them.

(e) Our Company in consultation with the BRLMs and the Co-BRLMs, in their absolute discretion, shall decide the list of Anchor Investors to whom the provisional CAN or CAN shall be sent, pursuant to which the details of the Equity Shares allocated to them in their respective names shall be notified to such Anchor Investors. The payment instruments for payment into the Escrow Account(s) should be drawn in favour of:

- In case of resident Anchor Investors: "[●] "
- In case of non-resident Anchor Investors: "[●] "

(f) In case of Bids by Eligible Retail individual NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in NRE Accounts or FCNR Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of NRO Account of Non-Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting an NRE Account or FCNR Account.

(g) In case of Bids by Eligible Retail individual NRIs applying on non-repatriation basis, the payments must be made through Indian Rupee Drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in NRE Accounts or FCNR Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance or out of a NRO Account of a Non-Resident Bidder bidding on a non-repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR or NRO Account.

In case of Bids by FIIs, the payment should be made out of funds held in a Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting the Special Rupee Account.

(h) The monies deposited in the Escrow Account(s) will be held for the benefit of the Bidders until the Designated Date.

(i) On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account(s) as per the terms of the Escrow Agreement and the Red Herring Prospectus into the Public Issue Account and the surplus amount shall be transferred to the Refund Account.

(j) Within 12 Days from the Bid/Issue Closing Date, the Registrar to the Issue shall dispatch all refund amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation/Allotment to the Bidders.

(k) Payments should be made by cheque, or demand draft drawn on any bank (including a cooperative Bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash, stockinvest, money orders or postal orders will not be accepted.

(l) In case clear funds are not available in the Escrow Accounts as per final certificates from the Escrow Collection Banks, such Bids are liable to be rejected.

(m) Bidders are advised to mention the number of the Bid cum Application Form on the reverse of the cheque/demand draft to avoid misuse of instruments submitted along with the Bid cum Application Form.

Payment mechanism for ASBA Bidders

Pursuant to SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011 non- retail Investors are mandatorily required to utilise the ASBA facility to participate in the Issue

ASBA Bidders shall specify the bank account number in the ASBA Bid cum Application Form which is to be submitted to the Syndicate member. The Syndicate member shall in turn forward the ASBA Bid cum Application Form to the SCSB for processing and the SCSB shall block an amount equivalent to the Bid Amount in the bank account specified in the ASBA Bid cum Application Form. The SCSB shall keep the Bid Amount in the relevant bank account blocked until withdrawal / rejection of the ASBA Bid or receipt of instructions from the Registrar to unblock the Bid Amount. In the event of withdrawal or rejection of the ASBA Bid cum Application Form, failure of the Issue or for unsuccessful ASBA Bid cum Application Forms, the Registrar shall give instructions to the SCSB to unblock the Bid Amount in the relevant bank account and the SCSBs shall unblock the Bid Amount on receipt of such instruction. The Bid Amount shall remain blocked in the ASBA Account until finalisation of the Basis of Allotment and consequent transfer of the Bid Amount to the Public Issue Account, or until withdrawal / failure of the Issue or until rejection of the ASBA Bid, as the case may be.

Upon completing and submitting the ASBA Form to the Designated Branch or the Syndicate / Sub – syndicate Member, (at the ASBA Bidding Location) whether in physical or electronic mode, the ASBA Bidder is deemed to have authorised our Company to make the necessary changes in the Red Herring Prospectus 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 ASBA Bidders.

Upon submission of an ASBA Bid cum Application Form with the SCSB or the Syndicate / Sub – syndicate Member, (at the ASBA Bidding Location)whether in physical or electronic mode, each ASBA Bidder shall be deemed to have agreed to block the entire Bid Amount and authorized the Designated Branch to block such Bid Amount in the ASBA Account. An ASBA Bid cum Application Form should not be accompanied by cash, draft, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account.

After verifying that sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the ASBA Bid cum Application Form until the Designated Date. On the Designated Date, the SCSBs shall transfer the amounts allocable to the ASBA Bidders from the respective ASBA Accounts, in accordance with the SEBI ICDR Regulations, into the Public Issue Account. The balance amount, if any, against any Bid in the ASBA Accounts shall then be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue.

Pursuant to SEBI circular no. CIR/CFD/DIL/1/2011 dated April 29, 2011 (i) Non-Institutional Bidders and QIB Bidders are required to mandatorily apply through ASBA, and (ii) the syndicate/ sub-syndicate members may procure the ASBA Bid cum Application Form from the investors in Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bangalore, Hyderabad, Pune, Baroda, and Surat and submit it to the SCSB. Syndicate/ sub-syndicate members are required to upload the bid and other relevant details of the ASBA Bid cum Application Form in the electronic bidding system provided by the stock exchanges and forward the same to the SCSBs.

Payment by Stockinvest

Under the terms of the RBI Circular No. DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the option to use stockinvest instruments in lieu of cheques or bank drafts for payment of Bid money has been withdrawn. Accordingly, payment through stockinvest will not be accepted in the Issue.

Other Instructions

Joint Bids in case of Individuals

Bids may be made in single or joint names (not more than 3). In the case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form / ASBA Bid cum Application Form or Revision Form, as the case may be. All communications will be addressed to the First Bidder and will be dispatched to his or her address as per the Demographic Details received from the Depository.

Multiple Bids

A Bidder should submit only 1 Bid (and not more than 1) for the total number of Equity Shares required. 2 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 to be followed by the Registrar to the Issue to detect multiple applications are given below:

1. All applications with the same name, age, status and first line address will be accumulated and taken into a separate process file which would serve as a multiple master document.

2. In this master, a check will be carried out for the same PAN numbers. In cases where the PAN numbers are different, the same will be deleted from this master.

3. The Registrar to the Issue will obtain from the Depositories the details of the applicant's address based on the DP ID and Client ID provided in the Bid cum Application Form/ASBA Bid cum Application Form and create an address master.

4. 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.

5. The applications will be scanned for similar DP ID and Client ID. In cases where applications bear the same numbers, these will be treated as multiple applications.

After the aforesaid procedures, a print-out of the multiple master will be taken and the applications physically verified to tally signatures and also the father's/husband's names. On completion of this, 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 scheme concerned for which the Bid has been made. Bids by QIBs under the Anchor Investor Portion and QIB Portion (excluding Anchor Investor Portion) will not be considered as multiple Bids.

After Bidding on an ASBA Bid cum Application Form either in physical or electronic mode, where such ASBA Bid has been submitted to the Designated Branches of SCSBs and uploaded with the Stock Exchanges, an ASBA Bidder cannot Bid, either in physical or electronic mode, on another ASBA Bid cum Application Form or a non-ASBA Bid cum Application Form. Submission of a second Bid cum Application Form, whether an ASBA Bid cum Application Form, to either the same or to another Designated Branch of the SCSB, or a Non-ASBA Bid cum Application Form, will be treated as multiple Bids and will be liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or Allotment of Equity Shares in this Issue. However, the ASBA Bidder can revise the Bid through the Revision Form, the procedure for which is detailed in "*Build up of the Book and Revision of Bids*".

More than 1 ASBA Bidder may Bid for Equity Shares using the same ASBA Account, provided that the SCSBs shall not accept a total of more than 5 ASBA Bid cum Application Forms from such ASBA Bidders with respect to any single ASBA Account.

Our Company, in consultation with the BRLMs and the Co-BRLMs, reserves the right to reject, in their absolute discretion, all or any multiple Bids in any or all categories.

For Bids from Mutual Funds and FII sub-accounts which are submitted under the same PAN, as well as Bids on behalf of the central or state government, an official or receiver appointed by a court and residents of Sikkim for whom submission of PAN is not mandatory, the Bids will be scrutinised for DP ID and beneficiary account numbers. In case these Bids have the same DP ID and beneficiary account numbers, these will be treated as multiple Bids and will be rejected.

'PAN' or 'GIR' Number

Except for Bids on behalf of the Central or State Government, exempted persons, residents in Sikkim and the officials appointed by the courts, the Bidders, or in the case of a Bid in joint names, each of the Bidders, should mention his/her PAN allotted under the I.T. Act. In accordance with the SEBI ICDR Regulations, the PAN would be the sole identification number for participants transacting in the securities market, irrespective of the amount of transaction.

Bidders residing in the State of Sikkim are exempted from the mandatory requirement of PAN. The exemption is subject to the Depository Participants verifying the veracity of the claim of the investors that they are residents of Sikkim, by collecting sufficient documentary evidence in support of their address.

Any Bid cum Application Form / ASBA Bid cum Application Form without the PAN is liable to be rejected. It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.

Withdrawal of ASBA Bids

ASBA Bidders can withdraw their Bids during the Bidding Period by submitting a request for the same to the SCSBs / Syndicate members who shall do the requisite, including deletion of details of the withdrawn ASBA Form from the electronic bidding system of the Stock Exchanges and unblocking of the funds in the ASBA Account.

ASBA Bidders can withdraw their Bids during the Bidding Period by submitting a request for the same to the Registrar who shall do the requisite.

In case an ASBA Bidder (other than a QIB Bidders) wishes to withdraw the Bid after the Bid / Issue Closing Date, the same can be done by submitting a withdrawal request to the Registrar to the Issue prior to the finalization of the Basis of Allotment. The Registrar to the Issue shall delete the withdrawn Bid from the Bid file and give instruction to the SCSB for unblocking the ASBA Account after finalization of the Basis of Allocation.

Right to Reject Bids

In case of QIB Bidders Bidding in the QIB Portion, the Syndicate may reject Bids provided that such rejection shall be made at the time of acceptance of the Bid and the reasons for rejecting the same shall be provided to such

Bidder in writing. In case of Non-Institutional Bidders and Retail individual Bidders, our Company has the right to reject Bids based only on technical grounds and/or as specified in the Red Herring Prospectus. However, our Company in consultation with the BRLMs and the Co-BRLMs, reserves the right to reject any Bid received from Anchor Investors without assigning any reasons. Consequent refunds shall be made through any of the modes described in the Red Herring Prospectus and will be sent to the Bidder's address at the Bidder's risk.

With respect to ASBA Bids, the Designated Branches of the SCSBs shall have the right to reject ASBA Bids if at the time of blocking the Bid Amount in the Bidder's bank account, the respective Designated Branch of the SCSB ascertains that sufficient funds are not available in the Bidder's bank account maintained with the SCSB. Subsequent to the acceptance of the ASBA Bid by the SCSB, our Company would have a right to reject the ASBA Bids only on technical grounds and/or as specified in the Red Herring Prospectus. Bids submitted by QIBs or Non Institutional Bidders who do not utilise the ASBA facility shall be rejected.

The Bidders may note that in case the DP ID, Beneficiary Account Number and PAN mentioned in the Bid cum Application Form and as entered into the electronic Bidding system of the Stock Exchanges by the members of the Syndicate and the SCSBs, as the case may be, do not match with the DP ID, Beneficiary Account Number and PAN available in the depository database, the Bid is liable to be rejected.

Bids by persons prohibited from buying, selling or dealing in securities directly or indirectly by SEBI or any other regulatory authority shall be rejected by the BRLMs and the Co-BRLMs.

Grounds for Technical Rejections

Bidders should note that incomplete Bid cum Application Forms / ASBA Bid cum Application Forms and Bid cum Application Forms / ASBA Bid cum Application Forms that are not legible will be rejected by the members of the Syndicate or SCSBs. Bidders are advised to note that Bids are liable to be rejected *inter alia*, on the following technical grounds:

1. Amount paid does not tally with the amount payable for the highest value of Equity Shares Bid for. With respect to ASBA Bids, the amounts mentioned in the ASBA Bid cum Application Form does not tally with the amount payable for the value of the Equity Shares Bid for;

2. Application on plain paper;

3. Applications by QIBs and Non Institutional Bidders which are not made through the ASBA facility;

4. In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply. However a limited liability partnerships can apply in its name;

5. Bid by persons not competent to contract under the Indian Contract Act, 1872, as amended, including minors;

6. Age of first bidder not mentioned;

7. PAN not stated in the Bid cum Application Form (except for Bids on behalf of the Central or State Government, residents of Sikkim and the officials appointed by the courts);

8. GIR number furnished instead of PAN

9. Bids for lower number of Equity Shares than specified for that category of investors;

10. Bids at a price less than the Floor Price;

11. Bids at a price over the Cap Price;

12. Bids at Cut off Price by Non-Institutional Bidders and QIB Bidders;

13. Submission of more than 5 ASBA Bid cum Application Forms per ASBA Account;

14. Bids for number of Equity Shares which are not in multiples of [●];

15. Category not ticked;

16. Multiple Bids as described in the Red Herring Prospectus;

17. In case of Bids under power of attorney or by limited companies, corporate, trust etc., relevant documents not being submitted;

18. Bids accompanied by cash, stockinvest, money order or postal order;

19. Signature of sole and/or joint Bidders missing. In addition, with respect to ASBA Bids, the ASBA Bid cum Application form not being signed by the account holders, if the account holder is different from the Bidder;

20. Bid cum Application Form does not have the stamp of the BRLMs, the Co-BRLMs, the Syndicate Members or Designated Branches of the SCSBs (except for electronic ASBA Bids);

21. Bid cum Application Form does not have Bidder's depository account details or the details given are incomplete or incorrect;

22. Bid cum Application Forms / ASBA Bid cum Application Forms are not delivered by the Bidders within the time prescribed as per the Bid cum Application Form / ASBA Bid cum Application Forms, Bid/Issue Opening Date advertisement and the Red Herring Prospectus and as per the instructions in the Red Herring Prospectus and the Bid cum Application Forms / ASBA Bid cum Application Forms;

23. In case no corresponding record is available with the Depositories that matches three parameters namely, PAN (in case of joint Bids, PAN of the first applicant), the DP ID and the beneficiary's account number;

24. Authorisation for blocking funds in ASBA not ticked or provided;

25. With respect to ASBA Bids, inadequate funds in the bank account to block the Bid Amount specified in the ASBA Bid cum Application Form at the time of blocking such Bid Amount in the bank account;

26. Bids not uploaded in the electronic bidding system;

27. Bids for amounts greater than the maximum permissible amounts prescribed by applicable law;

28. Bids by OCBs;

29. Bids from within the United States or by U.S. persons (as defined in Regulation S) other than entities that are both U.S. QIBs and QPs;

30. Bids where clear funds are not available in the Escrow Accounts as per the final certificate from the Escrow Collection Banks;

31. Bids or revision thereof by QIB Bidders and Non-Institutional Bidders uploaded after 4.00 P.M. on the Bid/Issue Closing Date;

32. Bank account details for the refund not given;

33. Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;

34. Bids by persons who are not eligible to acquire Equity Shares in terms of all applicable laws, rules, regulations, guidelines and approvals; and

35. Bids that do not comply with the securities laws of their respective jurisdictions;

36. In case of ASBA Bid cum Application Forms submitted to the members of the Syndicate, if the SCSB whose name has been included in the ASBA Bid cum Application Form does not have a branch at the relevant ASBA Bidding Locations, as displayed on the websites of SEBI, to accept the ASBA Bid cum Application Forms; and

37. Bids for availing Retail Discount (if any) by Investors other than Retail Individual Bidders and such other Investors not eligible to avail Retail Discount, if any.

Electronic Registration of Bids

(a) The members of the Syndicate and the SCSBs will register the Bids received, except Bids received from Anchor Investors, using the online facilities of the Stock Exchanges. Details of Bids in the Anchor Investor Portion will not be registered on the online facilities of the Stock Exchanges. There will be at least 1 online connectivity in each city, where the Stock Exchanges are located in India and where such Bids are being accepted. A SCSB shall not upload bids received through any ASBA in the electronic bidding system of the Stock Exchanges unless:

    (i) it has received the ASBA Bid cum Application Form in a physical or electronic form; and

    (ii) it has blocked the application money in the ASBA Account specified in the ASBA Bid cum Application Form or has systems to ensure that electronic ASBA Bid cum Application Form are accepted in the system only after blocking of application money in the relevant bank account opened with it. A member of the Syndicate/ sub-syndicate member shall not upload any Bid received through ASBA in the electronic bidding system of the Stock Exchanges unless it has received the ASBA Bid cum Application Form in a physical or electronic form.

(b) The Stock Exchanges will offer a screen-based facility for registering such Bids for the Issue. This facility will be available on the terminals of the members of the Syndicate and their authorized agents and the SCSBs during the Bid / Issue Period. The Syndicate Members and the Designated Branches of the SCSBs can also set up facilities for off-line electronic registration of Bids subject to the condition that it will subsequently upload the off-line data file into the on-line facilities for book building on a regular basis.

(c) On the Bid / Issue Closing Date, the members of the Syndicate and the Designated Branches of the SCSBs shall upload the Bids until such time as may be permitted by the Stock Exchanges. This information will be available with the BRLMs and the Co-BRLMs on a regular basis. In order to ensure that the data uploaded is accurate, the Syndicate may be permitted 1 Working Day after the Bid/Issue Closing Date to amend some of the data fields (currently DP ID, Client ID) entered by them in the electronic bidding system. Bidders are cautioned that a high inflow of Bids typically experienced on the last Working Day of the Bidding may lead to some Bids received on the last Working Day not being uploaded due to lack of sufficient uploading time, and such Bids that could not uploaded will not be considered for allocation. Bids will only be accepted on Working Days, *i.e.*, Monday to Friday (excluding any public holiday).

(d) The bidding terminals of the Stock Exchanges shall contain an online graphical display of demand and Bid prices updated at periodic intervals not exceeding 30 minutes. Based on the aggregate demand and price for Bids registered on the electronic facilities of the Stock Exchanges a graphical representation of consolidated demand and price would be made available at the bidding centres and at the websites of each of the Stock Exchanges during the Bid/Issue Period along with category wise details.

(e) At the time of registering each Bid, the members of the Syndicate or the Designated Branches of the SCSBs in case of ASBA Bids shall enter the following details of the Bidder in the electronic system:

- Name of the Bidder
- ASBA Bid cum Application Form number
- Investor Category – Individual, Corporate, non-institutional, qualified institutional buyer, Eligible NRI, FII, or Mutual Fund, financial institutions, insurance companies, etc.
- PAN (of First Bidder, if more than one Bidder)
- Depository Participant Identity ("**DP ID**").
- Beneficiary account number of the Bidder
- Numbers of Equity Shares Bid for.
- Price option.
- Amount.
- Cheque number, in case of Bidder other than ASBA Bidders.
- Bank Account Details in case of ASBA Bidders

In case of submission of the Bid by an ASBA Bidder through the electronic mode, the ASBA Bidder shall complete the above-mentioned details, except the ASBA Bid cum Application Form number which shall be system generated.

(f) Upon request, a system generated TRS, on demand, 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 or Designated Branches.** The registration of the Bid by the member of the Syndicate or the Designated Branches does not guarantee that the Equity Shares shall be allocated / Allotted.

(g) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

(h) In case of Non-Institutional Bidders and Retail Individual Bidders, Bids will not be rejected except on technical grounds. The SCSB may reject the Bids made through the ASBA process if the ASBA Account maintained with the SCSB as specified in the ASBA Bid cum Application Form does not have sufficient funds equivalent to the Bid Amount. Furthermore, the SCSBs shall have no right to reject Bids except on technical grounds. Syndicate members may also reject Bids if all information required is not provided and Bid cum Application Form / ASBA Bid cum Application Forms is incomplete in any respect. Subsequent to the acceptance of the Bid by the Designated Branch, the Company will have a right to reject the Bids only on technical grounds listed in the Red Herring Prospectus and the Prospectus.

(i) The permission given by the Stock Exchanges to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company and / or the BRLMs and the Co-BRLMs are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, our Promoters, our management or any scheme or project of our Company nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.

(j) Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation/Allotment. The members of the Syndicate shall be given 1 Working Day after the Bid / Issue Closing Date to verify the information uploaded on the online IPO system during the Bidding Period after which the Registrar to the Issue shall proceed with the Allotment of Equity Shares.

(k) Details of Bids in the Anchor Investor Portion will not be registered on the on-line facilities of the electronic facilities of the Stock Exchanges.

