



# TANTIA CONSTRUCTIONS LIMITED

(We were originally incorporated as Tantia Construction Company Pvt. Limited on 4<sup>th</sup> December 1964 and subsequently were converted to a public company as Tantia Construction Company Limited on 27<sup>th</sup> May 1982. The name of our company was further changed to Tantia Constructions Limited with effect from 29<sup>th</sup> December 2005)

**Registered Office:** 25/27, Netaji Subhash Road, Kolkata – 700001 Tel.: +91 33 22206284, Fax: +91 33 22307403

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**Present Issue of 1,12,50,000 Equity Shares of Rs. 10/- each for Cash at a Premium of Rs. 40 per Equity Share aggregating Rs. 5625 Lacs. Net offer to the public of 42,50,000 Equity Shares of Rs.10/- each for Cash at a Premium of Rs. 40 per Equity Share aggregating Rs. 2125 Lacs (the "Net Issue"). The Net Issue will constitute 27.30% of the fully diluted post issue capital of the company.**

**THE ISSUE PRICE OF RS. 50 PER EQUITY SHARE OF FACE VALUE OF RS. 10 EACH IS 5 TIMES OF THE FACE VALUE.**

The Issue is being made through a 100% Book Building Process wherein up to 50% of the Net Issue to the Public shall be allocated on a proportionate basis to Qualified Institutional Buyers, out of which 5% of the QIB portion shall be available for allocation on a proportionate basis to mutual funds only, and the remaining QIB portion shall be available for allocation on a proportionate basis to all Qualified Institutional Buyers, including mutual funds, subject to valid bids being received at or above issue price. Further at least 15% of the Net Issue to the Public shall be available for allocation on a proportionate basis to Non-Institutional bidders and at least 35% of the Net Issue to the Public shall be available for allocation on a proportionate basis to Retail Individual Bidders subject to valid bids being received from them at or above the Issue Price.

## RISK IN RELATION TO THE ISSUE

The Issue Price (as determined by the Company in consultation with the BRLM on the basis of assessment of market demand for the Equity Shares by way of book-building) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. The market price of the existing Equity Shares of Tantia Constructions Limited could affect the price discovery through book building and vice versa. No assurance can be given regarding an active and/or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing of the Equity Shares allotted pursuant to the Issue.

## GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this offering. For taking an investment decision, investors must rely on their own examination of the issuer and the offer including the risks involved. The equity shares have not been recommended or approved by Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or adequacy of this document. **Specific attention of the investors is invited to the Statement of Risk Factors beginning on page no viii of this Prospectus.**

## ISSUER'S ABSOLUTE RESPONSIBILITY

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

## LISTING

The existing equity shares of the company are presently listed on the Calcutta Stock Exchange Association Ltd (CSE) and Delhi Stock Exchange Association Limited (DSE). The Company also proposes to list the existing Equity Shares on Bombay Stock Exchange Limited (BSE) (Designated Stock Exchange). Further, the Equity Shares to be issued through this Prospectus are proposed to be listed on BSE, CSE and DSE. The in-principle approvals have been received from these stock exchanges as under:

Name of the Stock Exchange	Letter No. & Date
BSE	DCS/Smg/sm/dm/2006 16th February, 2006
CSE	CSEA/LD/082/2006 20th February, 2006
DSE	DSE/LIST/5677/NR/194 28th February, 2006

## BOOK RUNNING LEAD MANAGER



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## REGISTRAR TO THE ISSUE



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## ISSUE PROGRAMME

**BID/ISSUE OPENED ON: 27 MARCH, 2006**

**BID/ISSUE CLOSED ON: 31 MARCH, 2006**

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## DEFINITIONS AND ABBREVIATIONS

### 1. Conventional/General Terms

Term	Description
AGM	Annual General Meeting
CAGR	Compounded Annual Growth Rate
EGM	Extra Ordinary General Meeting
EPS	Earning Per Share
GIR	General Index Register
HUF	Hindu Undivided Family
NAV	Net Asset Value
PAN	Permanent Account Number
PAT	Profit After Tax
P/E	Price Earning Ratio
PLR	Prime Lending Rate
RONW	Return on Net Worth
SSI	Small Scale Industries

### 2. Issue Related Terms

Term	Description
Allotment	Issue or transfer, as the context requires, of Equity Shares pursuant to the Offer to the successful applicants as the context requires
Allottee	The successful applicant to whom the Equity Shares are being/have been issued or transferred
Applicant	Any prospective investor who makes an application for Equity Shares in terms of this Prospectus
Articles/Articles of Association	The Articles of Association of Tantia Constructions Limited.
Auditors	The statutory auditors of the Company, viz. S.M. Bengani & Co. Chartered Accountants
Board of Directors/Board	The Board of Directors of Tantia Constructions Limited. or a committee thereof.
Book Running Lead Manager/BRLM	Being the Book Running Lead Manager appointed for the Issue. In this case being Microsec Capital Limited
BSE	Bombay Stock Exchange Limited
Companies Act / the Act	The Companies Act, 1956, as amended from time to time.
CSE	The Calcutta Stock Exchange Association Limited
Depositories Act	The Depositories Act, 1996, as amended.
Depository	A depository registered with SEBI under the SEBI (Depositories and Participants) Regulations, 1996, as amended from time to time.
Depository Participant	A depository participant as defined under the Depositories Act.
Designated Stock Exchange	Bombay Stock Exchange Limited
DC	Direct Credit
Directors	Directors of Tantia Constructions Limited from time to time, unless otherwise specified.

## Tantia Constructions Limited

Term	Description
ECS	Electronic Credit Service.
Equity Shares	Equity shares of the Company of Rs. 10/- each unless otherwise specified in the context thereof.
First Applicant	The Applicant whose name appears first in the Application Form.
Fiscal or FY or Financial Year	Twelve months ending March 31 of a particular year.
Fresh Issue/ Present Issue	The issue of 1,12,50,000 Equity Shares of Rs.10/- each at the Issue Price by the Company pursuant to this Prospectus.
Indian GAAP	Generally Accepted Accounting Principles in India.
Issue/Offer	Public Issue of 42,50,000 Equity Shares of Rs.10/- each of the Company at the issue price.
“Tantia Constructions Limited.” or the “Issuer” or the “Company”, “we”, “us”, “our” and “TCL”	Unless the context otherwise requires, refers to, Tantia Constructions Limited. a public limited company incorporated under the Companies Act and having its registered office at 25/27 Netaji Subhas Road, Kolkata-700 001.
Memorandum/MoA/ Memorandum of Association	The Memorandum of Association of Tantia Constructions Limited.
MCL/MIL/Microsec	Microsec Capital Limited, a public limited company incorporated under the provisions of the Companies Act and with its registered office at Azimgunj House, 2 <sup>nd</sup> Floor, 7, Camac Street, Kolkata-700 017.
Net Offer to Public	The issue of 42,50,000 Equity Shares to the Public
Non Resident	A person who is not a NRI, FII or a person resident in India
OCB / Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs, including overseas trusts in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000. OCBs are not allowed to invest in this Offer.
Promoter	Shall mean jointly Mr. I.P. Tantia, Mr. Rahul Tantia, Mr. Siddharth Tantia. Mr. Harsh Tantia, Sarla Tantia, Laxmi Tantia, Anita Tantia and TFSL.
Qualified Institutional Buyers or QIBs	Public financial institutions as defined in Section 4A of the Companies Act, FIIs, scheduled commercial banks, mutual funds registered with SEBI, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 2500 lacs, pension funds with minimum corpus of Rs. 2500 lacs, and multilateral and bilateral development financial institutions.
RTGS	Real Time Gross Settlement.
Registrar of Companies or RoC	Registrar of Companies at Kolkata, West Bengal.
Registrar or Registrar to the Offer	MCS Limited, a company incorporated under the Companies Act, having its registered office at 77/2A, Hazra Road, 3 <sup>rd</sup> & 5 <sup>th</sup> Floor, Kolkata – 700029.
Retail Individual Investor	Individual Bidders (including HUFs and NRIs) who apply for securities of or for a value of not more than Rs. 1,00,000.
Retail Portion	The portion of the Net Offer being a minimum of 14,87,500 Equity Shares available for allocation to Retail Individual Investors.
Stock Exchanges	BSE, CSE and DSE

### 3. Company/Industry Related Terms

Term	Description
AAI	Airports Authority of India
BOLT	Build Operate Lease Transfer
BOOT	Build Own Operate Transfer
BOT	Build Operate Transfer
CAGR	Compounded Annual Growth Rate
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
IR	Indian Railways
JV	Joint Venture
KMDA	Kolkata Municipal Development Authority
KW	Kilo Watt
MW	Mega Watt
NHAI	National Highways Authority of India
NHDP	National Highway Development Programme
SEB	State Electricity Board
SPV	Special Purpose Vehicle
TCCL	Tantia Construction Company Limited
TCCPL	Tantia Construction Company Private Limited
TCL	Tantia Constructions Limited
TND	Transmission and Distribution
TFSL	Tantia Financial Services Limited

### 4. Abbreviations

Term	Description
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
BIFR	Board for Industrial Financial Reconstruction
CDSL	Central Depository Services (India) Limited
CRIS INFAC	CRISIL Research and Information Services Ltd
DIP Guidelines	SEBI (Disclosure & Investor Protection) Guidelines, 2000, as amended
EEFC	Export Earner's Foreign Currency account
EPC	Engineering, Procurement & Construction
FAQs	Frequently asked questions
FCNR Account	Foreign Currency Non Resident Account
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, and the Regulations framed there under
FII	Foreign Institutional Investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995), registered with SEBI under applicable laws in India
FIPB	Foreign Investment Promotion Board

## Tantia Constructions Limited

<b>Term</b>	<b>Description</b>
Gol	The Government of India
HCC	Hindustan Construction Company
HNI	High Net-worth Individual
HRBC	Hooghly River Bridge Commission
I.T. Act	The Income Tax Act, 1961, as amended
L & T	Larsen & Toubro
NBFC	Non Banking Financial Company
NRE Account	Non-Resident External Account.
NRI	Non-Resident Indian, as defined under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
P.A	Per Annum
R&D	Research and Development
RBI	The Reserve Bank of India
Rs.	Indian National Rupee
SCRA	Securities Contracts (Regulation) Act, 1956 as amended
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended
SEBI	Securities and Exchange Board of India.
SEBI Act	Securities and Exchange Board of India Act, 1992 as amended
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997, as amended

## **CERTAIN CONVENTIONS**

In this Prospectus, unless the context otherwise requires, all references to one gender also refers to another gender and the word “Lakh” or “Lac” means “one hundred thousand” and the word “million” means “ten lacs” or “ten lakhs” and the word “Crore” means “ten million”. In this Prospectus, any discrepancies in any table between total and the sum of the amounts listed are due to rounding-off.

Throughout this Prospectus, all figures have been expressed in Rupees Lacs or Lakh.

All references to “India” contained in this Prospectus are to the Republic of India. For additional definitions used in this Prospectus, see the section “Definitions and Abbreviations” on page iii of this Prospectus. In the section entitled “Main Provisions of Articles of Association of Tantia Constructions Limited”, defined terms have the meaning given to such terms in the Articles of Association of the Company.

## **FORWARD-LOOKING STATEMENTS; MARKET DATA**

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

Actual results may differ materially from those suggested by the forward looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India which have an impact on our business activities or investments, the monetary and interest policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic and foreign laws, regulations and taxes and changes in competition in the industry.

For further discussion of factors that could cause our actual results to differ, see the section entitled “Risk Factors” beginning on page (viii) of this Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither the Company nor the members of the Syndicate, nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, the Company and the BRLM will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges.

Market/Industry data used throughout the Prospectus was obtained from the Company and various reports, etc. The information contained in those publications has been obtained from sources believed to be reliable, but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe market data used in the Prospectus is reliable, it has not been independently verified. Similarly, data provided by the Company, while believed by us to be reliable, have not been verified by any independent sources.

All references to “Rupees” or “Rs.” are to Indian Rupees, the official currency of the Republic of India. For additional definitions, please see “Definitions and Abbreviations” on page no.(iii).

## **RISK FACTORS**

An investment in equity shares involves a high degree of risk. You should carefully consider all of the information in this Prospectus, including the risks and uncertainties described below, before making an investment in the Equity Shares. To obtain a complete understanding of the company, you should read this section in conjunction with the sections entitled "Business Overview" and "Management's Discussion and Analysis of Financial conditions and results of operations" beginning on page 48 and 114 of the Prospectus as well as other financial information given in this Prospectus. If any of the following risks or any of the other risk and uncertainties discussed in this Prospectus actually occur, our business, results of operations and financial condition could suffer, the trading price of the Equity Shares could decline, and you may lose all or part of your investment. Unless specified or quantified in the relevant risk factors mentioned below, the Company is not in a position to ascertain the financial and other implications of any of the other risks mentioned below.

### **INTERNAL RISK FACTORS**

#### **Risk Relating to our Business**

##### **1. The capital expenditure program shown as the objects of the issue is not appraised**

The objects of the issue for which the funds are being raised are as per the Company's own estimates and have not been appraised by any Bank/Financial Institution.

##### **Management Perception**

The enhancement of working capital requirement of funds has been determined based on our estimates and established industry practices which we have been following for our regular sanctions and the proposal for the financial year ending 2005-06 and 2006-07 has been duly submitted with Banks for their approval and sanctionsanctioned by the State Bank of India and UTI Bank.

The estimates for the expenditure on capital equipment is based on quotations received from suppliers of repute and will be part funded through Banks/NBFCs. We intend to use the balance proceeds of the Issue for investment in BOT/BOOT and joint venture projects and towards repayment of high cost debt. The Progress in the use of proceeds from the issue will be reported periodically as is statutorily required by SEBI and Andhra Bank has been appointed as the Monitoring Agency to monitor the use of funds.

##### **2. BOT/BOOT projects yet to be executed by the company**

The Company has allocated a sum of Rs. 1000 lacs for investment in BOT/BOOT projects and joint ventures. The specific projects for which the funds are raised have not yet been identified by the company.

##### **Management Perception**

The Government is encouraging private sector participation in road projects through three routes- BOT, Annuity and Special Purpose Vehicle (SPV). It is a relatively new approach which enables direct private sector investment in large scale projects such as roads, bridges and power. We foresee tremendous opportunity in this area. The company has vast experience in the construction activity and has successfully implemented various projects. The funds raised through this present issue would strengthen our capability to quote for BOT/BOOT tenders. The management proposes to apportion this sum in the form of seed capital to take-up BOT/BOOT projects as and when awarded to us. We have been tendering bids for BOT/BOOT projects on a selective basis. We have pre-qualified and participated in tenders of BOT/BOOT and annuity projects in the past and posses necessary skills and base to bid for similar projects in future also. We already have joint ventures, where in we would continue to invest our portion of contribution for smooth implementation of projects.

##### **3. Orders yet to be placed for capital goods**

We are yet to place orders worth Rs. 1905.81 lacs amounting to 59% for the capital equipments to be financed from the proceeds of the issue.

### **Management Perception**

We have already ordered for equipments worth Rs. 1319.18 lacs out of which equipment valuing Rs.818 lacs have already been purchased and received by us, details of which are mentioned on page 26 of this Prospectus. We have been dealing with the main suppliers of equipments on a regular basis and these equipments are readily available in the market. We are processing the quotations received from various suppliers and the orders will be placed at the earliest.

#### **4. Funding of the Project**

Our capital expenditure program will be partly funded through the proceeds of the Issue. Any delay/failure of the Public Issue may disrupt the implementation of the plans.

### **Management Perception**

Our Management will make alternate funding arrangements through an equitable mix of secured/unsecured loans, internal accruals and contribution from the promoters, should there be any eventuality such as delay or failure of the proposed Public Issue.

#### **5. Deviation in Market Condition**

The requirement of Plant & Machinery and capital expenditure program drawn by the Company are based on business opportunities and current order book position in these fields. Any deviation in the market conditions could adversely affect the profitability of the Company.

### **Management Perception**

The requirement of Plant & Machinery and capital expenditure plans drawn by the Company has been finalized considering our current order book position and prospective projects. Further, our ability to diversify the client profile in diverse geographies and easy availability of equipments as per the specific requirement of the project would reduce the adverse affect of any deviation in the market conditions.

#### **6. Competitive Bidding Process**

The contracts are awarded following competitive bidding processes and satisfaction of other prescribed pre-qualification criteria. We face intense competition from big players who operate at the national level, to numerous smaller localised contractors /companies. Once the prospective bidders clear the technical requirements of the tender, the contract is usually awarded based on price of the contract quoted by the prospective bidder. The nature of this process may cause us and other prospective bidders to lower prices for award of the contract, so as to maintain the respective market share of the Company. As a result of this competition, we face margin pressure. Consequently, this could have a material negative effect on the our financial condition and prospects.

### **Management Perception**

We have been a key player in the construction industry for over four decades and posses substantial experience in bidding for contracts and applying right strategies to achieve the desired objectives. We also operate in diversified geographies and different infrastructure sectors viz. rail roads, bridges, urban infrastructure etc., which provides us with a rightful mix of projects allowing us to maintain the reasonable level of operating margins.

#### **7. Availability of Raw Materials at competitive prices**

Construction contracts are primarily dependent on adequate and timely supply of raw materials such as cement, steel, aggregates etc. at competitive prices. We face stiff competition from larger and well-established players for procuring these raw materials. In case we are unable to procure the requisite quantities of raw materials well in time and at competitive prices, the performance of the Company may be adversely affected. Moreover, in fixed price contracts, any increase in the price of raw material such as steel, cement and other project costs and conditions, may have an adverse effect on our profitability.

### **Management Perception**

The Company has been into construction activities for over four decades and has established relationship with the raw material suppliers. Besides, the Company has set-up an experienced procurement team, which is responsible for tracking the prices and monitoring of all raw materials requirements. Moreover, in large contracts there is an escalation clause for increase in raw material prices which mitigates our risk of loss due to price fluctuations. In case of small fixed price contracts, the prices are quoted by the tender department considering the expected price trends.

### **8. Improper handling of materials and machines may result into losses**

Improper handling of materials and machines used in our operations can result into accidents; and we could face significant liabilities that would lower our profits.

### **Management Perception**

We have employed trained personnel for undertaking the various operations at our various sites, which have minimized the loss of men, material and machines. The company provides both in-house and external training to its employees and also have a policy of insuring itself adequately for each project, which further reduces the liabilities in case any such accidents or mishaps occurs.

### **9. Penalties for Time Overrun**

The Company executes construction contracts primarily in sectors such as Rail Roads, River Bridges, Urban infrastructure developments, tunnels etc. The Company typically enters into high value contracts for the aforesaid activities, which provide for levy of penalty normally for time-overrun cases. In case we are unable to meet the performance criteria as prescribed by the respective client and if penalties are levied, our financial performance may be adversely affected.

### **Management Perception**

Our project management team is one of the most experienced in the industry and employs its diligence right from choosing the project and monitoring it at every step of its implementation. Owing to our strong and unblemished project management skills, we have been able to complete all projects in the past successfully and expect to continue the same record in future also.

### **10. Dependence on contracts awarded by the Government and its agencies**

The business of the Company is dependant on the implementation of the central and state budget allocations to the infrastructure sector. The Company derives the bulk of its revenue from contracts awarded by the central and state governments and their agencies. It is possible that in certain cases implementation of budgetary allocation (including external funding) may get delayed and consequently the Company would receive payments against running account bills in a delayed manner, rather than specified payment conditions. The delay in payment could be on account of a change in the government, changes in any policies impacting the public at large and/or changes in external budgetary allocation or delay due to insufficiency of funds.

### **Management Perception**

We are well versed with the working parameters of the various government departments since we have been dealing with them for over four decades. Our experienced tendering team carries out detailed investigations in terms of the financial health of the Client before taking any project. Moreover a substantial portion of our projects are either Central Government or World Bank funded which further mitigates our risk towards payment of dues. In case of a large project the contract conditions provide for the payment of interest on delayed payments so as to compensate us suitably.

### **11. Loss due to non-performance of Sub Contractors**

The projects sub-contracted by the Company could get delayed on account of the sub- contractors performance, resulting in loss of revenue.

### **Management Perception**

As on December 31<sup>st</sup> 2005, we have sub-contracted approximately only 3% of the balance value of works on hand and the payment on account of such contracts would depend upon the performance of the sub-contractor. We employ a very strict policy in terms of sub contracting our contracts and sub contract only a portion of the entire project and that too, to more than one party. Moreover the project management team regularly monitors the performance of all the projects that have been sub contracted to various parties and ensures that the company do not loose any revenue due to their non-performance.

### **12. Dependence on joint ventures to qualify for the bidding process**

To bid for certain infrastructure projects, which require higher capital adequacy or technical expertise, the Company has to enter into joint ventures / memorandum of understanding with other companies. In case the Company is unable to forge an alliance with other companies to meet the pre-qualification requirements, it may lose out on the opportunity to bid. However, since the liability of the joint venture partners is joint and several, implying thereby that in case the joint venture partner fails to discharge his obligation under the contract, the Company is liable to get the entire contract performed to the satisfaction of the client.

### **Management Perception**

The Company has strategically partnered with other players in the past based on their past track record and position in the market and has been successful in completing the projects with the JV partners. The completion of project through a joint venture will add to our credentials and would make us eligible to independently bid for similar projects in future. Moreover, with the present resource raising the Company's ability to bid for large value contracts independently would increase significantly.

### **13. Substantial fund base and non fund based working capital requirement**

The Company's business needs substantial funds in the form of working capital requirement and bank guarantee from Banks and Financial Institutions. Any delay in disbursement of funds from these institutions could adversely affect the performance of the Company. Generally, payments from clients are linked to completion milestones/ monthly payments, which are spread out over the execution period of the contract. Consequently, there could be situations where the total funds available may not be sufficient to fulfill our commitments. In which case, additional funding can be raised through commercial borrowings, vendor financing or issue of fresh capital. In this event, the interest obligations would increase and the Company may be subject to additional covenants.

### **Management Perception**

The Company presently enjoys working capital facilities to the tune of Rs. 4,800 Lacs (fund based) and Rs. 11,600 Lacs (non-fund based) from a consortium of bankers. Working capital requirement is also partially met through internal accruals. Moreover, the Company gets various advances like mobilization advance, equipment advance etc from the employers, which also funds the working capital requirement of the company. A part of our additional requirement is also being funded through the proceeds of the Issue.

### **14. The Company is involved in certain legal and regulatory proceedings that if determined against the company could have a material adverse impact on the company.**

### **Management Perception**

The company is party to various legal proceedings, writ petition proceedings, recovery suits, labour related proceeding, motor vehicle claims and various arbitration proceedings. In addition there are several proceedings against the company relating to sales tax assessments. The disputed Sales Tax in these cases aggregates to approximately Rs.8.07 lacs as of 31<sup>st</sup> Dec 2005. These proceedings are pending at different levels of adjudication before various courts, tribunals, enquiry officers and appellate tribunals and if determined against us could have a material adverse impact on our business, financial condition and results of operations. For further details on these proceedings, please refer page 120 of this Prospectus.

**15. There are certain legal and regulatory proceedings against the group companies.**

**Management Perception**

The group companies are party to certain legal proceedings initiated against them. These proceedings are pending at different levels of adjudication before various courts, tribunals, enquiry officers and appellate tribunals and if determined against us could have a material adverse impact on their business, financial condition and results of operations. For further details on these proceedings, please refer page 126 of this Prospectus.

**16. The Company is subject to restrictive covenants in certain long-term debt facilities provided by the bankers**

The covenants in borrowings from banks, among other things, require the Company to obtain the approval of these banks, namely for, issuing new securities (debt or equity), change in management, effecting mergers, consolidations or sales of assets, incurring capital expenditure beyond certain limits, declaring dividends at any time while the Company is in default, undertaking material diversification in the business of the Company or creating subsidiaries or making certain investments. Some of these borrowings also contain financial covenants, which may limit the Company's ability to borrow additional money.

**17. Some of the projects undertaken by the company are not insured**

**Management Perception**

The Company is required to take insurance for projects on a case to case basis as per the conditions imposed by the Client. In addition to the contracts where insurance is not stipulated by the client, we take necessary insurances for workmen compensation for any accident, insurances for the machineries deployed and or damage against material stock at site. Thus all possible losses against any natural calamity and theft/ burglary or accidents are covered.

**18. The operations of the Company are subject to employee, health and safety laws and regulations.**

We are subject to laws and regulations governing (a) relationships with employees in such areas overtime, working conditions, hiring and terminating of employees, contract labour and work permits, (b) environmental, health and safety legislations. The success of our strategy to modernize and optimize our existing operations, in various divisions, is contingent upon, among other things, receipt of all required licenses, permits and authorizations, including local land use permits, building and zoning permits and environmental, health and safety permits.

**Management Perception**

We build necessary sanitation arrangements including proper drainage, drinking water arrangements, health checkups, first aid provisions at all locations. All the health norms stipulated by the local authorities are followed. In addition to this necessary vaccination and other preventive measures are taken. On sites having large number of workmen, small 4 to 10 bedded hospitals are also constructed. There is a qualified safety engineer at site implementing all safety norms including training to the staff and workmen. This is also an essential condition in all the recent contracts. All the environmental norms are being followed and a qualified environmental engineer is deputed at site to ensure proper compliances.

Our HR Department takes care of all the formalities like work permit etc and the Project management team's logistic department looks after local land use permit etc.

**19. The Company's operations may suffer a temporary setback if any of the key managerial personnel were to leave.**

Successful performance of the business operations depends on the trained key managerial personnel of the Company and any sudden disruption in the services of these personnel may have an adverse impact temporarily affecting the smooth operation of the business.

### **Management Perception**

We have a very good track record in terms of retaining people and our senior management has been there for over two decades. Our top management has wide experience in the construction industry which will reduce the impact of sudden change in the key managerial personnel, if any. Over the years the company has been able to build up and develop a professional team of people who have gained expertise in their respective fields.

#### **20. Adverse weather conditions can delay the implementation of the projects.**

Implementation of the projects undertaken by the Company may get delayed due to adverse weather conditions. Consequently, this may result in a delay in the execution of the Company's contractual obligations thereby affecting its business.

### **Management Perception**

We have been operating successfully in diverse conditions and terrains very successfully over the last four decades and have gained significant experience in handling adverse conditions. Our Project Execution team possesses significant insight of the local environment and climate during the implementation of the project and accordingly plan their schedule of implementation.

#### **21. The Company's clients may have the right to unilaterally terminate the contracts for convenience.**

One of the conditions in contracts awarded by the Government (Client) may be that the Client has the right to terminate the contract for convenience, without any reason, at any time after providing the Company with notice that may vary from a period of 30-90 days. In the event that a contract is so terminated for convenience, the Company's revenues may be adversely affected.

### **Management Perception**

Most of our projects are item rate contracts and we receive part payment at the completion of milestones/quantities on the basis of the quantum of work certified by the engineer. Moreover, we also receive mobilization advance from the client for the initial expenses of the contract. The contract conditions provide for compensation to the contractor in the event of such unilateral termination by the employer or any termination taken for which the employer is responsible. There are dispute settlement clauses in the contracts referring such eventualities to Dispute Review Board, Adjudicator and finally the Arbitrator who are independent bodies and in such event they settle the issues.

Any termination of the contract by the client would definitely have a temporary adverse impact on the cash flows of the Company but the degree of the impact is significantly low due to the above reasons. Moreover, we are finally able to recover such losses.

#### **22. The Contingent Liabilities**

The Contingent Liabilities of the Company as on 31<sup>st</sup> December, 2005, as certified by the auditors, for which the Company has made no provision are as follows:

- Bank Guarantees - Rs. 6988.38 Lacs

### **Management Perception**

The guarantees mentioned above are furnished on a regular basis for carrying out our operations and are mainly in the form of:

- Earnest Money Deposits for participating in tenders
- Security against mobilization advance received
- Performance Guarantee during the warranty period
- Security Deposits given to the clients

The nature of infrastructure project requires the submission of bank guarantees to the clients. These guarantees are in the nature of performance guarantees which get released on completion of work in various stages. The Company enjoys the non-fund based limits in the nature of Bank Guarantees to the extent to Rs. 11,600 lakhs and the Company has never defaulted in fulfilling the commitments.

The guarantees given by banks are in the normal course of business. It is a normal practice of the auditor to include such liabilities as contingent liabilities as the same depends on happening of some future events.

### **23. Some of the Group Companies have incurred losses in recent periods.**

Certain group companies have incurred losses in the years March 31<sup>st</sup> 2003, 2004, 2005. For more information please refer page 108 of Prospectus under section "Our group companies and affiliates".

### **24. The Company is smaller in size compared to the market leaders, which acts as deterrent for very large projects.**

#### **Management Perception**

We have bid for large projects in the past and bagged a few large projects in spite of competition from companies like Gammon, L&T, HCC, Simplex etc. due to our track record and execution skills, we have already crossed the initial pre-qualification barriers for projects of reasonable size and after the proposed issue once our net worth is enhanced suitably we will be eligible for even bigger projects.

### **25. Delay in acquiring the land by the employer**

The Company is handling various projects in the road, rail road and bridge segment. All contracts expressly mention that the responsibility for getting the Right of Way lies with the respective Client, in many cases, the Government. While these Clients may have obtained land clearances on which these projects are being constructed, the Company may not have copies of supporting documentation for the land acquisition. In the event that these landowners make claims, such claims would lie only against the client and it is possible that the landowners may also make claims against the Company or join the Company as parties to these proceedings. In case of such claims, while the Company is not liable to pay any compensation (as right of way is to be provided by the Client), the company faces a risk of delay in project implementation.

#### **Management Perception**

The land owners can not make any claim on the company as the responsibility for providing right access lies with the employer. However in case of any delay due to certain land acquisition issues, the contract provide compensation clauses for such eventualities which are decided by Dispute Review Board, Adjudicators etc.

### **26. The Company has not met with some of the listing requirements of one of the Stock Exchanges on which it is listed**

The equity shares of the Company were suspended from trading on the DSE due to some non compliances.

#### **Management Perception**

The company has been fully complying with all the formalities of CSE(Regional Stock Exchange) at all time. There had been some non compliances at DSE, due to which the trading of our shares were suspended for some period. However all the non-compliances at DSE has since been rectified and the suspension has been revoked completely by them.

### **27. Promise vis-à-vis Performance**

The Company had made its Initial Public Offering of 1,44,000 equity Shares of Rs. 10/- each for cash at par aggregating Rs. 14.40 Lacs in the year 1982. The issue was made with the object of financing the Company's increased activities. The Company was able to achieve all the objects for which the issue was made. The Company has since rewarded its shareholders by giving dividends and declaring bonuses at different point of time. For details please refer page 85 of this Prospectus.

## **28. The shares of the Company are thinly traded**

The shares of our Company are currently listed on the Calcutta Stock Exchange Association Limited (CSE) and The Delhi Stock Exchange Limited (DSE) and are thinly traded.

### **Management Perception**

CSE and DSE are not nation wide stock exchanges and this has adversely affected the liquidity in the stocks of the companies listed here. After the proposed issue, the shares of the Company will be listed on BSE, one of the premier stock exchanges in India, which will ensure liquidity in the shares of the Company.

## **29. One of the group companies Beco Industries Limited has been referred to BIFR**

### **Management Perception**

Beco Industries Limited incurred losses mainly due adverse market conditions resulting in low capacity utilization and higher cost of input such as power and raw material. All these developments resulted in accumulation of losses and entire erosion of net worth by 31-03-2002. The company was therefore referred to BIFR on 13.08.2002. In terms of Section 17(3) of the Act, the BIFR appointed UCO Bank as the Operating Agency (OA) to examine the viability of the company and formulate a rehabilitation scheme based on the company's proposal for its revival. The proceedings of the bench is in process, however the outcome of the BIFR will not have a material adverse impact on our business and financial position. The details of the proceedings of BIFR has been detailed on page 109 of this Prospectus.

## **30. Our business is dependent on continuing relationship with our clients and strategic partners.**

Our business is dependent on infrastructure projects undertaken by the governmental authorities funded by governments or by international and multilateral development finance institutions. Our business is also dependent on developing and maintaining strategic alliances with other EPC contractors that undertake turnkey contracts for infrastructure development projects and sub-contract a part of these to us.

Our business and results of operations will be adversely affected if we are unable to maintain a continuing relationship and pre-qualified status with certain of our key clients and strategic partners. The loss of a significant client or a number of significant clients may have a material adverse effect on our results of operations.

### **Management Perception**

The infrastructure industry in India is a major thrust area for the Central Government with almost USD 124.65 billion to be spent in the next five years on construction alone. In view of the current focused thrust we expect the company to benefit in the foreseeable future.

We have been enjoying excellent relationship with our clients and partners in various projects for over four decades now. We have a track record of completing each and every project awarded to us in the last forty years and owing to our track record, we are confident to bag more projects and execute them successfully in future also.

## **31. Our results of operation could be adversely affected by any disputes with our employees.**

As on date we employ directly or through our joint ventures, a work force of approximately 300 full-time employees. In addition, we employ casual and temporary workmen through contractors on our project sites.

We have been enjoying very good labour relations for the last 4 decades and never had any disruption of work due to labour unrest and do not foresee the same in future also. While we believe that we maintain good relationship with our employees, there can be no assurance that we will not experience future disruptions to our operations due to disputes or other problems with our work force, which may adversely affect our business and results of operations. The number of contract labourers varies from time to time based on the nature and extent of work contracted to independent contractors. We enter into contracts with independent labour contractors to complete specified assignments.

**32. Majority control by promoters**

Members of our promoter group will continue to retain majority control in the company after the issue, which will enable them to influence the outcome of matters submitted to shareholders for approval.

Upon completion of the issue, members of the Promoter group will own approximately 51.19% of our post issue Equity Share capital. As a result, the Promoter group will have the ability to control our business including matters relating to any sale of all or substantially all of our assets, the timing and distribution of dividends and the election or termination of appointment of our officers and Directors. This control could delay, defer or prevent a change in control of the Company, impede a merger, consolidation, takeover or other business combination involving the Company, or discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of the Company even if it is in the company's best interest. In addition, as long as the Promoter group continues to exercise significant control over the company, they may influence the material policies of the Company in a manner that could conflict the interests of the shareholders. The Promoter group may have interests that are adverse to the interests of the other shareholders and may take positions with which we or our other shareholders may not agree.

**33. The business of our Company is seasonal**

Our operations are adversely affected by difficult working conditions and extreme high temperatures during summer months and during monsoons which restrict our ability to carry on construction activities and fully utilize our resources.

**Management Perception**

We record revenues on the percentage of completion method. Since revenues are not recognized until they are in a reasonable progress on a contract, revenues recorded in the first half of our financial year between April and September are traditionally lower compared to revenues recorded during the second half of our financial year. During periods of curtailed activity due to adverse weather conditions, we may continue to incur operation expenses, but our revenues from operations may be delayed or reduced. However, we have been able to circumvent this problem to a certain extent by entering into fabrication, erection and urban infrastructure projects, which are generally not seasonal.

**34. The unsecured loans and inter company deposits are repayable on demand**

Our Company has unsecured loans worth Rs. 3207.13 Lacs as on 31st December 2005. These are mainly in the form of inter company deposits and are repayable on demand, however, Rs.1700.00 lacs are being repaid from the proceeds of the issue.

**35. Our Company had negative cash flow in the FY ended 2000-01 and 2002-03 amounting to Rs.129.99lacs and Rs.227.63 lacs respectively.**

**36. Our company has provided advances to two of our group companies namely Beco Industries Ltd and Castal Extrusions Pvt Ltd amounting to Rs. 112.71 lacs and Rs. 38.49 lacs respectively.**

## RISK FACTORS EXTERNAL TO THE COMPANY

### 1. Government Policy on Infrastructure development

Our business is dependent on the implementation of the central and state budget allocations to the infrastructure sector. The liberalization policy of the Government and incentives offered by it has spurred the growth of opportunities in the field of Infrastructure and particularly road sector. Adverse changes if any, in the Government policy could thus affect our business prospects.

#### Management Perception

The Government of India has accorded development of Infrastructure a “thrust area status”. The total outlay for development of roads in the 10th plan (2002-2007) is Rs.54,490 crore. We recognize the tremendous potential of the infrastructure construction industry in India - specially given the high impetus given by the Government of India to making up deficits in infrastructure rapidly. This gives us an access to continued growth opportunity.

### 2. The Indian Infrastructure Industry is very competitive

The Indian Infrastructure Industry is very competitive with a large number of players. We face competition from international companies and major domestic construction companies who operate at the national level, to numerous smaller localized contractors/companies. We bid from contracts based in bidding process and the one who quotes the lowest is awarded the contract.

#### Management Perception

With very limited entry barriers in the infrastructure industry, several players small and big make the industry very competitive. There are many smaller companies / contractors who operate on thin margins and since the contracts are based on bidding process the company which quotes the lowest is awarded the Contract. However, with continuous upgradation of skills and strengthening of finances, we do not foresee any major threat in securing contracts. The company believes in quality execution and maintenance.

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

The Indian economy has shown sustained growth over the last few years with real GDP growing at 6.9% in fiscal 2005, 8.5% in fiscal 2004 and 4% in fiscal 2003 and 8.1% in Q1 of fiscal 2006. Any slowdown in the Indian economy or future volatility in global commodity prices, in particular steel, cement and prices of other construction material, could adversely affect our business.

### 4. Our performance is linked to the stability of policies and the political situation in India

The role of the Indian central and state governments in the Indian economy on producers, consumers and regulators has remained significant over the years. Since 1991, the Government of India has pursued policies of economic liberalization, including significantly relaxing restrictions on the private sector. Any political instability could delay the reform of the Indian economy and could have a material adverse effect on the market for our shares. We cannot assure you that these liberalization policies will continue under the newly elected government. Protests against privatisation could slowdown the pace of liberalization and deregulation. The rate of economic liberalization could change, and specific laws and policies affecting companies in the infrastructure sector, foreign investment, currency exchange rates and other matters affecting investment in our securities could change as well. A significant change in India's economic liberalization and deregulation policies could disrupt business and economic conditions in India and thereby affect our business.

### 5. The price of our Equity Shares may be highly volatile.

The prices of our Equity Shares on the Indian Stock Exchanges may fluctuate after this Issue as a result of several factors including:

- Volatility in Indian and global securities market;
- Our results of operations and performance;
- Performance of our competitors and perception in the Indian market about investment in the infrastructure sector;
- Adverse media reports on the Company or the Indian infrastructure industry;
- Changes in the estimates of our performance or recommendations by financial analysts;

- Significant development in India's economics liberalization and de-regulation policies; and
- Significant development in India's fiscal and environmental regulations.

There can be no assurance that the price at which our Equity Shares are initially traded will correspond to the prices at which our Equity Shares will trade in the market subsequent to this Issue.

**6. The Issue price of our Equity Shares may not be indicative of the market price of our Equity Shares after the Issue.**

The Issue price of our Equity Shares will be determined by the Book Building Process. This price will be based on numerous factors (discussed in the section "Basis of Issue Price" on page 30 of this Prospectus) and may not be indicative of the market price for our Equity Shares after the Issue. The market price of our Equity Shares could be subject to significant fluctuations after the Issue, and may decline below the Issue price. We cannot assure you that you will be able to resell your shares at or above the Issue price. Among the factors that could affect our share price are:

- quarterly variations in the rate of growth of our financial indicators, such as earnings per share, net income and revenues;
- changes in revenue or earnings estimates or publication of research reports by analysts;
- speculation in the press or investment community;
- general market conditions; and
- domestic and international economic, legal and regulatory factors unrelated to our performance.

**7. Terrorist attacks, civil disturbances and regional conflicts in South Asia could adversely affect the Indian economy and the market for our securities, disrupt our operations and cause our business to suffer**

Terrorist attacks, such as the September 11, 2001 attacks in the United States, the attack on the Indian Parliament on December 13, 2003, and the bomb blasts in Mumbai on August 25, 2003 and such other acts of violence or terrorism may negatively affect the Indian markets where our shares will trade and also adversely affect the worldwide financial markets. South Asia has from time to time experienced instances of civil unrest and hostilities among neighbouring countries, such as between India and Pakistan. In recent years there have been military confrontations along the India-Pakistan border. Military activity or terrorist attacks in the future could influence the Indian economy by disrupting communications and making travel and transportation more difficult. Such political tensions could create a greater perception that investments in Indian companies involve a higher degree of risk. This, in turn, could have a material adverse effect on the market for securities of Indian companies, including our shares and on the market for our services.

**8. Future sales by current shareholders could cause the price of our shares to decline**

If our existing shareholders sell a substantial number of our Equity Shares in the public market, the market price of our Equity Shares could fall. Sales or distributions of substantial amounts of our shares by existing holders, or the perception that such sales or distributions could occur, could adversely affect prevailing market prices for our shares.

**NOTES:**

- i. Net worth of the company as on 31<sup>st</sup> December 2005 is Rs. 2055.80 Lacs.
- ii. Present Issue of 1,12,50,000 Equity Shares of Rs. 10/- each for Cash at a Premium of Rs. 40 per Equity Share aggregating Rs. 5625 Lacs. Net offer to public is 42,50,000 Equity Shares of Rs. 10/- each for cash at a premium of Rs. 40 per Equity Share aggregating Rs. 2125 Lacs.
- iii. Book Value of the equity shares of the company as on 31<sup>st</sup> December 2005 is Rs. 47.59 per Equity Share.
- iv. Investors are advised to refer to the paragraph on "Basis for Issue Price" on page no. 30 before making an investment in the issue.
- v. Investors may note that in case of over subscription, the allotment shall be on proportionate basis and for details reference may be made to Para "Basis of Allotment" given on page no. 155 of this Prospectus.

