DRAFT RED HERRING PROSPECTUS
Please read Section 60B of the Companies Act, 1956
Dated August 27, 2007
(Draft Red Herring Prospectus will be updated upon RoC filing)
100% Book Building Issue

Tecpro Systems Limited

(We were originally incorporated as Tecpro Systems Private Limited on November 7, 1990, under the Companies Act, 1956 vide registration No. 55-41985. Subsequently, pursuant to conversion from a private company to a public company under the Companies Act, 1956, the name of our Company was changed to Tecpro Systems Limited vide an EGM held on May 8, 2006. We have been granted a fresh certificate of incorporation in this regard by the RoC, NCT of Delhi and Haryana on July 10, 2006).

Registered Office: FB-26, Tagore Garden, New Delhi-110 027 Tel: +91 11-2515 1377; Fax: +91 11 2515 0889; **Corporate Office:** 202-204, Pacific Square, Sector-15, Part-II, Gurgaon-122 001, Haryana.Tel: +91 124 4343100; Fax: +91 124 4343243; **Head Office:** Unit No. 2, 1st Floor, No. 25, First Main Road, Gandhi Nagar, Adyar, Chennai-600 020, India, Tel: +91 44 24425886, Fax: +91 44 24425922, Email: tecprochn@vsnl.net; **Website:** www.tecprosystems.com **Email:** investors@tecprosystems.com **Contact person:** Mr. Jagdeep Singh, Company Secretary-cum-Compliance Officer

PUBLIC ISSUE OF 7,300,000 EQUITY SHARES OF RS. 10 EACH OF TECPRO SYSTEMS LIMITED (HEREINAFTER REFERRED TO AS THE "COMPANY" OR "ISSUER") FOR CASH AT A PRICE OF RS. [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF Rs. [●] PER EQUITY SHARE) AGGREGATING RS. [●] MILLION (HEREINAFTER REFERRED TO AS THE "ISSUE"). THE ISSUE WILL CONSTITUTE 22.33% OF THE FULLY DILUTED POST ISSUE PAID-UP CAPITAL OF THE COMPANY.

The Company is considering a Pre-IPO Placement of upto [●] Equity Shares with certain investors ("Pre-IPO Placement"). The Company will complete the issuance of such Equity Shares prior to the filing of the RHP with RoC. If the Pre-IPO Placement is completed, the Issue size offered to the public would be reduced to the extent of such Pre-IPO Placement, subject to a minimum Issue size of 10% of the post Issue capital.

PRICE BAND: RS. [●] TO RS. [●] PER EQUITY SHARE OF FACE VALUE OF RS. 10 EACH.

THE ISSUE PRICE IS [●] TIMES OF THE FACE VALUE AT THE LOWER END OF THE PRICE BAND AND [●] TIMES OF THE FACE VALUE AT THE HIGHER END OF THE PRICE BAND.

In case of revision in the Price Band, the Bidding /Issue Period will be extended for three additional days after revision of the Price Band subject to the Bidding/ Issue Period not exceeding ten working days. Any revision in the Price Band and the revised Bidding Period, if applicable, will be widely disseminated by notification to the National Stock Exchange of India Limited and the Bombay Stock Exchange Limited, by issuing a press release, and also by indicating the change on the websites of the Book Running Lead Managers and at the Terminals of the Syndicate.

In accordance with Rule 19 (2) (b) of the Securities Contract (Regulation) Rules, 1957, this being an Issue for less than 25% of the Post Issue Paid-Up Capital, the Issue is being made through the 100% Book Building Process wherein not less than 60% of the Issue to the public shall be allocated on a proportionate basis to Qualified Institutional Buyers, out of which 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all Qualified Institutional Buyers, including Mutual Funds, subject to valid Bids being received at or above Issue Price. Further, upto 10% of the Issue to the public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and upto 30% of the Issue to the public shall be available for allocation on a proportionate basis to Retail Bidders, subject to valid Bids being received at or above the Issue Price.

RISKS IN RELATION TO FIRST ISSUE

This being the first Issue of Equity Shares of the Company, there has been no formal market for the Equity Shares of the Company. The face value of the Equity Shares is Rs. 10 and the Issue Price is [●] times of the face value. The Issue Price (as determined by the Company, in consultation with the BRLMs, on the basis of assessment of market demand for the Equity Shares by way of book building) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. Neither any assurance can be given regarding an active or sustained trading in the Equity Shares of the Company nor regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Company and the Issue including the risks involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of this Draft Red Herring Prospectus. Specific attention of the investors is invited to the section titled Risk Factors beginning on page no. (xii) of this Draft Red Herring Prospectus.

COMPANY'S ABSOLUTE RESPONSIBILITY

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

IPO GRADING

The Issue will be graded by CRISIL Limited.

LISTING ARRANGEMENT

The Equity Shares issued through this Draft Red Herring Prospectus are proposed to be listed on BSE and NSE. We have received in-principle approval from these Stock Exchanges for the listing of our Equity Shares pursuant to letters dated [●] and [●], respectively. For purposes of this Issue, the Designated Stock Exchange is **BSE.**

BOOK RUNNING LEAD MANAGERS ("BRLMs")		REGISTRAR TO THE ISSUE
SBI Capital Markets Limited 202, Maker Towers 'E', Cuffe Parade, Mumbai 400 005. Tel: (91 22) 2218 9166 Fax: (91 22) 2218 8332 E-mail: tecpro.ipo@sbicaps.com Website: www.sbicaps.com Contact Person: Mr. Gautam Dhaliwal	**Kotak Mahindra Capital Company Limited** 3rd Floor, Bakhtawar, 229, Nariman Point Mumbai 400 021. Tel: (91 22) 6634 1100 Fax: (91 22) 2283 7517 Email:tecpro.ipo@kotak.com Website: www.kotak.com Contact Person: Mr. Chandrakant Bhole	**INTIME SPECTRUM REGISTRY LTD.** C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (W), Mumbai 400 078. Tel.: +91 22 2596 0320 Fax: +91 22 2596 0329 E-mail: tecproipo@intimespectrum.com Website: www.intimespectrum.com Contact Person: Mr. Sachin Achar

ISSUE PROGRAMME

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

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SECTION I- DEFINITIONS AND ABBREVIATIONS

1.1 DEFINITIONS

Term	Description
"The Issuer", "TSL" or "the Company" or "our Company" or "Tecpro Systems Limited"	Tecpro Systems Limited, a public company incorporated under the Companies Act
"we" or "us" or "our"	Refers to TSL and, where the context requires, its subsidiaries
"you" or "your" or "investor"	Unless context implies otherwise, refers to the proposed investor in the Issue and/or reader of the DRHP
"Subsidiaries"	Refers to the following subsidiaries of the Company: 1) Ajmer Waste Processing Company Private Limited ("**AWPCPL**"); 2) Blossom Automotive Private Limited ("**BAPL**"); 3) Tecpro Energy Limited ("**TEL**"); 4) Tecpro International FZE ("**TIFZE**"); 5) Tecpro Power Systems Limited ("**TPSL**"); 6) Trema RJA Processess Private Limited ("**Trema**"); and 7) Tecpro Systems (Singapore) Pte. Limited ("**Tecpro Singapore**")

1.2 ABBREVIATIONS AND CONVENTIONAL AND GENERAL TERMS

Term	Description
Act or Companies Act	The Companies Act, 1956 and amendments thereto from time to time
Amp	Ampere
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
Auto CAD	Automatic Computer Aided Design
AY/ A.Y.	Assessment Year
BSE	Bombay Stock Exchange Limited
CAGR	Compounded Annual Growth Rate
Can Std.	Canadian Standard
Central Government	Refers to Government of India
CENVAT	Central Value Added Tax
CDSL	Central Depository Services (India) Limited
CIS	Commonwealth of Independent States
Depositories	NSDL and CDSL
Depositories Act	Depositories Act, 1996, as amended from time to time
DIP Guidelines	SEBI (Disclosure and Investor Protection) Guidelines, 2000, as amended, including instructions and clarifications issued by SEBI from time to time
DP/Depository Participant	A depository participant as defined under the Depositories Act, 1996
EBITDA	Earning Before Interest Tax Depreciation and Amortisation
ECS	Electronic Clearing System
EGM	Extra-ordinary General Meeting
Employee	Any Permanent employee of our Company (excluding workmen)
EPF Act	Employees Provident Funds and Miscellaneous Provisions Act, 1952, as amended from time to time

Term	Description
EPS	Earnings Per Share i.e. profit after tax divided by weighted average number of equity shares outstanding during the year
ESI Act	Employees State Insurance Act, 1948 as amended from time to time
Euro	Official currency of the countries of the European Union.
Factories Act	Factories Act, 1948 and amendments thereto from time to time
FC-GPR	Foreign Currency Gross Provisional Return.
FCNR	Foreign Currency Non-Resident
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999 read with rules and regulations thereunder and amendments thereto
FI	Financial Institution(s)
FII(s)	Foreign Institutional Investors as defined under FEMA (Transfer or Offer of Security by a Person Resident outside India) Regulations, 2000, registered with SEBI under applicable laws in India
Financial Year/ Fiscal/ FY/ F.Y.	Period of 12 months ended March 31 of that particular year unless otherwise specified in the context thereof
FIPB	Foreign Investment Promotion Board, Ministry of Finance, Government of India
GDP	Gross Domestic Product
GOI	Government of India
HP	Horse Power
HUF	Hindu Undivided Family
IEC	Importer Exporter Code
IFSC	Indian Financial System Code
Indian GAAP	Generally Accepted Accounting Principles in India
IPO	Initial Public Offering
ISO	International Standards Organization
I.T. Act	The Income Tax Act, 1961, as amended from time to time
KVA	Kilo Volt-ampere
KW	Kilo Watt
LIC	Life Insurance Corporation of India
Listing Agreement	Listing agreements to be entered into by us with the stock exchanges
Ltd.	Limited
MAS	Monetary Authority of Singapore
MD	Managing Director
Mm	Millimetre
Mn / mn	Million
MSW	Magnetic Sensing Waves
MW	Mega Watt
N/A	Not Applicable
NAV	Net Asset Value being paid up Equity Share capital plus free reserves (excluding reserves created out of revaluation) less deferred expenditure not written off (including miscellaneous expenses not written off) and debit balance of Profit & Loss account, divided by number of issued Equity Shares
NOC	No Objection Certificate
NR	Non-Resident
NRE Account	Non Resident External Account
NRI	Non Resident Indian, is a person resident outside India, as defined under FEMA and the FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000

Term	Description
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCB	An overseas corporate body i.e., 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 the beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date was eligible to undertake transactions pursuant to the general permission granted to OCBs under the FEMA. OCBs are not allowed to invest in this Issue
P.A./ p.a./ pa	Per Annum
PAN	Permanent Account Number
PAT	Profit after Tax
PBT	Profit before Tax
PBDIT	Profit before depreciation, interest and tax
PBIT	Profit before interest and tax
P/E Ratio	Price/Earnings Ratio
Pvt.	Private
Q1	Period of three months beginning April 1 of that particular year unless otherwise specified in the context thereof
Q2	Period of three months beginning July 1 of that particular year unless otherwise specified in the context thereof
Q3	Period of three months beginning October 1 of that particular year unless otherwise specified in the context thereof
Q4	Period of three months beginning January 1 of the year following that particular year unless otherwise specified in the context thereof
RBI	The Reserve Bank of India
RMB	Renminbi, the official currency of China
RoC	The Registrar of Companies, NCT of Delhi & Haryana at B Block, Paryavaran Bhavan, CGO Complex, Lodhi Road, New Delhi- 110 003
RoNW	Return on Net Worth
Rs.	Indian Rupees
RTGS	Real time gross settlement
SCRA	Securities Contract (Regulation) Act, 1956
SCRR	Securities Contract (Regulation) Rules, 1957
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, 1992
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time
SIA	Secretariat for Industrial Assistance
State Controlled	Companies wherein the majority of the shareholding is held by Government or statutory corporations set up either by an act of Parliament or by the respective state or any such other departmental enterprises set up by the respective Government
Stock Exchange(s)	BSE and/ or NSE as the context may refer to
Sq. ft.	Square Feet
TAN	Tax Deduction and Collection Account Number
USD or $ or US$	United States Dollar
VCF	Venture capital fund
VP	Vice President
w.e.f	With effect from

1.3 ISSUE RELATED TERMS

Term	Description
Allotment/Allot/Allotted	Issue or transfer, as the context requires, of Equity Shares pursuant to the Issue to the successful Bidders as the context requires
Allottee	The successful Bidder to whom the Equity Shares are being/have been issued or transferred
Bankers to the Issue	**[●]**
Basis of Allotment	The basis on which Equity Shares will be Allotted to Bidders under the Issue and which is more particularly described in the section titled 'Issue Information' on page no. 277 of this DRHP
Bid	An indication to make an offer during the Bidding Period by a prospective investor to subscribe to Equity Shares at a price within the Price Band, including all revisions and modifications thereto
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder on submission of the Bid in the Issue
Bid / Issue Closing Date	The date after which the Members of the Syndicate will not accept any Bids for the Issue, which shall be notified in a widely circulated English national newspaper and Hindi national newspaper
Bid cum Application Form	The form in terms of which the Bidder shall make an Issue to subscribe to Equity Shares and which will be considered as the application for allotment/ transfer of the Equity Shares in terms of this DRHP
Bidder	Any prospective investor who makes a Bid pursuant to the terms of this DRHP
Bid /Issue Opening Date	The date on which the Members of the Syndicate shall start accepting Bids for the Issue, which shall be the date notified in a widely circulated English national newspapers and Hindi national newspaper
Bidding/Issue Period	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids
Book Building Process	Book building route as provided in Chapter XI of the DIP Guidelines, in terms of which this Issue is made
BRLMs	Book Running Lead Managers to the Issue, in this case being SBI Capital Markets Limited and Kotak Mahindra Capital Company Limited
Business/ Working Day	Any day other than Saturday or Sunday on which commercial banks in Delhi and Mumbai are open for business
CAN / Confirmation of Allotment Note	Means the note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares in the Book Building Process
Cap Price	The high end of the Price Band, above which the Issue Price will not be finalized, and above which no Bids will be accepted
CRISIL	Credit Rating Information Service India Ltd.
Cut-off/Cut-off Price	Any price within the Price Band finalized by us in consultation with the BRLMs
Designated Date	The date on which funds are transferred from the Escrow Account to the Public Issue Account after the Prospectus is filed with the RoC, following which the Board of Directors shall allot and/or transfer Equity Shares to successful Bidders
Designated Stock Exchange	The Bombay Stock Exchange Limited
Draft Red Herring Prospectus/ DRHP	Means the Draft Red Herring Prospectus issued in accordance with section 60B of the Companies Act, which does not have complete

Term	Description
	particulars on the price at which the Equity Shares are offered and the size of the Issue. The Red Herring Prospectus will be filed with the RoC at least three days before the opening of the Issue and will become a Prospectus after filing with the RoC after the pricing and allocation
Eligible NRIs	An NRI resident in jurisdiction outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom the RHP constitutes an invitation to subscribe for the equity shares
Escrow Account	Account opened with an Escrow Collection Bank and in whose favour the Bidder will issue cheques or drafts in respect of the Bid Amount when submitting a Bid
Escrow Agreement	Agreement entered into amongst the Company, the Registrar, the Escrow Collection Bank(s), the Syndicate Members and the BRLMs for collection of the Bid Amounts and refunds (if any) of the amounts collected to the Bidders on the terms and conditions thereof
Escrow Collection Bank(s)	The banks which are clearing members and are registered with SEBI, at which the Escrow Account will be opened
FVCI	Foreign Venture Capital Investors
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form
Floor Price	The lower end of the Price Band below which the Issue Price will not be finalized and below which no Bids will be accepted
Issue	The public issue of 7,300,000 Equity Shares of Rs. 10 each for cash at the Issue Price of **[●]** each aggregating to Rs **[●]** Million. The Company is considering a Pre-IPO Placement of upto **[●]** Equity Shares with certain investors ("Pre-IPO Placement"). The Company will complete the issuance of such Equity Shares prior to the filing of the RHP with the RoC. If the Pre-IPO Placement is completed, the Issue size offered to the public would be reduced to the extent of such Pre-IPO Placement, subject to a minimum Issue size of 10% of the post Issue capital
Issue Price	The final price at which Allotment of Equity Shares will be made in this Issue, as determined by the Company in consultation with the BRLMs, on the Pricing Date
Issue Proceeds	The proceeds of the Issue that are available to the Company
KMCC	Kotak Mahindra Capital Company Limited, a company incorporated under the Companies Act and having its registered office at 3rd Floor, Bakhtawar 229, Nariman Point, Mumbai 400 021
Margin Amount	The amount paid by the QIB Bidder at the time of submission of their Bid, being 10% of the Bid Amount
MICR code	Magnetic Ink Character Recognition code is a nine digit code
MOU	Memorandum of Understanding
MF/ Mutual Fund	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996
Mutual Funds Portion	5% of the QIB Portion or 219,000 Equity Shares available to allocation to Mutual Funds only, out of the QIB Portion
NEFT	National Electronic Funds Transfer system
Net Proceeds	The Issue Proceeds less the Issue Expenses
Net Worth	Aggregate of the equity share capital plus reserves excluding miscellaneous expenditure if any.
Non-Institutional Bidders	All Bidders that are not Qualified Institutional Buyers or Retail Individual Bidders
Non-Institutional Portion	The portion of the Issue being a minimum of 2,920,000 Equity Shares available for allocation to Non-Institutional Bidders

Term	Description
Pay-in-Date	The last date specified in the CAN sent to Bidders receiving allocation, who pay less than 100% margin money at the time of bidding
Pay-in-Period	This term means (i) with respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid Opening Date and extending until the Bid Closing Date, and (ii) with respect to Bidders whose Margin Amount is less than 100% of the Bid Amount, the period commencing on the Bid Opening Date and extending until the closure of Pay-in-Date
Price Band	Being the price band of a minimum price (Floor Price) of Rs. **[●]** and the maximum price (Cap Price) of Rs **[●]** (both inclusive), including revisions thereof
Pricing Date	The date on which our Company in consultation with the BRLMs, finalises the Issue Price
Prospectus	The prospectus to be filed with the RoC in accordance with Section 60 of the 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	In accordance with Section 73 of the Act an account opened with the Banker(s) to the Issue to receive monies from the Escrow Account for the Issue on the Designated Date
Qualified Institutional Buyers / QIBs	Public financial institutions as defined in Section 4A of the Act scheduled commercial banks, mutual funds, FIIs, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 250 Million and pension funds with minimum corpus of Rs. 250 Million
QIB Portion	The portion of the Issue being 4,380,000 Equity Shares available for allocation to QIBs
Refund Account	The account opened with (an) escrow collection bank(s), from which refunds, if any, of the whole or part of the bid amount shall be made
Refund Banker	[●]
Registrar to the Issue	Intime Spectrum Registry Limited, C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup – (W), Mumbai – 400 078
Retail Individual Bidders	Individual Bidders (including HUFs and NRIs) who apply or bid for securities of, or for a value of, not more than Rs. 100,000 in any of the bidding options in the Issue
Retail Portion	The portion of the Issue being a minimum of 2,190,000 Equity Shares available for allocation to Retail Individual Bidder(s)
Revised CAN	Revised confirmation of allocation note, which is sent to the QIB's after basis of allotment is finalized in consultation with stock exchanges and which can be different from CAN that has been sent earlier to them, on account of reconciliation, technical rejections and other reasons as deemed fit by Designated Stock Exchange
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of their Bid cum Application Forms or any previous Revision Form(s)
RHP	Red Herring Prospectus which will be filed with RoC in terms of Section 60B of the Act, atleast three days before the bid/issue opening date
SBI	State Bank of India, Leather and International Branch located at MVJ Towers, 177/1, P.H. Road, Kilpauk, Chennai - 600 010

Term	Description
SBICAPS	SBI Capital Markets Limited
Syndicate/ Members of the Syndicate	Collectively the BRLMs and the Syndicate Members
Syndicate Agreement	The agreement to be entered into amongst our Company and the Members of the Syndicate, in relation to the collection of Bids in the Issue
Syndicate Members	Intermediaries registered with SEBI and Stock Exchanges and eligible to act as underwriters, in this Issue being SBICAP Securities Limited and Kotak Securities Limited
TRS or Transaction Registration Slip	The slip or document issued by the Syndicate Members to the Bidder as proof of registration of the Bid on the online system of BSE/ NSE
UIN	Unique Identification Number
Underwriters	Members of the Syndicate who are signatories to the Underwriting Agreement
Underwriting Agreement	The agreement amongst the Underwriters and our Company to be entered into on or after the Pricing Date

1.4 COMPANY/ INDUSTRY RELATED TERMS

Term	Description
Amended Additional SSA	Amendment to Additional Subscription Agreement dated December 10, 2005, between the Company, Amul Gabrani, Ajay Kumar Bishnoi and Metmin
Articles/AOA	Articles of Association of our Company
Auditors	The statutory auditors of our Company, in this case being BSR & Co., Chartered Accountants, 4B, DLF Corporate Park, DLF City, Phase – III, Gurgaon – 122 002
Avigo	Avigo Venture Investments Limited
Avigo FZCO	Avigo Corporation FZCO
Avigo Trustee	Avigo Trustee Company Private Limited A/c The Avigo SME Fund
Board/Board of Directors	The board of directors of our Company or a committee thereof
BOD	Board of Directors
BOO	Build, Own and Operate
BOOT	Build, Own, Operate and Transfer
BOT	Build, Operate and Transfer
BSM	Baggage Sortation Management (New Zealand) Ltd., New Zealand
CCPSs	Cumulative Convertible Preference Shares of our Company
CEA	Central Electricity Authority
CHP	Combined Heat and Power
CII	Confederation of Indian Industries
CLA	Collaboration and License Agreement dated June 28, 2007 entered into by us with Guodian
CMA	Cement Manufacturers Association
CMIE	Centre for Monitoring Indian Economy
COD	The committee of directors of the Board of Directors
Director(s)	Director(s) of our Company from time to time unless otherwise specified
DPR	Detailed Project Report
Elecon	Elecon Engineering Company Ltd.
EPC	Engineering, Procurement and Construction Contract
Equity Shares	Equity Shares of the Company of Rs. 10 each, unless otherwise specified in the context thereof

Term	Description
Equity Shareholders	Persons holding Equity Shares of the Company unless otherwise specified in the context thereof
FAM	FAM Magdeburger Forderanlagen und Baumaschinen GmbH, Germany
Fineore	Fineore Technologies Limited
Friedrich	Friedrich Schwingtechnik GmbH & Co. KG, Haan, Germany
Guodian	Beijing Guodian Futong Science and Technology Development Company Limited
HAREDA	Haryana Renewable Energy Development Agency
HERC	Haryana Electricity Regulatory Commission
HR	Human Resources
HSIDC	Haryana State Industrial Development Corporation
HSPCB	Haryana State Pollution Control Board
IAS	Industry Analysis Service
IPR	Intellectual Property Rights
ISO 9001	ISO 9001: 2000 Certification Standard
ITES – BPO	IT Enabled Services – Business Process Outsourcing
ITSS	Information Technology Systems and Software
JAFZA	Jebel Ali Free Zone Authority, Dubai
L/C	Letter of Credit
Lindner	Lindner- Recyclingtech GmbH
LOI	Letter of Intent
Metmin	Metmin Investments Holdings Limited
MHE	Material Handling Equipment
MOA	Memorandum of Association of our Company
MVW Lechtenberg	MVW Lechtenberg Projaktentwicklungs – und Beteiligungsgesellschaft mbH, Germany
ODR	Oscillating disc rheometre
Pollution Control Acts	Air (Prevention and Control of Pollution) Act, 1981 and Water (Prevention and Control of Pollution) Act, 1974
Post Issue Paid-Up Capital	32,697,500 Equity Shares of Rs. 10 each
Promoters	The individuals who form part of our Promoters are as follows: (a) Mr. Amul Gabrani (b) Mr. Ajay Kumar Bishnoi
Promoter Group	The individuals who form part of our Promoter Group are as follows: (a) Mr. Chandra Pal Singh Bishnoi (b) Mrs. Uma Rani Bishnoi (c) Mrs. Menaka Bishnoi (d) Mrs. Rashmi Singh (e) Mr. Milind Singh (f) Mr. Rahul Bishnoi (g) Mrs. Roma Katyal (h) Mr. Anju Kumar Bishnoi (i) Mrs. Amita Bishnoi (j) Mrs. Manju Bishnoi (k) Mr. Arvind Kumar Bishnoi (l) Mrs. Pushp Lata Kapoor (m) Mrs. Nutan Kapoor Mahawer (n) Mr. Aditya Gabrani (o) Dr. Goldie Gabrani (p) Mrs. Bhagwanti Gabrani

Term	Description
	The companies which form part of our Promoter Group (“**Promoter Group Companies**”) are as follows: (a) Tecpro Engineers Private Limited (“Tecpro Engineers”) (b) Tecpro Infotech Private Limited (“Tecpro Infotech”) (c) Experienced Hi-Tech Consultancy Services Private Limied (“Experienced Hi-Tech”) (d) Vasundhra Technologies (India) Private Limited (“Vasundhra Technologies”) (e) Tecpro Stones Private Limited (“Tecpro Stones”) (f) Tecpro Paints Private Limited (“Tecpro Paints”)
Pushan	Pushan Mercantile Private Limited
QAP	Quality Assurance Plan
R&D	Research and Development
RDF	Refuse Derived Fuel
Reliance Energy/REL	Reliance Energy Limited
Relocation Scheme	Scheme issued by the Commissioner of Industries, New Delhi
RSPCB	Rajasthan State Pollution Control Board
SAIL	Steel Authority of India Limited
SBI Loan Agreement	Loan Agreement dated August 2, 2007 entered into by our Company with SBI
SHA	Shareholders Agreement dated January 16, 2007, between the Company, Amul Gabrani, Ajay Kumar Bishnoi, Avigo Trustee and Metmin
SHANBAO	Shanghai Jianshe Luquiao Machinery Company Limited, China
SIPCOT	State Industrial Promotion Corporation of Tamil Nadu
SME	Small and medium enterprises
SSA	Subscription Agreement dated January 16, 2007, between the Company, Mr. Amul Gabrani, Mr. Ajay Kumar Bishnoi and Avigo Trustee
TPH	Tonnes per hour
TRANCO	Haryana Vidyut Prasaran Nigam Limited
Won Duck	Won Duck Industrial Machinery Company Limited

SECTION II- GENERAL

2.1 CERTAIN CONVENTIONS: USE OF FINANCIAL AND MARKET DATA

In this DRHP, the terms “we”, “us”, “our”, the “Company”, “our Company”, “TSL” or “Tecpro Systems Limited”, unless the context otherwise indicates or implies, refers to Tecpro Systems Limited and where the context requires, its Subsidiaries.

Unless stated otherwise, the financial data in this DRHP is derived from our restated consolidated and restated unconsolidated financial statements prepared in accordance with Indian GAAP, Act and the SEBI DIP Guidelines included in this DRHP. Our fiscal year commences on April 1 and ends on March 31 of the following year, and all references to a particular fiscal year are to the 12 month period ending March 31 of the following year. In this DRHP, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off.

All references to “India” contained in this DRHP are to the Republic of India and all references to “Rupees” or “Rs.” are to Indian Rupees.

For additional definitions used in this DRHP, please refer to the section titled ‘Definitions and Abbreviations’ on page no. (i) of this DRHP. In the section titled ‘Main Provisions of the Articles of Association of our Company’ on page no. 307 of this DRHP, defined terms have the meaning given to such terms in the Articles of the Company.

Market data presented in this DRHP was obtained from industry publications. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable, but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe that market data presented in this DRHP is reliable, such data has not been independently verified. Similarly, internal company reports, while believed by us to be reliable, have not been verified by any independent sources.

2.2 FORWARD-LOOKING STATEMENTS

This DRHP contains certain "forward-looking statements". These forward looking statements generally can be identified by words or phrases such as "aim", "anticipate", "believe", "expect", "estimate", "intend", "objective", "plan", "project", "shall", "will", "will continue", "will pursue" or other words or phrases of similar import. Similarly, statements that describe our objectives, plans or goals are also forward-looking statements for example, under "Objects of the Issue", "Our Business Strategy", etc. These forward-looking statements may include statements that address activities, events or developments that we anticipate may occur in the future. Although we believe the expectations expressed in the forward-looking statements are based on reasonable assumptions within the bounds of our knowledge of our business, a number of risks, uncertainties and factors, domestically and internationally, could cause actual results to differ materially from those expressed in any forward-looking statement(s), whether oral or written, made by us or on our behalf.

Our business is subject to risks, uncertainties and factors beyond our control. Any one, or a combination, of these could materially affect our financial performance. These risks, uncertainties and factors include:

- economic changes nationally or in our local markets;
- volatility of interest rates, exchange rates and inflation;
- increased competition;
- shortages or increased prices of skilled labour or raw materials used in our business;
- the cost implications of disputes arising out of change orders;
- terrorist acts and other acts of war;
- delays or difficulties in implementing initiatives to reduce our production and overhead cost structure;
- potential delays or increased costs in obtaining necessary permits/approvals as a result of changes to or complying with laws, regulations or governmental policies and possible penalties for failure to comply with such laws, regulations and governmental policies;
- changes in accounting policies, standards, guidelines or principles, as may be adopted by regulatory agencies; and
- other factors over which we have little or no control.

Forward-looking statements that we make or that are made by others on our behalf are based on knowledge of our business and the environment in which we operate. Due to risks, uncertainties and factors listed above and other similar factors, actual results may differ from those in the forward-looking statements.

Consequently, all of the forward-looking statements made are qualified by these cautionary statements. We cannot assure you that the results or developments anticipated by us will be realized or, even if substantially realized, that they will have the expected consequences to or effects on us or on our business or operations.

For further discussion of the factors that could cause our actual results to differ, please refer to the section titled 'Risk Factors' on page no. (xii) of this DRHP.

Neither the Company, BRLMs, any member of the Syndicate nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, our Company and BRLMs will ensure that the investors are informed of material developments until such time as the grant of listing and trading permissions by the Stock Exchanges.

SECTION III- RISK FACTORS

Prospective investors should carefully consider the risks described below, in addition to the other information contained in this DRHP, before making any investment decisions relating to our Equity Shares. The occurrence of any of the following events could have a material adverse effect on our business, results of operation, financial condition and prospects and cause the market price of our Equity Shares to fall significantly and you may lose all or part of your investment.

Prior to making an investment decision, prospective investors should carefully consider all the information contained in this DRHP, including the restated consolidated and restated unconsolidated financial statements included in this DRHP beginning on page no. 137.

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. The numbering of the risk factors has been done to facilitate ease of reading and reference and does not in any manner indicate the importance of one risk factor over another.

A. INTERNAL RISK FACTORS

1. ***We had not obtained registeration(s)/ consents(s)/license(s) from the concerned authorities as envisaged under the Factories Act and the Pollution Control Act while operating our factory at Nangli Sakrawati, New Delhi.***

   We had not obtained any license(s)/registration(s)/consent(s) as envisaged under the Factories Act and the Pollution Control Act for operations of our factory situated at Khasra No. 26/1, Village Nangli Sakrawati, New Delhi- 110 043, during the period April 2003 to June 2007. However, we have on account of relocation notice received by us from the Commissioner of Industries, Delhi under the Relocation Scheme, shifted our factory to SP 496-497, Industrial Area Bhiwadi, Rajasthan on June 18, 2007 and have obtained requisite license(s)/registeration(s)/consent(s) under the Factories Act and the Pollution Control Act as regards our factory at Bhiwadi, Rajasthan. The Company and its Directors, on account of their failure to obtain requisite license(s)/registeration(s)/consent(s) under the Factories Act and the Pollution Control Act for the period of operation of our factory at Nangli, could be liable for penalties, as may be prescribed by the relevant authorities under the aforesaid acts.

2. ***A large portion of our existing operation is dependent exclusively upon revenues from a small number of clients.***

   For the year ended March 31, 2007, we generated revenues of Rs. 1,736.03 Million, which constituted 75.49% of total revenue of Rs. 2,299.57 Million, from our top ten clients. The agreements with these clients have been more particularly described in the section titled 'Purchase Orders' on page no. 130 of this DRHP. We have, in the past, experienced a delay in receipt of payment from various parties with whom we have entered into supply contracts. Accordingly, we cannot assure you that the companies which contribute to the major part of our revenue stream will pay us the contracted amounts on time, or, at all. Any material failure on the part of any of our clients to fulfil their respective obligations under their agreements with us would have a material adverse effect on our revenues, prospects, financial conditions and results of operations.

3. ***Some of our existing contracts from our top ten clients have expired.***

   As on June 30, 2007, our contract with REL which constitute a total contractual value of Rs. 911.15 Million more particularly described in the section titled 'Purchase Orders' on page no. 130 of this DRHP, has expired. As on June 30, 2007, a total balance amount of Rs. 170.61 Million out of the aforesaid contractual value remains to be billed by us. We are carrying out our work as envisaged in the agreement with the client and are being paid accordingly. We have not received any default notice from the said client. On account of any default, the said client could invoke liquidated damages as envisaged in the agreements which would constitute a maximum of 10% of the total contractual value of the contract. Any material failure on the part of REL to fulfil its obligations under the agreement with us would have a material adverse impact on our financial conditions and results of operations.

Our two contracts with Mecon Limited which constitute a total contractual value of Rs. 789.06 Million more particularly described on page no. 130 of this DRHP were due for completion on May 2007 and hence the said contracts have expired. As on June 30, 2007, a total balance amount of Rs. 441.03 Million out of the aforesaid contractual value is yet to be billed by us for the work to be performed by us. We are still carrying out our work as envisaged in the agreements with Mecon Limited and are being paid accordingly. We have not received any default notice from the said client. However, on account of any default, the Mecon Limited could invoke liquidated damages as envisaged in the agreements which would constitute a maximum of 10% of the unbilled value of the contracts. Any material failure on the part of Mecon Limited to fulfil its obligations under the agreements with us would have material adverse impact on our financial conditions and results of operations.

4. A part of our revenue stream comes from state controlled entities.

Out of our total revenue of Rs. 2,299.57 Million in FY 07, approximately Rs. 419.61 Million which constitutes 18.25% of our revenues was derived from state controlled entities. As on June 30, 2007, 23.01% of our order book comprised of such orders. Any change in the state and/or national policies can cause material adverse effect on the revenues of our Company.

5. Inability to manage our growth could disrupt our business and reduce our profitability.

We have experienced a CAGR of 109.63% in the last five years and expect our business to continue to grow. We expect this growth to place significant demands on us and require us to continuously evolve and improve our operational, financial and internal controls across the organization. In particular, continued expansion increases the challenges involved in:

- maintaining high levels of client satisfaction;
- recruiting, training and retaining sufficient skilled management, technical and marketing personnel;
- adhering to health and safety, environment, quality and process execution standards that meet our client's expectations; and
- developing and improving our internal administrative infrastructure, particularly our financial, operational, communications and other internal systems.

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

6. Our inability to qualify for and win large integrated engineering contracts and the risks associated with the execution of such contracts could adversely affect our margins and results of operations.

A majority of our contracts are obtained through a competitive bidding process. In selecting contractors for major projects, clients generally limit the tender to contractors who have pre-qualified based on several criteria including experience, technological capability and performance, reputation for quality, safety record, financial strength and size of previous contracts in similar projects. Our recent experience indicates that clients in our industry are increasingly developing larger, more technically complex projects and are increasingly awarding the entire contract to a single project contractor. Pre-qualification is key to our winning such major projects. Our ability to bid for and win such major projects is dependent on our experience of working on large turnkey projects and developing strong engineering capabilities. Price competitiveness of the bid is an important selection criterion.

There are various risks associated with the execution of large-scale integrated projects. Larger contracts may represent a larger part of our portfolio, increasing the potential volatility of our results and exposure to individual contract risks. Managing large-scale integrated projects may also increase the potential size of cost overruns and negatively affect our operating margins. Additionally, while in the past we selectively bid on only those contracts related to the portions of a project which we believed had the best potential for high margins, large-scale integrated projects may cause us to assume portions of the project that may have potentially lower percentage margins.

Our ten largest contracts/projects totalling to Rs. 2,812.79 Million represented 58.29% of our total order backlog of Rs. 4,825.11 Million as of June 30, 2007. Our order backlog as of June 30, 2007, comprises anticipated revenues from the uncompleted portions of existing contracts as of June 30, 2007 (i.e., signed contracts/projects for which all pre-conditions to entry into force have been met, including letters of intent issued by the client prior to execution of the final contract/ letter of order/ purchase order). If we do not achieve our expected margins or suffer losses on one or more of these large contracts, this could adversely affect our financial conditions and results of operation.

7. ***We, as the lead manager of the consortium with N.P. Construction, have entered into a contract with SAIL and are liable for any damages under the contract on account of any failure by N.P. Construction in carrying out its contractual obligations under the said contract.***

We as a part of the consortium with N.P. Construction have executed a contract with SAIL on June 10, 2006 for a contractual value of Rs. 390.49 Million. Out of the said contractual value, N.P. Construction is entitled for a sum of Rs. 104.91 Million. As per the terms of the contract, we as the lead consortium member are liable for any failure by N.P. Construction in carrying out its contractual obligations as a part of the consortium. Accordingly, any failure of the consotrtium in achieveing the minimum performance parameters as envisaged in the contract could result in a liability of upto Rs. 285.58 Million being imposed on us, which could have an adverse effect on our business with SAIL and also on our operating results and financial condition.

8. ***We are exposed to cost escalation risk in our projects.***

Under the terms and conditions of our projects, we generally agree for a fixed price for providing turnkey services comprising of completed facilities which are delivered in a ready to operate condition, subject, however, to contract variations pursuant to changes in the client's project requirements. The actual expense to us for executing a fixed-price or lump-sum turnkey contract may vary substantially from the assumptions underlying our bid for several reasons, including:

- unanticipated changes in engineering design of the project;
- unanticipated increases in the cost of equipment, materials or manpower;
- delays associated with the delivery of equipment and materials to the project site;
- unforeseen construction conditions, including inability of the client to obtain requisite environmental and other approvals, resulting in delays and increased costs;
- delays caused by local weather conditions; and
- suppliers' or subcontractors' failure to perform.

Unanticipated costs or delays in performing part of the contract may have compounding effects by increasing costs of performing other parts of the contract. These variations and the risks generally inherent to our industry may result in our profits being different from those originally estimated and may result in our experiencing reduced profitability or losses on projects.

9. ***Our contracts provide for performance guarantees of the products (equipment and systems) that we supply, non-fulfilment of which may result in payment of damages thereby affecting the results of our operations and profitability.***

Our Company enters into specific contracts for the delivery of products to our clients. The contracts provide for the terms and conditions of delivery, including the technical specifications of the product to be delivered. Additionally, the contracts typically provide for certain performance guarantees in relation to power consumption, capacities, etc. If our products do not meet the required performance standards, our Company is liable for invocation of performance guarantees. Further, we are also under the obligation to deliver the product by the agreed delivery schedule. In the event of unforeseen circumstances, if we are unable to meet the delivery schedule, we would be liable to pay liquidated damages to the client. This may affect the results of our operations and profitability and may also result in loss of clients.

10. ***We have been unable to implement the project within a stipulated period over the land allotted to us at Bawal, Haryana by HSIDC.***

By letter of allotment cum offer of possession dated July 9, 2004, we were required to begin construction on Plot No. 27 situated at Sector 7, Bawal, Rewari, Haryana within a period of one year from the date of offer of possession of the said land. Further, we were also required to begin commercial production on the said land within a period of three years from the date of offer of possession. HSIDC vide its letter dated May 7, 2007 had granted us an extension for completing the construction of the project on or before July 8, 2007. Accordingly, we have completed the construction work on the said land within the stipulated period but have not been able to commence commercial production within the time frame as envisaged in the extension letter i.e. July 8, 2007. HSIDC, on account of the said breach by our Company in complying with the time frame can terminate the allotment and reclaim its possession over the said land and we would stand to lose a sum of Rs. 0.20 Million being 10% of the value of the land and a sum of Rs. 5.32 Million being the amount invested towards construction as on June 30, 2007, which may affect our financial condition and results of operation.

11. ***No prior approval of the Central Government was obtained under Section 295 of the Act, by BAPL (a wholly owned subsidiary) for the guarantee and collateral security provided by BAPL with respect to credit facilities obtained by the Company from SBI.***

BAPL has not obtained any prior approval of the Central Government as required under Section 295 of the Act for providing guarantee and collateral security (created by an equitable mortgagae on the property of BAPL situated at Plot No. SP 496-497, Industrial Estate, Bhiwadi, Rajasthan – 301 019), with respect to credit facilities obtained by the Company from SBI during the period December, 2006 to June, 2007. BAPL, the Company and their respective officers have however taken suitable actions in this matter including causing of vacation of the charge created over the said property, release of guarantee provided by BAPL and filing of applications for compounding of the said violation under the Act. Each of the parties involved in the matter would be liable for a compounding fee not exceeding Rs. 50,000, as may be imposed by the relevant authority under the Act.

12. ***Our business is dependent on a continuing relationship with our clients and strategic partners.***

Our business is mainly dependent on the companies operating in the steel, cement and power sectors. Our business is also dependent on developing and maintaining strategic alliances with EPC contractors in the infrastructure sector who sub-contract a part of their projects to us.

Our business is therefore significantly dependent on developing and maintaining relationships with companies operating in the cement, steel and power sectors. Our top ten clients provided 68.79% and 75.49% of our total revenue in the years ended March 31, 2006 and 2007, respectively.

Our business and results of operations will be adversely affected if we are unable to develop and maintain relationships with our clients and strategic partners. The loss of a significant client or strategic partners may have a material adverse effect on our results of operations.

13. ***We face significant competition in our business from Indian and international engineering companies.***

We operate in a competitive environment. Our competition varies depending on the size, nature and complexity of the project and on the geographical region in which the project is to be executed. While service quality, technological capacity and performance, health and safety records and personnel, as well as reputation and experience, are strongly considered in client decisions, price is an important factor in awarding projects.

We are exposed to significant risks from our competitors which can be on account of various parameters such as technology, price, operating efficiency, experience etc. If we do not succeed in winning projects, we could fail to increase or maintain our order book position and operating revenues. There can be no assurance that we can continue to effectively compete with our competitors in the future, and failure to compete effectively may have an adverse effect on our business, financial condition and results of operations.

14. ***We are exposed to operational risks.***

Our operations are subject to hazards in testing, installation/ erection of plant and machinery by us, such as risk of equipment failure, work accidents, fire or explosion, including hazards that may cause injury and loss of life, severe damage to and destruction of property and equipment, and environmental damage.

15. ***Continuity of our technical collaboration.***

We have technical collaborations with leading international companies in material handling industry. We have collaboration with these companies for equipments like crusher, screens, feeders etc. Our collaborators provide us with basic and detailed engineering designs and in some instances critical components and/or training for the equipment which are significant to our business. Discontinuity of any of these partnerships due to change in control and management of such partners may materially and adversely impact our results of operations.

16. ***Our inability to attract and retain skilled personnel could adversely affect our business and result of operations.***

Our ability to meet future business challenges depends on our ability to attract and recruit talented and skilled personnel. A significant number of our employees are skilled engineers and we face strong competition to recruit and retain skilled and professionally qualified staff. At the beginning of FY 07, the total number of employees in our Company was 158 and at the end of FY 07, our Company had a total of 271 employees. During the said period, 146 employees have joined while 33 employees have left. The success of our business will depend on our ability to identify, attract, hire, train, retain, and motivate skilled personnel.

17. ***The design and technology of our Company's products are not protected by intellectual property rights.***

The design and technology of our products are not protected by any patent or other intellectual property rights. As a result, the design and technology of our products is vulnerable to copying or imitation by competitors. This may have a material adverse effect on our business, prospects, results of operations and financial conditions.

18. ***We could be adversely affected if we fail to keep pace with technological development in our industry.***

Our recent experience indicates that clients are increasingly developing larger, more technically complex projects in the infrastructure sector. To meet our clients' needs, we must continuously update existing, and develop new technology for our engineering services. In addition, rapid and frequent changes in technology and market demand can often render existing technologies and equipment obsolete, requiring substantial new capital expenditures and/or write downs of assets. Our failure to anticipate or to respond adequately to changing technical, market demands and/or client requirements could adversely affect our business and financial results.

19. Sales and gross margins for our Company's products may fluctuate.

Our Company's sales and gross margins may fluctuate from period to period due to a number of factors including, but not limited to, product mix, input costs for raw materials, components, consumables, power and fuel, employee costs, selling and publicity expenses, pricing, promotions, competition, foreign exchange rates, and government policies and regulatory matters. This fluctuation could have a material impact on our financial conditions and results of operation.

20. Competition from similar imported products to the products, which our Company manufactures and/or plans to manufacture.

The existing product line of our Company is being used and accepted by firms across industries. However, in the future we might face competition from imported products. We may not be able to compete with such products on price, technology etc. This could have a material adverse effect on financial conditions and results of operation.

21. The shutdown of operations at any of our manufacturing facilities may have a material adverse affect on our business, financial condition and operational results.

Our manufacturing facilities at Bhiwadi and Bawal are subject to operating risks, such as the breakdown / failure of equipment, power supply or processes, performance below expected levels of output or efficiency, obsolescence, labour disputes, strikes, lock-outs non-availability of services of the external contractors, earthquakes and other natural disasters, industrial accidents and the need to comply with the directives of relevant government authorities. The occurrence of such events could significantly affect our operating results.

22. All our contracts are primarily dependent on adequate and timely supply of raw materials at competitive prices.

Timely and cost effective execution of our projects is dependant on adequate and timely supply of raw materials. In case we are unable to procure the requisite quantities of raw materials well in time and at competitive prices, our performance may be adversely affected.

23. Our contingent liabilities could adversely affect our financial condition.

Our contingent liabilities as on March 31, 2007 was Rs. 107.91 Million, comprising primarily of corporate guarantee given and bills discounted.

We may be subject to claims resulting from defects arising from engineering and procurement services provided by us within the warranty periods which range from 12 to 18 months from the date of commissioning/testing. Some of these contracts also require us to provide bank guarantees that may be revoked in the event of failure to perform our performance related obligations in such contracts. Actual or claimed defects in equipment procured and/or quality could give rise to liquidated damages, claims, liabilities, costs and expenses, relating to loss of life, personal injury, damage to property, damage to equipment and facilities, pollution, inefficient operating processes, loss of production or suspension of operations. Our policy of covering these risks through contractual-limitations of liability, indemnities and insurance may not always be effective.

Further, some of our client contracts contain provisions which provide for liquidated damages in the event that we cannot supply goods and/or perform other contractual obligations within the time specified in that regard.

24. Our loans which are pending with State Bank of India contain restrictive covenants wherein we are required to take prior consent/approval from the said bank in order to bring about any change in our constitution, setting up of new units/subsidiaries, declaration of dividend, etc.

Our SBI Loan Agreement for credit facilities, more particularly described on page no. 257 of this

DRHP, requires that a written consent be obtained from the bank if we *interalia* effect any change in our constitution, set up new units/subsidiaries, declare dividend etc., Failure by us in obtaining such consents which are pre-requisite for certain of our future operations may have significant consequences on our capacity to expand and therefore adversely affect our business and operations.

25. ***The insurance policies obtained by us may not be adequate to protect us against all potential losses, which we may be subject to in the future.***

Our insurance policies consist of coverage of risks relating to physical loss or damage of assets, workmen related risks and motor vehicle risks. While we believe that the insurance cover we maintain would reasonably be adequate to cover all normal risks associated with the operation of our business, there can be no assurance that any claim under the insurance policies maintained by us will be honoured fully, in part or in time.

26. ***Members of our Promoter Group will continue to retain majority control in our Company after the IPO, which will enable them to influence the outcome of matters submitted to shareholders for approval.***

Upon completion of the IPO, members of the Promoter Group will own approximately 55.27% of our Post Issue Paid-Up Capital. As a result, the Promoter Group will have the ability to control our business including matters relating to any sale of all or substantially all of our assets, the timing and distribution of dividends and the election or termination of appointment of our officers and directors. For so long as the Promoter Group continues 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. The Promoter Group may have interests that are adverse to the interests of our other shareholders and may take positions with which the other shareholders do not agree.

27. ***We intend to use part of the net proceeds of the Issue for equity investment in two of our Subsidiaries.***

A part of the net proceeds of the Issue are proposed to be used for funding equity investments in TEL and TPSL. We intend to make an equity investment of Rs. 120 Million in TPSL which will mainly be used for working capital requirements. We also intend to make equity investments in the power plants proposed to be set up by TEL. Upon completion of the IPO, members of the Promoter Group will own approximately 55.27% of our Post Issue Paid-Up Capital. As a result, the Promoter Group through exercise of control over our Company will have the ability to control these Subsidiaries including matters relating to any sale of all or substantially all of the said Subsidiaries' assets, the timing and distribution of dividends and the election or termination of appointment of the officers and directors of these Subsidiaries. The Promoter Group may have interests that are adverse to the interests of our other shareholders and may take positions with which the other shareholders do not agree.

28. ***We have and may continue to enter into transactions with related parties.***

We have entered into certain transactions with related parties that accounted for an aggregate expenditure of Rs. 41.66 Million in the year ended March 31, 2007. These transactions or any future transactions with our related parties could potentially involve conflict of interests. For further information, please refer to the section titled 'Related Party Transactions' on page no. 135 of this DRHP.

29. ***Our inability to obtain, renew or maintain our statutory and regulatory permits and approvals required for our business may have a material adverse effect on our business.***

We require certain statutory and regulatory permits and approvals for our business. In the future, we will be required to renew such permits and approvals and obtain new permits and approvals for any proposed operations. There can be no assurance that the relevant authorities will issue any of such permits or approvals in the time-frame anticipated by us, or at all. Failure by us to renew, maintain or obtain the required permits or approvals may result in the interruption of our operations and may have a material adverse effect on our business, financial condition and results of operations. For further information, please refer to the section titled 'Legal and Other Information' on page no. 260 of this DRHP.

30. We have in the last 12 months issued Equity Shares at a price which could be lower than the Issue Price.

We have in the last 12 months made the following issuances of Equity Share at a price which could be lower than the Issue Price:

Date of allotment and date on which fully paid up	Number of Equity Shares	Allotment Price (Rs.)	Reasons
07.02.2007	416,670	240	Preferential Allotment to Avigo Trustee
04.06.2007	108,330	240	Preferential Allotment to 55 members
21.06.2007	12,698,750	Nil	Bonus in the ratio of 1:1

31. Our Company's computer systems, servers and databases may suffer system failures leading to business interruptions and security risks.

Our Company's operations depend on its ability to protect its computer systems, servers and databases against damage or system interruptions from fire, earthquake, telecommunications failure, sabotage, unauthorised entry or other events beyond our Company's control. Any unanticipated problems may cause a significant system outage or data loss. Despite the implementation of security measures, our Company's infrastructure may also be vulnerable to break-ins, computer viruses or other disruptions. Any loss or damage to its databases, failure of communication links and servers, security breach and other events beyond its control that cause interruptions in its operations could have material adverse effect on its business, operating results and financial condition.

32. We are dependent upon the experience and skills of our senior management team and skilled employees.

We believe that our senior management team has contributed significantly to the development of our business. However, we cannot assure you that we will be able to retain any or all of the key members of our management team. If one or more of our senior executives or other personnel are unable or unwilling to continue in their present positions, we may be unable to replace them, our business may be disrupted and our financial conditions and results of operations may be materially and adversely affected. The loss of such key personnels or our failure to attract additional skilled management personnels may adversely affect our business and results of our operations.

33. On the occurrence of certain events, the client has the right to cancel the contract without giving any notice.

Our contracts typically provide for a right to the client to cancel the contract upon the occurrence of certain events viz., (i) we fail to comply with the terms of the purchase order including specifications and other technical requirements; (ii) we become bankrupt and go into liquidation; (iii) a receiver is appointed for any of the property owned by us; (iv) if we assign or sublet the contract or any part thereof without the written consent of the purchaser; (v) the progress of work is unsatisfactory and purchaser anticipates delay in execution of the order by us; and (vi) we fail to replace rejected goods promptly. Further, the contract also provides that the client shall not be responsible for any payment for any loss sustained by us by reason of our having purchased any equipment, materials or entered into any commitments or made any advances in connection with the execution of the contract. Hence, if any of the above events occur, the contract may be cancelled which may adversely affect our business operations. Further, such termination may also affect our business and growth prospects.

34. 'Tecpro' trademark is not registered.

We have not registered the trademark . This subjects our Company to the risk of imitation and loss of revenue owing to sub-standard quality products being sold by others under the brand 'Tecpro'. Our trademark is also being used by some of our subsidiaries and Promoter Group Companies. Our Company has already initiated the process of getting the same registered in our Company's name by filing an application with the Trade Mark Registry, New Delhi on July 14, 2006, details of which are more particularly described in the section titled **'**Government/Statutory and Other Approvals**'** on page no. 263 of this DRHP. While we do not envisage any difficulty in obtaining these registrations, in the event such registration is not obtained by us on the ground that threre are prior users of the said brands, failure to use those brands in the future as result of such occurrence may affect our revenues.

35. Usage of the tradename 'Tecpro' by the Subsidiaries/Promoter Group Companies.

Our Subsidiaries and Promoter Group Companies are operating under the tradename 'Tecpro'. We do not exercise significant control over some of these entities and there is a possibility of a potential conflict of interest between these entities and our Company. This might lead to an adverse effect on our operations and revenues.

36. There are three pending litigations as stated in the section titled 'Legal and Other Information' on page no. 260 of this DRHP.

The company has three pending litigations:

I. Litigation against the Company

(i) Sales Tax Proceedings:

We have a sales tax case pending before the Delhi Sales Tax Department for assessment for the period FY 03 and 04. Our liability in the matter before the sales tax authority cannot exceed beyond Rs. 0.15 Million.

(ii) Excise Proceedings:

We along with 13 other parties have received a show cause notice from the Commissioner of Customs and Central Excise, Meerut wherein, the Commissioner of Custom and Cenral Excise has alleged that our Company along with the other 13 parties assisted M/s Sawroop Castings in its evasion of central excise duty.

II. Litigation by the Company

We have preferred an appeal before the Haryana Electricity Regulatory Commission for reviewing the order for fixing of the tariif applicable to non-conventional energy producers in the state of Haryana.

For further information on the afore-mentioned litigations, please refer to the section titled 'Legal and Other Information' beginning on page no. 260 of this DRHP.

37. Our registered office is situated in a residential area.

Our registered office is presently located at FB-26, Tagore Garden, New Delhi – 110 027. The said premise is situated in a residential area and carrying out of commercial activities on the said premise is not permissible under the Delhi municipal bye-laws. In the event that our Company receives any notice from the concerned local municipal authority for stoppage of commercial activities on the premises, we may have to shift our registered office to some other premises.

38. Certain properties held on lease by us have not been adequately stamped and for certain properties, the lease has expired.

Certain properties leased to our Company are inadequately stamped and/or not registered with the registering authority of appropriate jurisdiction. Accordingly, in the event of breach of the said lease agreements, we will not be able to enforce any of the obligations of the lessors therein in any court of law in India.

Further, lease agreements with respect to two premises situated in Chennai which we had taken on lease has expired. Although we still continue to be in possession of the said premises and are paying monthly rent for the same, we maybe required to vacate the premises if so instructed by the respective lessors.

39. Our technical collaboration agreements have not been not stamped.

Our foreign technical collobaration agreements with foreign collaborators have not been stamped. Accordingly, we will not be able to enforce any of our rights under the said agreements in any court of law in India, in the event of a breach of the said collaboration agreements. This might have a material adverse effect on our business, operating results and financial condition.

40. While we have declared dividends in FY 02, FY 06 and FY 07, we cannot assure you that we will make dividend payments in the future.

Our Company had declared dividend on Equity Shares at the rate of 150%, 130% and 70% for the FY 02, FY 06 and FY 07 respectively. However, we have not declared and hence paid any dividend on our Equity Shares since inception in any other fiscal year. Further, the future payment of dividends, if any, would be based on the then available distributable profits and the recommendations of our BOD.

41. Inexperience in setting up and operating municipal solid waste processing plants.

We are diversifying into the business of processing of municipal solid waste into RDF. We have entered into a joint venture for setting up such a plant at Ajmer. We have also been awarded a similar project i.e. processing of MSW for the city of Bikaner in Rajasthan. For technological support we have tied up with MVW Lechtenberg and for the supply of critical equipment, we tied have tied up with Lindner Recyclingtech.

We have no prior experience in setting up and operating municipal solid waste processing plants. This inexperience could result in our Company not being able to manage the risks associated with these projects such as non-availability of enough municipal solid waste, change of policies of government and other project management and operational risks which may adversely affect the return on our investments.

42. We propose to set up a plant for manufacturing of conveyor belts at Bhiwadi.

A part of the issue proceeds would be directed towards setting up a plant for manufacturing of conveyor belts. We project an investment of Rs. 66.07 Million for setting up of this plant.

We have no prior experience in setting up or operating a conveyor belt manufacturing plant. This inexperience could result in our not being able to manage the risks associated with the plant such as non-availability of raw material, change in environmental policies of government and other management and operational risks which may adversely affect the return on our investment.

43. Inexperience in setting up and operating biomass fuelled power projects.

A part of our Company issue proceeds would be directed towards investment in TEL to set up two biomass fuelled power plants situated in Israna, Panipat and Nilokheri, Karnal, Haryana. The installed capacity of both of these power plants would be 7.5 MW each. Detailed project report for these power plants has been submitted to HAREDA and their approval is awaited.

TEL has no prior experience in setting up or operating biomass fuelled power plants. This inexperience could result in TEL not being able to manage the risks associated with these projects such as change of crop patterns leading to non-availability of fuels, change of policies of government and other project management and operational risks which may adversely affect the return on our investments into TEL.

44. Certain of our Promoter Group Companies and Subsidiaries have experienced losses and/or have negative book value per equity share.

The following table sets out certain information regarding our Promoter Group Companies which have experienced losses and have had negative EPS and/or negative book value per equity share in the last three fiscal years.

	Book Value per share (Rs.)			PAT (Rs.)			EPS (Basic) (Rs.)		
	FY 2007	FY 2006	FY 2005	FY 2007	FY 2006	FY 2005	FY 2007	FY 2006	FY 2005
Tecpro Infotech	3.83	5.86	NA	20,282	(41,415)	NA	(2.03)	(24.78)	NA
Vasundhra Technologies	2.40	(71.00)	(71.00)	(229,671)	Nil	Nil	(630.96)	Nil	Nil
Tecpro Stones	(39.73)	NA	NA	(497,257)	NA	NA	(403.29)	NA	NA
Tecpro Paints	(72.22)	NA	NA	(822,178)	NA	NA	(232.65)	NA	NA

The following table sets out certain information regarding our Subsidiaries which have experienced losses and have had negative EPS and/or negative book value per equity share in the last three fiscal years.

	Book Value per share (Rs.)			PAT (Rs.)			EPS (Basic) (Rs.)		
	FY 2007	FY 2006	FY 2005	FY 2007	FY 2006	FY 2005	FY 2007	FY 2006	FY 2005
TIFZE	6,352,760	NA	NA	(6,342,240)	NA	NA	(9,978,093.31)	NA	NA
TPSL	(0.93)	(73.84)	NA	(4,284,177)	(1,073,149)	NA	(70.03)	(240.96)	NA
AWPCPL	5.40	NA	NA	(8,822)	NA	NA	(2.90)	NA	NA
TEL	(6.00)	8.73	NA	(1,517,282)	(131,222)	NA	(14.73)	(12.93)	NA

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

Our funding requirements and the deployment of the proceeds of the Issue are based on management estimates and have not been appraised by any bank or financial institution. Further, such estimates were based on market conditions and management expectations as on the date they were made. In view of the highly competitive nature of the industry in which we operate, we may have to revise our management estimates from time to time and consequently our funding requirements may also change. For example, any significant rise in costs could result in an escalation of our project cost estimates. Significant revisions to our funding requirements or the deployment of Issue proceeds may result in the rescheduling of our project expenditure programmes and an increase or decrease in our proposed expenditure for a particular project.

46. Seasonality of business.

Majority of our billing takes place in the last quarter of the financial year. In Q4 of FY 07 we generated revenue of Rs 1,166.21 Million as compared to Rs. 1,133.36 Million in the first three quarters of FY 07. This Q4 income excluding other income represented 50.71% of our total income for the year, however in FY 06 and FY 05, the Q4 income excluding other income was 42.12% and 51.07%, respectively, of our total income. Considering the above, our performance in the first three quarters may vary substantially as compared to the last quarter of a financial year.

B. PROJECT RELATED RISKS

1. We have not placed any orders for plant and machinery, equipment, etc. as stated in the section titled 'Objects of the Issue' on page no. 32 of this DRHP.

A part of the net proceeds of the Issue are proposed to fund the planned expansions and diversifications as explained in the section titled 'Objects of the Issue' beginning on page no. 32 of this DRHP. As on date, we have not placed any orders for plant and machinery, equipment etc. Delay in placing the orders or procurement of plant and machinery, equipments, etc. may delay the implementation schedule. Such delays may also lead to increase in prices of these equipments, further affecting our cost, revenue and profitability.

2. We have not identified alternate sources of financing the 'Objects of the Issue'. If we fail to mobilize resources as per our plans, our business may be severely affected.

Any failure or delay on our part to mobilize the required resources may delay the implementation schedule of our expansion project and could adversely affect our growth plans.

3. Delay in completing the projects as envisaged in the section titled 'Objects of the Issue' on page no. 32 of this DRHP, may affect the results of operations and profitability.

Any delay in completing the project due to any reason whatsoever may result in a significant cost and time overrun. Due to these time and/ or cost overrun, the overall benefit of such plans to our revenues and profitability may decline. Further, any delay in commercial production may adversely impact the cash flows and profitability of our Company.

C. EXTERNAL RISK FACTORS

1. The demand for our products is primarily dependant on the steel, cement and power sectors.

Our products are primarily put to use by clients in cement, power and steel sectors. The demand in these sectors is, inturn closely linked to the economic growth of the countries in which these companies are carrying out their business. If either the Indian economy or the economies of major international markets in which these companies are carrying out or proposing to commence their projects do not continue to grow at their current rate, or if there is an economic downturn, demand for our products is likely to decrease. A sustained economic downturn in India would have a material adverse effect on our business, financial condition and results of operations.

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

Our performance and the quality of growth of our business are necessarily dependant on the health of the overall Indian economy. India's economy could be adversely affected by general rise in interest rates, adverse condition affecting the agriculture, commodity and electricity prices or various other factors. A slowdown in the Indian economy could adversely affect our business including our ability to implement our strategy and increase our participation in the infrastructure sector. The Indian economy currently seems to be in a state of transition and it is difficult to gauge the impact of certain fundamental economic changes on our business. While the recent governments have been keen on encouraging private participation in the infrastructure sector, any adverse change in policy could result in a slowdown of the Indian economy. Additionally, these policies will need continued support from stable regulatory regimes that stimulate and encourage the continued movement of private capital into infrastructure development. Further, since infrastructure services in India have historically been provided by central and/or state governments without charge or at a nominal charge, the growth of the private infrastructure industry will be impacted by consumer income levels and the extent to which they would be willing to pay, or can be induced to pay, for infrastructure services. Any downturn in the macroeconomic environment in India or in specific sectors could adversely affect the price of our shares and our business and financial performance.

3. ***Any downgrading of India's debt rating by a domestic or international rating agency could have a negative impact on our business.***

   Any adverse revisions to India's credit ratings for domestic and international debt by domestic or international rating agencies may adversely impact our ability to raise additional financing, and the interest rates and other commercial terms at which such additional financing is available. This could have a material adverse effect on our business and financial performance, ability to obtain financing for capital expenditures and the price of our shares.

   According to a report released by the RBI, India's foreign exchange reserves totalled approximately U.S. $226.45 Billion (equivalent Rs. 9,325.00 Billion based on an exchange rate of Rs. 41.18 as on August 24, 07) as of August 17, 2007. A decline in this reserve could impact the valuation of the Indian rupee and could result in reduced liquidity and higher interest rates, which could adversely affect the availability of financing to us for our future projects.

4. ***Political instability or changes in the Government could adversely affect economic conditions in India generally and our business in particular.***

   The Government of India has traditionally exercised and continues to exercise a significant influence over many aspects of the economy. Our business, and the market price and liquidity of our shares, may be affected by interest rates, changes in Government policy, taxation, social and civil unrest and other political, economic or other developments in, or affecting India.

   Since 1991, successive Indian Governments have pursued policies of economic liberalization, including significantly relaxing restrictions on the private sector. Nevertheless, the roles of the Indian central and state governments in the Indian economy as producers, consumers and regulators have remained significant. Subsequent to the general elections that took place in India in April and May 2004, the new Government publicly indicated an intention to continue India's program of economic reform. However, possible political instability, changes in the rate of economic liberalization, laws and policies affecting our industry, foreign investment, currency exchange, matters affecting investment in our securities, India's economic liberalization and deregulation policies could all adversely affect business and economic conditions in India generally, and could also adversely affect our business, future financial performance and the price of our Company's Equity Shares in particular.

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

   Terrorist attacks, such as the bomb blasts that occurred in Mumbai, Northeast India, the World Trade Centre attack, the bomb blasts in London, as well as other acts of violence or war may adversely affect Indian and worldwide financial markets. These acts may also result in a loss of business confidence and have other consequences that could adversely affect our business, prospects, financial condition and results of operations. Travel restrictions as a result of such attacks may have an adverse impact on our ability to operate effectively. Increased volatility in the financial markets can have an adverse impact on the economies of India and other countries, including economic recession.

6. ***If communal disturbances or riots erupt in India, or if regional hostilities increase, this would adversely affect the Indian economy, the health of which our business depends upon.***

   Some parts of India have experienced communal disturbances, terrorist attacks and riots during recent years. If such events recur, our operational and marketing activities may be adversely affected, resulting in a decline in our income.

   The Asian region has from time to time experienced instances of civil unrest and hostilities among neighbouring countries, including those between India and Pakistan. Since May 1999, military confrontations between India and Pakistan have occurred in Kashmir. The hostilities between India and Pakistan are particularly threatening because both India and Pakistan are nuclear powers. Hostilities and tensions may occur in the future and on a wider scale. Also, since 2003, there have been military hostilities and continuing civil unrest and instability in Iraq and Afghanistan. Events of this nature in the future, as well as social and civil unrest within other countries in Asia, could influence the Indian economy and could have a material adverse effect on the market for securities of Indian companies, including our shares.

7. ***You will not be able to trade any of the Equity Shares you purchase in the Issue immediately on the Stock Exchanges.***

   Under SEBI Guidelines, we are permitted to allot equity shares within 15 days of the closure of the public issue. The Equity Shares you purchase in the Issue may not be credited to your book or demat account until approximately 15 days after the issuance of the Equity Shares. You can start trading the Equity Shares once they have been credited to your demat account and listing and trading approvals are received from the Stock Exchange. Until such time, as trading approvals are received from the BSE and the NSE you will not be able to sell any of the Equity Shares issued in the Issue.

8. ***There is no guarantee that the 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.***

   In accordance with Indian law and practice, permission for listing of the Equity Shares will not be granted until after those Equity Shares have been issued and allotted. Approval will require all other relevant documents authorizing the issuing of Equity Shares to be submitted. There could be a failure or delay in listing the 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.

   The regulation and monitoring of Indian securities markets and the activities of investors, brokers and other participants differ, in some cases significantly, from those in Europe and the U.S. The BSE and the NSE have in the past experienced problems, including temporary exchange closures, broker defaults, settlements delays and strikes by brokerage firm employees, which, if continuing or recurring, could affect the market price and liquidity of the securities of Indian companies, including the Equity Shares, in both domestic and international markets. A closure of, or trading stoppage on, either of the BSE and the NSE could adversely affect the trading price of the Equity Shares.

9. ***Our Shares have never been traded publicly before and this invitation may not result in an active or liquid market for our Shares. The market prices of, and trading volumes in our Shares may be volatile which could negatively affect an investment in our Shares.***

   The Price Band and Issue Price would be determined through negotiations between us and the BRLMs based on several factors and may not be indicative of the market price for Shares after the Allotment. The market price of our Shares may be significantly affected by, among others, the following factors:

   - Our and our associate companies actual or anticipated results of operations;
   - New services or products offered by us or our competitors;
   - Announcements by us or our competitors of significant contracts, acquisitions, partnerships, joint ventures or capital commitments;
   - The loss of major clients;
   - Additions or departures of key personnel;
   - Changes in, or our failure to meet, securities analysts' expectations;
   - Changes in market valuations of other similar companies;
   - Legislative and regulatory developments affecting our industry;
   - Developments in our industry and technological innovations;
   - Investor perception of investments relating to Asia;

- Broad share price fluctuations;
- Involvement in litigation; and
- General market conditions and other factors beyond our control.

Prior to this Issue, there was no public market for our Shares and we will apply to have our Shares listed and quoted on BSE and NSE. The BSE/ NSE listing and quotation does not, however, guarantee that a trading market for our Shares will develop or, if a market does develop, the liquidity of that market for our Shares. Therefore, we cannot predict whether an active trading market for our Shares will develop or how liquid that market might become.

10. Any future issuance of Equity Shares may dilute your shareholding and any future sales of our Equity Shares by our existing shareholders may adversely affect the trading price of our Equity Shares.

Any future equity issuances by us or sales of our Equity Shares by our Promoters or other major shareholders from time to time may adversely affect the trading price of our Equity Shares and may lead to the dilution of your ownership interest in our Company. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of our Equity Shares.

NOTES TO RISK FACTORS:

1. Public Issue of 7,300,000 Equity Shares of Rs. 10 each for cash at an Issue Price of Rs. **[●]** per Equity Share aggregating to Rs. **[●]** by our Company. The Net Issue will constitute 22.33 % of the fully diluted Post Issue Paid-Up Capital of our Company. The Company is considering a Pre-IPO Placement of up to **[●]** Equity Shares with certain investors (“Pre-IPO Placement”). The Company will complete the issuance of such Equity Shares prior to the filing of the RHP with RoC. If the Pre-IPO Placement is completed, the Issue size offered to the public would be reduced to the extent of such Pre-IPO Placement, subject to a minimum Issue size of 10% of the post Issue capital being offered to the public.

2. The Net Worth of our Company before the Issue as on March 31, 2007 was Rs. 500.60 Million as per our restated consolidated financial statements included in this DRHP.

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

Name of the Promoter	Average cost of acquisition (Rs.)
Mr. Ajay Kumar Bishnoi	1.00
Mr. Amul Gabrani	1.00

   For further information on the allotment of equity shares to our Promoters, Promoter Group and other entities, please refer to the section titled ‘Capital Structure and Other Information’ beginning on page no. 21 of this DRHP.

4. The net asset value as on March 31, 2007 was Rs. 39.76 per Equity Share as per our restated consolidated financial statements included in this DRHP.

5. Under the terms of Rule 19(2) (b) of the SCRR, the Issue is being made through the 100% Book Building Process wherein not less than 60% of the Net Issue shall be available for allocation on a proportionate basis to Qualified Institutional Buyers, out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at, or above, the Issue Price. Further upto, 10% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and upto 30% of the Net 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.

6. For further information on related party transactions, please refer to the section titled 'Related Party Transactions' on page no. 135 of this DRHP.

7. Investors are advised to please refer to the section titled 'Basis for the Issue Price' on page no. 40 of this DRHP before making an investment in this Issue.

8. Investors may note that in case of over-subscription in the Issue, allotment to Retail Individual Investors, Non-Institutional Investors and QIBs shall be on a proportionate basis. For further information, please refer to the section titled 'Issue Procedure' on page no. 282 of this DRHP.

9. Investors may contact the BRLMs or the Compliance Officer for any complaints, information or clarifications pertaining to the Issue. For contact details of the BRLMs and the Compliance Officer, please refer to the section titled 'General Information' on page 13 of this DRHP.

10. Our Promoters, our Directors and our key managerial personnel have no interest in our Company, except to the extent of remuneration and reimbursement of expenses and to the extent of the Equity Shares held by them or their relatives and associates, or held by the companies, firms and trusts in which they are interested as directors, members, partners and/or trustees and to the extent of the benefits arising out of such shareholding. For further details, please refer to the sections titled 'Capital Structure and Other Information' 'Our Management' and 'Related Party Transaction' on page nos. 21, 94 and 135, respectively of this DRHP.

11. Except as disclosed in the section titled 'Capital Structure and Other Information' on page no. 21 of this DRHP, we have not issued any shares for consideration other than cash.

12. We were originally incorporated as Tecpro Systems Private Limited on November 7, 1990, under the Act, 1956 vide registration No. 55-41985. Subsequently, pursuant to conversion from a private company to a public company under the Act, the name of our Company was changed to Tecpro Systems Limited. The registered office of our Company is situated at FB-26, Tagore Garden, New Delhi – 110 027.

13. Following are the loans and advances made to companies in which the Directors of our Company are interested:

Name	Nature of interest	Amount (Rs.)	Reason
Tecpro Energy Limited	Subsidiary company, our Directors are directors and shareholders	1,008	Investment in Subsidiary
Tecpro Energy Limited	Subsidiary company, our Directors are directors and shareholders	15,00,000	Investment in Share Capital of TEL
Tecpro Stones Private Limited	Relative of our directors are shareholders	2,01,867	Loan given for commercial purposes
Blossom Automotive Private Limited	Wholly owned subsidiary of the Company, our Directors were directors	3,766,840	Payments made on behalf of the subsidiary

SECTION IV- INTRODUCTION

4.1 SUMMARY

You should read the following summary together with the Risk Factors explained in this DRHP and the more detailed information about us and our financial data included in this DRHP.

Industry

The information presented in this section has been extracted from publicly available documents and industry publications and has not been prepared or independently verified by the BRLMs or the Legal Advisor, or our Company or their respective affiliates or advisors. Unless otherwise indicated, all quantitative information has been taken from IAS of CMIE, Ministry of Power, Ministry of Steel, Ministry of Heavy Industries and Public Enterprises and Cement Manufacturers Association.

Overview

MHE is classified as a part of the Heavy Engineering Industry. The range of equipment manufactured includes crushing and screening equipment, coal/ore/ash handling plants and associated equipment such as conveyor systems, stackers, reclaimers, ship loaders/unloaders, wagon tipplers and feeders etc. which cater to the needs of the core industries such as Coal, Cement, Power, Port, Mining, Fertilizers and Iron and Steel plants. The industry also includes equipment and components used for handling materials inside manufacturing plants, warehouses, mines, mineral ores etc.

The industry can be broadly divided into:

- Bulk Material Handling; and
- Unit load Handling.

Prospects

The market prospects for bulk material handling industry look promising and the industry is expected to grow over the next ten years at a rate which is linked to the growth expected in the core sectors such as infrastructure, construction, steel and power projects. India is in the midst of a massive overhaul in infrastructure, with large investments required to maintain its targeted GDP growth of 9% and above. The strong investment and consumption demand has driven the industrial growth to more than 10 % in the last quarter of FY 07. This has facilitated a robust increase in order book for the material handling sector.

Demand Drivers

MHE industry derives its demand primarily from the following sectors:

1. Cement

India's cement industry is the world's second largest cement industry after China, with annual capacity touching 155 Million4 tonnes during 2006-07. Cement companies have had a dream run in the past two to three years on the back of record high prices and, therefore, higher profitability. In anticipation of demand acceleration, companies have announced huge capacity additions. The continued boom in housing, ITSS, ITES-BPO and real estate has pushed up the demand. With demand surpassing supply, capacity utilization levels have been at all times high levels. Construction and real estate boom in Middle East has fuelled the cement exports of India.

2. Power

The power industry in India has historically been characterized by energy shortages. According to the Central Electricity Authority, or the CEA, in FY 07, demand for electricity in India exceeded supply by an estimated 66,091 Million units or 9.6 %. It is anticipated that by the year 2012, India's peak demand would be 157,107 MW with energy requirement of 975 billion units. Currently, India pursues all available fuel options and forms of energy both conventional and non-conventional, as well as new and emerging technologies and energy sources. It is anticipated that coal will remain India's most important energy source until FY 32 and possibly beyond. Further the opening up of coal mining in private sector and setting up of coal washeries will provide an excellent opportunity to the Material Handling Industry.

At the end of FY 07, 43000 MW generation capacity was under execution and planned to be commissioned by FY 12. A total of USD 50 billion has been committed to achieve this.

3. Steel

The focus of the National Steel Policy of 2005 is to achieve global competitiveness in terms of cost, quality and product-mix. It envisages requirement of indigenous production of over 100 Million tonnes p.a. by 2019-20.

The New Industrial Policy has opened up the iron and steel sector for private investment by (a) removing it from the list of industries reserved for public sector and (b) exempting it from compulsory licensing. Imports of foreign technology as well as foreign direct investment are freely permitted up to certain limits under automatic route. The liberalization of industries has given a definite impetus for the private sector in the steel industry. While the existing units are being modernized/expanded, a large number of new/greenfield steel plants have also come up.

Business Overview

We provide total material handling solutions from concept to commissioning which involves design, engineering, manufacture, supply, erection and commissioning of material handling systems, associated structural and civil work, electrical and instrumentation work and auxiliaries like dust control, suppression systems, ventilation systems.

We undertake turnkey projects of material handling systems and supply MHE for raw material handling for power, cement, steel and other metallurgical plants, coal storage and reclaiming plants, biomass handling plants, aggregate process plant for mineral processes. We also manufacture and sell crushers, screens and feeders for various applications. Our core business comes from the steel, cement and power sectors in India.

Our company is promoted by Mr. Ajay Kumar Bishnoi and Mr. Amul Gabrani who are first generation entrepreneurs with more than 25 years of experience in project management of material handling systems.

Our operations are spread across India with our head office at Chennai and other offices at Gurgaon, Kolkata, Mumbai, Secunderabad, Ahmedabad, and Bangalore. Our design and engineering facilities are present at all these locations, which provides flexibility and facilitates early completion of critical aspects of turnkey project execution. Project execution is controlled from Chennai with some of our project managers also based at Kolkata and Gurgaon. We have a marketing setup in all of the above mentioned locations. In addition we have marketing offices at Dubai, UAE and Johannesburg, South Africa through TIFZE to cater to the Middle East and African markets. Also, we have an office in Singapore through Tecpro Singapore.

Our manufacturing units are based at Bawal in Haryana and Bhiwadi in Rajasthan. We manufacture crushers, screens, feeders and fabricated structures at our Bawal factory. Our newly set up plant at Bhiwadi, Rajasthan has facilities for manufacture of pulleys, idler rollers, structures, and conveyor systems.

We have executed 614 orders as on June 30, 2007 and 148 projects are in various stages of completion. In the years ended March 31, 2006 and 2007 our consolidated income was Rs 1067.69 million and Rs.2383.93 million, respectively, representing an annual growth rate of 123.28%. In the years ended

March 31, 2006 and 2007 we earned a consolidated profit for the year of Rs. 97.61 million and Rs 204.36 million, respectively.

Our order book as of March 31, 2007 was Rs. 4806.03 million. The order book position as on June 30, 2007 was Rs. 4825.11 million. We were awarded additional contracts of Rs. 564.55 million during the period between April 1, 2007 and June 30, 2007.

Our Competitive Strengths

Technical collaborations with various international players in the material handling industry

We have technical collaborations with the following companies in material handling industry:

- FAM Magdeburger Forderanlagen und Baumaschinen GmbH, Germany;
- Maschinenfabrik Liezen und Giesserei GmbH, Austria;
- Hein, Lehmann Trenn - Und Fördertechnik GmbH, Germany;
- Peytec, Austria;
- Baggage Sortation Management (New Zealand) Ltd., New Zealand;
- Won Duck Industrial Machinery Company Limited, Korea; and
- Friedrich Schwingtechnik GmbH & Co. KG, Germany.

Further, we have technical collaborations with the following companies:

- MVW Lechtenberg Projektentwicklungs- und Beteiligungsgesellschaft GmbH, Germany for MSW systems;
- Beijing Guodian Futong Science and Technology Development Co. Ltd., China for ash handling sysems.

We have also been awarded a consent letter from Lindner Recyclingtech, Germany for providing technical assistance for marketing and manufacturing of products related to the processing of the MSW.

The collaborations with these companies are for equipment like single roller crushers, double roller crusher, impact crushers, hammer crushers, jaw crushers, reciprocating plate feeders, roller screens, feeding hoppers, flip flow screens, all types of conventional screens such as linear motion and circular motion screens, vibratory feeders, stationery, semi mobile and mobile crushing and screening plants for aggregates, EPC for converting MSW into RDF, airport baggage handling systems, ash handling system, vibratory motors and unbalanced exciters. As per the individual agreements, our collaborators provide us with basic and/or detailed engineering. The components are manufactured and assembled according to the specifications provided. Any critical component required for the said equipment is imported from our collaborators. The complete engineering inputs and component selection is provided to us for procurement of necessary components. These collaborations give our clients access to state of the art design and also enhance our range of equipment.

Design and engineering strength

Our design and engineering offices are located at Chennai, Gurgaon, Kolkata, Secunderabad, Bangalore, Mumbai and Ahmedabad. We had 164 engineers and draftsmen as on June 30, 2007 and each office is headed by a senior executive and each office can handle projects independently. The geographic spread of our offices gives us flexibility and helps us serve our clients in a timely manner. The engineering department has specialists in mechanical design, equipment design, civil and structural engineering, electrical and instrumentation. We are equipped with tools like Auto CAD, STAAD and other customized programs for mechanical, structural and electrical engineering.

Experienced management team and dedicated employee base

One of the major strengths of our Company is our experienced, dedicated and committed manpower. As on March 31, 2007, we employed a work force of 271 employees. We are dedicated to the development of the expertise and know-how of our employees and we continue to invest in them to ensure that they have all the requisite training and tools to be successful in this industry. Our management team is well qualified and experienced in the industry and has been responsible for the growth in our operations. All our directors are highly qualified and some of them like Mr. Achal Ghai, Mr. Brij Bushan Kahuria, Mr. Arunay Kumar and Mr. Suresh Kumar Goenka have international work experience. Our dedicated employees and strong management team have been the primary reasons of our growth since we started operating in the material handling industry.

Significant experience and strong track record

In our last five years of operations we have received orders for more than 700 projects. We have considerable experience in material handling systems and related equipments. As a company, we are equipped with in-house mechanical, electrical, civil, design and engineering capabilities. Our design and engineering, manufacturing and project execution capabilities help us to serve our clients satisfactorily.

Manufacturing capabilities

Our manufacturing units are based at a five acre facility at Bawal in Haryana and a ten acre facility at Bhiwadi in Rajasthan. We manufacture crushers, screens, feeders and fabricated structures at our Bawal factory. Our newly set up plant at Bhiwadi, Rajasthan has facilities for manufacture of pulleys, idler, rollers, structures, feeders, screens, conveyor systems, conveyor components, crushers and screen parts. For further information, please refer to the section titled 'Business Overview' on page no. 62 of this DRHP.

Relationships with key clients in India

Most of our clients are well known companies operating in the infrastructure sector in India. We are working or have worked with reputed clients like SAIL, Reliance Energy Limited, Grasim Industries Limited, MECON, Jindal Steel & Power Limited, NTPC Limited, BHEL, Neyveli Lignite Corporation Limited, Bhushan Steel & Strips Limited, Lanco Infratech Limited, Ispat Industries Limited, Thermax Limited etc. We have received several repeat orders from several of these clients.

Our Business Strategy

Our objective is to continue to improve on and consolidate our position in the material handling industry and diversifying into other high potential areas in the infrastructure sector. We plan to achieve this by implementing the following strategies:

Continuous expansion of operations both domestic and international

One of our major objectives is to expand and enhance our presence in the material handling industry. We are in the process of developing a strong base of operations within India and abroad. We have formed subsidiaries for operating in Singapore and Dubai. Our Dubai subsidiary also has presence in South Africa. We intend to capitalize on our experience, established contacts with local clients and suppliers and familiarity with local working conditions. Government of India's focus and sustained budgetary allocation for infrastructure and increased funding by international and multilateral development financial institutions is expected to result in several large projects especially in the Power, Steel and Cement sectors in India as well as other countries. This is expected to lead to high demand for material handling systems. We intend to capitalize on this demand and expand our operations in India as well as abroad.

We intend to leverage our presence in Singapore, Dubai and Johannesburg to expand into emerging markets such as Africa and South East Asia.

In pursuing our strategies, we seek to identify markets where we can provide cost effective, technically superior solutions to our clients thereby distinguishing ourselves from our competitors.

Continue to focus on turnkey projects and target high growth industries

We intend to continue to focus on projects and areas where we can be competitive and still maintain our profitability. We plan to concentrate on turnkey projects as these enable us to move up the value chain. Our endeavor is to increase our average order-size which will enable us to take advantage of economies of scale and reduce our operating costs.

For complex and high value projects where we are unable to qualify ourselves, we may form a strategic alliance with other companies having relevant experience to enable us to meet the pre-qualification criteria for bidding.

Enhance our design and engineering capabilities

We intend to further enhance our design and engineering capabilities to enable us to provide value added services to our clients. This will help us in booking more orders and moving up the value chain. We intend to keep making investments to update our design software, the training and development of our existing manpower and also to attract talented people to become a part of the existing team. Our objective is to ensure that our engineers are continuously upgrading their knowledge and are able to provide cost effective and technically superior solutions to our clients. In line with this strategy, we are investing in a new design and engineering centre in Haryana.

Increase our product range and reduce dependence on bought outs

We undertake turnkey projects for our clients. For certain projects we have to buy certain equipment that we do not manufacture or we bid with a partner who has the capability to manufacture such equipment. This may include MHE like wagon tipplers, ring granulators, conveyer belts and other equipment like gearboxes and motors. We intend to increase our product range of material handling equipment and decrease our dependence on outside agencies. We intend to start manufacturing of equipment which has better profit margins or are critical to our projects. This will enhance our capability to bid for projects alone and improve our profitability.

In line with this strategy, one of the objects of the issue is to setup a factory to manufacture conveyor belts which is a critical component of the conveyor system.

Develop and maintain strong relationship with our client and strategic partners

We intend to continue to develop and maintain our relationship with our clients and consultants. Also, we intend to move towards more value added engineering services and improve upon our manufacturing and project execution capabilities to be able to provide satisfactory material handling solutions to our clients. Our endeavour is to continue to provide cost efficient, high quality and timely delivery of product and services to retain and attract clients.

Continue to focus on the businesses of our subsidiaries

We have diversified into high potential areas in the infrastructure sector through our subsidiaries, TPSL which is an EPC contractor for setting up power plants, TEL which is an independent power producer, Trema which is in the business of setting up air and environment pollution control equipment and AWPCPL which is in the business of setting up and operating plants producing RDF from MSW. We intend to continue to focus on these businesses and try to take advantage of various opportunities which arise in their respective areas.

Well positioned to capitalize on the demand of infrastructure development

We are in a position to capitalize on the growth in the infrastructure sector both domestically as well as internationally. India is experiencing high growth in the infrastructure sector. The continued investment into this sector ensures that there is high investment in the material handling industry as well, in particular from the power, steel and cement sectors. With our strong marketing, design and engineering, execution and manufacturing capabilities, we are well positioned to capitalize on this demand. Also, we are expanding internationally to places like South Africa, Singapore, and Middle East, which contributes in generating international business opportunities for us.

Diversification through our subsidiaries

We have diversified into different sectors through our subsidiaries. TPSL has a technical collaboration with Shanbao for setting up power plants upto 55 MW for power generation in India. TEL is an independent power producer and has been issued letters of intent to build, own and operate two 7.5 MW bio-mass fuelled power plants in Haryana. This ensures that we are well positioned to take advantage of the growth in the power sector in India, particularly the non conventional sources of electricity generation, co-generation and captive power plants. AWPCPL is a venture with Zoom Developers Private Limited to set up a waste processing plant in Ajmer, Rajasthan. Trema is our joint venture with Trema Verfahrenstechnik, GmbH for the manufacture of air and environment pollution control plants and systems which are required in most material handling systems.

4.2 SUMMARY OF FINANCIAL DATA

The following tables sets forth the historical financial information of our Company derived from their restated and audited financial statements for the fiscal years ended March 31, 2003, 2004, 2005, 2006 and 2007 all prepared in accordance with Indian GAAP and SEBI guidelines, and included in the section titled 'Financial Statements' on page no. 137 of this DRHP and should be read in conjunction with those financial statements and notes contained therein

Consolidated summary statement of profit and loss, as restated, of Tecpro Systems Limited and its subsidiaries

(Amounts in Rs. Million)

Particulars	Year ended 31 March 2006	Year ended 31 March 2007
Income		
Sales		
- Of products manufactured	538.28	681.34
- Of products traded	387.34	1,382.01
Service income	103.13	236.22
Other income	3.73	13.53
Increase/ (decrease) in inventory	35.21	70.83
Total (A)	**1,067.69**	**2,383.93**
Expenditure		
Raw materials consumed	423.87	697.69
Purchases of traded products	232.96	893.91
Staff costs	55.92	117.14
Other manufacturing expenses	86.25	101.76
Administration expenses	51.22	108.22
Selling and distribution expenses	39.66	85.45
Interest and bank charges	16.50	34.72
Depreciation and amortisation	7.49	13.78
Total (B)	**913.87**	**2,052.67**
Profit/(loss) before tax and adjustments (C) =(A) – (B)	**153.82**	**331.26**
Provision for tax		
- Current tax **(D)**	59.31	124.09
- Deferred tax charge/(release) **(E)**	1.69	2.16
- Fringe Benefit Tax **(F)**	1.73	2.23
Profit/(loss) after tax and before adjustments (G) = (C) -(D) - (E) -(F)	**91.09**	**202.78**
Adjustments (Refer point no. 1 of Annexure V) **(H)**	1.68	0.04
Current tax impact of adjustments (Refer point no. 1 of Annexure V) **(I)**	(5.52)	(0.84)
Deferred tax impact of adjustments (Refer point no. 1 of Annexure V) **(J)**	0.68	(0.70)
Total of adjustments after tax impact (K) = (H)-(I)-(J)	**6.52**	**1.58**
Net Profit as restated (G) + (K)	**97.61**	**204.36**
Share of loss of minority	-*	0.10**
Profit/(Loss) brought forward from previous year	11.26	36.26
Profit/(loss) balance available for appropriation	**108.87**	**240.72**
Appropriations		

Particulars	Year ended 31 March 2006	Year ended 31 March 2007
Transfer to General Reserve	50.00	80.00
Interim dividend	19.83	63.02
Dividend tax	2.78	10.71
Provision for preference dividend	-***	-
Provision for preference dividend tax	-***	-
Balance carried forward to Balance Sheet	**36.26**	**86.99**

* Minority share of loss is Rs. 448 and is shown as Nil due to rounding off.

** The losses applicable to minorities in the consolidated financial information have exceeded the minority interests of the subsidiaries. Hence, the share of losses applicable to the minorities have been restricted to Rs. 101,839 and the excess of share of losses of the minorities over the minority interests amounting to Rs. 90,010 has been adjusted against the majority interests. Accordingly, the minority interest as at 31 March 2007 is Nil.

*** Provision for preference dividend and provision for preference dividend tax aggregating Rs. 4,452 and Rs. 624 respectively and are shown as Nil due to rounding off.

Consolidated summary statement of assets and liabilities, as restated, of Tecpro Systems Limited and its subsidiaries

	Particulars	As at 31 March 2006	As at 31 March 2007
A	**Goodwill**	**0.11**	**18.00**
	Fixed assets		
	(i) Gross block	107.86	272.88
	Less : Accumulated depreciation	7.69	17.99
	Net block	100.17	254.89
	(ii) Capital work in progress/ advances	0.38	51.48
B	**Net block**	**100.55**	**306.37**
C	**Intangible assets (Net of amortisation)**	**10.31**	**10.23**
D	**Investments**	**0.94**	**0.94**
E	**Current assets, loans and advances**		
	(i) Inventories	100.86	238.60
	(ii) Sundry debtors	332.13	891.60
	(iii) Cash and bank balances	139.47	286.09
	(iv) Loans and advances	52.67	53.60
	(v) Other current assets	0.65	4.97
		625.78	**1,474.86**
	A+B+C+D+E	**737.69**	**1,810.40**
F	**Minority Interest**	**0.11**	**-#**
G	**Liabilities and provisions**		
	(i) Secured loans	75.29	180.20
	(ii) Unsecured loans	-*	-
	(iii) Current liabilities and provisions	390.46	1,088.55

Particulars		As at 31 March 2006	As at 31 March 2007
	(iv) Deferred tax liability – net	2.79	4.25
	(v) Share application money	0.81	36.80
		469.35	**1,309.80**
	Net worth (A+B+C+D+E-F-G)	**268.23**	**500.60**
H	**Represented by**		
	(i) Share Capital		
	-Equity share capital	19.47	125.90
	-Preference share capital	150.00	-
		169.47	**125.90**
	(ii) Reserves and surplus		
	-Securities premium	-**	145.21
	-General reserve	62.50	142.50
	-Profit and loss account	36.26	86.99
		98.76	**374.70**
	Net worth	**268.23**	**500.60**

* Unsecured loans are Rs.2,500 and are shown as nil due to rounding off.

** Securities premium is Rs. 2,700 and shown as nil due to rounding off.

\# The losses applicable to minorities in the consolidated financial information have exceeded the minority interests of the subsidiaries. Hence, the share of losses applicable to the minorities have been restricted to Rs. 101,839 and the excess of share of losses of the minorities over the minority interests amounting to Rs. 90,010 has been adjusted against the majority interests. Accordingly, the minority interest as at 31 March 2007 is Nil.