(l) It is to be noted that Syndicate Members or the SCSB, as the case may be, shall be responsible for any error in the Bid details uploaded by them. In case of apparent data entry error by either Syndicate Member or collecting bank in entering the application number in their respective schedules other things remaining unchanged, the Bid may be considered as valid and such exceptions may be recorded in minutes of the meeting submitted to Stock Exchange(s). In the event of mistake in capturing the application number by either the Syndicate Member or collecting bank leading to rejection of Bid, the Registrar may identify based on the Bid form, the entity responsible for the error. Valid records in electronic file will be those for which money is received.

The BRLMs, the Co-BRLMs, the Company, and the Registrar to the Issue are not responsible for any acts, mistakes or errors or omission and commission in relation to Bids accepted by SCSBs or Syndicate members, Bids uploaded by SCSBs or Syndicate members, Bids accepted but not uploaded by SCSBs or Syndicate members, or Bids accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for Bids uploaded by SCSBs, the Bid Amount has been blocked in the relevant ASBA Account.

Build up of the book and revision of Bids

(a) The Bidding process shall be only through an electronically linked transparent bidding facility provided by the Stock Exchanges. Bids received from various Bidders (except Anchor Investors) through the members of the Syndicate and the SCSBs shall be electronically uploaded to the Stock Exchanges' mainframe on a regular basis.

(b) The book gets built up at various price levels. At the end of each day of the Bidding Period, the demand shall be shown graphically on the bidding terminals of the Syndicate and the websites of the Stock Exchanges. This information will be available with the BRLMs and the Co-BRLMs at the end of the Bidding Period.

(c) During the Bid / Issue Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form or ASBA Revision Form, which is a part of the Bid cum Application Form / ASBA Bid cum Application Form.

(d) Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form or ASBA Revision Form, as the case may be. Apart from mentioning the revised options in the Revision Form / ASBA Revision Form, the Bidder must also mention the details of all the options in his or her Bid cum Application Form / ASBA Bid cum Application Forms or earlier Revision Form / ASBA Revision Form. For example, if a Bidder has Bid for 3 options in the Bid cum Application Form / ASBA Bid cum Application Forms and such Bidder is changing only 1 of the options in the Revision Form / ASBA Revision Form, he must still fill the details of the other 2 options that are not being revised, in the Revision Form / ASBA Revision Form. The members of the Syndicate and the Designated Branches of the SCSBs will not accept incomplete or inaccurate Revision Forms.

(e) The Bidder can make this revision any number of times during the Bid / Issue Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate or the Designated Branch of the SCSB through whom such Bidder had placed the original Bid. Bidders are advised to retain copies of the blank Revision Form / ASBA Revision Form and the revised Bid must be made only in such Revision Form / ASBA Revision Form or copies thereof.

(f) Any upward 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. Retail Individual Bidders Bidding in such categories should note that the revised amount should not exceed ₹ 0.20 million. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of the Red Herring Prospectus. With respect to ASBA Bids, if revision of the Bids results in an incremental amount, the relevant SCSB shall block the additional Bid amount or the relevant Syndicate/ sub-syndicate member shall instruct the SCSB to block any incremental amount, on account of the upward revision of the Bid in case of Bids submitted through ASBA to the Syndicate/ sub-syndicate members. In case of Bids other than ASBA Bids, the members of the Syndicate shall collect the payment in the form of cheque or demand draft if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions. In such cases the members of the Syndicate will revise the earlier Bid details with the revised Bid and provide the cheque or demand draft number of the new payment instrument in the electronic book. The Registrar will reconcile the Bid data and consider the revised Bid data for preparing the basis of Allotment.

(g) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and will, on demand, receive a revised TRS from the members of the Syndicate or Designated Branches, as applicable. It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.

(h) In the case of ASBA Bids, after the Bid/Issue Closing Date, the SCSBs shall provide to the Registrar to the Issue aggregate information relating to the total number of ASBA Bid cum Application Forms uploaded and the total number of Equity Shares and total amount blocked against the uploaded ASBA Bid cum Application Forms. The Registrar to the Issue shall reconcile the electronic data received from the Stock Exchanges and the information received from the SCSBs.

Price Discovery and Allocation

(a) After the Bid / Issue Closing Date, the Registrar to the Issue shall aggregate the demand generated under the ASBA process with the Bids received under the non-ASBA process to determine the demand generated at different price levels. Thereafter, the BRLMs and Co - BRLMs shall analyze the demand generated at various price levels and discuss pricing strategy with the Company. Based on the demand generated at various price levels, our Company in consultation with the BRLMs and the Co-BRLMs shall finalize the Issue Price.

(b) Allocation to Anchor Investors shall be at the discretion of our Company in consultation with the BRLMs and the Co-BRLMs subject to compliance with the SEBI ICDR Regulations. In the event of under-subscription in the Anchor Investor Portion, the balance Equity Shares shall be added to the QIB Portion. The number of Equity Shares allocated to Anchor Investors and the price at which the allocation is made, shall be made available in public domain by the BRLMs and the Co-BRLMs before the Bid / Issue Opening Date.

(c) In case of over-subscription in all categories, not more than 50% of the Issue shall be available for allocation on a proportionate basis to QIBs. 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation 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 QIBs in proportion to their Bids. In the event that the aggregate demand in the QIB Portion has been met, under-subscription, if any, will be met with spill-over from any other category or combination of categories at the discretion of the Company, in consultation with the BRLMs, the Co - BRLMs and the Designated Stock Exchange

(d) Under-subscription, if any, in any category may be met with spill over from any other category or combination of categories at the sole discretion of our Company in consultation with the BRLMs and the Co-BRLMs. However, if the aggregate demand by Mutual Funds in the Mutual Fund Portion is less than [●] Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders. In the event the aggregate demand in the QIB Portion has been met, under subscription, if any, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company in consultation with the BRLMs, the Co-BRLMs and the Designated Stock Exchange.

(e) Allocation to Non-Residents, including Eligible NRIs, FIIs and foreign venture capital funds registered with SEBI, applying on repatriation basis will be subject to applicable law.

(f) The BRLMs, the Co-BRLMs in consultation with our Company shall notify the members of the Syndicate of the Issue Price and allocations to Anchor Investors, where the full Bid Amount has not been collected from the Anchor Investors due to the Issue Price being higher than the Anchor Investor Issue Price.

(g) Our Company reserves the right to cancel or withdraw the Issue at any time after the Bid/Issue Opening Date but before the Board meeting for Allotment. If our Company withdraws from the Issue, it shall issue a public notice that shall include reasons for such withdrawal within two days of the closure of the Issue. The notice of withdrawal shall be issued in the same newspapers where the pre-Issue advertisements have appeared and our Company shall also promptly inform the Stock Exchanges. If our Company withdraws the Issue after the Bid / Issue Closing Date and thereafter determines that it will proceed with an initial public offering of Equity Shares, it shall file a fresh draft red herring prospectus with the SEBI.

(h) If an ASBA Bidder wants to withdraw the ASBA Bid cum Application Form during the Bidding Period, the ASBA Bidder shall submit the withdrawal request to a Syndicate member the SCSB, through whom the applicant had placed the original bid, which shall perform the necessary actions, including deletion of details of the withdrawn ASBA Bid cum Application Form from the electronic bidding system of the Stock Exchanges and unblocking of funds in the relevant bank account.

(i) If an ASBA Bidder, excluding QIB Bidder wants to withdraw the ASBA Bid cum Application Form after the Bid / Issue Closing Date, the ASBA Bidder shall submit the withdrawal request to the Registrar to the Issue before finalization of basis of Allotment. The Registrar to the Issue shall delete the withdrawn Bid from the Bid file. The instruction for and unblocking of funds in the relevant bank account, in such withdrawals, shall be forwarded by the Registrar to the Issue to the SCSB once the basis of Allotment has been approved by the Designated Stock Exchange.

(j) QIB Bidders shall not be allowed to withdraw their Bid after the QIB Bid / Issue Closing Date. Anchor Investors can not withdraw their Bids after the Anchor Investor Bid / Issue Period.

(k) Allotment status details shall be available on the website of the Registrar to the Issue.

Signing of Underwriting Agreement and RoC Filing

(a) Our Company, the BRLMs, the Co-BRLMs and the Syndicate Members intend to enter into an Underwriting Agreement on or immediately after the finalisation of the Issue Price.

(b) After signing the Underwriting Agreement, our Company will update and file the updated Red Herring Prospectus with the RoC in terms of Section 56, 60 and 60B of the Companies Act, and other provisions of applicable laws which then would be termed the 'Prospectus'. The Prospectus will contain details of the Issue Price, Issue size, underwriting arrangements and will be complete in all material respects.

Filing of the Red Herring Prospectus and the Prospectus with the RoC

Our Company will file a copy of the Red Herring Prospectus and the Prospectus with the RoC in terms of Section 56, Section 60 and Section 60B of the Companies Act.

Pre-Issue Advertisement

Subject to Section 66 of the Companies Act, our Company shall, after registering the Red Herring Prospectus with the RoC, publish a pre-Issue advertisement, in the form prescribed by the SEBI ICDR Regulations, in an English national newspaper, a Hindi national newspaper and 1 regional daily newspaper, each with wide circulation.

Advertisement regarding Issue Price and Prospectus

Our Company will issue a statutory advertisement in an English national newspaper, and a Hindi national newspaper and 1 regional language daily newspaper (which is also the regional newspaper), each with wide circulation, after the filing of the Prospectus with the RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between the date of the Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Issuance of Allotment Advice

(a) On approval of the basis of Allotment by the Designated Stock Exchange and on Allotment by the Board of Directors or any committee constituted thereof, the Registrar to the Issue shall send to the members of the Syndicate and SCSBs a list of their Bidders who have been Allotted Equity Shares in the Issue. For Anchor Investors, see "***Notice to Anchor Investors: Allotment/Reconciliation and Revised CANs***." The approval of the basis of allocation by the Designated Stock Exchange for QIB Bidders may be done simultaneously with or before the approval of the basis of allocation for the Retail Individual Bidders and Non-Institutional Bidders. However, investors should note that our Company shall ensure that the instructions by our Company for demat credit of the Equity Shares to all investors in the Issue shall be given on the same date as the date of Allotment.

(b) The Registrar to the Issue will then dispatch an Allotment Advice / CAN to the Bidders who have been Allotted Equity Shares in this Issue. The dispatch of Allotment Advice / CAN shall be a valid, binding and irrevocable contract for the Bidders.

Notice to Anchor Investors: Allotment Reconciliation and CANs

After the Anchor Investor Bidding Date, a physical book will be prepared by the Registrar on the basis of the Bid cum Application Forms received in the Anchor Investor Portion. Based on the physical book and at the discretion of our Company, the BRLMs and the Co-BRLMs, selected Anchor Investors may be sent a CAN, within 2 Working Days of the Anchor Investor Bidding Date, indicating the number of Equity Shares that may be allocated to them. This provisional CAN and the final allocation is subject to (a) the physical application being valid in all respect along with receipt of stipulated documents, (b) the Issue Price being finalised at a price not higher than the Anchor Investor Issue Price, and (c) Allotment by the Board of Directors. In the event the Issue Price is higher than the Anchor Investor Issue Price, a revised CAN will be sent to Anchor Investors. The price of Equity Shares in such revised CAN may be different from that specified in the earlier CAN. Anchor Investors should note that they shall be required to pay any additional amount, being the difference between the Issue Price and the Anchor Investor Issue Price, as indicated in the revised CAN, if any, by the Pay-in Date specified in the revised CAN, for any increased price of Equity Shares. The Pay-in Date in the revised CAN shall not be later than 2 Working Days after the Bid / Issue Closing Date. Any revised CAN, if issued, will supersede in entirety the earlier CAN.

Unblocking of ASBA Account

Once the basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Issue shall provide the following details to the Controlling Branches of each SCSB, along with instructions to unblock the relevant bank accounts and transfer the requisite money to the Public Issue Account designated for this purpose within the timelines specified in the ASBA facility: (i) the number of Equity Shares to be Allotted against each valid ASBA Bid, (ii) the amount to be transferred from the relevant bank account to the Public Issue Account, for each valid ASBA Bid, (iii) the date by which funds referred to in (ii) above shall be transferred to the Public Issue Account, and (iv) details of rejected ASBA Bids, if any, along with reasons for rejection and details of withdrawn and/or unsuccessful ASBA Bids, if any, to enable SCSBs to unblock the respective bank accounts. On the basis of instructions from the Registrar to the Issue, the SCSBs shall transfer the requisite amount against each successful ASBA Bidder to the Public Issue Account and shall unblock the excess amount, if any, in the ASBA Account. However, the Bid Amount may be unblocked in the ASBA Account prior to receipt of notification from the Registrar to the Issue by the Controlling Branch of the SCSB in relation to the approval of the basis of Allotment in the Issue by the Designated Stock Exchange in the event of withdrawal or failure of the Issue or rejection of the ASBA Bid, as the case may be.

Designated Date and Allotment of Equity Shares

- Our Company will ensure that (i) Allotment of Equity Shares; (ii) credit to successful Bidder's depository account will be completed within 12 Working Days of the Bid/Issue Closing Date.

- In accordance with the SEBI ICDR Regulations, Equity Shares will be issued and Allotment shall be made only in the dematerialised form to the successful bidders. Allottees will have the option to re-materialise the Equity Shares so Allotted as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be Allotted to them pursuant to this Issue.

Basis of Allotment

A. For Retail Individual Bidders

- Bids received from Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. Allotment to all successful Retail Individual Bidders will be made at the Issue Price.

- The Issue size less Allotment to Non-Institutional and QIB Bidders shall be available for Allotment to Retail Individual Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price. If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Issue Price, full Allotment shall be made to the Retail Individual Bidders to the extent of their valid Bids.

- If the aggregate demand in this category is greater than [●] Equity Shares at or above the Issue Price, the Allotment shall be made on a proportionate basis up to a minimum of [•] Equity Shares. For the method of proportionate basis of Allotment, see below.

B. For Non-Institutional Bidders

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.

- The Issue size less Allotment to QIBs and Retail Portion shall be available for Allotment to Non-Institutional Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price. If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their demand.

- If the aggregate demand in this category is greater than [●] Equity Shares at or above the Issue Price, Allotment shall be made on a proportionate basis up to a minimum of [•] Equity Shares and in multiples of [●] Equity Shares thereafter. For the method of proportionate basis of Allotment see below.

C. For QIBs in the QIB Portion (excluding the Anchor Investor Portion)

- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. Allotment to all successful QIB Bidders will be made at the Issue Price. The QIB Portion shall be available for Allotment to QIB Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.

- Allotment shall be undertaken in the following manner:

  (a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Portion (excluding Anchor Investor Portion) shall be determined as follows:

    (i) In the event Mutual Fund Bids exceed 5% of the QIB Portion (excluding the Anchor Investor Portion), allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the QIB Portion (excluding the Anchor Investor Portion).

    (ii) In the event the aggregate demand from Mutual Funds is less than 5% of the QIB Portion (excluding Anchor Investor Portion) then all Mutual Funds shall get full Allotment to the extent of valid Bids received above the Issue Price.

    (iii) Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available for Allotment to all QIB Bidders as set out in (b) below;

  (b) In the second instance Allotment to all QIBs shall be determined as follows:

    (i) In the event of oversubscription in the QIB Portion (excluding the Anchor Investor 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, which have received allocation as per (a) above for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders (excluding the Anchor Investor Portion).

    (iii) Under-subscription below 5% of the QIB Portion (excluding Anchor Investor Portion), if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.

D. For Anchor Investor Portion

- Allocation of Equity Shares to Anchor Investors at the Anchor Investor Issue Price will be at the discretion of our Company, in consultation with the BRLMs and the Co-BRLMs, subject to compliance with the following requirements:

  o not more than 30% of the QIB Portion will be allocated to Anchor Investors;
  o one-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds only, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Issue Price;
  o allocation to Anchor Investors shall be on a discretionary basis and subject to a minimum number of 2 Anchor Investors for allocation up to ₹ 2,500 million and minimum number of 5 Anchor Investors for allocation more than ₹ 2,500 million.

- The number of Equity Shares Allotted to Anchor Investors and the Anchor Investor Issue Price, shall be made available in the public domain by the BRLMs and the Co-BRLMs before the Bid/Issue Opening Date by intimating the Stock Exchanges. The method of proportionate basis of Allotment is stated below.

The BRLMs, the Co-BRLMs, the Registrar to the Issue and the Designated Stock Exchange shall ensure that the Basis of Allotment is finalised in a fair and proper manner in accordance with the SEBI ICDR Regulations. The drawing of lots (where required) to finalise the Basis of Allotment shall be done in the presence of a public representative on the Governing Board of the Designated Stock Exchange.

Bids received from ASBA Bidders will be considered at par with Bids received from non-ASBA Bidders. ASBA Bidders who are Retail Individual Bidders (including HUFs) and who have Bid for Equity Shares for an amount less than or equal to ₹ 0.20 million in any of the Bidding options in the Issue, will be categorized as Retail Individual Bidders. ASBA Bidders that are not Retail Individual Bidders and who have Bid for Equity Shares for an amount over ₹ 0.20 million will be categorized as Non-Institutional Bidders or QIBs, as the case may be. No preference shall be given to ASBA Bidders *vis-à-vis* non-ASBA Bidders and *vice versa*.

Method of Proportionate Basis of Allotment in the Issue

Except in relation to Anchor Investors, in the event of the Issue being over-subscribed, our Company shall finalise the basis of Allotment in consultation with the Designated Stock Exchange. The Executive Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLMs, the Co-BRLMs and the Registrar to the Issue shall be responsible for ensuring that the basis of Allotment is finalised in a fair and proper manner.

Except in relation to Anchor Investors, the Allotment shall be made in marketable lots, on a proportionate basis as explained below:

a) Bidders will be categorised according to the number of Equity Shares applied for.

b) The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.

c) Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.

d) In all Bids where the proportionate Allotment is less than [●] Equity Shares per Bidder, the Allotment shall be made as follows:

    i) The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that category is as far as possible, equal to the number of Equity Shares calculated in accordance with (b) above; and

    ii) Each successful Bidder shall be allotted a minimum of [●] Equity Shares.

e) If the proportionate Allotment to a Bidder is a number that is more than [●] but is not a multiple of one (which is the marketable lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5 it would be rounded off to the lower whole number. Allotment to all in such categories would be arrived at after such rounding off.

f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for Allotment shall be first adjusted against any other category, where the allotted shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

Subject to valid Bids being received, allocation of Equity Shares to Anchor Investors shall be at the sole discretion of our Company, in consultation with the BRLMs and the Co-BRLMs.

Equity Shares in Dematerialised Form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the Allotment of Equity Shares in this Issue shall be only in a dematerialised form, (*i.e.*, not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two agreements have been signed among our Company, the respective Depositories and the Registrar to the Issue:

- Agreement dated July 23, 2007, between NSDL, our Company and the Registrar to the Issue;
- Agreement dated July 16, 2010, between CDSL, our Company and the Registrar to the Issue.

Bidders will be Allotted Equity Shares in dematerialised mode only. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

(a) A Bidder applying for Equity Shares must have at least 1 valid beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Bid.

(b) The Bidder must necessarily fill in the details (including the PAN, Beneficiary Account Number and Depository Participant's identification number) appearing in the Bid cum Application Form / ASBA Bid cum Application Forms or Revision Form.

(c) Allotment to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.

(d) Names in the Bid cum Application Form / ASBA Bid cum Application Forms or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.

(e) If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid cum Application Form / ASBA Bid cum Application Forms or Revision Form, it is liable to be rejected.

(f) With effect from August 16, 2010, the demat accounts of Bidders for whom PAN details have not been verified shall be "suspended for credit" and no credit of Equity Shares pursuant to the Issue will be made into the accounts of such Bidders.

(g) The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid cum Application Form / ASBA Bid cum Application Forms vis-à-vis those with his or her Depository Participant.

(h) Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchanges where the Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.

(i) Trading in the Equity Shares would be in dematerialised form only, on the demat segment of the respective Stock Exchanges.

(j) Non-transferable Allotment Advice or refund orders will be directly sent to the Bidders by the Registrar to the Issue.

Communications

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid cum Application Form / ASBA Bid cum Application

Form number, PAN, Bidders depository account details, number of Equity Shares applied for, date of Bid cum Application Form, name and address of the member of the Syndicate or the Designated Branch or the Collection Centre of the SCSBs where the Bid was submitted and cheque or draft number and issuing bank thereof or with respect to ASBA Bids, the bank account number in which an amount equivalent to the Bid Amount was blocked.

Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary accounts, refund orders etc. In case of ASBA Bids submitted with the members of the Syndicate / Designated Branches, Bidders can contact the relevant Designated Branch of the SCSBs. The SCSB or the Syndicate/ Sub-syndicate Member, as applicable, shall be responsible for any damage or liability resulting from any errors, fraud or willful negligence on the part of any employee of the concerned SCSB or the Syndicate/ sub-syndicate member, as applicable, including its Designated Branches and the branches where the ASBA Accounts are held. Our Company, the BRLMs, the Co – BRLMs, the Syndicate Members and the Registrar accept no responsibility for errors, omissions, commission or any acts of SCSBs including any defaults in complying with its obligations under applicable SEBI ICDR Regulations.

Impersonation

Attention of the Bidders is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, reproduced below:

"*Any person who:*

(a) *makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or*

(b) *otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name,*

shall be punishable with imprisonment for a term which may extend to five years."

Payment of Refund

Bidders other than ASBA Bidders must note that on the basis of the Bidders PAN, DP ID, Client ID and beneficiary account number provided by them in the Bid cum Application Form / ASBA Bid cum Application Forms, the Registrar to the Issue will obtain, from the Depositories, the Bidders' bank account details, including the MICR code. Hence Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Failure to do so could result in delays in dispatch of refund order or refunds through electronic transfer of funds, as applicable, and any such delay shall be at the Bidders' sole risk and neither our Company, the Registrar to the Issue, Escrow Collection Bank(s), Bankers to the Issue nor the BRLMs and the Co-BRLMs shall be liable to compensate the Bidders for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

In the case of Bids from Eligible NRIs and FIIs, refunds, dividends and other distributions, if any, will normally be payable in Indian Rupees only and net of bank charges and/or commission. Where so desired, 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. Our Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

Mode of Refunds

For Bidders other than ASBA Bidders

The payment of refund, if any, for Bidders other than ASBA Bidders would be done through any of the following modes:

1. NECS – Payment of refund would be done through NECS for Bidders having an account at any of the centres where such facility has been made available specified by the RBI. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code from the Depositories.

2. Direct Credit – Bidders having bank accounts with the Refund Bank, as per the Demographic Details received from the Depositories shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank for the same would be borne by our Company.

3. NEFT (National Electronic Fund Transfer) – Payment of refund shall be undertaken through NEFT wherever the Bidders' bank branch is NEFT enabled and has been assigned the IFSC, which can be linked to an MICR code of that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date prior to the date of payment of refund, duly mapped with an MICR code. Wherever the Bidders have registered their MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Bidders through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency and the past experience of the Registrars to the Issue. In the event NEFT is not operationally feasible, the payment of refunds would be made through any one of the other modes as discussed in this section.

4. For all other Bidders, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched through ordinary post for value up to ₹ 1,500 and through registered / speed post for refund orders exceeding ₹ 1,500. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Refund Bank and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

Refunds for ASBA Bidders

In case of ASBA Bidders, the Registrar shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the ASBA Bid cum Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within 12 Working Days of the Bid/Issue Closing Date.

Interest on refund of excess Bid Amount

Our Company shall pay interest at the rate of 15% p.a. on the excess Bid Amount received if refunds are not made within a period of 8 days after the day on which our Company becomes liable or 15 days from the Bid / Issue Closing Date, whichever is earlier.

Disposal of Applications and Application Moneys and Interest in Case of Delay

With respect to Bidders other than ASBA Bidders, our Company shall ensure dispatch of Allotment advice, refund orders (except for Bidders who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchanges within 12 Working Days of the Bid / Issue Closing Date. Our Company shall dispatch refunds above ₹ 1,500, if any, by registered post or speed post at the sole or First Bidder's sole risk, except for refunds through the NECS facility or Direct Credit.

In case of Bidders who receive refunds through NECS, NEFT or direct credit, the refund instructions will be given to the clearing system within 12 Working Days from the Bid / Issue Closing Date. A suitable communication shall be sent to the Bidders receiving refunds through this mode within 12 Working Days of the Bid / Issue Closing Date, giving the details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

Our Company shall use its best efforts to ensure that all steps for completion of the necessary formalities for listing is completed and trading commences within 12 Working Days of the Bid / Issue Closing Date at all the Stock Exchanges where the Equity Shares are proposed to be listed.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI ICDR Regulations, our Company further undertakes that:

- Allotment of Equity Shares shall be made only in dematerialised form, including the credit of Allotted Equity Shares to the beneficiary accounts of the Depository Participants, within 12 Working Days of the Bid / Issue Closing Date;

- With respect to Bidders other than ASBA Bidders, dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within 12 Working Days from the Bid / Issue Closing Date would be ensured. With respect to the ASBA Bidders' instructions for unblocking of the ASBA Bidder's bank account shall be made within 12 Working Days from the Bid / Issue Closing Date; and

- Our Company shall pay interest at 15% per annum for any delay beyond the time period as mentioned above, if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or demat credits are not made to investors within eight days from the day the Company becomes liable to repay or after 15 days from the Bid / Issue Closing Date whichever is earlier. If such money is not repaid within 8 days from the day the Company becomes liable to repay, our Company and every Director of our Company who is an officer in default shall, be jointly and severally liable to repay the money with interest as prescribed under sub-section (2) and (2A) of section 73 of the Companies Act.

Our Company will provide adequate funds required for dispatch of refund orders or Allotment advice to the Registrar to the Issue.

Save and except for refunds effected through the electronic mode, i.e., NECS, NEFT or direct credit, refunds will be made by cheques, pay orders or demand drafts drawn on a bank appointed by us, as a Refund Banker which shall be payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Letters of Allotment or Refund Orders or instructions to the SCSBs

Applicants residing at any of the centers where clearing houses are managed by the RBI will get refunds through NECS only (subject to availability of all information for crediting the refund through NECS) except where the applicant is otherwise disclosed as eligible to receive refunds through Direct Credit, NEFT. In the case of other applicants, our Company shall ensure the dispatch of refund orders, if any, of value less than ₹ 1,500 by ordinary post, and shall dispatch refund orders, if any, of ₹ 1,500 and above by registered post or speed post at the sole or First Bidder's sole risk within 12 Working 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 12 Working Days from Bid / Issue Closing Date.

In case of ASBA Bidders, the Registrar to the Issue shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the ASBA Bid cum Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within 12 Working Days of the Bid / Issue Closing Date, which shall be duly completed after the receipt of such instruction from the Registrar.

Interest in case of delay in dispatch of Allotment Letters or Refund Orders/instruction to SCSB by the Registrar to the Issue

Allotment of Equity Shares in the Issue, including the credit of Allotted Equity Shares to the beneficiary accounts of the Depository Participants, shall be made not later than 12 Working Days of the Bid / Issue Closing Date. Our Company further agrees that it shall pay interest at the rate of 15% per annum if the allotment letters or refund orders have not been dispatched to the Bidders or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given in the disclosed manner within eight days from the day our Company becomes liable to repay. If such money is not repaid within eight days from the day our Company becomes liable to repay, our Company and every Director of our Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to repay the money with interest as prescribed under sub-section (2) and (2A) of section 73 of the Companies Act.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by our Company as a Refund Bank and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Undertakings by our Company

Our Company undertakes the following:

- That the complaints received in respect of this Issue shall be attended to by our Company expeditiously and satisfactorily. Our Company has authorized the Company Secretary and Compliance Officer to redress all complaints, if any, of the investors participating in the Issue;

- 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 within 12 Working Days of the Bid/Issue Closing Date;

- That funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by our Company;

- That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 12 Working Days from the Bid/Issue Closing Date, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;

- That the refund orders or Allotment Advise / CAN to Eligible NRIs shall be dispatched within specified time;

- That no further issue of Equity Shares shall be made until the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.; and

- That adequate arrangements shall be made to collect all ASBA and to consider them similar to non-ASBA applications while finalizing the basis of allotment.

Our Company shall not have recourse to the Issue Proceeds until the final approval for listing and trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

Withdrawal of the Issue

Our Company in consultation with the BRLMs and the Co-BRLMs, reserves the right not to proceed with the Issue anytime after the Bid / Issue Opening Date but before the Allotment of Equity Shares. In such an event our Company would issue a public notice in the newspapers within 2 days, in which the pre-Issue advertisements were published, providing reasons for not proceeding with the Issue. The BRLMs and the Co-BRLMs, through the Registrar, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one Working Day from the day of receipt of such notification. Our Company shall also promptly inform the Stock Exchanges on which the Equity Shares are proposed to be listed.

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

In the event our Company, in consultation with the BRLMs and the Co-BRLMs, withdraws the Issue after the Bid / Issue Closing Date, a fresh offer document will be filed with SEBI in the event we subsequently decide to proceed with the initial public offering.

Utilisation of Issue Proceeds

The Board of Directors certifies that:

- All monies received in the Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;

- Details of all monies utilised out of Issue shall be disclosed, and continue to be disclosed until the time any part of the Issue proceeds remains unutilised, under an appropriate head in our balance sheet indicating the purpose for which such monies have been utilised; and

- Details of all unutilised monies out of the Issue, if any shall be disclosed under an appropriate separate head in the balance sheet indicating the form in which such unutilised monies have been invested.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated primarily by the FEMA and the policy prescribed by the Department of Industrial Policy and Promotion, GoI currently through circular 1 of 2011 with effect from April 1, 2011 ("**FDI Policy**"). While the FDI Policy prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the FDI Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. FIIs are permitted to subscribe to shares of an Indian company in a public offer without the prior approval of the RBI, so long as the price of the equity shares to be issued is not less than the price at which the equity shares are issued to residents. The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the FIPB or RBI, provided that (i) the activities of the investee company are under the automatic route under the foreign direct investment ("**FDI**") Policy and transfer does not attract the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (ii) the non-resident shareholding is within the sectoral limits under the FDI policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI/ RBI. As per the existing policy of the Government of India, OCBs cannot participate in this Issue.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The above information is given for the benefit of the Bidders. Our Company and the BRLMs and the Co - BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

SECTION XI – DESCRIPTION OF EQUITY SHARES AND TERMS OF THE ARTICLES OF ASSOCIATION

MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Pursuant to Schedule II of the Companies Act and the SEBI ICDR Regulations, the main provisions of the Articles of Association relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares or debentures and/or on their consolidation/splitting are detailed below. Please note that each provision below is numbered as per the corresponding article number in the Articles of Association.

CAPITAL AND INCREASE AND REDUCTION OF CAPITAL

Title of Article	Article Number and contents
Share capital	3. The Authorized Share capital of the Company shall be same as stated in clause V of the Memorandum of Association of the Company, subject to the Company's power to increase or reduce the share capital or divide/reclassify the shares into several classes or types/kinds.
Increase of capital by the Company how carried into effect	4. The Company may in General Meeting from time to time by Ordinary Resolution increase its capital by creation of new Shares which may be unclassified and may be classified at the time of issue in one or more classes and of such amount or amounts as may be deemed expedient. The new Shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the resolution shall prescribe and in particular, such Shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company and with a right of voting at General Meeting of the Company in conformity with Section 87 and 88 of the Act. Whenever the capital of the Company has been increased under the provisions of this Article the Directors shall comply with the provisions of Section 97 of the Act.
New Capital same as existing capital	5. Except so far as otherwise provided by the conditions of issue or by these presents, any capital raised by the creation of new Shares shall be considered as part of the existing capital, and shall be subject to the provisions herein contained, with reference to the payment of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.
Non Voting Shares	6. The Board shall have the power to issue a part of authorised capital by way of non-voting Shares at price(s) premia, dividends, eligibility, volume, quantum, proportion and other terms and conditions as they deem fit, subject however to provisions of law, rules, regulations, notifications and enforceable guidelines for the time being in force.
Redeemable Preference Shares	7. Subject to the provisions of Section 80 of the Act, the Company shall have the power to issue preference shares which are or at the option of the Company, liable to be redeemed and the resolution authorising such issue shall prescribe the manner, terms and conditions of redemption.
Voting rights of preference shares	8. Subject to the provisions of the Act, the holder of Preference Shares shall have a right to vote only on resolutions, which directly affect the rights attached to his Preference Shares.
Provisions to apply on issue of Redeemable Preference Shares	9. On the issue of redeemable preference shares under the provisions of Article 7 hereof , the following provisions shall take effect: (a) No such Shares shall be redeemed except out of profits which would otherwise be available for dividend or out of proceeds of a fresh issue of shares made for the purpose of the redemption; (b) No such Shares shall be redeemed unless they are fully paid;

Title of Article	Article Number and contents
	(c) The premium, if any payable on redemption shall have been provided for out of the profits of the Company or out of the Company's securities premium account, before the Shares are redeemed; (d) Where any such Shares are redeemed otherwise then out of the proceeds of a fresh issue, there shall out of profits which would otherwise have been available for dividend, be transferred to a reserve fund, to be called "the Capital Redemption Reserve Account", a sum equal to the nominal amount of the Shares redeemed, and the provisions of the Act relating to the reduction of the share capital of the Company shall, except as provided in Section 80 of the Act apply as if the Capital Redemption Reserve Account were paid-up share capital of the Company; and (e) Subject to the provisions of Section 80 of the Act, the redemption of preference shares hereunder may be effected in accordance with the terms and conditions of their issue and in the absence of any specific terms and conditions in that behalf, in such manner as the Directors may think fit.
Reduction of capital	10. The Company may (subject to the provisions of section 78, 80 and 100 to 105, both inclusive, and other applicable provisions, if any, of the Act) from time to time by Special Resolution reduce (a) the share capital; (b) any capital redemption reserve account; or (c) any securities premium account in any manner for the time being, authorised by law and in particular capital may be paid off on the footing 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.
Purchase of own Shares	11. The Company shall have power, subject to and in accordance with all applicable provisions of the Act, to purchase any of its own fully paid Shares whether or not they are redeemable and may make a payment out of capital in respect of such purchase.
Sub-division consolidation and cancellation of Shares	12. Subject to the provisions of Section 94 and other applicable provisions of the Act, the Company in General Meeting may, from time to time, sub-divide or consolidate its Shares, or any of them and the resolution whereby any Share is sub-divided may determine that, as between the holders of the Shares resulting from such sub-divisions, one or more of such Shares shall have some preference or special advantage as regards dividend, capital or otherwise over or as compared with the other(s). Subject as aforesaid, the Company in General Meeting may also cancel shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the Shares so cancelled.

MODIFICATION OF RIGHTS

Title of Article	Article Number and contents
Modification of rights	13. Whenever the capital, by reason of the issue of preference shares or otherwise, is divided into different classes of Shares, all or any of the rights and privileges attached to each class may, subject to the provisions of Sections 106 and 107 of the Act, be modified, commuted, affected, abrogated, dealt with or varied with the consent in writing of the holders of not less than three-fourth of the issued capital of that class or with the sanction of a Special Resolution passed at a separate General Meeting of the holders of Shares of that class, and all the provisions hereafter contained as to General Meeting shall mutatis mutandis apply to every such Meeting. This Article is not to derogate from any power the Company would have if this Article was omitted. The rights conferred upon the holders of the Shares (including preference shares, if any) of any class issued with preferred or other rights or privileges shall, unless otherwise expressly provided by the terms of the issue of Shares of that class, be deemed not to be modified, commuted, affected, dealt with or varied by the creation or issue of further Shares ranking pari passu therewith.

SHARES, CERTIFICATES AND DEMATERIALISATION

Title of Article	Article Number and contents
	14.
Restriction on allotment and return of allotment	The Board of Directors shall observe the restrictions on allotment of Shares to the public contained in Sections 69 and 70 of the Act, and shall cause to be made the returns as to allotment provided for in Section 75 of the Act.
	15.
Further issue of shares	(1) Where at any time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of Shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further Shares then: (a) Such further Shares shall be offered to the persons who, at the date of the offer, are holders of the equity shares of the Company, in proportion, as nearly as circumstances admit, to the capital paid-up on those Shares at that date; (b) The offer aforesaid shall be made by a notice specifying the number of Shares offered and limiting a time not being less than fifteen days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined; (c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the Shares offered to him or any of them in favour of any other person and the notice referred to in sub-clause (b) shall contain a statement of this right; (d) After the expiry of the time specified in the notice aforesaid, or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the Shares offered, the Board of Directors may dispose of them in such manner as they think most beneficial to the Company. (2) Notwithstanding anything contained in sub-clause (1), the further Shares aforesaid may be offered to any person(s) (whether or not those persons include the persons referred to in clause (a) sub-clause (1) hereof) in any manner whatsoever: (a) If a Special Resolution to that effect is passed by the Company in General Meeting; or (b) Where no such Special Resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in that General Meeting (including the casting vote, if any, of the Chairman) by Members who, being entitled to do so, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by Members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the Company. (3) Nothing in sub-clause (c) of (l) hereof shall be deemed; (a) To extend the time within which the offer should be accepted; or (b) To authorise any person to exercise the right of renunciation for a second time, on the ground that the person in whose favour the renunciation was first made has declined to take the Shares comprised in the renunciation. (4) Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the debentures issued by the Company: (i) To convert such debentures or loans into Shares in the Company; or (ii) To subscribe for Shares in the Company. PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term: (a) Either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with the Rules, if any, made by that government in this behalf; and (b) In the case of debentures or loans or other than debentures issued to, or loans obtained from government or any institution specified by the Central Government in this behalf, has also been approved by a Special Resolution passed by the Company in the General Meeting before the issue of the loans.
	16.
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

Title of Article	Article Number and contents
	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 think 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 for Shares shall not be given to any person or persons without the sanction of the Company in the General Meeting.
Power to offer Shares/options to acquire Shares	16A (1)Without prejudice to the generality of the powers of the Board under Article 16 or in any other Article of these Articles of Association, the Board or any Committee thereof duly constituted may, subject to the applicable provisions of the Act, rules notified thereunder and any other applicable laws, rules and regulations, at any point of time, offer existing or further Shares (consequent to increase of share capital) of the Company, or options to acquire such Shares at any point of time, whether such options are granted by way of warrants or in any other manner (subject to such consents and permissions as may be required) to its employees, including Directors (whether whole-time or not), whether at par, at discount or at a premium, for cash or for consideration other than cash, or any combination thereof as may be permitted by law for the time being in force. (2)In addition to the powers of the Board under Article 16A(1), the Board may also allot the Shares referred to in Article 16A(1) to any trust, whose principal objects would inter alia include further transferring such Shares to the Company's employees [including by way of options, as referred to in Article 16A(1)] in accordance with the directions of the Board or any Committee thereof duly constituted for this purpose. The Board may make such provision of moneys for the purposes of such trust, as it deems fit. (3)The Board, or any Committee thereof duly authorised for this purpose, may do all such acts, deeds, things, etc. as may be necessary or expedient for the purposes of achieving the objectives set out in Articles 16A(1) and (2) above.
Application of premium received on Shares	17. (1) Where the Company issues Shares at a premium whether for cash or otherwise, a sum equal to the aggregate amount or value of the premium on these Shares shall be transferred to an account, to be called "the securities premium account" and the provisions of the Act relating to the reduction of the share capital of the Company shall except as provided in this Article, apply as if the securities premium account were paid up share capital of the Company. (2) The security premium account may, notwithstanding anything in clause (1) thereof be applied by the Company: (a) In paying up unissued Shares of the Company, to be issued to the Members of the Company as fully paid bonus shares; (b) In writing off the preliminary expenses of the Company; (c) In writing off the expenses of or the commission paid or discount allowed of any issue of Shares or debentures of the Company ; or (d) In providing for the premium payable on the redemption of any redeemable preference shares or of any debentures of the Company.
Power also to Company in General Meeting to issue Shares	18. In addition to and without derogating from the powers for that purpose conferred on the Board under these Articles, the Company in General Meeting may, subject to the provisions of Section 81 of the Act, determine that any Shares (whether forming part of the original capital or of any increased capital of the Company) shall be offered to such persons (whether Members or not) in such proportion and on such terms and conditions and either (subject to compliance with the provisions of Sections 78 and 79 of the Act) at a premium or at par or at a discount as such General Meeting shall determine and with full power to give any person (whether a Member or not) the option or right to call for or buy allotted Shares of any class of the Company either (subject to compliance with the provisions of Sections 78 and 79 of the Act) at a premium or at par or at a discount, such option being exercisable at such times and for such consideration as may be directed by such General