- vi. The investors are advised to refer the Paragraph on promoter's background on page no. 81 and past financial performance of the company on page no. 86 before making an investment in the proposed issue.
- vii. There are no relationships with statutory auditors to the company other than auditing and certification of financial statements.
- viii. Investors may note that allotment and trading in shares of the company shall be done only in dematerialized form.
- ix. Contingent Liabilities not provided for as on 31<sup>st</sup> December, 2005:  
Bank Guarantees - Rs. 6988.38 Lacs
- x. The average cost of acquisition of Equity Shares of face value of Rs. 10 each by the company's Promoters including share application money pending allotment is as follows:

Sr. No.	Name of Promoter	Avg. Cost of Acquisition (Rs.)	No of Shares	Rs. In Lacs
1	I P Tantia	2.36	23,520	0.56
2	Rahul Tantia	5.40	251,400	13.58
3	Siddhartha Tantia	16.48	660,400	108.81
4	Sarla Tantia	13.15	785,500	103.31
5	Anita Tantia	22.85	612,800	140.00
6	Harsh Tantia	25.72	859,300	220.99
7	Laxmi Tantia	24.44	654,700	160.00
8	TFSL	24.29	350,000	85.00
	<b>Total</b>		<b>4,197,620</b>	

Average cost of acquisition to Promoters is Rs. 19.83

- xi. Investors may contact the Book Running Lead Manager or the Compliance Officer for any complaint/ clarification/ information pertaining to the Issue.
- xii. In accordance with Accounting Standard 18 "Related Party Disclosure" issued by the Institute of Chartered Accountants of India, the Company has compiled the required information for the period ended 31<sup>st</sup> December 2005 as per details given below:

**A. Name of Related Parties & Nature of Relationship**

	List of related parties	Nature of relationship
<b>A. Key Management Persons</b>		
i) Mr. I. P. Tantia Chairman & Managing Director	Beco Industries Ltd. Alvari Systems (P) Ltd.	Son is Director Son is Director
ii) Mr. B. L. Ajitsaria Director (Business Development)		
iii) Mr. Rahul Tantia Director (Operations)	BECO Industries Ltd.	Self is Director
B. Joint Venture	RBM-TANTIA (JV) SATISH-TANTIA (JV) TANTIA-SIMPLEX (JV) TANTIA-TBL JOINT VENTURE TANTIA-OTBL (Bangladesh) TANTIA-BEPCL (Bhutan) TANTIA-BSBK TANTIA-NAYAK TANTIA-SOMA	Joint Venture for executing civil contracts

**B. i) Transactions with Joint Ventures & Other Related Parties referred to in Item (A) above****(Rs. in Lacs)**

	<b>Joint Venture</b>	<b>Other Related Parties</b>
Rendering of Services	233.99	
Receiving of Services	---	
Outstanding Balance included in Current Assets	685.59	151.20
Outstanding Balance included in Current Liabilities	---	---
Collateral Guarantee Commission paid	---	---

- ii) Outstanding Public Fixed Deposits from Mr. I. P. Tantia and his relatives Rs. 48.27 Lacs. Interest paid for the year on above Rs. 4.72 Lacs.

**Related Party Transactions for the last three years****a) Outstanding Balance included in Current Assets**

<b>Beneficiary</b>	<b>31.03.03</b>	<b>31.03.04</b>	<b>31.03.05</b>	<b>31.12.05</b>	<b>Nature of Interest</b>
Beco Industries Ltd	-	-	101.91	112.71	Mr. Rahul Tantia is Director
Castal Extrusions Pvt Ltd	2.15	-	13.49	38.49	Mr. Rahul Tantia is Director
<b>Total</b>			115.40	151.20	

**Outstanding Balance included in Current Liabilities**

<b>Beneficiary</b>	<b>31.03.03</b>	<b>31.03.04</b>	<b>31.03.05</b>	<b>31.12.05</b>	<b>Nature of Interest</b>
Beco Industries Ltd	20.32	27.03	-	-	Mr. Rahul Tantia is Director
Castal Extrusions Pvt Ltd	0.13	81.76	-	-	Mr. Rahul Tantia is Director
<b>Total</b>	<b>20.45</b>	<b>108.79</b>			

- xiii. All information shall be made available by the BRLM and the Company 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 or sales reports etc.

### III. INTRODUCTION

#### SUMMARY

Construction activity is integral to the infrastructure and industrial development and involves construction of urban infrastructure, townships, highways, bridges, roads, railroads, ports, airports and power system. The infrastructure industry globally has witnessed tremendous growth in the past few years.

The Indian construction industry is the largest employer in India after the agriculture sector. The sector is witnessing high growth by the large spends on the ongoing infrastructure development projects. The nodal agencies for sectors intrinsic to the Indian construction industry and the government have ambitious infrastructure plans. In recent years, the Government of India's focus and sustained increased budgetary allocation and increased funding by international and multilateral development finance institution for infrastructure development in India has resulted in or is expected to result in several large infrastructure projects in the country.

There is a clear increase in fund allocations for the infrastructure sector in the 10<sup>th</sup> plan (2002-2007) by the planning commission, most of which are to be spent in the construction sector. The Government of India has therefore made a significant commitment to infrastructure development. Consequently, apart from augmenting public sector investment into infrastructure, the Government of India has introduced a series of reforms to attract private sector participation and foreign direct investment. Innovative schemes of financing and low rates of interest have made it easier and cheaper to fund large projects. The projects in key infrastructure sectors like road, ports, railway and power plants indicate prospective investments of over Rs.60,000 Crores in the next five years.

#### Business

Our Company is a leading infrastructure construction Company in Eastern India with its Head office at Kolkata and regional offices at New Delhi, Guwahati and Aizwal. TCL was incorporated in the year 1964 by late G.P Tania and is a continuous profit making and dividend paying company. Over the four decades of existence TCL has an unmatched track record of completing every single assignment. In recent years the company has executed a number of praiseworthy projects in the states of West Bengal, Assam, Bihar, Uttar Pradesh, Tamil Nadu, Kerala and Mizoram, and in neighboring countries like Bangladesh, Nepal and Bhutan. TCL maintains high standard in quality and timely completion of projects, adopts latest innovation and dedicated services and is among the first Indian Companies to have been accredited with "ISO 9001:2000" management system certificate from Det Norske Vertias Netherlands for infrastructure projects.

Our Company is operating in a competitive market but the credential, capability and decades of experience in construction sector sets it apart from its competitors. Today our organization is one of the leading civil engineering constructions Company in Eastern India. The Company has a diverse project portfolio which includes among others Railways, Roads & Highways, Urban Infrastructure, Tunnels, Bridges and Marine Infrastructure.

Our list of highly satisfied clientele includes – almost the division of zonal railways, Central and State Public Works Department, National Authority of India, Kolkata Municipal Corporation, Hoogly River & Bridge Commission, Kolkata Municipal Development Association, North Eastern Electric Power Corporation, Housing Industrial Development Corporation, Kolkata Metro Railway, Kolkata Circular Railway, Indian Oil Corporation, IRCON International Ltd., Delhi State Industrial Development Corporation Ltd., Punjab Industrial Development Board etc.

## Tantia Constructions Limited

### The Issue

#### Equity Shares offered:

<b>Present Issue</b>	<b>1,12,50,000 Equity Shares</b>
<b>Out of which:</b>	
Participation by Promoters and the Promoter Group on a firm basis	52,00,000 Equity Shares
Participation by others on a preferential basis	17,00,000 Equity Shares
Reserved for the permanent employees of the Company	100,000 Equity Shares
<b>Net Offer to the Public (A)</b>	<b>42,50,000 Equity Shares</b>
<b>QIB Portion * B = (50% of A)</b>	<b>Up to 21,25,000 Equity Shares (allocation on a proportionate basis)</b>
<b>Of which:</b>	
Reservation for Mutual Funds (5% of B)	1,06,250 Equity Shares (allocation on a proportionate basis)
Balance for all QIBs including Mutual Funds	(45% of B) 20,18,750 Equity Shares (allocation on a proportionate basis)
Non-Institutional Portion (15% of A)	Not More than 6,37,500 Equity Shares (allocation on a proportionate basis)
Retail Portion (35% of A)	At least 14,87,500 Equity Shares (allocation on a proportionate basis)
Equity Shares outstanding prior to the Issue	43,20,000 Equity Shares
Equity Shares outstanding after the Issue	1,55,70,000 Equity Shares
Objects of the Issue	Please see the section entitled "Objects of the Issue" on page no. 22 of this Red Herring Prospectus

\* As per the recent amendments to the SEBI Guidelines, allocation to QIBs shall be on a proportionate basis as per the terms of this Red Herring Prospectus. 5% of the QIB portion shall be available for allocation to Mutual Funds. Mutual Funds participating in the 5% reservation in the QIB portion will also be eligible for allocation in the remaining QIB portion.

#### Summary of Financial and Operating Information

The summary of financial and operating information presented below should be read in conjunction with the Financial Statements, the notes thereto included in the "Financial Statements" and "Management' Discussion and Analysis of Financial Condition and Results of Operations" on pages 114 and respectively in the Red Herring Prospectus.

**Summary of Restated Profit and Loss account**
**Rs. in Lacs**

Particulars	For the Year Ended					Nine Months Period Ended 31-Dec 2005
	31-Mar 2001	31-Mar 2002	31-Mar 2003	31-Mar 2004	31-Mar 2005	
<b>INCOME</b>						
Income from Operation (Contract Receipts)	7,805.17	6,968.70	8,350.03	9,721.82	8,442.78	8,330.14
Contract Receipts Joint Venture	-	723.04	3,025.07	1,215.50	1,873.33	1,323.48
<b>Sub Total</b>	<b>7,805.17</b>	<b>7,691.74</b>	<b>11,375.10</b>	<b>10,937.32</b>	<b>10,316.11</b>	<b>9,653.62</b>
Other Income	4.46	1.69	7.16	32.61	1.10	-
Interest	5.21	20.56	9.73	9.93	26.49	11.98
Increase/(Decrease) of Stock	(164.38)	91.32	54.04	1,402.87	285.99	155.52
<b>Total Income</b>	<b>7,650.46</b>	<b>7,805.31</b>	<b>11,446.03</b>	<b>12,382.73</b>	<b>10,629.69</b>	<b>9,821.12</b>
<b>EXPENDITURE</b>						
Material Consumption	3,327.60	1,616.14	2,321.27	4,928.71	3,633.08	3,618.26
Contract Operating Expenses	3,179.21	4,491.76	4,670.26	4,561.82	3,236.74	2,996.61
Expenses Joint Venture	-	694.96	2,968.56	1,118.96	1,835.25	1323.58
Staff Costs	217.44	210.90	274.82	322.20	346.24	287.58
Selling, Administrative & Other Expenses	330.43	303.21	382.22	487.05	456.81	440.14
Interest and Financial Charges	175.04	133.51	270.11	492.23	624.28	561.79
Depreciation	79.30	110.62	218.58	238.10	244.64	182.31
<b>Total Expenditure</b>	<b>7,309.02</b>	<b>7,561.11</b>	<b>11,105.82</b>	<b>12,149.07</b>	<b>10,376.34</b>	<b>9,410.27</b>
<b>Net Profit before Tax &amp; Extraordinary Items</b>	<b>341.44</b>	<b>244.19</b>	<b>340.21</b>	<b>233.66</b>	<b>253.35</b>	<b>410.85</b>
<b>Provision for Income Tax</b>						
Deferred	-	167.96	72.31	59.21	36.25	(36.28)
Adjustment of Deferred Tax	-	(96.64)	(55.85)	(46.54)	(28.51)	-
Current	111.25	25.68	30.00	28.17	58.39	39.00
<b>Net Profit Before Extraordinary Items</b>	<b>230.19</b>	<b>147.19</b>	<b>293.75</b>	<b>192.83</b>	<b>187.23</b>	<b>408.13</b>
Transfer to Foreign Project Reserve	1.00	-	-	-	-	-
<b>Net Profit After Extraordinary Items</b>	<b>229.19</b>	<b>147.19</b>	<b>293.75</b>	<b>192.83</b>	<b>187.23</b>	<b>408.13</b>
Balance of Profit brought forward	187.84	349.42	430.00	652.01	296.10	423.68
Dividend	43.20	43.20	43.20	43.20	43.54	-
Corporate Tax on Dividend	4.41	4.41	5.54	5.54	6.11	-
Transfer to General Reserve	20.00	19.00	23.00	500.00	10.00	-
<b>Balance Carried to Balance Sheet</b>	<b>349.42</b>	<b>430.00</b>	<b>652.01</b>	<b>296.10</b>	<b>423.68</b>	<b>831.81</b>

## Tantia Constructions Limited

### Summary of Restated Assets and Liabilities

Rs. in Lacs

Particulars	31.03.01	31.03.02	31.03.03	31.03.04	31.03.05	31.12.05
<b>Fixed Assets</b>						
Gross Block	1,416.98	2,358.08	3,034.99	3,214.66	3,142.44	3,174.01
Less: Depreciation	649.06	686.06	879.79	1,036.86	1,174.47	1,264.87
<b>Net Block</b>	<b>767.91</b>	<b>1,672.02</b>	<b>2,155.20</b>	<b>2,177.80</b>	<b>1,967.97</b>	<b>1,909.14</b>
Less: Revaluation Reserve	-	-	-	-	-	-
<b>Net Block after adjustment for Revaluation Reserve</b>	<b>767.91</b>	<b>1,672.02</b>	<b>2,155.20</b>	<b>2,177.80</b>	<b>1,967.97</b>	<b>1,909.14</b>
Capital Work in Progress	-	-	-	-	-	-
<b>Total (A)</b>	<b>767.91</b>	<b>1,672.02</b>	<b>2,155.20</b>	<b>2,177.80</b>	<b>1,967.97</b>	<b>1,909.14</b>
<b>Investment (B )</b>	<b>1.56</b>	<b>58.92</b>	<b>64.74</b>	<b>37.64</b>	<b>37.86</b>	<b>42.63</b>
<b>Current Assets, Loans and advances</b>						
Inventories	584.68	763.29	1,205.82	2,737.11	3,482.77	3,182.50
Sundry Debtors	789.67	1,026.63	1,141.46	1,748.98	1,630.89	3,101.88
Cash and Bank Balances	254.28	533.79	306.16	570.34	1,103.59	1,184.88
Other Current Assets	1.05	2.75	2.01	3.06	3.43	-
Loans and Advances	611.35	635.89	1,423.67	1,801.59	1,196.04	1,667.74
<b>Total (C)</b>	<b>2,241.03</b>	<b>2,962.35</b>	<b>4,079.12</b>	<b>6,861.08</b>	<b>7,416.72</b>	<b>9,137.00</b>
<b>Total Assets (A+B+C) = D</b>	<b>3,010.50</b>	<b>4,693.29</b>	<b>6,299.06</b>	<b>9,076.52</b>	<b>9,422.55</b>	<b>11,088.77</b>
<b>Less: Liabilities and Provisions:</b>						
Secured Loans	560.88	1,484.65	2,012.87	2,752.01	4,079.12	4,771.50
Unsecured Loans	577.31	698.67	1,758.06	2,845.21	2,897.45	3,207.13
Sundry Creditors	823.85	1,299.94	1,019.73	1,752.50	521.54	526.30
Other Current Liabilities	263.98	297.73	290.19	351.73	394.43	428.13
Provisions	47.61	4.41	48.74	48.74	49.65	14.00
Deferred Tax Liability	-	71.32	87.78	100.45	108.19	71.91
<b>Total Liabilities (E)</b>	<b>2,273.63</b>	<b>3,856.72</b>	<b>5,217.37</b>	<b>7,850.64</b>	<b>8,050.38</b>	<b>9,018.97</b>
<b>Preference Share Capital (F)</b>					14.00	14.00
<b>Net Worth (D-E-F)</b>	<b>736.87</b>	<b>836.57</b>	<b>1,081.69</b>	<b>1,225.88</b>	<b>1,358.17</b>	<b>2,055.80</b>
<b>Represented By</b>						
Equity Share Capital (I)	216.00	216.00	216.00	216.00	432.00	432.00
Share Application Money pending Allotment (II)	-	-	-	-	-	289.50
Reserves and Surplus	521.42	621.01	866.02	1,010.10	931.68	1,339.81
Less: Revaluation Reserves	-	-	-	-	-	-
<b>Net Reserves and Surplus (III)</b>	<b>521.42</b>	<b>621.01</b>	<b>866.02</b>	<b>1,010.10</b>	<b>931.68</b>	<b>1,339.81</b>
Misc. Expenditure (IV)	0.55	0.44	0.33	0.22	5.51	5.51
<b>Net worth (I+II+III-IV)</b>	<b>736.87</b>	<b>836.57</b>	<b>1,081.69</b>	<b>1,225.88</b>	<b>1,358.17</b>	<b>2,055.80</b>



## GENERAL INFORMATION

### TANTIA CONSTRUCTIONS LIMITED

Registered Office: 25/27 Netaji Subhas Road, Kolkata – 700001

Tel: 91-33-2220-6284 Fax: 91-33-2230-7403 email: [publicissue@tantiagroup.com](mailto:publicissue@tantiagroup.com)

Website: [www.tantiagroup.com](http://www.tantiagroup.com)

Registration No. 21- 26284

The company is registered at the Registrar of Companies, West Bengal located at Nizam Palace, IInd MSO Building, 2<sup>nd</sup> Floor, 234/4, A.J.C.Bose Road , Kolkata – 700020 India

#### Board of Director:

Board of Directors of the Company

Name	Designation	Status
Mr. Ishwari Prasad Tantia	Chairman and Managing Director	Executive Director
Mr. Banwari Lal Ajitsaria	Director (Business Development)	Executive Director
Mr. Rahul Tantia	Director (Operations)	Executive Director
Mr. Arun Kumar Dokania	Director	Non Executive Director
Mr. Himangshu Sekhar Sinha	Director	Independent Director
Mr. Uma Shankar Agarwal	Director	Independent Director
Mr. Parimal Kumar Chattaraj	Director	Independent Director
Mr. Mahavir Prasad Agarwall	Director	Independent Director
Mr. Sarit Kumar Bose	Director	Independent Director

#### Brief Profile of Executive Directors

##### Mr. I.P. Tantia [54]

Mr. I. P. Tantia is the Chairman and Managing Director of the Company. He is a civil engineering professional, having more than four decades experience in Construction Industry. His experience clubbed with his grass root knowledge of the business has played an instrumental role in the exponential growth and success of the company. Mr. Tantia is a member of the major industry associations like Merchants' Chamber of Commerce, FICCI, CII and Builders' Association of India, Eastern Center. He is also actively associated with many social service organizations and performs the duty of a responsible Indian citizen.

##### Mr. B.L. Ajitsaria [51]

Mr. Ajitsaria is in charge of Business Development and possesses a rich insight into project execution and control. After being in charge of execution for significant time, he was brought in to spearhead the business development activities of the organization with our varied clientele. Mr. Ajitsaria has been associated with the Company for the last 30 years. He has traveled over the years to various countries including China, South East Asia, Europe and Middle East and has been influential in forming tie-ups and joint ventures with organizations there.

##### Mr. Rahul Tantia [32]

Mr. Rahul Tantia, aged 32 years, is the eldest son of Mr. I.P Tantia and is Director (Operations). He has been associated with the company since 1993 and has over a decade experience managing project operations. He has executed several deadline-oriented projects across the challenging geographies of Assam, Bihar and Kolkata among others. With his in depth experience in well-sinking, cantilever erection technologies, as well as client liasioning and contract interpretations, he steers the projects of the company to regular earnings and completion.

## Tantia Constructions Limited

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### Company Secretary & Compliance Officer

#### Mr. Ashish Bajaj

Block-EP, Plot-Y6 Sector V

Salt Lake City

Kolkata – 700091

Tel: 91-33-2357-7651

Fax: 91-33-2357-7656

email: [publicissue@tantiagroup.com](mailto:publicissue@tantiagroup.com)

Website: [www.tantiagroup.com](http://www.tantiagroup.com)

**Note: The bidders can contact the Compliance Officer in case of any pre-issue / post-issue related problems such as non-receipt of letters of allotment/ credit of allotted Equity Shares in the respective beneficiary accounts, refund orders, etc.**

### LEGAL ADVISORS TO THE ISSUE

#### Khaitan & Company

Emerald House

1B, Old Post Office Street

Kolkata – 700 001

Tel: +91-33-2248 7000

Fax: +91-33-2220 7857

E-Mail: [sucharita@khaitanco.com](mailto:sucharita@khaitanco.com)

Contact Person: Mrs. Sucharita Basu

### BANKERS TO THE COMPANY

#### Andhra Bank

14/1B, Ezra Street

World Trade Center

Kolkata – 700001

Tel: 91-33- 22357793

Fax: 91-33- 22215654

#### Allahabad Bank

P-214, C.I.T. Road

Sch-IVM,

Kolkata-700010

Tel: 91-33- 22208249

Fax: 91-33- 22204687

#### Oriental Bank of Commerce

32, Chowringhee Road,

Kolkata – 700071

Tel: 91-33- 22882424

Fax: 91-33- 22260831

#### UTI Bank Ltd

Kolkata Main Branch

7, Shakespeare Sarani

Kolkata- 700 071

Tel: 91-33- 2282 2933

Fax: 91-33- 2282 7611

#### State Bank of India

Commercial Branch

Mid-Corporate Group

24, Park Street

Kolkata- 700 016

Tel: 91-33- 2217 6022

Fax: 91-33- 2217 2904

**BOOK RUNNING LEAD MANAGER****Microsec Capital Limited**

Azimgunj House, 2<sup>nd</sup> Floor  
7, Camac Street, Kolkata-700 017  
Ph: +91-33-22829330 Fax: + 91-33- 22829335  
E-mail: tantia@microsec.co.in  
Website: www.microsec.co.in

**Contact Person:** Mr. Pankaj Harlalka

**REGISTRAR TO THE ISSUE****MCS Limited**

77/2A, Hazra Road, 3rd & 5th Floor, Kolkata – 700 029  
Ph: 91-33-24767350-54 Fax: 91-33-24541961  
Website: www.mcsind.com  
E-Mail: tcl@mcsind.com  
Contact Person : Mr. Alope Mukherjee

**BANKERS TO THE ISSUE****The Hongkong and Shanghai Banking Corporation Limited**

“Hongkong House” 31, B. B. D. Bagh, Kolkata – 700 001.  
Ph: 91-33-2243 8585 Fax: 91-33-2248 5686  
Website: www.hsbc.co.in  
Contact Person: Kunal Wadhwa  
E-Mail: kunalwadhwa@hsbc.co.in

**HDFC Bank Limited**

Financial Institution & Government Business Group  
“Central Plaza” 2/6, Sarat Bose Road, Kolkata – 700 020.  
Ph: 91-33-2485 8380 / 8383 / 8384 Fax: 91-33-2486 0712  
Website: www.hdfcbank.com  
Contact Person: Preeti Sharma  
E-Mail: preeti.Sharma@hdfcbank.com

**ICICI Bank Limited**

Capital Markets Division  
30, Mumbai samachar Marg, Mumbai- 400 001  
Ph: 91-22-2265 5285/5206 Fax: 91-22-2261 1138  
Website: www.icicibank.com  
Contact Person: Sidhartha Routray  
E-Mail: sidhartha.routray@icicibank.com

**UTI Bank Ltd**

Kolkata Main Branch  
7, Shakespeare Sarani, Kolkata- 700 071  
Tel: 91-33- 2282 2933 Fax: 91-33- 2282 7611  
Website: utibank.com  
Contact Person: Arun Abha Ghosh  
E-Mail: calcutta.operationshead@utibank.co.in

**BROKERS TO THE ISSUE**

All members of the recognized Stock Exchange would be eligible to act as Brokers to the Issue.

**SYNDICATE MEMBER****Microsec Capital Limited**

Azimganj House, 2nd Floor  
7, Camac Street, Kolkata-700 017  
Ph: +91-33-22829330 Fax: + 91-33- 22829335  
E-mail: akarwa@microsec.co.in  
Website: www.microsec.co.in  
Contact Person: Mr. Adarsh Karwa

## Tantia Constructions Limited

### AUDITORS

**S.M. Bengani & Co.**  
187, Rabindra Sarani,  
Room No. 57  
Kolkata – 700007  
Ph No. – 91-33- 30629276

### STATEMENT OF INTER-SE ALLOCATION OF RESPONSIBILITY

The responsibilities and co-ordination of various activities in connection with this Issue are as follows:

Sr. No.	Activities	Responsibility & Coordinator
1	Capital structuring with the relative components and formalities such as type of instruments, etc.	Microsec
2	Due Diligence of the Company's operations / management / business plans / legal documents, etc.	Microsec
3	Drafting & Design of Red Herring Prospectus/Prospectus and of statutory advertisement including memorandum containing salient features of the Prospectus. The designated BRLM shall ensure compliance with stipulated requirements and completion of prescribed formalities with Stock Exchange, Registrar of Companies and SEBI.	Microsec
4	Drafting & approval of all publicity material other than statutory advertisement as mentioned in 3 above including corporate advertisement, brochure, etc.	Microsec
5	Appointment of Registrar, Bankers, Printer, and Advertising Agency.	Microsec
6	Marketing of the issue, which will include the following:	Microsec
	● Formulating-marketing strategies, preparation of publicity budget:	
	● Finalize Media & PR strategy:	
	● Finalizing centers for holding conferences for brokers, etc:	
	● Finalize collection centers: and	
	● Follow-up on distribution of publicity and Issue material including form, prospectus and deciding on the quantum of the issue material.	
7	Finalizing the list of QIBs for one to one meetings, road shows and order procurement.	Microsec
8	Managing the Book and finalizing of Pricing and Allocation	Microsec
9	The Post bidding activities including management of Escrow Accounts, co-ordination of non-institutional allocation, intimation of allocation and dispatch of refunds to Bidders.	Microsec
10	The Post Issue activities of the issue will involve essential follow up steps, which must include finalisation of listing of instruments and dispatch of certificates and refunds, with the various agencies connected with the work such as Registrars to the Issue, Bankers to the Issue and the bank handling refund business. Lead Managers shall be responsible for ensuring that these agencies fulfill their functions and enable them to discharge this responsibility through suitable agreements with the issues	Microsec

The selection of various agencies like the Registrar to the Issue, Bankers to the Issue, Escrow Collection Bank(s), Syndicate Members, Brokers, advertising agencies, public relation agencies etc., will be finalized by the Company in consultation with the BRLM.

## CREDIT RATING

Since the present issue is of Equity Shares, credit rating is not required.

## TRUSTEES

Since the present issue is of Equity Shares, appointment of Trustees is not required.

## MONITORING AGENCY

### Andhra Bank

14/1B, Ezra Street, World Trade Center

Kolkata – 700001

Tel: 91-33- 22357793

Fax: 91-33- 22215654

## PUBLIC ISSUE RATEING

Our Company has not got the Public Issue Rated by any agency.

## BOOK BUILDING PROCESS

Book Building Process refers to the process of collection of Bids, on the basis of the Red Herring Prospectus within the Price Band. The Issue Price is fixed after the Bid/ Issue Closing Date.

The principal parties involved in the Book Building Process are:

1. The Company;
2. Book Running Lead Manager;
3. Syndicate Members who are intermediaries registered with SEBI or registered as brokers with NSE and eligible to act as underwriters. Syndicate Members are appointed by the BRLM; and
4. Registrar to the Issue.

SEBI through its guidelines has permitted an issue of securities to the public through 100% Book Building Process, wherein: (i) upto 50% of the Net Issue shall be allocated to QIBs, 5% thereof shall be specifically available for mutual funds registered with SEBI on a proportionate basis (ii) at least 15% of the Net Issue shall be available for allocation on a proportionate basis to the Non-Institutional Bidders and (iii) at least 35% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

QIBs are not allowed to withdraw their Bid(s) after the Bid/Issue Closing Date. For further details please refer to the section titled “Terms of the Issue” on page 138 of this Red Herring Prospectus.

Our Company shall comply with guidelines issued by SEBI for this Issue. In this regard, our Company has appointed Microsec Capital Limited as the BRLM to manage the Issue and to procure subscription to the Issue.

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

Bidders can bid at any price within the price band. For instance, assuming a price band of Rs. 40 to Rs. 48 per share, issue size of 6,000 equity shares and receipt of nine bids from bidders details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the website of the NSE ([www.nseindia.com](http://www.nseindia.com)). The illustrative book below shows the demand for the shares of the company at various prices and is collated from bids from various investors.

No. of equity shares bid for	Bid Price (Rs.)	Cumulative Equity Shares bid	Subscription
500	48	500	8.33%
700	47	1200	20.00%
1000	46	2200	36.67%
400	45	2600	43.33%
500	44	3100	51.67%
200	43	3300	55.00%
2800	42	6100	101.67%
800	41	6900	115.00%
1200	40	8100	135.00%

## Tantia Constructions Limited

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

### Steps to be taken for bidding:

1. Check eligibility for making a Bid (see section titled "Issue Procedure - Who Can Bid" on page 140 of this Red Herring Prospectus);
2. Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid cum Application Form.
3. If your Bid is for Rs. 50,000 or more, ensure that you have mentioned your PAN and attached copies of your PAN to the Bid cum Application Form (see section titled "Issue Procedure —'PAN' or 'GIR' Number" on page 152 of this Red Herring Prospectus).
4. Ensure that the Bid cum Application Form is duly completed as per instructions given in the Red Herring Prospectus and in the Bid cum Application Form.

### UNDERWRITING AGREEMENT

After the determination of the Issue Price and prior to filing of the Prospectus with the ROC, the Company will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Issue. In terms of the Underwriting Agreement, the BRLM shall be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfill their underwriting obligations.

The Underwriters have indicated its intention to underwrite the following numbers of Equity Shares.

<b>Name and address of the Underwriter</b>	<b>Indicated Number of Equity Shares to be Underwritten</b>	<b>Amount Underwritten (Rs. Lacs)</b>
<b>Microsec Capital Limited</b> Azimganj House, 2nd Floor, 7, Camac Street, Kolkata-700 017	42,50,000	2125

The above chart is indicative of the underwriting arrangements and this would be finalized after the pricing and actual allocation

The above Underwriting Agreement is dated 03.04.2006.

In the opinion of our Board of Directors (based on a certificate given to it by the Underwriters), the resources of the Underwriter is sufficient to enable it to discharge its underwriting obligations in full. The above-mentioned Underwriter is registered with SEBI under Section 12(1) of the SEBI Act or registered as broker with the Stock Exchanges. The above underwriting Agreement has been accepted by the Committee of the Board of the Directors at their meeting held on 03.04.2006 on behalf of the Company, and the Company has issued letter of acceptance to the Underwriter.

Notwithstanding the above table, the BRLM and the Syndicate Members, if any, shall be responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure or subscribe to the extent of the defaulted amount. Allocation to QIBs is proportionate as per the terms of the Red Herring Prospectus

## CAPITAL STRUCTURE

The Share capital of the Company as at the date of this Red Herring Prospectus is set forth below:

(Rs. in Lacs, except share data)

	Share Capital	Nominal Value	Aggregate Value
A.	<b>AUTHORISED CAPITAL</b>		
	16,000,000 Equity shares of Rs 10/-each	1,600.00	
	1,000,000 Cumulative Preference shares of Rs 10/-each	100.00	
B.	<b>ISSUED, SUBSCRIBED AND PAID UP CAPITAL</b>		
	4320000 Equity Shares of Rs 10/- each fully paid up	432.00	432.00
	140000 Redeemable Cumulative Preference Shares of Rs 10/- each fully paid up	14.00	14.00
C.	<b>PRESENT ISSUE IN TERMS OF THIS RED HERRING PROSPECTUS</b>		
	11250000 Equity Shares of Rs 10/- each	1125.00	5625.00
	<b>OUT OF WHICH</b>		
	5200000 Equity Shares of Rs. 10/- each towards Participation by Promoters and Promoters Group on a firm basis.	520.00	2600.00
	1700000 Equity Shares of Rs. 10/- each towards Participation by others on a preferential basis	170.00	850.00
	100000 Equity Shares of Rs. 10/- each reserved for the permanent employees of the Company	10.00	50.00
D.	<b>NET OFFER TO THE PUBLIC</b>		
	4250000 Equity Shares of Rs 10/- each	425.00	2125.00
E.	<b>PAID UP EQUITY SHARE CAPITAL AFTER ISSUE</b>		
	15570000 Equity Shares of Rs 10/- each	1,557.00	6057.00
F.	<b>SHARE PREMIUM ACCOUNT</b>		
	<b>Before the Issue</b>	-	
	<b>After the Issue</b>	4500.00	

- 1) On 11<sup>th</sup> February 1982, the Company's Authorized Share Capital was increased from Rs. 5 Lacs to Rs. 25 Lacs, divided into 2,50,000 equity shares of Rs.10 each.
- 2) On 4<sup>th</sup> March 1996, the Company's Authorized Share Capital was increased from Rs. 25 Lacs to Rs. 300 Lacs, divided into 30,00,000 equity shares of Rs.10 each.
- 3) On 6<sup>th</sup> October 2004, the Company's Authorized Share Capital was increased from Rs. 300 Lacs to Rs. 1500 Lacs, divided into 80,00,000 equity shares of Rs.10 each and 70,00,000 cumulative redeemable preference shares of Rs.10 each.
- 4) On 24<sup>th</sup> September 2005, the Company's Authorized Share Capital was increased from Rs. 1500 Lacs to Rs. 1700 Lacs, divided into 1,60,00,000 equity shares of Rs.10 each and 10,00,000 cumulative redeemable preference shares of Rs.10 each.

## Tantia Constructions Limited

### Notes to the Capital Structure

#### 1. Share Capital History of our Company

The following is the history of the Equity Share Capital of the Company

Date of allotment and date on which fully paid up	Number of Equity Shares (of Face Value of Rs. 10)	Face Value (Rs.)	Issue Price (Rs.)	Nature of payment of consideration	Reasons For Allotment	Cumulative Paid – Up Capital (Rs. Lacs)	Cumulative Share Premium (Rs. Lacs)
07-Dec-64	4400	100	100	Cash	Initial' subscription to the Company's Memorandum of Association and allotment	0.44	Nil
04-Jan-65	8300	100	100	Cash	Further Allotment	1.27	Nil
27-Jan-65	2800	100	100	Cash	Further Allotment	1.55	Nil
06-May-65	760	100	100	Cash	Further Allotment	1.63	Nil
25-May-65	600	100	100	Cash	Further Allotment	1.69	Nil
15-Jun-65	200	100	100	Cash	Further Allotment	1.71	Nil
21-Jul-65	1100	100	100	Cash	Further Allotment	1.82	Nil
05-May-66	4200	100	100	Cash	Further Allotment	2.24	Nil
25-Apr-66	12700	100	100	Cash	Further Allotment	3.51	Nil
31-Oct-67	5000	100	100	Cash	Further Allotment	4.01	Nil
04-Jan-69	9940	100	100	Cash	Further Allotment	5.00	Nil
20-Sep-82	190000	10	10	Cash	Allotment in Public Issue	24.00	Nil
14-May-96	1200000	10		Bonus Issue in the ratio of 5:1	Bonus Issue	144.00	Nil
29-Aug-96	718500	10	10	Cash	Rights Issue	215.85	Nil
18-Mar-97	1500	10	10	Cash	Part Allotment in Rights Issue	216.00	Nil
06-Nov-04	2160000	10		Bonus Issue in the ratio of 1:1	Bonus Issue	432.00	Nil
	<b>4320000</b>						

Vide a special resolution passed in the EGM of the Company held on 11<sup>th</sup> February 1982, each Equity Share of Rs. 100/- was sub-divided into 10 Equity Shares of Rs. 10/- each.

The following is the history of the Preference Share Capital of the Company

Date of allotment of Preference Shares and date on which fully paid up	Number of Preference Shares	Face Value (Rs.)	Issue Price (Rs.)	consideration	Reasons For Allotment	Cumulative Paid – Up Capital (Rs. Lacs)	Cumulative Premium (Rs. Lacs)
08-01-05	1,40,000	10	10	Cash	Part financing for implementation of new projects	14.00	Nil

The following is the history of issue of Equity Shares for consideration other than cash

Date of allotment and date on which fully paid up	Number of Equity Shares (of Face Value of Rs. 10)	Issue Price (Rs.)	consideration	Reasons For Allotment	Cumulative Paid – Up Capital (Rs. Lacs)	Cumulative Premium (Rs. Lacs)
14-May-96	1200000	10	Bonus Issue in the ratio of 5:1	Bonus Issue	All the shareholders of the Company as on 13/05/96	Nil
06-Nov-04	2160000	10	Bonus Issue in the ratio of 1:1	Bonus Issue	All the shareholders of the Company as on 29/10/04	Nil

**2. Disclosure as per the requirement of Clause 3 (1)(a) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997**

1. As per the requirement of Clause 3 (1)(a) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997; necessary disclosure in respect of allotment of Equity Shares in the present Public Issue to Promoters and the Promoter Group as part of Promoters' Contribution in the Issue is mentioned hereunder:

The identity of the acquirer / allottee who has agreed to acquire the shares	1) Anita Tantia 2) Harsh Tantia 3) Tantia Financial Services Limited 4) Sarla Tantia 5) Laxmi Tantia 6) Siddharth Tantia 7) Nigolice Trading Pvt Ltd
The purpose of acquisition / allotment	Participation by the above individuals and bodies corporate on a preferential basis in the issue. The shares allotted in the issue will be subject to lock in as per preferential allotment guidelines.
Consequential Changes in Voting Rights	The voting rights will be changed based upon the subscription by the above participants as disclosed under Sl. No. 4 of notes to capital structure
Consequential Changes in the Shareholding Pattern of the Company, if any	As disclosed under Sl. No. 6 of notes to capital structure
Consequential Changes in the Board of Directors of the Company, if any	There shall be no change in the Board of Directors consequential to the above subscription.
Whether such allotment would result in change in control over the Company	There shall be no change in control over the company upon the allotment of the shares.

In view of the aforesaid disclosures, nothing contained in Regulations 10, Regulation 11 and Regulation 12 of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 shall apply to the allotment of Equity Shares in the present Public Issue to Promoters and the Promoter Group as part of Promoters' Contribution in the Issue.

2. As per the requirement of Clause 3 (1)(a) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997; necessary disclosure in respect of allotment of Equity Shares in the present Public Issue to persons other than Promoters as part of preferential allotment in the Issue is mentioned hereunder:

## Tantia Constructions Limited

### The identity of the acquirer / allottee who has agreed to acquire the shares

Sl. No.	Name of Allottee	Type of Entity
1	<b>Amal Parikh</b> 155-C Mittal Tower, Nariman Point, Mumbai 400 021	Individual
2	<b>Aniruddh Mundra</b> Jet Age Securities Pvt Ltd #804,"Shubham" – 8th Floor 1, Sarojini Naidu Sarani , Kolkata 700 017	Individual
3	<b>Anjana Projects Ltd</b> 13 Mahendra Road Kolkata 700 025	Body Corporate
4	<b>Bhaskar Chemicals &amp; Industries Ltd</b> P-15 India Exchange Place , Extn "Todi Mansion" 2 <sup>nd</sup> Floor , Kolkata 700 073	Body Corporate
5	<b>Hexagon Commerce Pvt Ltd</b> 113B Manohar Das Street , 4th Floor , Room No 399/400 , Kolkata 700007	Body Corporate
6	<b>Kruti Vyapaar Private Ltd</b> Todi Mansion , 2 <sup>nd</sup> Floor, P15 India Exchange Place Extn, Kolkata - 700073	Body Corporate
7	<b>Prashant Desai</b> 41 Elgin Road Kolkata 700 020	Individual
8	<b>Regal Corporate Advisors (P) Ltd</b> 8-2-277/B, Ground Floor , Road No 2 Banjara Hills , Hyderabad 500 034	Body Corporate
9	<b>Silver Cross Marketing Pvt Ltd</b> Sushila Apartment" 13 Mahendra Road Kolkata 700 025	Body Corporate
10	<b>Udaipur Cotton Mills Co. Ltd</b> Room No A-1 FMC Fortuna, 2nd Floor 234/3A A.J.C.Bose Road, Kolkata 700 020	Body Corporate
11	<b>Vinar Niryat Private Limited</b> 5th Floor , 71 B.R.B.Basu Road Kolkata 700 001	Body Corporate
12	<b>Janki Textile &amp; Industries Limited</b> 25 D Harish Mukherjee Road, 1E , First Floor Kolkata 700 025	Body Corporate
13	<b>Pragya Mercantile Pvt Limited</b> 9, B Classic Tower,56, Gariahat Road, Kolkata – 700019	Body Corporate
14	<b>Girish S. Mehta (HUF)</b> Karta : Girish S. Mehta,13, Mahendra Road,Kolkata – 700 025	Individual
15	<b>Himanshu Ajmera (HUF)</b> Karta : Himanshu Ajmera 44/2 Sarat Bose Road, Kolkata – 700 020	Individual
16	<b>Arena Textiles &amp; Industries Limited</b> 25 B, Harish Mukherjee Road,1E, 1 <sup>st</sup> Floor, Kolkata – 700025	Body Corporate

Sl. No.	Name of Allottee	Type of Entity
	The purpose of acquisition / allotment	Participation by the above individuals and bodies corporate on a preferential basis in the issue. The shares allotted in the issue will be subject to lock in as per preferential allotment guidelines.
	Consequential Changes in Voting Rights	The voting rights will be changed based upon the subscription by the above participants as disclosed under Sl. No. 6 of notes to capital structure
	Consequential Changes in the Shareholding Pattern of the Company, if any	As disclosed under Sl. No. 6 of notes to capital structure
	Consequential Changes in the Board of Directors of the Company, if any	There shall be no change in the Board of Directors consequential to the above subscription.
	Whether such allotment would result in change in control over the Company	There shall be no change in control over the company upon the allotment of the shares.

In view of the aforesaid disclosures, nothing contained in Regulations 10, Regulation 11 and Regulation 12 of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 shall apply to the allotment of Equity Shares in the present Public Issue to persons other than Promoters as part of preferential allotment in the Issue.

3. In case of over-subscription, allotment will be on proportionate basis as detailed in Para on “Basis of Allotment”. An over-subscription to the extent of 10% of the Net Offer to Public can be retained for the purpose of rounding off to the nearer multiple of one Equity Shares (which is minimum allotment lot), while finalizing the allotment. Consequently, the actual allotment may go up by a maximum of 10% of the Net Offer to Public, as a result of which, the post Issue paid up capital after the Issue would also increase by the excess amount of allotment so made. In such an event, the Shares held by the Promoters and subject to lock-in shall be suitably increased to ensure that 20% of the Post Issue paid-up capital is locked in.
4. The Company has reserved 1,00,000 Equity Shares for allotment on a proportionate basis for the permanent employees of the company. Unsubscribed portion in the reserved category shall be added back to the net offer to public. In case of under-subscription in the net offer to public portion, spill over to the extent of under-subscription shall be permitted from the reserved category to the net offer to public portion.

