**LETTER OF OFFER**
(For Equity Shareholders - Beneficial Owners of Our Company only)
**Dated – May 31, 2010**

# PREMIER ENERGY AND INFRASTRUCTURE LIMITED

(Our Company was originally incorporated under the name of Premier Housing and Industrial Enterprises Limited on March 25, 1988 under the Companies Act, 1956 with the Registrar of Companies, Tamil Nadu at Chennai and received the Certificate for Commencement of Business dated June 30, 1988. Subsequently the name of our Company was changed to Premier Energy and Infrastructure Limited vide certificate of change of name dated May 9, 2008 issued by Registrar of Companies, Tamil Nadu at Chennai,) For further details, see "Our History and Corporate Structure" on page 65 of this Letter of Offer.

**Registered Office:** II Floor, 18/4 Balaiah Avenue, Mylapore, Chennai– 600 004, Tamil Nadu, India. Tel No. 91-44-24671213, Fax No. 91-44-24671213,
**Contact Person and Compliance Officer: Mr. K.V. Murugan**, E-mail: cs@premierenergy.in; Website: www.premierenergy.in;

(For details of change in registered office of our Company, refer to the section titled 'History and Corporate Structure' beginning on page 65 of this Letter of Offer.)

**OUR PROMOTER IS SHRI HOUSING PRIVATE LIMITED**

**FOR PRIVATE CIRCULATION TO THE EQUITY SHAREHOLDERS OF OUR COMPANY ONLY**

## LETTER OF OFFER

ISSUE OF 1,00,00,000 EQUITY SHARES OF RS. 10/- EACH FOR CASH AT A PRICE OF RS. 20/- PER SHARE (INCLUDING A SHARE PREMIUM OF RS. 10/- PER EQUITY SHARE) AGGREGATING TO RS. 2000 LAKHS (RUPEES TWO THOUSAND LAKHS ONLY) ON RIGHTS BASIS TO THE EXISTING SHAREHOLDERS OF OUR COMPANY IN THE RATIO OF 1 EQUITY SHARE FOR EVERY 1 EQUITY SHARE HELD BY THE EXISTING SHAREHOLDERS ON THE RECORD DATE, I.E. MAY 7, 2010.

THE ISSUE PRICE IS 2 TIMES THE FACE VALUE OF EQUITY SHARE OF OUR COMPANY. FOR FURTHER INFORMATION, PLEASE REFER TO CHAPTER "TERMS OF THE ISSUE" ON PAGE 38 OF THIS LETTER OF OFFER.

## GENERAL RISKS

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this offer unless they can afford to take the risk of losing their investment. **Investors are advised to read the risk factors carefully before taking an investment decision in this offering**. For taking an investment decision, investors must rely on their own examination of the issuer and the offer including the risks involved. The securities 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 document. Specific attention of investors is invited to the statement of 'Risk Factors' given on page no. 11 of this Letter of Offer.

## ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this Letter of Offer contains all information with regard to the Issuer and the Issue, which is material in the context of the Issue, that the information contained in this Letter of Offer 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 make this Letter of Offer as a whole or any such information or the expression of any such opinions or intentions misleading in any material respect.

## LISTING

The existing Equity Shares of our Company are listed on Bombay Stock Exchange Ltd. (BSE)-(the Designated Stock Exchange for this issue),Bangalore Stock Exchange Limited (BgSE) and Madras Stock Exchange Ltd. (MSE). We have received in-principle approval from BSE vide letter no DCS/PREF/JA/IP-RT/14/10-11 dated April 7, 2010, BgSE vide letter no 03/2010/20 dated April 07, 2010 and MSE vide letter no MSE/LD/PSK/738/094/10 dated March 3, 2010, for listing of our Equity Shares in terms of this Letter of Offer.

| LEAD MANAGER TO THE ISSUE | REGISTRAR TO THE ISSUE |
|---|---|
| VIVRO<br>**VIVRO FINANCIAL SERVICES PVT. LTD.**<br>**SEBI Regn. No.: INM000010122**<br>1st Floor, Manu Mansion, 16/18,<br>Shahid Bhagatsingh Road,<br>Opp. Old Custom House, Fort, Mumbai - 400 023<br>Tel.: +91-22-2265 7364, Fax: +91-22-2265 8406<br>Web-site: www.vivro.net,<br>E-mail: peil@vivro.net<br>Contact Person: Mr. Jayesh Vithlani | CAMEO<br>**CAMEO CORPORATE SERVICES LTD.**<br>**SEBI Regn. No.: INR000003753**<br>Subramanian Building,<br>No. 1, Club House Road,<br>Chennai–600 002<br>Tel: +91- 44 -2846 0390; Fax: +91- 44 - 2846 0129<br>Web-site:www.cameoindia.com;<br>E-mail: investor@cameoindia.com;<br>Contact Person: Ms. K. Sreepriya |

**ISSUE PROGRAM**

| ISSUE OPENS ON | LAST DATE FOR RECEIVING REQUESTS FOR SPLIT APPLICATION FORMS | ISSUE CLOSES ON |
|---|---|---|
| 10.06.2010 | 17.06.2010 | 24.06.2010 |

# INDEX OF CONTENTS

## I. DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates or requires, the following terms shall have the meanings given below in this Letter of Offer.

| Term | Description |
|---|---|
| "Premier Energy and Infrastructure Limited or "PEIL" or "the Issuer" or "Our Company" or "We" or "Us" or "Our" or "Premier Energy" | Unless the context otherwise indicates or implies, refers to PREMIER ENERGY AND INFRASTRUCTURE LIMITED incorporated under the Companies Act, 1956 having its registered office at II Floor, 18/4 Balaiah Avenue, Mylapore, Chennai, Tamil Nadu - 600004, India. |
| Group Concerns | **Corporates:**<br>1) Shriram EPC Ltd. (SEPC)<br>2) Ennore Coke Ltd (ECL)<br>3) Haldia Coke and Chemicals Ltd. (HCCL)<br><br>**Limited Liability Partnership:**<br>Shriram Auto Finance LLP<br><br>**Partnership Firm:**<br>Shriram Auto Finance (SAF) |
| "EMAS Engineers and Contractors Pvt. Ltd." or "EMAS" | EMAS Engineers & Contractors Private Ltd., a Private Limited Company incorporated under the Companies Act, 1956 and having its registered office at Flat C, III Floor, Dev Regency, No. 6, I, Main Road, Gandhi Nagar, Adyar Park, Chennai – 600020, India. |

### CONVENTIONAL/ GENERAL TERMS

| Term | Description |
|---|---|
| AGM | Annual General Meeting of PREMIER ENERGY AND INFRASTRUCTURE LIMITED |
| Articles / Articles of Association / AOA | Articles of Association of PREMIER ENERGY AND INFRASTRUCTURE LIMITED as amended |
| ASBA | Application Supported by Blocked Amount |
| Companies Act / Act | The Companies Act, 1956, as amended |
| Depository | A Company formed and registered under the Companies Act, 1956 and which has been granted a certificate of registration under sub-section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992 |
| Depositories Act | The Depositories Act, 1996 as amended |
| Depository Participant | A Depository Participant registered as such under sub-section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992 |
| ECS | Electronic Clearing Service |
| EGM | Extraordinary General Meeting |
| FEMA | Foreign Exchange Management Act, 1999, as amended |
| FDI | Foreign Direct Investment |
| FII | Foreign Institutional Investor as defined under FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000] registered with SEBI under applicable laws in India |
| Financial year / Fiscal year / FY | Period of twelve months ended March 31 of that particular year |
| FVCI | Foreign Venture Capital Investor registered under the Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000 |
| Indian GAAP | Generally Accepted Accounting Principles in India |
| GoI/Government | Government of India |
| HNI | High Net worth Individual |
| HUF | Hindu Undivided Family |
| INR/ Rs./ Rupees | Indian Rupees, the legal currency of the Republic of India |

| | |
|---|---|
| I.T. Act | The Income-Tax Act, 1961, as amended |
| LLP | Limited Liability Partnership |
| Memorandum / MOA | Memorandum of Association of Premier Energy and Infrastructure Limited as amended |
| NOC | No Objection Certificate |
| NR | Non Resident |
| NRE Account | Non Resident External Account |
| NRI / Non-Resident Indian | A person resident outside India who is a citizen of India or is person of Indian origin (as defined in Foreign Exchange Management (Deposit) Regulations, 2000) |
| NRO Account | Non Resident Ordinary Account |
| p.a. | Per annum |
| PAT | Profit After Tax |
| PBT | Profit Before Tax |
| RBI | Reserve Bank of India |
| ROC | Registrar of Companies, Chennai, Tamil Nadu situated at Block No.6, B Wing, 2nd Floor, Shastri Bhawan, 26,Haddows Road, Chennai - 600034 Phone: 044-28277182, 28272676 Fax: 044-28234298 |
| SCRA | Securities Contracts (Regulation) Act, 1956, as amended. |
| SCRR | Securities Contracts (Regulation) Rules, 1957, as amended. |
| 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. |
| SEBI (ICDR) Regulations | SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, including instructions and clarifications issued by SEBI, if any. |
| SEBI Takeover Regulations | Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended. |
| Securities Act | United States Securities Act of 1933, as amended |
| SIA | Secretariat for Industrial Assistance |
| SICA | Sick Industrial Companies (Special Provisions) Act, 1985 |

**ISSUE RELATED TERMS**

| Terms | Description |
|---|---|
| Allotment/Allotment of Equity Shares | Unless the context otherwise requires, the issue and the allotment of Equity Shares, pursuant to the Issue. |
| Allottee | The applicants to whom the Equity Shares are being / have been allotted |
| Application Supported by Blocked Amount (ASBA) | Means an application for subscribing to an issue containing an authorization to block the application money in a bank account |
| Bankers to the Issue | HDFC Bank Limited |
| BSE | The Bombay Stock Exchange Limited |
| Company Secretary and Compliance Officer | Mr. K. V. Murugan |
| Composite Application Form / CAF | The form used by an investor to make an application of allotment of Equity share. |
| Designated Stock Exchange | The Bombay Stock Exchange Limited, where the equity shares of Our Company are currently listed |
| Draft Letter of Offer | The Draft letter of offer dated January 28, 2010 filed with SEBI on Febrauary 03, 2010. |
| Erstwhile Promoters of Our Company | Mr. LL Narayanan, Mr. V. Srinivasan, Mr. M. Narayan Murthy, Mr. I. Varkey, Mr. K. Raman, Mr. Mohan Parasaran, Mr. A. Gopal and Mrs. Vasanthi Raman |
| Equity Shares | Equity Shares of our Company of the face value Rs. 10/- each, unless otherwise specified in the context thereof |
| Investor(s) | The shareholders of our company on the record date i.e. May 7, 2010 and the renouncees. |

| | |
|---|---|
| Issue/Offer/Rights Issue | ISSUE OF 1,00,00,000 EQUITY SHARES OF RS. 10/- EACH FOR CASH AT A PRICE OF RS. 20/- PER SHARE (INCLUDING A SHARE PREMIUM OF RS. 10/- PER EQUITY SHARE) AGGREGATING TO RS. 2000 LAKHS (RUPEES TWO THOUSAND LAKHS ONLY) ON RIGHTS BASIS TO THE EXISTING SHAREHOLDERS OF OUR COMPANY IN THE RATIO OF 1 EQUITY SHARE FOR EVERY 1 EQUITY SHARE HELD BY THE EXISTING SHAREHOLDERS ON THE RECORD DATE, I.E. May 7, 2010. |
| Issuer | PREMIER ENERGY AND INFRASTRUCTURE LIMITED |
| Issue Opening Date | 10.06.2010 |
| Issue Closing Date | 24.06.2010 |
| Issue Period | The period between the Issue Opening date and issue Closing date and includes both these dates |
| Issue Price | Rs. 20/- per Equity Share |
| Issue Proceeds | The proceeds of the Issue that are available to Our Company |
| KMP | Key Managerial Personnel means the officers vested with executive powers and the officers at the level immediately below the Board of Directors of the issuer and includes any other person whom the issuer may declare as key managerial personnel. |
| Lead Manager or Lead Manager to the Issue/LM | Lead Manager to this Issue, i.e. Vivro Financial Services Pvt. Limited. |
| Letter of Offer | The Letter of Offer to be filed with the Stock Exchange in relation to the Issue after incorporating SEBI comments on the Draft Letter of Offer. |
| Listing Agreements | Listing Agreement entered into with Stock Exchanges |
| Net Proceeds | The Issue Proceeds less the Issue expenses. For further information about use of the Issue Proceeds and the Issue Expenses see "Objects of the Issue" on page 34 of this Letter of Offer. |
| Promoters | Shri Housing Private Limited (SHPL) |
| Record Date | May 7, 2010 |
| Rights Issue Account | In accordance with Section 73 of the Companies Act, 1956, an account opened with the Banker(s) to the Issue to receive monies from the Applicants |
| Refund Account | The account opened with Bankers to the Issue, from which refunds, if any, shall be made |
| Refund through electronic transfer of funds | Refund through electronic transfer of funds means Refunds through ECS, Direct Credit, NEFT or RTGS as applicable |
| Registrar/ Registrars to the Issue | CAMEO CORPORATE SERVICES LTD. having its registered office at Subramanian Building, No. 1, Club House Road, Chennai – 600 002 |
| Renouncees | Shall mean the persons who have acquired Rights Entitlements from the existing Equity Shareholders of our Company. |
| Rights Entitlement | The number of Equity Shares that a shareholder is entitled to in proportion to his/her shareholding in our Company i.e. "One Equity Share for Every One Share held" as on the Record Date. |
| Rights Issue | The issue of Equity Shares on rights basis as per terms of this Letter of Offer |
| Stock Exchanges | In our case, The Bombay Stock Exchange Limited, The Madras Stock Exchange Limited and the Bangalore stock Exchange Limited |
| Self Certified Syndicate Bank (SCSB) | SCSB is a Banker to an Issue registered under SEBI (Bankers to an Issue) Regulations, 1994 and which offers the service of making an Applications Supported by Blocked Amount and recognized as such by the Board |

## III. ISSUER RELATED TERMS

| Terms | Description |
|---|---|
| Auditors | **M/s P.K.F. Sridhar & Santhanam, Chartered Accountants,** 98-A, IV Floor, Dr. Radhakrishnan Road, Mylapore, Chennai 600004, Phone No. 044-28478701, Fax No. 044-28478705, Email ID: asreyas@pkfindia.in (Appointed w.e.f. December 22, 2009)<br><br>**Mr. Hariharan, Chartered Accountant**, 82, Church Gate Avenue, Annai Indira Nagar, Velachery, Chennai 600042. Mobile : 098414 36866, E Mail:- manihari42@gmail.com (Resigned w.e.f. December 22, 2009) |
| Board/ Board of Directors | Board of Directors of PREMIER ENERGY AND INFRASTRUCTURE LIMITED |
| CIN | Corporate Identification Number |
| Equity Shares | Equity Shares of Our Company of Rs. 10/- each unless otherwise specified in the context thereof |
| Equity Shareholders | Persons holding Equity Shares of Our Company unless otherwise specified in the context thereof |
| Face Value | Value of paid up equity capital per Equity Share, in this case being Rs. 10/- each |
| Registered Office /Registered Office of Our Company | II Floor, 18/4 Balaiah Avenue, Mylapore, Chennai-600004, Tamil Nadu India. |
| SPA-1 | Share Purchase Agreement entered on March 31, 2008 between Maika Holdings, Berhad, Malaysia and Shri Housing Private Limited |
| SPA-2 | Share Purchase Agreement entered on March 31, 2008 amongst Individual / Bodies Corporate comprising the Promoter Group of our company viz. Software Ultratech Systems Private Limited, Yogya Investments & Finance Company Limited, Yogya Capital Market Services Limited, Premier Capital Market Services Limited, Premier Securities Limited and Crimson Investments Limited and Shri Housing Private Limited |

## IV. TECHNICAL / INDUSTRY RELATED TERMS

| Term | Description |
|---|---|
| Acre | Equals 43, 650 Sq. Ft. |
| APALCAP Act | Andhra Pradesh Agricultural Land (Conversion for Non-Agricultural Purposes) Act, 2006 |
| APTP Act | Andhra Pradesh Town Planning Act, 1920 |
| BDA Act | Bangalore Development Authority Act, 1976 |
| BHK | Bedroom Hall Kitchen |
| BMP Bye Laws | Bangalore Mahanagar Palika Building Bye Laws - 2003 |
| BMRDA Act | Bangalore Metropolitan Region Development Authority Act, 1985 |
| BPO | Business Process Outsourcing |
| CapEx | Capital Expenditure |
| CBD | Central Business District |
| CCMA Act | Chennai City Municipal Corporation Act, 1919 |
| CERs | Carbon Credits |
| CMDA | Chennai Metropolitan Development Authority |
| CMZ | Coastal Management Zone |
| CoLR | Computerization of land records |
| CRZ | Coastal Regulation Zone |

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|---|---|
| EIA | Environment Impact Assessment |
| EMAS | EMAS Engineers & Contractors Pvt. Ltd. |
| FSI | Floor Space Index, which means the quotient of the ratio of the combined gross floor area of all floors, excepting areas specifically exempted, to the total area of the Plot |
| HNI's | High Net worth Individuals |
| IT | Information Technology |
| ITES | Information Technology Enabled Services |
| KAO Act | Karnataka Apartment Ownership Act, 1972 |
| KLR Act | Karnataka Land Revenue Act, 1964 |
| KMC Act | Karnataka Municipal Corporation Act, 1976 |
| KSA | Karnataka Stamp Act, 1957 |
| KTCP Act | Karnataka Town and Country Planning Act, 1961 |
| mn.sq. ft | Million Square Feet |
| MOEF | Ministry of Environment and Forests |
| NRI's | Non Resident Indians |
| REITs | Real Estate Investment Trusts |
| REMFs | Real Estate Mutual Funds |
| SEZ | Special Economic Zone |
| Sq. ft | Square Feet |
| TN Building Rules | Tamil Nadu District Municipalities Building Rules, 1972 |
| TNAO Act | Tamil Nadu Apartment Ownership Act, 1994 |
| TNDM Act | Tamil Nadu District Municipalities Act, 1920 |
| TNFS Act | Tamil Nadu Fire Services Act, 1985 |
| TNTCP Act | Tamil Nadu Town and Country Planning Act, 1971 |

## V. ABBREVIATIONS

| Abbreviations | Full Forms |
|---|---|
| AGM | Annual General Meeting |
| AS | Accounting Standards as issued by the Institute of Chartered Accountants of India |
| ASBA | Application Supported by Blocked Amount |
| ASE | Ahmedabad Stock Exchange Limited |
| BG/LC | Bank Guarantee / Letter of Credit |
| BgSE | Bangalore Stock Exchange Limited |
| BIFR | Board for Industrial and Financial Reconstruction |
| BM | Meeting of Board of Directors |
| BSE | Bombay Stock Exchange Limited |
| CDSL | Central Depository Services Limited |
| DP | Depositary Participants |
| ECL | Ennore Coke Limited |
| ECS | Electronic Clearing System |
| EGM | Extra Ordinary General Meeting |
| EMAS | EMAS Engineers & Contractors Pvt. Ltd. |

| | |
|---|---|
| EPS | Earnings Per Equity Share |
| FCNR | Foreign Currency Non Resident Account |
| FDI | Foreign Direct Investment |
| FI | Financial Institution |
| FIPB | Foreign Investment Promotion Board |
| FY / Fiscal | Period of twelve months ending on March 31 |
| GDP | Gross Domestic Product |
| GIR | General Index Registry Number |
| GOI/Government | Government of India |
| HCCL | Haldia Coke and Chemicals Limited |
| Hon'ble | Honorable |
| HUF | Hindu Undivided Family |
| ICD | Inter Corporate Deposit |
| INR | Indian Rupees, the legal currency of the Republic of India |
| LEED | Leadership Energy and Environment Design |
| Ltd. | Limited |
| MICR | Magnetic Ink Character Recognition |
| MLD | Million Liters Per Day |
| MOU | Memorandum of Understanding |
| MSE | Madras Stock Exchange Limited |
| NA | Not Applicable |
| NAV | Net Asset Value |
| NRE Account | Non Resident External Account |
| NRO Account | Non Resident Ordinary Account |
| NSDL | National Securities Depository Limited |
| OCB | Overseas Corporate Bodies |
| PA | Per annum |
| PAN | Permanent Account Number |
| PAT | Profit After Tax |
| PBDT | Profit Before Depreciation and Tax |
| PBIDT | Profit Before Interest, Depreciation and Tax |
| PBT | Profit Before Tax |
| PE, P/E ratio | Price/Earnings Ratio |
| RBI | Reserve Bank of India |
| ROC | Registrar of Companies, Tamilnadu at Chennai |
| ROI | Return on Investment |
| RONW | Return on Net worth |
| Rs./Rupees | Indian Rupees, the legal currency of the Republic of India |
| SAF | Shriram Auto Finance |
| SCRR | Securities Contracts (Regulations) Rules, 1957 as amended |
| SE/ Stock Exchange | Stock Exchanges i.e. BSE, BgSE and the Madras Stock Exchange |
| SEBI(SAST) Regulations | SEBI ( Substantial Acquisition of shares and Takeovers) Regulations, 1997 |
| Security/ ies | Equity Shares |
| SEPC | Shriram EPC Ltd. |
| SHPL | Shri Housing Private Limited |
| USD/ $/ US$ | United States Dollar being the legal currency of the United States of America |

## NOTICE TO OVERSEAS SHAREHOLDERS

The distribution of this Letter of Offer and the issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Letter of Offer may come are required to inform them selves about and observe such restrictions. The Company is making this Issue of Equity Shares on a rights basis to the Equity Shareholders of the Company and will dispatch the Letter of Offer and Composite Application Form ("CAF") to the shareholders who have an Indian address.

No action has been or will be taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that this Letter of Offer has been filed with SEBI for observations. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and this Letter of Offer may not be distributed, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, this Letter of Offer must be treated as sent for information only and should not be copied or redistributed. Accordingly, persons receiving a copy of this Letter of Offer should not, in connection with the issue of the Equity Shares or the Rights Entitlements, distribute or send this Letter of Offer in or into the United States or any other jurisdiction where to do so would or might contravene local securities laws or regulations. If this Letter of Offer is received by any person in any such territory, or by their agent or nominee, they must not seek to subscribe to the Equity Shares or the Rights Entitlements referred to in this Letter of Offer.

Neither the delivery of this Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in the Company's affairs from the date hereof or that the information contained herein is correct as at any time subsequent to this date.

## NO OFFER IN THE UNITED STATES

The rights and the securities of the Company have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), or any U.S. state securities laws and may not be offered, sold, resold or otherwise transferred within the United States of America or the territories or possessions thereof (the "United States" or "U.S.") or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act ("Regulation S")), except in a transaction exempt from the registration requirements of the Securities Act. The rights referred to in this Letter of Offer are being offered in India, but not in the United States. The offering to which this Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any Equity Shares or rights for sale in the United States or as a solicitation therein of an offer to buy any of the said Equity Shares or rights. Accordingly, the Letter of Offer and the enclosed CAF should not be forwarded to or transmitted in or into the United States at any time.

Neither the Company nor any person acting on behalf of the Company will accept subscriptions or renunciation from any person, or the agent of any person, who appears to be, or who the Company or any person acting on behalf of the Company has reason to believe is, either a "U.S. person" (as defined in Regulation S) or otherwise in the United States when the buy order is made. Envelopes containing a CAF should not be postmarked in the United States or otherwise dispatched from the United States or any other jurisdiction where it would be illegal to make an offer under the Letter of Offer, and all persons subscribing for the Equity Shares and wishing to hold such Equity Shares in registered form must provide an address for registration of the Equity Shares in India. The Company is making this issue of Equity Shares on a rights basis to Equity Shareholders of the Company and the Letter of Offer and CAF will be dispatched to Equity Shareholders who have an Indian address. Any person who acquires rights and the Equity Shares will be deemed to have declared, represented, warranted and agreed, (i) that it is not and that at the time of subscribing for the Equity Shares or the Rights Entitlements, it will not be, in the United States when the buy order is made, (ii) it is not a "U.S. person" (as defined in Regulation S), and does not have a registered address (and is not otherwise located) in the United States, and (iii) is authorised to acquire the rights and the Equity Shares in compliance with all applicable laws and regulations.

The Company reserves the right to treat as invalid any CAF which: (i) does not include the certification set out in the CAF to the effect that the subscriber is not a "U.S. person" (as defined in Regulation S), and does not have a registered address (and is not otherwise located) in the United States and is authorized to acquire the rights and the Equity Shares in compliance with all applicable laws and regulations; (ii) appears to the Company or its agents to have been executed in or dispatched from the United States; (iii) where a registered Indian address is not provided; or (iv) where the Company believes that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements; and the Company shall not be bound to allot or issue any Equity Shares or Rights Entitlement in respect of any such CAF.

## FORWARD LOOKING STATEMENTS

### Certain Conventions

In this Letter of Offer, the terms "we", "us", "our Company", "the Company", "Issuer", "PEIL" unless the context otherwise implies, refer to PREMIER ENERGY AND INFRASTRUCTURE LIMITED

For additional definitions used in this Letter of Offer, see the sections 'Definitions and Abbreviations' on page no. 3 of this Letter of Offer. In the section entitled "Description of Equity shares and Terms of Articles of Association of PREMIER ENERGY AND INFRASTRUCTURE LIMITED", defined terms have the meaning given to such terms in the Articles of Association of our Company.

### Presentation of Financial Information

Unless stated otherwise, the financial and operating data in the Letter of Offer is derived from our restated financial statements as of the fiscal 2009, 2008, 2007, 2006 and 2005 and for the nine months ended on December, 2009 prepared in accordance with Indian GAAP and the Companies Act, 1956 and restated in accordance with applicable SEBI Regulations, as stated in the report of our statutory auditors.

The financial and operational data in the Letter of Offer is presented on stand-alone basis. Our fiscal year commences on April 1 and ends on March 31 of each year, so all references to a particular fiscal year are to the twelve-month period ended March 31 of that year. In the Letter of Offer, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off.

Unless stated otherwise, throughout this Letter of Offer, all figures have been expressed in Lakhs except where certain figures have been expressed in absolute numbers.

All references to "Rupees" and "Rs." in this Letter of Offer are to the legal currency of India. Throughout this document references to the singular also refer to the plural and one gender also refers to any other gender wherever applicable.

### Industry and Market Data

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

Further the extent to which the market data presented in this Letter of Offer is meaningful depends on the reader's familiarity with the understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business and methodologies and assumptions may vary widely among different industry sources.

For further discussion of factors that could cause our actual results to differ, refer to the section entitled "Risk factors" beginning on page no. 11 of this Letter of Offer By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither we, our Directors, Running Lead Manager, nor any of their affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date thereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition.

## II. RISK FACTORS

*An investment in equity shares involves a high degree of risk. You should carefully consider all the information in this Letter of Offer, including the risks and uncertainties described below, before making an investment in our Shares. If any of the following risks, or other risks that are not currently known or are now deemed immaterial, actually occur, our business, results of operations and financial condition could suffer, the price of our Equity Shares could decline, and all or part of your investment may be lost. Unless otherwise stated, we are not in a position to specify or quantify the financial or other 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 a ranking of risk factors or the importance of one risk factor over another. This Letter of Offer contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Letter of Offer.*

**Materiality**

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

**a)** Some events may not be material individually but may be found material collectively.

**b)** Some events may have material impact qualitatively instead of quantitatively.

**c)** Some events may not be material at present but may be having material impacts in future.

**Note:-** Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implications of any of the risks described in this section.

### (A) RISK FACTORS INTERNAL TO OUR COMPANY

1. ***There are certain outstanding litigations involving Our company/ Group Companies.***

The following table sets out the summary details of pending litigation against our Company

| Category | Number of Litigations | Likely Monetary Impact (Rs. in Lakhs) |
|---|---|---|
| Our Company | | |
| Civil | 1 | 156.00 |
| Criminal | Nil | 0 |
| Our Group Company | | |
| Civil and other proceedings | 40 | 1,765.98 |
| Criminal | 1 | 0 |
| Total | 42 | 1,921.98 |

Because of the above pending litigations, our company may have to suffer a huge/ marginal financial loss which may incur on some future dates. For details of the said suits and litigations, please refer to the page 104 of the Legal and other information of this letter of offer.

2. ***Exparte Order was passed by the Honorable High Court of Madras for Winding up of our Company in the past.***

Our Company faced liquidity crisis during the period 1997 -98, consequently one of creditor filed a winding up petition in the Honorable Madras High Court. The Honorable High Court of Madras passed an exparte order based on this petition and our Company was ordered to be wound up.

However, our company obtained a stay against this order and filed a Scheme of Arrangement with its creditors u/s 391 of the Companies Act, 1956. The Honorable High Court of Madras passed an order approving the Scheme of Arrangement to be implemented over a period of 3 years. Our Company has now implemented the Scheme and is in process of renewing its business activities.

3. ***Our Company has committed violation of certain provisions of Companies Act, 1956***

Our Company has not appointed Managing Director since October 1, 2003 and hence has violated the provisions of Section 269 of the Companies Act, 1956. Our Company is in the process of appointment of suitable candidate as a Managing Director in our Company. Once the Managing Director is appointed, we shall make an application for compounding of offence to Registrar of Companies as required under the Companies Act, 1956.

4. ***The Objects of the Issue have not been appraised by any Bank/Financial Institutions.***

The Objects of the Issue for which the funds are being raised have not been appraised by any bank or financial institution. In the absence of such independent appraisal, the requirement of funds raised through this Issue, as specified in the section titled "Objects of the Issue" are based on our Company's own estimates and deployment of these funds is at the discretion of the management.

5. ***Our Company has issued certain shares at a price lesser than the proposed price in this Rights issue during the last one year.***

Originally, our company had issued 10,400 Equity Shares to certain investors. However, due to non payment of the call money, the said shares were forfeited. The same Equity Shares were re issued to Premier Energy Employees Welfare Fund at a price of Rs. 5/- per Equity shares on January 21, 2010.

Other than above, our Company has not issued any shares at a price lesser than that proposed in the rights issue during last one year immediately preceding the date of filing of this Letter of Offer.

6. ***Limited supply of land, increasing competition and applicable regulations are likely to result in land price escalation and a further shortage of developable land.***

We are in the business of real estate development. Due to increased demand for land for development of residential and commercial properties, we are experiencing increasing competition in acquiring land in various geographies where we operate or propose to operate. In addition, the unavailability or shortage of suitable parcels of land for development leads to an escalation in land prices. Any such escalation in the price of developable land could materially and adversely affect our business, prospects, financial condition and results of operations. Additionally, the availability of land, its use and development, is subject to regulations by various local authorities. For example, if a specific parcel of land has been delineated as agricultural land, no commercial or residential development is permitted without the prior approval of the local authorities. For further details, see "Key Industry Regulation" on page 60.

7. ***Our revenues would largely depend upon demand for residential properties along with the taste and preferences of the customers of the particular region in which our Company operates.***

Our inability to provide customers with certain amenities or our failure to continually anticipate and respond to customer needs will affect our business and prospects and could lead to some of our customers switching to competitors. The majority of our projects have been carried out in the southern state, cities like Chennai, Coimbatore, Hyderabad and Bangalore. We would continue to focus on development activities in these cities as they are witnessing good housing demand. We rely on our ability to understand the preferences of our customers and to accordingly develop projects that suit their tastes and preferences thereby focusing on the development of quality residential accommodation with various amenities.

8. ***We require certain regulatory approvals in the ordinary course of our business and the failure to obtain them in a timely manner or at all may adversely affect our operations.***

We require statutory & regulatory approvals and permits for us to execute our future projects, and applications need to be made at appropriate stages for such approvals. We would also require to obtain sanction from local municipalities, local bodies, pollution control boards as well as clearance from other Authorities, once the project is undertaken. We cannot assure that we will receive such approvals on time. Further, there can be no assurance that the relevant authorities will issue any of such permits or approvals in the time frames anticipated by us or may not issue any permits or approvals at all. Any delay or failure to obtain such permits or approvals in accordance with our plans may impede the execution of our business plans and projects and our investment may get stuck in purchase of land or development of property which may ultimately affect our results of operations.

9. ***Work stoppages and other labour problems including their timely availability at reasonable cost could adversely affect the progress of the projects.***

We operate in a labour-intensive industry and hire casual labour directly or indirectly in relation to specific projects. Any differences/ disputes amongst labourer's or in case if we are unable to procure required casual labour for our future projects, it could adversely affect our business, financial position, results of operations and cash flows. We however enjoy cordial relationship with the labourer's/labour contractors.

10. ***We are subject to Risks associated with the Domestic and Regional Real Estate Market.***

The overall demand for Houses and Commercial premises is dependent upon the availability and affordability of the target customers. The demand for Houses and/or Commercial spaces proposed to be constructed by our Company may be unfavorably affected by factors such as change in domestic and regional economic situation in the place where company's projects would be located, surplus construction, reduction in local demand, etc.

11. ***We may face stiff competition for procuring raw materials. Fluctuations and volatility in the prices of key raw materials may adversely affect the performance of our Company.***

Some of the critical raw materials for real estate development industry are cement, steel, bricks, sand, wood, Aluminium doors and windows, sanitary wares etc. The prices and supply of these raw materials sometimes become sensitive and lead to increase in prices or decrease in its supply on account of various factors in the economy which are beyond our control. If, for any reason, our primary suppliers of raw materials should curtail or discontinue their delivery of such materials to us in the quantities we need and at prices that are competitive, our ability to meet our material requirements for our projects could be impaired, our construction schedules could be disrupted, and we may not be able to complete our projects as per schedule.

12. ***Our business is heavily dependent on our ability to obtain real estate finance***

Our business could be adversely affected if the demand for, or supply of, real estate financing at attractive rates and other terms were to be adversely affected. Additionally, stricter provisioning and risk weight age norms imposed by the RBI in relation to real estate loans by banks and finance companies could reduce the attractiveness of property or developer financing and the RBI or the GoI may take further measures designed to reduce or having the effect of reducing credit to the real estate sector. In the event of any change in fiscal, monetary or other policies of the GoI, our business and results of operations may be adversely affected.

13. ***We may incur loss due to non performance of outside agencies.***

Our projects would require the services of contractors, sub contractors and various other parties including architects, engineers, and suppliers of labour and materials for our projects. Outside agencies as per the terms of their contract are required to complete the entrusted work within the given timeframe at agreed cost maintaining the quality of the work. However, at times due to certain unavoidable circumstances beyond the control of outside agencies, the work is not completed in time and which may lead to us in incurring losses for particular contract and may lead to overall reduction in the profit in particular project.

14. ***Our company was delisted from BSE w.e.f July 3, 2002 primarily due to reason of winding up of our Company.***

Our shares were originally listed on BSE, MSE, BgSE and ASE in the year 1989. The shares were Delisted from BSE vide notice no:- 124213/02 with effect from 3rd July, 2002 due to an ex-parte winding up order by Hon'ble Madras High Court. The promoters initiated steps for relisting its equity shares on BSE. Our shares have been relisted on The Bombay Stock Exchange Limited on September 04, 2009 vide its letter dated August 31, 2009 after completing the formalities as envisaged by BSE. We had applied for voluntary delisting of shares from Ahmedabad Stock exchange and were delisted w.e.f. March 9, 2010.

15. ***We have not launched any new project in last 2 years. Failure to undertake new projects in time in future may have an adverse effect on our business, growth plans, financial condition and results of operations.***

Due to down turn in realty sector and global recession, we have not undertaken any new projects in last 2 years after completion of project in Sterling Road, Chennai. Our inability to launch/undertake any new project in future owing to poor industry trends, expectation of further revival of markets and failure to identify land parcels in strategic location will have adverse effect on our business, ability to grow and expand, sales, financial condition and the results of operations of our company.

Failure to undertake new projects would result in loss in terms of market share, customers, reputation, innovation and understanding the customer preferences. This may help our competitors in gaining an edge over us in terms of experience in construction of area, number of projects and increasing their market share in the property development industry.

16. ***Our Company's strategy to venture into affordable housing segment may not be successful.***

Our Company is currently engaged in the development of residential real estate properties. Our Company proposes to venture into and develop residential projects which are affordable (less than Rs. 12 lakhs per unit). Our Company cannot assure you that it will be successful in this venture or will be able to generate positive returns on its investments in such projects, which may have a material, and adverse affect on the business, financial condition and results of operations of our Company.

***17. We compete in our business with a number of real estate developers.***

We operate our business in an intensely competitive and highly fragmented industry with low entry barriers. We face significant competition in our business from a large number of Indian real estate development companies, who also operate in the same regional markets as us. The extent of the competition we face in a potential property market depends on a number of factors, such as the size and type of property development, contract value and potential margins, the complexity and location of the property development, the reputations of the customer and us, and the risks relating to revenue generation.

Given the fragmented nature of the real estate development industry, we often do not have adequate information about the property developments our competitors are developing and accordingly, we run the risk of underestimating supply in the market.

***18. Our business is substantially affected by prevailing economic conditions in India such as recession in the real estate sector and in Indian economy.***

We perform all of our real estate development activities in India, all of our projects are located in India, and the predominant portion of our customers are Indian companies or Indian nationals. As a result, we are highly dependent on prevailing economic conditions in India and our results of operation are significantly affected by factors influencing the Indian economy. Factors that may adversely affect the Indian economy, and hence our results of operations, include:

- any increase in Indian interest rates or inflation;
- any scarcity of credit or other financing in India, resulting in an adverse impact on economic
- conditions in India and scarcity of financing of our real estate developments and the purchase thereof by our customers;
- prevailing income conditions among Indian consumers and Indian corporations;
- changes in India's present tax, trade, fiscal or monetary policies;
- natural disasters, political instability, communal disturbances, riots, civil unrest, terrorism or military conflict in India or in countries in the region or globally, including in India's various neighboring countries;
- prevailing national, regional or global economic conditions, including in India's principal export markets; and
- other significant regulatory or economic developments in or affecting India or its real estate development sector.

***19. We conduct due diligence and assessment exercises prior to acquisition of land for undertaking development, but we may not be able to assess or identify certain risks and liabilities.***

We would need to constantly acquire lands for our various development activities and these may be acquired either directly or through subsidiaries or entities identified by us for this purpose. We have an internal assessment process on land selection and acquisition which includes a due diligence exercise to assess the title of the land and preparation of feasibility reports to assess its development and marketability. Our internal assessment process is based on information that is available or accessible by us. There can be no assurance that such information is accurate, complete or current. Any decision based on inaccurate, incomplete or dated information may result in risks and liabilities associated with acquiring and owning such parcels of land, being passed onto us. This may adversely affect our business, financial condition and results of operations.

***20. We propose to utilize the proceeds of this Rights Issue to acquire equity stake in an unlisted Company.***

Our Company proposes to acquire and invest Rs. 1850 Lakhs of the proceeds of this Rights Issue in EMAS Engineers and Contractors Pvt. Ltd. by acquiring 60,24,050 Equity Shares of EMAS from M/s Shriram Auto Finance. EMAS is engaged in the business of real estate development and contractor primarily having its operation in the state of Tamil Nadu, Karnataka and Andhra Pradesh. EMAS has executed various residential, industrial and commercial projects in the past, the details of which is available on page 34 in Section-"Objects of the Issue".

EMAS Engineers and Contractors Pvt. Ltd. is a closely held unlisted Company. The equity shares of EMAS are not listed on any recognised stock exchanges and hence are illiquid securities. Further, there is no ready market for sale of equity shares of EMAS. In the event, our Company proposes to sell the equity shares of EMAS either wholly or partially or dilute our stake in EMAS, we may face difficulty at the time of sale of shares or we may not get the price as expected.

***21. Business of EMAS is dependent on its promoters and any inability on their part to contribute to the business may affect the return on our investment in EMAS.***

EMAS is dependent on the experience and the continued efforts of its promoters who are associated with our Company since inception. The promoters of EMAS have been involved with the critical functions like obtaining orders, spearheading the execution and overseeing the key functions of our Company. Business of EMAS depends on the way these critical functions are handled.

***22. Failure to retain majority Control in the EMAS would affect the value of our investment***

Failure to participate in fresh issue of equity shares or sale of part stake by our Company in EMAS resulting in reduction of our majority stake. This would result in loss of control of our Company over EMAS. In that case other shareholders in our Company may be unable or unwilling to fulfill their obligations, whether of a financial nature or otherwise;

- Have economic or business interests or goals that are inconsistent with ours;
- Take actions contrary to our instructions or requests or contrary to our policies and objectives;
- Take actions that are not acceptable to regulatory authorities;
- Have financial difficulties; or
- Have disputes with us.

Any of the foregoing could have a material adverse effect on our business, prospects, financial condition and results of operations. Under the terms of the shareholders agreements, disagreements or disputes between the shareholders are required to be submitted to arbitration, which process may take time and there can be no assurance that such disagreements or disputes will be resolved in our favor.

***23. We recognize revenue based on the percentage of completion method of accounting on the basis of our management's estimates of revenues and development costs on a property by property basis. As a result, our revenues and development costs may fluctuate significantly from period to period.***

We recognize the revenue generated from our residential and commercial projects on the percentage of completion method of accounting. Industry also follows the same practice of recognition of revenue and company's practice is in line with the Industry practice. Under this method, revenue recognized with respect to a property development, is equal to the product of the percentage of completion of the property and sale of the property as a percentage of total estimated property sales. The percentage of completion of a property is determined on the basis of portion of the actual cost of the property incurred thereon, excluding cost of land, as against the total estimated cost of the property under execution. We estimate the total cost of a project prior to its commencement based on, among others, the size, specifications and location of the project. We re-evaluate project costs periodically, particularly when, in our opinion, there have been significant changes in market conditions, costs of labour and materials and other contingencies. Material re-evaluations will affect our revenues in the relevant financial periods. We cannot assure you that the estimates used under the percentage of completion method will equal either the actual cost incurred or revenue received with respect to these projects. The effect of such changes to estimates is recognized in the financial statements of the period in which such changes are determined. This may lead to significant fluctuations in revenues and development costs and limit our ability to undertake new projects. Therefore, we believe that period-to-period comparisons of our results of operations are not necessarily meaningful and should not be relied upon as indicative of our future performance. Such fluctuations in our revenues and costs may also cause our share price to fluctuate significantly. If in the future, our results of operations are below market expectations, the price of our Equity Shares may decline.

***24. Our Holding company and Group Company have made losses in the last three financial years.***

We set out below the details of our group concerns which have made losses in last three financial years:

**(Rs. in Lakhs)**

| Sr. No. | Name of the Company | Profit / (Loss) for the year ended 31st March 07 | Profit / (Loss) for the year ended 31st March 08 | Profit / (Loss) for the year ended 31st March 09 |
|---|---|---|---|---|
| 1. | Shri Housing Pvt. Ltd | (449.39) | (1.52) | 23.80 |
| 2. | Shriram Auto Finance | 3960.80 | (341.56) | (112.62) |

***25. Changes in interest rates have a significant impact on the real estate financing and the demand for residential real estate projects.***

Rising interest rates affects a prospective customer's ability to obtain affordable financing for purchase of our Company's properties, particularly the purchase of completed residential developments by individuals. The interest rate at which our Company's residential real estate customers may borrow funds for the purchase of its residential properties, and the availability of credit to such customers, affects the affordability of, and hence the market demand for, our Company's residential real estate developments. Any adverse changes in the interest rates resulting in significant decline in the demand for residential or other real estate projects could adversely affect our Company's business, financial condition and results of operations.

## (B) RISK FACTORS EXTERNAL TO OUR COMPANY

***26. The business of our Company is significantly affected by external factors.***

The results of our Company may be significantly affected by factors outside our control such as political unrest, civil commotion and acts of terrorism either in India or outside India. Business, and the market price and liquidity of Equity Shares, may be affected by interest rates, taxation, social and civil unrest and other political, economic or other developments in or affecting India. Our Company is also subject to the risk of loss of revenues and assets due to fire, flood or natural disasters. The occurrence of all such event including natural disasters could interrupt our Company's business for significant periods.

***27. Changes in the Government of India policies.***

The present Government of India has announced its general intention to continue India's current economic and financial sector liberalization and deregulation policies. However, there can be no assurance that such policies will be continued and a significant change in the Government of India's policies in the future could affect business and economic conditions in India and could also adversely affect our business, prospects, financial condition and results of operations.

***28. Risk relating to changes in laws and regulations.***

Any change in the laws and regulations governing the industry may adversely affect the businessand financial condition of our Company. However, such changes would be applicable to all the players in the concerned industry hence there cannot be any specific threat to our Company.

***29. Volatility of share price.***

After the Rights Issue, the price of the Equity Shares may be highly volatile and may fluctuate significantly due to many factors, including variations in the operations of our Company and changes in the regulatory environment. The prices of the Equity Shares may fluctuate as a result of several factors, including:

a. Volatility in the Indian and Global Securities market;

b. Results of operations and performance;

c. Perceptions about future performance of Construction and Real Estate industry

d. Performance of competitors in the Indian industry and the perception in the market about investments in of Construction and Real Estate industry;

e. Adverse media reports on our Company or the Indian Industry;

f. Changes in the estimates of performance or recommendations by financial analysts;

g. Significant developments in India's economic liberalization and deregulation policies;

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

i. General political and security environment in the country and across the globe.

j. Our Company or its management does not have any control on many of such factors and also this being a market driven phenomena based on the expectations of the investor coupled with other factors our Company does not foresee any uncalled adversity.

***30. Future offering resulting in dilution of the shareholding***

Any future equity offering made by our Company may lead to dilution of the shareholding and / or may affect the market price of the Equity Shares of our Company. Any future dilution would be as per the necessity of the business our Company. Our Company's prospects from such an exercise would be the driving force.

***31. Competition from existing established companies and future entrants into the industry may affect our performance.***

Company with its experience in the industry will adopt appropriate strategies to meet the competition.

***32. Regulatory Environment.***

Changes in regulatory environment may have an impact on the business of our Company. Such changes may have an impact on the industry as a whole.

33. ***Force Majeure.***

In future there might be a natural calamity like earthquake, Tsunami, volcano, etc. or some unforeseen event that is beyond the control of our Company like war, terrorist attack etc. that might prevent us from performing our business obligations. Wars, natural disasters and terrorist attacks may adversely affect the markets, investor confidence, exchange rates and world economy in general and may result in loss of business and assets.

34. ***Terrorist attack and other act of violence.***

Terrorist attack or other act of violence or war, including those involving India or other countries may adversely affect the Indian and worldwide financial market. These acts may result in loss of business confidence and have other business consequences that could adversely affect our business, result of operation and financial condition. Increased volatility in the financial market can have adverse effect on the economies of India and other countries including economic recession.

***PROMINIENT NOTES:-***

**ISSUE OF 1,00,00,000 EQUITY SHARES OF RS. 10/- EACH FOR CASH AT A PRICE OF RS. 20/- PER SHARE (INCLUDING A SHARE PREMIUM OF RS. 10/- PER EQUITY SHARE) AGGREGATING TO RS. 2000 LAKHS (RUPEES TWO THOUSAND LAKHS ONLY) ON RIGHTS BASIS TO THE EXISTING SHAREHOLDERS OF OUR COMPANY IN THE RATIO OF 1 EQUITY SHARE FOR EVERY 1 EQUITY SHARE HELD BY THE EXISTING SHAREHOLDERS ON THE RECORD DATE, I.E. MAY 7, 2010.**

**i)** The investors are advised to refer to the para on "Basis for Issue Price", Page No. 39, before making an investment in this issue.

**ii)** Investors may note that in case of over subscription, the allotment shall be as per the procedure stated under the Para "Basis of Allotment" given on Page No. 139.

**iii)** The Net Worth of our Company was Rs. 1,174.90 Lakhs as at March 31 2009 and Rs. 1,198.34 as at December 31, 2009 as per restated statements of our Company.

**iv)** The Net Asset Value per Equity Share of Rs.10/- each was at Rs. 11.75/- as at March 31, 2009 and Rs. 11.98/- as at December 31, 2009 as per restated financial statements of our Company.

**v)** Except as stated under point no. 10 of notes to capital structure, there have been no transactions in our Company's Equity Shares by the Promoters/Promoter Group, directors of our Company during a period of six months preceding the date of filing of this Letter of Offer with SEBI.

**vi)** Other than as stated in the Letter of Offer, the other ventures of promoters have no business Interests /other interests in the issuer company except in the normal course of business.

**vii)** Any clarification or information relating to the Issue shall be made available by the LM and our Company to the investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever. Investors may contact the LM and our Company for any complaints pertaining to the Issue.

**viii)** Except as disclosed in the section entitled "Capital Structure" beginning on page 28 of this Letter of Offer, Company has not issued any shares for consideration other than cash.

**ix)** Our Company, its promoters / Directors, Company's Associates or Group companies have not been prohibited from accessing the Capital Market under any order or direction passed by SEBI. The promoters, their relatives, Issuer, group companies, associate companies are not declared as willful defaulters by RBI / Government authorities and there are no violations of securities laws committed in the past or pending against them.

III. **INTRODUCTION**

***A. SUMMARY***

***(I) Industry Summary***

*The information presented in this section has been obtained from publicly available documents from various sources including industry websites and publications and from Government estimates. Industry websites and publications generally state that the information contained therein has been obtained from sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe industry, market and Government data used in this Letter of Offer is reliable and that website data is as current as practicable, these have not been independently verified.*

***Disclaimer - Knight Frank Research:*** *Although high standards have been used in the preparation of the information, analysis, views and projections presented in this report, no legal responsibility can be accepted by Knight Frank Research or Knight Frank for any loss or damage resultant from the contents of this document. As a general report, this material does not necessarily represent the view of Knight Frank in relation to particular properties or projects.*

***Indian Real Estate Sector***

The Indian real estate sector plays a significant role in the country's economy. The real estate sector is second only to agriculture in terms of employment generation and contributes heavily towards the gross domestic product (GDP). Almost five per cent of the country's GDP is contributed to by the housing sector. In the next five years, this contribution to the GDP is expected to rise to 6 per cent.

**(Source:** - www.ibef.org/industry/realestate.aspx)

**2009- Green Shoots of Recovery**

As opposed to the previous quarter, during which the consolidation process began and prices largely stabilized, Q3'09 witnessed price increases in several micro markets around India. Moreover, this price increase was evident across premium and relatively lower end micro markets. The formation of a stable central government back in May instigated a sense of calm that was supplemented by an improving job market, cheaper home loans and continued infrastructure initiatives. The affordable housing initiative, which came to prominence as a consequence of the property slump, continued to gather momentum during Q3'09 on the back of Central Government initiatives, namely time bound income tax exemptions to developers of affordable projects and a 1% interest subsidy on loans up to Rs.1 million for properties costing up to Rs.2 million. Luxury housing demand, which obviously was adversely impacted by the realty slump, is slowly picking up again.

Over the past year, the government has been proactively involved in aiding the realty sector through a series of direct and indirect measures. A series of cuts in key policy rates and the recently unveiled 1% interest rate subsidy on home loans up to Rs.10 Lakhs (for properties costing no more than Rs.20 Lakhs) are examples of measures that helped stimulate the residential market to an extent. The interest subsidy was introduced bearing in mind the positive impact of home loan rate cuts by leading finance institutions such as HDFC and ICICI Bank. The realty slowdown has brought into focus the extreme sensitivity of home buyers to interest rate movements

**(Source:** Q3 2009 Residential Market Review – Knight Frank)

***Future Outlook***

As the real estate sector continues its emergence from the woes of FY 08-09, the importance of imbibing the lessons of hindsight and experience is paramount. Prices need to be realistically aligned with demand sentiments. The push for affordable housing, which would need to be facilitated by government intervention both on the financial and logistical fronts, will alter the profile of residential prices across India. Significant infrastructure initiatives around the country will open up new markets and alleviate the upward pressure that congestion exerts on prices.

**(Source:** Q3 2009 Residential Market Review – Knight Frank)

***Construction Industry***

We expect revenue growth to pick up in the second half, after a deceleration in the first half of 2009-10. Sales will grow by 25.7 per cent and 30 per cent respectively, in the December 2009 and March 2010 quarters. Cost pressures will ease, owing to a fall in commodity prices and low interest rates y-o-y. Profits are thus expected to grow at a faster pace of over 35 per cent in these two quarters. This will lead to an expansion in margins yo- y. We expect the double-digit revenue growth of over 20 per cent to sustain in the first half of 2010-11.

**(Source:** CMIE)

***Real Estate Scenario in Chennai***

Knight Frank Research estimates that the city will have a residential supply of about 33,000 residential units amounting to approximately 45 mn.sq.ft. by 2011. About 68% of these upcoming housing units will come up in the southern zone. Of the total supply, the share of 3 BHK apartments will be 55%. The CBD or the Central Business District continues to cater to the high income segment whereas the middle income segment would prefer the suburban and peripheral locations as they are more economical.

**(Source:** Q3 2009 Residential Market Review – Knight Frank)

***Real Estate Scenario in Bengaluru***

Knight Frank Research estimates that the city will witness a residential supply of about 38,000 units translating to approximately 72 mn.sq.ft. between 2009 and 2011. While 53% of this supply will be in form of 3 BHK apartments, 2 BHK apartments will constitute 30% of the total supply. The southern zone at 39% share, will be the largest contributor to the supply, whereas northern and eastern zones will contribute about 26% each to the supply.

**(Source:** Q3 2009 Residential Market Review – Knight Frank)

***Real Estate Scenario in Hyderabad***

From 2009 to 2011, residential space supply of approximately 53,000 units, which equates to roughly 87 mn.sq.ft. of residential space, are expected to crop up around Hyderabad and will be evenly distributed across 2010 and 2011. Of the total expected supply until the end of 2011, approximately 50% will be accounted for by 3-BHK units and 30% by 2-BHK units. This reflects a shift to a more practical approach towards housing by developers, who due to the realty slump have become averse to the idea of luxury accommodation and are scaling down unit sizes.

**(Source:** Q3 2009 Residential Market Review – Knight Frank)

***(II) Business Summary***

We are housing construction and real estate development company headquartered in Chennai. We have executed several projects in the states of Tamil Nadu, Karnataka and Andhra Pradesh. We undertake real estate development projects with business focus on residential and commercial developments.

Our company was incorporated in the year 1988 with the object of carrying on business of housing development and construction of houses and apartments. In 2008, our company has planned to venture into energy sector by developing wind farms and setting up power plants in future.

Our parent company Shri Housing Private Ltd. holds 52.35% of our equity share capital. M/s. Shriram Auto Finance (SAF) owns 100% of Shri Housing Private Limited. SAF has also promoted Shriram EPC Ltd. and Ennore Coke Ltd. which are listed companies.

We have completed more than 20 projects in residential and construction space with a built up area of around 9.50 Lakhs Square feet.

***EMAS Engineers and Contractors Private Limited***

Our Company and Shriram Auto Finance has entered into a memorandum of understanding with EMAS Engineers and Contractors Private Limited and the promoters of EMAS Engineers and Contractors Private Limited for subscription and allotment of 60,24,050 fully paid up Equity shares having face value of Rs. 10 each at a price of Rs. 30.71 per equity share (including equity share premium of Rs. 20.71 per share) for an aggregate consideration of Rs. 1850 Lakhs. After allotment of equity shares, Our Company shall hold and control 50.10% of equity share capital of EMAS.

In order to meet the time schedule for investment under the aforesaid MOU, Shriram Auto Finance has invested the said amount into EMAS with an agreement to transfer the said shares at the same price to our Company.

EMAS Engineers and Contractors Private Ltd. was incorporated in the year 1995 in the name of SSS Constructions Pvt. Ltd. Our Company had actively started its operations from the end of the year 2000 in the name of EMAS Engineers and Contractors Private Ltd. For further details on EMAS, please refer to section “Object of the Issue” on page no. 34 of this Letter of Offer.

***<u>COMPETITIVE STRENGTHS OF OUR COMPANY</u>***

**1. Business development model**

We select a land parcel in strategic locations and enter into development agreements with land owners to acquire development rights to their land in exchange for a pre-determined portion of revenues, profits or developable area generated from the projects. We are selective in acquiring the land. This business model enables us to undertake more projects without having to invest large amounts of money towards purchase or acquisition of land. We are thereby able to limit our risk through project diversification while maintaining significant management control over our projects.

**2. Execution methodology**

We focus on the overall management of our projects, including land acquisition, project conceptualization, construction and marketing. We work with service providers which enable us to access third party design, project management and construction expertise.

**3. Good Customer reference**

Existing Customer's reference for new projects become a major marketing tool for us and we expect that we would be able to capitalize on this with our project concepts, quality and customer satisfaction.

**BUSINESS STRATEGIES:**

**1. Continue to utilize effective development model to optimize resources**

We intend to develop most of our projects through joint development agreements with land owners. We enter into revenue, profit or area sharing agreements with the land owners, instead of outright purchase of the land, which reduces our debt exposure and corresponding risk. This model has been beneficial in economic downturns and would provide stability to our business.

**2. Focus on Southern India Market:**

We have carried out projects in the southern state cities like Chennai, Coimbatore, Hyderabad and Bangalore. We would continue to focus development activities in the southern states. We believe that the economic growth in these states will result in increased demand for residential housing, as well as retail and commercial spaces. We recognize that identifying land in the select cities and acquiring them on outright basis or on joint development would be key to our business.

**3. Target Middle Income and Low income groups:**

We would target development of residential properties for middle and low income groups as there is growing demand for low cost housing and housing for middle income groups as we feel there is a healthy demand for houses ranging around Rs. 12 lakhs per unit.

**4. Undertake more Civil construction projects:**

The acquisition of 50.1% of the equity capital in the civil construction company EMAS Engineers and Contractors Pvt Ltd would help company in undertaking more projects in the civil construction space and would add to company's strength in developing residential and commercial projects of our Company.

**5. Continue to focus on quality and Project delivery**

We plan to continue building our in-house design capabilities through both organic and inorganic means. These include maintaining quality standards, ensuring timely completion of the project, innovative architectural designs and concepts, providing the best of facilities by recruiting the best of manpower, architects and efficient execution of the projects.

**(III) ISSUE DETAILS**

Issue of 1,00,00,000 Equity Shares of Rs.10/- each for cash at a price of Rs. 20/- per equity share (including share premium of Rs. 10/- per share) to the existing Shareholders, aggregating Rs. 2000 lakhs.

| | |
|---|---|
| Equity Shares proposed to be issued by our Company | 1,00,00,000 |
| Rights Entitlement | 1 (One) Equity Share for every 1 (One ) Equity Share held |
| Record Date | May 7, 2010 |
| Issue Price per Equity Share | Rs. 20/- |
| Equity Share Premium | Rs. 10/- per share |
| Equity Shares outstanding prior to the Issue | 1,00,00,000 |
| Equity Shares outstanding after the Issue | 2,00,00,000 |
| Use of Issue proceeds | Please see section entitled "Objects of the Issue" on Page No. 34 under section Particulars of the Issue of this Letter of Offer for information. |
| Terms of the Issue | For more information, see "Terms of Issue" on Page No. 38 under section Offering Information of the Letter of Offer |

**For details refer to the section 'Terms of the Issue' on page 38 of this Letter of Offer**

**IMPORTANT NOTES:**

1. This Issue is applicable to such Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the depositories in respect of the Equity Shares held in the electronic form and on the Register of Members of our Company at the close of business hours on May 7, 2010 (Record Date).

2. The Equity Shares are presently listed and traded on BSE, MSE and BgSE.

3. Your attention is drawn to the section on Risk Factors starting from Page No. 11 of this Letter of Offer.

4. Please ensure that you have received the CAF with this Letter of Offer.

5. Please read the Letter of Offer and the instructions contained herein and in the CAF carefully before filling in the CAF. The instructions contained in the CAF are an integral part of this Letter of Offer and must be carefully followed. An application is liable to be rejected for any non-compliance of the Letter of Offer or the CAF.

6. All enquiries in connection with this Letter of Offer or CAF should be addressed to the Registrar to the Issue, quoting the Registered Folio number/DP and Client ID number and the CAF number as mentioned in the CAF.

7. The Lead Manager and our Company shall make all information available to the Equity Shareholders and no selective or additional information would be available for a section of the Equity Shareholders in any manner whatsoever including any presentation, research note or sales reports etc. after filing of the Letter of Offer with SEBI.

8. All the legal requirements as applicable till the filing of the Letter of Offer with the Designated Stock Exchange have been complied with.