Title of Article	Article Number and contents
	Meeting or the Company in General Meeting may make any other provision whatsoever for the issue, allotment, or disposal of any Shares.
Power of General Meeting to authorize Board to offer Shares/Options to employees	19 (i) Without prejudice to the generality of the powers of the General Meeting under Article 18 or in any other Article of these Articles of Association, the General Meeting may, subject to the applicable provisions of the Act, rules notified thereunder and any other applicable laws, rules and regulations, determine, or give the right to the Board or any Committee thereof to determine, that any existing or further Shares (consequent to increase of share capital) of the Company, or options to acquire such Shares at any point of time, whether such options are granted by way of warrants or in any other manner (subject to such consents and permissions as may be required) be allotted/granted to its employees, including Directors (whether whole-time or not), whether at par, at discount or a premium, for cash or for consideration other than cash, or any combination thereof as may be permitted by law for the time being in force. The General Meeting may also approve any Scheme/Plan/ other writing, as may be set out before it, for the aforesaid purpose. (ii) In addition to the powers contained in Article 19, the General Meeting may authorise the Board or any Committee thereof to exercise all such powers and do all such things as may be necessary or expedient to achieve the objectives of any Scheme/Plan/other writing approved under the aforesaid Article.
Shares at a discount	20. The Company may issue at a discount Shares in the Company of a class already issued, if the following conditions are fulfilled, namely: (a) The issue of the Shares at discount is authorised by resolution passed by the Company in the General Meeting and sanctioned by the Company Law Board or any other authority as may be prescribed by the Act; (b) The resolution specifies the maximum rate of discount (not exceeding ten percent or such higher percentage as the Company Law Board or any other authority as may be prescribed by the Act may permit in any special case) at which the Shares are to be issued; and (c) The Shares to be issued at a discount are issued within two months after the date in which the issue is sanctioned by the Company Law Board or any other authority as may be prescribed by the Act or within such extended time as the Company Law Board or any other authority as may be prescribed by the Act may allow.
Installments of Shares to be duly paid	21. If by the conditions of any allotment of any Shares the whole or any part of the amount or issue price thereof shall, be payable by installments, every such installment shall when due, be paid to the Company by the person who for the time being and from time to time shall be the registered holder of the Shares or his legal representatives, and shall for the purposes of these Articles be deemed to be payable on the date fixed for payment and in case of non-payment the provisions of these Articles as to payment of interest and expenses forfeiture and like and all the other relevant provisions of the Articles shall apply as if such installments were a call duly made notified as hereby provided.
The Board may issue Shares as fully paid-up	22. Subject to the provisions of the Act and these Articles, the Board may allot and issue Shares in the Capital of the Company as payment for any property purchased or acquired or for services rendered to the Company in the conduct of its business or in satisfaction of any other lawful consideration. Shares which may be so issued may be issued as fully paid-up or partly paid up Shares.
Acceptance of Shares	23. Any application signed by or on behalf of an applicant for Share(s) in the Company, followed by an allotment of any Share(s) therein, shall be an acceptance of Share(s) within the meaning of these Articles, and every person who thus or otherwise accepts any Shares and whose name is therefore placed on the Register of Members shall for the purpose of this Article, be a Member.

Title of Article	Article Number and contents
Deposit and call etc., to be debt payable	24. The money, if any which the Board of Directors shall on the allotment of any Shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any Shares allotted by them shall immediately on the inscription of the name of the allottee in the Register of Members as the holder of such Shares, become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.
Liability of Members	25. Every Member, or his heirs, executors or administrators to the extent of his assets which come to their hands, shall be liable to pay to the Company the portion of the capital represented by his Share which may, for the time being, remain unpaid thereon in such amounts at such time or times and in such manner as the Board of Directors shall, from time to time, in accordance with the Company's requirements require or fix for the payment thereof.
Dematerialisation of securities	26.(A) Definitions Beneficial Owner "Beneficial Owner" means a person whose name is recorded as such with a Depository. SEBI "SEBI" means the Securities and Exchange Board of India. Bye-Laws "Bye-Laws" mean bye-laws made by a depository under Section 26 of the Depositories Act, 1996; Depositories Act "Depositories Act" means the Depositories Act, 1996 including any statutory modifications or re-enactment thereof for the time being in force; Depository "Depository" means a company formed and registered under the Companies Act, 1956 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; Record "Record" includes the records maintained in the form of books or stored in a computer or in such other form as may be determined by the regulations made by SEBI; Regulations "Regulations" mean the regulations made by SEBI; Security "Security" means such security as may be specified by SEBI.
Dematerialisation of securities	26.(B) Either on the Company or on the investor exercising an option to hold his securities with a depository in a dematerialised form, the Company shall enter into an agreement with the depository to enable the investor to dematerialise the Securities, in which event the rights and obligations of the parties concerned shall be governed by the Depositories Act.
Options to receive security certificates or hold securities with depository	26.(C) Every person subscribing to securities offered by the Company shall have the option to receive the Security certificates or hold securities with a depository. Where a person opts to hold a Security with a depository, the Company shall intimate such depository the details of allotment of the Security, and on receipt of such information the depository shall enter in its record the name of the allotted as the Beneficial Owner of that Security.
Securities in depositories to be in fungible form	26.(D) All Securities held by a Depository shall be dematerialised and shall be in a fungible form; nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372 of the Act shall apply to a Depository in respect of the Securities held by it on behalf of the Beneficial Owner.

Title of Article	Article Number and contents
Rights of depositories and Beneficial Owners	26.(E) (1) Notwithstanding anything to the contrary contained in these Articles, a Depository shall be deemed to be a registered owner for the purposes of effecting transfer of ownership of Security on behalf of the Beneficial Owner; (2) Save as otherwise provided in (1) above, the Depository as a registered owner shall not have any voting rights or any other rights in respect of Securities held by it; (3) Every person holding equity share capital of the Company and whose name is entered as Beneficial Owner in the Records of the Depository shall be deemed to be a Member of the Company. The Beneficial Owner shall be entitled to all the rights and benefits and be subjected to all the liabilities in respect of the Securities held by a Depository.
Option to opt out in respect of any security	26.(H) If a Beneficial Owner seeks to opt out of a Depository in respect of any Security, the Beneficial Owner shall inform the Depository accordingly. The Depository shall on receipt of information as above make appropriate entries in its Records and shall inform the Company. The Company shall, within thirty (30) days of the receipt of intimation from the depository and on fulfillment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the Beneficial Owner or the transferee as the case may be.
Share certificate	27. (a)Every Member or allotee of Shares is entitled, without payment, to receive one certificate for all the Shares of the same class registered in his name. (b) Any two or more joint allottees or holders of Shares shall, for the purpose of this Article, be treated as a single Member and the certificate of any Share which may be the subject of joint ownership may be delivered to any one of such joint owners, on behalf of all of them.
Limitation of time for issue of certificates	28. 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 may from time to time determine) to several certificates, each for one or more of such shares and the Company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within 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 certificate of Shares shall be under the seal of the company and shall specify the number and distinctive numbers of Shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the directors may prescribe 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 holders. The Company shall be entitled to charge such sum as the Board may decide for issuing certificates for shares in numbers other than the marketable lot.
Renewal of share certificates	29. No certificate of any Share or Shares shall be issued either in exchange for those, which are sub-divided or consolidated or in replacement of those which are defaced, torn or old, decrepit, worn out, or where the pages on the reverse for recording transfer have been duly utilised unless the certificate in lieu of which it is issued is surrendered to the Company. PROVIDED THAT no fee shall be charged for issue of new certificate in replacement of those which are old, decrepit or worn out or where the pages on the reverse for recording transfer have been fully utilized.

Title of Article	Article Number and contents
Issue of new certificate in place of one defaced, lost or destroyed	30. 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 regulations 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.
The first name joint holder deemed sole holder	31. If any Share(s) stands in the name of two or more persons, the person first named in the Register of Members shall, as regards receipt of dividends or bonus or service of notice and all or any other matters connected with Company except voting at Meetings and the transfer of the Shares be deemed the sole holder thereof but the joint holders of a Share shall severally as well as jointly be liable for the payment of all incidents thereof according to the Company's Articles.
Company not bound to recognize any interest in Shares other than of registered holder	37. Except as ordered by a Court of competent jurisdiction or as by law required, the Company shall not be bound to recognise, even when having notice thereof any equitable, contingent, future or partial interest in any Share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a Share other than an absolute right thereto, in accordance with these Articles, in the person from time to time registered as holder thereof but the Board shall be at liberty at their sole discretion to register any Share in the joint names of any two or more persons (but not exceeding 4 persons) or the survivor or survivors of them.
Trust recognised	38. Shares may be registered in the name of an incorporated Company or other body corporate but not in the name of a minor or of a person of unsound mind (except in case where they are fully paid) or in the name of any firm or partnership.
Funds of Company not to be applied in purchase of Shares of the Company	40. No funds of the Company shall except as provided by Section 77 and other provisions of the Act, be employed in the purchase of its own Shares, unless the consequent reduction of capital is effected and sanction in pursuance of Sections 78, 80 and 100 to 105 of the Act and these Articles or in giving either directly or indirectly and whether by means of a loan, guarantee, the provision of security or otherwise, any financial assistance for the purpose of or in connection with a purchase or subscription made or to be made by any person of or for any Share in the Company in its holding Company.

UNDERWRITING AND BROKERAGE

Title of Article	Article Number and contents
Commission may be paid	41. Subject to the provisions of Section 76 of the Act, the Company may at anytime pay commission to any person in consideration of his subscribing or agreeing to subscribe or his

Title of Article	Article Number and contents
	procuring or agreeing to procure subscription (whether absolutely or conditionally) for any Shares in or debentures of the Company but so that the commission shall not exceed in the case of the Shares five percent 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 debenture are issued. Such commission may be satisfied by payment of cash or by allotment of fully or partly paid Shares or debentures as the case may be or partly in one way and partly in the other.
Brokerage	42. The Company may on any issue of Shares or Debentures or on deposits pay such brokerage as may be reasonable and lawful.
Commission to be included in the annual return	43. Where the Company has paid any sum by way of commission in respect of any Shares or Debentures or allowed any sums by way of discount in respect to any Shares or Debentures, such statement thereof shall be made in the annual return as required by Part I of Schedule V to the Act.

INTEREST OUT OF CAPITAL

Title of Article	Article Number and contents
Interest out of capital	44. Where any Shares are issued for the purpose of raising money to defray the expenses of the construction of any work or building, or the provisions of any plant which cannot be made profitable for lengthy period, the Company may pay interest on so much of that share capital as is for the time being paid-up, for the period at the rate and subject to the conditions and restrictions provided by Section 208 of the Act and may charge the same to capital as part of the cost of construction of the work or building or the provisions of the plant.

DEBENTURES

Title of Article	Article Number and contents
Debentures with voting rights not to be issued	45. (a) The Company shall not issue any debentures carrying voting rights at any Meeting of the Company whether generally or in respect of particular classes of business. (b) The Company shall have power to reissue redeemed debentures in certain cases in accordance with Section 121 of the Act. (c) Payments of certain debts out of assets subject to floating charge in priority to claims under the charge may be made in accordance with the provisions of Section 123 of the Act. (d) Certain charges (which expression includes mortgage) mentioned in Section 125 of the Act, shall be void against the Liquidator or creditor unless registered as provided in Section 125 of the Act. (e) A contract with the Company to take up and pay debentures of the Company may be enforced by a decree for specific performance. (f) Unless the conditions of issue thereof otherwise provide, the Company shall (subject to the provisions of Section 113 of the Act) within three months after the allotment of its debentures or debenture-stock and within one month after the application for the registration of the transfer of any such debentures or debentures-stock have completed and ready for delivery the certificate of all debenture-stock allotted or transferred. (g) The Company shall comply with the provisions of Section 118 of the Act, as regards supply of copies of debenture Trust Deed and inspection thereof. (h) The Company shall comply with the provisions of Section 124 to 145 (inclusive) of the Act as regards registration of charges.

CALLS

Title of Article	Article Number and contents
	46.

Title of Article	Article Number and contents
Directors may make calls	(a) Subject to the provisions of Section 91 of the Act, the Board of Directors may from time to time by a resolution passed at a meeting of a Board (and not by a circular resolution) make such calls as it thinks fit upon the Members in respect of all moneys unpaid on the Shares or by way of premium, held by them respectively and not by conditions of allotment thereof made payable at fixed time and each Member shall pay the amount of every call so made on him to person or persons and at the times and places appointed by the Board of Directors. A call may be made payable by installments. A call may be postponed or revoked as the Board may determine. No call shall be made payable within less than one month from the date fixed for the payment of the last preceding call. (b) The joint holders of a Share shall be jointly and severally liable to pay all calls in respect thereof.
	47.
Notice of call when to be given	Not less than fourteen days notice in writing of any call shall be given by the Company specifying the time and place of payment and the person or persons to whom such call shall be paid.
	48.
Call deemed to have been made	A call shall be deemed to have been made at the time when the resolution authorising such call was passed at a meeting of the Board of Directors and may be made payable by the Members of such date or at the discretion of the Directors on such subsequent date as shall be fixed by the Board of Directors.
	49.
Directors may extend time	The Board of Directors may, from time to time at its discretion, extend the time fixed for the payment of any call and may extended such time to call or any of the Members, the Board of Directors may deem fairly entitled to such extension but no Member shall be entitled to such extension as of right except as a matter of grace and favour.
	50.
Amount payable at fixed time or by installments to be treated as calls	If by the terms of issue of any Share or otherwise any amount is made payable at any fixed time or by installments at fixed time (whether on account of the amount of the Share or by way of premium) every such amount or installment shall be payable as if it were a call duly made by the Directors and of which due notice has been given and all the provisions herein contained in respect of calls shall apply to such amount or installment accordingly.
	51.
When interest on call or installment payable	If the sum payable in respect of any call or installment is not paid on or before the day appointed for the payment thereof, the holder for the time being or allottee of the Share in respect of which the call shall have been made or the installment shall be due, shall pay interest on the same at such rate not exceeding eighteen percent per annum as Directors shall fix from the day appointed for the payment thereof upto the time of actual payment but the Directors may waive payment of such interest wholly or in part.
	52.
Evidence in action by Company against share holder	On the trial or hearing of any action or suit brought by the Company against any Member or his Legal Representatives for the recovery of any money claimed to be due to the Company in respect of his Shares, it shall be sufficient to prove that the name of the Member in respect of whose Shares the money is sought to be recovered is entered on the Register of Members as the holder or as one of the holders at or subsequent to the date at which the money sought to be recovered is alleged to have become due on the Shares in respect of which the money is sought to be recovered, that the resolution making the call is duly recorded in the minute book and the notice of such call was duly given to the Member or his legal representatives sued in pursuance of these Articles and it shall not be necessary to prove the appointment of Directors who made such call, nor that a quorum of Directors was present at the Board meeting at which any call was made nor that the meeting at which any call was made was duly convened or constituted nor any other matter whatsoever but the proof of the matters aforesaid shall be conclusive evidence of the debt.
	53.
Payment in	(a)The Directors may, if they think fit, subject to the provisions of Section 92 of the Act,

Title of Article	Article Number and contents
anticipation of calls may carry interest	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. (b)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. (c)The provisions of these Articles shall mutatis mutandis apply to the calls on Debentures of the Company.

LIEN

Title of Article	Article Number and contents
Partial payment not to preclude forfeiture	54. Neither the receipt by the Company of a portion of any money which shall, from time to time be due from any Member to the Company in respect of his Shares, either by way of principal or interest, or any indulgence granted by the Company in respect of the payment of such money, shall preclude the Company from thereafter proceeding to enforce a forfeiture of such Shares as hereinafter provided.
Company's lien on Shares/ Debentures	55. The Company shall have first and paramount lien upon all Shares/ Debentures (other than fully paid up Shares/ Debentures) registered in the name of each Member (whether solely or jointly with others) and upon the proceeds of sale thereof, for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such Shares/ Debentures and no equitable interest in any Share shall be created except upon the footing and condition that this Article will have full effect and such lien shall extend to all dividends and bonuses from time to time declared in respect of such Shares/ Debentures; Unless otherwise agreed the registration of a transfer of Shares/ Debentures shall operate as a waiver of the Company's lien if any, on such Shares/Debentures. The Directors may at any time declare any Shares/ Debentures wholly or in part exempt from the provisions of this Article.
As to enforcing lien by sale	56. The Company may sell, in such manner as the Board thinks fit, any Shares on which the Company has lien for the purpose of enforcing the same PROVIDED THAT no sale shall be made:- (a) Unless a sum in respect of which the lien exists is presently payable; or (b) Until the expiration of 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 the time being of the Share or the person entitled thereto by reason of his death or insolvency. For the purpose of such sale the Board may cause to be issued a duplicate certificate in respect of such Shares and may authorise one of their members to execute a transfer there from behalf of and in the name of such Members (c) The purchaser shall not be bound to see 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.
Application of proceeds of sale	57. (a) The net proceeds of any such sale shall be received by the Company and applied in or towards satisfaction of such part of the amount in respect of which the lien exists as is presently payable, and (b) The residue if any, after adjusting costs and expenses if any incurred shall be paid to the person entitled to the Shares at the date of the sale (subject to a like lien for sums not presently payable as existed on the Shares before the sale).

FORFEITURE OF SHARES

Title of Article	Article Number and contents
If money payable on Shares not paid notice to be given	58. If any Member fails to pay the whole or any part of any call or any installments of a call on or before the day appointed for the payment of the same or any such extension thereof, the Board of Directors may, at any time thereafter, during such time as the call for installment remains unpaid, give notice to him requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.
Sum payable on allotment to be deemed a call	59. For the purposes of the provisions of these Articles relating to forfeiture of Shares, the sum payable upon allotment in respect of a share shall be deemed to be a call payable upon such Share on the day of allotment.
Form of notice	60. The notice shall name a day, (not being less than fourteen days from the day of the notice) and a place or places on and at which such call in installment and such interest thereon at such rate not exceeding eighteen percent per annum as the Directors may determine and expenses as aforesaid are to be paid. The notice shall also state that in the event of the non-payment at or before the time and at the place appointed, Shares in respect of which the call was made or installment is payable will be liable to be forfeited.
In default of payment Shares to be forfeited	61. If the requirements of any such notice as aforesaid are not complied with, any Share or Shares in respect of which such notice has been given may at any time thereafter before payment of all calls or installments, interests and expenses due in respect thereof, be forfeited by a resolution of the Board of Directors to that effect. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited Shares and not actually paid before the forfeiture.
Notice of forfeiture to a Member	62. When any Share shall have been so forfeited, notice of the forfeiture shall be given to the Member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register of Members, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make any such entry as aforesaid.
Forfeited Shares to be the property of the Company and may be sold etc.	63. Any Share so forfeited, shall be deemed to be the property of the Company and may be sold, re-allotted or otherwise disposed of, either to the original holder or to any other person, upon such terms and in such manner as the Board of Directors shall think fit.
Member still liable for money owning at the time of forfeiture and interest	64. Any Member whose Shares have been forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company on demand all calls, installments, interest and expenses owing upon or in respect of such Shares at the time of the forfeiture together with interest thereon from the time of the forfeiture until payment, at such rate not exceeding eighteen percent per annum as the Board of Directors may determine and the Board of Directors may enforce the payment of such moneys or any part thereof, if it thinks fit, but shall not be under any obligation to do so.
Effects of forfeiture	65. The forfeiture of a Share shall involve the extinction at the time of the forfeiture, of all interest in and all claims and demand 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.