## 5. Promoters’ Contribution and Lock-In

### a) Inter-se Transfers between Promoters during the last six months

	Name of Transferor	Transferred To	No. of Shares	Date of Transfer	Consideration
1	Ganpat Ram Tantia	Anita Tantia	72300	17-Jan-06	Gift
2	Aruna Tantia	Anita Tantia	450	13-Jan-06	Gift
3	Anurag Tantia	Anita Tantia	63000	23-Dec-05	Gift
4	Aruna Tantia	Anita Tantia	197050	02-Jan-06	Gift
5	Vaibhav Tantia	Harsh Tantia	234000	02-Jan-06	Gift
6	Ganpat Ram Tantia	Laxmi Tantia	72300	17-Jan-06	Gift
7	Anurag Tantia	Laxmi Tantia	63000	24-Dec-05	Gift
8	Dr. Om Tantia	Laxmi Tantia	98000	26-Dec-05	Gift
9	Om Tantia jointly Aruna Tantia	Laxmi Tantia	101400	26-Dec-05	Gift
10	Pramila Tantia	Rahul Tantia	36000	10-Jan-06	Sale
11	Pramila Tantia	Sarla Tantia	36000	06-Jan-06	Sale
12	Ganpat Ram Tantia (HUF)	Sarla Tantia	36000	17-Jan-06	Gift
13	Om Prakash Tantia (HUF)	Sarla Tantia	60000	10-Jan-06	Sale
14	Pramila Tantia	Sarla Tantia	72000	22-Dec-05	Gift
15	Atul Tantia	Sarla Tantia	234000	22-Dec-05	Gift
16	Mridul Tantia	Siddhartha Tantia	84000	13-Jan-06	Sale
17	Dwarika Prasad Tantia	Siddhartha Tantia	198000	22-Dec-05	Gift
			<b>1657500</b>		

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Intimation for the above inter se transfers was provided to the existing stock exchanges where the shares of the company are listed namely CSE and DSE on the 13<sup>th</sup> December 2005 and the report as per regulation 3 (3)(4) of the SEBI (SAST) Regulations 1997 was sent on 19<sup>th</sup> January 2006.

### b) Final Pre-Issue Shareholding of Promoters

Name of Promoter	No of Shares	% holding
Anita Tantia	332800	7.70%
Harsh Tantia	424800	9.83%
Ishwari Prasad Tantia	23520	0.54%
Ishwari Prasad Tantia JTLY. Karta Gowardhan Prasad Tantia (HUF)	72000	1.67%
Laxmi Tantia	334700	7.75%
Rahul Tantia	251400	5.82%
Sarla Tantia	636000	14.72%
Siddhartha Tantia	494400	11.44%
Tantia Financial Services Ltd	200000	4.63%
<b>Grand Total</b>	<b>2769620</b>	<b>64.11%</b>

### c) Participation by the Promoters in the Public Issue on a firm basis

Name of the Participant	No of Shares applied for	Face Value	Issue Price	% Of Post issue Capital	Lock in period
Anita Tantia	280000	10	50	1.80%	3 Years
Harsh Tantia	434500	10	50	2.79%	3 Years
Tantia Financial Services Limited	150000	10	50	0.96%	3 Years
Sarla Tantia	149500	10	50	0.96%	3 Years
Laxmi Tantia	320000	10	50	2.06%	3 Years
Siddharth Tantia	166000	10	50	1.07%	3 Years
<b>Total</b>	<b>1500000</b>			<b>9.63%</b>	

### d) Participation by the Promoter Group in the Public Issue on a firm basis

Name of the Participant	No of Shares applied for	Face Value	Issue Price	% Of Post issue Capital	Lock in period
Nigolice Trading Pvt. Ltd	3700000	10	50	23.76%	1 Year
<b>Total</b>	<b>3700000</b>				

All the promoters including the promoters group had brought in their contribution at the higher end of the price band which was Rs. 50 per share and is the issue price at least one day prior to the issue opening date. No differential amount is required to be refunded to the investors.

The promoters and promoter group have already brought in a sum of Rs. 2600 Lacs as their contribution in the issue.

e) Lock in of Minimum Promoters Contribution

Date of Allotment	Name of Promoters	No of Shares	% of Post Issue Holding	Period of Lock In
23-Dec-05	Anita Tania	63000	0.40%	3 Yrs
2-Jan-06	Anita Tania	197050	1.27%	3 Yrs
13-Jan-06	Anita Tania	450	0.00%	3 Yrs
17-Jan-06	Anita Tania	72300	0.46%	3 Yrs
Date of Allotment in the Public Issue	Anita Tania	280000	1.80%	3 Yrs
		<b>612800</b>	<b>3.94%</b>	
2-Jan-06	Harsh Tania	234000	1.50%	3 Yrs
Date of Allotment in the Public Issue	Harsh Tania	434500	2.79%	3 Yrs
		<b>668500</b>	<b>4.29%</b>	
24-Dec-05	Laxmi Tania	63000	0.40%	3 Yrs
26-Dec-05	Laxmi Tania	98000	0.63%	3 Yrs
26-Dec-05	Laxmi Tania	101400	0.65%	3 Yrs
17-Jan-06	Laxmi Tania	72300	0.46%	3 Yrs
Date of Allotment in the Public Issue	Laxmi Tania	320000	2.06%	3 Yrs
		<b>654700</b>	<b>4.20%</b>	
10-Jan-06	Rahul Tania	36000	0.23%	3 Yrs
		<b>36000</b>	<b>0.23%</b>	
22-Dec-05	Sarla Tania	72000	0.46%	3 Yrs
22-Dec-05	Sarla Tania	234000	1.50%	3 Yrs
6-Jan-06	Sarla Tania	36000	0.23%	3 Yrs
10-Jan-06	Sarla Tania	60000	0.39%	3 Yrs
17-Jan-06	Sarla Tania	36000	0.23%	3 Yrs
Date of Allotment in the Public Issue	Sarla Tania	149500	0.96%	3 Yrs
		<b>587500</b>	<b>3.77%</b>	
22-Dec-05	Siddhartha Tania	154500	0.99%	3 Yrs
13-Jan-06	Siddhartha Tania	84000	0.54%	3 Yrs
Date of Allotment in the Public Issue	Siddhartha Tania	166000	1.07%	3 Yrs
		<b>404500</b>	<b>2.60%</b>	
Date of Allotment in the Public Issue	Tania Financial Services Limited	150000	0.96%	3 Yrs
		<b>150000</b>	<b>0.96%</b>	
	<b>Total</b>	<b>3114000</b>	<b>20.00%</b>	

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The above promoters have given their consent for lock in as stated above. Shares issued last shall be locked in first.

The lock in period shall commence from the date of allotment of shares in the public issue.

The entire pre-issue shareholding of the promoters other than the shares included in minimum promoter contribution as shown in the table above shall be locked-in for a period of six months beginning from the date of allotment in the public issue.

Shares held by the person other than the promoters, prior to this Issue, which are subject to lock in as per extant SEBI (DIP) Guidelines, may be transferred to any other person holding shares which are locked in, subject to continuation of lock-in in the hands of transferees for the remaining period and compliance of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as applicable.

Shares held by promoter(s) which are locked in as per the relevant provisions of Chapter IV of the SEBI (DIP) Guidelines, may be transferred to and amongst promoter/ promoter group or to a new promoter or persons in control of the Company, subject to continuation of lock-in in the hands of transferees for the remaining period and compliance of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable.

**The securities which are subject to lock-in shall carry inscription 'non-transferable' along with the duration of specified non-transferable period mentioned in the face of the security certificate.**

### 6. Participation by others in the Issue on a preferential basis

Sl. No.	Name of Allottee	Pre Issue % Holding	No. of Shares	Post Issue % Holding
1	Amal Parikh	Nil	400000	2.57%
2	Aniruddh Mundra	Nil	50000	0.32%
3	Anjana Projects Ltd	Nil	100000	0.64%
4	Bhaskar Chemicals & Industries Ltd	Nil	10000	0.06%
5	Hexagon Commerce Pvt Ltd	Nil	65000	0.42%
6	Kruti Vyapaar Private Ltd	Nil	30000	0.19%
7	Prashant Desai	Nil	20000	0.13%
8	Regal Corporate Advisors (P) Ltd	Nil	25000	0.16%
9	Silver Cross Marketing Pvt Ltd	Nil	120000	0.77%
10	Udaipur Cotton Mills Co. Ltd	Nil	100000	0.64%
11	Vinar Niryat Private Limited	Nil	30000	0.19%
12	Janki Textile & Industries Limited	Nil	200000	1.28%
13	Pragya Mercantile Pvt Limited	Nil	140000	0.90%
14	Girish S. Mehta (HUF)Karta : Girish S. Mehta	Nil	170000	1.09%
15	Himanshu Ajmera (HUF)Karta : Himanshu Ajmera	Nil	170000	1.09%
16	Arena Textiles & Industries Limited	Nil	70000	0.45%
	<b>Total</b>	<b>Nil</b>	<b>1700000</b>	<b>10.90%</b>

None of the above participants in the issue on a preferential basis are existing shareholders of the company. However, in compliance with clause 13.3.1(g) of the SEBI (DIP) Guidelines 2000, the entire pre-issue shareholding of the promoters other than the shares included in minimum promoter contribution (shown in 5(e)) above would be locked in for a period of six months from the date of allotment of shares in the public issue.

All the aforesaid investors have contributed their investment at the higher end of the price band i.e. Rs. 50 per share being the issue price. No differential amount is required to be refunded to the investors.

These investors have already brought in a total sum of Rs. 850 Lacs as their contribution in the issue.



The entire shares applied for shall be locked in for a period of 1 year from the date of their allotment in compliance with clause 13.3.1 (c) of the SEBI (DIP) Guidelines 2000.

7. The Pre-Issue and Post-Issue Share Holding Pattern of the Promoter and Promoter Group is as under:

Promoters	Pre Issue		Post Issue	
	No of Shares	% of Holding	No of Shares	% of Holding
Anita Tantia	332800	7.70%	612800	3.94%
Harsh Tantia	424800	9.83%	859300	5.52%
Ishwari Prasad Tantia	23520	0.54%	23520	0.15%
Ishwari Prasad Tantia JTLY. Karta Gowardhan Prasad Tantia (HUF)	72000	1.67%	72000	0.46%
Laxmi Tantia	334700	7.75%	654700	4.20%
Rahul Tantia	251400	5.82%	251400	1.61%
Sarla Tantia	636000	14.72%	785500	5.04%
Siddhartha Tantia	494400	11.44%	660400	4.24%
Tantia Financial Services Ltd	200000	4.63%	350000	2.25%
	<b>2769620</b>	<b>64.11%</b>	<b>4269620</b>	<b>27.42%</b>
<b>Promoter Group</b>				
Nigolice Trading Pvt. Ltd	-	0.00%	3700000	23.76%
<b>Shareholding of Promoter and Promoters' Group</b>	<b>2,769,620</b>	<b>64.11%</b>	<b>7969620</b>	<b>51.19%</b>

The Pre-issue and Post-issue share holding pattern of our Company is as under:

Category	Pre-Issue		Post-Issue	
	No. Of shares @ Rs. 10/- each	% Holding	No. Of shares @ Rs. 10/- each	% Holding
Promoters & Promoter Group	2769620	64.11%	7969620	51.19%
Employees of the Company	-		100000	0.64%
QIBs	-	-	2125000	13.65%
Public	1550380	35.89%	5375380	34.52%
<b>Total</b>	<b>4320000</b>	<b>100.00%</b>	<b>15570000</b>	<b>100.00%</b>

8. Our Company, its promoters, our Directors and the BRLM have not entered into any buy-back and/or standby arrangements for purchase of Equity Shares from any person.
9. In the case of over subscription in all categories, at least 35% and 15% of the net offer to the public shall be allocated on a proportionate basis to Retail Individual Investors and Non-Institutional Investors respectively. 50% of the Net Issue shall be allocated to QIBs, 5% thereof shall be specifically available for mutual funds registered with SEBI on a proportionate basis, subject to valid Bids being received at or above the Issue Price. Under subscription, if any, in any category would be met with spill over from other categories at the sole discretion of our Company in consultation with the BRLM. Over-subscription to the extent of 10% of the net offer to public can be retained for the purpose of rounding off to the nearer multiple of minimum allotment bid.

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10. The list of top ten shareholders in the Company and the number of Equity Shares held by them is as under:

**The top ten shareholders in the Company as on the date of filing this Prospectus are as follows:**

SI No.	Name of Shareholder	No of Shares	% of Holding
1	Sarla Tantia	636000	14.72%
2	Siddhartha Tantia	494400	11.44%
3	Harsh Tantia	424800	9.83%
4	Laxmi Tantia	334700	7.75%
5	Anita Tantia	332800	7.70%
6	GPT Business Private Limited	300000	6.94%
7	Rahul Tantia	251400	5.82%
8	Adit G Mehta	232680	5.40%
9	Kautilya Advisory Pvt. Ltd.	200000	4.63%
10	Tantia Financial Services Ltd	200000	4.63%

**The top ten shareholders in the Company as on ten days prior to filing this Prospectus are as follows:**

SI No.	Name of Shareholder	No of Shares	% of Holding
1	Sarla Tantia	600000	13.89%
2	Harsh Tantia	424800	9.83%
3	Siddhartha Tantia	410400	9.50%
4	GPT Business Private Limited	300000	6.94%
5	Laxmi Tantia	262400	6.07%
6	Anita Tantia	260050	6.02%
7	Rahul Tantia	251400	5.82%
8	Kautilya Advisory Pvt. Ltd.	235000	5.44%
9	Tantia Financial Services Ltd	200000	4.63%
10	Ganpat Ram Tantia	180600	4.18%

**The top ten shareholders in the Company as of two years prior to filing this Prospectus are as follows:**

SI No.	Name of Shareholder	No of Shares	% of Holding
1	Rahul Tantia	107700	4.99%
2	GPT Business (P) Ltd.	300000	13.89%
3	Atul Tantia	117000	5.42%
4	Vaibhav Tantia	117000	5.42%
5	Siddhartha Tantia	106200	4.92%
6	Tantia Financial Services Limited	100000	4.63%
7	Dwarka Prasad Tantia	99000	4.58%
8	Sarla Tantia	99000	4.58%
9	Aruna Tantia	98750	4.57%
10	Harshaita Tantia	98000	4.54%
11	Vinita Tantia	98000	4.54%

11. Except for the Inter-se transfers between the promoters as shown in point no. 5 above, our Promoter group, or the directors of our Promoter companies or our Directors have not purchased or sold any Equity Shares during a period of six months preceding the date on which this Red Herring Prospectus is filed with SEBI.
12. Our Company has not granted any options or issued any shares under any employee stock option or employees stock purchase scheme.
13. An investor cannot make a Bid for more than the number of Equity Shares offered through the Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.
14. There would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue, or in any other manner during the period commencing from submission of this Red Herring Prospectus with SEBI until the Equity Shares issued have been listed.
15. We presently do not intend or propose to alter our capital structure for a period of six months from the date of opening of the Issue, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise except that if we enter into acquisitions or joint ventures, we may, subject to necessary approvals, consider raising additional capital solely to fund such activity or use Equity Shares as currency solely for acquisition or participation in such joint ventures.
16. There shall be only one denomination of the Equity Shares of our Company, unless otherwise permitted by law. We shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.
17. As on date of this Red Herring Prospectus, the total number of holders of Equity shares was 87.
18. We have not raised any Bridge Loans against the proceeds of this Issue.
19. We have not issued Equity Shares for consideration other than cash except to the extent of bonus shares issued to the existing shareholders by capitalization of free reserves as described in the table on page 12 of this Red Herring Prospectus. All the bonus shares issued by us in the past are by capitalizing free cash reserves only.
20. There are no outstanding warrants, options or rights to convert debentures, loans or other instruments into our Equity Shares.
21. We confirm that the guidelines relating to preferential allotments as prescribed by SEBI have been complied with, including obtaining a certificate from the statutory auditors of our Company.
22. The Equity Shares held by the Promoters are not subject to any pledge.
23. Written consent for lock-in has been obtained from the persons whose shares form part of promoters' contribution and form part of lock in.
24. Persons to whom preferential allotment on a firm basis has been made in the present issue shall not make applications in the public offer category.
25. The promoters' contribution that has been brought-in is not less than the specified minimum lot of Rs. 25,000/- per application from each individual and Rs. 1,00,000/- from companies.
26. There are no transactions in the securities of the Company during preceding 6 months which were financed directly or indirectly by the promoters, their relatives, their group Companies or associates or by the above entities directly or indirectly to other persons.
27. The equity shares to be held by the Promoters, their relatives & associates under the lock-in period shall not be sold / hypothecated / transferred during the lock-in period. However, inter se transfers between the promoters themselves as such would be permitted, provided that the requirement of lock-in period guidelines continues to apply.
28. The locked-in Equity Shares held by the Promoters can be pledged only with banks or financial institutions as collateral security for loans granted by such banks or financial institutions, provided the pledge of shares is one of the terms of sanction of loan.

**OBJECTS OF THE ISSUE**

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

The Objects of the Issue are to achieve the benefits of listing at the BSE and to raise capital for the Company's capital expenditure plans. Listing of the shares at BSE will enhance the company's brand name, provide liquidity to the existing shareholders of the Company and would also create a public trading platform for its Equity Shares.

The net proceeds of the Issue after deducting all issue related expenses are estimated to be approximately Rs. 1975 Lacs. The Company intends to use the net proceeds of the Issue to purchase capital equipment, for enhancement of long-term working capital requirement, for investment in BOT/BOOT projects, towards repayment of debt and public deposits.

The Main Object Clause and the objects incidental to the main object clause of the Memorandum of Association enable the Company to undertake its existing activities and the activities for which the funds are being raised in the present issue.

**The details of the proceeds of the issue are summarized below:**

	<b>Rs. in Lacs</b>
<b>Particulars</b>	<b>Amount</b>
Gross Proceeds of the Issue	2,175
Issue related expenses	200
Net proceeds of the Issue	1,975

**The following table summarizes the use of proceeds**

	<b>Rs. in Lacs</b>
<b>Particulars</b>	<b>Amount</b>
1) Investment in Capital Equipment	3,225
2) Enhancement of Long Term Working Capital	1,500
3) Repayment of unsecured loan	1,700
4) Repayment of Public Deposits	250
5) Investment in BOT/BOOT Projects and Joint Ventures	1,000
<b>Total</b>	<b>7,675</b>

**Means of Finance**

The total requirement of funds will be met as follows:

	<b>Rs. in Lacs</b>
<b>Particulars</b>	<b>Amount</b>
1) Portion of Capital Equipment to be financed by Banks/NBFCs	1,368
2) Participation by Promoters and Promoter Group on a firm basis	2,600
3) Participation by others on a preferential basis	850
4) Net proceeds of the Public Issue	1,975
5) Internal Accruals	882
<b>Total</b>	<b>7,675</b>

The Company has received sanctions towards equipment finance from Bank/NBFCs amounting to Rs. 1200 Lacs. The promoters have already brought in Rs. 2600 Lacs as share application money towards their contribution in the issue and a sum of Rs. 850 Lacs has been received from others participating on a preferential basis. Thus the Company hereby confirms that firm arrangements of finance through verifiable means towards 75% of the means of finance, excluding the amount to be raised through proposed Public have been made in compliance with clause 2.8 of the SEBI (DIP) Guidelines 2000.



## Summary Of Bank/NBFC Finance

Rs. In Lacs

Bank/Finance Institution	Amount Sanctioned	Repayment Period	Purpose of Finance
Citigroup Global Transaction Services	200.00	3 Years	Loan Facility for Vehicles and Equipments
Magma Leasing Finance Limited	1000.00	3 Years	Construction Equipments
<b>Total</b>	<b>1200.00</b>		

### Appraisal

The objects of the issue for which the funds are being raised are as per the Company's own estimates and have not been appraised by any Bank/Financial Institution. Andhra Bank has been appointed to monitor the use of funds being raised through this Public Issue.

### Details of use of proceeds

#### 1. Investment in Capital Equipment

Our business of infrastructure development requires investment in capital equipments on a regular basis. Our projects in each of the four divisions i.e. Urban Infrastructure, River Bridges, Rail Roads and Tunnels require capital equipments on a recurring basis. Based on the Company's order book as on 31<sup>st</sup> December 2005, we have projected a capital expenditure plan of Rs. 3225 Lacs. We intend to deploy Rs. 1857 Lacs out of the net proceeds of the Issue for purchase of capital equipments. The details of the equipment the Company intends to purchase and their estimated costs, including the estimated costs of associated spares, attachments and other accessories, are specified in the following capital expenditure plan:

Rs. in Lacs

Sr. No.	Particulars	Qty	Amount	Margin to be contributed by the company	Tentative Supplier	Date of Quotation relied upon
	<b>General Items</b>					
1	Survey Equipment	14	42.00	42.00	Testing Instruments Manufacturing Company	19/12/2005
2	Generators <60KVA	12	48.00	10.00	Jeevan Diesels & Electrical Ltd.	20/12/2005
3	Generators >60KVA	12	72.00	14.00	Jeevan Diesels & Electrical Ltd.	20/12/2005
4	Welding machines	22	66.00	66.00	Regular Suppliers	
5	Lighting systems	16	64.00	64.00	Regular Suppliers	
6	Ventilation System	LS	20.00	20.00	Regular Suppliers	
7	Pumps <30HP	36	36.00	36.00	Regular Suppliers	
8	Pumps >30HP	10	20.00	20.00	Regular Suppliers	
9	Service Vehicles	8	40.00	8.00	Regular Suppliers	
10	Jeeps	9	45.00	9.00	Shree Automobiles (P) Ltd.	16/12/2005
11	Motorcycles	28	17.00	17.00	Auto Centre	19/12/2005
12	Shoring & Shuttering lot	LS	260.00	260.00	Regular Suppliers	
13	Safety equipments	5	5.00	5.00	Kalzem International	21/12/2005
14	Explosive Van	1	8.00	8.00	Regular Suppliers	

Tantia Constructions Limited

Rs. in Lacs

Sr. No.	Particulars	Qty	Amount	Margin to be contributed by the company	Tentative Supplier	Date of Quotation relied upon
	<b>Earthmoving</b>					
15	Excavators	8	200.00	40.00	Regular Suppliers	
16	Stone crusher	4	80.00	80.00	CCS Projects & Equipments Pvt. Ltd.	17/12/2005
17	Drilling equipments	20	80.00	80.00	Pathak Industries	15/12/2005
18	JCB Loaders	13	208.00	42.00	Mathews & Company	15/12/2005
19	Compressors	16	128.00	26.00	Regular Suppliers	
	<b>Material Lifting &amp; Handling</b>					
20	Small Crane&Derrick	10	60.00	60.00	Regular Suppliers	
21	Used Cranes	8	160.00	160.00	Action Construction Equipment (P) Ltd.	22/12/2005
22	Hydra	12	96.00	19.00	Escorts Construction Equipment Ltd.	21/12/2005
23	Tractors w attachments	13	65.00	65.00	B.S.Tractors Pvt. Ltd.	17/12/2005
24	Trough Riders	6	18.00	18.00	B.S.Tractors Pvt. Ltd.	17/12/2005
25	Tippers	28	280.00	56.00	Bhandari Automobiles Pvt. Ltd.	15/12/2005
	<b>Bituminous &amp; Concrete Related</b>					
26	Small Hot Mix Plant	2	24.00	5.00	Steel-O-Crafts	17/12/2005
27	Rollers	4	40.00	8.00	Regular Suppliers	
28	Pavers	2	20.00	4.00	Gujarat Apollo Equipments Limited	16/12/2005
29	Batching Plant	4	160.00	32.00	Maxmech Engineers	17/12/2005
30	Concrete Transit Mixer	11	275.00	55.00	Bhandari Automobiles Pvt. Ltd.	15/12/2005
31	Concrete pump w/pipeline	3	75.00	15.00	Schwing Stetter (India) Pvt. Ltd.	21/12/2005
	<b>Others</b>					
32	Barges	8	80.00	80.00	Regular Suppliers	
33	Pontoons	LS	150.00	150.00	Regular Suppliers	
34	Boat	4	20.00	20.00	Regular Suppliers	
35	Piling Rigs set	10	100.00	100.00	Regular Suppliers	
36	Well sinking equipments (grab + winch + derrick)	16	160.00	160.00	Regular Suppliers	
37	Rib bending equipment	1	3.00	3.00	Regular Suppliers	
	<b>Total</b>		<b>3,225.00</b>	<b>1,857.00</b>		

For the above estimates where the equipment is yet to be ordered, the company has relied upon quotations received by it and its past experience. Where more than one quotation has been sought, the company has indicated the lowest of such quotations. The company has not yet taken a decision to finalise the suppliers for the above equipment.

**Details of the equipments for which the orders have already been placed:**

Sl.	Particulars	Qty.	Amount (in lacs)	Margin Money	Supplier	Date of Order
1	Schwing Stetter Compact concrete mixer plant of capacity 30 Cum/Hr	1	37.80	3.80	Schwing Stetter (India) Pvt. Ltd CL-236, Sector II, Salt LakeKolkata 700 091	08.10.05
2	Innova Car, Model 2.5 VAD, 7 sitter with Duel A/c	1	10.09	1.09	Topsel Pvt. LtdToyota Division 25, Ganesh Chandra Avenue Kolkata 700 013	28.10.05
3	Mahindra Bolero Camper D 1 2WD (BS-2)	2	8.85	0.85	Nexgensolution Technologies (P) Ltd E-189/1, HEC, Opp. Jharkahnd Vidhan Sabha, Ranchi – 4	28.11.05
4	Hydraulic Excavator, Model L & T – Komatsu PC-200-6	2	76.00	7.00	L & T Komatsu Ltd. Banglore Works, Bellary Road Bangalore 560 092	03.01.06
5	Tulsi Brand Electro-mechanical Lorry weigh bridge of 60,000 mg capacity	1	3.69	0.71	Tlulsi Trading Co. 33/1, N. S. Road Kolkata 700 001	04.01.06
6	Tata SK 1613136 CMVR Cabin & Twin Ram Kit	25	179.98	2.00	Tata Motors Ltd.Apeejay House, 5 <sup>th</sup> Floor, Block-A15, Park Street Kolkata 700 016	04.01.06
7	Supply, Fabrication & Mounting	25	27.04	5.00	Bharat Engineering & Body Building Co. Pvt. Ltd. Bistupur, Jamshedpur	07.01.06
8	Rammer E 63 with Installation Kit & Mounting Brakcet	1	9.91	1.50	Sandwik Asia Ltd. Mumbaipura Road, DapodiPune 411 012	10.01.06
9	Stone Crushing Plant 30 Cum/Hr. Capacity	1	17.89	2.00	CCS Projects & Equipments Pvt. Ltd 286, Lal Kuan, Badarpur, Mehrauli Rd New Delhi 110 044	12.01.06
10	Trailer mounted Concrete Pump Model BSA 1404 D with 250 m. delivery pipelines	2 Nos.	50.81	10%	Putzmeister India (P) Ltd.190,191 Kundaim Industrial Estate Ponda, Goa Pin 403 115	16.01.06
11	Ingersoll-Rand Bucket Skid Steer Loader S-130 with utility bucket & teeth.	1 No.	26.52	10%	Ingersoll-Rand (India) Pvt. Ltd1, Taratalla Road, Kolkata 700 088	16.01.06
12	Batching Plant – 20 Cum/ Hr Capacity, Reversible Drum Mixer, Model 1050E	2 Nos.	36.30	20%	Universal Construction Machinery & Equipments Pvt. Ltd. Universal House, Warjejakat NakaKothrud Pune-29	18.01.06

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Sl.	Particulars	Qty.	Amount (in lacs)	Margin Money	Supplier	Date of Order
13	Bar Shearing Machine, Model C-32	2 Nos.	3.12	100%	WML Machinery Ltd. "Trinity", 5th Floor, Block 'G', 226/1 A. J. C. Bose Rd. Kolkata 700 020	18.01.06
14	Bar Shearing Machine, Model B-32	2 Nos.	3.64	100%	WML Machinery Ltd. "Trinity", 5th Floor, Block 'G', 226/1 A. J. C. Bose Rd. Kolkata 700 020	18.01.06
15	Mini Dumper Ex-986	4 Nos.	9.36	20%	WML Machinery Ltd. "Trinity", 5th Floor, Block 'G', 226/1 A. J. C. Bose Rd. Kolkata 700 020	18.01.06
16	Barges	8 Nos.	86.06	86.06	Regular Suppliers	Material Delivered
17	Derrick		27.95	27.95	Regular Suppliers	Material Delivered
18	Pontoons		152.35	152.35	Regular Suppliers	Material Delivered
19	Shoring & Shuttering		247.84	247.84	Regular Suppliers	Material Delivered
20	Well Sinking Equipments	10	61.63	61.63	Regular Suppliers	Material Delivered
21	Crushers	4	92.68	92.68	Regular Suppliers	Material Delivered
22	Piling Rig Sets	7	69.68	69.68	Regular Suppliers	Material Delivered
23	Well Sinking Tools		80.00	80.00	Regular Suppliers	To be delivered
	<b>Total</b>		<b>1319.19</b>	<b>841.78</b>		

## 2. Enhancement of Long Term Working Capital

The Company currently has the following working capital facilities with the Consortium of Banks:

Rs in Lacs

Name of Bank	Fund Based	Non Fund based	Total Limits
Andhra Bank	720	2950	3670
Allahabad Bank	490	1250	1740
Oriental Bank of Commerce	690	2800	3490
<b>Total</b>	<b>1900</b>	<b>7000</b>	<b>8900</b>

In view of the current order book position and further requirement of working capital, we have requested enhancement of our existing limits. The working capital requirement as estimated by us and as per the CMA Data submitted with Banks for sanction is as follows:

## FUND BASED LIMITS

Rs. in Lacs

Particulars	31.03.04 Audited	31.03.05 Audited	31.03.06 Estimated	31.03.07 Estimated
1 Total Current Assets	5,961	6,465	9,944	14,904
2 Other Current Liabilities	2,567	2,492	3,208	4,408
3 Working Capital Gap	3,394	3,974	6,736	10,496
4 Net Working Capital	1,980	1,922 <sup>1</sup>	2,586 <sup>2</sup>	3,736 <sup>3</sup>
<b>5 Assessed Bank Finance</b>	<b>1,414</b>	<b>2,051</b>	<b>4,150</b>	<b>6,760</b>
<b>Requirement of additional margin (A)</b>			<b>664<sup>(2-1)</sup></b>	<b>1,150<sup>(3-2)</sup></b>

In order to avail the enhanced limits as proposed by us for the financial year 05-06 and 06-07, the additional margin to be contributed by us is Rs.664 lacs and 1150 respectively.

## NON FUND BASED LIMITS

The margin required for Non Fund Based limits are determined as follows:

Rs. In Lacs

Calculation of Non Fund Based Limits	2004-05 Audited	2005-06 Estimated	2006-07 Projected
Bank Guarantee Assessed	6900	10736	14548
Margin Against Bank Guarantees	690	1074	1455
<b>Enhancement in Margin for non Fund Based Limit (B)</b>		<b>384</b>	<b>381</b>
<b>TOTAL MARGIN REQUIREMENT</b>	<b>(A+B)</b>	<b>1048</b>	<b>1531</b>

It is proposed to meet the margin requirement to the extent of Rs. 1500 lacs out of the proceeds of the issue. The balance margin requirement shall be funded through internal accruals.

The Company has received further approvals from State Bank of India and UTI Bank Limited vide their sanction letter dated 7th February, 2006 and 23rd February, 2006 respectively. For details of terms of sanction please refer page 105 of this Prospectus.

The revised working capital facilities available with the company are as follows:

Rs. in Lacs

Particulars of Sanctioned Limits	Andhra Bank	Allahabad Bank	Oriental Bank of Commerce	SBI	UTI	Total
<b>Fund Based</b>						
Cash Credit	720.00	490.00	690.00	2000.00	900.00	<b>4800.00</b>
<b>Non Fund Based</b>						
Bank Guarantee	2950.00	1250.00	2800.00	2500.00	2100.00	<b>11600.00</b>
<b>Total fund based and non-fund based limits</b>	<b>3670.00</b>	<b>1740.00</b>	<b>3490.00</b>	<b>4500.00</b>	<b>3000.00</b>	<b>16400.00</b>

### 3. Repayment of unsecured loan

The Company has taken inter corporate deposits amounting to Rs. 2,819.81 Lacs as on 15<sup>th</sup> December 2005. The company intends to utilize Rs. 1,700 Lacs out of the proceeds of the issue towards repayment of its unsecured loans. The company will give preference to repaying high cost debts first.

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### 4. Repayment of Public Deposits

The Company has public deposits amounting to Rs. 252.52 Lacs as on 15<sup>th</sup> December 2005. The company intends to utilize Rs. 250 Lacs out of the proceeds of the issue towards pre-payment of its public deposits.

### 5. Investment in BOT/BOOT Projects and Joint Ventures

The Government has framed policies and ways to channelize private investment in infrastructure development projects. To ensure a long-term partnership between the Government and Private players in the infrastructure development of the country, the government has started floating tenders inviting Public Private Partnership (“PPP”), which is typically an arrangement between the government and private sector entities for the purpose of providing public infrastructure facilities and related services. The Government is encouraging private sector participation in road projects through three routes- BOT, Annuity and Special Purpose Vehicle (SPV). It is a relatively new approach which enables direct private sector investment in large-scale projects such as roads, bridges and power.

The government, through the nodal agencies proposes to offer several projects on a Build-Operate-Transfer (BOT) basis and Build-Own-Operate-Transfer (BOOT) basis. These projects aim at private sector investment in the form of capital infusion with the autonomy to operate and generate revenue over the concession period. We foresee tremendous opportunity in this area. Although we have not executed BOT/BOOT projects till date, we have vast experience in the construction activity and have successfully implemented various projects.

The Company intends to bid for various projects on a BOT or BOOT basis and invest in joint ventures within and outside India. BOT and BOOT projects require private sector investment in the form of capital infusion with the autonomy to operate and generate revenues. To be able to undertake such projects, the Company is required to form special purpose vehicles (“SPVs”) to facilitate the execution of such projects. Typically, these projects involve contracts with concession periods ranging between 20 to 30 years. Most of the construction companies are bidding for such projects. The funds raised through this present issue would strengthen the capability of TCL to quote for BOT/BOOT tenders. Entry into BOT/BOOT projects would help us augment pre-qualification in this area. The Company intends to use Rs. 1000 Lacs out of the proceeds of the Issue for investment in SPVs and joint ventures within and outside India. The Company believes that it will derive benefits from investments in such SPVs and joint ventures by being in a better position to bid for various projects on BOT or BOOT basis.

The Company has not identified any SPV or joint venture in which it will invest and it is not assured of any returns from such investments. It cannot be assured that the Company would be able to identify such SPVs or joint ventures for making investment. The management, in accordance with the policies of the Board, will have the flexibility in applying such proceeds of the Issue which have been allocated for the above purpose.

The Company is currently executing various projects on a joint venture basis and would continue to invest their part of contribution in such joint ventures in future also.

### Issue related Expenses

The issue expenses include, among others, issue management fees, underwriting and selling commission, distribution expenses, legal fees, fees to advisors, Printing & Stationary Expenses, Advertising and marketing expenses, listing fees to the stock exchanges, registrar and depository fees. All expenses with respect to the issue will be borne out of the issue proceeds.

The Public Issue Expenses for the Issue is Rs. 200 Lacs. The detailed break-up of Public Issue Expenses is given on page no. 133 of the Red Herring Prospectus.

### Schedule of Implementation

The year wise break-up of the proposed expenditure is as follows:

Rs. in Lacs

Particulars	Total	Amount to be utilized up to	
		31st March 2006	31st March 2007
1. Investment in Capital Equipment	3,225	1500	1725
2. Enhancement of Long Term Working Capital	1,500	600	900
3. Repayment of unsecured loan	1,700	1200	500
4. Repayment of Public Deposits	250	250	0
5. Investment in BOT/BOOT Projects and Joint Ventures	1,000	700	300
<b>Total</b>	<b>7,675</b>	<b>4250</b>	<b>3425</b>

### Interim use of Funds

Pending utilization of the proceeds of the Issue for the purposes described above, we intend to temporarily invest the funds in high quality interest bearing liquid instruments including fixed deposits with scheduled commercial banks. Such investments would be in accordance with the investment policies approved by the Board or a duly authorized committee from time to time.

### Monitoring of Utilization of Funds

The funds raised from the public shall be monitored by Andhra Bank who have been appointed as the Monitoring agency. Our Board and the Monitoring Sub-Committee appointed by the company will also monitor the utilization of the proceeds of the issue. The company will disclose the utilization of the proceeds of the issue under a separate head in the company's balance sheet clearly specifying the purpose for which such proceeds have been utilized. The company will also provide details, if any, in relation to all such proceeds of the issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of the issue.

No part of the issue proceeds will be paid by the Company as consideration to the Promoters, the directors, the Company's key managerial personnel or companies promoted by the Promoters except in the usual course of business.

### Deployment of Funds

We have already deployed a sum of Rs. 3717.22 Lacs up to 9<sup>th</sup> March 2006 towards the various objects of the present issue. The same has been certified by S.M. Bengani & Co. Chartered Accountants, the auditors of the company, vide their certificate dated 9<sup>th</sup> March 2006. The details of the funds already deployed are as under:

Rs. in Lacs	
Particulars	Amount
<b>1. Sources of Fund</b>	
<b>A. Advanced received against share application</b>	
Promoters and Promoter Group	2,600.00
Others on a preferential basis	850.00
<b>Total (A)</b>	<b>3,450.00</b>
<b>B. Equipment Finance from:</b>	
Citibank N.A.	113.00
L & T Finance Limited	154.22
<b>Total (B)</b>	<b>267.22</b>
<b>Grand Total (A) + (B)</b>	<b>3717.22</b>
<b>2. Deployment of Funds</b>	
Investment in Capital Equipment	
Equipment Purchases	818.19
Advance Money	23.95
Repayment of unsecured loan	1146.35
Repayment of Public Deposits	250.00
Investment in Joint Venture	620.59
Advance for equipments from finances	267.22
<b>Fixed Deposit with Banks</b>	<b>516.40</b>
<b>Public Issue Expenses</b>	<b>43.34</b>
Parked in Working Capital Account	31.18
<b>Total</b>	<b>3717.22</b>

## BASIS FOR ISSUE PRICE

The Issue price of Rs. 50 per share has been determined by the Company in consultation with the BRLM on the basis of assessment of market demand for the offered Equity Shares by the book building process. The face value of the Equity Shares is Rs. 10/- and the Issue price is 5 times the face value.

Investors should read the following summary with the Risk Factors included in page numbers viii to xx and the details about the Company and its financial statements included in this Draft Red Herring Prospectus. The trading price of the Equity Shares of the Company could decline due to these risks and you may lose all or part of your investments.

### QUALITATIVE FACTORS

#### Profit making and Dividend paying

We have been a regular profit making and dividend paying company . The profits and dividend of the company for the last 10 years are as follows:

YEARS	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05
PAT	24.94	35.00	62.21	21.73	140.54	230.19	218.51	310.21	205.49	194.97
Div %	25	15	15	Nil	10	20	20	20	20	10

#### Diverse Portfolio

We are one of the largest infrastructure construction companies in eastern India with a national presence and has a diverse project portfolio which includes among others Railways, Roads & Highways, Urban Infrastructure, Tunnels, Bridges and Marine Infrastructure.

#### Track record of over four decades

We have a track record of successful implementation of projects across all natures & varieties at different locations for over four decades. We have jointly executed several projects with other construction companies throughout the country. We are well poised to capitalize on the national demand for infrastructure development through its highly qualified and motivated employee base and a large fleet of sophisticated construction equipment.

#### A professionally managed organization

The Company functions under the control of a Board consisting of experienced professional Directors. The day-to-day matters are looked after by qualified key personnel, under the supervisions of the Chairman and Managing Director and Executive Director. At present, the Company employs around 275 technical/managerial professionals having versatile experience.

#### ISO 9001: 2000 Company certified by DNV.

The Company has been awarded ISO 9001: 2000 by DNV certifications BV, Netherlands and is valid upto 19-06-2008.

#### Having confirmed orders in hand worth Rs. 81716 lacs as on 28th February, 2006, which are under various stages of implementation.

Currently, we have confirmed orders in hand aggregating Rs. 81716 lacs from various clients including almost all the divisions of zonal railways, Central and State Public Works Department, National Authority of India, Kolkata Municipal Corporation, Hoogly River & Bridge Commission, Kolkata Municipal Development Association, North Eastern Electric Power Corporation, Housing Industrial Development Corporation, Kolkata Metro Railway, Kolkata Circular Railway, Indian Oil Corporation, IRCON International Ltd., Delhi State Industrial Development Corporation Ltd., Punjab Industrial Development Board etc.

### Quantitative Factors

Adjusted Earnings Per Share (EPS)	Amount (Rs)	Weight Used
2002-03	13.60	1
2003-04	8.93	2
2004-05	4.33	3
Nine Months Period Ended December 31, 2005 (Annualized)	12.60	4
Weighted Average	9.48	

### Price Earning Ratio (P/E) in relation to Issue Price of Rs. 50

Based on Nine Months Period ended December 31, 2005 EPS of Rs. 12.60 (Annualized)	3.97	
Based on Weighted Average EPS of Rs. 9.48	5.27	
<b>Industry P/E</b>		
Highest	54.60	
Lowest	16.60	
Average	30.06	
<b>Return on Net Worth</b>		
2002-03	27.16%	1
2003-04	15.73%	2
2004-05	13.79%	3
Nine Months Period Ended December 31, 2005 (Annualized)	26.47%	4
Weighted Average	20.59%	

### Minimum Return on Increased Net Worth Required to pre issue EPS of Rs. 12.60

Total Net Worth after Issue (Rs. in Lacs)	7191.30	
No. of Equity Shares after the Issue (in Lacs)	155.7	
Minimum Required RONW to maintain the above EPS	27.28%	
<b>Net Asset Value (NAV)</b>		
As at December 31, 2005	47.59	
After Issue	46.18	
Issue Price	50.00	

### Notes:

- 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.
- The denominator considered for the purpose of calculating Earnings per Share is the number of shares outstanding at the end of the year.
- 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.