**(IV)** ***SUMMARY OF FINANCIAL INFORMATION***

The following summary of financial data has been prepared in accordance with the Companies Act and the SEBI Regulations and restated as described in the Auditors' Report of Mr. M. Hariharan, Chartered Accountant, Chennai dated January 21, 2010 in the section titled "Financial Information of our Company". You should read this financial data in conjunction with our Company's financial statements for each of fiscal 2005 to 2009 and financial results for nine months ended on 31st December, 2009, including the Notes thereto and the Reports thereon, which appears on page 81 under sub-heading "Restated Financial Statements " in this Letter of Offer, and "Management's Discussion and Analysis of Financial Condition as reflected in the Financial Statements" on page 99 of this Letter of Offer.

**Restated Statement of Assets and Liabilities**

**(Rs. in Lakhs)**

| Particulars | As at Dec. 31st, 2009 | As at March 31, | | | | |
|---|---|---|---|---|---|---|
| | | 2009 | 2008 | 2007 | 2006 | 2005 |
| Fixed Assets: | | | | | | |
| Gross Block | 1090.16 | 1,090.03 | 891.56 | 762.27 | 762.20 | 762.20 |
| Less: Depreciation | 579.32 | 567.68 | 530.34 | 492.30 | 454.84 | 421.08 |
| Net Block | 510.85 | 522.36 | 361.22 | 269.97 | 307.36 | 341.12 |
| Less: Revaluation Reserve | 209.39 | 209.39 | - | - | - | - |
| Effect on account of Restatement of Accounts | - | - | - | - | - | - |
| Net Block after adj. for Revaluation Reserve | 301.45 | 312.97 | 361.22 | 269.97 | 307.36 | 341.12 |
| Investments | 22.78 | 20.78 | 20.78 | 20.78 | 364.26 | 364.26 |
| Current Assets, Loans and Advances: | | | | | | |
| Inventories | 930.38 | 930.38 | 903.42 | 2,465.32 | 5,656.54 | 5,982.95 |
| Sundry Debtors | 6.99 | 14.58 | 2,200.00 | - | 77.00 | 219.89 |
| Cash and Bank Balances | 41.77 | 20.05 | 4.54 | 541.93 | 36.44 | 22.18 |
| Stock in trade | 261.06 | 312.47 | - | - | - | - |
| Loans and Advances | 3,237.04 | 2,921.41 | 3,171.56 | 43.79 | 205.37 | 203.09 |
| Other Current Assets | - | - | - | - | - | - |
| **Total** | **4,477.24** | **4,198.89** | **6,279.52** | **3,051.03** | **5,975.35** | **6,428.12** |
| Liabilities and Provisions: | | | | | | |
| Secured Loans | - | - | - | 457.68 | 3,426.85 | 3,484.21 |
| Unsecured Loans | 228.40 | 455.43 | 1,957.87 | 522.96 | 1,325.59 | 1,369.07 |
| Deferred Tax Provision | - | - | - | - | - | - |
| Current Liabilities and Provisions | 3,374.74 | 2,902.30 | 3,557.25 | 1,620.53 | 1,204.38 | 1,274.43 |
| Effect on account of Restatement of Accounts | - | - | - | - | - | - |
| **Total** | **3,603.13** | **3,357.73** | **5,515.12** | **2,601.17** | **5,956.82** | **6,127.71** |
| | | | | | | |
| Net Worth | 1,198.34 | 1,174.90 | 1,146.40 | 740.61 | 690.14 | 1,005.79 |
| | | | | | | |
| Represented by | | | | | | |
| 1. Share Capital | 1,000.00 | 999.48 | 999.48 | 999.48 | 999.48 | 999.48 |
| 2. Reserves | 407.73 | 384.81 | 146.92 | - | - | 6.31 |
| Less: Misc. Exp. not w/o | - | - | | | | |
| Less: Revaluation Reserve | 209.39 | 209.39 | - | - | - | - |
| Reserves (Net of Revaluation Reserves) | 198.34 | 175.42 | 146.92 | - | - | 6.31 |
| Effect on account of Restatement of Accounts | - | - | - | - | - | - |
| 3. Profit & Loss A/c (loss) | - | - | - | 258.87 | 309.34 | |
| Net Worth | 1,198.34 | 1,174.90 | 1,146.40 | 740.61 | 690.14 | 1,005.79 |

**Restated Statement of Profits & Loss Account** (Rs. in Lakhs)

| Particulars | For Nine Months ended on | For the Year ended on March 31, | | | | |
|---|---|---|---|---|---|---|
| | Dec., 2009 | 2009 | 2008 | 2007 | 2006 | 2005 |
| | | | | | | |
| **INCOME** | | | | | | |
| | | | | | | |
| Sales : | | | | | | |
| Property Development Income | 0.00 | 145.85 | 6872.18 | 1493.85 | 65.72 | 550.00 |
| Of products traded in by the company | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total Sales | 0.00 | 145.85 | 6872.18 | 1493.85 | 65.72 | 550.00 |
| Other Income | 122.99 | 93.41 | 76.55 | 12.95 | 11.87 | 1.40 |
| Increase / (Decrease) in Inventories | 0.00 | 26.96 | (1561.90) | (1494.10) | (326.41) | (550.00) |
| | | | | | | |
| **Total Income** | **122.99** | **266.22** | **5386.83** | **12.70** | **(248.82)** | **1.40** |
| | | | | | | |
| **EXPENDITURE** | | | | | | |
| | | | | | | |
| Purchases | 0.00 | 35.76 | 4643.17 | (157.94) | 12.23 | 0.00 |
| Welfare Expense | 0.00 | 0.00 | 0.00 | 0.00 | 1.68 | 1.18 |
| Administration Expenses | 52.41 | 41.18 | 14.05 | 6.78 | 7.03 | 5.38 |
| Goodwill Written Off | 4.73 | 4.73 | 4.73 | 0.00 | 0.00 | 0.00 |
| Other Expenses | 24.23 | 29.97 | 48.00 | 17.37 | 11.88 | 6.17 |
| Selling and Distribution Expenses | 0.71 | 0.34 | 0.88 | 0.25 | 0.05 | 0.09 |
| Depreciation | 6.91 | 35.27 | 33.31 | 37.45 | 33.77 | 34.76 |
| Finance Charges | 0.40 | 56.67 | 197.41 | 0.00 | 0.00 | 0.00 |
| Remuneration to Auditor | 0.30 | 0.44 | 0.40 | 0.30 | 0.20 | 0.15 |
| Directors / Partners' Remuneration | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Loss in dealing in Shares | 0.00 | 6.57 | | | | |
| Preliminary Expense Written-off | 0.00 | 0.00 | 0.00 | 16.35 | 0.00 | 0.00 |
| Bad Debt Written-off | 0.00 | 0.00 | 0.00 | 37.45 | 0.00 | 0.00 |
| | | | | | | |
| **Total Expenditure** | **89.69** | **210.92** | **4941.95** | **(41.99)** | **66.83** | **47.73** |
| | | | | | | |
| Profit before Tax before extraordinary items | 33.30 | 55.30 | 444.88 | 54.69 | (315.65) | (46.33) |
| | | | | | | |
| Provision for Taxation | 10.38 | 26.79 | 39.10 | 4.23 | 0.00 | 0.00 |
| | | | | | | |
| Net Profit before extraordinary items | 22.92 | 28.50 | 405.79 | 50.47 | (315.65) | (46.33) |

Note: The above statement should be read with the significant accounting policies and notes to the accounts for restated financial statements as appearing in Section- Financial Statement of Our Company.

## B. GENERAL INFORMATION

**PREMIER ENERGY AND INFRASTRUCTURE LIMITED**

**(CIN - L45201TN1988PLC015521)**

(Originally Our Company was incorporated under the name of Premier Housing and Industrial Enterprises Limited on March 25,1988 under the Companies Act, 1956 with the Registrar of Companies, Tamil Nadu at Chennai. Subsequently the name of our company was changed to Premier Energy and Infrastructure Limited vide certificate of change of name dated May 9, 2008 issued by Registrar of Companies, Tamil Nadu at Chennai)

**Registered Office**

II Floor, 18/4 Balaiah Avenue, Mylapore, Chennai- - 600004, Tamil Nadu, India
Tel No. 91 44 24671213 Fax No. 91 44 24671213
E-mail: info@premierenergy.in Website:- www.premierenergy.in

**Address of the Registrar of Companies**

Our Company is registered with the Registrar of Companies, Tamilnadu, Chennai situated at the following address:-
Block No.6, B Wing 2nd Floor, Shastri Bhawan 26, Haddows Road, Chennai – 600034. Tamil Nadu
Tel: 044-28277182, 28272676, Fax: 044-28234298

Contact Person: **Mr. K.V. Murugan, Company Secretary and Compliance Officer.** E-mail: cs@premierenergy.in

### ISSUE DETAILS

Pursuant to the resolution passed by the shareholders of our Company at the Extra Ordinary General Meeting held on December 22, 2009, it has been decided to make the following Offer to the Equity Shareholders, with a right to renounce.

**ISSUE OF 1,00,00,000 EQUITY SHARES OF RS. 10/- EACH FOR CASH AT A PRICE OF RS. 20/- PER SHARE (INCLUDING A SHARE PREMIUM OF RS. 10/- PER EQUITY SHARE) AGGREGATING TO RS. 2000 LAKHS (RUPEES TWO THOUSAND LAKHS ONLY) ON RIGHTS BASIS TO THE EXISTING SHAREHOLDERS OF OUR COMPANY IN THE RATIO OF ONE (1) EQUITY SHARE FOR EVERY 1 EQUITY SHARE HELD BY THE EXISTING SHAREHOLDERS ON THE RECORD DATE, I.E. MAY 7, 2010.**

**IMPORTANT:**

1) This Issue is applicable to such Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the depositories in respect of the Equity Shares held in the electronic form and on the Register of Members of our Company at the close of business hours on May 7, 2010. (Record Date).
2) Our Equity Shares are presently listed and traded on Bombay Stock Exchange Limited and also listed on the regional stock exchanges i.e. Madras Stock Exchange Limited and Bangalore Stock Exchange Limited. Your attention is drawn to the section on Risk Factors starting from Page No. 11 of this Letter of Offer.
3) Please ensure that you have received the CAF with this Letter of Offer.
4) Please read the Letter of Offer and the instructions contained herein and in the CAF carefully before filling in the CAF. The instructions contained in the CAF are an integral part of this Letter of Offer and must be carefully followed. An application is liable to be rejected for any non-compliance of the Letter of Offer or the CAF.
5) All enquiries in connection with this Letter of Offer or CAF should be addressed to the Registrar to the Issue, quoting the Registered Folio number/DP and Client ID number and the CAF number as mentioned in the CAF.
6) The Lead Manager and our Company shall make all information available to the Equity Shareholders and no selective or additional information would be available for a section of the Equity Shareholders in any manner whatsoever including any presentation, research note or sales reports etc. after filing of the Letter of Offer with SEBI.
7) All the legal requirements as applicable till the filing of the Letter of Offer with the Designated Stock Exchange have been complied with.

**BOARD OF DIRECTORS**

**Our Board of Directors comprise of the following:**

| Name of the Directors | Designation | Status | DIN |
|---|---|---|---|
| Mr. R. Ramakrishnan | Director | Non Executive & Independent | 00809342 |
| Mr. K.N. Narayanan | Director | Non Executive & Independent | 01543391 |
| Ms. Vathsala Ranganathan | Director | Non Executive & Non-Independent | 00006028 |
| Mr. Komaraiah | Director | Non Executive & Independent | 00170121 |

For further details of the Board of Directors of the company, please refer to the section titled "MANAGEMENT OF OUR COMPANY" on Page No. 71 of this Letter of Offer.

**ISSUE MANAGEMENT TEAM**

***COMPANY SECRETARY AND COMPLIANCE OFFICER***

**Mr. K.V. Murugan,**

Company Secretary and Compliance Officer,
Premier Energy and Infrastructure Limited,
II Floor, 18/4 Balaiah Avenue, Mylapore,
Chennai - 600004, Tamil Nadu
Tel No. 91 44 24671213 Fax No. 91 44 24671213
E-mail: cs@premierenergy.in
Website: www.premierenergy.in

***Note:*** *Investors are advised to contact the Company Secretary and Compliance Officer in case of pre-issue or post-Issue related problems such as non-receipt of letter of allotment/ share certificates/ credit of securities in depository's beneficiary account/ refund orders, etc.*

***LEGAL ADVISOR TO THE ISSUE***

**Mr. R. Ventakavardan**

Advocate,
SOWYA, I Floor, 14, Rama Rao Road,
Mylapore, Chennai - 600004. Tamil Nadu
Tel: +91 44 24997172 Fax: +91 44 24997114
EMAIL: rvenkatavaradan@gmail.com

***BANKER TO OUR COMPANY***

**HDFC Bank Ltd.**

ITC Centre, Anna Salai
Chennai 600 002
Tel: +91 44 2499 4693; Fax:+91 44 2499 2813
Contact Person: Mr. Vijay Anand

***LEAD MANAGER TO THE ISSUE***

**VIVRO FINANCIAL SERVICES PRIVATE LIMITED**

1st Floor, Manu Mansion
16/18, Shahid Bhagatsingh Road
Opp. Old Custom House, Fort,
Mumbai - 400 023
Tel: 022-2265 7364, Fax: 022-2265 8406
Contact Person: Mr. Jayesh Vithlani
E-mail: jayesh.vithlani@vivro.net Website: www.vivro.net

***REGISTRAR TO THE ISSUE***

**CAMEO CORPORATE SERVICES LTD.**

Subramanian Building, No. 1,
Club House Road, Chennai – 600 002
Tel: +91-044-28460390 (5 Lines); Fax: +91-044-28460129
E-mail: investor@cameoindia.com Website: www.cameoindia.com
Contact Person: Ms. K. Sreepriya

**BANKERS TO THE ISSUE**

HDFC Bank Limited,
Maneckji Wadia Building,
Ground floor, Nanik Motwani Marg,
Fort, Mumbai – 400 001

**SELF CERTIFIED SYNDICATE BANKS**

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

**STATUTORY AUDITORS OF OUR COMPANY**

**M/s P.K.F. Sridhar & Santhanam (Appointed w.e.f. December 22, 2009)**

**Chartered Accountants**

98-A, IV Floor, Dr. Radhakrishnan Road,
Mylapore, Chennai 600004
Phone No. 044-28478701
Fax No. 044-28478705
Email ID: asreyas@pkfindia.in

**Mr. M. Hariharan (Resigned w.e.f. December 22, 2009)**

**Chartered Accountant**

82, Church Gate Avenue, Annai Indira Nagar,
Velachery, Chennai 600042.
Mobile : 098414 36866
E Mail: manihari42@gmail.com

**INTER-SE ALLOCATION OF RESPONSIBILITIES AMONGST THE LEAD MANAGERS**

Since the Issue is managed by one Lead Manager, the entire responsibilities shall vest with the Lead Manager.

**CREDIT RATING**

This being Rights Issue, no Credit Rating is required.

**GRADING OF ISSUE**

This being Rights Issue of Equity Shares, no grading is required.

**TRUSTEES**

As this is an Issue of Equity Shares, appointment of Trustees is not required.

**MONITORING AGENCY**

Not Applicable

**APRAISING AUTHORITY**

Not Applicable

**MINIMUM SUBSCRIPTION**

a. If our Company does not receive minimum subscription of 90% of the issue, the entire subscription shall be refunded to the applicants within 15 days from the date of closure of the issue, or if the subscription level falls below 90% after the closure of the issue on account of cheques having being returned unpaid or withdrawal of applications, our Company shall forthwith refund the entire subscription amount received.

b. If there is a delay in the refund of subscription by more than 8 days after our Company becomes liable to pay the subscription amount (i.e. 15 days after the closure of the issue), our Company will pay interest for the delayed period, at the rates prescribed in sub-sections (2) and (2A) of Section 73 of the Companies Act, 1956.

## IMPERSONATION

**Attention of the applicants is specifically drawn to the provisions of Sub-Section (1) of Section 68A of the Companies Act, 1956 which is reproduced below: "Any person who-**

- **makes in a fictitious name an application to a Company for acquiring, or subscribing for, any shares therein, or**
- **otherwise induces a Company to allot or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years."**

## UNDERWRITING OF THE ISSUE

The issue is not underwritten.

## ISSUE DETAILS

| | |
|---|---|
| **ISSUE OPENS ON** | **10.06.2010** |
| **LAST DATE FOR RECEIVING REQUEST FOR SPLIT APPLICATION FORMS** | **17.06.2010** |
| **ISSUE CLOSES ON** | **24.06.2010** |

## PRINCIPAL TERMS OF LOANS AND ASSETS CHARGED AS SECURITY

Not Applicable as we do not have any secured loans as on December 31, 2009.

## C. CAPITAL STRUCTURE OF OUR COMPANY

The capital structure of our Company and related information as on date of filing of this Letter of Offer with SEBI and Stock Exchanges is as follows.

**(Rs. In Lakhs)**

| Particulars | | Nominal Value | Aggregate Value (Rs.) |
|---|---|---|---|
| A. | **Authorized Share Capital** | | |
| | 2,70,00,000 Equity Shares of Rs. 10/- each | 2700 | 2700 |
| B. | **Issued and Subscribed Capital** | | |
| | 1,00,00,000 Equity Shares of Rs. 10 each | 1000 | 1000 |
| | **Paid up Capital** | | |
| | 1,00,00,000 Equity Shares of Rs. 10 each | 1000 | 1000 |
| C. | **Present Issue of Shares being offered to Equity Share holders through this Letter of Offer** | | |
| | 1,00,00,000 Equity Shares of Rs. 10 each at price of Rs. 20 each | 1000 | 2000 |
| D. | **Subscribed and Paid up Capital after the Issue (assuming full subscription)** | | |
| | 2,00,00,000 Equity Shares of Rs. 10 each fully paid up | 2000 | 2000 |
| E. | **Share Premium Account** | | |
| | - Before the Rights Issue | - | - |
| | - After the Rights Issue | 1000 | 1000 |

**Notes to Capital Structure**

**1) Details in the changes in Authorized Capital of Our Company**

| Sr. No. | Particulars of increase/modification in Authorised Share Capital | Cumulative no. of shares | Authorized Capital (Rs.) | Date of change | Whether AGM/EGM/ Order |
|---|---|---|---|---|---|
| 1 | Incorporation | 35,00,000 | 3,50,00,000 | Incorporation | - |
| 2 | Increase from Rs. 350 Lakhs to Rs. 800 Lakhs | 80,00,000 | 8,00,00,000 | 06-07-1992 | AGM |
| 3 | Increase from Rs. 800 Lakhs to Rs. 1600 Lakhs | 1,60,00,000 | 16,00,00,000 | 28-03-1996 | EGM |
| 4 | Increase from Rs.1600 Lakhs to Rs. 2500 Lakhs | 2,50,00,000 | 25,00,00,000 | 23-02-2008 | EGM |
| 5 | Increase from Rs. 2500 Lakhs to Rs.2700 Lakhs | 2,70,00,000 | 27,00,00,000 | 03-03-2008 | On account of Merger* |

*Under the Scheme of Arrangement under section 391 to 394 of the Companies Act, 1956, Rayala Office Equipments Private Limited a wholly owned subsidiary of our Company was merged with our Company on the appointed date April 1, 2007. Consequently, the authorised share capital of our Company increased from Rs. 2500 lakhs to Rs. 2700 lakhs. For more details on the Scheme of Amalgamation, please refer to the Section “History of our Company and Other Corporate matters” on page no. 65 of this Letter of Offer.

**2) Details of Paid Up Equity Share Capital**

| Date of Allotment | No. of Equity Shares Allotted | Face Value (In Rs.) | Issue Price (In Rs.) | Cumulative No. of shares | Consideration | Remarks/ Reasons for allotment |
|---|---|---|---|---|---|---|
| 20-06-88 (On Incor-poration ) | 80 | 10 | 10 | 80 | Cash | Subscribers to the MoA |
| 31-08-88 | 10800 | 10 | 10 | 10,880 | Cash | Erstwhile Promoters, their relatives, friends & associates |
| 21-03-89 | 58,400 | 10 | 10 | 69,280 | Cash | Erstwhile Promoters, their relatives, friends & associates |
| 30-06-89 | 2,82,700 | 10 | 10 | 3,51,980 | Cash | Erstwhile Promoters, their relatives, friends & associates |
| 29-07-89 | 5,24,800 | 10 | 10 | 8,76,780 | Cash | Erstwhile Promoters, their relatives, friends & associates |
| 08-02-90 | 25,73,220 | 10 | 10 | 34,50,000 | Cash | Erstwhile Promoters / Public under IPO |
| 14-11-92 | 34,52,600 | 10 | 25 | 69,02,600 | Cash | Erstwhile Promoters/ Public under Rights Issue |
| 23-12-96 | 30,97,400 | 10 | 28 | 10,00,000 | Cash | Erstwhile Promoters/ Public under Preferential Allotment |

**Notes:**

a. Our Company has not issued any shares for consideration other than cash.

b. Our Company has not issued or allotted any shares in terms of Scheme of Arrangement under Section 391-394 of the Companies Act, 1956.

c. Our Company has not issued any shares at a price below the issue price in last one year immediately preceding the date of this Letter of Offer other than 10,400 shares which were forefeited and were reissued to Premier Energy Employees Welfare Fund at Rs. 5 Per share on January 21, 2010.

d. Our Company has not issued any shares under Employee Stock Option / Plan Scheme.

**3) Build-up of Promoter Shareholding**

| Name of Promoter | Date on Which Equity Shares were allotted / acquired and made fully paid up. | No. of Equity Shares | Face Value (Rs.) | Issue Price / Acqui-sition Price (Rs.) | Nature of Payment of Consid-eration (Bonus, Rights etc.) | Percentage of Pre-Issue Paid Up Share Capital (%) | Percentage of Post Issue Paid Up Share Capital (Note-1) |
|---|---|---|---|---|---|---|---|
| Shri Housing Private Limited | 31-12-2008 (vide SPA-1) | 24,00,000 | 10 | 10 | Cash | 24.00% | 24.00% |
| | 31-12-2008 (vide SPA-2) | 16,47,538 | 10 | 10 | Cash | 16.47% | 16.47% |
| | 31-12-2008 (Acquired under Open Offer Formalities) | 11,87,702 | 10 | 10.68 | Cash | 11.88% | 11.88% |
| | 21-01-2010 (Off Market Purchase from Anathalaxmi G. Bhat) | 400 | 10 | 40 | Cash | 0.00% | 0.00% |
| | **Total** | **52,35,640** | **10** | | | **52.35%** | **52.35%** |

Note:

1. Post Issue shareholding % is calculated assuming full subscription.
2. For further details as to the promoter and erstwhile promoters, please refer to Section- "History and Corporate Structure" on page no. 65 of this Letter of Offer.

**4) Promoters' Contribution and Lock in**

The present issue is being a rights issue, provisions of the promoters' contribution and lock in are not applicable.

**5) Present Rights Issue**

| Type of Instrument | Ratio | Face Value (Rs.) | No. of shares | Issue Price (Rs.) | Consideration |
|---|---|---|---|---|---|
| Equity shares | 1 (one) equity shares for every 1 (one) equity share held. | 10/- | 1,00,00,000 | Rs. 20/- per share | Rs. 2000 Lakhs |

**6)** Shri Housing Pvt. Ltd., promoter of Our Company has disclosed under the provisions of Regulation 57(2)(b) and under Clause 5 (VI)(C)(6)(a) of Part E of the ICDR that they intend to subscribe to their part of the rights entitlement. In case of under subscription, even after considering the additional shares applied by non-promoter shareholders, the Promoter, in order to ensure the minimum subscription in the rights issue, may contribute towards the unsubscribed portion of the rights issue along with their associates and persons falling within the promoter group (hereinafter referred to as "Promoter Group").

Our Promoter Group has confirmed that they along with persons falling under the promoter group intend to subscribe to the full extent of their entitlement in the Issue. Promoter Group as defined under Regulation 2 (1) (zb) of SEBI (ICDR) Regulations, 2009, also intend to apply for additional Equity Shares in the Issue such that at least 90% of the Issue Size is subscribed. The Promoter Group reserves their right to subscribe to their entitlement in the Issue either by themselves, relatives or a combination of entities controlled by them, including by subscribing for renunciation if any made within the Promoter Group to another person forming part of the Promoter Group.

Shri Housing Private Limited, promoter of our Company has provided an undertaking that it shall apply for additional Equity Shares in the Issue, directly or through persons falling within the promoter group, to the extent of the unsubscribed portion of the Issue, if any. As a result of this subscription and consequent allotment, the Promoter Group may acquire shares over and above their entitlement in the Issue, which may result in an increase of their shareholding being above the current shareholding.

This subscription and acquisition of additional Equity Shares by the Promoters Group through this Issue, if any, will not result in change of control of the management of Our Company and shall be exempt in terms of provision under Regulation 3(1)(b)(ii) of the SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997. As such, other than meeting the requirements indicated in this section on "Objects of the Issue", there is no other intention / purpose for this Issue, including any intention to delist Our Company, even if, as a result of allotment to the Promoters, in this Issue, the Promoter's shareholding in Our Company exceeds their current shareholding.

The Promoter Group shall subscribe to such unsubscribed portion as per the relevant provisions of the law. Allotment to the Promoter Group of any unsubscribed portion, over and above their entitlement shall be done in compliance with clause 40A of the Listing Agreement and other applicable laws prevailing at that time relating to continuous listing requirements.

Our Promoters have given an undertaking that in case the subscription by them to the unsubscribed portion results in the public shareholding falling below the permissible minimum level as specified in the listing condition agreement, they will undertake necessary steps to maintain the minimum public shareholding in such manner and within such period as specified in Clause 40A of the Listing Agreement.

**7)** Pre and Post issue shareholding pattern of Our Company assuming full subscription in the rights issue, is given below (the pre and post issue shareholding may undergo a change).

| | | **Pre Issue** | | **Post Issue** | |
|---|---|---|---|---|---|
| **Particulars** | **Number of shareholders** | **Total number of shares** | **% of Share holding** | **Total number of shares** | **% of Share holding** |
| **Shareholding of Promoter and Promoter Group** | | | | | |
| Individuals/ Hindu Undivided Family (Note –iii) | 13 | 410050 | 4.10% | 820100 | 4.10% |
| Bodies Corporate | | | | | |
| 1. Shri Housing Pvt. Ltd. | 1 | 5235640 | 52.36% | 10471280 | 52.36% |
| 2. PL Finance & Investment Pvt. Ltd. | 1 | 15950 | 0.16% | 31900 | 0.16% |
| **Total Promoter & Promoter Group** | **15** | **5661640** | **56.62%** | **11323280** | **56.62%** |
| Public shareholding | | | | | |
| Mutual Funds/ UTI | 3 | 57100 | 0.57% | 114200 | 0.57% |
| Financial Institutions/ Banks | 3 | 400 | 0.00% | 800 | 0.00% |
| Bodies Corporate | 96 | 1061773 | 10. 62% | 2123546 | 10. 62% |
| Others | 10822 | 3219087 | 32.19% | 6438174 | 32.19% |
| **Total** | **10939** | **10000000** | **100.00%** | **20000000** | **100.00%** |

**Note:-**

i) Post Issue holding is computed assuming that all shareholders subscribe to their rights entitlements in full.

ii) In case of under-subscription, even after considering the additional shares applied by Non promoter shareholders if any the Promoter group shareholders, in order to ensure the minimum subscription in the rights issue, may contribute towards the unsubscribed portion of the rights issue through their associates and only to that extent the post-Rights Issue holdings of the Promoter Group may go up.

iii) Under the disclosure made on December 31, 2009 with the Stock Exchanges under clause 35 of the Listing Agreement as well as disclosure made under Regulations 8(3) of the SEBI (SAST) Regulations, 1997, certain shareholders including Body Corporate holding 4,26,000 Equity Shares representing 4.26% of the total paid up capital were shown under the Promoters Group. These shareholders belong to erstwhile promoters group, who exited and sold their shares to Shri Housing Pvt. Ltd. Since, these shareholders were not party to the Share Purchase Agreement and did not offer their shares under the Open Offer as made by Shri Housing Pvt. Ltd., they have been continued to be shown under the Promoters Group. However, for the purpose of this Rights Issue and subsequent disclosures, references, etc., in future, these shareholders shall not form part of the promoters group and shall be considered as public shareholders. The details of these shareholders are as under:

| Sr. No. | Name of the Shareholder | No of shares held | % to total Share capital |
|---|---|---|---|
| 1 | Raman K. | 15900 | 0.159 |
| 2. | Vasanth Raman | 20 | 0.0002 |
| 3. | Ramkrishnan C.R. | 2000 | 0.02 |
| 4. | Narayanmurthi M. | 73420 | 0.734 |
| 5. | Rajasekhar S.S | 1000 | 0.01 |
| 6. | Vijaya Murthi | 50010 | 0.5 |
| 7. | Sambasive Reddy L. | 100000 | 1 |
| 8. | Natarajan N. | 6800 | 0.068 |
| 9. | Shashi Sekhar | 85000 | 0.85 |
| 10. | Subrahmanian RV | 2000 | 0.02 |
| 11. | Lakshmanan A S | 15000 | 0.15 |
| 12. | Nagarajan TS | 1000 | 0.01 |
| 13. | Lakshmannachar M | 57900 | 0.579 |
| 14 | PL Finance & Investments Pvt. Ltd. | 15950 | 0.16 |
| | **Total** | **4,26,000** | **4.26** |

Note:- The no. of shareholders have been reduced to 13 from 21 in view of consolidation of shares held by shareholders in different folios.

**8) Particulars of Top Ten shareholders are as follows:**

**i. Top Ten Shareholders as on date of filing of the Letter of Offer with SEBI**

| Sr. No. | Name of the shareholder | No. of Shares | % of the Pre-Issue Share Capital |
|---|---|---|---|
| 1. | Shri Housing Pvt. Ltd | 5235640 | 52.35% |
| 2. | Industrial Venture Capital Ltd | 446400 | 4.46% |
| 3. | Vivek Mundra | 319500 | 3.20% |
| 4. | Jet Age Finance Pvt Ltd | 215000 | 2.15% |
| 5. | W S International Pvt Ltd | 200000 | 2.00% |
| 6. | Chescor Ltd | 150000 | 1.50% |
| 7. | Sambasiva Reddy | 100000 | 1.00% |
| 8 | Shashi Ssekar | 85000 | 0.85% |
| 9. | M Narayanamurthi | 73420 | 0.73% |
| 10 | M Lakshmanachar | 57900 | 0.58% |
| | **Total** | **6882860** | **68.82%** |

**ii. Two Years prior to filing the letter of offer with the stock exchange**

| Sr. No. | Name of Shareholder | No. of Shares | % of the Share Capital |
|---|---|---|---|
| 1 | Maika Holdings Berhad | 2,400,000 | 24% |
| 2 | Vivek Mundra | 701,000 | 7% |
| 3 | Yogya Investment & Finance Company Ltd | 620,238 | 6% |
| 4 | Industrial Venture Capital | 446,400 | 4% |
| 5 | Software Ultratech Systems Pvt Ltd | 350,400 | 4% |
| 6 | Unit Trust of India | 300,000 | 3% |
| 7 | Crimson Investments Ltd | 274,300 | 3% |
| 8 | Premier Securities Ltd | 245,600 | 2% |
| 9 | Jet Age Finance Ltd | 220,600 | 2% |
| 10 | W S Industries Ltd | 200,000 | 2% |
| | **Total** | **5,758,538** | **58%** |

**iii. 10 days prior to filing the letter of offer with the stock exchange**

| Sr. No. | Name of the shareholder | No. of Shares | % of the Pre-Issue Share Capital |
|---|---|---|---|
| 1. | Shri Housing Pvt. Ltd | 5235640 | 52.35% |
| 2. | Industrial Venture Capital Ltd | 446400 | 4.46% |
| 3. | Vivek Mundra | 319500 | 3.20% |
| 4. | Jet Age Finance Pvt Ltd | 215000 | 2.15% |
| 5. | W S International Pvt Ltd | 200000 | 2.00% |
| 6. | Chescor Ltd | 150000 | 1.50% |
| 7. | Sambasiva Reddy | 100000 | 1.00% |
| 8 | Shashi Ssekar | 85000 | 0.85% |
| 9. | M Narayanamurthi | 73420 | 0.73% |
| 10 | M Lakshmanachar | 57900 | 0.58% |
| | **Total** | **6882860** | **68.82%** |

**9) Details of shares acquired by the Promoter and Promoter group in the last one year are given below:**

| Sr. No. | Shareholder | Mode of Acquisition | No. of Shares Acquired | % of total no. of Shares | Cost of Acquisition | Date of Acquisition |
|---|---|---|---|---|---|---|
| 1 | Shri Housing Pvt. Ltd. | By SPA-1 | 2400000 | 24.00 | Rs. 10.00 | 31.12.08 |
| | | By SPA-2 | 1647538 | 16.47 | Rs. 10.00 | 31.12.08 |
| | | By Open Offer | 1187702 | 11.88 | Rs. 10.68 | 31.12.08 |
| | | By Off Market Purchase | 400 | 0.00 | Rs. 40.00 | 21.01.10 |
| | | **Total** | **5235640** | **52.35** | | |

**10) Details of purchase and sale of securities of Our Company by the Promoter group and directors of our company and their immediate relatives, in the preceding 6 months from the date of this Letter of Offer.**

There has been no transaction in the shares of our company by Promoter group and Directors of our company and their immediate relatives, in the preceding 6 months from the date of this Letter of offer except as under:

| Name of Promoter | Date on Which Equity Shares were allotted / acquired and made fully paid up. | No. of Equity Shares | Face Value (Rs.) | Issue Price / Acqui-sition Price (Rs.) | Nature of Payment of Consid-eration (Bonus, Rights etc.) | Percentage of Pre-Issue Paid Up Share Capital (%) | Percentage of Post Issue Paid Up Share Capital (Note-1) |
|---|---|---|---|---|---|---|---|
| **Shri Housing Pvt. Ltd.** | 21-01-2010 (Off Market Purchase from Anathalaxmi G. Bhat) | 400 | 10 | 40 | Cash | 0.00% | 0.00% |

11) No further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner will be made by our Company during the period commencing from submission of the Draft Letter of Offer with SEBI till the Securities referred to in this Letter of Offer have been listed, or application money is refunded on account of failure of the issue.

12) Our Company presently does not have any intention or proposal to alter its capital structure within a period of six months from the date of opening the issue, by way of split/consolidation of the denominations of Shares or further issue of Shares whether preferential or otherwise

13) Our promoter group, the directors of our company who are promoters, our other directors and their relatives have not financed the purchase by any other person of securities of our company other than in the normal course of the business of any financing entity during the period of six months immediately preceding the date of filing this Letter of Offer with the Board.

14) Our company, promoters, directors and lead manager have not entered into any buyback or standby arrangements for any of the securities being issued through this Letter of Offer.

15) The equity shares offered through this issue shall be made fully paid up or may be forfeited for non-payment of calls within twelve months from the date of allotment of shares.

16) Our lead manager and their associates do not hold any equity shares in our company.

17) Our company has made preferential allotment of Shares on December 23, 1996 and the details of the same are given below:

| Sr. No. | Shares allotted to | No. of Shares | Issue Amount | Face Value | Issue Price |
|---|---|---|---|---|---|
| 1 | Maika Holdings Berhard | 2,400,000 | 67,200,000 | Rs. 10 | Rs. 28 |
| 2 | Industrial Venture Capital | 446,400 | 12,499,200 | Rs. 10 | Rs. 28 |
| 3 | Crimson Investments Ltd | 251,000 | 7,028,000 | Rs. 10 | Rs. 28 |
| | **Total** | **3,097,400** | **86,727,200** | | |

Our Company has complied with the relevant provisions of the regulations regarding preferential allotment of shares.

18) At any given point of time there shall be only one denomination for the Shares of our Company and we shall comply with such disclosure and accounting norms as may be prescribed by SEBI.

19) Our Company has not raised any bridge loan against the proceeds of this issue.

20) Our Company has 10,939 equity shareholders on March 31, 2010.

21) For Equity Shares being offered on rights basis under this Issue, shareholders are entitled to the allotment of one equity shares for every one equity share held.

22) Our Company has not issued any warrant, option, convertible loan, debenture or any other securities convertible at a later date into equity, which would entitle the holders to acquire further Equity Shares of Our Company.

## IV. PARTICULARS OF THE ISSUE

### (A) OBJECTS OF THE ISSUE

The net proceeds of the Issue, after deduction of Issue expenses, are estimated to be approximately Rs. 1950 Lakhs ("Net Proceeds").

***The objects of issue are as follows:-***

- To invest in EMAS Engineers and Contractors Pvt. Ltd.
- General Corporate Expenses
- To meet the Issue Expenses

The main object clause of our Memorandum of Association 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.

***Utilization of the proceeds of the Issue:***

| Sr. No. | Object of the Issue | Amount (Rs. In Lakhs) |
|---|---|---|
| 1 | Investment in EMAS Engineers and Contractors Pvt. Ltd | 1850 |
| 2 | General Corporate Expenses | 100 |
| 3 | Issue Expenses | 50 |
| | **Total** | **2000** |

***(B) Means of Finance***

The above fund requirement is proposed to be financed as under -

| Sr. No. | Means of Finance | Amount (Rs. In Lakhs) |
|---|---|---|
| 1 | Rights Issue Proceeds | 2000 |
| | **Total** | **2000** |

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

In case of variations in the actual utilization of funds earmarked for the purposes set forth above, increased fund requirements for a particular purpose may be financed through internal accruals or debt. The above fund requirements are based on the current management estimates of our company.

***Details of the Objects –***

**1. To invest in EMAS Engineers and Contractors Pvt. Ltd. to acquire 50.1% of the Equity Share Capital**

Our Company proposes to acquire and invest Rs. 1850 Lakhs of the proceeds of this Rights Issue in EMAS Engineers and Contractors Pvt. Ltd. (hereinafter referred as EMAS) by acquiring 60,24,050 Equity Shares from M/s Shriram Auto Finance.

On September 14, 2009, Our Company and Shriram Auto Finance has entered into a memorandum of understanding with EMAS Engineers and Contractors Private Limited and the promoters of EMAS Engineers and Contractors Private Limited for subscription and allotment of 60,24,050 fully paid up Equity shares having face value of Rs. 10 each at a price of Rs. 30.71 per equity share (including equity share premium of Rs. 20.71 per share) for an aggregate consideration of Rs. 1850 Lakhs. After allotment of equity shares, Our Company shall hold and control 50.10% of equity share capital of EMAS.

Shriram Auto Finance had subscribed the above referred shares in to EMAS at a price of Rs. 30.71 per share aggregating to Rs.1850 Lakhs. The terms of the said Agreement allows M/s Shriram Auto Finance to sell and transfer the said shares to our Company. For the details of M/s Shriram Auto Finance, please refer para on "Group Concerns" on page no. 94.

On November 20, 2009, Our Company has entered in to a Share Purchase Agreement with M/s Shriram Auto Finance to purchase 60,24,050 Equity shares of EMAS at a price of Rs. 30.71/- per Equity share aggregating to Rs. 1850 Lakhs.

**About EMAS Engineers and Contractors Pvt. Ltd. (Formerly known as S.S.S. Construction Pvt. Ltd.)**

EMAS Engineers and Contractors Pvt. Ltd is a Company registered under the Companies Act, 1956 with the Registrar of Companies, Tamil Nadu on August 31, 1995 in the name of S.S.S. Construction Pvt. Ltd. The name of the Company was changed to EMAS Engineers & Contractors Pvt. Ltd vide fresh Certificate of Incorporation dated November 21, 2000. The Corporate Identification Number is U45201TN1995PTC032770.

The Registered Office of EMAS is situated at Flat C, III Floor, Dev Regency, No. 6, I, Main Road, Gandhi Nagar, Adyar Park, Chennai – 600 020.

EMAS is engaged in the business of real estate development and contractor primarily having its operation in the state of Tamil Nadu, Karnataka and Andhra Pradesh. It is an ISO 9001: 2000 Company certified by TUV agency. EMAS has executed various residential, industrial and commercial projects in past.

EMAS has diversified work experience in the construction sector which include Hospitality, Industrial, commercial, Industrial, Educational and IT. The details of the major projects which are executed or being executed are as under:

***List of Few projects executed by EMAS:-*** ***(Rs. In Lakhs)***

| Sr. No. | Project Particulars | Client | Contract Price |
|---|---|---|---|
| 1 | Commercial space of Standard Chartered Grindlays Bank, Chennai - Phase II | Standard Chartered Grindlays Bank | 2190 |
| 2 | Construction of Infrastructure and associated Site Development Works for American International School, Chennai-Package & Construction of American International School, Taramani, Chennai - Package II | American International School | 2674 |
| 3 | Execution of Shell & Core Works for the Software Development Facility at Hyderabad., Road Works and Compound Wall , Shell & Core excavation for Phase II Basement works | Oracle India Private Limited Bangalore | 1776 |
| 4 | Information Technology Building called "Tek Meadows" - PHASE I & PHASE II at Sholinganallur, Old Mahabalipuram Road, Chennai | M/s.Rattha Holding Company, Chennai | 4460 |
| 5 | Construction of World Bank Group Office in Chennai | M/s. World Bank, Washington | 1671 |
| 6 | Execution of Shell & Core, water proofing and external development works - PHASE II | Oracle India Private Limited Bangalore | 4750 |
| 7 | Information Technology Park at Hyderabad | M/s Computer Associates India Pvt. Ltd | 2700 |
| 8 | Civil Works in NOKIA Industrial Park at Special Economic Zone in SIPCOT area in Sriperumbudur near Chennai | M/s JABIL Circuit India Pvt. Ltd | 2700 |

***Projects which are being executed by EMAS:-***

| Sr. No. | Projects | Area (in 000's Sq. Ft.) | Value of Contract ( Rs. in Lakhs) | Completion Date |
|---|---|---|---|---|
| 1 | Residential Building -Brent Wood & Pine Wood, Chennai | 350 | 2300 | 31.03.2010 |
| 2 | Divyashree NSL Tech Place, Raidurg, Hyderabad | 3900 | 24000 | 31.01.2010 |
| 3 | Divyashree Point, Chennai | 650 | 2700 | 31.03.2010 |
| 4 | Information Technology Building at Navalur, Chennai | 1400 | 17500 | 31.03.2010 |
| 5 | Divyashree Technopark, Bangalore | 1006.5 | 4000 | 28.02.2010 |
| 6 | Essar IT Park, Bangalore | 100 | 1172 | 31.01.2010 |
| 7 | Superstructure and balance civil works of Essar It Park Project , Bangalore | | 2878 | 30.06.2010 |
| 8 | Guest House- Sylan County at Mahindra World City | 75 | 150 | 31.01.2010 |
| 9 | Biocon Park, Bangalore | 200 | 1028 | 31.07.2010 |
| 10 | Residential development "Aquapolis" Phase I at Mahindra World City, Chennai | 450 | 6224 | 10.12.2010 |
| 11 | TICEL Bio Park - II, Chennai | 600 | 9840 | 16.09.2011 |
| | **Total** | **8731.5** | **71792** | |

EMAS has obtained LEEDs Certification for construction of Green Buildings in the country. It is one of the few companies in the country to have this capability and it has dedicated team which is well versed in the implementation of these kinds of projects.

EMAS has implemented Green building projects like the high profile World Bank office building in Chennai, for which the company was awarded a "Silver" rating on completion and the unique TZED building at Bangalore, for which the building had received the Ryutaro Hashitomo APFED Award. One of the Full time directors of EMAS, Mr. V. Seshadri is a certified LEED Auditor, who has taken interest in propagating the mission of US green building council(USGBC)- 'to change the built environment'. His association with EMAS gives it an inherent edge while bidding for Green buildings, regarded.

**Main Object Clause of EMAS**

The main object of EMAS is "to carry on business of Real Estate Development, infrastructure developers, builders and contractors for construction of all types of buildings including residential, buildings, commercial and office complexes, shopping complexes, Hotels and factories."

**Board of Directors**

The Board of Directors of EMAS consists of the following directors:

| Sr. No. | Name of Director | Designation | DIN |
|---|---|---|---|
| 1 | Ms. Uma Ventakraman | Director | 00940835 |
| 2 | Mr. M.R.Khapali | Director | 01235502 |
| 3 | Mr. S. Srinivasan | Managing Director | 00881169 |
| 4 | Ms. Sita Srinivasan | Non Independent Director | 00940753 |
| 5 | Mr. Haj Soeb Abbas Fidvi | Director | 01171665 |
| 6 | Mr. V.Suryanarayanan | Director | 02505944 |
| 7 | Mr. V.Seshadri | Director | 01172095 |

**Shareholding Pattern of EMAS as on December 31, 2009**

The details of shares held by the shareholders in EMAS are as under:

| Sr. No. | Name of Shareholders | No. of shares held | Face value | % |
|---|---|---|---|---|
| 1 | Ms. Sita Srinivasan | 29,84,016 | 10 | 24.82% |
| 2 | Mr. Srinivasan | 30,15,984 | 10 | 25.08% |
| 3 | Shriram Auto Finance | 60,24,050 | 10 | 50.10% |
| | **Total** | **1,20,24,050** | | **100%** |

**Audited Financial Performance**

The summarized Audited Financial Performance of EMAS is reproduced as under: **(Rs. in Lakhs)**

| Particulars | 2006-07 | 2007-08 | 2008-09 | Sept. 2009 |
|---|---|---|---|---|
| Total Income | 9,263.61 | 13,899.79 | 15,917.23 | 6,366.68 |
| Profit after Tax | 50.1 | 238.59 | 474.38 | 75.19 |
| Share Capital | 500 | 889.69* | 600 | 600 |
| Reserves | 586.13 | 824.72 | 1,413.97 | 1,489.16 |
| Net Worth | 1,086.13 | 1,714.41 | 2,013.97 | 2,089.16 |
| Earning Per Share (Rs.) | 1.00 | 4.77 | 7.91 | 1.25 |
| No. of Equity Shares | 5,000,000 | 5,000,000 | 6,000,000 | 6,000,000 |

* Share Capital for the year ended 31.03.2008 includes Share application money pending allotment amounting to Rs. 389.69 Lakhs.

EMAS is an unlisted Company and has not made any public issue. EMAS does not fall under the definition of a Sick Company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 nor is it under winding up. EMAS has also not been restrained from accessing the capital market for any reason by SEBI or by any other authority. For the details of litigation, please refer the Chapter on "Litigation" on page no. 104 of this Letter of Offer.

Mr. M. Hariharan, an independent Chartered Accountant, Chennai has carried out the valuation of business of EMAS Engineers & Contractors Pvt. Ltd. and has issued a valuation report of EMAS Engineers & Contractors Pvt. Ltd. dated 10.09.2009.

**Basis of valuation used in the Valuation Report of Mr. M. Hariharan, Chartered Accountant.**

The fair value of equity shares of EMAS has been derived by adopting following valuation methods.

| Method | Amount (Rs.) A | Weight (B) | Weighted Amount (A) X (B) |
|---|---|---|---|
| Value of Share as per Net Asset Value Method | 33.57 | 1 | 33.57 |
| Value of Share as per Profit Earning Capacity Value Method | 28.26 | 1 | 28.26 |
| **Total** | | **2** | **61.83** |
| **Fair Value Per Share (Rs.)** | **30.91** | | |

**Nature of benefit expected to accrue to Our Company as a result of the Investment in EMAS –**

**1)** Investment will help in undertaking the construction activity of the real estate developments which can be carried out by EMAS. This will help our company in

- Competitive pricing of its units,
- Undertaking low cost housing,
- Improving its operating margins
- Reduce dependence on other contractors.

**2)** Benefits on account of consolidation of Financial statements will accrue to our company and the shareholders of our company

**Assurance of Dividend by EMAS**

Our Company expects reasonable dividends to accrue from the investments in the EMAS.

**1. General Corporate Expenses**

We intend to deploy Rs. 100 lakhs for general corporate expenses including but not restricted to, meeting working capital requirements, strategic initiatives, additional capital expenditure, meeting exigencies and other corporate expenses.

**2. Issue Expenses:**

The total of Issue expenses are estimated to be around Rs. 50 Lakhs. The breakup of expenses is given as under:

| Sr. No. | Particulars | Amount (Rs. In Lakhs) |
|---|---|---|
| **1** | Fees of Lead Manager, Registrar, Legal Advisor, Auditors | 25 |
| **2** | Printing & Stationery, Distribution, Postage, etc. | 10 |
| **3** | Advertisement & Marketing Expenses | 5 |
| **4** | Other Expenses (incl. Filing Fees, Listing Fees, Depository Charges, etc.) | 5 |
| **5** | Contingencies | 5 |
| | **Total** | **50** |

**Schedule of Implementation**

| Sr. No. | Activity | Commencement Date | Completion Date |
|---|---|---|---|
| **1** | Investment in 50.10% Equity Capital of EMAS | - | June-July 2010 |

The objects of the Issue are proposed to be financed entirely through the net proceeds of the Issue. In case of any increase in the actual utilization of funds earmarked for the above activities, such additional funds for a particular activity will be met from a combination of internal accruals of our Company, additional equity or debt infusion. If the actual utilization towards any of the aforesaid objectives is lower than what is stated above, such balance will be used for future growth opportunities and general corporate purposes.

**Sources of Funds already deployed**

Our Company has not deployed any funds for the above objects.

**Interim Use of Funds**

Pending any use as described above, the proceeds of this Issue will be temporarily invested in interest bearing liquid instruments including deposits with banks and investments in mutual funds and other financial products, such as principal protected funds, derivative linked debt instruments, other fixed and variable return instruments, listed debt instruments and rated debentures.

## (C) BASIC TERMS OF THE ISSUE

The Equity Shares, now being issued, are subject to the terms and conditions of this Letter of Offer, the enclosed Composite Application Form ("CAF"), the Memorandum and Articles of Association of our Company, the approvals from the GOI, FIPB and RBI, if applicable, the provisions of the Companies Act, 1956, guidelines issued by SEBI, guidelines, notifications and regulations for issue of capital and for listing of securities issued by Government of India and/ or other statutory authorities and bodies from time to time, terms and conditions as stipulated in the allotment advice or letter of allotment or Security Certificate and rules as may be applicable and introduced from time to time.

## (D) BASIS FOR ISSUE PRICE

***Qualitative Factors:-***

Please see the section titled "Business Overview" beginning on Page 53 of this Letter of Offer for a discussion of our Company's strengths and strategy and the section titled "Risk Factors" beginning on Page 11 of this Letter of Offer for a discussion of internal and external risks associated with our Company's business and industry.

***Quantitative Factors:-***

***Financial Performance:***

Information presented in this section is derived from our unconsolidated financial statements prepared in accordance with Indian GAAP.

**1. Adjusted Earnings Per Share (EPS)**

| Sr. No. | Year | Amount | Weights |
|---|---|---|---|
| a | 2006-07 | 0.50 | 1 |
| b | 2007-08 | 4.06 | 2 |
| c | 2008-09 | 0.29 | 3 |
| d | Weighted Average | 1.58 | |
| | EPS for the nine months ended December 31,2009 (Not Annualized) | 0.23 | |

**2. Price Earning Ratio (P/E) in relation to the Issue Price of Rs. 20**

| Particulars of Period | Price Earning Ratio |
|---|---|
| Based on March 31, 2009 EPS of Rs.0.29 | 68.97 |

**3. Industry PE**

| Sr. No. | Particulars | Price Earning Ratio |
|---|---|---|
| a | Highest - Rajeswari Foundations Ltd. | 141.92 |
| b | Lowest - Rainbow Foundations ltd | 7.48 |
| c | Average | 74.70 |

**4. Return on Net worth**

| Sr. No. | Year | % Return on Net worth | Weights |
|---|---|---|---|
| a | 2006-07 | 6.81% | 1 |
| b | 2007-08 | 35.40% | 2 |
| c | 2008-09 | 2.43% | 3 |
| d | Weighted Average | 14.14% | |
| | **RONW for the Nine Months ended on December 31, 2009** | 1.91% | |

**5. Minimum Return on Total Net Worth after issue needed to maintain EPS of Re 0.29 is 1.83%.**

**6. Net Asset Value**

| Sr. No. | Net Asset Value | Per Share |
|---|---|---|
| A | As at 31.03.09 | 11.75 |
| B | After Issue | 15.93 |
| C | Issue Price | 20 |

**Notes:**

a. The Earnings per Share and the Return on Net Worth have been computed on the basis of the adjusted profits and losses of the respective years drawn after considering the impact of accounting policy changes and material adjustments/prior period items pertaining to the earlier years if any.

b. The denominator considered for the purpose of calculating Earnings per Share is the average number of Equity Shares outstanding during the year.

c. Net Asset Value Per Share represents Shareholder's Equity as per restated financial statements less miscellaneous expenditure as divided by number of shares outstanding at the end of the period.

***Comparison with Financial ratios of the Peer Group***

| Sr. No. | Name of the Company | Period Ended | Parameters | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | Face Value | Book Value | RONW % | EPS | P/E Ratio | Price as on 04/01/10 |
| 1 | Lancor Holdings | Mar-09 | 2 | 22.50 | - | 15.30 | 12.50 | 106.00 |
| 2 | Rainbow Foundations Ltd. | Mar-09 | 10 | 14.01 | 8.49% | 1.19 | 10.60 | 8.70 |
| 3 | Rajeswari Foundations Ltd. | Mar-09 | 10 | - | 13.06% | 0.13 | 14.83 | 18.25 |
| 4 | Vijay Shanthi Builders Ltd. | Mar-09 | 10 | 42.34 | 3.90% | 1.60 | 37.70 | 54.00 |
| 5 | Narendra Properties Ltd. | Mar-09 | 10 | 29.30 | 5.30% | 1.50 | 9.90 | 27.00 |

**(Source: Capital Market Magazine – January 11-24, 2010 and Official Web-site of BSE i.e. www.bseindia.com)**

**The Face value per share is Rs. 10/- and the issue Price of Rs. 20/- is 2 times the Face Value.**

The Lead Manager believes that the Issue Price of Rs. 20/- is justified in view of the above qualitative and quantitative parameters. The investors may want to peruse the risk factors and the financials of our Company including important profitability and return ratios, as set out in the Auditors' report starting on page no. 81 of the Letter of Offer to have a more informed view of the investment proposition.

## (E) STATEMENT OF TAX BENEFITS

**To**

**Premier Energy and Infrastructure Limited**

New No. 18/4, II Floor, Balaiah Avenue,
Mylapore,
Chennai – 600004,
Tamil Nadu.

**Dear Sirs,**

We hereby certify that the enclosed annexure states the possible tax benefits available to M/s Premier Energy and Infrastructure Limited (the "Company") and to the Shareholders of the Company under the provisions of the Income Tax Act, 1961 (provisions of Finance Act, 2010), and other direct and indirect 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 tax benefits is dependent upon fulfilling such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill.

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

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

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

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.

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

**M. Hariharan**
**Chartered Accountant**
**Membership No.: 15668**
Date: 11.05.2010
Place: Chennai

## TAX BENEFITS

The tax benefits listed below are the possible benefits available under the current tax laws in India. Several of these benefits are dependent on the Company or its Shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence the ability of the Company or its Shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives it faces in the future, it may not choose to fulfill.

### SPECIAL TAX BENEFITS

There are no such special tax benefits available to Premier Energy and Infrastructure Limited and its Shareholders.

### GENERAL TAX BENEFITS

As per the existing provisions of the I T Act and other laws, as applicable for the time being in force, the following general tax benefits and deductions are and will, inter alia, be available to the Company and its prospective shareholders. The below mentioned general tax benefits will be available to any company or its shareholders upon satisfaction of certain conditions under the relevant provisions of the I T Act and other laws.

### BENEFITS AVAILABLE UNDER THE INCOME TAX ACT, 1961

### TO THE COMPANY:

**Dividends exempt under Section 10(34)**

Dividend income (whether interim or final), in the hands of the company as distributed or paid by any other Company, on or after April 1, 2003 is completely exempt from tax in the hands of the Company, under section 10(34) of the IT Act.

**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.

**Premium Paid on Health Insurance under Section 36(1)(ib)**

In terms of section 36(1)(ib) of the Act, with effect from April 1, 2007, the amount of any premium paid by cheque by the assessee as an employer to effect or to keep in force an insurance on the health of his employees under a scheme framed in this behalf by -

- the General Insurance Corporation of India formed under section 9 of the General Insurance Business (Nationalization) Act,1972 and approved by the Central Government; or
- any other insurer and approved by the Insurance Regulatory and Development Authority established under sub-section (1) of section 3 of the Insurance Regulatory and Development Authority Act, 1999 is deductible expenditure and will accordingly apply in relation to the assessment year 2009-10 and subsequent years.

**Exemption of Long-Term Capital Gain under Section 10(38)**

According to section 10(38) of the Act, long-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 exempt from tax. However, the aforesaid income shall be taken into account in computing the Book profit and income tax payable under section 115JB.

**Preliminary Expenses under Section 35D**

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

**Exemption of Long Term Capital Gain under Section 54EC**

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, subject to a ceiling of Rs. 50 lakhs, within six months from the date of transfer. 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.

**Lower Tax Rate under Section 111A on Short-Term Capital Gains**

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 15 per cent (plus applicable surcharge and education cess).

**Lower Tax Rate under Section 112 on Long-Term Capital Gains**

As per the provisions of Section 112 of the Act, long-term gains that are not exempt under section 10(38) of the Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and 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, calculated at the rate of 20 percent 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 percent (plus applicable surcharge and education cess).

**Benefits under Section 115JAA**

Under Section 115JAA(1A) of the Act, tax credit shall be allowed of any tax paid (MAT) under Section 115JB of the Act. Credit eligible for carry forward is the difference between MAT paid and the tax computed as per the normal provisions of the Act. Such MAT credit shall not be available for set-off beyond 10 years succeeding the year in which the MAT becomes allowable.

**Minimum Alternate Tax (MAT) under Section 115JB**

Under Section 115JB of the Act, in case of a company, if the tax payable on the total income as computed under the normal provision of Income-tax Act in respect of any previous year relevant to the assessment year commencing on or after the April 1, 2001 is less than seven and one half per cent of its book profit, such book profit shall be deemed to be the total income of the assessee and the tax payable for the relevant previous year shall be seven and one-half per cent of such book profit. For Assessment Year 2009-10, if the tax payable on the total income as computed under the Income-tax Act is less than 15% of its book profit, such book profit shall be deemed to be the total income of the assessee and the tax payable shall be fifteen percent of such book profit. However, with effect from April 1,2010 i.e., in relation to the Assessment Year 2010-11 and subsequent years, if the tax payable on the total income as computed under the Income-tax Act in respect of any previous year relevant to the assessment year commencing on or after the April 1, 2010 is less than 18% of its book profit, such book profit shall be deemed to be the total income of the assessee and the tax payable for the relevant previous year shall be ten per cent of such book profit.

**BENEFITS AVAILABLE TO RESIDENT SHAREHOLDERS:**

**Exemption under Section 10(34)**

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

**Exemption of Long-Term Capital Gain under Section 10(38)**

Under Section 10(38) of the Act, long term capital gain arising to the shareholder from transfer of a long term capital asset being an equity share in the company or unit of an equity oriented mutual fund (i.e. capital asset held for the period of twelve months or more) entered into in a recognized stock exchange in India and being such a transaction, which is chargeable to Securities Transaction Tax, shall be exempt from tax.

**Exemption of Long Term Capital Gain under Section 54EC**

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, subject to a ceiling of Rs. 50 lakhs, within six months from the date of transfer. 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.

**Exemption of Long term Capital Gain under Section 54F**

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 covered by sections 10(38)) and 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.

**Lower Tax Rate under Section 111A on Short-Term Capital Gains**

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 Securities Transaction Tax shall be subject to tax at a rate of 15% plus applicable surcharge and education cess).

**Lower Tax Rate under Section 112 on Long-Term Capital Gains**

As per the provisions of Section 112 of the Act, long term gains that are not exempt under section 10(38) of the Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and 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 percent 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 percent (plus applicable surcharge and education cess).

**BENEFITS AVAILABLE TO NON RESIDENTS/ NON-RESIDENT INDIAN SHAREHOLDERS (OTHER THAN MUTUAL FUNDS, FIIS AND FOREIGN VENTURE CAPITAL INVESTORS)**

**Exemption 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.

**Exemption under Section 10(38)**

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

**Exemption of Long Term Capital Gain under Section 54EC**

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, subject to a ceiling of Rs. 50 lakhs, within six months from the date of transfer. 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.