Unconsolidated summary statement of profit and loss, as restated, of Tecpro Systems Limited

(Amounts in Rs. Million)

Particulars	Year ended 31 March 2003	Year ended 31 March 2004	Year ended 31 March 2005	Year ended 31 March 2006	Year ended 31 March 2007
Income					
Sales					
- Of products manufactured by the Company	-	94.62	262.66	538.28	681.34
- Of products traded by the Company	107.66	102.97	219.84	387.34	1,382.01
Service income	8.36	3.51	19.07	103.13	236.22
Other income	0.14	2.64	1.82	3.73	13.51
Increase/ (decrease) in inventory	7.28	(7.28)	19.62	35.21	70.83
Total (A)	**123.44**	**196.46**	**523.01**	**1,067.69**	**2,383.91**
Expenditure					
Raw materials consumed	-	88.90	291.40	423.87	697.69
Purchases of traded products	94.86	44.84	66.62	232.96	893.91
Staff costs	5.51	10.89	23.34	55.92	115.85
Other manufacturing expenses	7.18	15.51	33.13	86.25	101.76
Administration expenses	10.18	16.80	28.08	51.22	102.65
Selling and distribution expenses	3.73	10.12	36.03	39.66	85.44

Particulars	Year ended 31 March 2003	Year ended 31 March 2004	Year ended 31 March 2005	Year ended 31 March 2006	Year ended 31 March 2007
Interest and bank charges	1.02	3.00	7.22	16.50	35.13
Depreciation and amortisation	0.27	0.45	1.23	7.49	12.35
Total (B)	**122.75**	**190.51**	**487.05**	**913.87**	**2,044.78**
Profit/(loss) before tax and adjustments (C) =(A) – (B)	**0.69**	**5.95**	**35.96**	**153.82**	**339.13**
Provision for tax					
- Current tax **(D)**	0.10	2.00	8.00	59.31	123.82
- Deferred tax charge/(release) **(E)**	0.29	0.04	0.30	1.69	2.33
Fringe Benefit Tax **(F)**	-	-	-	1.73	2.17
Profit/(loss) after tax and before adjustments (G) = (C) -(D) - (E) -(F)	**0.30**	**3.91**	**27.66**	**91.09**	**210.81**
Adjustments (Refer Note 1 of Annexure IV) **(H)**	(4.37)	2.66	(0.40)	1.68	0.04
Current tax impact of adjustments (Refer Point No 1 of Annexure IV) **(I)**	(0.10)	(0.11)	6.10	(5.52)	(0.84)
Deferred tax impact of adjustments (Refer Point No. A of Note 1 of Annexure IV) **(J)** [charge/(release)]	(1.61)	1.40	(0.10)	0.68	(0.70)
Total of adjustments after tax impact (K) = (H)-(I)-(J)	**(2.66)**	**1.37**	**(6.40)**	**6.52**	**1.58**
Net Profit as restated (G) + (K)	**(2.36)**	**5.28**	**21.26**	**97.61**	**212.39**
Profit/(Loss) brought forward from previous year	(0.42)	(2.78)	0.00	11.26	36.26
Profit/(loss) balance available for appropriation	**(2.78)**	**2.50**	**21.26**	**108.87**	**248.65**
Appropriations					
Transfer to General Reserve	-	2.50	10.00	50.00	80.00
Interim dividend	-	-	-	19.83	63.02
Dividend tax	-	-	-	2.78	10.71
Provision for preference dividend	-	-	-	0.00	-
Provision for preference dividend tax	-	-	-	0.00	-
Balance carried forward to Balance Sheet	**(2.78)**	**0.00**	**11.26**	**36.26**	**94.92**

* Provision for preference dividend and provision for preference dividend tax is Rs. 4,452 and Rs. 624 respectively and are shown as Nil due to rounding off.

** Balance carried forward to Balance Sheet is Rs. 4,905 and is shown as Nil due to rounding off.

Unconsolidated summary statement of assets and liabilities, as restated, of Tecpro Systems Limited

(Amounts in Rs. Million)

	Particulars	As at 31 March 2003	As at 31 March 2004	As at 31 March 2005	As at 31 March 2006	As at 31 March 2007
A	**Fixed assets**					
	(i) Gross block	4.63	12.00	32.29	107.86	152.85
	Less: Accumulated depreciation	0.53	1.18	2.66	7.69	15.94
	Net block	4.10	10.82	29.63	100.17	136.91
	(ii) Capital work in progress/ advances	-	-	25.05	0.38	50.98
	Net block	**4.10**	**10.82**	**54.68**	**100.55**	**187.89**
B	**Intangible assets (net of amortisation)**	**0.02**	**0.01**	**0.43**	**10.31**	**10.22**
C	**Investments**	**-**	**0.11**	**0.36**	**1.84**	**146.51**
D	**Deferred tax asset – net**	**1.22**	**-**	**-**	**-**	**-**
E	**Current assets, loans and advances**					
	(i) Inventories	15.51	28.44	44.31	100.86	238.60
	(ii) Sundry debtors	19.27	80.67	119.81	332.13	891.60
	(iii) Cash and bank balances	6.88	12.38	31.41	138.55	250.24
	(iv) Loans and advances	2.19	6.03	11.94	52.67	56.40
	(v) Other current assets	-	-	-	0.65	4.95
		43.85	**127.52**	**207.47**	**624.86**	**1441.79**
	(A+B+C+D+E)	**49.19**	**138.46**	**262.94**	**737.56**	**1786.41**
F	**Liabilities and provisions**					
	(i) Secured loans	4.79	40.83	1.98	75.29	179.73
	(ii) Unsecured loans	0.30	5.01	5.07	- *	-
	(iii) Deferred tax liability – net	-	0.22	0.42	2.79	4.42
	(iv) Current liabilities and provisions	39.03	81.90	223.71	390.44	1088.93
	(v) Share application money	5.84	-	-	0.81	4.80
		49.96	**127.96**	**231.18**	**469.33**	**1277.88**
	Net worth (A+B+C+D+E-F)	**(0.77)**	**10.50**	**31.76**	**268.23**	**508.53**
G	**Represented by**					
	(i) Share Capital					
	- Equity share capital	2.01	8.00	8.00	19.47	125.90
	- Preference share capital	-	-	-	150.00	-
		2.01	**8.00**	**8.00**	**169.47**	**125.90**
	(ii) Reserves and surplus					
	- Securities premium	-	-	-	0.00 *	145.21
	- General reserve	-	2.50	12.50	62.50	142.50
	- Profit and loss account	(2.78)	0.00 **	11.26	36.26	94.92
		(2.78)	**2.50**	**23.76**	**98.76**	**382.63**
	Net worth	**(0.77)**	**10.50**	**31.76**	**268.23**	**508.53**

* Unsecured loans is Rs. 500 and securities premium is Rs. 2,700 and are shown as Nil due to rounding off.

** Balance carried forward to Balance Sheet is Rs. 4,905 and is shown as Nil due to rounding off.

4.3 THE ISSUE

Issue:	7,300,000 Equity Shares.
Net Issue*:	7,300,000 Equity Shares.
Of which:	
Qualified Institutional Buyers Portion:	Not less than 4,380,000 Equity Shares (allocation on proportionate basis) out of which 5% of the QIB Portion i.e., 219,000 Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds only (Mutual Funds Portion), and 4,161,000 Equity Shares shall be available for allocation to all QIBs, including Mutual Funds.
Non-Institutional Portion:	Upto 730,000 Equity Shares available for allocation on proportionate basis.
Retail Portion:	Upto 2,190,000 Equity Shares available for allocation on proportionate basis.
Equity Shares outstanding prior to the Issue:	25,397,500 Equity Shares
Equity Shares outstanding Post Issue:	32,697,500 Equity Shares
Objects of the Issue/Use of proceeds:	See 'Objects of the Issue' on page no. 32 of this DRHP

* Under-subscription, if any, in the issue, would be allowed to be met with spill-over from any category or combination of categories at the discretion of our Company in consultation with the BRLMs. However, if the aggregate demand by Mutual Funds is less than 219,000 Equity Shares (assuming QIB portion is 60% of the issue size, i.e. 4,380,000 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. If a minimum allotment of atleast 60% of the Issue is not made to the QIBs, the entire subscription money shall be refunded.

* The Company is considering a Pre-IPO Placement of upto [•] Equity Shares with certain investors ("Pre-IPO Placement"). The Company will complete the issuance of such Equity Shares prior to the filing of the RHP with RoC. If the Pre-IPO Placement is completed, the Issue size offered to the public would be reduced to the extent of such Pre-IPO Placement, subject to a minimum Issue size of 10% of the post Issue capital being offered to the public.

4.4 GENERAL INFORMATION

Incorporation

Our Company was incorporated as Tecpro Systems Private Limited on November 7, 1990 under the Act, with its registered office at FB-26, Tagore Garden, New Delhi – 110027. Subsequently, pursuant to conversion from a private company to a public company under the Act, the name of our Company was changed to Tecpro Systems Limited *vide* an EGM held on May 8, 2006. We have been granted a fresh certificate of incorporation in this regard on July 10, 2006.

Registered Office

Tecpro Systems Limited
FB-26, Tagore Garden,
New Delhi – 110 027,
India
Tel: + 91 11 25151377
Fax: + 91 11 25150889
Website: www.tecprosystems.com
Email: tecprodel@tecprosystems.com

Head Office

Unit No. 2, 1st Floor, No. 25,
First Main Road, Gandhi Nagar,
Adyar, Chennai-600 020,
India
Tel: +91 44 24425886
Fax: +91 44 24425922
Email: tecprochn@vsnl.net

Corporate Office

Tecpro Systems Limited
202-204, Pacific Square,
Sector-15, Part-II,
Gurgaon-122 001, Haryana,
India
Tel: +91 124 4343100
Fax: +91 124 4343243
Email: investors@tecprosystems.com

Registration Number

U74899DL1990PLC041985.

Address of Registrar of Companies

Registrar of Companies
NCT of Delhi and Haryana,
B Block Paryavaran Bhavan,
CGO Complex, Lodhi Road,
New Delhi – 110 003,
India

Board of Directors

Name	Designation	Residential Address
Mr. Ajay Kumar Bishnoi	Chairman & Managing Director	Flat No 5, Old no 48, New no 58, Third Main Road, Kasturbha Nagar, Adyar, Chennai- 600 020
Mr. Amul Gabrani	Vice Chairman & Managing Director	FB-26, Tagore Garden, New Delhi- 110 027
Dr. Goldie Gabrani	Whole time Director	FB-26, Tagore Garden, New Delhi- 110 027
Mr. Arvind Kumar Bishnoi	Non-executive Director	Flat No 5, Old no 48, New no 58, Third Main Road, Kasturbha Nagar, Adyar, Chennai- 600 020
Mr. Achal Ghai	Non-executive Director	Villa No 6, Cluster 40, Jumeirah Islands P.O. Box no 18264, Dubai, UAE
Mr. Suresh Kumar Goenka	Independent non-executive Director	P-119 C.I.T. Road, Scheme Vim Fulbagan, Kolkata- 700 054
Mr. Brij Bhushan Kathuria	Independent non-executive Director	6704 DLF Phase- IV, Gurgaon, Haryana- 122 002
Mr. Satvinder Jeet Singh Sodhi	Independent non-executive Director	A-4, MCD Officers Flats, Soami Nagar, New Delhi-110 017
Mr. Anunay Kumar	Independent non-executive Director	602 Enclave, New Prabhadevi Road Off Marathe Marg, Mumbai-400 025
Mr. Rajinder Malhan	Independent non-executive Director	Flat No. 5-B, Ramaniyam Towers, 12, Greenways Road, R.A.Puram, Chennai, Tamilnadu– 600 028

For further details of our Chairman & Managing Director, Vice Chairman & Managing Director and the other Directors, please see the section titled 'Our Management' on page no. 94 of this DRHP.

Company Secretary cum Compliance Officer

Mr. Jagdeep Singh
Tecpro Systems Limited,
202-204, Pacific Square,
Sector-15, Part-II,
Gurgaon-122 001, Haryana,
India
Tel: +91 124 4343100
Fax: +91 124 4343243
Email: investors@tecprosystems.com

Investors can contact the Compliance Officer in case of any pre-Issue or post-Issue related problems such as non-receipt of allotment advice, credit of allotted shares in the respective beneficiary account or refund orders, etc.

Book Running Lead Managers

SBI Capital Markets Limited
202, Maker Towers 'E',
Cuffe Parade,
Mumbai – 400 005,
India
Contact person: Mr. Gautam Dhaliwal
Tel: (91 22) 2218 9166
Fax: (91 22) 2218 8332
Email: tecpro.ipo@sbicaps.com
Website: www.sbicaps.com

Kotak Mahindra Capital Company Limited
3rd Floor, Bakhtawar,
229, Nariman Point,
Mumbai 400 021,
India
Contact Person: Mr. Chandrakant Bhole
Tel: (91 22) 6634 1100
Fax: (91 22) 2283 7517
Email: tecpro.ipo@kotak.com
Website: www.kotak.com

Syndicate Members

SBICAP Securities Limited
191, Maker Tower F,
Cuff Parade,
Mumbai- 400 005,
India
Tel: (91 22) 3027 3339
Fax: (91 22) 3027 3402
Email: prasad.chitnis@sbicaps.com
Website: www.sbicapsec.com
Contact person: Mr. Prasad Chitnis

Kotak Securities Limited
Bakhtawar, 1st Floor,
229, Nariman Point,
Mumbai- 400 021,
India
Tel: (91 22) 6634 1100
Fax: (91 22) 6634 3927
Email: umesh.gupta@kotak.com
Website: www.kotak.com
Contact Person: Mr. Umesh Gupta

Registrar to the Issue

Intime Spectrum Registry Limited
C-13, Pannalal Silk Mills Compound,
L. B. S. Marg, Bhandup – (W),
Mumbai – 400 078,
India
Tel.: +91 22 2596 0320
Fax: +91 22 2596 0329
E-mail: tecproipo@intimespectrum.com
Website: www.intimespectrum.com
Contact Person: Mr. Sachin Achar

Legal Advisor to the Issue

AZB & Partners
F-40, NDSE-I
New Delhi – 110 049,
India
Tel: +91 11 2461 8947/ 30480951
Fax: +91 11 2462 5302
Email: delhi@azbpartners.com
Contact Person: Mr. Ashwin Chikkamath

Auditors to the Company

BSR & Co., Chartered Accountants
4B, DLF Corporate Park,
DLF City, Phase – III,
Gurgaon – 122 002,
Haryana,
India
Tel.: +91 124 254 9191
Fax: +91 124 254 9195
Email: pamit.singh@kpmg.com
Contact person: Mr. Pamit Singh

Bankers to the Company

State Bank of India
Leather & International Branch
(MID Corporate Group)
'MVJ' Towers,
177/1, P.H. Road,
Kilpauk,
Chennai- 600 010,
India
Tel.: +91 44 2828 7901-05 / 2828 7800
Fax: +91 44 2826 8456
Email: dgm.07024@sbi.co.in
Website: www.statebankofindia.com

Vijaya Bank
23, Raja Garden,
New Delhi – 110015,
India
Tel.: +91 11 25440703
Email: rajagarden@vbank.com
Website: www.vijayabank.com

Bankers to the Issue and Escrow Collection Banks

[●]

Statement of Responsibilities of the Lead Managers

The inter-se allocation of responsibilities between the Book-Running Lead Managers to the Issue viz, SBICAPS and KMCC are as under:

Activities	Responsibility	Coordinator
Capital structuring with the relative components and formalities such as type of instruments, etc.	SBICAPS, KMCC	SBICAPS
Due diligence of our Company's operations/management/business plans/legal, etc. Drafting and design of offer document and of statutory advertisement including memorandum containing salient features of the Prospectus. The Lead Managers shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, Registrar of Companies and SEBI including finalisation of the Prospectus and filing with the Registrar of Companies and Stock Exchanges	SBICAPS, KMCC	SBICAPS
Drafting and approval of all publicity material other than statutory advertisements as mentioned above including corporate advertisement, brochure, corporate films etc.	SBICAPS, KMCC	KMCC
Appointment of Registrar and Bankers to the Issue	SBICAPS, KMCC	KMCC
Appointment of Printer and Advertising Agencies	SBICAPS,	SBICAPS

Activities	Responsibility	Coordinator
	KMCC	
Marketing of the issue which will cover inter alia • Formulating international institutional marketing strategy, road show marketing presentation • Finalise the list and division of investors for one on one meetings, institutional allocation	SBICAPS, KMCC	KMCC
Retail/Non-institutional marketing strategy which will cover, inter alia, • Formulating marketing strategies, preparation of publicity budget; • Finalise media, marketing and public relations strategy; • Finalise centres for holding conferences for brokers, etc.; • Finalise collection centres and arrange for selection of underwriters and underwriting agreement; and • Follow-up on distribution of publicity and issue material including form, Prospectus and deciding on the quantum of the issue material • Preparation of FAQ's	SBICAPS, KMCC	SBICAPS
Assist our Company in finalization of the Issue Price	SBICAPS, KMCC	SBICAPS
Post bidding activities including management of Escrow Accounts, coordination with Registrars and Banks, refund to Bidders, etc.	SBICAPS, KMCC	KMCC
The post issue activities of the issue will involve essential follow up steps, which include finalisation of listing of instruments and dispatch of certificates and refunds, with the various agencies connected with the work such as Registrars to the issue, Banker to the issue and the bank handling refund business. The Lead Managers shall be responsible for ensuring that these agencies fulfil their functions and enable them to discharge the responsibility through suitable agreements with the issuer Company.	SBICAPS, KMCC	KMCC

Credit Rating

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

Issue Grading

Our Company has appointed CRISIL for the grading of this Issue.

Trustees

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

Book Building Process

Book building refers to the collection of bids from investors, which is based on an indicative price range, the Issue price being fixed after the Bid Closing Date. The principal intermediaries involved in a Book Building Process are:

(1) Our Company;
(2) BRLMs;
(3) Syndicate Members who are intermediaries registered with SEBI or registered as brokers with

BSE/NSE and eligible to act as Underwriters. Syndicate Members are appointed by the BRLMs.
(4) Registrar to the Issue; and
(5) Escrow Collection Banks.

In accordance with Rule 19 (2) (b) of the SCRR, this being an Issue for less than 25% of the post Issue Paid-Up Share Capital, the Issue is being made through 100% Book Building Process, wherein: (i) not less than 60% of the Issue to the public shall be allocated on a proportionate basis to QIBs, out of which 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds; (ii) upto 10% of the Issue to the public shall be available for allocation on a proportionate basis to the Non-Institutional Bidders and (iii) up to 30% of the Issue to the public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at, or above, the Issue Price.

We will comply with the DIP Guidelines for this Issue. In this regard, our Company has appointed SBICAPS and KMCC as the BRLMs to the Issue to procure subscription to the Issue.

QIBs are not allowed to withdraw their Bids after Bid/Issue Closing Date. In addition, QIBs are required to pay upto 10% of the Bid Amount upon submission of the Bid cum Application Form during the Bid/Issue Period and allocation to QIBs will be on a proportionate basis. For further details in this regard, please refer to the section titled 'Issue Information' page no. 277 of this DRHP.

The process of book Building under the DIP Guidelines is subject to change from time to time and investors are advised to make their own judgement about investment through this process, prior to making a Bid or Application in the Issue.

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

Bidders can bid at any price within the price band. For instance, assume a price band of Rs. 20 to Rs. 24 per share, 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 bidding centres during the bidding period. The illustrative book as shown below shows the demand for the shares of our Company at various prices and is collated from bids from various investors.

Bid Quantity	Bid Price (Rs.)	Cumulative Quantity	Subscription (%)
500	24	500	16.67
1,000	23	1,500	50.00
1,500	22	3,000	100.00
2,000	21	5,000	166.67
2,500	20	7,500	250.00

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

Bidding/Issue Programme

BID/ISSUE OPENS ON	**[●], 2007**
BID/ISSUE CLOSES ON	**[●], 2007**

Bids and any revision in Bids shall be accepted **only between 10 a.m. and 3 p.m**. (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form except that on the Bid / Issue Closing Date, the Bids shall be accepted between 10AM and 1 PM (Indian Standard Time) and uploaded until (i) 5 P.M. in case of bids by QIB bidders and Non Institutional bidders where the bid amount is in excess of Rs. 100,000 and (ii) such time as permitted by the BSE and the NSE, in case of bids by retail individual bidders where the bid amount is up to Rs. 100,000. Due to limitation of time available for uploading the bids on the Bid/ Issue Cosing Date, the bidders are advised to submit their bids one day prior to the bid issue closing date and in any case no later than 1 PM (Indian Standard Time) on the Bid/ Issue Closing Date bidders are cautioned that in the event a large number of bids are received on the Bid/ Issue Closing Date, as is typically experienced in public offereing, which may lead to some bids not being uploaded due to lack of sufficient time to upload, such bids that cannot be uploaded will not be considered for allocation under the issue. Bids will be accepted only on BuisnessDays.

The Company reserves the right to revise the Price Band during the Bidding/Issue Period in accordance with SEBI Guidelines. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band advertised at least one day prior to the Bid /Issue Opening Date.

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

Steps to be taken by the Investor for Bidding

- Check eligibility for making a Bid (see section titled 'Issue Procedure' on page no. 282 of this DRHP);
- Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid cum Application Form;
- Please ensure that you have mentioned your PAN and attached copies of your PAN card to the Bid cum Application Form (see section titled 'Issue Procedure' on page no. 282 of this DRHP);
- Ensure that the Bid cum Application Form is duly completed as per instructions given in the DRHP and in the Bid cum Application Form; and.
- Bids by QIBs will only have to be submitted to the BRLMs.

Withdrawal of the Issue

Our Company, in consultation with the BRLMs, reserves the right not to proceed with the Issue anytime after the Bid/Issue Opening Date but before the Allotment of Equity Shares without assigning any reason therefore.

Underwriting Agreement

After the determination of the Issue Price and allocation of our Equity Shares but prior to filing of the Prospectus with RoC, our Company will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered in the Issue. It is proposed that under the terms of the Underwriting Agreement, the BRLMs shall be responsible for bringing in the amount devolved as per its underwriting obligations. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriter are subject to certain conditions to closing, as specified therein.

The Underwriters have indicated their intention to underwrite the following number of shares.

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

Name and Address of the Underwriter	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. in mn)
SBI Capital Markets Limited SBI Capital Markets Limited 202, Maker Towers 'E', Cuffe Parade, Mumbai – 400 005 Tel: (91 22) 2218 9166 Fax: (91 22) 2218 8332 Email: tecproipo@sbicaps.com Website: www.sbicaps.com Contact Person:Mr. Gautam Dhaliwal	[●]	[●]
Kotak Mahindra Capital Company Limited 3rd Floor, Bakhtawar 229, Nariman Point Mumbai 400 021 India Tel: (91 22) 6634 1100 Fax: (91 22) 2283 7517 Email: tec.pro@kotak.com Website: www.kotak.com Contact Person: Mr. Chandrakant Bhole	[●]	[●]
SBICAP Securities Limited 191, Maker Tower F, Cuff Parade, Mumbai- 400 005, India Tel: (91 22) 3027 3339 Fax: (91 22) 3027 3402 Email: prasad.chitnis@sbicaps.com Website: www.sbicapsec.com Contact person: Mr. Prasad Chitnis	[●]	[●]
Kotak Securities Limited Bakhtawar, 1st Floor, 229, Nariman Point, Mumbai- 400 021, India Tel: (91 22) 6634 1100 Fax: (91 22) 6634 3927 Email: umesh.gupta@kotak.com Website: www.kotak.com Contact Person: Mr. Umesh Gupta	[●]	[●]

The amounts mentioned above are indicative and this would be finalised after determination of Issue Price and actual allocation of equity shares. The underwriting agreement is dated [●]

In the opinion of our BOD, on the basis of the declaration given by the Underwriters, the resources of the above mentioned Underwriters are sufficient to enable it to discharge their respective underwriting obligations in full. The above mentioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchange(s). Our Board of Directors/Committee of Directors, at its meeting held on [●], has accepted and entered into the Underwriting Agreement mentioned above on behalf of our Company.

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

SECTION V- CAPITAL STRUCTURE AND OTHER INFORMATION

5.1 CAPITAL STRUCTURE

Our share capital as at the date of this DRHP is set forth below:

	Aggregate Nominal value (Rs.)	Aggregate value at issue price
A) Authorized capital 40,000,000 Equity Shares of Rs.10 each	400,000,000	**[●]**
B) Issued subscribed paid up capital prior to the Issue 25,397,500 Equity Shares of Rs. 10 each	253,975,000	**[●]**
C) Present Issue to public in terms of this DRHP* 7,300,000 Equity Shares of Rs.10 each	73,000,000	**[●]**
D) Net issue to Public 7,300,000 Equity Shares of Rs.10 each at a premium of Rs. **[●]** per Equity Share	73,000,000	**[●]**
E) Issued, subscribed and paid up capital post issue 32,697,500 Equity Shares of Rs.10 each	326,975,000	**[●]**
F) Share premium account Prior to issue Post the issue	 43,137,200 **[●]**	 **[●]** **[●]**

***** *The Company is considering a Pre-IPO Placement of upto [•] Equity Shares with certain investors ("Pre-IPO Placement"). The Company will complete the issuance of such Equity Shares prior to the filing of the RHP with RoC. If the Pre-IPO Placement is completed, the Issue size offered to the public would be reduced to the extent of such Pre-IPO Placement, subject to a minimum Issue size of 10% of the post Issue capital being offered to the public.*

The details of changes in the authorized share capital of our Company after the date of incorporation till the filing of this DRHP are as under:

Date of change	Nature of increase/ change	Number of equity shares	Face value (Rs.)	Number of preference shares	Face Value (Rs.)	Cumulative authorized capital
November 7, 1990	Incorporation	50,000	10	-	-	500,000
September 24, 2001	Increase in equity capital	320,000	10	-	-	3,700,000
January 24, 2004	Increase in equity capital	1,630,000	10	-	-	20,000,000
September 28, 2005	Increase in preference capital[1]	-	-	500,000	100	70,000,000

Date of change	Nature of increase/ change	Number of equity shares	Face value (Rs.)	Number of preference shares	Face Value (Rs.)	Cumulative authorized capital
December 20, 2005	Increase in preference capital[1]	-	-	1,000,000	100	170,000,000
April 11, 2006	Increase in equity capital	3,000,000	10	-	-	200,000,000
July 17, 2006	Reclassification[2]	20,000,000	10	-	-	200,000,000
May 12, 2007	Increase in equity capital	20,000,000	10	-	-	400,000,000

Notes:

1. *Our authorized capital was increased on account of addition of 500,000 and 1,000,000 (0.01%) CCPS of Rs. 100 each.*

2. *Our authorized capital of Rs. 200,000,000 comprising 5,000,000 equity shares of Rs. 10 each and 1,500,000 (0.01%) CCPS of Rs. 100 each were re-classified to Rs. 200,000,000 comprising 20,000,000 equity shares of Rs. 10 each.*

Notes to the Capital Structure

1. Share Capital History of our Company*:*

a) Our existing Equity Share Capital has been subscribed and allotted as under:

Date of Allotment/ Fully paid Up	Number of Equity Shares	Face Value (in Rs.)	Issue Price (in Rs.)	Nature of payment of consideration	Nature of allotment	Cumulative Paid up Capital	Share Premium (Rs.)	Cumulative Share Premium (Rs.)
November 7, 1990	200	10	10	Cash	Subscribers to the MOA	2,000	-	-
November 7, 1990	850	10	10	Cash	Further Allotment	10,500	-	-
February 26, 2002	99,500	10	10	Cash	Further Allotment	1,005,500	-	-
April 5, 2002	100,500	10	10	Cash	Further Allotment	2010,500	-	-
February 20, 2004	459,000	10	10	Cash	Further Allotment	6,600,500	-	-
February 20, 2004	140,000	10	10	Other than Cash	For Acquisition of Assets and Liabilities of (Tecpro Systems)[1]	8,000,500	-	-
May 31, 2005	510,000	10	10	Cash	Further Allotment	13,100,500	-	-
September 28, 2005	589,950	10	10	Cash	Further Allotment	19,000,000	-	-
October 18, 2005	10	10	100	Cash	Further Allotment[2]	19,000,100	900	900

Date of Allotment/ Fully paid Up	Number of Equity Shares	Face Value (in Rs.)	Issue Price (in Rs.)	Nature of payment of consideration	Nature of allotment	Cumulative Paid up Capital	Share Premium (Rs.)	Cumulative Share Premium (Rs.)
January 11, 2006	20	10	100	Cash	Further Allotment[3]	19,000,300	1,800	2,700
March 13, 2006	46,720	10	10	Cash	Further Allotment	19,467,500	-	2,700
June 21, 2006	84,500	10	10	Cash	Further Allotment[4]	20,312,500	-	2,700
July 6, 2006	16,000	10	50	Cash	Further Allotment	20,472,500	640,000	642,700
July 17, 2006	387,500	10	387.089	Conversion of (0.01%) CCPS into equity shares[5]		24,347,500	146,122,000	146,764,700
July 26, 2006	9,739,000	10	-	Other than Cash	Bonus in the ratio of 1:4	121,737,500	-	49,374,700
February 7, 2007	416,670	10	240	Cash	Preferential Allotment[6]	125,904,200	95,834,100	145,208,800
June 4, 2007	108,330	10	240	Cash	Preferential Allotment[7]	126,987,500	24,915,900	170,124,700
June 21,2007	12,698,750	10	-	Other than Cash	Bonus in the ratio of 1:1	253,975,000	-	43,137,200

Notes:

1. *Our Company issued 140,000 Equity Shares of Rs. 10 each to Mr. Amul Gabrani at par in consideration for and pursuant to the acquisition/merger of the business of Tecpro Systems, a proprietary concern of Mr. Amul Gabrani. For further information, please refer to the section titled 'Other Agreements' beginning on page no. 122 of this DRHP.*

2. *Our Company issued 10 Equity Shares of Rs. 10 each at a premium of Rs. 90 each to Avigo pursuant to a share subscription agreement dated September28, 2005 executed amongst our Company, Promoters and Avigo.*

3. *Our Company issued 20 Equity Shares of Rs. 10 each at a premium of Rs. 90 each to Metmin pursuant to the additional subscription agreement dated December 10, 2005 executed amongst our Company, Promoters and Metmin.*

4. *Out of 84,500 Equity Shares of Rs. 10 each, our Company issued 83,500 Equity Shares to Mr. Achal Ghai and 1,000 Equity Shares to Avigo Capital Partners Employees Welfare Trust at par.*

5. *Our Company issued 387,500 Equity Shares of Rs. 10 each to Metmin pursuant to the conversion of 1,499,970 (0.01%) CCPS of Rs. 100 each, issued at par. For details of allotment of 1,499,970 (0.01%) CCPS of Rs. 100 each please refer to the table given at paragraph 1 c) to these Notes to the Capital Structure.*

6. *Our Company issued 416,670 Equity Shares of Rs. 10 each at a premium of Rs. 230 each to Avigo Trustee pursuant to the Subscription Agreement dated January 16, 2007 between the parties. For further information, please refer to the section titled 'Other Agreements' beginning on page no. 122 of this DRHP.*

7. *Our Company issued 108,330 Equity Shares of Rs. 10 each at a premium of Rs. 230 each to 55 shareholders.*

b) Details of the history of the Promoter and Promoter Group share capital:

1. Mr. Amul Gabrani

Date of Allotment	No. of Shares	Face Value in Rs.	Issue/ Acquistion Price in Rs.	Nature of Consideration	Nature of Transaction
Mr. Amul Gabrani					
07.11.1990	100	10	10	Cash	Subscritption to MOA
07.11.1990	850	10	10	Cash	Purchase
26.02.2002	99500	10	10	Cash	Purchase
20.02.2004	279500	10	10	Cash	Purchase
20.02.2004	140000	10	10	Acquisition of Assets and Liabilities of Tecpro Systems	Purchase
31.03.2005	(120000)	10	10	Cash	Transfer
31.03.2005	50	10	10	Cash	Purchase
31.05.2005	308500	10	10	Cash	Purchase
28.09.2005	241450	10	10	Cash	Purchase
06.05.2006	(500)	10	10	Cash	Transfer
17.07.2006	500	10	10	Cash	Purchase
26.07.2006	3799800	10	Bonus	Bonus	Bonus Allotment
26.07.2006	(250000)	10	200	Cash	Transfer
21.06.2007	4499750	10	Bonus	Bonus	Bonus Allotment
23.06.2007	(150000)	10	Gift	-	Gift
Total	8849500				

2. Mrs. Bhagwanti Gabrani

Date of Allotment	No. of Shares	Face Value in Rs.	Issue/ Acquistion Price in Rs.	Nature of Consideration	Nature of Transaction
Mrs. Bhagwanti Gabrani					
07.06.1999	100	10	10	Cash	Purchase
31.03.2005	(50)	10	10	Cash	Transfer
26.07.2006	200	10	Bonus	Bonus	Bonus Allotment
21.06.2007	250	10	Bonus	Bonus	Bonus Allotment
Total	500				

3. Mr. Ajay Kumar Bishnoi

Date of allotement	No. of Shares	Face Value in Rs.	Issue/ Acquistion Price in Rs.	Nature of Consideration	Nature of Transaction
Mr. Ajay Kumar Bishnoi					
05.04.2002	100500	10	10	Cash	Purchase
20.02.2004	179500	10	10	Cash	Purchase
31.03.2005	120000	10	10	Cash	Purchase
31.05.2005	201500	10	10	Cash	Purchase
28.09.2005	303500	10	10	Cash	Purchase
06.05.2006	(500)	10	10	Cash	Transfer
17.07.2006	500	10	10	Cash	Purchase
26.07.2006	3620000	10	Bonus	Bonus	Bonus Allotment
26.07.2006	(250000)	10	200	Cash	Transfer
21.06.2007	4275000	10	Bonus	Bonus	Bonus

Date of allotement	No. of Shares	Face Value in Rs.	Issue/ Acquistion Price in Rs.	Nature of Consideration	Nature of Transaction
					Allotment
Total	8550000				

4. Mr. Arvind Kumar Bishnoi

Date of allotement	No. of Shares	Face Value in Rs.	Issue/ Acquistion Price in Rs.	Nature of Consideration	Nature of Transaction
Mr. Arvind Kumar Bishnoi					
28.09.2005	45000	10	10	Cash	Purchase
26.07.2006	180000	10	Bonus	Bonus	Bonus Allotment
21.06.2007	225000	10	Bonus	Bonus	Bonus Allotment
Total	450000				

5. Dr. Goldie Gabrani

Date of allotement	No. of Shares	Face Value in Rs.	Issue/ Acquistion Price in Rs.	Nature of Consideration	Nature of Transaction
Dr. Goldie Gabrani					
06.05.2006	500	10	10	Cash	Purchase
17.07.2006	(500)	10	10	Cash	Transfer
23.06.2007	100000	10	Gift	-	Gift
Total	100000				

6. Mrs. Amita Bishnoi

Date of allotement	No. of Shares	Face Value in Rs.	Issue/ Acquistion Price in Rs.	Nature of Consideration	Nature of Transaction
Mrs. Amita Bishnoi					
06.05.2006	500	10	10	Cash	Purchase
17.07.2006	(500)	10	10	Cash	Transfer
15.06.2007	6250	10	Gift	-	Gift
21.06.2007	6250	10	Bonus	Bonus	Bonus Allotment
Total	12500				

7. Mrs. Roma Katyal

Date of allotement	No. of Shares	Face Value in Rs.	Issue/ Acquistion Price in Rs.	Nature of Consideration	Nature of Transaction
Mrs. Roma Katyal					
06.07.2006	1000	10	50	Cash	Purchase
26.07.2006	4000	10	Bonus	Bonus	Bonus Allotment
04.06.2007	2000	10	240	Cash	Purchase
21.06.2007	7000	10	Bonus	Bonus	Bonus Allotment
Total	14000				

8. Mrs. Nutan Kapoor Mahawer

Date of allotement	No. of Shares	Face Value in Rs.	Issue/ Acquistion Price in Rs.	Nature of Consideration	Nature of Transaction
Mrs. Nutan Kapoor Mahawer					
06.07.2006	1000	10	50	Cash	Purchase
26.07.2006	4000	10	Bonus	Bonus	Bonus

Date of allotement	No. of Shares	Face Value in Rs.	Issue/ Acquistion Price in Rs.	Nature of Consideration	Nature of Transaction
					Allotment
04.06.2007	1000	10	240	Cash	Purchase
21.06.2007	6000	10	Bonus	Bonus	Bonus Allotment
Total	12000				

9. Mrs. Pushap Lata Kapoor

Date of allotement	No. of Shares	Face Value in Rs.	Issue/ Acquistion Price in Rs.	Nature of Consideration	Nature of Transaction
Mrs. Pushap Lata Kapoor					
06.07.2006	1000	10	50	Cash	Purchase
26.07.2006	4000	10	Bonus	Bonus	Bonus Allotment
04.06.2007	1000	10	240	Cash	Purchase
21.06.2007	6000	10	Bonus	Bonus	Bonus Allotment
Total	12000				

10. Mrs. Manju Bishnoi

Date of allotement	No. of Shares	Face Value in Rs.	Issue/ Acquistion Price in Rs.	Nature of Consideration	Nature of Transaction
Mrs. Manju Bishnoi					
06.07.2006	1000	10	50	Cash	Purchase
26.07.2006	4000	10	Bonus	Bonus	Bonus Allotment
21.06.2007	5000	10	Bonus	Bonus	Bonus Allotment
Total	10000				

11. Mrs. Rashmi Singh

Date of allotement	No. of Shares	Face Value in Rs.	Issue/ Acquistion Price in Rs.	Nature of Consideration	Nature of Transaction
Mrs. Rashmi Singh					
06.07.2006	500	10	50	Cash	Purchase
26.07.2006	2000	10	Bonus	Bonus	Bonus Allotment
21.06.2007	2500	10	Bonus	Bonus	Bonus Allotment
Total	5000				

12. Mr. Milind Singh

Date of allotement	No. of Shares	Face Value in Rs.	Issue/ Acquistion Price in Rs.	Nature of Consideration	Nature of Transaction
Mr. Milind Singh					
06.07.2006	500	10	50	Cash	Purchase
26.07.2006	2000	10	Bonus	Bonus	Bonus Allotment
21.06.2007	2500	10	Bonus	Bonus	Bonus Allotment
Total	5000				

13. Mrs. Menaka Bishnoi

Date of allotement	No. of Shares	Face Value in Rs.	Issue/ Acquistion Price in Rs.	Nature of Consideration	Nature of Transaction
Mrs. Menaka Bishnoi					
06.07.2006	250	10	50	Cash	Purchase
26.07.2006	1000	10	Bonus	Bonus	Bonus Allotment
21.06.2007	(1250)	10	Gift	-	Gift
Total	Nil				

14. Mr. Chandrapal Singh Bishnoi

Date of allotement	No. of Shares	Face Value in Rs.	Issue/ Acquistion Price in Rs.	Nature of Consideration	Nature of Transaction
Mr. Chandrapal Singh Bishnoi					
06.07.2006	1000	10	50	Cash	Purchase
26.07.2006	4000	10	Bonus	Bonus	Bonus Allotment
21.06.2007	(5000)	10	Gift	-	Gift
Total	Nil				

c) Our Preference Share Capital was subscribed and allotted as under:

Date of Allotment/ Fully paid Up	Number of Preference Shares	Face Value (in Rs.)	Issue Price (in Rs.)	Nature of payment of consideration	Nature of allotment	Cumulative Paid up Capital
October 18, 2005	499,990[1]	100	100	Cash	Further allotment	49,999,000
January 11, 2006	999,980[2]	100	100	Cash	Further allotment	149,997,000

On July 17, 2006, the entire issued and paid up Preference Share Capital of our Company was converted into Equity Shares and presently our Company has no Preference Share Capital.

Notes:

1. *Our Company issued 499,990 (0.01%) CCPS of Rs. 100 each, at par, to Avigo, pursuant to a share subscription agreement dated September 28, 2005 executed amongst our Company, Promoters and Avigo.*

2. *Our Company issued 999,980 (0.01%) CCPS of Rs. 100 each, at par, to Metmin, pursuant to the additional subscription agreement dated December 10, 2005 executed amongst our Company, Promoters and Metmin.*

2. Promoters contribution and lock-in

Our Promoters have by a written undertaking consented to have 6,539,500 Equity Shares held by them to be considered as promoters' contribution and locked-in for a period of three years from the date of Allotment. These Equity Shares under the Promoters' contribution will constitute 20% of our post Issue equity share capital. Set forth below are details of the Promoters' contribution and lock-in of the Equity Shares under the Promoters' contribution:

Three Years lock-in

Name of the Promoter	Date of allotment/ transfer	Date when made fully paid-up	Consideration (Cash, bonus, kind, etc.)	No. of Equity Shares	Face Value (in Rs.)	Issue/ Trans-fer Price (in Rs.)	%of Post-Issue paid-up capital	Lock-in Period (in years)
Mr. Ajay Kumar Bishnoi	21.06.2007	21.06.2007	Bonus*	3,269,750	10	-	10	3 Years
Mr. Amul Gabrani	21.06.2007	21.06.2007	Bonus*	3,269,750	10	-	10	3 Years
	Total			**6,539,500**	**10**	**-**	**20**	

* All Equity Shares being locked-in for a period of three years from the date of allotment are not from a bonus issue out of a revaluation reserves or reserve without accrual of cash resources.

One Year lock-in

In terms of clause 4.14.1 of the SEBI Guidelines, in addition to 20% of post-offer shareholding of our Company held by the Promoters for three years, as specified above, the entire pre-offer issued equity share capital of our Company will be locked-in for a period of one year from the date of allotment in this offer.

In terms of clause 4.14.2 of the SEBI Guidelines, the requirements of clause 4.14.1 of the SEBI Guidelines shall not be applicable to VCFs registered with SEBI. Consequently, 50,000 Equity Shares representing 0.20% and 0.15% of the pre Issue and post Issue equity share capital respectively, held by Avigo Trustee, a VCF is exempt from any SEBI statutory lock-in. The total number of Equity Shares which are locked in for one year are 18,808,000.

Notes

All Equity Shares being included for computation of Promoters contribution and three year lock-in are not ineligible for such purposes under clause 4.6 of the SEBI Guidelines. Further, in accordance with clause 4.13 of the SEBI Guidelines, the Equity Shares issued last to the Promoters have been locked in first. Equity Shares issued as Bonus which are locked-in for three years are not issued in lieu of ineligible shares in terms of clause 4.6.1(ii).

1. *The Promoters have given their consent for lock in of shares as stated above. The lock-in shall start from the date of Allotment in the public issue and the last date of the lock-in shall be reckoned from the date of Allotment in the Issue.*

2. *In terms of clause 4.15 of the SEBI Guidelines, the locked-in Equity Shares held by the Promoters can be pledged with banks or financial institutions as collateral security for loans granted by such banks or financial institutions, provided the pledge of such shares is one of the terms of sanction of loan. Further, securities locked in as Promoters contribution for a period of three years may be pledged only if, in addition to fulfilling the above condition, the loan has been granted by the such bank or financial institution for the purpose of financing one or more of the objects of the Issue.*

3. *In terms of clause 4.16.1 (b) of the SEBI Guidelines, locked in Equity Shares held by the Promoters may be transferred to and amongst the Promoters/ Promoter group or to a new promoter or persons in control of our Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997 as applicable.*

4. *Further, in terms of clause 4.16.1 (a) of the SEBI Guidelines, locked in Equity Shares held by shareholders other than the Promoters may be transferred to any other person holding shares which are locked-in as per clause 4.14 of the SEBI Guidelines, subject to continuation of the lock-in in the*

hands of the transferees for the remaining period and compliance with Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997 as applicable.

In addition, the Equity Shares subject to lock-in will be transferable subject to compliance with the DIP Guidelines, as amended from time to time.

3. Shareholding Pattern of our Company before and after the Issue:

Promoters	**Before the issue**		**After the issue**	
	No. of Equity Shares of Rs. 10 each	**%of total**	**No. of Equity Shares of Rs. 10 each**	**% of total**
Promoters				
Ajay Kumar Bishnoi	8,550,000	33.66	8,550,000	26.15
Amul Gabrani	8,849,500	34.84	8,849,500	27.06
Sub total (a)	**17,399,500**	**68.50**	**17,399,500**	**53.21**
Promoter Group – Individuals				
Arvind Kumar Bishnoi	450,000	1.77	450,000	1.38
Goldie Gabrani	100,000	0.39	100,000	0.31
Aditya Gabrani	50,000	0.20	50,000	0.15
Roma Katyal	14,000	0.06	14,000	0.04
Amita Bishnoi	12,500	0.05	12,500	0.04
Nutan Kapoor Mahawer	12,000	0.05	12,000	0.04
Pushap Lata Kapoor	12,000	0.05	12,000	0.04
Manju Bishnoi	10,000	0.04	10,000	0.03
Rashmi Singh	5,000	0.02	5,000	0.02
Milind Singh	5,000	0.02	5,000	0.02
Bhagwanti Gabrani	500	-	500	-
Sub total (b)	**671,000**	**2.65**	**671,000**	**2.05**
Total Promoter and Promoter Group holding (c) = (a) +(b)	**18,070,500**	**71.15**	**18,070,500**	**55.27**
Venture Capital Fund	183,334	0.72	183,334	0.56
Foreign Venture Capital Fund	1,650,006	6.50	1,650,006	5.05
Bodies Corporate (Foreign)	3,875,300	15.26	3,875,300	11.85
Individuals	-	-	-	-
Non Resident Indians	1,326,200	5.22	1,326,200	4.05
Resident Indian	292,160	1.15	292,160	0.89
Total (d)	**7,327,000**	**28.85**	**7,327,000**	**22.40**
Public (e)	**-**	**-**	**7,300,000**	**22.33**
Total (c) + (d) + (e)	**25,397,500**	**100**	**32,697,500**	**100**

For further information on the shareholdings of our directors, please refer to the section titled 'Our Management' on page no. 94 of this DRHP.

4. **Equity Shares held by our top ten shareholders:**

a) As on the date of filing and ten days prior to the filing of DRHP with SEBI:

No.	Name	No. of Equity Shares held	% Shareholding
1	Amul Gabrani	8,849,500	34.84
2	Ajay Kumar Bishnoi	8,550,000	33.66
3	Metmin Investments Holdings Limited	3,875,300	15.26
4	Avigo Venture Investments Limited	1,650,006	6.50
5	Achal Ghai	1,302,200	5.12
6	Arvind Kumar Bishnoi	450,000	1.77
7	Avigo Trustee Company Private Ltd	183,334	0.72
8	Goldie Gabrani	100,000	0.39
9	Aditya Gabrani	50,000	0.20
10	Vijay Bajaj	20,000	0.07
11	Raj Shree Sharma	20,000	0.07

b) Two years prior to Filing of DRHP:

No.	Name	No of Equity Shares held	% Shareholding
1	Mr. Amul Gabrani	708,500	54.08
2	Mr. Ajay Kumar Bishnoi	601,500	45.91
3	Mrs. Bhagwanti Gabrani	50	0.01

5. The Promoter Group has not purchased or sold or otherwise transferred the Equity Shares of our Company during the past six months preceding the date of filing this DRHP with SEBI except as listed below:

No.	Transferor	Transferee	Date of Transaction	Number of Equity Shares	Price per Equity Share (Rs.)
1	Chandrapal Singh	Amita Bishnoi	15.06.2007	5,000	Other than cash (transfer by gift)
2	Menaka Bishnoi	Amita Bishnoi	15.06.2007	1,250	Other than cash (transfer by gift)
3	Amul Gabrani	Goldie Gabrani	23.06.2007	100,000	Other than cash (transfer by gift)
4	Amul Gabrani	Aditya Gabrani	23.06.2007	50,000	Other than cash (transfer by gift)

6. There are no outstanding warrants, options or rights to convert debentures, loans or other financial instruments into our Equity Shares. Our Company does not have any outstanding Employee Stock Option Plan.

7. There is no “buyback” or “stand by” arrangement for purchase of Equity Shares by our Company, our Promoters, Directors or the BRLMs for the Equity Shares offered through this DRHP.

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

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

10. In the Issue, in case of over subscription in all categories, not less than 60% of the Issue to the public shall be allocated to QIBs on a proportionate basis. Out of 60% allocated to QIBs, 5% shall be available for allocation on a proportionate basis to Mutual Funds registered with SEBI. These Mutual

Funds shall also be eligible to participate in the balance available to QIBs. Further, up to 10% of the Issue to the public shall be available for allocation to non-institutional bidders and up to 30% of the Issue to the public shall be available for allocation to retail bidders on proportionate basis, subject to valid bids being received at or above the Issue Price. Under-subscription, if any, in the non-institutional or retail categories shall be allowed to be met with spillover from any other category at the sole discretion of our Company and the BRLM, subject to valid bids being received at or above the Issue Price.

11. Subject to the Pre-Ipo Placement, there would be no further issue of capital whether by way of issue of bonus shares, preferential allotment and rights issue or in any other manner during the period commencing from submission of this DRHP with SEBI until the Equity Shares offered through this DRHP have been listed.

12. Subject to the Pre-Ipo Placement, we presently do not intend or propose to alter our capital structure for a period of six months from date of opening of the Issue, by way of split / consolidation of the denomination of Equity Shares or to make a further issue of Equity Shares (including issue of securities convertible into Equity Shares) whether preferential or otherwise, except Employee Stock Option Plans, if any, or if we enter into any joint ventures or acquire any business/entity or make investments, in which case we may consider raising additional capital to fund such activity or use Equity Shares as a currency for acquisition or participation in such joint ventures or investments.

13. As on the date of filing this DRHP with SEBI, there are no outstanding financial instruments or any other right, which would entitle the Promoters or shareholders of our Company or any other person any option to receive Equity Shares after the Issue.

14. Our Company has not made any public issue of Equity Shares since its inception.

15. Our Company has not revalued its assets in the past.

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

17. A Bidder cannot make a Bid for more than the number of Equity Shares offered in this issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.

18. Our Company has 84 shareholders as on the date of filing this DRHP with SEBI.

19. An over-subscription to the extent of 10% of the Issue to the public can be retained for the purposes of rounding off while finalising the basis of allotment.

20. Except as disclosed in section titled ‘Our Management’ on page no. 94 of this DRHP, none of our Directors and Employees hold any Equity Shares of our Company.

21. In respect to the various agreements entered into by our Company with its lenders, we are bound by certain restrictive covenants regarding our capital structure. As per these restrictive covenants, our Company cannot change or in any way alter its capital structure. We have obtained the requisite approval from SBI in relation to the Issue.

5.2 OBJECTS OF THE ISSUE

The objects of the Issue are as follows:

(a) Setting up of design and engineering center;
(b) Setting up of plant to manufacture conveyor belts;
(c) Equity investment in TEL;
(d) Equity investment in TPSL;
(e) Expansion of existing manufacturing facilities;
(f) Enhancing working capital;
(g) General corporate purposes;
(h) Issue expenses;

and to create a public trading market for our Equity Shares by listing them on Stock Exchanges, as we believe that the listing of our Equity Shares will enhance our visibility and brand name and enable us to avail of future growth opportunities.

The main object clause of our MOA and objects incidental to the main objects enable us to undertake our existing activities and the activities for which funds are being raised by us through this Issue.

The net proceeds of the Issue, after deducting expenses relating to the Issue, are estimated at Rs. [●] Million. The details of the utilization of the net proceeds of the Issue are as follows:

No.	Particulars	Amount (Rs. in Million)
1.	Setting up of design and engineering center	330.00
2.	Setting up of plant to manufacture conveyor belts	66.07
3.	Equity investment in TEL	178.50
4.	Equity investment in TPSL	120.00
5.	Expansion of existing manufacturing facilities	86.63
6.	Enhancing working capital	220.00
7.	General corporate purposes	[●]
8.	Issue expenses	[●]
	Total	[●]

For the above estimates, we have relied upon quotations received by us over the past six months and our past experience. Where more than one quotation has been sought, we have indicated the lowest value of such quotations. We have not as yet taken a decision to finalize the suppliers for the above equipment.

The figures are based on management estimates and have not been appraised by an independent organization. In addition, our plans are subject to a number of variables, including possible cost overruns, construction delays or defects and changes in our management's views of the desirability of our current plans, among others.

The entire requirement of funds will be met though the proceeds of the Issue. Our funding requirements and the deployment of the net proceeds of the Issue are based on the estimates of our management and have not been appraised by any bank or financial institution or other independent third party. We operate in a highly competitive, dynamic and regulated industry, and may have to revise our estimates from time to time on account of new projects that we may pursue including any industry consolidation initiatives, such as potential acquisition opportunities. We may also reallocate expenditure to newer projects or those with earlier completion dates in the case of delays in our existing projects. Consequently, our fund requirements may also change accordingly. Any such change in our plans may require rescheduling of our expenditure programs, starting projects which are not currently planned, discontinuing projects currently planned and an increase or decrease in the expenditure for a particular project, at the discretion of our Company.

In case of variations in the actual utilization of funds earmarked for the purposes set forth above, increased fund requirements for a particular purpose may be financed by surplus funds, if any, available in respect of the other purposes for which funds are being raised in this Issue. If surplus funds are unavailable, the required financing will be through our internal accruals and debt.

Year wise deployment of funds

No.	Particulars	Amount (Rs. in Million)	FY 08	FY 09
1.	Setting up of design and engineering center	330.00	330.00	Nil
2.	Setting up of plant to manufacture conveyor belts	66.07	22.00	44.07
3.	Equity investment in TEL	178.50	178.50	Nil
4.	Equity investment in TPSL	120.00	120.00	Nil
5.	Expansion of existing manufacturing facilities	86.63	20.00	66.63
6.	Enhancing working capital	220.00	220.00	Nil
	TOTAL	[●]	[●]	[●]

1. *Setting up of design and engineering center*

We plan to enhance our design and engineering capabilities which will enable us to provide value added services to our clients. We intend to set up a design center by purchasing land situated at Gurgaon with a built up area of approximately 20,000 square feet. The total projected cost of the design and engineering centre is Rs. 330.00 Million. However, we have not executed any document to validate the claim of setting up of the design centre and that our estimates are based solely on quotes received by us. In the event, we are unable to purchase the said land at Gurgaon, we may if need be, consider other locations to set up our design centre. The details of the cost of the project are given in the table below.

No.	Description	Amount (Rs. in Million)
1	Land	280.00
2	Office equipment	40.26
3	Furniture and interiors	9.74
	Total	330.00

2. *Setting up of plant to manufacture conveyor belts*

We intend to set up a plant to manufacture conveyor belts. This is due to the fact that we have faced problems in the past in procuring conveyor belts for the conveyor systems we install such as availability and competitive prices. Our production facility will give us flexibility and enhanced ability to deliver on time. We project a total expenditure of Rs. 66.07 Million for setting up this plant. The plant will be in a separate shed in our existing factory compound in Bhiwadi. The details of the projected expenditure are given below.

No.	Description	Amount (Rs. in Million)
1	Machinery	35.90
2	Testing Equipments	2.13
3	Workshop Equipment	1.00
4	Utilities	8.98
5	Building and Erection /Commissioning	18.07
	Total	**66.07**

Further breakup of the expenditure in terms of machinery, testing equipment, workshop equipment, utilities and building and erection is given in the following tables.

Machinery

No.	Description	Size	Quantity	Amount (Rs. in Million)
1	3- Roll Calender M/c	22" x 68"	1	6.50
2	Mixing Mill	22" x 60"	2	5.94
3	Mixing Mill	16" x 42"	2	2.49
4	Dispersion Kneader	125 Litre	2	3.85
5	Hydraulic Press (Double day Light)	1750 mm x 7 Mtrs	1	10.50
6	Building Table with 5 stations	2000 mm x 10 Mtrs	1	5.00
7	Belt finishing (repair) press	1700 mm x 1.5 Mtrs	1	1.62
	Total			**35.90**

Testing Equipment

No.	Description	Size	Quantity	Amount (in Rs.)
1	Laboratory Tensile Testing M/c	250 Kg Cap.	1	375,000.00
2	Tensile Testing M/c	5000 Kg Cap.	1	174,000.00
3	Rheometer	ODR Type	1	285,000.00
4	Mooney Viscometer	NA	1	285,000.00
5	Humidity Chamber	18"x18"x28"	1	177,500.00
6	Abrasion Tester (DIN)	DIN 53516	1	42,500.00
7	Weighing Balance	210 mg Lc 0.1 mg	1	159,480.00
8	Drum Friction testing M/c	8" DIA DRUM	1	203,000.00
9	Electrical resistance testing M/c	As per can std.	1	49,500.00
10	Frame testing equipment	As per can std	1	91,000.00
11	Troughability Equipment	For 1600 mm Belt	1	29,500.00
12	Ageing Oven	0 to 300 Degree Celcius	2	95,000.00
13	Muffle Furnace (digital)	9"x4"x4"	1	6,850.00
14	Qc Meters / Gauges	NA		100,000.00
15	Air Conditioning Equipment for Lab.	2 Tons Capacity	1	55,500.00
	Total			**2,128,830.00**

Workshop equipment

No.	Description	Size	Quantity	Amount (in Rs.)
1	Lathe	8' Length 14" Centre, 16" Bed , 3.5" Bore	1	124,100.00
2	Shaper	30"	1	150,000.00
3	Welding Set	500 Ampere (Oil based) Copper Metal	1	24,000.00
4	Drill Machine	Upto 1-1/4" round complete with rotor.	1	16,500.00
5	Crane (3Ton) and Miscellaneous Tools	3 Tonnes		685,400.00
	Total			**1,000,000.00**

Utilities

No.	Description	Size/Specifications	Quantity	Amount (Rs. in Million)
1	Thermic Fluid Boiler	4 Lakh Kilo Calories	1	0.54
2	Generator	62.5 KVA	1	0.45
3	Generator	125 KVA	2	1.25
4	Generator	250 KVA	2	2.57
5	Cooling Tower	NA	1	0.20
6	Water Tank	8 ft x 8 ft x 6 ft	1	0.10
7	Transformer	500 KVA	2	0.84
8	Compressors	5 HP and 10 HP	2	0.53
9	EOT Crane	15 Tonnes	1	2.00
10	Miscellaneous Equipment for movement of materials	300 Kg to 3000 Kgs	-	0.50
	Total			**8.98**

Building and machinery

No.	Description	Size	Quantity	Amount (Rs. in Million)
1	Factory Building	18 Meters x 100 Meters	1	13.50
2	Foundations	NA	NA	1.00
3	Electricals Cables / Switch Gears, etc.	NA	NA	3.00
4	Erection and Commissioning.	NA	NA	0.57
	Total			**18.07**

3. Equity investment in TEL

TEL has been awarded letters of intent by HAREDA to set up two biomass based power plants in Haryana with installed capacity of 7.5 MW each. We plan to make equity investment in these power plants. The detailed project report for these power plants has been submitted to HAREDA and their approval is awaited.

As per the HERC order dated May 15, 2007, electricity will be purchased by TRANCO from biomass powered plants at Rs. 4 per unit with 2007-08 as the base year with an escalation of 2% p.a. up to FY 13. Also, these plants will have a tax holiday for first five years and a 30% subsidy on tax for the next five years of operation, accelerated depreciation of 100% for turbo generator and 18 months moratorium including construction period for loan repayment and seven years loan repayment period.

The projected cost as per the detailed project report for the plant to be set up in Israna, Panipat, Haryana is given below.

No.	Particulars	Amount (Rs. in Million)
I.	**PLANT FACILITIES**	
	Land and site development	18.00
	Buildings and structures	24.90
	Plant and equipment (as erected)	189.10
	Design, engineering, construction management and training	6.00
	Total plant cost	**238.00**
II.	**OTHER FIXED INVESTMENTS**	
	Furniture, office m/c and vehicles	2.00
	Spare Parts	4.00
	Preliminary, Preoperative and startup expenses	8.50
	Total of other fixed investments	14.50
III.	**CONTINGENCY**	8.00
IV.	**MARGIN MONEY (25% of working capital)**	3.70
V.	**INTEREST DURING CONSTRUCTION**	33.30
	Total capital cost	**297.50**

The projected cost as per the detailed project report for the plant to be set up in Nilokheri, Karnal, Haryana is given below.

No.	Particulars	Amount (Rs. in Million)
I.	**PLANT FACILITIES**	
	Land and site development	18.00
	Buildings and structures	24.90
	Plant and equipment (as erected)	189.10
	Design, engineering, construction management and training	6.00
	Total plant cost	**238.00**
II.	**OTHER FIXED INVESTMENTS**	
	Furniture, office m/c and vehicles	2.00
	Spare Parts	4.00
	Preliminary, Preoperative and startup expenses	8.50
	Total of other fixed investments	14.50
III.	**CONTINGENCY**	**8.00**
IV.	**MARGIN MONEY (25% of working capital)**	3.70
V.	**INTEREST DURING CONSTRUCTION**	33.30
	Total capital cost	**297.50**

The debt – equity ratio in these projects is 70:30 and the equity portion is projected to be Rs. 89.25 Million each. Thus the total equity investment in these projects is projected at Rs. 178.50 Million. The schedule for completion for both these projects is 18 months from the date of receiving financial and other clearances

4. Equity investment in TPSL

TPSL was set up on October 21, 2005 to deal in power plants on a BOO basis, BOT and build-own-operate-maintain basis. TPSL has entered into a technical collaboration agreement with Shanbao for the purpose of setting up power plants up to 55 MW for power generation in India. TPSL has four pending orders worth Rs. 1,087.33 Million as on June 30, 2007.

We intend to make an equity investment of Rs. 120 Million in TPSL which will mainly be used for working capital requirements.

5. Expansion of Manufacturing Facilities

We need to increase our manufacturing capacity. We intend to use around Rs.86.63 Million from the proceeds of the Issue for purchase of equipment to increase our manufacturing capacity. We have projected a capacity expansion based on our order backlog as of June 30, 2007. This expansion would be for both our factories, one at Bawal, Haryana and the other at Bhiwadi, Rajasthan. The details of the equipment we intend to purchase and their estimated costs, including the estimated costs of associated spares, attachments and other accessories, are specified in the following table separately for both the factories.

Bawal, Haryana

No.	Description of Machinery	Quantity	Total Cost (in Rs. Million)
1	Lathe L45/5000	1	5.64
2	Lathe L800x1000	1	1.10
3	Plate shear machine 12 mm	1	2.16
4	Floor boring machine	1	5.22
5	Milling machine universal 600x1500	1	1.49
6	Plate rolling	1	8.28
7	Vertical turning 1200x	1	6.12
8	Radial drill (80)	1	1.88
9	Radial drill rm 62	1	0.75
10	Fatlac m/c	1	0.15
11	Crane 10 ton	1	2.01
12	Crane 5 ton	2	0.95
13	Crane 7.5 ton	2	3.22
14	Genset 250 kva	1	1.49
15	Genset 250 kva Synchrounous - Panel	1	0.87
16	Weigh bridge (50 ton)	1	1.29
17	Welding rectifier	14	1.33
18	Miscellaneous		1.05
	Total		**44.99**

Bhiwadi, Rajasthan

No.	Description of Machinery	Quantity	Total Cost (in Rs. Million)
1	Lathe L45/4000	2	9.96
2	Lathe L45/3000	2	7.91
3	Lathe 930/5000	2	2.80
4	Slotter	1	0.56
5	Factory shed	1	12.17
6	Drilling machine	5	0.48
7	Radial Drill RM 62	2	1.49
8	Crane 5 ton	2	0.95

No.	Description of Machinery	Quantity	Total Cost (in Rs. Million)
9	Genset 125 KVA	1	0.72
10	Genset 250 KVA Synchronous - Panel	1	0.87
11	Weigh bridge (50 ton)	1	1.29
12	Welding rectifier	14	1.33
13	Miscellaneous		1.11
	Total		**41.65**

6. Enhancing working capital

Our projects generally require us to furnish a bank guarantee of 10% of the project value at the start of the project and a bank guarantee of 10% of the project value at the end of the project. We are required to keep 20% of the amount of issued bank guarantees in favour of our clients as a fixed deposit with the bank issuing the guarantee. Our sanctioned bank guarantee limit as on March 31, 2007 was Rs. 900.00 Million. We have on August 2, 2007 executed loan documents with SBI for the bank guarantee limits of Rs. 1800.00 Million. Our usage of bank guarantees would increase considering our order book position was Rs. 2,825.52 Million as at March 31, 2006, increased to Rs. 4,806.03 Million as at March 31, 2007 and further increased to Rs. 4,825.11 Million as at June 30, 2007. As our amount of outstanding bank guarantees increases, we will have to increase our fixed deposit with the issuing bank to maintain the 20% margin.

We project a requirement of funds of approximately Rs. 220.00 Million for this and other working capital requirements which will be funded from the proceeds of the Issue.

7. General Corporate purposes

We intend to deploy the balance Net Proceeds aggregating Rs. [●] Million, towards general corporate purposes, including but not restricted to meeting working capital requirements, strategic initiatives, entering into strategic alliances, partnerships, acquisitions and joint ventures, meeting exigencies, which our Company in the ordinary course of business may face, repayment of debts, or any other purposes as approved by our Board.

8. Issue Related Expenses

Issue related expenses include, among others, underwriting and selling commissions, printing and distribution expenses, legal expenses, advertisement expenses, registrar’s fees and depository fees.

The details of the estimated Issue expenses are as follows:

Activity	Expenses* (Rs. in Million)	% of Issue size	% of Issue expenses
Lead management, underwriting and selling commission	[●]	[●]	[●]
Advertisement and marketing expenses	[●]	[●]	[●]
Printing and stationery (including expenses on transportation of the material)	[●]	[●]	[●]
Others (Registrar’s fees, legal fees, listing fees, etc.)	[●]	[●]	[●]
Total estimated Issue expenses	[●]	[●]	[●]

**Will be incorporated after finalization of the Issue Price*

Interim Use of Proceeds

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

Monitoring Utilization of Funds

Our Board and the Monitoring Agency will monitor the utilization of the Issue proceeds. We will disclose the details of the utilization of the Issue proceeds, including interim use, under a separate head in our financial statements for FY 08 and 09, specifying the purpose for which such proceeds have been utilized or otherwise disclosed as per the disclosure requirements of our listing agreements with the Stock Exchanges.

No part of the proceeds from the Issue will be paid by us as consideration to our Promoters, our Directors, Promoter Group Companies or key managerial employees, except in the normal course of our business.

5.3 BASIS FOR THE ISSUE PRICE

The Issue Price will be determined by us in consultation with the BRLMs on the basis of assessment of market demand and on the basis of the following qualitative and quantitative factors for the Equity Shares offered through the Book Building Process. The face value of the Equity Shares is Rs. 10 and the Issue Price is **[●]** times the face value at the lower end of the Price Band and **[●]** times the face value at the higher end of the Price Band.

Qualitative Factors

For further information on some of the qualitative factors which form the basis for deciding the price, please refer to the sections titled 'Business Overview' on page no. 62 and 'Risk Factors' on page no. (xii).

Quantitative Factors

Information presented in this section is derived from the Company's restated financial statements prepared in accordance with Indian GAAP. Some of the quantitative factors, which form the basis for deciding the price, are as follows:

1. Earning Per Share (EPS) (Diluted)

Financial Period	Diluted EPS (Rs.)*	Diluted EPS (Rs.)**	Weight
Year ended March 31, 2005	5.31	2.66	1
Year ended March 31, 2006	10.75	5.38	2
Year ended March 31, 2007	17.32	8.66	3
Weighted Average	13.13	6.57	

* Calculated before the issue of bonus shares subsequent to March 31, 2007
** Calculated after considering the issue of Bonus shares subsequent to March 31, 2007

Note:

- The earning per share has been computed by dividing net profit as restated, attributable to equity shareholders by restated weighted average number of Equity Shares outstanding during the year.
- The face value of each Equity Share is Rs. 10/-.

2. Price Earning Ratio (P/E Ratio)

A. Based on the year ended March 31, 2007 the Diluted EPS is Rs 17.32.
B. P/E based on the above EPS is **[●]** at the Floor Price and **[●]** at the Cap Price.
C. P/E based on Weighted average EPS is **[●]** at the Floor Price and **[●]** at the Cap Price.
D. Peer group P/E*
   (i) Highest 27.90
   (ii) Lowest 21.90
   (iii) Peer group Average 24.90

* P/E based on trailing twelve month earnings for the peer set we have shown below
Source: Capital Market Online (http://www.subscribers.capitalmarket.com), accessed on August 19, 2007 (Industry-Engineering)

3. Return on Net Worth

Financial Period	RoNW (%)	Weight
Year ended March 31, 2005	66.94	1
Year ended March 31, 2006	36.39	2
Year ended March 31, 2007	41.77	3
Weighted Average	44.17	

Note: The RoNW has been computed by dividing net profit after tax as restated, by Net Worth as at end of the year.

Minimum Return on Total Net Worth post-Issue to maintain pre-Issue EPS for fiscal year ended March 31, 2007 is [●].

4. Net Asset Value (NAV)*

(i) NAV as at March 31, 2007	Rs. 40.39 per Equity Share
(ii) NAV after Issue	Rs. **[●]** per Equity Share

* NAV per equity share has been calculated as Net worth as at the end of the year divided by Number of Equity Shares outstanding at the end of FY 07.
Net worth as per Restated Financial Statements as at March 31, 2007.

5. Comparison with other Listed Companies

	EPS (Rs) (TTM)*	**P/E ratio (as on August 19, 2007)**	**Net Asset Value Per Share (Rs.)**	**RoNW (%)**	**Sales for year ended March 31, 2007 (Rs. in Million)**
Tecpro Systems Ltd.	17.32**	[●]	40.39	44.17	2,383.91 #
TRF Ltd.	42.5	21.9	101.1	17.5	3,428
Elecon Engineering Company Ltd.	19.8	27.9	60.8	31.69	7,231
Mcnally Bharat Engineering Company Ltd.	6.0	28.8	33.5	10.1	5,034

*TTM – Trailing Twelve Months ended March 31, 2007
** Diluted EPS calculated before the issue of bonus shares subsequent to March 31, 2007
# Total Income

All data for peer group companies are for full fiscal 2007; all figures for the Company are based on its financial statements and for year ended March 31, 2007. The P/E is based on trailing twelve month earnings.

Source: Capital Market Online (http://www.subscribers.capitalmarket.com), accessed on August 19, 2007 (Industry-Engineering); only select companies that represent Material Handling Equipment companies have been identified as peer group.

The Issue Price of Rs. [●] is determined by the company, in consultation with the BRLMs 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. For further information, please refer to the sections titled 'Risk Factors', 'Business Overview' and 'Financial Statements' on page nos. (xii), 62 and 137 of this DRHP.

5.4 STATEMENT OF TAX BENEFITS

Statement of Possible Tax Benefits available to the Company and its shareholders

The Board of Directors,
Tecpro Systems Limited
FB-26, Tagore Garden,
Delhi-110 027,
India.

Subject: Statement of Possible Tax Benefits

Dear Sirs,

We hereby certify that the enclosed “Annexure” states the possible tax benefits available to Tecpro Systems Limited (the “Company”) and its Shareholders under the provisions of the Income-Tax Act, 1961 and other direct tax laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence the ability of the company or its shareholders to derive the tax benefits is dependant upon fulfilling such conditions which based on business imperatives the company faces in the future, the company may or may not choose to fulfill.

The benefits discussed below are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue, particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail.

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

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

The contents of this annexure are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

A shareholder is advised to consider in his/her/its own case, the tax implications of an investment in the Equity Shares.

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

For R.G. Luthra & Co.
Chartered Accountants

CA Himanshu Kumar
Partner
M.No. 099953
Place: Gurgaon
Date: August 11, 2007

ANNEXURE

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO TECPRO SYSTEMS LIMITED ("THE COMPANY") AND ITS SHAREHOLDERS

BENEFITS AVAILABLE UNDER THE INCOME TAX ACT, 1961 (the "**IT ACT**"**):**

General

The following is a summary of the material Indian tax consequences of owning and disposing equity shares purchased in this Issue by holders who are Residents and Non-Residents. The following summary is based on the current provisions of the IT Act and rules and regulations made there under, and applicable to the financial year ending 31 March 2008. The IT Act is amended every year by the Finance Act of the relevant year. Some or all of the tax consequences mentioned hereunder may be amended or changed by future amendments to the IT Act.

Under section 90(2) of the IT Act, the provisions of the IT Act would apply to the extent they are more beneficial than the provisions of the Double Taxation Avoidance Agreement ("**DTAA**") between India and the country of residence of the nonresident.

Levy of Income Tax

In India, tax is charged on the basis of the residential status of a person (under terms of the provisions of the IT Act) on his/her total income in the previous year, at the rates as specified in the Finance Act as applicable in the relevant assessment year. An assessment year is a period of 12 months commencing on the first day of April every year ("**Assessment Year**"). Generally, the previous year means the financial year immediately preceding the Assessment Year.

In general, in the case of a person who is "resident and ordinarily resident'' in India in a previous year, his/her global income is subject to tax in India. In the case of a person who is "non-resident'' in India, only the income that is received or deemed to be received or that accrues or is deemed to accrue or arise to such person in India, is subject to tax in India. In the case of a person who is "not ordinarily resident'' in India, the income chargeable to tax is the same as in the case of persons who are resident and ordinarily resident except that the income which accrues or arises outside India is not included in his total income unless it is derived from a business controlled or a profession set up in India. However, persons who are not ordinarily resident will be liable to tax in India in cases wherein the income accrues or arises outside India but the first receipt is in India. In the instant case, the income from the shares of the Company would be considered to accrue or arise in India, and would be taxable in the hands of all persons irrespective of their residential status. However, applicable DTAAs may give some relief from tax in India to nonresident shareholders.

Residence

A "Non-Resident" means a person who is not a resident in India. For the purposes of the IT Act, an individual is considered to be a resident of India during any financial year if he or she is in India in that year for:

- a period or periods amounting to 182 days or more; or
- 60 days or more, if within the four preceding years, he/she has been in India for a period or periods amounting to 365 days or more; or
- 182 days or more, in the case of a citizen of India or a person of Indian origin living abroad who visits India; or

- 182 days or more, in the case of a citizen of India who leaves India for the purposes of employment outside India in any previous year.

A company is resident in India if it is an Indian company formed and registered under the Act or the control and management of its affairs is situated wholly in India. A firm or other association of persons is resident in India, except where the control and management of its affairs is situated wholly outside India.

1. Benefits available to the Company

The Company will be entitled to deduction under the sections mentioned hereunder from its total income chargeable to Income Tax.

1.1 **Dividends exempt under section 10(34)**

Under section 10(34) of the Act, the Company will be eligible for exemption of income by way of dividend from domestic company referred to in section 115-O of the Act.

1.2 **Income from units of Mutual Funds exempt under section 10(35)**

The Company will be eligible for exemption of income received from units of mutual funds specified under section 10(23D) of the Act, income received in respect of units from the Administrator of specified undertaking and income received in respect of units from the specified company in accordance with and subject to the provisions of section 10(35) of the Act.

1.3 **Computation of capital gains**

1.3.1 Capital assets may be categorized into short term capital assets and long term capital assets based on the period of holding. Shares in a company, listed securities or units of UTI or unit of Mutual Fund specified under section 10(23D) or a zero coupon bond will be considered as long term capital assets if they are held for a period exceeding 12 months. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as "long term capital gains". Capital gains arising on sale of these assets held for 12 months or less are considered as "short term capital gains".

1.3.2 Section 48 of the Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition/improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long term capital gains, it offers a benefit by permitting substitution of cost of acquisition/improvement with the indexed cost of acquisition/improvement, which adjusts the cost of acquisition/improvement by a cost inflation index as prescribed from time to time.

1.3.3 As per the provisions of section 112 of the Act, long term gains as computed above that are not exempt under section 10(38) of the Act would be subject to tax at a rate of % (plus applicable surcharge, if the Company's income exceeds one crore rupees, education cess and secondary and higher education cess). However, as per the proviso to section 112(1), if the tax on long term capital gains resulting on transfer of listed securities or units or zero coupon bond, calculated at the rate of 20% with indexation benefit exceeds the tax on long term gains computed at the rate of 10% without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10% (plus applicable surcharge, if the Company's income exceeds one crore rupees, education cess and secondary and higher education cess).

1.3.4 As per the provisions of section 111A of the Act, short-term capital gains on sale of equity shares or units of an equity oriented fund where the transaction of sale is chargeable to Securities Transaction tax ("**STT**") shall be subject to tax at a rate of 10 per cent (plus applicable surcharge, if the Company's income exceeds one crore rupees, education cess and secondary and higher education cess).

1.3.5 *Exemption of capital gain from income tax*

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

- As per the provisions of MAT governed by section 115JB of the IT Act, long term capital gains realized on sale of securities of the listed company on a recognized stock exchange in India will be taxed at the rate of 10% (plus applicable surcharge, if the Company's income exceeds one crore rupees, education cess and secondary and higher education cess).

- According to the provisions of section 54EC of the Act and subject to the conditions specified therein, long term capital gains not exempt under section 10(38) shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only part of the capital gain is so reinvested, the exemption shall be allowed proportionately. However, if the said bonds are transferred or converted into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.

1.4 **Other specified deductions**

Subject to fulfillment of conditions, the Company will be eligible, *inter alia,* for the following specified deductions in computing its business income:-

1.4.1 Section 35(1)(i) and (iv) of the Act, in respect of any revenue or capital expenditure incurred, other than expenditure on the acquisition of any land, on scientific research related to the business of the Company.

1.4.2 Section 35(1)(ii) and (iii) of the Act, in respect of any sum paid to a Scientific Research Association which has as its object, the undertaking of scientific research or to any approved university, college or other institution to be used for scientific research or for research in social sciences or Statistical Research to the extent of a sum equal to one and one fourth times the sum so paid.

1.4.3 Subject to compliance with certain conditions laid down in section 32 of the Act, the Company will be entitled to deduction for depreciation:

- In respect of tangible assets (being buildings, machinery, plant or furniture) and intangible assets (being know-how, patents, copyrights, trademarks, licenses, franchises or any other business or commercial rights of similar nature acquired on or after 1st day of April, 1998) at the rates prescribed under the Income-tax Rules, 1962;

- In respect of any new machinery or plant which has been acquired and installed after 31st March 2005 by an assessee engaged in the business of manufacture or production of any article of thing, a further sum of 20% of the actual cost of such machinery or plant.

1.4.4 Subject to compliance with certain conditions laid down in section 80-IA of the Act, the Company will enjoy 100% tax exemption for any 10 consecutive Assessment Years out of 15/20 years, as the case may be, in respect of profits earned from an undertaking set up for developing or operating and maintaining or developing, operating and maintaining any notified infrastructure facility.

1.4.5 Subject to compliance with certain conditions laid down in section 80-IA (12) of the Act, the Company will enjoy 100% tax exemption for residual period out of 15/20 years, as the case may be, in respect of profits earned from an undertaking or an enterprise engaged in notified infrastructure facility and which amalgamates with the company.

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

2. Benefits available to resident shareholders

2.1 **Dividends exempt under section 10(34)**

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

2.2 **Computation of capital gains**

2.2.1 Capital assets may be categorized into short term capital assets and long term capital assets based on the period of holding. Shares in a company, listed securities or units of UTI or unit of Mutual Fund specified under section 10(23D) of the Act or a zero coupon bond will be considered as long term capital assets if they are held for a period exceeding 12 months. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as “long term capital gains”. Capital gains arising on sale of these assets held for 12 months or less are considered as “short term capital gains”.

2.2.2 Section 48 of the Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition / improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long term capital gains, it offers a benefit by permitting substitution of cost of acquisition / improvement with the indexed cost of acquisition / improvement, which adjusts the cost of acquisition / improvement by a cost inflation index as prescribed from time to time.

2.2.3 As per the provisions of section 112 of the Act, long term gains as computed above that are not exempt under section 10(38) of the Act would be subject to tax at a rate of 20% (plus applicable surcharge, education cess and secondary and higher education cess). However, as per the proviso to section 112(1), if the tax on long term capital gains resulting on transfer of listed securities or units or zero coupon bond, calculated at the rate of 20% with indexation benefit exceeds the tax on long term gains computed at the rate of 10% without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10% (plus applicable surcharge, education cess and secondary and higher education cess).

2.2.4 As per the provisions of section 111A of the Act, short-term capital gains on sale of equity shares where the transaction of sale is chargeable to STT shall be subject to tax at a rate of 10% (plus applicable surcharge, education cess and secondary and higher education cess).

2.2.5 *Exemption of capital gain from income tax*

- Under section 10(38) of the Act, Long term Capital Gains arising out of sale of equity shares or a unit of equity oriented fund will be exempt from tax provided that the transaction of sale of such equity shares or unit is chargeable to STT.

- According to the provisions of section 54EC of the Act and subject to the conditions specified therein, long term capital gains not exempt under section 10(38) shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only part of the capital gain is so reinvested, the exemption shall be allowed proportionately. In such a case, the cost of such long term specified asset will not qualify for deduction under section 80C of the Act. However, if the said bonds are transferred or converted into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.

- According to the provisions of section 54F of the Act and subject to the conditions specified therein, in the case of an individual or a Hindu Undivided Family ('HUF'), gains arising on transfer of a long term capital asset (not being a residential house) are not chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period in a residential house. If only a part of such net consideration is invested within the prescribed period in a residential house, the exemption shall be allowed proportionately. For this purpose, net consideration means full value of the consideration received or accruing as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

2.3 **Rebate under section 88E**

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

2.4 **Exemption under section 64(1A)**

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

3. Benefits available to Non-Resident Indian shareholders (Other than FIIs and Foreign venture capital investors)

3.1 **Dividends exempt under section 10(34)**

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

3.2 **Computation of capital gains**

3.2.1 Capital assets may be categorized into short term capital assets and long term capital assets based on the period of holding. Shares in a company, listed securities or units of UTI or unit of Mutual Fund specified under section 10(23D) of the Act or a zero coupon bond will be considered as long term capital assets if they are held for a period exceeding 12 months. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as "long term capital gains". Capital gains arising on sale of these assets held for 12 months or less are considered as "short term capital gains".

3.2.2 Section 48 of the Act contains special provisions in relation to computation of capital gains on transfer of shares of an Indian company by non-residents. Computation of capital gains arising on transfer of shares in case of non-residents has to be done in the original foreign currency, which was used to acquire the shares. The capital gain (i.e., sale proceeds less cost of acquisition/ improvement) computed in the original foreign currency is then converted into Indian Rupees at the prevailing rate of exchange. According to the provisions of section 112 of the Act, long term gains as computed above that are not exempt under section 10(38) of the Act would be subject to tax at a rate of 20% (plus applicable surcharge, education cess and secondary and higher education cess).

3.2.3 In case investment is made in Indian rupees, the long-term capital gain is to be computed after indexing the cost. According to the provisions of section 112 of the Act, long term gains as computed above that are not exempt under section 10(38) of the Act would be subject to tax at a rate of 20% (plus applicable surcharge education cess and secondary and higher education cess). However, as per the proviso to section 112(1), if the tax on long term capital gains resulting on transfer of listed securities or units or zero coupon bond, calculated at the rate of 20% with indexation benefit exceeds the tax on long-term gains computed at the rate of 10% without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10% (plus applicable surcharge, education cess and secondary and higher education cess).

3.2.4 As per the provisions of section 111A of the Act, short-term capital gains on sale of equity shares where the transaction of sale is chargeable to STT shall be subject to tax at a rate of 10% (plus applicable surcharge, education cess and secondary and higher education cess).

3.2.5 *Options available under the Act*

Where shares have been subscribed to in convertible foreign exchange –Option of taxation under Chapter XII-A of the Act:

Non-Resident Indians [as defined in section 115C(e) of the Act], being shareholders of an Indian Company, have the option of being governed by the provisions of Chapter XII-A of the Act, which *inter alia* entitles them to the following benefits in respect of income from shares of an Indian company acquired, purchased or subscribed to in convertible foreign exchange:

- According to the provisions of section 115D read with section 115E, where the total income of a non-resident Indian includes any income from investment or income from capital gains of an asset other than a specified asset, such income shall be taxed at a concessional rate of 20% (plus applicable surcharge, if the Individual’s income exceeds ten lakh rupees, education cess and secondary and higher education cess). Also, where shares in the company are subscribed for in convertible foreign exchange by a non-resident Indian, long term capital gains arising to the non-resident Indian shall be taxed at a concessional rate of 10% (plus applicable surcharge education cess and higher education cess). The benefit of indexation of cost and the protection against risk of foreign exchange fluctuation would not be available.

- According to the provisions of section 115F of the Act and subject to the conditions specified therein, gains arising on transfer of a long term capital asset being shares in an Indian company shall not be chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period of six months in any specified asset. If part of such net consideration is invested within the prescribed period of six months in any specified asset the exemption will be allowed on a proportionate basis. For this purpose, net consideration means full value of the consideration received or accruing as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer. Further, if the specified asset in which the investment has been made is transferred within a period of three years from the date of investment, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such specified asset or savings certificates are transferred.

- As per the provisions of section 115G of the Act, it shall not be necessary for Non-Resident Indians to file a return of income under section 139(1) of the Act, if their source of income is only investment income and / or long term capital gains defined in section 115C of the Act, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.

- Under section 115H of the Act, where the 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 the Chapter XII-A shall continue to apply to him in relation to such investment income derived from any foreign exchange asset being asset of the nature referred to in sub clause (ii), (iii), (iv) and (v) of section 115C(f) for that year and subsequent assessment years until such assets are converted into money.

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

3.2.6 *Exemption of capital gain from income tax*

- Under section 10(38) of the Act, long term capital gains arising out of sale of equity shares or a unit of equity oriented fund will be exempt from tax provided that the transaction of sale of such equity shares or unit is chargeable to STT.

- According to the provisions of section 54EC of the Act and subject to the conditions specified therein, capital gains not exempt under section 10(38) and arising on transfer of a long term capital asset shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only part of the capital gain is so reinvested, the exemption shall be allowed proportionately.

- In such a case, the cost of such long term specified asset will not qualify for deduction under section 80C of the Act. However, if the said bonds are transferred or converted into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.

- According to the provisions of section 54F of the Act and subject to the conditions specified therein, in the case of an individual, gains arising on transfer of a long term capital asset (not being a residential house) are not chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period in a residential house. If only a part of such net consideration is invested within the prescribed period in a residential house, the exemption shall be allowed proportionately. For this purpose, net consideration means full value of the consideration received or accruing as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

3.3 **Rebate under section 88E**

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

3.4 **Exemption under section 64(1A)**

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

4. **Benefits available to other Non-resident Shareholders (Other than FIIs and Foreign venture capital investors)**

4.1 **Dividends exempt under section 10(34)**

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

4.2 **Computation of capital gains**

4.2.1 Capital assets may be categorized into short term capital assets and long term capital assets based on the period of holding. Shares in a company, listed securities or units of UTI or unit of Mutual Fund specified under section 10(23D) of the Act or a zero coupon bond will be considered as long term capital assets if they are held for a period exceeding 12 months. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as "long term capital gains". Capital gains arising on sale of these assets held for 12 months or less are considered as "short term capital gains".

4.2.2 Section 48 of the Act contains special provisions in relation to computation of capital gains on transfer of shares of an Indian company by non-residents. Computation of capital gains arising on transfer of shares in case of non-residents has to be done in the original foreign currency, which was used to acquire the shares. The capital gain (i.e., sale proceeds less cost of acquisition/ improvement) computed in the original foreign currency is then converted into Indian Rupees at the prevailing rate of exchange. As per the provisions of section 112 of the Act, long term gains as computed above that are not exempt under section 10(38) of the Act would be subject to tax at a rate of 20% (plus applicable surcharge, if the Company's income exceeds one crore rupees, education cess and secondary and higher education cess).

4.2.3 In case investment is made in Indian rupees, the long-term capital gain is to be computed after indexing the cost. As per the provisions of section 112 of the Act, long term gains as computed above that are not exempt under section 10(38) of the Act would be subject to tax at a rate of 20% (plus applicable surcharge, if the Company's income exceeds one crore rupees, education cess and secondary and higher education cess). However, as per the proviso to section 112(1), if the tax on long term capital gains resulting on transfer of listed securities or units or zero coupon bond, calculated at the rate of 20% with indexation benefit exceeds the tax on long-term gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10% (plus applicable surcharge, if the Company's income exceeds one crore rupees, education cess and secondary and higher education cess).

4.2.4 As per the provisions of section 111A of the Act, short-term capital gains on sale of equity shares, where the transaction of sale is chargeable to STT, shall be subject to tax at a rate of 10% (plus applicable surcharge, if the Company's income exceeds one crore rupees, education cess and secondary and higher education cess).

4.2.5 *Exemption of capital gain from income tax*

- Under section 10(38) of the Act, long term capital gains arising out of sale of equity shares or a unit of equity oriented fund will be exempt from tax provided that the transaction of sale of such equity shares or unit is chargeable to STT.

- According to the provisions of section 54EC of the Act and subject to the conditions specified therein, long term capital gains not exempt under section 10(38) shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only part of the capital gain is so reinvested, the exemption shall be allowed proportionately. In such a case, the cost of such long term specified asset will not qualify for deduction under section 80C of the Act. However, if the assessee transfers or converts the notified bonds into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.

- According to the provisions of section 54F of the Act and subject to the conditions specified therein, in the case of an individual or a HUF, gains arising on transfer of a long term capital asset (not being a residential house) are not chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period in a residential house. If only a part of such net consideration is invested within the prescribed period in a residential house, the exemption shall be allowed proportionately. For this purpose, net consideration means full value of the consideration received or accrued as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

4.3 **Rebate under section 88E**

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

5. **Benefits available to Foreign Institutional Investors ('FIIs')**

5.1 **Dividends exempt under section 10(34)**

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

5.2 **Taxability of capital gains**

5.2.1 Under section 10(38) of the Act, long term capital gains arising out of sale of equity shares or a unit of equity oriented fund will be exempt from tax provided that the transaction of sale of such equity shares or unit is chargeable to STT.

5.2.2 The income by way of short term capital gains or long term capital gains in cases not covered under section 10(38) of the Act] realized by FIIs on sale of shares of the company would be taxed at the following rates as per section 115 AD of the Act:

- Short term capital gains, other than those referred to under section 111A of the Act shall be taxed @ 30% (plus applicable surcharge, education cess and secondary and higher education cess).

- Short term capital gains, referred to under section 111A of the Act shall be taxed @ 10% (plus applicable surcharge, education cess and secondary and higher education cess)

- Long Term capital gains @ 10% (plus applicable surcharge, education cess and secondary and higher education cess) (without cost indexation) It may be noted here that the benefits of indexation and foreign currency fluctuation protection as provided by section 48 of the Act are not applicable.

5.2.3 According to the provisions of section 54EC of the Act and subject to the conditions specified therein, long term capital gains not exempt under section 10(38) shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only part of the capital gain is so reinvested, the exemption shall be allowed proportionately. However, if the assessee transfers or converts the notified bonds into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.

5.4 **Rebate under section 88E**

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

6. **Benefits available to Mutual Funds**

As per the provisions of section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made there under, Mutual Funds set up by public sector banks or public financial institutions or authorized by the Reserve Bank of India would be exempt from income tax. However, the Mutual Funds shall be liable to pay tax on distributed income to unit holders under section 115R of the Act.

7. **Venture Capital Companies / Funds**

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

8. **Securities Transaction Tax**

The exemption on long term capital gains and reduction of rate for short term capital gains would be applicable only if the sale/ transfer of the equity shares of the Company take place on a recognised stock exchange in India. All transactions entered into on a recognised stock exchange in India will be subject to STT levied on the transaction value at the applicable rates. In case of purchase / sale of equity shares and units of an equity oriented mutual fund which is settled by way of actual delivery or transfer of the equity share/ unit, STT will be levied at the rate of 0.125% on both the buyer and seller of the equity share/ unit. For sale of equity shares and units of an equity oriented mutual fund settled otherwise than by way actual delivery or transfer of the equity share/ unit, STT will be levied at the rate of 0.025% on the seller of the equity share/ unit. Seller of derivatives would be subjected to an STT of 0.017 percent while in case of sale of a unit of equity oriented fund to the mutual fund would attract STT at the rate of 0.25%. The STT can be setoff against business income tax calculated as per the provisions of the IT Act, provided the gains on the transactions are offered to tax as business income and not as capital gains.

9. **Tax Deduction at Source**

Generally, tax, surcharge and education cess on the capital gains, if any, are withheld at source by the purchaser/person paying for the equity shares in accordance with the relevant provisions of the IT Act. However, no deduction of tax shall be made from any income by way of capital gains arising from the transfer of securities referred to in section 115AD of the IT Act payable to FIIs.

10. **Capital Loss**

In general terms, loss arising from a transfer of a capital asset in India can only be set off against capital gain. Since long-term capital gains on the sale of listed equity shares in respect of which STT has been paid is not liable to capital gains tax for non corporate entities, it is doubtful whether any long-term capital loss arising on account of such sale would be allowed to be set off. A short term capital loss can be set off against capital gain whether short-term or long-term. To the extent that the loss is not absorbed in the year of transfer, it may be carried forward for a period of eight Assessment Years immediately succeeding the Assessment Year for which the loss was first determined by the tax authority and may be set off against the capital gains assessable for such subsequent Assessment Years. In order to set off a capital loss as above, the non-resident investor would be required to file appropriate and timely returns in India and undergo the usual assessment procedure.

11. **Tax Treaty benefits**

An investor has an option to be governed by the provisions of the Act or the provisions of a Tax Treaty that India has entered into with another country of which the investor is a tax resident, whichever is more beneficial.

12. **Benefits available under the Wealth-tax Act, 1957**

Shares of the Company held by the shareholder will not be treated as an asset within the meaning of section 2(ea) of Wealth Tax Act, 1957, hence no Wealth Tax will be payable on the market value of shares of the Company held by the shareholder of the Company.

13. **Benefits available under the Gift-tax Act, 1958**

Gift made after October 1, 1998 is not liable for any gift tax and hence gift of shares of the company would not be liable for any gift tax.

Notes:

1. *All the above benefits are as per the current tax law as amended by the Finance Act, 2007.*

2. *The stated benefits will be available only to the sole / first named holder in case the shares are held by joint holders.*

3. *In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the issue.*

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

5. *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;*

6. *The above Statement of Possible Direct Tax Benefits sets out the possible tax benefits available to the Company and its shareholders under the current tax laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws.*

SECTION VI- ABOUT THE COMPANY

6.1 INDUSTRY OVERVIEW

The information presented in this section has been extracted from publicly available documents and industry publications and has not been prepared or independently verified by the BRLMs or the Legal Advisor, or any of our Company or their respective affiliates or advisors. Unless otherwise indicated, all quantitative information has been taken from IAS of CMIE, Ministry of Power, Ministry of Steel, Ministry of Heavy Industries and Public Enterprises and Cement Manufacturers Association.

Overview

Material Handling Equipment is classified as a part of the Heavy Engineering Industry. The equipment manufactured includes crushing and screening equipment, coal/ore/ash handling plants and associated equipment such as conveyor systems, stackers, reclaimers, ship loaders/unloaders, wagon tipplers and feeders etc. which cater to the needs of the core industries such as cement, power, port, mining, fertilizers and iron and steel plants. The industry also includes equipment and components used for handling materials inside manufacturing plants, warehouses, mines, mineral ores etc.

The industry can be broadly divided into:

- Bulk Material; and
- Unit load Handling.

Bulk Material Handling

The bulk material handling systems are used in industries for handling raw materials for production of final products. The purpose of a bulk material handling facilities is to transport material from one of several locations (i.e. a source) to an ultimate destination. Providing storage and inventory control and to an extent material blending is a part of a bulk material handling systems as well. Material blending refers to the process of converting raw material from a crude form to a form which can be used in the production of the final product.