## Tantia Constructions Limited

### Comparison with Financial ratios of the Peer Group for year ending 31<sup>st</sup> March 2005

COMPANY NAME	Rs. In Lacs			RONW (%)	In Rs.		PE ratio
	Sales	PAT	Equity Capital		EPS	BV per share	
Era Constructions	15620	490	1335	20.2	3.6	58.7	23.0
MSK Projects	7820	470	1462	13.3	3.1	44.8	16.6
PBA Infrastructure	12430	660	1350	32.0	4.9	39.8	-
Patel Engineering	46180	3940	500	34.6	7.7	25.9	33.5
Simplex Infrastructure	99900	2510	870	26.3	28.3	229.7	31.8
Valecha Engineering	14550	520	450	16.8	11.1	73.5	25.9
<b>ISSUER COMPANY</b>							
<b>Tantia Construction</b>	<b>10320</b>	<b>187</b>	<b>432</b>	<b>13.79</b>	<b>4.33</b>	<b>31.44</b>	

(Source: Capital Markets Volume XX/26 Feb 27-Mar 12, 2006)

**The Face value per share is Rs. 10 and the issue Price of Rs. 50 is 5 times the Face Value.**

#### Conclusion

The Book Running Lead Manager believes that the Issue Price of Rs. 50 is justified in view of the above qualitative and quantitative parameters. The investors may want to peruse the risk factors and the financials of the Company including important profitability and return ratios, as set out in the Auditors' report on page no. 86 of the Prospectus to have a more informed view of the investment

## STATEMENT OF TAX BENEFITS

We hereby report that we have received the enclosed Annexure 'A' stating the possible tax benefits available to Tantia Constructions Limited ('the Company') and its shareholders under the current tax laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which is based on business imperatives that the Company faces in future, the Company may or may not choose to fulfill.

**The benefits discussed below are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.**

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

- 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 the information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company and the interpretations of current tax laws.

**For S.M. Bengani & Co.  
Chartered Accountants**

**( H. L. Bengani )  
Proprietor.  
M. No. 07867**

Date: 14<sup>th</sup> January 2006  
Place: Kolkata.

The following tax benefits shall be available to the Company and the prospective shareholders under Direct Tax. The statement also takes into account the direct tax proposals contained in the Finance Bill, 2005.

**1. To the Company - Under the Income-tax Act, 1961 (the Act)**

1.1 There is no additional benefit arising to the Company under The Income Tax Act, 1961, by proposed Initial Public Offer of Equity Shares to the public and institutions in India.

**2. To the Members of the Company – Under the Income Tax Act**

**2.1.1 Resident Members**

1. Under Section 10(34) of the Act, income earned by way of dividend from domestic company referred to in Section 115-O of the Act is exempt from income tax in the hands of the shareholders.
2. Under Section 10(38) of the Act, long term capital 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.
3. In terms of Section 88 E of the Act, the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of the business would be eligible for rebate from the amount of income-tax on the income chargeable under the head 'Profits and Gains under Business or Profession' arising from taxable securities transactions.
4. As per the provisions of Section 10(23D) of the Act, all mutual funds set up by public sector banks, public financial institutions or mutual funds registered under the Securities and Exchange Board of India (SEBI) or authorized by the Reserve Bank of India are eligible for exemption from income-tax, subject to the conditions specified therein, on their entire income including income from investment in the shares of the company.
5. Under Section 54EC of the Act, capital gain arising from transfer of long term capital assets [other than those exempt u/s 10(38)] shall be exempt from tax, subject to the conditions and to the extent specified therein, if the capital gain are invested within a period of six months from the date of transfer in the bonds issued by –
  - 5.1.1 National Bank for Agriculture and Rural Development established under Section 3 of the National Bank for Agriculture and Rural Development Act, 1981;
  - 5.1.2 National Highways Authority of India constituted under Section 3 of National Highways Authority of India Act, 1988;
  - 5.1.3 Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956;
  - 5.1.4 National Housing Bank established under Section 3(1) of the National Housing Bank Act, 1987; and

5.1.5 Small Industries Development Bank of India established under Section 3(1) of the Small Industries Development Bank of India Act, 1989.

6. If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. However, the amount so exempted shall be chargeable to tax subsequently, if the new bonds are transferred or converted into money within three years from the date of their acquisition.
7. Under Section 54ED of the Act, capital gain arising from transfer of long term capital assets, being listed securities or units [other than those exempt u/s 10(38)], shall be exempt from tax, subject to the conditions and to the extent specified therein, if the capital gain is invested in public issue of equity shares issue by of an Indian Public Company within a period of six months from the date of such transfer. If only a part of the capital gain is so reinvested, the exemption shall be proportionately reduced. However, the amount so exempted shall be chargeable to tax subsequently, if the new equity shares are transferred or converted into money within one year from the date of their acquisition.
8. Under Section 54F of the Act, where in the case of an individual or HUF capital gain arise from transfer of long term assets [other than a residential house and those exempt u/s 10(38)] then such capital gain, subject to the conditions and to the extent specified therein, will be exempt if the net sales consideration from such transfer is utilized for purchase of residential house property within a period of one year before or two year after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.
9. Under Section 111A of the Act, capital gains arising from transfer of short term capital assets, being an equity share in a company, which is subject to securities transaction tax will be taxable under the Act @ 10% (plus applicable surcharge and educational cess).
10. Under Section 112 of the Act and other relevant provisions of the Act, long term capital gains [not covered under Section 10(38) of the Act] arising on transfer of shares in the Company, if shares are held for a period exceeding 12 months, shall be taxed at a rate of 20% (plus applicable surcharge and educational cess on income-tax) after indexation as provided in the second proviso to Section 48 or at 10% (plus applicable surcharge and educational cess on income-tax) (without indexation), at the option of the Shareholders.

#### **2.1.2 Venture Capital Companies/ Funds**

As per the provisions of section 10(23FB) of the Act, income of

1. Venture Capital Company which has been granted a certificate of registration under the Securities and Exchange Board of India Act, 1992 and notified as such in the Official Gazette; and
2. Venture Capital Fund, operating under a registered trust deed or a venture capital scheme made by Unit Trust of India, which has been granted a certificate of registration under the Securities and Exchange Board of India Act, 1992 and notified as such in the Official Gazette set up for raising funds for investment in a Venture Capital Undertaking is exempt from income tax.

#### **2.1.3 Infrastructure Capital Companies / Funds or Co-operative Bank**

As per the provisions of section 10(23G) of the Act, income by way of dividends, interest or long term capital gains of

- Infrastructure Capital Company;
- Infrastructure Capital Fund; and
- Co-operative Bank

from investment made in share or long term finance in undertakings specified therein shall be exempt from tax. However, such income earned by an Infrastructure Capital Company shall not be exempt for the purpose of computing tax on book profits u/s 115JB of the Act.

#### **3. Wealth Tax Act, 1957**

Shares in a company held by a shareholder will not be treated as an asset within the meaning of Section 2(ea) of Wealth-tax Act, 1957; hence, wealth tax is not leviable on shares held in a company.

#### **4. BENEFITS AVAILABLE UNDER THE GIFT TAX ACT**

Gift tax is not leviable in respect of any gifts made to relative on or after September 1, 2004. Therefore, any gift of shares to relative will not attract gift tax.

### **Meaning of Relative**

- a) Spouse of individual
- b) Brother or Sister of the individual
- c) Brother or sister of the spouse of the individual
- d) Brother or sister of either of the parents of the individual
- e) Any lineal ascendant or descendant of the individual
- f) Any lineal ascendant or descendant of the spouse of the individual
- g) Spouse of the person referred to in (b) to (g)

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 ordinary shares.

The statements made above are based on the tax laws in force and as interpreted by the relevant taxation authorities as of date. Investors are advised to consult their tax advisors with respect to the tax consequences of their holdings based on their residential status and the relevant double taxation conventions.

### **Notes:**

All the above benefits are as per the current tax law and will be available only to the sole/ first named holder in case the shares are held by joint holders.

In view of the individual nature of tax consequence, each investor is advised to consult his/ her own tax adviser with respect to specific tax consequences of his/ her participation in the scheme.

## INDUSTRY OVERVIEW

Infrastructure Construction activity is integral to the infrastructure and industrial development and involves construction of urban infrastructure, townships, highways, bridges, roads, railroads, ports, airports and power system. The infrastructure industry globally has witnessed tremendous growth in the past few years. A significant part of the global engineering construction activity is concentrated in the oil and gas industry, the power sector, roads construction and the metals and mining sector and is dominated by few industry majors.

In India, construction is the second largest economic activity after agriculture. The investment in construction accounts for nearly 11 percent of India's Gross Domestic Product (GDP) and nearly 50 per cent of its Gross Fixed Capital Formation (GFCF). It accounts for nearly 65 percent of the total investment in infrastructure and is expected to be the biggest beneficiary of the surge in infrastructure investment over the next five years. The investment in this segment over the financial year 2005 to 2010 is estimated at USD 124.65 billion. The sector is estimated to grow at a CAGR of 15 percent over the next few years.

### A brief synopsis of the construction industry

	Roads	Railways	Airports	Power
<b>Basic Facts</b>	Road and highways network covers 3.3 mn kms and 0.2 mn kms, respectively	Rail network spans 63,000 kms. Daily, it carries 14 million passengers and 1.5 million tonnes of freight.	126 major airports, including 11 international airports.	131,400 MW of electricity generation with 76% (100,000 MW) controlled by the public sector
<b>Efficiency Metric</b>	Only 9% of India's National highways are four-laned; average speed is less than 50 km/hour	The Chinese railways' output in traffic units is 2.5 times that of the Indian railways	India's top 6 airports account for 65-75% of passenger traffic are over-stretched and need expansion	Industrial users pay 2.5 times that of China for electricity. Cross subsidization for electricity supplied to farmers/residential users is very high.
<b>Current Spending</b>	Rs. 13500 Crs	Rs. 13950 Crs	Rs. 900 Crs	Rs. 29250 Crs
<b>Major Policy Indicative</b>	Seven Phase National Highway Development Program	<ul style="list-style-type: none"> <li>● Greenfield railway network dedicated for freight traffic (Freight Corridor)-</li> <li>● Metro projects at Hyderabad, Bangalore and Mumbai and expansion at Kolkata.</li> </ul>	<ul style="list-style-type: none"> <li>● Restructuring and privatization of Delhi and Mumbai airports</li> <li>● Greenfield Airports at Bangalore / Hyderabad and three other cities.</li> </ul>	<ul style="list-style-type: none"> <li>● Accelerated Power Development Program</li> <li>● Enactment and Implementation of Electricity Act</li> </ul>
<b>Estimated Spending by FY 2009</b>	Rs. 87300 Crs	Rs. 101700 Crs	Rs. 18000 Crs	Rs. 148500 Crs

### Key drivers underlying the growth of the industry

The growth in the infrastructure sector is being driven by a host of factors, which include:

- Political will: The Government of India (GOI) has initiated an ambitious reform programme, involving a shift from a controlled to an open market economy. Building further on the initiatives taken by the previous Government, the incumbent Government is undertaking several measures to enhance the quantum of investments in the infrastructure segment.
- Funding from multi-lateral agencies: Multilateral agencies such as the World Bank and the Asian Development Bank (ADB) are funding various infrastructure projects on a large scale in India. Other agencies include the Japan International Bank for Cooperation (JIBC) that funded the Delhi Metro (Underground Railway) Project. Various State Governments are mobilizing funds from these agencies to support rural roads and sanitation projects.

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- Increased private participation: To encourage private sector participation in the sector, the Government has announced several tax breaks for investments. It is also devising return schemes that are attractive for the private participants, such as annuity payments and capital grants for road projects. Laws are being enacted to improve the finances of utilities and make their management more transparent, so as to improve returns on these facilities.
- Innovative modes of funding: The Government is tapping alternative sources of funds for infrastructure development. One of these is the cess on petrol and diesel, which is being used to fund road projects such as the Golden Quadrilateral and the North-South East-West corridor. It is also contemplating levying a tonnage tax on ships (to fund development of ports), and special taxes on air travel (for airports).

### Airports, Power, Roads, and Railways- Investments surging

In terms of investments, railways, roads, power and airports are expected to see rapid growth in the near future as the initial foundations for private investments have already been laid in these sectors. Further, the increased demand in housing and commercial space as a result of improved standards of living and economic growth is expected to result in rampant growth in the realty sector.

### Roads Sector

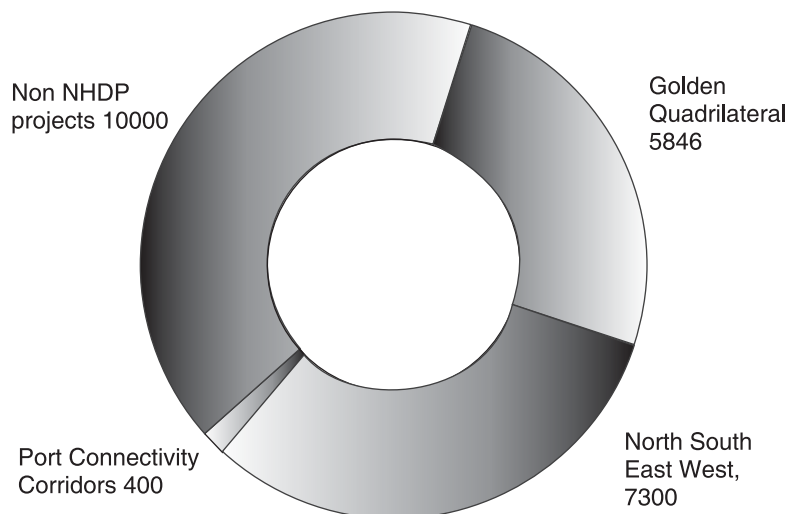
Roads occupy an eminent position in India's transportation as they carry nearly 70 per cent of freight and 85 per cent of passenger traffic in the country. Presently, India's road network spans a distance of around 3.3 million km. However, it is the quality of these roads that is the real problem. China's expressway network is almost 30,000 kms, versus less than 2,000 kms in India. Most of India's highway network is two-lane or single-lane, with low service and slow speeds. Average speed on these roads is typically less than 50 km/hour, except for a few quality stretches. India spends only Rs. 115-138 billion/year on development of roads, compared with an average of Rs. 1150 billion/year in China since the mid-1990s. Highway spending will likely be a key component of India's goal of sustained annual GDP growth of 8% over the next decade.

### Government investments provide the impetus for growth

The focus of successive Governments on improving road connectivity across the country, has brought about significant investments in road development. Government expenditure on roads in India is significant - 12 per cent of capital and 3 per cent of total expenditure; however, road maintenance is grossly under-funded with only one third of needs being met.

Recognizing the present deficiencies in the road network, the Government of India has sought to address these through the Tenth National Plan (2002-2007), which has assigned a high priority to the National Highway Development Programme (NHDP). As per the National Highways Authority of India (NHAI), a total of 23,546 kms of roads would be constructed in the next two years.

**Road Projects Under Execution (in kms)**



Source : NHDA

One of the most important programmes under NHA is the National Highway Development Programme (NHDP). The NHDP has the following components:

- a) **Golden Quadrilateral:** This project involves the four-laning of almost 6,000 km of national highways that link the four major cities in India (New Delhi, Kolkata, Chennai and Mumbai).
- b) **North-South and East-West (NSEW) Corridor:** This project involves upgrading the existing 2-lane highways and four-laning of almost 7,300 km of national highways, connecting Srinagar to Kanyakumari (North-South) and Silchar to Porbandar (East-West). This project is likely to be completed by December 2009.
- c) **Port connectivity and other projects :** The 10 major ports (Haldia, Paradeep, Vishakapatnam, Chennai & Ennore, Tuticorin, Cochin, New Mangalore, Marmugoa, Jawaharlal Nehru Port Trust and Kandla) would be connected to the Golden Quadrilateral by widening around 400 km of road network. Other road projects include widening and strengthening of about 780 km of roads. These projects are likely to be completed by December 2008.

### **Non-NHDP projects**

The two key projects are detailed below:

#### **Pradhan Mantri Bharat Jodo Pariyojana (PMBJP)**

The PMBJP programme encompasses 48 new projects for upgrading and four-laning 10,000 km of roads outside the ambit of NHDP. Road stretches are being identified on the basis of three factors: traffic density, whether these roads connect State capitals with the NHDP network, and whether these roads are linked to important centers of tourist or economic activity.

#### **Pradhan Mantri Grameen Sadak Yojana (PMGSY)**

PMGSY, launched in December 2000, is a project aimed at improving rural roads and connectivity of villages. The project will provide road connectivity to 160,000 unconnected rural habitations with populations of 500 persons or more by the end of the Tenth Plan period (2007), at an estimated cost of USD13.33 billion. The programme aims at upgrading 500,000 km of rural roads and is being executed as a centrally sponsored scheme in all the States and six Union Territories.

#### **Private sector participation (PSP) being driven by Government policy**

The Government recognises the importance of private participation in development of roads in the country. It has taken the requisite policy measures to encourage private investments in the sector.

Some of the initiatives undertaken by the Government include:

1. **National Legislative Changes:** The National Highways Act, 1956 has been amended to permit private entrepreneurs to undertake National Highways (NH) projects on a BOT basis and recover their investments through tolls. Under this Act, a simplified procedure has been prescribed for acquisition of land for the building, maintenance, management or operation of a National Highway and separate provisions have been made for the levy and collection of fees in respect of both public and private funded projects.
2. **State legal framework for PSP:** The Indian Toll Act, 1851, makes it possible for State Governments to levy and collect tolls on any road or bridge, which has been made or repaired at the expense of the Central Government or any State Government. However, the Act needs to be amended by respective State Governments to allow the private sector to levy and collect tolls on State roads and bridges. Some State Governments have indeed amended the Act – for example Uttar Pradesh and Madhya Pradesh – or otherwise taken legal steps in order to promote private sector participation
3. **Uniform Law:** In addition to amending the Indian Toll Act, another avenue being adopted by some States (e.g. Andhra Pradesh, Gujarat etc) is to enact a uniform law for infrastructure development.

#### **Build-Operate-Transfer (BOT) emerging as a significant opportunity**

In order to promote involvement of the private sector in construction and maintenance of roads, the Government has now decided to offer projects on a Build-Operate-Transfer (BOT) basis.

There is a significant opportunity for BOT in the national highways segment as they carry more than 40 per cent of the traffic even though they constitute just about 2 per cent of the total road network in the country. The key Government programmes that present a significant opportunity for BOT include:

- Pradhan Mantri Bharat Jodo Pariyojana (PMBJP)
- North-South and East-West (NSEW) Corridor
- Golden Quadrilateral (GQ) project

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For NHDP in particular, the private sector has responded enthusiastically. Under this programme, projects valued at over USD 1.33 billion are being implemented. The NHDP has been extended to cover a 50,000 km road network, and these future works will be undertaken on a BOT basis (through toll or annuity).

### Future Funding Requirements

As per a recent World Bank study, the cumulative funding shortfall over the ten year period is estimated at USD. 23.22 billion, approximating 39 per cent of the total requirement. The funding gap assumes that all the road user charges generated on the highways are returned to the highway sector.

### Projected Capital Investments: Vision 2021 on Expressway, National and State Highway Network

Scheme	Period 2001-2011		Period 2011-2021	
	Amount (Rs. Million)	Length (Kms)	Amount (Rs. Million)	Length (Kms)
<b>A. Expressways</b>	3000	300000	7000	700000
<b>B. National Highways</b>				
i. Four lanning/six lanning	16000	640000	19000	760000
ii. Two laning with hard shoulders	15000	187500	7000	87500
iii. Strengthening weak pavements	20000	150000	24000	180000
iv. Bypass, bridges, over bridges, safety and drainage measures	Lumpsum	72500	Lumpsum	92500
v. Expansion of NH System	10000	150000	12000	180000
<b>Total for National Highways</b>		<b>1200000</b>		<b>1300000</b>
<b>C. State Highways</b>				
i. Four lanning/six lanning	3000	100000	7000	250000
ii. Two laning with hard shoulders	35000	280000	60000	500000
iii. Strengthening weak pavements	30000	220000	40000	300000
iv. Bypass, bridges, over bridges, safety and drainage measures	Lumpsum	100000	Lumpsum	100000
v. Expansion of NH System	10000	50000	20000	100000
<b>Total for State Highways</b>		<b>750000</b>		<b>1250000</b>

Source: World Bank

### Railways

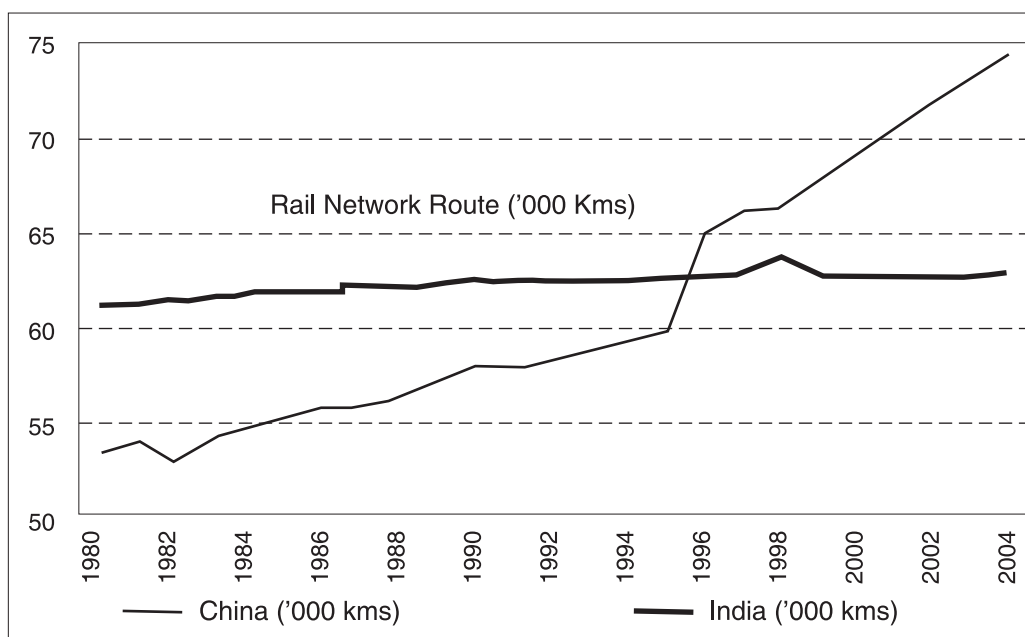
Over the years, India's railway system has lost the prominent position it occupied in the transport of goods. Since 1950-51, the market share of Indian Railways (IR) has gradually declined from 89% to 30% in freight traffic and from 68% to 15% in passenger traffic. This has not only affected IR adversely, but has also hurt the national economy, railways being five to six times more fuel-efficient than roads. If IR had a market share in freight traffic of around 60% instead of 40%, this would result in a diesel saving worth Rs75 billion (US\$1.6 billion) a year for the national economy.

In 1990, India's rail network was the third-largest in the world after the US and Russian networks. India's network was then about 8% larger than China's in terms of route kms. However, with aggressive investments over the past ten years, China's rail network has moved ahead of India's. China's rail network route length of 74,400 kms (as of 2004) is about 18% higher than India's 63,000 kms. Some key facts and figures comparing railways in India and China, based on data from the Planning Commission of India, is mentioned below.

- Over 1990-2004, the Chinese railway network extended its route km by 16,608 kms (29% growth). During the same period, the Indian railway network grew by only 633 route kms (a mere 1% growth).

- Investment in the Indian railway network over the 1992- 2002 decade totaled Rs. 795.8 billion (Rs. 78.2 billion a year), in contrast to Rs. 3910 billion (Rs. 391 billion a year) of investment in Chinese railways.
- The Chinese railways' output in traffic units (TU = pkm+tkm) is 2.5 times that of the Indian railways.
- Between 1992 and 2002, the two railways carried almost exactly the same volume of passenger-km, but the Chinese railways carried four-and-half times the freight carried by the Indian railways.
- Average employee output for the Chinese railways is 2.1 times that for the Indian railways. Staff costs (excluding pensions) for the Indian railways are about 40% of ordinary working expenses versus just 25% for the Chinese railways.
- The average passenger tariff in India is 55% lower than that in China.
- The average freight tariff in India is almost 66% higher than that in China.

### India vs. China: Growth in Rail Network Length



Source: CEIC, CMIE, Morgan Stanley Research

### KEY ISSUES FACING THE INDIAN RAILWAYS

Some of the critical issues facing the railways are as follows

#### Cross subsidization

Political pressure has prevented the government from initiating the much-needed tariff rationalization for railways. Passenger fares are significantly cross-subsidized by freight traffic. India has one of the lowest ratios of passenger fares to freight charges in emerging markets. In India, the ratio is 0.3 times versus 1.2 in China and 1.4 in Korea. While passenger services constitute nearly 58% of the transport cost, they contribute only 33% of revenue. Freight traffic accounts for 42% of total traffic but contributes 67% of total revenue. There is a clear need for a transparent subsidy provision through the budget instead of the current system of cross subsidization. Currently, high tariffs and service quality issues in railways have pushed industrial users to shift to roads. Not surprisingly, the share of railways in goods traffic has declined to 30% from 89% in 1950-51.

#### Low labour efficiency and higher input costs

One of the major input costs related to railway operations is salary. Salary costs account for about 40-50% of total gross expenditure. Although IR has been reducing its workforce over the past few years, its labour efficiency is still low compared with some of the other large networks such as that in China. The pension burden on IR is also rising significantly. The number of pensioners is increasing every year and, according to a report by the Ministry of Railways, could hit 1.3 million by 2006-07. Pension payments have already risen to 14.5% of gross traffic receipts in F2003, from 6.3% in 1986.

### **Modernization and fresh capacity addition**

Lack of finances has slowed progress in railway modernization. Capacity addition has slowed significantly. As noted, in the past five years capacity addition in terms of rail route kms in India has remained largely steady, whereas in China it has increased by 7,000 kms. Capital spending on railways declined to an all-time low of 0.3% of GDP in F2000 from 0.7% of GDP in F1993; however, it has since recovered to 0.4% of GDP in F2004. The loss of market share to roads and pressure to improve efficiency forced the railways to initiate some reforms. In addition to a pickup in business activity, resulting in greater traffic of bulk goods, the reforms are also helping to improve the profitability of railways. Earlier, the railways imposed a time limit for loading and unloading of eight hours, which delayed wagon turnaround time. The railways have now removed this time limit. The Railway Ministry has increased the powers of middle management, allowing them to make decisions that help improve efficiency. In F2006, the rail surplus (before paying a dividend to the government) is expected to improve to Rs100 billion from Rs53 billion in F2005 and Rs45 billion in F2004. For instance, turnaround time for wagons has been reduced to 5.5 days from 7 days in F2003. The central government and a few state governments are initiating new projects that will help improve the railway infrastructure by adding fresh capacity. Some of the major projects under consideration are highlighted below.

### **Freight Corridor**

The Railway Ministry plans to launch an ambitious Rs. 625.60 billion rail freight corridor project, work on which is expected to start in June 2006. The Japanese government has agreed to fund 30% of the project through a long-term loan for Rs. 184 billion. Phase I of the project, estimated to cost Rs. 230 billion, will start in June 2006 and is expected to be completed by 2012. A coordination committee of the Railway Ministry, formed to discuss the practical aspects, has been holding a series of meetings to iron out issues related to the project. Post completion, the rail freight corridor will allow the running of freight trains with an axle load of 30 ton per wagon, each with around 200 wagons. The speed of these trains should be in the vicinity of 120-150 km per hour. Currently, freight trains have around 50-60 wagons, speed of around 25 km per hour and axle loads of around 12-15 ton per wagon.

### **Delhi Metro**

The state government in partnership with the central government initiated the construction of the Delhi metro rail system in 1996. Phase I of the project, involving an investment of Rs. 105.80 billion is now 90% complete and is expected to be fully operational by March 2006. The Japanese government funded 60% of the project cost. Phase II of the project has also been initiated. It is estimated to cost Rs. 82.80 billion and is expected to be completed by 2010. The project will add 53 kms of metro rail to the 39 kms constructed under the first phase.

### **Hyderabad Metro**

The Andhra Pradesh government has invited global expressions of interest and requests for qualification to execute metro-rail projects in Hyderabad on a build, operate and transfer (BOT) basis. Three corridors with a total length of 59 km will be taken up under the first phase, which is expected to cost Rs 63.7 billion (US\$1.4 billion). The central government has agreed to provide the maximum grant available under the Viability Gap Fund, equivalent to 20% of the expected cost for this project. The proposals are expected to be finalized by March 2006. The time frame for completion of the project is four years.

### **Bangalore Metro**

The Karnataka government has formal approval to start the Rs 62.1 billion (US\$1.4 billion) Bangalore Metro Rail project. Following the approval, Bangalore Mass Rapid Transit Ltd (BMRTL) will begin planning, design, identification and short listing of vendors and contractors, as well as land acquisition, pending final approval to begin work on the 33- km first phase by June. The Karnataka government's share in the cost will be Rs 18.1 billion, while the central government will contribute Rs14.5 billion (with the remaining Rs29.5 billion loans from banks and financial institutions). Project completion should be 2010.

### **Mumbai Metro**

About 80% of the city's population travels by train, and the state government is now working on a plan to set up metro rail. The Mumbai Metropolitan Region Development Authority (MMRDA) plans to build a metro at a cost of Rs15 billion (US\$350 million). Technical bids have already been evaluated and six firms have been short-listed to submit financial bids. The project is expected to achieve financial closure by June 2006. It is likely to be granted on a BOT basis. The first phase of the metro rail project has been conceived as a joint venture project, in which the government and the private promoter of the project will each have a 13% share in equity (Rs1.9 billion). The remaining 74% of the Rs15 billion project will be financed through debt. Debt will be raised through market borrowing and a special purpose vehicle (SPV) is being created for this purpose. The first phase of the metro will be a 15 km-long raised rail corridor and is expected to be completed by 2008. The second phase will be 36 kms long and the third phase will cover an additional 12.8 kms. The metro will connect areas hitherto not connected – it will provide a north-south corridor and an east-west corridor for the city.

## Summary of Rail Infrastructure Development

Project Details	Timeline	Cost (Rs. bn)	Cost (US\$ bn)
Usual Maintenance Capex*	n.a.	76 (average in F2000-F2004)	1.7
Freight Corridor	F2007 onwards	600	13.6
-- Phase I (Howrah New Delhi - Mumbai)	F2007-F2013	220	5.0
Metro Projects:			
- Delhi (Phase II)	F2006-F2011	80	1.8
- Hyderabad (Phase I)	F2007-F2011	64	1.4
- Bangalore	F2007-F2011	62	1.4
- Mumbai	F2007-F2009	15	0.3

\* Average gross capital formation in F2000-F2004. Source: Morgan Stanley Research

## POWER SECTOR

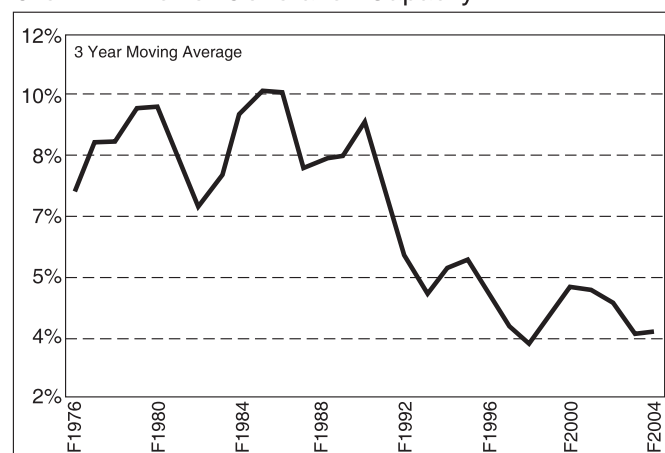
Power is one of the prime movers of economic development. The level of availability and accessibility of affordable and quality power is also one of the main determinants of the quality of life. In fact, the power sector is often considered to be the pillar of infrastructural growth and economy. The Government has, since Independence, been giving priority to this sector while fixing the Plan outlays. As a result, the installed generation capacity has risen from around 1,300 megawatt (MW) at the time of Independence to more than 1,00,000 MW today. Along with the growth in installed generation capacity, there has also been a phenomenal and required matching increase in the transmission and distribution (T&D) capacity. However, despite these achievements, the power sector has not kept pace with the growth in demand with the result that the country has been facing energy and peaking shortages.

The Government of India has recently realized that if the economy has to grow at the rate of 6-7% p.a., the manufacturing sector needs to expand substantially. This is only possible with availability of power which at present is in short supply. Keeping the above in mind, the Govt. has made certain changes which will lead to generation of higher electricity and consequently increase in demand for steel wires.

## Investment Growth

Although the government has opened up the power sector to both domestic and foreign investors, it has failed to attract meaningful investment. Indeed, many of the foreign power companies that had announced they would invest in India have abandoned their plans. Growth in power generation capacity decelerated to 4.1% in F2001-05 from 4.5% over F1991-F2000, 8.5% over F1986-F1990 and 8.8% over F1981-F1985. It is believed that the current operational environment is not conducive to investment by private companies. The most important investment deterrent is the poor financial condition of the SEBs, which are the counter-parties monopolizing the distribution and transmission of power. In addition to the SEBs' poor financial health, complicated clearance requirements impede investment. Moreover, government investment has been slowing over the past few years because of financial constraints. As a result, capacity generation has been severely affected.

## Growth in Power Generation Capacity



Source: CMIE, Morgan Stanley Research

**KEY ISSUES FACING THE SECTOR**

**Low tariffs for agriculture and domestic consumers**

Although average tariffs rose over F1993 to F2000, they clearly did not keep pace with the increase in costs, and the tariff-to-cost ratio, which was 82% in F1993, dropped to 74% in F2000. While this ratio has improved over the past few years to 77% in F2005, the gap remains high. In addition, a large part of the improvement in this ratio has been achieved by increasing the cost burden for industrial users rather than reducing theft.

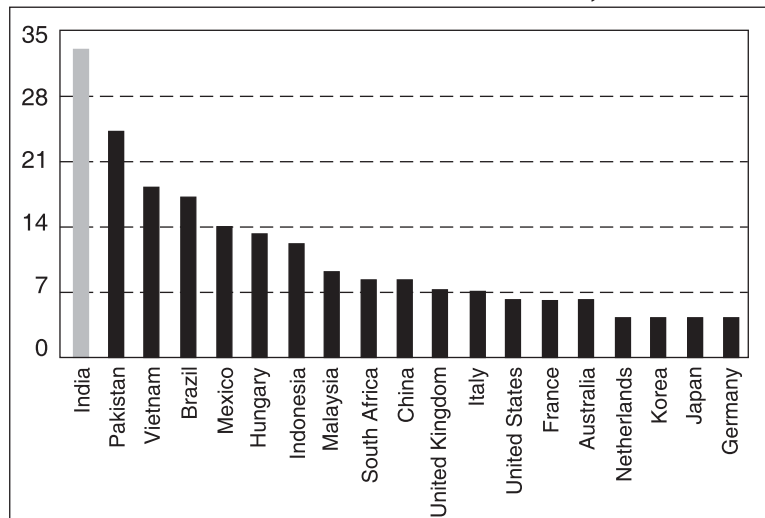
**Imbalance between agriculture and industry**

The power tariff structure in the country continues to be dysfunctional and needs urgent attention, in our view. The SEBs have continued to meet the gap between revenue and cost by disproportionately raising tariffs for industrial users. The average tariff for industrial customers is more than nine times that for agricultural users. The average tariff paid by industrial users is 380 paise/Kwh, whereas the average tariffs for agricultural and domestic users are 40 paise/Kwh and 190 paise/kwh, respectively. Indeed, the industrial tariff in India is one of the highest in the world, whereas the domestic consumer tariff is one of the lowest in the world.

**Poor distribution infrastructure and theft**

While the government has attempted over the past 10 years to attract private investment in power generation, investment in transmission and distribution has been ignored. This has produced a poor transmission and distribution infrastructure, and a lack of metering and auditing systems has resulted in theft. There has been a significant improvement in power plants' operating efficiency in the past few years, with the average plant factor improving from 55.3% in F1992 to 64.6% in F1999 and further to 72.8% in F2004. However, losses from transmission and distribution (T&D) worsened from 19.8% in 1992-93 to 25% in F1998, and further to 33% in F2004, largely because of theft. The losses due to theft have been in the US\$4-5 billion p.a. range, according to the Power Ministry. As energy audits are almost nonexistent, losses from theft could be higher. These T&D loss rates in India are among the highest in the world.

**Transmission and Distribution Losses, 2003**



Source: Ministry of Power, Morgan Stanley Research

**REFORMS**

**Tight Financial Condition of States Is Driver of Change**

The total commercial losses of state-owned electricity boards (SEBs) were an estimated Rs207 billion (0.7% of GDP) in F2005. Not having much choice, many states have initiated reforms in the electricity sector. The central government and multilateral agencies are lending funds to cash-strapped SEBs with an undertaking to initiate critical reforms.

**The Central Government Is Pushing States to Implement Reforms**

The central government has encouraged states to implement reforms by providing conditional loans to ailing SEBs. The central government has implemented an incentive scheme for states under the Accelerated Power Development Program (APDP). The APDP is a separate program that receives an allocation from the central government budget. States undertaking

reforms will be assisted through APDP grants. Under this scheme, states receive funds for power sector investment but must fulfill certain conditions. A few states have responded positively to these incentives. Similarly, in 2003 the central government undertook a US\$7.8 billion financial bailout package for SEBs, which provided a one-time write-off of interest on loans due from the SEBs to central public undertakings (units supplying coal and providing electricity to SEBs). The bailout scheme required SEBs/state governments to accept reform-based performance milestones, such as metering of distribution feeders, reducing subsidies to farmers and controlling theft.

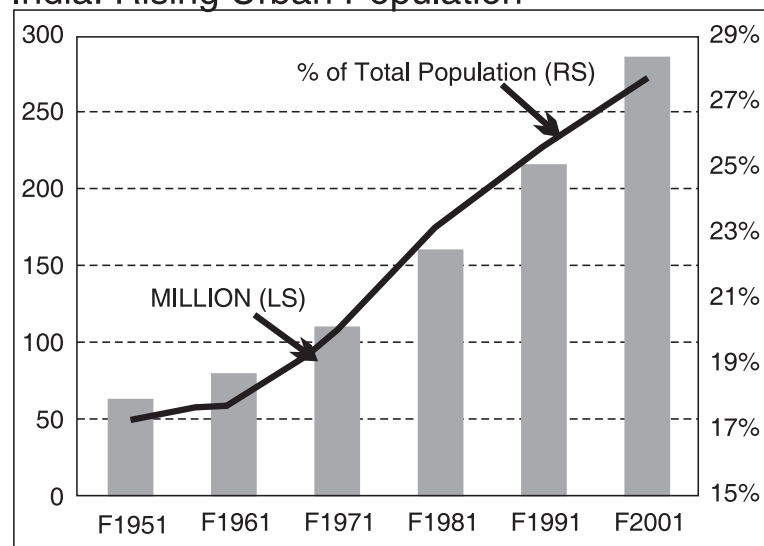
One of the most significant measures for reform in the sector was the enactment of the Electricity Act in 2003. As electricity is under the 'concurrent list', participation by the state governments is critical. The central government has increased dissemination of information and interaction with leaders at the state level. Several rounds of chief ministers' conferences have been held as a way of arriving at a consensus for reform. After consulting with the state governments, the central government passed the Electricity Act, which requires the state governments and state electricity boards to improve and restructure the operations of SEBs. This Act provides a legal framework for enabling reforms and the restructuring and modernization of India's power industry. The Act calls for reorganization on commercial principles (cost recovery, privatization and market orientation) as well as transparency, accountability and efficiency. The Act also resulted in administrative simplicity by integrating the Indian Electricity Act, 1910, the Electricity (Supply) Act, 1948, and the Electricity Regulatory Commission Act, 1998, into a single Act. Power Ministry and State Regulators continuing to be debated. The Power Ministry and the Forum of Power Regulators recently set up a panel to prepare an action plan for open access in distribution by 2009 (as envisaged in the Electricity Act). Implementation of this measure will allow consumers using power of 1MW or more to purchase electricity from their chosen generator (including captive power plants with surplus capacity) and transmit this to their area by paying a 'wheeling charge', in addition to a surcharge that would be used to meet the cross-subsidy in that area. As many as 19 states have issued regulations allowing open access in their state.

### Urban Infrastructure

Urban infrastructure is one area, which for years has not received the due attention from policymakers. Over the last fifty years, while the country's population has grown by 2.5 times, in the urban areas it has grown by five times. It is estimated that by the turn of the millennium 305 million Indians shall be living in nearly 3,700 towns and cities spread across the length and breadth of the country. This would be nearly 30 per cent of country's total population. This likely scenario increases the emphasis on urban infrastructure. Urban infrastructure consists of drinking water, sanitation, sewage systems, urban transport, primary health services, and environmental regulation.

The rising urban population is continuing to strain infrastructure services in these areas. Indeed, the recent spate of floods in major cities was an unwelcome reminder of the grim state of basic urban infrastructure. There is no effort so far on the part of the government to initiate a coherent urban infrastructure development plan. Most state governments are continuing with an ad hoc and half-hearted approach to this issue. The overall state of basic urban infrastructure in terms of transport, water supply and sanitation remains poor. Indeed, about 20% of the urban population lives in slums without access to some of the basic infrastructure services.

### India: Rising Urban Population



Source: Census of India, Morgan Stanley Research

### TRANSPORT SYSTEM

Most urban areas suffer from poor road networks. Mass Rapid Transit Systems (MRTS) do not exist except in three cities (Mumbai, Kolkata and Delhi). According to the Planning Commission of India's study, in developed countries cities start planning and building MRTS as their population level crosses a million and start operating by the time their population reaches two million. India was estimated to have 35 urban agglomerations with above one million population and 13 urban agglomerations with population above 2 million, as per Census 2001. Finally, a few state governments have now taken up some projects that aim to improve the urban transport system. For instance, Andhra Pradesh and Karnataka governments plan to invest in new MRTS for Hyderabad and Bangalore, respectively. Similarly, the Maharashtra government plans a 15 km metro system in addition to its existing suburban railway system. We have explained these projects in detail in the Railways infrastructure discussion.

### Water Supply and Sanitation and Solid Waste Management

About 60% of urban households are not connected to public sewerage systems. Similarly, management of urban solid waste has been poor. Garbage collection efficiency ranges from 50 to 90% of the solid waste generated. Most of the urban water supply and sanitation providers are not financially viable. They need large subsidy support and have not been able to collect the required user charges due to political interference. Reforming the user charge policy and granting greater independence to these providers would be necessary for making them financially viable and increasing investments in this area.