**Exemption of Long Term Capital Gain under Section 54F**

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 covered by sections and 10(38)) and 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.

**Lower Tax Rate under Section 111A on Short-Term Capital Gains**

Under section 111A of the Act and other relevant provisions of the Act, short-term capital gains (i.e., if shares are held for a period not exceeding 12 months) arising on transfer of equity share in the Company would be taxable at a rate of 15% (plus applicable surcharge and education cess) where such transaction of sale is entered on a recognized stock exchange in India and is liable to securities transaction tax. Short-term capital gains arising from transfer of shares in a Company, other than those covered by section 111A of the Act, would be subject to tax as calculated under the normal provisions of the Act.

**Lower Tax Rate under Section 112 on Long-Term Capital Gains**

Under section 112 of the Act and other relevant provisions of the Act, long term capital gains, (other than those exempt under section 10(38) of the Act) arising on transfer of shares in the Company, would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess) after indexation. The amount of such tax should however be limited to 10% (plus applicable surcharge and education cess) without indexation, at the option of the shareholder, if the transfer is made after listing of shares.

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

Under section 115E, where the total income of a non-resident Indian includes any income from investment such income shall be taxed at a concessional rate of 20 per cent (plus applicable surcharge and education cess). Also, where shares in the company are subscribed for in convertible foreign exchange by a Non-Resident India, long-term capital gains arising to the nonresident Indian shall be taxed at a concessional rate of 10 percent (plus applicable surcharge and education cess). The benefit of indexation of cost and the protection against risk of foreign exchange fluctuation would not be available.

Under provisions of section 115F of the Act, long term capital gains (in cases not covered under section 10(38) of the Act) arising to a non-resident Indian from the transfer of shares of the Company subscribed to in convertible Foreign Exchange shall be exempt from Income tax, if the net consideration is reinvested in specified assets or in any savings certificates referred to in section 10(4B), within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted into money within three years from the date of their acquisition.

Under provisions of section 115G of the Act, it shall not be necessary for a Non- Resident Indian to furnish his return of income under section 139(1) if his income chargeable under the Act consists of only investment income or long term capital gains or both; arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax deductible at source has been deducted there from as per the provisions of Chapter XVII-B of the Act.

As per Section 90(2) of the Act, provisions of the Double Taxation Avoidance Agreement between India and the country of residence of the Non-Resident/ Non- Resident India would prevail over the provisions of the Act to the extent they are more beneficial to the Non-Resident/ Non-Resident India.

**BENEFITS AVAILABLE TO FOREIGN INSTITUTIONAL INVESTORS ('FIIs')**

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.

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

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, subject to a ceiling of Rs. 50 lakhs, within six months from the date of transfer. 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.

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 securities the company would be taxed at the following rates as per section 115 AD of the Act

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

Short term capital gains, referred to under section 111A of the Act shall be taxed @ 15 (plus applicable surcharge and education cess)

Long Term capital gains @ 10% (plus applicable surcharge and education cess) (without cost indexation)

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

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

**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.

**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.

***Notes:***

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;

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 as amended by the Finance Act, 2009 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;

This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue;

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

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

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.

**M. Hariharan**
**Chartered Accountant**

**Membership No.: 15668**

Date: 11.05.2010

Place: Chennai

## V. ABOUT OUR COMPANY

### (A) INDUSTRY OVERVIEW

*The information presented in this section has been obtained from publicly available documents from various sources including industry websites and publications and from Government estimates. Industry websites and publications generally state that the information contained therein has been obtained from sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe industry, market and Government data used in this Letter of Offer is reliable and that website data is as current as practicable, these have not been independently verified.*

***Disclaimer - Knight Frank Research:*** *Although high standards have been used in the preparation of the information, analysis, views and projections presented in this report, no legal responsibility can be accepted by Knight Frank Research or Knight Frank for any loss or damage resultant from the contents of this document. As a general report, this material does not necessarily represent the view of Knight Frank in relation to particular properties or projects.*

**Indian Economy:**

India is the world's largest democracy by population size and one of the fastest growing economies in the world. India's real GDP growth forecast is estimated to be at 6.2%. The economic performance during the first half of 2009-10 turned out to be much better than the expectations. The quick and decisive response by the RBI to tackle the adverse impact of the Global Liquidity Crisis has yielded results. The only discordant note in this growth story was struck by the poor southwest monsoon this year. Had there been no drought, the economic growth would have moved closer to the pre-crisis level. Liquidity conditions are expected to be better in the second half of 2009-10 than in the first half. This will prevent any hardening of interest rates on deposits as well as advances.

(Source: CMIE- Real GDP Estimate -13/11/09)

**Indian Real Estate Sector:**

The Indian real estate sector plays a significant role in the country's economy. The real estate sector is second only to agriculture in terms of employment generation and contributes heavily towards the gross domestic product (GDP). Almost five per cent of the country's GDP is contributed to by the housing sector. In the next five years, this contribution to the GDP is expected to rise to 6 per cent.

**(Source: -** www.ibef.org/industry/realestate.aspx)

India's real estate industry is only just recovering from a torrid examination. The excesses of the realty boom are a distant memory in the backdrop of the past year's realty crisis, of which the residential market slump was a significant symptom. As residential demand evaporated, developers were forced to implement innovative coping strategies in order to combat accumulating inventory and a severe lack of liquidity. The start of the current financial year ushered in a wave of optimism that has permeated through different sectors of the economy and revived demand sentiments. While residential prices are once again on the rise, the jolts of the past year have altered the dynamics of India's residential market. The days of plentiful luxury projects and exorbitant prices might have been consigned to history as developers are now wise to the market potential of middle class housing, or as it is fashionably branded today, affordable housing. Low cost housing is the key to addressing the housing shortage of approximately 24 million units across India, and if "affordable housing for all" becomes a reality, we might just have the realty slump to thank.

**(Source:** Q3 2009 Residential Market Review – Knight Frank)

The commercial real estate segment is showing signs of recovery in the second half of 2009. This is due to a sharp 40-50 per cent dip in rentals and realty rates, easing of liquidity conditions and the corporate sector returning to expansion mode. The leasing activity has gained momentum and there is a rise in the buy-out of office space too. Rentals and property values have stabilized or are falling at a lower pace compared to the sharp fall in January-June 2009. However, occupancy levels have still not seen a full-fledged recovery as seen in 2007-08. The commercial space is facing excess supply and even if the revival in demand sustains, it will take at least a year for the supply-demand gap to narrow. This will keep the rentals and capital values under pressure. The housing market revived during April-September 2009, with sales rising by 66.7 per cent compared to October-March 2008-09. Affordability and low interest rates led to a rise in genuine buyer-based demand. Encouraged by this trend, developers have hiked prices in recent months. Prices have gone up by 20-25 per cent from the low levels of March 2009 in metros and by 5-10 per cent in tier-II and tier-III cities. Companies are contemplating another round of price hikes. However, we believe this uptrend will not sustain. Companies were able to clear their inventories as they wooed buyers with discounts and freebies and property rates had come down to reasonable levels. Although home loan rates are low, a steep rise in property prices will drive out prospective buyers and affect the recovery.

**(Source**: CMIE)

### Q3 2009- Green Shoots of Recovery

As opposed to the previous quarter, during which the consolidation process began and prices largely stabilized, Q3'09 witnessed price increases in several micro markets around India. Moreover, this price increase was evident across premium and relatively lower end micro markets. For example, prices in the posh South Mumbai micro market increased by an average of 15% during Q3 2009. During the same period, in the significantly less expensive micro market of Andheri, prices increased by an average of 20%. Such price increases were fuelled by improved demand, particularly from the mid income segment. End user demand improved for a variety of reasons. The formation of a stable central government back in May instigated a sense of calm that was supplemented by an improving job market, cheaper home loans and continued infrastructure initiatives. The affordable housing initiative, which came to prominence as a consequence of the property slump, continued to gather momentum during Q3'09 on the back of Central Government initiatives, namely time bound income tax exemptions to developers of affordable projects and a 1% interest subsidy on loans up to Rs.1 million for properties costing up to Rs.2 million. Luxury housing demand, which obviously was adversely impacted by the realty slump, is slowly picking up again.

Although the residential market is on the upswing again, the trauma of the past year has placed the market's focus squarely on affordable housing, and the long term development of this initiative is expected to necessitate greater cognizance of consumer sentiments by developers. This has already resulted in introspection by developers, who, due to greater price sensitivity in the realty market are now being forced to justify exorbitant floor rise charges and loading. They have realized that a market slump requires greater alignment with demand dynamics. The push for affordable housing is undoubtedly the most significant silver lining of the realty slump. Developers realized that the middle class home buyers market was a huge and untapped source of demand, and they demonstrated their eagerness to tap into this market by reducing unit sizes and lowering rates of premium projects to remarket them as affordable housing projects. While the initial impetus for affordable housing might have been reactionary, several major developers are now foraying into this segment as the needs of middle income home buyers can no longer be ignored. While affordable housing has carved a niche for itself in recent times, it is understood that the government will have a significant role to play in this segment. The importance of the public private partnership model in facilitating the development of low cost housing cannot be understated.

Over the past year, the government has been proactively involved in aiding the realty sector through a series of direct and indirect measures. A series of cuts in key policy rates and the recently unveiled 1% interest rate subsidy on home loans up to Rs.10 Lakhs (for properties costing no more than Rs.20 Lakhs) are examples of measures that helped stimulate the residential market to an extent. The interest subsidy was introduced bearing in mind the positive impact of home loan rate cuts by leading finance institutions such as HDFC and ICICI Bank. The realty slowdown has brought into focus the extreme sensitivity of home buyers to interest rate movements

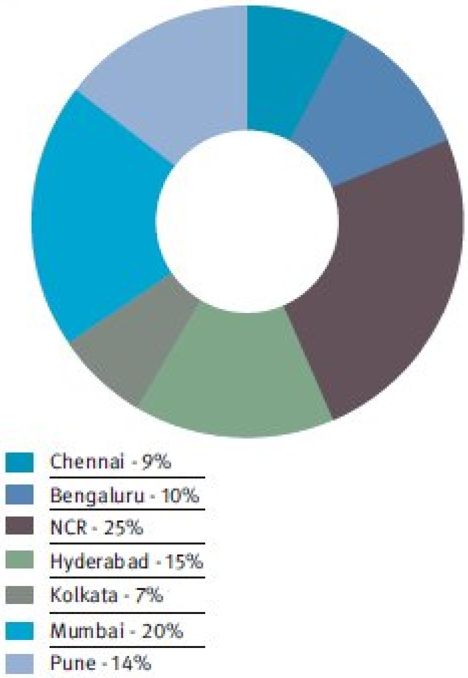
**(Source:** Q3 2009 Residential Market Review – Knight Frank)

**Future Outlook**

From now until the end of 2011, approximately 367,000 units, equating to roughly 533 mn.sq.ft. Of Grade A residential supply are expected to crop up in the seven major cities around India. Of this unit supply, NCR accounts for approximately 25% and Mumbai comprises approximately 20%. 80% of the total expected supply will be evenly distributed between 2010 and 2011. Further, roughly 75% of the total unit supply will be accounted for by 2 and 3 BHK units. During the realty boom, one might have expected to see a higher composition of 4 BHK and other premium segment units, but now, developers are mindful of the importance of smaller units to compensate for exorbitant prices. It must be noted that the total expected supply until the end of 2011 is contingent on the validity of current project completion schedules. The struggles of the past year dramatically halted the progress of India's real estate sector. The advent of a stable central government and a general improvement in India's financial climate has stabilized the sector and reinvigorated the residential market, which is witnessing increased enquiries and rising prices once again. As the real estate sector continues its emergence from the woes of FY 08-09, the importance of imbibing the lessons of hindsight and experience is paramount. Prices need to be realistically aligned with demand sentiments. The push for affordable housing, which would need to be facilitated by government intervention both on the financial and logistical fronts, will alter the profile of residential prices across India. Significant infrastructure initiatives around the country will open up new markets and alleviate the upward pressure that congestion exerts on prices. However, a city like Mumbai needs to look at how to better utilize existing land. The potential benefits of such an initiative are evidenced by the successful utilization of the NTC mill lands in Mumbai for commercial development. India's residential market is now set to embark on a different and more socially conscious path, a path that is essential in order to avoid the formation of a property price bubble such as the one that derailed the US real estate sector.

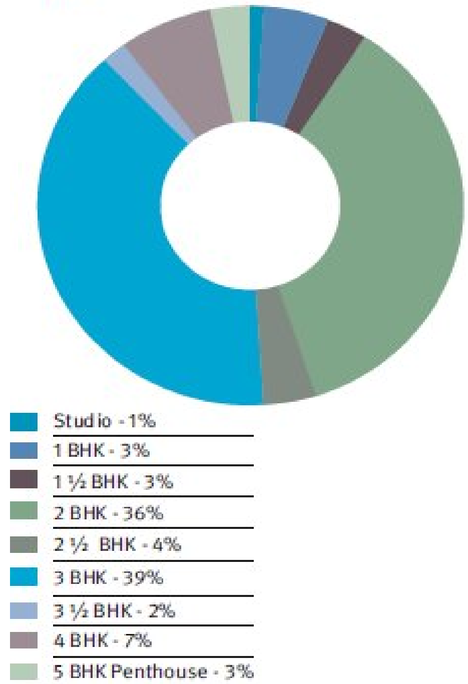
**(Source:** Q3 2009 Residential Market Review – Knight Frank)

**Distribution of Pan India Supply 2009-11 (in No. of units)**




Source: Knight Frank Research

**Unit-Wise Distribution of Pan India Supply 2009-11**




Source: Knight Frank Research

We believe that residential property prices have bottomed out and will not fall from the current levels. Prices have already risen in many locations and most developers are contemplating a fresh round of price hikes. However, we are of the view that a steep rise in prices of residential property will be unsustainable in the current economic conditions. We believe that prices should remain stable to sustain the demand for homes. Media reports indicate that residential projects that have attracted the maximum buyer interest are the ones that are reasonably priced and which involved innovative schemes like discounts and freebies. Companies reluctant to reduce prices are struggling to clear their inventories. After the rationalization of capital values in the last one year, end users are scouting the market for value deals. A sharp hike in prices of property will drive out buyers and affect the revival in the sector.

(Source: CMIE)

The real estate sector is also likely to get a boost from Real Estate Mutual Funds (REMFs) and Real Estate Investment Trusts (REITs). In fact, according to a CRISIL paper, the REITs would have the potential to hold at least 5 per cent share of the total global real estate market by 2010, the size of which would turn to US$ 1,400 billion in the next 3 years. The paper titled, 'Indian REITs; Are We Prepared', says that by 2010, REITs alone would hold a market size of US$ 70 billion of the total real estate market as its concept is gaining ground in countries like India and other developing nations. Foreign direct investment (FDI) into India in the real estate sector for the fiscal year 2008-09 has been US$ 12.62 billion approximately, according to the latest data given by the Department of Policy and Promotion (DIPP).

Budget 2009-2010, has also given sops to the realty sector. Developers of affordable housing projects (units of 1,000-1,500 sq ft) have been granted a tax holiday on profits from projects initiated in the 2007-08 financial year. Such projects would have to be completed before March 1, 2012. At the same time, the finance minister allocated US$ 207 million to grant a 1 per cent interest subsidy on home loans up to US$ 20,691, provided the cost of the home is not more than US$ 41,382. This subsidy is expected to give a further boost to the housing sector.

**(Source: -** www.ibef.org/industry/realestate.aspx)

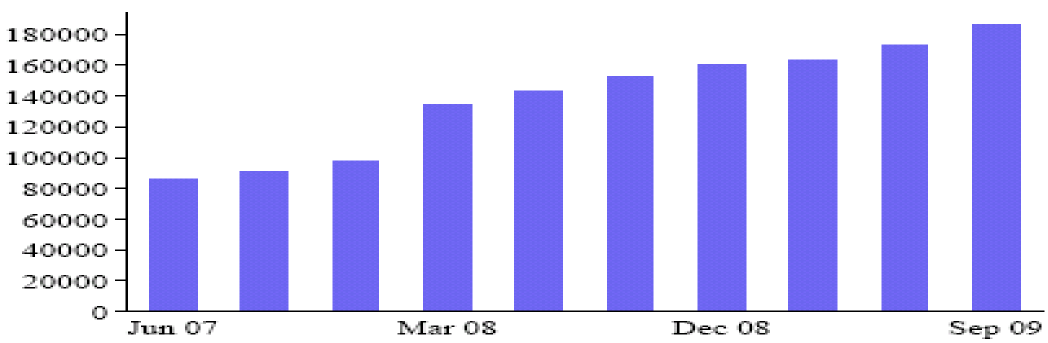
**Construction Industry:**

New order flows in the construction sector have gained momentum from the September 2009 quarter. The top eight companies in the industry which include 1) Larson & Toubro, 2) Punj Llyod, 3) Hindustan Construction, 4) Lanco Infratech, 5) IVRCL Infra, 6) Nagarjuna Construction, 7) Simplex Infrastructure, and 8) Patel Engg., announced new orders worth Rs. 22,661 crore during the quarter. New orders had shrunk to a low of Rs. 9,700 crore during the June quarter. Further, in October-November 2009, the new order announcements amounted to Rs. 12,603 crore. There has been a rise in announcements of new investments by corporate in the September quarter due to a recovery in industrial growth and easing of liquidity conditions.

The CMIE CapEx survey captured new projects worth Rs. 3.3 lakh crore in the September 2009 quarter, which had touched a 14-quarter low of Rs. 1.7 lakh crore during April-June 2009. Also, the government has increased the allocation for various infrastructure projects in the budget for 2009-10. These factors will sustain the healthy trend in order flows of the construction sector in the years to come. As on 30 September 2009, the order backlog of the top eight companies was at least two times the sales they had generated in the last one year.

We expect revenue growth to pick up in the second half, after a deceleration in the first half of 2009-10. Sales will grow by 25.7 per cent and 30 per cent respectively, in the December 2009 and March 2010 quarters. Cost pressures will ease, owing to a fall in commodity prices and low interest rates y-o-y. Profits are thus expected to grow at a faster pace of over 35 per cent in these two quarters. This will lead to an expansion in margins yo- y. We expect the double-digit revenue growth of over 20 per cent to sustain in the first half of 2010-11.

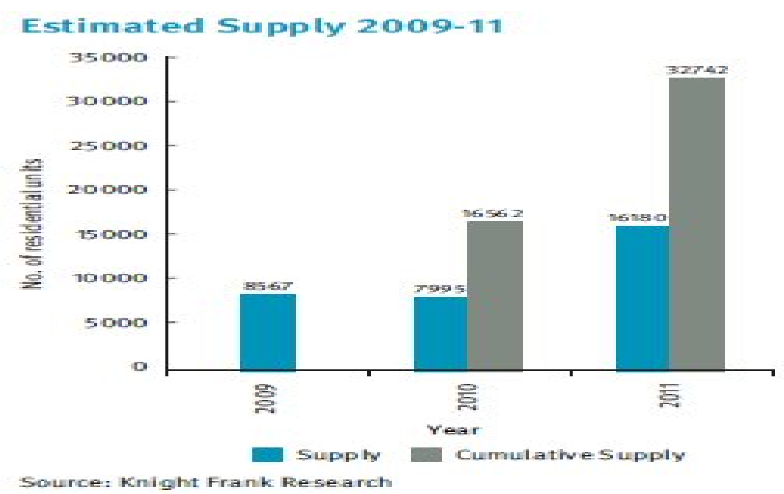
Figure 24.8 Aggregate order book position (Rs.crore)




(Source : CMIE)

**Real Estate Scenario in Chennai:**

The residential sector in Chennai is currently recovering from a price correction of close to 20% over the past year. There have been limited new residential developments in the city and most of the upcoming supply would be a result of the spill-over from earlier developments. Capital values in most residential micro-markets are stabilizing. Knight Frank Research estimates that the city will have a residential supply of about 33,000 residential units amounting to approximately 45 mn.sq.ft. by 2011. About 68% of these upcoming housing units will come up in the southern zone. Of the total supply, the share of 3 BHK apartments will be 55%. The CBD or the Central Business District continues to cater to the high income segment whereas the middle income segment would prefer the suburban and peripheral locations as they are more economical.




The residential market in Chennai is at the cusp of a change with the demand for cost effective housing units dominating the city's residential space. There is a perceptible change in the behavioral pattern of consumers. A couple of years back, most city developers focused on developing premium housing whereas today there is a gradual shift towards value oriented residential units. The changed market scenario and consumer behavior would make it necessary to reposition and restructure the premium projects.

This would mark a shift from catering to the high end segment like second home buyers, NRIs and HNIs to the middle income segment. Incentive offers like a proposed additional FSI for such projects would go a long way in furthering residential development for the middle income segment. The changed market dynamics have also prompted developers to focus on value housing whereby they concentrate on providing basic amenities, like uninterrupted power and water supply, rather than clubs and swimming pools. This can be witnessed in some of the recently announced residential projects by prominent developers in the city.

Table 12
**Chennai Major Infrastructure Developments**

| Project | Status | Remarks |
|---|---|---|
| 100 ft Bypass road connecting Madhuravoyal and Madhavaram | Expected to be completed in 2010 | The Chennai Bypass is a fully-access controlled expressway that interconnects four national highways. The first phase is 19 km six lane fully access controlled carriageway from Tambaram on the Grand Southern Trunk Road(NH 45) to Maduravoyal which lies on the Chennai -Bangalore NH4. A 3-tier interchange has also been constructed at the starting point at Irumbuliyur Highways around Chennai. Constructed as part of the National Highway Development Project to decongest the city of transiting vehicles, the expressway interconnects NH45, NH4, NH205 and NH5.The second phase include extending the bypass by 13 km from Maduravoyal to Madhavaram on the Chennai - Kolkata NH5. It also includes 2 interchanges. A clover-leaf grade separator at Maduravoyal Junction and a trumpet interchange at Madhavaram where the bypass phase II ends. |
| Outer Ring Road (ORR) from Vandalur to Tiruvottayur | Expected completion of 1st phase -2012 | The 62-km Chennai Outer Ring Road project, proposed on the outskirts of the Chennai Metropolitan Area, aims at decongesting traffic and to enable dispersal of urban growth. The ORR will connect Vandalur (NH 45) to Tiruvottiyur Ponneri Panjetty (TPP) road. The project will come up in four stages. The six-lane ORR will include a provision for a 22-metre wide corridor for public transport |
| Velachery MRTS Railway station | Expected to be completed in 2009 | Through rail network it will increase the connectivity of OMR and Velachery to the city centre. |

Source: Knight Frank Research

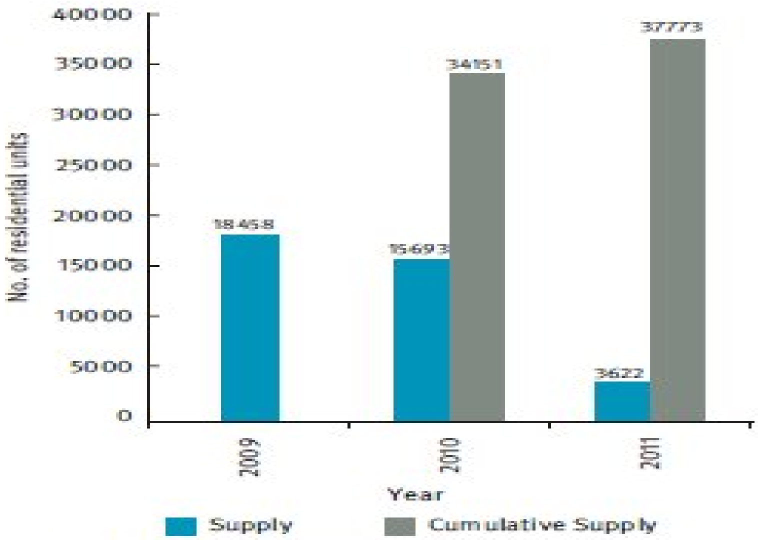
The residential development is expected to grow towards the western and southern quadrants of the city. Micro-markets such as GST Road and Rajiv Gandhi Salai in the south and locations like Sriperumbudur, Ambattur and areas off Mount Poonamallee Road towards the west are expected to generate strong residential interest over the next 3-4 years. Ambattur is poised to be a prominent micro-market for residential development in near future. Poonamallee High Road which extends up to Sriperumbudur in the west is another micro-market where residential development is expected to increase over the next couple of years. The Tamil Nadu Housing Board (TNHB) is expected to develop a satellite town in this location as a part of their city development plan. It would have all the required social infrastructure facilities like schools, healthcare centres, parks and shopping complexes along with basic infrastructure like roads, electricity and drinking water. Sriperumbudur with its strong industrial presence is expected to spawn residential development. The proposed airport on the NH-4 is also expected to entice residential development towards Sriperumbudur. In the south, micro markets like GST Road and Rajiv Gandhi Salai are expected to develop into prominent residential locations in the future. The presence of the prominent IT and hospitality developments in these micro-markets is expected to translate into bigger residential developments over the next 2-3 years. The relaxation of costal regulation zone construction rules is likely to generate a renewed interest of developers and investors along the East Coast Road. Rajiv Gandhi Salai would witness pricing pressure on account of large supply and lack of social infrastructure, which in turn would shift the focus to GST Road that boasts of a relatively stronger physical and social infrastructure in this region. The sustenance of the residential sector for the next couple of years would primarily depend on tapping into the end user market by providing them with products which cater to their preferences.

(Source: Q3 2009 Residential Market Review – Knight Frank)

**Real Estate Scenario in Bengaluru:**

The residential market in Bengaluru is currently stabilizing. Although some micro-markets are witnessing a price correction, it is less prominent now. In the aftermath of the slowdown, very limited projects have been announced in the city and most of the projected supply would be a result of the spill over from earlier residential developments. More mature residential markets are currently witnessing a revival with steady capital price appreciation since the last quarter whereas capital values in other residential markets have stabilized. Knight Frank Research estimates that the city will witness a residential supply of about 38,000 units translating to approximately 72 mn.sq.ft. between 2009 and 2011. While 53% of this supply will be in form of 3 BHK apartments, 2 BHK apartments will constitute 30% of the total supply. The southern zone at 39% share, will be the largest contributor to the supply, whereas northern and eastern zones will contribute about 26% each to the supply.

## Estimated Supply 2009-11




Source: Knight Frank Research

The residential market of Bengaluru has witnessed heightened activity in the past few years. With the increasing prominence of the city, several infrastructure projects that will have a bearing on the growth of its real estate development have been initiated. The prominent emerging residential markets are located towards the eastern and southern parts of the city.

Table 8

**Bengaluru Major Infrastructure Developments**

| Project | Status | Remarks |
|---|---|---|
| Elevated Highway between Silk board intersection and Attebelle | Expected completion in 2010 | Will provide faster connectivity from Electronic city to Koramangala thereby reducing travel time. This is expected to increase the residential potential of locations around Electronic City |
| Bengaluru Development Authority -Peripheral Ring Road (BDA-PRR) | Expected completion of Ist phase in 2012 | The first phase would improve the connectivity towards the north eastern parts of the city comprising of locations from Tumkur Road to Hosur Road which would connect Bellary Road, Old Madras Road, Varthur Road and Sarjapura Road |
| Bengaluru Mysore Infrastructure Corridor (BMIC) | Expected competion in 2011 | Will provide good connectivity to Mysore thereby increasing the residential potential of locations like Bidadi. It would provide better accessibilty to the south western micro-markets in Bengaluru .The four-lane expressway is expandable to six-lane, and alternatively the 10-mtr median can be used for a metro rail system or a high-speed train network that could connect the entire area of the project. Plans have been incorporated into the project for providing inter-modal stations along the expressway for future use of rail network. |

Source: Knight Frank Research

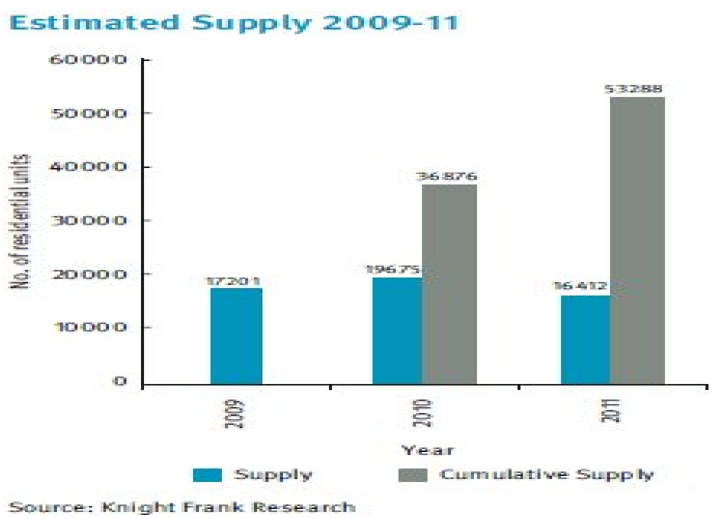
The stretch extending from Electronic City in the south towards Varathur in the east is expected to be the strongest contributor to residential development over the next 2-3 years. This stretch includes prominent locations like Kanakpura Road and Sarjapur road. Electronic City and its surrounding locations like Mysore Road have a presence of strong office development, predominantly IT space. Its connectivity to the city is expected to improve once the elevated highway is completed. Locations like Yelahanka and Doddabelapur in the north are expected to witness residential development for the lower and middle income category. The strong industrial development in the region and the lack of proper dwelling units have increased the prospect of residential development.

An evident trend in the last year has been the buyers' preference for completed projects and the ones offering value for money. Developers also responded by offering payment schemes that are deferred until possession. Affordable housing projects targeting the middle income segment will see a larger representation in the residential developments in the city. Government initiatives like reduction in stamp duty to 6% will also provide relief to the sector. The economic slump adversely affected the real estate development, which witnessed a price correction of 25-35% even in the prime locations like M.G.Road, Koramangala and Indira Nagar. However, with the turnaround in economic activity these premium markets reaped the maximum benefit by witnessing increase in capital values by 25-45% in the last 6 months i.e. March'09 and September'09. In the southern zone, the residential prices have bottomed out with a few micro-markets also witnessing a marginal price increase of 5-10%. However, a large proportion, of about 40% of the city's supply, which is due to come up in this zone will prevent meaningful price increases in the medium term.

**(Source:** Q3 2009 Residential Market Review – Knight Frank)

**Real Estate Scenario in Hyderabad:**

The global financial meltdown in the last quarter of 2008 has changed the approach of developers, who over the last year have shifted focus from premium to affordable housing. From 2009 to 2011, residential space supply of approximately 53,000 units, which equates to roughly 87 mn.sq.ft. of residential space, are expected to crop up around Hyderabad and will be evenly distributed across 2010 and 2011. Of the total expected supply until the end of 2011, approximately 50% will be accounted for by 3-BHK units and 30% by 2-BHK units. This reflects a shift to a more practical approach towards housing by developers, who due to the realty slump have become averse to the idea of luxury accommodation and are scaling down unit sizes.




Residential decline in Hyderabad was inevitable given the decline over the past year of the IT/ITES sector, which is a key demand driver for the city's residential market. Capital values in major micro-markets like Banjara Hills, Jubilee Hills, Madhapur and Gachibowli have declined by an average of 15-30 % over the past year. However, declining raw material and land prices, home loan rate concessions and the formation of a stable government have helped stabilise the residential market in India, Hyderabad included. Going forward, increasing focus on affordable housing can be expected. While there is a demand for housing within the range of Rs.1.5-3.5 million with unit sizes ranging between 700-1,500 sq.ft., there is a shortfall of projects that cater to the mid-income segment. Developers are now aware of the importance of the affordability factor and have been taking measures to reach out to middle and lower income buyers.

(**Source:** Q3 2009 Residential Market Review – Knight Frank)

**(B) BUSINESS OVERVIEW**

We are housing construction and real estate development company headquartered in Chennai. We have executed several projects in the states of Tamil Nadu, Karnataka and Andhra Pradesh. We undertake real estate development projects with business focus on residential and commercial developments.

Our company was incorporated in the year 1988 with the object of carrying on business of housing development and construction of houses and apartments. In 2008, our company has planned to venture into energy sector by developing wind farms and setting up power plants in future.

Our parent company Shri Housing Private Ltd. holds 52.35% of our equity share capital. M/s. Shriram Auto Finance (SAF) owns 100% of Shri Housing Private Limited. SAF has also promoted Shriam EPC Ltd. and Ennore Coke Ltd. which are listed companies.

***Construction, Development and Infrastructure:-***

We have completed more than 20 projects in residential and construction space with a built up area of around 9.50 Lakhs Square feet. The details of major projects executed by our company are given below:

| Year of Construction | Name of the Project | Location | Built up Area ( in Square Feet) | Value (Rs. In Lakhs) |
|---|---|---|---|---|
| | **Residential** | | | |
| 1991 - 94 | Tondiarpet | Chennai | 148771 | 605.26 |
| 1990 - 91 | Mylapore | Chennai | 11310 | 61.73 |
| 1992 - 93 | Valmiki Nagar | Chennai | 33836 | 247.53 |
| 1993 - 94 | Yeswantpur Phase 1 | Bangalore | 144000 | 619.60 |
| 1994 - 95 | Yeswantpur Phase 2 | Bangalore | 63632 | 332.69 |
| 1995 - 96 | Yeswantpur Phase 3 | Chennai | 56144 | 324.25 |
| 1996 - 97 | Yeswantpur Phase 4 | Chennai | 87960 | 620.80 |
| 1991 - 92 | Cooks Town | Bangalore | 11660 | 78.66 |
| 1994 - 95 | Basavangudi | Bangalore | 43596 | 506.34 |
| 1993 - 95 | Virugambakkam | Chennai | 55893 | 296.03 |
| 1995 - 97 | Virugambakkam II | Chennai | 34592 | 202.57 |
| 1996 - 98 | Virugambakkam II | Chennai | 47251 | 306.36 |
| 1994 - 95 | Gandhi Nagar | Chennai | 20472 | 182.55 |
| 1994 - 95 | Banjara Hills | Hyderabad | 24778 | 255.12 |
| 1996 - 98 | Gandhi Nagar II | Chennai | 13566 | 182.43 |
| 1994 - 96 | Saidapet | Chennai | 11768 | 71.65 |
| 1995 - 97 | Perambur | Chennai | 47780 | 338.21 |
| 1996 - 97 | Tambaram | Chennai | 4000 | 54.51 |
| 1997 - 99 | Mandavelli | Chennai | 10136 | 255.62 |
| | **Sub Total** | | **871145** | **5541.91** |
| | | | | |
| | **Commercial** | | | |
| 1990-91 | Surabhi Arcade | Hyderabad | 51921 | 1028.20 |
| 1998-99 | T T K Road | Chennai | 19440 | 244.02 |
| 1995-96 | Race Course Road | Chennai | 32000 | 22.00 |
| 2007-08 | Sterling Road | Coimbatore | 4100 | 60.00 |
| | Sub Total | | 75461 | 1354.22 |
| | **Grand Total** | | **949806** | **6896.13** |

Due to downturn in realty sector and global recession, we have not undertaken any new projects in last 2 years after completion of project in Sterling Road, Chennai. We expect recovery in the economy and healthy demand for housing projects targeting middle income and lower income population. We are in process of negotiation with several land owners for undertaking joint development projects in residential space.

| S. No. | Land Bank / Land Reserves | Acreage (sq.ft. million) | % of the Total Average | Estimated developable area (sq.ft. million) | % of the developable area |
|---|---|---|---|---|---|
| (i) | Land owned by the company by<br>1. Itself<br>2. through its subsidiaries<br>3. Through entities other than (1) and (2) above | <br>5919 sq.ft.<br>NIL<br>NIL | <br>100%<br>NA<br>NA | <br>8800 sq.ft.<br>NA<br>NA | <br>100%<br>NA<br>NA |
| (ii) | Land over which the company has sole development rights:<br>1. Directly by the company.<br>2. through its subsidiaries<br>3. Through entities other than (1) and (2) above<br>(Cross reference to page where details given) | NIL | NA | NA | NA |
| (iii) | Memorandum of Understanding / Agreement to acquire / letters of acceptance to which company and / or its group companies are parties, of which:<br>1. Land subject to government allocation<br>2. Land subject to private acquisition<br>(Cross reference to page where details given) | NIL | NA | NA | NA |
| (A) | Sub-total (i)+(ii)+(iii) | 5919 sq.ft | 100% | 8800 sq.ft. | 100% |

**The details of Land bank are given below**

| S.No. | Land Bank / Land Reserves | Acreage (sq.ft. million) | % of the Total Average | Estimated developable area (sq.ft. million) | % of the developable area |
|---|---|---|---|---|---|
| (iv) | Land for which joint development agreements have been entered into by:<br>1. the company directly<br>2. through its subsidiaries<br>3. Through entities other than (1) and (2) above<br>(Cross reference to page where details given) | NIL | NA | NA | NA |
| (v) | Proportionate interest in lands owned indirectly by the company through joint ventures.<br>(Cross reference to page where details given) | NIL | NA | NA | NA |
| (B) | Sub – Total (iv) + (v) | | | | |
| © | Total i)+(ii)+(iii)+ (iv) + (v) | 5919 | 100% | 8800 sq.ft. | 100% |

**Joint Development with Partners**

The company purchased 42,600 Sq. Ft. of Land on 28.06.1995 for its Project. The Land is situated at 62 & 63 Luz Church Road, Mylapore, Chennai. The company had sold part of land measuring 29,136 Sq. Ft. in 2004 and 7,545 Sq. Ft of Land in the years 2007. Remaining area of Land measuring 5,919 Sq. Ft. is owned by the Company.

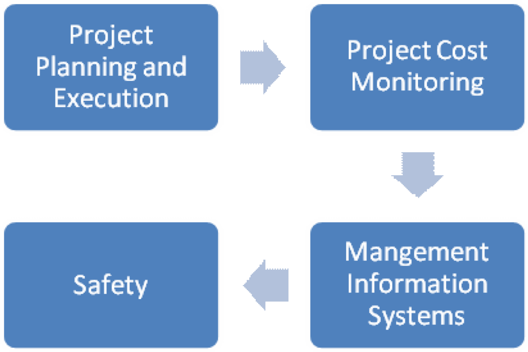
There is a litigation on the remaining area of the Land which has been disclosed in the Chapter "Outstanding Litigations and Material Developments" on page 104. The summary of all litigation are given in the Risk Factor no.1 on Page no. 11of the Letter of Offer

***EMAS Engineers and Contractors Private Limited***

Our Company and Shriram Auto Finance has entered into a memorandum of understanding with EMAS Engineers and Contractors Private Limited and the promoters of EMAS Engineers and Contractors Private Limited for subscription and allotment of 60,24,050 fully paid up Equity shares having face value of Rs. 10 each at a price of Rs. 30.71 per equity share (including equity share premium of Rs. 20.71 per share) for an aggregate consideration of Rs. 1850 Lakhs. After allotment of equity shares, Our Company shall hold and control 50.10% of equity share capital of EMAS.

In order to meet the time schedule for investment under the aforesaid MOU, Shriram Auto Finance has invested the said amount into EMAS with an agreement to transfer the said shares at the same price to our Company.

EMAS Engineers and Contractors Private Ltd. was incorporated in the year 1995 in the name of SSS Constructions Pvt. Ltd. Our Company had actively started its operations from the end of the year 2000 in the name of EMAS Engineers and Contractors Private Ltd.




***1) Project Planning and Execution:***

EMAS has independent planning team for every project underway, which develop an optimal execution plan for the project with due consideration to parameters such as delivery date, material requirement, manpower utilization and client requirements. The execution team at the site is required to adhere to this schedule with the utmost diligence.

***2) Project Cost Monitoring:***

Our Company has processes in place to monitor the project costs which is reviewed by the management. The various sub processes involved include

a) **Tenders -** A detailed analysis of Market trend, Competition strength, Competitors appetite is done for each project based on which the tender document is prepared and submitted to the management who determine the overheads and corresponding profits that need to be built in the tender

b) Once the project is awarded, budget and cost control team perform an independent assessment of expenses and revenues of the project, without consulting the tender team (involved in submission of the tender). The result of this assessment exercise is Zero Cost Budget which help in determination of the probable profit before tax compared to what was projected at the tender stage

c) After assessment of the Zero Cost budget, a Job Cost Report is prepared once in 3 months for every project currently underway and it indicates the actual expenditure incurred and the actual work done as on preparation date. For the balance work pending in each contract, a cost to completion exercise is carried out to assess the work remaining in each contract The results of two exercises are aggregated and completed with the original cost of tender to get a fair picture of financial progress of every project. Any aberrations in the project cost estimation are immediately addressed depending on nature and causes of the underlying aberrations.

***3) Strong Management Information Systems (MIS)***

A Monthly MIS meeting is held with the senior management of the team focusing on the job wise profit and loss is discussed for all the projects underway. Detailed analyses of all the important parameters are discussed and management action points for aberrations, if any, is decided ensuring a strict adherence to costs

***4) Emphasis on Safety***

In order to address the issues of safety, there is Environment, Health and Safety team. They are required to ensure adherence of safety standards at every project site. The workmen are trained and safety coordinators regularly interact with the workmen by conducting weekly meetings with them to discuss safety related issues.

For further details of EMAS Engineers and Contractors P. Ltd., please refer the Chapter on "Objects of the Issue" on page no. 34.

***<u>COMPETITIVE STRENGTHS OF OUR COMPANY</u>***

**1. Business development model**

We select a land parcel in strategic locations and enter into development agreements with land owners to acquire development rights to their land in exchange for a pre-determined portion of revenues, profits or developable area generated from the projects. We are selective in acquiring the land. This business model enables us to undertake more projects without having to invest large amounts of money towards purchase or acquisition of land. We are thereby able to limit our risk through project diversification while maintaining significant management control over our projects.

**2. Execution methodology**

We focus on the overall management of our projects, including land acquisition, project conceptualization, construction and marketing. We work with service providers which enable us to access third party design, project management and construction expertise.

3. **Good Customer reference**

Existing Customer's reference for new projects become a major marketing tool for us and we expect that we would be able to capitalize on this with our project concepts, quality and customer satisfaction.

**BUSINESS STRATEGIES:**

1) **Continue to utilize effective development model to optimize resources**

We intend to develop most of our projects through joint development agreements with land owners. We enter into revenue, profit or area sharing agreements with the land owners, instead of outright purchase of the land, which reduces our debt exposure and corresponding risk. This model has been beneficial in economic downturns and would provide stability to our business.

2) **Focus on Southern India Market:**

We have carried out projects in the southern state cities like Chennai, Coimbatore, Hyderabad and Bangalore. We would continue to focus development activities in the southern states. We believe that the economic growth in these states will result in increased demand for residential housing, as well as retail and commercial spaces. We recognize that identifying land in the select cities and acquiring them on outright basis or on joint development would be key to our business.

3) **Target Middle Income and Low income groups:**

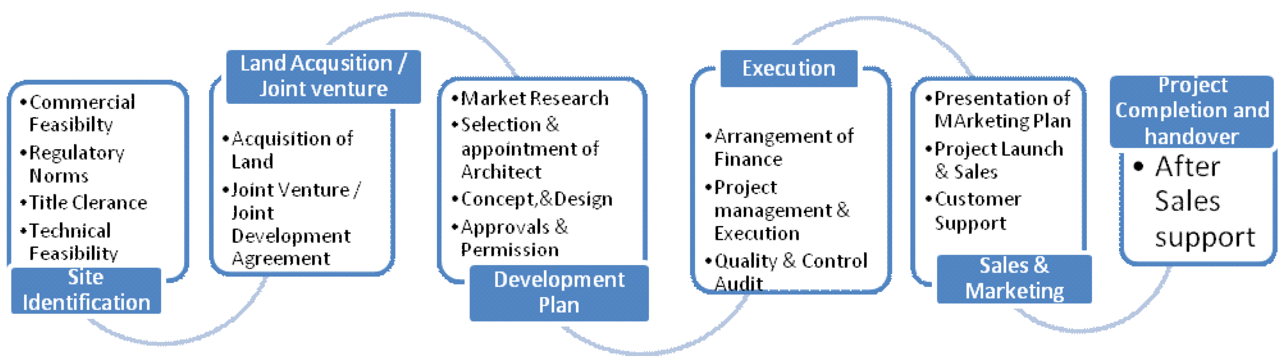
We would target development of residential properties for middle and low income groups as there is growing demand for low cost housing and housing for middle income groups as we feel there is a healthy demand for houses ranging around Rs. 12 lakhs per unit.

4) **Undertake more Civil construction projects:**

The acquisition of 50.1% of the equity capital in the civil construction company EMAS Engineers and Contractors Pvt Ltd would help company in undertaking more projects in the civil construction space and would add to company's strength in developing residential and commercial projects of our Company.

5) **Continue to focus on quality and Project delivery**

We plan to continue building our in-house design capabilities through both organic and inorganic means. These include maintaining quality standards, ensuring timely completion of the project, innovative architectural designs and concepts, providing the best of facilities by recruiting the best of manpower, architects and efficient execution of the projects.




**Project Execution Methodology**

**Land Acquisition and Development Agreements**

Land for the projects are acquired after evaluating the development potential of a location after evaluating the demographic, economic and regulatory factors. The details regarding availability of land, development regulations, planned developments and market trends specific to the locations are obtained from internal sources, property consultants and local architects. The land titles are evaluated by independent lawyers. A preliminary feasibility of the proposal is prepared based on the above information and reports. Based on the feasibility and title clearance we either acquire land on outright basis or enter into a joint development agreement with the land owners.

**Development Plan**

Regulatory approvals, environmental clearances and location specific approvals are obtained for the project. Market study is carried out to identify the area's marketability and target customers based on which a project concept is developed. An architectural brief is prepared based on the project concept which is subsequently finalised with selected architects and other external consultants.

The financial resources are firmed up for the specific project. We closely monitor the development process, construction quality, actual and estimated project costs and construction schedules.

**Collaborations**

Our Company has not entered into any collaborations or Joint Venture as on the date of this Letter of Offer.

**Sales and Marketing**

The marketing strategy is developed based on the project concept and the target customers. Customer reference, project launch, advertisements become the major tools for marketing.

**Completion and Hand-over of the Property**

The title of property is transferred to the respective buyers upon completion and sale of the units. The entire consideration from the buyers is received before the transfer of title of their units. We follow-up with customer for their feedback on our performance post - occupation of the property by them. This proves helpful in improving our services and standards.

**Our Competitors:**

We face competition from various domestic property developers. Our target market is Tamil Nadu, Karnataka and Kerala. Our competitors include real estate developers in the regions where we operate. Our key competitors include real estate developers such as Lancor Holdings, Rainbow Foundations, Rajeswari Foundations Ltd., Vijay Shanti Builders Ltd. and Narendra Properties.

**Employees**

The Manpower details as on December 31, 2009 are given below:

| Managerial | Executives | Supervisor/ Clerical | Total |
|---|---|---|---|
| 3 | 3 | 1 | 7 |

All the employees in our Company are skilled employees.

**Property:**

a) Company owns the following property:-

- Land and building bearing present door no. 640 (Old no. 228) and present door no. 643 (old no. 230), Thiruvothiyur High Road, Chennai 600 081 and present Door No. 14( Old no. 45-A), Amman Koil Street, Tondiarpet, Chennai 600 081.
- Land bearing door no. 498, Anna Salai, Teyampet, Chennai 600 035.

**Purchase of Property:**

There is no property which our Company has purchased or acquired or proposes to purchase or acquire, which is to be paid for wholly, or in part, from the net proceeds of the present Issue.

**Intellectual Property:**

Company is registered owner of the trade marks in respect of the corporate logo of our Company. For further details of our intellectual property, see the section "Government and Other Approvals" beginning on page 116 of this letter of offer.

**Insurance**

The Insurance Policies taken by our Company for insuring the assets against losses are given below:

| Name of Insurance | Description of the Property | Total Sum insured (Rs. in Lakhs) | Policy No. | Date of Commencement | Date of Expiry |
|---|---|---|---|---|---|
| ICICI Lombard General Insurance | Skoda Fabia Ambiente 1.2 MPI | 5.67 | 3001/58170231/00/000 | 16/11/2009 | 15/11/2010 |

**Health, Safety and Environment**

As a real estate development company, we are required to comply with various laws and regulations relating to the environment. We obtain approvals from various environmental agencies to ensure that our real estate projects meet the requisite environmental laws and regulations. We are committed to ensuring that high standards of health and safety are maintained in our business and that our real estate projects comply with applicable laws and regulations.

**Material Agreements**

1. On September 14, 2009, Our Company and Shriram Auto Finance has entered into a memorandum of understanding with EMAS Engineers and Contractors Private Limited and the promoters of EMAS Engineers and Contractors Private Limited for subscription and allotment of 60,24,050 fully paid up Equity shares having face value of Rs. 10 each at a price of Rs. 30.71 per equity share (including equity share premium of Rs. 20.71 per share) for an aggregate consideration of Rs. 1850 Lakhs. After allotment of equity shares, Our Company shall hold and control 50.10% of equity share capital of EMAS.
2. On November 20, 2009, Our Company has entered into a Share Purchase Agreement with Shriram Auto Finance for purchase of 60,24,050 fully paid up Equity shares having face value of Rs. 10 each at a price of Rs. 30.71 per equity share (including equity share premium of Rs. 20.71 per share) for an aggregate consideration of Rs. 1850 Lakhs. The shares would be transferred and the consideration would be paid upon successful completion of this Rights Issue.

## (C) KEY INDUSTRY REGULATIONS AND POLICIES

Our Company has to comply with certain laws applicable to its business which has been briefly discussed herein below. However, the regulations set out below are not exhaustive and is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional legal advice.

### A. CENTRAL LAWS

**Laws relating to land acquisition**

The Urban Land (Ceiling and Regulation) Act, 1976 prescribes the limits to urban areas that can be acquired by a single entity. It has however been repealed in most states and union territories in accordance with the Urban Land (Ceiling and Regulation) Repeal Act, 1999 except for Andhra Pradesh, West Bengal and Jharkhand. In state where the Urban Land (Ceiling and Regulation) Act, 1976 is still in force, there are restrictions on the purchase of large areas of land. Further, the Land Acquisition Act, 1894 provides for the compulsory acquisition of land by the central government or appropriate state government for public purposes, including planned development and town and rural planning. However, any person having an interest in such land has the right to object to such compulsory acquisition and the right to compensation.

**Land Acquisition Act, 1984**

Land holdings are subject to the Land Acquisition Act, 1984 which provides for the compulsory acquisition of land by the Central Government or appropriate State Government for public purposes, including planned development and town and rural planning. However, any person having an interest in such land has the right to object to such compulsory acquisition and has the right to compensation. Some states have their own land acquisition statutes and the Company has to abide by state legislations in those states in which it conducts its business.

**Laws relating to Transfer of Property**

**Transfer of Property Act, 1882**

The transfer of property, including immovable property, between living persons, as opposed to the transfer of property by the operation of law, is governed by the Transfer of Property Act, 1882 ("T.P. Act"). The T.P. Act establishes the general principles relating to the transfer of property, including among other things, identifying the categories of property that are capable of being transferred, the persons competent to transfer property, the validity of restrictions and conditions imposed on the transfer and the creation of contingent and vested interest in the property.

**Registration Act, 1908**

The Registration Act, 1908 ("Registration Act") has been enacted with the object of providing public notice of the execution of documents affecting transfer of interest in immoveable property. The purpose of the Registration Act is the conservation of evidence, assurances, title, and publication of documents and prevention of fraud. It details the formalities for registering an instrument. Section 17 of the Registration Act identifies documents for which registration is compulsory and includes, among other things, any non-testamentary instrument which purports or operates to create, declare, assign, limit or extinguish, whether in present or in future, any right, title or interest, whether vested or contingent, in immovable property of the value of one hundred rupees or more, and a lease of immovable property for any term exceeding one year or reserving a yearly rent. A document will not affect the property comprised in it, nor be treated as evidence of any transaction affecting such property (except as evidence of a contract in a suit for specific performance or as evidence of part performance under the T.P. Act or as collateral), unless it has been registered. Evidence of the registration is normally available through an inspection of the relevant land records, which usually contains details of the registered property. Further, registration of a document does not guarantee title of land.

**The Indian Stamp Act, 1899**

Stamp duty needs to be paid on all documents specified under the Indian Stamp Act, 1899 ("Stamp Act") and at the rates specified in the Schedules thereunder. The rate of stamp duty varies from state to state. The stamp duty is payable on instruments at the rates specified in Schedule I of the said Act. The applicable rates for stamp duty on these instruments, including those relating to conveyance, are prescribed by state legislation. Instruments chargeable to duty under the Stamp Act which are not duly stamped are incapable of being admitted in court as evidence of the transaction contained therein. The Stamp Act also provides for impounding of instruments which are not sufficiently stamped or not stamped at all. Easementary rights may be acquired or created by (a) express grant; or (b) a grant or reservation implied from a certain transfer of property; or (c) by prescription, on account of long use, for a use of twenty years without interruption. However, in accordance with the provisions of the Constitution of India, states are also empowered to prescribe or alter stamp duty payable on such documents executed within the states.

**The Indian Easements Act, 1882**

The law relating to easements is governed by the Easements Act, 1882 ("Easements Act"). The right of easement is derived from the ownership of property and has been defined under the Easements Act to mean a right which the owner or occupier of land possesses for the beneficial enjoyment of that land and which permits him to do or to prevent something from being done in respect of certain other land not his own. Under this law an easement may be acquired by the owner of immovable property, i.e. the dominant owner, or on his behalf by the person in possession of the property. Such a right may also arise out of necessity or by virtue of a local custom. Easementary rights may be acquired or created by (a) express grant; or (b) a grant or reservation implied from a certain transfer of property; or (c) by prescription, on account of long use, for a use of twenty years without interruption.

## B. LAWS RELATING TO THE STATE OF TAMIL NADU

Some of the important legislations enacted by the State of Tamil Nadu related to our business are provided below.

**Tamil Nadu Town and Country Planning Act, 1971 ("TNTCP Act")**

The main objective of the TNTCP Act is to regulate planned growth of land use and to develop and execute town planning schemes in the State of Tamil Nadu. The TNTCP Act notifies the areas, constitution of authorities like Chennai Metropolitan Development Authority, preparation and implementation of master plan and detailed development plan and enforcement of development control regulations. The development plan/master plan specifies the usage of land within the local area which provides for allotment or reservation of land for residential, commercial, industrial and agricultural purposes for parks and open spaces, major streets, airport and canals, area reserved for further developments, expansion and for new housing. The plans may also include detailed development of specific areas for housing, shopping, industries, the height, and number of storeys and size of the building. This TNTCP Act further provides for the preparation of a "regional plan" which is a tool to integrate the urban and the rural areas. The TNTCP Act has resulted in a situation whereby a developer has to submit two applications and obtain two permissions. The first permission is the planning permission under the TNTCP Act and the second permission for building license, layout from the relevant licensing authorities.

The land use and planning/development activities in municipal areas (urban/local) is controlled and regulated by the local body authorities (municipalities) under the provisions of the Tamil Nadu Urban Local Bodies Act, 1998 and in panchayat areas by the Panchayat Authorities (Panchayat Board) under the provisions of the Tamil Nadu Panchayats Act, 1994.

**Chennai Metropolitan Development Authority ("CMDA")**

The CMDA is an authority constituted under the TNTCP Act. The purpose of establishing the CMDA is to plan, co-ordinate and supervise the proper and orderly development of the "Chennai Metropolitan area". The CMDA co-ordinates and monitors projects executed through Government agencies, Non-Governmental organizations and community based organizations.

**Tamil Nadu District Municipalities Act, 1920 ("TNDM Act")**

The TNDM Act was established to consolidate and amend the laws, relating to the establishment of "municipal corporations" in the State of Tamil Nadu except in Chennai. Under the TNDM Act, the construction industry is regulated by the municipal office which imposes mandatory requirements such as obtaining of approvals, compliance with building bye-laws, regulation of future constructions, etc.

**Tamil Nadu District Municipalities Building Rules, 1972 ("TN Building Rules")**

The TN Building Rules are applicable to the whole area which has been declared as municipality under the TNDM Act. These rules apply to all building activity within the jurisdiction of the body mentioned above and prescribe the conditions for construction of a building, including restrictions on the minimum building plot size along the abutting roads in all new developments areas and layouts, height and set back of buildings etc. Every application to construct or reconstruct or for alteration to existing buildings is to be made to the relevant sanctioning authority in the prescribed form and accompanied by the prescribed documents.

**Chennai City Municipal Corporation Act, 1919 ("CCMC Act")**

The CCMC Act was established to consolidate and amend the laws, relating to Municipal affairs in the city of Chennai. Under the CCMC Act, the construction industry is regulated by the municipal office who impose mandatory requirements such as approvals, building bye-laws, regulation of future constructions, etc

**Tamil Nadu Apartment Ownership Act, 1994 ("TNAO Act")**

Every owner of an apartment in the State of Tamil Nadu is required to execute a declaration to adhere to the provisions of the TNAO Act. The TNAO Act states that the administration of every building shall be bound by its building regulations under the municipal laws, TNTCP Act and own bye laws.

**Tamil Nadu Fire Services Act, 1985 ("TNFS Act")**

The maintenance of fire services in the State of Tamil Nadu is regulated by the provisions of the TNFS Act. The primary function of the fire and rescue services department is to save life and property of the public from fire and other accidents. The fire and rescue services department also provides advice on fire protection measures for high-rise buildings, factories, places of public resort, fairs and festivals. Any person proposing to construct a high raised building or a building proposed to be used for any other purpose other than residential purpose should apply for approval from the concerned authority.

## C. LAWS SPECIFIC TO STATE OF KARNATAKA

Some of the important legislations enacted by the State of Karnataka related to our business are provided below.

**Karnataka Town and Country Planning Act, 1961 ("KTCP Act")**

The main objective of the KTCP Act is to regulate planned growth of land use and to develop and execute town planning schemes in the State of Karnataka. The KTCP Act operates through planning authorities constituted under the KTCP Act for every local planning area and such areas are to be governed by its own local bye laws, rules and/or regulations. Every local planning authority is required to create a master plan and to ensure that all activities carried out are done in accordance with the master plan.

**Bangalore Development Authority Act, 1976 ("BDA Act")**

The BDA Act was enacted for the establishment of a development authority to provide for the development of the city of Bangalore (as defined in the BDA Act) and areas adjacent to it. The BDA is established as the local planning authority for the local planning area for the city of Bangalore.

**Bangalore Metropolitan Region Development Authority Act, 1985 ("BMRDA Act")**

The BMRDA Act was enacted for the purpose of establishing the BMRDA to plan, co-ordinate and supervise the proper and orderly development of the Bangalore metropolitan region (as defined in the BMRDA Act). Any development in the jurisdiction of BMRDA requires the prior permission of the BMRDA.

**Karnataka Municipal Corporation Act, 1976 ("KMC Act")**

The KMC Act was established to consolidate and amend the laws, relating to the establishment of municipal corporations in the State of Karnataka. Under the KMC Act a corporation is established based on certain criteria, which include the population of the area and the density of the population. Under the KMC Act, the construction industry is regulated by the Municipal Corporations which impose mandatory requirements such as approvals, building bye-laws, regulation of future constructions, etc. The KMC Act empowers municipal corporations to make bye laws for the use of sites and buildings and for all matters that are required or allowed to be carried on under the KMC Act.

**Karnataka Land Revenue Act, 1964 ("KLR Act")**

Though the KLR Act was enacted in order to consolidate and amend the laws relating to land and the revenue administration in the State of Karnataka, the KLR Act regulates the use of agricultural land for non agricultural purposes. Under the KLR Act, permission of the relevant Deputy Commissioner should be obtained by the owner of any agricultural land in order to convert the use of such land for any other purpose. In areas earmarked as "green belt areas", there are greater restrictions placed on usage and prior consent of the relevant authority is needed if the activity sought to be carried out is other than certain permitted activities such as construction of places of worship, hospitals, libraries, sports clubs and cultural buildings.