INDUSTRY	TYPICAL RAW MATERIALS
Steel	Iron ore, dolomite, feldspar, limestone, coal, coke etc.,
Cement	Limestone, coal, gypsum, lignite etc.,
Power	Coal, lignite, biomass material like bagasse, rice husk, mustard husk, wood chips etc.,
Paper	Bagasse, wood chips, coal, lignite etc.,
Sugar, Cogeneration	Coal, lignite, biomass material like bagasse, rice husk, mustard husk, wood chips etc.,
Other sectors	Ports (for loading or unloading of cereals, ores and minerals)

Unit Load Handling

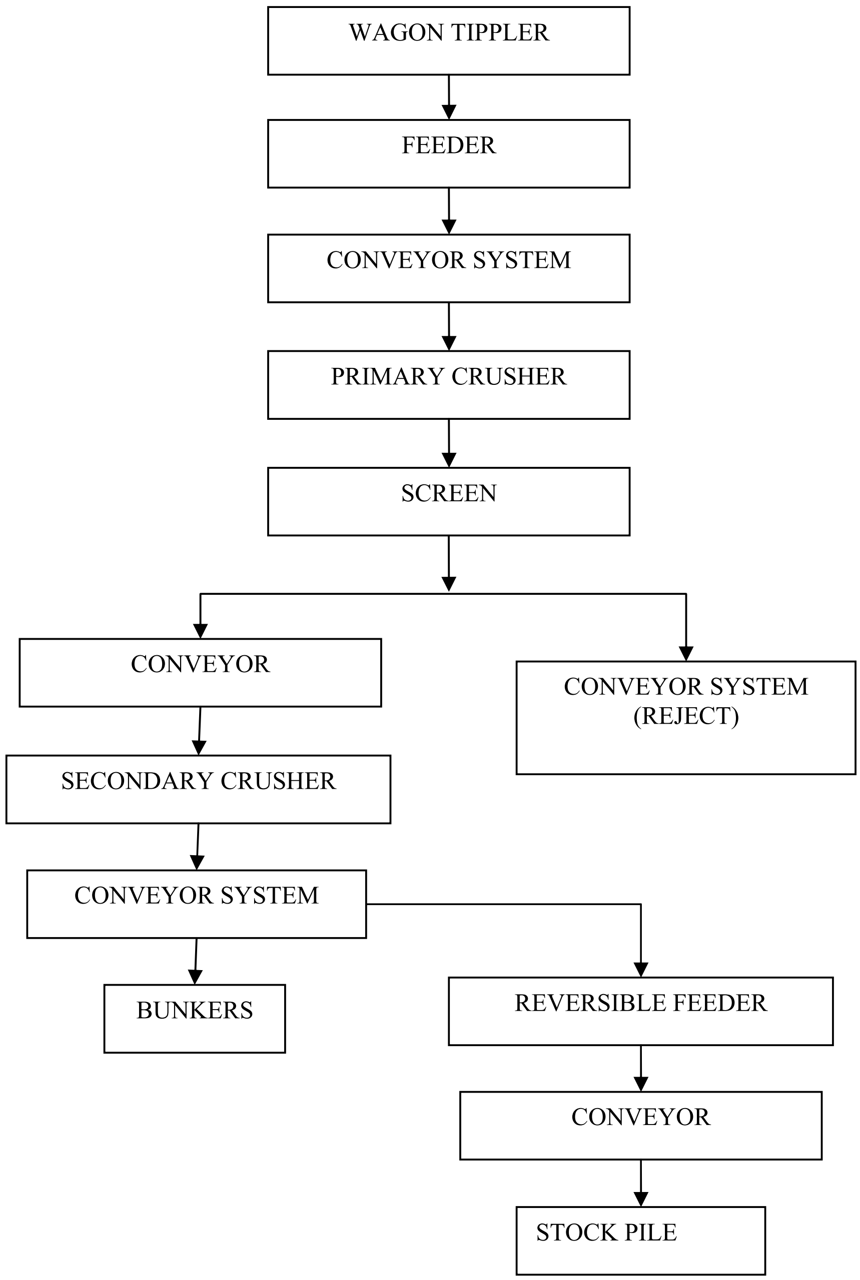
Any material that has a defined physical shape and which has to be handled in a particular way so that it maintains its integrity is referred to as the unit load. The equipment used in unit load handling includes cranes, hoists, conveyors, fork lifts, trucks etc. In the same industries as mentioned above unit load systems are used for handling finished products:

INDUSTRY	TYPICAL PRODUCTS
Steel	Rolled products, flat products
Cement	Cement bags
Paper	Paper bales, rolls, cartons
Cogeneration	Sugar bags
Tea and other consumer industries	Cartons etc

The market size of the material handling industry cannot be determined accurately as its scope spans all major industrial sectors. The Indian market for all typical material handling equipment is serviced by companies with turnovers ranging from a mere few lakhs to those which have sales of a few hundred crores. The material handling equipments industry caters to core industries such as coal, steel, cement, fertilizers, mining, ports, power and petrochemicals. The prospects of the industry primarily depend on the growth and investment in the end user industries.

Material handling equipment

A flowchart depicting a typical material handling system for handling raw material is given below.



Conveyors

These are used to convey material from one point to another inside a plant or from a source to a plant.

Stackers

These are used for making stock pile/buffer of raw material in a plant.

Reclaimers

These are used for feeding the material from the stock pile to a conveyor at a regulated rate.

Feeders

These are used to feed material on to belt conveyors at a regulated rate.

Trippers

These are used for discharging material sideways from a belt conveyor generally to make a stock pile.

Crushers

These are used for reducing the size of the material.

Screens

These are used for separating material on the basis of size.

Ship Loader

This is used for loading vessels continuously with bulk material.

Ship Unloader

This is used for unloading vessels.

Wagon Tipplers

This is used to unload material from rail wagons.

This list of equipment is not exhaustive and other equipment like cranes, lifts, trolleys, hoists etc are also classified as material handling equipment.

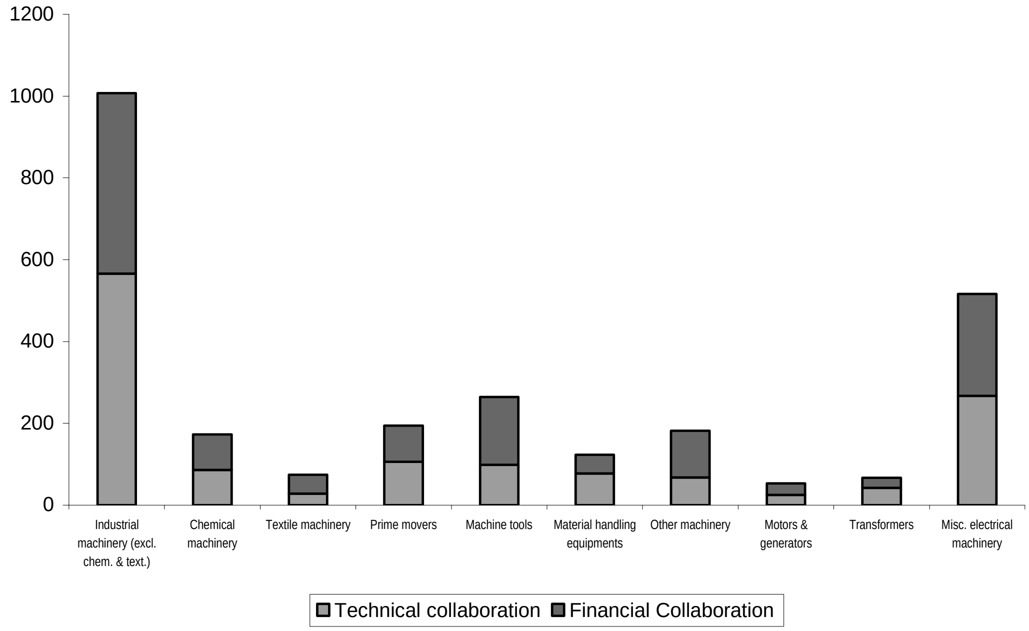
Technical Collaborations

World leaders in capital goods industry are constantly researching and introducing new models with improved technology at regular intervals and this can be achieved by Indian companies by allocating higher amounts for R&D as the equipment required for R&D labs is very expensive.

The limited presence of Indian capital goods firms in the value chain leads to diminished cost and differentiation advantage. An emerging trend among capital goods companies around the world is the transformation of these engineering companies to more service based organizations. Capability of undertaking turnkey projects can be a significant differentiator.

To overcome these obstacles, Indian capital goods sector has seen a spate of technical collaborations with foreign companies which enables companies to increase their quality levels, introduce new and innovative products in their local markets and have the capability of undertaking turnkey projects without a very significant investment in R&D. Also, as the material handling industry is technologically intensive in terms of designing the equipment to meet client specifications, a foreign collaboration provides the necessary designs and at times some critical components that are not manufactured in India. Collaboration with a foreign company having superior technical knowledge gives an edge to Indian companies.

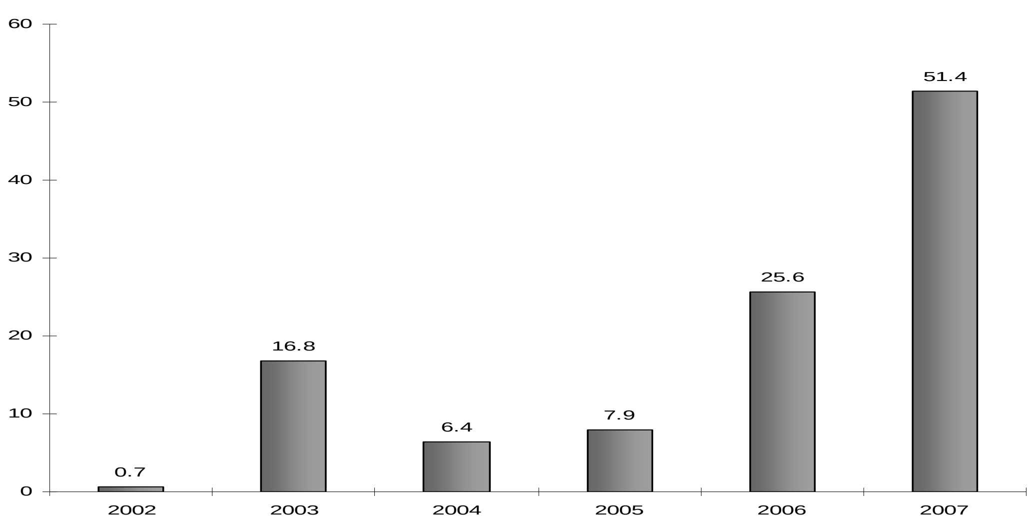
The following table represents the number of technical and financial collaborations formed during 1992 to 2004.



Source: Draft Report on CII Study on the Indian Capital Goods Industry, Department of Heavy Industries (1992-2004)

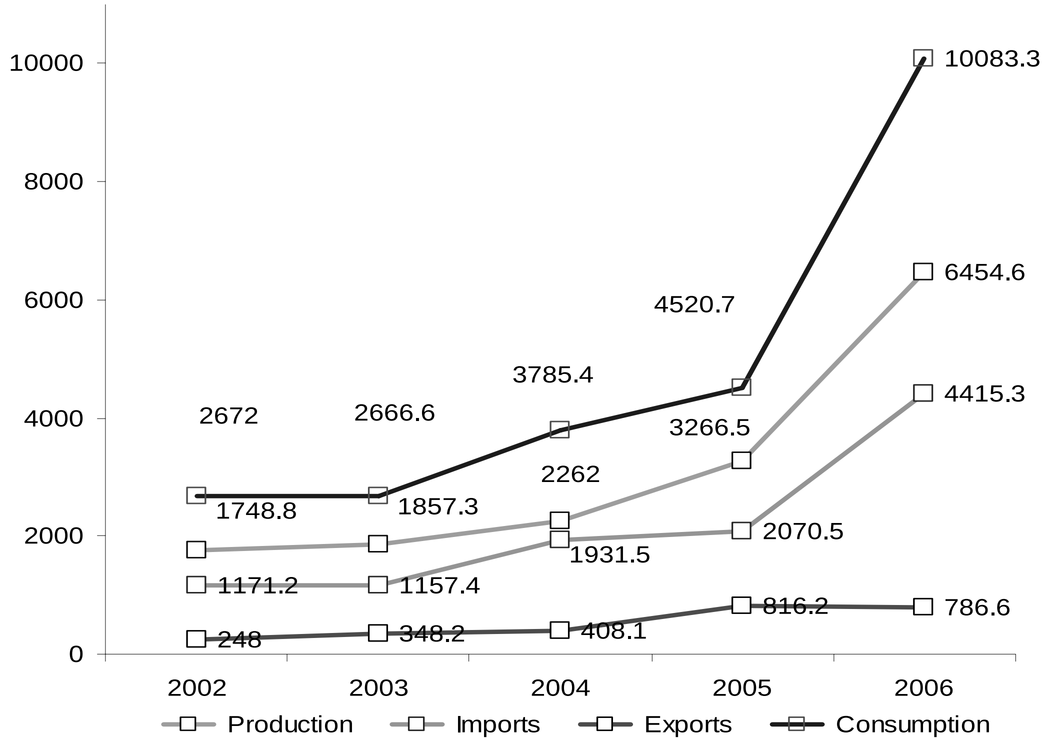
Past Performance

The following graph depicts the sales growth (in %terms) for the MHE sector:



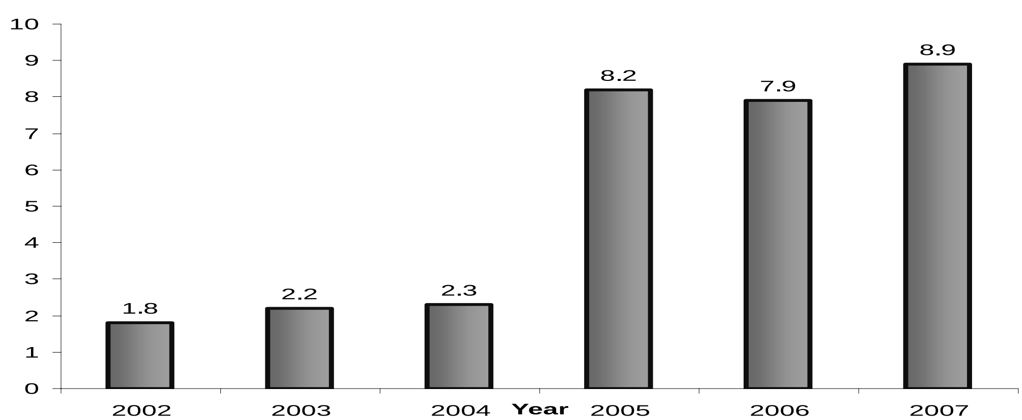
Source: Industry Analysis Service, CMIE

The following table shows the rise in the production, consumption and import levels in the MHE space during the last few years:



Figures in Rs. Million
Source: Industry Analysis Service, CMIE

The profitability of MHE companies has displayed an upward trend over the last few years as is shown by the following graph which depicts the profit after tax margins.



Source: Industry Analysis Service, CMIE

<u>Prospects</u>

The market prospects for bulk material handling industry looks promising and the industry is expected to grow over the next ten years at a rate which is linked to the growth expected in the core sectors such as infrastructure, construction, steel and power projects. India is in the midst of a massive overhaul in infrastructure, with large investments required to maintain its targeted GDP growth of 9% and above. The strong investment and consumption demand has driven the industrial growth to more than 10 % in the last quarter of FY07. This has facilitated a robust increase in order book for the material handling sector.

The setting up of green field projects in steel, cement and power sectors provides for contracts of larger sizes. Other sectors like sugar, cogeneration and paper are also setting up new plants and expanding their existing facilities. Some of the major projects in the infrastructure space which would result in additional demand for the material handling industry include:

- Mega thermal power projects in various states which use coal as fuel;
- Major plans by the generating divisions of State Electricity Board's;
- Expansion in mining operations for coal and iron ore; and
- Expansion in ports for handling iron ore, coal and other materials.

<u>Demand Drivers</u>

MHE industry derives its demand primarily from the following sectors:

1. Cement

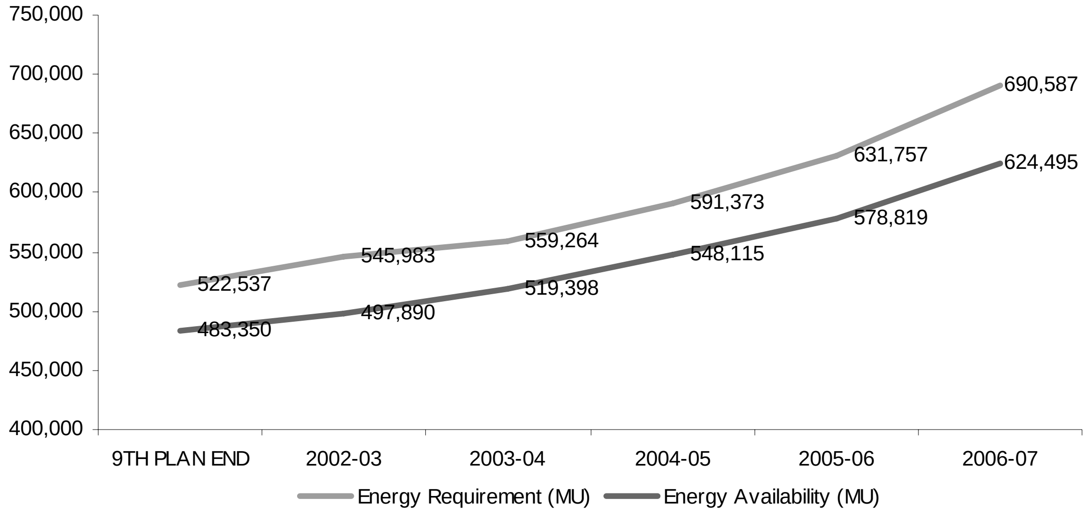
India's cement industry is the world's second largest cement industry after China, with annual capacity touching 155m tonnes during 2006-07. Cement companies have had a dream run in the past two to three years on the back of record high prices and, therefore, higher profitability. In anticipation of demand acceleration, companies have announced huge capacity additions. The continued boom in housing, ITSS, ITES-BPO and real estate has pushed up the demand. With demand surpassing supply, capacity utilization levels have been at an all time high level. Construction and real estate boom in Middle East has fuelled the cement exports of India.

Cement demand growth exhibits a strong correlation with the overall GDP growth, indicating its dependency on capital formation and GDP growth. The 2007-2008 forecasts for India's GDP are above 9%, and its GDP growth is expected to remain strong over the next few years. Traditionally, cement demand in India has always grown at 8 per cent. The primary factor driving the demand for cement is the quantum of construction activity taking place in the economy. Continuing demand for cement from the construction sector translates into higher per capita consumption. Moreover, as India is one of the fastest growing economies, it is also one of the most attractive markets.

At the end of FY 07, there were an estimated 88 upcoming cement projects with an estimated investment of Rs. 224 billion which are estimated to bring about an additional capacity addition of 11.6 Million Tonnes p.a during FY 08, 18.2 Million Tonnes p.a during FY 09, and 24.6 Million Tonnes p.a during FY 10. (*Source: http://www.nmcc-vikas.gov.in)*

2. Power

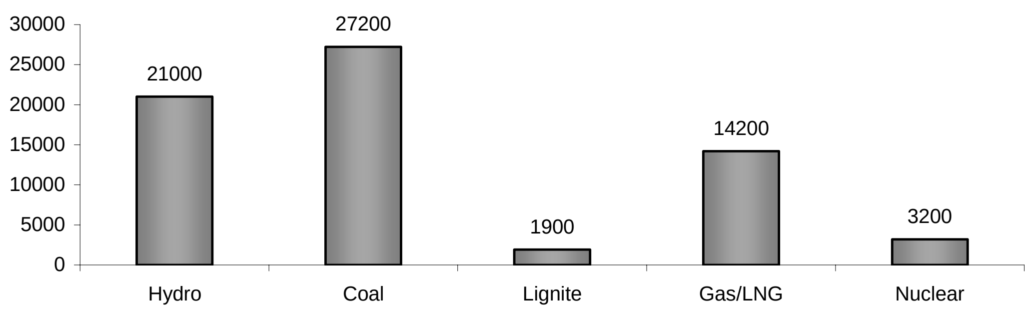
The power industry in India has historically been characterized by energy shortages. According to the Central Electricity Authority, or the CEA, in FY 07, demand for electricity in India exceeded supply by an estimated 66,091 Million units or 9.6 %. It is anticipated that by the year 2012, India's peak demand would be 157,107 MW with energy requirement of 975 billion units. The following graph presents the gap between requirement and supply of electricity in India from the Ninth Plan end to FY 07:



Source: Power scenario at a glance, April 2007, CEA

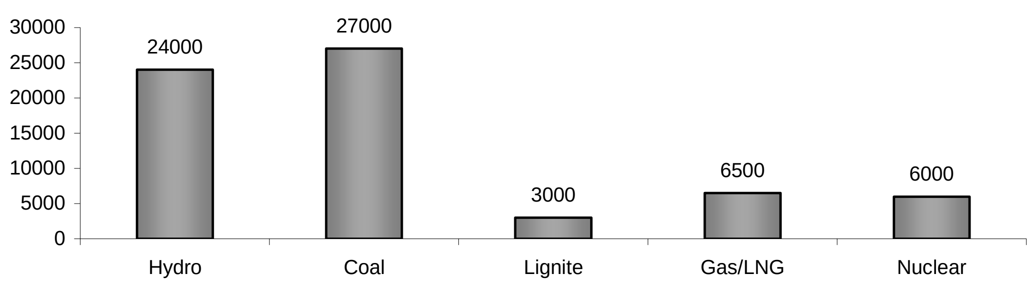
According to the Planning Commission's website (*www.planningcommission.nic.in*), in order for India to maintain a sustained growth of 8% p.a. to 2031, India would need to increase primary energy supply and electricity supply by three to four times and by five to seven times, respectively. By FY 2032 power generation capacity would have to increase to 778,095 MW. The following graphs show the capacity addition targets for the 11th and the 12th Plan periods.

Eleventh Plan capacity addition target by fuel (MW)



Source: CEA

Twelth Plan capacity addition target by fuel (MW)



Source: CEA

Currently, India pursues all available fuel options and forms of energy both conventional and non-conventional, as well as new and emerging technologies and energy sources. It is anticipated that coal will remain India's most important energy source until FY 2032 and possibly beyond. Further the opening up of coal mining in private sector and setting up of coal washeries will provide an excellent opportunity to the material handling industry.

According to the report of the working group on power for the eleventh plan, a total of 68,869 MW of generation capacity will be added during the eleventh plan with an estimated outlay of Rs. 4,108,960 Million during Fiscal 2007 to Fiscal 2012.

3. Steel

The focus of the National Steel Policy of 2005 is to achieve global competitiveness in terms of cost, quality and product-mix. It envisages requirement of indigenous production of over 100 Million tonnes p.a. by 2019-20.

The following table gives the expected and current figures for production, imports, exports and consumption of steel.

(in Million tonnes)

Year	Production	Imports	Exports	Consumption
2006-07	54	4	5	53
2019-20	110	6	26	90

Source: National steel policy 2005, www.steel.nic.in

The New Industrial Policy has opened up the iron and steel sector for private investment by (a) removing it from the list of industries reserved for public sector and (b) exempting it from compulsory licensing. Imports of foreign technology as well as foreign direct investment are freely permitted up to certain limits under automatic route. The liberalization of industrial policy has given a definite impetus for the private sector in the steel industry. While the existing units are being modernized/expanded, a large number of new/greenfield steel plants have also come up.

After de-licensing of Indian iron and steel industry and as a result of the steps taken for creation of additional capacity in the private sector, 21 new projects with a total capacity of approx 3.9 Million tonnes have been sanctioned. Of these, 16 units have already been commissioned. The production of pig iron has also increased from 1.6 Million tonnes in 1991-92 to 4.96 Million tonnes in 2006-07. SAIL has also announced an aggressive capital expenditure plan to expand its hot metal capacity to 20 Million tonnes p.a. by 2012 as against its current capacity of around 13 Million tonnes p.a.

Globally, as India is one of the lowest cost producers of steel, this represents large investment opportunities across the value chain; there is an investment opportunity of over $10-15 billion in steel by 2010. (*Source: www.investmentcommission.in)*

Other sectors:

The following areas are expected to provide additional thrust:

1) *Port sector*: The port sector has been slow to catch up with the growth in the infrastructure sector. The setting up of new power, steel and other industrial plants near coastal areas and with the establishment of good connectivity this sector is expected to see increased investment in the years to come. Plans have been laid to privatise or bring BOT operators in this area and next few years will see a major growth.

2) *Sugar and Co-generation***:** The material handling projects in sugar sector are chiefly the bagasse based cogeneration plants set up by sugar mills. The viability of the sugar mills improve with cogeneration helping them to sell power generated from the bagasse after crushing sugar cane. The sugar plants in Karnataka, Uttar Pradesh and Maharashtra are putting up new cogeneration plants and also expanding the existing ones. Further, new sugar mills expected in UP and Bihar with cogeneration will provide added potential in this sector.

6.2 BUSINESS OVERVIEW

We provide total material handling solutions from concept to commissioning which involves design, engineering, manufacture, supply, erection and commissioning of material handling systems, associated structural and civil work, electrical and instrumentation work and auxiliaries like dust control, suppression systems, ventilation systems.

We undertake turnkey projects of material handling systems and supply material handling equipment for raw material handling in power, cement, steel and other metallurgical plants, coal storage and reclaiming plants, biomass handling plants, aggregate process plant for mineral processes. We also manufacture and sell crushers, screens and feeders for various applications. Our core business comes from the steel, cement and power sectors in India.

Our company is promoted by Mr. Ajay Kumar Bishnoi and Mr. Amul Gabrani who are first generation entrepreneurs with more than 25 years of experience in project management of material handling systems.

Our operations are spread across India with our head office at Chennai and other offices at Gurgaon, Kolkata, Mumbai, Secunderabad, Ahmedabad, and Bangalore. Our design and engineering facilities are present at all these locations, which provides flexibility and facilitates early completion of critical aspects of turnkey project execution. Project execution is controlled from Chennai with some of our project managers also based at Kolkata and Gurgaon. We have a marketing setup in all of the above mentioned locations. In addition we have marketing offices at Dubai, UAE and Johannesburg, South Africa through TIFZE to cater to the Middle East and African markets. We also, have an office in Singapore through Tecpro Singapore.

Our manufacturing units for manufacture of material handling equipments are based at Bawal in Haryana and Bhiwadi in Rajasthan. We manufacture crushers, screens, feeders and fabricated structures at our Bawal factory. Our newly set up plant at Bhiwadi, Rajasthan has facilities for manufacture of pulleys, idler rollers, structures, and conveyor systems.

We have executed 614 orders as on June 30, 2007 and 148 projects are in various stages of completion.

In the years ended March 31, 2006 and 2007 our consolidated income was Rs 1,067.69 million and Rs.2,383.93 million, respectively, representing an annual growth rate of 123.28%. In the years ended March 31, 2006 and 2007 we earned a consolidated profit for the year of Rs.97.61 million and Rs 204.36 million, respectively.

Our order book as of March 31, 2007 was Rs. 4,806.03 million. The order book position as on June 30, 2007 was Rs. 4,825.11 million. We were awarded additional contracts of Rs. 564.55 million during the period between April 1, 2007 and June 30, 2007.

Our activities

We undertake turnkey projects of material handling systems and supply MHE for raw material handling for power, cement, steel and other metallurgical plants, coal storage and reclaiming plants, biomass handling plants, aggregate process plant for mineral processes. We also manufacture and sell crushers, screens and feeders for various applications.

These projects involve design, engineering, manufacture, supply, erection and commissioning of material handling systems, associated structural and civil work, electrical and instrumentation work and auxiliaries like dust control, suppression systems, ventilation systems. Given below is our product range:

Equipment	Type
Conveyor	Belt conveyor Slat chain conveyor Screw conveyor Drag chain conveyor
Crusher	Single roll crusher Double roll crusher - toothed and smooth Hammer mill crusher - reversible and non- reversible cone crusher Impact crusher Jaw Crusher
Feeder	Apron feeder Vibratory feeder Belt feeder Screw feeder Reciprocating feeder
Screen	Circular motion screen Linear motion screen Flip flow screen Roller screen Multi deck sizer
Others	Bucket elevator – chain and belt type Stacker Reclaimer Ring granulator

Bulk Material Handling

1. Belt conveyor

Belt conveyors are used in manufacturing plants for conveying bulk solid materials. The conveyor is custom made and designed as per client's requirements. Belt conveyors consist of a belt made from nylon or steel carcass placed over a series of rollers and driven at one end with a pulley and drive system consisting of a motor, gearbox and couplings. A series of belt conveyors in a plant is called a conveyor system.

2. Slat chain conveyor

Slat chain conveyors are used to handle material like bagasse, paper pulp, wood chips over a sharp inclination. Slats are fixed perpendicular to the direction of movement and the material placed in the trough is transported by a series of slats connected by either a single strand or a double strand chain which is connected to a drive and sprocket.

3. Drag chain conveyor

Drag chain conveyors are used to transport bulk solids in powder form. This conveyor is also preferred for handling material which needs dust free transportation. These find application in fly ash and cement handling systems.

4. Bucket elevator

Bucket elevators are used for vertical conveying of bulk solid materials. They are versatile, consume less space and require less structural support. These find application primarily in cement plants.

Crushers

1. Jaw crusher

Jaw crushers are used for crushing hard material like granite and iron ore. They are used in primary, secondary or tertiary crushing applications. Jaw crushers are of two types - single toggle and double toggle.

2. Roll crusher

These crushers are usually used for primary and secondary crushing applications. Roll crushers are of three types - single roll, double roll smooth and double roll toothed type. These crushers crush material by compression and hence are used in crushing softer material like coal, lignite, steel grade limestone. These crushers are used in mines as well as various cement, power, and steel plants.

3. Impact Crusher

These crushers crush material by the effect of impact of the material thrown by a hammer on a wall. These are used for hard material like iron ore, limestone, dolomite. Impact crushers are used in cement mining and also other primary crushing applications.

4. Hammer Mill Crusher

These crushers are generally used in secondary or tertiary crushing applications. These are used to crush soft material like coal, lignite, steel grade limestone. They are generally used for crushing coal and lignite for power plants of circulating fluidised bed combustion/atmospheric fluidised bed combustion boilers. Hammer mill crushers are of two types - reversible and non reversible types.

5. Cone crusher

Cone crushers are used for high capacity crushing of hard material like granite, sand stone, iron ore, feldspar. These crushers are generally used in aggregate crushing plants for road construction and in mining sectors.

Screens

1. Linear Motion and circular motion vibrating screen

The screens we manufacture are used in all areas of screening applications, up to a capacity of 1,400 TPH. Depending on the requirement, the screens can have single or multiple decks.

2. Flip Flow Screen

These screens are used in special applications where the material has high moisture content or fine separation is required. These screens generate required momentum for the material to pass through the screen mat made of polyurethane. The material does not clog or plug the holes in the screen surface thereby ensuring high efficiency.

3. Roller Screen

The roller screens that we manufacture are used for materials with high moisture content like lignite, clay, coal and for capacity up to 5000 TPH.

4. Multi-deck Sizer

Multi deck sizers have up to five decks for screening material. These screens find application in chemical, sugar and other industries where materials of different sizes need to be separated.

Feeders

1. Apron feeder

Apron feeders are used to extract dry, hard and abrasive or wet and sticky material from dump hoppers, bins and stockpiles. They are used where feeding of material is required at controlled rate, but feed into the equipment is not at a controlled rate or cannot be controlled. This equipment has high throughput capacity.

2. Vibratory feeder

These feeders are used for controlled feeding of bulk solid material from hoppers and bins to conveyors, screens and other equipment.

3. Belt feeder

A small belt conveyor which is used in feeding special equipments or used for changing the direction of flow is called a belt feeder. The components and construction principles of belt feeders are largely the same as that of long belt conveyors.

4. Screw conveyors/ screw feeder

Screw conveyors are used to transport small quantity of material which is moist or powdery in nature like ash, limestone, dust, coal and cement. They are compact and fully enclosed. Due to this they are normally used where there is a space constraint and dust free operation is required.

Turnkey projects

1. Coal/lignite handling plant

Coal/ lignite handling plants and systems are required for feeding coal/lignite to a boiler in a captive power plant or thermal power plant or plants using boilers for steam generation. These material handling systems include conveyors, crushers, screens, various feeders and auxiliaries like dust control systems, fire fighting and detection systems, electrical power supply and programmable logic controller based control systems etc. These systems are designed to suit operating conditions and specific boiler requirements.

2. Biomass handling plant

Biomass handling systems are used in biomass based power plants, paper mills, sugar mills etc., where wood chips, bagasse, rice/ mustard husk, cotton stalks, groundnut shells etc are used instead of fossil fuels for steam generation. These systems typically include belt conveyors, slat chain conveyors, screens, crushers, feeders etc.

3. Coal storage and reclaiming plant

Coal storage and reclaiming plants are either part of a coal handling system as in the case of a large thermal power plant or a standalone system as in the case of ports. These plants include long conveyors, stacking and reclaiming equipment and wagon/ truck loading/unloading systems.

4. Aggregate Process plant for mineral

These plants are constructed for processing of minerals like iron ore and limestone. These systems have a combination of equipment like crushers, screens and conveyors.

Unit Load Handling Systems

We have the capability to manufacture, design and install the following for unit load handling systems.

- Roller conveyors;
- Slider bed conveyors;
- Truck loading conveyors; and
- Wagon loading conveyors.

The above are special application conveyor systems for handling cartons, bags etc. in cement, fertilizer and other industries and also in bottling plants where crates are transported. The construction is similar to belt conveyor with modification in the carrying side of the conveyors to suit the material carried.
We also have the capability to manufacture and install airport baggage handling systems.

Plant for conversion of MSW into RDF

We offer turnkey solutions for management and processing of municipal solid waste that can be used as either land fill or for generation of fuel which is used as an alternative fuel for burning in kilns in the cement industry or in boilers.

We have the capability to provide the following services:

1) Consultancy services for planning and construction of process facilities for handling MSW.
2) Selection of process and equipment for segregation, shredding, classification, screening etc., depending upon the assessment of waste material and its composition.
3) EPC for the entire MSW process plant.

Our Competitive Strengths

Technical collaborations with various international players in the material handling industry

We have technical collaborations with the following companies in material handling industry.

- FAM Magdeburger Forderanlagen und Baumaschinen GmbH, Germany;
- Maschinenfabrik Liezen und Giesserei GmbH, Austria;
- Hein, Lehmann Trenn - Und Fördertechnik GmbH, Germany;
- Peytec Aschauer & Peyfuss OEG, Austria;
- Baggage Sortation Management (New Zealand) Ltd., New Zealand;
- Won Duck Industrial Machinery Company Limited, Korea; and
- Friedrich Schwingtechnik GmbH & Co. KG, Haan, Germany.

Further, we have technical collaborations with the following companies.

- MVW Lechtenberg Projektentwicklungs- und Beteiligungsgesellschaft mbH, Germany for MSW systems;
- Beijing Guodian Futong Science and Technology Development Co. Ltd., China for ash handling sysems.

We have also been awarded a letter of consent from Lindner Recyclingtech, Germany for technical assistance for marketing and manufacturing of the products related to the processing of the MSW.

The collaborations with these companies are for equipment like single roller crushers, double roller crusher, impact crushers, hammer crushers, jaw crushers, reciprocating plate feeders, roller screens, feeding hoppers, flip flow screens, all types of conventional screens such as linear motion and circular motion screens, vibratory feeders, stationery, semi mobile and mobile crushing and screening plants for aggregates, EPC for converting MSW into RDF, airport baggage handling systems, ash handling system, vibratory motors and unbalanced exciters. As per the individual agreements, our collaborators provide us with basic and/or detailed engineering. The components are manufactured and assembled according to the specifications provided. Any critical component required for the said equipment is imported from our collaborators. The complete engineering inputs and component selection is provided to us for procurement of necessary components. These collaborations give our clients access to state of the art design and also enhance our range of equipment.

Design and engineering strength

Our design and engineering offices are located at Chennai, Gurgaon, Kolkata, Secunderabad, Bangalore, Mumbai and Ahmedabad. We had 164 engineers and draftsmen as on June 30, 2007. Each office is headed by a senior executive and each office can handle projects independently. The geographic spread of our offices gives us reach and flexibility and helps us serve our clients in a timely manner. The engineering department has specialists in mechanical design, equipment design, civil and structural engineering, electrical and instrumentation. We are equipped with tools like Auto CAD, STAAD and other customized programs for mechanical, structural and electrical engineering.

Experienced management team and dedicated employee base

One of the major strengths of our Company is our experienced, dedicated and committed manpower. As on March 31, 2007, we employed a work force of 271 employees. We are dedicated to the development of the expertise and know-how of our employees and we continue to invest in them to ensure that they have all the requisite training and tools to be successful in this industry. Our management team is well qualified and experienced in the industry and has been responsible for the growth in our operations. All our directors are qualified and some of them like Mr. Achal Ghai, Mr. Brij Bushan Kathuria, Mr. Anunay Kumar and Mr. Suresh Kumar Goenka have international work experience. Our dedicated employees and strong management team have been key reasons of our growth since we started operating in the material handling industry.

Significant experience and strong track record

In our last five years of operations we have received orders for more than 700 projects. We have considerable experience in material handling systems and related equipments. As a company, we are equipped with in-house mechanical, electrical, civil, design and engineering capabilities. Our design and engineering, manufacturing and project execution capabilities help us to serve our clients satisfactorily.

Manufacturing capabilities

Our manufacturing units are based at a five acre facility at Bawal in Haryana and a ten acre facility at Bhiwadi in Rajasthan. We manufacture crushers, screens, feeders and fabricated structures at our Bawal factory. Our newly set up plant at Bhiwadi, Rajasthan has facilities for manufacture of pulleys, idler, rollers, structures, feeders, screens, conveyor systems, conveyor components, crushers and screen parts.

Relationships with key clients in India

Most of our clients are well known companies operating in the infrastructure sector in India. We are working or have worked with reputed clients like SAIL, Reliance Energy Limited, Grasim Industries Limited, MECON, Jindal Steel & Power Limited, NTPC Limited, BHEL, Neyveli Lignite Corporation Limited, Bhushan Steel & Strips Limited, Lanco Infratech Limited, Ispat Industries Limited, Thermax Limited etc. We have received several repeat orders from several of these clients.

Well positioned to capitalize on the demand of infrastructure development

We are in a position to capitalize on the growth in the infrastructure sector both domestically as well as internationally. India is experiencing high growth in the infrastructure sector. The continued investment into this sector ensures that there is high investment in the material handling industry as well, in particular in the power, steel and cement sectors. With our marketing, design and engineering, execution and manufacturing capabilities, we are well positioned to capitalize on this demand. We are also expanding internationally to places like South Africa, Singapore, Middle East, which contributes in generating international business opportunities for us.

Diversification through our subsidiaries

We have diversified into different sectors through our subsidiaries. TPSL has a technical collaboration with Shanbao for setting up power plants upto 55 MW for power generation in India. TEL is an independent power producer and has been issued letters of intent to build, own and operate two 7.5 MW bio-mass fuelled power plants in Haryana. This ensures that we are well positioned to take advantage of the growth in the power sector in India, particularly the non conventional sources of electricity generation, co-generation and captive power plants. AWPCPL is a venture with Zoom Developers Private Limited to set up a waste processing plant in Ajmer, Rajasthan. Trema is our joint venture with Trema Verfahrenstechnik GmbH for the manufacture of air and environment pollution control plants and systems which are required in most material handling systems.

Our Business Strategy

Our objective is to continue to improve on and consolidate our position in the material handling industry and diversifying into other high potential areas in the infrastructure sector. We plan to achieve this by implementing the following strategies:-

Continuous Expansion of operations both domestic and international

One of our major objectives is to expand and enhance our presence in the material handling industry. We are in the process of developing a strong base of operations within India and abroad. We have formed subsidiaries for operating in Singapore and Dubai. Our Dubai subsidiary also has prescence in South Africa. We intend to capitalize on our experience, established contacts with local clients and suppliers and familiarity with local working conditions. GoI's focus and sustained budgetary allocation for infrastructure and increased funding by international and multilateral development financial institutions is expected to result in several large projects especially in the Power, Steel and Cement sectors in India as well as other countries. This is expected to lead to high demand for material handling systems. We intend to capitalize on this demand and expand our operations in India as well as abroad. We intend to leverage our presence in Singapore, Dubai and Johannesburg to expand into emerging markets such as Africa and South East Asia.

In pursuing our strategies, we seek to identify markets where we can provide cost effective, technically superior solutions to our clients thereby distinguishing ourselves from our competitors.

Continue to focus on turnkey projects and target high growth industries

We intend to continue to focus on projects and areas where we can be competitive and maintain our profitability. We plan to concentrate on turnkey projects as these enable us to move up the value chain. Our endeavor is to increase our average order-size which will enable us to take advantage of economies of scale and reduce our operating costs.

For complex and high value projects where we are unable to qualify on our own, we may form a strategic alliance with other companies having relevant experience to enable us to meet the pre-qualification criteria for bidding.

Enhance our Design and Engineering capabilities

We intend to further enhance our design and engineering capabilities to enable us to provide value added services to our clients. This will help us in booking more orders and moving up the value chain. We intend to keep making investments to update our design software, the training and development of our existing manpower and also to attract talented people to become a part of the existing team. Our objective is to ensure that our engineers are continuously upgrading their knowledge and are able to provide cost effective and technically superior solutions to our clients. In line with this strategy, we are investing in a new design and engineering centre in Haryana.

Increase our product range and reduce dependence on bought outs

We undertake turnkey projects for our clients. For certain projects we have to buy certain equipment that we do not manufacture, or we bid with a partner who has the capability to manufacture such equipment. This may include MHE like wagon tipplers, ring granulators, conveyer belts and other equipment like gearboxes and motors. We intend to increase our product range of material handling equipment and decrease our dependence on outside agencies. We intend to start manufacturing of equipment which has better profit margins or are critical to our projects. This will enhance our capability to bid for projects alone and improve our profitability.

In line with this strategy, one of the objects of the issue is to setup a factory to manufacture conveyor belts which is a critical component of the conveyor system.

Develop and maintain strong relationship with our client and strategic partners

We intend to continue to develop and maintain our relationship with our clients and consultants. Also, we intend to move towards more value added engineering services and improve upon our manufacturing and project execution capabilities to be able to provide satisfactory material handling solutions to our clients. Our endeavour is to continue to provide cost efficient, high quality and timely delivery of product and services to retain and attract clients.

Continue to focus on the businesses of our subsidiaries

We have diversified into high potential areas in the infrastructure sector through our subsidiaries, TPSL which is an EPC contractor for setting up power plants, TEL which is an independent power producer, Trema which is in the business of setting up air and environment pollution control equipment and AWPCPL which is in the business of setting up and operating plants producing RDF from MSW. We intend to continue to focus on these businesses and try to take advantage of various opportunities which arise in their respective areas.

Our Experience

We provide our services for various projects mainly in the steel, cement, power sectors including conveyor systems, structural fabrication, erection and commissioning. We have more than four years of experience in execution of turnkey projects.

In the power sector, we have installed coal and lignite based material handling systems for captive power plants and biomass handling systems for bio mass based power projects. Our highest order booked is Rs. 911.15 Million.

In the steel sector we have installed raw material handling systems which handle iron ore, dolomite, limestone, coal, coke etc. Our highest order booked is Rs. 285.58 Million.

In the cement sector we have installed raw material handling systems which handle limestone, gypsum, coal, petcoke. Our highest order booked is Rs. 245.76 Million.

We are equipped with in-house mechanical, civil and electrical work facilities including design and procurement capability. Our project execution capabilities enable us to undertake installation of complete handling systems in green field as well as existing plants.

Collaborations

We have entered into collaboration and manufacturing agreements with the following companies in the MHE and project industry.

- ***FAM Magdeburger Forderanlagen und Baumaschinen GmbH, Germany*** to sell, design, engineer, manufacture, transport, erect, commission and service single and double roller crushers, impact crushers, hammer crushers, jaw crushers, reciprocating plate feeders, roller screens, feeding hoppers. Our collaboration with FAM provides us state of the art technology for design, manufacture of the above-mentioned equipment. We have exclusive rights in India and Bangladesh and non-exclusive rights in Africa and Middle East (as far east as Iran).

- ***Maschinenfabrik Liezen und Giesserei GmbH, Austria*** to supply cone crushers as part of the projects that are undertaken in the area of aggregate crushing systems, mining etc. Maschinenfabrik has more than 50 years of experience in the sector of mechanical engineering and foundry business activities. This agreement is exclusive for India, Bangladesh, Nepal, South East Asia and the Middle East.

- ***Hein, Lehmann Trenn - Und Fördertechnik GmbH, Germany*** for Liwell Flip-Flow screens. Hein, Lehmann has considerable experience in the field of flip flow screens also known as third generation screens. We have exclusive rights in India.

- ***Peytec Aschauer & Peyfuss OEGAustria*** for manufacture of 'Gladiator' flip-flop screening machines and all conventional screens. Peytec, an expert in screening systems provides complete design and engineering support and also has capability and experience in manufacture of different types of vibrating screens in Europe for various applications. We have exclusive rights in India, Bangladesh, Nepal, South East Asia and Middle East.

- ***Baggage Sortation Management (New Zealand) Ltd.,*** for solutions for airport baggage handling systems. This includes the manufacturing of the systems in India as per the specifications and sale in India, Bangladesh, Nepal and also in other areas like Middle East, South East Asia and Africa. We have exclusive rights under this agreement in India, Bangladesh and Nepal and non exclusive rights in South East Asia, Middle East and Africa.

- ***Won Duck Industrial Machinery Company Limited, Korea*** for manufacturing and selling jaw crushers and for the import of cone crushers. This agreement is exclusive for India, Bangladesh, Nepal, South East Asia, Middle East and South Africa.

- ***Friedrich Schwingtechnik GmbH & Co. KG, Germany*** for manufacturing special components of vibratory motors as well as of unbalanced exciters for use in equipment like general purpose vibratory conveyors, bin activators and screens.

- ***MVW Lechtenberg Projektentwicklungs- und Beteiligungsgesellschaft mbH, Germany*** for planning and construction of waste processing facility, including MSW processing, for producing alternative fuels. Lechtenberg is a European consulting company providing consultancy in turnkey solutions for conversion of waste into alternative fuel.

- ***Beijing Guodian Futong Science and Technology Development Company Limited, China*** for exclusive rights of manufacturing and distribution of ash handling system in India and Bangladesh.

Share capital, turnover, place and date of incorporation of our collaborators are given below.

Name of collaborator	Place of registration	Year of incorporation	Paid up share capital as per the collaborator's last FY	Turnover of the last financial year of operation
FAM Magdeburger Forderanlagen und Baumaschinen GmbH	HRB 100127 AG Stendal, Germany	1990	2.62 Million Euros	140.89 Million Euros
Hein, Lehmann Trenn - Und Fördertechnik GmbH	Krefeld / Germany	1989	7.67 Million Euros	126 Million Euros
Peytec	Commercial court A-3400 Steyr, Reg.Nr.210040h	2001	35, 000 Euros	0.75 Million Euros
Maschinenfabrik Liezen und Giesserei GMBH	Liezen, Germany	1994	0.74 Million Euros	94.7 Million Euros
MVW Lechtenberg Projektentwicklungs- und Beteiligungsgesellschaft GmbH	Arnoldstrasse 53, 48683 Ahaus, Germany	2004	25,000 Euros	3.5 Million Euros
Lindner Recyclingtech	Villacher Straße 48, 9800 Spittal/Drau - Austria	1977	0.24 Million Euros	25 Million Euros
Baggage Sortation Management (New Zealand) Ltd	New South Wales, Australia	2002	USD 100.00	USD 10.51 Million
Beijing Guodian Futong Science and Technology Development Co. Ltd.	ABP 6-14 Building, No.188 Nansihuan Xi Road, Fengtai District, Beijing, China- 100070.	2002	45,000,000 RMB	480,250,088.84 RMB
Won Duck Industrial Machinery Company Limited	865-10 Eogok-Dong, Yangsan-City, Gyeongsangnam Do, 626-220 Korea	1995	USD 1.6 Million	USD 7.8 Million
Friedrich Schwingtechnik GmbH & Co. KG	Amtsgericht, Wuppertal	1973	0.03 Million Euros	6,500.00 Euros

Our collaborators provide us with basic and/or detailed engineering for the equipment agreed upon in the individual agreements. The complete engineering inputs and component selection is provided to us for procurement of necessary components. For equipment like crushers, screens and feeders, we also receive the engineering specifications and fabrication drawings from our collaborators along with the manufacturing process. The components are manufactured and assembled according to the specifications provided. Any critical component required for the said equipment is imported from our collaborators. We may also import entire screens, if manufacturing as per the product requirement cannot be done in India or if the critical components and materials are not available in India. Also, any specific destructive as well as non-destructive test to be conducted on the components is conducted as prescribed by our collaborators.

In case of flip flow screens, we import the screen drive unit and the screen mat as they are critical components in the operation of the screen and assemble them in our plant on a steel structure manufactured as per drawings provided by our collaborator.These collaborations help us in providing state of the art technology to our clients.

Business Process

We gather information on new projects through interactions with consultants, prospective or current clients, or publications. Based on gathered information, introduction letters with company profile are sent to prospective clients or consultants followed by our team visiting the client. Subsequently, client visits to our offices and works may be arranged to showcase our abilities.

Most of our contracts are finalised either through competitive bidding process or through tenders issued by clients to short listed parties. For us to be considered as bidders in a particular project, we have to meet certain criteria set by the client called pre-qualification requirements. Usually, for major greenfield projects, clients in public sector/ government clients set pre-qualification requirements. These pre-qualification requirements are either only technical or technical and financial both. Only the bidders who qualify are allowed to participate in the bidding process. In some cases, a consortium is allowed where the members of the consortium meet all the pre- qualifications jointly.

Technical and commercial bids are prepared based on the basic layouts and pre-engineered specifications set by clients or their technical consultants/process experts. If the client has not appointed a consultant, the layout and specifications are mutually discussed and finalised during pre-bid interaction with clients. Submitted bids are evaluated on technical and commercial basis by clients and/or consultants. All technical and commercial aspects are discussed and clarified before the price - bid is finally negotiated. However, bids invited by most of the public sector/ government clients are decided on the basis of lowest price quoted.

Project Management

Our project management activity is centralised at Chennai. The project in-charge co-ordinates from the start of the engineering activity and is responsible for the commercial and technical aspects of the project. His responsibility includes engineering completion including basic and detailed engineering, procurement and shipment to site and overseeing the complete site activity.

Project execution at site is the responsibility of the site in-charge who is provided with all the tools required for construction and erection. All required equipment including cranes which are usually rented, are mobilised at site as per the project requirement.

Project Execution Process

After the order is received, the marketing department and the design and project execution department have a meeting where the order is formally handed over by the marketing department to the design and project execution department. The marketing department explains the client's requirements to the design and execution department. The project is discussed in detail and all technical and commercial commitments made to the client are recorded and the project is officially handed over to the design and project execution department for execution.

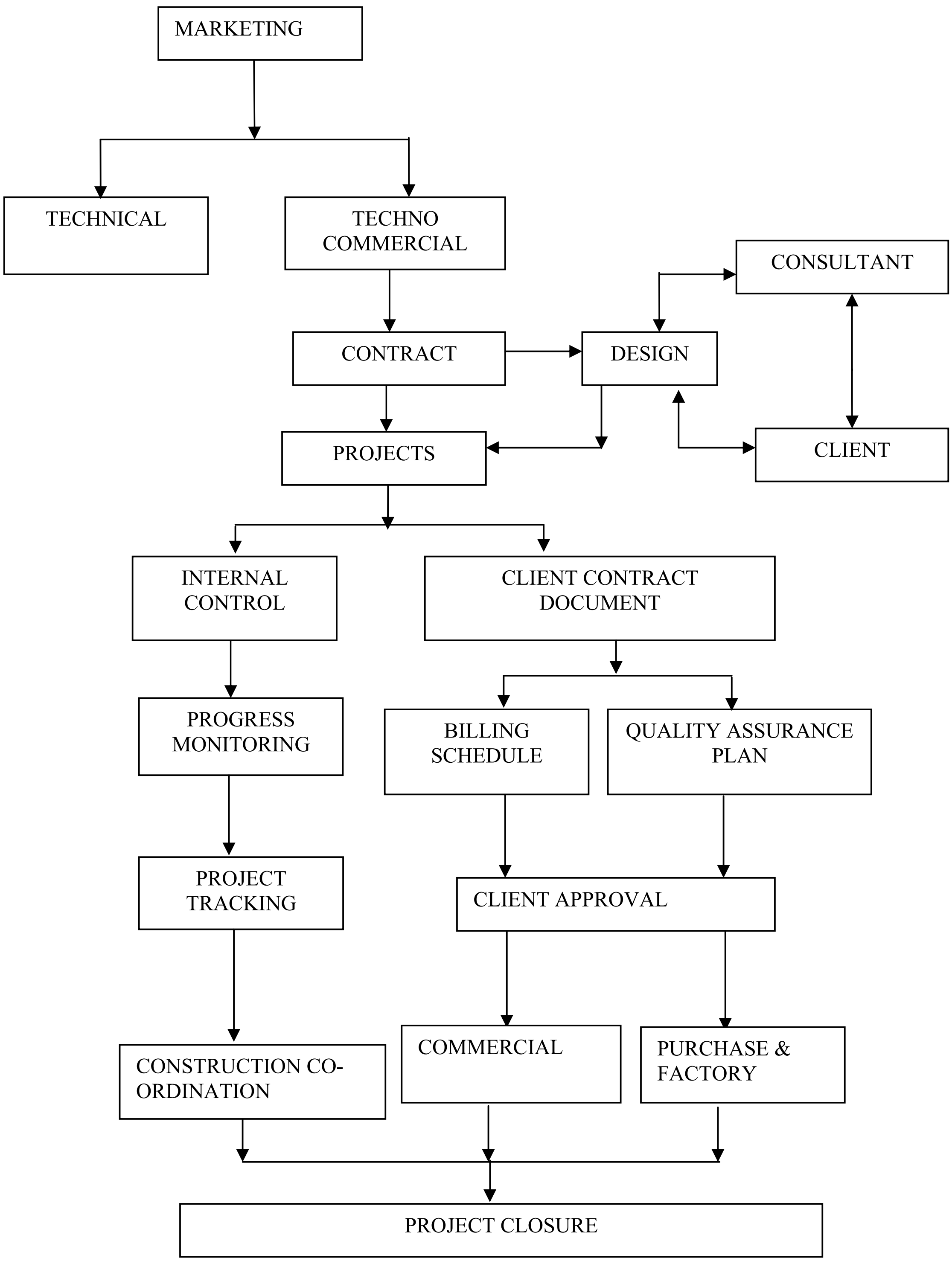
The design department prepares the required drawings and gets them approved from the clients/consultants. These drawings are handed over to the project department for executing the project. The project department then prepares a budget for internal financial control, a billing schedule and a QAP for submission to the client. The project execution starts with the acceptance of these documents.

After approval of the billing schedule and QAP, these documents are handed over to the concerned departments, namely the commercial department and the factory and purchases department. The commercial department prepares invoices, the purchase department places orders for bought outs and the factory is responsible for the in-house manufacturing.

Project department prepares a project progress report, which is submitted to the client on a regular basis. The department also coordinates with the purchase department and factory for supplies and with the civil department for erection and other site activities till the commissioning of the project.Upon commissioning of the project and after it has been handed over to the client, the project department is responsible for contract closure and release of the final retention money.

The project is monitored and tracked through sophisticated project management tools like 'Primavera' and 'MS Projects'. Either of the software can be used depending on the client's preference. The project department has its own progress reporting formats, which are discussed and suitably amended to meet the client's needs. The project department coordinates with all internal departments for quick execution of the project. This internal coordination includes follow up of release of indents, release of orders, drawing approvals and expediting the supplies in line with construction needs.

Flow Chart of Project Execution



Client relationships

Our client relationships have been built through the services rendered by us during project execution and commissioning of projects. Our performance has ensured that we receive repeat orders from several of our domestic clients. We have withstood competition by ensuring that we meet the client's delivery and quality requirements.

We are present in various sectors in the bulk material handling industry across India such as cement, steel, power, mining, biomass power plants, co-generation, and paper and pulp. Given below is a list of our major clients across sectors and number of orders received from them as at June 30, 2007.

Sector	Major Clients	No of repeat orders
STEEL		
	JINDAL STEEL & POWER LTD.	42
	STEEL AUTHORITY OF INDIA	15
	JSW STEEL LTD.	14
	BHUSHAN STEEL & STRIPS LTD.	12
	SOUTHERN IRON & STEEL CO. LTD.	10
	ELECTROTHERM [INDIA] LTD.	6
	NEELACHAL ISPAT NIGAM LTD.	6
	TATA STEEL LTD.	5
	ISPAT INDUSTRIES LTD.	4
	MAA MAHAMAYA INDUSTRIES P.LTD.	4
	MONNET ISPAT LTD.	4
	VIRAJ STEEL & ENERGY LTD.	4
	JAYASWAL NECO LTD.	3
	MONNET ISPAT & ENERGY LTD.	3
	SJK STEEL CORPORATION LTD.	3
	STERLITE INDUSTRIES [INDIA] LTD.	3
	AARTI ISPAT & POWER PVT. LTD.	2
	ACTION ISPAT & POWER (P) LTD.	2
	CHITRAKOOT STEEL & POWER PVT LTD	2
	ESSAR STEEL LTD.	2
	JRC SINTERS PVT. LTD.	2
	NINL, Orissa	2
	SHIDIM ENGINEERING P. LTD.	2
STEEL Total		**152**
CEMENT	GRASIM INDUSTRIES LTD.	76
	MADRAS CEMENTS LTD.	20
	CHETTINAD CEMENT CORP. LTD.	17
	OCL INDIA LTD.	9
	RAJASHREE CEMENT	9
	JAIPRAKASH ASSOCIATES LTD.	8
	MEGHALAYA CEMENTS LTD.	8
	DALMIA CEMENT (BHARAT) LTD.	7
	MY HOME INDUSTRIES LTD.	7
	RAS CEMENT [UNIT-SHREE CEMENT]	7
	VASAVADATTA CEMENT	7
	MANGALAM CEMENT LTD.	5
	RAJARAM MAIZE PRODUCTS	4
	ULTRATECH CEMENT LTD.	4
	BIRLA CORPORATION LTD.	3
	SHREE CEMENT LTD.	3
	BIRLA PLUS CEMENT	2
	CENTURY PLUP & PAPER	2

Sector	Major Clients	No of repeat orders
	ENTERPRISING INNVOTING	2
	GEBR. PFEIFFER (INDIA) P.LTD.	2
	LOESCHE INDIA P.LTD.	2
	PARASAKTI CEMENT INDUSTRIES LTD.	2
	PENNA CEMENTS INDS. LTD.	2
CEMENT Total		**208**
POWER	GLOBAL COAL & MINING P. LTD.	13
	THERMAX LTD.	12
	ARYAN COAL BENIFICATION P.LTD.	6
	LANCO INFRATECH LTD.	5
	MECON LTD.	5
	NTPC LTD.	4
	IND AGRO SYNERGY LTD.	3
	JAYPEE REWA	3
	NEYVELI LIGNITE CORPORATION LTD.	3
	NOVA PETROCHEMICALS LTD.	3
	SMC POWER GENERATION LTD.	3
	SPIC JEL ENGG. CONSTRUCTION LTD.	3
	ADANI POWER LTD.	2
	BHARAT HEAVY ELECTRICALS LTD.	2
	HPGCL	2
	NCL INDUSTRIES LTD.	2
	OM SHAKTI RENERGIES	2
	PUNJ LLOYD LTD.	2
	THERMAL POWER STATION	2
	VANDANA GLOBAL LTD.	2
POWER Total		**79**
CO-GENERATION	SESHASAYEE PAPER & BOARDS LTD.	10
	ITC Ltd.	5
	KHANNA PAPER MILLS LTD.	5
	DSCL SUGAR	3
	NANDI SAHAKARI SAKKARE KARKHANE	2
	RAJASHREE SUGAR & CHEMICALS LTD.	2
	SAKTHI SUGARS LTD	2
	THE ANDHRA SUGARS LIMITED	2
CO-GENERATION Total		**31**
EXPORT	OCP, Morocco	15
	AE AUTOMATION	3
	AVIGO CORPORATION FZCO	3
	ELKOBANI INTERNATIONAL CO.LTD	3
	GULF STAR,DUBAI	3
	GULFSTAR & MINERALS	2
	PMT-ZYKLONTECHNIK ASIA SDN. BHD.	2
	PREMIER CEMENT LTD.	2
EXPORT Total		**33**
INFRASTRUCTURE	PUZZALANA MACHINERY FABRICATORS	63
	METSO MINERALS [INDIA] P.LTD.	37
	EURO CERAMICS LTD.	8

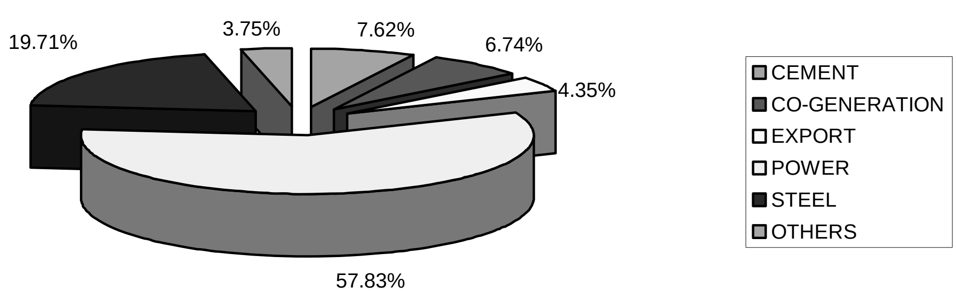
Sector	Major Clients	No of repeat orders
	SOMA ENTERPRISES LTD.	2
INFRASTRUCTURE Total		**110**
OTHERS		
	STALLION ENGINEERING SYSTEMS PVT. LTD.	31
	HINDALCO INDUSTRIES LTD.	26
	SANGAM SPINNERS	7
	ATUL LTD.	4
	CONTINENTAL (STALLION)	3
	TAMILNADU NEWSPRINT	2
	TRIVENI ENGG. CORPN.	2
	VISHAL FABRICS PVT. LTD.	2
OTHERS Total		**77**

We have worked with the following consultants for various projects:

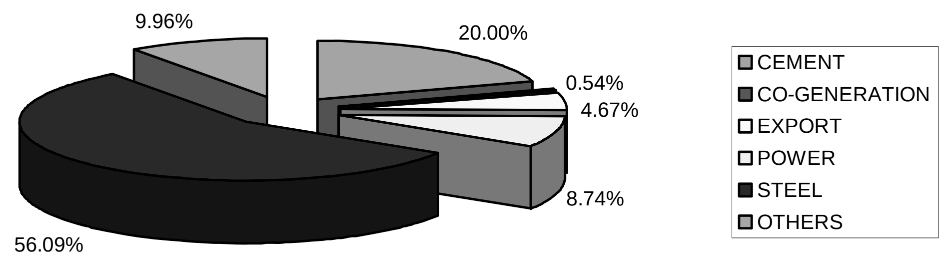
- Development Consultants Pvt Ltd., - Kolkata, Mumbai;
- Tata Consulting Engineers, Bangalore;
- Mecon Ltd, Ranchi;
- Desein (P) Ltd, New Delhi;
- L&T Sargent & Lundy, Baroda;
- Fichtner Consulting Engineers (India) Pvt Ltd, Mumbai;
- MN Dastur & Co (P) Ltd, Chennai, Kolkata and Mumbai;
- Holtec Consulting Engineers, New Delhi;
- Avant-Garde Engineering & Consultants (P) Ltd., Chennai;
- CET, Ranchi.

The sector-wise distribution of our revenues for the past two years is given below:

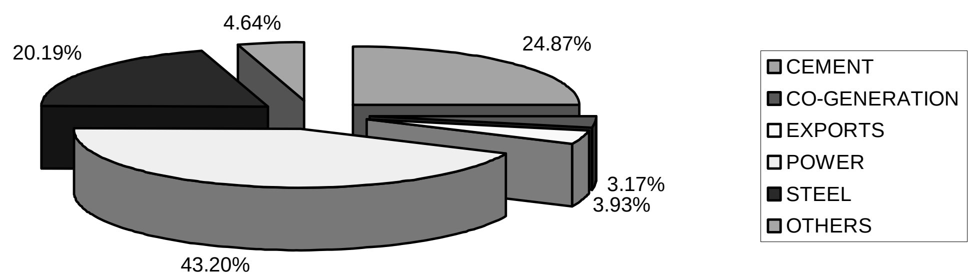
2006-07



2005-06



Also, the sector wise distribution of our order book as on 30 June, 2007 is given below.



Facilities

1. Design and Engineering

We have our design and engineering centers at Chennai, Gurgaon, Kolkata, Secundarabad, Bangalore, Ahemdabad and Mumbai. We had 164 engineers and draftsmen as on June 30, 2007. Each office is headed by a senior executive and each office can handle projects independently. The design and engineering activity of any project is handled by one location enabling complete control. The allocation of projects is based on the location of the client, their engineering consultant, and the work load already allocated to the office. The key to successful execution of a project lies in early completion of engineering activities and having offices closer to clients and consultants, helps us achieve the same. The engineering department is equipped with software tools like 'Auto CAD' and 'STAAD' and has specialists in mechanical design, equipment design, civil and structural engineering, electrical and instrumentation.

2. Manufacturing

Our manufacturing units are based at Bawal in Haryana and Bhiwadi in Rajasthan. We manufacture crushers, screens, feeders and fabricated structures at our Bawal factory. Our newly set up plant at Bhiwadi, Rajasthan has facilities for manufacture of pulleys, idler rollers, structures, and conveyor systems. The manufacturing of equipment is according to a quality control plan and the manufacturing process as directed by our collaborators for the licensed equipment. The detailed QAP is prepared by the design department and is followed for manufacturing.

The production capacity of our factories and our past production figures are given below:

Past Production

Description	Units of	Production		
	Measurement	Year ended	Year ended	Year ended
		March 31, 2007	March 31, 2006	March 31, 2005
Pulley	Nos.	1,704	1,882	1,199
Idlers	Nos.	58,977	60,045	39,330
Structure	Nos.	2,139	2,437	1,013
Structure #	M.T.	-	336	0
Conveyor Systems	Nos.	-	38	35
Feeder	Nos.	103	35	71
Feeder Components	Nos.	58	-	
Screen	Nos.	67	30	25
Conveyor Component	Nos.	1,983	3,169	732
Conveyor Component	MTR.	90	-	0
Crusher	Nos.	30	92	3
Crusher Component	Nos.	259	-	0
Screen Part	Nos.	97	8	0
Skip Hoist	Nos.	1	-	0

Production Capacity as at June 30, 2007

Bhiwadi			Bawal		
Item Name	Unit	Capacity	Item Name	Unit	Capacity
Idler Sets	Nos	144,000	Crusher	Nos	50
Pulley	Nos	6,000	Crusher Components	Nos	300
Structure	Nos	4,800	Screen	Nos	200
Conveyor Components	Nos	3,300	Screen Components	Nos	300
			Feeder	Nos	150
			Feeder Components	Nos	200
			Structure	Nos	2,400

Capacity utilisation

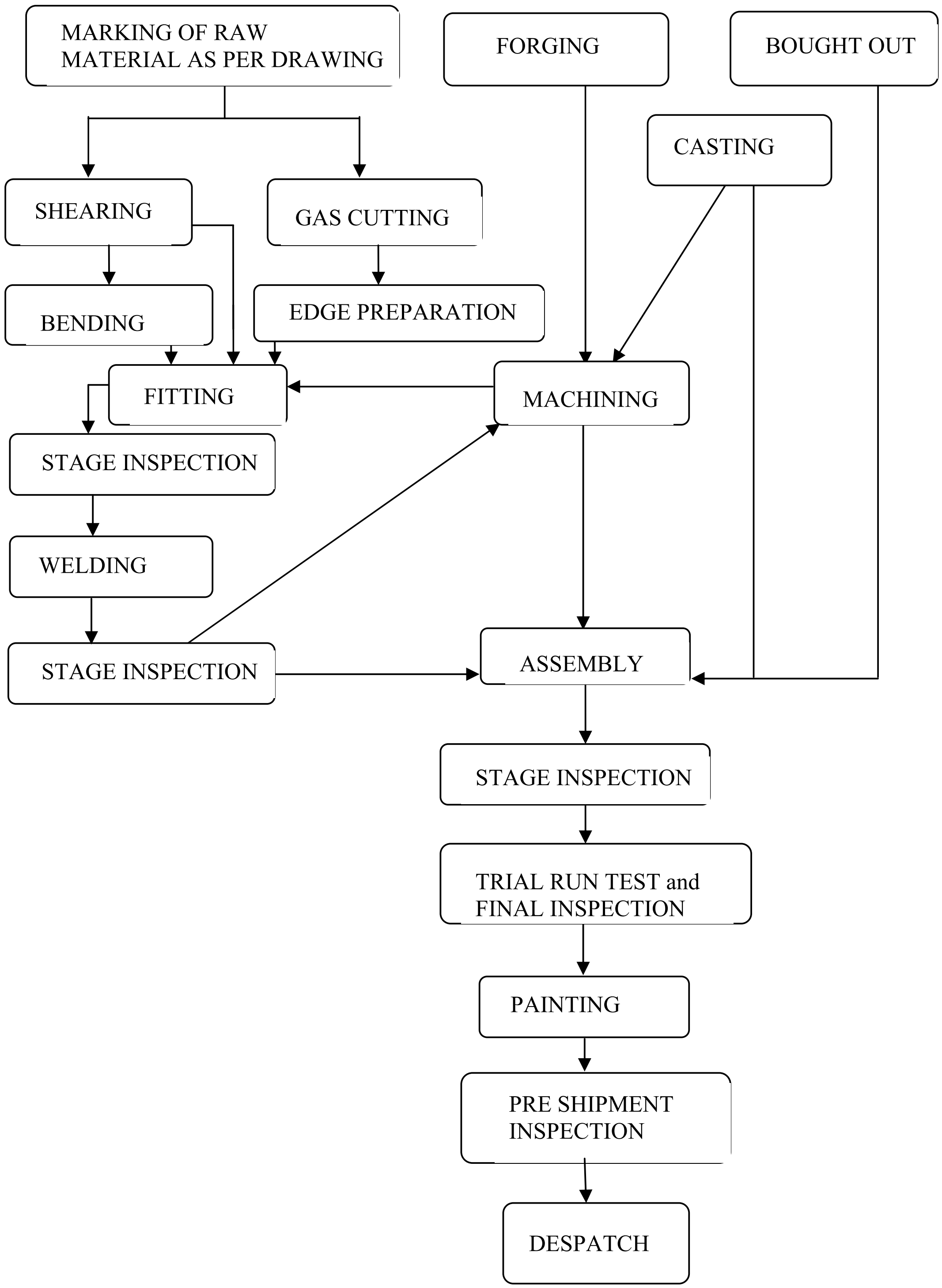
Description	Units	Normal Capacity as on March 31,2006	Production in FY 2006	Capacity utilization in FY 2006(%)	Normal Capacity as on March 31,2007	Production in FY 2007	Capacity utilization in FY 2007 (%)
Pulley	Nos.	2,000	1,882	94	2,000	1,704	85
Idlers	Nos.	65,000	60,045	92	70,000	58,977	84

Description	Units	Normal Capacity as on March 31,2006	Production in FY 2006	Capacity utilization in FY 2006(%)	Normal Capacity as on March 31,2007	Production in FY 2007	Capacity utilization in FY 2007 (%)
Structure	Nos.	2,800	2,437	87	2,510	2,139	85
Conveyor Systems	Nos.	40	38	95	-	-	-
Feeder	Nos.	40	35	88	150	103	69
Feeder Components	Nos.	-	-	-	70	58	83
Screen	Nos.	40	30	75	100	67	67
Conveyor Components	Nos.	3,500	3,169	91	2,210	1,983	90
Crusher	Nos.	100	92	92	50	30	60
Crusher Components	Nos.	-	-	-	271	259	96
Screen Part	Nos.	10	8	80	146	97	66
Skip Hoist	Nos.		-	-	2	1	50

Manufacturing Process for Components and Structures

Equipment like crushers, feeders, screens are custom made as per the client's requirements. The designs are provided to the production department which carries out the manufacturing accordingly. There are many stages like shearing, bending, cutting, edge preparation, fitting which the raw material is put through as per the requirements.

Final assembly of the equipment is done in our factory by fitting the components manufactured in-house along with the fabricated structure and the bought out items. A flow-chart showing the manufacturing process followed for such equipment is given below.


MARKING OF RAW MATERIAL AS PER DRAWING
FORGING
BOUGHT OUT
CASTING
SHEARING
GAS CUTTING
BENDING
EDGE PREPARATION
FITTING
MACHINING
STAGE INSPECTION
WELDING
STAGE INSPECTION
ASSEMBLY
STAGE INSPECTION
TRIAL RUN TEST and FINAL INSPECTION
PAINTING
PRE SHIPMENT INSPECTION
DESPATCH

Manufacturing Process for Pulleys

The manufacturing process for pulleys consists of the following:

- Fabrication of pulleys is done from plates and steel rounds. The process involves rolling, welding, assembly and machining etc.
- The pulley shell is fabricated from steel plates.
- Pulley shafts and hubs are machined on lathe machines out of steel rounds.
- The endplates are fabricated and machined from steel plates.
- All the above components are fitted and welded as per the general arrangement drawing of the pulley available with the production department.
- After assembly, the outer diameter of the pulley is machined on the lathe machine.
- Depending on the usage of the specific pulley, if needed, pulley is sent to an outside agency for rubber lagging.
- Thereafter, the pulleys either with steel shell or rubber lagging shell are painted as per client's specifications and are subsequently fitted with plummer block and bearings.
- The final inspection of the material is done thereafter and then dispatched as per client's instructions.
- Wherever required, the client inspection, whether within the stage of manufacturing or after the finishing stage, is conducted.

Manufacturing process for rollers/idlers

The roller/idler manufacturing consists of the following:

- Idlers are made out of steel pipes, shafts, housings, seal sets, bearings and circlips.
- Steel pipes are cut to size, bored, champhered and sent to the assembly shop.
- Shafts are cut to size, champhered, machined and ground as per the requirements.
- Thereafter, the grooving is done on shafts and sent to the assembly shop.
- In the assembly shop, housings are fitted on the pipe and CO_2 based welding is done.
- In the assembly shop, all the components of the idlers are fitted.
- After fitment, the dimensional and friction factor tests are undertaken.
- Sample size based on QAP/ Indian standards (if QAP does not specify any sample size) is sent for water ingression and dust ingression tests.
- Subsequent to the clearance from these tests, the rollers/idlers are sent for painting.
- After painting, the rollers/idlers are packed for shipment as per client's requirement.

Manufacturing process for frames/structures

- The raw material is cut as per the details in the drawing available with the production department.
- Drilling, bending and slotting as required by the drawing is done.
- Welding of the structures is also done as per the drawings.
- The final stage inspection is also conducted.
- After the inspection, primer and finish painting is done on structure/frame.
- Thereafter, the material is ready for dispatch as per the client's instructions.

Contract Management

Any turnkey project consists of risks that are two fold: construction and cash flow risks. To mitigate these risks we carefully select the projects that are to be bid for, assessing various factors that include:

1) Ability of the client to fund the project and the funds tie-up.
2) Location risks with respect to labour, transport and infrastructure.

We have developed risk controls that include selective bidding on projects, efficient project management and disciplined cash flow management. We believe that our ability to manage these risks has been a key factor in our performance.

We typically enter into two basic types of engineering construction contracts for construction of conveying systems depending upon scope of work and delivery nature.

1. Firm fixed-price or lump sum fixed-price contracts providing for a single price for the total amount of work; and
2. Unit-price contracts which specify a price for each unit of work performed.

Changes in scope of work are defined by change orders agreed to by both parties. These changes can affect our contract revenue either positively or negatively. Most contracts that we enter into are subject to certain completion schedule requirements with liquidity damages in the event schedules are not met as a result of circumstances within our control.

Our Subsidiaries

1. Tecpro Energy Limited

TEL was incorporated on June 9, 2005 as a manufacturing company and subsequently changed to an independent power producer and likewise its name was changed on June 27, 2006. TEL has been issued two letters of intent by HAREDA to set up two biomass based power plants in Haryana. The details of the projects based on DPRs prepared are given below:

Location	Capacity	Fuel	Estimated Project cost	Power generation cost	Completion date
Israna, district Panipat, Haryana	7.5 MW	Bio- Mass	Rs. 297.50 Million	Rs. 2.90/unit	18 months from the date of receiving financial and other clearances
Nilokheri, district Karnal, Haryana	7.5 MW	Bio- Mass	Rs. 297.50 Million	Rs. 2.90/unit	18 months from the date of receiving financial and other clearances

As per the HERC order dated May 15, 2007, electricity will be purchased by TRANCO from biomass powered plants at Rs. 4 per unit with 2007-08 as the base year with an escalation of 2% p.a. up to FY 13.

The DPR for both these projects has been prepared and has been submitted to HAREDA on June 20, 2007. Work will start after obtaining necessary clearances.

2. Tecpro Power Systems Limited

TPSL was set up on October 21, 2005 to deal in power plants on a BOO, BOT and build-own-operate-maintain basis.

TPSL has entered into a technical collaboration agreement with Shanbao for the purpose of setting up power plants up to 55 MW for power generation in India. Under the agreement, Shanbao would supply the core equipments from China and help TPSL with all technical details including plant layout and specifications of all major equipment. The agreement is exclusive for power plants up to 55 MW in India.

TPSL has the following orders/ LOI’s in hand:

- Order for engineering, supply, construction, supervision, commissioning and guarantee performance test of 30 MW power plant along with 160 TPH circulating fluidised bed combustion boiler for Indian Metal and Ferro Alloys Ltd. The contract was received on June 6, 2007 and the order value was Rs. 971.90 Million.

- EPC contract for two turbine generators of 5MW capacity each along with associated equipment for a hydroelectric project. This order is from Sideshwari Power Generation Pvt. Ltd. and was received on March 21, 2007. The contract is a fixed price contract of Rs. 87.5 Million.

- TPSL has been issued two LOI's dated June 25, 2007 by Indian Metal & Ferro Alloys Limited for supplying of generator transformer. The total value of the two LOI's is Rs. 27.93 Million.

3. Trema RJA Processes Private Limited

Trema is a joint venture between us and Trema Verfahrenstechnik GmbH. Trema's main business is to deal in and manufacture equipment related to air and environment pollution control plants and systems. Air and pollution control systems are an integral part of most of the bulk material handling systems. In the past we bought these systems from various suppliers for our turnkey bulk material handling projects, but through this joint venture, we have the capability to manufacture and install these systems.

Trema has the following Order in hand:

Order for supply and assembly of scrubbing systems and bag filters for United Company for Chemical Industries, republic of Syria. The order was received on December 18, 2006 and its contractual value is USD 0.12 Million.

4. Ajmer Waste Processing Company Private Limited

We have entered into a venture with Zoom Developers Private Limited to undertake a BOOT project for a period of 30 years for MSW management complex at Ajmer Municipal Corporation in Rajasthan.

This project is being executed by a special purpose vehicle called AWPCPL in which we have a 49% equity stake and management control.

As per the terms of the project, AWPCPL will receive on a day-to-day basis MSW generated by the city of Ajmer , upon receipt of such waste, AWPCPL would then segregate the said waste materials for processing in order to generate RDF which can be used as fuel in power, cement sectors. These waste materials shall include textiles, paper, wood, plastics, tyres etc. The plant is also envisaged to produce compost.

5. Blossom Automotive Private Limited

We acquired BAPL on October 17, 2006. Our factory at Bhiwadi, Rajasthan has been leased to us by BAPL since November 1, 2006.

6. Tecpro International FZE

TIFZE was incorporated on August, 19, 2006 in Jafza, Dubai, as a free trade establishment for the purpose of coordinating our operations and business in Africa, Middle East and CIS countries.

7. Tecpro Systems (Singapore) Pte. Ltd.

Tecpro Singapore became a wholly owned subsidiary of our Company on July 13, 2007. Tecpro Singapore has been formed for the purpose of carrying on the business of design and engineering, manufacturing, supply and marketing of material handling systems and all part of related services.

Awards and recognition

We have received ICICI CNBC Emerging India 2007 award powered by CRISIL in infrastructure category. The award was presented by Dr. Manmohan Singh, The Prime Minister of India on June 22, 2007.

We received SME-1 rating from CRISIL on November 14, 2006 which is valid up to October 17, 2007.

We received ISO 9001:2000 for our quality management system in respect of design, supply and installation of material handling system and components. This certificate is for our corporate office in Gurgaon and is valid till March 14, 2009.

Environment, Health and Safety

We are committed towards the accepted best practices and comply with applicable health, safety and environmental legislations and other requirements in our operations in different jurisdictions of the country. To ensure effective implementation of our practices, at every project all hazards are identified at the beginning of our work on the project, associated risks are evaluated and controls and methods instituted, implemented and monitored. We believe that all accidents and occupational health hazards can be prevented through systematic analysis and control of risks and by providing appropriate training to stake holders, employees, subcontractors and communities. Our employees work constantly and proactively towards eliminating or minimizing the impact of hazards to people and the environment. We strongly encourage the adoption of occupational health and safety procedures as an integral part of our operations. We have also demonstrated our commitment to protecting the environment by minimizing pollution, waste and optimizing fuel consumption towards continual improvement of its environmental performance.

Commercial Premises

The following premises have been leased to us:

1. *Premise in Delhi*

We have entered into a lease agreement dated June 1, 2007 with Mr. Amul Gabrani and Mrs. Bhagwanti Gabrani in respect of the premises situated at FB-26, Tagore Garden, Ground Floor, New Delhi- 110 027. This lease is valid for a period of 11 months commencing from June 1, 2007. As per the terms of the said agreement:

- We cannot sublet, assign or otherwise part with possession of the premises to any third person without obtaining prior written consent of the lessors;
- We are required to pay a monthly rent of Rs. 20,000 for the leased premises;
- The lease can be terminated if we are declared as insolvent or go in to liquidation; and
- Courts in Delhi alone have jurisdiction as regards any dispute arising out of this lease.

2. *Premises in Gurgaon, Haryana*

(a) We have excuted a lease agreement dated April 4, 2007 with K & K Export (Pvt.) Ltd for the premises situated at Property No. 810, Udyog Vihar, Phase V, Gurgaon. The lease is valid for a period of four years and 11 months commencing from April 7, 2007. As per the terms of the said lease agreement:

  - We cannot sublet, assign or otherwise part with possession of the premises to anyone other than to our associates/ sister concerns/company(s);
  - We can terminate the lease only after the initial period of three years, by giving prior termination notice; and
  - We have paid an interest free security deposit of Rs. 810,000 and are paying a monthly rent of Rs. 270,000 for the leased premises.

(b) We have entered into a lease agreement dated June 1, 2007 with Mr. Amul Gabrani and Mr. Ajay Kumar Bishnoi in respect of office nos. 202, 203 and 204, second floor, Pacific Square situated at Sector 15, Part II, Village Silokhara Tehsil, District Gurgaon- 122 001, Haryana admeasuring approximately 5,360 sq. ft super area. As per the terms of the said agreement:

- The lease is valid for a period of eight years i.e. up to May 31, 2015;
- Our rights under this lease will be protected in the event that the lessors transfer/ sell their rights in the premise to any other person, during the term of the lease;
- We are required to pay a monthly rent of Rs. 428,800 for the leased premises and the payment of the said rent is subject to a yearly enhancement of 10% over the last paid rent;
- In case of default in the payment of the rent for three months within a period of two years, we will have to pay an interest of 24% on the default rent period; and
- Courts at Gurgaon alone will have jurisdiction in relation to any dispute arising out of this agreement.

3. Premises in Chennai

(a) We have executed a lease agreement dated July 1, 2007 with Mr. Amul Gabrani and Mr. Ajay Kumar Bishnoi in respect of the office premises situated at Unit No. 2, First Floor, New No. 25, First Main Road, Gandhi Nagar, Adyar, Chennai- 600 020. The lease is valid for a period of 11 months commencing from July 1, 2007 and are paying a monthly rent of Rs. 33,000 for the leased premises. As per the terms of the lease agreement, either party can terminate the lease by giving three months advance notice.

(b) We have executed a lease agreement dated March 26, 2002 with Mr. N.R. Jagannathan in respect of the first floor of the premises situated at Adyar Business Court, No.25, First Main Road, Gandhi Nagar, Adyar, Chennai-600 020 admeasuring 794 sq. ft. The lease deed was initially valid for a period of 11 months commencing from April 4, 2002 and has accordingly expired on February 2003. However, even after the expiry of the agreement, we continue to occupy the premises and are paying monthly rent of a sum of Rs. 19,000. Further, we have also deposited a sum of Rs. 150,000 as security for the premises. As per the terms of the agreement, during the subsistence of the lease period, either party can terminate the lease by giving the other party three months advance written notice.

(c) We have executed a lease agreement dated February 8, 2006 with Mr. K.R.Babu (HUF) in respect of part of the second floor of the premises situated at K.R. Building, Old No. 124A, New No. 12, L.B. Road, Adyar, Chennai- 600 020 admeasuring 2050 sq. ft. The lease deed is valid for a period of three years commencing from February 8, 2006. We have paid an interest free security deposit of Rs. 264,000 and are paying a monthly rent of Rs. 27,720 for the leased premises. The rent payable is subject to an annual enhancement of 5% over the last paid rent of the lease period. Either party can terminate the lease by giving six months advance notice to the other party. Further, we cannot assign or sublet the premises or otherwise part with the possession to any third party.

(d) We had executed a lease agreement dated July 15, 2004 with Smt. M. Saroja in respect of the entire first floor of the premises situated at K.R. Building, New No.12, old No. 124A, Lattice Bridge Road, Adyar, Chennai- 600 020 which was valid for a period of three years commencing from July 16, 2004. The said agreement has expired, however, we continue to use the premises and are currently paying monthly rent of Rs. 60,525. We have paid an interest free advance of Rs. 564,900 as security for the leased premises. All disputes in relation to this lease will be resolved through arbitration.

(e) We have executed a lease agreement dated November 27, 2006 with Mrs. B. Nithya in respect of the entire third floor of the premises situated at No. 124A, New No. 12, L.B. Road, Adyar, Chennai- 600 020 for a period of three years commencing from December 6, 2006. Our Company has paid an interest free security deposit of Rs. 1,386,000 and we are required to pay a monthly rent of Rs. 138,600 for the leased premises. We cannot sublet, assign or otherwise part with possession of the premises to anyone. Under the lease agreement, either party can terminate the lease by giving six months advance notice.

4. Premise in Bhiwadi, Rajasthan

We have executed a lease agreement dated August 1, 2007 with BAPL in respect of the premises situated at SP 496 and 497, Industrial Area, District Alwar, Bhiwadi, Rajasthan- 301 019 for a period of three years commencing from August 1, 2007. We are paying monthly rent of Rs. 300,000 for the leased premises and are liable to pay an interest of 24% on the rent for the default period in case of a default in the payment of rent for three months during the lease period. The lease can be terminated if we are liquidated or are declared insolvent and also by giving three months advance notice or rent in lieu thereof.

5. Premises in Kolkata

(a) We have executed a principal agreement and supplementary agreement both dated December 1, 2004 with Mr. Durga Charan Kundu in respect of the entire second floor of the premises situated at 77 A , Raja Basanta Roy Road, Kolkata-700 029 for a period of nine years commencing from December 1, 2004. We have paid an interest free security deposit of Rs. 210,000 and are paying a monthly rent of Rs. 35,000 (which includes an amount of Rs. 21,000 as service charge) for the leased premises. Service charge is subject to enhancement of 15% over the last paid rent after every three years of the lease period. The lease can be terminated by giving three months advance notice. The supplementary agreement which provides for the payment of service charges cannot be terminated as long as the principal agreement i.e. the lease agreement is in force.

(b) We have executed into a principal and supplementary agreement dated June 19, 2006 with Mr. Durga Charan Kundu in respect of the second floor of the annex building at the back side of the premises situated at No. 77A, Raja Basanta Roy Road, Kolkata- 700 029 for a period of nine years commencing from August 2, 2006. We have paid an interest free security deposit of Rs. 72,000 and are required to pay a monthly rent of Rs. 12,000 (which includes an amount of Rs. 8,000 as service charge) for the leased premises. The service charge will be subject to an enhancement of 15% over the last paid rent after every three years of the lease period. We can terminate the lease by giving three months advance notice. The supplementary agreement which provides for the payment of service charges cannot be terminated so long as the principal agreement is in force.

(c) We have executed a lease agreement dated June 20, 2007 with Leonard Packaging Private Limited for office space No. 2 on the first floor of Satyam Tower situated at the western portion of premises No.3, Alipore Road, Kolkata for a period of nine years commencing from July 1, 2007. We have paid an interest free security deposit of Rs. 945,000 and are paying a monthly rent of Rs. 90,000 for the leased premises. Further, we have also executed a parallel agreement of even date, as per which, the lessor is required to provide door/window fittings, electrical fittings etc. in the premise for which we are paying a monthly sum of Rs. 67,500 for these amenities. The Rent and amenities charges are subject to an enhancement of 15% over the last paid charges after every three years of the lease period. We cannot sublet, assign or otherwise part with possession of the premises to anyone. The lease can be terminated after completion of the first year of lease and by giving two months advance written notice. Courts at Kolkata alone will have jurisdiction in relation to any dispute arising out of this agreement. In the event of termination, both the aforesaid agreements would terminate simultaneously. Further, the lessor can terminate the lease in case of default in the payment of the rent for two consecutive months or four months within a year.

(d) We have entered into a lease agreement dated June 20, 2007 with Chetna Projects Private Limited in respect of office space No. 3 on the first floor of Satyam Tower situated at the western portion of premises No.3, Alipore Road, Kolkata for a period of nine years commencing from July 1, 2007. We have paid an interest free security deposit of Rs. 945,000 and are paying a monthly rent of Rs. 90,000 for the leased premises. Further, we have also executed a parallel agreement of even date, as per which, the lessor is required to provide door/window fittings, electrical fittings etc. in the premise for which we are paying a monthly sum of Rs. 67,500 for these amenities. The rent and amenities charges are subject to an enhancement of 15% over the last paid charges after every three years of the lease period. We cannot sublet, assign or otherwise part with possession of the premises to anyone. The lease can be terminated after completion of the first year of lease and by giving two months advance written notice. Courts at Kolkata alone will have jurisdiction in relation to any dispute arising out of this agreement. In the event of termination, both the aforesaid agreements would terminate simultaneously. Further, the lessor can terminate the lease in case of default in the payment of the rent for two consecutive months or four months within a year.

6. Premise in Mumbai

We have executed a lease agreement dated December 1, 2006 with Mrs. Sunita Goyal in respect of the part of the premises situated at No. 809, 8th floor, Palm Spring Centre, Malad Link Road, Malad (W), Mumbai- 400 064 for a period of five years commencing from December 1, 2006. We have paid an interest free security deposit of Rs. 835,200 and are required to pay a monthly rent of Rs. 83,520 during the first year of the lease period, subject to an enhancement of 5% over the last paid rent after every year of the lease period. The lease can be terminated by either party by giving five months advance notice.

7. Premise in Bangalore

We have executed into a lease agreement dated June 2, 2007 with Dr. B. Yogish Rao and Mrs. Medha Y Rao in respect of the second floor of the premises situated at No. 1316/C, 9th Cross, 80ft Road, J.P. Nagar 2nd Phase, Bangalore- 560 078 for a period of five years commencing from June 1, 2007. We have paid an interest free security deposit of Rs. 5,50,000 and are required to pay a monthly rent of Rs. 55,000 from the date of registration of the agreement upto October 31, 2008, Rs. 60,500 from November 1, 2008 up to October 31, 2010 and Rs. 66,550 from November 1, 2010 up to May 31, 2012 for the leased premises. If the lessors desire to sell/transfer their rights in the property during the term of the lease, they can do so after obtaining prior written consent from us which would be provided by us, subject to having received an undertaking to our satisfaction, that the terms and conditions under this deed will remain protected. We cannot sublet, assign or otherwise part with possession of the premises to anyone other than to our associates/ sister concerns/company(s). We can terminate the lease by giving three months advance written notice or rent in lieu thereof.

8. Premises in Ahmedabad

(a) We have executed a lease agreement dated April 7, 2007 with Mr. Arun B. Shukla and Mrs. Nila Arun Shukla in respect of the premises situated at A/505, Sapath –IV, Opp. Karnavati Club, Sarkhej, Gandhinagar Road, Ahmedabad- 380 051 for a period of three years commencing from April 7, 2007. We have paid an interest free security deposit of Rs. 656,100 and are required to pay a monthly rent of Rs. 109,350 for the leased premises, subject to an enhancement of 5% over the last paid rent after every year of the lease period. We cannot sublet, assign or otherwise part with possession of the premises to anyone. We can terminate the lease by giving six months advance notice, further, the lessor can terminate the lease in the event of default in the payment of the rent by us for a period of three consecutive months.

(b) We have executed a leave and license agreement dated July 28, 2006 with Mr. Rajendra Prasad Verma in respect of the premises situated at 84, City Centre, C.G. Road, Navrangpura, Ahmedabad-380 009 for a period of three years commencing from August 1, 2006. we have paid an interest free security deposit of Rs. 42,000 and are required to pay a monthly license fee of Rs. 14,000 for the leased premises, subject to an enhancement of 5% over the last paid license fee after every year of the license period. We cannot sublet, assign or otherwise part with possession of the premises to anyone. Under the lease agreement, either party can terminate the lease by giving three months advance written notice.

9. Premises in Secunderabad

(a) We have executed a lease agreement dated November 1, 2006 with Mr. U. Veerendra Kumar in respect of the third floor of the premises situated at No. 316, Bhuvana Towers, Door No. 193(New) Sarojini Devi Road, Secundarabad-500 009 for a period of six years commencing from November 1, 2006. We are paying a monthly rent of Rs. 27,060 for the leased premise which is subject to an enhancement of 15% over the last paid rent after every three years of the lease period. We cannot sublet, assign or otherwise part with possession of the premises to anyone. We are permitted to use the premises for showroom cum office space purposes. Under the lease agreement, we can terminate the lease by giving three months advance written notice. In case of a default of the terms of the lease agreement by either party, the aggrieved party can insist on specific performance and recover damages.