### Reforms in the sector

The Planning Commission of India (PC) has over the years relayed its advice in the area of urban infrastructure development, highlighting the need to initiate structural reforms. Some of the important measures suggested by the Planning Commission, which will be key to augmenting investments in urban infrastructure investments are as follows:

- **Decentralization of authority and responsibility to urban local bodies:**

Improving the functional and financial autonomy of urban local bodies (ULB) would be key to enhancing the institutional capacity at the local level for urban infrastructure development. Although a few states have started moving in this direction by transferring the powers to ULBs and appointing metropolitan planning committees, according to the planning commission, the

- **Increase central assistance in urban development:**

During the tenth plan (F2003 to F2007), an outlay of just Rs115 billion (about US\$2.5 billion) or Rs23 billion a year (about US\$500 million a year) was allocated by the central government as gross budgetary support for the ministries of Urban Development and Urban Employment and Poverty Alleviation. Despite the increase in allocation suggested by the Planning Commission, the central government has not paid much attention to this issue so far. The central government launched an urban reforms incentive fund to encourage states implement reforms such as repealing the Urban Land Ceiling Act, Reforming Rent Control Act and a levy of reasonable user charges. While many states came forward to sign the initial memorandum of understanding, they have been hesitant to implement the milestones agreed. The aggregate disbursement to state governments under the incentive schemes has been negligible.

### AIRPORTS

India has 450 airports managed by Government agencies such as defence services, State Governments and the Airports Authority of India (AAI). The AAI manages a total of 120 Airports in the country, which include 11 International Airports, 81 domestic airports and 28 civil enclaves. Top 5 airports in the country handle 70 per cent of the passenger traffic out of which Delhi and Mumbai together account for 50 per cent traffic.

### Upsurge in air traffic creating under-capacity

With air travel becoming more affordable the air traffic in India is witnessing rapid growth. Though the entry of low-cost air carriers is a key factor, industry analysts attribute the boom in air travel to India's economic upswing, increased FDI in various key industrial sectors, a flood of outsourcing firms, the growing popularity of India as a tourist destination and the consequent surge in the numbers of foreign travelers arriving in the country.

Passenger and cargo traffic has grown at an average of about 9 per cent over the last 10 years. The domestic passenger segment is likely to grow at 12 per cent per annum over the next few years. The estimated growth for the international passenger segment is 7 per cent while the growth for international cargo is likely to be at a healthy rate of 12 per cent.

With the number of passengers in the country expected to grow from 19 million annually now to 50 million by 2010, a number of new air carriers have entered the space while several other groups are planning their foray. Airlines in India are expected to buy at least 280 new planes by 2010, worth an estimated US\$ 15 billion, and another US\$ 15 billion below worth in the

following decade. Market estimates of international aircraft manufacturer Airbus Industries, indicate that demand for planes from India could grow to about 800-1,000 in the next two decades.

Presently, Indian airports face several constraints. Due to liberalisation in the sector and a spurt in new airlines launching their services, the airport infrastructure is under increased pressure. The limited parking and terminal capacity, delay in passenger clearances, and bunching up of flights have led to congestion at airports. Moreover, most Indian airports lack modern ground-handling facilities, night-landing systems, and cargo handling facilities.

### **Investments taking off through Public-Private participation**

In its effort to develop airports of world-class standards, the Government is inviting private sector participation for developing the existing airports such as Mumbai, Delhi, etc as well as Greenfield airports such as Hyderabad and Bangalore. The total investments envisaged in Indian airports over the next five years are USD 5.07 billion.

### **Upgradation of metro city airports**

The cost of upgrading Delhi, Kolkata, Chennai and Mumbai airports is estimated at USD 2.22 billion. The Government is keen to hand over Mumbai and Delhi airports to private parties for operations and modernisation. The modernisation of the two airports is estimated to cost USD 666.67 million. Private parties will recover their investment through levying special surcharge for airport facilities. The government has appointed a consultant for the privatisation process of these two airports. Similar initiatives are expected in this sector over the next 2-3 years.

### **Hyderabad Airport**

The first phase of this project to build an international airport at Shamshabad in Hyderabad, is expected to cost USD 257.78 million. The Malaysian MAHB consortium will develop this project along with the Government of Andhra Pradesh (GoAP) and the AAI. The Malaysian consortium will have a 74 per cent equity stake in the project and the rest will be shared equally between AAI and GoAP. The advance development fee of USD 23.78 million, paid by GoAP, will be recouped by levying an additional tax on the existing airport at Hyderabad.

The GoAP recently cleared USD 70 million of interest-free loans and granted USD 23.78 million as advance development fees for this project. The state support and shareholders' agreements are expected to be signed soon. This would be followed by a concession agreement between the developer and the Indian government.

### **Bangalore Airport**

The project cost is estimated at USD 288.89 million, with a debt-equity ratio of 2:1. About 74 per cent of equity will be held by its developers, Siemens Consortium. The Karnataka Government will invest 13 per cent through Karnataka State Industrial Investment & Development Corporation, and AAI will hold the rest. The project has achieved financial closure, and construction has begun.

### **Restructuring and privatization of Delhi and Mumbai airports**

The government is working on a plan to transfer the operation and management of its existing airports in Mumbai and Delhi through a long-term lease to private players. An Empowered Group of Ministers (EGOM) is overseeing the process of privatization. The government will allow 49% FDI in the lease venture. The government has already received six bids for the privatization of Mumbai Airport and five bids for privatization of Delhi Airport. The entire process of evaluation of bids and the handing over of the airport to the successful bidder is likely to be completed by the end of 2005. The new ventures will complete the modernization of the two airports by end-2009. The first phase of modernization of the two airports is likely to cost US\$1.2 billion (US\$640 million for Delhi and US\$590 million for Mumbai) and should be completed by 2009.

### **More than just airports**

There is a wider real estate angle to the development of airports today. An estimated USD 1,650-1950 million is being planned for investment in over one thousand acres of land comprising golf courses, hotels, convention centres, malls, office space and entertainment centres at the Kolkata, Hyderabad and Bangalore airports.

### **Other projects**

The Central government intends to modernise airports at Madurai, Trichy and Coimbatore. Modernisation of the Coimbatore airport is expected to cost USD 9.3 million.

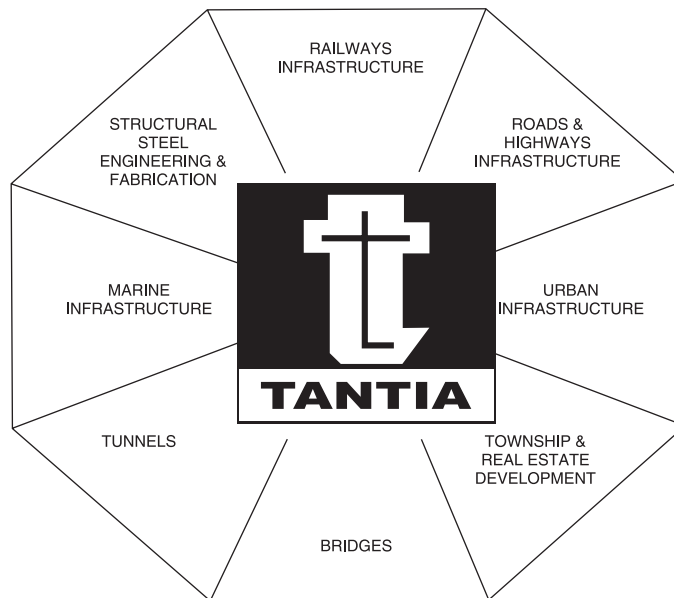
### **Legislative reforms for airport investments in place**

The Airport Authority of India (Amendment) Bill, 2003 has been passed by Parliament. The Bill provides a legal framework for operational and managerial independence to private operators. It also seeks to ensure a level playing field to private sector greenfield airports by lifting control of AAI except in certain respects.

## BUSINESS OVERVIEW

Our Company is a leading infrastructure construction Company in Eastern India with its Head office at Kolkata and regional offices at New Delhi, Guwahati and Aizwal. Tantia Constructions Limited (TCL) was incorporated in the year 1964 by late G.P Tantia and is a profit making company since inception and dividend paying since last ten years. Over the four decades of existence TCL has an unmatched track record of completing every single assignment. In recent years our company has executed a number of praiseworthy projects in the states of West Bengal, Assam, Bihar, Uttar Pradesh, Tamil Nadu, Kerala and Mizoram, and in neighboring countries like Bangladesh, Nepal and Bhutan. Our Company maintains high standard in quality and timely completion of projects, adopts latest innovation and dedicated services and is among the first Indian Companies to have been accredited with “ISO 9001:2000” management system certificate from Det Norske Vertias Neatherland for infrastructure projects.

Our Company is operating in a competitive market but the credential, capability and decades of experience in construction sector sets it apart from its competitors. Today our organization is one of the leading Civil engineering constructions Company in Eastern India. Our credentials are reflected in its project portfolio – diverse and successful. Our company posses special expertise in constructing Bridges, Rail Roads, Roads & Flyovers and have a strong presence in all the major construction activities which are inter-alia as follows:



### Some of the major projects executed by us would include:

- Five bridges in Khagria, Bihar, location inaccessible by road
- Large display halls at Pragati Maidan in New Delhi, in record time
- A 1.25 km Rail, steel girder bridge across Saryu River
- Challenging de-reservation of Kolkata's tram tracks for Hoogly River Bridge Commissioners.
- Bridge over Bulgharia Expressway in Kolkata
- A complex linking bridge in Thimpu, Bhutan
- Jetty terminal in Guwahati on the River Brahmaputra.

TCL's list of highly satisfied clientele is quite long, and includes – almost all the zonal railways, Central and State Public Works Department, National Authority of India, Kolkata Municipal Corporation, Hoogly River & Bridge Commission, Kolkata Municipal Development Association, North Eastern Electric Power Corporation, Housing Industrial Development Corporation, Kolkata Metro Railway, Kolkata Circular Railway, Indian Oil Corporation, IRCON International Ltd., Delhi State Industrial Development Corporation Ltd., Punjab Industrial Development Board etc.

## Types of Contracts

### 1. Item Rate Contract

It is also known as unit price contract or schedule contract. For Item rate contracts, contractors are required to quote rates for individual items of work on the basis of schedule of quantities (Bill of Quantities – BOQ) furnished by the department. This schedule indicates full nomenclature of the items as per client's estimate. The client will provide the design and drawings and specifications.

### 2. Percentage Rate

In this type of contract, the Company is required to quote the percentage above or below or at par of the estimated cost mentioned in the tender. The client provides the design, drawings and specifications.

### 3. FEED

Normally this work is carried out either as a part of consultancy where in the consultant company provides FEED data to the project owner to enable them to take a decision on floating the tender for construction. In addition to this FEED is also a pre requisite for a contractor to enable him to bid for EPC projects. A FEED project by itself can generate revenue as consultancy work or is a part of expense in the bidding procedure of an EPC contract.

### 4. LSTK / EPC:

In this form of contract contractors are required to quote a fixed sum for execution of a work complete in all respects, i.e., design engineering, execution as per the drawing, design and specifications submitted by the contractor and approved by the client. The department will provide the tentative quantities involved and any increase or decrease of the quantities will have to be absorbed by the contractor.

### 5. Annuity

In annuity type of contracts the facility is being constructed and maintained by the contractor out of his finances, however, the contractor is not the owner of the facility. The client is the owner of the facility and he pays the contractor the agreed upon charges through out the concession period.

### 6. BOT / BOOT

It is a relatively new approach taken by the Government, which enables direct private sector investment in large scale projects such as roads, bridges, ports, airports, solid waste management, power and such other infrastructure projects. These contracts are granted by the Government on Build Operate and Transfer basis (BOT), or on BOOT i.e. (Build Own Operate Transfer), BOLT (Build Operate Lease Transfer) and OOT (Own Operate Transfer).

**Build:** The contractor (or consortium) agrees with a government body to invest in large-scale projects (such as a road or bridge). The company then secures their own financing either in the form of debt or equity to construct the project.

**Own:** The contractor (or consortium) is awarded the ownership of the asset during the agreed concessionary period during which time the company receives payment towards the cost of the project.

**Operate:** The contractor (or consortium) then operates and maintains the asset during the concessionary period and earns revenue through tolls, charges or advertisement.

**Transfer:** After the expiry of the concessionary period the asset is transferred back to the organization that had commissioned the project.

### 7. Operation & Maintenance

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

## OUR ALLIANCE PARTNERS

### Road Builder Sdn Berhad Malaysia, Malaysia

Road Builder is one of Malaysia's leading infrastructure corporations with domestic and international operations. Credited with the design and construction of the world's first state-of-the-art cable-stayed arch bridge in Putrajaya, Malaysia. Testimony of its engineering expertise and technological innovation. Also the first construction company in Malaysia to be accredited the ISO 9002 Quality System Certification for Building and Civil Engineering services from SIRIM QAS Sdn Bhd.

## Tantia Constructions Limited

### KLRT Consultancy and Engineering Services Sdn Bhd, Malaysia

KLRT was established to offer a wide range of services to the light rail industry in planning, design, design review, project management, operations, engineering and training expertise. The company was involved with Kuala Lumpur's Light Rail Transit operations for the conventional and driverless systems.

### IVRCL Infrastructure and Projects Limited, India

India's leading water infrastructure solutions provider with front-end engineering capabilities. Enjoys a strong presence across various social infrastructure sectors like water transmission, water treatment, solid waste management, roads and highways, bridges and power transmission lines among others. Acknowledged as 'the growing construction company in India' by the leading industry magazine *Construction World* (annual issues 2002, 2003 and 2004).

### Basic Engineering Limited, Bangladesh

Reputed civil engineering construction company. Enjoys a strong presence in dredging, coastal embankment rehabilitation works, road construction and building construction among others.

### Ramky Infrastructures Limited, India

Emerged as a specialist across various infrastructure sectors comprising waste management and real estate. Established competence in managing BOO, BOOT and BOT projects. Waste management division credited with the establishment of India's first integrated common hazardous waste management and bio-medical waste management projects in Hyderabad.

### BSBK Limited, India

India's leading construction company with an expertise in managing large-scale projects for the core sector (iron and steel, power, mining and pollution control among others). Involved in landmark projects like the Bhakra Nangal Dam and the Halwada Aerodrome, among others.

### Soma Enterprise Limited, India

Enjoys an expertise in the execution of major and time-critical civil assignments in real estate, highway, water conservation, water/ sewage treatment, hydraulic and highway tunnels, aqueduct, embankment dam, lift irrigation and gravity dam projects, among others. Prestigious projects comprise the Kamshet Tunnel and Khandala Tunnel (Mumbai-Pune Expressway), Noida Expressway and the Nellore Bypass, among others.

### List of Existing Joint Ventures of the Company

Sl No.	Date	Party's Name	Registered Office of Party	Employer	Purpose of J.V.	%age of Profit	Current Status of the Joint venture
1	31-Jul-99  31-Jul-99	The Freyssinet Prestressed Concrete Company Limited &  Gilcon Project Services Limited	6/B, 6th Floor, Sterling Center, Dr. Annie Besant Road, Worli, Mumbai – 400018  Gammon House, Veer Savarkar Marg, Prabhadevi Mumbai- 400025	The Superintending Engineer,(H), Project, Circle II, Highways and Rural Works Department, Government of Tamil Nadu, Madurai	Package XV Sivagangai/ Ramanathapuram/ Virudhunagar Dist of Tamil Nadu, 106 Bridges  Design Construction/ Reconstruction of Nine Bridges on Turnkey basis in Package XIV Kanyakumari/Tuticorin/ Tirunelveli Districts of Tamil Nadu	50:45:5  50:45:5	Work completed. Security Deposit & payment against final bill to be received
2	20-Mar-01	IVRCL Infrastructures & Projects Ltd.	M-22/3 RT, Vijaynagar Colony, Hyderabad - 500057 Andhra Pradesh	"The Relocation of Industries Project", Udyog Vihar, Bawana, Delhi	Construction of Infrastructure works (water Supply, Industrial Waste Water Cum Sewerage, Internal Roads and Storm Water Drainage and internal Roads) for Sector 5	49:51	Work completed. payment against final bill to be received

SI No.	Date	Party's Name	Registered Office of Party	Employer	Purpose of J.V.	%age of Profit	Current Status of the Joint venture
3	4-May-01	Techni Bharati Ltd.	"Florance" 1st Floor, Bye Pass Road, Edappally, Kochi - 682024	National Highways Authorities of India	Four Lining of Aluva - Angamali Section of NH-47 in the State of Kerela ( Contract Package No. NS-28)	50:50	Work completed payment against final bill to be received
4	21-Aug-01	Subhash Projects And Marketing Ltd.	F-27/2, Okhla Industrial Area, Phase-II, New Delhi - 110020	Punjab Public Works Department	Widening & Strengthening of Ropar Balachaur Road & Kishanpur Choe	98:2	Work completed
5	21-Mar-02	Simplex Projects Limited	12/1, Nellie Sengupta Sarani, Kolkata -700087	Superintending Engineer, Construction Circle NH Wing Durgapur Expressway, PWD Roads, Purta Bhawan Salt Lake - Kolkata - 700091	Construction of Belghoria Expressway in the state of West Bengal Contract Package II	75:25	Work completed payment against final bill to be received
6	14-Jan-02	Subhash Projects And Marketing Ltd.	F-27/2, Okhla Industrial Area, Phase-II, New Delhi - 110020	Punjab Public Works Department	Widening & Strengthening of Ropar Balachaur Bridges & Kishanpur Choe Construction of Phagwara Bye Pass Connecting Nawanshahar Road with Phagwara Jalandhar NH-1	Balachur Road Project 98:2 & Phagwara Bye Pass Project 97:3	Work completed
7	30-Jun-03	Satish Construction Company	Padmavati Complex, 91 Civil Lines, Saat Rasta, Solapur-413003	The Project Director, Project Implementation Unit, Karnataka State Highways Improvement Project, K R Circle, Bangalore -560001	Rehabilitation of Road Kalmala Junction to Kavital in Raichur District Karnataka	49:51	Work-in progress
8	14-Jul-2003 (superceding the earlier Agreement dated 26-Apr-2002	Road Builder (M) SDN BHD	Level 16, No.6 Jalan Gelenggang, Damansara Heights 50490 Kuala Lumpur	Engineer-in-Chief, P.W.D Mizoram	a) Construction of Aizwal Bye Pass Roadb) Improvement and Upgradation of BUANGPUI - LUNGLEI Section of Aizwal- Thenzawl-Lunglei via HMUIFANG Roadc) Maintenance / Rehabilitation of ZOBawk-HAULAWNG Roadd) Maintenance / Rehabilitation of SELESIH-THUAMPUI Road	50:50	Work-in progress

**Tantia Constructions Limited**

SI No.	Date	Party's Name	Registered Office of Party	Employer	Purpose of J.V.	%age of Profit	Current Status of the Joint venture
9	25-Aug-03	Soma Enterprise Ltd.	14, Avenue - 4, Banjara Hills, Hyderabad-600034	Northeast Frontier Railway- for tunnel	Tender No. 1CE/CON/S-L/Tunnel/2003/14 9 10 12	50:50	Work-in progress
10	24-Sep-04	BSBK Pvt. Ltd.	BSBK House, Nandini Road (East), Bhilai, (C.G.) India	Kolkata Municipal Corporation	Construction of Sewerage & Drainage for Borough - XI & XIII including House Connection Lot-1, Lot-2 & Lot-3 under Kolkata Environment Improvement Project	50:50	Work-in progress
11	18-Oct-04	Indu Projects Limited  Oberoi Thermit Pvt Ltd	1539, Avenue -1, Street No. 17, Banjara Green Lane, Road No.12, Banjara Hills  5166, Besant Road New Delhi	Central Railway CST Mumbai	Participating in the Tender Notice No. CAO/C/12 of 2004 Central railway for execution of Flash Butt Welding using road cum rail mobile for Miraj Latur Gauge Conversion Project	47.5:47.5:5.0	Work-in progress
12	15-Dec-04	Ananta Charan Nayak	Swarupananda Road, Lumding, Nogaon, Assam-782447	North-East Frontier Railways	Construction of Foundation, Substructure and Superstructure of Major Bridge at Chinage over River Jantinga, minor bridge at Chinage between Ditokcherra-New Harangajao Stations (Tender No. CE/CON/S-L/MB/2004/12)	51:49	Work-in progress
13	15-Dec-04	Ananta Charan Nayak	Swarupananda Road, Lumding, Nogaon, Assam-782447	North-East Frontier Railways	Construction of Foundation, Substructure and Superstructure of Major Bridge at Chinage over River Jantinga, minor bridge at Chinage between Ditokcherra-New Harangajao Stations (Tender No. CE/CON/S-L/MB/2004/13)	51:49	Work-in progress
14	8-Apr-05	Ananta Charan Nayak	Swarupananda Road, Lumding, Nogaon, Assam-782447	North-East Frontier Railways	Construction of Foundation, Substructure and Superstructure of Major Bridge at Chinage over River Jantinga, minor bridge at Chinage between Ditokcherra-New Harangajao-Jatingalampur Stations (Tender No. CE/CON/S-L/MB/2001/13)	51:49	Work-in progress

SI No.	Date	Party's Name	Registered Office of Party	Employer	Purpose of J.V.	%age of Profit	Current Status of the Joint venture
15	2-Jul-05	JMC Projects (India) Limited	11, JMC House, Ambavadi, Ahmedabad - 380006	Airport Authority of India	Construction of New Terminal Building and Allied works at Dibrugarh Airport	50:50	Work-in progress
16	5-Sep-05	DEE BEE Constructions	N.B Road, Silpukhuri, Guwahati-781003	Assam Electricity Grid Corporation Limited	Application for Pre Qualification and if Qualified to Participate in tender invited for renovation and restoration works of Langpi -Sarusajai 220KV double circuit Transmission Line	75:25	Work-in progress

### Financial Performance of Joint Ventures

#### Tantia Freyssinet Gilcon (JV)

(Rs. In Lacs)

SI No.	Particulars	For the Year ended		
		31st March 2005	31st March 2004	31st March 2003
A	Contract Receipts	-	22.93	605.60
B	Profit After Tax	(0.03)	0.92	13.09
C	Sources of Funds*	23.39	29.07	71.03

\*Note: Sources of funds include Members' Capital Accounts & Current Liabilities (Creditors)

#### IVRCL - Tantia (JV)

(Rs. In Lacs)

SI No.	Particulars	For the Year ended		
		31st March 2005	31st March 2004	31st March 2003
A	Contract Receipts	-	2.43	2500.25
B	Profit After Tax	(0.04)	1.67	31.60
C	Sources of Funds*	3.94	4.00	40.7

\*Note: Sources of funds include Members' Capital Accounts

#### Tantia - TBL (JV)

(Rs. In Lacs)

SI No.	Particulars	For the Year ended		
		31st March 2005	31st March 2004	31st March 2003
A	Contract Receipts	809.12	1605.08	3305.88
B	Profit After Tax	12.58	25.83	52.26
C	Sources of Funds*	16.01	210.87	175.2

\*Note: Sources of funds include Members' Capital Accounts & Current Liabilities (Creditors)

## Tantia Constructions Limited

### Tantia - SPML (JV)

(Rs. In Lacs)

SI No.	Particulars	For the Year ended		
		31st March 2005	31st March 2004	31st March 2003
A	Contract Receipts	75.95	445.73	2018.11
B	Profit After Tax	-	-	-
C	Sources of Funds*	23.86	20.24	84.47

\*Note: Sources of funds include Members' Capital Accounts & Current Liabilities (Creditors)

### Tantia - Simplex (JV)

(Rs. In Lacs)

SI No.	Particulars	For the Year ended		
		31st March 2005	31st March 2004	31st March 2003
A	Contract Receipts	745.47	1094.96	814.95
B	Profit After Tax	-	-	-
C	Sources of Funds*	23.46	88.18	76.95

\*Note: Sources of funds include Members' Capital Accounts & Current Liabilities (Creditors)

### Tantia - RBM (JV)

(Rs. In Lacs)

SI No.	Particulars	For the Year ended		
		31st March 2005	31st March 2004	31st March 2003
A	Contract Receipts & Other Income	984.61	254.26	-
B	Profit After Tax	9.81	0.96	-
C	Sources of Funds*	3,321.90	1694.65	-

\*Note: Sources of funds include Members' Capital Accounts & Secured Loan

## Collaborations

Except for the joint venture agreements details of which have been mentioned on page 49 of this Prospectus there are no other collaborations entered into by the company.

## OUR TECHNICAL CAPABILITY

### a) Railway infrastructure

#### Overview

The Railway Infrastructure requirement is diverse and includes:

- Survey, fixing of alignment, and designing for track
- Embankment and cuttings
- Bridges & Tunnels
- Steel girder fabrication and erection
- Laying of ballast and concrete sleepers
- Laying of rails and fittings, flash butt welding for long rails
- Signaling and electrification

- Maintenance of railroads and rail infrastructure
- Allied services such as buildings, railway stations and terminals
- Urban railways being built on elevated sections.

### **Competence**

Our company is associated with Indian Railways since last 4 decades and had the opportunity of executing every type of work mentioned above starting from survey design to final commissioning of rail track even on EPC (Engineering, Procurement, and Construction) basis as well as for allied infrastructure like electrification, signaling, buildings, etc. In the process, we have not only acquired the Plant & Machinery but also the intellectual know-how and trained manpower needed for executing such types of work, for e.g.: sophisticated and costly design-drawing software, earthwork and tunneling machines, bridge work equipments like cranes, piling machines, batching plants, concrete pumps, sophisticated girder manufacturing-launching machines and supports, track laying machines, rail welding machines, etc. for complete railway work requiring huge capital outlay.

### **Showpiece/ principal projects**

- 14 km Track embankment, bridges, laying and linking of rails at Katwa, West Bengal
- 2.5 KM Viaduct from Princepghat to Majerhat for Circular Railway, Kolkata
- Electrification and signaling work in Purulia, West Bengal
- New Howrah Railway station and Yatri Niwas at Kolkata, West Bengal

### **b) Urban infrastructure**

#### **Overview**

Urban Infrastructure Development today is mainly of 2 types

- i. Improving the facilities in existing town/city
- ii. Creating new townships

Urban infrastructure construction requirement comprises survey and planning, soil re-engineering and modification, earthwork and filling, sewerage and drainage networks, water treatment plants and pumping stations, power and transmission lines, telecommunication and gas lines, arterial and branch roads, mass rapid transport systems to every locality and home. Besides this the realty development of residential, commercial and public utility buildings also forms part of the great demand that exists in Urban Infrastructure.

### **Competence**

Since last 15 years, the company's enjoys an established capability in organizing massive surveys and soil reengineering, mechanized earthwork and hauling for large-scale land development assignment, including allied works of roads and pipelines, electrification and lighting systems.

It has the experience of working in congested areas in the heart of Kolkata and Delhi to lay more than 100km of sewerage, drainage and gas pipelines. It has been involved in the refurbishment and restoration of over 10km of modern light rail tram track in one of the busiest stretches of Kolkata for rapid public transport. Working in such heavy traffic movement while following all safety measures, budget and limited time constraints is a competence the company and its employees are proud of. The company has also been an important contributor to the development of Rohini Township and the Bawana Industrial Estate in Delhi. In doing so, the company has invested not only in manpower, but also in several units of excavators, pay-loaders, dumpers, tippers, motorgraders, vibro-rollers, tandem rollers, pile driving machines, bulldozers, among others).

### **Showpiece/ principal projects**

- Industrial estate development including service lines and roads across 50 hectares at Bawana for Delhi State Industrial Development Corporation (DSIDC)
- Display Halls at Pragati Maidan, New Delhi
- Construction of 144 units MIG housing in Rohini, Delhi
- 12km of Light rail tram track in Kolkata
- ADB funded Sewerage and Drainage works in Kolkata

## Tantia Constructions Limited

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### c) Roads and Highways

#### Overview

Development of the Golden Quadrilateral and National Highway Corridor has been a highlight of the Indian Infrastructure development in the last decade. This is being followed by widening and strengthening the network of State Highways and Rural roads. For this purpose, the states are receiving significant funds from Central Bank, World Bank and Asian Development Bank (ADB). Several sections are also being invited on BOT/BOOT basis.

#### Competence

Having constructed over 100kms of roads and highways in hilly areas of Mizoram, coastal areas of Kerala and plains of Punjab and Haryana, the company can boast of having not only a significant capital outlay on Plant & Machinery, but also very high standards of quality assurance and control when it comes to road construction accompanied by its well established mechanical department maintenance and supervisory team.

#### Showpiece/ principal projects

- 4 laning of National Highway 47 Aluva Angmali section in Kerala
- 37.2 km 4 laning of National Highway 1 from Panipat to Karnal
- ADB funded State highway works in Mizoram and Karnataka

### d) Bridges and Flyovers

#### Overview

Bridge & Flyover construction is as essential and integral to India as its multiple rivers and congested cities. Even today many major rivers lack bridges, and the number of flyovers even in primary cities is few. The demand for bridges and flyovers in cities and towns is on the increase. To add to this, several old bridges built during the British era, are approaching restoration and reconstruction.

#### Competence

Tantia Constructions' bridge construction is highly industrialized, and its expertise encompasses a number of foundation and erection techniques. Making use of heavy engineering methods in a quality controlled way, it has been able to deliver deep well sinking upto 70m below the soil (i.e.-25 storeys below ground) and launching of 100metre girder over deep gorge in Himachal Pradesh. Besides this it has been regularly using reinforced, pre-stressed and composite concrete construction of M45/ M50 grade concrete for its various projects. It enjoys in-house facilities for the design and drawing of all structural members using the latest CAD software and systems; it enjoys strong competence in planning girder launching systems using various construction methodologies (cantilever, incremental and direct support systems). All form work and staging systems (including mechanical arrangements) are directly executed by the company resulting in a safe and economical construction solution supported by on-site testing.

#### Showpiece projects

- Grade separated interchange for Belghoria Expressway.
- 1.25 km bridge across the Saryu River in Ayodhya, with 19nos of 60meter steel girders launched by Cantilever method.
- 5 major bridges inaccessible by road in Mansi – Saharsa section, Bihar

### e) Steel girder fabrication

#### Overview

The Company enjoys a strong in-house capability to fabricate large-scale structural steel girders for bridges, flyovers and buildings. This competency comprises a capability to fabricate on-site and off-site built-up girders, columns, trusses, structural-form work support systems, plate bending, welding, cutting through pug machines, shearing, bolting and riveting facilities.

#### Competence

Since steel girders comprise the principal props for bridges and flyovers, their manufacture needs to be of the highest quality. In view of this, the company manufactures steel girders in a captive unit, which enables it to protect quality and delivery schedules. Since steel girders are of a large size – the company manufactures key parts off-site and assembles them to create the steel girder at the project site. Over the years, the company has demonstrated a capability in the erection of bulky girders from considerable heights above the road or water surface.

### Showpiece/ principal projects

- 1.2 km Ayodhya bridge with a total fabrication of 4000 tonnes.
- Chingrighata flyover in Kolkata with a cumulative fabrication of 600 tonnes.
- 100m steel girder fabrication and erection over deep gorge river Sutlej in Himachal Pradesh

### f) Coastal Embankments and Jetties

#### Overview

Embankments and Jetties are integral to the river transportation and marine infrastructure initiatives being planned by Central and State Governments. They represent a majority of the civil infrastructure needed for development of ports, river training and protection.

#### Competence

The company has experience in massive Coastal embankment work in Bangladesh amidst low and high tide conditions. It has also done river training and “guidebund” protection works for River Bramhaputra and Kopili Hydel project in Assam where guidebunds had to be made more than 30m high. In doing so, the company incorporates intelligent soil reengineering and modification methods, use of geosynthetics and suitable mechanical means. Presently it is executing a Low berthing jetty for Indian Waterways Authority of India over River Bramhaputra in Guwahati, with 12m diameter foundation wells going upto 70m deep. This project is a testimony of its excellence in difficult jetty construction where high uncertainty exists and scour level is upto 30m deep.

### Showpiece/ principal projects

- Guidebund for river Bramhaputra in Joghhighpa, Assam
- 14 km Coastal embankment and hydraulic structures on seashore, islands in Bangladesh
- Low Level Berthing Jetty at Pandu, Guwahati

The current order book snapshot of TCL is given below:

(Rs in lacs)

MARKET SEGMENTS	Order Book Size as on 28.02.06
Urban development	22403
Rail Projects	23726
Roads	28823
Jetties	2792
Tunnels	2440
Transmission Line	1532
<b>Total</b>	<b>81716</b>

### Our Varied Terrain Understanding

Our Company enjoys a strong track record in the successful implementation of projects across all landmass types. Whether it is the hilly roads of Aizwal. Or the marshy waterbed of the Brahmaputra River. Or the sandy soil of Rajasthan. Or watery stretches of Kolkata. Or rocky mountains in Silchar and Himachal Pradesh.

Over the years, the company has leveraged the use of advanced construction technologies in soil correction leading to soil stabilization, erosion protection, curtain walls, sheet piling, retaining walls, bolder pitching, block lining, suction dredging of marshy soils and similar activities well before the commissioning of any construction.

#### A. Hills

**States of presence:** Mizoram, Assam and Himachal Pradesh.

**Temperature extremes:** Six degree Celsius to 20 degree Celsius.

**Principal challenges:**

- Mobilisation of state-of-the-art and sturdy equipment across near-inaccessible project locations.
- Co-ordinated supply of machine, material and manpower from the mainland leading to a timely project completion.
- Comprehensive project region inspection to facilitate the smooth movement of resources from the mainland to the hinterland.

## Tantia Constructions Limited

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- Enlistment of the right personnel mix – experience and youth – along with the deployment of local resources knowledgeable in the terrain and work practices.
- Sensitive selection of construction practices to minimise topographic disturbance.

### **Equipment deployed:**

Cranes, Hot mix plants, WMM plants, Batching plants, Volvos, Transit mixer, Concrete pumps

### **Goodwill:**

Our company has successfully demonstrated its ability to implement the most-modern cantilever construction technique for a bridge of 100 m span in a near-remote project site over the fiery Sutlej River in Himachal Pradesh. The company's tunneling success for the Lumding-Silchar gauge conversion project (among the top 10 infrastructure projects in the country) is a testimony to its skill in such challenging terrain.

## **B. Marshy plains**

**States of presence:** West Bengal, Delhi, Karnataka, Bihar and Kerala among others.

**Temperature extremes:** 5 degree Celsius to 40 degree Celsius.

### **Principal challenges:**

- Accurate design and comprehensive planning for a smooth and timely project implementation.
- Adoption of the right practices to ensure minimum urban congestion and free traffic flow.
- Active co-ordination and communication between the various authorities including the police, electricity boards and civic bodies, among others, for un-hindered construction and on-time completion.

### **Equipment deployed:**

25 metric tonne capacity Volvo dumpers, 1.5 m<sup>3</sup> bucket capacity pay loaders, D-8 bulldozers, 8 metre blade paver finisher, 120 m<sup>3</sup>/hr capacity motor grader, 15 metric tonne capacity vibro rollers, 6-M blade sensor paver.

### **Goodwill:**

Our company has been associated with the Bawana Industrial Estate project assignments in New Delhi comprising water supply, industrial waste and sewerage disposal, among others. The company also enjoys experience in managing urban congestion on the one hand and difficult marshy soil on the other through the successful construction of the Belgharia Expressway in Kolkata. The company enjoys an established presence in implementing projects on flat terrains.

## **C. Sandy locations**

**States of presence:** Rajasthan

**Temperature extremes:** 8 degree Celsius to 45 degree Celsius.

### **Principal challenges:**

- Competent soil study with a view to implement construction in a time and cost-effective manner.
- Adoption of the right equipment and construction practices for the most difficult among all terrains.
- Adequate manpower protection from temperature and health hazards.

### **Equipment deployed:**

Rock blasting machines, Compressors, Excavators, Dumpers, Dozers

### **Goodwill:**

Our company enjoys an established competency in rock excavation and the creation of a new embankment for the construction of a broad gauge railway line in Rajasthan.

## **D. River bed**

**States of presence:** Uttar Pradesh (bridge over Saryu River), Tamil Nadu (bridges across backwaters), Himachal Pradesh (bridge over Sutlej River) and Assam (jetty on the Brahmaputra River and rebuilding the well-foundation on the Barak River).

**Temperature extremes:** Sub-zero temperatures (Himachal Pradesh) to 40 degree Celsius.

**Principal challenges**

- Meticulous planning for the one-time construction and lifetime existence of the asset.
- Mobilisation of the right equipment and manpower to ensure the adoption of the best and safest practices resulting in quickest project completion.
- Understanding of the river depth, tides, currents and floods as well as the ambient climate.
- Creation of 'base camps' – islands on the river or across the shores – to ensure the proper movement of equipment and material inputs.

**Equipment deployed:**

Cranes, Piling rigs, Sinking equipment, Cassions, Batching plants, Concrete pumps

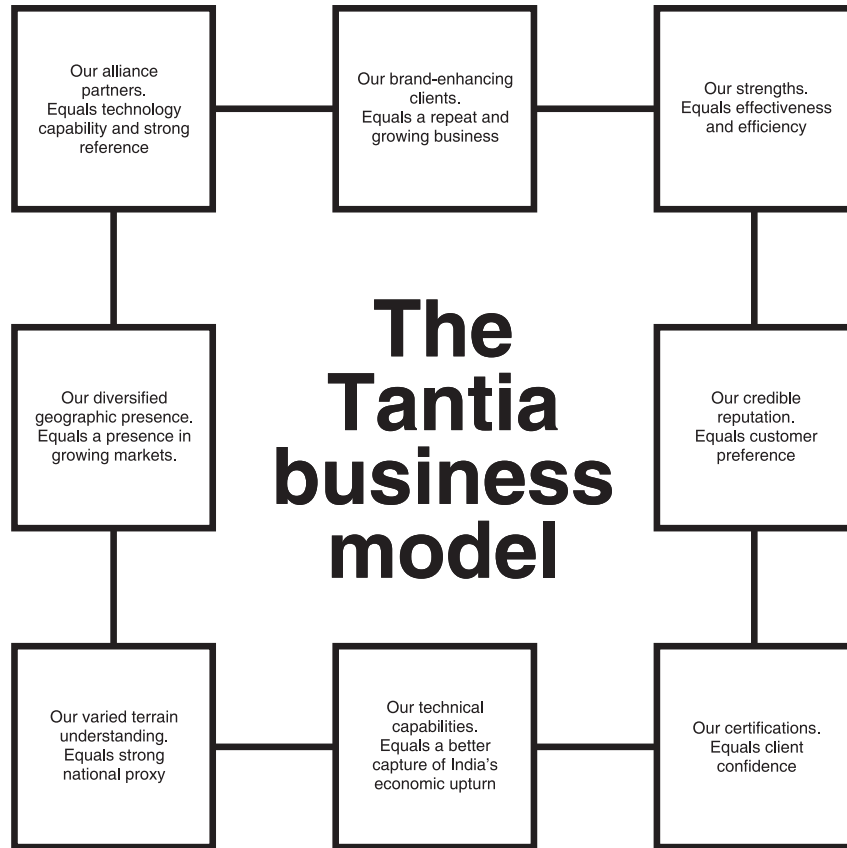
**Goodwill**

The company is credited with sinking two massive cassion wells of 12 metre diameter each inside the Barak River bed in Assam. The company was also involved with sinking two cylindrical steel cassion wells of nine metre diameter, 11 metre length and weighing 70 tonnes each in Khagaria, Bihar. The company bagged credibility-enhancing projects in cantilever bridge construction (bridge on the Saryu River) and expects to bag similar assignments across the foreseeable future.

**OUR BUSINESS STRATEGY**

Our company is operating in a highly competitive market and the strategy is to seize emerging opportunities created by the shifts in business dynamics and inherent strengths. The company plans to grow in the future through the following means:

- **Derisked Portfolio:** The Company has prudently invested in the growing application areas of civil engineering and construction services; recently, it has entered the marine infrastructure and power transmission sectors as they hold out significant potential for sustainable growth.
- **Exclusive Customer profile:** The Company work almost exclusively on government-commissioned projects because they best reflect the national priority, enjoy an attractive critical mass, enable it to capture a growing market share of similar projects commissioned by the government, represent the safest risk and enable the company to directly enhance the quality of life of the largest number of people in the quickest possible way.
- **Robust funding:** TCL works on projects that enjoy a secure financial closure through committed funding from the World Bank or the Asian Development Bank, de-risking it from project delay and incompleteness.
- **Strengthening regional focus:** The Company has prudently selected to specialise across Eastern India because it represents, one of the most challenging mix of terrains across the country, is infrastructurally under-penetrated and is now attracting increasing investments
- **Increasing International spread:** The Company has enhanced its international experience through projects in Bangladesh, Nepal and Bhutan in association with active local partners, a valuable precursor to its prospective entry into China and the fast-growing ASEAN.
- **Stable materials policy:** The Company procures key material inputs directly from reputable manufacturers like SAIL, TISCO and Grasim possessing internationally validated processes and customer-responsive service standards, minimizing rework arising from material variations and ensuring on-time delivery.