**Bangalore Mahanagara Palike Building Bye Laws - 2003 ("BMP Bye Laws")**

All land use and real estate development within the jurisdiction of the Bruhat Bangalore Mahanagara Palike ("Authority") requires compliance with the BMP Bye Laws. There are about 100 wards in Bangalore to which the BMP Bye Laws are applicable at present. The BMP Bye Laws classify land use as (i) residential (ii) commercial (retail and wholesale business) (iii) industrial (iv) public and semi public use (v) parks, open spaces and playgrounds (vi) transport and communication (vii) utilities and services (viii) agricultural zone. The construction of residential buildings is permitted in the commercial (retail business) zone. Every person who intends to construct, erect, re-erect a building or make material alterations to a building is required to obtain a license from the commissioner of the Authority under Part II of the BMP Bye Laws by submitting the prescribed documents. The specifications mentioned in the BMP Bye Laws must be complied with in respect of the building proposed to be constructed. In relation to the construction of any building, inter alia, the conditions regarding the FAR, (i.e. „quotient obtained by dividing the total covered area of all the floors by the area of the plot?) and the "set back line" (i.e. a line prescribed beyond which nothing can be constructed towards the plot boundary except those not included under the definition of coverage) set out in the BMP Bye Laws have to be complied with and will be considered by the Authority before it grants a license for construction. Upon grant of a license by the Authority the construction of the building must commence within a period of two years from the date of grant of the license. Upon completion of construction, the Authority will issue a completion or occupancy certificate for the building after the physical inspection of the building to verify that the construction is in compliance with the approved plans and specifications.

**Bhoomi Program**

Pursuant to the computerisation of land records ("CoLR") scheme initiated by the Government of India, the State of Karnataka implemented the Bhoomi Program. The objectives of the Bhoomi program are to computerise the ownership and plot wise details of the land records, facilitate the easy maintenance and updation of changes occurring in land holdings. Computerisation has been done to ensure long term preservation of land records that are tamper proof and which can be maintained, reproduced and retrieved efficiently at low cost. By March 2002, the computerisation of the land records in the entire State of Karnataka was completed, which involved digitisation of nearly 20 million land records and further validation by 10,000 village accountants who were traditionally entrusted with custody and maintenance of the land records. After the implementation of the Scheme, farmers were issued printed copies of computerized records of Rights, Tenancy and Crop Inspection certificate (RTC) for a modest fee of Rs. 15 and issue of manual certificates has been banned. These computer-generated documents have statutory authority, and can be used for judicial and financial purposes. The Bhoomi program has been provided with fingerprint biometrics to ensure foolproof authentication. The Bhoomi databases at the taluk offices have been consolidated at the state data centre. Therefore the replication and consolidation of databases takes place on a daily basis which enables delivery of land records through the internet. Further, the offices of the registration department have been electronically linked to Bhoomi offices in the taluka thus transferring electronic data to the Bhoomi database. Computerisation has also led to other benefits such as laying down standard processes like First in First out (FIFO) for disposal of mutation applications and reducing the discretionary power of government officials.

**Karnataka Apartment Ownership Act, 1972 ("KAO Act")**

The KAO Act relating to the ownership of Apartments was enacted to provide for ownership of an individual apartment in a building and to make it heritable and transferable. The Act permits exclusive ownership and possession of an apartment. The owner is required to submit a Declaration and a Deed of Apartment which have to be signed and registered so as to be governed under the Act.

**Karnataka Ownership Flats (Regulation of the Promotion of Construction, Sale, Management and Transfer) Act, 1972**

As a matter of regulating the matters connected with the promotion, development, construction, sale and management of all types of flats (including industrial, commercial and residential). It deals in detail with the duties of the developer, the manner of booking a flat under construction, etc.

**Karnataka Stamp Act, 1957 ("KSA")**

Stamp duty on instruments in the state of Karnataka is governed by the KSA. The KSA levies stamp duty on documents/ instruments by which any right or liability is, or purports to be, created, transferred, limited, extended, extinguished or recorded. Some of the instruments on which the KSA levies stamp duty include instruments for conveyance of land, lease of immoveable property, powers of attorney etc. All instruments chargeable with duty and executed by any person are required to be stamped adequately. Instruments not duly stamped are incapable of being admitted in court as evidence of the transaction in question. The State Government has the authority to impound insufficiently stamped documents. The KSA prescribes a penalty not exceeding ten times the amount of duty payable in respect of the instrument which is insufficiently stamped.

The stamp duty payable on conveyance of immoveable property in the State of Karnataka is six %, plus other additional duties and is subject to revision by the government from time to time.

**D. LAWS SPECIFIC TO STATE OF ANDHRA PRADESH**

Some of the important legislations enacted by the State of Andhra Pradesh related to our Business are provided below.

**Andhra Pradesh Agricultural Land (Conversion for Non-Agricultural Purposes) Act, 2006 ("APALCAP Act")**

APALCAP deals with conversion of agricultural land to non agricultural use. As per APALPT Act no agricultural land can be put to non agricultural use without the prior permission of the concerned officer authorized under APALPT Act. Any owner converting agricultural land for non-agricultural use is required to pay a conversion fee as prescribed. Further APALPT Act prescribes penalty on the persons/owners who put the agriculture land to non agriculture use without the prior permission of the concerned officer authorised under APALPT Act. APALPT Act also provides exemptions to certain lands. It is pertinent to note that the government authorities dealing with issue of sanctioned layouts do not issue permissions for construction without the mandatory land conversion certificate.

**Andhra Pradesh Town Planning Act, 1920 ("APTP Act")**

APTP Act provides for preparation of planning schemes for the development of town to secure their present and future inhabitants sanitary conditions, amenity and convenience including and not limited to improvement of roads, reservation of land for streets, roads, schools, gardens, recreation grounds, market, hospital, communication, construction and demolition of building and structures, transport facilities, water supply, lighting, drainage, surface drainage and sewage disposal, in the state of Andhra Pradesh.

**E. Laws relating to employment**

The employment of construction workers is regulated by a wide variety of generally applicable labour laws, including the Contract Labour (Regulation and Abolition) Act, 1970, the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965, the

Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996, the Payment of Wages Act, 1936 and Workmen (Regulation of Employment and Condition of Service) Act, 1979 etc.

**F. Environmental Regulations**

The three major statutes in India, which seek to regulate and protect the environment against pollution, related activities in India are the Water (Prevention and Control of Pollution) Act 1974, the Air (Prevention and Control of Pollution) Act, 1981 and the Environment Protection Act, 1986. The basic purpose of these statutes is to control, abate and prevent pollution. In order to achieve these objectives, PCB which are vested with diverse powers to deal with water and air pollution, have been set up in each state. The PCBs are responsible for setting the standards for maintenance of clean air and water, directing the installation of pollution control devices in industries and undertaking investigations to ensure that industries are functioning in compliance with the standards prescribed. These authorities also have the power of search, seizure, and investigation if the authorities are aware of or suspect pollution. In addition, the MoEF looks into Environment Impact Assessment ("EIA"). The MoEF receives proposals for expansion, modernization and setting up of projects and the impact which, such projects would have on the environment is assessed by the above mentioned MoEF before granting clearances for the proposed projects. Under Sections 3(1) and 3(2)(v) of the EPA, the Coastal Regulation Zone Notification 1991 ("CRZ Notification"), was formulated, declaring Coastal Stretches as Coastal Regulation Zone ("CRZ") and regulating activities in the CRZ. Clauses 2(xi) and 2(xii) of the aforesaid notification impose prohibitions on construction activities in ecologically sensitive areas as specified in the CRZ Notification and any construction activity in the prescribed coastal area, except facilities for carrying treated effluents and waste water discharges into the sea, facilities for carrying sea water for cooling purposes, oil, gas and similar pipelines and facilities essential for activities permitted under the aforesaid notification. The Ministry of Environment and Forests on May 1, 2008, has published a draft of the Coastal Management Zone Notification, 2008 ("CMZ Notification") with a view to bring into force a new framework for managing and regulating activities in the coastal and marine areas and conserving and protecting the coastal resources, the coastal environment and the coastal population. The proposed CMZ Notification includes various amendments that have been made to the CRZ Notification from time to time. The said draft of the CMZ Notification will be considered by the Central Government and will supersede the existing CRZ Notification once it is brought into force.

## (D) HISTORY OF OUR COMPANY AND OTHER CORPORATE MATTERS

### 1. *HISTORY AND BACKGROUND*

#### a) *Incorporation & Ownership:-*

Our Company was originally incorporated as Premier Housing and Industrial Enterprises Limited on March 25, 1988 as a Public Limited company under the Companies Act, 1956 and obtained the certificate for commencement of business on June 30, 1988 from the Registrar of Companies, Tamil Nadu. Subsequently, the name of our Company was changed to 'Premier Energy and Infrastructure Limited' vide special resolution passed through Postal Ballot on February 24, 2008 and fresh certificate of incorporation was obtained on May 9, 2008, to reflect the nature of the business proposed to be carried out by our Company, i.e. activities relating to the power generation sector (by both Conventional and Non conventional methods) & Infrastructure business. The Registration number of our Company is 18-15521 and CIN (Corporate Identity Number) is L45201TN1988PLC015521.

With a view to pursue housing construction business, PEIL made its maiden public issue in December 1989 and was listed at Bombay Stock Exchange Ltd., Madras Stock Exchange Ltd., Ahmedabad Stock Exchange Ltd. and Bangalore Stock Exchange Ltd. We had applied for voluntary delisting of our shares from Ahmedabad Stock Exchange and were delisted w.e.f. March 9, 2010.

The Hon'ble Madras High Court had in its order dated March 3, 2008, sanctioned the Scheme of Amalgamation between Premier Housing and Industrial Enterprises Limited (now Premier Energy and Infrastructure Limited) being the Transferee Company and Rayala Office Equipments Private Limited being the Transferor Company. The transferor company was a wholly owned subsidiary of the transferee company.

Subsequently, in the year 2008, the change in the controlling interest took place and PEIL was taken over by Shri Housing Private Limited. In March 2008, Shri Housing Private Limited entered into two separate Share purchase agreements with the erstwhile promoters and others and made an open offer in compliance with the SEBI (SAST) Regulations, 1997 and took over the controlling interest of our Company. Shri Housing Pvt. Ltd. had also proposed to join the subsisting promoters of PEIL who were not parties to the said Share Purchase Agreement in the ownership and control of our Company.

**Changes in the Memorandum of Association**

Since our incorporation the following changes have been made in our Memorandum of Association:

| Particulars of Change | Date of General Meeting | Effective date of change |
|---|---|---|
| **1. Change in Name** | | |
| Change in name from Premier Housing and Industrial Enterprises Limited to 'Premier Energy and Infrastructure Limited' | Through postal ballot by shareholders on 23rd February, 2008 | 23rd February, 2008 |
| **2. Change in Authorized Capital** | | |
| Increase in Authorized Capital from Rs. 3,50,00,000 divided into 35,00,000 Equity shares of Rs. 10/- each to Rs. 4,50,00,000 Divided into 45,00,000 Equity Shares of Rs. 10/- each | Special resolution 6th July 1992 | 6th July 1992 |
| Increase in Authorized Capital from Rs. 4,50,00,000 divided into 45,00,000 Equity shares of Rs. 10/- each to Rs. 8,00,00,000 Divided into 80,00,000 Equity Shares of Rs. 10/- each | Extra ordinary General Meeting held on 6th July 1992 | 6th July 1992 |
| Increase in Authorized Capital from Rs. 8,00,00,000 divided into 80,00,000 Equity shares of Rs. 10/- each to Rs. 16,00,00,000 divided into 1,00,00,000 equity shares of Rs. 10/- each and 6,00,000 cumulative and Non Cumulative Redeemable Preference shares of Rs. 100 Each | Extra ordinary General Meeting held on March 28, 1996 | 28th March 1996 |
| 1. Reclassification of Authorized Capital of Rs. 16,00,00,000 divided into 100,00,000 Equity shares of Rs. 10/- each and 6,00,000 cumulative and Non Cumulative Redeemable Preference shares of Rs. 100 Each to Rs. 16,00,00,000/- divided into 1,60,00,000 Equity shares of Rs. 10/- each. | Through postal ballot by shareholders on 23rd February, 2008 | 23rd February, 2008 |

| | | |
|---|---|---|
| 2. Increase in Authorized Capital from Rs. 16,00,00,000 divided into1,60,00,000 Equity shares of Rs. 10/- each to Rs. 25,00,00,000 divided into 2,50,00,000 equity shares of Rs. 10/- each by creation of 90,00,000 Equity shares of Rs. 10/- each. | | |
| Increase in Authorized Capital from Rs. 25,00,00,000 divided into 2,50,00,000 equity shares of Rs. 10/- each to 27,00,00,000 divided into 2,70,00,000 equity shares of 10/- each. on account of merger | On 3rd March 2008 | On 3rd March 2008 |
| **3. Change in Objects Clause** | | |
| Approval u/s 149(2A) vide special resolution (Clause 69 under Other Object) | AGM held on 19th September 1994 | 19th September 1994 |
| Approval u/s 149(2A) vide special resolution (Clause 70 under Other Object) | AGM held on 22nd September 1995 | 22nd September 1995 |
| Change in objects clause pursuant to section 17 vide special resolution through postal ballot (Clause 2 to 5 of the objects clause) | Through postal ballot by shareholders on 23rd February, 2008 | 23rd February, 2008 |

**Changes in our Registered Office**

Our Registered office is situated at II Floor, 18/4 Balaiah Avenue, Mylapore, Chennai, Tamil Nadu - 600004, India. Since incorporation following changes have taken place in our registered office:

| From | To | Date of passing of Resolution |
|---|---|---|
| 5C Shanti Towers, 58 Luz Church Road, Mylapore, Chennai- 600 004 | Khivraj Complex- 2(II Floor) 480/4 Anna Salai, Nandanam, Chennai - 600 035 | 14th April 1990 Board Resolution |
| Khivraj Complex- 2(II Floor) 480/4 Anna Salai, Nandanam, Chennai - 600 035 | Karumuttu Centre V Floor Old No. 498 Anna Salai, Nandanam, Chennai- 600 004 | 14th November 1992 Board Resolution |
| Karumuttu Centre V Floor Old No. 498 Anna Salai Nandanam, Chennai- 600 004 | Old No. 4, New No. 17, II link Street, CIT Colony, Mylapore, Chennai 600 004 | Board Resolution dated 29th April, 2000 |
| Old No. 4, New No. 17, II link Street, CIT Colony, Mylapore, Chennai 600 004 | II Floor, 18/4 Balaiah Avenue, Mylapore, Chennai, Tamil Nadu - 600004, India. | Board Resolution dated 29th October 2008. |

b) ***Major Corporate events in the history of our Company is as follows:-***

| Year | Major events |
|---|---|
| December 1989 | Our company came out with the maiden public issue of 18 lakhs equity shares of Rs. 10/- each at par. The equity shares of our company were listed on Bombay Stock Exchange (BSE), Madras Stock Exchange Limited (MSE), Ahmedabad Stock Exchange Limited (ASE) and Bangalore Stock Exchange Limited (BgSE) |
| October 1992 | Our Company came out with its rights issue of 36.22 Lakhs equity shares of Rs. 10 each at premium of Rs. 15 per share aggregating to Rs. 905.62 Lakhs |
| 1997- 98 | Our Company faced liquidity pressure on account of the following:<br>1) Acquisition of valuable properties in the city with large investment just before the recession in the Real Estate business.<br>2) High borrowing cost and slow turnaround of projects in view of sluggish market for Real Estate which affected all builders in India.<br>3) No appreciation in value of property during the period. |
| March 2000 | On a creditors petition, the High Court of Madras passed an ex-parte winding up order on 16th March, 2000. |
| July 2002 | The Equity Shares of our Company de-listed from the Bombay Stock Exchange Ltd [BSE] vide notice no: 124213 / 02 with effect from 3rd July, 2002 due to an ex-parte winding up order by Hon'ble High Court, Madras. |

| | |
|---|---|
| 2003 | On obtaining a stay against the winding up order, our Company, filed a Scheme of Arrangement with its creditors under Section 391 of the Companies Act 1956 with the Hon'ble High Court, Madras. |
| 2000-2004 | Due to Ex-parte order, our Company was not in operation from date of the winding up order till approval of the Scheme by the High Court of Madras. |
| 2004 | The scheme of arrangement was accepted by the creditors of our Company. The Hon'ble High Court vide its order dated 3rd February 2004 permanently stayed the winding up order of 16th March 2000 and passed orders sanctioning the Scheme of Arrangement to be implemented within three years from the date of sanction of the said scheme. |
| February 2008 | The object clause of PEIL was altered on February 23, 2008 with a view to undertake business of Power generation by both conventional & Non- Conventional method and other Infrastructure business. The name of our Company was also changed to Premier Energy and Infrastructure Limited w.e.f 9th May 2008 to reflect the present business activities. |
| March 2008 | The Hon'ble Madras High Court has in an order dated March 3, 2008, sanctioned the Scheme of Amalgamation between Premier Housing and Industrial Enterprises Limited (now Premier Energy and Infrastructure Limited) being the Transferee Company and Rayala office Equipments Private Limited being the Transferor Company |
| December 2008 | Shri Housing Pvt. Ltd. has taken over PEIL through Share Purchase Agreement between the erstwhile promoters and other Sellers and made an open offer and complied with the SEBI (SAST) Regulations, 1997 |
| September 2009 | Our shares were relisted on BSE w.e.f. September 04, 2009 vide its letter dated August 31, 2009 after completing the formalities as envisaged by BSE. |

c) ***Listing***

The equity shares of our company are listed on BSE, MSE and BgSE. We had applied for voluntary delisting of our shares from Ahmedabad Stock Exchange and were delisted w.e.f. March 9, 2010 vide letter no. ASEL/2009-10/1398 dated March, 08, 2010.

d) ***Corporate Profile***

For details regarding corporate profile, refer to the section titled 'Business Overview' beginning on page 67 of this Letter of Offer.

e) Our company is not operating under any injunction or restraining order.

f) The technology, Market, managerial competence and capacity built up: Not Applicable

**Details of acquisition of business / undertakings, mergers, amalgamation, revaluation of assets etc.**

Rayala Office Equipments Private Limited, a wholly owned subsidiary of our company was merged with our Company on March 3, 2008.

**Revaluation of Assets:**

Our Company has revalued its assets on March 31, 2009. The details of revaluation are given below

| Sr. No. | Assets | Value of Gross Block of Assets before Revaluation | Value of Gross Block of Assets after Revaluation | Revaluation Amount |
|---|---|---|---|---|
| 1 | Buildings* | 1,41,41,535 | 5,06,25,432 | 36,483,897 |
| 2 | Machinery | 12,38,879 | 11,63,734 | (75,145) |
| 3 | Vehicles | 14,02,460 | 11,23,044 | (2,79,416) |
| 4 | Assets given on Lease – Machinery | 6,74,93,962 | 5,23,03,770 | (1,51,90,192) |
| | **Total** | **8,42,76,836** | **10,52,15,980** | **2,09,39,144** |

* The buildings have been revalued based on the valuation report of M/s. B. Venkatramani, Chartered Engineers and Registered Valuers dated March 30, 2009.

g) **Number of Members**

Our company has 10,939 Shareholders as on March 31, 2010.

## 2. ***MAIN OBJECTS OF OUR COMPANY***

The Main objects for which our Company is established, as set out in its Memorandum of Association inter alia include:

i) To carry on the business as Developers, Builders, Contractors and Decorators of Dwelling Houses, Residential Complexes and Flats, Commercial Complexes, Cinema Houses, Bus stands, Airports, Seaports, Railway station and Buildings for Government and other Commercial and industrial buildings and structures.

ii) To build and own directly or through subsidiary companies

a) Power plants generating power by conventional and non conventional methods, including Coal, Gas, lignite, Oil, Biomass, Waste, Thermal, Solar, Hydel, Wind and Coal Mines.

b) Ethanol plants

c) Metallurgical Coke Plants

d) Phospuric Acid Plants

e) Cement plants

iii) To invest in Companies which are in business of infrastructure development including manufacturing, Ancillary, Construction, Real Estate, SEZ, Software and BPO.

iv) To carry on the business of trading in Cement, Steel, Coal, Fertilizer, Phospuric Acid, Consumer durables, Ethanol, Carbon Credits (CERs).

v) To conceive, plan, survey, design, study and evaluate all steps, process, techniques and methods for setting up of all types of infrastructure projects, facilities or works, and to finance, build, construct, install, erect, undertake, lay down, commission, establish, own, operate, manage, control, and administer, lease, transfer, all infrastructure projects, facilities or works including Roads, Bridges, Fly over, Highways, Roadways, Railway Stations , Platforms, Railway yards, Rail tracks including gauge conversions thereof, Railway Electrification, Wells, Water Courses, Dams Canals, Reservoirs, Urban and Rural Water Supply System, Sewerage and Underground drainage systems, Airstrips, Airports. Sea ports of all types, Rapid Transport and Telecommunication Systems of all types, Transportation Systems Railway Irrigation Projects, Water-ways, Water Supply Schemes including distribution systems, Industrial Plants of all types Industrial and Technology parks and civil projects, Environmental based projects, and Equipments, Gas pipeline projects, and other pipelines projects Oil exploration projects, on-shore/off shore projects, and to render all services in connection thereto as planners Designers, Consultants, Constructors, Builders, Developers, Architects, Engineers.

### 3. ***SUBSIDIARY***

Our Company currently has no subsidiary as on the date of this Letter of Offer. Shri Housing Pvt. Ltd. holds 52.35 % in our Company. For details regarding Shri Housing Pvt. Ltd., refer to the section titled 'Promoter's Details beginning on page 79 of this Letter of Offer.

***Group Companies/Companies under same Management/ Associate Companies:***

a) Shriram EPC Ltd.

b) Ennore Coke Ltd.

c) Haldia Coke and Chemicals Ltd.

d) Shriram Auto Finance ( Partnership Firm)

e) Shriram Auto Finance LLP

### A) *SHRIRAM EPC LIMITED (SEPC).*

| Sr. No. | Particulars | Description |
|---|---|---|
| i) | Type of organization | Public Limited Company ( Listed) |
| ii) | Corporate Information | SEPC was incorporated as Shriram EPC Limited on June 12, 2000. SEPC received certificate of commencement of business on June 30, 2000 by the Registrar of Companies, Tamil Nadu. Shriram Engineering Construction Company Limited merged with SEPC by an order of the court dated July 22, 2005 with effect from April 1, 2004.)<br><br>The CIN of SEPC is L74210TN2000PLC045167.<br>The Registered office of SEPC is No. 5, T.V. Street, Chetput, Chennai 600031, Tamil Nadu. |
| iii) | Brief Description of the business | To carry on business as Engineering and Procurement Contractors, general engineers, mechanical engineers, Process engineers, civil engineers, general mechanical and civil contractors for power plant, sinter plant, wet and dry cooling systems |
| iv) | Nature and interest of the promoters | Ms. Vathsala Ranganathan holds 11.80% equity shares in SEPC |
| v) | Subsidiaries of the Company | Hamon Shriram Cottrell Private Limited,<br>Shriram SEPC (Singapore) Pte. Ltd<br>Blackstone Group Technologies Private Ltd. |

***B) ENNORE COKE LTD. (ECL)***

| Sr. No. | Particulars | Description |
|---|---|---|
| i) | Type of organization | Public Limited Company ( Listed) |
| ii) | Corporate Information | Ennore Coke Ltd. was originally incorporated as a public limited company in the name of Khatoo Finance and Trading Company Limited on February 25, 1985 with Registrar of Companies, Maharashtra, vide Registration No. 35478 of 1985, under the Companies Act, 1956. The name of the Company was changed to Khatoo Synthetics Limited with effect from November 11, 1986 and was further changed to Ennore Coke & Power Ltd. w.e.f. 24th January 2006. The name of the Company has been changed to Ennore Coke Ltd. w.e.f. 6th June 2006 vide a fresh certificate of incorporation issued by the Registrar of Companies, Maharashtra.<br>The CIN of ECL is L65921TN1985PLC070358.<br>The registered office of ECL is situated at 3rd Floor, The Egmore Benefit Society Building, No. 25, Flowers Road, Chennai 600084. |
| iii) | Brief Description of the business | The main object of ECL is to generate electrical power by conventional, non-conventional methods including solid waste recycling, process, coal, gas lignite, oil, bio-mass, waste, thermal, solar, hydel, geo-hydel, wind and tidal waves and to carry on the business of managing, owning, controlling, erecting, commissioning, operating plant for the above and also to act as engineering procurement and constructions contractor. |
| iv) | Nature and interest of the promoters | SEPC, Shri Auto Finance and Ms. Vathsala Ranganathan are the promoters of ECL. |
| v) | Subsidiaries of the Company | Ennore Power and Coke Private Ltd. |

***C) HALDIA COKE AND CHEMICALS LTD. (HCCL)***

| Sr. No. | Particulars | Description |
|---|---|---|
| i) | Type of organization | Closely Held Public Limited Company |
| ii) | Corporate Information | HCCL was incorporated on September 17, 2004 with the Registrar of Companies Tamilnadu and received the Certificate for commencement of business on September 17, 2004.<br><br>The CIN of HCCL is U15541TN2004PLC054260<br><br>The registered office of HCCL is 25, Flowers Road, 3$^{rd}$ Floor, Egmore Benefit Society Building, Kilpauk, Chennai – 600084, Tamil Nadu. |
| iii) | Brief Description of the business | The main object of HCCL is to carry business in manufacture and trading of Coke and Coal |
| iv) | Nature and interest of the promoters | Ms. Vathsala Ranganathan is the promoter of HCCL. |

***D) SHRIRAM AUTO FINANCE (SAF)***

| Sr. No. | Particulars | Description |
|---|---|---|
| i) | Type of organization | Partnership Firm |
| ii) | Corporate Information | Partnership firm formed on December 1, 2004, registered with the Registrar of Firms, Madras.<br>The principal place of business of SAF is situated at 4, Lady Desikachary Road, Mylapore, Chennai- 600 004. |
| iii) | Brief Description of the business | Shriram Auto Finance is partnership firm formed to carry on the business of finance and hire purchase. |
| iv) | Nature and interest of the promoters | Ms. Vathsala Ranganathan's share in Shriram Auto Finance is 56%. |

**E) SHRIRAM AUTO FINANCE LLP**

| Sr. No. | Particulars | Description |
|---|---|---|
| i) | Type of organization | Limited Liability Partnership |
| ii) | Corporate Information | Shriram Auto Finance is a Limited Liability Partnership incorporated under Limited Liability Partnership Act 2008 on November 10, 2009.<br><br>The principal place of business of LLP is situated in 15, Sarangapani Street, T. Nagar, Chennai - 600017. |
| iii) | Brief Description of the business | The LLP is formed to carry on the business of finance and agency services for purchase and sale of real estate/infrastructure assets. |
| iv) | Nature and interest of the promoters | Ms. Vathsala Ranganathan's share in Shriram Auto finance LLP is 56%. |

## 4. BUSINESS TRANSFER / SHAREHOLDERS AGREEMENT

At present there are no shareholding agreements between our Company and any other person.

## 5. OTHER AGREEMENTS

Except the agreements entered into in the ordinary course of the business carried on or intended to be carried on by our Company, our Company has entered into the following Agreement / Contract.

- Rental Agreement entered into at Chennai on 10th October, 2008 between Mr. K. Mohan, Mr. Balaji, Mr. M. Kartikeyan and Premier Energy and Infrastructure Limited represented by its director Mr. A. Sriram to take on lease 2nd Floor, NO. 18/4 (Old No. 17/4), Balaiah Avenue, Mylapore, Chennai -600 004 for a period of 6 years commencing from 1st November 2008and is renewable with mutual consent.
- On November 20, 2009, Our Company has entered into a Share Purchase Agreement with Shriram Auto Finance for purchase of 60,24,050 fully paid up Equity shares having face value of Rs. 10 each at a price of Rs. 30.71 per equity share (including equity share premium of Rs. 20.71 per share) for an aggregate consideration of Rs. 1850 Lakhs. The shares would be transferred and the consideration would be paid upon successful completion of this Rights Issue.

## 6. STRATEGIC / FINANCIAL PARTNERS

There are no strategic financial partners in our company

## (E) MANAGEMENT OF OUR COMPANY

***BOARD OF DIRECTORS***

***The Board of Directors of our company is currently comprised of the following persons:***

| Name, Designation, Father's Name, Address and Occupation, DIN No. | Age | Qualification & Experience | Date of Appointment | Share holding in the Co. No of shares (%) | Other Directorships |
|---|---|---|---|---|---|
| **Mr. R. Ramakrishnan**<br>S/o Rangaswami Iyengar<br>Independent Director<br>27 (Old No. 14), Seethamma Road, Alwarpet Chennai 600004<br><br>**DOB:** 26.03.1946<br>**DIN:** 00809342<br>**Occupation**: Business | 63 | B.Com, M.A. (Economics)<br><br>Joined Indian Express Group in 1965 and rose to Chief Executive.<br>Appointed as Sheriff of Madras in 1974-75<br>He is Ex-Member of Parliament (Rajya Sabha) in 1980. He was member of several Parliamentary committees. | 03-06-2009 | Nil | - PT TVS Motor Company Ltd<br>- Swetha Enterprises (P) Ltd<br>- Ennore Coke Ltd.<br>- TVS Motor Company Ltd. |
| **Mr. K.N Narayanan**<br>S/o Kytharam Narayana Iyer<br>Independent Director<br>1-C Green Heaven 26 III Main Road Gandhi Nagar Chennai 600020<br>**DOB:**10.09.1957<br>**DIN:** 01543391<br>**Occupation**: Professional | 52 | Member of ICAI, ICSI, Held senior management position and also as Company Secretary. Presently Practicing CA. Having experience of more than 25 years in Accounts, Finance & Company Law Matters. | 03-06-2009 | Nil | - Parkins Management Services P. Ltd.<br>- Shri Housing Private Limited. |
| **Ms. Vathsala Ranganathan**<br>D/o Tanjore Swaminathan Venkataraman<br>Non Independent Director<br>No. 15 Sarangapani street, T Nagar Chennai 600017<br>**DOB:** 09.03.1952<br>**DIN:** 00006028<br>**Occupation**: Business | 57 | She has more than 20 years of experience in Shriram Group of Companies in various capacities. She has headed the Shriram Group of Companies as President for around ten years. | 29-10-2009 | Nil | - Shriram EPC Limited<br>- Ennore Coke Limited<br>- Orient Green Power Company Limited<br>- Shriram Leitwind Limited<br>- Global Power Tech Equipments Limited<br>- Haldia Coke and Chemicals Limited<br>- Haldia Chemicals Ltd. |

| | | | | | |
|---|---|---|---|---|---|
| Mr. M Komaraiah<br>S/o Mr. Venkataiah Malka<br>Non Independent Director<br>96 Dhanlakshmi Colony, Mahendra Hills, Secundrabad<br>**DOB:** 01.10.1959<br>**DIN:** 00170121<br>**Occupation**: Business | 50 | B.E (Civil Engineer)<br><br>He has more than 20 years of experience in the field of energy and power engineering. | 29-10-2009 | Nil | - Shalivahana Green Energy Limited<br>- Konarak Power Projects Limited<br>- Shalivahana Power Corporation Limited<br>- Minerva Power Corporation Limited<br>- Rake Power Limited<br>- Pallavi Power & Mines Limited<br>- Shalivahana (BIOMASS) Power Projects Ltd.<br>- Shalivahana Cement Industries Limited<br>- Shalivahana (BIOMASS) Power Projects Ltd.<br>- Shalivahana Cement Industries Limited<br>- Sri Phulaya Mines Project Limited<br>- Sahara Housing Financial Corp. Ltd.<br>- Shalivahana (MSW) Green Energy Ltd.<br>- Shalivahana Power & Infra Ventures Ltd. |

***Brief Profile of our Board of Directors***

**Mr. R. Ramakrishnan (Age 63 years), Non Executive and Independent Director**

He is B.Com, M.A (Economics) by qualification. He had joined Indian Express Group of Newspapers in 1965 and rose to become the Chief Executive. He was appointed as Sheriff of Madras in 1974-75. He was elected in Rajya Sabha as a member of Indian Parliament in 1980. And was member of several Parliamentary Committees including prestigious COPU (Committee of Public Undertakings, Joint Select committee of Chit Funds). He was a member of Press Council of India, Coffee Board of India for two years each. He was appointed to Rajaji Institute of Public Affairs and Administration of Governing Council Member by the President of India. He was Chairman of Sir C.P.Ramaswamy Aiyar Educational Trust and Madras Race Club. He is currently committee member of Madras Race Club and Bangalore Turf Club.

**Mr. K.N. Narayanan (Age 52 Years), Non Executive and Independent Director**

He is a B.Com, Chartered Accountant and Company Secretary by qualification. He has more than 30 years of experience in the field Accounts, Finance and Company Law Matters. Before setting up his practice, he was Vice president in our company.

**Ms. Vathsala Ranganathan (Age 57 Years), Non Executive and Non-Independent Director**

She is M.A (Economics) by qualification. She has more than 20 years of experience in Shriram Group of Companies in various capacities. She has headed the Shriram Group of Companies as President for around ten years. She has the experience of working at senior management levels and has worked for large financial services companies as well as engineering companies engaged in turnkey contracts and automobile ancillaries. She also holds directorships in various other unlisted companies.

**Mr. M. Komariah (Age 50 Years), Non Executive and Independent Director**

He is a Civil Engineer by qualification. He has more than 20 years of experience in the Energy and Power business. He is also directors in several unlisted companies.

**Nature of Family Relationship between any of Directors:**

There is no family relationship between any of the directors.

**Whole Time Directors:**

There are no whole time directors in our company.

**Arrangements / understanding for appointment of directors**

There is no arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any of the directors was selected as a director or member of senior management.

**Details of Service Contracts**

There is no service contract entered into by the directors with our company providing for benefits upon termination of employment

**Borrowing Powers**

Presently, as per the resolution passed u/s 293(1)(d) of the Companies Act, 1956 by the members of our company in the General Meeting held on November 16, 1998 , the Board of Directors of our Company is authorized to borrow to an extent of Rs. 100 Crores.

**Compensation of Managing Director/ Whole-Time Directors:**

There was no Managing Directors / Whole Time Director in our company during the years 2007-08 and 2008-09.

**Shareholding of Directors**

The Articles of our Company do not require the Directors to hold any qualification shares. Our directors do not hold any equity shares in our Company as on the date of this Letter of Offer.

**Interest of Directors:**

All our Company's Directors, including Independent Directors, may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a committee thereof. All our Company's Non-Executive Directors, including its Chairman, are not entitled to any sitting fees for the meeting of the Board or a committee thereof. All our Company's Directors may be deemed to be interested in the contracts, agreements or arrangements entered into or to be entered into by our Company with any company in which they hold directorships or any partnership firm in which they are partners as declared in their respective declarations.

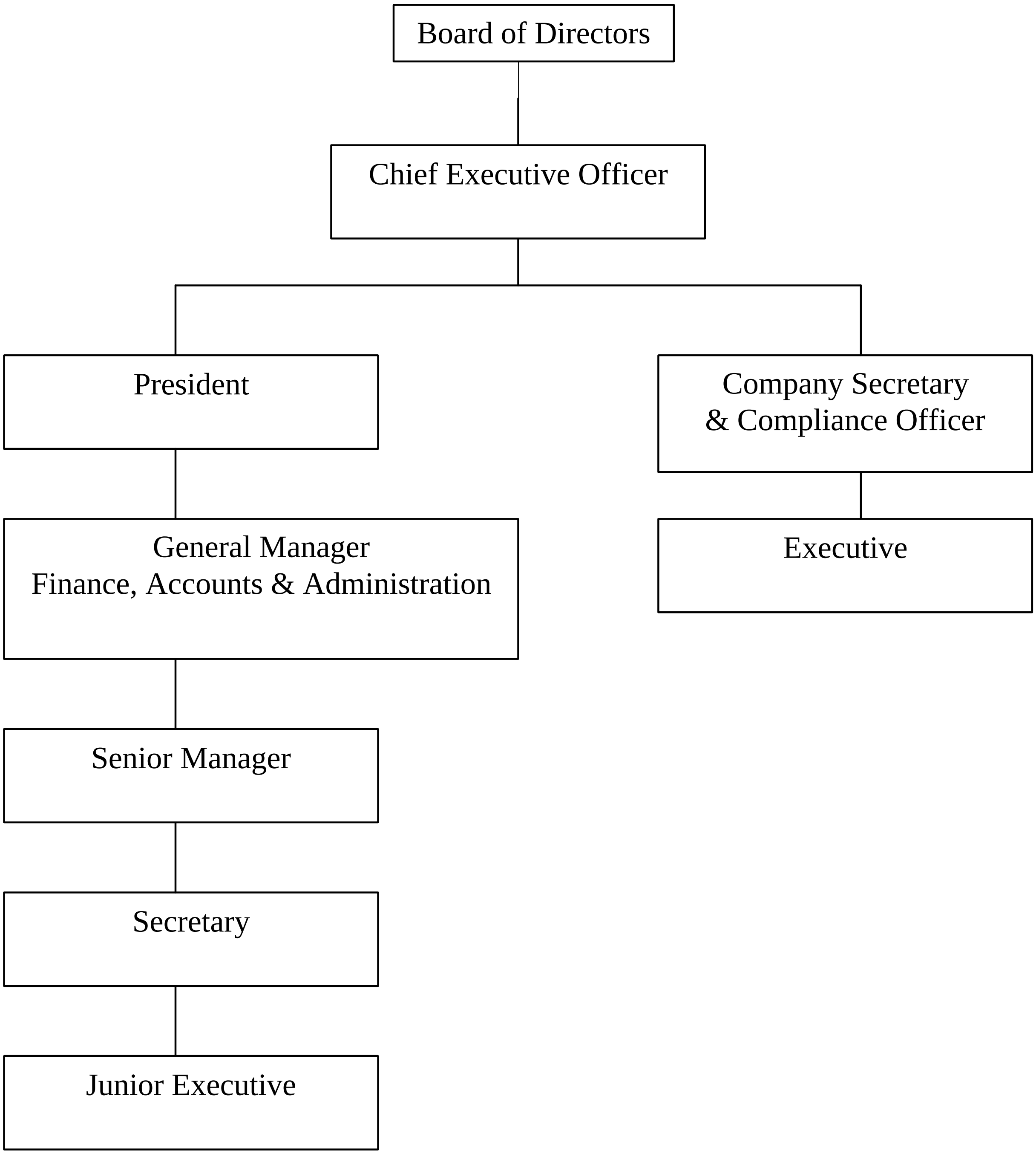
Except as otherwise stated in this Letter of Offer and statutory registers maintained by our Company in this regard, our Company has not entered into any contract, agreements or arrangements during the preceding two years from the date of this Letter of Offer in which the Directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements which are proposed to be made with them.

**Changes in the Directors during the last three years:**

The detail of the change in directors during last 3 years is given below:

| No. | Name of the Director | Date of Appointment | Date of Resignation | Status |
|---|---|---|---|---|
| **1.** | Mr. M Narayanamurthi | 03.08.1989 | 29.10.2009 | Resigned |
| **2.** | Mr. S Jagannathan | 06.03.2004 | 29.10.2009 | Resigned |
| **3.** | Mr. R Ramakrishnan | 03.06.2009 | | Director |
| **4.** | Mr. K N Narayanan | 03.06.2009 | | Director |
| **5.** | Ms. Vathsala Ranganathan | 29.10.2009 | | Director |
| **6.** | Mr. M Komariah | 29.10.2009 | | Director |
| **7.** | Mr. Kannan | 29.10.2009 | 21.1.2010 | Resigned |
| **8.** | Mr. A. Sriram | 06.03.2004 | 21.1.2010 | Resigned |
| **9.** | Mr. T.R. Murali | 06.03-2004 | 21.1.2010 | Resigned |

***ORGANIZATION CHART***



## *CORPORATE GOVERNANCE*

Our Company is committed to the highest standards of Corporate Governance in all its activities and processes.

Our Company looks at corporate governance as the cornerstone for sustained superior financial performance and for serving all its stakeholders. The entire process begins with the functioning of the Board of Directors, with professionals and experts serving as independent directors and represented in various Board Committees. Our company is fully compliant with the requirements of the listing agreement of the stock exchanges.

Our Company has already appointed various committees as required as per the Listing Agreement on October 20,2009 and the details of which are as follows:-

## *COMPOSITION OF BOARD OF DIRECTORS*

Our company's board consists of 4 directors and the Composition of the Board of the Directors, as on March 31, 2010, is given below:

| Sr. No. | Name | Designation | Type of Directorship* |
|---|---|---|---|
| 1. | Mr. R. Ramakrishnan | Director | Non Executive Director- Independent |
| 2. | Ms. Vathsala Ranganathan | Director | Non Executive Director- Non Independent |
| 3. | Mr. K.N. Narayanan | Director | Non Executive Director –Independent |
| 4. | Mr. M. Komaraiah | Director | Non Executive Director – Independent |

* As per Clause 49 of the Listing Agreement

## *BOARD COMMITTEES*

### *1. Audit Committee*

The audit committee of our company comprises of three Independent and Non Executive Directors, the details of same are as follows:-

| Sr. No. | Name of Directors | Status | Designation |
|---|---|---|---|
| 1. | Mr. R. Ramakrishnan | Non-Executive Director – Independent | Chairman |
| 2. | Mr. K.N. Narayanan | Non-Executive Director – Independent | Member |
| 3. | Mr. M. Komaraiah | Non-Executive Director – Independent | Member |

**Terms of Reference**

The audit committee has been formed to monitor and provide effective supervision of the Financial and reporting process. The terms of reference of the committee is to review financial reporting process, inter audit process, accounting policies, adequacy of internal control systems, management audit and recommend appointment of the statutory/internal Auditors and to fix their remuneration.

### *2. Remuneration Committee*

Our Company has a duly constituted "Remuneration Committee". The Committee consists of three (3) directors. All matters relating to finalization of remuneration of directors are being taken to the committee for their consideration and approval. The following Directors are the members of the Remuneration Committee:

| Sr. No. | Name of Directors | Status | Designation |
|---|---|---|---|
| 1. | Mr. R. Ramakrishnan | Non-Executive Director – Independent | Chairman |
| 2 | Mr. K.N. Narayanan | Non-Executive Director – Independent | Member |
| 3 | Mr. M. Komaraiah | Non-Executive Director – Independent | Member |

### *3. Shareholders / Investors Grievances Committee*

Our company promptly attends to investors' queries or grievances. In order to provide timely service, the power to approve the transfer of shares had been delegated by the board to the share transfer and investors grievance committee. The Board has also authorized the directors and executives of our company to approve the transfer/transmissions. Share transfer requests are processed within 15 days from the date of receipt. Cameo Corporate Service Limited, Chennai is our Company's Registrar and Share Transfer Agent and Depository registrar.

The following directors are members of the Transfer and Shareholder's/Investors' Grievance Committee:

| Sr. No. | Name of Directors | Status | Designation |
|---|---|---|---|
| 1. | Mr. R. Ramakrishnan | Non-Executive Director – Independent | Chairman |
| 2. | Mr. K.N. Narayanan | Non-Executive Director – Independent | Member |
| 3. | Mr. M. Komaraiah | Non-Executive Director – Independent | Member |

***4. Compliance with Corporate Governance Norms***

The shares of our company are listed on Bombay Stock Exchange Limited, Madras Stock Exchange Limited and Bangalore Stock Exchange Limited.

Our Company has complied with majority clauses of the listing agreement of corporate norms as enumerated in clause 49 of the listing agreement. Our Company has always been committed to transparency in governing our Company. Our company has complied with majority of the mandatory requirements of corporate norms as enumerated in clause 49 of the Listing Agreement with the Stock Exchanges.

The Company is in compliance with the Listing Agreements, SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, and SEBI (Prohibition of Insider Trading) Regulations, 1992 and has complied during the financial year immediately preceding the date of the Letter of Offer with respect to the following:

a) provisions of the Listing Agreement with respect to reporting and compliance under Clauses 35, 40A, 41 and 49;

b) provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, with respect to reporting in terms of Regulation 8 (3) pertaining to disclosure of changes in shareholding and Regulation 8A pertaining to disclosure of pledged shares; and

c) provisions of the SEBI (Prohibition of Insider Trading) Regulations, 1992, with respect to reporting in terms of Regulation 13.

The Board of Directors of our Company has approved the delisting of shares from Ahmedabad Stock Exchange Ltd. We had applied for voluntary delisting of our shares from Ahmedabad Stock Exchange and were delisted w.e.f. March 9, 2010.

Mr. K.V. Murugan, is the Company Secretary and Compliance Officer of our Company.

**KEY MANAGERIAL PERSONNEL**

The key managerial personnel of our Company as on the date of filing this Letter of Offer are follows:

| Sr. No. | Name | Qualification | Designation / Date of Appointment | Experience in years | Last Employment | Share-Holding in the Co. |
|---|---|---|---|---|---|---|
| 1 | Mr. M. Narayanamurthi | CA.,CS, ICMA (London) | Chief Executive Officer 30.10.2009 | 30 | Best & Crompton Engineering Limited | 73,420 |
| 2 | Mr. G. Venkatesh | Diploma in Structural Engineering, AMIE | Vice President 01.01.2010 | 38 | Senior Executive in Larsen & Tourbo Ltd. | 0 |
| 3 | Mr. A. Sriram | B.Com. | General Manager 01.04.2009 | 30 | Best & Crompton Engineering Limited. | 200 |
| 4 | Mr. T.R. Murali | B. Com | Senior Manager 01.04.2009 | 30 | Tamil Nadu Air Products Ltd. | 0 |
| 5 | Mr. K.V. Murugan | M. Com., A.C.S | Company Secretary and Compliance officer 27.01.2010 | 20 | ELGI Equipments Ltd. | 0 |

**Brief profile of the Key Managerial Personnel**

**Mr. M Narayanamurthi, Chief Executive Officer**

He is a member of three leading Professional Bodies viz. The Institute of Chartered Accountants of India, Chartered Institute of Cost & Management Accountants, London and the Institute of Company Secretaries of India has an experience of more than 30 years in Finance, General Management and Property Development areas. He has worked as chief of finance in Best & Crompton Engineering Limited. He was responsible for finalizing and implementing fairly large housing and commercial projects.

**Mr. G. Venkatesh, Vice President:**

He is a Diploma in Structural Engineering and AMIE and is presently a Director in CHSCT, Chennai and Formerly Promoter Director M/s. Aeon's Construction Products (P) Ltd., Director Operations M/s. La Maison Builders Pvt. Ltd., and Ex L&T Senior Executive, has over 38 years of experience in all aspects of Civil Engineering and construction, was responsible in creating various Structures in Chennai as Land marks, using structural concrete masonry on Load bearing application. He has got rich experience and was involved in huge projects in India and abroad.

**Mr. A Sriram, General Manager:**

He is a commerce graduate and has over 30 years of experience in the Finance, Accounts, Secretarial and General Administration. He joined our company in 1991 as Assistant Manager. Formerly he was working with Best & Crompton Engineering Limited.

**Mr. T R Murali, Senior Manager:**

He is a graduate from Madras University and has over 30 years of experience in various fields. Formerly he was with Industrial Gas Manufacturing Company.

**Mr. K.V. Murugan**

He is Master of Commerce and associate member of the Institute of Company Secretaries of India. He has nearly 17 years of experience in various fields. Formerly he was with ELGI Equipments Ltd.

**NOTES:**

**1.** There is no Family Relationship between any of our Key Managerial Personnel.

**2.** There is no arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any of the Key Managerial Personnel was selected as a director or member of senior management.

**3.** Our company has no fixed bonus or profit sharing plan for the Key Managerial Personnel.

**4.** All key managerial personnel are permanent employees of our Company.

**Changes in the Key Managerial Personnel in the last Three Years**

Other than the following, there has been no change in the Key Managerial Personnel of our Company during the last three years:

| Sr. No. | Name | Designation | Appointment/ Resignation | Date of Appointment / Resignation |
|---|---|---|---|---|
| 1. | Mr. Narayanamurthi | Chief Executive Officer | Appointment | 30.10.2009 |
| 2. | Mr. G. Venkatesh | Vice President | Appointment | 01.01.2010 |
| 3. | Mr. A. Sriram | General Manager | Appointment | 01.04.2009 |
| 4. | Mr. T.R. Murali | Senior Manager | Appointment | 01.04.2009 |
| 5 | Mr. K.V. Murugan | Company Secretary and Compliance Officer | Appointment | 27.01.2010 |

**Shareholding of Key Managerial Personnel:**

Our Key Managerial Personnel do not hold any shares in our Company as on the date of this Letter of Offer except as given below:

| Name of Key Managerial Personnel | No. of Shares Held |
|---|---|
| Mr. M. Narayanmurthy | 73,420 |
| Mr. A. Sriram | 200 |

**Interest of Key Managerial Personnel**

The key managerial personnel of our Company do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business. All our Key Managerial Personnel may also be deemed to be interested to the extent of Equity Shares, if any, already held by them or their relatives in our Company, or that may be subscribed for and allotted to them, out of the present Issue in terms of the Letter of Offer and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

**Employee Stock Options**

Our Company has not provided for Employee Stock Option Scheme for its employees.

**Payment or Benefits**

No amount or benefit (other than salary ) has been paid or given by our company within two preceding years or intended to be given to any officer of our company

**Interest of Directors and Key Managerial Personnel**

All Directors of Our Company may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a Committee. The Directors may also be regarded as interested in the Equity Shares, if any, held by or that may be subscribed by and allotted to the companies, firms and trust, in which they are interested as directors, members, partners and/or trustees. For the payments that are made by our Company to certain Group Companies, please refer to the section entitled "Financial Statements" starting on page 81 of this Letter of Offer.

(F) **OUR PROMOTERS**

***Background of Our Company:***

Our Company was originally promoted by Mr. LL Narayanan, Mr. V. Srinivasan, Mr. M.Narayanmurthy, Mr. I. Varkey, Mr. K. Raman, Mr. Mohan Parasaran, Mr. A. Gopal and Mrs. Vasanthi Raman were the original subscribers to our Equity Shares. Further, Mr. Mr. V. Srinivasan, Mr. M.N. Murthy, Mr. L. L Narayanan, Mr. Vijaikapur and Mr. R.V. Subrahmanian were the first directors

***Takeover Compliances***

In the year 2008, Shri Housing Private Limited took over our Company through purchase of 40.47% Equity shares from promoters and Maika Holdings, Berhad, Malaysia as per the Share purchase Agreement dated 31st March 2008 at a price of Rs. 10/- per equity share in cash. The acquirer made an open offer to acquire 20,00,000 equity share representing 20% of the paid up equity capital of PEIL for cash at Rs. 10.68 per fully paid up Equity share of Rs. 10/-each inclusive of interest of an amount of Rs. 0.68 only and cash offer at Rs. 5.38 per partly paid up share of Rs. 10/- each ( paid up Rs. 5/- per share) inclusive of interest of an amount of Rs. 0.34 per partly paid up share. The offer opened on 29th October 2008 and closed on 17th November, 2008 in compliance with the SEBI (SAST) Regulations, 1997 and Listing Agreement. All the formalities regarding acquisition was completed in December 2008.

**The total consideration paid by the acquirer is as under:**

| Particulars | Rs. In Lakhs |
|---|---|
| Under the SPAs for 40,47,538 fully paid Equity Shares of Rs. 10/- each | 40.47 |
| Under the open offer (Shares received under the open Offer 11,87,702) | 118.77 |

***The Present Corporate Promoters of our Company:***

**SHRI HOUSING PRIVATE LIMITED (SHPL)**

**History:**

Shri Housing Private Ltd. was promoted by Mr. S. Ramakrishnan and Mr. S. Dandapani on February 28, 1995 under the Companies Act, 1956, with the Registrar of Companies, Madras. The CIN of SHPL is U45201TN1995PTC030333.

The registered office of SHPL is situated at Mookambika Complex, 5th Floor, No. 4 Lady Desikachary Road, Mylapore, Chennai - 600004. SHPL was incorporated with the main objects of carrying on business in real estate.

M/s. Shriram Auto Finance, a partnership firm registered under the Partnership Act owns 100% equity share capital of SHPL.

**Board of Directors of SHPL:**

The Board of Directors of SHPL are Mr. R. Kalyanaraman, Mr. S.Jaganathan and Mr. K.N.Narayanan

**Shareholding Pattern:**

The shareholding Pattern of SHPL is provided below:

| Particulars | No. of Shares | Percentage % |
|---|---|---|
| Shriram Auto Finance | 39,18,500 | 100.00% |
| Mr. S. Ramakrishnan | 100 | Negligible |
| Mr. S. Dandapani | 100 | Negligible |
| **Total** | **39,18,700** | **100.00%** |

**Financial Performance of last 3 years is given below:** (Rs. in Lakhs)

| Particulars | 2007 | 2008 | 2009 |
|---|---|---|---|
| Total Income | 1.13 | 1.95 | 47.37 |
| Profit after Tax (PAT) | -449.39 | -1.52 | 23.8 |
| Share Capital* | 777.07 | 768.92 | 768.92 |
| Reserves | -711.66 | 53.46 | 77.26 |
| Net Worth | 65.41 | 822.38 | 846.18 |
| Earning Per Share (Rs.) | -224693.29 | -0.004 | 0.61 |
| No. of Equity Shares | 200 | 39187000 | 39187000 |

(Source: Annual Report of SHPL)

* Share Capital for the year ended 2007 include non convertible preference shares amounting to Rs. 500 Lakhs. Share application money of Rs. 377.05 Lakhs has been included in the share capital for the year ended 2007, 2008 and 2009.

***<u>Natural Person Behind the Promoter</u>***

Ms. Vathsala Ranganathan is the natural person behind the promoter.

| **Details of the Natural Person** | | **Directorship held in other Companies** |
|---|---|---|
|  | **Ms. Vathsala Ranganathan**<br><br>**Ms. Vathsala Ranganathan**, aged 54 years, is a Post-graduate in Economics. She has worked for nearly two decades for Shriram Group in various capacities. She headed the Shriram Group Companies as President for Ten Years. She has more than 30 years experience in the engineering sector and has managed various projects in the industry.<br><br>**Address:** 15, Sarangapani Street, T. Nagar, Chennai 600 017<br><br>***PAN:*** AANPR4879F<br>***Passport No:*** F0316385<br>***Driving License: Not Available***<br>***Voter ID No:*** **Not Available** | ➢ Shriram EPC Limited<br>➢ Ennore Coke Limited<br>➢ Orient Green Power Company Limited<br>➢ Shriram Leitwind Limited<br>➢ Global Power Tech Equipments Limited<br>➢ Haldia Coke and Chemicals Limited<br>➢ Haldia Chemicals Ltd. |

Declaration, confirming that Permanent Account Number, Bank Account Number and Passport Number of the promoters have been submitted to the recognized stock exchanges on which the specified securities are proposed to be listed, at the time of filing the offer document with them;

**<u>Common Pursuits</u>**

There are no common pursuits in the business of our Company and other Company or Companies or Partnership Firms or Proprietorship firm promoted by the promoters other than as described in the Letter of offer.

**<u>Interest of Promoters</u>**

The Promoters may be deemed to be interested to the extent of shares held by them, their friends, relatives and benefit arriving from their holding directorship in our Company.

The Promoters have no interest in the property acquired by our Company within the two preceding years as on the date of the Letter of Offer.

Other than the remuneration and perquisite to the promoter mentioned and as described in the "Related Party Transactions" at Annexure – 15 of the Statement of Restated Accounts at page no. 81 of the Letter of offer, there are no payments or benefits provided to the Promoters of our Company.

The Promoters have no interest in the loan or advance given by our Company, neither are they the beneficiaries of any such loans or advances other than mentioned in the "Related Party Transactions" at Annexure – 15 of the Statement of Restated Accounts at page no. 81 in the Letter of Offer

**Interest of Promoters in the Group Companies:**

For details of interest of Promoters in the Group Companies, please refer to the chapter "Financial Information of Group Companies" beginning on page 94 of this Letter of Offer.

**Dissociation Details**

Southern Powertech Private Ltd was a subsidiary of Shri Housing Private Ltd. It sold all the shares of the subsidiary in the financial year 2007-08.

**Related Party Transaction**

For details on related party transactions refer to "Statement of Transactions with Related Parties" under the section titled "Financial Statements" beginning on page 81 of this Letter of Offer.

**Payment or Benefit to Our Promoter**

For details on payments or benefits provided to our promoters, please refer to paragraph "Remuneration to Directors", "Interest of Promoter" and "Statement of Transactions with Related Parties" beginning on page 81 of this Letter of Offer.

**(G) PRESENTATION OF FINANCIAL INFORMATION AND USE OF MARKET DATA**

In this Letter of offer, any discrepancies in any table between total and the sum of the amounts listed are due to rounding off. In the Letter of offer, all references to "Rupees", "INR, "Rs." and "Indian Rupees" are to the legal Currency of the Republic of India.

**(H) Dividend Policy**

Our Company has a dividend policy for dividend payment as written in the Articles of association of our Company. The declaration and payment of dividends will be recommended by the Board of Directors and the shareholders, in their discretion, and will depend on a number of factors, including but not limited to earnings, capital requirements and overall financial condition. Our Company has not declared any dividends during the last five years.

**VI. FINANCIAL STATEMENTS**

**(A) Restated Financial Statements of Premier Energy and Infrastructure Limited**

The Board of Directors

Premier Energy and Infrastructure Limited.

No. 18/4, II Floor, Balaiah Avenue,

Mylapore, Chennai – 600 004.

**A** 1. I have examined the annexed financial information of Premier Energy and Infrastructure Limited ('the Company') for the five financial years ended 31st March 2009 and for the nine months period ended 31st December, 2009 being the last date to which the accounts of the Company have been made up and audited.

The Company was originally incorporated as Premier Housing and Industrial Enterprises Limited on March 25, 1988 as a Public Limited company under the Companies Act, 1956 and obtained the certificate for commencement of business on June 30, 1988 from the Registrar of Companies, Tamil Nadu. Subsequently, the name of the Company wa s changed to 'Premier Energy and Infrastructure Limited' vide special resolution passed through Postal Ballot on 24th February 2008 and fresh certificate of incorporation was obtained on May 9, 2008, to reflect the nature of the business proposed to be carried out by the Company, i.e. activities relating to the power generation sector.

The financial information is based on the accounts audited by Statutory Auditors for the five financial years ended 31st March 2009 and for the nine months period ended 31st December, 2009 and approved by the Board of Directors of the Company for the purpose of disclosure in the Letter of Offer being issued by the Company in connection with the Rights Issue of Equity Shares in the Company (referred to as 'the Issue')

2. In accordance with the requirements of:

(i) Paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 ('the Act')

(ii) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ('Regulations) issued by the Securities and Exchange Board of India ('SEBI') on August 26, 2009 in pursuance to Section 11 of the Securities and Exchange Board of India Act, 1992 ('SEBI Act, 1992') and related amendments and

(iii) Our terms of reference with the Company dated November 12, 2009 requesting me to carry out work in connection with the Letter of Offer as aforesaid,

2.1 I report that the restated financial statements of the Company for the five financial years ended 31st March 2009 and for the nine months period ended 31st December, 2009 are set out below;

These profits/losses have been arrived at after charging all operating and management expenses, including depreciation and after making such adjustments/restatements and regroupings as in our opinion are appropriate and are subject to the Accounting Policies and Notes thereon given below.

2.2 I report that restated assets and liabilities of the Company for the above periods are as set out below after making such adjustments/restatements and regroupings as in our opinion are appropriate and are subject to the Accounting Policies and Notes thereon given below.

**B** I have examined the following financial information relating to the Company proposed to be included in the Letter of Offer, as approved by the Board of Directors and annexed to this report.

| Sr. No. | Statements | Annexure No. |
|---|---|---|
| 1. | Statement of Profit and Losses as Restated | Annexure - 1 |
| 2. | Statement of Assets and Liabilities as Restated | Annexure - 2 |
| 3 | Statement of Restated Cash Flow | Annexure - 3 |
| 4 | Note on Adjustments for Restated Financial Statements | Annexure - 4 |
| 5. | Statement of Accounting Policies for the Restated Accounts | Annexure - 5 |
| 6. | Statement for Investments | Annexure - 6 |
| 7. | Statement of Dividend Paid | Annexure - 7 |
| 8. | Statement of Accounting Ratios | Annexure - 8 |
| 9. | Statement of Capitalization | Annexure - 9 |
| 10. | Statement of Tax Shelter | Annexure - 10 |
| 11. | Statement of Other Income | Annexure - 11 |
| 12. | Statement of Sundry Debtors | Annexure - 12 |
| 13. | Statement of Loans and Advances | Annexure - 13 |
| 14. | Statement of Secured and Unsecured Loans | Annexure - 14 |
| 15 | Related Party Transaction | Annexure - 15 |

**C** a) In our opinion the financial information of the Company as stated in Para A and B above read with respective significant accounting policies, after making groupings, adjustments/restatements as were considered appropriate by us and subject to non adjustments of certain matters as stated in Notes to Accounts, has been prepared in accordance with Part II of Schedule VI of the Companies Act, 1956 and the SEBI Guidelines.

b) The statement of Tax Benefits states the tax benefits available to the Company and its shareholders under the provisions of the Income Tax Act, 1961 and other direct tax laws presently in force in India. The contents of this statement are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company and the Income Tax Laws of India as of date.

c) This report is intended solely for your information and for inclusion in the Letter of Offer in connection with the specific Rights Issue of the Company and is not to be used, referred to or distributed for any other purpose without my prior written consent.