(b) We have executed a lease agreement dated November 1, 2006 with Mrs. U.V.L. Sravanthi in respect of the third floor of the premises situated at No. 317, Bhuvana towers, Bhuvana Towers, Door No. 193(New) Sarojini Devi Road, Secundarabad-500 009 for a period of six years commencing from November 1, 2006 and can be renewed thereafter. We have paid an interest free advance of Rs. 221,400 and are required to pay a monthly rent of Rs. 36,900 for the leased premises, subject to an enhancement of 15% over the last paid rent after every three years of the lease period. We cannot sublet, assign or otherwise part with possession of the premises to anyone and are permitted to use the premises for show room cum office purposes. Under the lease agreement, we can terminate the lease by giving three months advance notice. In the event of default and / or breach of the terms of the agreement, the aggrieved party can enforce specific performance against the defaulting party and can claim such damages and costs as may have been incurred by the aggrieved party.

The following properties are owned by us:

1. *Bawal, Haryana*

(a) We currently own and occupy Industrial Plot No. 27 situated in Sector 7, Industrial Estate of Bawal, Haryana admeasuring 3,375 square meters for a total consideration of Rs. 2,025,000 from HSIDC by its regular letter of allotment cum offer of possession dated July 9, 2004 for setting up an industrial project for the manufacture of equipment. Some of the terms and conditions of the allotment are as follows:

(i) We were required to start construction and commercial production on the land within a period of one and three years respectively from the date of offer of possession.

(ii) Prior permission in writing from HSIDC is mandatory for any kind of transfer of the plot to be effected by us, including but not limited to sale, gift, mortgage or lease.

(iii) Any change in shareholding will be allowed if our promoters and their family (i.e. Mr. Amul Gabrani and Mr. Ajay Kumar Bishnoi and their family) hold atleast 51% of the shares in our Company. Further, any failure on our part to comply with the terms and conditions set out in the regular letter of allotment will entail HSIDC to take back the plot after giving show cause notice, and on such resumption, the principal amount deposited by us shall be restored after deducting 10% of the price of the plot without interest.

(b) We currently own and occupy Industrial Plot Nos. 2, 3, 4, 25 and 26 situated in Sector 7, Industrial Estate of Bawal, Haryana admeasuring 16,875 square meters for a total consideration of Rs. 10,125,000 from HSIDC by conveyance deed dated March 4, 2005 for setting up of a unit for the manufacture of equipment. Some of the terms and conditions of the allotment are as follows:

(i) Subject to an approval from HSIDC, 75% of the portion of the building can be leased to another unit if we have constructed atleast 25% of the permissible area and after having made payments towards the prescribed fees to HSIDC.

(ii) Any change in shareholding will be allowed if the promoters or their family (i.e. Mr. Amul Gabrani and Mr. Ajay Kumar Bishnoi and their family) hold atleast 51% of the shares in our Company. Further, if our Company becomes public from private, then change in constitution will not be treated as a transfer if the original allottees hold majority of the shares.

(iii) If there is any failure on our part to comply with the terms and conditions set out in the regular letter of allotment, HSIDC is entitled to take back the plot after giving show cause notice, and on such resumption, the principal amount deposited by us shall be restored after deducting 10% of the price of the plot without interest.

2. *Kanchipuram*

(a) We have entered into a lease agreement dated June 8, 2005 with SIPCOT in respect of Industrial Plot No. A.17 situated in an industrial park at Siruseri, Kanchipuram admeasuring one acre. The lease has been granted for a period of 99 years commencing from June 8, 2005 for a consideration of Rs. 1,617,350 for setting up an industrial unit for software development as well as CAD/CAM facilities. Some of the terms and conditions of the allotment are as follows:

(i) In the event of any failure on our part to confirm with the terms and conditions of the lease, SIPCOT will be entitled to cancel the lease, disconnect water supply and forfeit the amount paid by us for the plot.

(ii) Prior permission is required from SIPCOT for any kind of transfer, change in constitution, assigning or sub-letting of the plot by us. Subject to NOC from SIPCOT, we are allowed to mortgage this property to avail loans for setting up of our project on the said land.

(iii) We were required to start construction on the property within a period of six months from the date of allotment and conclude the same within a period of 24 months from the date of the allotment order and accordingly, we have commenced the construction work. However, we have not been in a position to complete the construction within the stipulated period.

(iv) We were required to begin commercial production within a period of 30 months from the date of allotment. However, by letter dated August 9, 2006, SIPCOT has accorded us with its approval to start construction activities by September, 2006 and complete our construction and commence operations before August 31, 2007. In the event that we are not able to commence commercial operations before the said date, SIPCOT is empowered to terminate the allotment and forfeit the entire amount paid by us.

Insurance

Our Company has taken out various insurance polices in respect of its business, its assets such as its stocks, machinery, buildings, furniture and its workmen. The various insurance polices obtained by us are in the usual course of our business and are currently valid and in full force.

6.3 KEY INDUSTRY REGULATIONS

We are engaged in the business of manufacture of MHE, as well as supply of capital goods related to engineering, civil and structural and infrastructure projects etc.

Under the provisions of various Central Government and State Government Statutes/Legislations, our Company is required to obtain and regularly renew certain licenses/registrations and/or to seek statutory permissions to conduct our business and operations.

The various statutes under which material registrations/licenses/consents/permissions are required to be obtained by us are set out below:

1. The Factories Act, 1948
2. The Foreign Trade (Development and Regulation) Act, 1992
3. The Industries Development and Regulations Act, 1951
4. The Companies Act, 1956
5. The Finance Act, 1994
6. The Central Excise Act, 1944
7. The Central Sales Tax Act, 1956
8. The Custom Tariff Act, 1975
9. The Income Tax Act, 1961
10. The Environment (Protection) Act, 1986
11. The Water (Prevention and Control of Pollution) Act, 1974
12. The Air (Prevention and Control of Pollution) Act, 1981
13. The Employees State Insurance Act, 1948
14. The Employee's Provident Funds and Miscellaneous Provisions Act, 1952
15. The Workmen Compensation Act, 1923
16. The Contract Labour (Regulation and Abolition) Act, 1970
17. The Payment of Bonus Act, 1965
18. The Payment of Gratuity Act, 1972
19. The Minimum Wages Act, 1948
20. The Payment of Wages Act, 1936
21. The Trade Marks Act, 1999
22. The Indian Stamp Act, 1899
23. Micro, Small and Medium Enterprises Development Act, 2006
24. Value Added Tax legislations in various states
25. Foreign Exchange Management Act, 1999

The list set out above is by way of an illustration and is not an exhaustive list of all statutes applicable to our Company's operations.

For further information on the aforementioned registrations, please refer to the section titled 'Government/ Statutory and Other Approvals' on page no. 263 of this DRHP.

6.4 OUR HISTORY AND CERTAIN CORPORATE MATTERS

Our History

Our Company was initially incorporated as a private limited company on November 7, 1990 under the Act. At the time of incorporation, the subscribers to the MOA were Mr. Amul Gabrani and Mrs. Manju Sapra. Our Company was converted into a public limited company by a resolution passed at an EGM held on May 8, 2006. The fresh certificate of incorporation consequent to the change of name of our Company from Tecpro Systems Private Limited to Tecpro Systems Limited was received on July 10, 2006 from the RoC. Our Company's registered office with effect from December 15, 2005 is located at FB-26, Tagore Garden, New Delhi – 110 027.

Our Company was initially incorporated for carrying on the business of data processing/ computer centre and to offer consultancy and other related services including training on computer hardware and software and design, prepare and sell computers or any other related equipments. Subsequently, the objects of our business were changed in the year 2001 to incorporate therein the carrying on of business of manufacture, trade, import, export, buy, sell, and deal in conveyors and also engage in the business of engineering and infrastructure projects and providing implementation services as required for various projects.

In the year 2003 our Company took over the business of Tecpro Systems, proprietory concern of Mr. Amul Gabrani, vide Takeover/Merger agreement dated April 1, 2003. For futher information on this agreement, please refer to the section titled 'Shareholders and Other Agreements' on page no. 120 of this DRHP. Our Company took over the assets and liabilities of Tecpro Systems with a view to consolidate operations and to enhance the manufacturing strength. Under this takeover, our Company acquired its first unit at Nangli, New Delhi which was set up under the proprietary concern Tecpro Systems. The said unit has been shifted to Bhiwadi, Rajasthan with effect from June 18, 2007.

We have set up our second unit at Bawal, Haryana in the year 2005 which commenced commercial production from July 2005. Our third unit was set up in Bhiwadi, Rajasthan in the year 2006 which commenced commercial production from December, 2006.

Key Events and Milestones

Month and Year	Major Event
October 1, 2001	Established office in Chennai at No. 25 1st Main Road, 1st Floor (Unit 2), Gandhi nagar, Adyar Chennai.
January 15, 2003	Received ISO 9001:2000 certification for design, supply and installation of material handling systems and components.
April 1, 2003	Takeover/Merger of assets and liabilities of Tecpro Systems.
July 15, 2005	Started commercial production at Bawal, Haryana.
March 24, 2006	Acquired majority stake in TEL to make it a subsidiary of our Company.
July 10, 2006	Receipt of fresh certificate of incorporation consequent upon conversion of our Company from private limited to public limited.
August 19, 2006	Incorporation of TIFZE, Dubai as a wholly owned subsidiary of our Company.
October 17, 2006	Acquired entire issued share capital of BAPL to make it a wholly owned subsidiary of our Company.
December 7, 2006	Started commercial production at Bhiwadi, Rajasthan.
February 23, 2007	Acquired majority stake in TPSL to make it a subsidiary of our Company.

Month and Year	Major Event
April 25, 2007	Acquired 51% stake in Trema to make it a subsidiary of our Company.
May 4, 2007	Executed share holders agreement with Zoom Developers Private Limited by which we acquired controlling rights in AWPCPL.
June 12, 2007	Awarded letter of intent for setting up of waste processing plant in Bikaner.
June 22, 2007	Received ICICI CNBC Emerging India 2007 Award powered by CRISIL in infrastructure category.
July 13, 2007	Acquired 100% stake in Tecpro Singapore.

Merger/ Acquisitions and Strategic Investments

1. Takeover/Merger of assets and liabilities of Tecpro Systems

In April 2003, we acquired the assets and liabilities of Tecpro Systems, a proprietorship firm engaged in manufacturing of material handling systems of which Mr. Amul Gabrani was the sole proprietor. The acquisition was made at the book value of the assets and liabilities as on March 31, 2003. The consideration for the transfer was paid by way of issue and allotment of 140,000 Equity Shares to Mr. Amul Gabrani. For futher information on this agreement and the issue and allotment of 140,000 Equity Shares to Mr. Amul Gabrani, please refer to the sections titled 'Shareholders and Other Agreements' and 'Capital Structure and Other Information' on page nos. 120 and 21 respectively of this DRHP.

2. Trema

In April 2007, we acquired majority stake in Trema. The main objects of our company is to carry on the business as designers, manufacturers, suppliers, agents, brokers, merchants, buyers, sellers, distributors, assemblers, processors, job workers, fabricators, exporters, importers, indentors, constructors for and of equipments, machinery components, spare parts, systems and accessories of air and environment pollution control plants and systems, glass bead plants, spray drying plants and other related products connected therewith.

3. Investment in AWPCPL

AWPCPL was incorporated on December 11, 2006 bearing registration No. U90002RJ2006PTC023441 as a private limited company. The main objects of AWPCPL is to promote, own, acquire, construct, erect, maintain, improve, manage, operate, alter, carry on, control, take on lease and render assistance in the construction, erection and maintainance, improvement or working of any industry, company, venture and system or scheme in the area of processing of municipal waste by technologies such as RDF, clean development or any other technology available at that time in the renewable sector and to produce power and also to act as consultant on turnkey basis for development projects connected with alternate renewable source of energy in pollution control.

Zoom Developers Private Limited, AWPCPL and our Company executed a share purchase agreement on May 3, 2007, as per the terms of this agreement, our Company has purchased 49% of Zoom Developers shares held in AWPCPL for a consideration sum of Rs. 49,000. Further, Zoom Developers by way of a shareholders agreement executed on May 4 2007, has pledged 85.29% out of its 51% equity shareholding in AWPCPL to our Company. For further information on the share purchase and shareholders agreement by virtue of which acquisition and pledge of shares was made by and for our Company respectively, please refer to the section titled 'Our Subsidiaries' on page no. 112 of this DRHP.

4. **Letter of Intent for setting up of MSW Processing Plant in Bikaner**

Municipal Council, Bikaner vide its LOI dated June 12, 2007 accepted our bid for setting up of MSW Processing Plant at Bikaner on a BOOT basis with a total revenue share of Rs 21/MT of garbage supplied during the tenure of the concession period i.e. for a period of 30 years from the date of issue of the LOI.

Main Objects of the Company

The main objects of our Company are as follows:

1. To manufacture, trade, import, export, buy, sell and deal in conveyors, conveyor components, including idlers, pulleys and structure of base metals for industrial and infrastructure projects.

2. To manufacture, trade and deal in any other manner in fabrication of structures of base metals.

3. To engage in implementation of civil and structural projects, engineering projects, infrastructure projects as turnkey suppliers of part of or complete projects as manufacturer, supplier, procurer or in any other manner and to engage in general research and development of infrastructure projects.

4. To trade in all mechanical instruments, machines, machine parts, components, associated electrical equipment, electronic equipment, computerised equipment and implementation services required for the above equipments, engineering projects, civil and structural projects and infrastructure projects.

Changes in the MOA

Date	Particulars
September 24, 2001	Change in the object clause of the MOA. The main objects of our Company have been set out at page no. 93 of this DRHP. Increase in the authorised share capital of our Company from Rs. 500,000 to Rs. 3,700,000.
January 24, 2004	Increase in the authorised share capital of our Company from Rs. 3,700,000 to Rs. 20,000,000.
September 28, 2005	Increase in the authorized share capital of our Company from Rs. 20,000,000 to Rs. 70,000,000.
December 20, 2005	Increase in the authorized share capital of our Company from Rs. 70,000,000 to Rs. 170,000,000.
April 11, 2006	Increase in the authorized share capital of our Company from Rs. 170,000,000 to Rs. 200,000,000.
May 8, 2006	Conversion from private limited company to a public limited company. Subsequent to this, our name was changed from Tecpro Systems Private Limited to Tecpro Systems Limited with effect from July 10, 2006.
July 17, 2006	Re-classification of authorized capital of our Company from Rs. 200,000,000 comprising of 5,000,000 Equity Shares of Rs. 10 each and 1,500,000 (0.01%) CCPS of Rs. 100 each to Rs. 200 Million comprising of 20,000,000 Equity Shares of Rs. 10 each.
May 12, 2007	Increase in the authorized share capital of our Company from Rs. 200,000,000 to Rs. 400,000,000.

6.5 OUR MANAGEMENT

Board of Directors

As per our AOA, we cannot have less than three or more than 12 directors. We currently have ten directors on our Board.

Our BOD has formed a committee of directors to deal with the routine and regular business of our Company. Certain powers related to the business of our Company have been delegated to the COD and the COD is authorised to act upon all the businesses/functions discussed and delegated by the BOD of our Company from time to time.

The following table sets forth details regarding our BOD as on the date of filing the DRHP with SEBI:

Details	Age (years)	Other directorships	Term	Date of Appointment
Name: **Ajay Kumar Bishnoi** Designation: Chairman & Managing Director Father's name: Late Mr. Krishna Kumar Bishnoi Address: Office: K.R. Building, Ist Floor, 124 A, L.B. Road, Adyar, Chennai, Tamil Nadu-600 020 Residence: Flat No. 48, 3rd Main Road, Kasturbha Nagar, Adyar, Chennai, Tamil Nadu-600 020 Occupation: Business Nationality: Indian	50	1. Tecpro Energy Limited 2. Tecpro Power Systems Limited 3. Tecpro Infotech Private Limited 4. Tecpro Paints Private Limited 5. Trema RJA Processes Private Limited 6. Tecpro International FZE 7. Tecpro Systems (Singapore) Pte. Limited	Re-appointed w.e.f. July 17, 2006 for a term of five years. Not liable to retire by rotation	April 6, 2002
Name: **Amul Gabrani** Designation: Vice Chairman & Managing Director Father's name: Late Mr. Lachhaman Das Gabrani Address: Office: 202-204 Pacific Square, Sector 15, Part II, Gurgaon- 122 001, Haryana Residence: FB-26, Tagore Garden, New Delhi-110 027 Occupation: Business	47	1. Tecpro Energy Limited 2. Tecpro Power Systems Limited 3. Tecpro Infotech Private Limited 4. Vasundhra Technologies (India) Private Limited 5. Tecpro Paints Private Limited 6. Trema RJA Processes Private Limited 7. Tecpro International FZE 8. Tecpro Systems (Singapore) Pte. Limited	Re-appointed w.e.f. July 17, 2006 for a term of five years. Not liable to retire by rotation	November 7, 1990

Details	Age (years)	Other directorships	Term	Date of Appointment
Nationality: Indian				
Name: Dr. **Goldie Gabrani** Designation: Whole-time Director Husband's name: Mr. Amul Gabrani Address: Office: 202-204 Pacific Square, Sector 15, Part II, Gurgaon- 122 001, Haryana Residence: FB-26, Tagore Garden, New Delhi-110 027 Occupation: Business Nationality: Indian	44	1. Tecpro Energy Limited 2. Tecpro Power Systems Limited	Appointed w.e.f. March 16, 2007 for a term of one year.	March 16, 2007
Name: **Arvind Kumar Bishnoi** Designation: Non-executive Director Father's name: Ajay Kumar Bishnoi Address: Residence: Flat No. 48, 3rd Main Road, Kasturbha Nagar, Adyar, Chennai, Tamil Nadu-600 020 Occupation: Business Nationality: Indian	22	Nil	Non-executive director Liable to retire by rotation	April 1, 2005
Name: **Achal Ghai** Designation: Non- Executive Director Father's name: Mr. Pushp Dev Ghai Address: Office: Office No. LOB 15410A, P.O. Box 18264, Jebel Ali Free Zone, Dubai, UAE Residence: Villa No.6, Cluster 40, Jumeirah, Islands, P.O. Box No. 18264,	43	1. Privi Organics Limited 2. Avigo Capital Partners Private Limited 3. Super Hoze Industries Private Limited 4. Avigo Venture Investments Limited 5. Avigo Corporation Limited 6. Tecpro International FZE 7. Avigo Capital Managers Private Limited	Appointed as Director in the AGM held on July 17, 2006 Liable to retire by rotation	November 24, 2005

Details	Age (years)	Other directorships	Term	Date of Appointment
Dubai, UAE Occupation: Business Nationality: Canadian				
Name: **Mr.Suresh Kumar Goenka** Designation: Non-executive Independent Director Father's name: Mr. Ram Kishore Goenka Address: Office: Chitrakoot Builiding (North), Office No. 6, II nd Flor, 230A, AJC Bose Road, Kolkata- 700 020 Residence: P-119, C. I. T. Road, Scheme VIM, Fulbagan, Kolkata – 700 054 Occupation: Professional Nationality: Indian	51	Midas Touch Health Care Private Ltd.	Appointed as additional director w.e.f. July 26, 2006	July 26, 2006
Name: **Brij Bhushan Kathuria** Designation: Non-executive Independent Director Father's name: Late Mr. Sobh Raj Address: Office: 61 C Kalu Sarai, Sarvopriya Vihar, New Delhi- 110 016 Residence: 6704, DLF Phase IV, Gurgaon, Haryana – 122 002 Occupation: Professional Nationality: Indian	51	1. JPK Developers Pvt. Ltd. 2. LNK Infrastructures Private Limited. 3. JPK Towers Pvt. Ltd. 4. BT Developers Pvt. Ltd. 5. LNK Infrastructures Developers Private Limited. 6. Tript Hotels and Resorts (P) Ltd.	Appointed as additional director w.e.f. July 26, 2006	July 26, 2006
Name: **Satvinder Jeet Singh Sodhi** Designation: Non-executive Independent Director Father's name: Late Mr. G. S. Sodhi	54	HS Healthcare Private Limited	Appointed as director by the members in the EGM w.e.f. June 20, 2007	June 20, 2007

Details	Age (years)	Other directorships	Term	Date of Appointment
Address: Office: Ist Floor, 53 Khan Market, New Delhi: 110 003 Residence: A-4, MCD Officers Flats, Soami Nagar, New Delhi-110 017 Occupation: Business Nationality: Indian			Liable to retire by rotation	
Name: **Anunay Kumar** Designation: Non-executive Independent Director Father's name: Mr. Ramanuj Sinha Address: Office: The Enclave, New Prabhadevi Road, Mumbai-400 025 Residence: 602, Enclave, New Prabhadevi Road, Off Marathe Marg, Mumbai-400 025 Occupation: Business Nationality: Indian	61	Nil	Appointed as director by the members in the EGM w.e.f. June 20, 2007 Liable to retire by rotation	June 20, 2007
Name: **Rajinder Malhan** Designation: Non-executive Independent Director Father's name: Mr. Ram Nath Malhan Address: Office: Ashok Leyland Limited, 9th Floor, Temple Towers, 672 Anna Salai, Nandanam, Chennai- 600 035, Tamil Nadu Residence: Flat No. 5-B, Ramaniyam Towers, 12, Greenways Road, R.A. Puram, Chennai, Tamil Nadu Occupation: Service Nationality: Indian	58	Nil	Appointed as director by the members in the EGM w.e.f. June 20, 2007 Liable to retire by rotation	June 20, 2007

Brief Biography of our Directors

1. Mr. Ajay Kumar Bishnoi

Mr. Ajay Kumar Bishnoi, aged 50 years, an Indian national is our promoter. He has joined our Company in 2002 and presently he is Chairman & Managing Director of our Company. He has more than 28 years of experience in the material handling industry. He holds a Master's Diploma in Business Administration with an additional qualification in Material Management. He started his career in 1978 as a management trainee in Bharat Forge Company Limited. Since 1979 to 2002 he was associated with Eagle Flasks Ltd, Usha Breco Limited, Beardsell Engineering (a division of Nava Bharat Ferro Alloys Ltd.) and Fenner (India) Limited.

2. Mr. Amul Gabrani

Mr. Amul Gabrani, aged 47 years, an Indian national, one of the promoters has been associated with our Company since inception. He is Vice-Chairman & Managing Director of our Company. He is having more than 26 year of experience of the industry. He holds a degree in Master of Business Administration and Bachelor's degree in Mechanical Engineering. He started his career with Ingersoll Rand in 1981. He was associated with Voltas Limited from 1984 to 1986 and thereafter he has worked with Fenner (India) Limited upto 1990.

3. Dr. Goldie Gabrani

Dr. Goldie Gabrani aged 44 years, an Indian national, Whole-time director of our Company joined us on March 16, 2007. She holds a degree of Doctor of Philosophy, a Master's Degree in Electrical Engineering and Bachelor's of Engineering (electronics and communication) degree. She has more than 22 years of teaching experience in computer science and information technology. She was earlier working with the Delhi College of Engineering as professor and head of the department of computer engineering and information technology.

4. Mr. Arvind Kumar Bishnoi

Mr. Arvind Kumar Bishnoi, aged 22 years, an Indian national is a non executive director in our Board of Directors. He holds a Bachelor's Degree in engineering in electronics and communication. He joined our Company on April 1, 2005.

5. Mr. Achal Ghai

Mr. Achal Ghai, aged 43 years, a foreign national, joined us on November 24, 2005 as a non executive director. He is a Commerce graduate and holds a Master's Degree in Business Administration. He has rich experience in corporate and investment banking and has worked with international banks across India, Dubai and Canada. He is on the board of several Indian and international companies and advises conglomerates in Canada, UK, Malaysia, Dubai and India.

6. Mr. Suresh Kumar Goenka

Mr. Suresh Kumar Goenka, aged 51 years, an Indian national, has joined our Company on July 26, 2006 as an independent non executive director. He is a Chartered Accountant and has more than 25 years of experience in legal, financial, taxation and other commercial matters in India and abroad.

7. Mr. Brij Bhushan Kathuria

Mr. Brij Bhushan Kathuria, aged 51 years, an Indian national, has joined our Company on July 26, 2006 as an independent non executive director. He is a Chartered Accountant and has more than 25years of experience in finance, taxation, auditing, in India and abroad. He has also served in senior management roles in companies based in Africa and Middle East.

8. Mr. Satvinder Jeet Singh Sodhi

Mr. Sativinder Jeet Singh Sodhi, aged 54 years**,** an Indian national, joined us on June 20, 2007 as an independent non-executive director. He is a Management Accountant, Chartered Accountant and also is a Law Graduate. He is an ex-Civil Service Officer and in the past has held various senior key positions in Government Departments like the Joint Commissioner of Industries, General Manager - Delhi Finance Corporation and also CEO of cerain public sector enterprises. He has been associated with SEBI and committees of various ministries and also has worked as the Executive Director of Delhi Stock Exchange. Presently, he is the Chief Executive Officer and Executive Director of Dr. B.L.Kapur Memorial Hospital, New Delhi.

9. Mr. Anunay Kumar

Mr. Anunay Kumar, aged 61 years, an Indian national, joined us on June 20, 2007 as an independent non executive director. He holds a Bachelor's Degree in Mechanical Engineering and also holds a Diploma in Management from All India Management Association, New Delhi. He has more than 41 years of work experience in steel industry in India and abroad. In the past he has been associated with Mecon Limited and retired as its Director (Technology) in 2004. Presently, he is associated with JSW Steel Limited as its Director - Business Development.

10. Mr. Rajinder Malhan

Mr. Rajinder Malhan, aged 58 years, an Indian national, has joined our company on June 20, 2007 as an independent non executive director. He is a Mechanical Engineer and has more than 37 years of experience. Presently he is working with Ashok Leyland Limited as its Executive Director (International Operation).

Corporate Governance

Our Company stands committed to good corporate governance practices based on principles such as accountability, transparency in dealings with our stakeholders, emphasis on communication and transparent reporting. These vital initiatives extend beyond mandatory corporate governance requirements and are in accordance with our aim of establishing best practices for good corporate governance.

The provisions of the Listing Agreement to be entered into with the Stock Exchanges with respect to corporate governance and the SEBI Guidelines in respect of corporate governance will be applicable to our Company immediately upon the listing of our Company's Equity Shares on the Stock Exchanges. Our Company undertakes to adopt the corporate governance code as per clause 49 of the Listing Agreement to be entered into with the Stock Exchanges prior to the listing of our Equity Shares. Our Company has complied with such provisions, including, with respect to constitution of the various Board Committees viz., the Audit Committee and Shareholders Grievance Committee.

Presently, the BOD of our Company consists of ten directors. In accordance with clause 49 of the Listing Agreement, since the chairman of the BOD is an executive director, half of the total strength of the BOD consists of independent directors.

The details of the committees of the BOD are as under:

1. Audit Committee

The Audit Committee was initially constituted as per the requirements of Section 292 A of the Act vide a resolution passed by the BOD at its meeting held on July 26, 2006. Further, in pursuance of the Listing Agreement to be entered with the Stock Exchanges, the terms of reference of the Audit Committee have been revised with the approval of the BOD on June 20, 2007.

The said Committee is responsible for effective supervision of the financial operations, assurance of implementation of financial and accounting activites and operating controls as per the laid down policies and procedures. The Committee is further empowered to investigate matters *inter alia* including finance, accounting, internal control, internal audit and risk management.

The Audit Committee consists of the following Directors:

Name of Director	Designation in the Committee	Nature of Directorship
Mr. Suresh Kumar Goenka	Chairman	Independent Director
Mr. Satvinder Jeet Singh Sodhi	Member	Independent Director
Mr. Brij Bhushan Kathuria	Member	Independent Director
Mr. Amul Gabrani	Member	Vice Chairman & Managing Director

2. Shareholders' Grievance Committee

We have formed a Shareholders' Grievance Committee, pursuant to clause 49 of the Listing Agreement to expedite transfer of shares, provide redressal of shareholders and investors' complaints like non-receipt of share certificates sent for transfer, non-receipt of balance sheets, non-receipt of declared dividends, etc. The Shareholders Grievance Committee was constituted vide a resolution passed by the BOD at its meeting held on June 4, 2007. The composition of the Shareholders Grievance Committee is as follows:

Name of Director	Designation in the Committee	Nature of Directorship
Mr. Brij Bhushan Kathuria	Chairman	Independent Director
Dr. Goldie Gabrani	Member	Whole time director
Mr. Amul Gabrani	Member	Vice Chairman & Managing Director

Shareholding of the Directors

Our AOA does not require our Directors to hold any qualification Equity Shares. The following table details the shareholding of our Directors in their personal capacity, as at the date of this DRHP.

Name of the Director	Number of Equity Shares	% of Shareholding
Mr. Amul Gabrani	8,849,500	34.84
Mr. Ajay Kumar Bishnoi	8,550,000	33.66
Mr. Achal Ghai	1,302,200	5.12
Mr. Arvind Kumar Bishnoi	4,50,000	1.77
Dr. Goldie Gabrani	1,00,000	0.39
Mr. Brij Bhushan Kathuria	3,000	0.01
Mr. Suresh Kumar Goenka	Nil	Nil
Mr. Satvinder Jeet Singh Sodhi	Nil	Nil
Mr. Anunay Kumar	Nil	Nil
Mr. Rajinder Malhan	Nil	Nil

Interest of our Directors

All of our Directors may be deemed to be interested to the extent of fees payable to them for attending meetings of the Board as well as to the extent of other remuneration and reimbursement of expenses payable to them under our AOA. Mr. Ajay Kumar Bishnoi, Mr. Amul Gabrani and Dr. Goldie Gabrani are entitled to receive remuneration from our Company.

Our Directors may also be regarded as interested in the Equity Shares, if any, held by them or that may be subscribed by or allotted to the companies, firms, trusts, in which they are interested as directors, members, partners, trustees and promoters. Our Directors holding Equity Shares in our Company may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

Except as stated above and transactions disclosed in the section titled 'Related Party Transactions' on page no. 135 of this DRHP, our Directors do not have any other interest in our business.

Except as stated otherwise in the DRHP and above, we have not entered into any contract, agreement or arrangement during the preceding two years from the date of this DRHP in which the Directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements or are proposed to be made to them except in relation to their appointment.

Details of Borrowing Powers

The shareholders of our Company have passed a resolution at the EGM of our Company held on June 20, 2007 authorising our BOD pursuant to Section 293(1) (d) of the Act to borrow, such sum or sums of money as they may deem requisite for the purpose of the business of our Company notwithstanding that the monies to be borrowed together with the monies already borrowed by our Company (apart from temporary loans obtained from the bankers of our Company in the ordinary course of business) shall exceed the aggregate of the paid up capital of our Company and its free reserves, that is to say, reserves not set up for any specific purposes provided that the total amount together with the monies already borrowed by our BOD shall not at any time exceed the sum of Rs. 5,000.00 Million only. For further information regarding powers of our BOD, please refer to the section titled 'Main Provisions of the Articles of Association of our Company' on page no. 307 of this DRHP.

Remuneration of our Directors

1. Mr. Ajay Kumar Bishnoi

Mr. Ajay Kumar Bishnoi has been appointed on April 6, 2002 as Managing Director of our Company. Vide resolution dated July 17, 2006, Mr. Ajay Kumar Bishnoi was re-appointed as the Manging Director of our Company for a period of five years. Mr. Bishnoi has been redesignated by the BOD as the Chairman & Managing Director of our Company with effect from June 20, 2007. The present remuneration of Mr. Bishnoi was revised by the members of our Company with effect from April 1, 2007. The details of the same are as under:

Gross Salary	Rs. 1,050,000 per month
Perquisities	• Membership and annual fees of not more than two clubs. • Company maintained Car. • Telephone at residence and mobile. • Contribution to Provident Fund as per rules of our Company.
Commission	• Commission upto 4% of the net profit of our Company in a particular year (calculated under the provisions of section 349 read with section 198 of the Act) subject to the over all ceiling laid down in Section I of Part II of Schedule XIII of the Act.

2. Mr. Amul Gabrani

Mr. Amul Gabrani has been a Director of our Company since inception. He was appointed on September 28, 2005 as the Joint Managing Director of our Company. Vide resolution dated July 17, 2006, Mr. Amul Gabrani was re-appointed as the Joint Managing Director of our Company for a period of five years. Mr. Gabrani has been redesignated by the BOD as the Vice Chairman & Managing Director with effect from June 20, 2007. The current remuneration of Mr. Gabrani was revised by the members of our Company with effect from April 1, 2007. The details of the same are as under:

Gross Salary	Rs. 1,050,000 per month
Perquisities	• Membership and annual fees of not more than two clubs. • Company maintained Car. • Telephone at residence and mobile. • Contribution to Provident Fund as per rules of our Company.
Commission	• Commission upto 4% of the net profit of our Company in a particular year (calculated under the provisions of section 349 read with section 198 of the Act) subject to the over all ceiling laid down in Section I of Part II of Schedule XIII of the Act.

3. Dr. Goldie Gabrani

Dr. Goldie Gabrani has been appointed on March 16, 2007 as the whole time director of our Company for a period of one year. The current remuneration of Dr. Gabrani was revised by the members of our Company with effect from April 16, 2007. The details of the same are as under:

Gross Salary	Rs. 300,000 per month
Perquisities	• Medical reimbursement of actual expenses limited to one month's basic salary per year. • Company maintained Car. • Telephone at residence and mobile. • Contribution to Provident Fund, Superannuation or Annuity Fund and Gratuity as per rules of our Company.

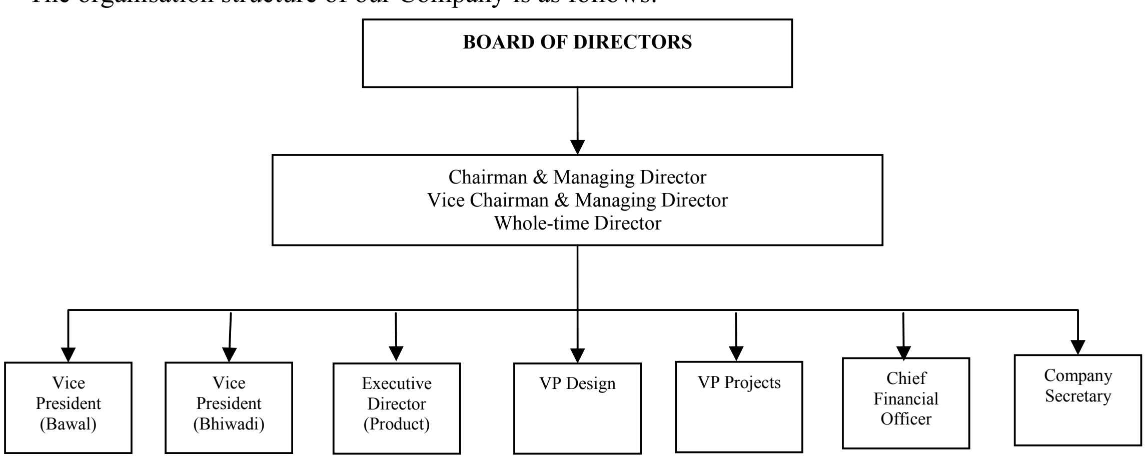
Besides the above, we pay siting fees of Rs. 20,000/- to each of our non-executive directors for attending all the meetings of the BOD. Further, we do not pay any sitting fees for the meeting of any of the Committees of Directors.

Changes in the BOD in the last three years

No.	Name of Director	Date of Appointment	Date of cessation	Reason for change
1.	Mr. Arvind Kumar Bishnoi	April 1, 2005	-	Appointed
2.	Mr. Achal Ghai	November 24, 2005	-	Appointed
3.	Mr. Suresh Kumar Goenka	July 26, 2006	-	Appointed
4.	Mr. R. Narayanan	July 26, 2006	-	Appointed
5.	Mr. Brij Bhushan Kathuria	July 26, 2006	-	Appointed
6.	Mrs. Bhagwanti Gabrani	June7, 1999	March 16, 2007	Resigned
7.	Dr. Goldie Gabrani	March 16, 2007	-	Appointed
8.	Mr. Ajay Kumar Bishnoi	July 17, 2006	-	Re-appointment
9.	Mr. Amul Gabrani	July 17, 2006	-	Re-appointment
10.	Mr. R. Narayanan	July 26, 2006	June 2, 2007	Resigned
11.	Mr. Satvinder Jeet Singh Sodhi	June 20, 2007	-	Appointed
12.	Mr. Anunay Kumar	June 20, 2007	-	Appointed
13.	Mr. Rajinder Malhan	June 20, 2007	-	Appointed

Organisation Structure

The organisation structure of our Company is as follows:



Key Management Personnel

The brief profiles of our key managerial personnel are as given below:

1. Kulbhushan Arora, Chief Financial Officer

Mr. Kulbhushan Arora, aged 44 years has a bachelor's degree in science and is a qualified Chartered Accountant and a Law Graduate from Delhi University. He has more than 20 years of experience in the field of finance, accounts, audit and taxation. Prior to joining the Company, Mr. Arora was associated with K. Bhushan & Co. Chartered Accountants. He joined our Company in 2006 and currently supervises the finance and accounts department of the Company. His present gross remuneration is Rs. 2,338,800 p.a.

2. Soman Kumar Mukherjee

Mr. Soman Kumar Mukherjee, aged 60 years, has work experience of over 31 years. He holds a Bachelors Degree in Mechanical Engineering from the Regional Engineering College, Nagpur. He has been with us since 2003. Prior to 2003, he worked with VOEST ALPINE, Austria, International Combustion, Hyderabad Industries Limited and Mcnally Bharat Engineering Company Limited. Presenly he heads the marketing of product division of our Company. His present remuneration is Rs.1,652,700 p.a.

3. Ajoy Das Gupta, Sr. Vice President

Mr Ajoy Das Gupta, aged 57 years, has work experience of over 33 years. He holds a Bachelor's Degree in Mechanical Engineering from The Birla Institute of Technology, Ranchi and a Master's Degree in Business Administration (with a specialization in Marketing and Production) from the University of Delhi. He has been with us since 2001. Prior to 2001, he worked with Texmaco, Usha Breco Limited, Beardsell Engineering and Fenner (India) Limited. His present remuneration is Rs. 1,641,888 p.a.

4. G. Palanikumar, Vice President (Projects)

Mr. G. Palanikumar, aged 42 years, has work experience of over 21 years. He holds a Bachelor's Degree in Engineering and a Post Graduate Diploma in Material Management. He has been working with us since 2001. Prior to 2001, he worked with Fenner (India) Limited. His present remuneration is Rs.1,542,912 p.a.

5. Sanjay Kumar, Vice President (Technical)

Mr. Sanjay Kumar is aged 37 years and has over 12 years of work experience in material handling systems for cement plants, fertilizer plants, steel plants, ports and copper plants. He holds a Bachelor's Degree in Mechanical Engineering from Regional Engineering College, Kurukshetra. He has been working with us since 2002. Prior to 2002, he worked with Fuller Bulk Handling India Limited, Chennai and Cimmco Birla Limited, New Delhi. His present remuneration is Rs.1,515,648 p.a.

6. Jagdeep Singh, Company Secretary

Mr. Jagdeep Singh, aged 31 years has Six years of experience in legal, secretarial and matters relating to indirect tax. He is a qualified Company Secretary and holds a Bachelor's Degree in Law from Delhi University. He has been with us since 2005. Prior to joining us, he was working with Deki Electronics Limited. His present remuneration is Rs. 658,876 p.a.

All key managerial personnels mentioned above are employed with the Company as its permanent employees.

Shareholding of the Key Managerial Employees

None of our key managerial employees hold any Equity Shares as on the date of this DRHP.

Bonus or Profit Sharing Plan for our Key Managerial Employees

Our Company does not have any bonus or profit-sharing plan for key managerial personnel. The key managerial personnel do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled as per their terms of appointment, reimbursement of expenses incurred by them during the ordinary course of business and to the extent of benefits derived on Equity Shares held by them in our Company.

Interests of Key Management Personnel

The Key Management Personnel of our Company do not have any interest in our Company other than remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business.

Except as stated in the section titled 'Related Party Transaction' on page no. 135 of this DRHP, we have not entered into any contract, agreement or arrangement during the preceding two years from the date of this DRHP in which the key managerial personnel is interested directly or indirectly. Further, no payments have been made or are being proposed to be made to these employees in respect of their contracts, agreements or arrangements other than as mentioned in this section.

Except for the remuneration paid, none of our key management personnel have been paid any consideration of any nature from our Company.

Changes in the Key Managerial Personnel

The following are the changes in our key managerial personnel in the last three years up to the date of filing this DRHP:

Name of the Employee	Last Designation	Date of Joining	Date of Leaving	Reason for change
Mr. Jagdeep Singh	Company Secretary	December 3, 2005	-	Appointed
Mr. Kulbhushan Arora	Chief Financial Officer	May 6, 2006	-	Appointed

None of our key managerial personnel have any kind of family relation between them. Except to the extent of nomination of directors by major shareholders of our Company, there is no arrangement or understanding with major shareholders, clients, suppliers or others, pursuant to which any director or key managerial personnel was selected.

Payment or Benefit to Officers of our Company

Contributions are made by the Company towards superannuation fund (funded by payments to LIC under its group superannuation scheme), approved gratuity fund (funded by contributions to LIC under its group gratuity scheme), group insurance scheme (funded by payments to LIC under group insurance scheme) and towards group leave encashment scheme (funded by payments to LIC under the group insurance/superannuation scheme). Contributions to the said funds are charged to revenue on accrual basis.

6.6 OUR PROMOTERS AND GROUP COMPANIES

The Promoters of our Company are two natural persons.

1. Mr. Ajay Kumar Bishnoi; and

2. Mr. Amul Gabrani.

The details of our promoters are as follows:

Mr. Ajay Kumar Bishnoi 	Mr Ajay Kumar Bishnoi, 50 years, a resident Indian national is our promoter. He holds a Master's Diploma in Business Administration with an additional qualification in Material Management. He started his career in the year 1978 as a Management Trainee in Bharat Forge Company Limited. From the years 1979 to 2002, Mr. Bishnoi was associated with Eagle Flasks Ltd., Usha Breco Ltd., Beardsell Engineering (division of Nava Bharat Ferro Alloys Ltd.) and Fenner (India) Ltd. He has a total experience of 28 years in this industry. He joined our Company in the year 2002 and is presently the Chairman & Managing Director of our Company.	
	Voter I D. No.	TN/03/013/0393246
	Passport No.	F 1040976
	PAN No.	AACPB0581B
Mr. Amul Gabrani 	Mr. Amul Gabrani, 47 years, a resident Indian national is associated with the Company since its inception. He holds a Master's Degree in Business Administration and Bachelor's Degree in Mechanical Engineering. He started his career with Ingersoll Rand in 1981. He was associated with Voltas Limited from 1984 to 1986 and thereafter he worked with Fenner (India) Limited upto 1990. Mr. Gabrani is presently the Vice Chairman & Managing Director of the Company.	
	Voter I. D. No.	DL/02/014/021139
	Passport No.	F 1084318
	PAN No.	ADKPG6795M

<u>Other Confirmations</u>

We confirm that the details of the permanent account number, bank account number and passport number of our individual Promoters have been submitted to the Stock Exchanges at the time of filing of this DRHP with the Stock Exchanges.

Further, our Promoters and Promoter Group entities, including relatives of the Promoters, have confirmed that they have not been detained as wilful defaulters by the RBI or any other governmental authority and there are no violations of securities laws committed by them in the past or are pending against them.

<u>Interest of our Promoters</u>

For further information on the interest of our promoters, please refer to the section titled 'Our Management' on page no. 94 of this DRHP.

<u>Property acquired by our Company in the last two years</u>

Our Company has not acquired any property in the last two years from the promoters and/or Directors of our Company or from any Company in which they are directly and/or indirectly related.

The Company has executed a lease deed with its promoters for its corporate office situated at No. 202-204 at Pacific Square, Sector 15, Part II, Gurgaon on June 1, 2007. The agreement is valid for a period of eight years from the date of execution of the agreement. The total monthly rent payable by the Company to the promoters for the said property is Rs 428,800 per month.

The Company has executed a lease agreement with its Promoters for its head office situated at Unit No. 2, first floor, New No. 25, First Main Road, Gandhi Nagar, Adyar, Chennai on July 1, 2007 and the said agreement is valid for a period of 11 months from the date of execution of this agreement. The Company is paying a total monthly rent of Rs. 33,000 to its promoters for using the leasehold premises.

The Company has executed a lease agreement with Mr. Amul Gabrani and Mrs. Bhagwanti Gabrani for its registered office situated at FB 26 Tagore Garden, New Delhi- 110 027 on June 1, 2007 and the said agreement is valid for a period of 11 months from the date of execution of this agreement. The Company is paying a total monthly rent of Rs. 20,000 to its promoters for using the leasehold premises.

Payment or benefits to our Promoters during the last two years

Except as stated below and in the section titled 'Related Party Transactions' on page 135 of this DRHP, there has been no payment of benefits to our Promoters during the last two years from the date of filing of this DRHP.

We, on March 6, 2006, sold our property on the second floor situated at Door No.25, First Main Road, Gandhi Nagar, Adyar, Chennai 600 020 to our promoters i.e. Mr. Ajay Kumar Bishnoi and Mr. Amul for a consideration of Rs. 2,500,000. The said sale was approved by our BOD vide its resolution dated January 11, 2006.

Our Company, has on March 22, 2006, sold its property bearing No. 202 and 204 situated at JMD Pacific Square, Sector 15, Part II, Gurgaon to our promoters i.e. Mr. Ajay Kumar Bishnoi and Mr. Amul Gabrani for a consideration of Rs. 12,000,000. The said sale of office was approved by our board of directors vide their resolution passed in the board meeting dated November 24, 2005.

Promoter Group

In addition to the Promoters named above, the following natural persons and companies are part of our Promoter Group.

The natural persons who are part of our Promoter Group (due to their relationship with our Promoters) other than the Promoters named above are as follows:

No.	Name of the Person
1.	Mr. Chandrapal Singh Bishnoi
2.	Mrs. Uma Rani Bishnoi
3.	Mrs. Menaka Bishnoi
4.	Mrs Rashmi Singh
5.	Mr. Milind Singh
6.	Mr. Rahul Bishnoi
7.	Mrs. Roma Katyal
8.	Mr. Anju Kumar Bishnoi
9.	Mrs. Amita Bishnoi
10.	Mrs. Manju Bishnoi
11.	Mr. Arvind Kumar Bishnoi
12.	Mrs. Pushp Lata Kapoor
13.	Mrs. Nutan Kapoor Mahawer
14.	Mr. Aditya Gabrani
15.	Dr. Goldie Gabrani
16.	Mrs. Bhagwanti Gabrani

The companies which form part the Promoter Group, other than the Promoters are as follows:

No.	Name of the Company	% of Shareholding held by the Promoter Group
1.	Tecpro Engineers Private Limited	100.00
2.	Tecpro Infotech Private Limited	100.00
3.	Experienced Hi-Tech Consultancy Services Private Limited	97.40
4.	Vasundhra Technologies (India) Private Limited	100.00
5.	Tecpro Stones Private Limited	100.00
6.	Tecpro Paints Private Limited	100.00

Details of the Promoter Group Companies are as follows:

1. Tecpro Engineers Private Limited ("Tecpro Engineers")

Tecpro Engineers was incorporated on May 31, 2005. The registered office of Tecpro Engineers company is situated at 27/49, Vishwas Nagar, Shahdra, Delhi – 110 032. The main object of the company is to carry on the business of erection, commissioning and installation of material handling system for infrastructure projects, design and engineering of conveyor systems and conveyor components and job work of fabrication of steel structure at site.

(a) Shareholding Pattern

The original authorised share capital of Tecpro Engineers was Rs. 2,000,000, which was divided into 200,000 shares of Rs. 10 each. The authorised share capital of Tecpro Engineers has been increased from Rs.2,000,000 to Rs. 5,000,000, which has been divided into 500,000 shares of Rs 10 each. Tecpro Engineers has issued a total of 310,000 equity shares of Rs. 10 each to its shareholders. The shareholding pattern of Tecpro Engineers as on June 30, 2007 is as follows:

Name of Shareholders	Number of Shares	% of Shareholding
Mr. Arvind Kumar Bishnoi	155,000	50
Mr. Aditya Gabrani	155,000	50
Total	**310,000**	**100**

There has been a change in the capital structure of Tecpro Engineers wherein Mr. Ajay Kumar Bishnoi and Mr. Amul Gabrani have, on May 15, 2007, transferred their entire shareholding to Mr. Arvind Kumar Bishnoi and Mr. Aditya Gabrani respectively. Further, Tecpro Engineers is not a sick company within the meaning of the SICA and is not under any process of winding up.

(b) Board of Directors

As on the date of this DRHP, BOD of Tecpro Engineers comprises of Mr. Thirukonda Krishnamurthy Gunasekaran and Mr. Ganesan Palani Kumar.

(c) Financial Performance

The financial results of Tecpro Engineers for the year ended March 31, 2007 and March 31, 2006 are set forth below:

(Rs. in Million, except per share data)

Particulars	FY 2007	FY 2006
Equity Capital (Face Value of Rs. 10 per Equity Share)	3.10	0.10
Reserves (excluding revaluation reserves)	9.44	1.41
Income	85.18	22.13
Profit after tax	8.03	1.41
Earning Per Share (Basic) (in Rs.)	38.12	168.93
Net Asset value Per Share (in Rs.)	40.44	151.16

2. *Tecpro Infotech Private Limited ("Tecpro Infotech")*

Tecpro Infotech was incorporated on January 30, 2006. The registered office of this company is at FB-26, Tagore Garden, New Delhi– 110 027. The main object of the company is to carry on the business of exporters, importers, servicing, consulting, developing, designing, marketing, trading, selling, distributing and licensing computer software and hardware of any description, particularly those used in or in connection with electronic data processing equipment, computers, micro processors based systems and providing softwares, hardwares, programs, data processing services.

(a) Shareholding Pattern

The authorised equity share capital of Tecpro Infotech is Rs. 1,000,000, which has been divided into 100,000 shares of Rs. 10 each. Tecpro Infotech has issued a total of 10,000 equity shares of Rs. 10 each to its shareholders. The shareholding pattern of Tecpro Infotech as on the date of this DRHP is as follows:

Name of Shareholders	Number of Shares	% of Shareholding
Mr. Ajay Kumar Bishnoi	5,000	50.00
Mr. Amul Gabrani	5,000	50.00
Total	**10,000**	**100.00**

There has been no change in the capital structure of Tecpro Infotech in the last six months. Tecpro Infotech is not a sick company within the meaning of the SICA and is not under any process of winding up.

(b) Board of Directors

As on the date of this DRHP, the BOD of Tecpro Infotech comprises of Mr. Ajay Kumar Bishnoi and Mr.Amul Gabrani.

(c) Financial Performance

The financial results of Tecpro Infotech for the year ended March 31, 2007 and March 31, 2006 are set forth below:

(Rs. in Million, except per share data)

Particulars	FY 2007	FY 2006
Equity Capital (Face Value of Rs. 10 per Equity Share)	0.10	0.10
Reserves (excluding revaluation reserves)	(0.06)	(0.04)
Income	Nil	Nil
Profit after tax	(0.06)	(0.04)
Earning Per Share (Basic) (in Rs.)	(2.03)	(24.78)
Net Asset value Per Share (in Rs.)	3.83	5.86

3. *Experienced Hi-Tech Consultancy Services Private Limited ("Experienced Hi-Tech")*

Experienced Hi-Tech was incorporated on November 27, 1989. The registered office of this company is at Flat No. 5, Door No. 58 (Old 48), third main road, Kasturbha Nagar, Adyar, Chennai – 600 020. The main object of this company is to carry on the business of engineering consultants and in areas of marketing, finance, industrial and other business promotions, setting up of new factories, project profile and technical consultancy in the field of business management.

(a) Shareholding Pattern

The authorised equity share capital of Experienced Hi-Tech is Rs. 1,000,000, which has been divided into 100,000 shares of Rs. 10 each. Experienced Hi-Tech has issued a total of 38,520 equity shares of Rs. 10 each to its shareholders. The shareholding pattern of Experienced Hi-Tech as on the date of this DRHP, is as follows:

Name of Shareholders	Number of Shares	% of Shareholding
Mrs. Amita Bishnoi	37,520	97.40
Mr. Vijay Bishnoi	1,000	2.60
Total	**38,520**	**100.00**

There has been no change in the capital structure of Experienced Hi-Tech in the last six months. Further, Experienced Hi-Tech is not a sick company within the meaning of the SICA and is not under any process of winding up.

(b) Board of Directors

As of date of filing of this DRHP, the BOD of Experienced Hi-Tech comprises of Mrs. Amita Bishnoi and Mr. Vijay Bishnoi.

(c) Financial Performance

The financial results of Experience Hi-Tech for for the last three years is set out below:

(Rs. in Million, except per share data)

Particulars	FY 2007	FY 2006	FY 2005
Equity Capital (Face Value of Rs. 10 per Equity Share)	0.38	0.38	0.38
Reserves (excluding revaluation reserves)	1.96	1.87	1.87
Income	6.82	2.08	1.73
Profit After Tax	1.0	0.26	0.03
Earning Per Share (Basic) (in Rs.)	25.99	6.91	0.93
Net Asset value Per Share (in Rs.)	60.93	58.54	58.54

4. Vasundhra Technologies (India) Private Limited ("Vasundhra Technologies")

Vasundhra Technologies was incorporated on April 10, 1997. The registered office of the company is at FB-26, Tagore Garden, New Delhi – 110 027. The main object of this company is to carry on the business of manufacturing, producing, assembling, engineering, designing and buying and selling of all kinds of earth moving equipment, agricultural machines, heavy vehicles, spraying machines, irrigation equipments and transportation equipments.

(a) Shareholding Pattern

The authorised equity share capital of Vasundhra Technologies has been increased from Rs. 1,000,000 to Rs. 5,000,000 which has been divided into 500,000 equity shares of Rs. 10 each. Vasundhra Technologies has issued a total of 30,200 equity shares of Rs. 10 to each of its shareholders. The shareholding pattern of Vasundhra Technologies as on the date of the DRHP is as follows:

Name of Shareholders	Number of Shares	% of Shareholding
Mr. Amul Gabrani	20,200	66.89
Dr. Goldie Gabrani	10,000	33.11
Total	**30,200**	**100**

There has been a change in the capital structure of Vasundhra Technologies wherein Mr. Amul Gabrani and Dr. Goldie Gabrani on March 30, 2007 have been allotted 20,000 and 10,000 shares respectively. Further, Vasundhra Technologies is not a sick company within the meaning of the SICA and is not under any process of winding up.

(b) Board of Directors

As of date of DRHP, the BOD of Vasundhra Technologies comprises Mr. Amul Gabrani and Mr. Aditya Gabrani.

(c) Financial Performance

The financial results of Vasundhra Technologies for the last three years:

(Rs. in Million, except per share data)

Particulars	FY 2007	FY 2006	FY 2005
Equity Capital (Face Value of Rs. 10 per Equity Share)	0.30	0.002	0.002
Reserves (excluding revaluation reserves)	(0.23)	(0.002)	(0.002)
Income	Nil	Nil	Nil
Profit After Tax	(0.23)	Nil	Nil
Earning Per Share (Basic) (in Rs.)	(630.96)	Nil	Nil
Net Asset value Per Share (in Rs.)	2.40	(71.00)	(71.00)

5. Tecpro Stones Private Limited ("Tecpro Stones")

Tecpro Stones was incorporated on February, 15, 2007. The registered office of the company is situated at FB–26 Tagore Gardens, New Delhi. The main object of the company is to carry on the business of manufacturing, processing, producing, buying any kind of stones and other minerals including marbles, granites etc and to deal in all kinds of equipments, plants, machines and accessories, whether electrical, mechanical or otherwise used in connection with mining and transporting any mineral product.

(a) Shareholding Pattern

The authorised equity share capital of Tecpro Stones is Rs. 5,000,000 which has been divded into 500,000 shares of Rs. 10 each. The shareholding pattern of Tecpro Stones as on the date of filing of this DRHP is as follows:

Name of Shareholders	Number of Shares	% of Shareholding
Mrs. Amita Bishnoi	5000	50
Mrs. Bhagwanti Gabrani	5000	50
Total	**10000**	**100**

There has been a change in the capital structure of Tecpro Stones wherein Mr. Ajay Kumar Bishnoi and Mr. Amul Gabrani have on March 2, 2007 transfered their entire shareholding of 5000 shares each to Mrs. Amita Bishnoi and to Mrs. Bhagwanti Gabrani respectively. Further, Tecpro Stones is not a sick company within the meaning of the SICA and is not under any process of winding up.

(b) Board of Directors

As on the date of this DRHP, the BOD of Tecpro Stones comprises of Mr. Triukonda Krishnamurthy Gunasekaran, Ganesan Palanikumar and Mr. Vijay Bajaj.

(c) Financial Performance

The financial results of Tecpro Stones for the year ended March 31, 2007 are set forth below:

(Rs. in Million, except per share data)

Particulars	FY 2007
Equity Capital (Face Value of Rs. 10 per Equity Share)	0.10
Reserves (excluding revaluation reserves)	0.50
Income	Nil
Profit after tax	0.50
Earning Per Share (Basic) (in Rs.)	(403.29)
Net Asset value Per Share (in Rs.)	(39.73)

6. Tecpro Paints Private Limited ("Tecpro Paints")

Tecpro Paints was incorporated on November 23, 2006. The registered office of the company is at FB-26 Tagore Garden New Delhi. The main object of the company is to carry on the business of buyers, sellers of oil, to act as exporter of oil, to carry on the business of distemper, plastic paints and any such other articles as may be required in manufacturing of paints.

(a) Shareholding Pattern

The authorised share capital of Tecpro Paints was increased on January 17, 2007 from Rs 5,000,000 divided into 500,000 equity shares of Rs.10 each to Rs. 20,000,000 divided into 2,000,000 equity shares of Rs. 10 each. The total paid up share capital of Tecpro Paints is Rs. 100,000. The shareholding pattern of Tecpro Paints as on the date of this DRHP is as follows:

Name of Shareholders	Number of Shares	% of Shareholding
Mr. Amul Gabrani	5000	50.00
Mr. Ajay Kumar Bishnoi	5000	50.00
Total	**10,000**	**100.00**

There has been no change in the capital structure of Tecpro Paints in the last six months. Further, Tecpro Paints is not a sick company within the meaning of the SICA and is not under any process of winding up.

(b) Board of Directors

As on the date of this DRHP, the BOD of Tecpro Paints comprises of Mr. Ajay Kumar Bishnoi, Mr. Amul Gabrani and Mr. Gulshan Kakkar.

(c) Financial Performance

The financial results of Tecpro Paints for the year ended March 31, 2007 are set forth below:

(Rs. in Million, except per share data)

Particulars	FY 2007
Equity Capital (Face Value of Rs. 10 per Equity Share)	0.10
Reserves (excluding revaluation reserves)	(0.82)
Income	0.02
Profit After Tax	(0.82)
Earning Per Share (Basic) (in Rs.)	(232.65)
Net Asset value Per Share (in Rs.)	(72.22)

Companies with which Promoters have disassociated in the last three years

The Promoters had promoted a company by the name of Tecpro Stones on February 15, 2007. The Promoters have on March 2, 2007 resigned from the BOD of Tecpro Stones and have also on the same date transferred their entire shareholding to Mrs. Bhagwanti Gabrani and Mrs. Amita Bishnoi.

The Promoters had promoted a company by the name of Tecpro Engineers on May 31, 2005. The Promoters have on December 24, 2005 resigned from the BOD of Tecpro Engineers and have on May 15, 2007 transferred their entire shareholding to Mr. Aditya Gabrani and Mr. Arvind Kumar Bishnoi.

Details of Common Pursuits

Tecpro Engineers is in the business of erection, commissioning and installation of material handling systems for infrastrucure projects, design and engineering of conveyor systems and conveyor components and job work of fabrication of steel structure at site. Tecpro Engineers is our group company and there is a potential conflict of interest as the business of Tecpro Engineers is similar to some of the business activities that we undertake. We have in the past entered into related party transactions with Tecpro Engineers.

Related Party Transaction

The details of related party transaction have been disclosed as a part of the 'Report by the Auditors'. For further information, please refer to the section titled 'Related Party Transactions' on page no. 135 of this DRHP.

6.7 OUR SUBSIDIARIES

The Company has the following seven subsidiaries:

1. <u>Tecpro Energy Limited</u>

(a) Corporate Structure

TEL was originally incorporated as Tecpro Manufacturing Private Limited on June 9, 2005 (Registration No. U29150DL2005PLC137436). The name of the company was on June 27, 2006 changed from Tecpro Manufacturing Private Limited to Tecpro Energy Private Limited. The said company was converted into a public company on May 30, 2007. The registered office of TEL is located at FB-26, Tagore Garden, New Delhi- 110 027. The authorised share capital of TEL is Rs. 200,000,000 divided into 20,000,000 equity shares of Rs. 10 each, and the paid up share capital is Rs. 2,530,000. The main objects of TEL is to do business as an independent power producer to generate, produce, manufacture, develop, purchase, acquire, use, sell, transform, accumulate, transmit, distribute and supply electric power of all kinds to different categories of consumers, to carry on the business of a general electric power supply company, providing consultancy and services relating to electricity generation, transmission and distribution, to deal variously in power plants including on a BOO basis/ BOOT and build-own-operate-maintain basis.

(b) Agreements by TEL

TEL has executed two MOU's with HAREDA for setting up of two 7.5 MW biomass power generation plants on BOO basis for projects situated at Nilokheri, Karnal, Haryana and at Israna Panipat, Haryana respectively.

The scope of work as stated in the MOU comprises of setting up of the biomass generation plant and to provide transmission system for evacuation of the power generated in the plants in accordance with the requirements envisaged by the concerned power authorities/licensee. The total time frame for commissioning of these plants is 30 month from the date of signing of the MOU's executed on February 20, 2007. Failure to adhere to the timelines stipulated in the MOU's would result in termination of the MOU's by HAREDA. TEL can withdraw from the project if TEL or HAREDA is of the view that the projects envisaged in the MOU's are not feasible on account of any techno economic consideration or any other aspect as envisaged in the MOU.

(c) Shareholding Pattern

As on date of filing of this DRHP, the shareholding pattern in TEL is as follows:

Name of the Director	Number of Equity Shares	% of Shareholding
Tecpro Systems Limited	240,000	94.86
Mr. Ajay Kumar Bishnoi	5,500	2.17
Mr. Amul Gabrani	5,500	2.17
Dr. Goldie Gabrani	500	0.20
Mrs. Amita Bishnoi	500	0.20
Mr. Arvind Kumar Bishnoi	500	0.20
Mr. Aditya Gabrani	500	0.20
Total	**253,000**	**100.00**

Mr. Amul Gabrani and Mr. Ajay Kumar Bishnoi have on April 11, 2007 transferred 500 shares each to Mr Aditya Gabrani, Dr. Goldie Gabrani, Mr. Arvind Kumar Bishnoi and Mrs Amita Bishnoi. Further, on April 11, 2007 TEL has issued 150,000 shares at par to the Company and accordingly the Company now holds 240,000 shares in TEL.

(d) Board of Directors

The Board of Directors of TEL as on the date of filing of this DRHP consists of Mr. Ajay Kumar Bishnoi, Mr. Amul Gabrani, Dr. Goldie Gabrani and Mrs. Amita Bishnoi.

(e) Financial Performance

The financial results of TEL for the year ended March 31, 2007 and March 31, 2006 are set forth below:

(Rs. in Million except per share data)

Particulars	FY 2007	FY 2006
Income	0.02	Nil
Expenditure	1.54	0.13
Profit/(Loss) before tax	(1.52)	(0.13)
Profit/(Loss) after tax	(1.52)	(0.13)
Share Capital	1.03	1.03
Reserve	(1.65)	(0.13)
Earning Per Share (Basic) (in Rs.)	(14.73)	(12.93)
Net Asset Value Per Share (in Rs.)	(6.00)	8.73

2. Tecpro Power Systems Limited

(a) Corporate Structure

TPSL was incorporated on October 21, 2005 (Registration No. U40101DL2005PLC142016) as a private limited company. The registered office of TPSL is FB-26, Tagore Garden, New Delhi – 110 027.

Pursuant to a resolution passed at an EGM held on April 26, 2007, Tecpro Power Systems Private Limited was converted into a public limited company and its name has been accordingly changed to Tecpro Power Systems Limited with effect from May 30, 2007.

By approval of members on June 26, 2007, the authorized share capital of TPSL has been increased from Rs. 150,000,000 to Rs. 350,000,000 divided into 35,000,000 equity shares of Rs. 10 each. The paid up capital of TPSL is Rs. 4,900,000.

The main objects of TPSL is to do business as an independent power producer to generate, produce, manufacture, develop, purchase, acquire, use, sell, transform, accumulate, transmit, distribute and supply electric power of all kinds to different categories of consumers, to carry on the business of general electric power supply company, providing consultancy and services related to electricity generation, as an independent power producer to deal variously in power plants including on a BOO basis, BOT and build-own-operate-maintain basis and to carry on the business of erection and commissioning of all types of dams and to manufacture, sale, distribute and market all related equipment structures and technologies used for irrigation projects and power projects.

(b) Agreements by TPSL

TPSL and Shanbao have entered into a technical collaboration agreement on October 25, 2005 for the purposes of setting up power plants upto 55 MW for power generation in India for a period of five years. Under the agreement, Shanbao would supply the core equipment from China and assist TPSL with all technical details including plant layout and specifications of all major equipment. The responsibility to meet the various standards or specifications of the GOI lies on Shanbao under the agreement. The agreement carries an exclusivity clause whereby Shanbao has undertaken not to deal in India directly for power plants upto 55 MW with the exception of clients it is already dealing with and similarly TPSL has also undertaken not to deal with any other company manufacturing similar equipments for sale and supply in India. The agreement is subject to two pre-conditions: (a) the written consent of Pushan, with which Shanbao has an exclusive agreement dated December 19, 2003 which grants the exclusive marketing rights of power plant equipments to Pushan and (b) that all equipment sourced by TPSL from

China would be purchased exclusively from Shanbao.

TPSL along with Shanbao has entered into an EPC/turnkey contract with Indian Metals & Ferro Alloys Limited on June 6, 2007, wherein IMFAL has appointed TPSL as contractors for the purposes of undertaking the engineering, procurement and commissioning of a 30 MW power plant proposed to be set up by IMFAL. The contractual value of the agreement is for a sum of Rs 971.90 Million and the agreement is valid for a period of 19 months.

TPSL has entered into an agreement with Sideshwari Power Generation Private Limited, wherein SPGPL has appointed TPSL as the contractors for the purposes of setting up a 2X5 MW Kharagpur Small Hydro Electric Project near Kharagpur village Kotpad Tehsil, in Koraput District of Orissa, India. The contractual value of the agreement is for a sum of Rs 87.50 Million and the agreement is valid for a period of 15 months from March 21, 2007 i.e., the date of execution of the bank guarantee.

Further, TPSL has been issued two LOI's dated June 25, 2007 by Indian Metal & Ferro Alloys Limited for supplying of generator transformer. The total value of the two LOI's is Rs. 27.93 Million.

(c) Shareholding Pattern

As on date of filing of this DRHP, the shareholding pattern in TPSL is as follows:

No.	Name of Shareholders	No. of Shares	% of Shareholding
1	Tecpro Systems Limited	477,200	97.40
2	Mr. Ajay Kumar Bishnoi	5,400	1.10
3	Mr. Amul Gabrani	5,400	1.10
4	Dr. Goldie Gabrani	500	0.10
5	Mrs. Amita Bishnoi	500	0.10
6	Mr. Arvind Kumar Bishnoi	500	0.10
7	Mr. Aditya Gabrani	500	0.10
	Total	**490,000**	**100.00**

Mr. Amul Gabrani and Mr. Ajay Kumar Bishnoi have on April 11, 2007 transferred 500 shares each to Mr. Aditya Gabrani, Dr. Goldie Gabrani, Mr. Arvind Kumar Bishnoi and to Mrs. Amita Bishnoi.

(d) Board of Directors

As on date of filing of this DRHP, the BOD of TPSL, comprises of Mr. Ajay Kumar Bishnoi (Managing Director), Mrs. Amita Bishnoi (Whole-time Director), Mr. Amul Gabrani and Dr. Goldie Gabrani.

(e) Financial Performance

The financial results of TPSL for the year ended March 31, 2007 and March 31, 2006 are set forth below:

(Rs. in Million except per share data)

Particulars	FY 2007	FY 2006
Income	0.51	Nil
Expenditure	4.74	1.03
Profit/(Loss) before tax	(4.23)	(1.04)
Profit/(Loss) after tax	(4.28)	(1.07)
Share Capital	4.9	0.13
Total Reserve	(5.36)	(1.07)
Earning Per Share (Basic) (in Rs.)	(70.03)	(240.96)
Net Asset Value Per Share (in Rs.)	(0.93)	(73.84)

3. <u>Blossom Automotive Private Limited</u>

(a) Corporate Structure

BAPL, a wholly owned subsidiary of our Company, was incorporated on July 19, 2005 (Registration No. U50300RJ2005PTC021031) as a private limited company. The registered office of BAPL is SP 496-497 Industrial Area, District Alwar, Bhiwadi, Rajasthan – 301 019.

The authorized share capital of BAPL is Rs. 4,000,000 divided into 400,000 Equity Shares of Rs. 10 and the paid up capital is Rs. 4,000,000.

The main objects of BAPL is to do business as manufacturers, assemblers, dealers, importers, exporters, traders, purchasers, sellers, hire purchasers, hires, repairs, cleaners and stores of all kinds of automobiles, vehicles and conveyance (including spare parts) and to carry on the business of works of carriage, exports, suppliers, dealers, stockists, distributors, manufacturers, representatives, professionals, commission agents, selling and buying agents, contractors in mineral oils, grease and other lubricants of all kinds.

BAPL was acquired by us as per the terms of the Share Purchase Agreement executed on August 5, 2006 amongst BAPL, Mr. Prem Kumar Garg on behalf of all the share holders of BAPL and us. As per the terms of the SPA, Mr. Prem Kumar Garg and all other shareholders of BAPL have transferred their entire shares in BAPL in favour of us for a consideration sum of Rs 127.20 Million.

RIICO has, by its letter dated January 2, 2007 given permission to BAPL to sublet the premises situated in Plot no. SP- 496-497 admeasuring 40,110 sq.mts at industrial area, Bhiwadi to us in accordance with the terms and conditions as envisaged under the said letter.

(b) Shareholding Pattern

As on date of filing of this DRHP, the shareholding pattern in BAPL is as follows:

No.	Name of Shareholders	No. of Shares	% of Shareholding
1.	Tecpro Systems Limited	399,999	99.99
2.	Mr. Amul Gabrani (TSL is the beneficial owner)	1	00.01
	Total	**400,000**	**100.00**

Mr. Amul Gabrani and Mr. Ajay Kumar Bishnoi who were holding 500 shares respectively in BAPL (wherein the beneficial owner of the said shares was TSL) have on May 12, 2007 transferred 499 and 500 of their respective shares to TSL.

(c) Board of Directors

As on date of filing of this DRHP, the board of directors of BAPL comprises of Mr. Perintalmanna Venkatrama Krishnakumar and Mr. Kulbhushan Arora.

(d) Financial Performance

The financial results of BAPL for the year ended March 31, 2007 and March 31, 2006 are set forth below:

(Rs. in Million except per share data)

Particulars	FY 2007	FY 2006
Income	1.51	0.13
Expenditure	1.24	0.12
Profit/(Loss) before tax	0.27	0.10
Profit/(Loss) after tax	0.17	0.007
Share Capital	4.00	4.00
Total Reserve	110.36	35.11
Earning Per Share (Basic) (in Rs.)	0.43	0.14
Net Asset Value Per Share (in Rs.)	98.19	97.58

4. Tecpro International FZE

(a) Corporate Structure

TIFZE, a wholly owned subsidiary of our Company, was incorporated on August, 19, 2006 in JAFZA, Dubai, as a free trade establishment with limited liability for the purposes of coordinating TSL's operations and business in Africa, Middle East and CIS countries. TIFZE has been granted a trading licence on August 20, 2006 (Licencse No. 07292) by the JAFZA for the purposes of carrying out turnkey projects, material handling systems, crushing and screening plants, industrial products and all engineering and non-engineering goods. The office address of TIFZE is Office No. LB15413, Jebel Ali, Dubai, United Arab Emirates.

The share capital of TIFZE is one share whose face value is one Million Dirham.

TIFZE has entered into an office lease agreement with the Government of Dubai on August 20, 2006 for office number LB15413, Jebel Ali, Dubai, United Arab Emirates for a period of one year. The agreement is terminable with a three months notice and is renewable at the discretion of the Government of Dubai. The Company has applied for the renewal of the trading licence and lease agreement on June 24, 2007.

By letter dated August 7, 2007, Directech Industries (Pty) Limited has permitted TIFZE to use its office premises at Unit 45, APD Industrial Park, Elseacar Street, Kya-Sand, Randburg, South Africa for the purposes of opening an office in the Republic of South Africa.

(b) Shareholding Pattern

As on date of filing of this DRHP, the shareholding pattern in TIFZE is as follows:

No.	Name of Shareholders	No. of Shares	% of Shareholding
1.	Tecpro Systems Limited	1	100.00
	Total		**100.00**

(c) Board of Directors

As on date of filing of this DRHP, the board of directors of TIFZE comprises of Mr. Ajay Kumar Bishnoi, Mr. Amul Gabrani and Mr. Achal Ghai.

(d) Financial Performance

The financial results of TIFZE for the year ended March 31, 2007 is set forth below:

(Rs. in Million except per share data)

Particulars	FY 2007
Income	Nil
Expenditure	6.34
Profit/(Loss) before tax	(6.34)
Profit/(Loss) after tax	(6.34)
Share Capital	12.70
Total Reserve	(6.34)
Earning Per Share (Basic) (in Rs.)	9,978,093.31
Net Asset Value Per Share (in Rs.)	6,352,760

5. Trema RJA Processes Private Limited

(a) Corporate Structure

Trema was incorporated on August 11, 1999 (Registration No. U74999MH1999PTC121243) as a private limited company. The registered office of Trema is Jukaso House, Andheri- Kurla Road, Saki Naka, Andheri (E), Mumbai– 400 072. Presently, Trema is a joint venture between our Company and Trema Verfahrenstechnik GmbH. Pursuant to a resolution passed at an EGM held on August 13, 2007, the members of Trema have approved the change of name of the company from Trema RJA Processes Private Limited to Tecpro Trema Private Limited.

The authorized share capital of Trema is Rs. 2,000,000 divided into 200,000 Equity Shares of Rs. 10 and the paid up capital is Rs. 1,500,000.

The main objects of TREMA is to carry on the business as designers, manufacturers, suppliers, agents, brokers, merchants, buyers, sellers, distributors, assemblers, processors, job workers, fabricators, exporters, importers, indentors, constructors for and of equipments, machinery components, spare parts, systems and accessories of air and environment pollution control plants and systems, glass bead plants, spray drying plants and other related products connected therewith.

We have entered into a share purchase agreement on April 25, 2007 with Mr. R. Jaishankar, Mr. P.R. Shankar and Trema Verfahrenstechnik GmbH for the purposes of acquiring 76,500 equity shares representing 51% of the issued paid up capital of Trema from the Vendors. The consideration for the said acquisition was Rs. 6,000,000 (i.e. purchase price for shares acquired from Mr. R. Jaishankar and Mr. P.R. Shankar) and Euros 2,000 (i.e. purchase price for shares acquired from Trema Verfahrenstechnik GmbH).

A shareholders agreement dated April 25, 2007 has been executed between our Company and Trema Vefahrenstechnik, GmbH for the purposes of holding shares and managing the operations of Trema as a joint venture company, wherein the Company has agreed to own 76,500 shares of Trema and nominate three directors on the BOD of Trema and Trema Verfahrenstechnik GmbH has agreed to own 73,500 shares of Trema and nominate two directors on the BOD of Trema.

Further, a colloboration agreement dated April 25, 2007 has been executed between us and Trema Verfahrenstechnik GmbH, wherein it has been agreed that Trema would manufacture critical equipment's of air and gas pollution control system under the brand name of Trema and that Trema Verfahrenstechnik GmbH would support Trema in process design and guarantees and sourcing of imported equipment.

Trema has entered into a technology transfer agreement dated April 25, 2007 with Ms. Diana Glatz for the purposes of acquiring the technology for designing, engineering and drawings for bag filters cyclones. The consideration for the above technology is Euros 28,000.

(b) Shareholding Pattern

As on date of filing of this DRHP, the shareholding pattern in Trema is as follows:

No.	Name of Shareholders	No. of Shares	% of Shareholding
1.	Tecpro Systems Limited	76,500	51.00
2.	Trema Verfahrenstechnik GmbH	73,500	49.00
	Total	150,000	**100.00**

Mr. R. Jaishankar and Mr. P. R. Shankar have on May 14, 2007 transferred 37,500 shares each to TSL. Further, Trema Verfahrenstechnik GmbH has on June 18, 2007 transfered 1,500 shares to TSL.

(c) Board of Directors

As on date of filing of this DRHP, the BOD of Trema comprises of Mr. Ajay Kumar Bishnoi, Mr. Amul Gabrani, Mr. Giselher Glatz, and Ms. Diana Glatz and Mrs. Amita Bishnoi.

(d) Financial Performance

The financial results of Trema for the year ended March 31, 2007, 2006 and 2005 are set forth below:

(Rs. in Million except per share data)

Particulars	FY 2007	FY 2006	FY 2005
Income	1.66	16.97	1.34
Expenditure	1.25	12.62	1.08
Profit/(Loss) before tax	0.41	4.35	0.26
Profit/(Loss) after tax	0.39	2.34	0.14
Share Capital	1.50	1.50	1.50
Total Reserve	1.72	1.32	0.69
Earning Per Share (Basic) (in Rs.)	2.63	15.60	0.93
Net Asset Value Per Share (in Rs.)	21.44	18.81	14.61

6. Ajmer Waste Processing Company Private Limited

(a) Corporate Structure

AWPCPL was incorporated on December 11, 2006 bearing registration No. U90002RJ2006PTC023441 as a private limited company. The authorised share capital of AWPCPL has been increased from Rs 100,000 to Rs. 1,000,000 divided into 100,000 Equity Shares of Rs. 10 each. The paid up share capital of AWPCPL is Rs. 100,000. The main objects of AWPCPL is to do business of promoting, acquiring, maintaining in the area of processing of municipal waste by technologies such as RDF, clean development or any other technology available at that time in the renewable sector, and to produce power, and also to act as consultant on turnkey basis for development projects connected with alternate renewable source of energy in pollution control. The registered office of AWPCPL is situated at Sanderiya Landfill Site, Municipal Grounds, Ajmer- Jaipur Road, Jaipur Byepass Road, Sanderiya Village, Distt Ajmer, Rajasthan.

Ajmer Municipal Corporation executed a concession agreement with AWPCPL on March 2, 2007 for development, construction and maintenance of MSW processing facility at Sanderiya site in Ajmer, Rajasthan. As per the terms of the concession agreement, AWPCPL has been given the liberty to assign and transfer its rights arising out of the concession agreement with any other company as envisaged in the agreement.

Okhla Waste Management Company Private Limited which had held 100% shares in AWPCPL transferred its shares in AWPCPL to Zoom Developers Private Limited (since Zoom Developers was the successful bidder) by way of a share transfer agreement dated April 23, 2007, for a total consideration sum of Rs 100,000. As per the terms of the said agreement, Zoom Developers can, subject to applicable permission, assign and/or transfer any of its rights and/or obligations to any party as it may deem fit. Further, the terms of the bid documents envisage that if there are any transfer/ and or change of rights to a different company, in such an event, the aggregate equity shareholding of Zoom Developers in AWPCPL cannot be less than 51% during the construction period and for at least ten years following the commercial operation date, and further, the equity share holding of AWPCPL cannot be less than 26% during the remaining operation date.

Zoom Developers, AWPCPL and our Company have executed share purchase agreement on May 3, 2007. As per the terms of this agreement, Zoom Developers has sold 49% of its shares held in AWPCPL to us for a consideration sum of Rs. 49,000. Further, by way of a shareholders agreement executed on May 4, 2007, between the aforementioned three parties, Zoom Developers has pledged to our Company 43,500 equity shares, which is equivalent to 85.29% of its 51% equity shareholding in AWPCPL.

(b) Shareholding Pattern

As on date of filing of this DRHP, the shareholding pattern in AWPCPL is as follows:

Name of the Director	Number of Equity Shares	% of Shareholding
Tecpro Systems Limited	4900	49.00
Zoom Devlopers Private Limited	5100	51.00
Total	**10,000**	**100**

Zoom Developers has, vide share transfer form dated May 3, 2007, transferred 4,900 (being 49% of the paid up share capital in AWPCPL) shares of AWPCPL to our Company.

(c) Board of Directors

The Board of Directors of AWPCPL as on the date of filing of this DRHP with the RoC, consists of Mr. T.Krishnamurthy Gunasekaran, Mr. G. Palani Kumar and Mr Sharad Kabra. Mr. Thirukonda Krihnamurthy Gunasekaran and Mr. Palani Kumar have been nominated by the Company.

(d) Financial Performance

The financial results of AWPCPL for the year ended March 31, 2007 is set forth below:

(Rs. in Million except per share data)

Particulars	FY 2007
Income	Nil
Expenditure	0.01
Profit/(Loss) before tax	0.01
Profit/(Loss) after tax	0.01
Share Capital	0.10
Total Reserve	(0.01)
Earning Per Share (Basic) (in Rs.)	(2.90)
Net Asset Value Per Share (in Rs.)	5.40

7. <u>Tecpro Systems (Singapore) Pte. Ltd</u>.

(a) Corporate Structure

Tecpro Singapore became a wholly owned subsidiary of our Company on July 13, 2007 for the purpose of coordinating projects and business of the Company in Asain countries. The registered office address of Tecpro Singapore is 151, Chin Swee Road, #02-16, Manhattan House, Singapore (169876).

The issued and paid up share capital of Tecpro Singapore is 40,000 Singapore Dollars divided into 40,000 shares of one Singapore Dollar each. Tecpro Singapore has entered into a tenancy agreement with Dr. Tan Sie Keng, NRIC No. S1031372D, 1 Marine Parade Central, # 03-03 Parkway Centre, Singapore 449408 for taking on lease an office premises situated at 151, Chin Swee Road, #02-16, Manhattan House, Singapore (169876)151 Chin Swee for a period of two years (from July 1, 2007 to June 30, 2009) with a renewal option of 12 months.

(b) Shareholding Pattern

As on date of filing of this DRHP, the shareholding pattern in Tecpro Singapore is as follows:

No.	Name of Shareholders	No. of Shares	% of Shareholding
1.	Tecpro Systems Limited	40,000	100.00
	Total		**100.00**

On July 13, 2007, Mr. Ajay Kumar Bishnoi and Mr. Amul Gabrani transferred one share held by it each in Tecpro Singapore to the Company.

(c) Board of Directors

As on date of filing of this DRHP, the board of directors of Tecpro Singapore comprises of Mr. Ajay Kumar Bishnoi, Mr. Amul Gabrani and Mr. Ajoy Kumar Dasgupta.

(d) Financial Performance

Since this is the first year of operation of Tecpro Singapore and as the financial year of the said company has not yet been closed, accordingly, the financial statement of the said company has not been provided.

6.8 SHAREHOLDERS AND OTHER AGREEMENTS

A. Shareholders Agreements

1. Shareholders Agreement dated January 16, 2007

We have entered into the SHA dated January 16, 2007 with Mr. Amul Gabrani, Mr. Ajay Kumar Bishnoi, Avigo Trustee and Metmin. The agreement provides the manner of conducting the business of our Company, subsequent to execution of Subscription Agreement of even date. Pursuant to the transfer of 375,003 shares from Avigo Trustee and by way of execution of deed of adherence dated March 12, 2007, Avigo Venture has become a party to the SHA. Accordingly, on account of execution of the said deed, Avigo has also become a party to the SHA. The key provisions of the agreement are as follows:

Voting rights:

The parties to the SHA shall have voting rights in accordance with the percentage of their respective equity shareholding in the Company.

Shareholder's pre-emption rights and options:

Save as specifically agreed upon in this Agreement, and in the case of an IPO, the Company cannot issue any further fully paid-up equity shares, warrants or other securities convertible or exchangeable into fully paid-up equity shares of the Company, unless the same have first been offered to all the existing shareholders of the Company in proportion to their shareholding on the date of the issue.

Rights of the Financial Investor in Corporate Restructuring:

In the event of a corporate restructuring, each of the Avigo, Avigo Trustee and Metmin, before the consummation of any such corporate restructuring event, has the right to subscribe to additional shares in the Company, at a minimum permissiable price and/or,

If the corporate restructuring event involves only a combination of share swap and cash payment or issuance of debt security, the Financial Investor in such an event, has the right to sell their shares to the promoters and the promoters has the obligation to purchase such shares on a pro rata basis in proportion to their inter-se shareholding in the Company at a price per equity share which is higher of the specified minimum price or the price per eqity share which is implicit in the valuation of the Company at the time of coporate restructuring event.

Transfer of Shares:

Amul Gabrani and Ajay Kumar Bishnoi (including their related parties, affiliates and associates) cannot transfer any part of the equity shares of the Company held by them, directly or indirectly, to the other, except with the prior written consent of Financial Investor who shall also have the right of first refusal in respect of the shares so offered. This right of first refusal shall cease to have effect on, and from the date on which the IPO of the Company's shares is accomplished. This Agreement also sets out in detail the tag-along rights available to Financial Investor in case Amul Gabrani or Ajay Kumar Bishnoi decide to sell their shares of our Company. In case Financial Investor decides to sell any part of the shares held by them in our Company, Amul Gabrani or Ajay Kumar Bishnoi shall have the right of first refusal in respect of such shares.

Drag Along Option of Avigo Trustee and Avigo:

In the event that the Company is unable to provide exit to Avigo Trustee and Avigo either through an IPO or in any other manner as provided in the SHA on or before April 1, 2010, Avigo Trustee and Avigo shall have the right to transfer all the shares held by it in the Company alongwith a part or whole of the shareholding of Amul Gabrani and Ajay Kumar Bishnoi to any third party.

Quorum for shareholders and board meetings:

The quorum for board meetings of our Company in respect of certain select matters as set out in this SHA, shall not be complete unless at least one nominee director of each of the Financial Investor is present, and the quorum for shareholder meetings of our Company shall not be complete unless Amul Gabrani, Ajay Kumar Bishnoi, Financial Investor is represented at the meeting.

Affirmative voting rights at shareholders and board meetings:

As per this Agreement, any decision or action in respect of certain select matters, would require the positive affirmative votes from the Financial Investor, Amul Gabrani and Ajay Kumar Bishnoi in favour of such resolutions, namely, restructuring, merger and acquisition activities; change in the capital structure of the Company; change, modification or alteration of the resolutions in relation to an Initial Public Offer of the Company, and change in the terms of the initial public offer in accordance with the recommendation of an Investment banker/ merchant banker; amendment of the Memorandum and Articles of Association of the Company; declaration of any dividends or the distribution in any other form to the shareholders of the Company, exceeding 20% of the profit after tax of the Company; establishment of subsidiaries and entering into any partnership or joint ventures, and diversification or proposed entry into new business or activity falling outside the scope of its areas of operations; any buyback or repurchase of equity shares or securities issued by the Company, or any reduction of capital; and any alteration to the rights of any class of equity shares of the Company.

IPO (post) rights:

Financial Investor will have the right to nominate one director to the Board of our Company after the IPO, and at any given point of time, the Financial Investor cannot be construed as promoters of the Company. Amul Gabrani and Ajay Kumar Bishnoi have undertaken to make best possible efforts to ensure that the shares of Avigo and Metmin would not be subject to any lock-in under any regulations or guidelines. Further, Amul Gabrani and Ajay Kumar Bishnoi on their behalf and on behalf of their related parties, have agreed to submit their respective shareholdings in the Company for lock-in, as may be required, under SEBI or other regulatory guidelines in order to satisfy the eligibility of an Initial Public Offer.

Shareholder's option under IPO:

All shareholders of the Company have the right to acquire pro-rata shares in proportion to their inter se equity shareholding in the Company, an aggregate of up to 5% of the shares issued in the IPO, on a firm allotment basis, subject to the prevailing regulatory framework.

Termination:

In accordance with the provisions of the Addendum to this Agreement executed on July 11, 2007 amongst the Company, Mr. Amul Gabrani. Mr. Ajay Kumar Bishnoi and the Financial Investor, this Agreement will stand terminated on allotment of the Company's shares consequent to the IPO. Further, this agreement will stand terminated upon mutual written consent of the parties to the said agreement and if the Company merges or amalgamates into another company or if any of the parties to the agreement hold less than 0.5% of the equity share capital of our Company.

2. Subscription Agreement dated January 16, 2007

The Company has entered into the SSA dated January 16, 2007 with Mr. Amul Gabrani, Mr. Ajay Kumar Bishnoi and Avigo Trustee. In accordance with the provisions of this Agreement, Avigo Trustee has subscribed to 416,670 equity shares of the Company, each at a premium of Rs. 230 with additional rights and privileges as provided in the SHA.

We had entered into the additional share subscription agreement, amended share subscription agreement and restated shareholders agreement, all dated December 10, 2005 and the termination agreement dated

June 5, 2006, which stand terminated on the execution of this SSA, the Amended Additional Share Subscription Agreement and the SHA.

The Company, Amul Gabrani and Ajay Kumar Bishnoi have agreed that the proceeds from such issuance shall not be used for any other purposes other than the funding of the business plan of the Company, unless otherwise so decided at the meeting of the Board of Directors.

3. Amended Additional SSA dated January 16, 2007

We have entered into the Amended Additional SSA dated January 16, 2007 with Mr. Amul Gabrani, Mr. Ajay Kumar Bishnoi and Metmin amending the additional share subscription agreement executed between the Company, Mr. Amul Gabrani, Mr. Ajay Kumar Bishnoi and Metmin on December 10, 2005. The purpose of this agreement is to amend the rights which had been available to Metmin earlier as per the additional share subscription agreement (and specifically reduce two rights that had been available to Metmin, being the right to buy back and the drag along option). The agreement proposes to make the terms and conditions of the SHA applicable to the shares held by Metmin.

4. Share Purchase Agreement

The Company has entered into a share purchase agreement dated July 6, 2006 with Mr. Ajay Kumar Bishnoi and Mr. Amul Gabrani and Avigo Trustee. Vide this agreement, Mr. Ajay Kumar Bishnoi and Mr. Amul Gabrani have transferred 500,000 shares to Avigo Trustee, subject to the terms and conditions of this agreement as follows:

(i) The Company has also provided certain indemnities to Avigo Trustee under this agreement with respect to the loss incurred on account of breach of the representations and warranties, tax losses, etc.

(ii) The above-mentioned representations, warranties and indemnities shall survive this agreement. The Company is aware that Avigo Trustee has entered into this agreement and has agreed to buy the said shares on the basis of the information given above.

(iii) Mr. Ajay Kumar Bishnoi and Mr. Amul Gabrani have also covenanted that in the event the Company does not issue shares to the public through an Initial Public Offering of shares by September 30, 2008, the Promoters will buy back the shares at the price at which they sold the shares to Avigo Trustee along with simple interest at the rate of 20%.

(iv) Mr. Ajay Kumar Bishnoi and Mr. Amul Gabrani affirm that since monetary compensation would be inadequate for any breach of the terms of exit, Avigo Trustee shall have the right, among other rights, to seek specific performance through arbitration.

(v) Where any material adverse effect, any change/operation of law disallowing consummation of the share transfer, insolvency and/or liquidation of our Company, any breach of the obligations, representations or warranties contained in this agreement occurs, Avigo Trustee will be entitled to terminate this agreement by giving a notice in writing.

B. Other Agreements

1. Takeover/ Merger Agreement

Our Company entered into an agreement dated April 1, 2003 with Tecpro Systems, a sole proprietorship firm, pursuant to which our Company acquired the assets and liabilities and manufacturing facilities consisting of plant and machinery of Tecpro Systems. As per the agreement, all the assets as per the financials of Tecpro Systems became the absolute property of our Company. The acquisition was made at the book value of the said assets and liabilities as on March 31, 2003. The consideration for the transfer was paid by way of issue and allotment of 140,000 Equity Shares to Mr. Amul Gabrani, the sole proprietor of Tecpro Systems.

2. *Technical/ Manufacturing License Agreement with FAM Magdeburger Forderanlagen und Baumaschinen GmbH, Germany*

We have entered into a License Agreement dated September 3, 2004, with FAM Magdeburger Forderanlagen und Baumaschinen GmbH, Germany, incorporated under the laws of Germany with its registered office situated in Sudenburger Wuhne 47, 39112 Magdeburg, Germany. The salient features of the agreement are as follows:

(i) Under the said license agreement, we have been granted an exclusive right (without the right to sub-license) to sell, design, engineer, manufacture, transport, erect and commission and service crushers and roller screens in India and Bangladesh. We have also been granted a non-exclusive right (without the right to sub-license) with respect to the subject matter above in regard to territories comprising of Africa and Middle East (as far east as Iran).

(ii) The said license agreement also envisages supply of technical data as well as training and technical support by the licensor to us.

As consideration for the license granted to us, we are required to make a payment of approximately EURO 200,000 in installments, as well as make a royalty payment of 5% of the net sales price made of the licensed products (including spares and replacement parts). (For the purposes of this agreement, 'net sales price' is defined to mean Tecpro's ex-works price of the licensed product, including spare and replacement parts, less FAM's price and import duties for components eventually purchased from FAM for the completion of the licensed product). For the technical and other support services, as well as the training services provided to us by the abovementioned licensor, we are supposed to pay an additional fee at an hourly contracted rate, varying in accordance with the scope of such work.

(i) We are not permitted to enter into any collaboration agreement with any third party with respect to the same or substantially similar products without prior written consent of the licensor.

(ii) The said agreement is valid for a period of five years, unless terminated earlier.

(iii) The agreement may be terminated earlier than the abovementioned tenure of five years if any of the following events take place:

- Failure by either of the parties to the said license agreement to perform its obligations under this agreement and if such failure is not corrected within 60 days after the receipt of written notice thereof from the non-defaulting party;
- Either party to the said license agreement is declared as insolvent or is being wound up; and
- There is a substantial change in ownership and control of either party to the said agreement.

(iv) We have covenanted to indemnify the licensor against any losses, damages, expenses, costs, liabilities, claims, actions and suits (including new expenses) which we may sustain in connection with designing, manufacture, sale, use and operation of the products licensed to us under the said license agreement.