Title of Article	Article Number and contents
Power to annul forfeiture	66. The Board of Directors may at any time before any Share so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as it thinks fit.
Declaration of forfeiture	67. (a) A duly verified declaration in writing that the declarant is a Director, the Managing Director or the Manager or the Secretary of the Company, and that Share in the Company has been duly forfeited in accordance with these Articles, on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the Share. (b) The Company may receive the consideration, if any, given for the Share on any sale, re-allotment or other disposal thereof and may execute a transfer of the Share in favour of the person to whom the Share is sold or disposed off. (c) The person to whom such Share is sold, re-allotted or disposed of shall thereupon be registered as the holder of the Share. (d) Any such purchaser or allotee shall not (unless by express agreement) be liable to pay calls, amounts, installments, interests and expenses owing to the Company prior to such purchase or allotment nor shall be entitled (unless by express agreement) to any of the dividends, interests or bonuses accrued or which might have accrued upon the Share before the time of completing such purchase or before such allotment. (e) Such purchaser or allottee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the Share be effected by the irregularity or invalidity in the proceedings in reference to the forfeiture, sale re-allotment or other disposal of the Shares.
Provisions of these articles as to forfeiture to apply in case of nonpayment of any sum.	68. The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which by the terms of issue of a Share becomes payable at a fixed time, whether on account of the nominal value of Share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.
Cancellation of shares certificates in respect of forfeited Shares	69. Upon sale, re-allotment or other disposal under the provisions of these Articles, the certificate or certificates originally issued in respect of the said Shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting Member) stand cancelled and become null and void and of no effect and the Directors shall be entitled to issue a new certificate or certificates in respect of the said Shares to the person or persons entitled thereto.
Evidence of forfeiture	70. The declaration as mentioned in Article 67(a) of these Articles shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the Share.
Validity of sale	71. Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board may appoint some person to execute an instrument of transfer of the Shares sold and cause the purchaser's name to be entered in the Register of Members in respect of the Shares sold, and the purchasers shall not be bound to see to the regularity of the proceedings or to the application of the purchase money, and after his name has been entered in the Register of Members in respect of such Shares, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.
Surrender of Shares	72. The Directors may subject to the provisions of the Act, accept a surrender of any share from any Member desirous of surrendering on such terms and conditions as they think fit.

TRANSFER AND TRANSMISSION OF SHARES

Title of Article	Article Number and contents
No transfers to minors etc.	73. No Share which is partly paid-up or on which any sum of money is due shall in any circumstances be transferred to any minor, insolvent or person of unsound mind.
Instrument of transfer	74. The instrument of transfer shall be in writing and all provisions of Section 108 of the Companies Act, 1956 and statutory modifications thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof.
Application for transfer	75. (a) An application for registration of a transfer of the Shares in the Company may be either by the transferor or the transferee. (b) Where the application is made by the transferor and relates to partly paid Shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice (c) For the purposes of clause (b) above notice to the transferee shall be deemed to have been duly given if it is dispatched by prepaid registered post to the transferee at the address, given in the instrument of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered in the ordinary course of post.
Execution of transfer	76. The instrument of transfer of any Share shall be duly stamped and executed by or on behalf of both the transferor and the transferee and shall be witnessed. The transferor shall be deemed to remain the holder of such Share until the name of the transferee shall have been entered in the Register of Members in respect thereof. The requirements of provisions of Section 108 of the Companies Act, 1956 and any statutory modification thereof for the time being shall be duly complied with.
Transfer by legal representatives	77. A transfer of Share in the Company of a deceased Member thereof made by his legal representative shall, although the legal representative is not himself a Member be as valid as if he had been a Member at the time of the execution of the instrument of transfer.
Register of Members etc when closed	78. The Board of Directors shall have power on giving not less than seven days previous notice by advertisement in some newspaper circulating in the district in which the registered office of the Company is situated to close the Register of Members and/or the Register of debentures holders at such time or times and for such period or periods, not exceeding thirty days at a time, and not exceeding in the aggregate forty five days at a time, and not exceeding in the aggregate forty five days in each year as it may seem expedient to the Board.
Directors may refuse to register transfer	79. Subject to the provisions of Section 111A of the Act, these Articles and other applicable provisions of the Act or any other law for the time being in force, the Board may refuse whether in pursuance of any power of the company under these Articles or otherwise to register the transfer of, or the transmission by operation of law of the right to, any Shares or interest of a Member in or Debentures of the Company. The Company shall within one month from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to Company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be, giving reasons for such refusal. PROVIDED THAT the registration of a transfer shall not be refused on the ground of the transferor being either solely or jointly with any other person or persons indebted to the Company on any account whatsoever except where the Company has a lien on Shares.
	80.

Title of Article	Article Number and contents
Death of one or more joint holders of Shares	In case of the death of any one or more of the persons named in the Register of Members as the joint holders of any Share, the survivor or survivors shall be the only persons recognised by the Company as having any title or interest in such Share, but nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on Shares held by him with any other person.
	81.
Titles of Shares of deceased Member	The Executors or Administrators of a deceased Member or holders of a Succession Certificate or the Legal Representatives in respect of the Shares of a deceased Member (not being one of two or more joint holders) shall be the only persons recognized by the Company as having any title to the Shares registered in the name of such Members, and the Company shall not be bound to recognize such Executors or Administrators or holders of Succession Certificate or the Legal Representative unless such Executors or Administrators or Legal Representative shall have first obtained Probate or Letters of Administration or Succession Certificate as the case may be from a duly constituted Court in the Union of India provided that in any case where the Board of Directors in its absolute discretion thinks fit, the Board upon such terms as to indemnity or otherwise as the Directors may deem proper dispense with production of Probate or Letters of Administration or Succession Certificate and register Shares standing in the name of a deceased Member, as a Member. However, provisions of this Article are subject to Sections 109A and 109B of the Companies Act.
	82.
Notice of application when to be given	Where, in case of partly paid Shares, an application for registration is made by the transferor, the Company shall give notice of the application to the transferee in accordance with the provisions of Section 110 of the Act.
	83.
Registration of persons entitled to Shares otherwise than by transfer (Transmission Clause)	Subject to the provisions of the Act and Article 80 hereto, any person becoming entitled to Share in consequence of the death, lunacy, bankruptcy insolvency of any Member or by any lawful means other than by a transfer in accordance with these Articles may, with the consent of the Board (which it shall not be under any obligation to give), upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of such title as the Board thinks sufficient, either be registered himself as the holder of the Share or elect to have some person nominated by him and approved by the Board registered as such holder; provided nevertheless, that if such person shall elect to have his nominee registered as a holder, he shall execute an instrument of transfer in accordance with the provisions herein contained, and until he does so, he shall not be freed from any liability in respect of the Shares. This clause is hereinafter referred to as the "Transmission Clause".
	84.
Refusal to register nominee	Subject to the provisions of the Act and these Articles, the Directors shall have the same right to refuse to register a person entitled by transmission to any Share of his nominee as if he were the transferee named in an ordinary transfer presented for registration.
	85.
Person entitled may receive dividend without being registered as a Member	A person entitled to a Share by transmission shall subject to the right of the Directors to retain dividends or money as is herein provided, be entitled to receive and may give a discharge for any dividends or other moneys payable in respect of the Share.
	86.
No fee on transfer or transmissions	No fee shall be charged for registration of transfer, transmission, Probate, Succession Certificate & Letters of Administration, Certificate of Death or Marriage, Power of Attorney or other similar document.
	87.
Transfer to be presented with evidence of title	Every instrument of transfer shall be presented to the Company duly stamped for registration accompanied by such evidence as the Board may require to prove the title of the transferor, his right to transfer the Shares and generally under and subject to such conditions and regulations as the Board may, from time to time prescribe, and every registered instrument of transfer shall remain in the custody of the Company until destroyed by order of the Board.

Title of Article	Article Number and contents
Company not liable for disregard of a notice prohibiting registration of transfer	88. The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer or Shares made for purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of Members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the said Shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice, or referred thereto, in any book of the Company, and the Company shall not be bound to be required to regard or attend to give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting to do so, though it may have been entered or referred to in some book of the Company, but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto if the Board shall so think fit.

SHARE WARRANTS

Title of Article	Article Number and contents
Power to issue share warrants	90. The Company may issue warrants subject to and in accordance with provisions of Sections 114 and 115 of the Act and accordingly the Board may in its discretion with respect to any Share which is fully paid upon application in writing signed by the persons registered as holder of the Share, and authenticated by such evidence(if any) as the Board may, from time to time, require as to the identity of the persons signing the application and on receiving the certificate (if any) of the Share, and the amount of the stamp duty on the warrant and such fee as the Board may, from time to time, require, issue a share warrant.
Deposit of share warrants	91. (a) The bearer of a share warrant may at any time deposit the warrant at the Office of the Company, and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for call in a meeting of the Company, and of attending and voting and exercising the other privileges of a Member at any meeting held after the expiry of two clear days from the time of deposit, as if his name were inserted in the Register of Members as the holder of the Share included in the deposit warrant (b) Not more than one person shall be recognized as depositor of the Share warrant (c) The Company shall, on two day's written notice, return the deposited share warrant to the depositor.
Privileges and disabilities of the holders of share warrant	92. (a) Subject as herein otherwise expressly provided, no person, being a bearer of a share warrant, shall sign a requisition for calling a meeting of the Company or attend or vote or exercise any other privileges of a Member at a meeting of the Company, or be entitled to receive any notice from the Company. (b) The bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he were named in the Register of Members as the holder of the Share included in the warrant, and he shall be a Member of the Company.
Issue of new share warrant coupons	93. The Board may, from time to time, make bye-laws as to terms on which (if it shall think fit), a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction.

CONVERSION OF SHARES INTO STOCK AND RECONVERSION

Title of Article	Article Number and contents
Share may be converted into stock	94. The Company may, by Ordinary Resolution: (a) Convert any fully paid up Share into stock, and (b) reconvert any stock into fully paid-up Shares.

Title of Article	Article Number and contents
Transfer of stock	95. The several holders of such stock may transfer their respective interest therein or any part thereof in the same manner and subject to the same regulations under which the stock arose might before the conversion, have been transferred, or as near thereto as circumstances admit. PROVIDED THAT the Board may, form time to time, fix the minimum amount of stock transferable, so however that such minimum shall not exceed the nominal amount of the Shares from which stock arose.
Right of stock holders	96. The holders of stock shall, according to the amount of stock held by them, have the same right, privileges and advantages as regards dividends, voting at meeting of the Company, and other matters, as if they held them Shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in Shares, have conferred those privileges or advantages.
Regulation applicable to stock and share warrant	97. Such of the regulations of the Company as are applicable to the paid up Shares shall apply to stock and the words "Share" and "Share holder" in these regulations shall include "stock" and "stock holder" respectively.

BORROWING POWERS

Title of Article	Article Number and contents
Power to borrow	98. Subject to the provisions of Sections 58A, 292 and 370 of the Act and these Articles, the Board of Directors may, from time to time at its discretion by a resolution passed at a meeting of the Board, borrow, accept deposits from Members either in advance of calls or otherwise and generally raise or borrow or secure the payment of any such sum or sums of money for the purposes of the Company from any source. PROVIDED THAT, where the moneys to be borrowed together with the moneys already borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate of the paid up capital of the Company and its free reserves (not being reserves set apart for any specific purpose) the Board of Directors shall not borrow such money without the sanction of the Company in General Meeting. No debts incurred by the Company in excess of the limit imposed by this Article shall be valid or effectual unless the lender proves that he advanced the loan in good faith and without knowledge that the limit imposed by this Article had been exceeded.
The payment or repayment of moneys borrowed	99. The payment or repayment of moneys borrowed as aforesaid may be secured in such manner and upon : such terms and conditions in all respects as the Board of Directors may think fit, and in particular in pursuance of a resolution passed at a meeting of the Board (and not by circular resolution) by the issue of bonds, debentures or debentures stock of the Company, charged upon all or any part of the property of the Company, (both present and future), including its un-called capital for the time being and the debentures and the debenture stock and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.
Bonds, Debentures, etc. to be subject to control of Directors	100. Any bonds, debentures, debenture-stock or other securities issued or to be issued by the Company shall be under the control of the Directors who may issue them upon such terms and condition and in such manner and for such consideration as they shall consider to be for the benefit of the Company.
Terms of issue of Debentures	101. Any Debentures, Debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into Shares of any

Title of Article	Article Number and contents
	denomination, and with any privileges and conditions as to redemption, surrender, drawing, allotment of Shares, attending (but not voting) at the General Meeting, appointment of Directors and otherwise. However, Debentures with the right to conversion into or allotment of Shares shall be issued only with the consent of the Company in the General Meeting by a Special Resolution.
Mortgage of uncalled capital	102. If any uncalled capital of the Company is included in or charged by mortgage or other security, the Directors may, subject to the provisions of the Act and these Articles, make calls on the Members in respect of such uncalled capital in trust for the person in whose favour such mortgage or security has been executed.

MEETING OF MEMBERS

Title of Article	Article Number and contents
Statutory meeting	103. The statutory meeting shall be held in accordance with the provisions of Section 165 of the Act within a period of not less than one month and not more than six months from the date on which the Company shall be entitled to commence business.
Annual General Meeting	104. The Company shall in each year hold a General Meeting as its Annual General Meeting in addition to any other Meeting in that year. All General Meetings other than Annual General Meetings shall be called Extra-ordinary General Meetings. An Annual General Meeting of the Company shall be held within six months after the expiry of each financial year, provided that not more than fifteen months shall lapse between the date of one Annual General Meeting and that of next. Nothing contained in the foregoing provisions shall be taken as affecting the right conferred upon the Registrar of Companies under the provisions of Section 166 (1) of the Act to extend the time within which any Annual General Meeting may be held. Every Annual General Meeting shall be called at a time during business hours, on a day that is not a public holiday, and shall be held at the office of the Company or at some other place within the city in which the Registered Office of the Company is situated as the Board may determine and the notices calling the Meeting shall specify as the Annual General Meeting. The company may in any one Annual General Meeting fix the time for its subsequent Annual General Meeting. Every Member of the Company shall be entitled to attend, either in person or by proxy and the Auditors of the Company shall have the right to attend and be heard at any General Meeting which he attends on any part of the business which concerns him as an Auditor. At every Annual General Meeting of the Company there shall be laid on the table the Director's Report and audited statement of accounts, the Proxy Register with proxies and the Register of Director's Shareholding, which Registers shall remain open and accessible during the continuance of the Meeting. The Board shall cause to be prepared the annual list of Members, summary of share capital, balance sheet and profit and loss account and forward the same to the Registrar in accordance with Sections 159, 161 and 220 of the Act.
Report statement and registers to be laid before the Annual General Meeting	105. The Company shall in every Annual General Meeting in addition to any other Report or Statement lay on the table the Director's Report and audited statement of accounts, Auditor's Report (if not already incorporated in the audited statement of accounts), the Proxy Register with proxies and the Register of Director's Shareholdings, which Registers shall remain open and accessible during the continuance of the Meeting.
Extra-Ordinary General Meeting	106. All General Meeting other than Annual General Meeting shall be called Extra-Ordinary General Meeting.
Requisitionists' meeting	107. (1) Subject to the provisions of Section 188 of the Act, the Directors shall on the requisition in writing of such number of Members as is hereinafter specified and (unless the General Meeting otherwise resolves) at the expense of the requisitionists:- (a) Give to the Members of the Company entitled to receive notice of the next Annual General

Title of Article	Article Number and contents
	Meeting, notice of any resolution which may properly be moved and is intended to be moved at that meeting. (b) Circulate to the Members entitled to have notice of any General Meeting sent to them, any statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or any business to be dealt with at that Meeting. (2) The number of Members necessary for a requisition under clause (1) hereof shall be (a) Such number of Members as represent not less than one-twentieth of the total voting power of all the Members having at the date of the resolution a right to vote on the resolution or business to which the requisition relates; or (b) not less than one hundred Members having the rights aforesaid and holding Shares in the Company on which there has been paid up an aggregate sum of not less than Rupees one lac in all. (3) Notice of any such resolution shall be given and any such statement shall be circulated, to Members of the Company entitled to have notice of the Meeting sent to them by serving a copy of the resolution or statement to each Member in any manner permitted by the Act for service of notice of the Meeting and notice of any such resolution shall be given to any other Member of the Company by giving notice of the general effect of the resolution in any manner permitted by the Act for giving him notice of meeting of the Company. The copy of the resolution shall be served, or notice of the effect of the resolution shall be given, as the case may be in the same manner, and so far as practicable, at the same time as notice of the Meeting and where it is not practicable for it to be served or given at the time it shall be served or given as soon as practicable thereafter. (4) The Company shall not be bound under this Article to give notice of any resolution or to circulate any statement unless: (a) A copy of the requisition signed by, the requisitionists (or two or more copies which between them contain the signature of all the requisitionists) is deposited at the Registered Office of the Company. (i)In the case of a requisition, requiring notice of resolution, not less than six weeks before the Meeting. (ii)the case of any other requisition, not less than two weeks before the Meeting, and (b) There is deposited or tendered with the requisition sum reasonably sufficient to meet the Company expenses in giving effect thereto. PROVIDED THAT if after a copy of the requisition requiring notice of a resolution has been deposited at the Registered Office of the Company, and an Annual General Meeting is called for a date six weeks or less after such copy has been deposited, the copy although not deposited within the time required by this clause, shall be deemed to have been properly deposited for the purposes also thereof. (5) The Company shall also not be bound under this Article to circulate any statement, if on the application either of the Company or of any other person who claims to be aggrieved, the Court is satisfied that the rights conferred by this Article are being abused to secure needless publicity for defamatory matter. (6) Notwithstanding anything in these Articles, the business which may be dealt with at Annual General Meeting shall include any resolution for which notice is given in accordance with this Article, and for the purposes of this clause, notice shall be deemed to have been so given, notwithstanding the accidental omission in giving it to one or more Members.
	108.
Extra-Ordinary General Meeting by Board and by requisition	(a) The Directors may, whenever they think fit, convene an Extra-Ordinary General Meeting and they shall on requisition of the Members as herein provided, forthwith proceed to convene Extra-Ordinary General Meeting of the Company.
When a Director or any two Members may call an Extra Ordinary General Meeting	(b) If at any time there are not within India sufficient Directors capable of acting to form a quorum, or if the number of Directors be reduced in number to less than the minimum number of Directors prescribed by these Articles and the continuing Directors fail or neglect to increase the number of Directors to that number or to convene a General Meeting, any Director or any two or more Members of the Company holding not less than one-tenth of the total paid up share capital of the Company may call for an Extra-Ordinary General Meeting in the same manner as nearly as possible as that in which meeting may be called by the Directors.
	109.

Title of Article	Article Number and contents
Contents of requisition, and number of requisitionists required and the conduct of Meeting	(1) In case of requisition the following provisions shall have effect: (a) The requisition shall set out the matter for the purpose of which the Meeting is to be called and shall be signed by the requisitionists and shall be deposited at the Registered Office of the Company. (b) The requisition may consist of several documents in like form each signed by one or more requisitionists. (c) The number of Members entitled to requisition a Meeting in regard to any matter shall be such number as hold at the date of the deposit of the requisition, not less than one-tenth of such of the paid-up share capital of the Company as that date carried the right of voting in regard to that matter. (d) Where two or more distinct matters are specified in the requisition, the provisions of sub-clause (3) shall apply separately in regard to such matter, and the requisition shall accordingly be valid only in respect of those matters in regard to which the conditions specified in that clause are fulfilled. (e) If the Board does not within twenty-one days from the date of the deposit of a valid requisition in regard to any matters, proceed, duly to call a Meeting for the consideration of those matters on a day not later than forty-five days from the date of the deposit of the requisition, the Meeting may be called: (i)By the requisitionists themselves ; or (ii) by such of the requisitionists as represent either a majority in value of the paid up share capital held by all of them or not less than one tenth of the paid-up share capital of the Company as is referred to in sub clause (c) of clause (1) which ever is less. PROVIDED THAT for the purpose of this sub-clause, the Board shall, in the case of a Meeting at which a resolution is to be proposed as a Special Resolution, be deemed not to have duly convened the Meeting if they do not give such notice thereof as is required by sub-section (2) of Section 189 of the Act. (2) A meeting called under sub-clause (c) of clause (1) by requisitionists or any of them: (a) shall be called in the same manner as, nearly as possible, as that in which meeting is to be called by the Board; but (b) shall not be held after the expiration of three months from the date of deposit of the requisition. PROVIDED THAT nothing in sub-clause (b) shall be deemed to prevent a Meeting duly commenced before the expiry of the period of three months aforesaid, from adjourning to some days after the expiry of that period. (3) Where two or more Persons hold any Shares in the Company jointly; a requisition or a notice calling a Meeting signed by one or some only of them shall, for the purpose of this Article, have the same force and effect as if it has been signed by all of them. (4) Any reasonable expenses incurred by the requisitionists by reason of the failure of the Board to duly to call a Meeting shall be repaid to the requisitionists by the Company; and any sum repaid shall be retained by the Company out of any sums due or to become due from the Company by way of fees or other remuneration for their services to such of the Directors as were in default.
	110.
Length of notice of Meeting	(1) A General Meeting of the Company may be called by giving not less than twenty-one days notice in writing. (2) A General Meeting may be called after giving shorter notice than that specified in clause (1) hereof, if consent is accorded thereto: (i) In the case of Annual General Meeting by all the Members entitled to vote thereat; and (ii) In the case of any other Meeting, by Members of the Company holding not less than ninety-five percent of such part of the paid up share capital of the Company as gives a right to vote at the Meeting. PROVIDED THAT where any Members of the Company are entitled to vote only on some resolution, or resolutions to be moved at a Meeting and not on the others, those Members shall be taken into account for the purposes of this clause in respect of the former resolutions and not in respect of the latter.
	111.
Contents and manner of service of notice	(1) Every notice of a Meeting of the Company shall specify the place and the day and hour of the Meeting and shall contain a statement of the business to be transacted thereat.