**OUR GROWTH PROSPECTS**

Upcoming Market Segments	Targeted Procurement
<p><b>Railways</b> Expected investment of Rs 101700 Crs by FY 2009.</p>	<p>Our Company is pre-qualified for projects up to Rs.200 Crs, and in joint venture with TSO (a French Company), for projects up to Rs.450 Crs. Our targeted procurements of works in the Rail Road segment is around Rs 802.67 Crs by FY 2009.</p>
<p><b>River Transportation:</b> Expected investment of Rs. 8550 Crs by FY 2009.</p>	<p>We are currently executing one inland water jetty on river Brahmaputra. Our expected procurements of works in the Inland waterways segment is Rs 60.58 Crs by FY 2009</p>
<p><b>National Highways and State Highways</b> Expected investment of Rs. 87300 Crs by FY 2009.</p>	<p>Our Company has executed various National and State Highways in Punjab, Haryana, UP, Karnataka, Kerala and Mizoram. Our next are of focus is State Highway of West Bengal and northeastern States. Our expected procurements of works in the roads segment is around Rs 303.13 Crs by FY 2009.</p>

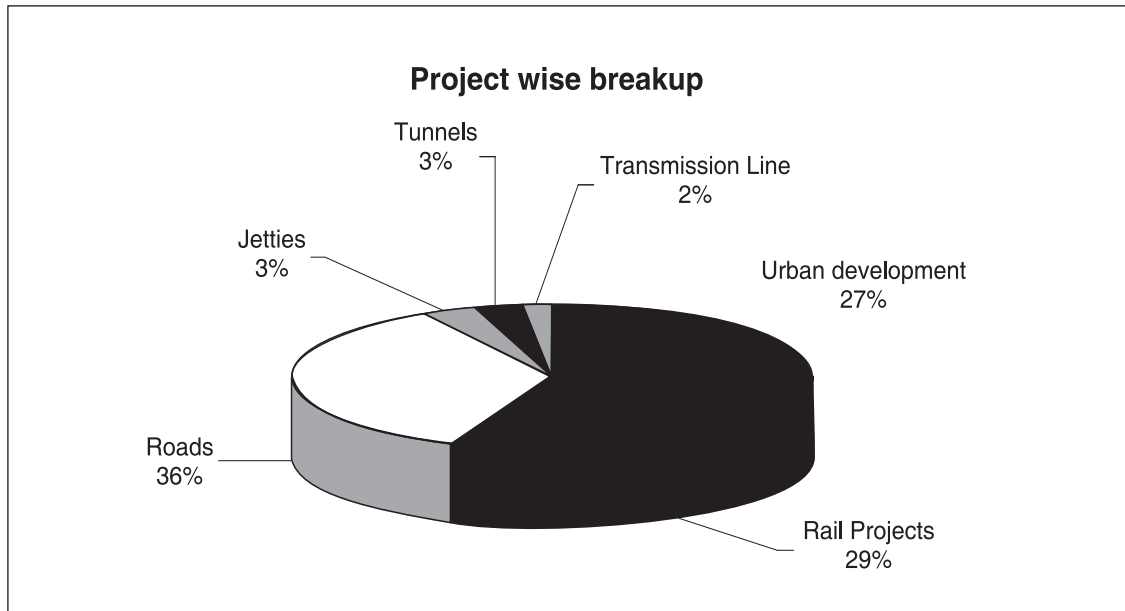
Upcoming Market Segments	Targeted Procurement
<p><b>Urban Infrastructure development</b></p> <p>Rapid urbanization has led to growing demand for construction of City Flyovers, Pumping stations, water Gas Pipe lines, water sewerage treatment Plants. Projects are usually State Government or internationally funded.</p>	<p>Our Company has ventured into diverse projects which include double level interchange on Belghoria expressway, Flyover for KMDA, dereservation and rebuilding of high speed Light Rail concrete Tram Track and construction of 2.5 km elevated structure for circular Railway. Our expected procurement of works in the segment is Rs 336.21 Crs by FY 2009.</p>
<p><b>Power &amp; Transmission Lines.</b></p> <p>Expected investment of Rs 148500 Crs FY 2009.</p>	<p>We are currently executing a project with Assam Electricity Grid Corporation (AEGCL) for 45 km transmission line including supply of Towers, conductors cables, accessories etc. More projects are expected in near future and the company's target procurement by FY 2009 is around Rs.94.53 Crs</p>
<p><b>Land Township and Property development.</b></p>	<p>Our Company has been developing land and Property for the Government Sector. It has recently launched its first private Venture in Kolkata. The newly formed property development division is in talks with West Bengal Government for a joint sector project</p>

#### SOME OF THE MAJOR PROJECTS TO BE EXECUTED

Our Company is now making its presence felt in diverse construction sectors. Infrastructure development like Road, Rails, Bridges both under cash contract and BOT basis has been the area of operations for the Company for long. Now the Company is targeting novel urban infrastructure scheme like Transport system development and maintenance, sewerage and water supply system etc.

#### KEY PROJECTS IN HAND AS ON 28.02.2006

Sl. No	NAME OF THE PROJECT	VALUE (Rs. in lacs)
1.	Calcutta transport infrastructure development project	5919.00
2.	Construction of elevated structure for double line track for Metro Railway Kolkata	3112.00
3	Construction of Belgharia expressway in the state of West Bengal	2895.00
4	Construction of Sewerage & drainage for Kolkata Municipal Corporation (Lot-1)	4480.00
5	Construction of Sewerage & drainage for Kolkata Municipal Corporation (Lot-2)	4475.00
6	Construction of new bridges for East Central Railway, Patna	3524.00
7	Construction of foundation & substructure of rail bridge across river Kosi at Nirmali in Bihar	6178.00
8	Construction of foundation sub structure and super structure for N.F Railway Silchar	3400.00
9	Improvement & upgradation of Mizoram state & Roads projects at Aizwal, Mizoram	16235.00
10	Rehabilitation of Road from Lignsugur to Hattigudur	2000.00
11	Rehabilitation of Road from kamala Junction to Kavital in Raichur district	2122.00
12	Roads, Drains, and culverts for Naptha cracker project at Panipat Hariyana	2448.00
13	Construction of Inland water transport terminal at pandu Guwahati (Phase 1)	2592.00
14	Diversion of Kerala Road BinaJayant(KBJ) Rail link between Krishnashila and shaktinagar railway Station of East Central Railway	1660.00
15	Construction of tunnel for N.F Railway Maligaon, Guwahati	2440.00
16	Renovation and restoration works at Langpi sarusajai of 220 KV D/C transmission line	1453.00
17	Construction of Terminal Building and allied works at Dibrugarh Airport.	3600.00
18	Others Misc Projects	13183.00
	<b>Total</b>	<b>81716.00</b>



**COMPETITION**

We operate in a competitive environment. Our competition depends on the size, nature and complexity of the project and also the geographical region in which the project is to be implemented. We face competition mainly from construction companies such as Larsen & Toubro, Gammon India Limited, Hindustan Construction Company, Nagarjuna Construction Company Ltd., Simplex Projects etc. While service quality. Technical capability, performance record and experience, health and safety records and availability of qualified personnel, are strongly considered in client decisions, price is the major factor in most tender awards.

**INSURANCE**

The Company has insurance policies of the following nature:

1. Insurance of standard fire and special perils policy for furniture and fixtures in the office premises
2. Contractors All Risk Policies
3. Contractor Plant and Machinery Policies
4. Insurance of motor vehicles
5. Keyman Insurance Policies (Jeevan Shree)
6. Money Insurance.
7. Marine cargo inland policy
8. Burglary & standard fire and special perils policy for material at different projects.
9. Public Liability policy
10. Electronic equipment policy

**PROPERTY**

**Purchase of Property**

Our Company does not propose to purchase or acquire any property which is to be paid for wholly or partly out of the proceeds of this issue.

**OUR STRENGTHS**

- **Promoters:** The Company has a very strong management team lead by Mr. I.P.Tantia, Chairman of the company.
- **Experienced Management:** The promoters of the company are backed by a very strong, experienced and competent management team. Management team of our company comprises of professionals holding decades of experience in the construction industry.

- **Well-Diversified order portfolio:** In the last 4 decades, TCL has executed wide range of projects. While urban development has been the primary growth driver in the past few years, the company has consciously made efforts to maintain a diversified portfolio.
- **Robust Order Booking:** TCL has order book size of over Rs.650 Crs for the year ending 31<sup>st</sup> March 2005.
- **Excellent Track Record:** TCL has a track record of completing every single assignment since inception. The Company has adequate equipment skilled manpower and to carry out large projects.
- **Stable materials policy:** TCL procures material inputs directly from reputed manufactures like SAIL, TISCO, and Grasim. This aids the company in minimizing rework arising from material variations and ensuring on-time delivery.
- **Joint Ventures:** The Company has JVs with internationally reputed firms like TSO (France) Road Builders, SDN Berhad Malaysia (RBM) and KLRT Consulting Engineering Services of Malaysia.

## Our Business Risk and Its Mitigation

The key risks and sensitivities that exists with regard to the company's business are as follows:

### 1. Input risk

The availability of the right quality and quantity of resources (raw material and finances) is critical for the timely completion of infrastructure projects. Besides, cost escalation could affect profitability.

**Mitigation:** The company controls its projects directly – as opposed to sub-contracting core infrastructure assignments - enabling it to ascertain when material would be required in what quantity and where. It procures key raw materials (steel and cement) directly from leading manufacturers for a more timely access. Moreover, most of the company's contracts are protected with input escalation clauses, which protect profitability. Its captive steel fabrication unit on the outskirts of Kolkata helps control quality, cost and delivery schedule.

### 2. Equipment risk

Sophisticated equipment represents the heart of an infrastructure company leading to quality and timely project completion; an inability to mobilise at the right time at the right site could dent profitability.

**Mitigation:** The company possesses the capability to deploy resources in a timely manner across remote project sites - often inaccessible by road or rail – through captive ownership (excavators, crushers, pavers, tippers, automatic batching plants, tower cranes, excavators and concrete pumps among others), project documentation and equipment mapping covering operational characteristics, maintenance schedules, cross-site logistical management and equipment upgradation plans.

### 3. Manpower risk

Since people represent the most valuable asset in the business, any attrition could lead to a valuable loss of competitive edge.

**Mitigation:** Over the years, the company has accelerated its recruitment of specialized professionals with an increasing regional flavor for a strong regional understanding leading to a better understanding of local terrains. The company has strengthened its delegation with a view to enhancing authority and responsibility resulting in leaders being grown at every business tier. This approach has been reinforced through training – functional and attitudinal – resulting in low attrition.

### 4. Safety and health risk

The use of heavy machinery carries safety risks, which could endanger worker well-being and project progress.

**Mitigation:** The company is committed to adequate worker safety, its disaster management framework incorporates prevention measures and best practices to be adopted during the different phases of construction activity coupled with a provision for prudent crisis management. Its on-site members are mandated to wear protection equipment while working under the supervision of a safety team.

### 5. Financial closure risk

An inability of the customer to raise adequate funds could result in project delay or even abandonment of the project.

**Mitigation:** The government is increasingly looking at stake divestments, adopting different infrastructure operation models, which seek private participation that protect project progress. As a business policy, Tantia Construction works only on government-sanctioned projects or those funded by World Bank and Asian Development Bank, resulting in completion certainty.

## Tantia Constructions Limited

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### 6. Quality risk

For an infrastructure company, product quality needs to withstand the test across time. Any failure could effectively invite negative publicity leading to the end of a company's prospects.

**Mitigation:** To ensure high-quality construction leading to a 'permanent product', the company has built a three-layered quality structure:

- Incoming material checks: Tantia Construction procures raw material from reputed brands (SAIL, TISCO and Ultratech) only, minimising much of the risk. All incoming material is supplemented with sample checks in its laboratory. The ownership of a captive steel fabrication unit also enhances quality control.
- Work-in-progress checks: These checks are carried out across intermediary products (for instance concrete) and phase-wise completion.
- Finished quality checks: These checks are carried out after project completion to protect structural strength; besides, maintenance activities enhance reinforcement.

As a result, all the company's projects and products continue to inspire dependability in use.

### REGULATION AND POLICIES IN INDIA

There are no specific regulations in India governing the construction industry. Sets forth below are certain significant legislations and regulations that generally govern this industry in India.

#### General

The company is engaged in the business of providing integrated design, engineering, procurement, construction and project management services for energy industry and infrastructure sector projects. Contracts are executed in pursuance of tenders/ quotations issued by the Government, Government agencies, Government companies, private companies, public companies and multinational companies or by orders placed by them. For the purpose of executing the work undertaken by the Company, we may be required to obtain licenses and approvals depending upon the prevailing laws and regulations applicable in the relevant state. For details of such approvals please see "Government and Other Approvals" on page 127 of this Prospectus.

#### Foreign Ownership

Under the Industrial Policy and FEMA, foreign direct investment up to 100% is permitted in construction and related engineering services.

Further, the Industrial Policy now also permits foreign direct investment under the automatic route in projects for construction and maintenance of roads, highways, toll roads, vehicular bridges and ports and harbors, similarly up to 100% foreign direct investment is also allowed in projects for electricity generation, transmission and distributed produced in hydroelectric power plants, coal/ lignite based thermal plants and oil based thermal power plants.

Subject to certain conditions and guidelines, the Industrial Policy and FEMA further permit up to 100% foreign direct investment in township, housing, built-up infrastructure and construction development projects which include, but are not restricted to housing, commercial, premises, hotels, resorts, hospitals, educational institutions, recreational facilities and city and regional level infrastructure.

In respect of the companies in infrastructure/ services sector, where there is a prescribed cap for foreign investment, only the direct investment is considered for the prescribed cap and foreign investment in an investing may not be set off against this cap provided the foreign direct investment in such investing company does not exceed 49% and the management of the investing company is with the Indian owners.

The RBI by its (DIR Series) circular No. 16 dated October 4, 2004 granted general permission for the transfer of shares of an Indian Company by Non-Resident to residents, subject to the terms and conditions, including pricing guidelines, specified in such circular.

#### Investment by Foreign Institutional Investors

Foreign Institutional Investors ("FII") including institutions such as pension funds, investment trusts, asset management companies, nominee companies and incorporated, institutional portfolio managers can invest in all the securities traded on the primary and secondary markets in India. FIIs are required to obtain an initial registration from the SEBI and a general permission from the RBI to engage in transaction regulated under FEMA. FIIs must also comply with the provisions of SEBI (Foreign Institutional Investors) Regulations, 1995, as amended from time to time. The initial registration and the RBI's general permission together enable the registered FII to buy (subject to the ownership restrictions discussed below) and sell freely securities issued by Indian Companies, to realize capital gains or investments made through the initial amount invested in India, to

subscribe or renounce rights issue for shares, to appoint a domestic custodian for custody of investments held and to repatriate the capital, capital gains, dividends, income received by way of interest and any compensation received towards sale or renunciation of rights issue of shares.

#### **Ownership restrictions of FIIs**

Under the portfolio investment scheme, the overall issue of equity shares to FIIs on a repatriation basis should not exceed 24% of post issue paid up capital of the company. However, the limit of 24% can be raised up to permitted sectoral cap for that company after approval of the board of directors and shareholders of the company. The offer of equity shares to a single FII should not exceed 10% of the post issue paid up capital of the Company or 5% of the total paid up capital in case such sub-account is a foreign corporate or an individual. In respect of an FII investing in equity shares of a company on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued capital of that company.

#### **Environment and Labour Regulations**

Depending upon the nature of the projects undertaken by the company, applicable environmental and labor laws regulations include the following:

- Contracts Labor (Regulation and Abolition) Act, 1970
- Building and Other Construction Workers (Regulation of Employment and Conditions of Services) Act, 1996
- Inter State Migrant Workers Act, 1979
- Factories Act, 1948
- Payment of Wages Act, 1936
- Payment of Bonus Act, 1965
- Employees' State Insurance Act, 1948
- Employees' Provident Funds and Miscellaneous Provisions Act, 1952
- Payment of Gratuity Act, 1972
- Shops and Commercial Establishments Act, where applicable
- Environment Protection Act, 1986
- Water (Prevention and Control of Pollution) Act, 1974
- Air (Prevention and Control of Pollution) Act, 1981
- Minimum Wages Act,
- Hazardous Waste (Management and Handling) Rules. 1989

**HISTORY AND CORPORATE STRUCTURE**

**Incorporation and Initial history**

Tantia Constructions Limited, initially promoted by Late Govardhan Prasad Tantia was incorporated on 4<sup>th</sup> December, 1964 having its registered office in the State of West Bengal in the name and style of Tantia Constructions Company Private Limited. The company became a Public Limited Company on 27<sup>th</sup> May, 1982 and acquired a fresh Certificate of Incorporation on that date. The name of the company was further changed to Tantia Constructions Limited with effect from 29<sup>th</sup> December 2005.

TCL’s credentials are reflected in its project portfolio – diverse and successful. The company posses special expertise in constructing Bridges, Rail Roads, Roads & Flyovers and have a strong presence in all the major construction activities.

**Important events in the History of the Company are as follows:**

Year	Events
Since 1964	We started with Earthwork, Rock excavation with machineries including mechanical compaction
Since 1968	We ventured into construction of Bridges on Well foundation
Since 1976	We acquired expertise in Boring piles of large diameter for bridge and building foundation
Since 1978	We also started constructing High Rise buildings
Since 1978	We were able to start work on our first Concrete Bridge with Prestressed technology
1982	Our company came out with its maiden public issue of 1,44,000 equity shares and was listed on the Calcutta Stock Exchange Association Limited.
1983	The Shares of the Company were Listed on The Delhi Stock Exchange Association Limited.
1986	Our Company got Listed on the Gauhati Stock Exchange Limited
Since 1990	We started work on making roads on specifications provided by Ministry of Surface Transport.
1996	Rights Issue of shares to the existing shareholders of the Company
Since 1996	We received tenders for construction of Coastal Embankments, Hydraulic structures, Marine Infrastructure, Jetties
2003	Voluntarily Delisted from the Gauhati Stock Exchange Limited on 19 February 2003.
Since 2005	We started setting up of Transmission Lines and Airport Terminals: Aviation Infrastructure

**Main Objects**

**The main objects of the company as set forth in the Memorandum of Association of the company are as follows:**

1. To carry on the business of electrical, mechanical, civil engineers, consulting engineers, designers and manufacturers, dealers, importers, exporters, repairers, purchasers and sellers of all kinds of electrical and mechanical appliance, machinery, apparatuses, tools and fixtures of all kinds and to undertake and execute all types of construction and structural contracts, engineering contracts(civil, mechanical and electrical) and other tenders and contract of supply.
2. To establish, acquire, maintain, erect and construct work shops and factories for the purpose of construction and structural contracts and executing other tender and contracts of supply and to undertake construction, management, supervision of any contract, work, tender of contract of supply.
3. To carry on business of builders, contractors fitters, engineers, consulting engineers, supervisors, mine owners, ship builders and owners, carriers, body builders, bridge builders, founders, designers, architects. And to lay out,develop, construct and build, erect, demolish, reconstruct, alter, repair or remodel or do any other work in connection with any building whether own or taken on lease or for constructions of roads, docks, ships, bridges, airports, canals, ports, water reservoirs, embarkments, tramways, railways, irrigation works or any other structural or architectural work of any kind or any other improvements.

### Changes in the Memorandum of Association

Since the incorporation of the company the following changes have taken place in its Memorandum of Association:

Date of Amendment	Amendments
11-Feb-1982	the Company's Authorized Share Capital was increased from Rs. 5 Lacs to Rs. 25 Lacs, divided into 2,50,000 equity shares of Rs.10 each.
27-May-1982	Change in the name of the company to Tantia Construction Company Limited from Tantia Construction Company Private Limited. The certificate for the change of name was issued on 27 <sup>th</sup> May 1982.
1 <sup>st</sup> September 82	Article 32 was incorporated.
11 <sup>th</sup> June 84	Changes were made in Articles 33 and 73 of the Articles of Association
The following clauses were entered in the Memorandum vide an order of Company Law Board Dt. 30.04.85	<ol style="list-style-type: none"> <li>To carry on the business of technical, financial and personnel consultants and provide advice, services, consultancy in various fields.</li> <li>To carry on business of leasing giving on hire or hire purchase, warehousing, factoring and related fields and providing financial assistance in relation thereto in respect of all forms of immovable and movable properties.</li> <li>To carry out investigation, basic of fundamental research applied research, design development, experimental work, pilot plant work, commercial work, scale-up works of every description in all branches of science, engineering and technology.</li> </ol>
27 <sup>th</sup> April 87	Article 77 and Article 94 were incorporated.
04-Mar-1996	the Company's Authorized Share Capital was increased from Rs. 25 Lacs to Rs. 300 Lacs, divided into 30,00,000 equity shares of Rs.10 each.
30 <sup>th</sup> August 03	Changes were made in the Article of Association of the Company and the following articles were inserted 1(iii)A, 1(vii)A, 1(vii)B, 1(ix), 1 (xii) A, 5 (iii).
06 <sup>th</sup> Oct 2004	the Company's Authorized Share Capital was increased from Rs. 300 Lacs to Rs. 1500 Lacs, divided into 80,00,000 equity shares of Rs.10 each and 70,00,000 cumulative redeemable preference shares of Rs.10 each.
24 <sup>th</sup> Sept 2005	the Company's Authorized Share Capital was increased from Rs. 1500 Lacs to Rs. 1700 Lacs, divided into 1,60,00,000 equity shares of Rs.10 each and 10,00,000 cumulative redeemable preference shares of Rs.10 each.
15 <sup>th</sup> Dec 2005	Several articles of the Aricles of Association of the Company were changed and the Main Object Clause was re-arranged.
29 <sup>th</sup> Dec 2005	Change in the name of the company to Tantia Constructions Limited from Tantia Construction Company Limited. The certificate for the change of name was issued on 29 <sup>th</sup> Dec 2005.

**The details of the capital raised are given in the section on Capital Structure on page no. 11 of the Prospectus.**

#### Subsidiaries of the Issuer Company

The company has no subsidiaries as on the date.

#### Holding Company of the Issuer Company

The company does not have any holding company as on the date of filing of the Red Herring Prospectus.

#### Shareholders agreements

At present there are no shareholding agreements between the company and any other person.

#### Strategic Partners

The company as on date has no strategic partners except for the joint ventures entered into by the company as shown on page 49 of the Red Herring Prospectus.

#### Financial Partners

The company also has no financial partners.

## Tantia Constructions Limited

### MANAGEMENT

As per the Articles number 72 of the Articles of Association, the Company must have a minimum of three (3) and a maximum of twelve (12) Directors.

The Company has nine (9) Directors out of which three are executive Directors, One non-executive Director and five non-executive independent Directors.

#### Board of Directors

The following table sets forth the details regarding the Board of Directors:

Sl. No.	Name, Designation, Father's name, Address and Occupation, Term of Appointment	Date of Appointment	Other Directorship
1	<b>Mr. Ishwari Prasad Tantia</b> Chairman and Managing Director S/o Late Govardhan Prasad Tantia 96,Narkeldanga Main Road Kolkata-700054, Business Term: Appointed as CMD for three years w.e.f 01.04.2004, not to retire by rotation	07.05.1969	None
2	<b>Mr. Banwari Lal Ajitsaria</b> Whole Time Director (Business Development) S/o Mr. Shyam Sundar Ajitsaria DL-165, Salt Lake City, Sector –II, Kolkata-700 016 Business Term: Appointed as director (Business Development) for three years w.e.f 01.04.2004, not to retire by rotation.	01.04.1995	Time Polyplast Private Limited
3	<b>Mr. Rahul Tantia</b> Whole Time Director (Operations) S/o Sri. Ishwari Prasad Tantia 96, Narkeldanga Main Road, Kolkata-700 054, Business Term: Appointed as Director (Operations) for three years w.e.f 01.03.2004, not to retire by rotation	01.03.2004	1. Castal Extrusions Pvt. Ltd 2. Beco Industries Limited 3. Nigolice Trading Pvt Ltd.
4	<b>Mr. Arun Kumar Dokania</b> Non – Executive Director S/o Sri Satyanarayan Dokania IB 27, Salt Lake City, Sector- III, Kolkata-700 106 Service Term: To retire by rotation	19.07.2003	1. GPT Health Care Pvt. Ltd. 2. GPT Agro Tech Limited
5	<b>Mr. Himangshu Sekhar Sinha</b> Independent Director S/o Late Hari Dhan Sinha 159, Regent Estate, Kolkata- 700 092 Profession Term: To retire by rotation	30.06.2004	1. Tantia Medical Services Limited 2. Tantia Concrete Products Limited 3. Alvari Systems Pvt Ltd

Sl. No.	Name, Designation, Father's name, Address and Occupation, Term of Appointment	Date of Appointment	Other Directorship
6	<b>Mr. Uma Shankar Agarwal</b> Independent Director S/o Late Sagar Mal Agarwal 42/1, B.B. Ganguly Street, Kolkata-700 012 Occupation: Profession (C.A) Term: Till the end of next AGM	22.11.2005	1. Shivji Engineering Industries Pvt Ltd 2. Sudarshan Engineering & Investments Co. Pvt Ltd 3. Andhra Concrete & Engineering Pvt Ltd
7	<b>Mr. Parimal Kumar Chattaraj</b> Independent Director S/o Late Basant Kumar Chattaraj 3H, Singhi Park, 48/3, Gariahat Road, Kolkata – 700 019 Occupation: Management Consultant Term: Till the end of next AGM	04.11.2005	None
8	<b>Mr. Mahavir Prasad Agarwall</b> Independent Director S/o Late Kishori Lal Agarwall House No. 1432, Banjara Green Colony, Plot no. 22, Road No. 12 Banjara Hills, Hyderabad – 500 034 Occupation: Business Term: To retire by rotation	04.11.2005	Vasundhara Constructions Pvt Ltd Fortune Constructions Pvt Ltd Shubham Telecom Pvt Ltd Sreepathi Pharmaceuticals Ltd AR Pharmacare Pvt Ltd Ambience Properties Ltd Platinum Properties Limited Radiant Developers Pvt Ltd Ambience Resorts & Motels Pvt Ltd Koncept Nirman Pvt Ltd Universal Realtors Pvt Ltd Sonar shelters Ltd Vasundhara Rasayans Ltd Gandeva Properties Pvt Ltd Reliance Trading Enterprises Ltd Minar Land Development & Holding Company Pvt Ltd Kaveri Projects Limited Vishal Developers Pvt Ltd
9	<b>Mr. S. K. Bose</b> Independent Director S/o Late Nirode Behari Bose Latika Apartment 9/3, Hungerford Street Kolkata – 700 017, Occupation: Retired Person Term: Till the end of next AGM	04.11.2005	None

**A brief profile of the Directors is given below:**

**Mr. I.P. Tantia [54]**

Mr. I.P Tantia, a civil engineering professional, having more than four decades experience in Construction Industry. He is the CMD of the company. His experience clubbed with his grass root knowledge of the business has played an instrumental role in the exponential growth and success of the company. Mr. Tantia is a member of the major industry associations like Merchants' Chamber of Commerce, FICCI, CII and Builders' Association of India, Eastern Center. He is also actively associated with many social service organizations and performs the duty of a responsible Indian citizen.

**Mr. B.L. Ajitsaria [51]**

Mr. Ajitsaria is in charge of Business Development and possesses a rich insight into project execution and control. After being in charge of execution for significant time, he was brought in to spearhead the business development activities of the organization with our varied clientele. Mr. Ajitsaria has been associated with the Company for the last 30 years. He has traveled over the years to various countries including China, South East Asia, Europe and Middle East and has been influential in forming tie-ups and joint ventures with organizations there.

## Tantia Constructions Limited

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### **Mr. Rahul Tantia [32]**

Mr. Rahul Tantia, the elder son of Mr. I.P. Tantia is in charge of operations of the Company, managing important deadline-oriented projects across the challenging geographies of Assam, Bihar and Kolkata among others. A commerce graduate, he has been associated with the company for nearly a decade and has been instrumental in providing the company entry into Heavy structural Steel Girder Fabrication and Erection. With his in depth experience in well-sinking, cantilever erection technologies, as well as client liaisoning and contract interpretations, he steers the projects of the company to regular earnings and completion.

### **Mr. Arun Kumar Dokania [47]**

Mr. Dokania is one of the directors in the company. He is a qualified Chartered Accountant and was ranked 15<sup>th</sup> all India in the final examination. He joined Tantia Constructions Company Limited in the year 1982. He resigned as director (finance) in 2004 and is now an independent finance consultant to various companies.

### **Mr. H.S. Sinha [77]**

An Indian national and widely traveled, Mr. Sinha was GM, Metro Railway when it became operational in year 1986. He advises the entire Tantia Constructions team not only on matters of railway engineering but also administration, organization and monitoring. Highly respected in railway circles, his vision for the company is to be a complete solution provider and undertake BOT Project for providing Mass Rapid Transport Systems in Secondary Cities.

### **Mr U.S. Agarwal [48]**

Mr. Agarwal, FCA, DISA qualified as Chartered Accountant in the year 1983 from Kolkata and is a Fellow Member of Institute of Chartered Accountants of India. He is presently a senior partner of U S Agarwal & Associates, a practicing Chartered Accountants firm at 42/1, B B Ganguly Street, Kolkata – 700 012.

Mr. Agarwal had a brilliant academic record having secured second position in Utkal University, Bhubaneswar during his graduation in 1978. He is having varying experience in Statutory, Management and Internal Audit of large and medium sized companies and Public Sector Organizations including Banks and Insurance Companies. Also, he has wide experience in Direct Taxes, Merchant Banking like Project Feasibility Study, preparation & evaluation of Project Reports, syndication of finance, Public Issues, Corporate and allied Commercial Laws, Investment Advisor etc.

### **Mr. P.K. Chattaraj [60]**

Mr. Chattaraj, a B Sc PGDM (Organisational Behaviour) & L.L.B, brings in his vast experience in organizational behaviour consultancy. He has worked in British Oxygen and Phillips India and Aditya Vikram Birla Group in India as well as in Malaysia, Thailand and Egypt. He has been a permanent invitee in Board meeting of the Aditya Vikram Birla Group. He has infused professionalism and cultural changes in the organizations with which he has worked with.

### **Mr. M.P. Agarwall [52]**

Mr. Agarwall is a graduate from Calcutta University and possesses experience in developing reputed residential and business complexes. He is the Managing Director of the Ambience Group based in Hyderabad and possesses rich experience in developing reputed residential and business complexes in Andhra Pradesh.

### **Mr. S.K. Bose [70]**

Mr. Bose possesses wide experience and rich knowledge in managing power transmission projects. He heralded the birth and growth of the most respectable power transmission line contractor firm in Eastern and North Eastern India.

### **Shareholding of the Directors in the Company**

Mr. I.P. Tantia, Mr. Rahul Tantia, Mr. Banwarilal Ajitsaria and Mr. Arun Kumar Dokania hold 95520, 251400, 900 and 600 Equity Shares respectively. The Articles of Association do not require to hold any qualification shares in the Company for the directors.

### **Term of Office**

Mr. I.P. Tantia, Mr. Rahul Tantia and Mr. Banwarilal Ajitsaria are currently executive Directors of the Company who have a contractual service term of three years. Mr. I.P. Tantia is Chairman of the Board.

All the other directors retire by rotation pursuant to the provisions of the Companies Act.

### **Borrowing Powers**

Subject to the provisions of the section 292 of the Act, the Directors may from time to time at their discretion raise or borrow, either from themselves or from elsewhere and secure the payment of any sum or sums of money for the purpose of the Company: provided the Board shall not without the sanction of the Company in General Meeting borrow any sum of money

which together with money borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate for the time being of the paid up capital of the Company and its free reserves.

The Board may raise or secure the repayment of any sum or sums in any such manner and upon such terms and conditions in all respects as they think fit, and in particular by the creation of any mortgage or charge on the undertaking or the whole or any part of the property, present or future, or the uncalled capital of the company or by the issue of Debenture stock of the company, perpetual or redeemable, charged upon the undertaking or on any part of the property of the company both present and future, including its uncalled capital for the time being.

Any Debentures, debenture-stock, bonds other securities may be issued at a discount 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 issued. Debentures, debenture-stock, bonds or other securities with a right of conversion into or allotment of shares shall be issued only with the sanction of the Company in General Meeting.

### Compensation of the Directors

Details of the compensation of the whole time directors are as provided below. The other directors on the Board are entitled to sitting fees as is permissible under the Companies Act, and actual travel, boarding & lodging expenses for attending the Board/Committee meetings. They may also be paid commission and any other amounts as may be decided by the Board in accordance with the provisions of the Articles, the Companies Act and any other applicable Indian laws and regulations.

### Compensation of Managing Director and Whole Time Director

#### A. Remuneration of Chairman and Managing Director – Mr. I.P.Tantia

Term of Office	Period of 3 years beginning from 1 <sup>st</sup> April 2004 to 31 <sup>st</sup> March 2007
Date of Signing of Agreement	27 <sup>th</sup> December 2005
Date of passing of Resolution in General Meeting	15 <sup>th</sup> December 2005

I. Whereas the Company have agreed to revise the remuneration payable to Shri Ishwari Prasad Tantia, Chairman cum Managing Director in its Board Meeting held on 22<sup>nd</sup> day of November, 2005 with effect from 1<sup>st</sup> day of January, 2006

II. Whereas the shareholders approval hereby accorded in their meeting dated 15<sup>th</sup> day of December, 2005

1. The Chairman and Managing Director shall exercise and perform such powers and duties, do and perform all other acts and things, which in the ordinary course of business he may consider necessary or proper or in the interest of the Company subject to and in terms of the provisions of the Companies Act, 1956, Memorandum and Articles of Association of the Company and the prevailing rules and regulations of the Company.
2. The Company shall indemnify subject to the provisions of the Companies Act, 1956, the Chairman and Managing Director from all losses and expenses incurred by him in or about the discharge of his duties except such as may happen from his own willful acts and defaults.
3. The Company shall pay during the continuance of this Agreement in consideration of the performance of his duties :

a) **Salary :**

Rs.160,000/- per month.

b) **Perquisites :**

Perquisites applicable to the Chairman & Managing Director are as follows :-

i) **Housing :**

- I. The expenditure by the Company on hiring/leasing furnished accommodation will be subject to 50% of the salary, over and above 10% payable by the CMD.
- II. In case the accommodation is owned by the Company, 10% of the salary of the CMD shall be deducted by the Company.
- III. In case no accommodation is provided by the Company, the CMD shall be entitled to house rent allowance subject to the ceiling laid down in Housing-I. mentioned above.

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ii) Medical Reimbursement :

Reimbursement of expenses incurred for self and family subject to a ceiling of half month's salary per year or one and half months' salary over a period of three years.

iii) Leave Travel Concession :

Leave Travel Concession for self and family subject to maximum of once in a year incurred in accordance with the Rules of the Company.

iv) Club Fees :

Fees of clubs subject to a maximum of two clubs. No admission and life membership fees will be allowed.

v) Personal Accident Insurance :

Personal Accident Insurance of an amount, the annual premium of which does not exceed Rs.4,000/- per annum.

vi) a) Company's contribution towards Provident Fund as per the Rules of the Company.

b) Company's contribution towards Superannuating Fund as per the Rules of the Company.

Contribution to Provident Fund, Superannuating Fund or Annuity Fund will be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act.

vii) Gratuity :

As per the Rules of the Company.

viii) Earned Leave :

On full pay and allowances as per the Rules of the Company, but not exceeding one month's leave for every eleven months of service and leave accumulated shall be encashable at the end of the tenure. Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.

ix) Car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls and use of car for private purpose shall be billed by the Company.

c) In the event of loss or inadequacy of profits in any financial year, the CMD shall be paid remuneration by way of salary and perquisites as specified above.

4. The CMD, so long as he functions as such, shall not be paid any sitting fees for attending meetings of the Board of Directors or Committees thereof.

5. The Company shall reimburse to the CMD entertainment, traveling and all other expenses incurred by him for the business of the Company.

6. The CMD shall not, so long as he functions as such, become interested or otherwise concerned directly or through his wife and/or his minor children in any Selling Agency of the Company in future without the prior approval of the Central Government.

7. The Agreement may be terminated at any time by either party thereto by giving to the other party two months' notice of such termination and neither party will have any claim against the other for damages or compensation by reason of such termination. In any event, the CMD shall not be entitled to any compensation in cases mentioned in Section 318 (3) of the Companies Act, 1956.

**B. Remuneration of Director (Business Development) Mr. Banwari Lal Ajitsaria**

Term of Office	Period of 3 years beginning from 1 <sup>st</sup> April 2004 to 31 <sup>st</sup> March 2007
Date of Signing of Agreement	27 <sup>th</sup> December 2005
Date of passing of Resolution in General Meeting	15 <sup>th</sup> December 2005

I. Whereas the Company re-appointed Shri Banwari Lal Ajitsaria, as Whole time Director for a period of 3 years with effect from 1<sup>st</sup> day of April, 2004 and the Whole-time Director agreed to serve the company in such capacity.

II. Whereas pursuant to the above re-appointment an agreement was signed between TANTIA CONSTRUCTION COMPANY LIMITED and SHRI BANWARI LAL AJITSARIA specifying the remuneration payable with other terms and conditions applicable.

III. Whereas the Company have agreed to revise the remuneration payable to Shri Banwari Lal Ajisaria, Whole time Director in its Board Meeting held on 22<sup>nd</sup> day of November, 2005 with effect from 1<sup>st</sup> day of January, 2006

IV Whereas the shareholders approval hereby accorded in their meeting dated 15<sup>th</sup> day of December, 2005

The Whole-time Director shall exercise and perform such powers and duties, do and perform all other acts and things, which in the ordinary course of business he may consider necessary or proper or in the interest of the Company subject to and in terms of the provisions of the Companies Act, 1956, Memorandum and Articles of Association of the Company and the prevailing rules and regulations of the Company.

The Company shall indemnify subject to the provisions of the Companies Act, 1956, the Whole-time Director from all losses and expenses incurred by him in or about the discharge of his duties except such as may happen from his own willful acts and defaults.

The Company shall pay during the continuance of this Agreement in consideration of the performance of his duties :

a) **Salary :**

Rs.66,000/- per month.

b) **Perquisites :**

Perquisites applicable to the Whole-time Director in addition to salary, as follows :-

i) Housing :

- I. The expenditure by the Company on hiring/leasing furnished accommodation will be subject to 60% of the salary, over and above 10% payable by the Whole-time Director.
- II. In case the accommodation is owned by the Company, 10% of the salary of the Whole-time Director shall be deducted by the Company.
- III. In case no accommodation is provided by the Company, the Whole-time Director shall be entitled to house rent allowance subject to the ceiling laid down in Housing-I. mentioned above

ii) Medical Reimbursement :

Reimbursement of expenses incurred for self and family subject to a ceiling of one month's salary per year or three months' salary over a period of three years.

iii) Leave Travel Concession :

Leave Travel Concession for self and family subject to maximum of once in a year incurred in accordance with the Rules of the Company.

iv) Club Fees :

Fees of clubs subject to a maximum of two clubs. No admission and life membership fees will be allowed.

v) Personal Accident Insurance :

Personal Accident Insurance of an amount, the annual premium of which does not exceed Rs.4,000/- per annum.

vi) a) Company's contribution towards Provident Fund as per the Rules of the Company.

b) Company's contribution towards Superannuating Fund as per the Rules of the Company.

Contribution to Provident Fund, Superannuating Fund or Annuity Fund will be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act.

vii) Gratuity :

As per the Rules of the Company.

viii) Earned Leave :

On full pay and allowances as per the Rules of the Company, but not exceeding one month's leave for every eleven months of service and leave accumulated shall be encashable at the end of the tenure. Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.

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- ix) Car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls and use of car for private purpose shall be billed by the Company.
- c) In the event of loss or inadequacy of profits in any financial year, the Whole-time Director shall be paid remuneration by way of salary and perquisites as specified above.
4. The Whole-time Director, so long as he functions as such, shall not be paid any sitting fees for attending meetings of the Board of Directors or Committees thereof.
5. The Company shall reimburse to the Whole-time Director entertainment, traveling and all other expenses incurred by him for the business of the Company.
6. The Whole-time Director shall not, so long as he functions as such, become interested or otherwise concerned directly or through his wife and/or his minor children in any Selling Agency of the Company in future without the prior approval of the Central Government.
7. The Agreement may be terminated at any time by either party thereto by giving to the other party two months' notice of such termination and neither party will have any claim against the other for damages or compensation by reason of such termination. In any event, the Whole-time Director shall not be entitled to any compensation in cases mentioned in Section 318 (3) of the Companies Act, 1956.

### C. Remuneration of Director (Operations) – Mr. Rahul Tantia

Term of Office	Period of 3 years beginning from 1 <sup>st</sup> April 2004 to 31 <sup>st</sup> March 2007
Date of Signing of Agreement	27 <sup>th</sup> December 2005
Date of passing of Resolution in General Meeting	15 <sup>th</sup> December 2005

Whereas the Company have agreed to revise the remuneration payable to Shri Rahul Tantia, Whole time Director in its Board Meeting held on 22<sup>nd</sup> day of November, 2005 with effect from 1<sup>st</sup> day of January, 2006

1. The Whole-time Director shall exercise and perform such powers and duties, do and perform all other acts and things, which in the ordinary course of business he may consider necessary or proper or in the interest of the Company subject to and in terms of the provisions of the Companies Act, 1956, Memorandum and Articles of Association of the Company and the prevailing rules and regulations of the Company.
2. The Company shall indemnify subject to the provisions of the Companies Act, 1956, the Whole-time Director from all losses and expenses incurred by him in or about the discharge of his duties except such as may happen from his own willful acts and defaults.
3. The Company shall pay during the continuance of this Agreement in consideration of the performance of his duties :
  - a) **Salary :**  
Rs.66,000/- per month.
  - b) **Perquisites :**  
Perquisites applicable to the Whole-time Director in addition to salary, as follows :-
    - Housing :
      - I) The expenditure by the Company on hiring/leasing furnished accommodation will be subject to 60% of the salary, over and above 10% payable by the Whole-time Director
      - II) In case the accommodation is owned by the Company, 10% of the salary of the Whole-time Director shall be deducted by the Company.
      - III) In case no accommodation is provided by the Company, the Whole-time Director shall be entitled to house rent allowance subject to the ceiling laid down in Housing-I. mentioned above
    - ii) Medical Reimbursement :  
Reimbursement of expenses incurred for self and family subject to a ceiling of one month's salary per year or three months' salary over a period of three years.
    - iii) Leave Travel Concession :  
Leave Travel Concession for self and family subject to maximum of once in a year incurred in accordance with the Rules of the Company.

- iv) Club Fees :  
Fees of clubs subject to a maximum of two clubs. No admission and life membership fees will be allowed.
- v) Personal Accident Insurance :  
Personal Accident Insurance of an amount, the annual premium of which does not exceed Rs.4,000/- per annum.
- vi) a) Company's contribution towards Provident Fund as per the Rules of the Company.  
b) Company's contribution towards Superannuating Fund as per the Rules of the Company.  
Contribution to Provident Fund, Superannuating Fund or Annuity Fund will be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act.
- vii) Gratuity :  
As per the Rules of the Company.
- viii) Earned Leave :  
On full pay and allowances as per the Rules of the Company, but not exceeding one month's leave for every eleven months of service and leave accumulated shall be encashable at the end of the tenure. Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.
- ix) Car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls and use of car for private purpose shall be billed by the Company.
- c) In the event of loss or inadequacy of profits in any financial year, the Whole-time Director shall be paid remuneration by way of salary and perquisites as specified above.
4. The Whole-time Director, so long as he functions as such, shall not be paid any sitting fees for attending meetings of the Board of Directors or Committees thereof.
  5. The Company shall reimburse to the Whole-time Director entertainment, travelling and all other expenses incurred by him for the business of the Company.
  6. The Whole-time Director shall not, so long as he functions as such, become interested or otherwise concerned directly or through his wife and/or his minor children in any Selling Agency of the Company in future without the prior approval of the Central Government.
  7. The Agreement may be terminated at any time by either party thereto by giving to the other party two months' notice of such termination and neither party will have any claim against the other for damages or compensation by reason of such termination. In any event, the Whole-time director shall not be entitled to any compensation in cases mentioned in Section 318 (3) of the Companies Act, 1956.