**M HARIHARAN**

**CHARTERED ACCOUNTANT**

**M. Hariharan**

**MEMBERSHIP NO. 15668**

Place: Chennai

Date: 21.01.2010

**Annexure-1**

**Restated Statement of Profits & Loss Account** (Rs. in Lakhs)

| Particulars | For NineMonths ended on Dec., 2009 | For the Year ended on March 31, 2009 | 2008 | 2007 | 2006 | 2005 |
|---|---|---|---|---|---|---|
| | | | | | | |
| **INCOME** | | | | | | |
| | | | | | | |
| **Sales :** | | | | | | |
| Property Development Income | 0.00 | 145.85 | 6872.18 | 1493.85 | 65.72 | 550.00 |
| Of products traded in by the company | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total Sales | 0.00 | 145.85 | 6872.18 | 1493.85 | 65.72 | 550.00 |
| Other Income | 122.99 | 93.41 | 76.55 | 12.95 | 11.87 | 1.40 |
| Increase / (Decrease) in Inventories | 0.00 | 26.96 | (1561.90) | (1494.10) | (326.41) | (550.00) |
| | | | | | | |
| **Total Income** | 122.99 | **266.22** | **5386.83** | **12.70** | **(248.82)** | **1.40** |
| | | | | | | |
| **EXPENDITURE** | | | | | | |
| | | | | | | |
| Purchases | 0.00 | 35.76 | 4643.17 | (157.94) | 12.23 | 0.00 |
| Welfare Expense | 0.00 | 0.00 | 0.00 | 0.00 | 1.68 | 1.18 |
| Administration Expenses | 52.41 | 41.18 | 14.05 | 6.78 | 7.03 | 5.38 |
| Goodwill Written Off | 4.73 | 4.73 | 4.73 | 0.00 | 0.00 | 0.00 |
| Other Expenses | 24.23 | 29.97 | 48.00 | 17.37 | 11.88 | 6.17 |
| Selling and Distribution Expenses | 0.71 | 0.34 | 0.88 | 0.25 | 0.05 | 0.09 |
| Depreciation | 6.91 | 35.27 | 33.31 | 37.45 | 33.77 | 34.76 |
| Finance Charges | 0.40 | 56.67 | 197.41 | 0.00 | 0.00 | 0.00 |
| Remuneration to Auditor | 0.30 | 0.44 | 0.40 | 0.30 | 0.20 | 0.15 |
| Directors / Partners' Remuneration | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Loss in dealing in Shares | 0.00 | 6.57 | | | | |
| Preliminary Expense Written-off | 0.00 | 0.00 | 0.00 | 16.35 | 0.00 | 0.00 |
| Bad Debt Written-off | 0.00 | 0.00 | 0.00 | 37.45 | 0.00 | 0.00 |
| | | | | | | |
| **Total Expenditure** | 89.69 | **210.92** | **4941.95** | **(41.99)** | **66.83** | **47.73** |
| | | | | | | |
| **Profit before Tax before extraordinary items** | 33.30 | **55.30** | **444.88** | **54.69** | **(315.65)** | **(46.33)** |
| | | | | | | |
| Provision for Taxation | 10.38 | 26.79 | 39.10 | 4.23 | 0.00 | 0.00 |
| | | | | | | |
| **Net Profit before extraordinary items** | 22.92 | **28.50** | **405.79** | **50.47** | **(315.65)** | **(46.33)** |
| | | | | | | |

Note: The above statement should be read with the significant accounting policies and notes to the accounts for restated financial statements as appearing in Annexure to the report.

**Annexure-2**

**Restated Statement of Assets and Liabilities** (Rs. in Lakhs)

| Particulars | As At Dec. 31, 2009 | As at March 31, | | | | |
|---|---|---|---|---|---|---|
| | | 2009 | 2008 | 2007 | 2006 | 2005 |
| | | | | | | |
| **Fixed Assets:** | | | | | | |
| Gross Block | 1090.16 | 1,090.03 | 891.56 | 762.27 | 762.20 | 762.20 |
| Less: Depreciation | 579.32 | 567.68 | 530.34 | 492.30 | 454.84 | 421.08 |
| Net Block | 510.85 | 522.36 | 361.22 | 269.97 | 307.36 | 341.12 |
| Less: Revaluation Reserve | 209.39 | 209.39 | - | - | - | - |
| Effect on account of Restatement of Accounts | - | - | - | - | - | - |
| **Net Block after adj. for Revaluation Reserve** | 301.45 | **312.97** | **361.22** | **269.97** | **307.36** | **341.12** |
| | | | | | | |
| **Investments** | 22.78 | **20.78** | **20.78** | **20.78** | **364.26** | **364.26** |
| | | | | | | |
| **Current Assets, Loans and Advances:** | | | | | | |
| Inventories | 930.38 | 930.38 | 903.42 | 2,465.32 | 5,656.54 | 5,982.95 |
| Sundry Debtors | 6.99 | 14.58 | 2,200.00 | - | 77.00 | 219.89 |
| Cash and Bank Balances | 41.77 | 20.05 | 4.54 | 541.93 | 36.44 | 22.18 |
| Stock in trade | 261.06 | 312.47 | - | - | - | - |
| Loans and Advances | 3,237.04 | 2,921.41 | 3,171.56 | 43.79 | 205.37 | 203.09 |
| Other Current Assets | - | - | - | - | - | - |
| **Total** | 4,477.24 | **4,198.89** | **6,279.52** | **3,051.03** | **5,975.35** | **6,428.12** |
| | | | | | | |
| **Liabilities and Provisions:** | | | | | | |
| Secured Loans | - | - | - | 457.68 | 3,426.85 | 3,484.21 |
| Unsecured Loans | 228.40 | 455.43 | 1,957.87 | 522.96 | 1,325.59 | 1,369.07 |
| Deferred Tax Provision | - | - | - | - | - | - |
| Current Liabilities and Provisions | 3,374.74 | 2,902.30 | 3,557.25 | 1,620.53 | 1,204.38 | 1,274.43 |
| Effect on account of Restatement of Accounts | - | - | - | - | - | - |
| **Total** | 3,603.13 | **3,357.73** | **5,515.12** | **2,601.17** | **5,956.82** | **6,127.71** |
| | | | | | | |
| **Net Worth** | 1,198.34 | **1,174.90** | **1,146.40** | **740.61** | **690.14** | **1,005.79** |
| | | | | | | |
| **Represented by** | | | | | | |
| 1. Share Capital | 1,000.00 | 999.48 | 999.48 | 999.48 | 999.48 | 999.48 |
| 2. Reserves | 407.73 | 384.81 | 146.92 | - | - | 6.31 |
| Less: Misc. Exp. not w/o | - | - | | | | |
| Less: Revaluation Reserve | 209.39 | 209.39 | - | - | - | - |
| Reserves (Net of Revaluation Reserves) | 198.34 | 175.42 | 146.92 | - | - | 6.31 |
| Effect on account of Restatement of Accounts | - | - | - | - | - | - |
| 3. Profit & Loss A/c (loss) | - | - | - | 258.87 | 309.34 | |
| | | | | | | |
| **Net Worth** | 1,198.34 | **1,174.90** | **1,146.40** | **740.61** | **690.14** | **1,005.79** |
| | | | | | | |

Note: The above statement should be read with the significant accounting policies and notes to the accounts for restated financial statements as appearing in Annexure to the report.

**Annexure-3**

**Restated Cash Flow Statement** (Rs. in Lakhs)

| Particulars | Nine Months ended on Dec 31, 2009 | Year Ended March 31, | | | | |
|---|---|---|---|---|---|---|
| | | 2009 | 2008 | 2007 | 2006 | 2005 |
| **Cash Flows from Operating Activities** | | | | | | |
| **Profit Before Tax** | 33.30 | **55.30** | **444.88** | **54.69** | **(315.65)** | **(46.33)** |
| Add: | | | | | | |
| Depreciation | 11.64 | 37.34 | 38.04 | 37.45 | 33.77 | 14.74 |
| Amortisation | | | - | - | - | - |
| Interest on Loan | 0.40 | 56.67 | 197.41 | - | - | - |
| Misc. Exp. Written-off | - | - | - | - | - | - |
| Interest Recd | | | - | - | - | - |
| **Operating Profit before Working Capital Changes** | 45.34 | **149.30** | **680.33** | **92.15** | **(281.88)** | **(31.58)** |
| **Adjustments for changes in Working Capital** | | | | | | |
| (Increase)/Decrease in Current Assets | (256.63) | 2,096.14 | (3,765.87) | 3,429.81 | 467.02 | 404.59 |
| Increase/(Decrease) in Current Liability | 472.43 | (654.95) | 1,936.72 | 416.15 | (70.05) | (52.13) |
| **Cash Generated from Operation** | 261.14 | 1,590.50 | (1,148.82) | 3,938.10 | 115.08 | 320.88 |
| Direct Taxes Paid | (10.38) | (26.79) | (39.10) | (4.23) | - | - |
| Cash Flow Before Extra Ordinary Items | 250.76 | 1,563.71 | (1,187.91) | 3,933.88 | 115.08 | 320.88 |
| Extra Ordinary Items (Effect of Restated Accounts) | - | - | - | - | - | - |
| **Net Cash Flow from Operating Activities** | 250.76 | **1,563.71** | **(1,187.91)** | **3,933.88** | **115.08** | **320.88** |
| | | | | | | |
| **Cash Flow from Investing Activities** | | | | | | |
| Purchase of Fixed Assets | (0.13) | 10.92 | (129.29) | (0.07) | - | 25.32 |
| Purchase of Investments | (2.00) | - | - | 343.48 | - | - |
| Loss on disposal of assets | | | | | | (5.75) |
| **Net Cash Flow from Investing Activities** | (2.13) | **10.92** | **(129.29)** | **343.41** | **-** | **19.57** |
| | | | | | | |
| **Cash Flows from Financing Activities** | | | | | | |
| Proceeds from Capital | 0.52 | - | - | - | - | - |
| Increase/(Decrease)in Secured Loan | - | - | (457.68) | (2,969.17) | (57.35) | (321.20) |
| Increase/ (Decrease) in Unsecured Loan | (227.03) | (1,502.44) | 1,434.91 | (802.63) | (43.48) | (15.79) |
| Increase/(Derease) in Deferred Tax Liability | - | - | - | - | - | - |
| Interest on Loan | (0.40) | (56.67) | (197.41) | - | - | - |
| **Net Cash Flow from Financing Activities** | (226.91) | **(1,559.11)** | **779.82** | **(3,771.80)** | **(100.83)** | **(336.99)** |
| | | | | | | |
| **Net increase /(Decrease) in Cash and cash equivalent** | 21.73 | **15.51** | **(537.39)** | **505.49** | **14.25** | **3.46** |
| **Cash and cash equivalent at beginning of the period** | 20.05 | **4.54** | **541.93** | **36.44** | **22.18** | **18.73** |
| **Cash and cash equivalent at ending of the period** | 41.77 | **20.05** | **4.54** | **541.93** | **36.44** | **22.18** |
| | | | | | | |

**Annexure - 4**

**Note on Adjustments for Restated Financial Statements:**

The following adjustments have been made to the audited financial statement of Premier Energy and Infrastructure Ltd. to arrive at the restated figures of Asset and Liability Statement.

(Rs. in Lakhs)

| Particulars | Nine Months Ended | Year Ended March 31 | | | | |
|---|---|---|---|---|---|---|
| | Dec. 31, 2009 | 2009 | 2008 | 2007 | 2006 | 2005 |
| | | | | | | |
| Decrease in Net Block on account of writing back revaluation reserve | 0.00 | 209.39 | 0.00 | 0.00 | 0.00 | 0.00 |
| Decrease in Reserves on account of writing back revaluation reserve | 0.00 | 209.39 | 0.00 | 0.00 | 0.00 | 0.00 |

**Annexure-5**

**Significant Accounting Policies for the Restated Accounts; (31.03.2009)**

**1. ACCOUNTING POLICIES**

1. The Financial statements are prepared under the Historical Cost convention and applicable Mandatory Accounting Standards. Generally revenues are recognized on accrual basis with provision made for known losses and expenses are accounted on accrual basis.
2. Fixed Assets are stated at original cost of acquisition and are shown net of accumulated Depreciation.
3. Depreciation: Fixed Assets and assets given on lease are depreciated on straight line method in accordance with Schedule XIV of the Companies Act, 1956.
4. Investments: Long Term investments are stated at cost net of diminution in their value other than temporary with reference to the Market Value / Net worth.
5. Property Development Project in progress: Property Development projects in progress are valued at the lower of cost (inclusive of attributable overheads and interest) and net realizable value taking into consideration the estimated cost to complete.
6. Revenue Recognition: Revenue from Property Development projects in progress is recognised on a percentage of completion basis as certified by architects after considering any possible foreseeable losses.

**2. NOTES ON ACCOUNTS:**

**<u>FINANCIAL YEAR 2008-09</u>**

1. The company has converted Fixed Assets amounting to Rs.11.46 Lakhs to Property Development Projects
2. The company has no lease transactions during the year.
3. Since there are no employees, contribution to Provident Fund and other recognised funds, Gratuity and leave encashment are not applicable.
4. No amount exceeding Rs. 1 lakh is due for more than 30 days to any small scale undertaking and the total outstanding amount due is nil.
5. The company operated in only one segment.
6. A sum of Rs.25.25 Lakhs has been provided for taxation.
7. Earning per Share:

| | |
|---|---|
| Profit Before Tax | Rs.55.30 lakhs |
| Less Provision for Taxation | Rs.26.79 lakhs |
| Balance available for Share holders | Rs.28.51 lakhs |
| Earnings per share | Rs.0.29 lakhs |

8. The company has revalued all the Fixed Assets and the revalued amount is credited to Revaluation reserve.
9. Intangible Assets (AS 26)-Goodwill Rs.9.47 lakhs
10. Expenses in Foreign Currency Rs.2.95 lakhs
11. Contingent Liabilities – Nil
12. The Company has not appointed a Managing Director under section 269 of the Companies Act, 1956.

13. The Company is in process of appointing a qualified Company Secretary under Section 383A of the Companies Act, 1956.

14. Comparative figures for the previous year have been regrouped and reclassified where ever necessary to conform to this year's classification.

**FINANCIAL YEAR 2007-08**

1. Public Deposits have been repaid except Rs. 27.97 Lakhs, which the company is settling as and when the claims are received.
2. In accordance with the Accounting Standard (AS-28) on "Impairment of Assets" issued by the Institute of Chartered Accountants of India the company during the year carried out an exercise of identifying the assets that may have been impaired and in the opinion of the management there is no material impairment of loss to be provided during the financial year.
3. Comparative figures for the previous year have been regrouped where necessary to conform to this year's classification.

**FINANCIAL YEAR 2006-07**

1. The company is implementing the Scheme of arrangement approved by the Hon'ble Madras High Court.
2. Income Tax Demand under Appeal: Rs. 130.63 Lakhs.
3. Public Deposits have not been repaid on date of maturity amounting to Rs. 142.54 Lakhs and the repayment is covered by the Scheme of Arrangement approved by the Hon'ble Madras High Court under section 391 of the Companies Act, 1956. The company is settling this as and when the claims are received.
4. Deposit liability of another company amounting to Rs. 85.40 Lakhs has been taken over in settlement of the amount due to that company is included in the Deposits.
5. Repayment of dues to banks amounting to Rs. 457.68 Lakhs is covered by the Scheme of Arrangement under section 391 of the Companies Act, 1956 approved by the Hon'ble Madras High Court and the same has been deposited in No Lien accounts with the respective banks to cover the full amount as provided in the Scheme of Arrangement.
6. Expenditure in Foreign Currency: Nil
7. The appointment of a Managing Director or Whole Time Director or Manager under Sec 269 of the Companies Act, 1956 has not been made.
8. In accordance with the Accounting Standard (AS-28) on "Impairment of Assets" issued by the Institute of Chartered Accountants of India the company during the year carried out an exercise of identifying the assets that may have been impaired and in the opinion of the management there is no material impairment of loss to be provided during the financial year.
9. Comparative figures for the previous year have been regrouped where necessary to conform to this year's classification.

**FINANCIAL YEAR 2005-06**

1. The company is to implement the Scheme of arrangement approved by the Hon'ble Madras High Court to be completed in a period of three years from 03.02.2004.
2. Income Tax Demand under Appeal: Rs. 130.63 Lakhs.
3. Sales Tax liability on property development and lease transactions is to the account of the flat owners and lessees under the agreements and hence not considered in the accounts.
4. Public Deposits have not been repaid on date of maturity amounting to Rs. 326.82 Lakhs and the principal amounts without interest are to be paid and are covered by the Scheme of Arrangement approved by the Hon'ble Madras High Court under section 391 of the Companies Act, 1956. Out of the amount of Rs. 196.08 Lakhs to be paid in the first and second year, the company has paid Rs. 70.08 Lakhs. The balance amount of Rs. 128.81 Lakhs is being paid as and when the claims are received. However all the deposits will be paid by February 2007.
5. Expenditure in Foreign Currency: Nil
6. Investments are stated at cost, the realisability is doubtful.
7. Contingency Reserve in respect of Assets given on lease has not been provided in the books for the current year.
8. In accordance with the Accounting Standard (AS-28) on "Impairment of Assets" issued by the Institute of Chartered Accountants of India the company during the year carried out an exercise of identifying the assets that my have been impaired and in the opinion of the management there is no material impairment of loss to be provided during the financial year.
9. Comparative figures for the previous year have been regrouped where necessary to conform to this year's classification.

**FINANCIAL YEAR 2004-05**

1. The company is to implement the Scheme of arrangement approved by the Hon'ble Madras High Court to be completed in a period of three years from 03.02.2004.
2. Income Tax Demand under Appeal: Rs. 130.63 Lakhs.
3. Sales Tax liability on property development and lease transactions is to the account of the flat owners and lessees under the agreements and hence not considered in the accounts.
4. Public Deposits have not been repaid on date of maturity amounting to Rs. 326.82 Lakhs and the principal amounts without interest are to be paid and are covered by the Scheme of Arrangement approved by the Hon'ble Madras High Court under section 391 of the Companies Act, 1956. Out of the amount of Rs. 196.08 Lakhs to be paid in the first and second year, the company has paid Rs. 70.08 Lakhs. The balance amount of Rs. 128.81 Lakhs is being paid as and when the claims are received. However all the deposits will be paid by February 2007.
5. Expenditure in Foreign Currency: Nil
6. Investments are stated at cost, the realisability is doubtful.
7. Contingency Reserve in respect of Assets given on lease has not been provided in the books for the current year.
8. Discarded and non realizable fixed assets have been written off.
9. Comparative figures for the previous year have been regrouped where necessary to conform to this year's classification.

**Annexure-6**

**Statement for Investments (Quoted and Unquoted) fully paid for the Company**

**(Rs. in Lakhs)**

| **Particulars** | **Nine Months ended on –Dec. 31, 2009** | **Year Ended March 31,** | | | | |
|---|---|---|---|---|---|---|
| | | **2009** | **2008** | **2007** | **2006** | **2005** |
| **Long-term Investments** | | | | | | |
| **Book value of Quoted Investments in Shares** | | | | | | |
| Ennore Coke ltd | 20.77 | 20.77 | 20.77 | 20.77 | - | - |
| P L Finance & Investments Ltd. | - | - | - | - | 12.39 | 12.39 |
| **Total….(1)** | 20.77 | 20.77 | 20.77 | 20.77 | 12.39 | 12.39 |
| | | | | | | |
| **Book value of Unquoted Investments in Shares** | | | | | | |
| Yogya Housing Finance limited | 0.007 | 0.01 | 0.01 | 0.01 | 0.07 | 0.07 |
| Premier Capital Market Services Ltd. | | - | - | - | 12.50 | 12.50 |
| Premier Engineers & Builders (I) Ltd. | | - | - | - | 25.00 | 25.00 |
| Premier Securities Ltd. | | - | - | - | 9.52 | 9.52 |
| Yogya Investment & Finance Company Ltd. | | - | - | - | 12.50 | 12.50 |
| Crimson Investments Ltd. | | - | - | - | 303.73 | 303.73 |
| **Haldia Chemicals** | 2.00 | | | | | |
| **Total…..(2)** | 2.007 | 0.01 | 0.01 | 0.01 | 363.32 | 363.32 |
| **Non-Trade Investments** | - | - | - | - | 0.06 | 0.06 |
| **Total…(1+2)** | 22.78 | **20.78** | **20.78** | **20.78** | **375.78** | **375.78** |
| **Less: Provision for Decline in Value of Long-Term Investments** | - | - | - | - | **11.52** | **11.52** |
| **Net Investments** | **22.78** | **20.78** | **20.78** | **20.78** | **364.26** | **364.26** |

**Annexure-7**

**Restated Statement of Dividends Paid / Proposed**

The Company has not paid dividends in the last five years.

**Annexure-8**

**Restated Accounting Ratios**

| Particulars | Nine Months Ended | Year Ended March 31, | | | | |
|---|---|---|---|---|---|---|
| | Dec. 31,2009 | 2009 | 2008 | 2007 | 2006 | 2005 |
| | | | | | | |
| Net Worth (A) (Rs. in Lakhs) | 1,198.34 | 1,174.90 | 1,146.40 | 740.61 | 690.14 | 1,005.79 |
| | | | | | | |
| Restated profit after tax (B) (Rs. in Lakhs) | 22.92 | 28.50 | 405.79 | 50.47 | (315.65) | (46.33) |
| | | | | | | |
| No. of shares outstanding ( C) | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 |
| | | | | | | |
| Weighted average number of shares outstanding - (For Basic EPS) (D) | 10,000,000 | 9,994,800 | 9,994,800 | 9,994,800 | 9,994,800 | 9,994,800 |
| | | | | | | |
| Weighted average number of shares outstanding - (For Diluted EPS) (E) | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 |
| | | | | | | |
| Basic Earning Per Share (B/D)(Rs.) | 0.23 | 0.29 | 4.06 | 0.50 | (3.16) | (0.46) |
| | | | | | | |
| Diluted Earning per Share (B/E) (Rs.) | 0.23 | 0.29 | 4.06 | 0.50 | (3.16) | (0.46) |
| | | | | | | |
| Return on Net Worth (%) | 1.91% | 2.43% | 35.40% | 6.81% | -45.74% | -4.61% |
| | | | | | | |
| Net Asset Value per Share (A/C) (Rs.) | 11.98 | 11.75 | 11.46 | 7.41 | 6.90 | 10.06 |

**Annexure-9**

**Capitalization Statement**

(Rs. in Lakhs)

| Sr. No. | Particulars | Post Issue | Pre - Issue |
|---|---|---|---|
| 1 | **Short Term Debts** | | |
| | Secured | - | - |
| | Unsecured | 228.40 | 228.40 |
| | **Total** | 228.40 | 228.40 |
| | | | |
| 2 | **Long Term Debts** | | |
| | Secured | - | - |
| | Unsecured | - | - |
| | **Total** | - | - |
| | | | |
| 3 | **Shareholders Funds** | | |
| | Share Capital | 2,000.00 | 1,000.00 |
| | Reserves | 1,407.73 | 407.73 |
| | Less: Revaluation Reserves | 209.39 | 209.39 |
| | Less: P & L Debit | - | - |
| | **Total** | 3,198.34 | 1,198.34 |
| | | | |
| 4 | **Long Term Debt / Equity** | - | - |
| | [ 2 / 3 ] | | |

**Annexure-10**

**Restated Tax Shelter Statement**

(Rs. in Lakhs)

| Particulars | Nine Months Ended Dec. 31, 2009 | Year Ending March 31, 2009 | 2008 | 2007 | 2006 | 2005 |
|---|---|---|---|---|---|---|
| **Profit/Loss before tax** | 33.30 | 55.30 | 444.88 | 54.69 | (315.65) | (46.33) |
| | | | | | | |
| Tax Rate including surcharge and education cess (%) | 33.99% | 33.99% | 33.99% | 33.66% | 33.66% | 36.59% |
| **Tax at Notional Rate** | | - | - | - | - | - |
| **Adjustments:** | | | | | | |
| Difference in Book and Income Tax Depreciation | (0.43) | (29.29) | (27.91) | (34.37) | (28.99) | (27.44) |
| Miscellaneous Expenditure W/off | | | | | | |
| Unabsorbed Losses/Depreciation | - | - | (285.50) | (305.83) | (19.17) | (0.28) |
| **Net Adjustments** | 33.73 | 84.59 | 187.29 | (285.50) | (305.83) | (19.17) |
| | | | | | | |
| Tax Saving Thereon | | | | | | |
| MAT provision | | - | - | 4.22 | - | - |
| **Total Taxation** | | - | - | - | - | - |
| Taxation on extra-ordinary Items | 10.38 | 21.96 | 63.68 | - | - | - |
| **Tax on Profits before Extra-Ordinary items** | **10.38** | **21.96** | **63.68** | **4.22** | **-** | **-** |

**Annexure-11**

**Other Income**

(Rs. in Lakhs)

| Particulars | Nine Months Ended Dec. 31, 2009 | Year Ending March 31, 2009 | 2008 | 2007 | 2006 | 2005 |
|---|---|---|---|---|---|---|
| Rent / Reimbursement Received from Franchisee | 20.41 | 34.22 | 12.71 | 12.95 | 10.49 | 1.44 |
| Interest Received | 64.52 | 59.01 | - | - | - | - |
| Service Charges | | - | 62.37 | - | - | - |
| Commission Received | | - | - | - | - | - |
| Consignment Commission | | - | - | - | - | - |
| Income on sale of Investment | | - | - | - | - | - |
| Dividend Income | 37.60 | 0.05 | - | - | - | - |
| Miscellaneous Income | 0.46 | 0.13 | 1.47 | - | 1.38 | |
| | | | | | | |
| **Total** | 122.99 | **93.41** | **76.55** | **12.95** | **11.87** | **1.44** |

**Annexure-12**

**Statement of Sundry Debtors**

**(Rs. in Lakhs)**

| Particulars | Nine Months Ended | Year Ending March 31, | | | | |
|---|---|---|---|---|---|---|
| | Dec. 31, 2009 | 2009 | 2008 | 2007 | 2006 | 2005 |
| | | | | | | |
| **Sundry Debtors** | | | | | | |
| - Debtors over six Month | 0.00 | 0.00 | 0.00 | 0.00 | 77.00 | 73.89 |
| - Others | 6.99 | 14.58 | 2200.00 | 0.00 | 0.00 | 146.00 |
| | | | | | | |
| **Total Debtors** | **6.99** | **14.58** | **2200.00** | **0.00** | **77.00** | **219.89** |

**Annexure-13**

**Statement of Loans and Advances**

**(Rs. in Lakhs)**

| Particulars | Nine Months Ended | Year Ending March 31, | | | | |
|---|---|---|---|---|---|---|
| | Dec. 31, 2009 | 2009 | 2008 | 2007 | 2006 | 2005 |
| Due From Public/Private Ltd. Co. | 3011.54 | 2457.16 | 3000.00 | 28.35 | 32.14 | 30.20 |
| Due from others | 162.66 | 405.77 | 133.56 | 0.00 | 19.84 | 21.30 |
| Deposits | 20.47 | 20.47 | 20.47 | 1.92 | 18.27 | 18.27 |
| Advance Tax & TDS | 42.37 | 38.01 | 17.52 | 13.51 | 135.11 | 133.31 |
| | | | | | | |
| **Total** | 3237.04 | **2921.41** | **3171.56** | **43.79** | **205.37** | **203.09** |

**Annexure-14**

**SECURED AND UNSECURED LOANS**

**SECURED LOANS**

There are no secured loans outstanding as on December, 31, 2009.

**UNSECURED LOANS:**

**(Rs. in Lakhs)**

| Details of Un-Secured Loans | | | |
|---|---|---|---|
| **Year** | **Nature of Loan** | **Amount (Rs.) Lakhs** | **Security** |
| | | | |
| **As on 31.12.09** | Unsecured Loan | 228.40 | NIL |
| | | | |
| **For 2008-09** | Unsecured Loan | 455.43 | NIL |
| | | | |
| **For 2007-08** | Unsecured Loan | 1957.87 | NIL |
| | | | |
| **For 2006-07** | Unsecured Loan | 522.96 | NIL |
| | | | |
| **For 2005-06** | Unsecured Loan | 1325.59 | NIL |

**Annexure-15**

**Related Party Transaction**

There are no related party transactions entered into by the Company.

## Report on the Assets and Liabilities and Profit and Loss Statement of EMAS Engineers & Contractors Pvt. Ltd.

(Rs. in Lakhs)

| Statement of Assets and Liabilties | | | | | | |
|---|---|---|---|---|---|---|
| Particulars | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 | September 30, 2009 |
| Sources of Funds | | | | | | |
| Share Capital | 199.99 | 199.99 | 500.00 | 889.69 | 600.00 | 600.00 |
| Reserves and Surplus | 444.22 | 536.03 | 586.13 | 824.73 | 1413.97 | 1489.16 |
| Secured Loans | 886.16 | 1650.19 | 2400.85 | 3379.77 | 4822.02 | 5367.11 |
| Unsecured Loans | 38.39 | 127.07 | 282.84 | 24.35 | 368.70 | 426.53 |
| Deferred Tax Liability | 29.45 | 30.27 | 17.44 | 53.35 | 57.63 | 57.63 |
| Total | 1598.21 | 2543.55 | 3787.26 | 5171.89 | 7262.32 | 7940.43 |
| | | | | | | |
| Application of Funds | | | | | | |
| Fixed Assets | | | | | | |
| Gross Block | 963.23 | 1265.18 | 1754.22 | 3101.00 | 5368.75 | 5374.75 |
| Less: Depreciation | 215.87 | 356.02 | 522.71 | 791.20 | 1351.45 | 1620.47 |
| Net Block | 747.36 | 909.16 | 1231.51 | 2309.80 | 4017.30 | 3754.28 |
| Capital Work in Progress | 91.69 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Current Assets, Loans and Advances | 3820.39 | 4998.70 | 6764.74 | 10113.02 | 11349.67 | 10938.11 |
| Less: Current Liabilities & Provisions | 3061.38 | 3364.31 | 4208.99 | 7250.93 | 8104.65 | 6751.96 |
| Net Current Assets | 759.01 | 1634.39 | 2555.75 | 2862.09 | 3245.02 | 4186.15 |
| | | | | | | |
| Miscellaneous Expenditure | 0.15 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | | | | | |
| Total | 1598.21 | 2543.55 | 3787.26 | 5171.89 | 7262.32 | 7940.43 |

Rs. in Lakhs

| Profit & Loss Statement | | | | | | |
|---|---|---|---|---|---|---|
| Particulars | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 | September 30, 2009 |
| Income | | | | | | |
| Direct Incomes | 5973.64 | 9456.44 | 9202.28 | 13749.61 | 15360.05 | 6321.70 |
| | | | | | | Note 1 |
| Other Income | 79.54 | 66.64 | 61.34 | 150.18 | 557.18 | 44.98 |
| Total | 6053.18 | 9523.08 | 9263.62 | 13899.79 | 15917.23 | 6366.68 |
| | | | | | | |
| Expenses | | | | | | |
| Direct Expenses | 4928.27 | 7759.63 | 7141.86 | 10522.56 | 11051.87 | 4814.16 |
| | | | | | | Note 1 |
| Employess Cost & Benefits | 282.37 | 453.76 | 491.26 | 895.97 | 923.49 | 270.10 |
| Administration Expenses | 389.27 | 655.30 | 844.02 | 1055.59 | 1191.81 | 337.53 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Selling Expenses | 12.06 | 19.09 | 31.07 | 61.60 | 266.36 | 19.05 |
| Financial Expenses | 173.56 | 332.88 | 477.17 | 688.25 | 1165.91 | 544.63 |
| Loss on Sale of Asset | 0.00 | 0.00 | 2.09 | 0.00 | 5.83 | 0.00 |
| Depreciation | 87.69 | 140.16 | 168.67 | 268.49 | 580.52 | 269.02 |
| Tools & Stores written off | 5.25 | 3.69 | 3.08 | 4.64 | 5.49 | 0.00 |
| Premilinary Expenses Written off | 0.15 | 0.15 | 0.00 | 0.00 | 0.00 | 0.00 |
| Profit before Tax | 174.56 | 158.42 | 104.40 | 402.69 | 725.95 | 112.19 |
| Less: Provision for Current Tax | 41.70 | 59.00 | 60.00 | 115.94 | 239.12 | 37.00 |
| Less: Provision for Deffered Tax | 22.24 | 0.82 | -12.84 | 35.92 | 4.28 | 0.00 |
| Less: Fringe Benefit Tax | 0.00 | 6.79 | 7.14 | 12.24 | 8.16 | 0.00 |
| Net Profit after Tax | 110.62 | 91.81 | 50.10 | 238.59 | 474.39 | 75.19 |

Note 1 : The Direct Income for the half year endng September 30, 2009 includes value of Client Supplied Materials, which do not form part of the contracts awarded. The value of such materials which are supplied by the clients directly to the projects and which are not part of the contracts awarded is stated to be Rs. 2408.47 Lakhs as has been certified by the management.

Premier energy is proposing to acquire 50.1% stake in EMAS. With the proposed acquisition of EMAS, the share of Profits which the shareholders of Premier Energy and Infrastructure would be eligible is Rs. 37.67 Lakhs and Rs.237.67 Lakhs for the half year ended September 30, 2009 and year ended March 31, 2009 respectively.

The share of net worth that would be available to the shareholders of the Premier energy and infrastructure limited would be Rs. 1046.65 Lakhs and Rs. 1009.00 Lakhs for the half year ended September 30, 2009 and year ended March 31, 2009 respectively.

**M HARIHARAN**
**CHARTERED ACCOUNTANT**

**M. Hariharan**
**MEMBERSHIP NO. 15668**
Place: Chennai
Date: 22.05.2010

**(B) FINANCIAL INFORMATION OF GROUP COMPANIES**

The information for the last three years based on the audited statements in respect of the Companies, firms, ventures, etc. promoted by the promoters irrespective of whether these are covered under section 370 (1)(B) of the Companies Act, 1956 or not.

1) Shriram EPC Ltd.
2) Ennore Coke Ltd.
3) Haldia Coke and Chemicals Ltd.
4) Shriram Auto Finance
5) Shriram Auto Finance LLP

***1) SHRIRAM EPC LTD.(SEPC)***

SEPC was incorporated as a Public Limited Company in the name of Shriram EPC Limited on June 12, 2000. SEPC received certificate of commencement of business on June 30, 2000 by the Registrar of Companies, Tamil Nadu. Shriram Engineering Construction Company Limited merged with SEPC by an order of the court dated July 22, 2005 with effect from April 1, 2004.)

For basic details of SEPC, please refer to section- "History and Corporate Structure" on page no. 65 of this Letter of Offer.

**Financial Performance**

**(Rs. in Lakhs)**

| Particulars | 2008-09 | 2007-08 | 2006-07 |
|---|---|---|---|
| Equity Capital | 4334.89 | 4286.78 | 3786.78 |
| Reserves (excluding revaluation reserves) and surplus | 33380.25 | 29651.22 | 13238.25 |
| Income (including other income) | 92395.42 | 64919.19 | 30057.30 |
| Profit After Tax | 4001.68 | 3539.86 | 1313.64 |
| Basic Earning Per Share (face value Rs.10 each) | 9.25 | 10.57 | 6.49 |
| Diluted Earning Per Share (face value Rs.10 each) | 9.25 | 8.71 | 3.36 |
| Book Value per share (Net worth/ No of shares) | 87.55 | 79.89 | 84.25 |

**Share Price Information**

Equity shares of Shriram EPC Limited are listed on BSE and NSE.

The monthly high and low of the closing market price of the equity shares of SEPCL having a face value of Rs. 10/- each for the last six months in NSE and BSE is as follows:

**NSE**

The Market Capitalization of SEPCL on the closing Price of Rs. 207.45 per equity share on the NSE as on January 28, 2010 was Rs. 908.40 Lakhs.

**BSE**

The Market Capitalization of SEPCL on the closing Price of Rs. 207 per equity share on the BSE as on January 28, 2010 was Rs 906 Lakhs.

**Changes in Capital Structure**

There have been no changes in capital structure of SEPC post IPO in February 2008 during the preceding six months except following:

| Date of Allotment | No. of Equity Shares | Face Value (Rs.) | Issue Price (Rs.) | Nature of Conside ration | Cumulativ e No. of Equity Shares | Cumulati ve Paid-up share capital (Rs. In Lakhs) | Reasons/Mode of Allotment |
|---|---|---|---|---|---|---|---|
| 13-May-08 | 177,254 | 10 | 10 | Cash | 43,045,044 | 4304.50 | ESOP 2006 Scheme 01st allotment |
| 20-Jun-08 | 84,443 | 10 | 10 | Cash | 43,129,487 | 4312.95 | ESOP 2006 Scheme 02nd allotment |
| 11-Sep-08 | 52,933 | 10 | 10 | Cash | 43,182,420 | 4318.24 | ESOP 2006 Scheme 03rd allotment |
| 13-Jan-09 | 150,016 | 10 | 10 | Cash | 43,332,436 | 4333.24 | ESOP 2006 Scheme 04th allotment ESOP 2007 Scheme 01st allotment |
| 17-Mar-09 | 16,419 | 10 | 10 | Cash | 43,348,855 | 4334.89 | ESOP 2006 Scheme 05th allotment ESOP 2007 Scheme 02nd allotment |
| 11-Jun-09 | 70,575 | 10 | 10 | Cash | 43,419,430 | 4341.94 | ESOP 2006 Scheme 06th allotment ESOP 2007 Scheme 03rd allotment |
| 11-Sep-09 | 72,266 | 10 | 10 | Cash | 43,491,696 | 4349.17 | ESOP 2006 Scheme 07th allotment ESOP 2007 Scheme 04th allotment |
| 23-Dec-09 | 292,305 | 10 | 10 | Cash | 43,784,001 | 4378.40 | ESOP 2006 Scheme 08th allotment ESOP 2007 Scheme 05th allotment |
| 12-Mar-10 | 1,29,776 | 10 | 10 | Cash | 43,913,777 | 4391.38 | ESOP 2006 Scheme 09th allotment ESOP 2007 Scheme 06th allotment |
| 06-Apr-10 | 28,149 | 10 | 10 | Cash | 43,941,926 | 4394.19 | ESOP 2006 Scheme 10th allotment ESOP 2007 Scheme 07th allotment |

Market price of equity shares of SEPC on the Stock Exchanges during the last 6 months is as under:

**National Stock Exchange Limited**

| Month | High | | | Low | | |
|---|---|---|---|---|---|---|
| | Date | Price (Rs.) | Volume (Nos.) | Date | Price (Rs.) | Volume |
| Nov’09 | November 18, 2009 | 242.20 | 10,857 | November 03, 2009 | 212.95 | 13,727 |
| Dec’09 | December 31, 2009 | 236.25 | 1,33,605 | December 21, 2009 | 206.75 | 2,570 |
| Jan’10 | January 15, 2009 | 236.20 | 53,554 | January 29, 2009 | 212.80 | 5,640 |
| Feb’10 | February 01,2010 | 212.40 | 1,996 | February 25,2010 | 182.55 | 59,815 |
| Mar’10 | March 09,2010 | 209.40 | 6,379 | March 26, 2010 | 194.95 | 5,830 |
| Apr’10 | April 12,2010 | 287.45 | 5,14,588 | April 01,2010 | 208.55 | 3,897 |
| Source : www.nseindia.com | | | | | | |

| Month | High | | | Low | | |
|---|---|---|---|---|---|---|
| | Date | Price (Rs.) | Volume (Nos.) | Date | Price (Rs.) | Volume (Nos.) |
| Nov'09 | November 18, 2009 | 243.85 | 7,375 | November 03, 2009 | 210.35 | 17,119 |
| Dec'09 | December 31, 2009 | 235.15 | 13,170 | December 16, 2009 | 208.70 | 4,057 |
| Jan'10 | January 20, 2009 | 236.95 | 7,238 | January 28, 2009 | 208.05 | 14,421 |
| Feb'10 | February 01, 2010 | 212.60 | 1,036 | February 25,2010 | 182.55 | 695 |
| Mar'10 | March 09,2010 | 209.40 | 6,215 | March 26, 2010 | 194.50 | 1,309 |
| Apr '10 | April 12, 2010 | 285.45 | 3,78,959 | April 01,2010 | 209.20 | 2,336 |
| Source : www.bseindia.com | | | | | | |

**Past Public Issue / Rights Issue made by SEPC:**

In February 2008, SEPCL allotted 50,00,000 equity shares of face value of Rs. 10 each at a price of Rs.300 per share in the initial public offer. SEPCL made no further public issue or rights issue. The funds raised through Initial Public Offer aggregating to Rs. 15000 lakhs have been fully utilized.

The subsidiaries of Shriram EPC Ltd include Hamon Shriram Cottrell Private Limited, Shriram SEPC (Singapore) Pte Ltd and Blackstone Group Technologies Private Ltd.

SEPC is neither a Sick Company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1995 nor is under winding up.

SEPC has not entered into any related party transactions with our Company except as mentioned in Annexure-15 "Related Parties Transactions" given in section - Financial Statements of the Company on page 81 of this Letter of Offer.

For pending litigations by or against SEPC, please refer to Section- "Outstanding litigations

and Material Developments" on page no. 104 of this Letter of Offer.

***2) ENNORE COKE LTD. (ECL)***

Since its incorporation in 1985 through September 30, 2005, Ennore Coke Ltd. was engaged in the business of producing yarn, cloth and fibre and leasing of movable and immovable properties. Shriram EPC Ltd. acquired its interest in Ennore Coke in December 2005, after which Ennore Coke discontinued its prior businesses to engage in the manufacture and trading of coal and coke.

For basic details of ECL, please refer to section- "History and Corporate Structure" on page no. 65 of this Letter of Offer.

**Financial Performance** **(Rs. In Lakhs)**

| Particulars | 2008-09 | 2007-08 | 2006-07 |
|---|---|---|---|
| Equity Capital | 1550.00 | 1550.00 | 1550.00 |
| Reserves (excluding revaluation reserves) and surplus | 1274.29 | 1502.97 | 1502.84 |
| Income (including other income) | 10106.41 | 7.99 | 20.80 |
| Profit After Tax | 7.81 | 0.13 | 0.20 |
| Basic Earning Per Share (face value Rs.10 each) | 0.05 | 0.00 | 0.01 |
| Diluted Earning Per Share (face value Rs.10 each) | 0.04 | 0.00 | 0.01 |
| Book Value per share (Net worth/ No of shares) | 18.22 | 14.98 | 17.04 |

**Share Price Information**

Equity shares of ECL are listed on BSE.

**Changes in Capital Structure during the last 6 months:**

There have been no change in the capital structure of the Company during the last 6 months.

**BSE**

The Market Capitalization of SEPCL on the closing Price of Rs. 60 per equity share on the BSE as on January 29, 2010 was Rs. 93 Lakhs.

**Market price of equity shares of ECL on the Stock Exchanges during the last 6 months is as under:**

| Month | High | | | Low | | |
|---|---|---|---|---|---|---|
| | Date | Price (Rs.) | Volume (Nos.) | Date | Price (Rs.) | Volume (Nos) |
| Nov'09 | November 25, | 50.80 | 40,949 | November 04, 2009 | 32.85 | 28,969 |
| Dec'09 | December | 62.10 | 54,710 | December 01, 2009 | 53.15 | 27,688 |
| Jan'10 | January 12, 2010 | 65.05 | 1,33,980 | January 28, 2010 | 57.20 | 27,431 |
| Feb'10 | February 6, 2010 | 64.30 | 27,146 | February 08, 2010 | 57.05 | 19,716 |
| Mar '10 | March 31, 2010 | 98.30 | 10,77,360 | March 10,2010 | 63.60 | 50,480 |
| Apr'10 | April 07,2010 | 102.05 | 1,09,784 | April 27,2010 | 90.15 | 48,408 |
| Source : www.bseindia.com | | | | | | |

**Public Issue /Rights Issue in preceding 3 years.**

In February 2008, ECL allotted 1,50,00,000 equity shares of face value of Rs. 10 each at a price of Rs.20 per share in the Rights Issue. ECL made no further public issue or rights issue thereafter. The funds raised through Rights Issue aggregating to Rs. 3000 lakhs have been fully utilized for objects of the Issue.

The subsidiaries of ECL include Ennore Power and Coke Private Ltd.

ECL is neither a Sick Company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1995 nor is under winding up.

ECL has not entered into any related party transactions with our Company except as mentioned in Annexure-15 "Related Parties Transactions" given in section - Financial Statements of the Company on page 81 of this Letter of Offer.

For pending litigations by or against ECL, please refer to Section- "Outstanding litigations and Material Developments" on page no. 104 of this Letter of Offer.

***3) HALDIA COKE AND CHEMICALS LTD.(HCCL)***

HCCL was incorporated on September 17, 2004 with the objective to carry business in manufacture and trading of Coke and Coal.

For basic details of HCCL, please refer to section- "History and Corporate Structure" on page no. 65 of this Letter of Offer.

**Financial Performance** **(Rs. In Lakhs)**

| Particulars | 2008-09 | 2007-08 | 2006-07 |
|---|---|---|---|
| Equity Capital | 261.56 | 261.56 | 261.56 |
| Reserves (excluding revaluation reserves) and surplus | 0.00 | 0.00 | 0.00 |
| Income (including other income) | 0.00 | 0.00 | 0.00 |
| Profit After Tax | 0.00 | 0.00 | 0.00 |
| Basic Earning Per Share (face value Rs.10 each) | 0.00 | 0.00 | 0.00 |
| Diluted Earning Per Share (face value Rs.10 each) | 0.00 | 0.00 | 0.00 |
| Book Value per share (Net worth/ No of shares) | 10.00 | 8.57 | 8.87 |

Haldia Coke and Chemicals Ltd. is an unlisted company and is neither a sick company within the meaning of the Sick Industries Companies (Special Provisions) Act, 1985 nor is under winding up. Haldia Coke and Chemicals Ltd. has not entered into any related party transactions with our Company.

HCCL is neither a Sick Company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1995 nor is under winding up.

HCCL has not entered into any related party transactions with our Company except as mentioned in Annexure-15 "Related Parties Transactions" given in section - Financial Statements of the Company on page 81 of this Letter of Offer.

For pending litigations by or against HCCL, please refer to Section- "Outstanding litigations and Material Developments" on page no. 104 of this Letter of Offer.

### *4) SHRIRAM AUTO FINANCE (SAF)*

Shriram Auto Finance is partnership firm formed on December 1, 2004 between Ms. Vathsala Ranganathan and Ms. Vidya Narayanmurthi. The firm was registered with the Registrar of Firms, Madras on March 19, 1998.

Shriram Auto Finance is engaged in the business of finance and hire purchase.

The principal place of business of Partnership Firm is situated at No.4, Lady Desika Road, Mylapore, Chennai 600 004.

**Ownership Structure:**

| Partners | Interest % |
|---|---|
| Ms. Vathsala Ranganathan | 56% |
| Ms. Vidya Narayanamurthi | 44% |

**Financial Performance** **(Rs. in Lakhs)**

| Particulars | March 31, 2009 | March 31, 2008 | March 31, 2007 |
|---|---|---|---|
| Partner's Capital Account & Current Account | (110.55) | 0.07 | 0.07 |
| General Reserve | 3619.23 | 3619.23 | 3960.80 |
| Total Income | 2.12 | 31.91 | 4300.05 |
| Net Profit (Loss) | (112.62) | (341.56) | 3960.80 |

SAF has not entered into any related party transactions with our Company except as mentioned in Annexure-15 "Related Parties Transactions" given in section - Financial Statements of the Company on page 81 of this Letter of Offer.

For pending litigations by or against SAF, please refer to Section- "Outstanding litigations and Material Developments" on page no. 104 of this Letter of Offer.

### *5) SHRIRAM AUTO FINANCE LLP*

Shriram Auto Finance LLP is a Limited Liability Partnership Firm incorporated under Limited Liability Partnership Act, 2008 on November 10, 2009.

The principal place of business of LLP is situated in 15, Sarangapani Street, T. Nagar, Chennai 600 017.

**Ownership Structure:**

| Partners | Interest % |
|---|---|
| Ms. Vathsala Ranganathan | 56% |
| Ms. Vidya Narayanamurthi | 44% |

Shriram Auto Finance LLP has not entered into any related party transactions with our Company except as mentioned in Annexure-15 "Related Parties Transactions" given in section - Financial Statements of the Company on page 81 of this Letter of Offer.

For pending litigations by or against Shriram Auto Finance LLP, please refer to Section- "Outstanding litigations and Material Developments" on page no. 104 of this Letter of Offer.

## (C) MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS AS REFLECTED IN THE FINANCIAL STATEMENTS:

The investors should read the financial conditions and results of operations together with the restated audited financial statements of our Company, each for the financial year/ period ending December 31, 2009 (9 months period), March 31, 2009, 2008 and 2007 (all 12 months periods) including the notes thereto and the reports thereon, which appear in the section titled "Financial Statements" beginning on the page no. 81 of this Letter of Offer. All references to a particular fiscal period/ year are for the figures of that precise fiscal year/ period only.

**BUSINESS OVERVIEW**

We are housing construction and real estate development company headquartered in Chennai. We have executed several projects in the states of Tamil Nadu, Karnataka and Andhra Pradesh. We undertake real estate development projects with business focus on residential and commercial developments.

Our company was incorporated in the year 1988 with the object of carrying on business of housing development and construction of houses and apartments. In 2008, our company has planned to venture into energy sector by developing wind farms and setting up power plants in future.

**Restated Statement of Assets and Liabilities** (Rs. in Lakhs)

| Year Ended March 31, | 2009 | 2008 | 2007 |
|---|---:|---:|---:|
| | | | |
| **Fixed Assets:** | | | |
| Gross Block | 1,090.03 | 891.56 | 762.27 |
| Less: Depreciation | 567.68 | 530.34 | 492.30 |
| Net Block | 522.36 | 361.22 | 269.97 |
| Less: Revaluation Reserve | 209.39 | - | - |
| Effect on account of Restatement of Accounts | - | - | - |
| **Net Block after adj. for Revaluation Reserve** | **312.97** | **361.22** | **269.97** |
| | | | |
| **Investments** | **20.78** | **20.78** | **20.78** |
| | | | |
| **Current Assets, Loans and Advances:** | | | |
| Inventories | 930.38 | 903.42 | 2,465.32 |
| Sundry Debtors | 14.58 | 2,200.00 | - |
| Cash and Bank Balances | 20.05 | 4.54 | 541.93 |
| Stock in trade | 312.47 | - | - |
| Loans and Advances | 2,921.41 | 3,171.56 | 43.79 |
| Other Current Assets | - | - | - |
| **Total** | **4,198.89** | **6,279.52** | **3,051.03** |
| | | | |
| **Liabilities and Provisions:** | | | |
| Secured Loans | - | - | 457.68 |
| Unsecured Loans | 455.43 | 1,957.87 | 522.96 |
| Deferred Tax Provision | - | - | - |
| Current Liabilities and Provisions | 2,902.30 | 3,557.25 | 1,620.53 |
| Effect on account of Restatement of Accounts | - | - | - |
| **Total** | **3,357.73** | **5,515.12** | **2,601.17** |
| | | | |
| **Net Worth** | **1,174.90** | **1,146.40** | **740.61** |
| | | | |
| **Represented by** | | | |
| 1. Share Capital | 999.48 | 999.48 | 999.48 |
| 2. Reserves | 384.81 | 146.92 | - |
| Less: Misc. Expenditure not w/o | - | | |
| Less: Revaluation Reserve | 209.39 | - | - |
| Reserves (Net of Revaluation Reserves) | 175.42 | 146.92 | - |
| Effect on account of Restatement of Accounts | - | - | - |
| 3. Profit & Loss A/c (loss) | - | - | 258.87 |
| | | | |
| **Net Worth** | **1,174.90** | **1,146.40** | **740.61** |

**Restated Statement of Profits & Loss Account**

(Rs. in Lakhs)

| Year Ended March 31, | 2009 | 2008 | 2007 |
|---|---|---|---|
| **INCOME** | | | |
| | | | |
| **Sales :** | | | |
| Property Development Income | 145.85 | 6872.18 | 1493.85 |
| Of products traded in by the company | 0.00 | 0.00 | 0.00 |
| Total Sales | 145.85 | 6872.18 | 1493.85 |
| Other Income | 93.41 | 76.55 | 12.95 |
| Increase / (Decrease) in Inventories | 26.96 | (1561.90) | (1494.10) |
| | | | |
| **Total Income** | **266.22** | **5386.83** | **12.70** |
| | | | |
| **EXPENDITURE** | | | |
| | | | |
| Purchases | 35.76 | 4643.17 | (157.94) |
| Expenditure on Employees | | | |
| Welfare Expense | 0.00 | 0.00 | 0.00 |
| Administration Expenses | 41.18 | 14.05 | 6.78 |
| Goodwill Written Off | 4.73 | 4.73 | 0.00 |
| Other Expenses | 29.97 | 48.00 | 17.37 |
| Selling and Distribution Expenses | 0.34 | 0.88 | 0.25 |
| Depreciation | 35.27 | 33.31 | 37.45 |
| Finance Charges | 56.67 | 197.41 | 0.00 |
| Remuneration to Auditor | 0.44 | 0.40 | 0.30 |
| Directors / Partners' Remuneration | 0.00 | 0.00 | 0.00 |
| Loss in dealing in Shares | 6.57 | | |
| Preliminary Expense Written-off | 0.00 | 0.00 | 16.35 |
| Bad Debt Written-off | 0.00 | 0.00 | 37.45 |
| | | | |
| **Total Expenditure** | **210.92** | **4941.95** | **(41.99)** |
| | | | |
| **Profit before Tax before extraordinary items** | **55.30** | **444.88** | **54.69** |
| | | | |
| Provision for Taxation | 26.79 | 39.10 | 4.23 |
| | | | |
| **Net Profit before extraordinary items** | **28.50** | **405.79** | **50.47** |

**COMPARISON BETWEEN FINANCIAL PERFORMANCES FOR ACCOUNTING PERIOD ENDED 31st March, 2009 AND 31st March, 2008.**

**TOTAL INCOME**

**SALES**

During the year ended 31st March, 2009, the sales of our company, had decreased to Rs.145.85 Lakhs from Rs. 6872.18 Lakhs in financial year ended 31st March, 2008. The Sales were decreased by 97.88% during the financial year 2008-09. Company had not undertaken any new project in the year due to the recessionary trend in the economy, which has resulted to the above decrease.

***Other* Income, part of total income-** Other income had increased from 76.55 Lakhs in financial year ended 31st March, 2008 to 93.41 Lakhs in financial year ended 31st March, 2009. Other Income was increased by 22.03% during the financial year 2008-09 due to increase in the rental income and the interest income.

**OPERATIONAL EXPENSES**

The Operational Expenses during the financial year 2008-09 had decreased substantially from Rs. 4643.17 Lakhs in 31st March, 2008 (67.56% of sales) to Rs. 35.76 Lakhs in 31st March, 2009 (24.52% of sales). The Operational Expenses were decreased by 99.23% during the financial year 2008-09. The decrease was attributed to the fall in the turnover base.

**ADMINISTRATION EXPENSES**

The Administration Expenses during the financial year 2008-09 had increased from Rs.14.05 lakhs in 31st March, 2008 (0.20% of sales) to Rs. 41.18 lakhs in 31st March, 2009 (28.23% of sales). The Administrative Expenses had increased by 193.18% during the financial year 2008-09. The increase was attributed to various factors like substantial expenditure incurred towards rates & taxes and Travelling & Conveyance.

**SELLING AND DISTRIBUTION EXPENSES**

The Selling and Distribution Expenses during the financial year 2008-09 had decreased from Rs.0.88 lakhs in 31st March, 2008 (0.01% of sales) to Rs. 0.34 lakhs in 31st March, 2009 (0.23% of sales). The Selling and Distribution Expenses had decreased by 61.49% during the financial year 2008-09. Selling and Distribution Expenses were decreased as no new projects were under-taken.

**OTHER EXPENSES**

The Other Expenses during the financial year 2008-09 had decreased from Rs. 48.00 lakhs in 31st March, 2008 (0.70% of sales) to Rs. 29.97 lakhs in 31st March, 2009 (20.55% of sales). The Other Expenses had decreased by 37.57% during the financial year 2008-09. Other Expenses were decreased due to decrease majorly in service charges and legal expenses.

**INTEREST EXPENSES**

Interest Expenses for the year ended 31st March, 2009 was Rs. 56.67 lakhs (38.85% of sales) against Rs. 197.41 lakhs (2.87% of sales) for the year ended 31st March, 2008. The interest expenses decreased by 71.29% during the financial year 2008-09 as no projects were undertaken resulting in lesser requirement of borrowed funds.

**DEPRECIATION**

Depreciation for the year ended 31st March 2009 was Rs. 35.27 lakhs (24.18% of sales) against Rs. 33.31 lakhs (0.48% of sales) for the year ended 31st March 2008 due to revaluation of fixed assets in the year 2008-09.

**PROFIT BEFORE TAX and before exceptional items (PBT)**

The Profit before tax for the year ended 31st March, 2009 was Rs. 55.30 lakhs (37.91% of sales) against Rs. 444.88 lakhs (6.47% of sales) for the year ended 31st March, 2008. The Profit before tax was decreased by 87.57% during the financial year 2008-09 mainly because of decrease in sales.

**COMPARISON BETWEEN FINANCIAL PERFORMANCES FOR ACCOUNTING PERIOD ENDED 31ST MARCH, 2008 AND 31ST MARCH 2007.**

**TOTAL INCOME**

**SALES**

During the year ended 31st March, 2008, the sales of our company, had increased to Rs. 6872.18 Lakhs from Rs. 1493.85 Lakhs in financial year ended 31st March, 2007. The Sales were increased by 360.03% during the financial year 2007-08. Increase in income is on account of income from real estate projects executed during the year.

***Other Income, part of total income-*** Other income had increased from 12.95 Lakhs in financial year ended 31st March, 2007 to 76.55 Lakhs in financial year ended 31st March, 2008. Other Income was increased by 491.04% during the financial year 2007-08 due to higher project services income.

**OPERATIONAL EXPENSES**

The Operational Expenses during the financial year 2007-08 were Rs. (157.94) Lakhs. Operational Expenses during the financial year 2007-08 were negative as the company has sold land and completed one big project the cost of which is reflected in the Expenditure.

**ADMINISTRATION EXPENSES**

The Administration Expenses during the financial year 2007-08 had increased from Rs.6.78 lakhs in 31st March, 2007 (0.45% of sales) to Rs. 14.05 lakhs in 31st March, 2008 (0.20% of sales). The Administrative Expenses had increased by 107.25% during the financial year 2007-08. The increase could be attributed to various factors like substantial expenditure incurred towards rates and taxes and travelling and conveyance expenses.

**SELLING AND DISTRIBUTION EXPENSES**

The Selling and Distribution Expenses during the financial year 2007-08 had increased from Rs.0.25 lakhs in 31st March, 2007 (0.02% of sales) to Rs. 0.88 lakhs in 31st March, 2008 (0.01% of sales). The Selling and Distribution Expenses had increased by 254.70% during the financial year 2007-08. Selling and Distribution Expenses were increased due to increase in marketing expenses.

**OTHER EXPENSES**

The Other Expenses during the financial year 2007-08 had increased from Rs. 17.37 lakhs in 31st March, 2007 (1.16% of sales) to Rs. 48.00 lakhs in 31st March, 2008 (0.70% of sales). The Other Expenses had increased by 176.34% during the financial year 2007-08. Other Expenses were increased due to increase in legal expenses, service charges and listing fees.