Title of Article	Article Number and contents
	(2) Subject to the provisions of the Act notice of every General Meeting shall be given; (a) to every Member of the Company, in any manner authorised by sub-sections (1) to (4) Section 53 of the Act; (b) to the persons entitled to a Share in consequence of the death, or insolvency of a Member, by sending it through post in a prepaid letter addressed to them by name or by the title of representative of the deceased, or assignees of the insolvent, or by like description, at the address, if any in India supplied for ,the purpose by the persons claiming to be so entitled or until such an address has been so supplied, by giving the notice in any manner in which it might have been given if the death or insolvency had not occurred; and (c) to the Auditor or Auditors for the time being of the Company in any manner authorised by Section 53 of the Act in the case of Members of the Company PROVIDED THAT, where the notice of a Meeting is given by advertising the same in a newspaper circulating in the neighborhood of Registered Office of the Company under sub-section (3) of Section 53 of the Act, the statement of material facts referred to in Section 173 of the Act need not be annexed to the notice as required by that Section, but it shall be mentioned in the advertisement that the statement has been forwarded to the Members of the Company. (3)Every notice convening a Meeting of the Company shall state with reasonable prominence that a Member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote instead of himself and that a proxy need not be a Member of the Company.
Special and ordinary business and explanatory statement	112. (1)(a) In the case of an Annual General Meeting all business to be transacted at the Meeting shall be deemed special, with the exception of business relating to (i) the consideration of the accounts, balance sheet the reports of the Board of Directors and Auditors; (ii) the declaration of dividend; (iii) the appointment of Directors in the place, of those retiring; and (iv) the appointment of, and the fixing of the remuneration of the Auditors, and (b) In the case of any other meeting, all business shall be deemed special (2) Where any items of business to be transacted at the Meeting of the Company are deemed to be special as aforesaid, there shall be annexed to the notice of the Meeting a statement setting out all material facts concerning each such item, of business, including in particular the nature of the concern or interest, if any, therein of every Director. PROVIDED THAT, where any such item of special business at the Meeting of the Company relates to or affects, any other company, the extent of shareholding interest in that other company of every Director of the Company shall also be set out in the statement, if the extent of such shareholding interest is not less than twenty percent of the paid up-share capital of the other company. (3) 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 in the statement aforesaid.
Omission to give notice not to invalidate proceedings	113. The accidental omission to give such notice as aforesaid to or non-receipt thereof by, any Member or other person to whom it should be given, shall not invalidate the proceedings of any such Meeting.
Notice of business to be given	114. No General Meeting, Annual or Extra-Ordinary shall be competent to enter upon, discuss or transact any business which has not been mentioned in the notice or notices convening the Meeting.
Quorum	115. Five Members entitled to vote and present in person shall be quorum for General Meeting and no business shall be transacted at the General Meeting unless the quorum requisite is present at the commencement of the Meeting. A body corporate being a Member shall be deemed to be personally present if it is represented in accordance with Section 187 of the Act. The President of India or the Governor of a State being a Member of the Company shall be

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	deemed to be personally present if it is presented in accordance with Section 187 of the Act.
If quorum not present when Meeting to be dissolved and when to be adjourned	116. If within half an hour from the time appointed for holding a Meeting of the Company, a quorum is not present, the Meeting, if called by or upon the requisition of the Members shall stand dissolved and in any other case the Meeting shall stand, adjourned to the same day in the next week or if that day is a public holiday until the next succeeding day which is not a public holiday, at the same time and place or to such other day and at such other time and place as the Board may determine. If at the adjournment meeting also, a quorum is not present within half an hour from the time appointed for holding the Meeting, the Members present shall be a quorum and may transact the business for which the Meeting was called.
Resolution passed at adjourned Meeting	117. Where a resolution is passed at an adjourned Meeting of the Company, the resolution for all purposes is 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.
Chairman of General Meeting	118. At every General Meeting the Chair shall be taken by the Chairman of the Board of Directors. If at any Meeting, the Chairman of the Board of Directors is not present within ten minutes after the time appointed for holding the Meeting or though present, is unwilling to act as Chairman, the Vice Chairman of the Board of Directors would act as Chairman of the Meeting and if Vice Chairman of the Board of Directors is not present or, though present, is unwilling to act as Chairman, the Directors present may choose one of themselves to be a Chairman, and in default or their doing so or if no Directors shall be present and willing to take the Chair, then the Members present shall choose one of themselves, being a Member entitled to vote, to be Chairman.
Act for resolution sufficiently done or passed by Ordinary Resolution unless otherwise required.	119. Any act or resolution which, under the provisions of these Articles or of the Act, is permitted or required to be done or passed by the Company in General Meeting shall be sufficiently done so or passed if effected by an Ordinary Resolution unless either the Act or the Articles specifically require such act to be done or resolution be passed by a Special Resolution.
Business confined to election of Chairman whilst the Chair is vacant	120. No business shall be discussed at any General Meeting except the election of a Chairman whilst the Chair is vacant.
Chairman may adjourn Meeting	121. (1) The Chairman may with the consent of Meeting at which a quorum is present and shall if so directed by the Meeting adjourn the Meeting from time to time and from place to place. (2) No business shall be transacted at any adjourned Meeting other than the business left unfinished at the Meeting from which the adjournment took place. (3) When a Meeting is adjourned for thirty days or more notice of the adjourned Meeting shall be given as in the case of an original Meeting. (4) Save as aforesaid, it shall not be necessary to give any notice of an adjournment of or of the business to be transacted at any adjourned Meeting.
How questions are decided at Meetings	122. Every question submitted to a General Meeting shall be decided in the first instance by a show of hands unless the poll is demanded as provided in these Articles.
Chairman's declaration of result of voting on show of hands	123. A declaration by the Chairman of the Meeting that on a show of hands, a resolution has or has not been carried either unanimously or by a particular majority, and an entry to that effect in the book containing the minutes of the proceeding of the Company's General Meeting shall be conclusive evidence of the fact, without proof of the number or proportion of votes cast in favour of or against such resolution.

Title of Article	Article Number and contents
Demand of poll	124. Before or on the declaration of the result of the voting on any resolution on a show of hands a poll may be ordered to be taken by the Chairman of the Meeting on his own motion and shall be ordered to be taken by him on a demand made in that behalf by any Member or Members present in person or by proxy and holding Shares in the Company which confer a power to vote on the resolution not being less than one-tenth of the total voting power in respect of the resolution, or on which an aggregate sum of not less than fifty thousand rupees has been paid up. The demand for a poll may be withdrawn at any time by the Person or Persons who made the demand.
Time of taking poll	125. A poll demanded on a question of adjournment or election of a Chairman shall be taken forthwith. A poll demanded on any other question shall be taken at such time not being later than forty-eight hours from the time when the demand was made and in such manner and place as the Chairman of the Meeting may direct and the result of the poll shall be deemed to be the decision of the Meeting on the resolution on which the poll was taken.
Chairman's casting vote	126. In the case of equality of votes the Chairman shall both on a show of hands and on a poll (if any) have a casting vote in addition to the vote or votes to which he may be entitled as a Member.
Appointment of scrutineers	127. Where a poll is to be taken, the Chairman of the Meeting shall appoint two scrutineers to scrutinise the vote given on the poll and to report thereon to him. One of the scrutineers so appointed shall always be a Member (not being an officer or employee of the Company) present at the Meeting, provided such a Member is available and willing to be appointed. The Chairman shall have power, at any time before the result of the poll is declared, to remove a scrutineer from office and fill vacancies in the office of the scrutineer arising from such removal or from any other cause.

DIRECTORS

Title of Article	Article Number and contents
Number of Directors	148. Until otherwise determined by a General Meeting of the Company and subject to the provisions of Section 252 of the Act, the number of Directors shall not be less than three and not more than twelve. PROVIDED THAT the Company may from time to time increase or reduce within the maximum limit permissible the number of Directors. Provided further that any increase in the number of Directors exceeding the number prescribed under Section 259 of the Act shall not have any effect unless approved by the Central Government and shall become void if and so far it is disapproved by the Government.
Directors	149. As the date of adoption of these Articles the following are the Directors of the Company: (1) Mr. Nikhil Prataprai Gandhi (2) Mr. Bhavesh Prataprai Gandhi (3) Mr. Krishnamurthy Padmanabhan (4) Mr. Kuriakos Roy Paul (5) Mr. Santosh Senapati (6) Mr. Ajay Prasad (7) Ms. Gayathri Ramachandran (8) Dr. Anil Kumar Khandelwal
Debenture Directors	151. Any Trust Deed for securing Debentures may if so arranged, provide for the appointment, from time to time by the Trustees thereof or by the holders of Debentures, of some person to

Title of Article	Article Number and contents
	be a Director of the Company and may empower such Trustees or holder of Debentures, from time to time, to remove and re-appoint any Director so appointed. The Director appointed under this Article is herein referred to as "Debenture Director" and the term “Debenture Director” means the Director for the time being in office under this Article. The Debenture Director shall not be liable to retire by rotation or be removed by the Company. The Trust Deed may contain such ancillary provisions as may be agreed between the Company and the Trustees and all such provisions shall have effect notwithstanding any of the other provisions contained herein.
	152.
Nominee Director or Corporation Director	(1)Notwithstanding anything to the contrary contained in these Articles, so long as any moneys remain owing by the Company to any Finance Corporation or Credit Corporation or to any Financing company or body, (which corporation or body is hereinafter in this Article referred to as “the corporation”) out of any loans granted or to be granted by them to the Company or so long as the corporation continue to hold Debentures in the Company by direct subscription or 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, whole time or non-whole time (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 persons so appointed and to appoint any person or persons in his/ their places. (2)The Board of Directors of the Company shall have no power to remove from office the Nominee Director(s). Such Nominee Director(s) shall not be required to hold any Share qualification in the Company. Further Nominee Director shall not be liable to retirement by rotation of Directors. Subject as aforesaid, the Nominee Directors(s) shall be entitled to the same rights and privileges and be subject to the obligations as any other Director of the Company. (3)The Nominee Director(s) so appointed shall hold the said office only so long as any moneys remain owing by the Company to the Corporation and the Nominee Director/s so appointed in exercise of the said power, shall ipso facto vacate such office immediately on the moneys owing by the Company to the Corporation being paid off (4)The Nominee Director(s) appointed under this Article shall be entitled to receive all notices of and attend all General Meetings, Board Meetings and all the Meetings of the Committee of which the Nominee Director(s) is/are Member(s) as also the minutes of such Meetings. The Corporation shall also be entitled to receive all such notices and minutes. (5)The sitting fees in relation to such Nominee Director(s) shall also accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation. Any other fees, commission, moneys or remuneration in any form is payable to the Nominee Director of the Company, such fees, commission, moneys and remuneration in relation to such Nominee Director(s) shall accrue to the Corporation and the 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, 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/are an officer(s) of the Corporation.. PROVIDED THAT in the event of the Nominee Director(s) being appointed as Whole-time Director(s); such Nominee Director/s shall exercise such power and duties as may be approved by the lenders and have such rights as are usually exercised or available to a whole-time Director in the management of the affairs of Company. Such Nominee Director shall be entitled to receive such remuneration, fees, commission and moneys as may be approved by the Corporation(s) nominated by him.
	153.
Special Director	(1)In connection with any collaboration arrangement with any company or corporation or any firm or person for supply of technical know-how and/or machinery or technical advice the directors may authorize such company , corporation ,firm or person herein-after in this clause referred to as “collaboration” to appoint from time to time any person as director of the company (hereinafter referred to as “special director”) and may agree that such special

Title of Article	Article Number and contents
	director shall not be liable to retire by rotation and need not possess any qualification shares to qualify him for office of such director, so however that such special director shall hold office so long as such collaboration arrangement remains in force unless otherwise agreed upon between the Company and such collaborator under the collaboration arrangements or at any time thereafter. (2)The collaborators may at any time and from time to time remove any such special director appointed by it and may at the time of such removal and also in the case of death or resignation of the person so appointed, at any time appoint any other person as special director in his place and such appointment or removal shall be made in writing signed by such company or corporation or any partner or such person and shall be delivered to the Company at its registered office. (3)It is clarified that every collaborator entitled to appoint a director under this Article may appoint one such person as a director and so that if more then one collaborator is so entitled there may be at any time as may special directors as the collaborators eligible to make the appointment.
Limit on number of retaining Directors	154. The provisions of Articles 151,152, 153 and 154 are subject to the provisions of Section 256 of the Act and number of such Directors appointed under Article 152 shall not exceed in the aggregate one third of the total number of Directors for the time being in office.
Directors may fill in vacancies	156. The Directors shall have power at any time and from time to time to appoint any person to be a Director to fill a casual vacancy. Such casual vacancy shall be filled by the Board of Directors at a meeting of the Board. Any person so appointed shall hold office only upto the date to which the Director in whose place he is appointed would have held office, if it had not been vacated as aforesaid. However, he shall then be eligible for re-election.
Additional Directors	157. The Directors shall have the power at any time and from time to time to appoint any other person to be a Director as an addition to the Board (“Additional Director”) so that the total number of Directors shall not at any time exceed the maximum fixed by these Articles. Any person so appointed as an Additional Director to the Board shall hold his office only upto the date of the next Annual General Meeting and shall be eligible for election at such Meeting.
Qualification shares	158. A Director need not hold any qualification shares.
Directors’ sitting fees	159. The fees payable to a Director for attending each Board meeting shall be such sum as may be fixed by the Board of Directors not exceeding such sum as may be prescribed by the Central Government for each of the meetings of the Board or a Committee thereof and adjournments thereto attended by him. The Directors, subject to the sanction of the Central Government (if any required) may be paid such higher fees as the Company in General Meeting shall from time to time determine.
Disqualification of the Director	167. A person shall not be capable of being appointed Director of the Company if:- (a)he has been found to be of unsound mind by a Court of competent jurisdiction and the finding is in force; (b) he is an undischarged insolvent; (c) he has applied to be adjudged an insolvent and his application is pending; (d) he has been convicted by a Court of any offence involving moral turpitude sentenced in respect thereof to imprisonment for not less than six months and a period of five years has not elapsed from the date of expiry of the sentence; (e) he has not paid any call in respect of Shares of the Company held by him whether alone or jointly with others and six months have lapsed from the last day fixed for the payment of the call; or (f) an order disqualifying him for appointment as Director has been passed by a Court in

Title of Article	Article Number and contents
	pursuance of Section 203 of the Act and is in force; unless the leave of the Court has been obtained for his appointment in pursuance of that Section.
Vacation of office by Directors	168. The office of Director shall become vacant if:- (a) he is found to be of unsound mind by a Court of competent jurisdiction; or (b) he applies to be adjudged an insolvent; or (c) he is adjudged an insolvent; or (d) he is convicted by a Court of any offence involving moral turpitude and sentenced in respect thereof to imprisonment for not less than six months; or (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 unless the Central Government, by a notification in the Official Gazette removes the disqualification incurred by such failure; or (f) absents himself from three consecutive meetings 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; or (g) he(whether by himself or by any person for his benefit or on his account 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 Section 295 of the Act; or (h) he being in any way whether directly or indirectly concerned or interested in a contract or arrangement or proposed contract or arrangement, entered into or to be entered into by or on behalf of the Company fails to disclose the nature of his concern or interest at a meeting of the Board of Directors as required by Section 299 of the Act; or (i) he becomes disqualified by an order of the Court under Section 203 of the Act; or (j) he is removed by an Ordinary Resolution of the Company before the expiry of his period of notice; or (k) if by notice in writing to the Company, he resigns his office, or (l) having been appointed as a Director by virtue of his holding any office or other employment in the Company, he ceases to hold such office or other employment in the Company.
Vacation of office by Directors (contd.)	169. Notwithstanding anything contained in sub-clauses (c), (d) and (i) of Article 167. hereof, the disqualification referred to in these clauses shall not take effect: (a) for thirty days from the date of the adjudication, sentence or order; (b) where any appeal or petition is preferred within thirty days aforesaid against the adjudication, sentence or conviction resulting in the sentence or order until the expiry of seven days from the date on which such appeal or petition is disposed of; or (c) where within the 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 in the removal of the disqualification, until such further appeal or petition is disposed of.
Removal of Directors	170. (1) The Company may subject to the provisions of Section 284 and other applicable provisions of the Act and these Articles by Ordinary Resolution remove any Director not being a Director appointed by the Central Government in pursuance of Section 408 of the Act before the expiry of his period of office. (2) Special Notice as provided by these Articles or Section 190 of the Act; shall be required of any resolution to remove a Director under the Article or to appoint some other person in place of a Director so removed at the Meeting at which he is removed. (3) On receipt of notice of a resolution to remove a Director under this Article; the Company shall forthwith send a copy; thereof to the Director concerned and the Director (whether or not he is a Member of a Company) shall be entitled to be heard on the resolution at the Meeting. (4) where notice is given of a resolution to remove a Director under this Article and the Director concerned makes with respect thereto representations in writing to the Company (not exceeding reasonable length) and requests their notification to Members of the Company, the Company shall, unless the representations are, received by it too late for it to do so: (a) in the notice of the resolution given to the Members of the Company state the fact of the

Title of Article	Article Number and contents
	representations having been made, and (b) send a copy of the representations to every Member of the Company to whom notice of the Meeting is sent(before or after the representations by the Company) and if a copy of the representations is not sent as aforesaid because they were received too late\ or because of the Company's default the Director may (without prejudice to his right to be heard orally) require that the representation shall be read out at the Meeting; provided that copies of the representation need not be sent or read out at the Meeting if on the application, either of the Company or of any other person who claims to be aggrieved by the Court is satisfied that the rights concerned by this sub-clause are being abused to secure needless publicity for defamatory matter. (5) A vacancy created by the removal of the Director under this Article may, if he had been appointed by the Company in General Meeting or by the Board, in pursuance of Article 158 or Section 262 of the Act be filled by the: appointment of another Director in his place by the Meeting at which he is removed, provided special notice of the intended appointment has been given under Article 168 hereof. A Director so appointed shall hold office until the date upto which his predecessor would have held office if he had not been removed as aforesaid. (6) If the vacancy is not filled under clause 5, it may be filled as a casual vacancy in accordance with the provisions, in so far as they are applicable of Article 158 or Section 162 of the Act, and all the provisions of that Article and Section shall apply accordingly (7) A Director who was removed from office under this Article shall not be re-appointed as a Director by the Board of Directors. (8) Nothing contained in this Article shall be taken:- (a) as depriving a person removed hereunder of any compensation of damages payable to him in respect of the termination of his appointment as Director, or (b) as derogating from any power to remove a Director which may exist apart from this Article.
Interested Directors not to participate or vote in Board's proceedings	171. No Director shall as a Director take part in the discussion of or vote on any contract arrangement or proceedings entered 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 his presence count for the purpose of forming a quorum at the time of any such discussion or voting, 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, may 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 interest 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 requisite to qualify him for appointment as a director, thereof, he having been nominated as director by the company, or (ii) in his being a member holding not more than two percent of its paid-up share capital.
Director may be director of companies promoted by the Company	172. A Director may be or become a director of any company promoted by the Company, or in which it may be interested as a vendor, shareholder, or otherwise and no such Director shall be accountable for any benefit received as director or shareholder of such company except in so far Section 309(6) or Section 314 of the Act may be applicable.