(v) The said license agreement is governed by the laws of Switzerland.

3. *License Agreement for Manufacture and Sale of Crushers Maschinenfabrik Liezenund Giesserei GmbH, Austria*

We have entered into a License Agreement for Sale and Manufacturing, dated December 19, 2003 with Maschinenfabrik Liezenund Giesserei GmbH, Austria, incorporated under the laws of Austria, having its registered office situated in Werkstrasse 5, A-8940, Liezen, Austria. The salient features of this agreement are as follows:

(i) Under the said license agreement, we have been granted an exclusive right to manufacture and sell various types of crushers in the territory of India, Bangladesh, Nepal, South East Asia and Middle East.

(ii) As per the said agreement, the licensor will supply the critical components for bigger machines and all models of cone crushers. We will manufacture the other types of crushers and non-critical components in India as per the licensor's designs and drawings. The prices of imported components will be determined on the basis of a price schedule or they may be discussed on a case to case basis, and we are to open a L/C for the appropriate value prior to shipment.

(iii) The said license agreement also envisages supply of the necessary assembly drawing, total manufacturing drawing, and other technical documents by the licensor to us. The licensor will retain copyright in all technical documents.

(iv) The said agreement also gives us the license to use the licensor's trademarks, trade names or any other symbols to identify and advertise the products within the scope of this agreement.

(v) We are under an obligation to refrain from using or disclosing to any third party any know-how or trade secrets which we may have learnt through the licensor's activities, even after the termination of the agreement.

(vi) The contract can be terminated immediately by either party to the agreement through a fax or mail message followed by a registered letter in case of a fundamental breach of the contract. In other cases, it can be terminated by a party by giving the opposite party a notice in writing.

4. License Agreement for Manufacture and Sale of Liwell Flip Flow Screens M/s Hein, Lehmann Trenn-und Fordertechnik GmbH, Krefeld, Germany

We have entered into a License Agreement for Sale and Manufacturing, dated September 2, 2005 with M/s Hein, Lehmann, Trenn-und Fordertechnik GmbH, Krefeld, incorporated under the laws of Germany, with its registered office situated in Alte Untergath 40, 47805 Krefeld, Germany. The salient features of this agreement are as follows:

(i) Under the said license agreement, we have been granted an exclusive license to manufacture and sell LIWELL Flip-Flow Screens in the territory of India.

(ii) Under the said agreement, the licensor will supply major components of the screens and we will manufacture the other components in accordance with the licensor's drawings and designs.

(iii) If the products manufactured by the licensor are defective, the licensor is under an obligation to supply the appropriate replacements at his cost.

(iv) Financial conditions are to be determined individually for each project.

(v) The said agreement can be terminated without reason, immediately after notice by us or the licensor.

(vi) The said agreement is understood to be a preliminary and temporary agreement to satisfy any client demand, and is valid only until a more detailed agreement is entered into.

5. License Agreement for Manufacture and Sale of Screens with PEYTEC Aschauer & Peyfuss OEG, Austria

We have entered into a License Agreement for Sale and Manufacturing dated September 3, 2003 with PEYTEC Aschauer & Peyfuss OEG, Austria, incorporated under the laws of Austria, with its registered office situated in A-3335 Weyer, Flosserstrasse 23, Austria. The salient features of this agreement are as follows:

(i) Under the said license agreement, we have been appointed the licensor's sole Indian associates to manufacture and sell Gladiator flip-flop screening machines and all other conventional screens in the territories of India, Bangladesh, Nepal, South East Asia and Middle East.

(ii) The licensor will supply the major components of the screens and we will manufacture the other components in accordance with the licensor's drawings and designs.

(iii) The prices of imported components will be based on the equipment price, or they may be discussed on a case to case basis.

(iv) The said license agreement also envisages supply of the necessary assembly drawing, total manufacturing drawing, and other technical documents by the licensor to us. The licensor will retain copyright in all technical documentation.

(v) The price payable by us to the licensor for designs, drawings and other items will be determined on a case to case basis

6. Licence Agreement with Baggage Sortation Management (New Zealand) Ltd, New Zealand

We have executed licence agreement with M/s Baggage Sortation Management (New Zealand) Ltd, New Zealand on November 3, 2006. As per the agreement, BSM has given us the exclusive license rights for the territory of India, Bangladesh and Nepal, and non-exclusive license rights for S.E.Asia, Middle East and Africa including South Africa, with respect to manufacturing products that are currently in range of BSM and any new products which will be added by BSM from time to time. Currently the main product range of BSM is baggage handling systems.

The term of the agreement is three years from the date of its execution and can be renewed if agreed upon by both the parties to the agreement. The Company cannot sell BSM products to clients having place of business outside the specified territory.

The Company has the right to use BSM trademarks, trade names and symbols for the purposes of identifying BSM's products. BSM is entitled for a running royalty which is equal to 5% of the net sales price of all licensed products of BSM during the subsistence of this agreement (For the purposes of this agreement, 'net sales price' is defined to mean Tecpro's ex-works price of the licensed product, including spare and replacement parts, less BSM's price and import duties for components eventually purchased from BSM for the completion of the licensed product). We have the right to fix the prices of products of BSM, provided the minimum price as envisaged by BSM is safeguarded. The trade secrets of the contract cannot be disclosed by the Company even after termination of this agreement. This agreement can be terminated before its term if any of the party to the agreement defaults in complying with the terms of the license agreement and such termination in the event of default can be carried out as per the terms envisaged in the agreement.

7. License Agreement with Won Duck Industrial Machinery Company Limited for the sale of Cone Crusher and Manufacturing of Single Toggle Jaw Crushers and spares

We have entered into a license agreement dated June 15, 2007 for the sale of cone crusher and manufacturing of single toggle jaw crushers with Won Duck Industrial Machinery Co., Ltd., having its registered office at 865-10 Eogok – Dong, Yangsan- City, Gyeongsangnam – Do, 626 – 210 Korea. This agreement is valid for five years will thereafter automatically extend for another five years, as per mutually agreed terms. We are the exclusive licensee for Won Duck in India, Bangladesh, Nepal, South East Asia, Middle East and South Africa ("Territory"). We are not permitted to sell the products outside the Territory and such orders will be transmitted to Won Duck and the same conditions also apply to Won Duck.

We are required to import all the models of cone crushers from Won Duck and certain other forms of crushers as set out in this agreement will be manufactured in India by us as per the design and manufacturing drawing of Won Duck. Won Duck may supply critical components of more complication machines at our option on mutually agreed terms.

We are mainly responsible for promoting sale of the product, submitting all offers in the territory on behalf of Won Duck and following them up in the Territory. Won Duck is not permitted to submit any offer directly to any client in the Territory and we must safeguard the interests of Won Duck as the original manufacturer within the Territory. We are required to update Won Duck regularly about our activities as well as the market condition in the Territory. Further, we will sell the products with the trademark and appearance as prescribed by Won Duck.

We shall fix the price after safeguarding the minimum price indicated by Won Duck in case of imported components and would discuss with Won Duck in case the same needs to be changed in certain cases. We shall pay at the rate USD 0.35 per Kg for the exactly figured weight of the bare machine towards the charges for supply of the complete set of manufacturing drawings and other details. For any subsequent order of the same machine from the second machine onwards, a royalty of 5% will be payable.

Either party can terminate the contract by giving at least one month advance notice in writing from the targeted date of termination. In case of any breach of the agreement, it can be terminated by a registered letter for at least one month notice before the targeted date. On expiration, the agreement will continue to govern the orders in hand on liquidation which is yet to be executed.

Won Duck and we guarantee for a period of 12 months from commissioning (a maximum of 18 months from dispatch), faultless finish and functioning of the components, provided they are installed/ applied as per instructions. All consumables, rubber components and relevant fixing elements are excluded from the guarantee.

Any dispute, which cannot be amicably settled, shall be settled without recourse to court, in accordance with the rules of conciliation and arbitration of the International Chamber of Commerce, by one or more arbitrators, their award being final and binding. The place of arbitration shall be Switzerland.

8. ***Agreement with Friedrich Schwingtechnik GmbH & Co. KG, Haan, Germany for the manufacture of special items of Friedrich vibrator motors and sale of these vibrator motors along with Tecpro equipment***

We have entered into an agreement dated October 4, 2005 with Friedrich Schwingtechnik GmbH & Co. KG, Haan for manufacturing flyweights of Friedrich vibrator motors as well unbalanced exciters (jointly referred to as the "Drives") according to the drawings, specifications and quality requirements of Friedrich. We are required to use these Drives with equipments manufactured by us such as the general purpose vibratory conveyors, bin activators or any kind of screening machinery.

We are not allowed to make technical changes without a written approval from Friedrich. Further, all drawings, specifications, the name 'Friedrich' along with its logo are the sole property of Friedrich.

We are required to make use of only Drives unless any client has any special requirement. We are not permitted to act as Friedrich's sales organization in the Indian market as they will be establishing their own sales organization in India. We can sell Drives to third parties if there is an opportunity for the same.

We and Friedrich will agree upon the price for the Drives which will not be inclusive of the flyweights. The royalty fee will be charged for each and every drive and will depend on the drive.

This agreement can be terminated by either party by issuing a three months notice. Pursuant to the termination, we are banned for a period of five years fro the date of termination, from manufacturing vibratory devices either as Tecpro or along with any other manufacturer of vibratory drives. We are required to pay Euro 100,000 to Friedrich for any breach of this agreement by us. All disputes arising from this agreement will be settled according to German law in Germany.

9. Co-operation Agreement with MVW Lechtenberg Projaktentwicklungs – und Beteiligungsgesellschaft mbH, Germany

The Company has executed a cooperation agreement with MVW Lechtenberg Projaktentwicklungs – und Beteiligungsgesellschaft mbH, Germany on May 30, 2006 for development of secondary fuel production and biomass handling projects in India. Vide the said agreement, the Company has been granted license to use technology for construction of machines and installation for processing wastes and alternative fuels for the cement and the power plant industry.

MVW Lechtenberg is entitled to receive commission based on invoices raised by it on the Company. The Company is prohibited from selling the products of MVW Lechtenberg to clients having their business outside the specified territory as envisaged under the said agreement. The Company is entitled to receive technical assistance as well as consultancy service in terms of the agreement.

The agreement is renewable annually for a total period of five years. This agreement can be terminated before its term by giving minimum of three months notice of termination by either of the parties to the agreement. The total consideration amount payable for license and other technical assistance and consultancy services as may be provided by MVW Lechtenberg to the Company is 5% made towards the supplies made in India. However, the said price percentage in only for the first and second projects and thereafter, the percetages would be revised based on the outcomes of the first two projects. MVW Lechtenberg can raise monthly invoices to the Company for which payments will have to be made by the Company.

10. Collaboration and License Agreement with Beijing Guodian Futong Science and Technology Development Company Limited for Ash Handling System

We have entered into a Collaboration and License Agreement on June 28, 2007 with Beijing Guodian Futong Science and Technology Development Company Limited, a company with its registered office at ABP 6-14 Building No. 188 Nansihuan Xi Road, Fengtai District, Beijing 100070.

The CLA shall commence on execution and continue for a period of 5 years until June 28, 2012, after which it shall remain in full force unless terminated by either party after giving not less than 12 months notice in writing.

In accordance with the CLA, we have been appointed as the exclusive licensee by Guodian to bid, manufacture and distribute the Guodian ash handling system in India and Bangladesh. Guodian will supply services for proprietary equipments exclusively provided by them in relation to the Guodian ash handling system. Any additional support provided by Guodian to us, not contemplated within their services will be reimbursed by us on a pre-agreed basis.

Guodian will work with us on a case to case basis and the terms and conditions governing each project will be subject to individual contracts.

In case of the award of a contract, Guodian will provide us with information such as full conceptual design and arrangement drawings and all such details as envisaged in the agreement necessary for the purpose of execution of the contract.

The provisions governing payment in the CLA are as follows:

(i) For imported equipment, we have to make a payment for 100% value of the equipment against irrevocable and confirmed letter of credit.

(ii) Royalty shall be payable at the rate 4% of the Price ("Price" for the purposes of the CLA means the total contract value less the price of Guodian equipments, civil work price, control and electrics system price, erection price, taxes, duties freight insurances, packing and forwarding).

(iii) With respect to the afore-said royalty, 15% of the payment shall be made on signing of the contract with the clients and 40% of the payment shall be made on providing designs to us and the balance payment will be made after the relative designs are approved by clients. We will make payments for system commissioning and supervision. All cost of advertising and trade shows within the territory will be borne by us.

Guodian shall not be liable to us or any person for any loss or damage which may have arisen due to our use of the equipment and/or services provided (including but not limited to Guodian services) by us to the clients or any third party. We are required to fully indemnify Guodian against all damages and claims as may be made of suffered by them due to the use of the equipment by us, unless these damages, claims or losses are due to the willful damage of Guodian.

Either party to this CLA can terminate this agreement in case the other party commits a breach of the terms and fails to rectify it within 30 days of receipt of a written notice for the same. Further, if a party is liquidated otherwise than for the purpose of amalgamation or reconstruction, or has a judicial manager appointed over the whole of any part of its assets, or undergoes any similar action, the other party shall have the right to terminate the CLA.

However, Guodian and we have to carry out any contract already entered into or submitted prior to the termination of this CLA.

Any dispute arising in connection with this CLA will be settled in accordance with the Arbitration Rules of the International Chamber of Commerce. The place of arbitration shall be Delhi and the award of the tribunal will be binding and no further appeal can be preferred.

Our relationship is that of independent contractors under the CLA. Further, we are not agents of Guodian and shall not have the power to contract in their name.

11. Project Marketing Agreement with Fineore Technologies Ltd

We have entered into a Project Marketing Agreement on June 21, 2007 with Fineore Technologies Ltd., located at plot # 667, 1st floor, Phase V, Udyog Vihar, Gurgaon-12016, Haryana, India.

Fineore and we are willing to enter into a suitable tie-up for the purposes of bidding for two tenders invited by SAIL, Raw Materials Division [namely Tender nos. RMD/K/GM(P)/1211 and 1209 respectively, both dated 02.04.2007 for (a) the enhancement of loading capacity at Baloni Ore Mines and (b) installation of tertiary crusher at Gua Ore Mine encompassing design, engineering, manufacture, supply, erection, testing, commissioning on turn-key basis.

In accordance with the PMA, Fineore has agreed to provide project marketing, technical services and pre-tender engineering support to us, thereby facilitating requirements essential for successfully securing the tenders. We are responsible for prompt responses and clarifications to techno commercial queries raised by SAIL and Fineore shall be responsible for ensuring proper coordination for the same.

Once the tenders are awarded to us, Fineore shall provide value added services by way of post tender infrastructural support to us for the successful execution of the project. Pre-tendering costs and expenses will be borne independently by each party.

The provisions governing payment in the PMA are as follows:

(i) The remuneration will be payable by us only if we are awarded the tenders by SAIL.

(ii) The remuneration will be deposited by us in the appropriate account within 15 days of receipt of the invoice from Fineore. Further, the remuneration payable will be equal to 5% of our total contract value (excluding all taxes, duties and levies under central and/or state laws, etc.) from SAIL.

(iii) 50% of the remuneration will be paid by us immediately after award of the contract from SAIL. The balance 50% of the remuneration will be paid in eight equal monthly installments starting from the third month after the remittance of the earlier payment.

We will try to amicably settle all disputes. However, failure to do so will be communicated to the other party in writing. Such dispute will then be settled in accordance with the provisions of Arbitration and Conciliation Act, 1996 and the seat of arbitration will be Gurgaon.

The PMA will be kept strictly confidential in all respect and shall not be disclosed fully or partly to any third party, without the prior written consent of the other. Further, neither party can assign its interest to a third party without the consent of the other party.

The PMA will remain valid till the execution of the project. If SAIL does not award the project to us or cancels the tender to us, then the PMA will automatically stand terminated.

12. Memorandum of Understanding with Avigo Corporation FZCO

We have entered into a MoU dated June 1, 2004, with Avigo Corporation FZCO having its office at Suite 410, L.O.B. 15, Jebel Ali Free Zone, Dubai, UAE, in order to appoint Avigo FZCO as our exclusive marketing agent and distributor in a given territory. The purpose is to have an exclusive marketing arrangement with Avigo FZCO under which Avigo FZCO will market and sell our products and services in the form of material handling systems, crushers, screening systems, related turnkey projects in Middle East and African markets (excepting Morocco and the existing client base in Sudan).

The price for each inquiry by a prospective client will be quoted by us and Avigo FZCO will be entitled to a commission of 2.5% to 10% on the said price. The commission and service charges will be decided on a case to case basis.

We will be responsible for the quoting against inquiries, presentation, execution, technical support and logistics/shipping and are also, for our registration with any client/agency as may be required and for the product quality, product liability and delivery schedules.

Either party is required to keep confidential any information it may have obtained about the other party during the course of the business transactions.

Either party can terminate this MoU by giving a one year prior notice to the other party which must also indicate the reasons for the termination. In such an event, Avigo FZCO will continue to be entitled for commissions on orders which subsist during the validity of this MoU and the notice period of 1 year.

This MoU will be construed in accordance with the laws of India and UAE.

13. Letter of Consent from Lindner- Recyclingtech GmbH for Cooperation Agreement with the Company

Lindner- Recyclingtech GmbH by its letter dated May 30, 2006 has agreed to co-operate with us for marketing Lindner's range of products in India. Further, Lindner through this letter also acknowledges the fact that the Company is the sole authorised representative for Lindner in India. The salient features of the letter are as follows:

(i) Lindner has agreed to provide all necessary assistance to the Company during Commissioning, as may be required by the Company;

(ii) Shredders as may be required by the Company would be supplied from Austria;

(iii) We will manufacture and supply other items as per design and specifications of Lindear as may be raised by the Company.

C. Purchase Orders

1. Purchase Order procured from Reliance Energy Limited

We have procured a purchase order from REL dated November 7, 2005. The scope of our work as provided in the purchase order comprises of designing, engineering, manufacturing, supplying, testing, packing, forwarding, and transportation of integrated coal handling plant, with all auxiliaries including mandatory spares, commissioning spares, all tools and tackles and complete consumables, till final handing over of the Plant for 2 x 300 MW Deenbhandhu Chhotu Ram Thermal Power Project at Haryana for Haryana Power Generation Corporation Limited. The total consideration for the said project is Rs. 911.15 Million.

In accordance with the provisions of the said purchase order, we have guaranteed that we shall meet the following parameters with respect to the performance, i.e. a guaranteed CHP capacity of 960 TPH, guaranteed auxiliary power of 1891 KW and to provide a quantity of free issue steel of 2,540 tonnes. Should there by any delay in completion of the activities envisaged under this arrangement or failure to achieve the performance parameters guaranteed by us, REL shall be entitled to liquidated damages.

As per the terms of the purchase order, the scope of the work was required to be completed in 18 months from the date of issue of the supply order to the contractor. However, we have failed to adhere to the said time line and have accordingly vide our letter dated May 10, 2007 to REL, brought to the attention of Reliance that we have not been able to meet the deadline for executing the project for various reasons as envisaged in the letter.

We have submitted a bank guarantee for advance payment from the State Bank of India for an amount of Rs. 79. 77 Million and bank guarantee for contract performance for an amount equivalent to 7.5% of the contract price i.e., Rs. 68.34 Million. Out of the said guarantees, the bank guarantee for Rs. 68.34 Million is valid upto November 9, 2007 and the bank guarantee for Rs. 79.77 Million is valid upto September 9, 2007.

We have on April 5, 2005 executed a deed of joint undertaking with Elecon wherein Elecon and the Company have agreed to mutually perform the respective party's obligations insofar as equipment procurement and EPC contract obligations as envisaged by REL.

2. Purchase Order from Punj Lloyd Limited

We have procured purchase order from Punj Lloyd Limited dated January 3, 2007. The scope of our work as stated in the purchase order comprises of designing, engineering and supply of complete coal handling plant for Chhabra thermal power project situated in Baran, Rajasthan. The total consideration for the project as per the purchase order is Rs. 866 Million.

Punj Lloyd Limited is entitled to recover liquidated damages ranging from 1% to 10% of the value of the purchase order, if we are not able to adhere to the timelines stipulated in the said agreements.

We have submitted an advance bank guarantee from State Bank of India of 10% the value of the sub contract agreement, i.e. Rs. 86.6 Million. The advance bank guarantee is valid up to December 31, 2007. Further, the client can retain 10% value of the sub contract agreement, if we do no submit the performance bank guarantee for 10% of the value of the sub contract agreement.The performance based bank guarantee shall be valid for a period of 12 months from the date of commissioning/putting to use and fulfilling all our obligations as stipulated under this agreement.

3. Letter of Intent granted by Mecon Limited

We have been granted a letter of intent by Mecon Limited on December 19, 2005. The scope of our work comprises of manufacture and supply of all the equipment/items required for belt conveyor system for lignite handling system, for thermal power station – II expansion project (2x250 MW) of M/s Neyveli Lignite Corporation Limited, Neyveli. The total consideration for the said project is Rs. 491.66 Million.

We are required to execute and complete our work before May 2007. Should there by any delay in completion of the work by us, Mecon Limited shall be entitled to liquidated damages.

In the event we are not able to adhere to the timelines/milestones stipulated in accordance with the provisions of the turnkey supply arrangements, Mecon Limited in such circumstances would be entitled to recover liquidated damages at the rate of 0.5% of the non utilizable portions of works/supplies per week for the delay. However the ceiling of the liquidated damages for the complete work cannot exceed 10% of the non-utilizable portion of works/supplies.

Further in the event of non-fullfilment of performance guarantees by us, Mecon Limited, in such circumstances as per the terms of the turnkey supply arrangements is entitled to levy liquidated damages. The ceiling for the liquidated damages for non fulfilment of the performance guarantee values cannot exceed 10% of the toal contract price.

We have submitted a bank guarantee for security deposit-cum-performance from SBI for an amount of Rs. 49.17 Million which is valid up to November 30, 2007.

4. *Purchase Order from Lanco Infratech Limited*

We have procured purchase order from Lanco Infratech Limited dated April 20, 2006. The scope of our work as stated in the purchase order comprises of designing, engineering, supply etc of complete coal handling plant for unit 1 and 2 at LANCO Amarkantak Thermal Power Station including all accessories as per the Larsen & Toubro tender specifications. The total consideration for the project as per the purchase order is Rs. 428.17 Million.

We have submitted a bank guarantee for advance cum performance of the contract from SBI for an amount of Rs. 45.00 Million which is valid up to July 10, 2007 with an additional three months claim period up to October 10, 2007.

5. *Letter of Award granted by Mecon Limited*

We have been granted a letter of award by Mecon Limited on May 12, 2006. The scope of our work comprises of supply of fabricated building steel structure including chute, sheeting glazing and shop painting for liginite handling system for thermal power station –II expansion project of M/s Neyveli Lignite Corporation Limited, Neyveli. The total consideration for the said project is Rs. 297.40 Million. As per the letter of Award, we are required to deliver all the equipments/items and also complete initial operation of the plant before May 2007. Should there be any delay in completion of the work by us, Mecon Limited shall be entitled to liquidated damages.

We have submitted a bank guarantee for advance payment from SBI for an amount of Rs. 29.74 Million which is valid up to November 30, 2007.

6. *Contract Agreement from Steel Authority of India*

We have executed a contract agreement procured from SAIL on June 10, 2006. We have entered into a consortium with N.P. Construction wherein we are the lead consortium member. The scope of our work as stated in the purchase order comprises of setting up and installation of CDI unit raw coal storage, handling and transportation at BF- 2&3 at Bokaro Steel Plant. The contract has to be executed within a period of 18 months from the date of execution of the contract agreement. The total consideration for the project as per the contract agreement is Rs. 390.49 Million.

Should there by any delay in completion of the activities envisaged under this arrangement or failure to achieve the time line in executing our work, SAIL is entitled to liquidation charges. We have submitted a performance bank guarantee from SBI for an amount of Rs. 14.28 Million which is valid up to March 10, 2009 (inclusive of the claims period).

This project was awarded to the Company based on the bid which was made by the Company alongwith N.P. Construction wherein the Company was to act as the lead member of the bid. The Company has, in this regard, before tendering the bid for this project, executed a MoU with N.P. Construction wherein each party to this MoU has agreed to perform its respective obligations as envisaged under this MoU. Further, our Company as the lead member of this project will be held liable if N.P. Construction fails to carry out its obligations as envisaged under this MoU. This MoU also envisages that each party to the MoU would be billed separately for the work executed by the said Party. Accordingly, even though this project is for a value of Rs 390.49 Million our Company is entitled for a project sum of Rs 285.58 Million.

7. *Letter of Intent granted by Grasim Industries Limited*

We have been granted a letter of intent by Grasim Industries Limited on November 15, 2006. The scope of our work comprises of supply of belt conveyor and accessories for Aditya Cement, Unit - II, P.O. Shambhupura Chittorgarh, Rajasthan. The total consideration for the said project is Rs. 220.00 Million. However, Grasim Industries vide its letter dated April 4, 2007 has increased the value of the project from Rs. 220.00 Million to Rs. 245.76 Million.

In accordance with the provisions of the letter of intent issued, Grasim Industries Limited is entitled to recover liquidated damages ranging from 1% to 10% of the value of the order, if we are not able to adhere to the timelines regarding delivery of goods as stipulated in the letter.

We have undertaken to furnish advance bank guarantee of 10% the value of the purchase order. We have also undertaken to furnish performance based bank guarantee of 10% of the purchase order. The performance based bank guarantee shall be valid for a period of 12 months from the date of commissioning of the said plant or 18 months from the date of supply of belt conveyor, whichever is earlier.

We have submitted two bank guarantees for advance payment from SBI for an amount for a total sum of Rs. 24.58 Million which is valid up to August 31, 2007 with a claim period up to November 30, 2007.

8. *Letter of Intent granted by Jindal Stainless Limited*

We had been granted a letter of intent by Jindal Stainless Limited on November 16, 2006. The scope of our work comprises of designing and engineering, supplying and erecting and commissioning of raw material handling systems for FeMn-SiMn Plant, Kalinga Nagar Industrial Development Complex, Duburi, Orissa. The total consideration for the said project is Rs. 215 Million.

However, Jindal Limited by its letter dated May 21, 2007, has issued Purchase Orders to the Company for the aforementioned project in Kalinga and accordingly, the total contract price in the said purchase order now stands revised at Rs 229.84 Million. As per the purchase order, the Company is required to comply with various time lines as envisaged in the said purchase order, failure of which would result in breach of the terms of the contract by the Company and would accordingly entail Jindal Limited to claim liquidated damages @ 0.5 % of the total value of the order per week of delay or part thereof subject to a maximum of 5% of the total order value.

We have undertaken to furnish advance bank guarantee of 10% the value of the contract price. We have also undertaken to furnish performance based bank guarantee of 10% of the contract price upon commissioning of the raw material handling plant and such guarantee shall be valid for a period of 12 months from the commissing or 18 months from the delivery of raw material handling system, whichever is earlier.

We have submitted a bank guarantee for advance payment from SBI for an amount of Rs. 21.50 Million which is valid up to December 17, 2007 with a claim period up to March 17, 2008.

9. Letter of Intent granted by UltraTech Cement Limited

We have been granted a letter of intent by UltraTech Cement Limited on November 15, 2006. The scope of our work comprises of supply of belt conveyor and accessories for Andhra Pradesh Cement Works, Unit - II, Bhogsamundram, Chukkalur, Tadipatri, Ananthpur, Andhra Pradesh. The total consideration for the said project is Rs. 200.00 Million. However, vide letter dated April 4, 2007, the contractual value of the project has been increased and accordingly the project is currently valued at Rs. 219.82 Million.

In accordance with the provisions of the letter of intent issued, Grasim Industries Limited is entitled to recover liquidated damages ranging from 1% to 10% of the value of the order, if we are not being able to adhere to the timelines regarding delivery of goods as stipulated in the letter. We have undertaken to furnish advance bank guarantee of 10% the value of the purchase order. We have also undertaken to furnish performance based bank guarantee of 10% of the value of the purchase order. The performance based bank guarantee shall be valid for a period of 12 months from the date of commissioning of the said plant or 18 months from the date of supply of belt conveyor and its accessories whichever is earlier.

We have submitted an advance bank guarantee from SBI for an amount of Rs. 20.00 Million which is valid up to August 31, 2007 alongwith a claim period up to November 30, 2007.

10. Purchase Order by Saukem Chemicals Limited

We have procured purchase order from Saukem Chemicals Limited dated April 10, 2007. The scope of our work comprises of designing, supplying, erecting and commissioning of raw material handling system at Saukem, Porbandar. The total consideration for the said project is Rs. 204.73 Million.

Saukem Chemicals Limited is entitled to recover liquidated damages ranging from 0.5% to 5% of the value of the order, if, the Company is not able to adhere to the timelines regarding delivery of goods as stipulated in the letter.

We have submitted a bank guarantee for advance payment from SBI for an amount of Rs. 30.71 Million which is valid up to June 30, 2008.

11. Letter of Intent granted by Grasim Industries Limited

We have been granted a letter of intent by Grasim Industries Limited on April 4, 2007. The scope of our work comprises engineering and supply of fuel and limestone handling system for a 2 x 23 MW captive power plant at Grasim Cement, Kotputli, Jaipur, Rajasthan. The total consideration for the said project is Rs. 172.50 Million.

In accordance with the provisions of the letter of intent issued, Grasim Industries Limited is entitled to recover liquidated damages ranging from 1% to 10% of the value of the order, if we are not being able to adhere to the timelines regarding delivery of goods as stipulated in the letter.

We have submitted an advance bank guarantee from SBI for an amount of Rs. 17.25 Million which is valid up to November 30, 2007 with a claim period extending up to February 29, 2008.

12. Letter of Intent granted by Tata Projects Limited

We have been granted a letter of intent by Tata Projects Limited on March 17, 2007. The scope of our work comprises of designing, engineering, manufacturing, shop inspection and testing, and transporting to site of coal handling package for 1 x 95 MW unit No. 7 of KSTPS at Kota, Rajasthan. The total consideration for the said project is Rs. 172.10 Million.

We have also undertaken to furnish performance bank guarantee of 5% of the total value of the contract. The bank guarantee to be executed by us shall be valid for a period of 12 months from the date of successful completion of the initial tests of the coal handling plant along with associated systems of the power plant.

We have submitted a bank guarantee for advance payment from SBI for an amount of Rs. 17.21 Million which is valid up to July 31, 2008 with a claim period up to July 31, 2008.

6.9 CURRENCY OF PRESENTATION

In this DRHP, all references to "Rupees", "Rs." and "INR" are to the official currency of India and all references to Dirhams are to the official currency of the United Arab Emirates.

Any percentage amount, as set forth in "Risk Factors", "Business", "Management's Discussion and Analysis of Financial Condition and Result of Operations" and elsewhere in this DRHP, unless otherwise indicated, have been calculated on the basis of our restated financial statements prepared in accordance with Indian GAAP and DIP Guidelines.

6.10 RELATED PARTY TRANSACTIONS

We have various transactions with related parties, including the following:

(i) Subsidiaries and Promoter Group Companies
(ii) Directors and their relatives

The related party transaction with directors and their relatives mainly include the following:

(i) Payment for premises leased
(ii) Payment of managerial remuneration
(iii) Service received
(iv) Sale of fixed assets
(v) Issue of bonus shares
(vi) Loan received and paid

For more details of our related party transanction, please refer to Annexure XIV of Paragraph 7.1 under the section titled "Financial Statements" on page no 137 of this DRHP

6.11 DIVIDEND POLICY

The declaration and payment of dividends will be recommended by our BOD and approved by the shareholders, at their discretion, and will depend on a number of factors, including but not limited to our profits, capital requirement and overall financial condition of us. The BOD may also from time to time pay interim dividend.

The dividend paid or provided for by us during the last five FY is provided below:

Equity Shares

FY ended March 31st	Face Value of Equity Shares	Amount (in Rs.)	Dividend %
2003	10	Nil	Nil
2004	10	Nil	Nil
2005	10	Nil	Nil
2006	10	19,828,051	130
2007	10	63,017,936	70

0.01% CCPS

FY ended March 31st	Face Value of Preference Shares	Amount (in Rs.)	Dividend %
2006	100	4,452.00	0.01

The amount paid as dividends in the past are not necessarily indicative of our dividend policy in the future.

SECTION VII- FINANCIAL STATEMENTS

7.1 SELECTED UNCONSOLIDATED FINANCIAL STATEMENT AND OPERATING DATA

Report by the Auditors
The Board of Directors
Tecpro Systems Limited
(formerly Tecpro Systems Private Limited)
FB-26, Tagore Garden
New Delhi – 110 027

(1) We have examined the attached financial information of Tecpro Systems Limited ('TSL' or 'the Company') (formerly Tecpro Systems Private Limited), comprising summary statement of profits and losses, as restated, summary statement of assets and liabilities, as restated, and statement of cash flows, as restated and other financial information explained in paragraph 3 (e) below, as approved by the board of directors of the Company, prepared in terms of requirements of Paragraph B, Part II of Schedule II to the Companies Act, 1956 ('the Act'), the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000, as amended to date ('SEBI Guidelines') and in terms of our engagement agreed upon with you in accordance with our engagement letter dated 13 June 2007, in connection with the proposed issue of equity shares of the Company.

(2) The above financial information have been extracted by the management from the financial statements for the financial years ended 31 March 2003, 31 March 2004, 31 March 2005, 31 March 2006 and 31 March 2007 ('Revised' as mentioned in note 2 of Annexure IV). The audit for the financial years ended 31 March 2003, 31 March 2004 and 31 March 2005 was conducted by previous auditor, K. Bhushan & Co., Chartered Accountants and accordingly reliance has been placed on the financial statements audited by them. Accordingly, our examination of the restated financial information of the Company for these financial years ended i.e. 31 March 2003, 31 March 2004 and 31 March 2005 are based solely on financial statements audited by them.

(3) In accordance with the requirements of Paragraph B of Part II of Schedule II to the Companies Act 1956, Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000, and the Guidance Notes issued in this regard by the Institute of Chartered Accountants of India ('ICAI'), as amended from time to time, and terms of our engagement as agreed with you, we further report that:

(a) The summary statement of profits and losses of the Company, as restated, for the financial years ended 31 March 2003, 31 March 2004, 31 March 2005, 31 March 2006 and 31 March 2007 as set out in Annexure I to this report are after making adjustments and regroupings, as in our opinion, were appropriate and more fully described in the notes appearing in Annexure IV to this report. As a result of these adjustments and regroupings, the amounts reported in the above-mentioned statement are not necessarily the same as those appearing in the financial statements for the relevant financial years. For the financial years ended 31 March 2003, 31 March 2004 and 31 March 2005 reliance has been placed by us on the financials statements audited by M/s K. Bhushan & Co., Chartered Accountants.

(b) The summary statement of assets and liabilities of the Company, as restated, as at 31 March 2003, 31 March 2004 31 March 2005, 31 March 2006 and 31 March 2007 as set out in Annexure II to this report are after making adjustments and regroupings, as in our opinion, were appropriate and more fully described in the notes appearing in Annexure IV to this report. As a result of these adjustments and regroupings, the amounts reported in the above-mentioned statement are not necessarily the same as those appearing in the financial statements for the relevant financial years. For the financial years ended 31 March 2003, 31 March 2004 and 31 March 2005 reliance has been placed by us on the financials statements audited by M/s K. Bhushan & Co., Chartered Accountants.

(c) The statement of cash flows of the Company, as restated, for the financial years ended 31 March 2003, 31 March 2004 31 March 2005, 31 March 2006 and 31 March 2007 as set out in Annexure V to this report are after making adjustments and regroupings, as in our opinion, were appropriate and more fully described in the notes appearing in Annexure IV to this report. As a result of these adjustments, the amounts reported in the above-mentioned statement are not necessarily the same as those appearing in the financial statements for the relevant financial years. For the financial years ended 31 March 2003, 31 March 2004 and 31 March 2005 reliance has been placed by us on the financials statements audited by M/s K. Bhushan & Co., Chartered Accountants.

(d) Based on above and also as per the reliance placed on the financial statements audited by the previous auditors, M/s K. Bhushan & Co., Chartered Accountants for the financial years ended 31 March 2003, 31 March 2004 and 31 March 2005, we are of the opinion that the restated financial information, prepared by the management of the Company and approved by its Board of Directors, has been made after incorporating the following:

i. the impact of correction of accounting policies / changes in accounting policies have been adjusted with retrospective effect in the respective financial years to which they relate, to reflect the same accounting treatment as per changed / corrected accounting policy for all the reporting periods;

ii. material amounts relating to previous years have been adjusted in the restated financial information in the respective financial years to which they relate;

iii. qualifications in the auditors' report which require any adjustments have been given effect to in the restated financial information in the respective financial years, except for qualifications in the auditors' report which do not require any corrective adjustments in the restated financial information as disclosed in Note 2 of Annexure IV;

iv. there are no extraordinary items, which need to be disclosed separately in the restated financial information in the respective financial years; and

v. there are no revaluation reserves which need to be disclosed separately in the restated financial information in the respective financial years.

(e) We have also examined the following other financial information set out in Annexures prepared by the management and approved by the Board of Directors relating to the Company for the financial years ended 31 March 2003, 31 March 2004 and 31 March 2005, 31 March 2006 and 31 March 2007. In respect of the financial years ended 31 March 2003, 31 March 2004 and 31 March 2005 these financial informations have been included based upon the financial statements audited by previous auditor, M/s K. Bhushan & Co., Chartered Accountants and relied upon by us:

i. Statement of dividends declared by the Company, for the financial years ended 31 March 2003, 31 March 2004, 31 March 2005, 31 March 2006 and 31 March 2007, as appearing in Annexure VI to this report;

ii. Statement of secured and unsecured loans, as restated as at 31 March 2003, 31 March 2004, 31 March 2005, 31 March 2006 and 31 March 2007 and details of terms and conditions, including interest rates, principal terms of security and repayment terms of the loans outstanding as at 31 March 2007, as appearing in Annexure VII to this report;

iii. Statement of other income (for years where it exceeds 20 % of net profit before tax), as restated for the financial years ended 31 March 2003, 31 March 2004, 31 March 2005, 31 March 2006 and 31 March 2007, as appearing in Annexure VIII to this report;

iv. Statement of accounting ratios, for the financial years ended 31 March 2003, 31 March 2004, 31 March 2005, 31 March 2006 and 31 March 2007, as appearing in Annexure IX to this report;

v. Capitalisation statement, as restated as at 31 March 2007, as appearing in Annexure X to this report;

vi. Statement of tax shelters, as restated for the financial years ended 31 March 2003, 31 March 2004, 31 March 2005, 31 March 2006 and 31 March 2007, as appearing in Annexure XI to this report;

vii. The "Break up of ageing schedule of sundry debtors" and "Break up of loans and advances", as restated (separately showing loans/advances to promoters/promoter group/group companies) as at 31 March 2003, 31 March 2004, 31 March 2005, 31 March 2006 and 31 March 2007, as appearing in Annexure XII to this report;

viii. Statement of aggregate book value and market value of investments, as restated as at 31 March 2003, 31 March 2004, 31 March 2005, 31 March 2006 and 31 March 2007, as appearing in Annexure XIII to this report;

ix. Statement of related party disclosures for the financial years ended 31 March 2003, 31 March 2004, 31 March 2005, 31 March 2006 and 31 March 2007 as per Accounting Standard 18 on Related Parties issued by the Institute of Chartered Accountants of India ('ICAI'), as appearing in Annexure XIV to this report; and

x. Statement of segment reporting, as restated for the financial years ended 31 March 2003, 31 March 2004, 31 March 2005, 31 March 2006 and 31 March 2007 as per Accounting Standard 17 on Segment Reporting issued by the Institute of Chartered Accountants of India ('ICAI'), as appearing in Annexure XV to this report.

In our opinion, the above financial information of the Company read with significant accounting policies appearing in Annexure III to this report, after making adjustments and regroupings as considered appropriate and as set out in Annexure IV to this report, has been prepared in accordance with Paragraph B, Part II of Schedule II to the Companies Act , 1956, and the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000, and the Guidance Notes issued in this regard by the Institute of Chartered Accountants of India ('ICAI'), as amended from time to time, and terms of our engagement as agreed with you.

(4) Our report is intended solely for the use of management and for inclusion in the Offer Document in connection with the proposed issue of equity shares of the Company and is not to be used, referred to or distributed for any other purpose without our written consent.

For BSR & Co.
Chartered Accountants

S/d
Vikram Advani
Partner
Membership No: 091765

Place : Gurgaon
Date : 25 August 2007

Annexure I
Summary statement of profit and loss, as restated

(Amounts in Rs. Million)

Particulars	**Year ended 31 March 2003**	**Year ended 31 March 2004**	**Year ended 31 March 2005**	**Year ended 31 March 2006**	**Year ended 31 March 2007**
Income					
Sales					
- Of products manufactured by the Company	-	94.62	262.66	538.28	681.34
- Of products traded by the Company	107.66	102.97	219.84	387.34	1,382.01
Service income	8.36	3.51	19.07	103.13	236.22
Other income	0.14	2.64	1.82	3.73	13.51
Increase/ (decrease) in inventory	7.28	(7.28)	19.62	35.21	70.83
Total (A)	**123.44**	**196.46**	**523.01**	**1,067.69**	**2,383.91**
Expenditure					
Raw materials consumed	-	88.90	291.40	423.87	697.69
Purchases of traded products	94.86	44.84	66.62	232.96	893.91
Staff costs	5.51	10.89	23.34	55.92	115.85
Other manufacturing expenses	7.18	15.51	33.13	86.25	101.76
Administration expenses	10.18	16.80	28.08	51.22	102.65
Selling and distribution expenses	3.73	10.12	36.03	39.66	85.44
Interest and bank charges	1.02	3.00	7.22	16.50	35.13
Depreciation and amortisation	0.27	0.45	1.23	7.49	12.35
Total (B)	**122.75**	**190.51**	**487.05**	**913.87**	**2,044.78**
Profit/(loss) before tax and adjustments (C) =(A) – (B)	**0.69**	**5.95**	**35.96**	**153.82**	**339.13**
Provision for tax					
- Current tax **(D)**	0.10	2.00	8.00	59.31	123.82
- Deferred tax charge/(release) **(E)**	0.29	0.04	0.30	1.69	2.33
Fringe Benefit Tax **(F)**	-	-	-	1.73	2.17
Profit/(loss) after tax and before adjustments (G) = (C) -(D) - (E) -(F)	**0.30**	**3.91**	**27.66**	**91.09**	**210.81**
Adjustments (Refer Note 1 of Annexure IV) **(H)**	(4.37)	2.66	(0.40)	1.68	0.04
Current tax impact of adjustments (Refer Point No 1 of Annexure IV) **(I)**	(0.10)	(0.11)	6.10	(5.52)	(0.84)

(Amounts in Rs. Million)

Particulars	Year ended 31 March 2003	Year ended 31 March 2004	Year ended 31 March 2005	Year ended 31 March 2006		Year ended 31 March 2007
Deferred tax impact of adjustments (Refer Point No. A of Note 1 of Annexure IV) **(J)** [charge/(release)]	(1.61)	1.40	(0.10)	0.68		(0.70)
Total of adjustments after tax impact (K) = (H)-(I)-(J)	**(2.66)**	**1.37**	**(6.40)**	**6.52**		**1.58**
Net Profit as restated (G) + (K)	**(2.36)**	**5.28**	**21.26**	**97.61**		**212.39**
Profit/(Loss) brought forward from previous year	(0.42)	(2.78)	0.00	11.26		36.26
Profit/(loss) balance available for appropriation	**(2.78)**	**2.50**	**21.26**	**108.87**		**248.65**
Appropriations						
Transfer to General Reserve	-	2.50	10.00	50.00		80.00
Interim dividend	-	-	-	19.83		63.02
Dividend tax	-	-	-	2.78		10.71
Provision for preference dividend	-	-	-	0.00	*	-
Provision for preference dividend tax	-	-	-	0.00	*	-
Balance carried forward to Balance Sheet	**(2.78)**	**0.00****	**11.26**	**36.26**		**94.92**

* Provision for preference dividend and provision for preference dividend tax is Rs. 4,452 and Rs. 624 respectively and are shown as Nil due to rounding off.

** Balance carried forward to Balance Sheet is Rs. 4,905 and is shown as Nil due to rounding off.

Note: To be read together with significant accounting policies (Annexure III) and Notes to summary statement of profit and loss, as restated and summary statement of assets and liabilities, as restated (Annexure IV).

The reconciliation between the audited and the restated accumulated profit and loss balance as at 1 April 2002 is given in note no. 3 to Annexure IV.

For and on behalf of the Board of Directors

S/d
Amul Gabrani
Vice Chairman & Managing Director

Annexure II
Summary statement of assets and liabilities, as restated

(Amounts in Rs. Million)

	Particulars	As at 31 March 2003	As at 31 March 2004	As at 31 March 2005	As at 31 March 2006	As at 31 March 2007
A	**Fixed assets**					
	(i) Gross block	4.63	12.00	32.29	107.86	152.85
	Less: Accumulated depreciation	0.53	1.18	2.66	7.69	15.94
	Net block	4.10	10.82	29.63	100.17	136.91
	(ii) Capital work in progress/ advances	-	-	25.05	0.38	50.98
	Net block	**4.10**	**10.82**	**54.68**	**100.55**	**187.89**
B	**Intangible assets (net of amortisation)**	**0.02**	**0.01**	**0.43**	**10.31**	**10.22**
C	**Investments**	**-**	**0.11**	**0.36**	**1.84**	**146.51**
D	**Deferred tax asset – net**	**1.22**	**-**	**-**	**-**	**-**
E	**Current assets, loans and advances**					
	(i) Inventories	15.51	28.44	44.31	100.86	238.60
	(ii) Sundry debtors	19.27	80.67	119.81	332.13	891.60
	(iii) Cash and bank balances	6.88	12.38	31.41	138.55	250.24
	(iv) Loans and advances	2.19	6.03	11.94	52.67	56.40
	(v) Other current assets	-	-	-	0.65	4.95
		43.85	**127.52**	**207.47**	**624.86**	**1441.79**
	(A+B+C+D+E)	**49.19**	**138.46**	**262.94**	**737.56**	**1786.41**
F	**Liabilities and provisions**					
	(i) Secured loans	4.79	40.83	1.98	75.29	179.73
	(ii) Unsecured loans	0.30	5.01	5.07	- *	-
	(iii) Deferred tax liability – net	-	0.22	0.42	2.79	4.42
	(iv) Current liabilities and provisions	39.03	81.90	223.71	390.44	1088.93
	(v) Share application money	5.84	-	-	0.81	4.80
		49.96	**127.96**	**231.18**	**469.33**	**1277.88**
	Net worth (A+B+C+D+E-F)	**(0.77)**	**10.50**	**31.76**	**268.23**	**508.53**
G	**Represented by**					
	(i) Share Capital					
	- Equity share capital	2.01	8.00	8.00	19.47	125.90
	- Preference share capital	-	-	-	150.00	-
		2.01	**8.00**	**8.00**	**169.47**	**125.90**
	(ii) Reserves and surplus					
	- Securities premium	-	-	-	0.00 *	145.21
	- General reserve	-	2.50	12.50	62.50	142.50
	- Profit and loss account	(2.78)	0.00 **	11.26	36.26	94.92
		(2.78)	**2.50**	**23.76**	**98.76**	**382.63**
	Net worth	**(0.77)**	**10.50**	**31.76**	**268.23**	**508.53**

* Unsecured loans is Rs. 500 and securities premium is Rs. 2,700 and are shown as Nil due to rounding off.

** Balance carried forward to Balance Sheet is Rs. 4,905 and is shown as Nil due to rounding off.

Note: To be read together with significant accounting policies (Annexure III) and Notes to summary statement of profit and loss, as restated and summary statement of assets and liabilities, as restated (Annexure IV).

The reconciliation between the audited and the restated accumulated profit and loss balance as at 1 April 2002 is given in note no. 3 of Annexure IV

For and on behalf of the Board of Directors

S/d
Amul Gabrani
Vice Chairman & Managing Director

Annexure III
Significant accounting policies for the year ended 31 March 2007

(a) Basis of accounting

The financial statements are prepared and presented under the historical cost convention, on the accrual basis of accounting and comply with the Accounting Standards issued by ICAI, to the extent applicable.

(b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

(c) Revenue recognition

Revenue from sale of goods is recognised on transfer of all significant risks and rewards of ownership in the goods to the customer.

Revenue from services is recognised on rendering of services to customers.

Interest income is recognised using the time proportion method, based on underlying interest rates.

(d) Fixed assets and capital work-in-progress

Fixed assets, including capital work in progress, are stated at cost of acquisition or construction less accumulated depreciation. Cost comprises the purchase price and any directly attributable costs of bringing the asset to its working condition for the intended use.

(e) Borrowing cost

Financing costs relating to borrowed funds attributable to construction or acquisition of qualifying assets for the period up to the completion of construction or acquisition of such assets are included in the cost of the assets.

(f) Impairment

The carrying values of assets are reviewed at each reporting date to determine if there is indication of any impairment. If any indication exists, the assets' recoverable amount is estimated. For assets that are not yet available for use, the recoverable amount is estimated at each reporting date. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the Profit and Loss Account. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation, if no impairment loss had been recognised.

(g) Depreciation

Depreciation is provided on a pro-rata basis under the straight line method at rates of depreciation prescribed in Schedule XIV to the Companies Act, 1956, except in respect of furniture and fixtures and office equipment on which depreciation is provided at rates higher than those prescribed in Schedule XIV to the Companies Act, 1956.

Furniture and fixtures and office equipment are depreciated at 20% and 16.67% respectively under the straight line method.

The rates of depreciation used reflect the useful lives of assets.

Leasehold land is amortised over the period of the lease. Leasehold improvements are depreciated over the period of lease or the useful life of the underlying asset, whichever is less.

Assets costing individually Rs. 5,000 or less are depreciated fully in the year of purchase.

(h) Intangible assets

Intangible assets comprise computer software and technical know-how and are stated at cost, including taxes, less accumulated amortisation. Computer software is amortised on a straight line basis over three years. Technical know-how is amortised on a straight line basis over its estimated useful life of 50 months, being the period over which the Company expects to derive economic benefits from the use of the technical know-how. The remaining amortisation period of technical know-how as at 31 March 2007 is approximately 29 months.

(i) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost includes all applicable costs incurred in bringing goods to their present location and condition, determined on a first in first out basis.

In determining the cost of inventories, fixed production overheads are allocated on the basis of normal capacity of production facilities.

(j) Foreign currency transactions

Foreign currency transactions are recorded at the exchange rate prevailing on the date of the respective transactions. Monetary foreign currency assets and liabilities remaining unsettled at the Balance Sheet date are translated at the rates of exchange prevailing on that date. Gains / losses arsing on account of realisation / settlement of foreign currency transactions and on translation of foreign currency assets and liabilities (except gains / losses in respect of foreign currency liabilities relating to imported fixed assets) are recognised in the Profit and Loss Account. Gains / losses arising on translation / settlement of foreign currency liabilities relating to imported fixed assets are adjusted in the cost of the respective fixed assets.

(k) Provisions and contingencies

A provision is created when there is a present obligation as a result of a past event that entails a probable outflow of resources and a reliable estimate can be made of the amount of the obligation. Disclosure of a contingent liability is made when there is a possible but not probable obligation or a present obligation that may, but probably will not, entail an outflow of resources. When there is an obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

(l) Taxation

Income-tax expense comprises current tax (i.e. amount of tax for the year determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). The deferred tax charge or credit and the corresponding deferred tax liabilities and assets are recognised using the tax rates that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future;

however, where there is unabsorbed depreciation or carried forward losses under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each Balance Sheet date and are written down or written up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realised.

(m) Retirement benefits

Retirement benefits to employees comprise provident fund, superannuation fund, gratuity and leave encashment.

Provident fund is a defined contribution scheme. Contributions payable to the provident fund are charged to the profit and loss account.

Superannuation fund is a defined contribution scheme. The Company contributes to schemes administered by the Life Insurance Corporation of India ('LIC') to discharge its superannuation liabilities. Contributions payable to superannuation fund are charged to the profit and loss account.

Gratuity and leave encashment costs are defined benefits schemes. Annual contributions to the employee's gratuity fund and leave encashment funds, established with the LIC are determined based on an actuarial valuation by the LIC as at 31 March each year. Further, provision is made for the shortfall, if any, between the amounts required to be contributed to meet the accrued liability for gratuity as determined by the LIC and as determined by an independent actuary as at year-end.

(n) Investments

Long term investments are valued at cost less provision for other than temporary diminution in value. Diminution, if any, is determined individually for each long-term investment.

Current investments are valued at the lower of cost and fair value of individual scrips.

(o) Earnings per share

Basic earnings per share are computed using the weighted average number of equity shares outstanding during the year. Diluted earnings per share are computed using the weighted average number of equity and dilutive potential equity shares outstanding during the year, except where the results would be anti-dilutive.

(p) Leases

Lease arrangements where the risks and rewards incident to ownership of an asset substantially vest with the lessor are recognized as operating leases. Lease rents under operating leases are recognized in the Profit and Loss Account on a straight line basis over the lease term.

For and on behalf of the Board of Directors

S/d
Amul Gabrani
Vice Chairman & Managing Director

Annexure IV

Notes to summary statement of profit and loss, as restated (Annexure I) and summary statement of assets and liabilities, as restated (Annexure II)

1. **Below mentioned is the summary of results of adjustments / rectifications made in the audited accounts of the respective years and its impact on profits and losses and assets and liabilities.**

(Amounts in Rs. Million)

	Adjustments [(income)/expense] in Statement of profit and loss arising out of:	Year ended 31 March 2003	Year ended 31 March 2004	Year ended 31 March 2005	Year ended 31 March 2006	Year ended 31 March 2007
A	**Changes in accounting policies/ correction of accounting policies (refer Note A)** #					
	(a)Depreciation (refer Note 1)	(0.24)	(0.21)	(0.40)	0.04	0.04
	(b) Accounting for preliminary and share issue expenses (refer Note 2)	0.01	0.01	(0.14)	0.19	-
	(c) Revenue recognition (sales net of cost) (refer Note 4. Also refer Note B)	(4.44)	3.27	(1.11)	2.28	-
	(d) Accounting for restatement of foreign currency balances (refer Note 5)	0.13	(0.66)	1.11	(0.57)	-
	(e) Accounting for job work-in-progress (refer Note 6)	0.31	-	-	-	-
	(f) Accounting for gratuity and leave encashment expenses (refer Note 7)	(0.14)	0.25	0.14	(0.26)	-
	Total	**(4.37)**	**2.66**	**(0.40)**	**1.68**	**0.04**
	Effect of adjustments in A on tax ##					
	(a) Provision for current tax	(0.11)	(0.16)	(0.00)*	(0.18)	(0.02)
	(b) Deferred tax charge/ (release) (refer Note 3)	(1.61)	1.40	(0.10)	0.68	(0.70)
B	**Prior period items (refer Note C)** ##					
	(a) Provision for current tax	0.01	0.05	6.10	(5.34)	(0.82)
C	**Regroupings (refer Note D)**					
	(a) Sales	8.50	6.15	20.89	-	-
	(b) Service income	(8.36)	(3.51)	(19.07)	-	-
	(c) Other income	(0.14)	(2.64)	(1.82)	-	-
	(d) Raw material consumed	-	-	(7.25)	-	-
	(e) Staff costs	0.40	0.71	0.93	-	-
	(f) Other manufacturing expenses	(5.68)	(11.33)	(23.37)	-	-
	(g) Administration expenses	1.71	0.84	0.78	-	-
	(h) Selling and distribution expenses	3.57	9.78	29.01	-	-
	(i) Interest and financial charges	-	-	(0.10)	-	-

* Provision for current tax is Rs. 1,120 and is shown as Nil due to rounding off.
# Figures in brackets represent decrease in the profits.
Figures in brackets represent release to the Profit and Loss Account.

(Amounts in Rs. Million)

	Cumulative effect of above [increase / (decrease)] in Statement of assets and liabilities:	As at 31 March 2003	As at 31 March 2004	As at 31 March 2005	As at 31 March 2006	As at 31 March 2007
A	**Changes in accounting policies/ correction of accounting policies (Refer Note A)**					
	(a) Reserves and surplus	(3.14)	(1.71)	(2.01)	(0.83)	(0.08)
	(b) Miscellaneous expenditure to the extent not written off (refer Note 2)	(0.06)	(0.05)	(0.19)	-	-
	(c) Deferred tax liability (refer Note 3)	(0.29)	(0.10)	(0.20)	0.48	(0.22)
	(d) Deferred tax asset (refer Note 3)	1.22	-	-	-	-
	(e) Debtors (refer Note 4 and Note 5. Also refer Note B)	(12.54)	(13.60)	(17.67)	-	-
	(f) Inventories (refer Note 4 and Note 6. Also refer Note B)	8.23	11.89	15.59	-	-
	(g) Current liabilities and provision (refer Note 7)	0.14	(0.39)	(0.91)	(0.46)	(0.48)
	(h) Fixed assets (refer Note 1)	(0.24)	(0.45)	(0.85)	(0.82)	(0.78)
	(i) Loans and advances	0.11	-	-	-	-
B	**Prior period items (refer Note C)**					
	(a) Reserves and surplus	(0.01)	(0.06)	(6.16)	(0.82)	-
	(b) Current liabilities and provisions	-	0.06	6.16	0.82	-
	(c) Loans and advances	(0.01)	-	-	-	-
C	**Regroupings (refer Note D)**					
	(a) Loans and advances	(0.10)	(0.39)	(2.90)	-	-
	(b) Inventories	-	-	(0.34)	-	-
	(c) Unsecured loans	-	-	(33.11)	-	-
	(d) Current liabilities and provisions	(0.10)	(0.39)	29.87	-	-

Notes:

A. Changes in accounting policies / correction of incorrect accounting policies

1) Depreciation

In respect of assets costing less than Rs. 5,000, depreciation upto 31 March 2005 and in respect of computers, depreciation upto 31 March 2004 was not being charged at rates prescribed in Schedule XIV to the Companies Act, 1956. Accordingly, depreciation on such assets has been recomputed as per the rates prescribed in Schedule XIV to the Companies Act, 1956 for the relevant years and consequently, adjustments have been made in the summary statement of profit and loss, as restated and the summary statement of assets and liabilities, as restated for the years ended 31 March 2003, 31 March 2004 and 31 March 2005 with consequential impact on the year ended 31 March 2006 and 31 March 2007.

2) Miscellaneous expenditure to the extent not written off

With effect from 1 April 2005, the Company adopted the accounting policy of writing off preliminary expenses comprising ROC fees, stamp duty charges, etc., in the year in which they were incurred. Accordingly, such expenses were written off in the accounts. Upto the year ended 31 March 2005, such expenses were being amortised and the namortized balance was carried forward under the head 'Miscellaneous expenditure to the extent not written off'. However, for the purposes of summary statement of profit and loss, as restated and the summary statement of assets and liabilities, as restated, such expenses have been written off in the years in which they were incurred with consequential impact on the year ended 31 March 2006. The unamortized balance under the head “Miscellaneous expenditure to the extent not written off” as at 1 April 2002 has been adjusted from the opening reserves as on 1 April 2002.

3) *Deferred taxation*

Accounting Standard 22 (AS 22) on “Taxes on Income” issued by ICAI was applicable to the Company for financial years commencing on or after 1 April 2002. Net deferred tax liability/ asset as at 31 March 2003 was created in the books and adjusted in the Profit and Loss Account for the year ended 31 March 2003. However, for the purposes of summary statement of profit and loss, as restated and the summary statement of assets and liabilities, as restated for the years ended 31 March 2003, an adjustment has been made in the opening reserves as at 1 April 2002 with the consequential impact on the year ended 31 March 2003 in accordance with the transitional provisions of AS 22.

4) *Revenue recognition*

In respect of domestic sales, the Company recognised revenue when goods were invoiced on despatch to customers for the financial years ended on 31 March 2003, 31 March 2004 and 31 March 2005. Recognition of revenue on despatch in respect of domestic sales, read with certain other conditions in sales contracts, was not appropriate in those cases where significant risks and rewards of ownership in goods did not pass to the buyer on despatch. In respect of export sales, revenue for the years ended 31 March 2004 and 31 March 2005 was recognised on the basis of the shipping bill date. Recognition of revenue on shipping bill date as against bill of lading date, read with certain other conditions in sales contracts, resulted in premature recognition of revenue in respect of certain contracts. Accounting Standard 9 (AS 9) on “Revenue Recognition” issued by ICAI requires revenue to be recognised only when the seller of the goods has transferred to the buyer the property in the goods for a price or all significant risks and rewards of ownership have been transferred to the buyer and the seller retains no effective control of the goods transferred to a degree usually associated with ownership. Accordingly, adjustments have been made in the summary statement of profit and loss, as restated and the summary statement of assets and liabilities, as restated for the years ended 31 March 2003, 31 March 2004 and 31 March 2005 with consequential impact on the year ended 31 March 2006. The impact of these adjustments has been reflected in sales, debtors, inventories and increase/ (decrease) in inventories and is tabulated below:

(Amounts in Rs. Million)

	Year ended 31 March 2003	**Year ended 31 March 2004**	**Year ended 31 March 2005**	**Year ended 31 March 2006**
Profit and loss account				
(Increase)/ decrease in sales	12.67	0.39	4.81	(17.87)
Increase/ (decrease) in inventory	(8.23)	(3.66)	(3.70)	15.59
Balance Sheet				
Increase/ (decrease) in debtors	(12.67)	(13.06)	(17.87)	-
Increase/ (decrease) in inventory	8.23	11.89	15.59	-
(Increase)/ decrease in opening reserves	-	4.44	1.17	2.28

5) *Foreign currency transactions*

For the year ended 31 March 2006, the Company had in accordance with Accounting Standard 11 on “The Effects of Changes in Foreign Exchange Rates” issued by the ICAI, restated monetary foreign currency assets and liabilities remaining unsettled at the Balance Sheet date at the rates of exchange prevailing on that date. Upto 31 March 2005, no such restatements were recorded in the audited financial statements. Accordingly, adjustments on account of the above restatements have been made in the summary statement of profit and loss, as restated and the summary statement of assets and liabilities, as restated for the years ended 31 March 2003, 31 March 2004 and 31 March 2005 with consequential impact on the year ended 31 March 2006.

6) *Job work in progress*

For the year ended 31 March 2003, the Company had charged certain expenses incurred towards projects not yet started and disclosed the same as "job work in progress" as at 31 March 2002. As the Company was primarily engaged in trading operations, such expenses should have been charged off to the Profit and Loss Account in the year in which they were incurred. Accordingly, adjustments have been made in the opening reserves as at 1 April 2002 with consequential impact on the summary statement of profit and loss, as restated and the summary statement of assets and liabilities, as restated for the year ended 31 March 2003.

7) *Provision for gratuity and leave encashment*

The Company has changed the method of computing charge for gratuity from full liability basis for the years ended 31 March 2003, 31 March 2004 and 31 March 2005 to actuarial valuation for the year ended 31 March 2006. Accordingly, provision for gratuity has been recomputed on the basis of actuarial valuation for each preceding year and consequently the adjustments have been made in the summary statement of profit and loss, as restated and the summary statement of assets and liabilities, as restated for the years ended 31 March 2003, 31 March 2004 and 31 March 2005 with consequential impact on the year ended 31 March 2006.

The Company did not accrue for leave encashment for the year ended 31 March 2003. Also, the Company has changed the method of computing charge for leave encashment from full liability basis for the years ended 31 March 2004 and 31 March 2005 to actuarial valuation for the year ended 31 March 2006. Accordingly, provision for leave encashment has been recomputed on the basis of actuarial valuation for each preceding year and consequently the adjustments have been made in the summary statement of profit and loss, as restated and the summary statement of assets and liabilities, as restated for the year ended 31 March 2003, 31 March 2004 and 31 March 2005 with consequential impact on the year ended 31 March 2006.

B. Audit qualification

Revenue recognition

The statutory auditors had qualified their opinion on the financial statements for the year ended 31 March 2004 on account of *"export revenue recognised in the books on the basis of shipping bills"*. As explained in point 4 of Note A above, recognition of revenue on shipping bill date as against bill of lading date, read with certain other conditions in sales contracts, resulted in premature recognition of revenue in respect of certain contracts. AS 9 requires revenue to be recognised only when the seller of the goods has transferred to the buyer the property in the goods for a price or all significant risks and rewards of ownership have been transferred to the buyer and the seller retains no effective control of the goods transferred to a degree usually associated with ownership. Accordingly, adjustments have been made in the summary statement of profit and loss, as restated and summary statement of assets and liabilities, as restated for the year ended 31 March 2004 with consequential impact on the year ended 31 March 2005. The impact of these adjustments is included in the adjustment for revenue recognition explained in point 4 of Note A above.

C. Prior period items

In the financial statements for the year ended 31 March 2006, income tax expense pertaining to the years ended 31 March 2003 and 31 March 2005 has been disclosed as a prior period item. For the purpose of summary statement of profit and loss, as restated and the summary statement of assets and liabilities, as restated, such prior period item has been appropriately adjusted in the respective years.

In the financial statements for the year ended 31 March 2007, income tax expense pertaining to the years ended 31 March 2004 and 31 March 2005 has been disclosed as a prior period item. For the purposes of summary statement of profit and loss, as restated and the summary statement of assets and liabilities, as restated, such prior period item has been appropriately adjusted in the respective years.

D. Regroupings

Figures have been regrouped to ensure consistency of presentation. The following significant regroupings have been made in the summary statement of profit and loss, as restated and the summary statement of assets and liabilities, as restated:

1) Upto the year ended 31 March 2005, provision for taxation and advance tax were shown separately under provisions and loans and advances respectively. During the years ended 31 March 2006 and 31 March 2007, provision for taxation has been shown net of advance tax. In the summary statement of assets and liabilities, as restated for the years ended 31 March 2004 and 31 March 2005, advance tax has been netted off from provision for taxation and the net has been disclosed under provisions. For the year ended 31 March 2003, as the advance tax was more than the provision for taxation, advance tax net of provision for taxation has been shown under loans and advances.

2) For the year ended 31 March 2005, advances received from customers were shown under unsecured loans. During the year ended 31 March 2007 and other years, such advances have been shown under current liabilities. In the summary statement of assets and liabilities, as restated for the year ended 31 March 2005, such advances have been regrouped and disclosed accordingly under current liabilities.

3) Upto the year ended 31 March 2005, service income and other income were shown as part of total sales. During the years ended 31 March 2006 and 31 March 2007, service income and other income were disclosed separately. In the summary statement of profits and loss, as restated for the years ended 31 March 2003, 31 March 2004 and 31 March 2005, such service income and other income have been regrouped and disclosed separately.

4) For the year ended 31 March 2005, drawing and designing charges were shown under raw materials consumed. During the year ended 31 March 2007 and other years, such charges have been shown under other manufacturing expenses forming part of the cost of goods sold. In the summary statement of profits and loss, as restated for the year ended 31 March 2005, such charges have been regrouped and disclosed accordingly under other manufacturing expenses.

5) Upto the year ended 31 March 2005, commission expenses were shown under direct expenses and hence classified as manufacturing expenses. During the years ended 31 March 2006 and 31 March 2007, such expenses have been shown under selling expenses. In the summary statement of profits and loss, as restated for the year ended 31 March 2003, 31 March 2004 and 31 March 2005, such expenses have been regrouped and disclosed accordingly under selling expenses.

6) Upto the year ended 31 March 2005, cartage outward was shown under direct expenses and hence classified as manufacturing expenses. During the year ended 31 March 2006 and 31 March 2007, such expenses have been shown under selling expenses. In the summary statement of profits and loss, as restated for the years ended 31 March 2003, 31 March 2004 and 31 March 2005, such expenses have been regrouped and disclosed accordingly under selling expenses.

7) Upto the year ended 31 March 2005, professional charges were shown under direct expenses and hence classified as manufacturing expenses. During the years ended 31 March 2006 and 31 March 2007, such expenses have been shown under administration expenses. In the summary statement of profits and loss, as restated for the year ended 31 March 2003, 31 March 2004 and 31 March 2005, such expenses have been regrouped and disclosed accordingly under administration expenses.

E. Taxation

Provision for taxation for the respective years has been computed on the above adjusted profits on the basis of the rates applicable to the respective years.

2. Other audit qualifications, which do not require any corrective adjustment in the financial information are as follows:

1) Financial year ended 31 March 2004

The statutory auditors had qualified their opinion on the financial statements for the year ended 31 March 2004 on account of *"DEPB entitlements being considered as part of "Other Income" resulting in higher profits of Rs. 2,101,831 for that year"*. However, as per an opinion of the Expert Advisory Committee of ICAI, DEPB entitlements should be recognised as income in the year in which export sales are made (as was done by the Company). Accordingly, the recognition of DEPB entitlements as income for the year ended 31 March 2004 was appropriate and accordingly no adjustment has been made in the summary statement of profit and loss, as restated and the summary statement of assets and liabilities, as restated, for that year on this account.

2) Financial year ended 31 March 2006

(a) The Company needs to strengthen its internal audit system to make it commensurate with the size and nature of its business.

(b) There were certain instances of delays in depositing undisputed advance income tax dues during the year.

3) Financial year ended 31 March 2007

(a) As required by the Companies Act, 1956, Blossom Automotive Private Limited, wholly subsidiary of the Company, has not taken the prior approval of the Central Government under Section 295, for the guarantee and collateral security provided by Blossom Automotive Private Limited with respect to credit facilities obtained and loans taken by the Company from the State Bank of India. The Company, Blossom Automotive Private Limited and their respective officers after 31 March 2007, have however taken suitable actions in this matter including causing of vacation of the charge created over the said property, release of the guarantee provided by Blossom Automotive Private Limited and have filed an application for compounding of the said violation under the Companies Act, 1956. The final hearing of the application is pending with the Central Government.

The financial statements of the Company for the year ended 31 March 2007, approved by the Board of the Company on 4 June 2007, have been revised on 22 August 2007 to include the above matter.

(b) The Company has an internal audit system. However, the scope and coverage needs to be enhanced to make it commensurate with the size and nature of its business.

(c) There were certain instances of delays in depositing undisputed advance income tax dues during the year.

3. Reconciliation between the audited and the restated accumulated profit and loss balance as at 1 April 2002 is given below:

Profit and Loss Account as at 1 April 2002

Particulars	Amount in Rs. Million
Profit and Loss Account as at 1 April 2002 (Audited)	0.06
Job-work –in progress (refer point no. 6 of A of note 1 of of Annexure IV)	(0.31)
Preliminary expenses (refer point no. 2 of A of note 1 of of Annexure IV)	(0.07)
Deferred taxation (refer point no. 3 of A of note 1 of of Annexure IV)	(0.10)
Profit and Loss Account as at 1 April 2002 (Restated)	**(0.42)**

4. Other Significant notes (based on audited financial statements) and changes in the business of the Company during the last five financial years

Tecpro Systems Limited ('TSL' or 'the Company') (formerly Tecpro Systems Private Limited) was incorporated as a private limited company on 7 November 1990. The Company started its operations during the year ended 31 March 2002. The Company started to supply material handling systems, viz. idlers, conveyors and conveyor components during the year. The Company was also engaged in fabrication work related to the above systems.

1) Year ended 31 March 2004

With effect from 1 April 2003, the Company took over the operations of Tecpro Systems, a proprietorship concern engaged in the manufacturing of material handling systems, owned by a director of the Company, by issuing 140,000 equity shares of Rs. 10 each at par in the Company. The related assets and liabilities, amounting to Rs. 14,226,012 and Rs. 12,826,012 respectively, were taken over at their respective book values. As part of the take over of the operations of Tecpro Systems, the Company took over the manufacturing facility at Nangli.

2) Year ended 31 March 2006

a) The Company during the year has invested in the equity share capital amounting to Rs. 900,000 in Tecpro Energy Limited (formerly Tecpro Energy Private Limited) ('TSL') and made it a subsidiary company. The subsidiary company has not started any operations as at 31 March 2006. The Company's equity shareholding in TEL is 87.38% (i.e. 90,000 shares) as at 31 March 2006.

b) The Company commissioned its plant at Bawal, Haryana. This plant is mainly used to manufacture crushers, roller screens and structures.

c) The Company has allotted 10 equity shares of Rs. 10 each at a premium of Rs. 90 per share and 499,990 0.01% cumulative convertible preference shares (CCPS) of Rs. 100 each of the Company to Avigo Venture Investments Limited and has allotted 20 equity shares and 999,980 CCPS to Metmin Investments Holdings Limited on similar terms.

For conversion of CCPS, a conversion date has been defined in the agreement with preference shareholders. The conversion date means earliest of the following dates:

i. 30 September 2006.

ii. 30 days from the adoption of annual accounts in respect of the year ended 31 March 2006.

iii. the date immediately preceding the date of filing of an offer document for the Company's Initial Public Offer.

iv. the date immediately preceding the decision of the Company proposing specified liquidity event or corporate restructuring event or material breach of the shareholders agreement by the promoters (i.e. Mr. Amul Gabrani and Mr. Ajay Kumar Bishnoi) of the Company.

Conversion price for CCPS will be determined on the basis of pre money valuation of Rs. 77 Crores or 8 (eight) times the profit after tax for the year ended 31 March 2006 less any amount of dividend declared/paid for the financial year 2005-06 or financial year 2004-05 or financial year 2003-04 and any other long term debt, whichever is lower, subject to the condition that a minimum of 370,200 equity shares of Rs. 10 each shall be issued to the preference shareholders on the conversion of CCPS.

3) Year ended 31 March 2007

a) The Company during the year has further invested in the equity share capital amounting to Rs. 1,500,000 in Tecpro Energy Limited (formerly Tecpro Energy Private Limited). These shares are pending allotment as at 31 March 2007. The Company's equity shareholding in TEL is 87.38% (i.e. 90,000 shares) as at 31 March 2007. The subsidiary company has obtained licenses for setting up two biomass plants as at 31 March 2007.

b) The Company during the year has invested in the equity share capital amounting to Rs. 12,695,000 in Tecpro International FZE, a wholly owned subsidiary Company formed in Dubai, United Arab Emirates. The subsidiary company has not commenced commercial operations as at 31 March 2007.

c) The Company during the year has invested in the equity share capital amounting to Rs. 4,772,000 in Tecpro Power Systems Limited (formerly Tecpro Power Systems Private Limited) ('TPSL') and made it a subsidiary company. The Company's equity shareholding in TPSL is 97.39% (i.e. 477,200 shares) as at 31 March 2007. The subsidiary company has not commenced commercial operations as at 31 March 2007.

d) The Company has during the current year acquired Blossoms Automotive Private Limited (BAPL), owner of industrial land and building in Bhiwadi. Company paid a consideration of 127,200,000 towards acquisition of equity share capital of BAPL. On acquisition, the Company has become a wholly owned subsidiary of the Company. The Company subsequent to the acquisition commissioned its plant at the industrial land and building in Bhiwadi. This plant is mainly used to manufacture idlers and pulleys.

e) Redemption of 0.01% Cumulative Convertible Preference Shares

During the current year, the Company had converted its 1,499,970, 0.01% cumulative convertible preference shares (CCPS) of Rs. 100 each into 387,500 equity shares of Rs. 10 each at a premium of Rs. 377.09 per share.

The above conversion price for CCPS was determined on the basis of eight times the profit after tax for the year ended 31 March 2006 less the amount of dividend declared/paid for the financial years ended 2005-06, 2004-05, 2003-04 and any other long term debt, as per the terms of shareholder agreement dated 10 December 2005 executed between the promoters (i.e.

Amul Gabrani and Ajay Kumar Bishnoi) of the Company, the Company and the foreign investors (i.e. Avigo Venture Investments Limited and Metmin Investments Holdings Limited) of the Company.

f) Contingent liabilities as at 31 March 2007

1. Claims against the Company not acknowledged as debts (pertaining to excise matters) – Rs. 297,558.

2. Guarantees given by the Company on behalf of another Company amounting to Rs. 60,000,000.

3. Bills discounted (including cheques discounted) with recourse amounting to Rs. 47,609,385.

4. The Employee Provident Fund Organisation (EPFO) has on 9 September 2005 issued a clarification as per which provident fund contribution should be deducted on leave encashment paid from 1 May 2005 onwards. It has also been stated that the claims between 1 October 1994 and 30 April 2005 should be kept in abeyance till this issue is decided by the Central Board of Trustees. In another clarification issued on 24 November 2005, the EPFO has stated that presently deduction of provident fund on leave encashment at the time of superannuation may not be insisted upon. This matter is also to be decided by the Central Board of Trustees.

   Due to the pending decision by the Central Board of Trustees, a contingent liability, the amount of which presently is not reasonably ascertainable, exists for provident fund on leave encashment on claims between 1 October 1994 and 30 April 2005 and on provident fund on leave encashment at the time of superannuation.

For and on behalf of the Board of Directors

S/d
Amul Gabrani
Vice Chairman & Managing Director

ANNEXURE V

STATEMENT OF CASH FLOWS, AS RESTATED

(Amounts in Rs. Million)

Particulars	Year ended 31 March 2003	Year ended 31 March 2004	Year ended 31 March 2005	Year ended 31 March 2006	Year ended 31 March 2007
Cash Flow from Operating Activities					
Profit/ (Loss) before tax	(3.68)	8.61	35.56	155.50	339.17
Adjustments for:					
Depreciation and amortization	0.51	0.66	1.63	7.45	12.31
Miscellaneous expenditure written off	-	-	-	-	-
Profit on sale of fixed assets	-	-	-	(0.72)	-
Loss on sale of fixed assets	-	-	-	-	0.11
Dividend income	-	-	-	(0.04)	(0.01)
Interest income	(0.09)	(0.38)	(0.85)	(2.37)	(10.11)
Interest expense	1.02	3.00	7.22	16.50	35.13
Bad debts written off	-	-	4.01	1.31	5.55
Creditors balances written back	-	-	-	-	(0.57)
Provision for bad and doubtful debts	-	-	-	1.57	-
Fixed assets written off	-	-	-	0.13	0.53
Operating (loss)/ profit before changes in working capital	**(2.24)**	**11.89**	**47.57**	**179.33**	**382.11**
Adjustments for (Increase)/decrease in working capital					
Sundry debtors	(10.48)	(61.40)	(43.15)	(215.19)	(565.01)
Loans and advances	(0.77)	(4.21)	(5.91)	(40.74)	(3.73)
Inventories	(15.82)	(12.93)	(15.87)	(56.55)	(137.74)
Current liabilities and provisions	27.89	41.48	132.85	148.92	557.69
Net changes in working capital	**(1.42)**	**(25.17)**	**115.49**	**15.77**	**233.32**
Direct taxes paid	(0.27)	(0.12)	(5.15)	(36.33)	(55.22)
Fringe benefit tax paid	-	-	-	(1.41)	(2.33)
Cash generated from/ (used in) operations	**(1.69)**	**(25.29)**	**110.34**	**(21.97)**	**175.77**
Cash flow from investing activities					
Sale of fixed assets	-	-	-	14.50	0.69
Purchase of fixed and intangible assets	(2.22)	(7.37)	(45.91)	(77.12)	(100.89)
Purchase of investments	-	(0.11)	(0.25)	(1.48)	(144.67)
Dividend received	-	-	-	0.03	0.01
Interest received	0.09	0.38	0.85	1.73	5.80
Net cash (used in) /generated from investing activities	**(2.13)**	**(7.10)**	**(45.31)**	**(62.34)**	**(239.06)**
Cash flow from financing activities					
Issue of equity share capital	0.01	0.15	-	11.47	5.17
Issue of preference share capital	-	-	-	150.00	-
Receipt of share application money pending allotment	5.84	-	-	0.81	4.00
Securities premium received on issue of equity share capital	-	-	-	0.00 *	96.47
Proceeds from borrowings	10.54	48.70	10.14	34.61	73.47
Repayment of long term borrowings	(6.44)	(12.96)	(48.99)	(29.95)	-
Increase in short term borrowings	-	-	-	68.46	31.17
Proceeds from borrowings from directors	-	7.99	5.90	24.28	147.50
Repayment of borrowings from directors	-	(2.99)	(5.84)	(29.34)	(147.50)

(Amounts in Rs. Million)

Particulars	Year ended 31 March 2003	Year ended 31 March 2004	Year ended 31 March 2005	Year ended 31 March 2006	Year ended 31 March 2007
Proceeds from borrowings from subsidiary	-	-	-	-	12.00
Repayment of borrowings from subsidiary	-	-	-	-	(12.00)
Preference dividend paid	-	-	-	-	(0.00)#
Interim dividend paid	-	-	-	(19.83)	-
Dividend taxes paid	-	-	-	(2.78)	(0.00)#
Interest paid	(1.02)	(3.00)	(7.21)	(16.28)	(35.30)
Net cash (used in)/ generated from financing activities	**8.93**	**37.89**	**(46.00)**	**191.45**	**174.98**
Net increase/(decrease) in cash and cash equivalents	**5.11**	**5.50**	**19.03**	**107.14**	**111.69**
Cash and cash equivalents at the beginning of the year	1.77	6.88	12.38	31.41	138.55
Cash and cash equivalents at the end of the year	**6.88**	**12.38**	**31.41**	**138.55**	**250.24**
Cash and cash equivalents at the year end comprise:					
Cash in hand	0.06	0.27	0.23	0.51	0.62
Balances with scheduled banks:					
- On current accounts	2.17	1.21	11.68	17.94	26.29
- In other accounts	4.65	10.90	19.50	120.10	223.33
	6.88	**12.38**	**31.41**	**138.55**	**250.24**

* Securities premium is Rs. 2,700 and is shown as Nil due to rounding off.

\# Preference dividend amounting to Rs. 4,452 and preference dividend tax amounting to Rs. 624 have been paid and are shown as Nil due to rounding off.

Note:

1. To be read together with summary of significant accounting policies (Annexure III) and Notes to summary statement of restated profit and loss and restated assets and liabilities (Annexure IV).

2. Figures have been regrouped to ensure consistency of presentation.

For and on behalf of the Board of Directors

S/d

Amul Gabrani

Vice Chairman & Managing Director

Annexure VI

Statement of dividends declared

The dividends declared by the Company during the years ended 31 March 2003, 31 March 2004, 31 March 2005, 31 March 2006 and 31 March 2007 are presented below:

	Year ended 31 March 2006	**Year ended 31 March 2007**
Equity share capital		
Number of shares of face value of Rs. 10 each	1,946,750	12,590,420
Rate of dividend (%) – Interim	130	70
Amount of dividend – Interim (in Rs. million)	19.83	63.02
Total Corporate Dividend Tax (in Rs. million)	2.78	10.71
Cumulative Convertible Preference share capital (CCPS) (Refer Note 2 below)		
Number of shares of face value of Rs. 100 each	1,499,970	-
Rate of dividend (%) – Final	0.01	-
Amount of dividend – Final (in Rs. million)	Note 2	-
Total Corporate Dividend Tax (in Rs. million)	Note 2	-

Note:

1. No dividends on equity share capital were declared for the years ended 31 March 2003, 31 March 2004 and 31 March 2005.

2. Preference dividend amounting to Rs. 4,452 and preference dividend tax amounting to Rs. 624 have been provided for and are shown as Nil due to rounding off.

For and on behalf of the Board of Directors

S/d
Amul Gabrani
Vice Chairman & Managing Director

Annexure VII

Statement of secured and unsecured loans

Unsecured loans, as restated

(Amounts in Rs. Million)

Source	As at 31 March 2003	As at 31 March 2004	As at 31 March 2005	As at 31 March 2006	As at 31 March 2007
From promoters	-	5.01	5.07	-	-
From others	0.30	-	-	-	-
Total	**0.30**	**5.01**	**5.07**	**-**	**-**

Note:

The unsecured loan from promoters as at 31 March 2006, amounting to Rs. 500, is an interest-free loan repayable on demand and is shown as Nil due to rounding off.

Secured loans, as restated

(Amounts in Rs. Million)

Source	As at 31 March 2003	As at 31 March 2004	As at 31 March 2005	As at 31 March 2006	As at 31 March 2007
1. Term loans from bank	-	0.11	-	0.10	68.46
2. Export packing credit from bank	-	20.35	-	28.62	37.61
3. Cash credit from bank	-	8.48	0.18	14.11	34.83
4. Overdraft from bank	0.90	1.83	-	25.90	27.36
5. Car loans from bank	0.69	2.04	1.80	6.04	7.04
6. Car loans from others	-	-	-	0.32	4.43
7. Interest accrued and due on term loan	-	-	-	0.20	-
8. Financing against foreign letter of credit	3.20	8.02	-	-	-
Total	**4.79**	**40.83**	**1.98**	**75.29**	**179.73**

The terms and conditions of the secured loans outstanding as at 31 March 2007, including interest rates, principal terms of security and repayment terms are given in the table below:

Source	Security	Interest rate	Repayment terms
1. Term Loans from banks comprise:-			
a. Working capital loan Rs. 0.12 million	Secured against mortgage of factory land and building and movable fixed assets of the Company.	9.50%	Repayable in 14 quarterly installments of Rs. 5,556 each. Rs. 43,387 payable immediately.
b. For Construction of Seruseri Office (Chennai) Rs.17.29 million	Secured by way of mortgage of assets created or to be created by construction of Company's new office by utilising the loan and a charge on the entire receivables from the proposed office.	13.50%	Repayable in 81 monthly installments starting from April 2008.
c. Working capital loan Rs. 51.05 million	Secured by way of Company owned movable and immovable fixed assets as well as certain assets of certain directors of the Company.	9.75%	4 monthly installments of Rs. 12,500,000 starting from April 2007.
2. Export packing credit from bank. Rs. 37.61 million	Secured against first charge on the current assets of the Company.	8.25-9%	As per the agreement, the facility terminates on 14 June 2007.
3. Cash credit from bank Rs. 34.83 million	Secured against first charge on the current assets of the Company.	11.50%	As per the agreement, the facility terminates on 14 June 2007.
4. Overdraft from bank Rs. 27.36 million	Secured against fixed deposits placed with the bank.	7-8.5%	This loan is against fixed deposits placed with Vijaya bank. No repayment terms are mentioned.
5. Car loans from bank Rs. 7.04 million	Secured against respective vehicles.	6.42%-11.28%	Amount payable within one year from the Balance Sheet date Rs. 4,001,674. Amount payable between one year to three years Rs. 3,036,109.
6. Car loans from others Rs. 4.43 million	Secured against respective vehicles.	7%-10.39%-	Amount payable within one year from the Balance Sheet date Rs. 1,760,022. Amount payable between one year to three years Rs. 2,672,525.

Note:

1. All the above loans, except car loans, are also guaranteed by promoters of the Company.

2. Blossom Automotive Private Limited (subsidiary of the Company) has provided guarantee and collateral security for all the above loans, except for car loans and overdrafts from bank.

For and on behalf of the Board of Directors

S/d
Amul Gabrani
Vice Chairman & Managing Director

Annexure VIII

Statement of other income, as restated

(Amounts in Rs. Million)

Particulars	**Year ended 31 March 2003**	**Year ended 31 March 2004**	**Related / Not related to Business activity**
Recurring			
Interest received on fixed deposit	0.09	0.35	Related
Exchange gain	0.13	-	Related
Sales of scrap	-	0.08	Related
Non recurring			
Dividend on shares (Refer Note 2 below)	-	-	Not Related
Interest – others (Refer Note 1 below)	-	0.03	Related
Miscellaneous income	0.05	0.08	Related
Sale of duty entitlements	-	2.10	Related
Total	**0.27**	**2.64**	

Notes:

1. Interest (others) is Rs. 3,133 for the year ended 31 March 2003 and is shown as Nil due to rounding off.

2. Dividend on shares is Rs. 600 for the year ended 31 March 2004 and is shown as Nil due to rounding off.

3. The classification of income as recurring / non recurring and related / not related to business activity is based on the current operations and business activity of the Company as determined by the management.

4. Details of 'Other Income' for the years ended 31 March 2005, 31 March 2006 and 31 March 2007 have not been given as it does not exceed 20% of the net profit before tax for these years, as per the summary statement of profit and loss, as restated.

For and on behalf of the Board of Directors

S/d
Amul Gabrani
Vice Chairman & Managing Director

Annexure IX

Statement of accounting ratios

Particulars	**Year ended 31 March**				
	2003	**2004**	**2005**	**2006**	**2007**
Net Profit before extraordinary items but after adjusted tax (Rs. millions) **(A)**	(2.36)	5.28	21.26	97.61	212.39
Net worth at the end of the year (Rs. millions) **(B)**	(0.77)	10.50	31.76	268.23	508.53
Net worth excluding preference share capital at the end of the year (Rs. millions) **(C)**	(0.77)	10.50	31.76	118.23	508.53
Weighted average number of equity shares outstanding during the year **(D)** (Refer note 8 below)	999,745	1,340,755	4,000,250	7,638,355	11,556,781
Weighted average number of equity shares and dilutive potential equity shares outstanding during the year **(F)** (Refer note 8 below)	1,302,940	4,000,045	4,000,250	9,076,366	12,261,546
Total number of equity shares outstanding at the end of the year **(E)**	201,050	800,050	800,050	1,946,750	12,590,420
Earnings per equity share (Rs.)					
- Basic **(A/D)**	(2.36)	3.94	5.31	12.78	18.38
- Diluted **(A/F)**	(1.81)	1.32	5.31	10.75	17.32
Return on Net Worth (%) **(A/B)**	-	50.29	66.94	36.39	41.77
Net asset value per share (Rs) **(C/E)**	(3.83)	13.12	39.70	60.73	40.39

Notes:

1. The ratios have been computed as follows:

Earnings per share $\dfrac{\textit{Net profit attributable to equity shareholders}}{\textit{Weighted average number of equity shares outstanding during the year/period}}$

Return on net worth $\dfrac{\textit{Net profit after adjusted tax}}{\textit{Net worth as at the end of the year}} \times 100$

Net asset value per equity share	$\dfrac{\textit{Net worth as at the end of the year}}{\textit{Number of equity shares outstanding at the end of the year}}$

2. Restated net profit, as appearing in the summary statement of profits and losses, as restated and net worth as appearing in the statement of assets and liabilities, as restated, has been considered for the purpose of computing the above ratios.

3. Earnings per share calculations are done in accordance with Accounting Standard 20 "Earnings Per Share" issued by the ICAI.

4. For the purpose of calculating weighted average number of dilutive equity shares, share application money received and refunded during the year ended 31 March 2004 has not been considered.

5. For the purpose of computing Return on Net Worth, preference share capital has been included and share application money has not been included for calculating Net Worth.

6. For the purpose of calculating basic earnings per share for the year ended 31 March 2006, preference dividend of Rs. 4,452 and dividend tax of Rs. 624 have been reduced from the profits.

7. For the purpose of calculating Net Assets Value, preference share capital and share application money has not been included for calculating the Net Worth.

8. For the purpose of computing weighted average number of equity shares outstanding during the year and weighted average number of dilutive potential equity shares outstanding during the year, bonus shares issued upto the adoption of audited financial statements for the year ended 31 March 2007, has been considered.

9. Subsequent to 31 March 2007 but, prior to adoption of audited financial statements for the year ended 31 March 2007, the Company has issued 1 bonus share for every equity share to each shareholder by way of capitalisation of its securities premium account, securities premium being generated on conversion of preference share capital and on further issue of capital subsequent to 31 March 2006. The total number of bonus shares issued consequent to the above was 12,698,750. The basic and diluted earnings per share calculated after considering the impact of bonus shares issued aggregating 12,610,420 shares (pertaining to basic and diluted shares as at 31 March 2007) would be as under:

Particulars	**Year ended 31 March 2003**	**Year ended 31 March 2004**	**Year ended 31 March 2005**	**Year ended 31 March 2006**	**Year ended 31 March 2007**
Net profit after adjusted tax (Rs. Million) **(A)**	(2.36)	5.28	21.26	97.61	212.39
Weighted average number of bonus shares issued pertaining to the equity shares outstanding at the respective year ends	999,745	1,340,755	4,000,250	7,638,355	11,556,781
Weighted average number of bonus shares issued pertaining to the dilutive potential equity shares outstanding at the respective year ends	303,195	2,659,290	-	1,438,011	704,765
Weighted average number of equity shares outstanding during the year after bonus issue **(B)**	1,999,490	2,681,510	8,000,500	15,276,710	23,113,562

Particulars	**Year ended 31 March 2003**	**Year ended 31 March 2004**	**Year ended 31 March 2005**	**Year ended 31 March 2006**	**Year ended 31 March 2007**
Weighted average number of equity shares and dilutive potential equity shares outstanding during the year after bonus issue **(C)**	2,605,880	8,000,090	8,000,500	18,152,732	24,523,092
Earnings per equity share					
- Basic **(A/B)** (in Rupees)	(1.18)	1.97	2.66	6.39	9.19
- Diluted **(A/C)** (in Rupees)	(0.91)	0.66	2.66	5.38	8.66

For and on behalf of the Board of Directors

S/d
Amul Gabrani
Vice Chairman & Managing Director

Annexure X

Capitalisation statement as at 31 March 2007, as restated

(Amounts in Rs. Million)

Particulars	Pre-issue	Post-issue
Borrowings		
Short term debts	156.65	
Long term debts	23.08	
Total debts	**179.73**	
Shareholders' funds		
Share capital	125.90	
Reserves		
- General reserve	142.50	
- Securities premium	145.21	
- Profit and loss account	94.92	
Total shareholders' funds	**508.53**	
Long term debt / equity ratio	0.045:1	

Notes:

1. Term loans and car loans repayable within the next one year from 31 March 2007 are considered as short-term debts. Export packing credit, cash credit and overdraft received from banks are considered as short term debts.

2. Long term debt represents debt other than short term debt, as defined above.

3. The post-issue debt equity ratio will be computed on the conclusion of the book building process.

4. The figures included above are as per the summary statements of assets and liabilities and profits and losses, as restated.

5. Share Capital of Rs. 125.90 million does not include share application money pending allotment amounting to Rs. 4.80 million.

6. Subsequent to 31 March 2007 (which is the last date as of which financial information has been given in this document), 108,330 equity shares of Rs. 10 each have been issued at a premium of Rs. 230 per share. Consequent to this allotment, a bonus of 1 equity share for every 1 equity share has been declared and hence, 12,698,750 equity shares of Rs. 10 each have been allotted by utilising the amount available in the securities premium account.