## Corporate Governance

The Company stands committed to good Corporate Governance – transparency, disclosure and independent supervision to increase the value of its stakeholders. The Company shall comply with the Guidelines issued by SEBI in respect of the Corporate Governance immediately upon listing of its Equity Shares on the stock exchanges. Accordingly, the Company has undertaken steps to comply with the SEBI guidelines on Corporate Governance. The Corporate Governance framework is based on an effective independent Board, separation of the Board's supervisory role from the executive management and the constitution of the Board Committees, majority of them comprising of independent directors. Committees of the Board have been constituted in order to look into the matters in respect of compensation, shareholding, audit, etc, details of which are as follows:

## Tantia Constructions Limited

### 1. AUDIT COMMITTEE

The terms of the Audit Committee comply with the requirements of Clause 49 of the listing agreement to be entered with the Stock Exchanges. The Audit Committee consists of three Directors as members with the majority being Independent Directors. The composition of the Audit Committee is as under:

Sl. No.	Name of the Director	Designation	Nature of Directorship
1	Mr. Uma Shankar Agarwal	Chairman	Independent & Non-Executive Director
2	Mr. Himangshu Sekhar Sinha	Member	Independent & Non-Executive Director
3	Mr. Arun Kumar Dokania	Member	Non-Executive Director

The scope of Audit Committee shall include but shall not be restricted to the following:

1. It shall have authority to investigate into any matter in relation to the items specified in section 292A of the Companies Act, 1956 or referred to it by the Board and for this purpose, shall have full access to information contained in the records of the Company and external professional advice, if necessary.
2. To investigate any activity within its terms of reference
3. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
4. Reviewing with management the annual financial statements.
5. Reviewing with the management, external and internal auditors, and the adequacy of internal control systems.
6. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
7. Reviewing the Company's financial and risk management policies.
8. It shall have discussion with the auditors periodically about internal control systems, the scope of audit including the observations of the auditors and review the quarterly, half-yearly, and annual financial statements before submissions to the Board.

### 2. SHARE TRANSFER & SHAREHOLDERS'/INVESTORS' GRIEVANCES COMMITTEE

The Committee is formed to specifically look into all the matters relating to shares and shareholders grievance i.e. approval of transfer/transmission/demat/remat of shares, issue of duplicate share certificates, split-up, consolidation, renewal of share certificate, non receipt of balance sheet, non receipt of declared dividends etc. The composition of the committee is as under:

Sl. No.	Name of the Director	Designation	Nature of Directorship
1	Mr. Arun Kumar Dokania	Chairman	Non-Executive Director
2	Mr. Himangshu Sekhar Sinha	Member	Independent & Non-Executive Director
3	Mr. Mahavir Prasad Agarwall	Member	Independent & Non-Executive Director

### 3. REMUNERATION COMMITTEE

The Remuneration Committee has been formed as per Schedule XIII of the Companies Act, 1956 to decide and approve the terms and conditions for appointment of executive directors of the company and remuneration payable to other directors and executives of the company and other matters related thereto. The composition of the committee is as under:

Sl. No.	Name of the Director	Designation	Nature of Directorship
1	Mr. Parimal Kr. Chattaraj	Chairman	Independent & Non-Executive Director
2	Mr. Himangshu Sekhar Sinha	Member	Independent & Non-Executive Director
3	Mr. S.K.Bose	Member	Independent & Non-Executive Director

## Interest of Directors

All the directors of Tantia Constructions Limited may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or Committee thereof as well as to the extent of other remuneration and/or reimbursement of expenses payable to them as per the applicable laws. The Directors may also be regarded as interested in the shares & dividend payable thereon, if any, held by or that may be subscribed by and allotted/transferred to them or the companies, firms and trust, in which they are interested as Directors, Members, partners and or trustees. All Directors may be deemed to be interested in the contracts, agreements /arrangements entered into or to be entered into by Tantia Constructions Limited with any Company in which they hold Directorships or any partnership firm in which they are partners as declared in their respective declarations. The Chairman and Managing Director and the Whole Time Directors of Tantia Constructions Limited are interested to the extent of remuneration paid to them for services rendered to the Company (For more details, please refer "Related Party Disclosures" as mentioned under Sr. No. of the Auditors' Report given in this Red Herring Prospectus). Further, the Directors are interested to the extent of Equity Shares that they are holding and or allotted to them out of the present Issue, if any, in terms of the Red Herring Prospectus and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares

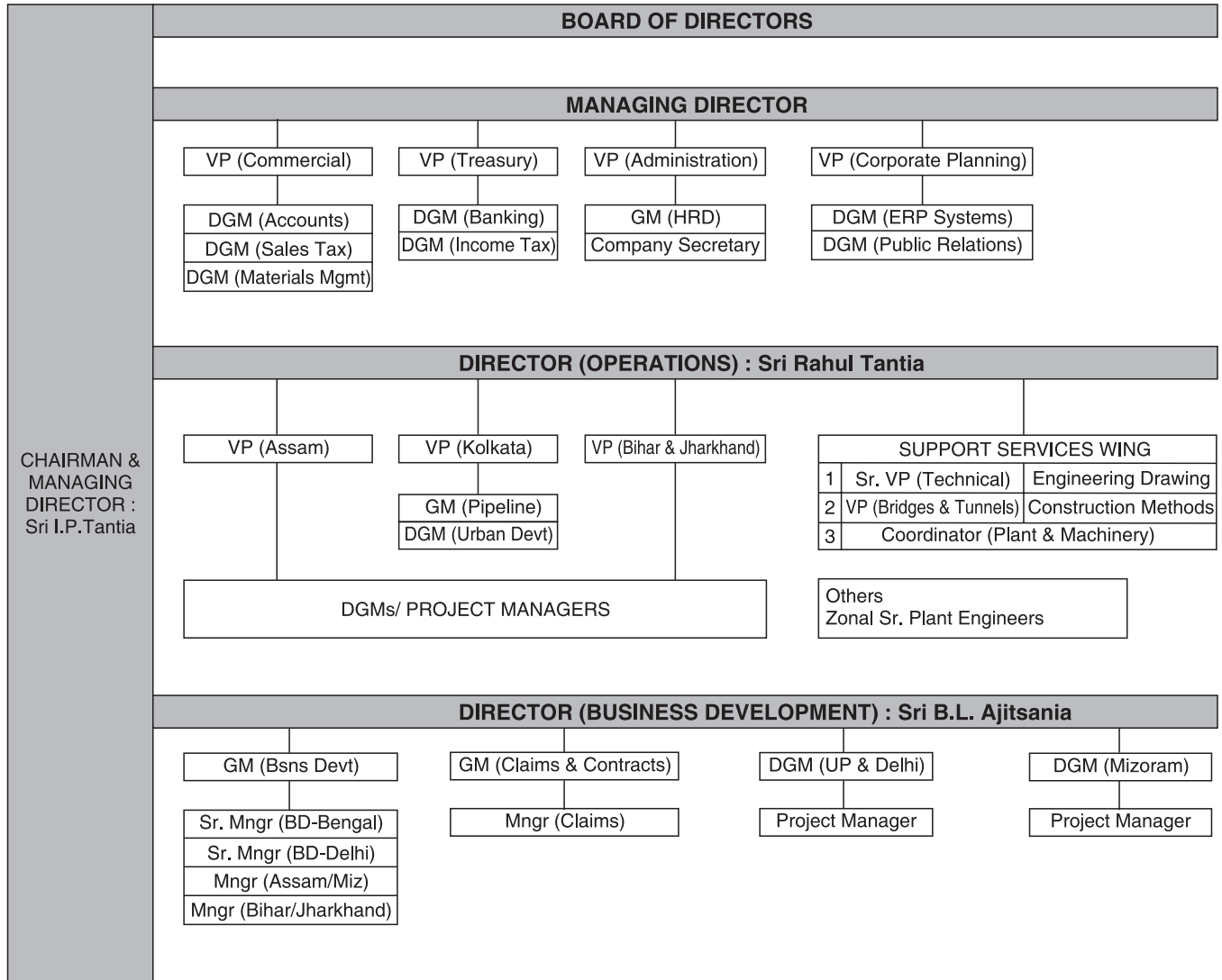
Except as stated otherwise in this Red Herring Prospectus, the Company has not entered into any Contract, Agreements or Arrangements during the preceding two years from the date of the Prospectus in which the directors are interested directly or indirectly and no payments have been made to them in respect of the contracts, agreements or arrangements which are proposed to be entered with them.

## Changes in Directors during Last Three Years

Name	Date of Appointment	Date of Cessation	Reason
Mrs. Nirmala Sureka	03.07.1997	04.11.2005	Resigned from Directorship
Mr. Pawan Kumar Bagaria	27.04.1987	30.06.2004	Resigned from Directorship
Mr. Arun Kumar Dokania	19.07.2003	NA	Resigned as whole time director on 30.06.2004
Mr. Rahul Tantia	01.03.2004	NA	Appointed as Whole Time director
Mr. Himangshu Sekhar Sinha	30.06.2004	NA	Appointed as a Director
Mr. U. S. Agarwal	22.11.2005	NA	Appointed as a Director
Mr. Parimal Kumar Chattaraj	04.11.2005	NA	Appointed as a Director
Mr. Mahavir Prasad Agarwall	04.11.2005	NA	Appointed as a Director
Mr. Sarit Kumar Bose	04.11.2005	NA	Appointed as a Director

# Tantia Constructions Limited

## Organization Structure



### KEY MANAGERIAL PERSONNEL

#### Mr. S. Ray [58]

Mr. Ray is a civil engineer from B. E. College, Kolkata and a MBA from UK. Early in his career he has handled assignments in countries like Saudi Arabia, Kuwait, UAE, France, England. He has been responsible for executing landmark projects in India like expansion of Indian Iron and Steel Company, 22 road bridges for National Highway, 6 rail bridges for BBJ Construction, expansion of alloy steel plant at Durgapur etc. Mr. Ray joined our Company in the year 2002 and is currently the Senior Vice President (Technical). He is heading the design and engineering functions and is in charge of the in house engineering and planning including working drawings and erection scheme for all major projects taken up by the company. He is a member of Institute of Management (UK), American Concrete Association (ACA), Fellow of Indian Institute of Bridge Engineers, and member of Institutions of Engineers, Chartered Engineer.

#### Mr. R.K. Khaitan [45]

Mr. Khaitan joined the Company as a site accountant at Joghghopa, Assam, in the year 1990 where his prime responsibilities included matters related to sales tax, liaisoning, project billing etc. The scope of his responsibilities gradually widened and he started looking after the Management Information Systems. An expert at cost control and managing timely resources, he slowly graduated to managing projects independently. Presently he is the Vice President (Projects-Assam) and is looking after projects in Assam worth over Rs. 10000 Lacs.

**Mr M.L. Agarwal [32]**

Mr. Agarwal joined the company as a site supervisor for the Sultanpur Road project. He excelled in his performance and target matching, and through a series of promotions as Section Incharge and Deputy Project Manager, he was made the Project Manager for Haryana PWD road project at Ropar and Phagwara. His quick decision making skills, dedication and excellent performance were further rewarded when he was made GM for Kolkata looking after projects of over Rs. 5000Lacs. At present, he is Vice President (Projects - Kolkata) looking after projects in Kolkata worth over Rs. 20000 Lacs.

**Mr. K.K. Gopi [56]**

A Civil Engineer from Kerala University and a senior bridge engineer, Mr. Gopi enjoys rich experience in executing and managing difficult bridge and tunneling assignments. He joined the Company in 1998 as a consultant during the construction of a bridge over river Gomti. He was then given the responsibility of execution and timely completion of the 1.3km rail bridge over River Saryu. Since then he has been looking after the major bridge and tunneling projects of the Company and is presently the Vice President (Projects - Bihar). Mr. Gopi specializes in outlining of economical construction methods and designs.

**Mr. D.P. Sutodia [55]**

A gold medallist and B. Com. from Calcutta University, Mr. Sutodia is regarded as one of the pillars of our Company. Having started his career as a senior accountant, he has been involved in a gamut of activities including purchase and stores, materials management, income tax, sales tax, company matters, and even project management. He joined the Company in 1978 and in the year 1982 he pioneered the efforts of company going public, thus realizing the significant growth and recognition of the company in 1980s. Presently he is the Vice President (Treasury) and looks after disbursements and cash management.

**Mr A.K. Surana [54]**

A B.Sc. and LLB from Calcutta University, Mr. Surana was brought in to the Company in 1995 to strengthen the administrative and legal processes required in the construction industry. At present he is the Vice President (Administration) and is looking after administration and legal compliances along with banking and finance matters.

**Mr P.K. Agarwal [43]**

An MBA from IIM Calcutta, he joined the company in the year 1983 as an accountant. Having been in the company for a long period, he was the Central Purchase Manager from 1992 to 1995, and then a Deputy Project Manager and a Project Manager during the years 1995 to 2001, wherein he handled several time-bounded projects with ease. In 2002, he was brought back to the Corporate Office to head the Commercial Division. Presently he is the Vice President (Commercial) and looks after all the Purchase and Financial matters of the company.

**Mr Siddhartha Tantia [25]**

Mr. Siddhartha Tantia is the son of Mr. I. P. Tantia, the promoter of the Company. After completing his B.Sc. Engineering from Johns Hopkins University, Baltimore, USA, he joined the Company in the year 2003. He undertook his training for a complete year at various posts and was also appointed as Deputy Project Manager for JBIC funded Tram track project in Kolkata. Gradually he developed a deep insight into the MIS and billing systems. He has taken the initiative of overhauling old practices to infuse the best-available management expertise in the Company. Presently he is the Vice President (Corporate planning) and is responsible for implementation of SAP ERP across the entire organization.

**Mr S. Bose [37]**

A Civil Engineer and an MBA from Jadavpur University, Mr. Bose joined the Company in the year 1996. Since his arrival in the company, he has revolutionized the tendering process and implemented a detailed computerized costing process. Costing and documentation has practically become paperless. As the General Manager (Business Development), he pioneered the implementation of ISO 9001 management system in our organization and has been successful in procuring high margin jobs for the Company.

**Mr Anjan Sarma [47]**

An Indian national, a Civil Engineer from Assam University, he has furthered his training in Project Management and Safety Management. Having worked for more than 10 years in the Middle East with companies such as Bechtel. He is a thorough professional and an equally competent Project Manager. He joined Tantia Constructions in the year 2001 and is General Manager (Claims & Contracts). He has successfully completed over 4 road projects as Project Manager and Deputy General Manager (Projects). In his last assignment at Karnataka, he displayed his capability at handling claim matters with his sharp arguments and sheer analysis. Since then he has been made in charge of the claims and contracts department, and assists Project managers in all contractual and claim matters. He has already proved his worth by getting an award of Rs. 6 crores for the company for the work executed for Sultanpur Bypass in the year 1997.

## Tantia Constructions Limited

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### Mr. Ratin Bose [63]

Mr. Bose possesses vast experience in the construction industry across all verticals. He has a dynamic personality with the vast experience of managing large contracts and international clients. He joined our Company in the year 2005 as General Manager (Pipeline) and is currently handling KMC sewerage and drainage projects worth over Rs 100 crores.

### Mr. Ashish Bajaj [28]

Mr. Bajaj is the Company Secretary and Compliance Officer of the Company. He joined the company in December 2005. Mr. Bajaj has secured all India 3rd Rank in the final examinations of The Institute of Company Secretaries of India in the year 2004. He is an Associate member of The Institute of Company Secretaries of India. He has 5 years of experience in corporate secretarial field. Prior to joining the Company he was associated with Meghalaya Cements Limited as Senior Manager Secretarial & Finance and Barak Valley Cements Limited as Assistant Company Secretary.

**All the key management personnel are on the pay rolls of the Company as permanent employees.**

### Shareholding of key Managerial Personnel

The shareholding of the key managerial personnel of the Company as on the date of filing the Red Herring Prospectus is as follows:

Name of the Key Managerial Personnel	No. of Equity Shares Held
I.P. Tantia	95520
Rahul Tantia	251400
Siddhartha Tantia	494400
B.L. Ajitsaria	900
Arun Kumar Dokania	600
A. K. Surana	850

### Bonus or Profit Sharing Plan for the Key Managerial Personnel

There is no fixed or certain bonus or profit sharing plan for the Key Managerial Personnel.

### Changes in Key Managerial Personnel during last 3 years

Name of the Employee	Designation	Date of Appointment	Date of Resignation
Siddhartha Tantia	VP Corporate Planning	1st April 2005	N.A
Ashish Bajaj	Company Secretary	21 Nov 2005	N.A
Ranjit Ghosh	GM HRD	25 Nov 2005	3 March 2006
Ratin Bose	GM Pipelines	9 Nov 2005	N.A
Pratithy Mukhopadhyay	Company Secretary		21 Nov 2005

No Key Managerial Personnel apart from as stated above have resigned from the company during the last three years. The additions to the Key Managerial personnel in the last three years are as stated above.

### Employees

The total manpower directly employed by the Company is more than 300 including site staffs.

### Disclosures Regarding Employees Stock Option Scheme / Employees Stock Purchase Scheme

Till date, the Company has not introduced any Employees Stock Option Scheme / Employees Stock Purchase Scheme, as required by the Guidelines or Regulations of SEBI relating to Employee Stock Option Scheme and Employee Stock Purchase Scheme.

### Payment or Benefit to Officers of the Company

Except the payment of salaries and perquisites, the Company makes ex-gratia payments to its officers as and when it deems fit.

## PROMOTERS

### Mr. Ishwari Prasad Tantia



Residential Address	96, Narkeldanga Main Road, Kolkata - 700054
Occupation	Industrialist
Date of Birth	12.03.1951
Passport Details	Z018235
Permanent Account Number	ABTPT7969D
Voter ID Number	DKN 2838969
Driving License Number	WB-01 025286
Name of Bank and Address	Allahabad Bank, P 214 C.I.T. Road, Kolkata - 700010
Type of Account	Savings Account
Account Number	101513
Any Other Relevant Information	None

### Rahul Tantia



Residential Address	96, Narkeldanga Main Road, Kolkata - 700054
Occupation	Industrialist
Date of Birth	21.09.1973
Passport Details	T - 720576
Permanent Account Number	ABQPT4264L
Voter ID Number	WB/22/159/462471
Driving License Number	WB-01-124444
Name of Bank and Address	Allahabad Bank, P 214 C.I.T. Road, Kolkata - 700010
Type of Account	Savings Account
Account Number	107583
Any Other Relevant Information	None

## Tantia Constructions Limited

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### Siddhartha Tantia



Residential Address	96, Narkeldanga Main Road, Kolkata - 700054
Occupation	Service
Date of Birth	12.12.1980
Passport Details	B3623914
Permanent Account Number	ABUPT4581C
Voter ID Number	N.A.
Driving License Number	WB-01-255688
Name of Bank and Address	Allahabad Bank, P 214 C.I.T. Road, Kolkata - 700010
Type of Account	Savings Account
Account Number	110218
Any Other Relevant Information	None

### Harsh Tantia



Residential Address	96, Narkeldanga Main Road, Kolkata - 700054
Occupation	Student
Date of Birth	03.11.1984
Passport Details	A5369335
Permanent Account Number	ADDPT4176G
Voter ID Number	N.A.
Driving License Number	WB-01-303555
Name of Bank and Address	Allahabad Bank, P 214 C.I.T. Road, Kolkata - 700010
Type of Account	Savings Account
Account Number	110740
Any Other Relevant Information	None

**Smt. Sarla Tantia**



Residential Address	96, Narkeldanga Main Road, Kolkata - 700054
Occupation	Home-maker
Date of Birth	06.09.1954
Passport Details	A5084018
Permanent Account Number	ABQPT4265M
Voter ID Number	WB/22/159/462217
Driving License Number	N.A.
Name of Bank and Address	Allahabad Bank, P 214 C.I.T. Road, Kolkata - 700010
Type of Account	Savings Account
Account Number	106557
Any Other Relevant Information	None

**Smt. Anita Tantia**



Residential Address	96, Narkeldanga Main Road, Kolkata - 700054
Occupation	Home-maker
Date of Birth	18.11.1974
Passport Details	A50257
Permanent Account Number	ABSPT8048G
Voter ID Number	N.A.
Driving License Number	N.A.
Name of Bank and Address	Allahabad Bank, P 214 C.I.T. Road, Kolkata - 700010
Type of Account	Current Account
Account Number	903245
Any Other Relevant Information	None

## Tantia Constructions Limited

### Smt. Laxmi Tantia



Residential Address	96, Narkeldanga Main Road, Kolkata - 700054
Occupation	Home-maker
Date of Birth	07.12.1982
Passport Details	A4831349
Permanent Account Number	AFCPR0271H
Voter ID Number	N.A.
Driving License Number	N.A.
Name of Bank and Address	Allahabad Bank, P 214 C.I.T. Road, Kolkata - 700010
Type of Account	Savings Account
Account Number	118545
Any Other Relevant Information	None

We confirm that Permanent Account Number, Bank Account Number and Passport Number of the promoters have been submitted to BSE,CSE and DSE at the time of filing the Red Herring Prospectus with them.

#### Relationship between the Promoters, Directors and Key Managerial Personnel

Mr. I. P Tantia is the father of Mr. Rahul Tantia director of the company and Mr. Siddhartha Tantia. Except as stated otherwise, there is no relation between any Promoters, Director and Key Managerial Personnel of the Company.

#### Common Pursuits

There are no common pursuits in the business of the Company and other companies promoted by the Promoters and other companies of the Promoter Group.

#### Interest of the Promoters

The Promoters may be deemed to be interested to the extent of shares held by them, their relatives, and benefits arriving from their holding directorship in the company. The Promoters are not interested in any property acquired by Tantia Constructions Limited within two years from the date of the Red Herring Prospectus.

**The following companies/ firms/ ventures have been promoted by the Promoters of Company and the Promoters may be deemed to be interested in these companies:**

Name of the Concern	Interested Party
Tantia Financials Services Limited	Rahul Tantia
BECO Industries Limited	Rahul Tantia
Castal Extrusion Pvt. Ltd.	Rahul Tantia
Alvari Systems Private Limited	Siddhartha Tantia

### Payment or benefit to Promoters of the Company

Apart from the above there have been no payment or benefits to the Promoters of the Company.

### Related Party Transactions

For details of related party transactions please refer to page no. xx of the Red herring Prospectus.

#### 1. CURRENCY OF PRESENTATION

In this Draft Red Herring Prospectus, all references to "Rupees" and "Rs." and "Indian Rupees" are to the legal currency of the Republic of India.

#### 2. DIVIDEND POLICY

Our Company has a dividend policy for dividend payment as written in the Articles of Association of the 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.

The details of dividend paid by the Company is as follows:

PARTICULARS	For The Year Ended 31st March				
	2001	2002	2003	2004	2005
<b>Equity Dividends</b>					
Number of Equity Shares	2160000	2160000	2160000	2160000	4320000
Rate of Dividend	20%	20%	20%	20%	10%
Amount of Equity Dividend (Rs. In Lacs)	43.2	43.2	43.2	43.2	43.2
Tax on Equity Dividend (Rs. In Lacs)	4.41	4.41	5.53	5.53	6.06

1.2 **Note** : - Capital of the company was enhanced from 2160000 Equity Shares to 4320000 Equity Shares by issue of Bonus Shares during the year 2004-05 and accordingly dividend was paid on the entire capital.

**AUDITORS REPORT**

The Board of Directors,  
Tantia Constructions Limited,  
25/27 Netaji Subhas Road,  
Kolkata – 700 001.

We have verified the financial information of Tantia Constructions Limited (“The Company”) annexed to this report. These financial statements have been prepared in accordance with the requirements of paragraph B(1) of Part II of Schedule II to the Companies Act, 1956 and The Securities and Exchange Board of India – Disclosure and Investor Protection Guideline, 2000 (as amended) issued by the Securities and Exchange Board of India (SEBI).

**A) Financial information as per audited financial statements:**

We have examined the attached summary statement of Profit and Losses as restated of the company for the nine months period ended 31st December 2005 and financial year(s) ended 31st March 2001, 2002, 2003 2004 and 2005 (Annexure I) and the attached summary statement of assets and liabilities as restated for each of the period / year(s) ended on those dates (Annexure II) together referred to as ‘Summary Statements’. These summary statements have been extracted from the financial statements for the period / year(s) ended on those date(s) audited by us and have been adopted by the Board of Directors / Members for those respective period / years. Based on our examination of those summary statements, we state that:

- a) The restated Profits have been arrived at after charging all expenses including depreciation and after making such adjustments and regroupings as in our opinion are appropriate in the period / years(s) to which they are related.
- b) The summary statements of the company have been restated with retrospective effect to reflect the significant accounting policies being adopted by the company. The summary statements have to be read with notes given in Annexure- III to this report.
- c) There are no qualifications in the auditors report that require any adjustment to the summary statements.
- d) There are no extra ordinary items that required separate disclosure in the summary statements.

**B) Other Final Information:**

- i) Summary of Cash Flow as Restated in Annexure - IV.
- ii) Statement of Secured Loans in Annexure - V.
- iii) Statement of Unsecured Loans in Annexure – VI.
- iv) Statement of Loans and Advances in Annexure - VII.
- v) Statement of Other Current Assets in Annexure - VIII.
- vi) Statement of Sundry Debtors in Annexure - IX.
- vii) Statement of Current Liabilities in Annexure - X.
- viii) Statement of Contingent Liabilities not provided for in Annexure - XI.
- ix) Statement of Accounting Ratios in Annexure - XII.
- x) Capitalisation Statement in Annexure - XIII.
- xi) Statement of Associates and Joint Ventures in Annexure - XIV.
- xii) Statement of Directors Remuneration in Annexure - XV.
- xiii) Statement of Tax Shelter in Annexure - XVI.
- xiv) Statement of Dividend Paid in Annexure - XVII.
- xv) Statement of Investments in Annexure – XVIII.

We further confirm that the Company does not have any subsidiary within the meaning of Section 4 of the Companies Act, 1956.

This report is intended solely for your information and for inclusion in the offer document in connection with the issue of the company and is not to be used, referred to for any other purpose.

**Yours faithfully,**

**For S.M. Bengani & Co.  
Chartered Accountants**

**(H. L. Bengani)**  
**Proprietor.**  
M. No. 07867

Date: 28th February 2006

Place: Kolkata

**ANNEXURE-I**
**SUMMARY STATEMENT OF PROFIT & LOSS ACCOUNT AS RESTATED**

We report that the profits of the company for the five financial years ended on 31st March 2001, 2002, 2003, 2004 and 2005 are as set out below along with the Profit and Loss statement for the nine month ended December 31,2005. The Profit and Loss Account read with significant accounting policies and notes annexed hereto have been arrived at after charging all expenses of manufacture, working and management including depreciation and after making such adjustments and regroupings as are, in our opinion, appropriate.

**Rs. in lacs**

Particulars	For the Year Ended					Nine Months Period Ended
	31-Mar 2001	31-Mar 2002	31-Mar 2003	31-Mar 2004	31-Mar 2005	
<b>INCOME</b>						
Income from Operation (Contract Receipts)	7,805.17	6,968.70	8,350.03	9,721.82	8,442.78	8,330.14
Contract Receipts Joint Venture <sup>1</sup>	-	723.04	3,025.07	1,215.50	1,873.33	1,323.48
<b>Sub Total</b>	<b>7,805.17</b>	<b>7,691.74</b>	<b>11,375.10</b>	<b>10,937.32</b>	<b>10,316.11</b>	<b>9,653.62</b>
Other Income	4.46	1.69	7.16	32.61	1.10	-
Interest	5.21	20.56	9.73	9.93	26.49	11.98
Increase/(Decrease) of Stock	(164.38)	91.32	54.04	1,402.87	285.99	155.52
<b>Total Income</b>	<b>7,650.46</b>	<b>7,805.31</b>	<b>11,446.03</b>	<b>12,382.73</b>	<b>10,629.69</b>	<b>9,821.12</b>
<b>EXPENDITURE</b>						
Material Consumption	3,327.60	1,616.14	2,321.27	4,928.71	3,633.08	3,618.26
Contract Operating Expenses	3,179.21	4,491.76	4,670.26	4,561.82	3,236.74	2,996.61
Expenses Joint Venture	-	694.96	2,968.56	1,118.96	1,835.25	1323.58
Staff Costs <sup>2</sup>	217.44	210.90	274.82	322.20	346.24	287.58
Selling, Administrative & Other Expenses	330.43	303.21	382.22	487.05	456.81	440.14
Interest and Financial Charges	175.04	133.51	270.11	492.23	624.28	561.79
Depreciation	79.30	110.62	218.58	238.10	244.64	182.31
<b>Total Expenditure</b>	<b>7,309.02</b>	<b>7,561.11</b>	<b>11,105.82</b>	<b>12,149.07</b>	<b>10,376.34</b>	<b>9,410.27</b>
<b>Net Profit before Tax &amp; Extraordinary Items</b>	<b>341.44</b>	<b>244.19</b>	<b>340.21</b>	<b>233.66</b>	<b>253.35</b>	<b>410.85</b>
<b>Provision for Income Tax</b>						
Deferred <sup>3</sup>	-	167.96	72.31	59.21	36.25	(36.28)
Adjustment of Deferred Tax*	-	(96.64)	(55.85)	(46.54)	(28.51)	-
Current	111.25	25.68	30.00	28.17	58.39	39.00
<b>Net Profit Before Extraordinary Items</b>	<b>230.19</b>	<b>147.19</b>	<b>293.75</b>	<b>192.83</b>	<b>187.23</b>	<b>408.13</b>
Transfer to Foreign Project Reserve	1.00	-	-	-	-	-
<b>Net Profit After Extraordinary Items</b>	<b>229.19</b>	<b>147.19</b>	<b>293.75</b>	<b>192.83</b>	<b>187.23</b>	<b>408.13</b>
Balance of Profit brought forward	187.84	349.42	430.00	652.01	296.10	423.68
Dividend	43.20	43.20	43.20	43.20	43.54	-
Corporate Tax on Dividend	4.41	4.41	5.54	5.54	6.11	-
Transfer to General Reserve	20.00	19.00	23.00	500.00	10.00	-
<b>Balance Carried to Balance Sheet</b>	<b>349.42</b>	<b>430.00</b>	<b>652.01</b>	<b>296.10</b>	<b>423.68</b>	<b>831.81</b>

\*Refer to notes to Changes & Groupings

## Tantia Constructions Limited

### ANNEXURE-II

#### STATEMENT OF ASSETS & LIABILITIES AS RESTATED

The assets and liabilities of the company as at the end of each five financial years ended on 31 March 2001, 2002, 2003, 2004 and 2005 are as set out below along with the assets & liabilities as at December 31, 2005. The assets and liabilities read with significant accounting policies and notes annexed hereto have been arrived at after making such regroupings as are, in our opinion, appropriate.

Rs. in lacs

Particulars	31.03.01	31.03.02	31.03.03	31.03.04	31.03.05	31.12.05
<b>Fixed Assets</b>						
Gross Block	1,416.98	2,358.08	3,034.99	3,214.66	3,142.44	3,174.01
Less: Depreciation	649.06	686.06	879.79	1,036.86	1,174.47	1,264.87
<b>Net Block</b>	<b>767.91</b>	<b>1,672.02</b>	<b>2,155.20</b>	<b>2,177.80</b>	<b>1,967.97</b>	<b>1,909.14</b>
Less: Revaluation Reserve	-	-	-	-	-	-
<b>Net Block after adjustment for Revaluation Reserve</b>	<b>767.91</b>	<b>1,672.02</b>	<b>2,155.20</b>	<b>2,177.80</b>	<b>1,967.97</b>	<b>1,909.14</b>
Capital Work in Progress	-	-	-	-	-	-
<b>Total (A)</b>	<b>767.91</b>	<b>1,672.02</b>	<b>2,155.20</b>	<b>2,177.80</b>	<b>1,967.97</b>	<b>1,909.14</b>
<b>Investment (B )</b>	<b>1.56</b>	<b>58.92</b>	<b>64.74</b>	<b>37.64</b>	<b>37.86</b>	<b>42.63</b>
<b>Current Assets, Loans and advances</b>						
Inventories	584.68	763.29	1,205.82	2,737.11	3,482.77	3,182.50
Sundry Debtors	789.67	1,026.63	1,141.46	1,748.98	1,630.89	3,101.88
Cash and Bank Balances	254.28	533.79	306.16	570.34	1,103.59	1,184.88
Other Current Assets	1.05	2.75	2.01	3.06	3.43	-
Loans and Advances	611.35	635.89	1,423.67	1,801.59	1,196.04	1,667.74
<b>Total (C)</b>	<b>2,241.03</b>	<b>2,962.35</b>	<b>4,079.12</b>	<b>6,861.08</b>	<b>7,416.72</b>	<b>9,137.00</b>
<b>Total Assets (A+B+C) = D</b>	<b>3,010.50</b>	<b>4,693.29</b>	<b>6,299.06</b>	<b>9,076.52</b>	<b>9,422.55</b>	<b>11,088.77</b>
<b>Less: Liabilities and Provisions:</b>						
Secured Loans	560.88	1,484.65	2,012.87	2,752.01	4,079.12	4,771.50
Unsecured Loans	577.31	698.67	1,758.06	2,845.21	2,897.45	3,207.13
Sundry Creditors	823.85	1,299.94	1,019.73	1,752.50	521.54	526.30
Other Current Liabilities	263.98	297.73	290.19	351.73	394.43	428.13
Provisions	47.61	4.41	48.74	48.74	49.65	14.00
Deferred Tax Liability	-	71.32	87.78	100.45	108.19	71.91
<b>Total Liabilities (E)</b>	<b>2,273.63</b>	<b>3,856.72</b>	<b>5,217.37</b>	<b>7,850.64</b>	<b>8,050.38</b>	<b>9,018.97</b>
<b>Preference Share Capital (F)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14.00</b>	<b>14.00</b>
<b>Net Worth (D-E-F)</b>	<b>736.87</b>	<b>836.57</b>	<b>1,081.69</b>	<b>1,225.88</b>	<b>1,358.17</b>	<b>2,055.80</b>
<b>Represented By</b>						
Equity Share Capital (I)	216.00	216.00	216.00	216.00	432.00	432.00
Share Application Money pending Allotment (II)	-	-	-	-	-	289.50
Reserves and Surplus	521.42	621.01	866.02	1,010.10	931.68	1,339.81
Less: Revaluation Reserves	-	-	-	-	-	-
<b>Net Reserves and Surplus (III)</b>	<b>521.42</b>	<b>621.01</b>	<b>866.02</b>	<b>1,010.10</b>	<b>931.68</b>	<b>1,339.81</b>
Misc. Expenditure (IV)	0.55	0.44	0.33	0.22	5.51	5.51
<b>Net worth (I+II+III-IV)</b>	<b>736.87</b>	<b>836.57</b>	<b>1,081.69</b>	<b>1,225.88</b>	<b>1,358.17</b>	<b>2,055.80</b>

## Summary of Reserves & Surplus

Rs. in Lacs

Particulars	31.03.01	31.03.02	31.03.03	31.03.04	31.03.05	31.12.05
<b>General Reserve</b>						
As per Last Account	16.00	36.00	55.00	78.00	578.00	372.00
Add Transferred from PL	20.00	19.00	23.00	500.00	10.00	-
Issue of Bonus Shares	-	-	-	-	(216.00)	-
	<b>36.00</b>	<b>55.00</b>	<b>78.00</b>	<b>578.00</b>	<b>372.00</b>	<b>372.00</b>
<b>Foreign Project reserve</b>						
As per Last Account	135.00	136.00	136.00	136.00	136.00	136.00
Add Transferred from PL	1.00	-	-	-	-	-
	<b>136.00</b>	<b>136.00</b>	<b>136.00</b>	<b>136.00</b>	<b>136.00</b>	<b>136.00</b>
<b>Profit &amp; loss Account</b>	349.42	430.00	652.01	296.10	423.68	831.81
<b>Total</b>	<b>521.42</b>	<b>621.00</b>	<b>866.01</b>	<b>1,010.10</b>	<b>931.68</b>	<b>1,339.81</b>

### Changes in Accounting policies during last five years:

There has been no change in the Accounting Policies of the Company as regards to Method of Accounting, Fixed Assets, Depreciation, Revenue Recognition, Claims, Method of Accounting for Joint Ventures, valuation of inventories. Accounting for payments towards various retirement benefits etc. during the last five years.

### Notes to Changes & Groupings

1. Proportionate share of income and expenditure from joint venture have been included under natural heads of accounts of income and expenditure excepting in the financial year 2004-05 and 2005-06 where expenditure on joint venture have been included under the head contract operating expenses. During the accounting year 2000-01 there was neither any income nor any expenditure from joint venture activity and accordingly nothing is shown.
2. The Company is having coverage with Life Insurance Corporation of India (LIC) for Retirement Gratuity. Payments were being made to LIC on receipt of intimation from them based on actuarial valuation. Impact of gratuity and Leave encashment has been provided as per AS – 15 issued by ICAI in the restated Profit & Loss Account.
3. Deferred Tax Liability up to 2003-04 was not provided in the accounts and was qualified in the Auditor's Report. However, the same has been provided in 2004-05 in conformity with AS 22 and the same has been considered in the Restated Accounts. However as per the last audited accounts of the Company for the nine months period ended on December 31st, 2005 the excess provision made in earlier years amounting to Rs 2,27,53,777/- has been written back and the same has been allocated in the earlier year(s) to the extent it is attributable.

**ANNEXURE-III**

**ACCOUNTING POLICIES AND NOTES TO ACCOUNTS**

**A. ACCOUNTING POLICIES**

**METHOD OF ACCOUNTING**

The Company prepares its Financial Statement on accrual basis in accordance with generally accepted accounting principles.

**FIXED ASSETS**

Fixed Assets including Capital Work in Progress are stated at their original cost of acquisition including duties, taxes and incidental expenses attributable to bringing them to their present working condition and the Company has also complied with the provisions of AS 28 issued by ICAI.

**DEPRECIATION**

Depreciation on Fixed Assets is provided by applying the rates specified in Schedule XIV to the Companies Act, 1956, calculated on written down value method in respect of Assets acquired upto the year ended on Diwali 2040 S.Y. (corresponding to 3rd November, 1983) and on the basis of straight line method in respect of additions made thereafter, and is in compliance with AS 6 issued by ICAI.

**ACCOUNTING OF CONSTRUCTION CONTRACTS**

The Company follows percentage completion (at item rate, where applicable, for work done and certified) method for accounting of construction contracts in compliance with AS 7 issued by ICAI..

**CLAIMS**

Expenditure incurred in respect of additional costs/delays are accounted when they are incurred. Claims made in respect thereof are accounted as income on receipt of Arbitration Award or acceptance by client or on receipt of evidence of realisability of award.

**ACCOUNTING FOR JOINT VENTURE CONTRACTS**

The Profit/(Loss) of Joint Ventures, if any, have been accounted for by way of incorporation in accounts to the extent of Companies Share in the Joint Ventures in compliance with AS 27 issued by ICAI.

**INVENTORIES**

- (i) Work-in-progress is valued at cost, which reflects works done but not certified.
- (ii) Cost of Raw Materials is determined under Average Cost basis and Stores and Spares are at cost under FIFO Basis.

**RETIREMENT BENEFITS**

Payment towards gratuity and leave encashment is being accounted in accordance with Accounting Standard 15 issued by ICAI.

**B. NOTES TO ACCOUNTS:**

1. The figures as on 31.12.2005 being nine months ending are not comparable with last years figures.
2. Contingent Liabilities not provided for in respect of counter guarantees given to Bankers for obtaining various Bank Guarantees amounting to Rs.6,988.38 lacs (Previous year : Rs.62.23 lacs) against which fixed deposit receipts amounting to Rs.671.18 lacs (Previous year : Rs.661.90 lacs), (including third party deposits for Rs. 281.23 lacs) have been pledged towards margin.
3. Term Loan of Rs.511.35 lacs, Short term loan of Rs.2,208.32 lacs and Bank Guarantees of Rs.6988.38 lacs from Schedule Banks under Consortium arrangement are secured by pledge of Fixed Deposits as margin against Bank Guarantees and by hypothecation of movable assets including Raw Materials, Stores, Work in Progress, Book Debts and Plant & Machinery (excluding those under Equipment Finance) ranking *pari-passu* and personal guarantee of a Director and his relatives and Collateral Securities by way of equitable mortgage of the properties owned by the Director's relative and another property of the Company.
4. Works Contract Tax / Claims continue to be accounted for as and when acknowledged.

5. Provision for Taxation

The Company has provided MAT for Rs 35.00 lacs as per the provisions of Sec 115 JB of The Income Tax Act, 1962 as provision for taxation. However the management is of the opinion that the company is entitled for deduction u/s 80 IA of the Income Tax Act. By virtue of this the Company has not provided Income Tax amounting to Rs.139.32 lacs.

6. Deferred Tax Liability

The Company has provided deferred tax liability as per provisions of AS 22. However the excess provision made in earlier years by virtue of note no. 5 amounting to Rs 227.54 lacs has been written back and the same has been allocated in the earlier year(s) to the extent it is attributable.

6. The Company has a single segment namely "Civil Construction". Therefore, the Company's business does not fall under different business segments as defined by AS – 17 – "Segment Reporting" issued by ICAI.