**INTEREST EXPENSES**

Interest Expenses for the year ended 31st March, 2008 was Rs. 197.41 lakhs (2.87% of sales) against no interest expenses for the year ended 31st March, 2007 as company had borrowed funds for its projects.

**DEPRECIATION**

Depreciation for the year ended 31st March 2008 was Rs. 33.31 lakhs (0.48% of sales) against Rs. 37.45 lakhs (2.51% of sales) for the year ended 31st March 2007 mainly due to the fact that for some of the assets, depreciation has been written off in full over the years.

**PROFIT BEFORE TAX and before exceptional items (PBT)**

The Profit before tax for the year ended 31st March, 2008 was Rs. 444.88 lakhs (6.47% of sales) against Rs. 54.69 lakhs (3.66% of sales) for the year ended 31st March, 2007. The Profit before tax was increased by 713.43% during the financial year 2007-08 mainly because of increase in sales.

**Information regarding:**

1. **Unusual or infrequent events or transactions**:

   Other than as described in this Letter of Offer, particularly in the section entitled "Risk Factors" beginning on Page 11 and Management's Discussion and Analysis of Financial Condition and result of Operations", beginning on Page 99**,** in the knowledge of our Company, there are no significant economic / regulatory changes that materially affect or are likely to affect the income from continuing operations.

2. **Significant economic changes that materially affected or are likely to affect income from continuing operations:**

   Except as described in the section titled "Industry Overview" beginning on page 46 and section titled "Business Overview beginning on page 53 to our knowledge, there are no significant economic changes that materially affected or are likely to affect our income from continuing operations.

3. **Known Trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations:**

   There are no known trends or uncertainties that may have had or expected to have any material adverse impact on sales, revenue or income from continuing operations of our Company.

4. **Future changes in relationship between costs and revenues, in case events such as future increase in labour or material costs or prices that will cause a material change are known:**

   Except as otherwise described elsewhere in this Letter of Offer, particularly in section titled “Risk Factors” beginning on page 11 and section titled “Management’s Discussion and Analysis” beginning on page 99 there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on revenues or income of our Company from continuing operations

5. **The extent to which material increase on net sales or revenue are due to increased sales volume, introduction of new products or services or increased sales prices:**

   Changes in income from operations during the last two years are as explained in this section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on page 99

6. **Total turnover of each business segment, part of the major industry segment, Company currently operates only in real estate development segment.**

   For more information of this refer to section entitled “Auditors Report” beginning on page 81 of this Letter of Offer.

7. **Status of any publicly announced new products or business segment:**

   Company has not announced any new products or business segment

8. **The extent to which business is seasonal**

   There are no material seasonal trends in our business

9. **Any significant dependence on a single or few suppliers or customers.**

   We do not depend on particular client or group of clients.

10. **Competitive Conditions**

    For details, please refer to the discussions of our competition in the sections titled “Risk Factors” and “Our Business” beginning on pages 11 and 53, respectively.

    **Note: Statement in the Management Discussion and Analysis Report describing our objectives, outlook, estimates, expectations or predictions may be “Forward looking statements” within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to our operations include, among others, economic conditions affecting demand/supply and price conditions in domestic and overseas market in which we operate, changes in government regulations, tax laws and other statutes and incidental factors.**

## VII. LEGAL AND OTHER INFORMATION

### (A) Outstanding Litigations and Material Developments

Except as described below, there are no outstanding litigations, suits or civil proceedings, or criminal proceedings, or prosecutions or tax liabilities, irrespective of whether specified in Schedule XIII of the Act, against our Company or the Directors, or the Subsidiaries or the Promoters or group companies, and there are no defaults, nonpayment or over dues of statutory dues, over dues to banks / financial institutions, defaults against banks / financial institutions, defaults in dues payable to holders of any debentures, bonds, or fixed deposits, and arrears on Preference shares issued by our Company, defaults in creation of full security as per terms of issue/ other liabilities, Proceedings initiated for economic/ civil/ and other offences (including past cases where penalty may or may not have been awarded) that would result in a material adverse effect on the business. None of the aforesaid persons/ companies is on RBI's list of willful defaulters. No disciplinary action has been taken by the SEBI/ Stock Exchanges against our Company, Directors of our Company and Promoters.

### I. Litigation involving Our Company

### A. Cases filed by or against Our Company

| Sr. No. | Case No. | Pending Before | Plaintiff: | Respondent / Defendant: | Facts and Status of the cases: |
|---|---|---|---|---|---|
| 1 | OA 261/200 | DRT, Chennai | HUDCO | Premier Energy and Infrastructure Limited | HUDCO has filed a case for recovery of Rs. 2.10 crores as against Rs. 56 lakhs payable by the company as per the scheme sanctioned by the Hon'ble High Court of Madras vide CP 367/2004. Matter is subjudice before DRT Chennai. Amount involved is Rs. 56 lakhs. |
| 2 | SLP No. 19769-19771 of 2008 | The Hon'ble High Court Madras | Premier Energy and Infrastructure Limited. | Mr. Kamalahasan, Mr. Kothandarama Chetty & Mrs. Geetha Ravishankar | The company owns a property in Luz Church Road. The defendants who do not have any manner of right, title or interest beyond a 20 feet passage are interfering with the peaceful possession of the company's property. The Hon'ble single Judge's order was in favour the company and the order of the Hon'ble Division Bench order was against the company. Now the case is filed for setting aside the Hon'ble Division Bench Order and to restore the Hon'ble Single Judge Order restraining the respondents from interfering in peaceful possession of our property. Matter is subjudice before the Hon'ble High Court Madras. The amount is not quantifiable. |
| 3 | | Chief Commissioner of Income Tax, Chennai | Premier Energy and Infrastructure Limited. | Rs 67.17 Lakhs | The company has filed a petition for waiver of interest charged u/s 234 A,B & C for the years 1991-92 to 1996-97. If waiver of interest is denied, it will not have any significant impact in the operations of the company. |

### II. Litigations involving our Group Companies

### A. Cases filed by or against our Group Companies

There are no litigations against the group companies other the below mentioned litigations:

**Shriram EPC Ltd. (SEPC)**

**Criminal Cases filed against SEPC:**

| Sr. No. | Case No. | Pending Before | Plaintiff: | Respondent/ Defendant: | Facts and Status of the cases: |
|---|---|---|---|---|---|
| 1 | Criminal Case No. 2247 of 2000 and 2248 of 2000<br><br>Crl. W. P. No.1831 of 2008 and Crl. W. P. No.2091 of 2008 | Judicial Magistrate, I Class, Nashik, Maharashtra | Maharastra Small Scale Industries Development Corpn Ltd. (MSSIDC) | SEPC | A Criminal Case No. 2247 of 2000 and 2248 of 2000 dated May 5, 2000 was filed before Judicial Magistrate 1st Class, Nasik by Maharashtra Small Scale Industries Development Corporation, Limited ("MSSIDC") under Section 138 of the Negotiable Instrument Act against the Chairman, Managing Director and certain other employees of Shriram Engineering and Construction Company Limited ("SHRENCO"). SHRENCO had entered into a contract with MSSIDC for the supply of PVC pipes and had issued certain post dated cheques of amounts of Rs. 1,407,268. MSSIDC alleged that the cheques were dishonoured. Our Company filed an application dated December 13, 2005 for return of wrong summons on the ground that they were not impleaded as an accused and that it was only due to the amalgamation of SHRENCO with our Company that the address was transferred and that since after the said amalgamation the posts of Managing Director and the Chairman do not exist, the service is bad in law. The court passed an order rejecting the application filed by our Company on February 2, 2006. The court issued a non-bailable warrant on July 4, 2006 against the accused persons. The Company filed an application dated July 5, 2006 against the said order. However the said application was disallowed by the order of the court dated September 9, 2006. Against this order our Company has filed a Criminal Revision Petition bearing No 496 of 2006 seeking the quashing or stay of the non-bailable warrant. The court by its order dated October 13, 2006 has stayed the proceeding pending hearing of the application. The matter has been posted for final arguments on October 6, 2007. The court has on December 29, 2007 dismissed the Criminal Revision Petition. The Company proposes to file an appeal against the said order. The matter has been posted for hearing before the Judicial Magistrate 1st Class, Nasik on February 11, 2008.<br>Further, Criminal Revision Petition filed by the Company against Order of the Magistrate Court before the Session Court was dismissed vide Order dated 27.12.2007.and against this Order we preferred two Criminal Writ Petition before the High Court of Judicature at Mumbai numbering as Crl. W.P. NO.1831 and Crl. W.P. No. 2091 of 2008. |

| | | | | | |
|---|---|---|---|---|---|
| | | | | | The High Court of Bombay vide its Order dated 26.9.08 directed us to serve a private notice to MSSIDC on or before 23.10.08 and accordingly we have served MSSIDC at their Ballard Pier, Mumbai office. At the hearing held on 23.10.08 & 15.12.08, since no appearance from MSSIDC side.<br><br>**CURRENT STATUS: The matter is pending and the next date of hearing is yet to be notified.** |

**Civil Cases filed by / or against SEPC:**

| Sr. No | Case No. | Pending Before | Plaintiff: | Respondent / Defendant: | Facts and Status of the cases: |
|---|---|---|---|---|---|
| 1 | C.S.No.332 /2000 | Joint Civil Judge, Senior Division, Nashik | SEPC | Maharashtra Jeevan Pradhikaran (MJP) | SEPC was awarded an engineering contract by MJP against which SEPC had drawn advances in two installments from MJP by furnishing bank guarantee. MJP suddenly invoked the bank guarantee even though there was no breach of contract or terms of conditions of contract by the Company. Aggrieved by the above act of MJP, the company filed a suit against MJP for restraining MJP from encasing the bank guarantee. The company has also claimed compensation and damages to the tune of Rs.12,00,00,000/- from MJP through this suit.<br><br>**MJP has filed a Counter Claim in the year 2002 with the following prayers :**<br>1. The Defendant Nos.1 & 2 viz. (MJP & MJP at Site) be granted interest @ 18 % p.a. from the date of disbursement of mobilization advance of Rs.60,90,000/- from 29/04/99 till realization.<br>2. The Defendant Nos. 1 & 2 be granted compensation from Plaintiff and Defendant Nos. 3 viz. (ICICI Banking Corporation Ltd., Chennai) for committing breach of contract, by not keeping the performance Bank Guarantee Rs.86,28,615/- dated 8/4/99 bearing no.613 valid as per the terms of agreement and that Plaintiff and Defendant No.3 be held jointly and severally liable to pay the said compensation @ 2 % penalty on Rs.60,91,000/- from date of demand of renovation of BG till date of realization to Defendant Nos.1 & 2.<br>3. Defendant No.1 & 2 be granted compensation from Plaintiff and defendant No.4 viz. (Federal Bank Ltd., Chennai) for committing default in honouring the demand of beneficiary within time. And that Plaintiff and Defendant No.4 be held jointly and |

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| | | | | | severally liable to pay the said compensation @2 % penalty of Bank Guarantee of Rs.61,90,515/- from date of demand of renovation of BG till date of realization to Defendant Nos.1 & 2.<br>4. Defendant Nos.1 & 2 be granted future interest @ 18 % p.a. on Rs.78,17,790/- from 25/3/2005 till realization from Plaintiff.<br>5. It is declared that the security deposit/performance agreement stands forfeited as the terms of agreement.<br>6. Plaintiff and Defendant No 3 be directed to revalidate the Bank Guarantee no. 613 dated 08.04.99 till the decision of this suit as Defendant Nos.1 & 2 were always ready and willing to get the project executed from Plaintiff.<br>7. The tender agreement be declared as terminated at the instance of Plaintiff.<br>**CURRENT STATUS :**<br>**Since Shriram Engg. Construction Co. has been merged with Shriram EPC Ltd, and in the Court record the same has been taken on record only recently, the Counter Claim of MJP has been taken on record now and the matter has been posted for framing of issue by 23-02-2010. The next date of hearing has been scheduled on 21.06.2010** |
| 2. | O.S. No. 115 of 2006 | Court of Sub-ordinate Judge at Thiruvananthapuram | SEPC | Kerala State Industrial Development Corporation (KSIDCL) and two others | SEPC has filed the suit for recovery of Rs. 15, 94,224 from KSIDCL. SEPC having been pre qualified by KSIDCL participated in the tender for construction work of 5 MLD (Million Litres per day) water treatment plants at Kuthuparmbu, Kannur, Kerala vide tender dated 10th December, 1997. The said tender was accepted by KSIDCL and SEPCL had furnished a security deposit of Rs. 2 lakhs. The work was delayed on account of the breaches committed by the KSIDCL and two others. SEPC with great difficulty carried out the work costing more than Rs. 3.50 lakhs. However, second defendant, namely, MD, KSIDCL, vide his order dated 13th January, 1999 terminated the contract and forfeited the security deposit of Rs. 2 lakhs for which he had no authority in terms of the contract. As such KSIDCL has no right to withhold Rs. 3.50 lakhs due to SEPC towards the value of work carried out under the contract. SEPC had first filed O.P. No. 143 of 2000 before district court for appointment of arbitrator but the said O.P. was dismissed on 5th January 2006 as not-maintainable. Hence, SEPC has filed the present suit for declaration of money that the order of second defendant is illegal and without authority and also prayed for payment of Rs. 3.50 lakhs towards value of work carried out and Rs. 5.85 lakhs towards value of material procured and stored at site and to recover the deposit of Rs. 2 lakhs with interest @ 6% per annum from 13.5.1999. |

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| | | | | | M/s. KSIDC have filed their counter claim for recovery of Rs.12 lakhs in our civil suit filed before the Court of Sub-ordinate Judge at Thiruvananthapuram, on 15.6.07. At the hearing held on 19.6.07, the Sub-ordinate Judge, Trivandrum has refused to admit the counter claim stating that KSIDC has to get prior permission of the Court before filing counter claim and the matter has been further adjourned to make them apply for court permission to file counter claim.<br>**CURRENT STATUS :**<br>**The case is posted for further hearing on 04.6.2010.** |
| 3. | RCA No. 613 of 1998 | VII Judge, Small Causes Court, Chennai | SEPC | V. Sukumar | SEPC has filed appeal against the order and decree dated 23rd January 1998 passed in RCOP no. 621 of 1996 by the XII Judge, Small Causes Court, Chennai in fixing the fair rent at Rs. 92,413/-. The said appeal was dismissed for default on 17.07.2006. Both SEPC and the Landlord have filed restoration application, which was allowed**.** Fair Rent has been reduced from Rs.92,413/- to Rs.50,901/-. Appeal has been decided in our favour. Order copy yet to be received. Civil Revision petition has been filed against the order of the Rent Control Appellate Court and the case is numbered as CRP – 140 of 2008.<br><br>The matter has been listed for admission on 29.01.08 and the Hon'ble High Court of Madras has admitted our appeal and notice has been ordered to the Respondent (landlord).<br>**CURRENT STATUS :**<br>**The case has not been listed for final hearing.** |
| 4 | O.P. No.787 of 2002 | Madras High Court | SEPC | Madras Fertilizers Ltd. (MFL) | An arbitration application-bearing number 976 of 1998 was filed by the Company before the arbitral tribunal, Chennai against Madras Fertilizers Limited. The Company and Madras Fertilizers Limited had entered into a contract under which the Company was required to construct quarters for the Central Industrial Security Force. A dispute arose as to the outstanding bills aggregating Rs 32, 37,626.65. The arbitration award was given in favour of the Company by an order dated October 01, 2001. The respondents filed an appeal before the High Court against the said order in O.P No 787/2002. The High Court on July 26, 2006 set aside the said arbitration award. An appeal against the setting aside of the award has been filed by the Company before the Division Bench. On October 26, 2007 the appeal was admitted by the Court and the notice was issued to the Madras Fertilizers Limited. |

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| | | | | | Steps for sending notice was taken. Again the matter was listed before the Deputy Registrar, on 15.04.2008 for service. Thereafter the matter was adjourned for two weeks. Notice was served on both the respondents. M/s Aiyar & Dolia have filed vakalat for the 1st respondent. No one has so far filed vakalat for the 2nd respondent though notice was served on them.<br><br>Hon'ble High Court of Madras has issued an Order Dated 27.08.08 setting aside the Arbitration award dated 16.07.06 issued by Division Bench and remitting the matter back to another arbitrator Mr. C. Subramanian (a retired District Judge) for fresh award.<br>**CURRENT STATUS :**<br>**The arbitrator has not commenced the arbitration. The Company has communicated contact numbers & address but so far no communication has been received from arbitrator.** |
| 5. | Application A.O. No.3737 of 2007 (O.P. 659 of 2007) under Section 11 of the Arbitration and Conciliation Act, 1996 | High Court of Madras | Bansal Contractors | SEPC | Application under Sec. 11 has been filed before High Court of Madras with a pray to appoint third arbitrator.<br>It has been numbered as O.P. 659 of 2007. The above matter came up on 10.8.2007 before His Lordship Mr. Chief Justice and His Lordship was pleased to admit the above Arbitration petition and ordered notice to the Respondents. The matter came up Before His Lordship Mr. Chief Justice A.P. Shah, who was pleased to allow the application and the Court has appointed Mr. Justice A.R. Ramamurthy (Retd.) as Arbitrator.<br>**CURRENT STATUS :**<br>**M/s. Bansal has filed an application before the Divisional Bench for setting aside the ex-parte order of the Madras High Court, and the application is still pending**. |
| | Arbitration Proceedings | Before the Hon'ble Arbitrator Mr. Justice A.R. Ramamurthy (Retd) | Bansal Contractors | SEPC | The first proceedings of the arbitration was conducted on 13.09.08 and since the arbitrator Mr. Tawarmalani, appointed by Bansal Contractors was not present and requested for extension of time, the time has been granted by the Arbitral Board. The third arbitrator has requested Mr. Tawarmalani, the arbitrator from Bansal Contractors, to inform convenient date in the month of Oct. `08 to continue the arbitration proceedings. We have sent reminder to the arbitrator to fix up a next date of hearing.<br>**CURRENT STATUS :**<br>**No further arbitration hearing conducted in view of the pending appeal before the Division Bench.** |

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| 6 | C.S. No. 623 of 2009 O.A. No. 725 of 2009 | Hon'ble High Court Madras | Shriram EPC Limited | Soma Enterprises Ltd., Pune | We have submitted trade mark applications under Classes 37, 42 for both Leaf (device) & Shriram EPC and advertised in TMJ 1403 & 1404 - 4 months opposition period over by March 28, 2009. No opposition filed against the above applications and hence proceeded for registration. However, With regard to the issue regarding the use of slogan "engineering the future" there is conflict/ clash of interest in the business of Shriram EPC and Soma Enterprises. As per the legal notice dated 29th June `09 sent by Soma Enterprises, asking us to cease and desist from using the said slogan for which we have sent our reply dated 14.06.09 denying the allegations made by soma, stating the right and title of proprietorship of the slogan in our name, and asked Soma to cease and desist from using the said slogan in respect of their services as Shriram EPC filed a trade mark application for the same slogan (with SHRIRAM EPC mark) in 2007 claiming use since March 2002 whereas Soma admits that they have been using the slogan 'Engineering the Future' from March 2004.<br><br>We have filed an infringement (Civil) suit before the Madras High Court in C.S. No. 623 of 2009 against Soma Enterprises, Pune and the same has been admitted by Hon'ble High Court Madras on 24th July 2009 and a notice has been ordered in the O.A. No. 725 of 2009 in the said C.S. No. 623 of 2009 to M/s. Soma Enterprises Ltd. The Hon'ble High Court Madras guided to order private notice also. Accordingly we have dispatched the private notice along with suit papers to Soma Enterprises Limited on 24th July 2009.<br>**CURRENT STATUS :**<br>**The case has not been listed further.** |
| 7 | ARBITRATION | | Shriram EPC Limited | Kerala Mines & Minerals Ltd. (KMML) | We have submitted our claim for an amount of Rs. Rs.2,38,85,585 before the Appointed Authority vide letter dt.26.03.2009, we were called upon for a conciliatory meeting at Kollam on the 11th of July, 2009 which we attended.<br><br>During such discussion in the meeting it was agreed upon by both the parties that the matter needs to be arbitrated upon and accordingly as per cl.7.23.1 of the LOA dt.16.03.2006 and requested KMML to appoint an Independent Arbitrator to enter into the reference to arbitrate upon our claims and further as per the arbitration clause in the agreement, the venue of Arbitration be fixed at Bangalore.<br><br>SEPC has proposed Mr. S. Ananthamurthy, Retd. District & Sessions Judge as suggested Arbitrator for their consideration and acceptance. In response to SEPC letter, KMML have rejected our proposed appointment and appointed Mr. K. Ramachandran, |

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| | | | | | Dist. & Sessions Judge (Retd.) Kochi, as Sole Arbitrator.<br>**CURRENT STATUS :**<br>**The next hearing has been scheduled on 24th June, 2010** |
| 8 | Arbitration | V. Ratnam | IDEB Construction Project Pvt. Ltd (IDEBCPPL) | SEPC | The company was awarded a contract for executing and commissioning water supply improvement scheme to Trichy City Corporation by Tamil Nadu Water Supply and Drainage (TWAD) Board for a value of Rs.14,34,98,289/. The company, in turn, awarded a sub-contract work to the IDEBCPPL for a value of Rs.5,79,99,893/-. IDEBCPPL has claimed a total sum of Rs.9, 02, 84,555/- from the company towards excess work done, with interest and excess overhead expenditure. The company has filed its reply disputing the claim. In the meanwhile, company has filed O.P.876/2005 to change the arbitrator, as the arbitrator has demanded excessive fees. The OP has been admitted and notice has been ordered to Respondent.<br>**CURRENT STATUS :**<br>**In view of the pending O.P. the arbitration proceedings are not progressing.** |
| 9 | Arbitration<br>O.P.No.652 of 2007 | N.P.K. Menon | Senthil Pile Foundation (SPF) | SEPC | SPF has filed a claim of Rs.7.86 Lakhs with interest from the company before the Arbitrator. The case of SPF is that the company had entered into an agreement with SPF to carry out certain civil works in connection with infiltration wells in river Cauvery and river Coleroon. SPF after carrying out the work issued bills of Rs.6.18 Lakhs, Rs.1.43 Lakhs and Rs. 0.25 Lakhs aggregating to Rs.7.86 Lakhs, drawn on the company, which were forwarded to IDEBCPL. The company has filed a reply statement denying its liability. The company states that the subject work is a part of a larger contract awarded to the company by the TWAD Board which was subsequently awarded to IDEBCPL with the concurrence of the company and that the claimant has also agreed for the same. The Hon'ble Arbitrator passed an award in favour of Senthil Pile Foundation, awarding a sum of Rs.7.86 Lakhs together with interest @ 18% from the date of Claim.<br>O.P. filed against Award dated 30.09.2006 on 13.09.2007 was admitted and notice through court and privately returnable by 22.10.2007 to the respondents was ordered. Steps taken. Private notice sent. Private notice served on the respondents. Acknowledgement received from both the respondents. Not yet listed.<br>**CURRENT STATUS :**<br>**The matter came up on 24.3.2010. Joint Memo of Compromise filed. DD for Rs. 16 lakhs handed over to the 1st Respondent counsel and recorded. OP is disposed off accordingly.** |

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| 10 | Writ Petition No. 13930/2007 & M.P. 208 / 2007 | High Court of Madras | Bloom Power Systems Pvt. Ltd. | SEPC | A writ petition bearing No. 13930 of 2007 has been filed by M/s Bloom Power Systems Private Limited before the High Court of Madras against the Company. The petitioners allege that the Company is trying to commission windmill towers in contravention of the existing laws and regulations. It is the contention of the petitioners that the Company has set up windmill towers adjacent to the petitioners site, thus affecting the total scope of the petitioners project and flouting the prevalent laws on the same. The petitioners have prayed for an interim injunction restraining our Company from setting up further windmills. The writ petition has been admitted but has not yet been listed.<br>**CURRENT STATUS :**<br>**The matter has been admitted but has not yet been listed for further hearing.** |
| 11 | C.M. 5345 (II-08) in Arbitration 18 2007 | In the High Court of Punjab and Hariyana at Chandigarh | Bansal Contractors | SEPC | Bansal Contractors, have filed an application under Sec. 11 (6) of the Arbitration and Conciliation Act, 1996 read with provisions of "Scheme for appointment of Arbitrator" by the Chief Justice of Punjab and Haryana Court numbered as CM 5345 CII-08 in Arbitration No. 18`07 and the notice was served on the company by 12.5.08.<br>The Company has entered our appearance through Mr. R. Rajkumar Gupta. and pending before the Punjab, Haryana & Chandigarh High Court<br>**CURRENT STATUS :**<br>**The case is being posted for argument on 15.6.2010.** |
| 12 | Civil Misc. No.18 | In the Court of Dist. Judge (Principal Civil Court), Fatehgarh Sahib | Bansal Contractors | SEPC | The Party has filed a Section 9 Application to issue interim protection / injunction, under the Arbitration and Conciliation Act, 1996, restraining the respondent from disposing, misappropriating, using the equipment, etc., and for giving interim custody till finalization of Arbitration proceedings. By an order dt. 16.3.07 appointed Mr. Mohinderpal Singh, Batra as Local Advocate Commissioner.<br>**CURRENT STATUS :**<br>**The company has filed the counter claim and the case has been listed for further argument on 03rd June 2010**. |

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| 13 | C.S.No.875/ 2008 SEPC VS Anand Transport<br><br>(Appl. No. 4315 of 2008) | In the High Court of Judicature of Madras | Shriram EPC Limited | Anand Transport | The Company has to recover an amount of Rs.57.42 lakhs along with Interest of Rs.10.14 lakhs from M/s. Anand Transport. However, M/s. Anand Transport vide their letter dated 1.3.06, they have denied all the facts stating that an amount of Rs.72,000/- only has to be paid for which it appears that a cheque has been sent to the Company and the same has not been accepted by the Company. Hence, a suit has been filed by the Company against M/s. Anand Transport to recover the due payment of Rs. 67.56 lakhs. The case has been heard on 16.10.08 and has been adjourned by 2 weeks for issuing Private Notice to M/s. Anand Transport.<br><br>**CURRENT STATUS :**<br><br>**The case has been heard on 23.04.2009 before His Lordship Mr. Justice M. Jeyapaul and posted for hearing after vacation. .** |
| 14 | Suits cases for Land disputes | Various Courts | | | 17 suits have been filed in the principal district Munsif court, Tenkasi against our Company and others, in relation to the land, we have acquired for the development and sale of WTGs. The contentions of the various plaintiffs include, the land being agriculture land, breach of the agreement entered into by the Company with certain plaintiffs, installation of wind mills by the Company in contravention of the applicable rules, partition of the disputed property in all the suits, the plaintiffs have prayed for injunction against the Company from erecting any windmills. The partition of the said property and to remove the existing installations erected by the Company on the said land. Our Company has filed its written statements in response to the suits. |

**Miscellaneous :**

SEPC has received summons in suits for partition filed by Mr. Amravathi against Ms. Annathai and others (O.S. No. 784 of 2007), Mr. Natarajan against Raj Television (O.S. No. 434 of 2008), Mr.Madasamy against Southern Express (O.S. No. 664 of 2006), Mr. Shanmugham against Raj Television (O.S. No. 389 of 2008), Mr. Chelladurai against Maharashtra Thakkar Industries (O.S. No. 754 of 2007), civil suit filed by Rohit Developers against Tamil Nadu State Electricity Board (O.S. No. 806 of 2007), civil suit filed by Mr. Muthupandi against Southern Express (O.S. No. 296 of 2006) and civil suit filed by Mr. Amravathi against Samudra Finross (O.S. No. 284 of 2007) before the Principal District Munsif Court, Tenkasi. SPEC has not been made a party in any one of the foregoing suits. SEPC has responded to the summons and the matters are currently pending.

**Tax Proceedings :**

***Tax Proceedings involving SHRENCO:***

1 Order passed by ITO against SHRENCO for AY 2000-01. We have filed an appeal (Appeal No:472/05-06 ) before CIT against the ITO order and demand was Rs.4808842 . Grounds of appeal is Disallowance of other income -interest, belated payment of PF interest on Term Loan, Warranty Charges, Liquidated damage charges . Partly heard and further hearing to be posted.

2 Order passed by the Assessing Officer against SHRENCO for AY 2001-02 . We have filed an appeal (Appeal No:145 /04-05 dt:28/04/04) before CIT Appeals against the Assessment order and the demand was Rs. 2095732 , issues Disallowance under 80IA, belated payment of PF, Interest of Term Loan, deduction u/s 80G. Hearing to be posted.

3 Order passed by Assessing Officer against SHRENCO for AY 2002-03 . An appeal (Appeal No:322/07-08) has been filed before CIT Appeals against the Assessment order and the demand was Rs. 4915345.Issues are Disallowance-deduction claimed u/s80IA, Out of Labour and subcontracting charges, other expenses. Further hearing to be posted.

4 Order passed by the Assessing Officer against SHRENCO for AY 2003-04 . An appeal (Appeal No:210/05-06 dt:03052006) has been filed before CIT Appeals against the Assessing Officer and the demand was Rs. 14461324. Issues are Disallowance- deduction claimed u/s 80IA, Non inclusion of other income for computation of 80IA, Addition of overhead expenses, LTA labour and subcontracting charges, purchases from Sambhav steel distributors. Further hearing to be posted.

5 Order passed by the Assessing Officer against SHRENCO for AY 2004-05 . We have filed An appeal (Appeal No.507/06-07 Dt:19.01.2007 ) before CIT appeals against the assessment order and the demand was Rs. 2624280 . Issues are Disallowance- deduction claimed under 80IA, Out of subcontracting charges, Remuneration to directors. Hearing to be posted.

**Tax Proceedings involving SEPC:**

1. An Assessment order was passed by the Assessing Officer for AY 2002-03 and we have gone an appeal before ITATand we have won the appeal hence the demand was deleted. Dept filed appeal before High Court vide Appeal No:2022/2008 dt:13/11/08 12/12/08. Issues are Disallowance of depreciation on intangible asset.
2. An Assessment order was passed by the Assessing Officer for AY 2003-04 and we have gone an appeal against the assessment order before CIT appeals (Appeal filed on 21/01/09 ITA No:290 /08-09)and the demand was Rs. 1071962.Issues are Disallowance of Depreciation on intangible asset,the same issue was contested before ITAT and we have won the appeal for AY 2002-03 since the deparment has gone against the order of ITAT they have disallowed this year. Hearing yet to post.
3. An Assessment order was passed by the Assessing Officer for AY 2005-06 and we have gone an appeal against the assessment order before CIT appeals (Appeal No:396/07-08 dt:31/01/08) and demand was Rs. 29848420. Issues are Disallowance of depreciation on intangible asset,disallowance of commission paid, disallowance of ROC fess paid, Disallowance of interest paid, disallowance of u/s40(a) (ia), Disallowance of land development expenses. Hearing to be posted .
4. An assessment order was passed by the Assessing Officer for AY 2006-07 and we have filed and appeal before CIT appeals (Appeal filed ITA No:463/08-09dt:29/01/09) and the demand was Rs. 21968283. Issues are Disallowance - deduction claimed u/s 80IA,Depreciation on intangible assets, Deferred Revenue expenditure, Coke oven project expenses. Hearing to be posted.

**B. Statutory Liability/ Dues against our Company**

NIL

**II. Litigations involving our Promoters / Directors**

A. Cases filed against our Promoters / Directors - NIL

B. Cases filed by our Promoters / Directors - NIL

**III. Litigations involving EMAS Engineers and Contractors P. Ltd.**

| Sr. No. | Case No. | Pending Before | Plaintiff: | Respondent / Defendant: | Facts and Status of the cases: |
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| 1 | | **Sole Arbitrator, Chennai** | EMAS Engineers and Contractors P. Ltd. | M/s. Chaitanya Builders and Leasing Pvt. Ltd. | M/s Chaitanya, Respondent has not paid the due payment for the work completed by M/s. EMAS, Claimant. The amount involved is Rs. 250 Lakhs<br>Current Status: The case is in argument stage and the case has been posted to 20.06.2010 |
| 2 | Appl No. 5543 of 2003 in CS 894 of 2003 | High Court, Chennai | Mr. Raghuraman | EMAS Engineers and Contractors Private Ltd. | Mr. Raghuram has filed a case against the defendant for claiming for the incomplete work without completing the work as per the Work Order, Matter is pending before High Court of Chennai Amount involved is Rs.20 Lakhs. |

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| | | | | | Current Status: Counter filed by EMAS for incompletion of work. Next date of hearing will be in the month of June 2010. |
| **3** | SC No. 108 of 2009 | Small Causes Court, Banglore | Mr. M.S. Vijay (Ex Employee) | EMAS Engineers and Contractors Private Ltd | The Plaintiff is claiming for final settlement more than the entitlement. Matter is pending before Small Causes Court, Bangalore. The amount involved is Rs. 0.32 Lakhs<br>Current Status: Cross Examination is over and waiting for judgment |
| **4** | OS 2101/2009 | City Civil Court, Bangalore | Mr. B. Surendra Shiyal ( Properietor of Manas Electric Company, Bangalore) | EMAS Engineers and Contractors Private Ltd | Claim amount has been rejected by defendant because of sub standard quality of work which is against the work order terms. Matter is pending before City Civil Court, Bangalore. The amount involved is Rs.5.50 Lakhs<br>Current Status: We are working on Out of court settlement. |
| **5** | CS No. 755/07 | Senior Civil Judge, New Delhi | M/s. Tristar Intech P Ltd. through its director MR. J.Vasudeva | EMAS Engineers and Contractors Private Ltd | Claim amount has been rejected by defendant because of sub standard quality of work which is against the work order terms. Matter is pending before the Senior Civil Judge, New Delhi. The amount involved is Rs.2.12 Lakhs<br>Current Status: Action is being taken for bipartite settlement for withdrawing the case. |
| **6** | CS No. 1133 | High Court, Chennai | M/s Lakshmi International | EMAS Engineers and Contractors Private Ltd | Claim of Rs. 4.03 Lakhs made by the Plaintiff for hiring of Scaffolding/centering sheet materials by EMAS. The amount involved is Rs. 4.03 Lakhs.<br>Current Status: Counter Arguments filed by EMAS for false claim. Case will be come up for hearing in $2^{nd}$ week of June 2010. |

**IV. Amounts Owed to Small Scale Undertakings**

None of the persons selling goods and materials and/or rendering services as claimed to be small-scale undertaking.

**V. Defaults**

There are no defaults outstanding in meeting statutory dues, institutional dues and towards instrument holders like debentures, fixed deposits etc.

**VI. Material Developments**

There have been no material developments, since the date of the last balance sheet otherwise than as disclosed in the section 'Management's Discussion and Analysis of Financial Condition And Results Of Operations' on page 99.

## *GOVERNMENT APPROVALS OR LICENSING ARRANGEMENTS*

### *1. Investment Approvals (FIPB/RBI etc.)*

As per Notification No. FEMA 20 / 2000 - RB dated 3rd May 2000, as amended from time to time, under automatic route of Reserve Bank, our Company is not required to make an application for Issue of Equity Shares to NRIs / FIIs with repatriation benefits. However, the allotment / transfer of the Equity Shares to NRIs / FIIs shall be subject to prevailing RBI Guidelines. Sale proceeds of such investments in Equity Shares will be allowed to be repatriated along with the income thereon subject to the permission of the RBI and subject to the Indian tax laws and regulations and any other applicable laws.

**Licenses & Approvals**

Our Company has all the necessary licenses, permissions and approvals, as may be applicable, from the Central and State Governments and **other government agencies/certification bodies required for the business and no further approvals are required by our Company, except those approvals that may be required to be taken from any government or any other authority in the normal course of business from time to time to continue the activities.**

It must, however be, distinctly understood that in granting the below-mentioned approvals, the Central Government, State Government, RBI and other authorities do not take any responsibility for the financial soundness of our Company or for the correctness of any of the statements or any commitments made or opinions expressed.

There are no specific approvals and licensing arrangements required for our business except as stated below:

**1.** Company Registration No. 18 – 15521 of 1988.

**2.** Corporate Identification Number - L45201TN1988PLC015521.

**3.** Certificate of Incorporation dated March 25, 1988 issued to our Company by the Registrar of Companies, Tamil Nadu at Chennai.

**4.** Certificate of Commencement of Business dated June 30, 1988 issued to our Company by the Registrar of Companies, Tamil Nadu at Chennai.

**5.** Certificate for change of name of our Company from Premier Housing and Industrial Enterprises limited to Premier Energy and Infrastructure Limited dated May 9, 2008.

**6.** PAN card bearing No. AAACP3889M issued by the Income Tax Department.

**7.** TAN No.: CHEP00583 issued by the National Securities Depository Limited.

**8.** Service Tax Registration No.AAACP3889MST001issued by The Office of the Commissioner of Service Tax.

## I. REGULATORY AND STATUTORY DISCLOSURES

***AUTHORITY OF THE PRESENT ISSUE***

The present issue is being made pursuant to the approval accorded by the shareholders of our Company at their Extra Ordinary General Meeting held on December 22, 2009. The Final Letter of Offer has been approved by the Board at its Meeting held on May 31, 2010.

Issue of 1,00,00,000 Equity Shares of face value of Rs. 10/- each for cash at premium of Rs. 10/- each on rights basis to the existing Equity Shareholders of Premier Energy and Infrastructure Limited in the ratio of 1 (One) Equity Share for every 1 (One) Equity Shares held on the Record Date i.e. May 7, 2010. The issue price is Rs. 20/- for issue of each Equity Share on rights basis and the issue price is two times the face value of the shares of our Company.

**Prohibition by SEBI**

Our Company, Our Directors, Our Promoters, the directors and persons in control of promoters, group companies, other companies promoted by the promoters and companies with which our company's directors are associated as directors, have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

None of our directors is associated with the Securities market.

Neither we nor our directors, our promoters, the directors and persons in control of promoters, group companies, other companies promoted by the promoters and companies with which our company's directors are associated as directors, have been identified as willful defaulters of RBI.

Our Company is an existing listed company. It is eligible to offer this Rights Issue as the eligibility requirements contained in part I of chapter III of SEBI (ICDR) Regulations 2009, are not applicable for Rights Issues. We are in compliance of the relevant rules and regulations, applicable to the rights issue, of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.

**Eligibility for the Issue**

Premier Energy and Infrastructure Limited is an existing Company registered under the Companies Act, whose equity shares are listed on Bombay Stock Exchange Ltd., Madras Stock Exchange Ltd. and the Bangalore Stock Exchange Ltd.

"Premier Energy and Infrastructure Limited is an existing listed Company. It is eligible to offer this Rights Issue in terms of Chapter IV of ICDR Regulations 2009."

**DISCLAIMER CLAUSE OF SEBI**

**AS REQUIRED, A COPY OF THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THIS LETTER OF OFFER TO SECURITIES AND EXCHANGE BOARD OF INDIA ('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 THIS LETTER OF OFFER. THE LEAD MANAGER TO THE ISSUE, VIVRO FINANCIAL SERVICES PRIVATE LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER, I.E. VIVRO FINANCIAL SERVICES PVT. LTD. HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED JANUARY 27, 2010 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 material in connection with the finalization of the draft Letter of Offer pertaining to the said issue;**

**(2) On the basis of such examination and the discussions with the issuer, its directors and other officers, other agencies, and independent verification of the statements concerning the objects of the issue, price justification and the contents of the documents and other papers furnished by the issuer;**

**WE CONFIRM THAT:**

a. the draft letter of offer filed with the Board is in conformity with the documents, materials and papers relevant to the issue;

b. all the legal requirements relating to the issue as also the regulations guidelines, instructions, etc. framed/issued by the Board, the Central Government and any other competent authority in this behalf have been duly complied with; and

c. the disclosures made in the draft letter of offer are true, fair and adequate to enable the investors to make a well informed decision as to the investment in the proposed issue and such disclosures are in accordance with the requirements of the Companies Act, 1956, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and other applicable legal requirements.

**(3) We confirm that besides ourselves, all the intermediaries named in the draft letter of offer are registered with the Board and that till date such registration is valid.**

**(4) We certify that the proposed activities of the issuer for which the funds are being raised in the present issue fall within the 'main objects' listed in the object clause of the Memorandum of Association or other charter of the issuer and that the activities which have been carried out until now are valid in terms of the object clause of its Memorandum of Association.**

**(5) We confirm that necessary arrangements have been made to ensure that the moneys received pursuant to the issue are kept in a separate bank account as per the provisions of sub-section (3) of section 73 of the Companies Act, 1956 and that such moneys shall be released by the said bank only after permission is obtained from all the stock exchanges mentioned in the draft letter of offer. We further confirm that the agreement entered into between the bankers to the issue and the issuer specifically contains this condition.**

**(6) We certify that a disclosure has been made in the draft letter of offer that the investors shall be given an option to get the shares in demat or physical mode.**

**(7) We certify that all the applicable disclosures mandated in the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 have been made in addition to disclosures which, in our view, are fair and adequate to enable the investor to make a well informed decision.**

**(8) We certify that the following disclosures have been made in the draft letter of offer:**

a. An undertaking from the issuer that at any given time, there shall be only one denomination for the equity shares of the issuer, and

b. An undertaking from the issuer that it shall comply with such disclosure and accounting norms specified by the Board from time to time.

**(9) We undertake to comply with the regulations pertaining to advertisement in terms of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 while making the issue.**

**(10) We enclose a note explaining how the process of due diligence has been exercised by us in view of the nature of current business background or the issuer, situation at which the proposed business stands, the risk factors, promoters experience, etc.**

**(11) We enclose a checklist confirming regulation-wise compliance with the applicable provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, containing details such as the regulation number, its text, the status of compliance, page number of the draft letter of offer where the regulation has been complied with and our comments, if any.**

The filing of the Draft Letter of Offer does not, however, absolve the issuer from any liabilities under section 63 or section 68 of the Companies Act, 1956 or from the requirement of obtaining such statutory or other clearances as may be required for the purpose of the proposed issue. SEBI further reserves the right to take up, at any point of time, with the lead merchant banker any irregularities or lapses in letter of Offer.

**DISCLAIMER STATEMENT FROM THE ISSUER AND LEAD MERCHANT BANKER**

Our Company and the Lead Manager accept no responsibility for statements made otherwise than in the Letter of Offer or in the advertisement or any other material issued by or at the instance of the issuer and that anyone placing reliance on any other source of information would be doing so at his own risk.

**Caution**

Our Company and Lead Manager accept no responsibility for statements made otherwise than in the Letter of Offer or in the advertisements or any other material issued by or at the instance of the Company and that anyone placing reliance on any other source of information would be doing so at his/her/their own risk. All information shall be made available by the Lead Manager and the Issuer to the shareholders and no selective or additional information would be made available for a section of the shareholders or investors in any manner whatsoever including at presentations, research reports etc.

Investor who invest in the Issuer will be deemed to have been represented by the Issuer and Lead Manager 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 our Company, and are relying on independent advice / evaluation as to their ability and quantum of investment in this Issue.

The Lead Manager and our Company shall make all information available to the Equity Shareholders and no selective or additional information would be available for a section of the Equity Shareholders in any manner whatsoever including at presentations, in research or sales reports etc. after filing of this Letter of Offer with SEBI.

**Disclaimer in Respect of Jurisdiction**

This Letter of Offer has been prepared under the provisions of Indian Law and the applicable rules and regulations hereunder. Any disputes arising out of this Issue will be subject to the jurisdiction of the appropriate court(s) in Chennai, India only. The Draft Letter of Offer was filed with SEBI for its observations on Febraury 3, 2010. SEBI issued its observations on April 22, 2010 and this final Letter of Offer has been filed with the Stock Exchanges as per the provisions of the Companies Act after incorporating SEBI observations. The distribution of the Letter of Offer and the Issue of Equity Shares on a Rights basis to persons in certain jurisdictions outside India may be restricted by the legal requirements prevailing in those jurisdictions. Persons in whose possession this Letter of Offer may come are required to inform them about and observe such restrictions. No action has been or will be taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that this Letter of Offer has been filed with SEBI for observations and SEBI has given its observations. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and this Letter of Offer may not be distributed in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in our Company's affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

**Selling Restrictions**

The distribution of this Letter of Offer and the issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Letter of Offer may come are required to inform themselves about and observe such restrictions. The Company is making this Issue of Equity Shares on a rights basis to the shareholders of the Company and will dispatch the Letter of Offer and CAFs to shareholders who have provided an Indian address.

No action has been or will be taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that the Letter of Offer has been filed with SEBI. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and this Letter of Offer may not be distributed in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, this Letter of Offer must be treated as sent for information only and should not be copied or redistributed. Accordingly, persons receiving a copy of this Letter of Offer should not, in connection with the issue of the Equity Shares or the rights entitlements, distribute or send the same in or into the United States or any other jurisdiction where to do so would or might contravene local securities laws or regulations. If this Letter of Offer is received by any person in any such territory, or by their agent or nominee, they must not seek to subscribe to the Equity Shares or the rights entitlements referred to in this Letter of Offer. Neither the delivery of this Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in the Company's affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

**Disclaimer clause of Bombay Stock Exchange Limited (BSE)**

BSE has given vide its letter no. DCS/PREF/JA/IP-RT/14/10-11 dated April 7, 2010, permission to our Company to use its name in this Letter of Offer on which this company's securities are proposed to be listed. The Disclaimer clause of BSE vides the said letter is reproduced below:

"Bombay Stock Exchange Limited ("the Exchange" or "The Designated Stock Exchange") has given vide its letter dated April 7, 2010, permission to our Company to use the Exchange's name in this Letter of Offer as one of the Stock exchanges on which this company's securities are proposed to be listed. The Exchange has scrutinized this Letter of Offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to our Company. The Exchange does not in any manner:

i. warrant, certify or endorse the correctness or completeness of any of the contents of this Letter of Offer; or

ii. warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or

iii. take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that this Letter of Offer has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever."

**Disclaimer clause of Madras Stock Exchange Limited (MSE)**

MSE has given vide its letter no. MSE/LD/PSK/738/094/10dated March 3, 2010, permission to our Company to use its name in this Letter of Offer on which this company's securities are proposed to be listed. The Disclaimer clause of MSE vides the said letter is reproduced below:

Madras Stock Exchange Limited doesnot in any manner

i. warrant, certify or endorse the correctness or completeness of any of the contents of this Letter of Offer; or

iv. warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or

v. take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

It should not for any reason be deemed or construed that this Letter of Offer has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever."

**Disclaimer clause of Bangalore Stock Exchange Limited (BgSE)**

BgSE has given vide its letter no. 03/2010/20 dated April 22, 2010, permission to our Company to use its name in this Letter of Offer on which this company's securities are proposed to be listed. The Disclaimer clause of MSE vides the said letter is reproduced below:

"Bangalore Stock Exchange Limited ("the Exchange") has given vide its letter no. bse/02/99-2010/Rights/ 20, dated 22/04/2010, permission to our Company to use the Exchange's name in this Letter of Offer as the Stock exchange on which this company's securities are proposed to be listed. The Exchange has scrutinized this Letter of Offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to our Company. The Exchange does not in any manner:

i. warrant, certify or endorse the correctness or completeness of any of the contents of this Letter of Offer; or

vi. warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or

vii. take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that this Letter of Offer has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever."

**Designated Stock Exchange**

The Designated Stock Exchange for the purposes of this Issue will be Bombay Stock Exchange Ltd. (BSE).

**FILING**

The Draft Letter of Offer was filed with Securities Exchange Board of India, Southern Regional Office, Division of Issues and Listing, Securities and Exchange Board of India, D' Monte Building, 3rd Floor, 32, D' Monte Colony, TTK Road, Alwarpet, Chennai- 600 018, for its observations and also with the Bombay Stock Exchange Limited, the Madras Stock Exchange Limited and the Bangalore Stock Exchange Limited where the securities to be issued in terms of the Letter of Offer are proposed to be listed. The Letter of Offer will be filed with the Stock Exchanges as per provision of the Companies Act.

**IMPERSONATION**

As a matter of abundant caution, attention of the applicants is specifically drawn to the provisions of sub- section (1) of Section 68A of the Companies Act, 1956 (hereinafter referred to as the Act) which is reproduced below:

**"Any person who –**

**i. makes in a fictitious name an application to a Company for acquiring or subscribing for any shares therein, or**

**ii. otherwise induces a Company to allot, or register any transfer of, shares therein to him, or any other person in a fictitious name shall be punishable with imprisonment for a term which may extend to five years."**

**LISTING**

The shares of the company are listed on the Bombay Stock Exchange Limited (the designated stock exchange), and other regional stock exchanges the Madras Stock Exchange Limited and the Bangalore Stock Exchange Limited and in- principle approval for listing of shares has been obtained from the BSE, MSE and BgSE through their letter dated April 17, 2010, March 3, 2010 and April 22, 2010 respectively. Our Company will apply to BSE and other regional stock exchanges MSE and BgSE for listing of the securities to be issued pursuant to this issue.

If the permission to deal in and for an official quotation of the securities is not granted by any of the Stock Exchanges mentioned here within 42 days from the Issue Closing Date, our Company should forthwith repay, without interest, all monies received from the applicants in pursuance of this Letter of Offer. If such money is not repaid within eight days after our Company becomes liable to repay it, then our Company and every Director of our Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to repay the money, with interest, as prescribed under Section 73 of the Companies Act 1956.

**CONSENT**

Consents in writing of the Auditors, Lead Managers, Legal Advisor to the Issue, Registrar to the Issue, Bankers to our Company and Banker to the Issue to act in their respective capacity have been obtained and such consents have not been withdrawn up to the time of delivery of this Letter of Offer for registration with the stock exchanges. To the best of the knowledge of the company, there are no other consents required for this issue. However, should the need arise, necessary consents shall be obtained by our Company.

**EXPERT OPINION**

Our Company has not obtained any expert opinion.

**EXPENSES OF THE ISSUE & DETAILS OF THE FEES PAYABLE**

The expenses of the issue have been listed below:

| Sr. No. | Particulars | Amount (Rs. In Lakhs) |
|---|---|---|
| 1 | Fees of Lead Manager, Registrar, Legal Advisor, Auditors | 25 |
| 2 | Printing & Stationery, Distribution, Postage, etc. | 10 |
| 3 | Advertisement & Marketing Expenses | 5 |
| 4 | Other Expenses (incl. Filing Fees, Listing Fees, Depository Charges, etc.) | 5 |
| 5 | Contingencies | 5 |
| | **Total** | **50** |

**The percentage of the total issue expenses of Rs. 50 lakhs is 2.5% of the total issue size.**

**Previous Public or Rights Issue, if any (During the last 5 years)**

There are no public or rights issue during the last 5 years.

**Previous Issues of Securities otherwise than for cash**

Our Company has not issued securities for consideration other than cash.

**Commission or brokerage on previous issues**

There are no out standings against underwriting commission, brokerage and selling commission payable by our Company on account of previous capital issues made by our Company.

**Particulars of Listed Group Companies/ subsidiaries /associates which made capital issue during the last three years:**

We or any of our listed group companies/ subsidiaries/ associates has not made any public or rights issue / issues other than cash during the last three years except as given below:

**Shriram EPC Limited**

In February, 2008, Shriram EPC Limited, one of the Group Companies, made a public issue of 5,000,000 Equity Shares of Rs.10/- each for cash at a premium of Rs.290/- per Equity Share aggregating Rs.15,000 Lakhs.

| Name of the Company | Shriram EPC Ltd. |
|---|---|
| Year of Issue | 2008 |
| Type of Issue | Public Issue of Equity Shares |
| Amount of Issue | 15,000 Lakhs |
| Date of closure of the issue | February 01, 2008 |
| Date of completion of delivery of shares | February 20, 2008 |
| Date of completion of project | Shriram EPC Ltd. utilized the net proceeds arising out of the issue for the above stated objects |
| Rate of dividend paid | Final Dividend of 12% for the Financial Year 2008-09 |

**Ennore Coke Limited**

In February, 2007, Ennore Coke Limited, one of the Group Companies, made a Rights Issue of 150,00,000 Equity Shares of Rs.10/- each for cash at a premium of Rs.10/- per Equity Share aggregating Rs.3000 Lakhs and issue of 3,00,00,000 convertible warrants on rights basis to the existing equity shareholders of the company in the ratio of 60 convertible warrants for every 1 equity shares held on the record date, convertible into 60 equity shares of the company during the warrant conversion period amounting to Rs. 6000 lakhs at a floor price aggregating to Rs. 9000 lakhs

| **Name of the Company** | **Ennore Coke Limited** |
|---|---|
| Type of Issue | Rights Issue of Equity Shares |
| Amount of Issue – Issue of Equity Shares | 3000 Lakhs |
| - Conversion of Warrants | 6000 Lakhs (since warrants cancelled) |
| Date of closure of the issue | February 21, 2007 |
| Date of completion of delivery of shares | March, 2007 |
| Date of completion of project | March, 2009 |
| Rate of dividend paid | Nil |

**Performance vis-à-vis Objects**

**Issuer**

In the last 10 years we have not made any capital issues.

**Listed Group Companies// subsidiaries/ associates companies**

In the last ten years no Listed Group Companies// subsidiaries/ associates companies have made a capital issue except as given below:

**Shriram EPC Ltd.**

In February, 2008, Shriram EPC Limited, one of the Group Companies, made a public issue of 5,000,000 Equity Shares of Rs.10/- each for cash at a premium of Rs.290/- per Equity Share aggregating Rs.15,000 Lakhs.

The objects of the issue were to invest in Subsidiary Companies and associate companies

| **Investment** | **Purpose of Investment** |
|---|---|
| **Investment in Subsidiary Company** | |
| Shriram Leitwind Limited | For the purposes of marketing and sale of wind turbines and components, and development of wind farm projects |
| **Investment in Associate Companies** | |
| Leitner Shriram Manufacturing Limited | For manufacturing wind turbines and its components |
| Orient Green Power Company Limited | For setting up power plants utilizing biomass and other renewable sources of fuel. |

Shriram EPC Ltd. utilized the net proceeds arising out of the issue for the above stated objects.

**Ennore Coke Ltd.**

In February, 2007, Ennore Coke Limited, one of the Group Companies, made a Rights Issue of 150,00,000 Equity Shares of Rs.10/- each for cash at a premium of Rs.10/- per Equity Share aggregating Rs.3000 Lakhs and issue of 3,00,00,000 convertible warrants on rights basis to the existing equity shareholders of the company in the ratio of 60 convertible warrants for every 1 equity shares held on the record date, convertible into 60 equity shares of the company during the warrant conversion period amounting to Rs. 6000 lakhs at a floor price aggregating to Rs. 9000 lakhs.

The objects of the issue were as follows:

**Phase-I**

1. Acquisition of the Proposed Coke Project of 1,00,000 TPA from Ennore Power & Coke Private Ltd. (hereinafter referred as "owner")
2. Setting up of a 6 MW Power plant in the same premises of Ennore Power & Coke Private Ltd.
3. Meeting working capital requirement of the coke and power project.
4. Meeting the expenses of the Rights Issue.
5. Listing of the Equity Shares and Warrants of the Company at BSE.

**Phase-II**

1. Expansion of manufacturing capacity of met coke by 2,00,000 TPA to a total installed capacity of 3,00,000 TPA at Haldia, West Bengal.

2. Expansion of capacity of power generation by 6 MW to total installed capacity of 12 MW at Haldia, West Bengal

During the course of implementation, the contractor and owner had reviewed the parameters like Designs, Drawings and the process algorithm relating and governing implementation, which warranted installation of additional equipments/ infrastructures as also fortification of the existing infrastructures and equipments. The Company had increased capacity of Met coke up to 3,30,000 TPA by expansion of capacity of met coke by 2,00,000 TPA through alternate source of funding. The debt portion as envisaged in the Letter of offer was increased in view of cancellation of warrants and funded through alternate source of finance.

**Outstanding debentures or bonds and redeemable preference shares and other instruments issued by our Company outstanding as on the date of Letter of Offer and terms of the issue.**

There are no outstanding debentures or bonds and any other instruments which are outstanding as on the date of offer document.

**DEMATERIALIZED DEALING**

Our Company has entered into Agreements dated July, 17, 2009 with National Securities Depository Limited (NSDL) and with Central Depository Services (India) Limited (CDSL) dated August 12, 2009, and its Equity Shares bear the ISIN No.: INE429K01012.

**STOCK MARKET DATA**

As our Company's shares are actively traded on the BSE, our Company's stock market data have been given for BSE.

**Prices for the last three years:**

| Year Ending On March 31, | High | | | Low | | | Average price for the year |
|---|---|---|---|---|---|---|---|
| | Date | Price | Volume | Date | Price | Volume | |
| 2008 | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| 2009 | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| 2010 | September 7, 2009 | 84.00 | 28,093 | November 6, 2009 | 38.60 | 739 | 47.97 |
| (Source: Official Web-site of BSE i.e. www.bseindia.com) | | | | | | | |

The high and low closing prices recorded on the BSE for the preceding six months and the number of Equity Shares traded on the days the high and low prices recorded are stated below:

| Month | High | | | Low | | | Average price for the month |
|---|---|---|---|---|---|---|---|
| | Date | Price | Volume | Date | Price | Volume | |
| Nov'09 | November 19, 2009 | 46.80 | 54 | November 6, 2009 | 38.60 | 739 | 42.58 |
| Dec'09 | December 31, 2009 | 50.70 | 1,762 | December 4, 2009 | 46.00 | 456 | 48.22 |
| Jan'10 | January 15, 2010 | 54.85 | 8,219 | January 27, 2010 | 45.1 | 2067 | 50.71 |
| Feb'10 | February 05, 2010 | 49.95 | 206 | February 26, 2010 | 41.80 | 1,808 | 46.51 |
| Mar'10 | March 15, 2010 | 48.75 | 1,240 | March 19, 2010 | 44.50 | 1,883 | 46.35 |
| Apr'10 | April 08, 2010 | 68.75 | 20,203 | April 21, 2010 | 45.05 | 1,324 | 54.93 |
| May'10 (upto May 27, 2010) | May 05, 2010 | 70.80 | 14,650 | May 26, 2010 | 33.40 | 200 | 43.59 |
| (Source: Official Web-site of BSE i.e. www.bseindia.com) | | | | | | | |

The Shareholders of our Company approved the Rights Issue at the Extra Ordinary General Meeting held on December 22, 2009, 2009. The high and low prices of our Company's shares as quoted on the Bombay Stock Exchange Limited, Mumbai (BSE) on December 23, 2009 , the day on which the trading happened immediately following the date of the Board Meeting is as follows:

| Date | Volume (Nos.) | High (Rs.) | Low (Rs.) |
|---|---|---|---|
| December 23, 2009 | 1951 | 52.00 | 49.00 |
| (Source: Official Web-site of BSE i.e. www.bseindia.com) | | | |

**Volume of Shares traded in the last six months**

| Month | Volume (Nos.) |
|---|---|
| November, 2009 | 15,752 |
| December, 2009 | 38,599 |
| January, 2010 | 33,451 |
| February, 2010 | 30,679 |
| March, 2010 | 19,894 |
| April, 2010 | 85,746 |
| May, 2010 (upto May 27, 2010) | 37,531 |
| (Source: Official Web-site of BSE i.e. www.bseindia.com) | |

**COMPLIANCE WITH LISTING AGREEMENT**

Our Company is listed on BSE MSE and BgSE and has complied with the requirements under the respective Listing Agreement of the above-mentioned stock exchanges. It has paid the requisite fee of the Stock Exchanges. Also no disciplinary action has been initiated by the stock exchanges or SEBI against our Company or any of our Directors.

**Investor Grievances and Redressal Mechanism**

**Redressal Mechanism:**

Our Company has adequate arrangements for redressal of investor complaints. Well arranged correspondence system has been developed for letters of routine nature. Our Company has share transfer committee, which approves the transfer, transmission, split, issue of duplicate share certificates etc. Share transfer forms along with the share certificates complete in all respect are processed, approved and registered within stipulated time.

Letters are filed category wise after having attended to. Redressal norm for response time for all correspondence including shareholders complaints is 15 days.

For details of Shareholder / Investor Grievance committee, please refer to the section titled "Our Management" on page 71 of this Letter of Offer.