7. Long term debt / equity ratio $\frac{\text{Long term debt}}{\text{Total shareholder's funds}}$

For and on behalf of the Board of Directors

S/d

Amul Gabrani

Vice Chairman & Managing Director

Annexure XI

Statement of tax shelters, as restated

(Amount in Rs. Million, except for tax rates)

	For the financial year ended on				
Particulars	**31 March 2003**	**31 March 2004**	**31 March 2005**	**31 March 2006**	**31 March 2007**
Profit / loss before current and deferred taxes, as restated **(A)**	(3.68)	8.61	35.55	155.50	339.17
Tax Rate - Normal **(B)**	36.75%	35.875%	36.5925%	33.66%	33.66%
Tax expense at applicable tax rate on restated profits **(D)**	(1.35)	3.09	13.01	52.34	114.16
Permanent Differences					
Export profits	-	(0.21)	-	-	-
Preliminary expenses written off	(0.01)	(0.01)	0.14	-	-
Exempt dividend income	-	-	-	(0.04)	(0.01)
Interest on delay in deposit of tax deducted at source	-	-	-	0.04	0.06
Charity and donation	0.02	0.01	0.04	0.11	0.29
Fines and penalties	-	-	0.01	0.01	-
Wealth tax	-	-	-	0.01	0.02
Expenses for proposed public issue	-	-	-	-	5.60
Increase of authorised share capital	-	-	-	-	0.20
Total (F)	**0.01**	**(0.21)**	**0.19**	**0.13**	**6.16**
Temporary Differences					
Difference between tax depreciation and book depreciation	(0.30)	(0.78)	(1.54)	(8.41)	(8.02)
Assets written off	-	-	-	0.13	0.53
Provision for leave encashment	0.15	0.31	0.57	0.03	2.77
Provision for gratuity	0.10	0.22	0.34	0.36	1.74
Tax losses carried forward	3.72	-	-	-	-
Brought forward tax losses	-	(3.72)	-	-	-
(Profit)/ Loss on sale of assets	-	-	-	(0.72)	0.11
Provision for doubtful debts	-	-	-	1.57	(1.57)
Total (G)	**3.67**	**(3.97)**	**(0.63)**	**(7.04)**	**(4.44)**
Net Adjustments **(H) = (F) + (G)**	3.68	(4.18)	(0.44)	(6.91)	1.72
Tax expenses/(savings) thereon **(I) =(H) * (B)**	1.35	(1.50)	(0.16)	(2.33)	0.58
Net impact (J) = (D) + (I)	**-**	**1.59**	**12.85**	**50.02**	**114.74**
Interest on tax payments	-	0.30	1.25	3.77	8.24
Tax provision - Current tax (restated)	**-**	**1.89**	**14.10**	**53.79**	**122.98**

For and on behalf of the Board of Directors

S/d
Amul Gabrani
Vice Chairman & Managing Director

Annexure XII

Break up of ageing schedule of sundry debtors, as restated

(Amounts in Rs. Million)

	As at 31 March 2003	**As at 31 March 2004**	**As at 31 March 2005**	**As at 31 March 2006**	**As at 31 March 2007**
Unsecured and considered good					
Debts outstanding for a period					
- exceeding six months	1.24	12.96	18.88	77.50	111.10
- less than six months	18.03	67.71	100.93	254.63	780.50
Considered doubtful					
- debts outstanding for a period exceeding six months	-	-	-	1.57	-
	19.27	**80.67**	**119.81**	**333.70**	**891.60**
Less: Provision for doubtful debts	-	-	-	1.57	-
	19.27	**80.67**	**119.81**	**332.13**	**891.60**

For and on behalf of the Board of Directors

S/d

Amul Gabrani

Vice Chairman & Managing Director

Break up of loans and advances, as restated

(Amounts in Rs. Million)

	As at 31 March 2003	As at 31 March 2004	As at 31 March 2005	As at 31 March 2006	As at 31 March 2007
Unsecured and considered good					
Advances recoverable in cash or in kind or for value to be received	1.26	4.89	10.18	42.52	37.32
Advance tax (net of provision for tax)	0.34	-	-	-	-
Advance to Subsidiary	-	-	-	-	3.77
Security deposits	0.57	0.77	1.43	4.68	8.35
Share application money pending allotment	-	-	-	1.04	1.50
Balances with Government authorities	0.02	0.37	0.33	4.43	5.46
	2.19	**6.03**	**11.94**	**52.67**	**56.40**

Notes:

I. Balances due from promoter / promoter groups / promoter group companies as at 31 March 2007 include:

1. Amount due from directors of the Company Rs.138,941.

2. Amounts due from companies forming part of the promoter group as defined in the SEBI guidelines:-

   a. Rs. 1,008 from Tecpro Energy Limited (formerly Tecpro Energy Private Limited).
   b. Rs. 201,867 from Tecpro Stones Private Limited.
   c. Rs. 3,766,840 from Blossom Automotive Private Limited.

3. Share application money relates to application made for 150,000 equity shares in Tecpro Energy Limited (formerly Tecpro Energy Private Limited) ("TEL"), which is pending allotment. TEL is forming part of the promoter group as defined in the SEBI Guidelines.

II. Balances due from promoter / promoter groups as at 31 March 2006 include:

1. Amount due from directors of the Company Rs.104,837.

2. Amounts due from companies forming part of the promoter group as defined in the SEBI guidelines:-

   a. Rs. 1,008 from Tecpro Energy Limited (formerly Tecpro Energy Private Limited).
   b. Rs. 650 from Tecpro Power Systems Limited (formerly Tecpro Power Systems Private Limited).

3. Share application money relates to application made for 103,500 equity shares in Tecpro Power Systems Limited (formerly Tecpro Power Systems Private Limited) ("TPSL"), which is pending allotment. TPSL was forming part of the promoter group as defined in the SEBI Guidelines as at 31 March 2006.

III. No amounts were due from promoters / promoter group / promoter group companies as at 31 March 2003, 31 March 2004 and 31 March 2005.

For and on behalf of the Board of Directors

S/d

Amul Gabrani

Vice Chairman & Managing Director

Annexure XIII

Statement of aggregate book value and market value of investments, as restated

(Amounts in Rs. Million)

	As at 31 March 2004	As at 31 March 2005	As at 31 March 2006	As at 31 March 2007
Mutual funds				
Principal Focused Advantage Fund 23,960.90 units of face value Rs. 10 each	-	0.25	0.25	0.25
Principal Large Cap Fund 19,559.90 units of face value Rs. 10 each	-	-	0.20	0.20
Principal Dividend Yield Fund 4,327.52 units of face value Rs. 10 each including dividend reinvestment	-	-	0.06	0.06
Principal Personal tax Saver Fund 470.06 units of face value Rs. 100 each	-	-	0.07	0.07
Principal Junior Cap Fund 25,000 units of face value Rs. 10 each	-	-	0.25	0.25
Principal Monthly Income Plan 9,884.45 units of face value Rs. 10 each	0.10	0.10	0.10	0.10
Equity Stock – Quoted				
Vijaya Bank Shares 600 equity shares of Rs. 10 each fully paid up	0.01	0.01	0.01	0.01
Equity Stock – Unquoted				
Subsidiaries –				
- Tecpro Energy Private Limited 90,000 equity shares of Rs. 10 each fully paid up	-	-	0.90	0.90
- Tecpro Power Systems Limited 477,200 equity shares of Rs.10 each fully paid up	-	-	-	4.77
- Tecpro International FZE 1 equity shares of Rs.10 each fully paid up	-	-	-	12.70
- Blossom Automotive Private Limited 400,000 equity shares of Rs.10 each fully paid up	-	-	-	127.20
Total	**0.11**	**0.36**	**1.84**	**146.51**

Aggregate book value and market value of quoted investments and book value of unquoted investments:

	As at 31 March 2004	As at 31 March 2005	As at 31 March 2006	As at 31 March 2007
Mutual funds				
- Aggregate book value	0.10	0.35	0.92	0.93
- Aggregate net asset value	0.10	0.33	1.22	1.26
Equity Stock – Quoted				
- Aggregate book value	0.01	0.01	0.01	0.01
- Aggregate market value	0.04	0.04	0.03	0.03
Equity Stock – Unquoted				
- Aggregate book value	-	-	0.90	145.57

Note:

Details of investments for the year 31 March 2003 had not been given as the Company did not hold any investments during that year.

For and on behalf of the Board of Directors

S/d
Amul Gabrani
Vice Chairman & Managing Director

Annexure XIV

Statement of related party disclosures, as restated

a. Related parties

(i) For the year ended 31 March 2007

Related party and nature of relationship where control exists

Subsidiary	Tecpro Energy Limited (formerly Tecpro Energy Private Limited) Blossom Automotive Private Limited Tecpro International FZE Tecpro Power System Limited ((formerly Tecpro Power Systems Private Limited)
Key management personnel	Ajay Kumar Bishnoi Amul Gabrani Bhagwanti Gabrani Arvind Kumar Bishnoi Goldie Gabrani

Related party and nature of the related party relationship with whom transactions have taken place during the year

Subsidiaries	Tecpro Energy Limited (formerly Tecpro Energy Private Limited) Blossom Automotive Private Limited Tecpro International FZE Tecpro Power System Limited (formerly Tecpro Power Systems Private Limited)
Key management personnel	Ajay Kumar Bishnoi Amul Gabrani Bhagwanti Gabrani Arvind Kumar Bishnoi Goldie Gabrani
Enterprises over which key management personnel exercise significant influence	Experienced Hi Tech Consultancy Services Private Limited Tecpro Engineers Private Limited Tecpro Stones Private Limited Tecpro Energy Limited (formerly Tecpro Energy Private Limited)* Blossom Automotive Private Limited * Tecpro International FZE * Tecpro Power System Limited (formerly Tecpro Power Systems Private Limited) *
Individuals owing directly or indirectly, an interest in voting power and significant influence over the enterprise.	Achal Ghai

* Transactions with these enterprises have been disclosed under subsidiaries.

(ii) For the year ended 31 March 2006

Related party and nature of relationship where control exists

Subsidiary	Tecpro Manufacturing Private Limited

	Amul Gabrani Bhagwanti Gabrani Arvind Kumar Bishnoi
Related party and nature of the related party relationship with whom transactions have taken place during the year	
Subsidiaries	Tecpro Manufacturing Private Limited
Key management personnel	Ajay Kumar Bishnoi Amul Gabrani Bhagwanti Gabrani Arvind Kumar Bishnoi
Enterprises over which key management personnel exercise significant influence	Experienced Hi Tech Consultancy Services Private Limited Tecpro Engineers Private Limited Tecpro Power System Private Limited Tecpro Manufacturing Private Limited
(iii) For the year ended 31 March 2005	
Related party and nature of relationship where control exists	
Key management personnel	Ajay Kumar Bishnoi Amul Gabrani
Enterprises over which key management personnel exercise significant influence	Experienced Hi Tech Consultancy Services Private Limited
Related party and nature of the related party relationship with whom transactions have taken place during the year	
Key management personnel	Ajay Kumar Bishnoi Amul Gabrani
Enterprises over which key management personnel exercise significant influence	Experienced Hi Tech Consultancy Services Private Limited

(iv) Related parties for the year ended 31 March 2004	
Related party and nature of relationship where control exists	
Key management personnel	Ajay Kumar Bishnoi Amul Gabrani
Enterprises over which key management personnel exercise significant influence	Experienced Hi Tech Consultancy Services Private Limited Tecpro Systems
Related party and nature of the related party relationship with whom transactions have taken place during the year	
Key management personnel	Ajay Kumar Bishnoi Amul Gabrani
Enterprises over which key management personnel exercise significant influence	Experienced Hi Tech Consultancy Services Private Limited Tecpro Systems
(v) Related parties for the year ended 31 March 2003	
Related party and nature of relationship where control exists	
Key management personnel	Ajay Kumar Bishnoi Amul Gabrani
Enterprises over which key management personnel exercise significant influence	Tecpro Systems
Related party and nature of the related party relationship with whom transactions have taken place during the year	
Key management personnel	Ajay Kumar Bishnoi Amul Gabrani
Enterprises over which key management personnel exercise significant influence	Tecpro Systems

b. Transactions during the financial year ended 31 March 2003, 31 March 2004, 31 March 2005, 31 March 2006 and 31 March 2007

(Amount in Rs. Million)

	Subsidiaries					**Key management personnel (Including relatives)**					**Enterprises over which Key management personnel (including relatives) exercise significant influence**					**Individuals owing directly or indirectly, an interest in voting power and significant influence over the enterprise.**				
	Year ended 31 March					**Year ended 31 March**					**Year ended 31 March**					**Year ended 31 March**				
	2003	2004	2005	2006	2007	2003	2004	2005	2006	2007	2003	2004	2005	2006	2007	2003	2004	2005	2006	2007
Purchases	-	-	-	-	-	-	-	-	-	-	32.94	-	-	-	-	-	-	-	-	-
Sale of fixed assets	-	-	-	-	-	-	-	-	14.50	-	-	-	-	-	-	-	-	-	-	-
Remuneration *	-	-	-	-	-	1.22	1.78	4.31	14.38	35.15	-	-	-	-	-	-	-	-	-	-
Bonus Shares issued during the year	-	-	-	-	-	-	-	-	-	76.05	-	-	-	-	-	-	-	-	-	5.21
Proposed dividend on equity shares	-	-	-	-	-	-	-	-	19.83	46.12	-	-	-	-	-	-	-	-	-	3.27
Services received	-	-	-	-	-	-	-	-	-	-	-	0.70	0.85	1.98	-	-	-	-	-	-
Rent expenses	-	-	-	-	1.50	-	-	-	0.64	2.98	-	-	-	-	-	-	-	-	-	-
Interest expense on loan taken	-	-	-	-	0.51	-	-	-	-	1.51	-	-	-	-	-	-	-	-	-	-
Investment in equity shares	-	-	-	0.90	144.67	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Securities premium received	-	-	-	-	-	-	-	-	-	0.05	-	-	-	-	-	-	-	-	-	-
Share application money paid, pending allotment	-	-	-	-	1.50	-	-	-	-	-	-	-	-	1.04	-	-	-	-	-	-
Equity shares issued during the year	-	-	-	-	-	-	4.59	-	11.00	0.01	-	-	-	-	-	-	-	-	-	0.84
Equity shares issued during the year consideration other than cash	-	-	-	-	-	-	1.40 **	-	-	-	-	-	-	-	-	-	-	-	-	-
Amount paid on behalf of other parties	-	-	-	^	3.77	-	-	-	-	-	-	-	-	@	0.20	-	-	-	-	-

	Subsidiaries					Key management personnel (Including relatives)					Enterprises over which Key management personnel (including relatives) exercise significant influence					Individuals owing directly or indirectly, an interest in voting power and significant influence over the enterprise.				
	Year ended 31 March					**Year ended 31 March**					**Year ended 31 March**					**Year ended 31 March**				
	2003	2004	2005	2006	2007	2003	2004	2005	2006	2007	2003	2004	2005	2006	2007	2003	2004	2005	2006	2007
Balance written off	-	-	-	-	-	-	-	-	-	-	-	-	-	-	$	-	-	-	-	-
Loans:																				
- Received during the year	-	-	-	-	12.00	-	7.99	5.90	0.49	147.50	-	-	-	-	-	-	-	-	-	-
- Repaid during the year	-	-	-	-	12.00	-	2.99	5.84	5.55	147.50	-	-	-	-	-	-	-	-	-	-
Amount paid on behalf of others party recovered	-	-	-	-	@	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Advance paid and recovered	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.48	-	-	-	-	-
Amount paid by other parties on behalf of the Company and reimbursed by the Company	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.50	-	-	-	-	-
Guarantee given by Company on behalf of other party	-	-	-	-	-	-	-	-	-	-	-	-	-	-	60.00	-	-	-	-	-
Guarantees given by other parties on behalf of the Company	-	-	-	-	#	-	-	-	##	##	-	-	-	-	-	-	-	-	-	-

c. Outstanding balance at year end

	Subsidiaries					Key management personnel (Including relatives)					Enterprises over which Key management personnel (including relatives) exercise significant influence					Individuals owing directly or indirectly, an interest in voting power and significant influence over the enterprise.				
	Year ended 31 March					Year ended 31 March					Year ended 31 March					Year ended 31 March				
	2003	2004	2005	2006	2007	2003	2004	2005	2006	2007	2003	2004	2005	2006	2007	2003	2004	2005	2006	2007
Loans taken	-	-	-	-	-	-	5.01	5.07	^^	-	-	-	-	-	-	-	-	-	-	-
Amount receivable on account of payments made on behalf of these parties	-	-	-	^	3.77	-	-	-	-	-	-	-	-	@	0.20	-	-	-	-	-
Advances recoverable	-	-	-	-	1.50	-	-	-	-	-	-	-	-	1.04	-	-	-	-	-	-
Amount payable on account of services rendered to the Company	-	-	-	-	-	-	-	-	-	-	-	0.57	-	-	-	-	-	-	-	-
Business advances recoverable	-	-	-	-	-	-	-	-	0.10	0.14	-	-	-	-	-	-	-	-	-	-
Business advances payable	-	-	-	-	-	-	-	-	0.11	0.18	-	-	-	-	-	-	-	-	-	-
Interest payable	-	-	-	-	0.40	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rent payable	-	-	-	-	0.93	-	-	-	0.01	0.01	-	-	-	-	-	-	-	-	-	-

* Refer to Note 5 of Annexure IV.
** Refer to point 1 of Note 4 of Annexure IV.
\# Guarantee and collateral security given for all secured loans except car loans and overdraft (also refer annexure VII).
\## Guarantees given for all secured loans except car loans (also refer annexure VII).
$ Balance written off amounting to Rs. 682 is shown as Nil due to rounding off.
@ Payment made on behalf of these parties during the year ended 31 March 2006, receivable as at that year end and recovered during the year ended 31 March 2007 amounting to Rs. 650 has been shown as Nil due to rounding off.
^ Payment made on behalf of these parties amounting to Rs. 1,008 and receivable as at the year end is shown as Nil due to rounding off.
^^ Loans taken amounting to Rs. 500 is shown as Nil due to rounding off.

d. Details of related parties with whom transactions exceed 10% of the class of transactions

(Amount in Rs. Million)

Name of Related Party	Nature of Transaction	Year ended 31 March				
		2003	**2004**	**2005**	**2006**	**2007**
Ajay Kumar Bishnoi	Sale of fixed assets	-	-	-	7.25	-
Amul Gabrani	Sale of fixed assets	-	-	-	7.25	-
Blossom Automotive Private Limited	Rent expenses	-	-	-	-	1.50
Ajay Kumar Bishnoi	Rent expenses	-	-	-	0.24	1.25
Amul Gabrani	Rent expenses	-	-	-	0.24	1.25
Ajay Kumar Bishnoi	Interest expense on loan taken	-	-	-	-	0.37
Amul Gabrani	Interest expense on loan taken	-	-	-	-	1.14
Ajay Kumar Bishnoi	Dividend	-	-	-	9.39	21.87
Amul Gabrani	Dividend	-	-	-	10.14	23.04
Ajay Kumar Bishnoi	Remuneration	0.62	0.90	2.21	6.55	17.12
Amul Gabrani	Remuneration	0.60	0.88	2.10	6.55	17.12
Ajay Kumar Bishnoi	Bonus shares issued during the year	-	-	-	-	36.20
Amul Gabrani	Bonus shares issued during the year	-	-	-	-	38.00
Blossom Automotive Private Limited	Amount paid on behalf of other parties	-	-	-	-	3.77
Blossom Automotive Private Limited	Investment in equity shares	-	-	-	-	127.20
Tecpro Energy Limited (formerly Tecpro Energy Private Limited)	Investment in equity shares	-	-	-	0.90	-
Tecpro Power Systems Limited	Interest expense on loan taken	-	-	-	-	0.51
Manju Bishnoi	Securities premium received	-	-	-	-	0.04
Menaka Bishnoi	Securities premium received	-	-	-	-	0.01
Tecpro Energy Limited (formerly Tecpro Energy Private Limited)	Share application money, pending allotment	-	-	-	-	1.50
Tecpro Energy Limited (formerly Tecpro Energy Private Limited)	Amount paid on behalf of other parties	-	-	-	Note 3	-
Tecpro Power Systems Limited	Share application money, pending allotment	-	-	-	1.04	-
Achal Ghai	Equity shares issued during the year	-	-	-	-	0.84
Experience Hitech Consultancy Services Private Limited	Balance written off	-	-	-	-	Note 1
Tecpro Power Systems Limited	Loans received and repaid	-	-	-	-	12.00
Tecpro Engineers Private Limited	Advance paid and recovered	-	-	-	-	0.48
Tecpro Engineers Private Limited	Amount paid by other parties on behalf of the Company and reimbursed by the Company	-	-	-	-	2.50
Tecpro Power Systems Limited	Amount paid on behalf of others party recovered	-	-	-	-	Note 2
Ajay Kumar Bishnoi	Loan received	-	3.63	1.40	0.49	47.50
Ajay Kumar Bishnoi	Loan repaid	-	0.87	2.15	2.50	47.50
Amul Gabrani	Loan received	-	4.36	4.50	-	100.00
Amul Gabrani	Loan repaid	-	2.12	3.69	3.05	100.00
Tecpro Engineers Private Limited	Guarantee given by Company on behalf of other parties	-	-	-	-	60.00
Tecpro Engineers Private Limited	Services received	-	-	-	1.98	-
Experience Hitech Consultancy Services Private Limited	Services received	-	0.70	0.85	-	-

Name of Related Party	Nature of Transaction	Year ended 31 March				
Ajay Kumar Bishnoi	Equity shares issued during the year	-	1.80	-	-	-
Amul Gabrani	Equity shares issued during the year	-	2.80	-	-	-
Amul Gabrani	Equity shares issued during the year other than cash consideration	-	1.40	-	-	-
Tecpro Systems	Purchases	32.94	-	-	-	-

Note 1: Balances written off amounting to Rs. 682 is shown as Nil due to rounding off.

Note 2: Amount paid on behalf of other party recovered amounting to Rs. 650 is shown as Nil due to rounding off.

Note 3: Amount paid on behalf of other parties amounting to Rs. 1,008 is shown as Nil due to rounding off.

For and on behalf of the Board of Directors

S/d
Amul Gabrani
Vice Chairman & Managing Director

Annexure XV

Segment reporting, as restated

Based on the nature of activities performed, which primarily relate to design, engineering and manufacture of material handling equipments and the dominant source and nature of risks and returns, business segment is the primary segment. However as the Company does not operate in more than one business segment, disclosures for primary segment as required under Accounting Standard 17 - "Segment Reporting" are not required.

The geographical segment considered for secondary segment disclosures are as follows:-

(Amount in Rs. Million)

Particulars	Domestic Year ended 31 March					Export Year ended 31 March					Total Year ended 31 March				
	2003	2004	2005	2006	2007	2003	2004	2005	2006	2007	2003	2004	2005	2006	2007
Revenue by Geographical Market	95.11	162.17	376.26	1,004.50	2,199.52	8.24	38.54	120.50	42.12	100.05	103.35	200.71	496.76	1,046.62	2,299.57
Capital expenditure #	-	-	-	-	-	-	-	-	-	-	2.22	7.37	45.91	77.12	100.89
Sundry debtors ##	14.75	49.60	99.72	307.89	851.98	4.52	31.07	20.09	24.24	39.62	19.27	80.67	119.81	332.13	891.60

The Company incurred capital expenditure which cannot be allocated to the secondary segments.
Other assets except sundry debtors cannot be allocated to the secondary segments.

For and on behalf of the Board of Directors

S/d
Amul Gabrani
Vice Chairman & Managing Director

7.2 SELECTED CONSOLIDATED FINANCIAL AND OPERATING DATA

Report by the Auditors

The Board of Directors
Tecpro Systems Limited
(formerly Tecpro Systems Private Limited)
FB-26, Tagore Garden
New Delhi – 110 027

1) We have examined the attached consolidated financial information comprising consolidated summary statement of profits and losses, as restated, consolidated summary statement of assets and liabilities, as restated, consolidated statement of cash flows, as restated and other consolidated financial information as explained in paragraph 3 (f) below of Tecpro Systems Limited ('TSL' or 'the Company') (formerly Tecpro Systems Private Limited) and its subsidiaries, Tecpro Energy Limited (formerly Tecpro Energy Private Limited) ('TEL'), Tecpro Power Systems Limited (formerly Tecpro Power Systems Private Limited) ('TPSL'), Blossom Automotive Private Limited ('BAPL') and Tecpro International FZE ('TI FZE') for the financial years ended 31 March 2006 and 31 March 2007, as approved by the board of directors of the Company, prepared in terms of requirements of Paragraph B, Part II of Schedule II to the Companies Act, 1956 ('the Act'), the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 ('SEBI Guidelines') and in terms of our engagement agreed upon with you in accordance with our engagement letter dated 13 June 2007, in connection with the proposed issue of equity shares of the Company.

2) The consolidated financial information has been prepared by the management from the audited financial statements of the Company and its subsidiaries for the financial years ended 31 March 2006 and 31 March 2007 ('Revised' in relation to the Company, as mentioned in note 2 of Annexure V). The Consolidated financial information of the Company and its subsidiaries for the financial years ended 31 March 2003, 31 March 2004 and 31 March 2005 have not been prepared by the management, as the Company had no subsidiaries during these years.

For the purposes of making adjustments to the financial information for the financial years ended 31 March 2006 and 31 March 2007 of the Company, to the extent such adjustments emanate from the financial statements for the financial years ended 31 March 2003, 31 March 2004 and 31 March 2005 of the Company, reliance has been placed on the financial statements for the financial years ended 31 March 2003, 31 March 2004 and 31 March 2005 of the Company audited by previous auditor, K. Bhushan & Co., Chartered Accountants.

We did not audit the financial statements of the subsidiaries listed below for the following financial years:

Name of the subsidiary	Period / Year ended (PE / YE)	Total assets (Rs. million)	Total revenues (Rs. million)	Name of the auditor
Tecpro Energy Limited	PE 31 March 2006	0.92	-	K. Bhushan & Co.
Blossom Automotive Private Limited	YE 31 March 2007	118.16	1.52	S. Singhal & Co.
Tecpro International FZE	PE 31 March 2007	6.43	-	R.G. Luthra & Company

These financial statements have been audited by another firm of Chartered Accountants, as stated above, whose audit reports have been furnished to us and our opinion in so far as it relates to the amounts included in these consolidated summary statement of profits and losses, as restated, consolidated summary statement of assets and liabilities, as restated and consolidated statement of cash flows, as restated are based solely on the audit reports of other auditors.

3) In accordance with the requirements of Paragraph B of Part II of Schedule II to the Act, SEBI Guidelines, and the Guidance Notes issued in this regard by the Institute of Chartered Accountants of India, as amended from time to time and terms of our agreement agreed with you, we report that:

(a) We have examined the attached consolidated summary statement of profits and losses, as restated, of the Company, along with its subsidiaries, TEL, TPSL, BAPL and TI FZE for the financial years ended 31 March 2006 and 31 March 2007, as set out in Annexure I to this report. These are after making adjustments, as in our opinion, were appropriate and more fully described in the notes appearing in Annexure V to this report. As a result of these adjustments, the amounts reported in the above-mentioned statement are not necessarily the same as those appearing in the financial statements of the Company and its subsidiaries for the relevant financial years.

(b) We have examined the attached consolidated summary statement of assets and liabilities, as restated, of the Company, along with its subsidiaries, TEL, TPSL, BAPL and TI FZE as at 31 March 2006 and 31 March 2007, as set out in Annexure II to this report. These are after making adjustments, as in our opinion, were appropriate and more fully described in the notes appearing in Annexure V to this report. As a result of these adjustments, the amounts reported in the above-mentioned statement are not necessarily the same as those appearing in the financial statements of the Company and its subsidiaries for the relevant financial years.

(c) We have examined the attached consolidated cash flow statement, as restated, of the Company, along with its subsidiaries, TEL, TPSL, BAPL and TI FZE for the financial years ended 31 March 2006 and 31 March 2007, as set out in Annexure III to this report. These are after making adjustments, as in our opinion, were appropriate and more fully described in the notes appearing in Annexure V to this report. As a result of these adjustments, the amounts reported in the above-mentioned statement are not necessarily the same as those appearing in the financial statements of the Company and its subsidiaries for the relevant financial years.

(d) For our examination of the consolidated financial information, we have relied on the following:

i. Financial statements of TEL, a subsidiary of the Company for the period ended 31 March 2006, audited and reported by K. Bhushan & Co., Chartered Accountants.

ii. Financial statements of BAPL, a subsidiary of the Company for the financial year ended 31 March 2007, audited and reported by S. Singhal & Co., Chartered Accountants.

iii. Financial statements of TI FZE, a subsidiary of the Company for the period ended 31 March 2007, audited and reported by R.G. Luthra & Company, Chartered Accountants.

(e) Based on the above in respect of reliance placed on financial statements audited by other auditors, in respect of the Company's subsidiaries for the respective years and also as per the reliance placed on the financial statements of the Company for the financial years ended 31 March 2003, 31 March 2004 and 31 March 2005 audited by the previous auditor, M/s K. Bhushan & Co. Chartered Accountants, we confirm that the consolidated restated financial information, prepared by the management of the Company and approved by its Board of Directors, has been made after incorporating the following:

i. the impact of correction of accounting policies / changes in accounting policies have been adjusted with retrospective effect in the respective financial years to which they relate, to reflect the same accounting treatment as per changed / corrected accounting policy for all the reporting periods;

ii. material amounts relating to previous years have been adjusted in the restated consolidated financial information in the respective financial years to which they relate;

iii. qualifications in the auditors' report which require any adjustments have been given effect to in the restated consolidated financial information in the respective financial years, except for qualifications in the auditors' report which do not require any corrective adjustments in the restated consolidated financial information as disclosed in Note 2 of Annexure V; and

iv. there are no extraordinary items, which need to be disclosed separately in the restated consolidated financial information in the respective financial years;

(f) We have also examined the following other consolidated financial information set out in Annexures prepared by the management and approved by the Board of Directors relating to the Company and its subsidiaries for the financial years ended 31 March 2006 and 31 March 2007. With respect to other consolidated information, financial statements audited by other auditors, in respect of the Company's subsidiaries for the respective years (as stated in paragraph 2 above) and financial statements of the Company for the financial years ended 31 March 2003, 31 March 2004 and 31 March 2005 audited by the previous auditor, M/s K. Bhushan & Co. Chartered Accountants have been relied upon by us.

i. Consolidated statement of dividends declared by the Company, for the financial years ended 31 March 2006 and 31 March 2007, as appearing in Annexure VI to this report;

ii. Consolidated statement of secured and unsecured loans, as restated as at 31 March 2006 and 31 March 2007 and details of terms and conditions, including interest rates, principal terms of security and repayment terms of the loans outstanding as at 31 March 2007, as appearing in Annexure VII to this report;

iii. Details of 'Other Income' for the years ended 31 March 2006 and 31 March 2007 have not been given as it does not exceed 20% of the consolidated net profit before tax for these years, as per the consolidated summary statement of profit and loss, as restated;

iv. Consolidated statement of accounting ratios, for the financial years ended 31 March 2006 and 31 March 2007, as appearing in Annexure VIII to this report;

v. Capitalisation statement - Consolidated, as restated as at 31 March 2007, as appearing in Annexure IX to this report;

vi. Consolidated statement of tax shelters, as restated for the financial years ended 31 March 2006 and 31 March 2007, as appearing in Annexure X to this report;

vii. The "Break up of ageing schedule of sundry debtors - Consolidated" and "Break up of loans and advances - Consolidated", as restated (separately showing loans/advances to promoters/promoter group/group companies) as at 31 March 2006 and 31 March 2007, as appearing in Annexure XI to this report;

viii. Consolidated statement of aggregate book value and market value of investments, as restated as at 31 March 2006 and 31 March 2007, as appearing in Annexure XII to this report;

ix. Consolidated statement of related party disclosures for the financial years ended 31 March 2006 and 31 March 2007 as per Accounting Standard 18 on Related Parties issued by the Institute of Chartered Accountants of India ('ICAI'), as appearing in Annexure XIII to this report; and

x. Consolidated statement of segment reporting, as restated for the financial years ended 31 March 2006 and 31 March 2007 as per Accounting Standard 17 on Segment Reporting issued by the Institute of Chartered Accountants of India ('ICAI'), as appearing in Annexure XIV to this report.

In our opinion, the above consolidated financial information of the Company, along with its subsidiaries, read with significant accounting policies appearing in Annexure IV to this report, after making adjustments as considered appropriate and as set out in Annexure V to this report, has been prepared in accordance with Paragraph B, Part II of Schedule II of the Act and the SEBI Guidelines, and the Guidance Notes issued in this regard by the Institute of Chartered Accountants of India, as amended from time to time.

4) The Balance sheet, Profit and Loss Account and Cash flow statement extracted from the standalone financial statements of the Company's subsidiaries are as per the financial statements audited by the respective auditors as mentioned below are stated in Annexure XV, XVI, XVII and XVIII and furnished to us by the Company.

Name of the subsidiary	Financial year ended	Name of auditor	Subsidiary with effect from
Tecpro Energy Limited	31 March 2006 31 March 2007	K. Bhushan & Co. BSR & Co.	24 March 2006
Tecpro Power Systems Limited	31 March 2007	BSR & Co.	23 February 2007
Blossom Automotive Private Limited	31 March 2007	S Singhal & Co.	17 October 2006
Tecpro International FZE	31 March 2007	R.G. Luthra & Company	19 August 2006

5) Our report is intended solely for the use of management and for inclusion in the Offer Document in connection with the proposed issue of equity shares of the Company and is not to be used, referred to or distributed for any other purpose without our written consent.

For BSR & Co.
Chartered Accountants

S/d
Vikram Advani
Partner
Membership No: 091765

Place : Gurgaon
Date : 25 August 2007

Annexure I

Consolidated summary statement of profit and loss, as restated, of Tecpro Systems Limited and its subsidiaries

(Amounts in Rs. Million)

Particulars	**Year ended 31 March 2006**	**Year ended 31 March 2007**
Income		
Sales		
- Of products manufactured	538.28	681.34
- Of products traded	387.34	1,382.01
Service income	103.13	236.22
Other income	3.73	13.53
Increase/ (decrease) in inventory	35.21	70.83
Total (A)	**1,067.69**	**2,383.93**
Expenditure		
Raw materials consumed	423.87	697.69
Purchases of traded products	232.96	893.91
Staff costs	55.92	117.14
Other manufacturing expenses	86.25	101.76
Administration expenses	51.22	108.22
Selling and distribution expenses	39.66	85.45
Interest and bank charges	16.50	34.72
Depreciation and amortisation	7.49	13.78
Total (B)	**913.87**	**2,052.67**
Profit/(loss) before tax and adjustments (C) =(A) – (B)	**153.82**	**331.26**
Provision for tax		
- Current tax **(D)**	59.31	124.09
- Deferred tax charge/(release) **(E)**	1.69	2.16
- Fringe Benefit Tax **(F)**	1.73	2.23
Profit/(loss) after tax and before adjustments (G) = (C) -(D) - (E) -(F)	**91.09**	**202.78**
Adjustments (Refer point no. 1 of Annexure V) **(H)**	1.68	0.04
Current tax impact of adjustments (Refer point no. 1 of Annexure V) **(I)**	(5.52)	(0.84)
Deferred tax impact of adjustments (Refer point no. 1 of Annexure V) **(J)**	0.68	(0.70)
Total of adjustments after tax impact (K) = (H)-(I)-(J)	**6.52**	**1.58**
Net Profit as restated (G) + (K)	**97.61**	**204.36**
Share of loss of minority	-*	0.10**
Profit/(Loss) brought forward from previous year	11.26	36.26
Profit/(loss) balance available for appropriation	**108.87**	**240.72**
Appropriations		
Transfer to General Reserve	50.00	80.00
Interim dividend	19.83	63.02
Dividend tax	2.78	10.71
Provision for preference dividend	-***	-

Particulars	Year ended 31 March 2006	Year ended 31 March 2007
Provision for preference dividend tax	-***	-
Balance carried forward to Balance Sheet	**36.26**	**86.99**

* Minority share of loss is Rs. 448 and is shown as Nil due to rounding off.

** The losses applicable to minorities in the consolidated financial information have exceeded the minority interests. Hence, the share of losses applicable to the minorities have been restricted to Rs. 101,839 and the excess of share of losses of the minorities over the minority interests amounting to Rs. 90,010 has been adjusted against the majority interests. Accordingly, the minority interest as at 31 March 2007 is Nil.

*** Provision for preference dividend and provision for preference dividend tax aggregating Rs. 4,452 and Rs. 624 respectively and are shown as Nil due to rounding off.

Note: To be read together with summary of significant accounting policies (Annexure IV) and Notes to consolidated summary statement of profit and loss, as restated, and consolidated summary statement of assets and liabilities, as restated, of Tecpro Systems Limited and its subsidiaries (Annexure V).

For and on behalf of the Board of Directors

S/d

Amul Gabrani

Vice Chairman & Managing Director

Annexure II

Consolidated summary statement of assets and liabilities, as restated, of Tecpro Systems Limited and its subsidiaries

(Amounts in Rs. Million)

	Particulars	**As at 31 March 2006**	**As at 31 March 2007**
A	**Goodwill**	**0.11**	**18.00**
	Fixed assets		
	(i) Gross block	107.86	272.88
	Less : Accumulated depreciation	7.69	17.99
	Net block	100.17	254.89
	(ii) Capital work in progress/ advances	0.38	51.48
B	**Net block**	**100.55**	**306.37**
C	**Intangible assets (Net of amortisation)**	**10.31**	**10.23**
D	**Investments**	**0.94**	**0.94**
E	**Current assets, loans and advances**		
	(i) Inventories	100.86	238.60
	(ii) Sundry debtors	332.13	891.60
	(iii) Cash and bank balances	139.47	286.09
	(iv) Loans and advances	52.67	53.60
	(v) Other current assets	0.65	4.97
		625.78	**1,474.86**
	A+B+C+D+E	**737.69**	**1,810.40**
F	**Minority Interest**	**0.11**	**-#**
G	**Liabilities and provisions**		
	(i) Secured loans	75.29	180.20
	(ii) Unsecured loans	-*	-
	(iii) Current liabilities and provisions	390.46	1,088.55
	(iv) Deferred tax liability – net	2.79	4.25
	(v) Share application money	0.81	36.80
		469.35	**1,309.80**
	Net worth (A+B+C+D+E-F-G)	**268.23**	**500.60**
H	**Represented by**		
	(i) Share Capital		
	-Equity share capital	19.47	125.90
	-Preference share capital	150.00	-
		169.47	**125.90**
	(ii) Reserves and surplus		
	-Securities premium	-**	145.21
	-General reserve	62.50	142.50
	-Profit and loss account	36.26	86.99
		98.76	**374.70**
	Net worth	**268.23**	**500.60**

* Unsecured loans are Rs.2,500 and are shown as Nil due to rounding off.

** Securities premium is Rs. 2,700 and shown as Nil due to rounding off.

\# The losses applicable to minorities in the consolidated financial information have exceeded the minority interests. Hence, the share of losses applicable to the minorities have been restricted to Rs. 101,839 and the excess of share of losses of the minorities over the minority interests amounting to Rs. 90,010 has been adjusted against the majority interests. Accordingly, the minority interest as at 31 March 2007 is Nil.

Note: To be read together with summary of significant accounting policies (Annexure IV) and Notes to consolidated summary statement of profit and loss, as restated, and consolidated summary statement of assets and liabilities, as restated, of Tecpro Systems Limited and its subsidiaries (Annexure V)

For and on behalf of the Board of Directors

S/d
Amul Gabrani
Vice Chairman & Managing Director

Annexure III

Consolidated consolidated cash flow statement, as restated, of Tecpro Systems Limited and its subsidiaries

(Amounts in Rs. Million)

Particulars	Year ended 31 March 2006	Year ended 31 March 2007
Cash flow from operating Activities		
Profit/ (Loss) before tax	**155.50**	**331.30**
Adjustments for:		
Depreciation and amortization	7.45	13.74
Profit on sale of fixed assets	(0.72)	-
Loss on sale of fixed assets	-	0.11
Dividend income	(0.04)	(0.01)
Interest income	(2.37)	(10.13)
Interest expense	16.50	34.72
Bad debts written off	1.31	5.55
Creditor balances written back	-	(0.57)
Provision for bad and doubtful debts	1.57	-
Fixed assets written off	0.13	0.53
Operating (loss)/ profit before changes in working capital	**179.33**	**375.24**
Adjustments for (Increase)/decrease in working capital		
Sundry Debtors	(215.19)	(565.01)
Loans and advances	(40.74)	4.17
Inventories	(56.55)	(137.74)
Current Liabilities and Provisions	148.92	556.32
Net changes in working capital	**15.77**	**232.98**
Direct taxes paid	(36.33)	(55.22)
Fringe benefit tax paid	(1.41)	(2.38)
Cash generated from/ (used in) operations (A)	**(21.97)**	**175.38**
Cash flow from investing activities		
Sale of fixed assets	14.50	0.69
Purchase of business of subsidiaries (net of cash acquired)	-	(126.83)
Purchase of fixed and intangible assets	(77.12)	(103.66)
Purchase of investments	(0.58)	(0.01)
Dividend received	0.03	0.01
Interest received	1.73	5.81
Net cash (used in) /generated from investing activities (B)	**(61.44)**	**(223.99)**

(Amounts in Rs. Million)

Particulars	Year ended 31 March 2006	Year ended 31 March 2007	
Cash flow from financing activities			
Issue of equity share capital	11.50	5.17	
Issue of preference share capital	150.00	-	
Receipt of share application money pending allotment	0.81	24.00	
Refund of share application money	(0.98)	(0.15)	
Securities premium received on issue of equity share capital	0.00#	96.47	
Proceeds from borrowings	34.61	73.47	
Repayment of long-term borrowings	(29.95)	(0.01)	
Increase in short term borrowings	68.46	31.17	
Loan from directors	24.28	147.50	
Term loan from directors repaid	(29.34)	(147.50)	
Preference dividend paid	-	(0.00)	*
Interim dividend paid	(19.83)	-	
Dividend taxes paid	(2.78)	(0.00)	*
Interest paid	(16.28)	(34.89)	
Net cash (used in)/ generated from financing activities (C)	**190.50**	**195.23**	
Net increase/(decrease) in cash and cash equivalents (A+B+C)	**107.09**	**146.62**	
Cash and cash equivalents at the beginning of the year	32.38	139.47	
Cash and cash equivalents at the end of the year	**139.47**	**286.09**	
Cash and cash equivalents at the year end comprise:			
Cash in hand	0.51	0.85	
Balances with scheduled banks:			
- On current accounts	18.86	59.79	
- In other accounts	120.10	225.45	
	139.47	**286.09**	

* Provision for preference dividend and provision for preference dividend tax is Rs. 4,452 and Rs. 624 respectively and are shown as Nil due to rounding off.

Securities premium is Rs. 2,700 and is shown as Nil due to rounding off.

For and on behalf of the Board of Directors

S/d

Amul Gabrani

Vice Chairman & Managing Director

Annexure IV

Significant accounting policies for the year ended 31 March 2007

(a) Principles of Consolidation

The consolidated financial information is prepared solely for the purpose of their inclusion in the draft offer document, in accordance with the principles and procedures prescribed by Accounting Standard 21-"Consolidated Financial Statements" ('AS-21') issued by the ICAI for the purposes of preparation and presentation of consolidated financial statements.

The financial statements of the Company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances and transactions resulting in unrealised profits in full. Unrealised losses resulting from intra-group transactions have also been eliminated unless cost cannot be recovered in full. The amounts shown in respect of accumulated reserves comprise the amount of the relevant reserves as per the balance sheet of the Company and its share in the post acquisition reserves of its subsidiaries. Goodwill arising on consolidation represents the excess of cost of investments to the Company over the Company's portion of equity of the respective subsidiaries, at the date on which investment in the subsidiary is made.

(b) Basis of accounting

The financial statements are prepared and presented under the historical cost convention (except for revaluation of land owned by BAPL, subsidiary of the Company, situated at Plot No. SP 496-497, Industrial Estate, Bhiwadi, Rajasthan – 301019), on the accrual basis of accounting and comply with the Accounting Standards issued by ICAI, to the extent applicable.

(c) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

(d) Revenue recognition

Revenue from sale of goods is recognised on transfer of all significant risks and rewards of ownership in the goods to the customer.

Revenue from services is recognised on rendering of services to customers.

Interest income is recognised using the time proportion method, based on underlying interest rates.

(e) Fixed assets and capital work-in-progress

Fixed assets, including capital work in progress, are stated at cost of acquisition or construction less accumulated depreciation except for land in case of BAPL which is stated at revalued cost less accumulated depreciation. Such revaluation on the date of investment in the subsidiary has been done by an independent valuer. Cost comprises the purchase price and any directly attributable costs of bringing the asset to its working condition for the intended use.

(f) Borrowing cost

Financing costs relating to borrowed funds attributable to construction or acquisition of qualifying assets for the period up to the completion of construction or acquisition of such assets are included in the cost of the assets.

(g) Impairment

The carrying values of assets are reviewed at each reporting date to determine if there is indication of any impairment. If any indication exists, the assets' recoverable amount is estimated. For assets that are not yet available for use, the recoverable amount is estimated at each reporting date. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the Profit and Loss Account. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation, if no impairment loss had been recognised.

(h) Depreciation

Depreciation is provided on a pro-rata basis under the straight line method at rates of depreciation prescribed in Schedule XIV to the Companies Act, 1956, except in respect of furniture and fixtures and office equipment on which depreciation is provided at rates higher than those prescribed in Schedule XIV to the Companies Act, 1956.

The revalued cost of land, revalued on the date of acquisition has been considered as the carrying cost for the purposes of computing amortization of such asset.

Furniture and fixtures and office equipment are depreciated at 20% and 16.67% respectively under the straight line method.

Furniture and fixtures of TI FZE, subsidiary of the Company, are depreciated at 25 % under the straight line method.

The rates of depreciation used reflect the useful lives of assets.
Leasehold land is amortised over the period of the lease. Leasehold improvements are depreciated over the period of lease or the useful life of the underlying asset, whichever is less.

Assets costing individually Rs. 5,000 or less are depreciated fully in the year of purchase.

(i) Intangible assets

Intangible assets comprise computer software and technical know-how and are stated at cost, including taxes, less accumulated amortisation. Computer software is amortised on a straight line basis over three years. Technical know-how is amortised on a straight line basis over its estimated useful life of 50 months, being the period over which the Company expects to derive economic benefits from the use of the technical know-how. The remaining amortisation period of technical know-how as at 31 March 2007 is approximately 29 months.

(j) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost includes all applicable costs incurred in bringing goods to their present location and condition, determined on a first in first out basis.

In determining the cost of inventories, fixed production overheads are allocated on the basis of normal capacity of production facilities.

(k) Foreign currency transactions

Foreign currency transactions are recorded at the exchange rate prevailing on the date of the respective transactions. Monetary foreign currency assets and liabilities remaining unsettled at the Balance Sheet date are translated at the rates of exchange prevailing on that date. Gains / losses arsing on account of realisation / settlement of foreign currency transactions and on translation of foreign currency assets and liabilities (except gains / losses in respect of foreign currency liabilities relating to imported fixed assets) are recognised in the Profit and Loss Account. Gains / losses arising on translation / settlement of foreign currency liabilities relating to imported fixed assets are adjusted in the cost of the respective fixed assets.

Foreign currency transactions of integral foreign operations are accounted for as per Accounting Standard -11 (AS 11) on "Accounting for the Effects of Changes in Foreign Exchange Rates" issued by the Institute of Chartered Accountants of India.

Translation in respect of integral foreign operations:

i. Foreign currency monetary items are translated at the closing rates and the resulting exchange difference is reflected in the Profit and Loss Account. Monetary items include cash, bank balances, loans and advances and current liabilities.

ii. Non-monetary items which are carried in terms of historical cost denominated in foreign currency are translated using the exchange rate at the date of transaction. Non- monetary items include fixed assets and investment in equity shares.

iii. Income and expense items in foreign currency are recorded at the rates of exchange prevailing on the date of transaction.

iv. Exchange differences arising on settlement and translation of foreign currency assets and liabilities at the end of the financial year are recognised as income or expenses in the period in which they arise.

(l) Provisions and contingencies

A provision is created when there is a present obligation as a result of a past event that entails a probable outflow of resources and a reliable estimate can be made of the amount of the obligation. Disclosure of a contingent liability is made when there is a possible but not probable obligation or a present obligation that may, but probably will not, entail an outflow of resources. When there is an obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

(m) Taxation

Income-tax expense comprises current tax (i.e. amount of tax for the year determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). The deferred tax charge or credit and the corresponding deferred tax liabilities and assets are recognised using the tax rates that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward losses under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each Balance Sheet date and are written down or written up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realised.

TI FZE, a subsidiary of the Company has been incorporated in a tax free zone in United Arab Emirates. Hence, no tax liability to be provided in the books.

(n) Retirement benefits

Retirement benefits to employees comprise provident fund, superannuation fund, gratuity and leave encashment.

Provident fund is a defined contribution scheme. Contributions payable to the provident fund are charged to the Profit and Loss Account.

Superannuation fund is a defined contribution scheme. The Company contributes to schemes administered by the Life Insurance Corporation of India ('LIC') to discharge its superannuation liabilities. Contributions payable to superannuation fund are charged to the Profit and Loss Account.

Gratuity and leave encashment costs are defined benefits schemes. Annual contributions to the employee's gratuity fund and leave encashment funds, established with the LIC are determined based on an actuarial valuation by the LIC as at 31 March each year. Further, provision is made for the shortfall, if any, between the amounts required to be contributed to meet the accrued liability for gratuity as determined by the LIC and as determined by an independent actuary as at year-end.

(o) Investments

Long term investments are valued at cost less provision for other than temporary diminution in value. Diminution, if any, is determined individually for each long-term investment.

Current investments are valued at the lower of cost and fair value of individual scrips.

(p) Earnings per share

Basic earnings per share are computed using the weighted average number of equity shares outstanding during the year. Diluted earnings per share are computed using the weighted average number of equity and dilutive potential equity shares outstanding during the year, except where the results would be anti-dilutive.

(q) Leases

Lease arrangements where the risks and rewards incident to ownership of an asset substantially vest with the lessor are recognized as operating leases. Lease rents under operating leases are recognized in the Profit and Loss Account on a straight line basis over the lease term.

For and on behalf of the Board of Directors

S/d

Amul Gabrani

Vice Chairman & Managing Director

Annexure V

Notes to consolidated summary statement of profit and loss, as restated (Annexure I) and consolidated summary statement of assets and liabilities, as restated (Annexure II) of Tecpro Systems Limited and its subsidiaries

1. Below mentioned is the summary of results of adjustments / rectifications made in the Company's audited accounts of the respective years and its impact on profits and losses and assets and liabilities.

(Amounts in Rs. Million)

	Adjustments [(income)/expense] in consolidated summary statement of profit and loss arising out of:	Year ended 31 March 2006	Year ended 31 March 2007
A	**Changes in accounting policies/ correction of accounting policies (refer Note A)** #		
	(a) Depreciation (refer Note 1)	0.04	0.04
	(b) Accounting for preliminary and share issue expenses (refer Note 2)	0.19	-
	(c) Revenue recognition (sales net of cost) (refer Note 3)	2.28	-
	(d) Accounting for restatement of foreign currency balances (refer Note 4)	(0.57)	-
	(e) Accounting for gratuity and leave encashment expenses (refer Note 5)	(0.26)	-
	Total	**1.68**	**0.04**
	Effect of adjustments in A on tax ##		
	(a) Provision for current tax	(0.18)	(0.02)
	(b) Deferred tax charge/ (release)	0.68	(0.70)
B	**Prior period items (refer Note B)** ##		
	(a) Provision for current tax	(5.34)	(0.82)

\# Figures in brackets represent decrease in the profits.
\## Figures in brackets represent release to the Profit and Loss Account.

(Amounts in Rs. Million)

	Cumulative effect of above [increase/ (decrease)] in consolidated summary statement of assets and liabilities:	As at 31 March 2006	As at 31 March 2007
A	**Changes in accounting policies/ correction of accounting policies (Refer Note A)**		
	(a) Reserves and surplus	(0.83)	(0.08)
	(b) Deferred tax liability	0.48	(0.22)
	(c) Current liabilities and provision (refer Note 5)	(0.46)	(0.48)
	(d) Fixed assets (refer Note 1)	(0.82)	(0.78)
B	**Prior period items (refer Note B)**		
	(a) Reserves and surplus	(0.82)	-
	(b) Current liabilities and provisions	0.82	-

A. Changes in accounting policies / correction of incorrect accounting policies

1) *Depreciation*

In respect of assets costing less than Rs. 5,000, depreciation upto 31 March 2005 and in respect of computers, depreciation upto 31 March 2004 was not being charged at rates prescribed in Schedule XIV to the Companies Act, 1956 in the accounts of the Company. Accordingly, depreciation on such assets has been recomputed as per the rates prescribed in Schedule XIV to the Companies Act, 1956 for the relevant years and consequently, adjustments have been made in the consolidated summary statement of profit and loss, as restated and the consolidated summary statement of assets and liabilities, as restated for the years ended 31 March 2006 and 31 March 2007.

2) *Miscellaneous expenditure to the extent not written off*

With effect from 1 April 2005, the Company adopted the accounting policy of writing off preliminary expenses comprising ROC fees, stamp duty charges, etc., in the year in which they were incurred. Accordingly, such expenses were written off in the accounts. Upto the year ended 31 March 2005, such expenses were being amortised and the unamortised balance was carried forward under the head 'Miscellaneous expenditure to the extent not written off'. However, for the purposes of consolidated summary statement of profit and loss, as restated, and the consolidated summary statement of assets and liabilities, as restated, such expenses have been written off in the years in which they were incurred with consequential impact on the year ended 31 March 2006.

3) *Revenue recognition*

In respect of domestic sales, the Company recognised revenue when goods were invoiced on despatch to customers for the financial years ended on 31 March 2003, 31 March 2004 and 31 March 2005. Recognition of revenue on despatch in respect of domestic sales, read with certain other conditions in sales contracts, was not appropriate in those cases where significant risks and rewards of ownership in goods did not pass to the buyer on despatch.

Accordingly, adjustments have been made in the summary statement of profit and loss, as restated and the summary statement of assets and liabilities, as restated for the years ended 31 March 2003, 31 March 2004 and 31 March 2005 with consequential impact on the year ended 31 March 2006. The impact of these adjustments has been reflected in sales, debtors, inventories and increase/ (decrease) in inventories and is tabulated below:

(Amounts in Rs. Million)

	Year ended 31 March 2006
Profit and loss account	
(Increase)/ decrease in sales	(17.87)
Increase/ (decrease) in inventory	15.59
Balance Sheet	
Increase/ (decrease) in debtors	-
Increase/ (decrease) in inventory	-
(Increase)/ decrease in opening reserves	2.28

4) *Foreign currency transactions*

For the year ended 31 March 2006, the Company had in accordance with Accounting Standard 11 on "The Effects of Changes in Foreign Exchange Rates" issued by ICAI restated monetary foreign currency assets and liabilities remaining unsettled at the Balance Sheet date at the rates of exchange prevailing on that date. Upto 31 March 2005, no such restatements were recorded in the audited financial statements. Accordingly, adjustments on account of the above restatements have been made in the consolidated summary statement of profit and loss, as restated and consolidated summary statement of assets and liabilities, as restated, for the year ended 31 March 2006.

5) *Provision for gratuity and leave encashment*

The Company has changed the method of computing charge for gratuity from full liability basis for the years ended 31 March 2003, 31 March 2004 and 31 March 2005 to actuarial valuation for the year ended 31 March 2006. Accordingly, provision for gratuity has been recomputed on the basis of actuarial valuation for each preceding year and consequently the adjustments have been made in the consolidated summary statement of profit and loss, as restated and consolidated summary statement of assets and liabilities, as restated, for the year ended 31 March 2006.

The Company did not accrue for leave encashment for the year ended 31 March 2003. Also, the Company has changed the method of computing charge for leave encashment from full liability basis for the years ended 31 March 2004 and 31 March 2005 to actuarial valuation for the year ended 31 March 2006. Accordingly, provision for leave encashment has been recomputed on the basis of actuarial valuation for each preceding year and consequently the adjustments have been made in the consolidated summary statement of profit and loss, as restated and consolidated summary statement of assets and liabilities, as restated for the year ended 31 March 2006.

B. Prior period items

In the financial statements for the year ended 31 March 2006, income tax expense pertaining to the years ended 31 March 2003 and 31 March 2005, has been disclosed as a prior period item. For the purposes of consolidated summary statement of profit and loss, as restated and the consolidated summary statement of assets and liabilities, as restated, such prior period item has been appropriately adjusted in the respective years.

In the financial statements for the year ended 31 March 2007, income tax expense pertaining to the years ended 31 March 2004 and 31 March 2005 has been disclosed as a prior period item. For the purposes of consolidated summary statement of profit and loss, as restated and the consolidated summary statement of assets and liabilities, as restated, such prior period item has been appropriately adjusted in the respective years.

C. Taxation

Provision for taxation for the respective years has been computed on the above adjusted profits on the basis of the rates applicable to the respective years.

2. **Other audit qualifications, which do not require any corrective adjustments in the consolidated financial information, are as follows:**

1) **Financial year ended 31 March 2006 of the Company**

(a) The Company needs to strengthen its internal audit system to make it commensurate with the size and nature of its business.

(b) There were certain instances of delays in depositing undisputed advance income tax dues during the year.

2) **Financial year ended 31 March 2007 of the Company**

(a) As required by the Companies Act, 1956, Blossom Automotive Private Limited, wholly subsidiary of the Company, has not taken the prior approval of the Central Government under Section 295, for the guarantee and collateral security provided by Blossom Automotive Private Limited with respect to credit facilities obtained and loans taken by the Company from the State Bank of India. The Company, Blossom Automotive Private Limited and their respective officers after 31 March 2007, have however taken suitable actions in this matter including causing of vacation of the charge created over the said property, release of guarantee provided by Blossom Automotive Private Limited and have filed an application for compounding of the said violation under the Companies Act, 1956. The final hearing of the application is pending with the Central Government.

The financial statements of the Company for the year ended 31 March 2007, approved by the Board of the Company on 4 June 2007, have been revised on 22 August 2007 to include the above matter.

(b) The Company has an internal audit system. However, the scope and coverage needs to be enhanced to make it commensurate with the size and nature of its business.

(c) There were certain instances of delays in depositing undisputed advance income tax dues during the year.

3. **No adjustments and regroupings were required to be made to the statement of profits and losses, statements of assets and liabilities and statements of cash flows of the subsidiaries.**

4. **Goodwill on consolidation as on 31 March 2007 comprises the following:**

(Amount in Rs. Millions)

Name of the Subsidiary	**Goodwill**
1. Tecpro Energy Limited	0.11
2. Tecpro Power Systems Limited	5.21
3. Blossom Automotive Private Limited	12.68
Total	**18.00**

5. **Notes on Consolidation**

The consolidated financial information comprising consolidated summary statement of profits and losses, as restated, consolidated summary statement of assets and liabilities, as restated and consolidated statement of cash flows, as restated, includes the financial statements of Tecpro Systems Limited (formerly Tecpro Systems Private Limited) ('TSL' or 'the Company') and its subsidiaries, Tecpro Energy Limited (formerly Tecpro Energy Private Limited) ('TEL'), Tecpro

Power Systems Limited (formerly Tecpro Power Systems Private Limited) ('TPSL'), Blossom Automotive Private Limited ('BAPL') and Tecpro International FZE ('TI FZE') for the financial years ended 31 March 2006 and 31 March 2007.

The accounts of TEL have been consolidated with the accounts of the Company from 24 March 2006, being the date on which the Company acquired the ownership interest in TEL. The Company's equity shareholding in TEL is 87.38 % (i.e. 90,000 equity shares) as at 31 March 2007. TEL has been incorporated in India.

The accounts of BAPL have been consolidated with the accounts of the Company from 17 October 2006, being the date on which the Company acquired the ownership interest in BAPL. BAPL is a wholly owned subsidiary of the Company as at 31 March 2007. The Company holds 400,000 equity shares of BAPL as at 31 March 2007. Out of the above, 1,000 equity shares are held by directors of BAPL and in respect of which the company is a beneficial owner. BAPL has been incorporated in India.

The accounts of TI FZE have been consolidated with the accounts of the Company from 19 August 2006, being the date on which the Company acquired the ownership interest in TI FZE. The Company holds 1 equity share in TI FZE. TI FZE is a wholly owned subsidiary of the Company. TI FZE has been incorporated in United Arab Emirates.

The accounts of TPSL have been consolidated with the accounts of the Company from 23 February 2007, being the date on which the Company acquired the ownership interest in TPSL. The Company's equity shareholding in TPSL is 97.39 % (i.e. 477,200 equity shares) as at 31 March 2007. TPSL has been incorporated in India.

6. Other significant notes (based on audited financial statements of the Company and its subsidiaries)

Tecpro Systems Limited ('TSL' or 'the Company') (formerly Tecpro Systems Private Limited) was incorporated as a private limited company on 7 November 1990. The Company started its operations during the year ended 31 March 2002. The Company started to supply material handling systems, viz. idlers, conveyors and conveyor components during the year. The Company was also engaged in fabrication work related to the above systems.

1) Year ended 31 March 2006

a) The Company commissioned its plant at Bawal, Haryana. This plant is mainly used to manufacture crushers, roller screens and structures.

b) The Company has allotted 10 equity shares of Rs. 10 each at a premium of Rs. 90 per share and 499,990 0.01% cumulative convertible preference shares (CCPS) of Rs. 100 each of the Company to Avigo Venture Investments Limited and has allotted 20 equity shares and 999,980 CCPS to Metmin Investments Holdings Limited on similar terms.

For conversion of CCPS, a conversion date has been defined in the agreement with preference shareholders. The conversion date means earliest of the following dates:

(i) 30 September 2006.
(ii) 30 days from the adoption of annual accounts in respect of the year ended 31 March 2006.
(iii) the date immediately preceding the date of filing of an offer document for the Company's Initial Public Offer.
(iv) the date immediately preceding the decision of the Company proposing specified liquidity event or corporate restructuring event or material breach of the shareholders agreement by the promoters (i.e. Mr. Amul Gabrani and Mr. Ajay Kumar Bishnoi) of the Company.

Conversion price for CCPS will be determined on the basis of pre money valuation of Rs. 77

Crores or 8 (eight) times the profit after tax for the year ended 31 March 2006 less any amount of dividend declared/paid for the financial year 2005-06 or financial year 2004-05 or financial year 2003-04 and any other long term debt, whichever is lower, subject to the condition that a minimum of 370,200 equity shares of Rs. 10 each shall be issued to the preference shareholders on the conversion of CCPS.

c) Tecpro Energy Limited (TEL) (formerly Tecpro Energy Private Limited), a subsidiary of the Company (with effect from 24 March 2006), is an engineering company formed with an objective of generation, production, manufacturing, transmission, supply and distribution of electric power to different categories of consumers. TEL has not yet commenced commercial operations.

TEL was incorporated as a private limited company on 9 June 2005 under the name of "Tecpro Manufacturing Private Limited". The name was changed to "Tecpro Energy Private Limited" vide fresh Certificate of Incorporation dated 27 June 2006. On 30 May 2007, it was converted into a public limited company and the name was changed to "Tecpro Energy Limited" vide a 'fresh certificate of incorporation consequent upon change of name on conversion to public limited company'.

2) Year ended 31 March 2007

a) *Redemption of 0.01% Cumulative Convertible Preference Shares by the Company* During the year ended 31 March 2007, the Company had converted its 1,499,970, 0.01% cumulative convertible preference shares (CCPS) of Rs. 100 each into 387,500 equity shares of Rs. 10 each at a premium of Rs. 377.09 per share.

The above conversion price for CCPS was determined on the basis of eight times the profit after tax for the year ended 31 March 2006 less the amount of dividend declared/paid for the financial years ended 2005-06, 2004-05, 2003-04 and any other long term debt, as per the terms of shareholder agreement dated 10 December 2005 executed between the promoters (i.e Amul Gabrani and Ajay Kumar Bishnoi) of the Company, the Company and the foreign investors (i.e. Avigo Venture Investments Limited and Metmin Investments Holdings Limited) of the Company.

b) Tecpro Power Systems Limited (TPSL) (Tecpro Power Systems Private Limited) , a subsidiary of the Company (with effect from 23 February 2007), has been formed with the objective of purchasing, selling, producing, trading, manufacturing or otherwise dealing in all aspects of research, design, engineering, installation, commissioning, construction, operation and maintenance of power generation plants and power systems. TPSL has not yet commenced its commercial operations.

TPSL was incorporated as a private limited company on 21 October 2005 under the name of "Tecpro Power Systems Private Limited". On 30 May 2007, the Company was converted into a public limited company and the name was changed to "Tecpro Power Systems Limited" vide a 'fresh certificate of incorporation consequent upon change of name on conversion to public limited company'.

c) During the year ended 31 March 2007, TPSL has received Rs. 32,000,000 from Metmin Investments Holdings Limited (MIHL) towards equity share application money which is pending allotment as at the year end. TPSL intends to allot these equity shares at par i.e Rs. 10 per share.

d) Blossom Automotive Private Limited (BAPL) , a subsidiary of the Company (with effect from 17 October 2006), is primarily engaged in purchasing, selling, producing, trading, manufacturing or otherwise dealing in all aspects of research, design, engineering, installation, commissioning, construction, operation and maintenance of power generation plants and power systems. BAPL has not yet started its commercial operations. BAPL was incorporated as a private limited company on 19 July 2005.

On 17 October 2006, being the date on which investment was made into BAPL by the Company, fair market valuation has been carried out of the leasehold land at the Bhiwadi factory by an independent valuer. As per the valuation report, the fair market of the land has been assessed at Rs. 114.314 million. Accordingly, the leasehold land has been appreciated by Rs. 76.086 million.

e) Tecpro International FZE (TI FZE), a subsidiary of the Company (with effect from 19 August 2006), is registered in the Jebel Ali Free Zone, Dubai pursuant to Dubai Law No. (9) of 1992 and the Implementing Regulations No. 1/92 issued thereunder by the Jebel Ali Free Zone Authority. The principal activity of TI FZE is dealing in turnkey projects, material handling systems, crushing and screening plants, industrial products and all engineering and non engineering goods. The principal place of business of TI FZE is located at Jebel Ali Free Zone, Dubai. TI FZE was incorporated as a limited liability company on 19 August 2006.

f) Contingent liabilities as at 31 March 2007

1. Claims against the Company not acknowledged as debts (pertaining to excise matters) – Rs. 297,558.

2. Guarantees given by the Company on behalf of another company amounting to Rs. 60,000,000.

3. Bills discounted (including cheques discounted) with recourse amounting to Rs. 47,609,385.

4. The Employee Provident Fund Organisation (EPFO) has on 9 September 2005 issued a clarification as per which provident fund contribution should be deducted on leave encashment paid from 1 May 2005 onwards. It has also been stated that the claims between 1 October 1994 and 30 April 2005 should be kept in abeyance till this issue is decided by the Central Board of Trustees. In another clarification issued on 24 November 2005, the EPFO has stated that presently deduction of provident fund on leave encashment at the time of superannuation may not be insisted upon. This matter is also to be decided by the Central Board of Trustees.

   Due to the pending decision by the Central Board of Trustees, a contingent liability, the amount of which presently is not reasonably ascertainable, exists for provident fund on leave encashment on claims between 1 October 1994 and 30 April 2005 and on provident fund on leave encashment at the time of superannuation.

For and on behalf of the Board of Directors

S/d

Amul Gabrani

Vice Chairman & Managing Director

Annexure VI

Consolidated statement of dividends declared

The dividends declared by the Company during the years ended 31 March 2006 and 31 March 2007 are presented below:

	Year ended 31 March 2006	**Year ended 31 March 2007**
Equity share capital		
Number of shares of face value of Rs. 10 each	1,946,750	12,590,420
Rate of dividend (%) – Interim	130	70
Amount of dividend – Interim (in Rs. Million)	19.83	63.02
Total Corporate Dividend Tax (in Rs. Million)	2.78	10.71
Cumulative Convertible Preference share capital (CCPS) (Refer Note 1 below)		
Number of shares of face value of Rs. 100 each	1,499,970	-
Rate of dividend (%) – Final	0.01	-
Amount of dividend – Final (in Rs. Million)	Note 1	-
Total Corporate Dividend Tax (in Rs. Million)	Note 1	-

Note:

1. Preference dividend amounting to Rs. 4,452 and preference dividend tax amounting to Rs. 624 have been provided for and are shown as Nil due to rounding off.

2. No dividends have been declared by the subsidiaries during the years ended 31 March 2006 and 31 March 2007.

For and on behalf of the Board of Directors

S/d

Amul Gabrani

Vice Chairman & Managing Director

Annexure VII

Consolidated statement of secured and unsecured loans

Unsecured loans, as restated

(Amounts in Rs. Million)

Source	As at 31 March 2006	As at 31 March 2007
From promoters	0.00 **	-
Total	**-**	**-**

Note:

** The unsecured loan from promoters as at 31 March 2006, amounting to Rs. 2,500, is an interest-free loan repayable on demand and is shown as Nil due to rounding off.

Secured loans, as restated

(Amounts in Rs. Million)

Source	As at 31 March 2006	As at 31 March 2007
1. Term loans from bank	0.10	68.46
2. Export packing credit from bank	28.62	37.61
3. Cash credit from bank	14.11	34.83
4. Overdraft from bank	25.90	27.36
5. Car loans from bank	6.04	7.04
6. Car loans from others	0.32	4.90
7. Interest accrued and due on term loan	0.20	-
Total	**75.29**	**180.20**

The terms and conditions of the secured loans outstanding as at 31 March 2007, including interest rates, principal terms of security and repayment terms are given in the table below:

Source	Security	Interest rate	Repayment terms
1. Term Loans from banks comprise:-			
a. Working capital loan Rs. 0.12 million	Secured against mortgage of factory land and building and movable fixed assets of the Company.	9.50%	Repayable in 14 quarterly □nstalments of Rs. 5,556 each. Rs. 43,387 payable immediately.
b. For Construction of Seruseri Office (Chennai) Rs.17.29 million	Secured by way of mortgage of assets created or to be created by construction of Company's new office by utilising the loan and a charge on the entire receivables from the proposed office.	13.50%	Repayable in 81 monthly □nstalments starting from April 2008.
c. Working capital loan Rs. 51.05 million	Secured by way of Company owned movable and immovable fixed assets as well as certain assets of certain directors of the Company.	9.75%	4 monthly □nstalments of Rs. 12,500,000 starting from April 2007.
2. Export packing credit from bank. Rs. 37.61 million	Secured against first charge on the current assets of the Company.	8.25-9%	As per the agreement, the facility terminates on 14 June 2007.
3. Cash credit from bank Rs. 34.83 million	Secured against first charge on the current assets of the Company.	11.50%	As per the agreement, the facility terminates on 14 June 2007.
4. Overdraft from bank Rs. 27.36 million	Secured against fixed deposits placed with the bank.	7-8.5%	This loan is against fixed deposits placed with Vijaya bank. No repayment terms are mentioned.
5. Car loans from bank Rs. 7.04 million	Secured against respective vehicles.	6.42%-11.28%	Amount payable within one year from the Balance Sheet date Rs. 4,001,674. Amount payable between one year to three years Rs. 3,036,109.
6. Car loans from others Rs. 4.90 million	Secured against respective vehicles.	7%-10.39%-	Amount payable within one year from the Balance Sheet date Rs. 1,942,882. Amount payable between one year to three years Rs. 2,957,900.

Note:

1. All the above loans, except car loans, are also guaranteed by promoters of the Company.

2. Blossom Automotive Private Limited (subsidiary of the Company) has provided a guarantee and collateral security for all the above loans, except for car loans and overdrafts from bank.

For and on behalf of the Board of Directors

S/d
Amul Gabrani
Vice Chairman & Managing Director

Annexure VIII

Consolidated statement of Accounting Ratios

Particulars	Year ended 31 March 2006	Year ended 31 March 2007
Net Profit before extraordinary items but after adjusted tax (Rs. Million) **(A)**	97.61	204.36
Net worth at the end of the year (Rs. Million) **(B)**	268.23	500.60
Net worth excluding preference share capital at the end of the year (Rs. Million) **(C)**	118.23	500.60
Weighted average number of equity shares outstanding during the year **(D)** (Refer note 7 below)	7,638,640	11,571,043
Weighted average number of equity shares and dilutive potential equity shares outstanding during the year **(F)** (Refer note 7 below)	9,076,366	12,385,382
Total number of equity shares outstanding at the end of the year **(E)**	1,946,750	12,590,420
Earnings per equity share (Rs.)		
- Basic **(A/D)**	12.78	17.66
- Diluted **(A/F)**	10.75	16.50
Return on Net Worth (%) **(A/B)**	36.39	40.82
Net asset value per share (Rs) **(C/E)**	60.73	39.76

Notes:

1. The ratios have been computed as follows:

Earnings per share $= \dfrac{\textit{Net profit attributable to equity shareholders}}{\textit{Weighted average number of equity shares outstanding during the year/period}}$

Return on net worth	$\dfrac{\textit{Net profit after adjusted tax}}{\textit{Net worth as at the end of the year}}$	x 100
Net asset value per equity share	$\dfrac{\textit{Net worth as at the end of the year}}{\textit{Number of equity shares outstanding at the end of the year}}$	

2. Consolidated restated net profit, as appearing in the consolidated summary statement of profits and losses, as restated and net worth as appearing in the consolidated statement of assets and liabilities, as restated, has been considered for the purpose of computing the above ratios.

3. Earnings per share calculations are done in accordance with Accounting Standard 20 "Earnings Per Share" issued by the ICAI.

4. For the purpose of computing Return on Net Worth, preference share capital has been included and share application money has not been included for calculating Net Worth.

5. For the purpose of calculating basic earnings per share for the year ended 31 March 2006, preference dividend of Rs. 4,452 and dividend tax of Rs. 624 have been reduced from the profits.

6. For the purpose of calculating Net Assets Value, preference share capital and share application money has not been included for calculating the Net Worth.

7. For the purpose of computing weighted average number of equity shares outstanding during the year and weighted average number of dilutive potential equity shares outstanding during the year, bonus shares issued upto the adoption of audited financial statements for the year ended 31 March 2007, has been considered.

8. Subsequent to 31 March 2007 but, prior to adoption of audited financial statements for the year ended 31 March 2007, the Company has issued 1 bonus share for every equity share to each shareholder by way of capitalisation of its securities premium account, securities premium being generated on conversion of preference share capital and on further issue of capital subsequent to 31 March 2006. The total number of bonus shares issued consequent to the above was 12,698,750. The basic and diluted earnings per share calculated after considering the impact of bonus shares issued aggregating 12,610,420 shares (pertaining to basic and diluted shares as at 31 March 2007) would be as under:

Particulars	**Year ended 31 March 2006**	**Year ended 31 March 2007**
Net profit after adjusted tax (Rs. Million) **(A)**	97.61	204.36
Weighted average number of bonus shares issued pertaining to the equity shares outstanding at the respective year ends	7,638,355	11,556,781
Weighted average number of bonus shares issued pertaining to the dilutive potential equity shares outstanding at the respective year ends	1,438,011	704,765
Weighted average number of equity shares outstanding during the year after bonus issue **(B)**	15,276,995	23,127,824

Particulars	**Year ended 31 March 2006**	**Year ended 31 March 2007**
Weighted average number of equity shares and dilutive potential equity shares outstanding during the year after bonus issue **(C)**	18,152,732	24,646,928
Earnings per equity share		
- Basic **(A/B)** (in Rupees)	6.39	8.84
- Diluted **(A/C)** (in Rupees)	5.38	8.29

For and on behalf of the Board of Directors

S/d

Amul Gabrani

Vice Chairman & Managing Director

Annexure IX

Consolidated statement of capitalisation as at 31 March 2007, as restated

(Amounts in Rs. Million)

Particulars	Pre-issue	Post-issue
Borrowings		
Short term debts	156.84	
Long term debts	23.36	
Total debts	**180.20**	
Shareholders' funds		
Share capital	125.90	
Reserves		
- General reserve	142.50	
- Securities premium	145.21	
- Profit and loss account	86.99	
Total shareholders' funds	**500.60**	
Long term debt / equity ratio	0.047:1	

Notes:

1. Term loans and car loans repayable within the next one year from 31 March 2007 are considered as short-term debts. Export packing credit, cash credit and overdraft received from banks are considered as short term debts.

2. Long term debt represents debt other than short term debt, as defined above.

3. The post-issue debt equity ratio will be computed on the conclusion of the book building process.

4. The figures included above are as per the consolidated summary statements of assets and liabilities, as restated and consolidated summary statements of profits and losses, as restated.

5. Share Capital of Rs. 125.90 million does not include share application money pending allotment amounting to Rs. 36.80 million.

6. Subsequent to 31 March 2007 (which is the last date as of which financial information has been given in this document), 108,330 equity shares of Rs. 10 each have been issued at a premium of Rs. 230 per share. Consequent to this allotment, a bonus of 1 equity share for every 1 equity share has been declared by the Company and hence, 12,698,750 equity shares of Rs. 10 each have been allotted to the shareholders of the Company by utilising the amount available in the securities premium account.

7. Long term debt / equity ratio $\frac{\text{Long term debt}}{\text{Total shareholder's funds}}$

For and on behalf of the Board of Directors

S/d
Amul Gabrani
Vice Chairman & Managing Director

Annexure X

Consolidated statement of tax shelters, as restated

(Amount in Rs. Million, except for tax rates)

	For the financial year ended on	
	31 March 2006	**31 March 2007**
Profit / loss before current and deferred taxes, as restated **(A)**	155.50	331.30
Tax Rate - Normal **(B)**	33.66%	33.66%
Tax expense at applicable tax rate on restated profits **(D) = (A) * (B)**	52.34	111.52
Permanent Differences		
Exempt dividend income	(0.04)	(0.01)
Interest on delay in deposit of tax deducted at source	0.04	0.06
Charity and donation	0.11	0.29
Fines and penalties	0.01	-
Wealth tax	0.01	0.02
Expenses for proposed public issue	-	5.60
Increase of authorised share capital	-	0.20
Total (F)	**0.13**	**6.16**
Temporary Differences		
Difference between tax depreciation and book depreciation	(8.41)	(5.70)
Assets written off	0.13	0.53
Provision for leave encashment	0.03	2.77
Provision for gratuity	0.36	1.74
(Profit)/ Loss on sale of assets	(0.72)	0.11
Provision for doubtful debts	1.57	(1.57)
Tax losses of subsidiary company	-	6.34
Total (G)	**(7.04)**	**4.22**
Net Adjustments **(H) = (F) + (G)**	(6.91)	10.38
Tax expenses/(savings) thereon **(I) =(H) * (B)**	(2.32)	3.49
Net impact (J) = (D) + (I)	**50.02**	**115.01**
Interest on tax payments	3.77	8.24
Tax provision - Current tax (restated)	**53.79**	**123.25**

For and on behalf of the Board of Directors

S/d
Amul Gabrani
Vice Chairman & Managing Director

Annexure XI

Break up of ageing schedule of sundry debtors - Consolidated, as restated

(Amounts in Rs. Million)

	As at 31 March 2006	**As at 31 March 2007**
Unsecured and considered good		
Debts outstanding for a period	77.50	111.10
- exceeding six months		
- less than six months	254.63	780.50
Considered doubtful		
- debts outstanding for a period exceeding six months	1.57	-
	333.70	**891.60**
Less: Provision for doubtful debts	1.57	-
	332.13	**891.60**

For and on behalf of the Board of Directors

S/d
Amul Gabrani
Vice Chairman & Managing Director

Break up of loans and advances – Consolidated, as restated

(Amounts in Rs. Million)

	As at 31 March 2006	**As at 31 March 2007**
Unsecured and considered good		
Advances recoverable in cash or in kind or for value to be received	42.52	38.90
Advance tax (net of provision for tax)	-	0.22
Security deposits	4.68	9.02
Share application money pending allotment	1.04	-
Balances with Government authorities	4.43	5.46
	52.67	**53.60**

Notes:

I. Balances due from promoter / promoter groups / promoter group companies as at 31 March 2007 include:

1. Amount due from directors of the Company Rs.138,941.

2. Amounts due from companies forming part of the promoter group as defined in the SEBI guidelines:-

    a. Rs. 201,867 from Tecpro Stones Private Limited.

II. Balances due from promoter / promoter groups as at 31 March 2006 include:

1. Amount due from directors of the Company Rs.104,837.

2. Amounts due from companies forming part of the promoter group as defined in the SEBI guidelines:-

    a. Rs. 650 from Tecpro Power Systems Limited (formerly Tecpro Power Systems Private Limited).

3. Share application money relates to application made for 103,500 equity shares in Tecpro Power Systems Limited (formerly Tecpro Power Systems Private Limited) ("TPSL"), which is pending allotment. TPSL was forming part of the promoter group as defined in the SEBI Guidelines as at 31 March 2006.

For and on behalf of the Board of Directors

S/d

Amul Gabrani

Vice Chairman & Managing Director

Annexure XII

Consolidated statement of Investments, as restated

(Amounts in Rs. Million)

	As at 31 March 2006	**As at 31 March 2007**
Mutual funds		
Principal Focused Advantage Fund 23,960.90 units of face value Rs. 10 each	0.25	0.25
Principal Large Cap Fund 19,559.90 units of face value Rs. 10 each	0.20	0.20
Principal Dividend Yield Fund 4,327.52 units of face value Rs. 10 each including dividend reinvestment	0.06	0.06
Principal Personal tax Saver Fund 470.06 units of face value Rs. 100 each	0.07	0.07
Principal Junior Cap Fund 25,000 units of face value Rs. 10 each	0.25	0.25
Principal Monthly Income Plan 9,884.45 units of face value Rs. 10 each	0.10	0.10
Equity Stock – Quoted		
Vijaya Bank Shares 600 equity shares of Rs. 10 each fully paid up	0.01	0.01
Total	**0.94**	**0.94**
Aggregate book value and market value of quoted investments and book value of unquoted investments:		
Mutual funds		
- Aggregate book value	0.92	0.93
- Aggregate net asset value	1.22	1.26
Equity Stock – Quoted		
- Aggregate book value	0.01	0.01
- Aggregate market value	0.03	0.03

For and on behalf of the Board of Directors

S/d
Amul Gabrani
Vice Chairman & Managing Director

Annexure XIII

Consolidated statement of related party disclosures, as restated

1) Related party disclosures for the financial years ended 31 March 2006 and 31 March 2007

a) **Related parties**

(i) For the year ended 31 March 2007

Related party(other than subsidiaries) and nature of relationship where control exists

Key management personnel	Ajay Kumar Bishnoi Amul Gabrani Bhagwanti Gabrani Arvind Kumar Bishnoi Goldie Gabrani

Related party (other than subsidiaries) and nature of the related party relationship with whom transactions have taken place during the year

Key management personnel	Ajay Kumar Bishnoi Amul Gabrani Bhagwanti Gabrani Arvind Kumar Bishnoi Goldie Gabrani
Enterprises over which key management personnel exercise significant influence	Experienced Hi Tech Consultancy Services Private Limited Tecpro Engineers Private Limited Tecpro Stones Private Limited
Individuals owing directly or indirectly, an interest in voting power and significant influence over the enterprise.	Achal Ghai

(ii) For the year ended 31 March 2006

Related party(other than subsidiaries) and nature of relationship where control exists

Key management personnel	Ajay Kumar Bishnoi Amul Gabrani Bhagwanti Gabrani Arvind Kumar Bishnoi

Related party (other than subsidiaries) and nature of the related party relationship with whom transactions have taken place during the year

Key management personnel	Ajay Kumar Bishnoi Amul Gabrani Bhagwanti Gabrani Arvind Kumar Bishnoi
Enterprises over which key management personnel exercise significant influence	Experienced Hi Tech Consultancy Services Private Limited Tecpro Engineers Private Limited Tecpro Power System Private Limited

(Amounts in Rs. Million)

b) **Transactions during the financial years ended 31 March 2006 and 31 March 2007**

	Key management personnel (Including relatives)	**Enterprises over which Key management personnel (including relatives) exercise significant influence**	**Individuals owing directly or indirectly, an interest in voting power and significant influence over the enterprise**
Sale of fixed assets	-	-	-
	(14.50)	(-)	(-)
Remuneration *	35.15	-	-
	(14.38)	(-)	(-)
Bonus shares issued during the year	76.05	-	5.21
	(-)	(-)	(-)
Dividend on equity shares	46.12	-	3.27
	(19.83)	(-)	(-)
Services received	-	-	-
	(-)	(1.98)	(-)
Rent expenses	2.98	-	-
	(0.64)	(-)	(-)
Interest expense on loan taken	1.51	-	-
	(-)	(-)	(-)
Securities premium received	0.05	-	-
	(-)	(-)	(-)
Share application money paid, pending allotment	-	-	-
	(-)	(1.04)	(-)
Share application money received and refunded	-	-	-
	(0.05)	(-)	(-)
Share application money refunded	- #	-	-
	(-)	(-)	(-)
Equity shares issued during the year	0.01	-	0.84
	(11.13)	(-)	(-)
Amount paid on behalf of other parties	-	0.20	-
	(-)	- @	(-)
Balance written off	-	- $	-
	(-)	(-)	(-)

	Key management personnel (Including relatives)	Enterprises over which Key management personnel (including relatives) exercise significant influence	Individuals owing directly or indirectly, an interest in voting power and significant influence over the enterprise
Advance paid and recovered	-	0.48	-
	(-)	(-)	(-)
Loans received during the year	147.50	-	-
	(0.49)	(-)	(-)
Loans repaid during the year	147.50	-	-
	(5.55)	(-)	(-)
Amount paid by other parties on behalf of the Company and reimbursed by the Company	-	2.50	(-)
	(-)	(-)	(-)
Guarantee given by Company on behalf of other party	-	60.00	-
	(-)	(-)	(-)
Guarantees given by other parties on behalf of the Company	##	-	-
	##	(-)	(-)

c) **Outstanding balance as at 31 March 2006 and 31 March 2007**

Interest-free loan	-	-	-
	(-) ^^/^	(-)	(-)
Amount receivable on account of payments made on behalf of these parties	-	0. 20	-
	(-)	(-) @	(-)
Advances recoverable	-	-	-
	(-)	(1.04)	(-)
Business advances recoverable	0.14	-	-
	(0.10)	(-)	(-)
Business advances payable	0.18	-	-
	(0.11)	(-)	(-)
Rent payable	0.01	-	-
	(0.01)	(-)	(-)

Figures in brackets relate to previous year

Guarantees given for all secured loans except car loans (also refer Annexure VII)

$ Balance written off amounting to Rs. 682 is shown as Nil due to rounding off.

@ Payment made on behalf of these parties during the year ended 31 March 2006, receivable as at that year end amounting to Rs. 650 has been shown as Nil due to rounding off.

^ Loan receivable as at 31 March 2006 amounting to Rs. 2,000 is shown as Nil due to rounding off .

^^ Loans taken amounting to Rs. 500 is shown as Nil due to rounding off.

Share application money refunded amounting to Rs. 1,000 is shown as Nil due to rounding off.

d) **Details of related parties with whom transactions exceed 10% of the class of transaction**

Name of Related Party	Nature of Transaction	Year ended 31 March 2006	Year ended 31 March 2007
Ajay Kumar Bishnoi	Sale of fixed assets	7.25	-
Amul Gabrani	Sale of fixed assets	7.25	-
Ajay Kumar Bishnoi	Rent expenses	0.24	1.25
Amul Gabrani	Rent expenses	0.24	1.25
Ajay Kumar Bishnoi	Interest expense on loan taken	-	0.37
Amul Gabrani	Interest expense on loan taken	-	1.14
Ajay Kumar Bishnoi	Dividend on equity shares	9.39	21.87
Amul Gabrani	Dividend on equity shares	10.14	23.04
Ajay Kumar Bishnoi	Remuneration	6.55	17.12
Amul Gabrani	Remuneration	6.55	17.12
Ajay Kumar Bishnoi	Bonus shares issued during the year	-	36.20
Amul Gabrani	Bonus shares issued during the year	-	38.00
Manju Bishnoi	Securities premium received	-	0.04
Menaka Bishnoi	Securities premium received	-	0.01
Tecpro Power Systems Private Limited	Share application money, pending allotment	1.04	-
Achal Ghai	Equity shares issued during the year	-	0.84
Experience Hitech Consultancy Services Private Limited	Balance written off	-	Note 1
Tecpro Engineers Private Limited	Advance paid and recovered	-	0.48
Tecpro Engineers Private Limited	Amount paid by other parties on behalf of the Company and reimbursed by the Company	-	2.50
Tecpro Power Systems Private Limited	Amount paid on behalf of others	Note 2	-
Ajay Kumar Bishnoi	Loan received during the year	0.49	47.50
Ajay Kumar Bishnoi	Loan repaid during the year	2.50	47.50
Amul Gabrani	Loan received during the year	-	100.00
Amul Gabrani	Loan repaid during the year	3.05	100.00
Tecpro Engineers Private Limited	Guarantee given by Company on behalf of other parties	-	60.00
Tecpro Engineers Private Limited	Services received	1.98	-
Amul Gabrani	Share application money received and refunded	0.05	-
Amul Gabrani	Share application money refunded	-	Note 3

Note 1: Balances written off amounting to Rs. 682 is shown as Nil due to rounding off.

Note 2: Amount paid on behalf of other parties amounting to Rs. 650 is shown as Nil due to rounding off.

Note 3: Share application money refunded amounting to Rs. 1,000 is shown as Nil due to rounding off.

For and on behalf of the Board of Directors

S/d
Amul Gabrani
Vice Chairman & Managing Director

Annexure XIV

Segment reporting, as restated

(a) Segment accounting policies

The Segment reporting policy is in conformity with Accounting Standard-17 on "Segment Reporting", issued by the Institute of Chartered Accountants of India.

The risk-return profile of the Company's (including its subsidiaries) business is determined predominantly by the nature of their products and services. Accordingly, the primary segmentation is based on the business segments (reportable primary segment) in which the Company and its subsidiaries operate.

The businesses are organized into two key geographic segments (reportable secondary segment) i.e. domestic and exports. Revenues are attributable to individual geographic segments based on the location of the customer within India (domestic) and outside India (exports).

The following specific accounting policies have been followed for segment reporting-:

1. Segment revenue includes sales of manufactured goods, sales of traded goods and service income directly identifiable to the segment.

2. Expenses (excluding interest expenses) that are directly identifiable with the segments are considered for determining segment results.

3. Other income (excluding interest income) not identifiable to segments is included in unallocable other income.

4. Segment assets and segment liabilities include those directly identifiable with the respective segments. Unallocated assets include investments and fixed deposits. Unallocated liabilities include secured loans, unsecured loans, deferred tax liability, share application money, proposed dividend (including corporate dividend tax), income tax liabilities, minority interest, share capital and reserves and surplus.

(b)(i) Primary segments (Business segments)

(Amounts in Rs. Million)

	Material handling systems		Setting up of power generation plants		Power generation and distribution		Total	
	2005-2006	2006-2007	2005-2006	2006-2007	2005-2006	2006-2007	2005-2006	2006-2007
Revenue								
Segment revenue	1,046.62	2,299.57	-	-	-	-	**1,046.62**	**2,299.57**
Total	**1,046.62**	**2,299.57**	**-**	**-**	**-**	**-**	**1,046.62**	**2,299.57**
Results								
Segment results	168.27	353.98	-	0.05	(0.00)*	(1.54)	168.27	352.49
Unallocable other income(excluding interest income)							1.36	3.40
Interest income							2.37	10.13
Interest expense							(16.50)	(34.72)
Profit before taxes								
Income taxes							**155.50**	**331.30**
- Current tax							53.79	123.25
- Deferred tax							2.37	1.46
- Fringe benefit tax							1.73	2.23
Profit after taxes							**97.61**	**204.36**
Other Information								
Segment assets	615.73	1,552.80	-	30.65	0.92	0.55	616.65	1,584.00
Unallocated assets							121.04	226.40
Total assets							**737.69**	**1,810.40**
Segment liabilities	362.39	917.41	-	0.78	0.02	0.04	362.41	918.23
Unallocated liabilities							375.28	892.17
Total liabilities							**737.69**	**1,810.40**

	Material handling systems		Setting up of power generation plants		Power generation and distribution		Total	
	2005-2006	2006-2007	2005-2006	2006-2007	2005-2006	2006-2007	2005-2006	2006-2007
Other Information								
Capital expenditure	77.12	102.69	-	0.97	-	-	**77.12**	**103.66**
Depreciation and amortization	7.45	13.73	-	0.01	-	-	**7.45**	**13.74**
Non-cash expenses other than depreciation and amortisation included in segment expense	3.01	6.19	-	-	-	-	**3.01**	**6.19**

* Amount is Rs. (3,547) and is shown as Nil due to rounding off.

Note: Inter segment eliminations, being insignificant, have not been given.

(b)(ii) Secondary segment (Geographical segments)

(Amounts in Rs. Million)

	Domestic		Export		Total	
	2005-06	2006-07	2005-2006	2006-2007	2005-2006	2006-2007
Revenue	1,004.50	2,199.52	42.12	100.05	1,046.62	2,299.57
Sundry debtors #	307.89	851.98	24.24	39.62	332.13	891.60
Capital expenditure	77.12	103.62	-	0.04	77.12	103.66

\# Other assets except sundry debtors cannot be allocated to the secondary segments.

(c) Composition of Primary reportable segments

The Company and its subsidiaries operate in 3 primary business segments-:

Material handing systems

This segment is primarily engaged in manufacturing and supply of material handling systems, viz.

- Supply of conveyor belt, slat conveyors, bucket elevators;
- Manufacture and / or supply of crushers, screens, conveyor components like idlers and pulleys (rollers); and
- Fabricated steel structures

Setting up of power generation plants

This segment is primarily engaged in purchasing, selling, producing, trading, manufacturing or otherwise dealing in all aspects of research, design, engineering, installation, commissioning, construction, operation and maintenance of power generation plants and power systems. This segment has not yet commenced its commercial operations.

Power generation and distribution

This segment is primarily engaged in generation, production, manufacturing, transmission, supply and distribution of electric power to different categories of consumers. This segment has not yet commenced its commercial operations.