ROTATION AND APPOINTMENT OF DIRECTORS

Title of Article	Article Number and contents
Rotation of Directors	174. Not less than two third of the total number of Directors shall (a) be persons whose period of the office is liable to termination by retirement by rotation and (b) save as otherwise expressly provided in these Articles be

Title of Article	Article Number and contents
	appointed by the Company in General Meeting.
Retirement of Directors	175. Subject to the provisions of Articles 153 and 155, the non-retiring Directors should be appointed by the Board for such period or periods as it may in its discretion deem appropriate.
Retiring Directors	176. Subject to the provisions of Section 256 of the Act and Articles 150 to 157, at every Annual General Meeting of the Company, one-third or such of the Directors for the time being as are liable to retire by rotation; or if their number is not three or a multiple of three the number nearest to one-third shall retire from office. The Debenture Directors, Nominee Directors, Corporation Directors, Managing Directors if any, subject to Article 214, shall not be taken into account in determining the number of Directors to retire by rotation. In these Articles a "Retiring Director" means a Director retiring by rotation.
Appointment of Technical or Executive Directors	177. (1) The Board of Directors shall have the right from time to time to appoint any person or persons as Technical Director or Executive Director/s and remove any such persons from time to time without assigning any reason whatsoever. A Technical Director or Executive Director shall not be required to hold any qualification shares and shall not be entitled to vote at any meeting of the Board of Directors. (2) Subject to the provisions of Section 262 of the Act, if the office of any Director appointed by the Company in General Meeting vacated before his term of office will expire in the normal course, the resulting casual vacancy may in default of and subject to any regulation in these Articles of the Company be filled by the Board of Directors at the meeting of the Board and the Director so appointed shall hold office only up to the date up to which the Director in whose place he is appointed would have held office if had not been vacated as aforesaid.
Ascertainment of Directors retiring by rotation and filling of vacancies	178. Subject to Section 288 (5) of the Act, the Directors retiring by rotation under Article 176 at every Annual General Meeting shall be those, who have been longest in office since their last appointment, but as between those who became Directors on the same day, those who are to retire shall in default of and subject to any agreement amongst themselves be determined by the lot.
Eligibility for re-election	179. A retiring Director shall be eligible for re-election and shall act as a Director through out and till the conclusion of the Meeting at which he retires.
Company to fill vacancies	180. Subject to Sections 258, 259 and 294 of the Act, the Company at the General Meeting, at which a Director retires in manner aforesaid, may fill up the vacancy by appointing the retiring Director or some other person thereto.
Provision in default of appointment	181. (1) If the place of retiring Director is not so filled up and the Meeting has not expressly resolved not to fill the vacancy, the Meeting shall stand adjourned till the same day in the next week, at the same time and place, or if that day is a public holiday, till the next succeeding day which is not a public holiday, at the same time and place. (2) If at the adjourned Meeting also, the place of the retiring Director is not filled up and the Meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been re-appointed at the adjourned Meeting, unless: (a) at that Meeting or the previous Meeting a resolution for the re-appointment of such Director has been put to the Meeting and lost. (b) the retiring Director has by a notice in writing addressed to the Company or its Board of Directors expressed his unwillingness to be so re-appointed. (c) he is not qualified or is disqualified for appointment (d) a resolution, whether Special or Ordinary is required for his appointment or re-appointment by virtue of any provisions of the Act, or (e) the provision of the sub-section (2) of section 263 of the Act is applicable to the case.

Title of Article	Article Number and contents
Company may increase or reduce the number of Directors or remove any Director	182. Subject to the provisions of Section 252,255 and 259 of the Act, the Company may by Ordinary Resolution from time to time, increase or reduce the number of Directors and may alter qualifications.
Appointment of Directors to be voted individually	183. (1) No motion, at any General Meeting of the Company shall 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 been first agreed to by the Meeting without any vote being given against it. (2) A resolution moved in contravention of clause (1) hereof shall be void, whether or not objection was taken at the time of its being so moved, provided where a resolution so moved has passed no provisions or the automatic re-appointment of retiring Directors in default of another appointment as therein before provided shall apply. (3) For the purposes of this Article, a motion for approving a person's appointment, or for nominating a person for appointment, shall be treated as a motion for his appointment.

CHAIRMAN / MANAGING DIRECTOR

Title of Article	Article Number and contents
Powers to appoint Managing Director	188. a) The Promoter(s) and Promoter Group shall as long as they, jointly and severally, holds not less than 26% of the total paid up share capital of the Company for the time being, be entitled by notice in writing addressed to the Company to appoint a Director appointed by it pursuant to the provisions of the Article 149 of Articles of Association as the Managing Director of the Company and to remove such person from office and on a vacancy being caused in such office from any cause whatsoever whether by such cancellation or by resignation, retirement, death, removal or otherwise, of any such person so appointed, to appoint any Director to fill such vacancy. An appointment or removal of the Director under this Article shall become effective forthwith upon receipt by the Company of the writing aforesaid. b) Subject to the superintendence, direction, control of the Board, the Managing Director, shall have the Management of the affairs of the Company. The remuneration of the Managing Director shall be such as may be determined by the Board from time to time and may be by way of monthly payment fee for such meeting or participation in profits or by any or all these modes or any other mode not expressly prohibited by the Act.
Appointment and powers of Manager	196. The Board may, from time to time, appoint any Manager (under Section 2(24) of the Act) to manage the affairs of the Company. The Board may from time to time entrust to and confer upon a Manager such of the powers exercisable under these Articles by the Directors, as they may think fit, and may, confer such powers for such time and to be exercised for such objects and purposes, and upon such terms and conditions and with such restrictions as they think expedient.

POWERS OF THE BOARD

Title of Article	Article Number and contents
General powers of management vested in the Board of Directors	211. The Board may exercise all such powers of the Company and do all such acts and things as are not, by the Act, or any other Act or by the Memorandum or by the Articles of the Company required to be exercised by the Company in General Meeting, subject nevertheless to these Articles, to the provisions of the Act, or any other Act and to such regulations being not inconsistent with the aforesaid Articles, as may be prescribed by the Company in General Meeting but no regulation made by the Company in General Meeting shall invalidate any prior

Title of Article	Article Number and contents

act of the Board which would have been valid if that regulation had not been made.

PROVIDED THAT the Board shall not, except with the consent of the Company in General Meeting :-

(a) sell, lease or otherwise dispose of the whole, or substantially the whole, of the undertaking of the Company, or where the Company owns more than one undertaking of the whole, or substantially the whole, of any such undertaking;

(b) remit, or give time for the repayment of, any debt due by a Director,

(c) invest otherwise than in trust securities the amount of compensation received by the Company in respect of the compulsory acquisition or any such undertaking as is referred to in clause (a) or of any premises or properties used for any such undertaking and without which it cannot be carried on or can be carried on only with difficulty or only after a considerable time;

(d) borrow moneys where the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), will exceed the aggregate of the paid-up capital of the Company and its free reserves that is to say, reserves not set apart for any specific purpose;

(e) contribute to charitable and other funds not directly relating to the business of the Company or the welfare of its employees, any amounts the aggregate of which will, in any financial year, exceed fifty thousand rupees or five per cent of its average net profits as determined in accordance with the provisions of Section 349 and 350 of the Act during the three financial years immediately preceding whichever is greater, provided that the Company in the General Meeting or the Board of Directors shall not contribute any amount to any political party or for any political purposes to any individual or body;

(i) Provided that in respect of the matter referred to in clause (d) and clause (e) such consent shall be obtained by a resolution of the Company which shall specify the total amount upto which moneys may be borrowed by the Board under clause (d) of as the case may be total amount which may be contributed to charitable or other funds in a financial year under clause (e);

(ii) Provided further that the expression "temporary loans" in clause (d) above shall mean loans repayable on demand or within six months from the date of the loan such as short term cash credit arrangements, the discounting of bills and the issue of other short term loans of a seasonal character, but does not include loans raised for the purpose of financing expenditure of a capital nature.

212.

Certain powers to be exercised by the Board only at Meetings

(1) Without derogating from the powers vested in the Board of Directors under these Articles, the Board shall exercise the following powers on behalf of the Company and they shall do so only by means of resolutions passed at the meeting of the Board;

(a) the power to make calls, on shareholders in respect of money unpaid on their Shares,

(b) the power to issue Debentures,

(c) the power to borrow moneys otherwise than on Debentures,

(d) the power to invest the funds of the Company, and

(e) the power to make loans

PROVIDED THAT the Board may, by resolution passed at a Meeting, delegate to any Committee of Directors, the Managing Director, the Manager or any other principal officer of the Company, the powers specified in sub-clause (c) (d) and (e) to the extent specified below:

(2) Every resolution delegating the power referred to in sub-clause (1) (c) above shall specify the total amount outstanding at any one time, up to which moneys may be borrowed by the delegate.

(3) Every resolution delegating the power referred to in sub-clause (1) (d) above shall specify the total amount upto which the funds of the Company may be invested, and the nature of the investments which may be made by the delegate.

(4) Every resolution delegating the power referred to in sub-clause (1) (e)above shall specify the total amount upto which loans may be made and the maximum amount of loans which may be made for each such purpose in individual cases.

213.

Title of Article	Article Number and contents
Certain powers of the Board	Without prejudice to the general powers conferred by the last preceding Article and so as not in any way to limit or restrict those powers, and without prejudice to the other powers conferred by these Articles, but subject to the restrictions contained in the last preceding Article, it is hereby declared that the Directors shall have the following powers, that is to say, power: a. To pay the cost, charges and expenses preliminary and incidental to the promotion, formation, establishment and registration of the Company. b. To pay and charge to the capital account of the Company any commission or interest lawfully payable thereon under the provisions of Sections 76 and 208 of the Act. c. Subject to Section 292 and 297 and other provisions applicable of the Act to purchase or otherwise acquire for the Company any property, right or privileges which the Company is authorised to acquire, at or for such price or consideration and generally on such terms and conditions as they may think fit and in any such purchase or other acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfactory. d. At their discretion and subject to the provisions of the Act to pay for any property, rights or privileges acquired by or services rendered to the Company, either wholly or partially in cash or in share, bonds, debentures, mortgages, or otherwise securities of the Company, and any such Shares may be issued either as fully paid-up or with such amount credited as paid-up thereon as may be agreed upon and any such bonds, debentures, mortgages or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged. e. To secure the fulfillment of any contracts or engagement entered into by the Company by mortgage or charge of all or any of the property of the Company and its uncalled capital for the time being or in such manner as they may think fit. f. To accept from any Member, as far as may be permissible by law to a surrender of his Shares or any part thereof, on such terms and conditions as shall be agreed. g. To appoint any person to accept and hold in trust for the Company any property belonging to the Company, in which it is interested, or for any other purpose and to execute and do all such deeds and things as may be required in relation to any trust, and to provide for the remuneration of such trustee or trustees. h. To institute, conduct, defend, compound or abandon any legal proceedings 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 or satisfaction of any debts due and of any claim or demands by or against the Company and to refer any differences to arbitration and observe and perform any awards made thereon either according to Indian law or according to foreign law and either in India or abroad and to observe and perform or challenge any award made thereon. i. To act on behalf of the Company in all matters relating to bankruptcy and insolvency, winding up and liquidation of companies. j. To make and give receipts, releases and other discharges for moneys payable to the Company and for the claims and demands of the Company. k. Subject to the provisions of Sections 291, 292, 295, 370,372 and all other applicable provisions of the Act, to invest and deal with any moneys of the Company not immediately required for the purpose thereof upon such security (not being Shares of this Company), or without security and in such manner as they may think fit and from time to time vary or realise such investments. Save as provided in Section 49 of the Act, all investments shall be made and held in the Company's own name. l. To execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability whether as principal or surety, for the benefit of the Company, such mortgages of the Company's property (present and future) as they think fit, and any such mortgage may contain a power of sale and such other powers, provisions, covenants and agreements as shall be agreed upon. m. To open bank account and to determine from time to time who shall be entitled to sign, on the Company's behalf, bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts and documents and to give the necessary authority for such purpose. n. To distribute by way of bonus amongst the staff of the Company a Share or Shares in the profits of the Company and to give to any, Director, officer or other person employed by the Company a commission on the profits of any particular business or transaction, and to charge such bonus or commission as a part of the working expenses of the Company. o. To provide for the welfare of Directors or ex-Directors or employees or ex-employees of the Company and their wives, widows and families or the dependents or connections of

Title of Article	Article Number and contents
	such persons, by building or contributing to the building of houses, dwelling or chawls, or by grants of moneys, pension, gratuities, allowances, bonus or other payments, or by creating and from time to time subscribing or contributing, to provide other associations, institutions, funds or trusts and by providing or subscribing or contributing towards place of instruction and recreation, hospitals and dispensaries, medical and other attendance and other assistance as the Board shall think fit and subject to the provision of Section 293(1)(e) of the Act, to subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or other institutions or object which shall have any moral or other claim to support or aid by the Company, either by reason of locality of operation, or of the public and general utility or otherwise.
	p. Before recommending any dividend, to set aside out of the profits of the Company such sums as they may think proper for depreciation or to depreciation fund, or to an insurance fund, or as reserve fund or any special fund to meet contingencies or to repay redeemable preference shares or debentures or debenture stock, or for special dividends or for equalising dividends or for repairing, improving, extending and maintaining any of the property of the Company and for such other purposes (including the purpose referred to in the preceding clause), as the Board may in their absolute discretion, think conducive to the interest of the Company and subject to Section 292 of the Act, to invest several sums so set aside or so much thereof as required to be invested, upon such investments (other than Shares of the Company) as they may think fit, and from time to time to deal with and vary such investments and dispose of and apply and expend all or any such part thereof for the benefit of the Company, in such a manner and for such purposes as the Board in their absolute discretion, think conducive to the interest of the Company notwithstanding that the matters to which the Board apply or upon which they expend the same or any part thereof or upon which the capital moneys of the Company might rightly be applied or expended; and to divide the general reserve or reserve fund into such special funds as the Board may think fit with full power to transfer the whole or any portion of reserve fund or division of a reserve fund and with full power to employ the assets constituting all or any of the above funds, including the depreciation fund, in the business of the Company or in the purchase or repayment of redeemable preference shares or debentures or debenture stock, and without being bound to keep the same separate from the other assets and without being bound to pay interest on the same with power however, to the Board at their discretion to pay or allow to the credit of such funds interest at such rate as the Board may think proper.
	q. To appoint, and at their discretion, remove or suspend, such general managers, managers, secretaries, assistants, supervisors, scientists, technicians, engineers, consultants, legal, medical or economic advisors, research workers, labourers, clerks, agents and servants for permanent, temporary or special services as they may from time to time think fit and to determine their powers and duties, and fix their salaries or emoluments or remuneration, and to require security in such instances and to such amount as they may think fit. And also from time to time to provide for the management and transaction of the affairs of the Company in any specified locality in India or elsewhere in such manner as they think and the provisions contained in the four next following sub-clauses shall be without prejudice to the general conferred by this sub-clause.
	r. To appoint or authorize appointment of officers, clerks and servants for permanent or temporary or special services as the Board may from time to time think fit and to determine their powers and duties and to fix their salaries and emoluments and to require securities in such instances and of such amounts as the Board may think fit and to remove or suspend any such officers, clerks and servants. Provided further that the Board may delegate matters relating to allocation of duties, functions, reporting etc. of such persons to the Managing Director or Manager.
	s. From time to time and at any time to establish any local Board for managing any of the affairs of the Company in any specified locality in India or elsewhere and to appoint any person to be members of such local Boards, and to fix their remuneration or salaries or emoluments.
	t. Subject to Section 292 of the Act, from time to time and at any time to delegate to any person so appointed any of the powers, authorities and discretions for the time being vested in the Board, other than their power to make calls or to make loans or borrow money, and to authorise the members for the time being of any such local Board, or any of them to fill up any vacancies therein and to act notwithstanding vacancies, and any such appointment or delegation may be made on such terms and subject to such terms and subject to such conditions as the Board may think fit, and Board may at any time remove any person so

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	appointed, and may annul or vary any such delegation. u. At any time and from time to time by Power of Attorney under the Seal of the Company, to appoint any person or person to be the Attorney or Attorneys of the Company, for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these presents and subject to the provisions of Section 292 of the Act) and for such period and subject to such conditions as the Board may from time to time think fit; and any such appointment may (if the Board thinks fit) be made in favour of any company, or the shareholders, directors, nominees, or managers of any company or firm or otherwise in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board and such Power of Attorney may contain such powers for the protection or convenience of persons dealing with such Attorneys as the Board may think fit, and may contain powers enabling any such delegates or attorneys as aforesaid to sub-delegate all or any of the powers authorities and discretions for the time being vested in them. v. Subject to Sections 294 and 297 and other applicable provisions of the Act, for or in relation to any of the matters aforesaid or, otherwise for the purposes of the Company to enter into all such negotiations and contracts and rescind and vary all such contracts, and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient. w. From time to time to make, vary and repeal bye-laws for the regulations of the business of the Company, its officers and servants. x. To purchase or otherwise acquire any land, buildings, machinery, premises, hereditaments, property, effects, assets, rights, credits, royalties, business and goodwill of any joint stock company carrying on the business which the Company is authorized to carry on in any part of India. y. To purchase, take on lease, for any term or terms of years, or otherwise acquire any factories or any land or lands, with or without buildings and out-houses thereon, situated in any part of India, at such price or rent and under and subject to such terms and conditions as the Directors may think fit. And in any such purchase, lease or other acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfactory. z. To insure and keep insured against loss or damage by fire or otherwise for such period and to such extent as it may think proper all or any part of the buildings, machinery, goods, stores, produce and other movable property of the Company, either separately or co jointly, also to insure all or any portion of the goods, produce, machinery and other Articles imported or exported-by the Company and to sell, assign, surrender or discontinue any policies of assurance effected in pursuance of this power. aa. To purchase or otherwise acquire or obtain license for the use of and to sell, exchange or grant license for the use of any trade mark, patent, invention or technical know-how. bb. To sell from time to time any Articles, materials, machinery, plants, stores and other Articles and thing belonging to the Company as the Board may think proper and to manufacture, prepare and sell waste and by-products. cc. From time to time to extend the business and undertaking of the Company by adding, altering or enlarging all or any of the buildings, factories, workshops, premises, plant and machinery, for the time being the property of or in the possession of the Company, or by erecting new or additional buildings, and to expend such sum of money for the purpose aforesaid or any of them as they be thought necessary or expedient. dd. To undertake on behalf of the Company any payment of rents and the performance of the covenants, conditions and agreements contained in or reserved by any lease that may be granted or assigned to or otherwise acquired by the Company and to purchase the reversion or reversions, and otherwise to acquire on free hold sample of all or any of the lands of the Company for the time being held under lease or for an estate less than freehold estate. ee. To improve, manage, develop, exchange, lease, sell, resell and re-purchase, dispose off, deal or otherwise turn to account, any property (movable or immovable) or any rights or privileges belonging to or at the disposal of the Company or in which the Company is interested. ff. To let, sell or otherwise dispose of subject to the provisions of Section 293 of the Act and of the other Articles any property of the Company, either absolutely or conditionally and in such manner and upon such terms and conditions in all respects as it thinks fit and to accept payment in satisfaction for the same in cash or otherwise as it thinks fit. gg. Generally subject to the provisions of the Act and these Articles, to delegate the

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	powers/authorities and discretions vested in the Directors to any person(s), firm, company or fluctuating body of persons as aforesaid.
	hh. To comply with the requirements of any local law which in their opinion it shall in the interest of the Company be necessary or expedient to comply with.