**Status of complaints**

| Particulars | Status |
|---|---|
| No. of investor Complaints received during the three years preceding the filing Offer Document with the Board and the number of complaints disposed off during that period. | 28 |
| No. of shareholders' complaints pending as on March 31, 2010 | Nil |
| Total No. of complaints pending as on December 31, 2009, of Listed Group Company | Nil |
| Time normally taken by our Company for disposal of various types of investor grievances | 15 days |

Registrar to the Issue will also handle the investors' grievances related to the Issue in coordination with Company Secretary and Compliance Officer of our Company. All grievances relating to the Present Issue may be addressed to the Registrar with a copy to the Company Secretary and Compliance Officer, giving full details such as name of the applicant, address, number of Equity Shares applied for, amount paid on application and bank and branch. Our Company would monitor the work of the Registrar to ensure that the investors' grievances are settled expeditiously and satisfactorily.

| Type of Investors' Grievance | Time Taken for Reply (No. Of Days) |
|---|---|
| Non-receipt of Refund Order | 7 |
| Non-receipt of Share Certificates | 7 |
| Transfer of Shares | 30 |
| Change of Address | 15 |
| Correction of Address | 7 |

**Changes in Auditors**

There has been no change in the Statutory Auditors of our Company for last three years except where our Company has appointed P K S Sridhar and Santhanam, Chartered Accountants, in the EGM held on December 22, 2009

**Capitalization of Reserves or Profits during the last 5 years**

We have not capitalized any reserves during the past 5 years by way of Bonus Issue or otherwise.

**Revaluation of Assets during the last 5 years**

Company has revalued its assets on 31.03.2009. The details of revaluation are given below

| Sr. No. | Assets | Value of Gross Block of Assets before Revaluation | Value of Gross Block of Assets after Revaluation | Revaluation Amount |
|---|---|---|---|---|
| 1 | Buildings* | 1,41,41,535 | 5,06,25,432 | 36,483,897 |
| 2 | Machinery | 12,38,879 | 11,63,734 | (75,145) |
| 3 | Vehicles | 14,02,460 | 11,23,044 | (2,79,416) |
| 4 | Assets given on Lease – Machinery | 6,74,93,962 | 5,23,03,770 | (1,51,90,192) |
| | **Total** | **8,42,76,836** | **10,52,15,980** | **2,09,39,144** |

* The buildings have been revalued based on the valuation report of M/s. B. Venkatramani, Chartered Engineers and Registered Valuers dated March 30, 2009.

## II. OFFERING INFORMATION

### (A) *TERMS OF THE ISSUE*

The Equity Shares, now being issued, are subject to the terms and conditions of this Letter of Offer, the enclosed Composite Application Form ("CAF"), the Memorandum and Articles of Association of our Company, the approvals from the GOI, FIPB and RBI, if applicable, the provisions of the Companies Act, 1956, regulations and guidelines issued by SEBI, guidelines, notifications and regulations for issue of capital and for listing of securities issued by Government of India and/ or other statutory authorities and bodies from time to time, terms and conditions as stipulated in the allotment advice or letter of allotment or Security Certificate and rules as may be applicable and introduced from time to time.

***Authority for the Issue***

This offer is being made pursuant to the approval accorded by the Shareholders of our Company, at their Extra Ordinary General Meeting held on December 22, 2009 under Section 81 of the Companies Act, 1956.

| **Issue Schedule** | |
|---|---|
| Issue Opening Date | 10.06.2010 |
| Last Date for receiving requests for split forms | 17.06.2010 |
| Issue Closing Date | 24.06.2010 |

***Basis for the Issue***

The Equity Shares are being offered for subscription for cash to those existing Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the depositories in respect of the Equity Shares held in the electronic form and on the Register of Members of our Company in respect of Equity Shares held in the physical form at the close of business hours on the Record Date i.e. May 7, 2010 fixed in consultation with the BSE (the Designated Stock Exchange).

***Rights of the Equity shareholders***

Subject to the 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 and Articles of Association of our Company and the terms of the listing agreement with the Stock Exchange.

For further details on the main provisions of our Company's Articles of Association dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation/splitting, please refer section titled "Main Provisions of the Articles of Association of our Company" beginning on page 147 of this Letter of Offer.

***Option available to the Equity Shareholders***

If the Equity Shareholder applies for an investment in Equity Shares, then he / she can:

- Apply for his entitlement in part.
- Apply for his entitlement in part and renounce the other part.
- Apply for his entitlement in full.

- Apply for his entitlement in full and also apply for additional Equity Shares.

Renounces for Equity Shares can apply for the Equity Shares renounced to them and also apply for additional Equity Shares.

***Issue of Duplicate Share Certificates***

If any Equity Share certificate(s) is/are mutilated or defaced or the cages for recording transfers of Equity Shares are fully utilized, our Company against the surrender of such certificate(s) may replace the same, provided that the same will be replaced as aforesaid only if the certificate numbers and the distinctive numbers are legible. If any Equity Share certificate(s) is/are destroyed, stolen, lost or misplaced, then upon production of proof thereof to the satisfaction of our Company and upon furnishing such indemnity/surety and/or such other documents as our Company may deem adequate, duplicate Equity Share certificate(s) shall be issued.

***Offer to Non-Resident Equity Shareholders/Applicants***

Applications received from NRIs and other NR shareholders for allotment of Equity Shares shall be inter alia, subject to the conditions imposed from time to time by the RBI under the Foreign Exchange Management Act, 1999 (FEMA) in the matter of refund of application moneys, allotment of Equity Shares, issue of Letter of Allotment / share certificates, payment of interest, dividends, etc. General permission has been granted to any person resident outside India to apply shares offered on rights basis by an Indian Company in terms of FEMA and the rules and regulations there under Vide Notification No. FEMA20/2000- RBI dated May 3, 2000, The Board of directors may at its absolute discretion, agree to such terms and conditions as may be stipulated by RBI while approving the allotment of equity shares, payment of dividend etc. to NR shareholders. The equity shares purchased on a rights basis by NR shall be subject to the same conditions including restrictions in regard to the repatrability as applicable to the original equity shares against which equity shares are issued on rights basis.

The existing non-resident shareholders may apply for issue of additional Equity Shares and our Company may allot the same subject to the condition that the overall issue of Equity Shares to non-residents in the total paid up capital does not exceed the sectoral cap. In other words, non-residents may subscribe for additional Equity Shares over and above Equity Shares offered on rights basis by our Company and renounce the Equity Shares offered in full or part thereof in favor of a person named by them.

Vide notification dated October 03, 2003, bearing no. FEMA no. 101/2003-RB this facility would not be available to investors who have been allotted such Equity Shares as OCBs. OCBs may however renounce the Equity Shares offered in full or part thereof in favor of a person named by them other than an OCB.

As such, entitlement of rights shares is not automatically available to Overseas Corporate Bodies (OCBs). OCBs have been derecognized as a class of investors with effect from September 16, 2003. Therefore, Companies desiring to issue rights shares to such erstwhile OCBs will have to take specific prior permission from Reserve Bank. However, bonus shares can be issued to erstwhile OCBs.

However, in the present Master Circular RBI permitted Erstwhile OCBs, who have converted themselves into companies incorporated outside India can make fresh investments in India under the FDI Scheme provided they are not under the adverse notice of Reserve Bank / SEBI.

***Terms of the Issue***

No statement made in this Letter of Offer shall contravene any of the provisions of the Companies Act, 1956.

***Ranking of the Equity Shares***

The Equity Shares shall be subject to the Memorandum and Articles of Association of our Company and shall rank pari-passu in all respects including dividends with the existing Equity Shares of our Company.

***Mode of payment of dividend***

Our Company shall pay dividend to shareholders as per the provisions of the Companies Act.

***Face value and Issue Price***

Each Equity Share shall have the face value of Rs.10/- and is being offered at a price of Rs. 20/- each for cash at a premium of Rs. 10/-. Hence, the issue price for each equity share is Rs. 20/- to be offered on rights basis.

***Terms of payment***

The entire Issue Price of Rs. 20/- per Share is payable on application only.

Where an applicant has applied for additional equity shares and is allotted lesser number of equity shares than applied for, the excess application money paid shall be refunded. The monies would be refunded within fifteen days from the closure of the Issue, and if there is a delay beyond eight days from the stipulated period, our Company will pay interest on the monies in terms of the section 73 of the Companies Act.

**For Equity Shareholders wishing to apply through the newly introduced ASBA process for rights issues, kindly refer section titled "Procedure for Application through the Applications Supported By Blocked Amount ("ASBA") Process" on page no.** 134 **of this Letter of Offer.**

***Rights Entitlement Ratio***

As your name appears as beneficial owner in respect of the shares held in the electronic form or appears in the register of members as an equity shareholder of our Company as on the Record Date i.e. May 7, 2010. You are entitled to the number of shares in Block I of Part A of the enclosed in the CAF.

The Equity Shares are being offered on a rights basis to the existing Equity Shareholders of our Company in the ratio of 1 (one) Equity Share for every 1 (one) Equity Shares held as on the Record Date i.e. May 7, 2010.

***Market lot***

**The Equity Shares of our Company is tradable only in dematerialized form**. The market lot for Equity Shares in dematerialized mode is one.

In case of holding in physical form, our Company would issue to the allottees one certificate for the Equity Shares allotted to one folio ("Consolidated Certificate"). In respect of the Consolidated Certificate, our Company will, upon receipt of a request from the Equity Shareholder, split such Consolidated Certificate into smaller denomination within one month's time from the request of the Equity Shareholder in accordance with the provisions of the Articles of Association.

***Nomination facility***

In terms of Section 109A of the Act, nomination facility is available in case of Equity Shares. The applicant can nominate any person by filling the relevant details in the CAF in the space provided for this purpose. A sole Equity Shareholder or first Equity Shareholder, along with other joint Equity Shareholders being individual(s) may nominate any person(s) who, in the event of the death of the sole holder or all the joint- holders, as the case may be, shall become entitled to the Equity Shares. A Person, being a nominee, becoming entitled to the Equity Shares by reason of the death of the original Equity Shareholder(s), shall be entitled to the same advantages to which he would be entitled if he were the registered holder of the Equity Shares. Where the nominee is a minor, the Equity Shareholder(s) may also make a nomination to appoint, in the prescribed manner, any person to become entitled to the Equity Share(s), in the event of death of the said holder, during the minority of the nominee. A nomination shall stand rescinded upon the sale of the Equity Share by the person nominating. A transferee will be entitled to make a fresh nomination in the manner prescribed. When the Equity Share is held by two or more persons, the nominee shall become entitled to receive the amount only on the demise of all the holders. Fresh nominations can be made only in the prescribed form available on request at the registered office of the Company or such other person at such addresses as may be notified by the Company. The applicant can make the nomination by filling in the relevant portion of the CAF. Only one nomination would be applicable for one folio. Hence, in case the Shareholder(s) has already registered the nomination with our Company, no further nomination needs to be made for Equity Shares to be allotted in this Issue under the same folio.

In case the allotment of Equity Shares is in dematerialized form, there is no need to make a separate nomination for the Equity Shares to be allotted in this Issue. Nominations registered with respective DP of the applicant would prevail. If the applicant requires to change the nomination, they are requested to inform their respective DP.

***Joint Holders***

Where two or more persons are registered as the holders of Equity Shares, they shall be deemed (so far as our Company is concerned) to hold the same as joint- holders with benefits of survivorship subject to provisions contained in the AOA.

***Minimum Subscription***

a) If our Company does not receive minimum subscription of 90% of the issue, the entire subscription shall be refunded to the applicants within 15 days from the date of closure of the issue, or if the subscription level falls below 90% after the closure of the issue on account of cheque having being returned unpaid or withdrawal of applications, our Company shall forthwith refund the entire subscription amount received.

b) If there is a delay in the refund of subscription by more than 8 days after our Company becomes liable to pay the subscription amount (i.e. 15 days after the closure of the issue), our Company will pay interest for the delayed period, at the rates prescribed in sub-sections (2) and (2A) of Section 73 of the Companies Act, 1956.

***Arrangement for Disposal of Odd Lots***

We have not made any arrangements for the disposal of odd lot of equity shares arising out of this Issue. Our Company will issue certificates of denomination equal to the number of equity shares being allotted to the Equity Shareholders.

**Restrictions on transfer and transmission of shares and on their consolidation/ splitting:**

There are no restriction on transfer and transmission of shares to be allotted out of the Rights Issue and also on their consolidation or splitting.

## *(B) ISSUE PROCEDURE*

This Offer is being made to the existing Equity Shareholders of the Company (hereinafter referred to as "shareholders") whose names appear as beneficial owners as per the list to be furnished by the depositories in respect of the Equity Shares held in the electronic form and on the Register of Members of our Company in respect of equity shares held in the physical form at the close of the business hours on the Record date i.e. May 7, 2010.

Issue of 1,00,00,000 Equity Shares of Rs. 10/- each for cash at a premium of Rs. 10/-(Issue Price Rs. 20/- per Equity Share) aggregating Rs. 2,000 Lakhs to the existing equity shareholders on rights basis in the ratio of 1(one) Equity Share for every 1 (One) Equity Share held on Record Date i.e. May 7, 2010. The face value of the Equity Share is Rs.10/- per Share and the Issue Price is 2 (Two) times the face value.

***Terms of payment***

Full amount of Issue price Rs. 20/- per Equity Share shall be payable on application. Where an Applicant has applied for additional shares and is allotted lesser number of Equity Shares than applied for, the excess application money paid shall be refunded. The moneys would be refunded within 15 days from the closure of the Issue, and if there is a delay beyond eight days from the stipulated period, our Company will pay interest on the moneys in terms of Section 73 of the Companies Act, 1956.

***Quoting of Permanent Account Number in the application forms***

Every applicant shall disclose the Permanent Account Number (PAN), allotted under the Income Tax Act, 1961, in the application form, irrespective of the amount for which application is made. Application forms without this information will be considered incomplete and are liable to be rejected.

***Option to Receive Rights Equity Shares in Dematerialized Form***

Applicants to the Equity Shares of the Company issued through this Rights Issue shall be allotted the securities in dematerialized (electronic) form at the option of the applicant. Our Company and Cameo Corporate Services Limited, the Registrar to our Company, have signed a tripartite agreement with CDSL on August 12, 2009 and with NSDL on July 17, 2009 which enables the investors to hold and trade in securities in a dematerialized form, instead of holding the securities in the form of physical certificates. The ISIN No. allotted to our Company is INE429K01012. In this Rights Issue, the allottees who have opted for Equity Shares in dematerialized form will receive their Equity Shares in the form of an electronic credit to their beneficiary account with a Depository Participant. Investor will have to give the relevant particulars for this purpose in the appropriate place in the CAF. Applications, which do not accurately contain this information, will be given the securities in physical form. No separate applications for securities in physical and dematerialized form should be made. If such applications are made, the application for physical securities will be treated as multiple applications and is liable to be rejected. In case of partial allotment, allotment will be done in demat option for the shares sought in demat and balance, if any, will be allotted in physical shares.

Procedure for availing this facility for allotment of Equity Shares in this Issue in the electronic form is as under:

**1.** Open a Beneficiary Account with any Depository Participant (care should be taken that the Beneficiary Account should carry the name of the holder in the same manner as is exhibited in the records of our Company. In case of joint holding the Beneficiary Account should be opened carrying the names of the holders in the same order as with our Company). In case of Investors having various folios in our Company with different joint holders, the investors will have to open separate accounts for such holdings. **Those Equity Shareholders who have already opened such Beneficiary Account (s) need not adhere to this step.**

**2.** For Equity Shareholders already holding Equity Shares of our Company in dematerialized form as on Record Date, the beneficial account number shall be printed on the CAF. For those who open accounts later or those who change their accounts and wish to receive their Rights Equity Shares by way of credit to such account, the necessary details of their beneficiary account should be filled in the space provided in the CAF. It may be noted that the allotment of securities arising out of this Issue may be made in dematerialized form even if the original equity shares of our Company are not dematerialized. Nonetheless, it should be ensured that the Depository Account is in the name(s) of the Equity Shareholders and the names are in the same order as in the records of our Company.

**3.** Responsibility for correctness of applicant's age and other details given in the CAF vis-à-vis those with the applicant's Depository Participant would rest with the applicant. Applicants should ensure that the names of the applicants and the order in which they appear in CAF should be same as registered with the applicant's Depository Participant.

**4.** If incomplete / incorrect Beneficiary Account details are given in the CAF the applicant will get Equity Shares in physical form.

**5.** The Rights Equity Shares allotted to investors opting for dematerialized form, would be directly credited to the Beneficiary Account as given in the CAF after verification. Allotment advice, Refund Order (if any) would be sent directly to the applicant by the Registrar to the Issue but the applicant's Depository Participant will provide to him, the confirmation of the credit of the Rights Equity Shares to the applicant's Depository Account.

6. Renounces will also have to provide the necessary details about their Beneficiary Account for allotment of securities in this Issue. In case these details are incomplete or incorrect, the application is liable to be rejected.

Dividend or other benefits with respect to the Equity Shares held in dematerialized form would be paid to those shareholders whose names appear in the list of beneficial owners given by the depositories to our Company as on book closure/ record dates.

**INVESTORS MAY PLEASE NOTE THAT THE EQUITY SHARES OF THE COMPANY CAN BE TRADED ON THE BOMBAY STOCK EXCHANGE IN DEMATERIALIZED AND PHYSICAL FORMS.**

**How to apply**

The prescribed color of the CAF for various shareholder categories is as follows:

| Category | Color of Composite Application Form |
|---|---|
| Residents, NRIs applying on a non-repatriation | CAF Printed with Black Ink |
| NRIs or FIIs applying on a repatriation basis | CAF Printed with Black Ink with separate advise for NRIs/FIIs holder(s) |

**Resident Equity Shareholders**

Application should be made only on the enclosed CAF provided by our Company. The enclosed CAF should be completed in all respects, as explained in the instructions indicated in the CAF. Applications will not be accepted by the Lead Managers or by the Registrar to the Issue or by the Company at any offices except in the case of postal applications as per instructions given in the Letter of Offer.

**Non-resident Equity Shareholders on Non Repatriation basis**

Applications received from the Non-Resident Equity Shareholders for the allotment of Equity Shares shall, inter alia, be subject to the conditions as may be imposed from time to time by the Reserve Bank of India, in the matter of refund of application moneys, allotment of Equity Shares, issue of Letters of Allotment/ certificates/ payment of dividends etc.

**The CAF consists of four parts:**

Part A: Form for accepting the Equity Shares offered and for applying for additional Equity Shares

Part B: Form for renunciation

Part C: Form for application for renounces

Part D: Form for request for split application forms

**Application by Mutual Funds**

In case of a Mutual Fund, a separate application can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Applications in respect of more than one scheme of the Mutual Fund will not be treated as multiple applications provided that the application clearly indicate the scheme concerned for which the application has been made.

Applications made by asset management companies or custodians of a mutual fund shall clearly indicate the name of the concerned scheme for which application is being made.

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

No mutual fund scheme shall invest more than 10% of its net asset value in the Rights 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.

**Applications by Non Resident Indians**

1. CAFs have been made available for eligible NRIs at our Registered Office and with the Lead Manager(s).
2. Eligible NRI applicants may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for Allotment. The Eligible NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians and shall not use the forms meant for reserved category.

**Applications by ASBA investors**

For Equity Shareholders wishing to apply through the newly introduced ASBA process for rights issues, kindly refer section titled "Procedure for Application through the Applications Supported By Blocked Amount ("ASBA") Process" on page no. 134 of this Letter of Offer.

**Acceptance of the Rights Issue**

You may accept the Offer and apply for Equity Shares offered, either in full or in part by filling Part "A" of the enclosed CAF and submit the same along with the application money payable to the "Bankers to the Issue" or any of the branches as mentioned on the reverse of the CAF before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board thereof in this regard. Applicants at centers not covered by the branches of collecting banks can send their CAF together with the cheque drawn on a local bank at Chennai, Tamil Nadu /demand draft payable at Chennai, Tamil Nadu to the Registrar to the Issue by registered post.

**Renunciation**

As an Equity Shareholder, you have the right to renounce your entitlement for the Equity Shares in full or in part in favour of one or more person(s). Such renounces can only be Indian Nationals.

Companies incorporated under and governed by the Act, statutory corporations / institutions, trusts (unless registered under the Indian Trust Act,) minors (through their legal guardians), societies (unless registered under Societies Registration Act, 1860 or any other applicable laws) provided that such trust / society is authorized under its constitution / bye laws to hold equity shares in a company and cannot be a partnership firm, more than four persons including joint-holders, HUF, foreign nationals (unless approved by RBI or other relevant authorities) or to any person situated or having jurisdiction where the offering in terms of the Letter of Offer should be illegal or require compliance with securities law of such jurisdiction or any other person not approved by the Board.

**Renunciation in favour of Non – Residents/FIIs**

Any Renunciation from Resident Indian Shareholder(s) to Non-Resident Indian(s) or from Non-Resident Indian Shareholder(s) to other Non-Resident Indian(s) is subject to the renouncer(s)/ renounce(s) obtaining the approval of the FIPB and / or necessary permission of RBI under the Foreign Exchange Management Act, 1999 (FEMA) and other applicable laws and such permission should be attached to the CAF. Applications not accompanied by the aforesaid approval are liable to be rejected.

**The right of renunciation is subject to the express condition that the Board shall be entitled in its absolute discretion to reject the request for allotment to renounce(s) without assigning any reason thereof.**

**Procedure for Renunciation**

**To renounce the whole offer in favour of one renounce**

If you wish to renounce the offer indicated in Part A, in whole, please complete Part B of the CAF. In case of joint holding, all joint holders must sign Part B of the CAF. The person in whose favour renunciation has been made should complete and sign Part C of the CAF. In case of joint renounces, all joint renounces must sign this part C of the CAF.

**Renounce(s) shall not be entitled to further renounce the entitlement in favour of any other person.**

**To renounce in part/or renounce the whole to more than one person(s)**

If you wish to either accept this offer in part and renounce the balance or renounce the entire offer in favour of two or more renounces, the CAF must be first split into requisite number of forms. Please indicate your requirement of split forms in the space provided for this purpose in Part D of the CAF and return the entire CAF to the Registrar to the Issue so as to reach them latest by the close of business hours on the last date of receiving requests for split forms i.e. 17.06.2010 On receipt of the required number of split forms from the Registrar, the procedure as mentioned in paragraph above shall have to be followed.

In case the signature of the Equity Shareholder(s), who has renounced the Equity Shares, does not agree with the specimen registered with our Company, the application is liable to be rejected.

**Renounce(s)**

The person(s) in whose favour the Equity Shares are renounced should fill in and sign Part C of the Application Form and submit the entire Application Form to the Bankers to the Issue on or before the Issue Closing Date i.e. 24.06.2010 along with the application money.

**Change and or introduction of additional holders**

If you wish to apply for Equity Shares jointly with any other person or persons, not more than four , who is/are not already joint holder with you, it shall amount to renunciation and the procedure as stated above for renunciation shall have to be followed. Even a change in the sequence of the name of joint holders shall amount to renunciation and the procedure, as stated above shall have to be followed.

However, this right of renunciation is subject to the express condition that the Board of Directors of our Company shall be entitled in its absolute discretion to reject the request for allotment of equity shares from the renounce(s) without assigning any reason thereof.

**Please note that:**

a) Part A of the CAF must not be used by any person(s) other than those in whose favour this offer has been made. If used, this will render the application invalid.

b) Only the person to whom this Letter of Offer has been addressed to and not the renounce(s) shall be entitled to renounce and to apply for Split Application Forms. Forms once split cannot be split again.

c) Split form(s) will be sent to the applicant(s) by post at the applicant's risk.

**Additional Equity Shares**

You are eligible to apply for additional Equity Shares over and above the number of Equity Shares you are entitled to, provided that you have applied for all the Equity Shares offered without renouncing them in whole or in part in favour of any other person(s). Applications for additional Equity Shares shall be considered and allotment shall be made in the manner prescribed elsewhere in the Letter of Offer under the section "Basis of Allotment". The renounces applying for all the Equity Shares renounced in their favour may also apply for additional Equity Shares.

In case of application for additional Equity Shares by non-resident Equity Shareholders, the allotment of additional securities will be subject to the permission of the Reserve Bank of India.

Where the number of additional Equity Shares applied for exceeds the number available for allotment, the allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange.

The summary of options available to the Equity Shareholder is presented below. You may exercise any of the following options with regard to the Equity Shares offered, using the enclosed CAF:

**Option Available and Action Required**

| Sr. No. | Option Available | Action Required |
|---|---|---|
| 1 | Accept whole or part of your entitlement without renouncing the balance | Fill in and sign Part A (All joint holders must sign) |
| 2 | Accept your entitlement in full and apply for additional Equity Shares | Fill in and sign Part A including Block III relating to the acceptance of entitlement and Block IV relating to additional Equity Shares (All joint holders must sign) |
| 3 | Renounce your entitlement In full to one person (Joint renounces are considered as one) | Fill in and sign Part B (all joint holders must sign) indicating the number of Equity Shares renounced and hand it over to the renounce. The renounces must fill in and sign Part C (All joint renounces must sign) |
| 4 | Accept a part of your entitlement and renounce the balance to one or more renounce(s) OR Renounce your entitlement to all the Equity Shares offered to you to more than one renounce | Fill in and sign Part D (all joint holders must sign) requesting for Split Application Forms. Send the CAF to the Registrar to the Issue so as to reach them on or before the last date for receiving requests for Split Forms. Splitting will be permitted only once. On receipt of the Split Form take action as indicated below:<br><br>For the Equity Shares you wish to accept, if any, fill in and sign Part A. For the Equity Shares you wish to renounce, fill in and sign Part B indicating the number of Equity Shares renounced and hand it over to the renounces. Each of the renounces should fill in and sign Part C for the Equity Shares accepted by them. |
| 5 | Introduce a joint holder or change the sequence of joint holders. This will be treated as a renunciation. | Fill in and sign Part B and the renounces must fill in and sign Part C. |

**Applicants residing at places other than designated collection centers**

Applicants residing at places other than the cities where the Bank collection centres have been opened and non- resident applicants applying on a non-repatriation basis should send their completed CAF by registered post/speed post to the Registrars to the Issue, Cameo Corporate Services Limited along with demand draft, net of demand draft and postal charges, payable at Chennai, Tamil Nadu in favour of "**PEIL – RIGHTS ISSUE**" crossed "**A/c Payee only**" so that the same are received on or before closure of the Issue i.e. 24.06.2010.

Non-resident investors applying on a repatriation basis should send their completed CAF by registered post/speed post to the Registrar to the Issue, Cameo Corporate Services Limited along with demand draft for the full application amount, payable at

Chennai, Tamil Nadu in favour of **"PEIL – RIGHTS ISSUE NR"**, crossed "**A/c Payee only"** so that the same are received on or before closure of the Issue i.e. **24.06.2010**.

We will not be liable for any postal delays and applications received through mail after the closure of the Issue, which are liable to be rejected and returned to the applicants. Applications by mail should not be sent in any other manner except as mentioned here.

**Availability of duplicate CAF**

In case the original CAF is not received, or is misplaced by the applicant, the Registrar to the Issue will issue a duplicate CAF on the request of the applicant who should furnish the registered folio number/ DP and Client ID no. and his / her full name and address to the Registrar to the Issue. Please note that those who are making the application in the duplicate form should not utilize the original CAF for any purpose including renunciation, even if it is received/ found subsequently. If the applicant violates any of these requirements, he/ she shall face the risk of rejection of both the applications Our Company shall refund such application amount to the Investor without any interest thereon.

**Applications under Power of Attorney**

In case of applications made under a power of attorney or by limited companies or bodies corporate or registered societies or mutual funds or trusts, certified true copy of the relevant power of attorney or relevant resolution or authority to make the investment and sign the application, as the case may be, along with a copy of the memorandum and articles of association and/ or bye-laws must be lodged with the Registrar giving reference of the serial number of the CAF after submission of the CAF to the Bankers to the Issue or any of their collection centers, failing which the applications are liable to be rejected.

In case the above-referred documents are already registered with our Company, the same need not be furnished again. However, the serial number of registration or reference of the letter, vide which these papers were lodged with our Company/R&T Agents must be mentioned just below the signature(s) on the CAF. In no case should these papers be attached to the application submitted to the Bankers to the Issue or at its collection centers.

**Application on Plain Paper**

An Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an application to subscribe to the Rights Issue on plain paper, along with an Account Payee Cheque drawn on a local bank at Chennai, Tamil Nadu/ Demand Draft payable at Chennai, Tamil Nadu which should be drawn in favour of "PEIL – RIGHTS ISSUE" to our Company and send the same by registered post directly to the Registrar to the Issue.

The application on plain paper, duly signed by the applicants including joint holders, in the same order as per specimen recorded with the Company, must reach the office of the Registrar to the Issue before the Date of Closure of the Issue and should contain the following particulars:

- Name of Issuer
- Name and address of the Equity Shareholder including joint holders
- Registered Folio Number/ DP and Client ID no.
- Number of Equity Shares held as on Record Date i.e. May 7**,** 2010
- Certificate numbers and Distinctive numbers, if held in Physical form
- Number of Rights Equity Shares entitled, Number of Rights Equity Shares applied for out of entitlement
- Number of additional Equity Shares applied for, if any
- Total number of Equity Shares applied for
- Total amount paid @ Rs. 20/ - per Equity Share
- Particulars of Cheque/ Draft enclosed
- In case of non-resident shareholders, NRE/FCNR/NRO account number, name and address of the bank and branch
- If the payment is made by drafts purchased from NRE/FCNR accounts as the case may be, an account debit certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/FCNR account.
- If the payment is made by a draft purchased from an NRO account, an account debit certificate from the bank issuing the draft, confirming that the draft has been issued by debiting the NRO account.
- Savings/Current Account Number and name and address of the bank where the Equity Shareholder will be depositing the refund order.
- PAN number, and
- Signature of Equity Shareholders to appear in the same sequence and order as they appear in the records of our Company.

  Payments in such cases, should be through a cheque/ demand draft payable at Chennai, Tamil Nadu be drawn in favour of the Bankers to the Issue marked "A/c Payee only" and marked **"PEIL – RIGHTS ISSUE"**.

**Please note that those who are making the application otherwise than on original CAF shall not be entitled to renounce their Rights and should not utilize the original CAF for any purpose including renunciation even if it is received subsequently. If the applicant violates any of these requirements, he/she shall face the risk of rejection of both the applications. Our Company shall refund such application amount to the Investor without any interest thereon.**

**Last date of Application**

The last date for submission of CAF is 24.06.2010. The Board/Committee of Directors will have the right to extend the said date for such period as it may determine from time to time but not exceeding thirty days from the date the Issue opens.

If the CAF together with the amount payable is not received by the Bankers to the Issue/ Registrar on or before the close of banking hours on the aforesaid last date or such date as may be extended by the Board/ Committee of Directors, the offer contained in this Letter of Offer shall be deemed to have been declined and the Board/ Committee of Directors shall be at liberty to dispose off the Equity Shares hereby offered, as provided under the heading "Basis of Allotment".

**PROCEDURE FOR APPLICATION THROUGH THE APPLICATIONS SUPPORTED BY BLOCKED AMOUNT ("ASBA") PROCESS**

SEBI, by its circular dated August 20, 2009, introduced in rights issue - Application Supported by Blocked Amount (ASBA) wherein the application money remains in the ASBA Account until allotment. Mode of payment through ASBA in Rights Issue became effective on August 20, 2009. Since this is a new mode of payment in Rights Issues, set forth below is the procedure for applying under the ASBA procedure, for the benefit of the shareholders.

**This section is only to facilitate better understanding of aspects of the procedure which is specific to ASBA Investors. ASBA Investors should nonetheless read this document in entirety. Shareholders who are eligible to apply under the ASBA Process are advised to make their independent investigations and ensure that the number of Equity Shares applied for by such Shareholder do not exceed the applicable limits under laws or regulations.**

Our Company and the Lead Manager are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Letter of Offer. Equity Shareholders who are eligible to apply under the ASBA Process are advised to make their independent investigations and ensure that the number of Equity Shares applied for by such Equity Shareholders do not exceed the applicable limits under laws or regulations.

The lists of banks that have been notified by SEBI to act as SCSB for the ASBA Process are provided on http://www.sebi.gov.in/pmd/scsb.pdf . For details on designated branches of SCSBs collecting the CAF, please refer the above mentioned link.

**ASBA Process**

An ASBA Investor can submit his application through CAF / plain paper, either in physical or electronic mode, to the SCSB with whom the bank account of the ASBA Investor or bank account utilized by the ASBA Investor is maintained. The SCSB shall block an amount equal to the application amount in the ASBA Account specified in the CAF, physical or electronic, on the basis of an authorization to this effect given by the account holder at the time of submitting the CAF. The application data shall thereafter be uploaded by the SCSB in the web enabled interface of the Stock Exchanges as prescribed under circular issued by SEBI - SEBI/CFD/DIL/DIP/38/2009/08/20 dated August 20, 2009 or in such manner as may be decided in consultation with the Stock Exchanges. The amount payable on application shall remain blocked in the ASBA Account until finalization of the Basis of Allotment and consequent transfer of the amount against the allocated Equity Shares to the separate account opened by our Company for Rights Issue or until failure of the Issue or until rejection of the ASBA application, as the case may be. Once the basis of Allotment is finalized, the Registrar to the Issue shall send an appropriate request to the Controlling Branch for unblocking the relevant ASBA Accounts and for transferring the amount allocable to the successful ASBA Investors to the separate account opened by our Company for Rights Issue. In case of withdrawal/failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the Registrar to the Issue.

**The Lead Manager, our Company, its directors, affiliates, associates and their respective directors and officers and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to applications accepted by SCSBs, Applications uploaded by SCSBs, applications accepted but not uploaded by SCSBs or applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for applications uploaded by SCSBs, the amount payable on application has been blocked in the relevant ASBA Account.**

**Equity Shareholders who are eligible to apply under the ASBA Process**

The option of applying for Equity Shares in the Issue through the ASBA Process is only available to Shareholders of our Company on the Record Date and who:

- Is holding Equity Shares in dematerialized form and has applied for entitlements or additional Securities in the Issue in dematerialized form;
- Have not renounced his entitlements in full or in part;
- Have not split the CAF;

- Are not renounces
- Who applies through a bank account with one of the SCSBs.

**CAF**

The Registrar will dispatch the CAF to all Equity Shareholders as per their entitlement on the Record Date for the Issue. Equity Shareholders desiring to use the ASBA Process are required to submit their applications by selecting the ASBA Option in Part A of the CAF only. Application in electronic mode will only be available with such SCSB who provides such facility. The Equity Shareholder shall submit the CAF/plain paper application to the SCSB for authorizing such SCSB to block an amount equivalent to the amount payable on the application in the said bank account maintained with the same SCSB. The Equity Shareholder shall submit the CAF to the SCSB for authorizing such SCSB to block an amount equivalent to the amount payable on the application in the said bank account maintained with the same SCSB. Equity Shareholders applying under the ASBA Process are also advised to ensure that the CAF is correctly filled up, stating therein the bank account number maintained with the SCSB in which an amount equivalent to the amount payable on application as stated in the CAF will be blocked by the SCSB.

**Application on plain paper**

An Equity Shareholder who has neither received the original CAF nor is in a position to obtain a duplicate CAF and wanting to apply under ASBA process may make an application to subscribe for the Issue on plain paper. The application on plain paper, duly signed by the applicants including joint holders, in the same order as per specimen recorded with our Company, must be submitted at a designated branch of a SCSB on or before the Issue Closing Date and should contain the following particulars:

- Name of the issuer, being Premier Energy and Infrastructure Limited;
- Name and address of the Equity Shareholder, including any joint holders;
- Registered folio number / DP ID number and client ID number;
- Number of Equity Shares held as on the Record Date;
- Rights Entitlement;
- Number of Equity Shares applied for
- Number of additional shares applied for, if any
- Total Number of equity shares applied for
- Total amount payable on application at the rate of Rs. 20 per equity share
- Savings / Current Account Number along with name and address of the SCSB and Branch from which the money will be blocked;
- The permanent account number (PAN) of the Equity Shareholder and where relevant, for each joint holder, except in respect of Central and State Government officials and officials appointed by the court (e.g., official liquidators and court receivers) who, in terms of a SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, subject to submitting sufficient documentary evidence in support of their claim for exemption, provided that such transactions are undertaken on behalf of the Central and State Government and not in their personal capacity;
- Signature of the Equity Shareholders to appear in the same sequence and order as they appear in the records of our Company;
- Incase of Non Resident Shareholders, NRE / FCNR / NRO A/c no., name and address of the SCSB and Branch
- In the application, the ASBA Investor shall, inter alia, give the following confirmations/declarations:
  - A) That he / she is an ASBA Investor as per the SEBI ICDR Regulations and
  - B) That he / she has authorized the SCSBs to do all acts as are necessary to make an application in the Issue, upload his / her application data, block or unblock the funds in the ASBA Account and transfer the funds from the ASBA Account to the separate account maintained by our Company for Rights Issue after finalization of the basis of Allotment entitling the ASBA Investor to receive Equity Shares in the Issue etc.

The Equity Shareholder shall submit the plain paper application to the SCSB for authorizing such SCSB to block an amount equivalent to the amount payable on the application in the said bank account maintained with the same SCSB.

If an applicant makes an application in more than one mode i.e. both in the Composite Application Form and on plain paper, then both the applications may be liable for rejection.

**Acceptance of the Issue**

You may accept the Issue and apply for the Equity Shares offered, either in full or in part, by filling Part A of the CAF sent by the

Registrar, selecting the ASBA process option in Part A of the CAF and submit the same to the SCSB before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board of Directors of our Company in this regard.

**Mode of payment**

The Shareholder applying under the ASBA Process agrees to block the entire amount payable on application (including for additional Equity Shares, if any) with the submission of the CAF, by authorizing the SCSB to block an amount, equivalent to the amount payable on application, in a bank account maintained with the SCSB. After verifying that sufficient funds are available in the bank account provided in the CAF, the SCSB shall block an amount equivalent to the amount payable on application mentioned in the CAF until it receives instructions from the Registrar. Upon receipt of intimation from the Registrar, the SCSBs shall transfer such amount as per Registrar's instruction allocable to the Shareholders applying under the ASBA Process from bank account with the SCSB mentioned by the Shareholder in the CAF. This amount will be transferred in terms of the SEBI ICDR Regulations into the separate bank account maintained by our Company as per the provisions of section 73(3) of the Companies Act, 1956. The balance amount remaining after the finalization of the basis of allotment shall be either unblocked by the SCSBs or refunded to the investors by the Registrar on the basis of the instructions issued in this regard by the Registrar to the Issue and the Lead Managers to the respective SCSB.

The Shareholders applying under the ASBA Process would be required to block the entire amount payable on their application at the time of the submission of the CAF.

The SCSB may reject the application at the time of acceptance of CAF if the bank account with the SCSB details of which have been provided by the Shareholder in the CAF does not have sufficient funds equivalent to the amount payable on application mentioned in the CAF. Subsequent to the acceptance of the application by the SCSB, our Company would have a right to reject the application only on technical grounds.

**Options available to the Shareholder applying under the ASBA Process**

The summary of options available to the Shareholders is presented below. You may exercise any of the following options with regard to the Equity Shares offered, using the CAF received from Registrar:

| Sr. No. | Option Available | Action Required |
|---|---|---|
| 1 | Accept whole or part of your entitlement without renouncing the balance. | Fill in and sign Part A of the CAF (All joint holders must sign) |
| 2 | Accept your entitlement in full and apply for additional Equity Shares | Fill in and sign Part A of the CAF including Block III relating to the acceptance of entitlement and Block IV relating to additional Equity Shares (All joint holders must sign) |

**The Shareholder applying under the ASBA Process will need to select the ASBA option process in the CAF and provide required details as mentioned therein. However, in cases where this option is not selected, but the CAF is tendered to the SCSB with the relevant details required under the ASBA process option and SCSB blocks the requisite amount, then that CAF would be treated as if the Shareholder has selected to apply through the ASBA process option.**

**Additional Equity Shares**

The equity shareholder is eligible to apply for additional Equity Shares over and above the number of Equity Shares that he is entitled too, provided that he have applied for all the Shares offered without renouncing them in whole or in part in favour of any other person(s). Applications for additional shares shall be considered and allotment shall be made at the sole discretion of the Board, in consultation with the Designated Stock Exchange and in the manner prescribed under "Basis of Allotment" on page 139 of this Letter of Offer.

If you desire to apply for additional shares, please indicate your requirement in the place provided for additional Securities in Part A of the CAF.

**Renunciation under the ASBA Process**

Renounces cannot participate in the ASBA Process.

**Last date of Application**

The last date for submission of the duly filled in CAF is 24.06.2010. The Issue will be kept open for a minimum of 15 (fifteen) days and the Board or any committee thereof will have the right to extend the said date for such period as it may determine from time to time but not exceeding 30 (thirty) days from the Issue Opening Date i.e. 10.06.2010. If the CAF together with the amount payable is not received by the SCSB on or before the close of banking hours on the aforesaid last date or such date as may be extended by the Board of Directors, the offer contained in this Letter of Offer shall be deemed to have been declined and the Board of Directors shall be at liberty to dispose off the Equity Shares hereby offered, as provided under "Basis of Allotment" on page 139 of this Letter of Offer.

**Option to receive Securities in Dematerialized Form**

**SHAREHOLDERS UNDER THE ASBA PROCESS MAY PLEASE NOTE THAT THE EQUITY SHARES OF OUR COMPANY UNDER THE ASBA PROCESS CAN ONLY BE ALLOTTED IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE EQUITY SHARES ARE BEING HELD ON RECORD DATE.**

**Issuance of Intimation Letters**

Upon approval of the basis of Allotment by the Designated Stock Exchange, the Registrar to the Issue shall send the Controlling Branches, a list of the ASBA Investors who have been allocated Equity Shares in the Issue, along with:

- The number of Equity Shares to be allotted against each successful ASBA;
- The amount to be transferred from the ASBA Account to the separate account opened by our Company for Rights Issue, for each successful ASBA;
- The date by which the funds referred to in Para above, shall be transferred to separate account opened by our Company for Rights Issue; and
- The details of rejected ASBAs, if any, along with reasons for rejection to enable SCSBs to unblock the respective ASBA Accounts.

**General instructions for Shareholders applying under the ASBA Process**

**(a)** Please read the instructions printed on the CAF carefully.

**(b)** Application should be made on the printed CAF / plain paper and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and / or which are not completed in conformity with the terms of this Letter of Offer are liable to be rejected. The CAF / plain paper application must be filled in English.

**(c)** The CAF / plain paper application in the ASBA Process should be submitted at a Designated Branch of the SCSB and whose bank account details are provided in the CAF and not to the Bankers to the Issue/Collecting Banks (assuming that such Collecting Bank is not a SCSB), to our Company or Registrar or Lead Manager to the Issue.

**(d)** All applicants, and in the case of application in joint names, each of the joint applicants, should mention his/her PAN number allotted under the Income-Tax Act, 1961, irrespective of the amount of the application. CAFs / plain paper application without PAN will be considered incomplete and are liable to be rejected.

**(e)** All payments will be made by blocking the amount in the bank account maintained with the SCSB. Cash payment is not acceptable. In case payment is affected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.

**(f)** Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Thumb impression and Signatures other than in English or Hindi must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Equity Shareholders must sign the CAF / plain paper application as per the specimen signature recorded with our Company / Depositories.

**(g)** In case of joint holders, all joint holders must sign the relevant part of the CAF / plain paper application in the same order and as per the specimen signature(s) recorded with our Company. In case of joint applicants, reference, if any, will be made in the first applicant's name and all communication will be addressed to the first applicant.

**(h)** All communication in connection with application for the Securities, including any change in address of the Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of allotment in this Issue quoting the name of the first / sole applicant Shareholder, folio numbers and CAF number.

**(i)** Only the person or persons to whom Securities have been offered and not renounce(s) shall be eligible to participate under the ASBA process.

**Do's**

(a) Ensure that the ASBA Process option is selected in part A of the CAF and necessary details are filled in. In case of non-receipt of the CAF, the application can be made on plain paper with all necessary details as required under the para "Application on plain paper" appearing under the procedure for application under ASBA.

(b) Ensure that you submit your application in physical mode only. Electronic mode is only available with certain SCSBs and not all SCSBs and you should ensure that your SCSB offers such facility to you.

(c) Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as Equity Shares will be allotted in the dematerialized form only.

(d) Ensure that the CAF / plain paper application is submitted at the SCSBs whose details of bank account have been provided in the CAF / plain paper application.

(e) Ensure that you have mentioned the correct bank account number in the CAF / plain paper application.

(f) Ensure that there are sufficient funds (equal to {number of Equity Shares applied for} X {Issue Price per Equity Shares as the case may be}] available in the bank account maintained with the SCSB mentioned in the CAF / plain paper application before submitting the CAF to the respective Designated Branch of the SCSB.

(g) Ensure that you have authorized the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the CAF / plain paper application, in the bank account maintained with the respective SCSB, of which details are provided in the CAF / plain paper application and have signed the same.

(h) Ensure that you receive an acknowledgement from the SCSB for your submission of the CAF / plain paper application in physical form.

(i) Each applicant should mention their Permanent Account Number ("PAN") allotted under the Income Tax Act.

(j) Ensure that the name(s) given in the CAF / plain paper application is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF 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 CAF / plain paper application.

(k) Ensure that the Demographic Details are updated, true and correct, in all respects.

**Don'ts:**

(a) Do not apply on duplicate CAF after you have submitted a CAF / plain paper application to a Designated Branch of the SCSB.

(b) Do not pay the amount payable on application in cash, money order or by postal order.

(c) Do not send your physical CAFs / plain paper application to the Lead Manager to Issue / Registrar / Collecting Banks (assuming that such Collecting Bank is not a SCSB) / to a branch of the SCSB which is not a Designated Branch of the SCSB / Company; instead submit the same to a Designated Branch of the SCSB only.

(d) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.

(e) Do not instruct their respective banks to release the funds blocked under the ASBA Process.

**Grounds for Technical Rejection for ASBA Process:**

In addition to the grounds listed under "Grounds for Technical Rejection" mentioned on page 143 of this Letter of Offer, applications under ASBA Process may be rejected on following additional grounds:

(a) Application for entitlements or additional shares in physical form.

(b) DP ID and Client ID mentioned in CAF / plain paper application not matching with the DP ID and Client ID records vailable with the Registrar.

(c) Sending CAF / plain paper application to the Lead Manager / Issuer / Registrar / Collecting Bank (assuming that such Collecting Bank is not a SCSB) / to a branch of a SCSB which is not a Designated Branch of the SCSB / Company.

(d) Renouncee applying under the ASBA Process.

(e) Insufficient funds are available with the SCSB for blocking the amount.

(f) Funds in the bank account with the SCSB whose details are mentioned in the CAF / plain paper application having been frozen pursuant to regulatory orders.

(g) Account holder not signing the CAF / plain paper application or declaration mentioned therein.

(h) Application on split form.

**Depository account and bank details for Shareholders applying under the ASBA Process**

**IT IS MANDATORY FOR ALL THE SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS TO RECEIVE THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE CAF / PLAIN PAPER APPLICATION. SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS MUST ENSURE THAT THE NAME GIVEN IN THE CAF / PLAIN PAPER APPLICATION IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE CAF / PLAIN PAPER APPLICATION 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 CAF / PLAIN PAPER APPLICATION.**

**Shareholders applying under the ASBA Process should note that on the basis of name of these Shareholders, Depository Participant's name and identification number and beneficiary account number provided by them in the CAF / plain paper**

**application, the Registrar to the Issue will obtain from the Depository demographic details of these Shareholders such as address, bank account details for printing on refund orders / advice and occupation ("Demographic Details"). Hence, Shareholders applying under the ASBA Process should carefully fill in their Depository Account details in the CAF / plain paper application.**

These Demographic Details would be used for all correspondence with such Shareholders including mailing of the letters intimating unblock of bank account of the respective Shareholder. The Demographic Details given by

Shareholders in the CAF / plain paper application would not be used for any other purposes by the Registrar. Hence, Shareholders are advised to update their Demographic Details as provided to their Depository Participants. By signing the CAF / plain paper application, the Shareholders applying under the ASBA Process 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.

**Letters intimating allotment and unblocking or refund (if any) would be mailed at the address of the Shareholder applying under the ASBA Process as per the Demographic Details received from the Depositories. Refunds, if any, will be made directly to the bank account in the SCSB and which details are provided in the CAF and not the bank account linked to the DP ID. Shareholders applying under the ASBA Process may note that delivery of letters intimating unblocking of bank account 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 Shareholder in the CAF / plain paper application would be used only to ensure dispatch of letters intimating unblocking of bank account.**

**Note that any such delay shall be at the sole risk of the Shareholders applying under the ASBA Process and none of the SCSBs, Company or the Lead Manager shall be liable to compensate the Shareholder applying under the ASBA Process for any losses caused to such Shareholder due to any such delay or liable to pay any interest for such delay.**

In case no corresponding record is available with the Depositories that match three parameters, namely, names of the Shareholders (including the order of names of joint holders), the DP ID and the beneficiary account number, then such applications are liable to be rejected.

**Disposal of Investor Grievances**

All grievances relating to the ASBA may be addressed to the Registrar to the Issue, with a copy to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, Amount blocked on application, account number of the ASBA Bank Account and the Designated Branch or the collection centre of the SCSB where the CAF / plain paper application was submitted by the ASBA Investors.

**Printing of Bank Particulars on Refund Orders or Refund through Electronic Clearing System**

As a matter of precaution against possible fraudulent encashment of refund orders due to loss or misplacement, the particulars of the applicant's bank account are mandatory required to be provided for printing on the refund orders or for refunds through Electronic Clearing System. Bank account particulars will be printed on the refund orders, which can then be deposited only in the account, specified. In case where the securities are requested in dematerialized form - the bank account details of the applicant would be taken from the data provided by him to the depository. Our Company will in no way be responsible if any loss occurs through these instruments falling into improper hands either through forgery or fraud.

**Impersonation**

As a matter of abundant caution, attention of the applicants is specifically drawn to the provisions of sub- section (1) of Section 68A of the Companies Act, 1956 (hereinafter referred to as the Act) which is reproduced below:

**"Any person who –**

**i. makes in a fictitious name an application to a Company for acquiring or subscribing for any shares therein, or**

**ii. otherwise induces a Company to allot, or register any transfer of, shares therein to him, or any other person in a fictitious name shall be punishable with imprisonment for a term which may extend to five years."**

**Basis of Allotment**

**1)** Subject to provisions contained in this Letter of Offer, the Articles of Association and approval of the Designated Stock Exchange, the Board will proceed to allot the Equity Shares in the following order of priority:

a) Full allotment to those Equity Shareholders who have applied for their rights entitlement either in full or in part and also to the renounce(s) who has/ have applied for Equity Shares renounced in their favour, in full or in part.

b) On applying the rights will not lead to fractional entitlement

c) Allotment to the Equity Shareholders who having applied for all the Equity Shares offered to them as rights and have also applied for additional Equity Shares. The allotment of such additional Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there is an under-subscribed portion after making full allotment in (a) above. The allotment of such Equity

Shares will be at the sole discretion of the Board/Committee of Directors in consultation with the Designated Stock Exchange, as a part of the Rights Issue.

d) Allotment to the renounces who having applied for the Equity Shares renounced in their favour have also applied for additional Equity Shares, provided there is an under-subscribed portion after making full allotment in (a) and (b) above. The allotment of such additional Equity Shares will be made on a proportionate basis at the sole discretion of the Board/ Committee of Directors but in consultation with the Designated Stock Exchange, as a part of the Rights Issue.

**2)** Our Company shall not retain any over subscription.

**3)** After taking into account the allotments made under 1(a), 1(b) and 1(c) above, if there is still any under subscription, the unsubscribed portion shall be disposed off by the Board or Committee of Directors authorized in this behalf by the Board upon such terms and conditions, through such securities (Equity Shares) and to such person/persons and in such manner as the Board / Committee of Directors may in its absolute discretion deem fit, as part of the rights issue and not preferential allotment.

**Procedure and time schedule for allotment and issue of certificates:**

Our Company will issue and dispatch letters of allotment/ securities certificates and/ or letters of regret along with refund order or credit the allotted securities to the respective beneficiary accounts, if any within a period of 15 days from the Date of Closure of the Issue. If such money is not repaid within 8 days from the day our Company becomes liable to pay it, our Company shall pay that money with interest as stipulated under Section 73 of the Act.

Letters of allotment/ securities certificates/ refund orders above the value of Rs.1,500 will be dispatched by Registered Post/ Speed Post to the sole/ first applicant's registered address. However, refund orders for value not exceeding Rs.1,500 shall be sent to the applicants under Postal Certificate. Such cheques or pay orders will be payable at par at all the centers where the applications were originally accepted and will be marked "A/c payee" and would be drawn in the name of the sole/ first applicant. Adequate funds would be made available to the Registrar to the Issue for the dispatch of Letters of allotment/ securities certificates and refund orders.

**ALLOTMENT ADVICES / REFUND ORDERS**

Our Company will issue and dispatch allotment advice / share certificates/ demat credit and/or letters of regret along with refund order or credit the allotted securities to the respective beneficiary accounts, if any, within a period of 15 days from the date of closure of the Issue. If such money is not repaid within eight days from the day the Company becomes liable to pay it, the Company shall pay that money with interest as stipulated under section 73 of the Companies Act.

Investors residing in the 68 cities specified by SEBI pursuant to its circular dated February 1, 2008, with amendments, if any, will get refunds through ECS only except where Investors are otherwise disclosed as applicable / eligible to get refunds through direct credit and RTGS provided the MICR details are recorded with the Depositories or our Company.

In case of those Investors who have opted to receive their Rights Entitlement in dematerialized form using electronic credit under the depository system, and advice regarding their credit of the Rights Equity Shares shall be given separately. Investors to whom refunds are made through electronic transfer of funds will be sent a letter through certificate of posting intimating them about the mode of credit of refund within 15 working days of closure of the Issue.

In case of those Investors who have opted to receive their Rights Entitlement in physical form, our Company will issue the corresponding share certificates under Section 113 of the Companies Act or other applicable provisions.

Refund orders exceeding Rs. 1,500 would be sent by registered post / speed post to the sole / first Investors' registered address. Refund orders up to the value of Rs. 1,500 would be sent under certificate of posting. Such refund orders would be payable at par at all places where the applications were originally accepted. The same would be marked 'Account Payee only' and whole would be drawn in favour of the sole / first Investor. Adequate funds would be made available to the Registrar to the Issue for this purpose.

***PAYMENT OF REFUND***

***Mode of making refunds***

The payment of refund, if any, would be done through various modes in the following order of preference:

**1. ECS**

Payment of refund would be done through ECS for Investors having an account at any centre where such facility has been made available. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds is mandatory for Investors having a bank account at the centers where ECS facility has been made available by the RBI (subject to availability of all information for crediting the refund through ECS), except where the Investor, being eligible, opts to receive refund through NEFT, direct credit or RTGS.

2. **NEFT**

Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method.

3. **Direct Credit**

Investors having bank accounts with the Bankers to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by our Company.

4. **RTGS**

Investors having a bank account at any of the centers where such facility has been made available and whose refund amount exceeds Rs. 1 Lac., have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the CAF. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund bank for the same would be borne by our Company. Charges if any, levied by the investors' bank receiving the credit would be borne by the Investor.

5. For all other Investors, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched under certificate of posting for value up to Rs. 1,500 and through speed post / registered post for refund orders of Rs. 1,500 and above. Such refunds will be made by cheque, pay orders or demand draft drawn in favour of the sole / first Investor and payable at par.

**As regards allotment/ refund to Non-Residents, the following further conditions shall apply**

In case of Non-Residents, who remit their application monies from funds held in NRE/ FCNR accounts, refunds and/ or payment of interest/ dividend and other disbursement, if any, shall be credited to such accounts, details of which should be furnished in the CAF. Subject to the approval of the RBI, in case of non-residents, who remit their application monies through Indian Rupee draft purchased from abroad, refund and/ or payment of dividend/ interest and any other disbursement, shall be credited to such accounts (details of which should be furnished in the CAF) and will be made net of bank charges/ commission in US Dollars, at the rate of exchange prevailing at such time. Our Company will not be responsible for any loss on account of exchange fluctuations for converting the Indian Rupee amount into US Dollars. The Equity Share certificate(s) will be sent by registered post at the Indian address of the non-resident applicant.

**Letters of Allotment / Share Certificates / Demat Credit**

Letter(s) of allotment/ share certificates/ demat credit or letters of regret will be dispatched to the registered address of the first named applicant or respective beneficiary accounts will be credited within 15 days, from the date of closure of the subscription list. In case we issue letters of allotment, the relative share certificates will be dispatched within three months from the date of allotment. Allottees are requested to preserve such letters of allotment (if any) to be exchanged later for share certificates. Export of letters of allotment (if any)/ share certificates/ demat credit to non-resident allottees will be subject to the approval of RBI.

**Underwriting and Standby Arrangement**

The Present Rights Issue is not underwritten.

**Undertaking by our Company**

- That the complaints received in respect of the Issue shall be attended to by the issuer company expeditiously and satisfactorily.
- That all steps for completion of the necessary formalities for listing and commencement of trading at all stock exchanges where the securities are to be listed shall be taken within seven working days of finalization of the basis of allotment.
- That the security certificates or refund orders to the Non-Resident Indians shall be dispatched within specified time.
- That the funds required for dispatch of refund orders/allotment letters/certificates by registered post shall be made available to the Registrar to the Issue by the Issuer Company.
- That no further issue of securities shall be made till the securities offered through this Letter of Offer are listed or till the application moneys are refunded on account of non-listing, under subscription, etc.
- Our Company, its promoters, any of our Company's associates of group companies and other Companies with which directors of the Company are associated as directors or promoters have neither been suspended by SEBI or been prohibited from accessing the capital market nor has any disciplinary action been taken by any order or direction passed by SEBI.

- That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within fifteen days of closure of the issue giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- That adequate arrangement shall be made to collect all ASBA applications and to consider them similar to non-ASBA applications while finalizing the basis of allotment.
- At any given time that there shall be only one denominator of the shares of the Company and our Company shall comply with such disclosures and accounting norms specified by SEBI from time to time.
- All information shall be made available to the Lead Managers and the issuer 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 shows, presentations, in research of sales reports etc.

**Utilization of Issue Proceeds**

The Board of Directors declares that:-

i. The funds received against this Issue will be transferred to a separate bank account other than the bank account referred to sub-section (3) of Section 73 of the Act.

ii. Details of all moneys utilized out of the Issue shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such money has been utilized.

iii. Details of all such unutilized moneys out of the Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized moneys have been invested.

**General Instructions for Applicants**

(a) Please read the instructions printed on the enclosed CAF carefully.

(b) Application should be made on the printed CAF, provided by our Company and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/ or which are not completed in conformity with the terms of this Letter of Offer are liable to be rejected and the money paid, if any, in respect thereof will be refunded without interest if refunded within stipulated period. The CAF must be filled in English and the names of all the applicants, details of occupation, address, and father's / husband's name must be filled in block letters.

(c) The CAF together with cheque/ demand draft should be sent to the Bankers to the Issue/ Collecting Bank or to the Registrar and not to our Company or Lead Managers to the Issue. Applicants residing at places other than cities where the branches of the Bankers to the Issue have been authorized by the Company for collecting applications, will have to make payment by Demand Draft payable at Chennai, Tamil Nadu (net of demand charges and postal charges) and send their application forms to the Registrar to the Issue by Registered Post. If any portion of the CAF is / are detached or separated, such application is liable to be rejected.

(d) Applicants are advised to provide information as to their savings/ current account number, 9 digit MICR number and the name of bank, branch with whom such account is held in the CAF to enable the Registrar to print the said details in the Refund Orders, if any, after the names of the payees. Application not containing such details is liable to be rejected.

(e) The payment against the application should not be effected in cash if the amount to be paid is Rs.20,000/- or more. In case payment is effected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon. Payment against the application if made in cash, subject to conditions as mentioned above, should be made only to the Bankers to the Issue.

(f) Signatures should be either in English or Hindi or in any other language specified in the 8th Schedule of the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/ her official seal. The Equity Shareholders must sign the CAF as per the specimen signature recorded with us.

(g) In case of an application under power of attorney or by a body corporate or by a society, a certified true copy of the relevant power of attorney or relevant resolution or authority to make investment and sign the application along with a copy of the memorandum & articles of association and/ or bye laws must be lodged with the Registrar to the Issue giving reference of the serial number of the CAF. In case these papers are sent to any other entity besides the Registrar to the Issue or are sent after the Issue Closure Date, then the application is liable to be rejected.