(d) The Company and its subsidiaries have been included in the segment classification as follows-:

Segment	Companies
Material handing systems	Tecpro Systems Limited Blossom Automotive Private Limited Tecpro International FZE Limited
Setting up of power generation plants	Tecpro Power Systems Limited
Power generation and distribution	Tecpro Energy Limited

For and on behalf of the Board of Directors

S/d

Amul Gabrani

Vice Chairman & Managing Director

Annexure XV

Tecpro Energy Limited *(formerly Tecpro Energy Private Limited)*
(Subsidiary of Tecpro Systems Limited)

Balance Sheet as at 31 March 2007 and as at 31 March 2006 (Audited)

(Amount in Rs. Million)

	As at 31 March 2007	**As at 31 March 2006**
SOURCES OF FUNDS		
Shareholders' funds		
Share capital	1.03	1.03
Share application money	1.50	-
Loan funds		
Unsecured loans	-	- *
	2.53	1.03
APPLICATION OF FUNDS		
Current assets, loans and advances		
Cash and bank	0.90	0.92
Loans and advances	- **	-
Other current asset	0.02	-
	0.92	0.92
Less: Current liabilities and provisions		
Current liabilities	0.04	0.02
	0.04	0.02
Net current assets/(liabilities)	0.88	0.90
Profit and Loss Account	1.65	0.13
	2.53	1.03

* Unsecured loans are Rs. 2,000 and are shown as Nil due to rounding off.
** Loans and advances are Rs. 4,010 and are shown as Nil due to rounding off.

Tecpro Energy Limited *(formerly Tecpro Energy Private Limited)*
(Subsidiary of Tecpro Systems Limited)

Profit and Loss Account for the year ended 31 March 2007 and for the period ended 31 March 2006 (Audited)

(Amount in Rs. Million)

	For the year ended 31 March 2007	**For the period 9 June 2005 to 31 March 2006**
INCOME		
Interest on fixed deposits [gross of tax deducted at source Rs. 4,010 (previous period Rs. Nil)]	0.02	-
	0.02	-
EXPENDITURE		
Bank Charges	-	- *
Legal expenses	- **	-
Printing and stationery	- #	-
Audit Fees	0.04	0.01
Processing charges	1.50	-
Rates and taxes	- ##	-
Preliminary expenses written off	-	0.12
	1.54	0.13
Profit (Loss) before taxes	(1.52)	(0.13)
Provision for taxation	-	-
Profit (Loss) after taxes	(1.52)	(0.13)
Balance brought forward	(0.13)	-
Profit and loss account balance carried forward to the Balance Sheet	(1.65)	(0.13)

* Bank charges are Rs. 673 and are shown as Nil due to rounding off.
** Legal Expenses are Rs. 660 and are shown as Nil due to rounding off.
# Printing and Stationery Expenses are Rs. 3,211 and are shown as Nil due to rounding off.
Rates and Taxes are Rs. 3,190 and are shown as Nil due to rounding off.

Tecpro Energy Limited *(formerly Tecpro Energy Private Limited)*
(Subsidiary of Tecpro Systems Limited)

Cash Flow Statement for the year ended 31 March 2007 and for the period ended 31 March 2006 (Audited)

(Amount in Rs. Million)

	For the year ended 31 March 2007	**For the period 9 June 2005 to 31 March 2006**
Cash flow from operating activities		
Net profit / (loss) before tax	(1.52)	(0.13)
Adjustments for:		
Interest income	(0.02)	-
Operating profit /(loss) before working capital changes	(1.54)	(0.13)
Decrease/ (Increase) in working capital		
Increase in current liabilities and provisions	0.02	0.02
Cash generated from operations	(1.52)	(0.11)
Direct tax paid	-*	-
Net cash (used in) / generated from operating activities (A)	(1.52)	(0.11)
Cash flow from investing activities		
Interest income*	-**	-
Net cash used in investing activities(B)	-***	-
Cash flows from financing activities		
Issue of equity share capital	-	1.03
Receipt of share application money pending allotment	1.50	-
Proceeds from borrowings		-+
Repayment of borrowings	-#	-
Net cash (used in) / generating from financing activities (C)	1.50	1.03
Net increase in cash and cash equivalents (A+B+C)	(0.02)	0.92
Cash and cash equivalents at the beginning of the year	0.92	-
Cash and cash equivalents at the end of the year	0.90	0.92
Components of cash and cash equivalents:		
Cash in hand	-##	-###
Balances with scheduled banks:		
- On current accounts	0.53	0.92
- In other accounts	0.37	-
	0.90	0.92

* Direct tax paid is Rs. 4,010 and is shown as Nil due to rounding off.
** Interest income is Rs. 4,010 and is shown as Nil due to rounding off.
*** Net cash used in investing activities is Rs. 4,010 and is shown as Nil due to rounding off.
\+ Proceeds from borrowings are Rs. 2,000 and are shown as Nil due to rounding off.
\# Repayment of borrowings is Rs. 2,000 and is shown as Nil due to rounding off.
\## Cash in hand is Rs. 4,880 and is shown as Nil due to rounding off.
\### Cash in hand is Rs. 54 and is shown as Nil due to rounding off.

Annexure XVI

Tecpro Power Systems Limited *(formerly Tecpro Power Systems Private Limited)*
(Subsidiary of Tecpro Systems Limited)

Balance Sheet as at 31 March 2007 (Audited)

(Amount in Rs. Million)

	As at 31 March 2007
SOURCES OF FUNDS	
Shareholders' funds	
Share capital	4.90
Share application money	32.00
Loan funds	
Secured loans	0.47
	37.37
APPLICATION OF FUNDS	
Fixed assets	
Gross block	1.53
Less: Accumulated depreciation	0.12
Net block	1.41
Capital work in progress (including capital advances)	0.51
	1.92
Current assets, loans and advances	
Cash and bank	29.53
Loans and advances	0.95
Other current asset	0.40
	30.88
Less: Current liabilities and provisions	
Current liabilities	0.79
	0.79
Net current assets/(liabilities)	30.09
Miscellaneous expenditure	-
(to the extent not written off or adjusted)	
Profit and Loss Account	5.36
	37.37

Tecpro Power Systems Limited *(formerly Tecpro Power Systems Private Limited)*
(Subsidiary of Tecpro Systems Limited)

Profit and loss account for the year ended 31 March 2007 (Audited)

(Amount in Rs. Million)

	For the year ended 31 March 2007
INCOME	
Other income	0.51
	0.51
EXPENDITURE	
Administrative and selling expenses	4.60
Interest and bank charges	0.03
Depreciation and amortisation	0.11
	4.74
Profit(Loss) before taxes	(4.23)
Provision for taxation:	
- Fringe benefit tax	0.06
Profit (Loss) after taxes	(4.29)
Balance brought forward	(1.07)
Profit and loss account balance carried forward to the Balance Sheet	(5.36)

Tecpro Power Systems Limited *(formerly Tecpro Power Systems Private Limited)*
(Subsidiary of Tecpro Systems Limited)

Cash Flow Statement for the year ended 31 March 2007 (Audited)

(Amount in Rs. Million)

	For the year ended 31 March 2007
A. Cash flow from operating activities	
Net profit / (loss) before tax	(4.23)
Adjustments for:	
Depreciation	0.11
Interest income	(0.51)
Interest expense	0.03
Operating profit / (loss) before working capital changes	(4.60)
Decrease/ (Increase) in working capital	
(Increase) in loans and advances	(0.72)
Increase in current liabilities and provisions	0.63
Cash generated from operations	(4.69)
Direct tax paid	(0.12)
Fringe benefit tax paid	(0.09)
Net cash (used in) / generated from operating activities(A)	(4.90)
B. Cash flow from investing activities	
Purchase of fixed assets	(1.76)
Interest received *	0.12
Net cash used in investing activities(B)	(1.64)
C. Cash flows from financing activities	
Issue of equity share capital	3.73
Receipt of share application money pending allotment	32.00
Refund of share application money	(0.15)
Proceeds from long-term borrowings	0.55
Repayment of long-term borrowings	(0.08)
Interest paid	(0.03)
Net cash (used in) / generating from financing activities (C)	36.02
Net increase in cash and cash equivalents (A+B+C)	29.48
Cash and cash equivalents at the beginning of the year	0.05
Cash and cash equivalents at the end of the year	29.53
Components of cash and cash equivalents:	
Cash in hand	0.01
Balances with scheduled banks:	
- On current accounts	27.77
- In other accounts	1.75
	29.53

Annexure XVII

Blossom Automotive Private Limited
(Subsidiary of Tecpro Systems Limited)

Balance Sheet as at 31 March 2007 (Audited)

(Amount in Rs. Million)

	As at 31 March 2007
SOURCES OF FUNDS	
Shareholders' funds	
Share capital	4.00
Reserves and surplus	110.36
	114.36
APPLICATION OF FUNDS	
Fixed assets	
Gross block	118.46
Less: Accumulated depreciation	1.92
	116.54
Capital work in progress (including capital advances)	-
	116.54
Current assets, loans and advances	
Cash and bank	0.42
Loans and advances	1.03
	1.45
Less: Current liabilities and provisions	
Current liabilities	3.80
	3.80
Net current assets/(liabilities)	(2.35)
Deferred tax asset	0.17
	114.36

Blossom Automotive Private Limited
(Subsidiary of Tecpro Systems Limited)

Profit and Loss Account for the year ended 31 March 2007 (Audited)

(Amount in Rs. Million)

	For the year ended 31 March 2007
INCOME	
Other income	1.51
	1.51
EXPENDITURE	
Administrative and selling expenses	0.32
Interest and bank charges	- *
Depreciation and amortisation	0.92
	1.24
Profit before taxes	0.27
Provision for taxation:	
- Income tax for current year	0.27
- Deferred tax charge / (release)	(0.17)
Profit after taxes	0.17
Balance brought forward	0.01
Profit and loss account balance carried forward to the Balance Sheet	0.18

* Interest and bank charges are Rs. 2,730 and are shown as Nil due to rounding off.

Blossom Automotive Private Limited
(Subsidiary of Tecpro Systems Limited)

Cash Flow Statement for the year ended 31 March 2007 (Audited)

(Amount in Rs. Million)

	For the year ended 31 March 2007
A. Cash flow from operating activities	
Net profit before tax	0.27
Adjustments for:	
Depreciation and amortisation	0.92
Miscellaneous expenditure written off	0.07
Rent income	(1.50)
Interest income	(0.02)
Operating profit / (loss) before working capital changes	(0.26)
Decrease/ (Increase) in working capital	
(Increase) in loans and advances	(0.93)
Increase in current liabilities and provisions	4.72
Cash generated from operations	3.53
Direct tax paid	(0.34)
Net cash (used in) / generated from operating activities (A)	3.19
B. Cash flow from investing activities	
Purchase of fixed and intangible assets	(1.76)
Rent received	0.57
Interest received	0.01
Net cash used in investing activities (B)	(1.18)
C. Cash flows from financing activities	
Refund of share application money pending allotment	(2.91)
Net cash (used in) / generating from financing activities (C)	(2.91)
Net increase in cash and cash equivalents (A+B+C)	(0.90)
Cash and cash equivalents at the beginning of the year	1.32
Cash and cash equivalents at the end of the year	0.42
Components of cash and cash equivalents:	
Cash in hand	0.20
Balances with scheduled banks:	
- On current accounts	0.22
	0.42

Annexure XVII

Tecpro International FZE

(Subsidiary of Tecpro Systems Limited)

Balance Sheet as at 31 March 2007 (Audited)

(Amount in Rs. Million)

	As at 31 March 2007
SOURCES OF FUNDS	
Shareholders' funds	
Share capital	12.70
	12.70
APPLICATION OF FUNDS	
Fixed assets	
Gross block	0.04
Less: Accumulated depreciation	0.01
Net block	0.03
Capital work in progress (including capital advances)	-
	0.03
Current assets, loans and advances	
Cash and bank	4.99
Loans and advances	1.41
	6.40
Less: Current liabilities and provisions	
Current liabilities	0.07
Net current assets	6.33
Profit and Loss Account	6.34
	12.70

Tecpro International FZE
(Subsidiary of Tecpro Systems Limited)

Profit and loss account for the period ended 31 March 2007 (Audited)

(Amount in Rs. Million)

	For the period 19 August 2006 to 31 March 2007
INCOME	-
	-
EXPENDITURE	
Administrative and selling expenses	6.23
Bank charges	0.10
Depreciation and amortisation	0.01
	6.34
Profit(Loss) before exceptional items	(6.34)
Exceptional items	-
Profit(Loss) after exceptional items	(6.34)
Profit and loss account balance carried forward to the Balance Sheet	(6.34)

Tecpro International FZE
(Subsidiary of Tecpro Systems Limited)

Cash flow statement for the period ended 31 March 2007 (Audited)

(Amount in Rs. Million)

	As at 31 March 2007
A. Cash flow from operating activities	
Net profit / (loss) before tax	(6.34)
Adjustments for:	-
Depreciation and amortisation	0.01
Operating profit /(loss) before working capital changes	(6.33)
Decrease/ (Increase) in working capital	
(Increase) in loans and advances	(1.41)
Increase in current liabilities and provisions	0.07
Net cash (used in) / generated from operating activities (A)	(7.67)
B. Cash flow from investing activities	
Purchase of fixed assets	(0.04)
Net cash used in investing activities (B)	(0.04)
C. Cash flows from financing activities	
Issue of equity share capital	12.70
Net cash (used in) / generating from financing activities (C)	12.70
Net increase in cash and cash equivalents (A+B+C)	4.99
Cash and cash equivalents at the beginning of the year	-
Cash and cash equivalents at the end of the year	4.99
Components of cash and cash equivalents:	
Cash in hand	0.01
Balances with scheduled banks:	
- On current accounts	4.98
	4.99

7.3 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations together with our financial statements included in this DRHP. You should also read the section titled 'Risk Factors' on page (xii) of this DRHP, which discusses a number of factors and contingencies that could impact our financial condition and results of operations. The following discussion relates to our Company and subsidiaries, and, unless otherwise stated, is based on our restated consolidated financial statements, which have been prepared in accordance with Indian GAAP, the Act and the SEBI Guidelines. The following discussion is also based on internally prepared statistical information and other sources. Our fiscal year ends on March 31 of each year, so all references to a particular "Fiscal" are to the twelve-month period ended March 31 of that year. The comparison between fiscals has been done without taking the effect of adjustments carried out during restatement as the accumulated effect of such adjustments in a particular fiscal is immaterial compared to the total figures of that fiscal.

Overview

Our Company undertakes turnkey projects of material handling systems. We provide total material handling solutions from concept to commissioning. We have executed 614 orders as on June 30, 2007 and 148 projects are in various stages of completion.

Our company is promoted by Mr. Ajay Kumar Bishnoi and Mr Amul Gabrani who are first generation entrepreneurs with more than 25 years of experience in project management of material handling systems.

Our operations are spread across India with our head office at Chennai and other offices at Gurgaon, Kolkata, Mumbai, Hyderabad, Ahmedabad, and Bangalore. Our design and engineering facilities are at Chennai, Kolkata, Gurgaon, Ahmedabad, Mumbai, Bangalore and Hyderabad which provides us flexibility and facilitates early completion of critical aspects of turnkey project execution. Project execution is controlled from Chennai with some of our project managers also based at Kolkata and Gurgaon. We have a marketing setup in all of the above mentioned locations. In addition we have marketing offices in Dubai and at Johannesburg, South Africa through Tecpro International FZE which is a wholly owned subsidiary to cater to the Middle East and African markets. Also, we have an office in Singapore through another wholly owned subsidiary Tecpro Systems (Singapore) Pte. Ltd.

Over the years, we have been engaged by many leading clients to carry out more than 614 projects including repeat orders from several major clients. Tecpro's core business comes from the Steel, Cement and Power sectors in India.

Our manufacturing units are based at Bawal in Haryana and Bhiwadi in Rajasthan. We manufacture crushers, screens, feeders and fabricated structures at our Bawal factory. Our newly set up plant at Bhiwadi, Rajasthan has facilities for manufacture of pulleys, idler rollers, structures, and conveyor systems.

In the years ended March 31, 2006 and 2007 our consolidated income was Rs 1067.69 Million and Rs.2383.93 Million, respectively, representing an annual growth rate of 123.28%. In the years ended March 31, 2006 and 2007 we earned a consolidated profit for the year of Rs.97.61 Million and Rs 204.36 million, respectively. Our order book as of March 31, 2007 was Rs. 4806.03 Million. The order book position as on June 30, 2007 was Rs. 4825.11 Million. We were awarded additional contracts of Rs. 564.55 Million during the period between April 1, 2007 and June 30, 2007.

Our product range

We undertake Turnkey projects of material handling systems for coal handling plants, raw material handling for steel, cement and other metallurgical industries, coal storage and reclaiming plants, biomass handling plants, aggregate process plant for mineral processes, plant for RDF from Municipal Solid Waste (MSW).

These projects involve design, engineering, manufacture, supply, erection and commissioning of belt conveyors, associated structural and civil work, electrical and instrumentation work and auxiliaries like dust control, suppression systems, ventilation systems.

We also manufacture and sell crushers, screens and feeders for various applications. Our crushers and screens are now operating in many steel, cement and power plants. Given below is our product range.

We have technical collaborations and manufacturing licenses from equipment manufacturers for manufacture of crushers of various types, vibrating screens and process system for conversion of municipal solid waste to fuel for cement industry etc. For further information, please refer to the section titled 'Business Overview' on page no. 62 of this DRHP.

Factors affecting our results of operations

As a company operating in the material handling industry, our financial condition and results of operations are affected by numerous factors and the following are of particular importance:

1. General economic and business conditions

As a company operating in India, we are affected by the economic conditions prevailing in the country and in particular the factors affecting the infrastructure industry and the projects we undertake. The Indian economy has grown steadily over the past few years. This performance was propelled by growth in industrial activity and a robust services sector. Growth in the industrial and manufacturing activity and services sector has lead to growth in demand for infrastructure which has translated into new proposals for construction, up-gradation and maintenance of infrastructure facilities. Also, improvements in infrastructure facilities have a positive impact upon GDP growth. The overall economic growth therefore impacts the results of our operations. The growth prospects of our business and our ability to implement our strategies is influenced by macro-economic growth.

2. Government policy and regulations

The growth of the infrastructure industry in India and our business is dependent on the establishment of stable government policies and prudent regulations. Infrastructure development in India has historically been the preserve of the central and state governments, and has been constrained by various factors such as shortages of public funding, political considerations and issues of transparency and accountability. Changes in government policies, which began in the 1990s, facilitated the entry of private capital into infrastructure and have led to rapid growth in certain sectors. More recently, policy changes in the transportation, energy, urban infrastructure and industrial and commercial infrastructure sectors have begun to attract significant private sector interest. We believe that the government's policies and regulations impact our growth and financial conditions.

3. Competition

Our results of operations are affected by competition in the material handling sector in India. We expect competition to intensify due to possible new entrants in the market, existing competitors further expanding their operations and our entry into new markets where we may compete with well-established infrastructure companies. This may impact our financial condition and operations.

4. Bidding and execution capability

Turnkey projects undertaken in India usually involve pre-qualification of interested companies based on their technical and financial strengths. The nature of the process is such that the pre-qualifications obtained in the past play an important role in allowing us to bid for the new projects. Further, the ability to strategically partner with other players will also determine our success in procurement of projects.

5. Nature of projects

Most of our projects are undertaken on a fixed price basis. Our expense in executing a fixed price or lump sum turkey contract may vary substantially from the assumptions underlying our bid for several reasons, including unanticipated changes in engineering design of the project, unanticipated increase in the cost of the equipment, material or manpower, delays associated with the delivery of equipment and materials to the project site etc. Equipment, materials and fuel costs constitute a significant part of our operating expenses, and unanticipated increases in such costs, if not taken into account in our bid, may adversely affect our results of operations. Our ability to pass on increases in overall operational costs may be limited under turnkey contracts with limited price variation provisions.

6. *Availability of cost effective funding sources*

Our ability to grow our business depends on cost effective avenues of funding and will be met through internal accruals or borrowing from external sources. Our debt service cost along with our overall cost of funds depends on many external factors, including developments in the Indian credit market and, in particular, interest rate movements and the existence of adequate liquidity in the debt markets. We believe that the availability of cost effective funding sources affects our business operations and financial performance.

7. *Ability to attract and retain skilled personnel*

We employ a significant number of skilled engineers and we face competitive pressures in recruiting and retaining skilled and professionally qualified staff. The loss of key personnel or any inability to manage the attrition levels in different employee categories may materially and adversely impact our results of operations.

8. *Continuity of our technical collaboration*

We have technical collaborations with leading international companies in material handling industry. We have collaboration with these companies for equipment like crusher, screens, feeders etc. This equipment is such that their design is not available in India. Our collaborators provide us with all basic and detailed engineering for the equipment agreed upon in the agreements. Discontinuity of any of these partnerships may materially and adversely impact our results of operations.

Our Significant Accounting Policies

Our financial statements are prepared in accordance with Indian GAAP, the accounting standards prescribed by the ICAI and the relevant provisions of the Act and the accompanying notes thereto included in this DRHP include information that is relevant to this discussion and analysis of our financial condition and results of operations. Certain key accounting policies that are relevant and specific to each of our business and operations have been described below.

Adjustments

Our financial information has been restated in compliance with SEBI Guidelines. In accordance with Indian GAAP, the effects of the restatement are shown as a cumulative effect on our adjusted profit after tax rather than as restatements of individual line items in our income statement.

Significant Accounting Policies

(a) Basis of accounting

The financial statements are prepared and presented under the historical cost convention, on the accrual basis of accounting and comply with the Accounting Standards issued by ICAI and the presentational requirements of the Act to the extent applicable.

(b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

(c) Revenue recognition

Revenue from sale of goods is recognised on transfer of all significant risks and rewards of ownership in the goods to the client. Revenue from services is recognised on rendering of services to clients. Interest income is recognised using the time proportion method, based on underlying interest rates.

(d) Fixed assets and capital work-in-progress

Fixed assets, including capital work in progress, are stated at cost of acquisition or construction less accumulated depreciation. Cost comprises the purchase price and any directly attributable costs of bringing the asset to its working condition for the intended use.

(e) Borrowing cost

Financing costs relating to borrowed funds attributable to construction or acquisition of qualifying assets for the period up to the completion of construction or acquisition of such assets are included in the cost of the assets.

(f) Impairment

The carrying values of assets are reviewed at each reporting date to determine if there is indication of any impairment. If any indication exits, the assets' recoverable amount is estimated. For assets that are not yet available for use, the recoverable amount is estimated at each reporting date. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the Profit and Loss Account. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation, if no impairment loss had been recognised.

(g) Depreciation

Depreciation is provided on a pro-rata basis under the straight line method at rates of depreciation prescribed in Schedule XIV to the Act except in respect of furniture and fixtures and office equipment on which depreciation is being provided at rates higher than those prescribed in Schedule XIV to the Act.

- Furniture and fixtures and office equipment are being depreciated at 20% and 16.67% respectively under the straight line method. The rates of depreciation used reflect the useful lives of the assets.

- Leasehold land is amortised over the period of the lease. Leasehold improvements are depreciated over the period of lease or the useful life of the underlying asset, whichever is less.

- Assets costing individually Rs. 5,000 or less are depreciated fully in the year of purchase.

Our Company has revised the estimates of useful life of furniture and fixtures and office equipment from 15 years and 20 years respectively to five years and six years w.e.f. April 1, 2005. As a result of this revision in estimated useful life, depreciation has been charged prospectively over the revised remaining useful life as at April 1, 2005 during the financial year ended March 31, 2006. As this is a change in an accounting estimate, no adjustments have been made to the rates of depreciation for the years ended March 31, 2003, March 31, 2004 and March 31, 2005.

(h) Intangible assets

Intangible assets comprise computer software and technical know-how and are stated at cost, including taxes, less accumulated amortisation. Computer software is amortised on a straight line basis over three years. Technical know-how is amortised on a straight line basis over its estimated useful life of 50 months, being the period over which our Company expects to derive economic benefits from the use of the technical know-how. The remaining amortisation period of technical know-how as at March 31, 2007 is approximately 29 months.

(i) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost includes all applicable costs incurred in bringing goods to their present location and condition, determined on a first in first out basis. In determining the cost of inventories, fixed production overheads are allocated on the basis of normal capacity of production facilities.

(j) Foreign currency transactions

Foreign currency transactions are recorded at the exchange rate prevailing on the date of the respective transactions. Monetary foreign currency assets and liabilities remaining unsettled at the Balance Sheet date are translated at the rates of exchange prevailing on that date. Gains / losses arsing on account of realisation / settlement of foreign currency transactions and on translation of foreign currency assets and liabilities (except gains / losses in respect of foreign currency liabilities relating to imported fixed assets) are recognised in the Profit and Loss Account. Gains / losses arising on translation of foreign currency liabilities relating to imported fixed assets are adjusted in the cost of the respective fixed assets.

(k) Provisions and contingencies

A provision is created when there is a present obligation as a result of a past event that entails a probable outflow of resources and a reliable estimate can be made of the amount of the obligation. Disclosure of a contingent liability is made when there is a possible but not probable obligation or a present obligation that may, but probably will not, entail an outflow of resources. When there is an obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

(l) Taxation

Income-tax expense comprises current tax (i.e. amount of tax for the year determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). The deferred tax charge or credit and the corresponding deferred tax liabilities and assets are recognised using the tax rates that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward losses under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each Balance Sheet date and are written down or written up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realised.

(m) Retirement benefits

Retirement benefits to employees comprise provident fund, superannuation fund, gratuity and leave encashment. Provident fund is a defined contribution scheme. Contributions payable to the provident fund are charged to the profit and loss account.

Superannuation fund is a defined contribution scheme. Our Company contributes to schemes administered by the LIC to discharge its superannuation liabilities. Contributions payable to superannuation fund are charged to the profit and loss account. Contributions to Superannuation fund were made only in the year ended March 31, 2007. As this is not a change in accounting policy no adjustments have been made made for the financial years ended March 31, 2003, March 31, 2004, March 31, 2005 and March 31, 2006.

Gratuity and leave encashment costs are defined benefits schemes. Annual contributions to the employee's gratuity fund and leave encashment funds, established with the LIC are determined based on an actuarial valuation by the LIC as at 31 March each year. Further, provision is made for the shortfall, if any, between the amounts required to be contributed to meet the accrued liability for gratuity as determined by the LIC and as determined by an independent actuary as at year-end. The gratuity and leave encashment liability for the years ended March 31, 2003, March 31, 2004 and March 31, 2005 has been determined on the basis of an actuarial valuation carried out by another independent actuary as at the respective year ends. The gratuity and leave encashment liability for the year ended March 31, 2006 has been determined on the basis of, annual contributions to the respective funds, established with the LIC, based on an actuarial valuation carried out as at year end by LIC.

(n) Investments

Long term investments are valued at cost less provision for other than temporary diminution in value. Diminution, if any, is determined individually for each long-term investment. Current investments are valued at the lower of cost and fair value of individual scrips.

(o) Earnings per share

Basic earnings per share are computed using the weighted average number of equity shares outstanding during the year. Diluted earnings per share are computed using the weighted average number of equity and dilutive potential equity shares outstanding during the year, except where the results would be anti-dilutive.

(p) Leases

Lease arrangements where the risks and rewards incident to ownership of an asset substantially vest with the lessor are recognized as operating leases. Lease rents under operating leases are recognized in the Profit and Loss Account on a straight line basis over the lease term.

Segment Reporting

In accordance with RBI guidelines on compliance with Accounting Standard 17 – 'Segment Reporting' issued by the ICAI, we have recognised geographical segments as our primary reporting segment.

Geographic Segments

Set forth below is a table showing our restated revenue from Domestic Operations and Exports and restated total revenue for FY 07, 06, 05 and 04.

(Rs. in Million)

Particulars	FY 07	FY 06	FY 05	FY 04
Geographic Segment Revenue				
Domestic	2,199.52	1,004.50	376.26	162.17

Particulars	FY 07	FY 06	FY 05	FY 04
Export	100.05	42.12	120.50	38.54
Total	2,299.57	1,046.62	496.76	200.71

Domestic income increased by 118.97% Rs. 2199.52 Million in FY 07 from Rs. 1,004.50 Million in FY 06. Export income increased by 137.54% to Rs. 100.05 Million in FY 07 from Rs. 42.12 Million in FY 06.

Revenues

***1. Income from products manufactured by* our Company**

This comprises of revenue earned from sale of products manufactured in the manufacturing facilities of our Company.

2. Income from products traded by our Company

This comprises of revenue earned from sale of all the bought out items. The income from sale of products, whose manufacturing we outsource to various vendors, is also shown as Income from sales of products traded by our Company.

3. Service Income

Service income includes income from fabrication, erection and commissioning and design work primarily done as part of a turnkey projects.

4. Other Income

Dividend income, interest on fixed deposits and income tax refunds, sale of scrap, sale of duty entitlements, profit on sale of fixed assets and net exchange gain are the major constituents of our other income.

Expenditure

1. Raw Material Consumed

This indicates the raw materials consumed by adding raw materials purchased and opening inventory and reducing the closing inventory. The raw material costs associated with the manufacturing outsourced to the various vendors also comes under this head.

2. Purchase of traded products

This includes the cost of products purchased from third parties for resale.

3. Staff costs

Salaries, wages and bonus, contribution to provident and other funds and staff welfare are the constituents of our staff costs. This includes salaries and bonus paid to permanent employees and does not include wages paid to factory workers.

4. Other Manufacturing Expenses

Excise expense, fabrication charges, power and fuel, stores and spares consumed, freight and forwarding, site development expenses, equipment hire charges, site expenses and repairs and maintenance are the major constituents of other manufacturing expenses.

5. *Administration Expenses*

Travel and conveyance, rent, electricity, communication, charity and donation, repairs and maintenance, printing and stationery, rates and taxes, legal and professional, loss on sale of fixed assets and insurance premium are the major constituents of Administration Expenses.

6. *Selling and distribution expenses*

Advertising and marketing expenses, Sales commission, Rebates and discounts, Warranty expenses, Royalty and Tender fees are the major constituents of Selling and distribution expenses.

7. *Interest and bank charges*

Interest paid on term loans and short term loans and bank charges such as bank guarantee charges are the major constituents of Interest and bank charges.

Results of our Operations

The following table sets forth certain information with respect to our revenue, expenditure and profit for the periods indicated below:

(Rs. in Million)

Particulars	FY 07	FY 06	FY 05	FY 04
Income				
Sales				
- Of products manufactured by our Company	681.34	538.28	262.66	94.62
- Of products traded in by our Company	1382.01	387.34	219.84	102.97
Service income	236.22	103.13	19.07	3.51
Other income	13.51	3.73	1.82	2.64
Increase/ (decrease) in inventory	70.83	35.21	19.62	(7.28)
Total (A)	**2383.91**	**1067.69**	**523.01**	**196.46**
Expenditure				
Raw materials consumed	697.69	423.87	291.40	88.90
Purchases of traded products	893.91	232.96	66.62	44.84
Staff costs	115.85	55.92	23.34	10.89
Other manufacturing expenses	101.76	86.25	33.13	15.51
Administration expenses	102.65	51.22	28.08	16.80
Selling and distribution expenses	85.44	39.66	36.03	10.12
Interest and bank charges	35.13	16.50	7.22	3.00
Depreciation and amortization	12.35	7.49	1.23	0.45
Total (B)	**2044.78**	**913.87**	**487.05**	**190.51**
Profit/(loss) before tax and extra-ordinary items (C) = (A)-(B)	**339.13**	**153.82**	**35.96**	**5.95**
Provision for tax				
- Current tax **(D)**	123.82	59.31	8.00	2.00
- Deferred tax charge/(release) **(E)**	2.33	1.69	0.30	0.04
Fringe Benefit Tax **(F)**	2.17	1.73	-	-
Adjusted profit/(loss) before extra-ordinary items (G) = (C) - (D) – (E) – (F)	210.81	91.09	27.66	3.91
Adjustments (H)	0.04	1.68	(0.40)	2.66

Particulars	FY 07	FY 06	FY 05	FY 04
Current tax impact of adjustments (I)	(0.84)	(5.52)	6.10	(0.11)
Deferred tax impact of adjustments (J)	(0.70)	0.68	(0.10)	1.40
Total of adjustments after tax impact (K) = (H) – (I) – (J)	1.58	6.52	(6.40)	1.37
Net Profit as restated (G) = (K)	**212.39**	**97.61**	**21.26**	**5.28**

<u>Comparison of FY 2007 to FY 2006</u>

Income

(Rs. in Million)

	For the FY year ended March 31,	
	2007	**2006**
Income		
Sales		
- Of products manufactured by our Company	681.34	538.28
- Of products traded in by our Company	1,382.01	387.34
Service income	236.22	103.13
Total	**2,299.57**	**1,028.75**
Other income	13.51	3.73
Increase/(decrease) in inventory	70.83	35.21
Total	**2,383.91**	**1,067.69**

Our total income increased to Rs. 2,383.91 Million in FY 07 from Rs. 1,067.69 Million in FY 06 registering a growth of 123.28%. This was due to the execution of large turnkey projects and also on account of increase in the sale of manufactured products. The total number of turnkey projects under execution as at the end of FY 07 increased to 37 from 18 as at the end of FY 06. We booked higher revenue from design and fabrication jobs which were primarily a part of the turnkey projects. The total number of orders received increased to 173 in FY 07 from 161 in FY 06.

Income from sales of products manufactured by Our Company

Our income from sales of products manufactured by our Company increased by 26.58% to Rs. 681.34 Million in FY 07 from Rs. 538.28 Million in FY 06. Turnkey projects require components which we do not manufacture presently and have to be purchased from third parties thus the growth in the sale of manufactured products is less than the growth in our total income. As we took on a higher number of turnkey projects for execution, the growth in the sale of traded products was higher. The manufacturing facility at Bhiwadi was set up in November, 2006 and by March 31, 2007 it manufactured goods worth Rs. 69.60 Million.

Income from sales of products traded by our Company

Our income from sales of products traded by our Company registered a growth of 256.80% to Rs. 1382.01 Million in FY 07 from Rs. 387.34 Million in FY 06. We executed 11 turnkey projects and had 37 turnkey projects under execution as at the end of FY 07 which required purchase of products from third parties and this contributed to the substantial growth in the income from products traded by our Company. Gear boxes, stackers and reclaimers etc. were among the major items that were purchased from third parties during the year.

Service Income

Our service income increased to Rs. 236.22 Million in the FY 07 from Rs. 103.13 Million in FY 06 registering a growth of 129.05%. We executed 11 turnkey projects during FY 07 and had 37 turnkey projects under execution as at the end of FY 07.

Other Income

Other Income increased by 262.20% to Rs. 13.51 Million in FY 07 from Rs. 3.73 Million in FY 06. This increase was primarily due to an increase in interest income by 326.58% to Rs. 10.11 Million in FY 07 from Rs. 2.37 Million in FY 06.

Expenditure

(Rs. in Million)

	For the FY year ended March 31,	
	2007	**2006**
Expenditure		
Raw materials consumed	697.69	423.87
Purchases of traded products	893.91	232.96
Staff costs	115.85	55.92
Other manufacturing expenses	101.76	86.25
Administration expenses	102.65	51.22
Selling and distribution expenses	85.44	39.66
Interest and bank charges	35.13	16.50
Depreciation and amortisation	12.35	7.49
Total (B)	**2,044.78**	**913.87**

Our total expenditure increased by 123.75% to Rs. 2044.78 Million in FY 07 from Rs. 913.87 Million in FY 06. This increase was primarily due to the increase in purchase of traded goods and also increased administration expenses resulting from execution of high value orders. The projects under execution increased to 123 as at the end of FY 07 from 77 as at the end of FY 06 contributing to the increased level of expenses.

Raw materials consumed

The cost of raw materials consumed increased by 64.60% to Rs. 697.69 Million in FY 07 from Rs. 423.87 Million in FY 06. The increase in this cost was on account of raw material purchased for the manufacture of goods. Our income from sales of products manufactured by our Company increased to Rs. 681.34 Million in FY 07 from Rs. 538.28 Million in FY 06. The raw material costs of Rs. 179.39 Million associated with the manufacturing worth Rs. 214.34 Million in FY 07 through the various vendors also contributed to the increase in the level of raw material costs.

Purchase of traded products

The Purchase of traded products stood at Rs. 893.91 Million in FY 07 as against Rs. 232.96 Million in FY 06 registering a rise of 283.72%. This increase in the cost is attributable to the execution of turnkey projects which require purchase of certain critical products which our Company does not manufacture. For our Reliance and Punj Lloyd we have entered into a supply agreement with Elecon for procuring stacker and reclaimer, paddle feeder, ring granulators, wagon tippler and gear boxes worth Rs. 496.14 Million.

Staff costs

Staff costs increased by 107.17% to Rs. 115.85 Million in FY 07 from Rs. 55.92 Million in FY 06. The increase was on account of manpower recruited and the resulting increase of 130.39% in the amount as salaries, wages and bonus to Rs. 106.42 Million in FY 07 from Rs. 50.56 Million in FY 06. The number of employees excluding factory workers increased to 271 as at the end of FY 07 from 158 as at the end of FY 06.

Other manufacturing expenses

Our other manufacturing expenses were Rs. 101.76 Million in FY 07 as against Rs. 86.25 Million in FY 06 showing an increase of 17.98 %. The increase in other manufacturing expenses was due to increase in fabrication charges by 6.62% to Rs. 73.29 Million in FY 07 from Rs. 68.74 Million in FY 06. This increase in fabrication charges was on account of the additional projects taken up involving fabrication work. The power and fuel cost increased by 96.04 % in FY 07 over FY 06 contributing to the increase in other manufacturing expenses.

Administration expenses

The administration expenses increased by 100.41 % to Rs. 102.65 Million in FY 07 from Rs. 51.22 Million in FY 06. This increase was due to an increase in the travel and conveyance expenses which rose by 68.59% in FY 07 over FY 06. The rent expense increased by 148.42% in FY 07 over FY 06 on account of additional space being taken on lease for setting up of new offices. The number of rented properties increased to 17 in FY 07 from 12 in FY 06. The electricity charges registered a rise of 73.89 % in FY 07 over FY 06 due to additional offices being opened. The legal and professional charges rose by 162.80% in FY 07 over FY 06 due to professional charges paid to site engineers employed as consultants. The number of professionals employed on a contractual basis increased to 134 in FY 07 from 116 in FY 06.

Selling and distribution expenses

The selling and distribution expenses increased by 115.43% to Rs. 85.44 Million in FY 2007 from Rs. 39.66 Million in FY 2006. Advertising and marketing expenses rose by 376.19% to Rs. 4.00 Million in FY 07 from Rs. 0.84 Million in FY 06 on account of subscription to additional publications. The outgo on sales commission, which is linked to the size of the order procured, also saw an increase of 245.94% in FY 2007 over FY 2006 due to an increase in the commission paid. The average commission was 1.29% of the value of order. The total number of agents paid such commission increased to 14 in FY 07 from 9 in FY 06.

Interest and bank charges

Interest and bank charges stood at Rs. 35.13 Million in FY 2007 as against Rs. 16.50 Million in FY 2006. This rise of 112.91% was primarily due to an increase in the interest cost on short term loan outstanding to Rs. 12.63 Million in FY 07 from Rs. 4.23 Million in FY 06.

Depreciation and amortisation

Depreciation and amortisation expense increased by 64.89% to Rs. 12.35 Million in FY 2007 from Rs. 7.49 Million in FY 2006. This rise was due to an increase in the value of the net block to Rs. 198.11 Million as in FY 07 from Rs.110.86 Million as an FY 06.

Profit / (Loss) before tax and extra-ordinary items

Due to the reasons mentioned above our profit before tax and extra-ordinary items increased by 120.48% to Rs. 339.13 Million in FY 07 from Rs. 153.82 Million in FY 06.

Provision for Tax

Provision for taxes include current tax liabilities and deferred tax liabilities. Current tax increased by 108.77% to Rs. 123.82 Million in FY 2007 from Rs. 59.31 Million in FY 2006 and deferred taxes increased by 37.86% to Rs. 2.33 Million in FY 2007 from Rs. 1.69 Million in FY 2006 primarily due to increase in our taxable profit.

Fringe benefit tax

The fringe benefit tax of Rs. 2.17 Million was provided for in FY 07.

Restated Net Profit

Our restated net profit for FY 07 was Rs. 212.39 Million. The net adjustment carried out post tax was Rs. 1.58 Million. Restated net profit for FY 07 increased by 117.60% over our restated net profit of Rs. 97.61 Million in FY 06. For further information on adjustments, please refer to the section titled 'Financial Statements' on page no. 137 of this DRHP.

<u>Comparison of FY 2006 to FY 2005</u>

Income

(Rs. in Million)

	For the FY year ended March 31,	
	2006	**2005**
Income		
Sales		
- Of products manufactured by our Company	538.28	262.66
- Of products traded in by our Company	387.34	219.84
Service income	103.13	19.07
Total	**1028.75**	**501.57**
Other income	3.73	1.82
Increase/(decrease) in inventory	35.21	19.62
Total	**1,067.69**	**523.01**

Our total income increased to Rs. 1067.69 Million in FY 06 from Rs. 523.01 Million in FY 05 registering a growth of 104.14%. This was due to increase in the number of turnkey projects under execution by our Company which increased to 18 as at the end of FY 06 from 14 as at the end of FY 05. We procured an order worth Rs 911.15 Million from Reliance Energy Limited in FY 06. The total number of orders received in the fiscal increased to 161 in FY 06 from 127 in FY 05.

Income from sales of products manufactured by our Company

Our income from sale of products manufactured by our Company registered a growth of 104.93% to Rs. 538.28 Million in FY 06 from Rs. 262.66 Million in FY 05. We started our Bawal factory in July'05 which contributed income amounting to Rs. 81.56 Million in FY 06.

Income from sales of products traded by our Company

Our income from sales of products traded by our Company registered a growth of 76.19% to Rs. 387.34 Million in FY 06 from Rs. 219.84 Million in FY 05. We executed 12 turnkey projects in FY 06 and had 18 turnkey projects under execution as at the end of FY 06 which required purchase of products from third parties. Gear box, belting, motors and ring granulators were among the major products purchased from third parties in this fiscal.

Service Income

Our service income increased to Rs. 103.13 Million in the FY 06 from Rs. 19.07 Million in FY 05 registering a growth of 440.79%. We executed 12 turnkey projects and had 18 turnkey projects under execution as at the end of FY 06. We enhanced our capabilities in the design and fabrication department in this FY and were thus able to execute designing jobs which we were earlier not executing. We billed designing work worth Rs. 32 Million in the REL order.

Other Income

Other Income increased by 104.94% to Rs. 3.73 Million in FY 06 from Rs. 1.82 Million in FY 05. The increase was primarily due to an increase in interest income earned on fixed deposits to Rs. 2.37 Million in FY 06 from Rs. 0.83 Million in FY 05.

Expenditure

(Rs. in Million)

	For the FY year ended March 31,	
	2006	**2005**
Expenditure		
Raw materials consumed	423.87	291.40
Purchases of traded products	232.96	66.62
Staff costs	55.92	23.34
Other manufacturing expenses	86.25	33.13
Administration expenses	51.22	28.08
Selling and distribution expenses	39.66	36.03
Interest and bank charges	16.50	7.22
Depreciation and amortisation	7.49	1.23
Total	**913.87**	**487.05**

Our total expenditure increased by 87.63% to Rs. 913.87 Million in FY 06 from Rs. 487.05 Million in FY 05. This increase was primarily due to the increase in purchase of traded goods and other general and administrative expenses associated with scaling up of operations. The projects received in FY 06 increased to 161 from 127 in FY 05.

Raw materials consumed

The cost of raw materials consumed increased by 45.63% to Rs. 423.87 Million in FY 06 from Rs. 291.06 Million in FY 05. The initial variable costs associated with manufacturing are higher than the long term average variable costs. We started our factory in Bawal in July'05 and hence the initial production contributed to the increasing levels of raw material consumed. The raw material costs of Rs 109.26 Million associated with the manufacturing of Rs. 123.87 Million in FY 06 by our vendors contributed to the increase in the levels of raw material costs.

Purchase of traded products

The purchase of traded products stood at Rs. 232.96 Million in FY 06 as against Rs. 66.62 Million in FY 05 registering a rise of 249.68%. This substantial increase in the cost is attributable to purchase of traded products such as gear box, belting, motors and ring granulators in FY 06 which were essential in the execution of the turnkey projects.

Staff costs

Staff costs increased by 139.59% to Rs. 55.92 Million in FY 06 from Rs. 23.34 Million in FY 05. The increase was primarily on account of manpower recruited. The salaries, wages and bonus increased by 139.05% to Rs. 50.56 Million in FY 06 from Rs. 21.15 Million in FY 05. The total number of employees excluding factory workers increased to 158 as at the end of FY 06 from 85 as at the end of FY 05.

Other manufacturing expenses

Our other manufacturing expenses were Rs. 86.25 Million in FY 06 as against Rs. 33.13 Million in FY 05 showing an increase of 160.33%. The increase in other manufacturing expenses was due to increase in fabrication charges by 244.55% in FY 06 over FY 05. The power and fuel cost increased by 188.16% in FY 06 over FY 05. The site development expenses for the FY 06 increased to Rs. 3.78 Million from Rs. 0.56 Million in FY 05 on account of site development activities undertaken as part of the turnkey projects. We incurred higher expenditure on equipment hire charges, which increased to Rs. 5.70 Million in FY 06 from Rs. 0.36 Million in FY 05.

Administration expenses

The administration expenses increased by 82.41% to Rs. 51.22 Million in FY 06 from Rs. 28.08 Million in FY 05. The increase was due to an increase in the travel and conveyance expenses which rose by

38.76% in FY 06 over FY 05. The rent expense increased by 72.17% in FY 06 over FY 05 on account of additional space being taken on lease for setting up of new offices. The number of rented properties increased to 12 in FY 06 from 8 in FY 05. The electricity charges registered a rise of 69.98% in FY 06 over FY 05. The expenditure on outgo of rates and taxes increased in this period by 207.49%. The legal and professional charges rose by 163.92% in FY 06 over FY 05. The number of professionals employed on a contractual basis increased to 116 in FY 06 from 81 in FY 05. Increase in the fee paid to the new Auditors and professional charges paid to site engineers contributed to this increase in legal and professional charges.

Selling and distribution expenses

The selling and distribution expenses increased by 10.07% to Rs. 39.66 Million in FY 06 from Rs. 36.03 Million in FY 05. Advertising and marketing expenses rose by 113.60% in the FY 06 over FY 05 on account of subscription to additional publications. The sales commission decreased to Rs. 12.25 Million in FY 06 from Rs. 18.30 Million in FY 05. This was due to a decrease in the number of sales agents to 9 in FY 06 from 12 in FY 05 and also a decrease in the average commission to 0.55% of order value in FY 06 compared to 1.34% in FY 05.

Interest and bank charges

The interest and bank charges stood at Rs. 16.50 Million in FY 06 as against Rs. 7.22 Million in FY 05. This rise of 128.53% was primarily due to increase in bank charges to Rs. 8.98 Million in FY 06 from Rs. 3.92 Million in FY 05.

Depreciation and amortisation

Depreciation and amortisation expense increased to Rs. 7.49 Million in FY 06 from Rs. 1.23 Million in FY 05. This rise was due to an increase in the value of the net block to Rs. 110.86 Million as in FY 06 from Rs. 55.11 Million as in FY 05. During FY 06, technical know-how fee of Rs. 11.3 Million was paid to our collaborator FAM Magdeburger Forderanlagen und Baumaschinen GmbH, Germany. This was treated as an intangible asset and depreciated at a higher rate.

Profit / (Loss) before tax and extra-ordinary items

Due to the reasons mentioned above our profit before tax and extra-ordinary items increased by 327.75% to Rs. 153.82 Million in FY 06 from Rs. 35.96 Million in FY 05.

Provision for Tax

Provision for taxes include current tax liabilities and deferred tax liabilities. Current tax increased by 641.38% to Rs. 59.31 Million in FY 06 from Rs. 8.00 Million in FY 05 and deferred tax charge increased to Rs. 1.69 Million in FY 06 from Rs. 0.30 Million in FY 05 primarily due to increase in our taxable profit.

Fringe benefit tax

The fringe benefit tax of Rs. 1.73 Million was provided for in the FY 06 on account of introduction of the same in this fiscal.

Adjusted Profit

Our restated net profit for FY 06 was Rs. 97.61 Million. The net adjustment carried out post tax was Rs. 6.52 Million. Restated profit for FY 06 increased by 359.13% over our restated net profit of Rs. 21.26 Million in FY 05. We have adjusted our profits for FY 06 to take into account prior period adjustments, including income tax, relating to earlier years. For further information on adjustments, please refer to the section titled ‘Financial Statements’ on page no. 137 of this DRHP.

Comparison of FY 2005 to FY 2004

Income

(Rs. in Million)

	For the FY year ended March 31,	
	2005	**2004**
Income		
Sales		
- Of products manufactured by our Company	262.66	94.62
- Of products traded in by our Company	219.84	102.97
Service income	19.07	3.51
Total	**501.57**	**201.10**
Other income	1.82	2.64
Increase/(decrease) in inventory	19.62	(7.28)
Total	**523.01**	**196.46**

Our total income increased to Rs. 523.01 Million in FY 05 from Rs. 196.46 Million in FY 04 registering a growth of 166.22%. We procured our first turnkey project this year from Gulf Star of Dubai for $ 2.40 Million for setting up a crushing plant. The total number of orders received in FY 05 increased to 127 from 105 in FY 04.

Income from sales of products manufactured by our Company

Our income from sales of products manufactured by the Company registered a growth of 177.60% to Rs. 262.66 Million in FY 05 from Rs. 94.62 Million in FY 04. Our capacity at the Nangli factory was expanded in view of the increasing orders being received by our Company.

Income from sales of products traded by our Company

Our income from sales of products traded by our Company registered a growth of 113.49% to Rs. 219.84 Million in FY 05 from Rs. 102.97 Million in FY 04. We executed 2 turnkey projects and had 14 turnkey projects under execution as at the end of FY 05 which required purchase of products from third parties.

Service Income

Our service income increased to Rs. 19.07 Million in FY 05 from Rs. 3.51 Million in the FY 04 registering a growth of 443.30%. This increase was primarily due to the order of SAIL for Rs. 93.5 Million, which gave us a design income of Rs. 8 Million.

Other Income

Our other income decreased by 31.06% to Rs. 1.82 Million in FY 05 from Rs. 2.64 Million in FY 04. There was negligible sale of duty entitlements in the FY 05 as compared to FY 04 which led to a decrease in other income for the FY 05 compared to FY 04.

Expenditure

(Rs. in Million)

	For the FY year ended March 31,	
	2005	**2004**
Expenditure		
Raw materials consumed	291.40	88.90
Purchases of traded products	66.62	44.84
Staff costs	23.34	10.89
Other manufacturing expenses	33.13	15.51
Administration expenses	28.08	16.80
Selling and distribution expenses	36.03	10.12
Interest and bank charges	7.22	3.00
Depreciation and amortisation	1.23	0.45
Total	**487.05**	**190.51**

Our total expenditure increased by 155.66% to Rs. 487.05 Million in FY 05 from Rs. 190.51 Million in FY 04. This increase was primarily due to increase in purchase of traded goods on account of the additional orders received. The projects under execution increased to 56 as at the end of FY 05 from 29 as at the end of FY 04.

Raw materials consumed

The cost of raw materials consumed increased by 227.40% to Rs. 291.06 Million in FY 05 from Rs. 88.90 Million in FY 04. The increase in this cost was on account of increasing levels of manufactured products. The raw material costs Rs. 96.79 Million associated with the manufacturing of Rs. 130.46 Million in FY 05 by our vendors contributed to the increase in the levels of raw material costs.

Purchase of traded products

The cost incurred towards the purchase price of traded products stood at Rs. 66.62 Million in FY 05 as against Rs. 44.84 Million in FY 04 registering a rise of 48.57%. This substantial increase in the cost is attributable to purchase of products such as gear box, belting, motors and ring granulators from third parties in FY 05 which were essential in the execution of the turnkey projects.

Staff costs

Staff costs increased by 114.36% to Rs. 23.34 Million in FY 05 from Rs. 10.89 Million in FY 04. The increase was primarily on account of manpower recruited. The salaries, wages and bonus increased by 113.85% to Rs. 21.15 Million in FY 05 from Rs. 9.89 Million in FY 04. The number of employees excluding factory workers increased to 85 in FY 05 from 48 in FY 04.

Other manufacturing expenses

Our other manufacturing expenses were Rs. 33.13 Million in FY 05 as against Rs. 15.51 Million in FY 04 showing an increase of 113.60%. The increase in other manufacturing expenses was due to increase in fabrication charges by 57.62% in FY 05 over FY 04. The power and fuel cost also increased by 30.30% in FY 05 over FY 04. The expenditure on drawing and design charges of Rs. 7.60 Million in FY 05 was on account of our taking on projects with designing requirements.

Administration expenses

The administration expenses increased by 67.14% to Rs. 28.08 Million in FY 05 from Rs. 16.80 Million in FY 04. The increase was due to an increase in the travel and conveyance expenses which rose by 75.06% in FY 05 over FY 04. The rent expense increased by 51.40% in FY 05 over FY 04 on account of additional offices being opened. The electricity charges registered a rise of 50.95% in FY 05 over FY 04. The legal and professional charges rose by 59.41% in FY 05 over FY 04. The number of professionals employed on a contractual basis increased to 81 in FY 05 from 24 in FY 04.

Selling and distribution expenses

The selling and distribution expenses increased by 256.03% to Rs. 36.03 Million in FY 05 from Rs. 10.12 Million in FY 04. Advertising and marketing expenses rose to Rs. 0.39 Million in FY 05 from Rs. 0.065 Million in FY 04 on account of subscription to additional publications. Sales commission paid which is linked to the value of the order procured, increased to Rs. 18.30 Million in FY 05 from Rs. 3.26 Million in FY 04. The total number of agents paid such commission increased to 12 in FY 05 from 7 in FY 04. The average commission was 1.34% of order procured.

Interest and bank charges

The interest and bank charges stood at Rs. 7.22 Million in FY 05 as against Rs. 3.00 Million in FY 04. This rise of 140.67% was due to increase in bank charges to Rs. 3.98 Million in FY 05 from Rs. 1.58 Million in FY 04 and an increase in interest cost on short term loans to Rs. 3.16 Million in FY 05 from Rs. 1.34 Million in FY 04.

Depreciation and amortisation

Depreciation and amortisation expense increased by 173.33% to Rs. 1.23 Million in FY 05 from Rs. 0.45 Million in FY 04. This rise was due to an increase in the value of the net block to Rs. 55.11 Million as in FY 05 from Rs.10.83 Million as in FY 04.

Profit / (Loss) before tax and extra-ordinary items

Due to the reasons mentioned above our profit before tax and extra-ordinary items increased by 504.36% to Rs. 35.96 Million in FY 05 from Rs. 5.95 Million in FY 04.

Provision for Tax

Provision for taxes include current tax liabilities and deferred tax liabilities. Current tax increased to Rs. 8.00 Million in FY 05 from Rs. 2.00 Million in FY 04 and deferred tax charge increased to Rs. 0.30 Million in FY 05 from Rs. 0.04 Million in FY 04 primarily due to increase in our taxable profit.

Restated Net Profit

Our restated net profit for FY 05 was Rs. 21.26 Million. The net adjustment carried out post tax was Rs. (6.40) Million. Restated net profit for FY 05 increased by 302.65% over our restated net profit of Rs. 5.28 Million in FY 04. For further information on adjustments, please refer to the section titled 'Financial Statements' on page no. 137 of this DRHP.

Liquidity and Capital Resources

Liquidity

We operate in capital intensive industries and have historically financed the execution of our projects and other capital expenditures through a combination of cash generated from operations, sale of equity interests, and borrowings from commercial banks in India. Our liquidity requirements relate to servicing our debt, funding investments in new projects, funding our working capital requirements and maintaining cash reserves against fluctuations in operating cash flows.

We had cash and cash equivalents of Rs. 250.24 Million and Rs. 138.55 Million as at FY 07 and FY 06 and Rs. 31.41 Million, Rs. 12.38 Million and Rs. 6.87 Million as at March 31, 2005, 2004 and 2003, respectively.

Cash Flows

(Rs. in Million)

	Year ended March 31		
	2007	**2006**	**2005**
Net cash flow from (used in) operating activities	175.77	(21.97)	110.34
Net cash flow from (used in) investment activities	(239.06)	(62.34)	(45.31)
Net cash flow from (used in) financing activities	174.98	191.45	(46.00)
Net cash and cash equivalents at the end of the year	250.24	138.55	31.41

Net Cash from Operations

Our net cash from operating activities was Rs. 175.77 Million in FY 07. We had net profit before tax of Rs. 339.17 Million based on our restated financials. Our net cash from operating activities reflects non-cash items of depreciation of Rs. 12.31 Million. Changes in assets and liabilities that had a current period cash flow impact comprised mainly of an increase in working capital of Rs. 148.79 Million, consisting primarily of an increase in trade and other receivables, offset mostly by an increase in trade payables. Our net cash from operating activities also reflects an amount of Rs. 55.22 Million for direct taxes paid.

Our net cash used in operating activities was Rs. 21.97 Million in FY 06. We had net profit before tax of Rs. 155.50 Million based on our restated financials. Our net cash from operating activities reflects non-cash items of depreciation of Rs. 7.45 Million as well as a total of Rs. 1.57 Million for provisions. Changes in assets and liabilities that had a current period cash flow impact comprised mainly of a increase in working capital of Rs. 163.56 Million, consisting primarily the net effect of an increase in trade receivables, and an increase in trade and other receivables, and increase in other current assets. Our net cash from operating activities also reflects an amount of Rs. 36.33 Million for direct taxes paid.

Net cash from Investing Activities

Our net cash used in investing activities was Rs. 239.06 Million in FY 07. This reflected expenditures on fixed assets of Rs. 100.89 Million and on investments of Rs. 144.67 Million offset by interest received. Our net cash used in investing activities was Rs. 62.34 Million in FY 06. This reflected expenditures on fixed assets of Rs. 77.12 Million and receipt from sale of fixed assets of Rs. 14.5 Million.

Net cash from financing Activities

In FY 07, our net cash flow from financing activities was Rs. 174.98 Million. We raised Rs. 73.47 Million of new borrowings. We received Rs. 96.47 Million as share premium from issue of equity shares.

In FY 06, our net cash flow from financing activities was Rs. 191.45 Million. We received Rs. 150 Million by way of Issue of preference share capital. We increased our short term borrowings by Rs. 68.46 Million of new borrowings and repaid our long term borrowings by Rs. 29.34 Million.

Assets

(Rs. in Million)

	Year ended March 31		
	2007	**2006**	**2005**
Fixed assets	198.11	110.86	55.11
Investments	146.51	1.84	0.36
Current Assets, loans and advances	1,441.79	624.86	207.47

Fixed Assets

Our total fixed assets after depreciation and revaluation reserve, defined as net block, were Rs. 198.11 Million and Rs.110.86 Million as at FY 07 and FY 06 and Rs. 55.11 Million, Rs. 10.83 Million and Rs. 4.12 Million as at the end of FY 05, 04 and 03, respectively. Our fixed assets consist of freehold land, leasehold land, buildings, plant and machinery, furniture and fittings, vehicles, computers and intangible assets, such as computer software and technical know-how.

Net fixed asset value increased by 408.86% in FY 05 as compared to FY 04, and by 101.16% in FY 06 as compared to FY 05. During FY 07, the value of our net fixed assets increased by 78.71% as compared to FY 06. Our net fixed assets have increased significantly from FY 04 to FY 07, since we have been increasing our manufacturing capabilities, along with the completion of certain infrastructure facilities in connection with projects under construction.

Investments

We have invested the following amounts in our subsidiaries during FY 07:

- Equity share capital amounting to Rs. 12.70 Million in TIFZE, a wholly owned subsidiary formed in Dubai, United Arab Emirates.
- Equity share capital amounting to Rs. 4.7 Million in TPSL and made it a subsidiary Company.

- During FY 07 we acquired BAPL, owner of industrial land and building in Bhiwadi. Company paid a consideration of Rs.127.20 Million towards acquisition of equity share capital of BAPL. On acquisition, BAPL became a wholly owned subsidiary of ours.

The total of our investments was Rs. 146.51 Million as at March 31, 2007 and were negligible in the previous years.

Current Assets, Loans and Advances

Our total current assets, loans and advances for FY 07, FY 06 and FY 05, respectively, were Rs. 1,441.79 Million, Rs. 624.86 Million and Rs. 207.47 Million. Current assets, loans and advances include inventories, sundry debtors and cash and bank balances.

Current assets, loans and advances increased by 62.70% in FY 05 as compared to FY 04, and by 201.18% in FY 06 as compared to FY 05. During FY 07, current assets, loans and advances increased by 130.74% as compared to the FY 06. These increases are mainly due to (i) an increase in inventories, corresponding to our increased projects, (ii) increases in our sundry debtors and (iii) cash and bank balances.

Liabilities and Provisions

(Rs. in Million)

	As of March 31		
	2007	2006	2005
Liabilities and Provisions	1,277.88	468.52	231.18

Our liabilities and provisions for FY 07, FY 06 and FY 05, respectively, were Rs. 1,277.88 Million, Rs. 468.52 Million and Rs. 231.18 Million. Our liabilities and provisions include secured loans and current liabilities and provisions which include sundry creditors, advances from clients and other liabilities.

Liabilities and provisions increased by 80.67% in FY 05 as compared to FY 04, and increased by 103.01% in FY 06 as compared to FY 05. During FY 07, current liabilities and provisions decreased by 172.28% as compared to FY 06. These fluctuations are mainly due to (i) changes in provisions for taxation that correspond with increases in our profit, and (ii) changes in our sundry creditors.

Significant developments after March 31, 2007 that may affect the future of our operations

Since March 31, 2007, the following significant events have occurred. We anticipate that each of these events may have an impact on our financial condition and results of operations in future Fiscal periods:

- Our COD pursuant to their resolution dated April 30, 2007 has declared an interim dividend of Rs. 63.02 Million for the FY 07. The total dividend tax payable on the interim dividend is Rs. 10.71 Million.

- Our COD pursuant to their resolution dated June 21, 2007 has announced a bonus issue of shares in the ratio of a share for every share held (i.e. 1:1).

- Our BOD pursuant to their resolution dated June 04, 2007 has allotted 108,330 fresh equity shares to 55 shareholders.

- Our COD pursuant to their resolution dated June 15, 2007 shifted our Nangli factory with effect from June 18, 2007. We have shifted all the production to our Bhiwadi plant.

- We have executed loan documents with SBI for a credit limit of Rs. 2,350 Million on August 2, 2007.

Analysis of Certain Changes

1. *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, except as disclosed as extraordinary items and fixed assets in this section.

2. *Known trends or uncertainties*

Our business has been impacted and we expect will continue to be impacted by the trends identified in the section titled 'Management's Discussion and Analysis of Financial Condition and Results of Operations' and the uncertainties described in the section titled 'Risk Factors' on page nos. 237 and (xii) of this DRHP. To our knowledge, except as we have described in this DRHP, there are no known factors, which we expect to have a material adverse impact on our revenues or income from continuing operations.

3. *Future relationship between expenditure and revenues*

Except as described in 'Risk Factors', 'Business Overview' and 'Management's Discussion and Analysis of Financial Condition and Results of Operations' beginning on pages (xii), 62 and 237 of this DRHP respectively, to the best of our knowledge, there is no future relationship between expenditure and income that will have a material adverse impact on the operations and finances of our Company.

4. *Increase in our revenue*

We currently have a number of projects that we anticipate will be executed over the forthcoming years that will add to our revenues, as described in the section titled 'Business Overview' on page no. 62 of this DRHP. Diversification into new lines of business as explained in the section titled 'Business Overview' on page no. 62 of this DRHP is also expected to add to our revenues.

5. *Total turnover of each major industry segment*

We do not have any classified industry segments.

6. *New products or business segments*

We have no current plans to develop or establish any new business segments. However, we propose to set up a design center and a belt conveyor plant from the proceeds of the Issue. For further information, please refer to the section titled 'Objects of the Issue' on page no. 32 of this DRHP.

7. *Seasonality of Business*

We book the maximum income in the last quarter of the fiscal year. In Q4 of FY 07 we booked Rs 1166.21 Million compared to Rs. 1133.36 Million booked in the first three quarters. This Q4 income excluding other income represented 50.71% of our total income for the year. Similarly in FY 06 and FY 05, the Q4 income excluding other income was 42.12% and 51.07%, respectively, of our total income. A majority of our billing is done before the closure of the financial year, which results in a spurt in the income levels in the last quarter.

8. *Dependence on few clients*

We have a large number of clients and our business does not depend on any particular client.

9. *Competitive conditions*

We expect competition to increase in the material handling sector due to, among other things, the increase of new participants, as described in the section titled 'Risk Factors' on page no. (xii) of this DRHP.

7.4 FINANCIAL INDEBTEDNESS

Our Company has availed credit facilities from SBI and Vijaya Bank for the sum of Rs. 2,350.00 Million and Rs. 25.60 Million respectively.

1. Loan from State Bank of India

We have entered into an agreement of loan dated August 2, 2007 with the SBI for availing credit facilities not exceeding Rs. 2,350.00 Million. The individual limits granted within the said amount are as follows:

No.	Individual Limits	Amount (Rs. in Million)	Rate of Interest	Amount Outstanding as on August 16, 2007
1	Cash Credit (Hyp-Stocks)	200.00	0.75% above SBAR, minimum of 13.5% p.a. with monthly rests	55.84
	Sub limits:			
	Cash credit (Book Debts)	180.00		0.00
	Export Packing Credit (EPC)	60.00		56.55
	DDP (Cheques)	50.00		42.27
	FDB (Non- LC)	5.00		0.00
2	Term Loan (IT Park)	220.00	1.25% above SBAR, minimum of 13.5% p.a. with monthly rests	52.12
3	Letter of Credit	100.00	As per extant guidelines except 50% concession on SBI's usual commission charges on issue	16.17
4	Bank Guarantee	1,800.00	As per extant guidelines except 50% concession on SBI's usual commission charges on issue	981.02
5	FDB (LC)	30.00	As per extant guidelines	0.00

The key terms of the SBI Loan Agreement are set out below:

1. The rates of interest payable will be determined by SBI and may change from time to time and the credit facilities are available for a period of 12 months i.e. up to June 6, 2008.

2. The primary securities created by our Company in favour of SBI are as follows:

Facility	Primary Security
CC (Hyp), EPC and DDP (Cheques)	First charge on all current assets of the Company
FDB (Non-LC)	Documents of title to goods and extension of charge on all current assets of the Company
Term Loan- IT Park	Assets created/to be created out of this loan, including equitable mortgage over one acre of land at Plot 11/A-17, S. No. 240 at SPICOT IT Park, Siruseri, Chennai. There is also a charge on the entire receivable from the proposed project
Letter of Credit	Documents of title to goods and extension of charge on all current assets of the Company
Bank Guarantee	Extension of charge on all current assets of the Company

3. An equitable mortgage over the following properties belonging to our Company and/ Promoters has also been created as collateral security with respect to the said credit facilities:

   - Factory land and building at industrial plot No. 2, 3, 4, 25 and 26, Sector- 7, Industrial Growth Centre, Bawal, Rewari, Haryana;

- Industrial plot No. SP 496- 497, RIICO industrial area in the name of BAPL at Bhiwadi, Rajasthan near the existing factory at Bawal, Haryana;
- Office Space No. 202 and 204, 2nd floor, JMD Pacific Square, Silokhera, Gurgaon with a super area of 4,425 sq. ft;
- Unit No. 2, First Floor, No. 25, 1st Main Road, Gandhi Nagar, Adyar, Chennai- 600 020;
- Residential plot at FB- 26, Tagore Garden, New Delhi;

4. Personal guarantees have been provided to SBI by Mr. Ajay Kumar Bishnoi, Mr. Amul Gabrani, Mrs. Bhagwanti Gabrani and a corporate guarantee has been provided by BAPL on behalf of our Company.

5. SBI at its sole discretion and without any previous notice and/ or without assigning any reason, can cease to accept the security from our Company and/or cease to make advances against the same.

6. Our Company is not permitted take any loan or credit facility from any other bank during the subsistence of this loan facility, without the written approval of SBI.

7. During the currency of the loan facility, our Company is not permitted to do any of the following, without a written consent from SBI:

   - Change or alter our capital structure in any manner;
   - Permit any transfer of the controlling interest or make drastic changes to the management set up;
   - Effect any scheme of amalgamation or reconstitution;
   - Implement any new scheme of expansion or undertake any new project or take up an allied line of business or enlarge the scope of our manufacturing or trading activities as notified at the time of application for the credit facilities;
   - Declare any dividend on our share capital while we are defaulting in the payment of the money due to SBI.
   - Invest any money in the form of deposits, loans or in the share capital of any other concern including subsidiaries so long as money is due to SBI, except in the ordinary course of business;
   - Undertake any guarantee obligation on behalf of any other company including group companies.

8. We are not permitted to alter or make any changes to our MOA and/ or AOA during the subsistence of the Loan Agreement without prior notification to and written consent of SBI.

9. Our Company has undertaken not to use the loan facility for any purpose other than that for which it has been availed, without the written sanction of SBI.

10. Our Company has to inform SBI in case we wish to issue any new share capital or place calls in respect of our shares.

11. During the currency of the loan facility, we are not permitted to vary the shareholding of our directors, principal shareholders and promoters without the previous written consent from SBI.

12. During the subsistence of the SBI Loan Agreement will have the right to appoint and/or remove from time to time, directors on the Board of our Company. Such directors shall not be liable to retire by rotation and need not possess any qualification shares.

13. For all or any of the purposes under the Loan Agreement, we have constituted SBI as our true and lawful attorney to do inter alia any of the following acts or deeds:

    - To take over and carry on our business;
    - To sell, transfer, assign, or deal with any goods and other moveables;
    - If considered proper, to wind up our business;

- To tender contract of purchase, accept, sign and transfer into the name of our Company any securities;
- To apply for and accept allotment of any securities and to sell, endorse, negotiate, transfer and assign any securities which shall stand in the name of our Company or which our Company may be entitled to demand; and
- To appoint a proxy to represent the Company during voting at meetings of companies, or any other body corporate.

2. Loan from Vijaya Bank

Our Company has availed the following loan facilities from Vijaya Bank against the pledge of our fixed deposits by issuing sanction letters dated January 27, 2006:

No.	Loan Amount (Rs. in Million)	Rates of Interest	Security created	Amount Outstanding as on August 16, 2007 (Rs. in Million)*
1	1.26	8.5%	Fixed deposit A/C 603307311000018	1.40
2	2.89	7.5%	Fixed deposit A/C 603307311000019	3.18
3	21.46	7%	Fixed deposit A/C 603307311000020	23.45

** Including interest*

Vijaya Bank can alter the terms of sanction of the loan or withdraw/cancel the limit partially or fully or require the advance to be paid at any time, without giving/ assigning any notice and/ or without assigning any reason(s).

SECTION VIII- LEGAL AND OTHER INFORMATION

A. Outstanding Litigation

Except as stated below there are no outstanding litigations, suits, criminal or civil prosecutions, proceedings or tax liabilities against our Company, and there are no defaults, non payment of statutory dues, over-dues to banks/financial institutions, defaults against banks/financial institutions, defaults in dues payable to holders of any debenture, bonds and fixed deposits and arrears of preference shares issue by us, defaults in creation of full security as per terms of issue/other liabilities, proceedings initiated for economic/civil/any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (I) of Part 1 of Schedule XIII of the Act) other than our unclaimed liabilities and no disciplinary action has been taken by SEBI or any stock exchanges against us, our Promoter or our Directors. There have not been any litigation proceedings, claims or actions instituted against our Directors or Promoters.

I. Filed against our Company

1. **SALES TAX PROCEEDINGS**:

   The Delhi Sales Tax Assessing Authority has passed an assessment order for FY 04 and demanded payment of Rs. 0.55 Million from us on account of non submission of forms C and E1. Accordingly, we deposited the aforesaid forms and the demand was reduced to Rs 0.26 Million by the assessing authority vide its review order dated March 31, 2005. Further, the assessing authority issued a rectification order dated August 2, 2005, wherein, they have acknowledged that there has been a clerical error in calculating the demand in the aforementioned order dated March 31, 2005. Accordingly, the demand was reduced from Rs. 0.26 Million to Rs. 0.15 Million. We challenged the order dated August 2, 2005 by way of an appeal before the Assistant Commissioner (Sales Tax). The Assistant Commissioner (Sales Tax) by his order dated September 26, 2005 remanded the matter to the concerned assessing officer for review of the assessment. We have, meanwhile submitted all the pending forms to the concerned assessing officer. The matter is currently pending before the concerned assessing authority in the sales tax department who is yet to scrutinise the forms and pass an order of assessment against our Company for the year 2003-2004.

2. **EXCISE PROCEEDINGS**

   We have alongwith 13 other parties received a show cause notice dated January 4, 2007 issued by the Commissioner of Customs and Central Excise –I ("Commissioner"), Meerut for having played active role in abetting the evasion of the Central Excise duty by providing fictitious entries of profit to M/s Swaroop Castings Private Limited, Muzaffarnagar ("Swaroop Castings").

   We have filed a reply dated July 30, 2007 stating that:

   i. The allegations made by the Commissoner are without any basis whatsoever and that these allegations have been fictiously created without any documents to support the same;

   ii. We had engaged Swaroop Castings for procuring contracts for us and that we have accordingly paid commission to Swaroop Castings for the services rendered by them as regards the awarding of contracts is concerned.

II. Filed by our Company

We have filed a review petition under Section 94 (1) (f) of the Electricity Act, 2003 read with regulation 78 of Haryana Electricity Regulatory Commission (Conduct of Business) Regulations, 2004 for review of the power tariff order passed by HERC dated May 15, 2007 for fixing the tariff applicable to non-conventional energy producers in the State of Haryana. The said petition is currently pending before the HERC

B. CONTINGENT LIABILITIES

Contingent liabilities of our Company as at 31 March 2007:

1. Claims against the Company not acknowledged as debts (pertaining to excise matters) – Rs. 297,558.

2. Guarantees given by the Company on behalf of another Company amounting to Rs. 60,000,000.

3. Bills discounted (including cheques discounted) with recourse amounting to Rs. 47,609,385.

4. The Employee Provident Fund Organisation (EPFO) has on 9 September 2005 issued a clarification as per which provident fund contribution should be deducted on leave encashment paid from 1 May 2005 onwards. It has also been stated that the claims between 1 October 1994 and 30 April 2005 should be kept in abeyance till this issue is decided by the Central Board of Trustees. In another clarification issued on 24 November 2005, the EPFO has stated that presently deduction of provident fund on leave encashment at the time of superannuation may not be insisted upon. This matter is also to be decided by the Central Board of Trustees.

   Due to the pending decision by the Central Board of Trustees, a contingent liability, the amount of which presently is not reasonably ascertainable, exists for provident fund on leave encashment on claims between 1 October 1994 and 30 April 2005 and on provident fund on leave encashment at the time of superannuation.

C. MATERIAL DEVELOPMENTS

In the opinion of our BOD, there have not arisen, since the date of the last financial statements disclosed in DRHP, any circumstances that materially or adversely affect or are likely to affect the profitability of our Company and our subsidiaries taken as a whole or the value of their consolidated assets or their ability to pay their material liabilities within the next twelve months. The following are the developments that have occurred after the date of the last financial statement:

1. Our Company has acquired 51% of the equity shares of Trema. Our BOD approved the above acquisition on April 16, 2007 and pursuant to the share purchase agreement and the collaboration agreement, executed on April 25, 2007, Trema has become a joint venture of our Company and Trema Verfahrenstechnik GmbH on April 25, 2007.

2. Pursuant to powers conferred by our BOD, our COD in its meeting held on April 30, 2007 has declared an Interim Dividend @ 70% for FY 07.

3. Pursuant to the approval of our BOD accorded in its meeting on March 16, 2007, we have acquired 49% of the equity shares along with the management control of AWPCPL. We entered into a Share Purchase Agreement on May 3, 2007, a Share Subscription Agreement and a Shareholders Agreement on May 4, 2007 with Zoom Developers Pvt. Ltd.

4. We have provided a corporate guarantee of Rs. 950 Million to SBI with respect to credit limits sanctioned to our subsidiary TPSL on May 26, 2007.

5. BAPL on May 26, 2007 has created equitable mortgage on its industrial land and provided corporate guarantee of Rs. 950 Million to SBI with respect to the credit limit sanctioned to TPSL.

6. On June 4, 2007 our BOD allotted 108,330 Equity Shares of Rs. 10 each at the premium of Rs. 230 per share to 55 shareholders.

7. We have been issued a letter of intent dated June 12, 2007 for setting up a waste processing project on BOT/BOOT basis in Bikaner, Rajasthan.

8. We have shifted our factory at Nangli, Delhi with effect from June 18, 2007. The machines and other equipment and many of the workmen have been shifted to our factory in Bhiwadi, Rajasthan.

9. In the EGM held on June 20, 2007, the members of our Company have increased the borrowing powers of our Company from Rs. 2,500 Million to Rs. 5,000 Million.

10. In the EGM held on June 20, 2007, the members of our Company approved the issue of bonus shares in the ratio of 1:1. Pursuant to the members approval our COD has allotted the bonus shares on June 21, 2007.

11. SBI vide its sanction letter dated June 25, 2007 has sanctioned working credit limit of Rs. 2,130 Million to us. With this limit, the overall borrowing limit of our Company now stands at 2,350 Million.

12. Tecpro Singapore became a wholly owned subsidiary of our Company on July 13, 2007.

13. BAPL on August 2, 2007 has created equitable mortgage on its industrial land and provided corporate guarantee of Rs. 2,350 Million to SBI with respect to the credit limit sanctioned to us.

D. GOVERNMENT / STATUTORY AND OTHER APPROVALS

Government Approvals

We have received the necessary consents, licences, permissions and approvals from the Government and various governmental agencies required for our present business and except as mentioned below and no further approvals are required for carrying on our present business.

Since the name of our Company has changed from Tecpro Systems Private Limited to Tecpro Systems Limited on July 10, 2006, we have accordingly submitted necessary applications to all the concerned authorities informing them about the said change in the name of our Company and have also requested the concerned authorities to carry out the necessary changes in their respective records. However, as regards Maharashtra State Tax on Professions, Trades, Callings and Employments Act 1975 and Gujarat State Tax on Professions, Trades, Callings and Employment Act 1976, we are in the process of submitting/informing the concerned authority about the change in the name of our Company from private limited to public.

Approvals for the Issue

We have received the following approvals relating to the Issue:

The BOD has, pursuant to resolution passed at its meeting held on June 4, 2007, authorized the fresh Issue subject to the approval by the shareholders of our Company under section 81(1A) of the Act.

The shareholders of the Company have, pursuant to a resolution dated June 20, 2007, under section 81(1A) of the Act, authorized the fresh issue of shares in accordance with law.

Approvals for our Business

We require various approvals and licenses for us to carry on our business in India and overseas. The approvals that we have include the following:

Approvals, Registrations and Key Filings in India

1. RBI Acknowledgement

We have filed an FC-GPR dated July 13, 2007, as required under the FEMA Regulations 20/2000-RB dated May 3, 2000, with the RBI, to report the issuance of 3,425,753 equity shares of face value Rs. 10 as bonus shares to our various foreign investors. Each of the said equity shares have been issued as bonus shares in the ratio of 1:1 after capitalization of Company's free reserves.

We have filed an FC-GPR dated August 3, 2006, as required under the FEMA Regulations 20/2000-RB dated May 3, 2000, with the RBI, to report the issuance of 1,550,120 equity shares of face value Rs. 10 to Metmin. Each of the said equity shares have been issued as bonus shares in the ratio of 4:1 after capitalization of our Company's free reserve.

We have filed an FC-GPR dated July 20, 2006, as required under the FEMA Regulations 20/2000-RB dated May 3, 2000, with the RBI, to report the issuance of 387,500 equity shares of face value Rs. 10 each at a premium of Rs. 377.09 to Metmin. The said equity shares have been allotted from the conversion of 1,499,970 CCPS of face value Rs. 100 each.

We have filed an FC-GPR dated January 25, 2006, as required under the FEMA Regulations 20/2000-RB dated May 3, 2000, with the RBI, to report the issuance of 20 equity shares of face value Rs. 10 at a premium of Rs. 90 and 999,980 CCPS of face value Rs. 100 each at par, to Metmin.

We have filed an FC-GPR dated November 16, 2005, as required under the FEMA Regulations 20/2000-RB dated May 3, 2000, with the RBI, to report the issuance of 10 equity shares of face value Rs. 10 at a premium of Rs. 90 and 499,990 CCPS of face value Rs. 100 at par to Avigo.

2. NOC from SBI

SBI by its letter dated August 21, 2007 has informed us that SBI has no objection if we go for an IPO and accordingly list our shares on the stock exchange.

Existing Approvals and Licenses

1. Employee Provident Fund

We are registered under the EPF Act and have been allotted code number DL/25741 *on* July 10, 2002 bearing registration number PFRC/98 Coord/DL/25741/Coverage/C-61353 issued by the Assistant Provident Fund Commissioner, Office of the Regional Provident Fund Commissioner, New Delhi.

Our office in Bawal, Rewari is registered under the EPF Act and have been allotted the code number HR/GGN/ 27649 dated December 20, 2005.

We have obtained registration under the EPF Act as regards the Company's factory situated in Bhiwadi and we have been allotted the code number RJ/16509 dated June 1, 2007 issued by the Assistant P.F. Commissioner (Compliance- II).

2. Employee State Insurance

Our factory in Bawal is registered under the ESI Act and we have been allotted registration number 13/31034/67*on* January 12, 2006 issued by the Regional Office of the Employee State Insurance Corporation, Faridabad.

Our factory in Bhiwadi is registered under the ESI Act, 1948 and have been allotted registration number 15/22010/65 on March 14, 2007 issued by the Employee State Insurance Corporation, Jaipur.

3. Factory License

We have obtained a license No. MOH/T-10/5401 for our factory situated in Plot no. 2, 3, 4, 25, 26 and 27, Sector-7, HSIDC, Growth Centre, Bawal, Rewari to employ not more than 200 workers in the factory. This approval is valid for a period of one year and has expired on December 31, 2006. We have made application for renewal of the said license.

We have obtained a license No. RJ 10897 for our factory situated at SP-496-497 Industrial Area, Bhiwadi to employ not more than 150 workers in the factory. In this regard, we have been granted factory registration bearing number 10897 from the relevant authorities constituted under the provisions of the said Act. This approval is valid upto March 31, 2008.

4. Import Exporter Code

An IEC bearing no. 0501051503, dated December 24, 2001, has been issued to our Company by the Ministry of Commerce.

5. Excise Bond

We have executed bonds for a sum of Rs 5,900,000 for which we are permitted to remove from time to time excisable goods from places all over India for export to foreign countries without payment of any duty.

6. NOC from HSIDC

An NOC has been obtained from HSIDC dated August 7, 2006, with respect to mortgaging of industrial

Plot no. 2, 3, 4, 25 and 26 and 27, HSIDC, Growth Centre, Bawal, Rewari in favour of SBI. HSIDC as per the NOC, has the first charge on the plots against any outstanding recoverable dues.

We have vide our letter dated June 13, 2007 informed HSIDC that we intend to list our shares on the stock exchange and that even after listing of the shares in the stock exchange, the shareholders and family members of our Company, would continue to hold more than 51% of the shareholding in our Company.

7. NOC from SIPCOT

SIPCOT by its letter dated April 3, 2007 has given a NOC to us to mortgage the leasehold land given by SIPCOT to us to an extent of One acre situated in SIPCOT IT Park to SBI, Chennai, since we had availed a term loan to the extent of Rs. 220 Million from SBI. We have availed the aforesaid term loan to set up an industrial unit on SIPCOT land for software development facility. As per the terms of the NOC, SIPCOT reserves the right to have a charge over the said property.

8. Consent letter from HSPCB

We have obtained a consent dated August 1, 2006, to operate our plant situated in Plot no. 2, 3, 4, 25, 26 and 27, Sector-7, HSIDC, Growth Centre, Bawal, Rewari, under the Water (Prevention and Control of Pollution) Act, 1974, subject to certain compliances. This consent is valid from April 1, 2006 till March 31, 2011.

We have obtained a consent dated August 1, 2006, to operate our plant situated in Plot no. 2, 3, 4, 25, 26 and 27, Sector-7, HSIDC, Growth Centre, Bawal, Rewari, under the Air (Prevention and Control of Pollution) Act, 1981, subject to certain compliances. This consent is valid from April 1, 2006 till March 31, 2011.

9. Consent letter from RSPCB

We have obtained consent dated December 28, 2006, to operate our factory situated in SP-496-497, RIICO Industrial Area Bhiwadi under the Air (Prevention and Control of Pollution) Act, 1981 and under the Water (Prevention and Control of Pollution) Act, 1974, subject to certain terms and conditions as provided for under the consent. This consent is valid from December 15, 2006 till December 14, 2009.

10. Conversion from Private to Public company

Our Company was recently converted from a private limited company to a public limited company under the provisions of the Act. We have received a fresh certificate of incorporation evidencing such conversion dated July 10, 2006, from the Department of Corporate Affairs, Government of India, bearing corporate identity number U74899DL1990PLC041985.

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

An approval dated September 22, 2005, has been granted to us under the Contract Labour (Regulation and Abolition) Act, 1970 by labour department of Haryana, for employing workers at our plant in Rewari under the Contract Labour (Regulation and Abolition) Act, 1970. As per the approval, we are allowed to hire five contractors for a total of 106 workers.

We have applied under the Contract Labour (Regulation and Abolition) Central Rules, 1971 to the labour department, to permit us to employ contractual workers at our factory in Bhiwadi. We have seeked approval for hiring 105 contract labourers working through different contractors.

We have obtained license under the Contract Labour Act, from the Office of The Assistant Commissioner Labour Durg, Chattisgarh Government Labour Department and license is valid up to December 31, 2007.

We have obtained license as a contractor under the Contract Labour Act, from The Office of District Labour Officer, Dhenkanal, Government of Orissa and the said license is valid up to February 15, 2008

We have obtained license as a contractor under the Contract Labour Act from the Assistant Labour Commissioner (Central) Chennai bearing registration no. L/291/2006 and the same is valid up to October 5, 2007.

We have obtained license as a contractor under the Contract Labour Act from the Licensing Officer Visakhapatnam bearing registration no. DCL/VSP/CL/2416/2005 and the same is valid up to January 25, 2008.

We have obtained licence as a contractor under the Contract Labor Act from the Licensing Officer under Contract Labour (R &A) Act cum District Labour Officer Jajpur, Jajpur Road, Orissa bearing registration no. JRD/L/CL.1119 and the same is valid up to June 17, 2008.

We have obtained license as a contractor under the Contract Labour Act from Assistant Commissioner of Labour office of Deputy Commissioner of Labour II, Chennai bearing registration no. 109/06. The license has been issued on December 29, 2006.

12. Fire Fighting

An NOC has been obtained from the Fire Station Officer, Rewari, *vide* a certificate dated June 20, 2006, with respect to our plant at 2, 3, 4, 25, 26 and 27, Sector-7 HSIDC, Growth Centre, Bawal, Rewari. The same has been renewed on June 11, 2007 and is now valid upto June 10, 2008.

We have obtained a license bearing no. 015/A2/2006 dated December 17, 2006 from the Tamil Nadu Fire and Rescue Services with respect to plot bearing No. A 17, S no. 240 part, Siruseri village, Chengalpattu, Kannchipuram.

13. Sales Tax/VAT Registration

We have been registered under the Haryana Value Added Tax Act, 2003 as a manufacturer and seller of machinery, plant, equipment and parts thereof and such registration would be valid till cancellation and the application is valid from November 5, 2004. Our principal place of business has been stated in the said registration certificate to be HSIDC Growth centre, Sec-7, Plot no. 2-4, 25-27, Bawal. In this regard, we have been granted a tax identification number of 06312705842 from the relevant authorities constituted under the provisions of the said Act.

We have been registered under the Haryana Value Added Tax Act, 2003, as a trader and such registration would be valid till cancellation and the said approval is valid from January 30, 2006. Our principal place of business has been stated in the said registration certificate to be 202-204, Pacific Square, Sector 15, Gurgaon. In this regard, we have been granted a tax identification number of 06481928633 from the relevant authorities constituted under the provisions of the said Act.

We are registered under the Tamil Nadu Value Added Tax Act 2006 as a dealer on January 1, 2007 and the said registration is valid till cancellation. Our principal place of business has been stated in the said registration certificate to be at Unit No. 2 Second Floor No. 25, 1st Main Road, Gandhi Nagar, Adyar, Chennai-20. In this regard, we have been granted a tax identification number of 33640852215 from the relevant authorities constituted under the provisions of the aforesaid Act.

We have been registered under the Chattisgarh Commercial Tax Act, 1994, since April 21, 2003, as a manufacturer/ erector/ installer and seller of engineering, designing and coal handling systems and the said registration is valid till cancellation. Our principal place of business in the said registration certificate is given as c/o Jaiswal Nico Limited, Siltera, Raipur, Chhattisgarh. In this regard, we have been granted a registration number of 1007301955 from the relevant authorities constituted under the provisions of the said Act.

We have been registered under the Gujarat Sales Tax Act, 2003, since November 30, 2004 as a manufacturer, reseller importer, whole sellor and retailer of machinery, plant, equipment and parts thereof and the said registration is valid until cancelled. Our principal place of business has been stated in the said registration certificate to be Flat no. 1/9 Gokuldham, Dahej Pass Road P.O Baruch. In this regard, we have been granted a registration number of 24210102460 from the relevant authorities constituted under the provisions of the said Act.

We have been registered under the Maharashtra Value Added Tax Act, 2002, since August 24, 2005 as a reseller and such registration would be valid till termination. Our principal place of business has been stated in the said registration certificate to be No. 8, Hill Crest, Plot No. 7, North South Road No.10, Juhu Scheme, Mumbai 400049. In this regard, we have been granted a registration number of 400049/V/0076 from the relevant authorities constituted under the provisions of the said Act.

We have been registered under the Andhra Pradesh Value Added Tax Act, 2005, since November 1, 2005 and such registration would be valid till termination. Our principal place of business has been stated in the said registration certificate to be 304, Third Floor, Swapanlok Complex, S.D. Road, Secunderabad. In this regard, we have been granted a registration number (TIN no.) of 28125723061 from the relevant authorities constituted under the provisions of the said Act.

We have been registered under the Delhi Sales Tax Act with registration number LC/057/07330247010/1201. However, on account of replacement of Delhi Sales Tax Act by the Delhi VAT, the relevant authorities have allotted registration number (TIN no.) 07330247010.

We have been registered under the Rajasthan Value Added Tax Act, 2003, since November 1, 2006 and the period of registration is valid until terminated. Our principal place of business has been stated to be SP- 496-497 Industrial Area, Bhiwadi, Alwar. In this regard, we have been granted a registration number of 08790854106 from the relevant authorities constituted under the provisions of the said Act.

14. Central Sales Tax

We have been registered under the Central Sales Tax (Registration and Turnover) Rules, 1957 since August 24, 2005 as a reseller in conveyor components and idlers and the registration is valid until cancelled. Our principal place of business has been stated in the said registration certificate to be No.8, Hill Crest Plot No. 7 North South Road No. 10, Juhu Scheme, Mumbai 400049. In this regard, we have been granted a registration number of 400049/C-2032 from the relevant authority.

We have been registered under the Central Sales Tax (Registration and Turnover) Rules, 1957 since December 28, 2001 as a reseller in conveyor components and idlers and the registration is valid until terminated. With effect from December 15, 2005, our principal place of business has been changed to FB-26, Tagore Garden, New Delhi 110 027 and accordingly, we have been granted a registration number of LC/057/2100247010/1201 from the relevant authorities.

We have been registered under the Central Sales Tax Act, 1956 since November 3, 2006 as a reseller in pulleys, structure, conveyor systems and components, feeder, idlers, screen and screen part and crushers. The registration is valid until terminated. Our principal place of business has been stated in the said registration certificate to be SP-496,497 RIICO Industrial Area Bhiwadi, Rajasthan from the relevant authorities constituted under the provisions of the said Act. In this regard, we have been granted a registration number of 08790854106 from the relevant authorities constituted under the provisions of the said Act.

We have been registered under the Central Sales (Registration and Turnover) Rules, since August 26, 2005 as a reseller, manufacturer, retailers and importer. The registration is valid until terminated. Our principal place of business in the registration has been stated to be Flat No. 1/9 Gokuldham Bypass Road, Bharuch. In this regard, we have been granted a registration no. of 24710102460 from the relevant authorities constituted under the provisions of the said Act.

15. Central Excise

We have been registered under the Central Excise Rules, 2002 since July 25, 2006 as a manufacturer of excisable goods, the registration is valid till the registrant carries on the activity for which it has been issued or surrenders it or till it is revoked or suspended. Our principal place of business has been stated in the said registration certificate to be Plot No. 2,3,4,25,26 and 27, Sector -7, HSIDC Growth Centre, Bawal, Rewari, Haryana-123 401. In this regard, we have been granted a registration number of AABCT4355KXM002 from the relevant authorities.

We have been registered under the Central Excise Rule 9, 2002 since September 11, 2006 as a manufacturer of excisable goods, the registration is valid till the registrant carries on the activity for which it has been issued or surrenders it or till it is revoked or suspended. Our principal place of business has been stated in the said registration certificate to be 26/1 Nangli Sakrawati, Najaf Garh, Delhi- 110 043. In this regard, we have been granted a registration number of AABCT4355KXM001 from the relevant authorities. We have, on account of shifting of our factory at Nangli, surrendered the said certificate to the concerned authority on June 18, 2007, informing the authorities about shifting of the Nangli factory.

We have been registered under the Central Excise Rules, 2002 since November 24, 2006 as a manufacturer of excisable goods, the registration is valid till the registrant carries on the activity for which it has been issued or surrenders it or till it is revoked or suspended. Our principal place of business has been stated in the said registration certificate to be SP-496-497, RIICO Industrial Area, Bhiwadi. In this regard, we have been granted a registration number of AABCT4355KXM003 from the relevant authorities constituted under the provisions of the said Rules.

16. Maharashtra and Gujarat State Tax on Professions, Trades, Callings and Employments Act's

We have been registered under the Maharashtra State Tax on professions, Trades, Callings and Employments Act 1975. Our principal place of business has been stated in the said registration certificate to be No.8, Hill Crest Plot No. 7 North South Road No. 10, Juhu Scheme, Mumbai 400 049. In this regard, we have been granted a registration number of 1244689 from the relevant authorities constituted under the provisions of the said Act.

We have been registered under the Gujarat State Tax on professions, Trades, Callings and Employments Act 1976 on September 26, 2005. Our principal place of business has been stated in the said registration certificate to be Flat No. 1/9 Gokuldham Bye Pass Road, Bharuch. In this regard, we have been granted a registration number of 2101000083 from the relevant authorities constituted under the provisions of the said Act.