DIVIDENDS AND CAPITALISATION OF RESERVES

Title of Article	Article Number and contents
Division of profits	220. (1) Subject to the rights of persons, if any, entitled to Shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the Shares in respect whereof the dividend is paid but if and so long as nothing is paid upon any of Share in the Company, dividends may be declared and paid according to the amounts of the Shares; (2) No amount paid or credited as paid on a Share in advance of calls shall be treated for the purpose of this Article as paid on the Shares.
The Company at General Meeting may declare dividend	221. The Company in General Meeting may declare dividends, to be paid to Members according to their respective rights and interest in the profits and may fix the time for payment and the Company shall comply with the provisions of Section 207 of the Act, but no dividends shall exceed the amount recommended by the Board of Directors. However, the Company may declare a smaller dividend than that recommended by the Board in General Meeting.
New Capital same as existing capital	222. No dividend shall be payable except out of profits of the Company arrived at the manner provided for in Section 205 of the Act.
Interim dividend	223. The Board of Directors may from time to time pay to the Members such interim dividends as in their judgment the position of the Company justifies.
Debts may be deducted	224. (1) The Directors may retain any dividends on which the Company has a lien and may apply the same in or towards the satisfaction of the debts, liabilities or engagements in respect of which the lien exists. (2) The Board of Directors may retain the dividend payable upon Shares in respect of which any person is, under the Transmission Article, entitled to become a Member or which any person under that Article is entitled to transfer until such person shall become a Member or shall duly transfer the same.
Capital paid-up in advance to carry interest, not the right to earn dividend	225. Where the capital is paid in advance of the calls upon the footing that the same shall carry interest, such capital shall not, whilst carrying interest, confer a right to dividend or to participate in profits.
Dividends in proportion to amounts paid-up	226. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the Shares during any portion or portions of the period in respect of which the dividend is paid, but if any Share is issued on terms provided that it shall rank for dividends as from a particular date such Share shall rank for dividend accordingly.
No Member to receive dividend while indebted to the Company and the Company's right in respect thereof	227. No Member shall be entitled to receive payment of any interest or dividend or bonus in respect of his Share or Shares, whilst any money may be due or owing from him to the Company in respect of such Share or Shares (or otherwise however either alone of jointly with any other person or persons) and the Board of Directors may deduct from the interest or dividend to any Member all such sums of money so due from him to the Company.

Title of Article	Article Number and contents
Effect of transfer of Shares	228. A transfer of Shares shall not pass the right to any dividend declared therein before the registration of the transfer.
Dividend to joint holders	229. Any one of several persons who are registered as joint holders of any Shares may give effectual receipts for all dividends or bonus and payments on account of dividends in respect of such Shares.
Dividend how remitted	230. The dividend payable in cash may be paid by cheque or warrant sent through post directly to registered address of the shareholder entitled to the payment of the dividend 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. The Company shall not be liable or responsible for any cheque or warrant or pay slip or receipt lost in transit or for any dividend lost, to the Member or person entitled thereto by forged endorsement of any cheque or warrant or forged signature on any pay slip or receipt or the fraudulent recovery of the dividend by any other means.
Notice of dividend	231. Notice of the declaration of any dividend whether interim or otherwise shall be given to the registered holders of Share in the manner herein provided.
Reserves	232. The Directors may, before recommending or declaring any dividend set aside out of the profits of the Company such sums as they think proper as reserve or reserves, which shall, at the discretion of the Directors, be applicable for meeting contingencies or for any other purposes to which the profits of the Company may be properly applied and pending such application, may at the like discretion, either be employed in the business of the Company or be invested in such investments (other than Shares of the Company) as the Directors may from time to time think fit.
Dividend to be paid within time required by law.	233. The Company shall pay the dividend, or send the warrant in respect thereof to the shareholders entitled to the payment of dividend, within such time as may be required by law from the date of the declaration unless:- (a) where the dividend could not be paid by reason of the operation on any law; or (b) where a shareholder has given directions regarding the payment of the dividend and those directions cannot be complied with; or (c) where there is dispute regarding the right to receive the dividend; or (d) where the dividend has been lawfully adjusted by the Company against any sum due to it from shareholder; or (e) where for any other reason, the failure to pay the dividend or to post the warrant within the period aforesaid was not due to any default on the part of the Company.
Unpaid or unclaimed dividend	234. (1)Where the Company has declared a dividend but which has not been paid or claimed within 30 days from the date of declaration, to any shareholder entitled to the payment of dividend, the Company shall within seven days from the date of expiry of the said period of thirty days, transfer the total amount of dividend which remains unpaid or unclaimed within the said period of thirty days, to a special account to be opened by the Company in that behalf in any scheduled bank, to be called "the Unpaid Dividend Account of SKIL Infrastructure Limited". (2)Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the company to the Fund known as Investor Education and Protection Fund established under section 205C of the Act. (3)No unclaimed or unpaid divided shall be forfeited by the Board and no unpaid dividend shall bear interest as against the Company.
	235.

Title of Article	Article Number and contents
Set-off of calls against dividends	Any General Meeting declaring a dividend may on the recommendation of the Directors 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 may, if so arranged between the Company and the Members, be set off against the calls.
Dividends in cash	236. No dividends shall be payable except in cash, provided that nothing in this Article shall be deemed to prohibit the capitalisation of the profits or reserves of the Company for the purpose of issuing fully paid up bonus Shares or paying up any amount for the time being unpaid on any Shares held by Members of the Company.
Capitalisation	237. (1)The Company in General Meeting may, upon the recommendation of the Board, resolve: (a) That is desirable to capitalise any part of the amount for the time being standing to the credit of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution, and (b) That such sum be accordingly set free for distribution in the manner specified in clause (2) amongst the Members who would have been entitled thereto, if distributed by way of dividend and in the same proportion. (2) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provisions contained in clause (3) either in or towards; (a) paying up any amount for the time being unpaid on any Shares held by such Members respectively, or (b) paying up in full unissued Shares of the Company to be allocated and distributed, credited as fully paid up, to and amongst Members in the proportion aforesaid, or (c) partly in the way specified in sub clause (a) and partly in that specified in sub-clause(b) (3) A securities premium account and capital redemption reserve account may, for the purpose of this Article, only be applied in the paying up of unissued Shares to be issued to Members of the Company as fully paid bonus shares.
Board to give effect	238. The Board shall give effect to the resolution passed by the Company in pursuance of above Article.
Fractional certificates	239. (1) Whenever such a resolution as aforesaid shall have been passed, the Board shall; (a) (a) make all appropriations and applications of the undivided profits resolved to be capitalised thereby and all allotments and issues of fully paid Shares and (b) (b) Generally do all acts and things required to give effect thereto. (2)The Board shall have full power: (a) (a) to make such provision by the issue of fractional cash certificate or by payment in cash or otherwise as it thinks fit, in the case of Shares becoming distributable in fractions, also (b) (b) to authorise any person to enter, on behalf of all the Members entitled thereto, into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further Shares to which they may be entitled upon such capitalisation or (as the case may require) for the payment by the Company on their behalf by the application thereof of the respective proportions of the profits resolved to be capitalised of the amounts remaining unpaid on their existing Shares. (3) Any agreement made under such authority shall be effective and binding on all such Members. (4)That for the purpose of giving effect to any resolution, under the preceding paragraph of this Article, the Directors may give such directions as may be necessary and settle any question or difficulties that may arise in regard to any issue including distribution of new Shares and fractional certificates as they think fit.

ACCOUNTS

Title of Article	Article Number and contents

Title of Article	Article Number and contents
Statements of accounts to be furnished to General Meeting	244. The Board of Directors shall from time to time in accordance with Sections 210, 211, 212, 216 and 217 of the Act, cause to be prepared and laid before each Annual General Meeting a profit and loss account for the financial year of the Company and a balance sheet made up as at the end of the financial year which shall be a date which shall not precede the day of the Meeting by more than six months or such extended period as shall have been granted by the Registrar under the provisions of the Act.
Accounts to be audited	246. Once at least in every year the accounts of the Company shall be examined, balanced and audited and the correctness of the profit and loss Account and the balance sheet ascertained by one or more Auditor or Auditors.

REGISTERS AND DOCUMENTS

Title of Article	Article Number and Contents
Registers and documents to be maintained by the Company	253. The Company shall keep and maintain registers, books and documents required by the Act or these Articles, including the following: (a) Register of investments made by the Company but not held in its own name, as required by Section 49(7) of the Act (b) Register of mortgages and charges as required by Section 143 of the Act and copies of instruments creating any charge requiring registration according to Section 136 of the Act. (c) Register and index of Members and debenture holders as required by Sections 150, 151 and 152 of the Act. (d) Foreign register, if so thought fit, as required by Section 157 of the Act (e) Register of contracts, with companies and firms in which Directors are interested as required by Section 301 of the Act. (f) Register of Directors and Secretaries etc. as required by Section 303 of the Act. (g) Register as to holdings by Directors of Shares and/or Debentures in the Company as required by Section 307 of the Act. (h) Register of investments made by the Company in Shares and Debentures of the bodies corporate in the same group as required by Section 372(2) of the Act. (i) Copies of annual returns prepared under Section 159 of the Act together with the copies of certificates and documents required to be annexed thereto under Section 161 of the Act. (j) Register of loans, guarantees, or securities given to the other companies under the same management as required by Section 370 of the Act.
Inspection of Registers	254. The registers mentioned in clauses (f) and (i) of the foregoing Article and the minutes of all proceedings of General Meetings shall be open to inspection and extracts may be taken there from and copies thereof may be required by any Member of the Company in the same manner to the same extent and on payment of the same fees as in the case of the Register of Members of the Company provided for in clause (c) thereof. Copies of entries in the registers mentioned in the foregoing article shall be furnished to the persons entitled to the same on such days and during such business hours as may be consistent with the provisions of the Act in that behalf as determined by the Company in General Meeting.

WINDING UP

Title of Article	Article Number and Contents
Distribution of assets	255. If the Company shall be wound up, and the assets available for distribution among the Members as such shall be insufficient to repay the whole of the paid up capital, such assets shall be distributed so that as nearly as may be the losses shall be borne by the Members in the proportion to the capital paid up or which ought to have been paid up at the commencement of the winding up, on the Shares held by them respectively, and if in the winding up the assets available for distribution among the Members shall be more than sufficient to repay the whole of the capital paid up at the

Title of Article	Article Number and Contents
	commencement of the winding up, the excess shall be distributed amongst the Members in proportion to the capital at the commencement of the winding up, paid up or which ought to have been paid up on the Shares held by them respectively. But this Article is to be without prejudice to the rights of the holders of Shares issued upon special terms and conditions.
Distribution in specie or kind	256. (1)If the Company shall be wound up, whether voluntarily or otherwise, the Liquidator may, with the sanction of a Special Resolution, divide amongst the contributories in specie or kind, any part of the assets of the Company and may, with the like sanction, vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories or any of them, as the liquidator, with the like sanction, shall think fit. (2)If thought expedient any such division may subject to the provisions of the Act be otherwise than in accordance with the legal rights of the contributions (except where unalterably fixed by the Memorandum of Association and in particular any class may be given preferential or special rights or may be excluded altogether or in part but in case any division otherwise than in accordance with the legal rights of the contributories, shall be determined on any contributory who would be prejudicial thereby shall have a right to dissent and ancillary rights as if such determination were a Special Resolution passed pursuant to Section 494 of the Act. (3)In case any Shares to be divided as aforesaid involve a liability to calls or otherwise any person entitled under such division to any of the said Shares may within ten days after the passing of the Special Resolution by notice in writing direct the Liquidator to sell his proportion and pay him the net proceeds and the Liquidator shall, if practicable act accordingly.
Right of shareholders in case of sale	257. A Special Resolution sanctioning a sale to any other Company duly passed pursuant to Section 494 of the Act may subject to the provisions of the Act in like manner as aforesaid determine that any Shares or other consideration receivable by the liquidator be distributed against the Members otherwise than in accordance with their existing rights and any such determination shall be binding upon all the Members subject to the rights of dissent and consequential rights conferred by the said sanction.
Directors and others right to indemnity	258. Subject to the provisions of Section 201 of the Act, every Director of officer, or servant of the Company or any person (whether an officer of the Company or not) employed by the Company as Auditor, shall be indemnified by the Company against and it shall be the duty of the Directors, out of the funds of the Company to pay all costs, charges, losses and damages which any such person may incur or become liable to pay by reason of any contract entered into or any act, deed, matter or thing done, concurred in or omitted to be done by him in any way in or about the execution or discharge of his duties or supposed duties (except such if any as he shall incur or sustain through or by his own wrongful act, neglect or default) including expenses, and in particular and so as not to limit the generality of the foregoing provisions against all liabilities incurred by him as such Director, officer or Auditor or other office of the Company in defending any proceedings whether civil or criminal in which judgment is given in his favour, or in which he is acquitted or in connection with any application under Section 633 of the Act in which relief is granted to him by the Court.
Director, officer not responsible for acts of others	259. Subject to the provisions of Section 201 of the Act no Director, Auditor or other officer of the Company shall be liable for the acts, receipts, neglects, or defaults of any other Director or officer or for joining in any receipt or other act for conformity or for any loss or expenses happening to the Company through the insufficiency or deficiency of the title to any property acquired by order of the Directors for on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested for any loss or damages arising from the insolvency or tortuous act of any person, firm or Company to or with whom any moneys, securities or effects shall be entrusted or deposited or any loss occasioned by any error of judgment, omission, default or oversight on his part of for any other loss, damage, or misfortune whatever shall happen in relation to execution of the duties of his office or in relation thereto unless the same shall happen through his own dishonesty.

SECRECY CLAUSE

Title of Article	Article Number and Contents
Secrecy Clause	260. Every Director/Manager, Auditor, treasurer, trustee, member of a committee, officer, servant, agent, accountant or any other person-employed in the business of the Company shall, if so required by the Director, before entering upon his duties, sign a declaration pledging himself, to observe a strict secrecy respecting all transactions and affairs of the Company with the Company customers and the state of the accounts with individuals and in matter thereto and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in discharge of his duties except when required to do so by the Directors or by law or by the person to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions in these presents contained.
No Member to enter the premises of the Company without permission	261. No Member or other person (not being a Director) shall be entitled to visit or inspect any property or premises of the Company without the permission of the Board of Directors or Managing Director, or to inquire discovery of or any information respecting any details of the Company's trading or any matter which is or may be in the nature of a trade secret, mystery of trade, secret process or any other matter which relate to the conduct of the business of the Company and which in the opinion of the Directors, it would be inexpedient in the interest of the Company to disclose.

SECTION XII – OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of filing of this Daft Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by our Company. These contracts, copies of which shall be attached to the copy of the Red Herring Prospectus to be delivered to the Registrar of Companies, Mumbai for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company from 11.00 a.m. to 5.00 p.m. on working days from the date of filing of this Draft Red Herring Prospectus until the Bid / Issue Closing Date of this Issue.

Material Contracts

1. Issue Agreement dated May 30, 2011 between our Company, the BRLMs and the Co- BRLMs.
2. Memorandum of Understanding dated December 09, 2010 between our Company and the Registrar to the Issue.
3. Escrow Agreement dated [●] between our Company, the BRLMs, the Co-BRLMs, Escrow Collection Banks, and the Registrar to the Issue.
4. Syndicate Agreement dated [●] between our Company, the BRLMs, the Co-BRLMs and the Syndicate Members.
5. Underwriting Agreement dated [●] between our Company, the BRLMs, the Co-BRLMs and the Syndicate Members.

Material Documents for Inspection

1. Certified true copies of the Memorandum and Articles of Association of our Company, as amended from time to time, including certificates of incorporation and certificate of commencement of business.
2. Resolution of the Board of Directors dated November 29, 2010, authorising the Issue.
3. Resolution of the shareholders passed at the Extra Ordinary General Meeting dated December 08, 2010, authorising the Issue.
4. Consents of M/s. Bharat Shah & Associates and M/s. Chaturvedi & Shah, the Joint Statutory Auditors of our Company, for inclusion of their report dated May 02, 2011 in this Draft Red Herring Prospectus.
5. Copies of the annual reports of our Company for the Fiscals 2006, 2007, 2008, 2009 and 2010.
6. Copy of the Statement of Tax Benefits dated May 28, 2011 issued by M/s. Bharat Shah & Associates and M/s. Chaturvedi & Shah, Chartered Accountants.
7. Consents of Bankers to our Company, BRLMs, Co-BRLMs, Legal Advisors to our Company and the Book Running Lead Managers, International Legal Counsel, Directors, Company Secretary, Compliance Officer, Registrar to this Issue and Escrow Collection Banks as referred to, in their respective capacities.
8. Listing applications dated [●] and [●] and filed with the BSE and NSE.
9. In-principle listing approvals dated [●] and [●] from BSE and NSE.
10. Tripartite agreement between the NSDL, our Company and the Registrar dated July 23, 2007.

11. Tripartite agreement between the CDSL, our Company and the Registrar dated July 16, 2010.

12. Due diligence Certificate dated June 02, 2011 to SEBI from the BRLMs and the Co-BRLMs.

13. Report of the IPO Grading Agency dated [•].

14. Certified true copy of the resolution of the shareholders of our Company passed in the Annual General Meeting held on September 30, 2009 for the appointment of Mr. Nikhil Gandhi as our Company's Whole-time Director and Executive Chairman.

15. Certified true copy of the resolution of the shareholders of our Company passed in the Extraordinary General Meeting held on April 02, 2007 for the appointment of Mr. P. Krishnamurthy as our Company's Whole-time Director.

16. Certificate dated May 31, 2011 issued by our Statutory Auditor, M/s. Chaturvedi & Shah in relation to the financial indebtedness of our Company.

17. Investment agreement dated April 14, 2008 among Ashoka Investment Holdings Limited, Ambadevi Mauritius Holdings Limited, Mr. Nikhil Gandhi, Mr. Bhavesh Gandhi, M/s. Metropolitan Industries and Montana Valves and Compressors Limited (presently known as Montana Infrastructure Limited) and SKIL Infrastructure Limited.

18. Conversion agreement dated May 16, 2011 among Ashoka Investment Holdings Limited, Ambadevi Mauritius Holdings Limited, Mr. Nikhil Gandhi, Mr. Bhavesh Gandhi, M/s. Metropolitan Industries and Montana Infrastructure Limited and SKIL Infrastructure Limited.

19. Investment and shareholders' agreement dated May 24, 2008 among M2N2 Partners Limited, Mr. Nikhil Gandhi, Mr. Bhavesh Gandhi and SKIL Infrastructure Limited.

20. Investment agreement dated July 21, 2010 (the "**Investment Agreement**") between Everonn Education Limited ("**EEL**"), SKIL Infrastructure Limited (the "**Investor**" or "**SKIL**") and Sarvotham P, Kishore P, Jaya Padmanabhan, P K Padmanabhan, Celebrate India Tourism Limited, Keerthi Kishore, Jansi Kishore.

21. Shareholders' agreement dated March 07, 2009 between Sohar International Development Company LLC and SKIL Infrastructure Limited.

22. Memorandum of understanding dated October 24, 2008 between SKIL Infrastructure Limited and Evonik Energy Services GmBH.

23. Shareholders' agreement dated June 24, 2008 between Askar Capital H. F., SKIL Infrastructure Limited and Askar Capital Advisory Private Limited.

24. Shareholders' and Subscription Agreement dated January 10, 2008 between Gujarat Positra Port Company Limited, Visionfirst Capital Limited, SKIL Infrastructure Limited and Horizon Infrastructure Limited.

25. Amendment and consent agreement dated September 06, 2010 between Horizon Country Wide Logistics Limited, SKIL Infrastructure Limited, Karanja Infrastructure Private Limited and Trinity Capital (Four) Limited.

26. Investor rights agreement dated September 06, 2010 between Trinity Capital (Four) Limited and SKIL Infrastructure Limited.

27. Heads of Agreement dated December 11, 2008 between SKIL Infrastructure Limited, Havenbedrijf Rotterdam N.V., as amended by the Agreement to extend the Heads of Agreement dated December 28, 2010.

28. Relationship Agreement dated October 01, 2010 between SKIL Ports & Logistics Limited, SKIL Global Ports & Logistics Limited and Mr. Nikhil Gandhi.

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

SECTION XIII - DECLARATION

We, the Directors of the Company, hereby declare that, all the relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the regulations issued by the Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992 as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992, each as amended or rules made there under or guidelines / regulations issued, as the case may be. We further certify that all the disclosures and statements made in this Draft Red Herring Prospectus are true and correct.

Signed by the Directors of the Company

Nikhil Gandhi

P. Krishnamurthy

Bhavesh Gandhi

Santosh Senapati

K. Roy Paul

Ajay Prasad

Anil Kumar Khandelwal

Gayathri Ramachandran

And

Jai Prakash Rai
Chief Executive Officer

Dinesh Choudhary
Chief Financial Officer

Date: June 2, 2011
Place: Mumbai