(h) In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with us. Further, in case of joint applicants who are renounces, the number of applicants should not exceed three. In case of joint applicants, reference, if any, will be made in the first applicant's name and all communication will be addressed to the first applicant.

(i) Application(s) received from Non-Residents/ NRIs, or persons of Indian origin residing abroad for allotment of Equity Shares shall, interalia, be subject to conditions, as may be imposed from time to time by the RBI under FEMA in the matter of refund of application money, allotment of Equity Shares, subsequent issue and allotment of Equity Shares, interest, export of Equity Share certificates, etc. In case a Non-Resident or NRI Equity Shareholder has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF.

(j) All communication in connection with application for the Equity Shares, including any change in address of the Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of allotment in this Issue quoting the name of the first / sole applicant Equity Shareholder, folio numbers and CAF number. Please note that any intimation for change of address of Equity Shareholders, after the date of allotment, should be sent to the Registrar and Transfer Agents of our Company or Registrar to Issue (RCMC Share Private Limited) in the case of equity shares held in physical form and to the respective DP, in case of equity shares held in dematerialized form.

(k) Split forms cannot be re-split.

(l) Only the person or persons to whom Equity Shares have been offered and not renounce(s) shall be entitled to obtain split forms.

(m) Applicants must write their CAF number at the back of the cheque / demand draft.

(n) Only one mode of payment per application should be used. The payment must be either in cash or by cheque / demand draft drawn on any of the banks, including a co-operative bank, which is situated at and is a member or a sub member of the Bankers Clearing House located at the centre indicated on the reverse of the CAF where the application is to be submitted.

(o) A separate cheque /draft must accompany each CAF. Outstation cheque or post-dated cheque and postal /money orders will not be accepted and applications accompanied by such cheque / demand draft / money orders or postal orders will be rejected. The Registrar will not accept payment against application if made in cash. (For payment against application in cash please refer point (f) above)

(p) No receipt will be issued for application money received. The Bankers to the Issue / Collecting Bank/ Registrar will acknowledge receipt of the same by stamping and returning the acknowledgement slip at the bottom of the CAF.

**Grounds for Technical Rejections**

Investors are advised to note that applications are liable to be rejected on technical grounds, including the following:

- Amount paid does not tally with the amount payable for;
- Bank account details (for refund) are not given and the same are not available with the DP (in the case of dematerialized holdings) or the Registrar (in the case of physical holdings);
- Age of first Investor not given while completing Part C of the CAFs;
- Except for applications on behalf of the Central or State Government and the officials appointed by the courts, PAN number not given for application of any value;
- Submit the GIR number instead of the PAN;
- In case of application under power of attorney or by limited companies, corporate, trust, etc., relevant documents are not submitted;
- If the signature of the existing Eligible Equity Shareholder does not match with the one given on the CAF and for renounce(s) if the signature does not match with the records available with their depositories;
- If the Investor desires to have Rights Equity Shares in electronic form, but the CAF does not have the Investor‘s depository account details;
- Application forms are not submitted by the Investors within the time prescribed as per the CAF and the Letter of Offer;
- Applications not duly signed by the sole/joint Investors;
- Applications by OCBs unless accompanied by specific approval from RBI permitting the OCBs to participate in the Issue;
- Applications accompanied by Stock invest;
- In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Investors (including the order of names of joint holders), the Depositary Participant‘s identity (DP ID) and the beneficiary‘s identity;
- Applications that do not include the certification set out in the CAF to the effect that the subscriber is not a “U.S. person” (as defined in Regulation S), and does not have a registered address (and is not otherwise located) in the United States and is authorized to acquire the rights and the securities in compliance with all applicable laws and regulations;
- Applications which have evidence of being executed in/dispatched from the US;
- Applications by ineligible Non-residents (including on account of restriction or prohibition under applicable local laws) and where a registered address in India has not been provided;

- Applications where our Company believes that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements;
- Multiple Applications;
- Duplicate Applications, including cases where an Investor submits CAFs along with a plain paper application.
- Where the applicant has selected both the payment methods.
- Applications by renounces who are persons not contempt to contract under the Indian Contract Act, 1872, including minors; and
- Please read this Letter of Offer and the instructions contained therein and in the CAF carefully before filling in the CAF. The instructions contained in the CAF are each an integral part of this Letter of Offer and must be carefully followed. An application is liable to be rejected for any non-compliance of the provisions contained in this Letter of Offer or the CAF.

**Mode of payment**

***For Resident applicants***

- Applicants who are resident in centers with the bank collection centres shall draw cheque /s accompanying the CAF in favour of **"PEIL – RIGHTS ISSUE"**, crossed account payee only and drawn on any bank (including a co-operative bank) which is situated at and is a member or a sub-member of the bankers' clearing house located at the centre where the CAF is submitted. A separate cheque/draft must accompany each CAF. Only one mode of payment should be used. Money orders, postal orders and outstation cheque will not be accepted and applications accompanied by any such instruments will be rejected.
- Applicants residing at places other than places where the bank collection centers have been opened by our Company for collecting applications, are requested to send their applications together with Demand draft/Pay Order payable at Chennai, Tamil Nadu in favour of the **"PEIL – RIGHTS ISSUE"**, crossed account payee only directly to the Registrar to the Issue by registered post so as to reach them on or before the Issue Closing Date 24.06.2010. Our Company or the Registrar to the Issue will not be responsible for postal delays or loss of applications in transit, if any.

***Mode of payment for Non-Resident Equity Shareholders/ Applicants***

As regards the application by non-resident equity shareholders, the following further conditions shall apply:

Payment by Non-Residents must be made by demand draft / cheque payable at Chennai, Tamil Nadu (net of demand draft charges and postal charges) or funds remitted from abroad in any of the following ways:

***Application with repatriation benefits***

a) By Indian Rupees purchased from abroad and payable at Chennai, Tamil Nadu or funds remitted from abroad (submitted along with Foreign Inward Remittance Certificate); or

b) By cheque / on a Non-Resident External Account (NRE) or FCNR Account maintained in Chennai, Tamil Nadu; or

c) By Rupee purchased by debit to NRE/ FCNR Account maintained elsewhere in India and payable at Chennai, Tamil Nadu.

d) Non-resident investors applying with repatriation benefits should draw cheque/s in favour of **"PEIL – RIGHTS ISSUE",** payable at Chennai, Tamil Nadu and must be crossed **"A/c Payee Only"** for full application amount.

***Application without repatriation benefits***

As far as non-residents holding shares on non-repatriation basis is concerned, in addition to the modes specified above, payment may also be made by way of cheque drawn on Non-Resident (Ordinary) Account maintained in Chennai, Tamil Nadu or Rupee purchased out of NRO Account maintained elsewhere in India but payable at Chennai, Tamil Nadu. In such cases, the allotment of Equity Shares will be on non-repatriation basis.

All cheque / drafts submitted by non-residents should be drawn in favour of **"PEIL – RIGHTS ISSUE"** payable at Chennai, Tamil Nadu and must be crossed **"A/c Payee only"** for the full application amount. The CAF duly completed together with the amount payable on application must be deposited with the Collecting Bank indicated on the reverse of the CAF before the close of banking hours on the Issue Closing Date. A separate cheque or bank must accompany each CAF.

Applicants may note that where payment is made bys purchased from NRE/ FCNR/ NRO accounts as the case may be, an Account Debit Certificate from the bank issuing the confirming that the has been issued by debiting the NRE/ FCNR/ NRO account should be enclosed with the CAF. Otherwise the application shall be considered incomplete and is liable to be rejected.

New demat account shall be opened for holders who have had a change in status from resident Indian to NRI.

**Note:**

- In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Equity Shares can be remitted outside India, subject to tax, as applicable according to Income Tax Act, 1961.

- In case Equity Shares are allotted on non-repatriation basis, the dividend and sale proceeds of the Equity Shares cannot be remitted outside India.
- The CAF duly completed together with the amount payable on application must be deposited with the Collecting Bank indicated on the reverse of the CAF before the close of banking hours on the aforesaid Issue Closing Date. A separate cheque or bank must accompany each CAF.
- In case application received from Non-Residents, allotment, refunds and other distribution, if any, will be made in accordance with the guidelines/ rules prescribed by RBI as applicable at the time of making such allotment, remittance and subject to necessary approvals.

**Investment by FIIs**

In accordance with the current regulations, the following restrictions are applicable for investment by FIIs: The Issue of Rights Equity Shares under this Issue to a single FII should not exceed 10% of the post-issue paid up capital of our Company. In respect of an FII investing in the Rights Equity Shares on behalf of its sub-accounts the investment on behalf of each sub-account shall not exceed 5% of the total paid up capital of our Company. In accordance with foreign investment limits applicable to our Company, the total FII investment cannot exceed 24% of the total paid-up capital of our Company. With the approval of the board and the shareholders by way of a special resolution, the aggregate FII holding can go up to 100% of our equity share capital.

**Investments by NRIs**

Investments by NRIs are governed by the Portfolio Investment Scheme under Regulation 5(3) (i) of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000. NRI Investors should note that applications by ineligible Non-residents (including on account of restriction or prohibition under applicable local laws) and where a registered address in India has not been provided are liable to be rejected.

**Payment by Stock invest**

In terms of RBI Circular DBOD No. FSC BC 42/24.47/2003-04 dated November 5, 2003; the Stock invest scheme has been withdrawn with immediate effect. Hence, payment through Stock invest would not be accepted in this Issue.

**Disposal of application and application money**

No acknowledgment will be issued for the application moneys received by our Company. However, the Bankers to the Issue / Registrar to the Issue receiving the CAF will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each CAF.

In case an application is rejected in full, the whole of the application money received will be refunded. Wherever an application is rejected in part, the balance of application money, if any, after adjusting any money due on Equity Shares allotted, will be refunded to the applicant within 15 days from the close of the Issue.

The Board reserves its full, unqualified and absolute right to accept or reject any application in whole or in part and in either case without assigning any reason.

**Minimum Subscription**

a. If our Company does not receive minimum subscription of 90% of the issue, the entire subscription shall be refunded to the applicants within 15 days from the date of closure of the issue, or if the subscription level falls below 90% after the closure of the issue on account of cheque having being returned unpaid or withdrawal of applications, our Company shall forthwith refund the entire subscription amount received.

b. If there is a delay in the refund of subscription by more than 8 days after our Company becomes liable to pay the subscription amount (i.e. 15 days after the closure of the issue), our Company will pay interest for the delayed period, at the rates prescribed in sub-sections (2) and (2A) of Section 73 of the Companies Act, 1956.

**Option to Receive Rights Equity Shares in Dematerialized Form**

Applicants to the Equity Shares of the Company issued through this Rights Issue shall be allotted the securities in dematerialized (electronic) form at the option of the applicant. Our Company and Cameo Corporate Services Limited, the Registrar to our Company, have signed a tripartite agreement with CDSL on August 12, 2009 and with NSDL on July 17, 2009 which enables the investors to hold and trade in securities in a dematerialized form, instead of holding the securities in the form of physical certificates. The ISIN No. allotted to our Company is INE429K01012. In this Rights Issue, the allottees who have opted for Equity Shares in dematerialized form will receive their Equity Shares in the form of an electronic credit to their beneficiary account with a Depository Participant. Investor will have to give the relevant particulars for this purpose in the appropriate place in the CAF. Applications, which do not accurately contain this information, will be given the securities in physical form. No separate applications for securities in physical and dematerialized form should be made. If such applications are made, the application for physical securities will be treated as multiple applications and is liable to be rejected. In case of partial allotment, allotment will be done in demat option for the shares sought in demat and balance, if any, will be allotted in physical shares.

Dividend or other benefits with respect to the Equity Shares held in dematerialized form would be paid to those shareholders whose names appear in the list of beneficial owners given by the depositories to the Company as on book closure/ record dates.

**INVESTORS MAY PLEASE NOTE THAT THEY SHALL HAVE AN OPTION EITHER TO RECEIVE THE SECURITY CERTIFICATES OR TO HOLD THE SECURITIES IN DEMATERIALISED FORM WITH A DEPOSITORY.**

**For further instruction, please read the Composite Application Form carefully.**

Please read the Letter of Offer carefully before taking any action. The instructions contained in the accompanying CAF are an integral part of the conditions of the Letter of Offer and must be carefully followed; otherwise the application is liable to be rejected.

All inquiries in connection with the Letter of Offer or accompanying CAF and requests for Split Application Forms must be addressed (quoting the Registered Folio Number/ DP and Client ID no., the CAF number and the name of the first Equity Shareholder as mentioned on the CAF and on the envelope) to the Registrar to the Issue at the following address:

**CAMEO CORPORATE SERVICES LIMITED**

Subramanian Building, No. 1,

Club House Road, Chennai–600 002
Tel: +91-044- 2846 0390; Fax: +91-044-2846 0129
Email: investor@cameoindia.com; Website: www.cameoindia.com

Contact Person: Ms. K. Sreepriya

It is to be specifically noted that this Issue of Equity Shares is subject to Risk Factors appearing on Page no. 11of this Letter of Offer.

**The Issue will be kept open for 15 days unless extended, in which case it will be kept open for a maximum of 30 days.**

**(C) DESCRIPTION OF EQUITY SHARES AND TERMS OF ARTICLES OF ASSOCIATION**

Capitalised terms used in this section have the meaning given to such terms in the Articles of the Company.

Pursuant to Schedule II of the Companies Act, 1956 and the SEBI (ICDR) Regulations, 2009, 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 and or their consolidation/splitting are required to be stated. Please note that each provision herein below is numbered as per the corresponding article number in the Articles of Association and defined terms herein have the meaning given to them in the Articles of Association.

**SHARES**

Article 4: The Share Capital of the Company is Rs.25,00,00,000/-(Rupees Twenty Five Crores only) divided into 2,50,00,000 Equity Shares of Rs.10/- each with the rights, privileges and conditions attached thereto as are provided by the regulations of the Company for the time being with power to increase or reduce the capital of the company and to divide the shares in the capital for the time being into several clauses and attached thereto respectively subject to the laws for the time being in force, such rights, privileges or conditions as may be determined by or in accordance with regulations of the company and to waive, modify, abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the regulations of the company.

(Amended by vide Special Resolution Passed through Postal Ballot on 23.02.08)

5. Save as permitted by Section 77 of the Act, the funds of the Company shall not be employed in purchase of, or lent on the security of, shares of the Company and the Company shall not give, directly, or indirectly, any financial assistance, whether by way of loan, guarantee, the provision of security or otherwise for the purpose of or in connection with any purchase of or subscription for shares in the Company or in its holding Company nor shall the Company make a loan for any purchase whatsoever on the security of its shares or those of its holding Company.

6. Subject to the provisions of these Articles, the shares shall be under the control of the Board who may allot or otherwise dispose of the same to such persons, on such terms and conditions, at such times, either at par or at a premium and for such consideration as the Board thinks fit and where at any time it is proposed to increase the subscribed capital of the Company by the allotment of further shares, then, subject to the provisions of Section 81 (1) of the Act such shares shall be issued in the manner set out in Section 81(A) o the Act.

   Provided that the option or right to call of shares shall not be given to any persons except with the sanction of the Company in General Meeting. (Proviso added at the AGM on 7.9.1989)

7. As regards all allotments made from to time the Company shall duly comply with Section 75 of the Act.

8. The Company may exercise the powers of paying commission conferred by Section 76 of the Act, provided that the rate per cent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by the said Section and the commission shall not exceed 5 per cent of the price at which any shares, in respect whereof the same is paid, are issued or 2 ½ per cent of the price at which any debentures are issued (as the case may be), such commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other. The Company may also on any issue of shares or debentures pay such brokerage as may be lawful. (Amended at the AGM on 23.9.91).

9. With the previous authority of the Company in General Meeting and upon otherwise complying with Section 79 of the Act, the Board may issue at a discount shares of a class already issued.

10. The Directors may allot and issue shares in the capital of the Company as payment or part payment for any property sold or transferred, goods or machinery and appliances supplied, or for services rendered to the Company in or about the formation or promotion of the Company or the acquisition and or conduct of its business, and any shares which may be so allotted, may be issued as fully paid-up shares and if so issued shall be deemed to be fully paid up shares.

11. If, by the conditions of allotment of any share, the whole or part of the amount or issue price thereof shall be payable by installments, every such installment shall, when due, be paid to the Company by the person who, for the time being shall be registered holder of the share or in the event of the death of the holder by his executor or administrator.

12. The joint holders of a share shall be severally as well as jointly liable for the payment of all installments and calls due in respect of such share.

13. Save as herein otherwise provided, the Company shall be entitled to treat the registered holder of any share as the absolute owner thereof and accordingly shall not, except as ordered by a Court of competent jurisdiction, or as required by statute, be bound to recognize any equitable, contingent, future or partial interest in any share or other claim or interest in any such share on the part of any other person.

14. Shares may be registered in the name of any person, company or other body corporate,. Not more than four persons shall be registered as joint holders of any share.

15. Subject to the provisions of these Articles, the Company shall have power to issue preference shares carrying a right to redemption out of profits which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares, made from for the purpose of such redemption or liable to be redeemed at the option of the company and the Board may, subject to the provisions of Section 80 of the Act, exercise such power in such manner as may be provided in these Articles.

**CERTIFICATES**

16. (1) The issue and sealing of share certificates and duplicates and the issue and sealing of new share certificates on consolidation or subdivision or in replacement of share certificates which are surrendered for cancellation due to their being defaced, torn, old, decrepit or worn out or the cages for recording transfers having been utilised or of share certificates which are lost or destroyed shall be in accordance with the provisions of the Companies (Issue of Share Certificates) Rules, 1960, or any statutory modification or reenactment thereof. If any share certificate be lost or destroyed, then, upon proof thereof to the satisfaction of the Board, and on such indemnity as the Board thinks fit being given, a new certificate in lieu thereof shall be given to the person entitled to the shares to which such lost or destroyed certificate shall relate.

Share Certificates shall be issued in marketable lots and where share certificates are issued either more or less than the marketable lots, sub division or consolidation into marketable lots shall be done free of charge.

No fee shall be charged for the issue of duplicate share certificates in replacement of those that are old, decrepit, worn-out or where the cages on the reverse have been completely exhausted.

**(Para 2 & 3 added at the AGM on 07.09.1989)**

(2) Every member shall be entitled free of charge to one certificate for all the shares of each class registered in his name or if the Board so approves, to several certificates each for one or more such shares. Unless the conditions of issue of any shares otherwise provide, the Company or its letter making the allotment or of its fractional coupons of requisite value (save in the case of issue against letters of acceptance or o renunciation or in the case of issue of bonus shares) or within one month or receipt of the application for registration of the transfer of any of its shares, as the case may be, complete and have ready for delivery the certificate of such shares. In respect of any share held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate to one of several joint holders shall be sufficient delivery to all such holders. For every duplicate certificate the Board may charge such out of pocket expenses incurred by the Company in investigating evidence as the Board may determine.

**CALLS**

17. The Board may, from time to time, subject the terms, on which any shares may have been issued, and subject to the provisions of Section 91 of the Act, make such calls as the Board thinks fit upon the members in respect of all moneys unpaid on the shares held by them respectively (whether on account of the nominal value of the shares by way of premium) and not by the conditions of allotment thereof made payable le at fixed times, and each member shall pay the amount of every call so made on him to the person and at the times and places appointed by the Board. A call may be made payable by instalments. The Board of Directors when making a call by resolution may determine the date on which such call shall be deemed to have been made not being earlier than the date on which such call shall be deemed to have been made not being earlier than the date of resolution making such call and thereupon the call shall be deemed to have been made on the date on which the resolution of the Board making the call is passed.

18. No call shall be made payable within one month after date when the last preceding call was made payable. Not less than one month's notice of any call shall be given specifying the time and place of payment and to whom such call be paid.

19. (i) If the sum payable in respect of any call or instalment be not paid on or before the day appointed for payment thereof, the holder for the time being in respect of the share for which the call shall have been made or the instalment shall be due shall pay interest for the same at the rate of twelve per cent per annum from the date appointed for the payment thereof to the time of the actual payment or at such lower, rate (if any) as the Board may determine.

(ii) The Board shall be at liberty to waive payment of any such interest either wholly or in part.

20. If by the terms of issue of any share or otherwise any amount is made payable at any fixed time or by installment at fixed times, whether on account of the amount of the share or by way of premium every such amount or installment shall be payable as if it were a call duly made by the Board and of which due notice had been given and all the provisions herein contained in respect of c alls shall relate to such amount or installment accordingly.

21. Subject to the provisions of any law in force to the contrary on the trial or hearing of any action or suit brought by the Company against any shareholder or his representatives to recover any debt or money claimed to be due to the Company in respect of his share, it shall be sufficient to pro9ve that the name of the defendant is, or was, when the claim arose, on the Register as a holder or one of the joint holders of the number of shares in respect of which claim is made, and that the

amount claimed is not entered as paid in the books of the Company and it shall not be necessary to prove the appointment of the Board who made any call, nor that a quorum was present at the Board Meeting at which any call was made nor that the Meeting at which any call was made duly convened on constituted, nor any other matter whatsoever, but the proof of the matter aforesaid shall be conclusive evidence of the debt.

22. Subject to the provisions of Section 92 of the Act, the Board may, if it thinks, fit, receive from any member willing to advance the same, all or any part of the money due upon the shares held by him as advance or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate not exceeding, unless the Company in General Meeting shall otherwise direct, ten per cent per annum as the member Paying such sum in advance and the Board agree upon, Money so paid in excess of the amount of calls shall not rank for dividends or confer a right to participate in profits or any voting rights in respect thereof until the same would, but for such payment, become presently payable.

23. A call may be revoked or postponed at the discretion of the Board.

**FORFEITURE AND LIEN**

24. If any member fails to pay any call or instalment of a call on or before the day appointed for the payment of the same, the Board ma, at any time thereafter during such time as the call or instalment remains unpaid, serve a notice on such member 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.

25. The notice shall name a day (not being less than one month from the date of the notice) and a place or places on and at which such call or instalment and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment at or before the time at the place appointed, the shares in respect of which such call was made or instalment is payable will be liable to be forfeited.

26. If the requirements of any such notice ass aforesaid are not complied with, any shares in respect of which such notice has been given may, at any time thereafter, before payment all calls or instalments, 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 in respect of the forfeiture shares and not actually paid before the forfeiture.

27. When any share shall have been so forfeited, notice of the resolution 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, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make such entry as aforesaid.

28. The forfeiture of a share shall involve the extinction, at the time of forfeiture, of all interest in and all claims and demands against the Company, in respect of that share, and all other rights incidental to the share except such as are by these Articles expressly save.

29. Any share so forfeited shall be deemed to be the property of the Company, and the Board may self re-allot or otherwise dispose of the same in such manner as it thinks fit.

30. The Board may, at any time before any share so forfeited shall have been sold, realloted or otherwise dispose of, annul the forfeiture thereof upon such conditions as it things fit.

31. A person whose share has been forfeited shall cease to be a member in respect of the forfeited share but shall, notwithstanding such forfeiture, remain liable to pay and shall forthwith pay to the Company all calls or instalments, interest and expenses owing upon or in respect of such share, at the time of the forfeiture, together with interest thereon, from the time of forfeiture until payment, at twelve per-cent per annum and the Board may enforce the payment thereof.

    The liability to make payment provided for under this clause shall cease if and when the Company shall have received payment in full of all such moneys in respect of the share.

32. A duly verified declaration in writing that the declaration is a Director, Managing Director, Manager or Secretary of the Company, and that certain shares in the Company have been duly forfeited on the 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 and such declarations and the r3eeceipt of the Company for the consideration, if any, given for the shares on the sale or disposal thereof shall constitute a good title to such share.

    The Company may receive the consideration, if any, given to for the share on any sale or disposal thereof and may execute a transfer of the same in favour of the person to whom the share is sold or disposed of.

    The transferees shall thereupon be registered as the holder of the share.

    The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share the affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.

33. Neither the receipt of the Company of a portion of any money which shall from time to time be due from any member of the company in respect of his shares, either by way of principal or interest, nor any indulgence granted by the company in respect of the payment of any such money shall preclude the Company from thereafter proceeding to enforce a forfeiture of such shares as herein before provided.

34. The provision of the Articles as to forfeiture shall apply in the case of non-payment of any sum by which the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of a share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

35. The Company shall have a first and paramount lien upon every share not being fully paid up, registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for moneys called or payable at a fixed time in respect of such share whether the time for the payment thereof shall have actually arrived or not and so equitable interest in any share shall be created except upon the footing and conditions that Article 13 hereof is to have full effect. Such lien shall extend to all dividends from time to time declared in respect of such share. Unless otherwise agreed, the registration of a transfer of a share shall operate as a waiver of the company's lien, if any, on such share.

The Board of Director may at any time exempt any classes of shares from the application of this provision. (The last sentence added at the AGM on 7.9.1989)

36. For the purpose of enforcing such lien, the Board may sell the share subject thereto in such manner as it thinks fit, but no sale shall be made until such time for payment as aforesaid shall have arrived and until notice in writing of the intention to sell shall have been served on such member, his executors or administrators or his committee, curator bonis or other legal representative as the case may be and default shall have been made by him or them in the payment of the moneys called or payable at a fixed time in respect of such share for one month after the date of such notice.

37. The net proceeds of the 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 share before the sale) be paid to the person entitled to the share at the date of the sale.

38. Upon any sale after forfeiture or for enforcing a lien tin purported exercise of the powers herein before given, the Board may appoint some person to execute any instrument of transfer of the share 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 to the regularity of the proceedings, nor to the application of the purchase money, and after his name has been entered in the Register in respect of the share sold, and the purchaser shall not be bound to see to the regularity of the proceedings, nor to the application of the purchase money, and after the his name has been entered .in the Register in respect of such share 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.

39. Where any share under the powers in that behalf herein contained is sold by the Board and the certificate in respect thereof has not been delivered up to the Company by former holder of such share, the Certificate shall ipso facto stand cancelled and become null or void. The Board may issue a new certificate for such share distinguishing it in such manner as it may think fit from the certificate not so delivered up.

**TRANSFER AND TRANSMISSION**

40. Same as provided in Section 108 of the Act, no transfer of a share shall be registered unless a proper instrument of transfer duly stamped and executed by on behalf of the transferor and by or on behalf of the transferee and specifying the name, address and occupation, if any of the transferee has been delivered to the Company together with the certificate relating to the share or, if no such certificate is in existence, the Letter of Allotment of the share. Each signature to such transfer shall be duly attested by the signature of one credible witness who shall add his address.

41. Application for registration of the transfer of a share may be made either by the transfer or the transferee, provided that, where such application is made by the transferee, no registration shall, in the case of a partly paid share, be effected unless the Company gives notice of the application of transferee in the manner prescribed by Section110 of the Act and subject to the provisions of these Articles the Company shall, unless objection is made by the transferee within two weeks from the date of receipt of the notice, enter in the Register the name of the transferee in the same manner and subject to the same condition as if the application for registration of the transfer was made by the transferee within two weeks from the date of receipt of the notice, enter in the Register the name of the transferee in the same manner and subject to the same condition as if the application for registration of the transfer was made by the transferee.

42. The instrument of transfer of any share shall be in writing and shall be in the form prescribed by Section 108(A) of the Act, or any modification thereof and the Rules prescribed hereunder.

No fee shall be charged for registration to transfer or for effecting transmission or for registering any letters of probate, letters of administration and similar other documents.

**(Para 2 added at AGM on 7.9.1989)**

43. The Director may subject to Section111 of the Act in their absolute discretion decline to register or acknowledge any transfer of shares whether or not such transferee is already a Member of the Company without giving any reasons therefore. The registration of a transfer shall be conclusive evidence of the approved by the Directors of the transferee. Provided that a transfer shall not be refused on the grounds of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever.

44. Shares shall not be transferred or registered, in the name of a Firm or minor or person of unsound mind.

45. Every instrument of transfer shall be left at the office for registration, accompanied by the certificate of the share to be transferred or, if no such certificate is in existence, by the Letter of Allotment of the share and such other evidence as the Board may require to prove the title of the transferor of his right to transfer the share. Every instrument of transfer which shall be registered shall be retained by the company, but any instrument or transfer which the Board may refuse to register shall be returned to the person depositing the same.

46. If the Board refuses whether in pursuance of Article 43 or otherwise to register the transfer of, or he transmission by operation of law of the right to, any share, the Company shall give notice of the refusal in accordance with the provisions of Section 111(2) of the Act.

47. On giving not less than seven days previous notice by advertisement in some newspaper circulating in the district in which the office is situated, the Transfer Books and Register of Members may be closed during such time as the Directors think fit, not excepting in the whole forty five days in each year, but not exceeding thirty days at a time.

48. The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of members)to the prejudice of persons having or claiming any equitable right, title or interest to or in the said share, notwithstanding that the Company may have had notice of such transfer and may have entered such notice, or referred there to, in any book of the Company, and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest, or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some book of the Company, but the Company shall nevertheless, be at liberty to regard and attend to any such notice, and give effect thereto if the Board shall so think fit.

49. The executor or administrator of a deceased member (not being one of several joint holders) shall be the only person recognised by the Company as having any title to the shares registered in the name of such member, and in case of death of any one or more of the joint holders shall be the only person or persons recognised by the Company as having any title to or interest in such share, but nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on the share held by him jointly with any other person. Before recognizing any executor or administrator the Board may require him to obtain a grant of Probate or Letters of Administration, Succession Certificate or other legal representation, as the case may be, from a competent Court in India and having effect in Madras; provided nevertheless that in any case where the Board in its absolute discretion thinks fit it shall be lawful for the Board to dispense with the production of Probate or Letters of Administration, Succession Certificate or such other legal representation, upon such terms as to indemnity or otherwise as the Board, in its absolute discretion, may consider adequate.

50. Any Committee or guardian or a lunatic member or any person becoming entitled to or to transfer a share in consequence of the death or bankruptcy or insolvency of any member upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of his title as the Board thinks sufficient, may, with the consent of the Board (which the Board shall not be bond to give), be registered as a member in respect of such share, or may, subject to the regulations as to transfer hereinbefore contained, transfer such share. This Article is hereinafter referred to as the Transmission Article.

51. (1) if the person so becoming entitled under the Transmission Article, shall elect to be registered as holder of the share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so effects.

(2) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing an instrument of transfer of the share.

(3) The Board shall have the same right to decline or suspend registration as it would have had, if the deceased, lunatic or insolvent member had transferred the shares before his death, lunacy or insolvency.

(4) At the limitations, restrictions and provisions of these Articles relating to the right to transfer and the registration of instruments of transfer of a share shall be applicable to any such notice or transfer as aforesaid as if the death, lunacy, bankruptcy or insolvency of the member had not occurred and the notice of transfer were a transfer signed by that member.

52. A person so becoming entitled to a share by reason of the death, lunacy, bankruptcy or insolvency of the holder shall, be entitled to the same dividends and other advantages as he would be entitled to if he were the registered holder of the Share, except that he shall not before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

Provided that the Board may at any time give notice requiring any such person to elect either to be registered himself or to transfer the share and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the share, until the requirements of the notice have been complied with.

**INCREASE AND REDUCTION OF CAPITAL**

53. The Company in General Meeting may, from time to time by Special Resolution increase the capital by the creation of new shares of such amount as may be deemed expedient

54. Subject to any special rights or privileges for the time being attached to any shares in the capital of the Company then issued, the new shares may be issued upon such terms and conditions nod with such rights and privileges attached thereto as may be determined by a Special Resolution passed by the Company, and, if no direction be given, as the Board shall determine, and in particular such shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company.

55. Except so far as otherwise provided by the conditions of issue or by these presents any capital raised by the creation of new shares shall be considered part of the then existing capital of the company and shall be subject to the provisions herein contained with references to the payment of dividends, calls and instalment, transfer and transmission, forfeiture, lien surrender and otherwise.

56. If, owing to any inequality in the number of new shares to be issued and the number of shares held by members entitled to have the offer of such new shares, any difficulty shall arise in the apportionment of such new shares, or any of them amongst the members, such difficulty shall in the absence of any direction in their resolution creating the shares or by the Company in General Meeting, be determined by the Board.

57. The Company may from time to time, by Special Resolution, reduce the capital and any Capital Redemption Reserve Account or Share Premium Account in any manner and with and subject to any incident authorised and consent required by law.

58. Subject to the provisions of Section 100 to 104 of the Act, The Board may accept from any member the surrender, on such terms and conditions as shall be agreed, of all or any of its shares.

**ALTERATION OF CAPITAL**

59. The Company in General Meeting may from time to time:

(a) Consolidate and divide all or any of its Share Capital into shares of larger amount than it its existing shares.

(b) Sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the Memorandum so, however, that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the shares from which the reduced share is derived, and

(c) Cancel, any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

**MODIFICATION OF RIGHTS**

60. If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class or with the sanction of a Special Resolution passed to separate Class Meeting of the holders of the issued shares of that class. To every such separate class meeting, the provisions applicable to General Meetings shall apply, provided that quorum for such Class Meeting shall be three members present in person.

**CONVESION OF SHARE INTO STOCK**

61. The Company by Ordinary Resolution, subject to the provisions of Sections 94 to 96 of the Act, convert any fully paid-up shares into stock, and reconvert any stock into paid up shares of any denomination.

62. The holders of stock may transfer the same or any part thereof in the same manner and subject to the same regulations as and subject to which the shares from which the stock arose might previously to conversion have been transferred, or as near thereto as circumstances admit, and the directors may from time to time, fix the minimum amount of the shares from which the stock arose.

63. The holders of stock shall, according to the amount of stock held by them have the same rights, privileges and advantages

as regards dividends, voting at meetings of the Company and other matters as if they held the shares from which the stock arose, but no such privileges or advantage (except participation in the dividends and profits of the Company and in the assets on a winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

64. Such of the Articles of the Company as are applicable to paid up shares apply to Stock and the works 'Share' and 'Shareholder' therein shall include 'Stock' and 'Shareholder' respectively.

**BORROWING POWERS**

65. The Board of Directors may subject to the provisions of the Act borrow money for the purpose of the Company on such terms and on such conditions and on such security or otherwise as they may deem fit, provided that the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business for working capital requirements and loans from the holding Company) shall not without the sanction of the Company in General Meeting exceed Rs.15 crores over and above the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose.

66. (a) The Board of Directors may, at any time, with such sanction of the Company in General Meeting as may be required under the provisions of the Act mortgage, charge, pledge or hypothecate its undertakings, properties and assets of the Company, including the good will and uncalled capital or any part thereof as security for any loan borrowed or to be borrowed for the due performance of any obligations undertaken by the Company and on such terms and conditions and in such manner as they may deem fit.

(b) The Board of Directors may, from time to time, in exercise of the aforesaid borrowing powers issue debentures or debenture stocks on such terms and conditions as the Company may deem fit charging the undertakings, properties, assets including goodwill and uncalled capital of the Company or any part thereof as security for repayment of such debentures, debenture-stocks or other securities.

67. Any debenture, debenture-stock, bonds or other securities may be issued at a discount premium or otherwise and with any special privileges as to redemption, surrender, drawings, allotment of shares appointment of Directors and otherwise, Debentures, debenture-stock, bonds and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issue.

(Amended at the AGM on 7.9.1989)

PROVIDED that the debentures, debenture stock and loan/loan stock with the right to allotment of or conversion into shares shall not be issued except in conformity, with the provisions of Section 81 (3) of the Act.

68. Subject to the provisions of Section 108 of the Act no transfer of registered debentures shall be registered unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee has been delivered to the Company together with the Certificate or Certificates of the debentures.

69. (a) The Board may at any time in their absolute-discretion and without assigning any reason decline to register any transfer of debentures.

(b) If the Board refuses to register the transfer of any debentures, the Company shall, within one month from the date on which the instrument of transfer was lodged with the Company, send to the transferee and the transferor notice of the refusal.

Provided that the registration of a transfer shall not be refused on the grounds that the transferor is either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except on a lien on shares.

**GENERAL MEETING**

70. (1) The Company shall in each year hold in addition to any other Meetings a General Meeting as its Annual General Meeting and shall specify the Meeting as such in its not notices calling it, and not more than 15 months shall elapse between the date of one Annual General Meeting of the Company and that of the next; provided that the time at which any Annual General Meeting shall be held may be extended by the Registrar as provided in Section 166(1) of the Act by a further period not exceeding three months.

(2) Every Annual General Meeting shall be called for at a time during business hours on a day that is not a public holiday and shall be held either at the Registered Office of the company at or at some other place within the City, town or village in which the Registered Office of the Company is situated.

(3) All other General Meetings shall be referred to as Extraordinary General Meetings.

71. The Directors may whenever they think fit convene an Extraordinary General Meeting at such time and at such places as they deem fit. Subject to the directions if any given by the Board, the Managing Director or Secretary may convene Extraordinary General Meetings whenever he thinks fit at such time and place as he may deem fit.

72. The Directors shall, on the requisition of the holders of not less than on-tenth of such of the paid-up capital of the Company as at the date of the requisition, carries the right to vote in regard to the matter set out in the requisition for consideration of an Extraordinary General Meeting, forthwith proceed to convene an Extra-ordinary General Meeting of the Company, and in case of such requisition the following provisions shall have effect.

(1) The requisition must state the objects of the Meeting and must be signed by the requisitionists and be deposited at the Registered Office of the Company, and may consist of several documents in like from each signed by one or more requisitionists.

(2) If the Directors of the Company do not proceed within twenty one days notice from the requisitionists being so deposited to cause a meeting to be called on a day not later than forty-five days from the date of the deposit of the requisition.

(a) the requistionists, or

(b) such of them as represent either a majority in value of the paid-up capital held by all of them or not less than one-tenth of such of the paid-up capital of the Company as at that date carries the right of voting in regard to that matter, may themselves convene the meeting, but any meeting so convened shall not be held after three months from the date of the deposit of such requisition.

(3) any meeting convened under this Article by the requisitionists shall be convened in the same manner as nearly as possible as that in which meeting are to be convened by the Directors but shall be held at the Company's Registered Office.

(4) A requisition by joint holders of shares may be signed by any one or more of such holders.

73. Subject as hereinafter mentioned in this Article, General Meetings shall be convened on not less than twenty-one days notice to the members and every other person entitled to receive such notice specifying the place, day and hour of meeting with a statement of the business to be transacted at the meeting and in every such notice there shall appear with reasonable prominence a statement that a member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and that a proxy need not be a member and such notice shall be given in manner as hereinafter provided. PROVIDED that in the case of Annual General Meeting, with the consent in writing of all the members entitled to vote thereat and in case of any other meetings with the consent of members of the Company holding not less than 95 percent of such part of the paid-up share capital of the Company as gives a right to vote at the Meeting, a Meeting may be convened by a shorter notice. In the case of a Meeting convened to pass a Special Resolution such notice shall specify the intention to propose the resolution as a Special Resolution. No business may be transacted at any General Meeting or of the Statement of business accompanying such notice.

74. The accidental omission to give notice of any Meeting to or the non-receipt of any such notice by any of the members shall not invalidate the proceedings of or any resolution passed at the Meeting.

**PROCEEDINGS AT GENERAL MEETINGS**

75. (A) All business shall be deemed special that is transacted at an Extraordinary General Meeting and also that is transacted at an Annual General Meeting with the exception of business relating to:

(i) the consideration of the accounts, balance sheet, report of the Directors and Auditors.

(ii) the declaration of Dividend.

(iii) The appointment of Directors in the place of those retiring and

(iv) the appointment and fixing of the remuneration of the Auditors.

(b) Where any items of business to be transacted at the meeting are deemed to be special as aforesaid, there shall be annexed to the notice of the meeting a statement setting out all material facts concerning each such item of business, including in particular the nature of the concern or interest, if any, therein of every Director, the Managing Director and the Manager, if any. Where any item of business consists of the according of approval to any document by the meeting, the time and place where the document can be inspected shall be specified in the statement aforesaid.

Provided where any item of special business as aforesaid to be transacted at the Meeting of the Company relates to or affects any other Company, the extent of shareholding interest in that other Company or every Director and the Managing Director of the Company, shall also be set out in the statement if the extent of such shareholding interests is not less than 20% of the paid up share capital of the other company.

76. Five members present in person and entitled to vote shall be a quorum for a General Meeting,. A body corporate being a member entitled to vote shall be deemed to be personally present if it is represented in accordance with Section 187 of the Act

77. No business shall be transacted at any General Meeting unless the quorum requisite shall be present at the commencement of the business.

78. (a) If within half an hour from the time appointed for holding a General Meeting, a quorum is not present, the Meeting, if called upon the requisition of Members, shall stand dissolved..

(b) In any other case, the Meeting shall stand adjourned to the same day in the next week, at the same time and place or to such other day and at such other time and place as the Board may determine.

(c ) If at the adjourned Meeting also a quorum is not present within half an hour from the time appointed for holding the Meeting, the Members present shall be a quorum.

79. Any act or resolution, which under the provisions of these Articles or of the Act, is permitted or required to be done or passed by the Company in General Meeting shall be sufficiently so done or passed if effected by an Ordinary Resolution as defined in Section 189(1) of the Act unless either the Act or these Article specifically require such act to be done or resolution passed by a Special Resolution as defined in Section 189(2) of the Act.

80. (1) The Chairman of the Board of Directors shall preside as Chairman at every General Meeting of the Company.

(2) If there be no such Chairman, or if any Meeting he shall not be present within 15 minutes after the time appointed for holding such Meeting, Members present shall choose another Director as Chairman of the Meeting, and if no Director be present or if all the Directors present decline to take the Chair, then the Members present shall, on a show of hands or on a poll if properly demanded, elect one of their number, being a member entitled to vote, to be Chairman of the Meeting.

81. No business shall be discussed at any General Meeting except the election of a Chairman whilst the Chair is vacant.

82. (1) The Chairman may with the consent of any meeting at which a quorum is present and shall, if so directed by the meeting, adjourn the same from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the Meeting from which the adjournment took place.

(2) When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of the original meeting but save as aforesaid it shall not be necessary to give any notice of any adjournment of the business to be transacted at an adjourned meeting.

83. Every resolution submitted to a meeting shall be decided in the first instance by a show of hands, and in the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the Meeting shall have a casting vote provided he is a member entitled to vote at the meeting and on the resolution.

84. At any General Meeting, unless a poll is (before or on the declaration of the result of the show of hands) demanded in accordance with the provision of Section 179 of the Act, a declaration by the Chairman that the resolution has or has not been carried, or has not been carried either unanimously or by a particular majority, and an entry to that effect in the book containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact, without proof of the number or proportion of the votes cast in favour of or against the resolution.

85. At any General Meeting before or on the declaration of the result of voting on any resolution on a show of hands a poll may be ordered to be taken by the Chairman of the Meeting of his own motion and shall be ordered to be taken by him on a demand made in that behalf by any member present in person or by proxy and holding shares in the Company which confer a power in respect of the Resolution not being less than one tenth of the total voting power in respect of the Resolution or on which an aggregate sum of not less than fifty thousand Rupees has been paid up. The demand for a poll may be withdrawn at any time by the person or persons who made the demand.

(Amended at the AGM on 7.9.1989)

86. (a) If a poll is demanded on the election of the Chairman, it shall be taken forthwith in accordance with these presents, the Chairman elected on a show of hands exercising all the powers of the Chairman under these presents.

(b) If some other person is elected Chairman as a result of the poll, he shall be Chairman for the rest of the Meeting.

(c) If poll is demanded on a question of adjournment, it shall be taken forthwith.

87. (a) Where a poll is to be taken the Chairman of the Meeting shall appointment two scrutineers, one at least of whom shall be a member (not being an Officer or employee of the Company) present at the meeting provided such a member is available and willing to be appointed, to scrutinize the votes given on the poll and to report to him thereon.

(b) The Chairman shall have power at any time, before the result of the poll is declared, to remove a scrutineers from office and to fill vacancies in the office of scrutineers arising from each removal or any other cause.

88. (a) Subject to the provisions of these presents the Chairman or the Managing shall have power to regulate the manner in which a poll shall be taken.

(b) The result of the poll shall be deemed to be the decision of the Meeting on the resolution on which the poll was taken.

89. The demand of a poll shall not prevent the continuance of a meeting for the transaction of any business other than the

question on which a poll has been demanded.

90. The Directors shall cause minutes of all General Meetings to be kept in the manner prescribed by Section 193 of the Act in a book provided for the purpose.

**VOTES OF MEMBERS**

91. Every member of the Company holding any Equity Shares shall have a right to vote in respect of such shares on every resolution placed before the Meeting. On a show of hands, every such member present shall have one vote and every person present either as a proxy, if he is not entitled to vote in his own right, or as a duly, authorised representative of a body corporate, shall have one vote.

92. On a poll, every such member whether in person or by proxy shall have one vote for each share of which he is the holder.

93. Where a company or a body corporate (hereinafter called 'Member Company)' is a member oft the company, a person duly appointed by resolution in accordance with the provisions of Section 187 of the Act to represent such member company at a meeting of the Company shall not by reason of such appointment be deemed to be a proxy, and the lodging with the company at the office or production at the meeting of a copy of such resolution duly signed by an officer duly authorised of such member company and certified by him as being a true copy of the resolution shall, on production at the meeting be accepted by the company as sufficient evidence of the validity of his appointment. Such a person shall be entitled to exercise the same rights and powers, including the right to vote by proxy on behalf of the member company which he represents, as that member company could exercise if it were individual members.

Provided that no member company shall, vote by proxy so long as a resolution of its Board of Directors under the provisions of Section 187 of the Act is in force and the representative named in such resolution is present at the general meeting at which the vote by proxy is tendered.

94. (1) Any objection as to the admission or rejection of a vote, either on a show of hands or on a poll made in due time, shall be referred to the Chairman who shall forthwith determine the same, and such determination made in good faith shall be final and conclusive.

(2) No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered and every vote not disallowed at such meeting shall be valid for all purposes.

95. On a poll taken at a meeting of the Company, a member entitled to more than one vote, or his proxy or other person entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes he uses.

96. Any person entitled under the transmission article to transfer any shares may vote at any general meeting in respect thereof in the same manner as if he were the registered holder of such shares provided that forty-eight hours at least before the time of holding the meeting or adjourned meeting, as the case may be at which he proposes to vote, he shall satisfy the Board of his right to transfer such shares, unless the Board shall have previously admitted his right to vote at any such meeting in respect thereof. If any member be a lunatic, idiot or non compos mentis, he may vote whether on show of hands or at a poll by his committee, curator bonus or other legal curator and such last mentioned persons may give their votes by proxy.

97. Where there are joint registered holders of any share, any one of such persons may vote at any meeting either personally or by proxy in respect of such share as if he were solely entitled thereto; and if more than one of such joint holders be present at any meeting either personally or by proxy, that one of the said persons so present whose name stands first on the Register in respect of such share alone shall be entitled to vote in respect thereof. Several executors or administrators of a deceased member in whose name any share is registered shall for the purpose of this Article be deemed joint holders thereof.

98. No member shall be entitled to exercise any voting rights either personally or by proxy at any meeting of company in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has, and has exercised, any right of lien.

99. On a poll votes may be given either personally or by proxy, or, in the case of a body corporate by a representative only authorised as aforesaid.

100. (1) Any member of the Company entitled to attend and vote at the meeting shall be entitled to appoint another person whether a member or not as his proxy to attend and vote instead of himself. Every notice convening a Meeting of the Company shall state this.

(2) The instrument appointing a proxy shall be in writing under the hand of the appointer or of his Attorney duly authorised in writing or if such appointer is a body corporate be under its common seal on the hand of its officer or Attorney duly authorised.

PROVIDED further that the Proxy so appointed shall have no right to speak at the meeting; however, the instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding poll.

101. An instrument of proxy may appoint a proxy either for the purpose of a particular Meeting specified n the instrument and any adjournment thereof (called Special Proxy) or it may appoint a proxy for the purpose of every Meeting of the Company, or of every Meeting to be held before a date specified in the instrument and every adjournment of any such Meeting (called 'General Proxy')

102. (1) The instrument appointing a proxy and the Power of Attorney or other authority (if any) under which it is signed, or a notorially certified copy of that power or authority shall be deposited at the Office not less than forty eight hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid.

(2) A proxy appointed for any meeting shall also ensure and be valid for every adjournment or postponement thereof or to the taking of poll in relation to such meeting. A member shall be entitled if he so desires to issue a proxy for adjourned Meeting or postponed Meeting or with regard to taking up polls in accordance with the Clause mentioned above.

(3) Every member entitled to vote at a Meeting of the Company or on any resolution to be moved thereat shall be entitled during the period beginning twenty-four hours before the time fixed for the commencement of the Meeting and ending with conclusion of the Meeting, to inspect the proxies lodged at any time during the business hours of the Company, provided not less than three days notice in writing of the intention so to inspect is given to the Company.

103. A vote given in accordance with the terms of an instrument appointing a proxy shall be valid notwithstanding the previous death or insanity of the principal, or the revocation of the instrument, or the transfer of the share in respect of which the vote is given, provided that no intimation in writing of the death, insanity, revocation or transfer before the commencement of the meeting or adjourned meeting at which the proxy is used; provided nevertheless that the Chairman of discretion think fit of the due execution of an instrument of proxy and that the same has not been revoked.

104. Every instrument appointing a proxy whether for a specified Meeting or otherwise, shall be retained by the Company and shall be in either of the forms specified in Schedule IX to the Act or a form as near thereto as circumstances will admit.

105. The Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting. The Chairman present at the taking of a poll shall be the sole judge of the validity of every vote rendered at such poll.

**RESERVE**

146. The Board may, from time to time before recommending any dividend, set apart any and such portion of the profits of the Company as it thinks fit as Reserves subject to Section 205 (2wA) of the Act to meet contingencies or fro the liquidation of any debentures, debts or other liabilities of the Company, for equalization of dividends, for repairing, improving or maintaining any of the properties of the Company and for such purposes of the Company as the Board in its absolute discretion thinks conducive to the interest of the Company, and may, invest the several sums so set aside upon such investments (other than shares of the Company) as it may think fit, and from time to time deal with and may divide the Reserves into such special funds as it thinks fit, with full power to employ the Reserves or any part thereof in the business of the Company and without being bound to keep the same separate from, other assets.

147. All moneys carried to the Reserves shall nevertheless remain and be profits of the Company application, subject to the provisions being made for actual loss or depreciation, for the payment of dividends and such moneys and all the other moneys of the Company not immediately required for the purposes of the Company., may, subject the provisions of Sections 370 and 372 of the Act, be placed on loan or invested by the Board in or upon such investments or securities as it may select or may be used as working capital or may be kept at any Bank on deposit or otherwise as the Board may, from time to time, think proper.

148. (1) The Company in General Meeting may, upon the recommendation of the Board resolve-

(a) that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the Company's reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution; and

(b) that such sum be accordingly set free for distribution in the manner specified in clause (2) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.

(2) The sum aforesaid shall not be paid in cash but shall be applied subject to the provisions contained in clause (3), either in or towards

(i) paying up any amounts for the time being unpaid on any shares held by such members respectively.

(ii) paying up in full, unissued shares or debentures of the Company to be allotted and distributed, credited as full paid-up, to and amongst such members in the proportions aforesaid, or

(iii) partly in the way specified in sub-clause (i) and partly in that specified in sub-clause (ii)

(3) A share premium account and a capital redemption reserve account may for the purpose of this regulation, only be applied in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares.

(4) The Board shall give effect to the resolution pass3ed by the Company in pursuance of this regulation.

149 (1) whenever such a resolution as aforesaid shall have been passed, the Board shall

(a) make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issue of fully paid shares or debentures, if any, and

(b) generally do all acts and things required to give effect thereto.

(2) The Board shall have full powers:

(a) To make such provisions, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, for the case of shares or debentures becoming distributable in fractions; and also

(b) To authorise any person to enter, on behalf of all the members entitled thereto, into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further shares or debentures to which they may be entitled upon such capitalization or (as the case may requires) for the payment by the Company on their behalf, by the application thereto of their respective proportions of the profits resolved to the capitalised, of the amounts or any pat of the amounts remaining unpaid on their existing shares.

(3) Any agreement made under such authority shall be effective and binding on all such members.

150. The Company in General Meeting may at any time and from time to time resolve that any surplus moneys in the hands of the Company representing capital profits arising from the receipt of moneys received or recovered in respect of or rising from the realization of any capital assets of the Company, or any investment representing the same instead of being applied in the purchase of other Capital assets of the Company or any investment representing the same instead of being applied in the purchase of other Capital assets or for other Capital purposes be distributed amongst the Equity Shareholders on the footing that they receive the same as capital and in the shares and proportions in which they would have been entitled to receive the same if it had been distributed by way of dividend , provided always that no such profit as aforesaid shall be so distributed unless there shall remain in the hands of the Company a sufficiency of other assets to meet in full the whole of the liabilities and paid-up share capital of the Company for the time being. For the purpose of giving effect to any resolution under this Article, the Board shall have full power to settle any difficulty which may arise in regard to the distribution as it thinks expedient.

**DIVIDENDS**

151 (1) subject to the rights of persons, if any, entitled to shares with special right as to dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the Company, dividends may be declared and paid according to the amounts of the shares.

(2) No amount paid or credited as paid on a share in advance of calls shall be treated for the purpose of this regulation as paid on the share.

(3) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid ; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share rank for dividend accordingly.

152. Where capital is paid up on any share in advance of calls, upon the footing that the same shall carry interest, such capital shall not whilst carrying interest, confer a right to participate in profits.

153. The Company in General Meeting may declare a Dividend to be paid to the members according to their rights and interests in the profits subject to the provisions of the Act.

154. No larger dividend shall be declared than is recommended by the Board, but the Company in General Meeting may declare a smaller dividend.

155. Subject to the provisions of Section 205 of the Act, no dividend shall be payable except out of the profits of the Company or out of moneys provided by the Central or State Government for the payment of the dividend in pursuance of any guarantee given to such Government and no dividend shall carry interest against the Company.

156. The declaration of the Board as to the amount of the net profits of the Company shall be conclusive.

157. The Board may, from time to time, pay to the holders of Equity Shares such interim dividends as appear to the Board to be justified by the profits of the /company.

158. No member shall be entitled to receive payment of any interest of dividend in respect of his share or shares, whilst any

money may e due or owing from him to the Company in respect of such share or shares 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 moneys so due from him to the Company.

159. Any General Meeting declaring a dividend may make a call on the members of such amount as the meeting fixes, but so that the call shall be made payable at the same time as the dividend and the dividend may be set off against the call.

160. No dividend shall be payable except in cash, provided that nothing in the foregoing shall be deemed to prohibit the capitalization of profits or reserves of the Company for the purpose of issuing fully paid up bonus shares or paying up any amount for the time being unpaid on the shares held by the members of the Company.

161. A transfer of shares shall not pass the rights to any dividend declared thereon before the registration of the transfer by the Company.

162. The Company may pay interest ion capital raised for the construction of works buildings when and so far as it shall be authorised to do by Section 208 of the Act.

163. No dividend shall be paid in respect of any share except to the registered holder of such share or to his bankers but nothing contained in this Article shall be deemed to require the bankers of a registered shareholder to make a separate application to the Company for the payment of the dividend. Nothing in this Article shall be deemed to affect in any manner the operation of Article 158 hereof.

164. No unpaid dividend shall bear interest as against the Company.

165. Unless otherwise directed in accordance with Section 206 of the Act, any dividend, interest or other moneys payable in cash in respect of a share may be paid by cheque or warrant sent through the post to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is the first named in the register in respect of the joint holding or to such person and such address as the holder or the joint holders, as the case may be may direct, and every cheque or warrant so sent shall be made payable to the order of the person to whom it is sent. The Company shall not be liable for any cheque or warrant lost in transmission or for any dividend lost to any members by the forged endorsement of any cheque or warrant.

166. No unclaimed dividend shall be forfeited by the Board and any dividend declared by the Company and remaining unpaid or unclaimed shall be dealt with in accordance with the provisions of Sections 205A and 205B of the Act or any statutory modification or reenactment in force from time to time.

(Amended at the AGM on 19.9.90)

## X. OTHER INFORMATION

### MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Letter of Offer) which are or may be deemed material have been entered or are to be entered into by our Company. These contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered and Corporate Office of our Company situated at Premier Energy and Infrastructure Limited, II Floor, 18/4 Balaiah Avenue, Mylapore, Chennai, Tamil Nadu - 600004, India, from 10.00 a.m. to 5.00 p.m., from the date of this Letter of Offer until the Issue Closing Date, on working days.

### A. Material Contracts

1. Agreement dated January 27, 2010 entered between our Company and Lead Manager i.e. Vivro Financial Services Private Limited
2. Agreement dated 25.05.2010 entered between our Company and Registrar to the Issue Agreement dated 21.05.2010 entered between our Company and Banker to the Issue.
3. Agreement dated November 20, 2009 between our Company and Shree Auto Finance for purchase of 60,24,050 Equity Share of EMAS.
4. MOU dated September 14, 2009 between our Company and Sri Auto Finance for purchase of 60,24,050 Equity Share of EMAS Engineers & Contractors Pvt. Ltd. with promoters of EMAS Engineers & Contractors Pvt. Ltd.

### B. Documents available for inspection

1. Certificate of Incorporation of our Company dated March 25, 1988.
2. Certificate for Commencement of Business dated June 30, 1988.
3. Certificate for change of name of our Company from Premier Housing and Industrial Enterprises Limited to Premier Energy and Infrastructure Limited dated May 9, 2008.
4. Copy of the Memorandum and Articles of association of our Company, as amended.
5. Copy of the shareholders Resolution passed at the Extra Ordinary General Meeting held on December 22, 2009 approving this Issue.
6. Consents of the Directors, Lead Manager to the Issue, Legal Advisors to the issue, Registrar to the Issue, Statutory Auditors and Company Secretary and Compliance Officer of our Company to include their names in the Letter of Offer to act in their respective capacities.
7. Prospectus dated November 10, 1989 for the Initial Public Offering made by our Company.
8. Letter of Offer dated August 31, 1992 for the Rights Issue made by our Company.
9. Copy of order from Hon’ble Madras High Court dated February 3, 2004 for Scheme of Arrangement filed with the Hon’ble High Court of Madras.
10. Copy of order from High Court of Jurisdiction at Madras dated March 03, 2008 for scheme of amalgamation of Rayala Office Equipments Pvt. Ltd. with Premier Housing and Industrial Enterprises Ltd. filed with the Hon’ble High Court of Madras.
11. Annual Reports of our Company for the last five Financial Years and audited financial statements for the period ended December 31, 2009.
12. Due Diligence certificate dated January 27, 2010 issued by the Lead Manger to the Rights Issue.
13. Report of the Statutory Auditors of our Company Mr. M. Hariharan, Chartered Accountant, Chennai, dated January 21, 2010 prepared as per Indian GAAP and mentioned in this Letter of Offer and copies of Summary of Assets and Liabilities and Profit and Loss Accounts as restated of our Company.
14. Letter dated May 11, 2010 from the Statutory Auditors of our Company MR. M. Hariharan, Chartered Accountant, Chennai confirming Tax Benefits as mentioned in the Letter of offer.
15. Tripartite agreements dated July 17, 2009 entered into with NSDL, Our Company and the Registrar of our Company.
16. Tripartite agreements dated August 12, 2009 entered into with CDSL, Our Company and the Registrar of our Company.
17. Letter from BSE for relisting of Securities dated August 31, 2009
18. Report on Valuation of Equity Shares of EMAS Engineers & Contractors Pvt. Ltd. dated September 09, 2009
19. Letter from ASE for Voluntary delisting of securities dated March 8, 2010
20. SEBI Observation letter no. SEBI/SRO/DIL/5834/2010 dated April 22, 2010.
21. In-principle listing approval for this Issue dated April 7, 2010, March 3, 2010 and April 22, 2010 from BSE, MSE, and BgSE respectively.

# DECLARATION

No statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 1956 and the rules made there under. All the legal requirements connected with the said issue as also the Guidelines, Regulations, instructions, etc. issued by SEBI, Government and any other competent authority in this behalf have been duly complied with.

We hereby certify that all disclosures made in this Letter of offer are true and correct.

**SIGNED BY ALL THE DIRECTORS OF OUR COMPANY**

**Ms. Vathsala Ranganathan**
***Non Executive and Non-Independent Director***

**Mr. K.N. Narayanan**
***Independent Director***

**Mr. R. Ramakrishnan**
***Independent Director***

**Mr. M. Komaraiah**
***Independent Director***

**Mr. K. V. Murugan**
*Company Secretary and Compliance Officer*

**Date: May 31, 2010**
Place: Chennai

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