17. Rajasthan Tax on entry if Goods into Local Areas Act, 1999

We have been registered under the Rajasthan Tax on entry if Goods into Local Areas Act, 1999. Our principal place of business has been stated in the said registration certificate to be SP-496-497, Industrial Area, Bhiwadi. In this regard, we have been granted a registration number of 0206/H/0546 dated November 15, 2006 from the relevant authorities. The registration is effective from November 10, 2006 and is valid unless revoked or terminated.

18. Micro, Small and Medium Enterprises Government Act 2006

We have received entrepreneur's acknowledgement number from the district industrial office, Bhiwadi acknowledging our memorandum expressing our intention of setting up manufacturing enterprise at SP-496-497 dated November 15, 2006 effective from November 10, 2006, Industrial Area, Bhiwadi. In this regard, we have been granted entrepreneurs memorandum number of 080341300003 from the relevant authorities.

19. Service Tax

We have been granted a registration under the Finance Act, 1994, dated April 17, 2002, under the taxable categories of consulting engineer's services; erection, installation and commissioning services; business auxiliary services; intellectual property services and goods transport services. In this regard, we have been granted a registration number of CE/DEL-I/1023/Tecpro/2002.

We have been granted a registration under the Finance Act, 1994, dated July 13, 2006, under the taxable categories of goods transport by road. The address of the premises as stated in this certificate is 26/1 Nangli Sakrawati, New Delhi. In this regard, we have been granted a registration number of AABCT4355KST002. We have, on account of shifting of our factory at Nangli to Bhiwadi, surrendered the said certificate to the concerned authority on July 17, 2007.

We have been granted a registration under the Finance Act, 1994, dated August 25, 2006, under the taxable categories of goods transport by road. The address of the premises as stated in this certificate is Plot No. 2, 3, 4, 25, 26 and 27 Sector 7, HSIDC Growth Centre, Bawal. In this regard, we have been granted a registration number AABCT4355KST003.

We have been granted a registration under the Finance Act, 1994, dated December 29, 2006, under the taxable categories of goods transportation. The address of the premises as stated in this certificate is SP 496-497, Industrial Area, Bhiwadi, District Alwar. In this regard, we have been granted a registration number of AABCT4355KST004.

20. Permanent Account Number

We have been granted a permanent account number, dated November 7, 1999, bearing number AABCT4355K, in accordance with the provisions of the Income Tax Act and the rules made there under.

21. Tax Deduction and Collection Account Number

We have been granted a tax deduction number, dated February 23, 2006, bearing number DELT03519F, in accordance with the provisions of the Indian Income Tax Act, 1961 and the rules made there under.

22. Trademark Application

We have on July 14, 2006 made an application to the trademark registry Delhi, for registering the Company's trademark under class seven of the Trademarks Act. The Trademark Registry has, vide its letter dated October 3, 2006 issued an examination report to the Company stating that the trademark of the Company proposed to be registered is not distinctive in nature. We have vide our letter dated December 19, 2006 replied to the trademark registry by providing details/documents of usage of the proposed trademark by the Company since November 2001. We are awaiting response/hearing from the trademark registry as regards our application.

23. Motor Transport Worker Act, 1961

We have obtained registration under Motor Transport Worker Act, 1961 to use motor transport for Bhushan Steel Stripes Limited project in Orissa. We have been given certificate bearing no. 77 which is valid up to December 31, 2007 from the district labour officer Dhenkanal, Government of Orissa for the said purpose.

24. NOC from Airport Authority of India

We have obtained NOC bearing No. AAI/M/0-23 dated February 14, 2007 from Airport Authority of India for construction on plot no. A-17, Survey No. 240, Part, Siruseri Village, Chengalpet, Kanchipuram. The height of construction as per the NOC cannot exceed 42.8 meters AMSL (i.e. site elevation = 7 meters and height of structure= 35.8 meters).

SECTION IX- OTHER REGULATORY AND STATUTORY DISCLOSURES

AUTHORITY FOR THE ISSUE

The BOD has, pursuant to resolution passed at its meeting held on June 4, 2007. Authorised the fresh Issue subject to the approval by the shareholders of our Company under section 81(1A) of the Act.

The shareholders of our Company have, pursuant to a special resolution dated June 20, 2007, under section 81(1A) of the Act, authorised the fresh Issue in accordance with law.

We have also obtained all necessary contractual consents required for the Issue. For further information, please refer to section titled 'Government/Statutory and Other Approvals' on page 263 of this DRHP.

PROHIBITION BY SEBI, RBI OR ANY OTHER GOVERNMENTAL AUTHORITY

Our Company, its subsidiaries, its affiliates, its group companies, its director, its Promoters, other companies promoted by the Promoters and companies with which our Company's directors are associated as directors have not been prohibited from accessing the capital markets under any order or direction passed by SEBI.

Neither we, nor our Promoters or their relatives, or the Promoter Group Companies have been declared as wilful defaulters by RBI or any other governmental authority or there have been no violations of securities laws committed by them in the past or no such proceedings are pending against us or them.

ELIGIBILITY OF OUR COMPANY TO ENTER THE CAPITAL MARKETS

Our Company is eligible for the Issue in terms of clause 2.2.1 of the DIP Guidelines as follows:

The net profit, net worth, net tangible assets and monetary assets derived from the Report by the Auditors included in this DRHP under the section titled 'Financial Information', as at, and for the last five years ended is set forth below:

(Rs. in Million)

	As at and for year ended March 31, 2007	As at and for year ended March 31, 2006	As at and for year ended March 31, 2005	As at and for year ended March 31, 2004	As at and for year ended March 31, 2003
Net Tangible Assets (1)	687.26	336.80	38.80	56.56	8.92
Monetary Assets (2)	251.18	139.50	31.77	12.50	6.88
Monetary Assets as a % of Net Tangible Assets	37.00	41.00	82.00	22.00	77.00
Net Profits as restated	212.39	97.61	21.26	5.28	(2.36)
Net Worth	508.53	118.23	31.26	10.50	(0.77)

(1) 'Net tangible assets' is defined as the sum of fixed assets (including capital work in progress and excluding revaluation reserves), trade investments, current assets (excluding deferred tax assets) less current liabilities (excluding deferred tax liabilities and long term liabilities).

(2) Monetary assets include cash on hand and bank and quoted investments.

The Distributable profits of our Company as per section 205 of the Act and has been calculated from the audited financials statements of the respective year/period before making adjustments for restatement of financial statements.

DISCLAIMER CLAUSE

"AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED 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 BRLMs, SBICAPS AND KMCC HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE DIP GUIDELINES FOR DISCLOSURES AND INVESTOR PROTECTION AS FOR THE TIME BEING IN FORCE. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BRLMs ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT OUR COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BRLMs, HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED AUGUST 27, 2007 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992 WHICH READS AS FOLLOWS:

1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE ISSUE.

2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH OUR COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY OUR COMPANY, WE CONFIRM THAT:

    - THE DRAFT RED HERRING PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;

    - ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE ISSUE AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC.,ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND

    - 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.

3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND TILL THAT DATE SUCH REGISTRATIONS ARE VALID.

4. WHEN UNDERWRITTEN WE SHALL SATISFY OURSELVES ABOUT THE WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.

5. WE CERTIFY THAT WRITTEN CONSENT FROM SHAREHOLDERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SECURITIES AS PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN AND THE SECURITIES PROPOSED TO FORM PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN, WILL NOT BE DISPOSED/SOLD/TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRHP WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THIS DRAFT RED HERRING PROSPECTUS.

THE FILING OF THE DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE OUR COMPANY FROM ANY LIABILITIES UNDER SECTION 63 AND SECTION 68 OF THE COMPANIES ACT OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THEBRLMs, ANY IRREGULARITIES OR LAPSES IN THE DRAFT RED HERRING PROSPECTUS."

CAUTION- DISCLAIMER FROM OUR COMPANY AND THE BRLMS

Our Company, its directors, and the BRLMs accept no responsibility for statements made otherwise than in the DRHP, or the advertisements or any other material issued by or at the instance of our Company and any one placing reliance on any other source of information, including our website, www.tecprosystems.com would be doing so at his or her own risk.

The BRLMs accept no responsibility, save to the limited extent as provided in the MoU entered into among the BRLMs and us dated August 24, 2007 and the Underwriting Agreement to be entered into among the Underwriters and us.

All information shall be made available by us and the BRLMs to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports or at bidding centres etc.

Neither we nor the Syndicate Members shall be liable to the Bidders for any failure in downloading the Bids due to faults in any software/ hardware system or otherwise.

Investors that bid in the Issue will be required to confirm and will be deemed to have represented to the Company, the Underwriters and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of the Company and will not Issue, sell, pledge, or transfer the Equity Shares of the Company to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of the Company. The Company, the Underwriters and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of the Company.

DISCLAIMER IN RESPECT OF JURISDICTION

This Issue is being made in India to persons resident in India including Indian nationals, resident in India who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian Mutual funds registered with SEBI, Indian financial institutions, scheduled commercial banks, regional rural banks, cooperative banks (subject to RBI permission), Trusts registered under the applicable trust law as amended from time to time, and who are authorised under their constitution to hold and invest in equity shares, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, Foreign Venture Capital funds registered with SEBI, State Industrial Development Corporation, Insurance companies registered with Insurance Regulatory and Development Authority, Provident Funds with minimum corpus of Rs.250,000,000 and Pension Funds with minimum corpus of Rs.250,000,000, and to non-residents including NRIs and FIIs. This DRHP does not, however, constitute an offer to sell or an invitation to subscribe to equity shares offered hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this DRHP comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in New Delhi only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this DRHP has been filed with SEBI for observations. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and this DRHP, may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this DRHP, the Red Herring Prospectus and the Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change of affairs of our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

DISCLAIMER CLAUSE OF NSE

As required, a copy of this Draft Red Herring Prospectus has been submitted to NSE. The Disclaimer Clause as intimated by NSE to us, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to the RoC filing.

DISCLAIMER CLAUSE OF BSE

As required, a copy of this Draft Red Herring Prospectus has been submitted to BSE. The Disclaimer Clause as intimated by BSE to us, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to the RoC filing.

FILING

A copy of the DRHP has been filed with SEBI at Corporation Finance Department, Plot No. C4-A, ‘G’ Block, Bandra Kurla Complex, Bandra (East), Mumbai-400 051.

A copy of the RHP, along with the documents required to be filed under section 60B of the Act, would be delivered for registration to the RoC and a copy of the Prospectus to be filed under section 60 of the Act would be delivered for registration with RoC at the office of the RoC, NCT of Delhi and Haryana.

LISTING

Applications have been made to Bombay Stock Exchange, Mumbai and National Stock Exchange of India Limited for permission to deal in and for an official quotation of our Equity Shares. We have nominated BSE as the Designated Stock Exchange for the issue with which basis of allocation will be finalised for the issue.

If the permissions to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchanges mentioned above, our Company shall forthwith repay, without interest, all monies received from the applicants in pursuance of the DRHP. If such money is not repaid within eight days after our Company becomes liable to repay (i.e. from the date of refusal or within 15 days from the Issue Closing Date, whichever is earlier), then our Company and every director of our Company who is an officer in default shall, on and from the expiry of eight days, will be liable to repay the money, with interest at the rate of 15% p.a. on application money, as prescribed under Section 73 of the Act.

Our Company shall ensure that all steps for the completion of the necessary requirements for listing and commencement of trading at both the Stock Exchanges mentioned above are taken within seven working days of finalisation of the basis of allotment for the Issue.

CONSENTS

Consents in writing of: (a) the Directors, the Auditors, Legal Advisors, Bankers to our Company; and (b) BRLMs to the Issue and Syndicate Members, Registrar to the Issue and Legal Advisors to the Issue, to act in their respective capacities, have been obtained and will be filed along with a copy of the Prospectus with the RoC, as required under sections 60 and 60B of the Act and such consents have not been withdrawn up to the date of this DRHP.

BSR & Co., Chartered Accountants, our Statutory Auditors, have given their written consent to the inclusion of their report in the form and context in which it appears in this DRHP and such consent and report has not been withdrawn up to the time of delivery of this DRHP.

R.G. Luthra & Co., Chartered Accountants, our Tax Auditors have given their written consent to the tax benefits accruing to our Company and its members in the form and context in which it appears in this DRHP and has not withdrawn such consent up to the time of delivery of this DRHP.

EXPERT OPINION

We have not obtained any expert opinions for our Issue.

CHANGES IN AUDITORS DURING THE LAST THREE YEARS

Our Company has on April 11, 2006 appointed BSR & Co. Chartered Accountants as statutory auditors of our Company to fill the casual vacancy caused by the resignation of K. Bhushan & Co.

EXPENSES OF THE ISSUE

The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. The estimated Issue expenses are under:

Activity*	Expense (Rs. in Million)	% of total expense	% of total size
Lead management, underwriting and selling commission	[●]	[●]	[●]
Advertising and marketing expenses	[●]	[●]	[●]
Printing and stationery	[●]	[●]	[●]
Others (Registrars fee, Legal fee, Listing fee, etc.)	[●]	[●]	[●]
Total estimated Issue Expenses	[●]	[●]	[●]

**Will be incorporated after finalization of Issue Price.*

FEES PAYABLE TO THE BRLMs

The total fees payable by us to BRLMs (including underwriting commission and selling commission) will be as per the letter of appointment dated April 16, 2007 issued by our Company, a copy of which is available for inspection at our corporate office.

FEES PAYABLE TO THE REGISTRAR TO THE ISSUE

The fees payable to the Registrar to the Issue for processing of application, data entry, printing of CAN/ refund order, preparation of refund data on magnetic tape, printing on of bulk mailing register will be as per the MoU dated August 14, 2007 signed with our Company, a copy of which is available for inspection at our registered office.

The Registrar to the Issue will be reimbursed for all out of pocket expenses including, cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable them to send refund orders or allotment advice by registered post/ speed post/ under certificate of posting.

UNDERWRITING COMMISSION, BROKERAGE AND SELLING COMMISSION

The underwriting commission and selling commission for the Issue is as set out in the Syndicate Agreement amongst us, the BRLMs, and Syndicate Members.

The underwriting commission shall be paid as set out in the Syndicate Agreement based on the Issue Price and amount underwritten in the manner mentioned elsewhere in the DRHP.

COMMISSION AND BROKERAGE ON PREVIOUS ISSUES

Since this is the initial public issue of our Company, no sum has been paid or is payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of our Equity Shares since our inception.

OUTSTANDING DEBENTURES OR BOND ISSUES OR PREFERENCE SHARES

We have no outstanding debentures, bond issues or preference shares.

ISSUES OTHERWISE THAN FOR CASH

Our Company has not made any previous issues of shares otherwise than for cash, except as stated in the section titled 'Capital Structure and Other Information' on page no. 21 of this DRHP.

STOCK MARKET DATA FOR EQUITY SHARES

This being the initial public offer of our Company, the Equity Shares are not listed on any stock exchanges.

PARTICULARS REGARDING PREVIOUS PUBLIC ISSUES OR RIGHTS ISSUE DURING THE LAST FIVE YEARS

Our Company has not made any public or rights issue during the last five years.

COMPANIES UNDER THE SAME MANAGEMENT

Except for our Subsidiary and certain group companies, we have no other companies under the same management. For further information, please refer to the section titled 'Our Subsidiaries' and 'Our Promoters and Group Companies' on page nos. 112 and 105 of this DRHP.

PROMISE VS. PERFORMANCE

This is the first public issue of our Company and none of our Promoter Group Companies are listed and consequently we are not required to furnish details of promise vs. performance in respect of the last issues of our Promoter Group Companies.

MECHANISM EVOLVED FOR REDRESSAL OF INVESTOR GRIEVANCES

Investor grievances will be settled expeditiously and satisfactorily by our Company. The agreement between our Company and the Registrar to the Issue will provide for retention of records with the Registrar to the Issue for a period of at least one year from the last date of despatch of letters of allotment, demat credit, refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to this Issue maybe addressed to the Registrar to the issue giving full details including name, address of the applicant, number of Equity Shares applied for, amount paid on application and the bank branch or collection centre where the application was submitted.

DISPOSAL OF INVESTOR GRIEVANCES

Our Company or Registrar to Issue shall redress routine investor grievances within seven working days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company or Registrar will strive to redress these complaints as expeditiously as possible.

We have appointed Mr. Jagdeep Singh, our Company Secretary as the Compliance Officer and he may be contacted in case of any pre-Issue or post-Issue related problems. He can be contacted at the following address:

Mr. Jagdeep Singh
Tecpro Systems Limited
202-204, Pacific Square,
Sector-15, Part-II,
Gurgaon-122 001, Haryana,
India
Tel: +91 124 4343100
Fax: +91 124 4343243
Email: investors@ tecprosystems.com

CAPITALISATION OF RESERVES OR PROFITS

We have not capitalised our reserves or profits at any time, except a bonus issue as stated in the section titled 'Capital Structure and Other Information' on page no. 21 of this DRHP.

REVALUATION OF ASSETS

Our Company has not revalued any of its assets since inception.

PURCHASE OF PROPERTY

Other than as disclosed in this DRHP there is no property which has been purchased or acquired or is proposed to be purchased or acquired which is to be paid for wholly or partly from the proceeds of the present Issue or the purchase or acquisition of which has not been completed on the date of this DRHP, other than property, in respect of which:

- The contract for the purchase or acquisition was entered into in the ordinary course of business, or the contract was entered into in contemplation of the Issue, or that the Issue was contemplated in consequence of the contract; or
- The amount of the purchase money is not material.

Except as stated elsewhere in this DRHP, the Company has not purchased any property in which any of its Promoter and/or Directors, have any direct or indirect interest in any payment made thereunder.

PAYMENT OR BENEFIT TO OFFICERS OF OUR COMPANY

Except for statutory benefits available in our Company, no amount or benefit has been paid or given or is intended to be paid or given to any of our officers except the normal remuneration for services rendered as directors, officers, or employees, since incorporation of our Company.

None of the beneficiaries of loans and advances and sundry debtors are related to the Directors of the Company except as stated in the section titled 'Related Party Transactions' on page no. 135 of this DRHP.

SECTION X: ISSUE INFORMATION

TERMS OF THE ISSUE

The Equity Shares being issued are subject to the provisions of the Companies Act, our Memorandum and Articles, the terms of this Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus, Bid cum Application Form, the Revision Form, the CAN and other terms and conditions as may be incorporated in the allotment advices and other documents/ certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws, guidelines, notifications and regulations relating to the issue of capital and listing of securities issued from time to time by SEBI, the Government of India, Stock Exchanges, RoC, RBI and/or other authorities, as in force on the date of the Issue and to the extent applicable.

AUTHORITY FOR THE ISSUE

Our BOD has, pursuant to resolution passed at its meting held on June 4, 2007, authorised the fresh issue subject to the approval by the shareholders of our Company under Section 81(1A) of the Act.

Our shareholders have, pursuant to a resolution dated June 20, 2007 under Section 81(1A) of the Act, authorised the fresh issue in accordance with the law.

RANKING OF EQUITY SHARES

The Equity Shares being issued shall be subject to the provisions of our Memorandum and Articles and shall rank pari-passu with the existing Equity Shares of our Company including rights in respect of dividend. The Allottees in receipt of Allotment of Equity Shares under this Issue will be entitled to dividends and other corporate benefits, if any, declared by the Company after the date of Allotment.

MODE OF PAYMENT OF DIVIDEND

We shall pay dividends to our shareholders as per the provisions of the Companies Act.

FACE VALUE AND ISSUE PRICE

The face value of the Equity Shares is Rs. 10 each and the Issue Price is Rs. [•] per Equity Share. At any given point of time there shall be only one denomination for the Equity Shares.

COMPLIANCE WITH SEBI GUIDELINES

We shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

RIGHTS OF THE EQUITY SHAREHOLDER

Subject to applicable laws, 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;
- Right of free transferability; 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 agreement executed with the Stock Exchanges, our MOA and AOA.

For further information on the main provisions of our AoA relating to voting rights, dividend, forfeiture and lien and/or consolidation/splitting, please refer to the section titled 'Main Provisions of the Articles of Association of our Company' on page no. 307 of this DRHP.

MARKET LOT AND TRADING LOT

In terms of section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialised form. As per the SEBI Guidelines, the trading of our Equity Shares shall only be in dematerialised form. Since trading of our Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allotment in this Issue will be only in electronic form in multiples of [•] Equity Share subject to a minimum Allotment of [•] Equity Shares.

JURISDICTION

Exclusive jurisdiction for the purpose of this Issue is with the competent courts/authorities in New Delhi, India.

NOMINATION FACILITY TO INVESTOR

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office of our Company or to the Registrar and Transfer Agents of our Company.

In accordance with Section 109B of the Companies Act, any Person who becomes a nominee by virtue of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- To register himself or herself as the holder of the Equity Shares; or
- To make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Issue will be made only in dematerialised form, there is no need to make a separate nomination with us. Nominations registered with respective depository participant of the applicant would prevail. If the investors require to change their 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 Net Issue, including devolvement of underwriters within 60 days from the Bid/Issue Closing Date, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after our Company becomes liable to pay the amount, our Company shall pay interest prescribed under Section 73 of the Companies Act.

Further in terms of clause 2.2.2A of the SEBI Guidelines, we shall ensure that the number of prospective allottees to whom Equity Shares will be allotted will not be less than 1,000.

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.

ARRANGEMENT FOR DISPOSAL OF ODD LOTS

There are no arrangements for disposal of odd lots.

RESTRICTION ON TRANSFER OF SHARES

There are no restrictions on transfers and transmission of shares/ debentures and on their consolidation/ splitting except as provided in our Articles. For further information, please see the section titled 'Main Provisions of the Articles of Association of our Company' on page no. 307 of this DRHP.

ISSUE STRUCTURE

The present Issue of 7,300,000 Equity Shares, at a price of Rs. [●] for cash aggregating Rs. [●] million is being made through the Book Building Process. The Company is considering a Pre-IPO Placement of upto [●] Equity Shares with certain investors ("Pre-IPO Placement"). The Company will complete the issuance of such Equity Shares prior to the filing of the RHP with RoC. If the Pre-IPO Placement is completed, the Issue size offered to the public would be reduced to the extent of such Pre-IPO Placement, subject to a minimum Issue size of 10% of the post Issue capital being offered to the public.

	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares*	At least **[●]** Equity Shares	Up to [●] Equity Shares or Net Issue less allocation to QIB Bidders and Retail Individual Bidders.	Up to [●] Equity Shares or Net Issue less allocation to QIB Bidders and Non-Institutional Bidders.
Percentage of Issue Size available for allotment/allocation	Not less than 60% of Net Issue Size being allocated. However, 5% of the QIB Portion shall be available for allocation proportionately to Mutual Funds only.	Up to 10% of Net Issue or Net Issue less allocation to QIB and Retail Individual Bidders	Up to 30% of Net Issue or Net Issue less allocation to QIB Bidders and Non Institutional Bidders.
Basis of Allotment/Allocation if respective category is oversubscribed	Proportionate as follows: 1. [●] Equity Shares shall be allocated on a proportionate basis to Mutual Funds; and 2. [●] Equity Shares shall be allotted on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per 1 above.	Proportionate	Proportionate
Minimum Bid	Such number of Equity Shares that the Bid Amount exceeds Rs. 100,000.	Such number of Equity Shares that the Bid Amount exceeds Rs. 100,000.	[●] Equity Shares.
Maximum Bid	Such number of Equity Shares not exceeding the Issue, subject to applicable limits.	Such number of Equity Shares not exceeding the Issue subject to applicable limits.	Such number of Equity Shares whereby the Bid Amount does not exceed Rs. 100,000.
Mode of Allotment	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.

	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Bid/Allotment Lot	[•] Equity Shares in multiples of [•] Equity Shares	[•] Equity Shares in multiples of [•] Equity Shares	[•] Equity Shares in multiples of [•] Equity Shares
Trading Lot	One Equity Share	One Equity Share	One Equity Share
Who can Apply **	Public financial institutions as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual funds registered with SEBI, FIIs, venture capital funds registered with SEBI, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million in accordance with applicable law.	Resident Indian individuals, Eligible NRIs, HUF (in the name of Karta), companies, corporate bodies, scientific institutions societies and trusts.	Resident Indian individuals, Eligible NRIs and HUF (in the name of Karta), companies, corporate bodies, scientific institutions societies and trusts
Terms of Payment	Margin Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate Members.	Margin Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate Members.	Margin Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate Members.
Margin Amount	At least 10% of Bid Amount	Full Bid Amount on bidding	Full Bid Amount on bidding

* Subject to valid Bids being received at or above the Issue Price. In terms of Rule 19 (2)(b) of the SCRR, this is an Issue for less than 25% of the post–Issue capital, therefore, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Net Issue shall be allotted to Qualified Institutional Buyers on a proportionate basis out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allotment on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. If at least 60% of the Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, up to 10% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and up to 30% of the Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price. Under subscription, if any, in any category, except the QIB Portion, 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, and the Designated Stock Exchange.

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

WITHDRAWAL OF THE ISSUE

The Company in consultation with the BRLMs reserves the right not to proceed with the Issue at anytime including after the Bid Closing Date before allotment, without assigning any reason thereof.

LETTERS OF ALLOTMENT OR REFUND ORDERS

We shall give credit to the beneficiary account with depository participants and dispatch refund orders, if any, of value up to Rs. 1,500, by "Under Certificate of Posting", and will dispatch refund orders above Rs. 1,500, if any, by registered post or speed post at the sole or first Bidder's sole risk within 15 days of the Bid/Issue Closing Date.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI DIP Guidelines, we further undertake that:

- Allotment of Equity Shares will be made only in dematerialized form within 15 days from the Bid/Issue Closing Date;
- Dispatch of refund orders will be done within 15 days from the Bid/Issue Closing Date; and
- We shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if allotment is not made, refund orders are not dispatched and/or demat credits are not made to investors within the 15 day time prescribed above.

We will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by us, as an Escrow Collection 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 centers will be payable by the Bidders.

Bidding/Issue Programme

BID/ISSUE OPENS ON	**[●], 2007**
BID/ISSUE CLOSES ON	**[●], 2007**

Bids and any revision in Bids shall be accepted **only between 10 a.m. and 3 p.m**. (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form except that on the Bid / Issue Closing Date, the Bids shall be accepted between 10AM and 1 PM (Indian Standard Time) and uploaded until (i) 5 P.M. in case of bids by QIB bidders and Non Institutional bidders where the bid amount is in excess of Rs. 100,000 and (ii) such time as permitted by the BSE and the NSE, in case of bids by retail individual bidders where the bid amount is up to Rs. 100,000. Due to limitation of time available for uploading the bids on the Bid/ Issue Cosing Date, the bidders are advised to submit their bids one day prior to the bid issue closing date and in any case no later than 1 PM (Indian Standard Time) on the Bid/ Issue Closing Date bidders are cautioned that in the event a large number of bids are received on the Bid/ Issue Closing Date, as is typically experienced in public offereing, which may lead to some bids not being uploaded due to lack of sufficient time to upload, such bids that cannot be uploaded will not be considered for allocation under the issue. Bids will be accepted only on BuisnessDays.

The Company reserves the right to revise the Price Band during the Bidding/Issue Period in accordance with SEBI Guidelines. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band advertised at least one day prior to the Bid /Issue Opening Date.

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

ISSUE PROCEDURE

Book Building Procedure

In terms of Rule 19(2)(b) of the SCRR, this is an Issue for less than 25% of the post–Issue capital of the Company, therefore, the Issue is being made through the 100% Book Building Process wherein not less than 60% of the Net Issue shall be allotted to QIB on a proportionate basis out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for Allottment on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. If at least 60% of the Net Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, up to 10% of the Net Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and up to 30% of the Net Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.

Bidders are required to submit their Bids through the Syndicate. QIB Bids can be procured and submitted only through the BRLMs or their affiliates. In case of QIB Bidders, the Company in consultation with the BRLMs, as the case may be, may reject Bids at the time of acceptance of Bid cum Application Form provided that the reasons for rejecting the same shall be provided to such Bidder in writing. In case of Non-Institutional Bidders and Retail Individual Bidders our Company would have a right to reject the Bids only on technical grounds.

Bid cum Application Form

Bidders shall only use the specified Bid cum Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of this Draft Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple Bids. Upon the allocation of Equity Shares, dispatch of the CAN, and filing of the Prospectus with the RoC, the Bid cum Application Form shall be considered as the Application Form. Upon completing and submitting the Bid cum Application Form to a member of the Syndicate, 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 as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid cum Application Form for various categories, is as follows:

Category	Colour of Bid cum Application Form
Indian public and Eligible NRIs applying on a non-repatriation basis	White
Eligible NRIs or FIIs applying on a repatriation basis	Blue

Who can Bid?

- Indian nationals resident in India who are majors, or in the names of their minor children as natural/legal guardians in single or joint names (not more than three);
- Hindu Undivided Families or HUFs, in the individual name of the *Karta*. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of Sole or First bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*". Bids by HUFs would be considered at par with those from individuals;
- Companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in the equity shares;
- Mutual Funds registered with SEBI;
- Eligible NRIs on a repatriation basis or on a non repatriation basis subject to applicable laws. NRIs other than eligible NRIs are not eligible to participate in this Issue;
- Indian Financial Institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI regulations and the SEBI Guidelines and regulations, as applicable;

- FIIs registered with SEBI;
- Venture Capital Funds 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 constitution 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, India;
- Subject to the applicable law, Provident Funds with minimum corpus of Rs. 250 million and who are authorised under their constitution to hold and invest in equity shares;
- Pension Funds with minimum corpus of Rs. 250 million and who are authorised under their constitution to hold and invest in equity shares; and
- Employees or Directors of the Company.

Non-residents such as FVCIs, multilateral and bilateral development financial institutions are not permitted to participate in the Issue. As per the existing policy of the Government of India, OCBs cannot participate in this Issue.

Note: The BRLMs shall not be allowed to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the BRLMs and Syndicate Members may subscribe to Equity Shares in the Issue either in the QIB Portion or in Non Institutional Portion as may be applicable to such investors, where the allocation is on a proportionate basis.

The information below is given for the benefit of the Bidders. The Company and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of 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.

Bids by Mutual Funds

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Fund Portion. In the event that the demand is greater than [●] Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Fund Portion.

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company’s paid-up share capital carrying voting rights.

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 NRIs

1. Bid cum application forms have been made available for NRIs at our registered /corporate office, members of the Syndicate of the Registrar to the Issue.

2. NRI applicants may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for Allotment. The NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians.

Bids by FIIs

As per the current regulations, the following restrictions are applicable for investments by FIIs:

The issue of Equity Shares to a single FII should not exceed 10% of our post-Issue issued capital (i.e. 10% of 32,697,500 Equity Shares of Rs. 10 each). In respect of an FII investing in our Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital or 5% of our total issued capital in case such sub-account is a foreign corporate or an individual. As of now, the aggregate FII holding in us cannot exceed 24% of our total issued capital.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations 1995, as amended, an FII or its sub account may issue, deal or hold, off shore derivative instruments such as Participatory Notes, equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed on any stock exchange in India only in favour of those entities which are regulated by any relevant regulatory authorities in the countries of their incorporation or establishment subject to compliance of "know your client" requirements. An FII or sub-account shall also ensure that no further downstream issue or transfer of any instrument referred to hereinabove is made to any person other than a regulated entity.

Bids by SEBI registered Venture Capital Funds

As per the current regulations, the following restrictions are applicable for SEBI registered Venture Capital Funds:

The SEBI (Venture Capital) Regulations, 1996 prescribe investment restrictions on venture capital funds registered with SEBI. Accordingly, whilst the holding by any individual venture capital fund registered with SEBI in one company should not exceed 25% of the corpus of the venture capital fund, a Foreign Venture Capital Investor can invest its entire funds committed for investments into India in one company. Further, Venture Capital Funds and Foreign Venture Capital Investors can invest only up to 33.33% of the investible funds by way of subscription to an initial public offer.

Information for the Bidders:

(a) The Company will file the Red Herring Prospectus with the RoC at least three days before the Bid/Issue Opening Date.

(b) The Company and the BRLMs shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date and Price Band at the time of filing the Red Herring Prospectus with the RoC and also publish the same in three widely circulated newspapers (one each in English, Hindi and Telugu). This advertisement, subject to the provisions of S. 66 of the Companies Act shall be in the format prescribed in Schedule XX – A of the SEBI DIP guidelines, as amended by SEBI Circular No. SEBI/CFD/DIL/DIP/14/2005/25/1 date January 25, 2005

(c) The members of the Syndicate will circulate copies of the Red Herring Prospectus along with the Bid cum Application Form to potential investors.

(d) 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 can obtain the same from our registered office or from any of the members of the Syndicate and should approach any of the BRLMs or Syndicate Members or their authorized agent(s) to register their Bids.

(e) The Members of the Syndicate shall accept Bids from the Bidder during the Issue Period in accordance with the terms of the Syndicate Agreement.

(f) The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms should bear the stamp of the members of the Syndicate. Bid cum Application Forms, which do not bear the stamp of the members of the Syndicate, will be rejected.

(g) The Bidding/Issue Period shall be for a minimum of three working days and not exceeding seven working days. In case of revision in the Price Band, the Bidding/ Issue Period will be extended for three additional days after revision of Price Band subject to a maximum of 10 working days. Any revision in the Price Band and the revised Bidding/ Issue Period, if applicable, will be widely disseminated by notification to BSE and NSE, by issuing a public notice in two widely circulated newspapers (one each in English and Hindi) and also by indicating the change on the websites of the BRLMs and at the terminals of the Syndicate Members.

(h) The Price Band has been fixed at Rs. [●] to Rs. [●] per Equity Share of Rs. [●] each, Rs. [●] being the lower end of the Price Band and Rs. [●] being the higher end of the Price Band. The Bidders can bid at any price with in the Price Band, in multiples of Rs. [●].

(i) The Company in consultation with the BRLMs reserves the right to revise the Price Band, during the Bidding/Issue Period, in accordance with SEBI Guidelines. The higher end of the Price Band should not be more than 20% of the lower end of the Price Band. Subject to compliance with the immediately preceding sentence, the lower end of the Price Band can move up or down to the extent of 20% of the lower end of the Price Band disclosed in the Red Herring Prospectus.

(j) The Company in consultation with the BRLMs can finalise the Issue Price within the Price Band, without the prior approval of, or intimation, to the Bidders.

<u>Maximum and Minimum Bid Size</u>

(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 Price payable by the Bidder does not exceed Rs. 100,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Price does not exceed Rs. 100,000. In case the Bid Price is over Rs. 100,000 due to revision of the Bid or revision of the Price Band or on exercise of Cut-off option, the Bid would be considered for allocation under the Non-Institutional Bidders portion. The Cut-off option is an option given only to the Retail Individual Bidders indicating their agreement to Bid and purchase at the final Issue Price as determined at the end of the Book Building Process.

(b) **For Other Bidders (Non-Institutional Bidders and QIBs):** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 100,000 and in multiples of [•] Equity Shares thereafter. A Bid cannot be submitted for more than the Net Issue. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. **Under existing SEBI Guidelines, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date and is required to pay QIB Margin upon submission of Bid.**

In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs. 100,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to Rs. 100,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIBs are not allowed to Bid at 'Cut-off'.

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 this Draft Red Herring Prospectus.

Method and Process of Bidding

(a) Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph titled 'Bids at Different Price Levels and Revision of Bids' on page no. 286 of this DRHP) within the Price Band and specify the demand (i.e., the number of Equity Shares Bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Issue Price will be considered for allocation/Allotment and the rest of the Bid(s), irrespective of the Bid Price, will become automatically invalid.

(b) The Bidder cannot bid on another Bid cum Application Form after Bids on one Bid cum Application Form have been submitted to any member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple Bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or Allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph titled 'Bids at Different Price Levels and Revision of Bids' on page no. 286 of this DRHP.

(c) The Members of the Syndicate will enter each Bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip, ("TRS"), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRS for each Bid cum Application Form.

(d) During the Bidding/Issue Period, Bidders may approach the members of the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients / investors who place orders through them and shall have the right to vet the Bids, subject to the terms of the Syndicate Agreement and the Red Herring Prospectus.

Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph titled 'Terms of Payment and Payment into the Escrow Accounts' on page no. 292 of this DRHP.

Bids at Different Price Levels and Revision of Bids

(a) The Bidder can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders applying for a maximum Bid in any of the bidding options not exceeding Rs. 100,000 may bid at Cut-off Price. However, bidding at Cut-off Price is prohibited for QIB and Non-Institutional Bidders bidding in excess of Rs. 100,000 and such Bids shall be rejected.

(b) Retail Individual Bidders who bid at the Cut-Off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at Cut-Off Price shall deposit the Bid Price based on the higher end of the Price Band in the Escrow Account. In the event the Bid Price is higher than the subscription amount payable by the Retail Individual Bidders who Bid at Cut off Price (i.e., the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), the Retail Individual Bidders who Bid at Cut off Price, shall receive the refund of the excess amounts from the Escrow Account.

(c) 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 higher end of the Revised Price Band (such that the total amount i.e., original Bid Price plus additional payment does not exceed Rs. 1,00,000 for Retail Individual Bidders if such Bidder wants to continue to bid at Cut-off Price), with the Syndicate Members to whom the original Bid was submitted. In case the total amount (i.e., original Bid Price plus additional payment) exceeds Rs.

100,000 for Retail Individual Bidders the Bid will be considered for allocation under the Non-Institutional Portion in terms of this Draft Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the higher end of the Price Band prior to revision, the number of Equity Shares bid for shall be adjusted downwards for the purpose of Allotment, such that the no additional payment would be required from such Bidder and such Bidder is deemed to have approved such revised Bid at Cut-off Price.

(d) 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.

(e) In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain [•] Equity Shares irrespective of whether the Bid Price payable on such minimum application is not in the range of Rs. 5,000 to Rs. 7,000.

(f) During the Bidding/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, which is a part of the Bid cum Application Form.

(g) Revisions can be made in both the desired number of Equity Shares and the Bid price by using the Revision Form. Apart from mentioning the revised options in the revision form, the Bidder must also mention the details of all the options in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being revised, in the Revision Form. The members of the Syndicate will not accept incomplete or inaccurate Revision Forms.

(h) The Bidder can make this revision any number of times during the Bidding/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 through whom he or she had placed the original Bid.

(i) Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.

(j) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of this Draft Red Herring Prospectus. In case of QIB Bidders, the BRLMs and/or their affiliates shall collect the payment in the form of cheque or demand draft for the incremental amount in the QIB Margin Amount, if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the QIB Bidders.

(k) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. **It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.**

Bids and revisions of Bids must be:

(a) Made only in the prescribed Bid cum Application Form or Revision Form, as applicable (white colour for Resident Indians and blue colour for NRIs and FIIs applying on a repatriation basis).

(b) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid cum Application Form or in the Revision Form. Incomplete Bid cum Application Forms or Revision Forms are liable to be rejected.

(c) For Retail Individual Bidders, the Bid must be for a minimum of [•] Equity Shares and in multiples of [•] Equity Shares, thereafter subject to a maximum Bid Amount of Rs. 100,000.

(d) For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares that the Bid Price exceeds or equal to Rs. 100,000 and in multiples of [•] Equity Shares thereafter. Bids cannot be made for more than the Issue Size. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of shares that can be held by them under the applicable laws or regulations.

(e) NRIs for a Bid Price of up to Rs. 100,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Price of more than Rs. 100,000 would be considered under Non-Institutional Portion for the purposes of allocation; by other eligible Non Resident Bidders for a minimum of such number of Equity Shares and in multiples of [•] Equity Shares thereafter that the Bid Price exceeds Rs. 100,000.

(f) Bids by Non Residents, NRIs and FIIs on a repatriation basis shall be in the names of individuals, or in the names of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.

(g) In single name or in joint names (not more than three, and in the same order as their Depository Participant details).

(h) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Electronic Registration of Bids

(a) The Members of the Syndicate will register the Bids using the on-line facilities of BSE and NSE. There will be at least one on-line connectivity in each city, where a stock exchange is located in India and where Bids are being accepted.

(b) The BSE and NSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the Members of the Syndicate and their authorised agents during the Bidding Period. Syndicate Members can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for book building on a half hourly basis. On the Bid/ Issue Closing Date, the members of the Syndicate shall upload the Bids till such time as may be permitted by the Stock Exchanges. This information will be available with the BRLMs on a regular basis.

(c) The aggregate demand and price for Bids registered on the electronic facilities of BSE and NSE will be uploaded on a half hourly basis, consolidated and displayed on-line at all bidding centres and the website of BSE and NSE. A graphical representation of consolidated demand and price would be made available at the bidding centres during the Bidding /Issue Period.

(d) At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:

- Name of the investor.
- Investor Category – Individual, Corporate, FII, NRI, Mutual Fund, etc.
- Numbers of Equity Shares bid for.
- Bid price.
- Bid cum Application Form number.
- Whether Margin Amount has been paid upon submission of Bid cum Application Form.
- Depository Participant Identification Number and Client Identification Number of the beneficiary account of the Bidder.

(e) A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate. The registration of the Bid by the member of the Syndicate does not guarantee that the Equity Shares shall be allocated/allotment either by the members of the Syndicate or our Company.

(f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

(g) In case of QIB Bidders, the BRLMs and/or their affiliates and have the right to accept the bid or reject the Bids. However, such rejection should be made at the time of receiving the bid and only after assigning a reason for such rejection in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, Bids would not be rejected except on the technical grounds as listed under section "Grounds for Rejections" on page no. 295.

(h) The permission given by BSE and NSE to use their network and software of the Online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company and/or the BRLMs are cleared or approved by BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, our Promoter, our management or any scheme or project of our Company.

(i) It is also to be distinctly understood that the approval given by BSE and NSE should not in any way be deemed or construed that this Draft Red Herring Prospectus has been cleared or approved by the BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the BSE and NSE.

(j) Only bids that are uploaded on the online IPO system of the NSE and BSE shall be considered for allocation/ Allotment. In case of discrepancy of data between the BSE or the NSE and the members of the Syndicate, the decision of the BRLMs based on the physical records of Bid Application Forms shall be final and binding on all concerned.

GENERAL INSTRUCTIONS

<u>Do's:</u>

(a) Check if you are eligible to apply;

(b) Read all the instructions carefully and complete the Resident Bid cum Application Form (white in colour) or Non-Resident Bid cum Application Form (blue in colour) as the case may be;

(c) Ensure that the details about Depository Participant and Beneficiary Account are correct as allotment of Equity Shares will be in the dematerialized form only;

(d) Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of a member of the Syndicate;

(e) Ensure that you have been given a TRS for all your Bid options;

(f) Submit revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;

(g) Where Bid(s) is/ are for Rs. 50,000/- or more, each of the Bidders, should mention their Permanent Account Number (PAN) allotted under the IT Act. The copies of the PAN Card or PAN allotment letter should be submitted with the Bid cum Application form. If you have mentioned "Applied for" or "Not Applicable", in the Bid cum Application Form in the section dealing with PAN number, ensure that you submit Form 60 or 61, as the case may be, together with permissible documents as address proof;

(h) Ensure that the Demographic Details (as defined hereinbelow) are updated, true and correct in all respects;

(i) Ensure that the name(s) given in the Bid cum Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form.

Don'ts:

(a) Do not bid for lower than the minimum Bid size;

(b) Do not bid/ revise Bid price to less than the lower end of the Price Band or higher than the higher end of the Price Band;

(c) Do not bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate;

(d) Do not pay the Bid Price in cash, by money order or by postal order or by stockinvest;

(e) Do not send Bid cum Application Forms by post; instead submit the same to a member of the Syndicate only;

(f) Do not bid at Cut Off Price (for QIB Bidders and Non-Institutional Bidders for bid amount in excess of Rs. 100,000);

(g) Do not fill up the Bid cum Application Form such that the Equity Shares bid for exceeds the Issue Size and/ or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;

(h) Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.

Instructions for Completing the Bid cum Application Form

Bidders can obtain Bid cum Application Forms and/or Revision Forms from the members of the Syndicate.

Bidder's Depository Account and Bank Details

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the demographic details including address, Bidders bank account details, MICR code and occupation (hereinafter referred to as 'Demographic Details'). These Bank Account details would be used for giving refunds (including through physical refund warrants, direct credit, ECS, NEFT and RTGS) to the Bidders. Hence, Bidders are advised to immediately update their Bank Account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in despatch/ credit of refunds to Bidders at the Bidders sole risk and neither the BRLMs or the registrar or the Escrow Collection Banks nor the Company shall have any responsibility and undertake any liability for the same. Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form.

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the CANs/Allocation Advice and printing of Bank particulars on the refund orders or for refunds through electronic transfer of funds, as applicable. The Demographic Details given by Bidders in the Bid cum Application Form would not be used for any other purpose by the Registrar to the Issue.

By signing the 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.

In case of Bidders receiving refunds through electronic transfer of funds, delivery of refund orders/allocation advice/CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk and neither the Company, nor the Registrar, Escrow Collection Bank(s) nor the BRLMs shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories, which matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected.

The Company in their absolute discretion, reserve the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund order/CANs/allocation advice/ refunds through electronic transfer of funds, the Demographic Details given on the Bid cum Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar shall use Demographic Details as given in the Bid cum Application Form instead of those obtained from the depositories.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. Our Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

As per the RBI regulations, OCBs are not permitted to participate in the Issue.

There is no reservation for Eligible NRIs and FIIs and all applicants will be treated on the same basis with other categories for the purpose of allocation.

Bids under Power of Attorney

(a) In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum of Association and Articles of Association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

(b) In case of Bids made pursuant to a power of attorney by FIIs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, our Company reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

(c) In case of Bids made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form. Failing this, our Company reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

(d) In case of Bids made by provident funds with minimum corpus of Rs. 250 Million (subject to applicable law) and pension funds with minimum corpus of Rs. 250 Million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

(e) Our Company in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application form, subject to such terms and conditions that our Company and the BRLMs may deem fit.

PAYMENT INSTRUCTIONS

Escrow Mechanism

The Company and the members of the Syndicate shall open Escrow Accounts with one or more Escrow Collection Bank(s) for the collection of the Bid Amount payable upon submission of the Bid cum Application Form and for amounts payable pursuant to allocation in the Issue.

The Escrow Collection Banks will act in terms of the Red Herring Prospectus and the Escrow Agreement. The Escrow Collection Bank (s) for and on behalf of the Bidders shall maintain the monies in the Escrow Account. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds equivalent to the size of the Issue from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Banker(s) to the Issue. The balance amount after transfer to the Public Issue Account shall be held for the benefit of the Bidders who are entitled to refunds. 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 the Company, the members of the Syndicate, the Escrow Collection Bank(s) and the Registrar to the Issue to facilitate collections from the Bidders.

Terms of Payment and Payment into the Escrow Accounts

Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation/Allotment as per the following terms.

1. Each category of Bidders i.e., QIB Bidders, Non-Institutional Bidders and Retail Individual Bidders shall provide the applicable Margin Amount, with the submission of the Bid cum Application Form draw a cheque or demand draft for the maximum amount of his/ her Bid in favour of the Escrow Account of the Escrow Collection Bank(s) and submit the same to the member of the Syndicate to whom the Bid is being submitted. Bid cum Application Forms accompanied by cash shall not be accepted. The Margin Amount payable by each category of Bidders is mentioned under the section titled 'Issue Structure' on page no. 279. The maximum Bid price has to be paid at the time of submission of the Bid cum Application Form based on the highest bidding option of the Bidder.

2. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Price, any difference between the amount payable by the Bidder for Equity Shares allocated/allotted at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in-Date, which shall be a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLMs. If the payment is not made favouring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled.

3. The payment instruments for payment into the Escrow Account should be drawn in favour of:

   - In case of QIB Bidders: **"**Escrow Account– Tecpro Systems Public Issue – QIB – R"

   - In case of Non Resident QIB Bidders: **"**Escrow Account– Tecpro Systems Public Issue – QIB – NR"

   - In case of Resident Bidders: **"**Escrow Account– Tecpro Systems Public Issue **-** R"

   - In case of Non Resident Bidders: **"**Escrow Account– Tecpro Systems Public Issue **-** NR"

4. In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of Non-Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE Account or FCNR Account.

5. In case of Bids by FIIs, the payment should be made out of funds held in Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to Special Rupee Account.

6. Where a Bidder has been allocated a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated\ will be refunded to the Bidder from the Refund Account.

7. On the Designated Date and no later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Bank shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation/Allotment to the Bidders.

8. Payments should be made by cheque, or demand draft drawn on any Bank (including a Co-operative Bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/ Stockinvest/Money Orders/ Postal orders will not be accepted.

9. Bidders are advised to mention the number of application form on the reverse of the cheque / demand draft to avoid misuse of instruments submitted along with the Bid cum Application Form.

10. Incase clear funds are not available in the Escrow Accounts as per final certificates from the Escrow Collection Banks, such Bids are liable to be rejected.

Payment by Stockinvest

In terms of the Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the option to use the stockinvest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn. Hence, payment through stockinvest would not be accepted in this Issue.

OTHER INSTRUCTIONS

Joint Bids in the case of Individuals

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form. All communications will be addressed to the First Bidder and will be dispatched to his or her address as per the Demographic Details received from the Depository.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same.

In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

1. All applications are electronically strung on first name, address (1 name) and applicants status. These applications are electronically matched for common first name and address and if matched, these are checked manually for age, signature and father/husbands name to determine if they are multiple applications.

2. Aplications which do not qualify as multiple applications as per above procedure are further checked for common DP ID/beneficiary ID. In case of applications with common DP ID/ beneficiary ID, are manually checked to eliminate possibility of data entry error to determione if they are multiple applications.

3. Applications which do not qualify as multiple applications as per above procedure are further checked for common PAN. All such matched applications with common PAN are manually checked

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.

The Company reserves the right to reject, in its absolute discretion, all or any multiple Bids in any or all categories.

In cases where there are more than 20 valid applicants having a common address, such shares will be kept in abeyance , post allotment and released on confirmation of KYC norms by the depositories.

Permanent Account Number or PAN

The copy of the PAN card or PAN allotment letter is required to be submitted with the Bid-cum-Application Form. Applications without this information and documents will be considered incomplete and are liable to be rejected. **It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground**. In case the Sole/First Bidder and Joint Bidder(s) is/are not required to obtain PAN, each of the Bidder(s) shall mention "Not Applicable" and in the event that the sole Bidder and/or the joint Bidder(s) have applied for PAN which has not yet been allotted each of the Bidder(s) should Mention "Applied for" in the Bid cum Application Form. Further, where the Bidder(s) has mentioned "Applied for" or "Not Applicable", the Sole/First Bidder and each of the Joint Bidder(s), as the case may be, would be required to submit Form 60 (Form of declaration to be filed by a person who does not have a permanent account number and who enters into any transaction specified in rule 114B), or, Form 61 (form of declaration to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income tax in respect of transactions specified in rule 114B), as may be applicable, duly filled along with a copy of any one of the following documents in support of the address: (a) Ration Card (b) Passport (c) Driving License (d) Identity Card issued by any institution (e) Copy of the electricity bill or telephone bill showing residential address (f) Any document or communication issued by any authority of the Central Government, State Government or local bodies showing residential address (g) Any other documentary evidence in support of address given in the declaration. **It may be noted that Form 60 and Form 61 have been amended vide a notification issued on December 1, 2004 by the Ministry of Finance, Department of Revenue, Central Board of Direct Taxes. All Bidders are requested to furnish, where applicable, the revised Form 60 or 61, as the case may be.**

Unique Identification Number ("UIN")

With effect from July 1, 2005, SEBI had decided to suspend all fresh registrations for obtaining UIN and the requirement to contain/quote UIN under the SEBI MAPIN Regulations/Circulars vide its circular MAPIN/Cir-13/2005. However, in a recent press release dated December 30, 2005, SEBI has approved certain policy decisions and has now decided to resume registrations for obtaining UINs in a phased manner. The press release states that the cut off limit for obtaining UIN has been raised from the existing limit of trade order value of Rs.100,000 to Rs.500,000 or more. The limit will be reduced progressively. For trade order value of less than Rs.500,000 an option will be available to investors to obtain either the PAN or UIN. These changes are, however, not effective as of the date of the Red Herring Prospectus and SEBI has stated in the press release that the changes will be implemented only after necessary amendments are made to the SEBI MAPIN Regulations.

GROUNDS FOR REJECTIONS

In case of QIB Bidders, the BRLMs and/or their affiliates have the right to reject the Bids provided that the reasons for rejecting the same shall be provided to such Bidder in writing. In case of bids by Non-Institutional Bidders and Retail Individual Bidders, the Company has a right to reject Bids based on technical grounds.

Bidders are advised to note that Bids are liable to be rejected *inter alia* on the following technical grounds:

- Amount paid does not tally with the amount payable for the highest value of Equity Shares bid for;
- Age of First Bidder not given;
- 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;
- Bid by persons not competent to contract under the Indian Contract Act, 1872 including minors, insane persons;
- PAN photocopy/PAN communication/ Form 60 or Form 61 declaration along with documentary evidence in support of address given in the declaration, not given;

- GIR number furnished instead of PAN;
- Bids for lower number of Equity Shares than specified for that category of investors;
- Bids at a price less than lower end of the Price Band;
- Bids at a price more than the higher end of the Price Band;
- Bids at Cut Off Price by Non-Institutional and QIB Bidders bidding in excess of Rs. 100,000.
- Bids for number of Equity Shares which are not in multiples of [•];
- Category not ticked;
- Multiple Bids as defined in this Draft Red Herring Prospectus;
- In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
- Bids accompanied by Stockinvest/money order/postal order/cash;
- Signature of sole and / or joint Bidders missing;
- Bid cum Application Forms does not have the stamp of the BRLMs or Syndicate Members;
- Bid cum Application Forms does not have Bidder's depository account details;
- Bid cum Application Forms are not delivered by the Bidders within the time prescribed as per the 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;
- In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the order of names of joint holders), the Depositary Participant's identity (DP ID) and the beneficiary's account number;
- Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
- Bids in respect where the Bid cum Application form do not reach the Registrar prior to the finalisation of the basis of allotment;
- Bids where clear funds are not available in Escrow Accounts as per final certificate from the Escrow Collection Banks;
- Bids by Non-residents such as OCBs, FVCIs, multilateral and bilateral development financial institutions;
- Bids by any person outside India if not in compliance with applicable foreign and Indian Laws; and
- Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority.

PRICE DISCOVERY AND ALLOCATION

(a) After the Bid/Issue Closing Date, the BRLMs will analyse the demand generated at various price levels.

(b) The Company in consultation with the BRLMs shall finalise the "Issue Price".

(c) The allocation to QIBs will be atleast 60% of the Net Issue and allocation to Non-Institutional and Retail Individual Bidders will be up to 10% and 30% of the Net Issue, respectively, on a proportionate basis, in a manner specified in the SEBI Guidelines and the Red Herring Prospectus, in consultation with the Designated Stock Exchange, subject to valid bids being received at or above the Issue Price.

(d) Under-subscription, if any, in the Non-Institutional category and the Retail Individual category would be met with spill over from any other category at the sole discretion of our Company in consultation with the BRLMs. However, if the aggregate demand by Mutual Funds is less than [●] Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the QIB Portion and be allotted proportionately to the QIB Bidders. In the event that the aggregate demand in the QIB Portion has been met, undersubscription, 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, and the Designated Stock Exchange.

(e) Allocation to Eligible NRIs and FIIs applying on repatriation basis will be subject applicable law and the terms and conditions stipulated by the DIPP and RBI, while granting permission for allotment of Equity Shares to them in this Issue.

SIGNING OF UNDERWRITING AGREEMENT AND RoC FILING

(a) The Company, the BRLMs, and the Syndicate Members shall enter into an Underwriting Agreement on finalisation of the Issue Price and allocation(s)/ Allotment to the Bidders.

(b) After signing the Underwriting Agreement, the Company would update and file the updated Red Herring Prospectus with RoC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue size, underwriting arrangements and would be complete in all material respects.

(c) The Company will file a copy of the Prospectus with the RoC in terms of Section 56, Section 60 and Section 60B of the Companies Act.

(d) The Company will issue an advertisement after the filing of the Prospectus with the RoC in three widely circulated newspapers (one each in English, Hindi and Telugu). 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 Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

ISSUANCE OF CAN

(a) Upon approval of the basis of allotment by the Designated Stock Exchange, the BRLMs, or Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated/allotted Equity Shares in the Issue. The approval of the basis of allotment by the Designated Stock Exchange for QIB Bidders may be done simultaneously with or prior to the approval of the basis of allocation for the Retail and Non-Institutional Bidders. However, investors should note that the Company shall ensure that the date of allotment of the Equity Shares to all investors in this Issue shall be done on the same date.

(b) The BRLMs and/or their affialiates would dispatch a CAN to their Bidders who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid the entire Bid Amount into the Escrow Account at the time of bidding shall pay in full the amount payable into the Escrow Account by the Pay-in Date specified in the CAN.

(c) Bidders who have been allocated/allotted Equity Shares and who have already paid the Bid Amount into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realisation of his or her cheque or demand draft paid into the Escrow Account. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for the allotment to such Bidder.

(d) The Issuance of CAN is 'Subject to "Allotment Reconciliation and Revised CANs" as set forth herein under the chapter "Issue Information" of this Draft Red Herring Prospectus.

NOTICE TO QIBs: ALLOTMENT RECONCILIATION AND REVISED CANs

After the Bid/Issue Closing Date, an electronic book will be prepared by the Registrar on the basis of Bid Applications received. Based on the electronic book, QIBs will be sent a CAN on or prior to [•], 2007, indicating the number of Equity Shares that may be allocated to them. This CAN is subject to the basis of final Allotment, which will be approved by the Designated Stock Exchange and reflected in the physical book prepared by the Registrar. Subject to SEBI Guidelines, certain Bid applications may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciliation and basis of Allotment as approved by the Designated Stock Exchange and specified in the physical book. As a result, a revised CAN may be sent to QIBs, and the allocation of Equity Shares in such revised CAN may be different from that specified in the earlier CAN. It is not necessary that a revised CAN will be sent. QIBs should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN, for any increased Allotment of Equity Shares. The CAN will constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the QIB to pay the entire Issue Price for all the Equity Shares allocated to such QIB. The revised CAN, if issued, will supersede in entirety the earlier CAN.

DESIGNATED DATE AND ALLOTMENT OF EQUITY SHARES

(a) The Company will ensure that the allotment of Equity Shares is done within 15 days of the Bid/Issue Closing Date. After the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date, the Company would ensure the credit to the successful Bidders depository account. Allotment of the Equity Shares to the allottees shall be within two working days of the date of allotment.

(b) In accordance with the SEBI Guidelines, Equity Shares will be issued and allotment shall be made only in the dematerialised form to the allottees. Allottees will have the option to re-materialise the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated/ allotted to them pursuant to this Issue.

BASIS OF ALLOTMENT

A. For Retail Individual Bidders

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all the successful Retail Individual Bidders will be made at the Issue Price.

- The Net Issue size less Allotment to Non-Institutional and QIB Bidders shall be available for Allotment to Retail Individual Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.

- If the aggregate demand in this category is less than or equal to [•] Equity Shares at or above the Issue Price, full Allotment shall be made to the Retail Individual Bidders to the extent of their valid Bids.

- If the aggregate demand in this category is greater than [•] Equity Shares at or above the Issue Price, the allotment shall be made on a proportionate basis up to a minimum of [•] Equity Shares. For the method of proportionate basis of Allotment, refer below.

B. <u>For Non-Institutional Bidders</u>

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.

- The Net Issue size less Allotment to QIBs and Retail Portion shall be available for Allotment to Non-Institutional Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.

- If the aggregate demand in this category is less than or equal to [•] Equity Shares at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their demand.

- In case the aggregate demand in this category is greater than [•] Equity Shares at or above the Issue Price, Allotment shall be made on a proportionate basis up to a minimum of [•] Equity Shares. For the method of proportionate basis of Allotment refer below.

C. <u>For QIBs</u>

- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment to all the 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 shall be determined as follows:

 (i) In the event that Mutual Fund Bids exceeds 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the QIB Portion.

 (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Portion then all Mutual Funds shall get full Allotment to the extent of valid bids received above the Issue Price.

 (iii) Equity Shares remaining unsubscribed, if any, 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 that the oversubscription in the QIB Portion, all QIB Bidders who have submitted Bids above the Issue Price shall be allotted Equity Shares on a proportionate basis for up to 95% of the QIB Portion.

(ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.

(iii) Under-subscription below 5% of the QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.

- The aggregate Allotment to QIB Bidders shall not be less than 4,380,000 Equity Shares.

The approval of the basis of allotment by the Designated Stock Exchange for QIB Bidders may be done simultaneously with or prior to or after the approval of the basis of allocation for the Retail and Non-Institutional Bidders. Additionally, date of allotment for investors in different categories could be different. Investors should note that our Company shall ensure that the date of allotment of the Equity Shares to all investors for the same category shall be on the same date. In this context, the Board of our Company may also pass at their sole discretion approve a deemed date of allotment for the Equity Shares in this issue. **The deemed date of allotment, if approved by the Board shall be the same for all categories of investors and shall allow all investors to be considered as shareholders and members of the Company from such deemed date. Please note that the above steps in respect of different dates of allotment and the deemed date of allotment are subject to the approval of SEBI.**

<u>Illustration of Allotment to QIBs and Mutual Funds ("MF")</u>

A. Issue Details

No.	Particulars	Issue details
1	Issue size	200 Million equity shares
2	Allocation to QIB (60%) Of which:	120 Million equity shares
	a. Allocation to MF (5%)	6 Million equity shares
	b. Balance for all QIBs including MFs	114 Million equity shares
3	No. of QIB applicants	10
4	No. of shares applied for	500 Million equity shares

B. Details of QIB Bids

No	Type of QIB bidders#	No. of shares bid for (in Million)
1	A1	50
2	A2	20
3	A3	130
4	A4	50
5	A5	50
6	MF1	40
7	MF2	40
8	MF3	80
9	MF4	20
10	MF5	20
	Total	**500**

A1-A5: (QIB bidders other than MFs), MF1-MF5 (QIB bidders which are Mutual Funds)

C. Details of Allotment to QIB Bidders/ Applicants

1. (Number of equity shares in Million)

Type of QIB bidders	Shares bid for	Allocation of 6 Million Equity Shares to MF proportionately (see note 2 below)	Allocation of balance 114 Million Equity Shares to QIBs proportionately (see note 4 below)	Aggregate allocation to MFs
(I)	**(II)**	**(III)**	**(IV)**	**(V)**
A1	50	0	11.40	0
A2	20	0	4.56	0
A3	130	0	29.64	0
A4	50	0	11.40	0
A5	50	0	11,40	0
MF1	40	1.2	9.12	10.32
MF2	40	1.2	9.12	10.32
MF3	80	2.4	18.24	20.64
MF4	20	0.6	4.56	5.16
MF5	20	0.6	4.56	5.16
	500	**6**	**114**	**51.64**

Please note:

1. The illustration presumes compliance with the requirements specified in this Draft Red Herring Prospectus in the section titled "Issue Structure" beginning on page 279.

2. Out of 120 million Equity Shares allocated to QIBs, 6 million (i.e. 5%) will be allocated on proportionate basis among 5 Mutual Fund applicants who applied for 200 shares in QIB category.

3. The balance 114 million Equity Shares (i.e. 120 - 6 (available for MFs)) will be allocated on proportionate basis among 10 QIB applicants who applied for 500 Equity Shares (including 5 MF applicants who applied for 200 Equity Shares).

4. The figures in the fourth column titled "Allocation of balance 114 million Equity Shares to QIBs proportionately" in the above illustration are arrived as under:

   - For QIBs other than Mutual Funds (A1 to A5)= No. of shares bid for (i.e. in column II) X 114 / 494

   - For Mutual Funds (MF1 to MF5)= [(No. of shares bid for (i.e. in column II of the table above) less Equity Shares allotted (i.e., column III of the table above)] X 114/494

   - The numerator and denominator for arriving at allocation of 114 Million shares to the 10 QIBs are reduced by 6 Million shares, which have already been allotted to Mutual Funds in the manner specified in column III of the table above.

<u>Method of Proportionate Basis of Allotment in the Issue</u>

In the event of the Issue being over-subscribed, the Company shall finalize the basis of Allotment in consultation with the Designated Stock Exchange. The Managing Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLMs and the Registrar to the Issue shall be responsible for ensuring that the basis of Allotment is finalized in a fair and proper manner.

The Allotment shall be made in marketable lots, on a proportionate basis as explained below:

a) Bidders will be categorized according to the number of Equity Shares applied for.

b) The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.

c) Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.

d) In all Bids where the proportionate Allotment is less than [•] Equity Shares per Bidder, the Allotment shall be made as follows:

   - The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above; and
   - Each successful Bidder shall be allotted a minimum of [•] Equity Shares.

e) If the proportionate Allotment to a Bidder is a number that is more than [•] but is not a multiple of 1 (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.

PAYMENT OF REFUNDS

Bidders must note that on the basis of name of the Bidders, Depository Participant's name, DP ID, Beneficiary Account number provided by them in the Bid-cum-Application Form, the Registrar will obtain, from the Depositories, the Bidders' bank account details, including the nine digit MICR code as appearing on a cheque leaf. Hence Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in despatch of refund order or refunds through electronic transfer of funds, as applicable, and any such delay shall be at the Bidders' sole risk and neither the Company, the Registrar, Escrow Collection Bank(s), Bankers to the Issue nor the BRLMs shall be liable to compensate the Bidders for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

Mode of making refunds

The payment of refund, if any, would be done through various modes in the following order of preference:

1. ECS – Payment of refunds would be mandatorily done through ECS for applicants having an account at any of the following fifteen centers: Ahmedabad, Bangalore, Bhubaneshwar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds is mandatory for applicants having a bank account at any of the abovementioned fifteen centers, except where the applicant, being eligible, opts to receive refund through direct credit or RTGS. Refunds through ECS may also be done at other locations based on

operational efficiency and in terms of demographic details obtained by Registrar from the depository participants.

2. Direct Credit – Applicants having bank accounts with the Refund Banker(s), as mentioned in the Bid cum Application Form, shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company.

3. RTGS – Applicants having a bank account at any of the abovementioned fifteen centres and whose refund amount exceeds Rs. 1 Million, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the Bid-cum-application Form. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.

4. NEFT (National Electronic Fund Transfer) – Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency. The process flow in respect of refunds by way of NEFT is at an evolving statge hence use of NEFT is subject to operational feasibility, cost and process efficiency. In the event that NEFT is not operationally feasible, the payment of refunds would be made through any one of the other modes as discussed in the sections.

5. For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be despatched under certificate of posting for value upto Rs. 1,500 and through Speed Post/ Registered Post for refund orders of Rs. 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

Letters of Allotment or Refund Orders

The Company shall give credit to the beneficiary account with depository participants within two working days from the date of the finalization of basis of allocations. Applicants residing at fifteen centers where clearing houses are managed by the RBI, will get refunds through ECS only except where applicant is otherwise disclosed as eligible to get refunds through direct credit and RTGS. We shall ensure dispatch of refund orders, if any, of value up to Rs. 1,500, by "Under Certificate of Posting", and shall dispatch refund orders above Rs. 1,500, if any, by registered post or speed post at the sole or first Bidder's sole risk within 15 days of the Bid/Issue Closing Date. Applicants to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post, intimating them about the mode of credit of refund within fifteen days of closure of Bid / Issue.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI DIP Guidelines, the Company undertakes that:

- Allotment of Equity Shares will be made only in dematerialized form within 15 days from the Bid/Issue Closing Date; and

- The Company shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if allotment is not made, refund orders are not dispatched and/or demat credits are not made to investors within the 15 day time prescribed above.

The Company will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by us, as Escrow Collection Banks 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 centers will be payable by the Bidders.

Disposal of applications and application moneys and interest in case of delay

The 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 two working days of date of Allotment of Equity Shares.

In case of applicants who receive refunds through ECS, direct credit or RTGS, the refund instructions will be given to the clearing system within 15 days from the Bid/ Issue Closing Date. A suitable communication shall be sent to the bidders receiving refunds through this mode within 15 days of Bid/ Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

The Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed, are taken within seven working days of Allotment.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Guidelines, the Company further undertakes that:

- Allotment of Equity Shares shall be made only in dematerialized form within 15 days of the Bid/Issue Closing Date;
- 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 15 days of the Bid/Issue Closing Date would be ensured; and
- The Company shall pay interest at 15% p. a., for any delay beyond the 15 day 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 the 15 day time prescribed above as per the guidelines issued by the Government of India, Ministry of Finance pursuant to their letter No. F/8/S/79 dated July 31, 1983, as amended by their letter No. F/14/SE/85 dated September 27, 1985, addressed to the stock exchanges, and as further modified by SEBI's Clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.

UNDERTAKINGS BY OUR COMPANY

We undertake the following:

- That the complaints received in respect of this Issue shall be attended to by us expeditiously;
- That all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within seven working days of finalisation of the basis of Allotment;
- That funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by the Issuer.
- That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of 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 certificates of the securities/ refund orders to the non-resident Indians shall be despatched within specified time; and
- No further issue of Equity Shares shall be made till the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.

The Company shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

UTILISATION OF ISSUE PROCEEDS

Our Board of Directors certify that:

- All monies received out of the Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;

- Details of all monies utilised out of Issue shall be disclosed under an appropriate head in our balance sheet indicating the purpose for which such monies have been utilised;

- Details of all unutilised monies out of the Issue, if any shall be disclosed under the appropriate head in the balance sheet indicating the form in which such unutilised monies have been invested;

- Our Company shall comply with the requirements of clause 49 of the Listing Agreement in relation to the disclosure and monitoring of the utilization of the proceeds of the Issue.

WITHDRAWAL OF THE ISSUE

The Company in consultation with the BRLMs reserves the right not to proceed with the Issue at anytime including after the Bid/Issue Opening Date without assigning any reason thereof. In terms of the SEBI Guidelines, QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing date.

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 de-materialised 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 the Company, the respective Depositories and the Registrar to the Issue:

a) Agreement dated November 22, 2006 with NSDL, the Company and the Registrar to the Issue.

b) Agreement dated [●] with CDSL, the Company and the Registrar to the Issue.

All Bidders can seek allotment only in dematerialised mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

a) A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Bid.

b) The Bidder must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant’s identification number) appearing in the Bid cum Application Form or Revision Form.

c) Allotment to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder

d) Names in the Bid cum Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.

e) If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid cum Application Form or Revision Form, it is liable to be rejected.

f) The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid cum Application Form vis-à-vis those with his or her Depository Participant.

g) Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.

h) The trading of the Equity Shares of the Company would be in dematerialised form only for all investors in the demat segment of the respective Stock Exchanges.

COMMUNICATIONS

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid cum Application Form number, Bidders Depository Account Details, number of Equity Shares applied for, date of bid form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

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.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of GoI and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically 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. As per current foreign investment policies, foreign investment in the real estate sector is permitted under the automatic route in relation to investments by NRIs.

By way of Circular No. 53 dated December 17, 2003, the RBI has permitted FIIs to subscribe to shares of an Indian company in a public offer without 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.

Transfers of equity shares previously required the prior approval of the FIPB. However, vide a RBI circular dated October 4, 2004 issued by the RBI, the transfer of shares between an Indian resident and a non-resident does not require the prior approval of the FIPB or the RBI, provided that (i) the activities of the investee company are under the automatic route under the foreign direct investment (FDI) Policy and transfer does not attract the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (ii) the non-resident shareholding is within the sectoral limits under the FDI policy, and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI.

Note:

- As per the existing policy of the Government of India, OCBs cannot participate in this Issue.
- Non-residents such as FVCIs, multilateral and bilateral development financial institutions are not permitted to participate in the Issue and this Issue is being offered in India only.

SECTION X (A) - MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION OF OUR COMPANY

Capitalised terms used in this section have the meaning given to such terms in the Articles of Association of our Company.

Pursuant to Schedule II of the Act and the DIP Guidelines, the main provisions of the Articles of Association of the Company relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of equity shares/debentures and/or on their consolidation/splitting are detailed below:

The regulations contained in Table 'A' of Schedule I to the Act shall apply only in so far as the same are not provided for or are not inconsistent with these Articles and the regulations for the management of the Company and for observance of the members thereof and their representatives shall, subject to any exercise of the statutory powers of the Company with reference to repeal or alteration or of addition to, its regulations by special resolution, as prescribed by the Act be such as are contained in these Articles.

Capital and shares

Article 3 provides that the Authorized Share Capital of the Company shall be such amount and be divided into such shares as may, from time to time, be provided in clause V of Memorandum of Association with power to subdivide, reduce, consolidate and increase and with power from time to time, to issue any shares of the original capital with and subject to any preferential, qualified or special rights, privileges or conditions as may be, thought fit, and upon the subdivision of shares to apportion the right to participate in profits, in any manner as between the shares resulting from sub-division.

Increase of capital

Article 4 provides that "The Company in General Meeting may, from time to time, increase the capital by the creation of new shares; such increase to be of such aggregate amount and to be divided into shares of such respective amounts as the resolution shall prescribe"

Redeemable preference shares

Article 6 provides that "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 are liable to be redeemed and the resolution authorizing such issue shall prescribe the manner, terms and conditions of redemption".

Article 7.provides that "On the issue of Redeemable Preference Shares under the provisions of Article 6 hereof the following provisions shall take effect:

(a) no such shares shall be redeemed except out of the profits of the Company which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purpose of the redemption;

(b) no such shares shall be redeemed unless they are fully paid;

(c) the premium if any, payable on redemption must have been provided for out of the profits of the Company or the Company's Share Premium Account before the shares are redeemed;

(d) where any such share are redeemed otherwise than 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 for 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."

Allotment of shares

Article 14 provides that

"(a) 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:

i. 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;

ii. 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;

iii. 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;

iv. 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.

(b) Notwithstanding anything contained in subclause (a) the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (i) of sub-clause (a) hereof) in any manner whatsoever.

i. If a special resolution to that effect is passed by the company in general meeting, or

ii. Where no such 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 so to do, 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.

(c) Nothing in sub-clause (iii) of clause (a) hereof shall be deemed:

i. To extend the time within which the offer should be accepted; or

ii. To authorize 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.

(d) 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 debentures or the raising of the loans or is in conformity with 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 the Government or any institution specified by the Central Government in this behalf, has also been approved by the special resolution passed by the company in General Meeting before the issue of the loans."

Further Articles 15, 16 and 17 also provide that:

"15. Any application signed by or on behalf of an applicant for shares in the Company, followed by an allotment of any share therein, shall be an acceptance of shares within the meaning of these Articles, and every person who thus or otherwise accepts any shares and whose name is on the Register of the members shall, for the purposes of these Articles, be a member.

16. The money (if any) which the Board 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 insertion of the name of the allottee in the Registrar of Members as the name of the holders of such shares become as a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.

17. Every member, or his heirs, executors or administrators, shall pay to the Company the portion of the Capital represented by his share or shares which may, for the time being remain unpaid thereof in such amounts, at such time or times, and in such manner as the Board shall, from time to time in accordance with the Company's regulations, require or fix for the payment thereof."

Commission for placing shares, debentures, etc

Article 154 (2) provides that the directors of the Company have the power "To pay and charge to the capital account of the company and commission or interest lawfully payable thereof under the provisions of section 76 and 208 of the Act."

How far shares to rank with existing shares

Article 5 provides that "Except so far as otherwise provided by the conditions of issue or by these presents, any capital raised by the creation of new share shall be considered as part of the existing capital, and shall be subject to the provisions contained herein, with reference to the payment of calls and instalments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise."

Reduction of capital

Article 8 provides that "The Company may (subject to the provisions of sections 78, 80, 100 to 105 inclusive, of the Act) from time to time by special resolution, reduce its capital and any Capital Redemption Reserve Account or Share Premium Account in any manner for the time bing authorised by law, and in particular, capital may be paid off on the footing that it may be called upon again or otherwise. This Article is not to derogate from any power the Company would have if it were omitted."

Consolidation, division and sub-division of shares.

Article 9 provides that "Subject to the Provisions of section 94 of the Act, the Company in its 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 holder of the shares resulting from such sub-division one or more such shares shall have some preference or special advantage as regards dividend, capital or otherwise, over or as compared with, the others, or other 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."

Buyback of shares

Article 36A provides that "Notwithstanding anything contained in these Articles and subject to the provisions of the Act, the Board of Directors may, when and if thought fit, buy back such of the Company's own shares or other securities as it may think proper subject to such limits, upon such terms and conditions and subject to such approvals as may be provided by law."

Dematerialization of securities

Article 22 relates to provision of dematerialization of securities.

Modification of rights

Article 10 provides that "Whenever the capital, by reason the issue of Preference Share 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 section 106 and 107 of the Act, be modified, commuted, affected or abrogated or dealt with by agreement between the Company and any person purporting to contract on behalf of that class, provided such agreement is ratified in writing by holders of at least three-fourths in nominal value of the issued shares of the class or is confirmed by a special resolution passed at a separate general meeting of the holders of shares of that class.

Board of Directors to make calls

Article 24 provides that "The Board may, from time to time, subject to the terms on which any shares may have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board (and not by circular resolution) make such calls as it thinks fit upon the members in respect of all monies unpaid on the shares held by them respectively and each member shall pay the amount of every call so made on him to the person or persons and at the times and places appointed by the Board. A call may be made payable by installments."

Overdue Calls to carry interest

Article 30 provides that "If any member fails to pay any call due from him or any part thereof on the day appointed for the payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall from time to time be fixed by the Board not exceeding 18% p.a. but nothing in this Article shall render it obligatory for the Board to demand or recover any interest from any such member, and the Board shall be at liberty to waive payment of such interest either in whole or in part."

Interest payable on calls in advance

Article 33(a) provides that "The Board may, if it thinks fit, subject to the provisions of section 92 of the Act, agree to and receive from any member willing to advance the same, all or any part of the monies due upon the shares held by him beyond the sum actually called for, and upon the moneys so paid in advance, or upon so much thereof, from time to time and at any time thereafter as exceeds the amount of the calls then made upon and due respect of the shares on account of which such advances are made, the Board may pay or allow interest, at such rate as the member paying the sum in advance and the Board agree upon. The Board may agree to repay at any time any amount so advance or at any time repay the same upon giving to the member three months notice in writing. Provided that moneys paid in advance of calls on any shares may carry interest but shall not confer a right to dividend or to participate in profits."

Revocation of calls

Article 27 provides that "A call may be revoked or postponed at the discretion of the Board."

Forfeiture of shares

Article 37 provides that "If any member fails to pay any call or installment of a call on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Board may at any time thereafter, during such time as the call or installment remains unpaid, give notice to him requiring him to pay the same together with any interest that may have accrued, and all expenses that may have been incurred by the Company by reason of such non-payment."

Article 38 provides that "The notice shall name a day (not being less than fourteen days from the date of the notice) and a place or places on and at which such call or installment and such interest thereon at such rate not exceeding 18% p.a. as the Board shall determine from the day in which such call or installment ought to have been paid 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, the shares in respect of which the call was made or installment is payable, will be liable to be forfeited."

Article 39 provides that "If the requirements of any such notice as aforesaid are shall not be complied with, every or any share in respect of which such notice has been given, may at any time there after but before payment of calls or installments, interest and expenses due in respect thereof, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared or any other monies payable in respect of the forfeited shares and not actually paid before the forfeiture."

Article 40 provides that "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."

Article 41 provides that "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 thereof or to any other person, upon such terms and in such manner as the Board shall think fit."

Article 42 provides that "Any member whose shares have been forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company, on demand any calls, amounts, installments, interest and expenses owing upon or in respect of such shares at the time of forfeiture, together with interest thereon from the time of the forfeiture, until apayment, at such rate (not exceeding 18% p.a.) as the Board may determine and the Board may enforce the payment thereof, if it thinks fit."

Article 43 provides that "The forfeiture of a share shall involve extinction at the time of the forfeiture, of all interest in and of 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."

Article 44 provides that "A declaration in writing that the declarant is a Director or Secretary of the Company and that a 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 shares."

Article 45 provides that "Upon any sale after forfeiture or for enforcing a lien purported exercise of the power hereinbefore given, the Board may appoint some person to execute an instrument of transfer of the shares sold and cause the purchaser's name to be entered in the Register in respect of the share sold, and the purchaser shall not be bound to see the regularity of the proceedings, or to the applications of the purchase money, and after his name has been entered in the Register in respect of such shares the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively."

Article 46 provides that "Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate or certificates originally issued in respect of the relative shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting member) stand cancelled and become null and void and be of no effect, and the Board shall be entitled to issue a duplicate certificate or certificates in respect of the said shares to the person or persons entitled thereto."

Article 47 provides that "The Board may at any time before any share so forfeited shall have been sold, re-allotted or otherwise disposed of, annual the forfeiture thereof upon such conditions as it thinks fit."

Company's lien on shares

Article 34 provides that "The company shall have a first and paramount lien upon all the shares/debentures (other than fully paid-up shares/debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys(whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any share shall be created except upon the footing and condition that this Article will have full effect and such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures. Unless otherwise agreed the registration of a transfer of shares/debentures shall operate as a waiver of the company's lien if any, on such shares/debentures. The Directors may at any time declare any shares/debentures wholly or in part to be exempt from the provisions of this clause."

Sale of shares in which Company has lien

Article 35 provides that "For the purpose of enforcing such lien the Board may sell the shares subject thereto in such manner as it shall think fit, and for that purpose may cause to be issued a duplicate certificate in respect of such shares and may authorize one of their members to execute a transfer thereof on behalf of and in the name of such member. No sale shall be made until such period as aforesaid shall have arrived, and until notice in writing of the intention to sell shall have been served on such member or his representatives and default shall have been made by him or them in payment, fulfillment or discharge of such debts, liabilities or engagements for fourteen days after such notice."

Application of proceeds of sale

Article 36 provides that "The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue, if any, shall (subject to a like lien for sums not presently payable as existed upon the shares before the sale) be paid to the persons entitled to the share at the date of the sale."

Transfer and transmission of Shares

Article 49 provides that "Share in the Company may be transferred by an instrument in writing as provided by the provisions of section 108 of the Act and statutory modification thereof. Such instrument of transfer shall be in the form prescribed and shall be duly stamped and delivered to the Company within the prescribed period."

Article 50 provides that "The instrument of Transfer duly stamped and executed by the Transferor and the Transferee shall be delivered to the Company in accordance with the provisions of the Act. The instrument of Transfer shall be accompanied by such evidence as the Board may require to prove the title of Transferor and his right to transfer the shares and every registered instrument of Transfer shall remain in the custody of the Company until destroyed by order of the Board. The Transferor shall be deemed to be the holder of such shares until the name of the Transferee shall have been entered in the Register of Members in respect thereof. Before the registration of the transfer the certificate(s) of the shares must be delivered to the Company."

Article 52 provides that "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 alone 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."

Rights of person entitled to share by reason of death etc of member

Article 57 provides that "Subject to the provisions of the Act and Article 52 and 53 any person becoming entitled to shares in consequence of the death, lunacy, bankruptcy or 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 Articles or of such title as the Board thinks sufficient, either be registered himself as the holder of the shares 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 this nominee registered, he shall testify the election by executing in favour of his nominee 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."

Borrowing Powers

Article 62 provides that "Subject to provision of section 292, 293 and 370 of the Act the Board may, from time to time at its discretion by a resolution passed at a meeting of the Board, accept deposits from members either in advance of calls or otherwise and generally raise or borrow or secure the payment of any sum or sums of money for the purposes of the Company provided however, where the monies, to be borrowed together with the monies 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 shall not borrow such monies without the consent of the company in General Meeting."

Article 63 provides that "The payment or re-payment of monies borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respect as the Board may think fit and particulary by resolution passed at a meeting of the Board (and not by circular resolution) by the issue of debenture or debentures-stock of the Company (both present and future) including its uncalled capital for the time being; and debentures, debenture-stock and other securities may be made assignable free from any equities between the Company and the person to whom the same be issued."

General meetings

Article 81 provides that "Five members entitled to vote and present in person shall be quorum for a General Meeting."

Article 106 provides that "No objection shall be made to the validity of any vote ,except at any meeting or poll at which such vote will be tendered, and every vote whether given personally or by proxy, not disallowed at such meeting or poll shall be deemed valid for all purposes of such meeting or poll whatsoever."

Votes of members

Article 93 provides that "No member shall be entitled to vote either personally or by proxy at any general meeting or meeting of a class of shareholders either upon a show of hands or upon a poll in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the company has exercised any right of lien."

Article 94 provides that "Subject to the provisions of these articles and without prejudice to any special privileges or restrictions as to voting for the time being attached to any class of shares for the time being forming part of the capital of the company, every member, not disqualified by the last preceding article shall be entitled to be present ,and to speak and vote at such meeting and on a show of hands every member present in person shall have one vote and upon a poll the voting right of every member present in person or by proxy shall be in proportion to his share of the paid-up equity share capital of the company. Provided however, if any preference shareholder be present at any meeting of the company save as provided in clause (b) of sub section (2) of section 87, of the act, he shall have a right to vote only on resolutions placed before the meeting which directly affect the rights attached to his preference shares."

Proxies permitted

Article 102 provides that "A member present by proxy shall be entitled to vote only on a poll."

Instrument appointing proxy to be in writing

Article 100 provides that "Every proxy (whether a member or not) shall be appointed in writing under the hand of the appointer or his attorney, or if such appointer is a corporation under the common seal of such corporation, or be signed by an officer or any attorney duly authorized by it and any committee or guardian may appoint such proxy. The proxy so appointed shall not have any right to speak at the meetings."

Instrument appointing proxy to be deposited in office

Article 103 provides that "The instrument appointing a proxy and the power of attorney or their authority (if any),under which it is signed or a notarially certified copy of that power of authority, shall he deposited at the office not later than forty-eight hours before the time for holding the meeting at which the person named in the instrument purposes to vote ,and in default the instrument or proxy shall not be treated as valid .No instrument appointing a proxy shall be valid after the expiration of twelve months from the date of its execution."

When vote by proxy valid though authority revoked

Article 105 provides that "A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death of insanity of the principal, or revocation of the proxy or of any power of attorney under which such proxy was signed, or the transfer of the share in respect of which the vote is given, provided that no intimation in writing of the death or insanity or revocation or transfer shall have been received at the office before the meeting."

Chairman of general meeting

Article 84 provides that "The Chairman (if any) of the Board shall be entitled to take the Chair at every General Meeting whether Annual or Extraordinary. If there be no such Chairman of the Board, or, if at any meeting he shall not be present within fifteen minutes of the time appointed for holding such meeting or if he shall be unable or unwilling to take the Chair, then the Vice Chairman (if any) of the Board shall be entitled to take the Chair and if there be no such Vice Chairman or if he be not so present, the members present shall elect another Director as Chairman, and if no Director be present or if all the Directors present decline to take the Chair, then the members present shall elect one of their members to be the Chairman."

Dividend

Declaration of dividend

Article 160 provides that "The Company in General Meeting may declare dividends to be paid to members according to their respective rights, but no dividend shall exceed the amount recommended by the Board. However, the Company in General Meeting may declare a smaller dividend."

Interim dividend

Article 162 provides that "The Board may, from time to time, pay to the Members, such interim dividend, as in their judgment the position of the Company Justifies."

Divided out of profits only and not to carry interest

Article 163 provides that "Where capital is paid in advance of calls, such capital may carry interest but shall not in respect thereof confer a right to dividend or participate in profits."

Debts may be deducted

Article 167 provides that "No member shall be entitled to receive payment of any interest or dividend in respect of his share or shares, whilst any money may be due or owing from him to the Company in respect of such share or shares or otherwise howsoever, either alone or jointly with any other person or persons, and the Board may deduct from the interest or dividend payable to any member all sums of money so due from him to the Company."

Dividends, how remitted

Article 172A provides that "Where the Company has declared a dividend but which has not been paid or claimed within 30 days from the date of declaration, transfer the total amount of dividend which remains unpaid or unclaimed within the said period of 30 days, to a special account to be opened by the company in that behalf in any scheduled bank, to be called "Unpaid Dividend Account".

Article 172B provides that "Any money transferred to the unpaid dividend account of a company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the company to the Fund known as Investor Education and Protection Fund established under section 205C of the Act."

Capitalization

Power to capitalize

Article 172.(a) provides that "The Company in General Meeting may resolve that any monies, investments or other assets forming part of the undivided profits of the Company standing to the credit of the Reserve Fund, or any Capital Redemption Reserve Account, or in the hands of Company and available dividend (or representing premium received on the issue of shares and standing to the credit of the Share Premium Account) be capitalized and distributed amongst such of the shareholders as would be entitled to receive the same proportions on the footing that they become entitled thereto as capital and that all or any part of such capitalized be applied on behalf of such shareholders in paying up in full either at par or at such premium as the resolution may provide, any un-issued shares or debentures or debenture-stock of the Company which shall be distributed accordingly or in or towards payment of the uncalled liability on any issued shares of debentures or debenture-stock and that such distribution or payment shall be accepted by such shareholders in full satisfaction of their interest in the said capitalized sum. Provided that a Share Premium Account and a Capital Redemption Reserve Account, may, for the purposes of the Article, only be applied in the paying of any un-issued shares, to be issued to members of the Company as fully paid bonus shares."

Article 172 (b) provides that "General Meeting may resolve that any surplus monies, arising from the realization of any capital assets of the company or any investments representing the same or any other undistributed profits of the Company not subject to charge for Income Tax be distributed among the members on the footing that they receive the same as capital."

Article 172 (c) provides that "For the purpose of giving effect to any resolution under the preceding paragraphs of this Article the Board may settle any difficulty which may arise in regard to the distribution as it thinks expedient and in particular, may issue fractional certificates, and may fix the value for distribution of any specific assets, and may determine that such cash payments shall be made to the members upon the footing of the value so fixed or that fraction of less value than Rs.10 may be disregarded in order to adjust the rights of all parties, and may vest any such cash or specific assets in trustees upon such trusts for the person entitled to the dividend or capitalized fund as may seem expedient to the Board. Where requisite, a proper contract shall be delivered to the Registrar for registration in accordance with section 75 of the Act and the Board may appoint any person to sign such contract on behalf of the persons entitled to the dividend or capitalized fund, and such appointment shall be effective."

Winding up

Distribution of assets of specie

Article 187 provides that "The liquidator on any winding-up (whether voluntary, under supervision or compulsory) may, with the sanction of a Special Resolution, but subject to the rightss attached to any preference share capital, divide among the contributories in specie any of the assets of the Company and may, with like sanction, vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories as the liquidator with the like sanction shall think fit, but so that no member shall be compelled to except any shares or other securities whereon there is any liability."

SECTION XI - OTHER INFORMATION

11.1 MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following Contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this DRHP) which are or may be deemed material have been entered or to be entered into by our Company. These Contracts, copies of which have been attached to the copy of this DRHP, delivered to the RoC for registration and also the documents for inspection referred to hereunder, may be inspected at the registered office of our Company situated at FB-26, Tagore Garden, New Delhi-110027 from 10.00 a.m. to 4.00 p.m. on working days from the date of this DRHP until the Bid/Issue Closing Date.

Material Contracts

1. Engagement Letter dated April 16, 2007 to SBICAPS and KMCC from our Company appointing them as BRLMs.

2. Copy of the MoU dated August 24, 2007 amongst our Company and the BRLMs.

3. Copy of the MoU dated August 14, 2007 executed by our Company with the Registrar to the Issue.

4. Copy of the MoU dated [●] 2007 executed by our Company with the Bankers to the Issue.

5. Copy of the Syndicate Agreement dated [●], 2007 between our Company and BRLMs.

6. Copy of the Escrow Agreement dated [●], 2007 between our Company, BRLMs, Escrow Collection Banks and Registrar to the Issue.

7. Copy of the Underwriting Agreement dated [●], 2007 between our Company and BRLMs.

8. Technology collaboration agreements

MATERIAL DOCUMENTS

1. Our MOA and AOA as amended from time to time.

2. Our certification of incorporation dated November 7, 1990.

3. Our certificate in relation to change of name.

4. Shareholders' resolutions in relation to this Issue and other related matters such as appointment of Auditors, formation and revision of Audit, Remuneration and other committees.

5. Resolution of Board authorising the issue dated.

6. Resolution of General Body for appointment and remuneration of whole time directors.

7. Present terms of employment between our Company and our Directors as approved by our Board and our Shareholders.

8. Report of the Auditors, BSR & Co., dated August 22, 2007 prepared as per Indian GAAP and mentioned in this DRHP.

9. 'Statement of Tax Benefits' dated August 11, 2007 prepared by R.G Luthra & Co.

10. Copies of annual reports of our Company for the years ended March 31, 2007.

11. Shareholders Agreement dated January 16, 2007, between the Company, Amul Gabrani, Ajay Kumar Bishnoi, Avigo Trustee and Metmin.

12. Takeover/merger agreement dated April 1, 2003 between the Company and Tecpro Systems, a sole proprietorship firm.

13. Share Purchase agreement dated July 6, 2006 between. Ajay Kumar Bishnoi, Amul Gabrani and Avigo Trustee.

14. Consent of our Auditors, BSR & Co., for inclusion of their report on accounts in the form and context in which they appear in the DRHP.

15. Consents of BRLMs, Bankers to our Company, Syndicate Members, Auditors, Registrar to the Issue, Banker to the Issue, Legal counsel to our Company and Underwriters, Directors of our Company, Company Secretary and Compliance Officer, as referred to, in their respective capacities

16. Initial listing applications dated [●], 2007 and [●], 2007 filed with BSE and NSE respectively.

17. In-principle listing approval letter No. [●] dated [●], 2007 from BSE.

18. In-principle listing approval letter No. [●] dated [●], 2007 from NSE.

19. Tripartite Agreement between NSDL, our Company and the Registrar to the Issue dated November 22, 2006.

20. Tripartite Agreement between CDSL, our Company and the Registrar to the Issue dated [●], 2007.

21. Due diligence certificate dated August 27, 2007 to SEBI from the BRLMs.

Any of the contracts or documents mentioned in this 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 Act and other relevant statutes.

11.2 DECLARATION

All the relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the guidelines issued by the Securities and Exchange Board of India, 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 DRHP is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made thereunder or guidelines issued, as the case may be. We further certify that all the statements in this DRHP are true and fair.

SIGNED BY ALL THE DIRECTORS

Mr. Ajay Kumar Bishnoi
Chairman & Managing Director

Mr. Amul Gabrani
Vice Chairman & Managing Director

Dr. Goldie Gabrani
Whole time director

Mr. Arvind Kumar Bishnoi
Director

Mr. Achal Ghai
Director

Mr. Suresh Goenka
Director

Mr. Brij Bhushan Kathuria
Director

Mr. Satvinder Jeet Singh Sodhi
Director

Mr. Anunay Kumar
Director

Mr. Rajinder Malhan
Director

Mr. Kulbhushan Arora
Chief Financial Officer

Mr. Jagdeep Singh
Company Secretary and Compliance Officer

Place: Gurgaon
Date: August 25, 2007