7. A) The Director's Remuneration includes the followings :-

Rs. in lacs

	For nine months ended 31.12.05				For the Year ended 31.03.05			
	Chairman & Managing Director	Director (Business Develop.)	Director (Finance)	Director (Operations)	Chairman & Managing Director	Director Business (Develop.)	Director (Finance)	Director (Operations)
a. Salary	7.20	2.25	-	1.80	9.60	3.00	0.60	2.40
b. Commission	-	-	-	-	-	-	-	-
c. Provident Fund	0.38	0.07	-	-	0.50	0.09	-	-
d. House Rent Allowance	3.60	1.13	-	0.90	4.80	1.50	0.30	1.20
<b>Total</b>	<b>11.18</b>	<b>3.45</b>	<b>-</b>	<b>2.70</b>	<b>14.90</b>	<b>4.59</b>	<b>0.90</b>	<b>3.60</b>

B) Computation of net profit in accordance with Section 198 of the Companies Act, 1956

For the year (Rs. in lacs) Previous year (Rs. in lacs)

8. Earning in foreign currency :

From Project Export 22.97 60.36

9. Expenditure in foreign currency :

Traveling Expenses NIL 1.81

10. Related Party Disclosure :

A. Name of Related Parties & Nature of Relationship

List of related parties			Nature of relationship
A.	Key Management Persons		
	i) Mr. I. P. Tantia Chairman & Managing Director	Beco Industries Ltd. Alvari Systems (P) Ltd.	Son is Director Son is Director
	ii) Mr. B. L. Ajitsaria Director (Business Development)		
	iii) Mr. Rahul Tantia Director (Operations)	BECO Industries Ltd.	Self is Director
B.	Joint Venture	RBM-TANTIA (JV) SATISH-TANTIA (JV) TANTIA-SIMPLEX (JV) TANTIA-TBL JOINT VENTURE TANTIA-OTBL (Bangladesh) TANTIA-BEPCL (Bhutan) TANTIA-BSBK TANTIA-NAYAK TANTIA-SOMA	Joint Venture for executing civil contracts

## Tantia Constructions Limited

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- B. i) Transactions with Joint Ventures & Other Related Parties referred to in Item (A) above

(Rs. in Lacs)

	Joint Venture	Other Related Parties
Rendering of Services	233.99	
Receiving of Services	—	
Outstanding Balance included in Current Assets	685.59	151.20
Outstanding Balance included in Current Liabilities	—	—
Collateral Guarantee Commission paid	—	—

- ii) Outstanding Public Fixed Deposits from Mr. I. P. Tantia and his relatives Rs. 48.27 Lacs. Interest paid for the year on above Rs. 4.72 Lacs.

- C. Remuneration of Directors: Please refer to Item No. 7 of Notes to Accounts.

Preliminary Expenses will be written off and audit fees will be provided for the year ended 31st March 2006 at the end of the year.

11. Previous year's figures have been rearranged and/or regrouped wherever necessary.

**ANNEXURE-IV**
**Summary of Cash Flow as Restated**
**Rs. in lacs**

PARTICULARS	For the Year Ended 31st March					Nine Mths Ended
	2001	2002	2003	2004	2005	31.12.05
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>						
(I) NET PROFIT BEFORE TAX AND						
<b>EXTRAORDINARY ITEMS</b>	<b>341.44</b>	<b>244.19</b>	<b>340.21</b>	<b>233.67</b>	<b>253.36</b>	<b>410.85</b>
Adjustment for :						
Depreciation	79.30	110.62	218.58	238.10	244.64	182.31
Interest Received	(5.21)	(20.56)	(9.73)	(9.93)	(26.49)	(11.98)
(Profit) / Loss on sale of fixed Assets	(1.18)	3.58	(1.41)	6.24	5.71	-
(Profit) / Loss on sale of Investments	(1.10)	-				
Miscellaneous Expenses written off	0.11	0.11	0.11	0.11	0.71	-
Interest paid	175.04	133.51	270.11	493.14	624.28	561.79
<b>Total (ii)</b>	<b>248.06</b>	<b>227.27</b>	<b>477.65</b>	<b>727.65</b>	<b>847.74</b>	<b>732.12</b>
<b>Operating Profit Before Working Capital Changes (i)+(ii)</b>	<b>589.50</b>	<b>471.46</b>	<b>817.86</b>	<b>961.32</b>	<b>1,101.10</b>	<b>1,142.97</b>
Adjustment for :						
Trade and other receivables	(148.31)	(283.69)	(901.87)	(986.50)	799.48	(1,939.27)
Inventories	329.16	(178.62)	(442.51)	(1,531.30)	(745.66)	300.27
Trade Payables	285.68	466.66	(243.45)	794.31	(1,263.55)	2.82
<b>Sub total (iii)</b>	<b>466.53</b>	<b>4.35</b>	<b>(1,587.83)</b>	<b>(1,723.49)</b>	<b>(1,209.73)</b>	<b>(1636.18)</b>
<b>CASH GENERATED FROM OPERATIONS (i)+(ii)+(iii)</b>	<b>1,056.03</b>	<b>475.81</b>	<b>(769.97)</b>	<b>(762.17)</b>	<b>(108.63)</b>	<b>(493.21)</b>
Direct Taxes Paid	(111.25)	(25.68)	(30.00)	(28.17)	(58.39)	(39.00)
<b>NET CASH FROM OPERATING ACTIVITIES (A)</b>	<b>944.78</b>	<b>450.13</b>	<b>(799.97)</b>	<b>(790.34)</b>	<b>(167.02)</b>	<b>(532.21)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>						
Purchase of Fixed Assets (including CWIP)	(84.51)	(1,033.31)	(714.45)	(273.64)	(106.99)	(123.48)
Sale of Fixed Assets	12.39	15.00	14.10	6.72	66.48	-
Disposal / Sale of Investments	-	-	(1.05)	-		
Interest Receipts	5.21	20.56	9.73	9.93	26.49	(11.99)
Investment in Body Corporate	-	-	(2.20)	1.51	2.20	(4.00)
Investment in Joint Venture	-	(36.88)	(3.61)	25.59	(2.48)	(0.77)
<b>NET CASH USED IN INVESTING ACTIVITIES (B)</b>	<b>(66.91)</b>	<b>(1,034.63)</b>	<b>(696.43)</b>	<b>(229.89)</b>	<b>(13.25)</b>	<b>(116.26)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>						
Interest Paid	(175.04)	(133.51)	(270.11)	(493.14)	(624.28)	(561.79)
Proceeds from issue of Preference Shares	-	-	-	-	14.00	-
Proceeds from Borrowings						
For Fixed Assets	(131.57)	717.31	36.92	(15.37)	19.94	(170.33)
For Working Capital	(653.64)	327.81	1,550.70	1,841.66	1,359.41	1172.39
Share Application Money	-	-	-	-	-	289.50
Misc. Expenditure (Share Issue Expenses)	-	-	-	(6.00)	-	
Dividend Paid	(43.20)	(43.20)	(43.20)	(43.20)	(43.54)	
Tax on Dividend	(4.41)	(4.41)	(5.54)	(5.54)	(6.11)	
<b>NET CASH FROM FINANCING ACTIVITIES (C)</b>	<b>(1,007.86)</b>	<b>864.00</b>	<b>1,268.77</b>	<b>1,284.41</b>	<b>713.42</b>	<b>729.77</b>
<b>NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENT (A+B+C)</b>	<b>(129.99)</b>	<b>279.50</b>	<b>(227.63)</b>	<b>264.18</b>	<b>533.25</b>	<b>81.30</b>
<b>CASH AND CASH EQUIVALENTS (Opening Balance)</b>	<b>384.27</b>	<b>254.28</b>	<b>533.78</b>	<b>306.16</b>	<b>570.33</b>	<b>1,103.59</b>
<b>CASH AND CASH EQUIVALENTS (Closing Balance)</b>	<b>254.28</b>	<b>533.78</b>	<b>306.16</b>	<b>570.34</b>	<b>1,103.59</b>	<b>1,184.89</b>

Tantia Constructions Limited

ANNEXURE-V

STATEMENT OF SECURED LOAN

Rs in lacs

PARTICULARS	Mar-31 2001	Mar-31 2002	Mar-31 2003	Mar-31 2004	Mar-31 2005	Dec-31 2005
<b>TERM LOANS</b>						
Scheduled Bank	40.32	-	-	-	300.00	511.35
<b>SHORT TERM LOANS:</b>						
Scheduled Bank	294.82	334.4	726.33	1,413.82	2,050.77	2234.42
Advance against Contracts (Partly interest free) (Secured against Bank Guarantees)	184.45	391.66	491.04	558.05	928.27	1395.98
Equipment Finance (Secured by the hypothecation of the equipments acquired under finance)	41.29	758.59	795.51	780.14	800.08	629.75
<b>Total Secured Loans</b>	<b>560.88</b>	<b>1,484.65</b>	<b>2,012.88</b>	<b>2,752.01</b>	<b>4,079.12</b>	<b>4,771.50</b>

1. Details of Secured Loans outstanding as on December 31, 2005

Rs. in lacs

Particulars of loan	Institution/ Bank	Sanctioned Amount	Amount Outstanding	Rate of Interest PA (%)	Repayment Terms	Securities Offered
Term Loans from Banks	Oriental Bank of Commerce	300.00	300.00	PLR+0.5%	Repayable within 1Year	<b>Primary:</b> Hypothecation on pari-passu basis with other Consortium Banks of stocks of Building Materials and Book Debts. <b>Collateral:</b> Charge on Fixed assets
	Oriental Bank of Commerce	90.00	NIL	PLR+0.5%	Repayable within 6 Months	
	Andhra Bank	400.00	211.35	BMPLR+1%	Repayable in 7 Quarterly installments with initial holiday period of 3 mths.	
	<b>Total</b>	<b>790.00</b>	<b>511.35</b>			

Note :- Personal guarantee of the Chairman & Managing Director has been provided for all the above Terms loans.

2. Cash Credit facilities from Banks

Rs. in Lacs

Bank/Facilities	Limits	Sanctioned		Total
		Ceiling Fund Based	Ceiling Non Fund based	
<b>Andhra Bank</b>				
Cash Credit Against Hypothecation of Stocks, Book Debts, & other Current Assets	670.00			
Cash Credit Additional	50.00			
Ceiling		720.00		
Bank Gaurantee	2,900.00			
Sub-Limit Short Term Loan	400.00			

Rs. in Lacs

Bank/Facilities	Santioned			Total
	Limits	Ceiling Fund Based	Ceiling Non Fund based	
Additional Bank Gaurantee	50.00			
Ceiling			2,950.00	
Fund Based + Non Fund based				<b>3,670.00</b>
<b>Allahabad Bank</b>				
Cash Credit Against Hypothecation of Stocks, Book Debts, & other Current Assets	490.00			
Cash Credit Additional				
Ceiling		490.00		
Bank Gaurantee	1250.00			
Sub-Limit Short Term Loan				
Additional Bank Gaurantee				
Ceiling			1250.00	
Fund Based + Non Fund based				<b>1,740.00</b>
<b>Oriental Bank of Commerce</b>				
Cash Credit Against Hypothecation of Stocks, Book Debts, & other Current Assets	690.00			
Cash Credit Additional				
Ceiling		690.00		
Bank Gaurantee	2800.00			
Sub-Limit Short Term Loan	300.00			
Additional Bank Gaurantee				
Ceiling			2800.00	-
Fund Based + Non Fund based				<b>3,490.00</b>
<b>TOTAL</b>		<b>1,900.00</b>	<b>7,000.00</b>	<b>8,900.00</b>

3. Details of Cash Credit outstanding as on December 31st 2005

Rs. in lacs

Institution/Bank	Amount Outstanding as per Books of accounts	Rate of Interest PA (%)	Securities Offered
Oriental Bank of Commerce	754.57	11.50%	The Loans are secured by way of First charge against movable properties including all stocks and Book Debts including the companies movable plant & machinery
Andhra Bank	745.10	11.50%	
Allahabad Bank	708.65	11.50%	
<b>Total</b>	<b>2208.32</b>		

## Tantia Constructions Limited

### 4. Equipment Finance Loans

Rs. in lacs

Institution/Bank	Amount Outstanding	Rate of Interest PA (%)	Repayment Terms	Securities Offered
ICICI Bank Ltd.	96.84	5.41% - 12%	As negotiated with the Banks and Institutions and ranges between two to Five Years	First Charge on the Equipment Financed
CITI Bank N.A.	1.18	4% - 10.1%		
CITI Corp Finance (India) Ltd.	75.71	4.59%-11.99%		
L & T Finance Ltd.	120.43	6.17%-12.5%		
GE Capital TFS Ltd.	56.76	7.63%		
SREI International Finance Ltd.	183.73	12%		
HDFC Bank Ltd.	86.44	5.62%-6.25%		
Sheba Properties Ltd.	8.66	6.75%-7.04%		
<b>Total</b>	<b>629.75</b>			

Note: - The rate of Interest and repayment schedules for numerous Equipment Finance Loans are as negotiated with the Banks and Financial Institutions for specific equipments from time to time.

**ANNEXURE-VI**
**UNSECURED LOANS**

The details of Unsecured loans are as below:-

**Rs. in lacs**

Particulars As at	Mar-31 2001	Mar-31 2002	Mar-31 2003	Mar-31 2004	Mar-31 2005	Dec-31 2005
<b>Unsecured Loans</b>						
Deposits from Bodies Corporate	180.63	317.85	1,339.09	2,149.59	2,434.73	3,007.09
Public Fixed Deposits	111.95	199.45	182.25	202.75	285.15	200.04
Overdraft as per Books/ Short Term loans	2.5	0.05	0.48	106.59	-	-
Advance against Contract (Partly Interest free)	282.23	181.31	236.24	386.28	177.57	-
<b>Total Unsecured Loans</b>	<b>577.31</b>	<b>698.66</b>	<b>1,758.06</b>	<b>2,845.21</b>	<b>2,897.45</b>	<b>3,207.13</b>

**Details of Unsecured Loans outstanding as on Dec 31, 2005**

Particulars of loan	Amount Outstanding as on 31.12. 2005	Rate of Interest PA (%)	Repayment Terms
<b>1. Deposit from Public</b>	<b>Rs. in lacs</b>		
Cumulative	200.04	10.50%	On demand
<b>2. Inter Corporate Deposits</b>	3,007.09	Ranging from 8.00% to 13.5 %	On demand
<b>3. Advance Against Contracts</b>	-		
	<b>3,207.13</b>		

## Tantia Constructions Limited

### ANNEXURE-VII

#### LOANS AND ADVANCES

The details of Loans and advances are as below:

Rs in lacs

PARTICULARS AS ON	Mar-31 2001	Mar-31 2002	Mar-31 2003	Mar-31 2004	Mar-31 2005	Dec-31 2005
Deposits	291.79	240.69	765.92	938.68	828.09	940.24
Advances in cash or kind or for value to be received	279.31	295.13	509.17	689.19	112.79	202.76
Advance Tax (Net of provisions)	40.25	100.07	148.57	173.71	225.14	264.82
Works Contract Tax Recoverable	-	-	-	-	30.02	259.92
<b>Total - As per audited Statement</b>	<b>611.35</b>	<b>635.89</b>	<b>1,423.66</b>	<b>1,801.58</b>	<b>1,196.04</b>	<b>1,667.74</b>

### ANNEXURE-VIII

#### OTHER CURRENT ASSETS

The details of Other Current Assets are as below :

Rs in lacs

PARTICULARS AS ON	Mar-31 2001	Mar-31 2002	Mar-31 2003	Mar-31 2004	Mar-31 2005	Dec-31 2005
Interest accrued	1.05	2.75	2.01	3.06	3.43	-
<b>Total</b>	<b>1.05</b>	<b>2.75</b>	<b>2.01</b>	<b>3.06</b>	<b>3.43</b>	<b>-</b>

### ANNEXURE-IX

#### SUNDRY DEBTORS

Rs in lacs

PARTICULARS AS ON	Mar-31 2001	Mar-31 2002	Mar-31 2003	Mar-31 2004	Mar-31 2005	Dec-31 2005
Debts outstanding for a period exceeding six months	49.44	59.76	55.24	36.97	92.59	1262.32
Debts outstanding for a period not exceeding six months	740.22	966.87	1086.23	1712.01	1538.3	1839.56
<b>Total Sundry Debtors</b>	<b>789.66</b>	<b>1026.6</b>	<b>1141.47</b>	<b>1748.98</b>	<b>1630.89</b>	<b>3101.88</b>

**ANNEXURE-X**
**CURRENT LIABILITIES**

(Rs in lacs)

PARTICULARS AS ON	Mar-31 2001	Mar-31 2002	Mar-31 2003	Mar-31 2004	Mar-31 2005	Dec-31 2005
Sundry Creditors	823.85	1,299.94	1,019.73	1,752.50	521.53	526.30
Other Liabilities	263.98	297.76	290.19	351.73	394.43	428.13
<b>Total Current Liabilities</b>	<b>1,087.83</b>	<b>1,597.70</b>	<b>1,309.92</b>	<b>2,104.23</b>	<b>915.96</b>	<b>954.43</b>
<b>PROVISIONS</b>						
Proposed dividend	43.2	-	43.2	43.2	43.54	-
Tax thereon	4.41	4.41	5.54	5.54	6.11	-
Provision for Gratuity	-	-	-	-	-	14.00
<b>Total Provisions</b>	<b>47.61</b>	<b>4.41</b>	<b>48.74</b>	<b>48.74</b>	<b>49.65</b>	<b>14.00</b>

Proposed Dividend as on 31st March 2002 has not been shown as Interim Dividend of Rs.43.20 Lacs was paid during the year and no further dividend was declared.

**ANNEXURE-XI**
**CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF:**

Rs. in Lacs

PARTICULARS AS ON	Mar-31 2001	Mar-31 2002	Mar-31 2003	Mar-31 2004	Mar-31 2005	Dec-31 2005
Counter Guarantees given for obtaining Bank Guarantees from various Banks	2186.75	2431.70	2033.77	4578.81	6223.45	6988.38
<b>Total</b>	<b>2186.75</b>	<b>2431.70</b>	<b>2033.77</b>	<b>4578.81</b>	<b>6223.45</b>	<b>6988.38</b>

**ANNEXURE-XII**
**SUMMARY OF ACCOUNTING RATIOS**

PARTICULARS AS ON	31-Mar 2001	31-Mar 2002	31-Mar 2003	31-Mar 2004	31-Mar 2005	31-Dec 2005
EPS	10.61	6.81	13.60	8.93	4.33	9.45
Return on Net Worth (%)	31.10%	17.59%	27.16%	15.73%	13.79%	19.85%
Net Asset value per share	34.11	38.73	50.08	56.75	31.44	47.59
No. of Equity Shares	2160000	2160000	2160000	2160000	4320000	4320000

**Notes to Accounting Ratios:**

1. Earning per Share represents earning per Share calculated on the basis of Adjusted profit divided by the number of Equity Shares outstanding at the end of the financial year .
2. Net Asset value has been computed on the basis of Net Equity Method (Net Worth at the end of each financial year divided by the number of Equity Shares outstanding at the end of the financial year).
3. Return on Net Worth as a percentage represents Adjusted profit after tax divided by Net Worth at the end of each financial year.
4. Profit & Loss as restated has been considered for the purpose of computing the above ratios.

Tantia Constructions Limited

ANNEXURE-XIII

CAPITALISATION STATEMENT

Rs. in lacs

Particulars	Pre Issue as on 31.03.2005	Pre Issue as on 31.12.2005	Post Issue
<b>Loans- Secured and Unsecured</b>			
Short Term Debt	7,142.11	8317.31	6417.27
Long Term Debt	800.08	629.75	629.75
<b>Total Debt</b>	<b>7,942.19</b>	<b>8947.06</b>	<b>7047.02</b>
<b>Shareholders' Fund</b>			
Share Capital	432.00	432.00	1557.00
Share Application money pending allotment	-	289.50	-
Reserves & Surplus	931.68	1339.81	5839.81
<b>Sub-Total</b>	<b>1,363.68</b>	<b>2061.31</b>	<b>7396.81</b>
Less: Preliminary Expenses not written off	5.51	5.51	205.51
<b>Total Shareholders Fund</b>	<b>1,358.17</b>	<b>2055.80</b>	<b>7191.30</b>
<b>Long Term Debt/Equity</b>	<b>0.59</b>	<b>0.31</b>	<b>0.09</b>

Notes :

1. The above has been computed on the basis of restated statement of accounts .
2. Short-term Debts are debts maturing within the next one year from the date of the above statement.

**ANNEXURE-XIV**
**STATEMENT OF ASSOCIATES & JOINT VENTURES**
**Rs. in Lacs**

<b>Particulars</b>	<b>Outstanding As on 31.12.05</b>	<b>Capital</b>	<b>Gross</b>
RBM Tania	242.82	5.48	225.60
Tania OTBL	-	-	15.22
Tania Satish	2.65	-	197.48
Tania BECPL	(7.74)	-	-
Tania TBL	2.41	-	69.70
IVRCL Tania	169.52	1.99	-
Tania- Simplex	-	0.10	-
Tania- Fressinet	-	12.19	-
Tania - Simplex TBL	-	17.81	-
Tania SPML	22.31	0.20	-
Tania Nayak	(5.44)	-	-
Tania MBL	0.40	-	-
	<b>426.93</b>	<b>37.77</b>	<b>508.00</b>

## Tantia Constructions Limited

### ANNEXURE-XV

#### STATEMENT OF DIRECTORS REMUNERATION

Rs. in lacs

Key Management Personal / Relatives	Year	Designation	Remun ation	Commission	House Rent	P.F Contribution	Total
Shri I.P.Tantia	31.12.2005	Chairman and	7.20	-	3.60	0.38	11.18
	31.03.2005	Managing	9.60	-	4.80	0.51	14.91
	31.03.2004	Director	7.80	0.79	3.90	0.51	13.00
	31.03.2003		4.20	11.18	2.10	0.51	17.99
	31.03.2002		4.20	6.39	2.10	0.51	13.20
	31.03.2001		3.00	11.01	1.50	0.36	15.87
Shri B.L.Ajitsaria	31.12.2005	Director	2.25	-	1.13	0.075	3.455
	31.03.2005	(Business	3.00	-	1.50	0.09	1.59
	31.03.2004	Development)	2.60	-	1.30	0.09	3.99
	31.03.2003		1.80	-	0.90	0.09	2.79
	31.03.2002		1.80	-	0.90	0.09	2.79
	31.03.2001		1.80	-	0.90	0.07	2.77
Shri A.K.Dokania	31.12.2005	Director	-	-	-	-	-
	31.03.2005	(Finance)	0.6	-	0.30	-	0.36
	31.03.2004		1.68	-	0.84	-	2.52
	31.03.2003		-	-	-	-	-
	31.03.2002		-	-	-	-	-
	31.03.2001		-	-	-	-	-
Shri Rahul Tantia	31.12.2005	Director	1.80	-	0.90	-	2.70
	31.03.2005	(Operation)	2.40	-	1.20	-	3.60
	31.03.2004		0.20	-	0.10	-	0.30
	31.03.2003	-	-	-	-	-	-
	31.03.2002	-	-	-	-	-	-
	31.03.2001	-	-	-	-	-	-

**ANNEXURE-XVI**
**STATEMENT OF TAX SHELTER**
**Rs. in lacs**

Particulars	Financial Year / Period Ended			As At		
	March 31, 2001	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	Dec 31, 2005
<b>Profit/(Loss) before tax but after extraordinary items as per books(A)</b>	341.44	244.19	340.21	233.67	253.36	410.85
Tax thereon - rate	39.55%	35.70%	36.75%	35.88%	36.60%	33.66%
<b>Tax at the above rates</b>	135.04	87.18	125.03	83.84	92.73	138.30
<b>Adjustments</b>						
<b>Permanent Differences (B)</b>						
Loss/Profit on sale of Fixed Assets	(0.60)	3.58	(1.41)	6.24	5.71	-
Share of Profit from Joint Venture Not Taxable in the hands of the Company	(17.39)	(36.36)	(48.47)	(13.90)	(15.87)	-
Others	1.00	-	(2.50)	0.15	-	-
<b>Total Permanent Difference</b>	(16.99)	(32.78)	(52.38)	(7.51)	(10.16)	-
<b>Timing Difference (C)</b>						
Depreciation	(48.75)	(140.35)	(212.94)	(172.39)	(87.04)	3.03
Disallowance u/s 43B (net)	1.00	2.07	2.51	7.47	(16.70)	-
<b>Total Timing Differences</b>	(47.75)	(138.28)	(210.43)	(164.92)	(103.74)	3.03
<b>Net Adjustments D=(B + C)</b>	(64.74)	(171.06)	(262.81)	(172.43)	(113.90)	3.03
<b>Tax Expense / (Saving) thereon</b>	(25.60)	(61.07)	(96.58)	(61.87)	(41.69)	1.01
<b>Profit/(Loss) as per Income Tax as</b>						
<b>Returned</b>	276.70	73.13	77.40	61.24	139.46	413.88
<b>Taxable income / Loss (A + D)</b>	276.70	73.13	77.40	61.24	139.46	413.88
Taxable income as per MAT				219.77	237.49	410.85
Tax as per Income Tax as returned	109.43	26.11	28.44	21.97	51.04	35.00

**Note :**

The statement of tax shelter has been prepared based on income tax return filed by the Company for the years 31.03.2001 to 31.03.2005 except for the nine month period ended 31.12.2005, which are provisional and final amount will be ascertained at the time of filing of Return of Income. The effect of assessment / appellate orders have not been considered in above.

The Company has provided MAT for 35.00 lacs as per the provisions of Sec 115JB of the Income Tax Act 1962 as Provision for Taxation for the period ended 31.12.2005. However, the management is of the opinion that the company is entitled for deduction u/s 80 IA of the Income Tax Act. By virtue of this the company has not provided tax amounting to Rs 139.31 lacs.

Tantia Constructions Limited

ANNEXURE-XVII

STATEMENT OF DIVIDEND PAID

Rs. in lacs

PARTICULARS	For The Year Ended 31st March					Nine Month Period Ended
	2001	2002	2003	2004	2005	Dec 31 2005
<b>Equity Dividends</b>						
Number of Equity Shares	2160000	2160000	2160000	2160000	4320000	4320000
Rate of Dividend	20%	20%	20%	20%	10%	-
Amount of Equity Dividend (Rs. in lacs)	43.2	43.2	43.2	43.2	43.2	-
Tax on Equity Dividend (Rs. in lacs)	4.41	4.41	5.53	5.53	6.06	-

**Note :** - Capital of the company was enhanced from 2160000 Equity Shares to 4320000 Equity Shares by issue of Bonus Shares during the year 2004-05 and accordingly dividend was paid on the entire capital .

ANNEXURE-XVIII

INVESTMENTS

Rs. in lacs

PARTICULARS	For The Year Ended 31st March					Period Ended
	2001	2002	2003	2004	2005	31-Dec 2005
Joint Venture	-	57.36	60.98	35.38	37.86	38.63
Govt. Securities	0.05	0.05	0.05	0.06	-	-
Equity Share	1.51	1.51	3.71	2.20	-	4.00
<b>Total</b>	<b>1.56</b>	<b>58.92</b>	<b>64.74</b>	<b>37.64</b>	<b>37.86</b>	<b>42.63</b>
Aggregate Market Value of quoted Investment	-	-	-	-	-	-
Aggregate Book Value of un - quoted Investment	1.56	58.92	64.74	37.64	37.86	42.63

## SANCTION OF CREDIT FACILITIES

### 1. State Bank of India

(Rs. In crores)

Facility	Limit
FBL	
Cash credit/ WCDL	20.00
Total FBL (A)	20.00
NFBL	
BGs	25.00
Total NFBL (B)	25.00
<b>TOTAL EXPOSURE (A+B)</b>	<b>45.00</b>

### TERMS AND CONDITION GOVERNING THE DEMAND CASH CREDIT (HYPOTHECATION OF STOCKS/ BOOKS DEBTS)

1. **Limit** : Rs. 20.00 crore
2. **Security** : Primary: Hypothecation of Company's entire current assets on pari Passu basis with other members of the consortium  
Collateral: Pari passu charge on fixed assets (both movable and immovable) excluding these acquired under 'Equipment Finance'
3. **Guarantor** : Personal Guarantee of :  
Shri I P Tania  
Shri Rahul Tania  
  
\* Release of existing collateral (Property situated at 96, Narkeldanda Main Road, Kolkata) and personal guarantees (of Mr. D.P. Tania, Dr. Om Tania, Mrs. Sarala Tania and Mrs. Vinita Tania) will be subject to the other banks in the Consortium agreeing for the same.
4. **Margins** : Raw material (Imported/ Domestic) 25%  
Consumable Stores & Spares 25%  
Work in Progress 25%  
Receivables 25%
5. **Rate of Int.** : At State Bank Advance Rate (SBAR) presently 10.25% p.a. at monthly rests. The rate offered by us shall remain valid subject to your taking disbursement within sixty (60) days from the date of this letter. Any delay beyond this will allow the Bank option to revise/ reconsider the rate being offered now.
6. **Penal rate of Int.** : 1% p.a subject to a maximum ceiling of 2% as per RBI directives.

### TERMS AND CONDITIONS GOVERNING

#### BANK GUARANTEE LIMIT

1. **Limit** : Rs. 25.00 crore (Rupees twenty five crore) only
2. **Security** : Primary: (i) As per Annexure "A"  
(ii) Counter guarantee of the Company.  
(iii) Margin @ 10% of the guaranteed amount.
3. **Guarantee** : As per Annexure "A"

## Tantia Constructions Limited

4. **Rate of Commission** : At our standard rates.

5. **Margin** : 10%

\* However, the bank shall be entitled at any time during the currency of BG to demand and recover any margin up to the full extent of 100% of the BGs. In case of default of payment of the margin so demanded, the Bank reserves its rights to recover such margin by debit to any of the Company's accounts and such debits shall be recoverable from the Company as its dues.

### STANDARD COVENANTS FOR WORKING CAPITAL ADVANCES

1. The bank will have the right to examine/ inspect at all times, the company's books of accounts and work from time to time by officer(s) of the bank and/ or qualified auditors and/ or technical experts and/ or management consultants of the bank's choice. Cost of such inspection will be borne by the company.
2. During the currency of the bank's credit facilities, the company will not, without bank's prior permission in writing –
  - a. Effect any change in the company's capital structure
  - b. Formulate scheme of amalgamation or reconstruction
  - c. Implement any scheme of expansion or acquire fixed assets
  - d. Invest by way of share capital in or lend or advance funds to or place deposits with any other concern. Normal trade credit, security deposits in the normal course of business or advances to employees can, however, be extended
  - e. Enter into borrowing arrangements either secured or unsecured with any Bank/ Financial Institution (outside the Consortium), Company or otherwise accept deposits
  - f. Declare dividends for any year except out of profits relating to that year after making all dues and necessary provisions and provided further that no default had occurred in any repayment obligations and stipulated Net Working Capital has been maintained. In any case, company should obtain bank's prior approval before declaring dividends.
3. Monies brought in by the principal shareholders/ directors/ depositors will not be allowed to be withdrawn without the bank's permission.
4. The bank will have option of appointing its nominee on the Board of Directors of the company to look after its interests. The Director's shall not be required to hold qualification shares and shall not be liable to retirement so long as the credit facilities are outstanding. Whether the option is exercised or not the company will submit sufficiently in advance, agenda papers relating to meetings of the Board of Directors or any committees thereof and forward duly certified copies of the proceedings of such meetings. The bank will have the right to appoint a nominee to attend any meetings of shareholders, the agenda papers and proceedings should be send expeditiously.
5. The company should not make any drastic change in their management set up without the Bank's permission.

## 2. UTI Bank Limited

### Terms & Conditions

Facility	Cash Credit
Amount	Rs. 9.00 crores with flexibility of 100% interchangeability to BG
Purpose	Working Capital Finance
Rate of Interest	BPLR – 2.20% i.e. 9.80% p.a. payable monthly
Margin	Receivables 25%
Security	<ul style="list-style-type: none"> <li>● First Pari Passu charge on the current assets and other securities available to consortium members.</li> <li>● Personal guarantee of Mr. I.P. Tantia (Net Worth Rs. 1.27 crores)</li> </ul>
Other Condition	<ul style="list-style-type: none"> <li>● Disbursal of cash credit limits is proposed to be restricted till the entry of UTI Bank into the consortium and sanction of the untied gap in the cash credit limits by other consortium members</li> </ul>

	<ul style="list-style-type: none"> <li>● Since there is no UTI Bank branch in Mizoram, the company to open and operate account with a local bank in Mizoram and excess money over the expenses to be routed to Kolkata escrow account with UTI Bank. The company will have to submit a certificate from a reputed Chartered Accountant certifying the deposit &amp; utilization of money in the said account exclusively for the Mizoram Project from time to time.</li> <li>● For the purpose of Rs. 9 cr of cash Credit with flexibility of 100% interchangeability to BG – The tenure of BG would be for 18 months.</li> </ul>
Validity of Sanction	1 year from the date of sanction
<b>Facility</b>	<b>Project Specific Bank Guarantee</b>
Amount	Rs. 21.00 crores
Purpose	Performance guarantee and mobilization advance for Kolkata Tram Track improvement project and Improvement and Up-gradation of PIA in Mizoram
Tenor	36 months
BG Commission	1.30% p.a. payable upfront (Service Tax extra as applicable)
Security	<ul style="list-style-type: none"> <li>● Hypothecation of current assets pertaining to the above mentioned projects on pari passu basis with Andhra Bank, Oriental Bank of Commerce &amp; Allahabad Bank for their performance BG of Rs. 6.76 crores</li> <li>● Escrow of receivables from the two projects (Mizoram &amp; HRBC, Kolkata) on pari passu basis with Andhra Bank, Oriental Bank of Commerce &amp; Allahabad Bank for their performance BG of Rs. 6.76 crores</li> <li>● Personal guarantee of Mr. I.P. Tania (Net Worth Rs. 1.27 crores)</li> </ul>
Margin	10% cash margin 100% for disputed liabilities
<b>Other Terms Common to all facilities</b>	
Security Creation	All the securities to be created upfront except for the NOC
Insurance	The company shall obtain a comprehensive insurance policy and bank's interest shall be noted therein
Inspection	To be carried out by the Bank at least once every quarter
Documentation	Bank's standard documents shall be executed
Processing Fee	Rs. 5 lacs (service taxes payable extra)

**General Terms and Conditions Applicable to All the Facilities**

1. The bank shall charge penal rate of interest @ 2% above the normal rates stipulated above in case of any default or breach of conditions by the company.
2. During the currency of the Bank's credit facilities, the company will not, without Bank's prior permission in writing:
  - Effect change in the capital structure of the company
  - Formulate any scheme of amalgamation or reconstruction
  - Declare dividends for any year except out of profits relating to that year meeting all dues and necessary provisions and provided further that no default had occurred in any repayment obligations and stipulated Net Working Capital has been maintained
3. The company will have to take prior permission from the bank for takeover of any project.
4. The company shall agree as a precondition of loans/ advances given to it by the Bank that in case it commits default in the repayment of the loans/ advances or in the repayment of the interest thereon or any of the agreed installments of the loan on the due date/s the Bank or the Reserve Bank of India will have an unqualified right to disclose or publish the name of the company and its directors as defaulter in such manner and through such medium as the Bank or Reserve Bank of India in their absolute discretion as deem fit.

## OUR GROUP COMPANIES AND AFFILIATES

The following are the other companies under the same Management:

### 1. TANTIA FINANCIALS SERVICES LTD.

<b>Date Of Incorporation</b>	25th February 1983
<b>Registration No.</b>	21-35938
<b>Nature Of Business</b>	Investment in Securities
<b>NBFC Registration</b>	05.00041 dated 12th February 1998.
<b>Status</b>	Listed on The Calcutta Stock Exchange Association Limited

#### Background of the Company

The company was initially promoted by Mr. Pawan Kumar Gupta, Mr. Dindayal Saraogi and Mr. Surendra Kumar Jaipuria and the company was incorporated as Dhankuber Industries Limited in the year 1983. The company received certificate for commencement of business on 15th March 1983. The company came out with a public issue in the year 1983 and got listed on the Calcutta Stock Exchange Association Limited.

The shares of the Company were acquired by the promoters of our company in the year 1995 and the name of the company was changed to Tantia Financial Services Limited vide fresh certificate received under the hand of ROC on 22nd November 1995. The main business carried out by the company is investment in shares and securities.

#### Board of Directors

The following are the Board of Directors of Tantia Financials Services Ltd as of 1st January 2006.

<b>Name of Director</b>	<b>Date of Appointment</b>
Ashok Kumar Surana	01-04-1995
Mahavir Prasad Sharma	08-06-2004
Damodar Prasad Sutodia	30-06-2004

The financial highlights for the last 3 years are given below

(Rs. In lacs)

<b>Particulars</b>	<b>31st March, 2003</b>	<b>31st March, 2004</b>	<b>31st March, 2005</b>
Total Income	9.76	14.77	28.5
Profit after Taxation	-15.8	-6.68	7.88
Equity Capital	91.09	91.09	91.09
Reserves (Excluding revaluation Reserve)	162.24	155.57	163.44
Net Worth	253.33	246.66	254.53
NAV per share	27.81	27.08	27.94
EPS per share	(1.73)	(0.73)	0.87

Source: Audited Financial Statements

#### Notes:

1. Face value of each equity share is Rs. 10/-
2. For the calculation of Earnings Per Share And Net Asset Value per Share, number of equity shares outstanding at the end of the year has been considered.
3. There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the company and it is not a sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1956.

## Share Quotation

The shares are listed on The Calcutta Stock Exchange Association Limited. As all the existing shares of the company are still in physical form there has been no trading in the shares of the company on the exchange.

As there have been no further issues by Tantia Financial Services Limited in the last three years the details of the same have not been provided.

## 2. BECO INDUSTRIES LTD.

<b>Date Of Incorporation</b>	6th July 1977
<b>Registration No.</b>	21-31080
<b>Nature Of Business</b>	Manufacturing of Aluminium Billets and Metallic Alloys
<b>Status</b>	Unlisted

## Board of Directors

The following are the Board of Directors of Beco Industries Ltd as of 1st January , 2006.

<b>Name of Director</b>	<b>Date of Appointment</b>
Rahul Tantia	19th May 2004
Ashok Kumar Surana	1st April 1996
Ramesh Kumar Khaitan	1st October 2004

## Background of the company

The company was incorporated as the Bihar Extrusion Co. Ltd. On 6th July, 1977 under the Companies Act, 1956 and initially promoted by Mr. Kantilal P Shah, Mr. Dhunvuntra P. Shah and Mr. Chandulal P Shah. The shares of the company were acquired by the promoters of our company in the year 1995 from the erstwhile promoters.

The name of the company was subsequently changed to Beco Industries Ltd. vide fresh certificate of Incorporation dated 2nd June, 1997 issued by Registrar of Companies, West Bengal.

The company had set up a plant at Gamharia, Jamshedpur (now in the state of Jharkhand) to manufacture Extruded Aluminum Profiles and Sections. The commercial production was commenced on 18th Nov, 1978. It houses a 1500 tonnes of Hydraulic Extrusions Press of U.S. origin with Extrusions puller and employs about 150 employees. The Extrusions facilities are supported by melting/casting facilities, tool room facilities, anodizing facilities, belt conveyor type handling equipment facilities and quality control system etc.

The company produces all types of extruded products in different shapes and sizes in natural finish and anodized form. These products include angles, channels, bars, rods, flats, window and door section, various transport and electrical sections such as motor body, heat sink etc. Accordingly the finished products find application in hardware, architectural, transportation, electrical and other engineering applications.

The company has been accredited with ISO9002 certification. Over the years, the company has established its presence in the market. It is also registered with ISRO, Railways, and Defence etc. regularly supplying material to them.

The company has been enjoying Term Loan facility from Bihar State Finance Corporation (BSFC) and cash credit facilities for working capital is sanctioned by UCO Bank. During last 5-7 years there had been a major build up in the country's installed capacity of Aluminium Extrusions but the demand growth failed to keep pace with it. It also resulted in a severe price erosion of the products in the market.

The losses were also due to low capacity utilization and because of higher cost of input such as power and raw material cost. The company started incurring losses mainly due to above reasons from the year 1997-98 and onwards. It could not bear the increased burden of interest. All these development resulted in accumulation of losses and entire erosion of net worth by 31-03-2002. The company was therefore referred to BIFR on 13.08.2002.

## Referred to BIFR

1. Beco Industries Ltd. (Beco) made a reference to BIFR under section 15(i) of the Sick Industrial Companies (Special Provision ) Act, 1985. At the BIFR hearing held on 13-12-2002, the Company was declared sick within the meaning of Section 3(1)(o) of the Act.

## Tantia Constructions Limited

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2. In terms of Section 17(3) of the Act, the BIFR appointed UCO Bank as the Operating Agency (OA) to examine the viability of the company and formulate a rehabilitation scheme based on the company's proposal for its revival.
3. As per the guideline and direction given by the said bench which was incorporated in the summary record of proceedings of the hearing held on 13-12-2002 the Company prepared a Rehabilitation Proposal and submitted the same to the OA on 31-01-2003 to examine the viability of the company and formulate a Draft Rehabilitation Scheme (DRS)
4. The OA after receipt of the rehabilitation proposal from the company took up the matter with BSFC and Govt. of Jharkhand and formulate a Draft Rehabilitation Scheme (DRS)
5. At the above hearing the OA submitted that the company had submitted a rehabilitation proposal in Jan, 2003 but the relief and concession sought from the BSFC were not acceptable to them and therefore no joint meeting was conducted and no status report was submitted to the Bench. The OA further submitted that the company was asked certain information and a modified proposal was sought for which has since been submitted by the company.
6. The representative of BSFC submitted that they are not in a position to extend relief and concession sought by the company but could not agree to reschedule the outstanding and interest thereon.
7. After hearing all the parties the Bench directed that
  - i) the company would submit a copy of its proposal to Govt. of Jharkhand and BSFC.
  - ii) the Uco Bank (OA) would convene a joint meeting within 3 weeks but not later than 20-08-2003 with all important agencies participating and submit their status report along with a DRS if there is an agreement on the proposal submitted by the company along with the minutes of the joint meeting. If there is no consensus then the OA would submit status report along with a copy of the minutes of the joint meeting.
8. As per Bench direction
  - i) the company immediately submitted a rehabilitation proposal to the BSFC and the State Govt. of Jharkhand and also discussed the matter with them.
  - ii) The UCO (OA) convened a joint meeting on 08-08-2003 at their Regional Office, Kolkata.

As per minutes of the meeting recorded and sent to all concerned parties, it was noted that the OA had made an in-house study of Draft Rehabilitation proposal submitted by the company. But as the BSFC did not accept the repayment programme given by the company and they did not co-operate and refused to extend any sort of relief and concession the DRS found to be unviable.

The meeting further came out with the view that BIFR may be requested to intervene so that the BSFC could refer the particular case to their appropriate authority.

The OA concluded that Draft Rehabilitation proposal may become viable if BSFC liability is reduced to Rs. 140Lacs and in case BSFC agrees to accept Rs. 140 Lacs the UCO Bank may even consider take over of total liability subject to interest rate of 12.5% p.a. and infusion of at least 1/3rd amount by the promoter.
9. The company vide their letters dated 18-02-2005, 12-05-2005 and 18-06-2005 informed the bench that due to non-cooperation from BSFC no DRS could be prepared by the OA as no relief and concession were made available by BSFC.

The Bench then finally directed the company on 20-07-2005 to submit the DRS to the OA incorporating the standard relief and concession as per RBI guideline without waiting for consent from BSFC. The Bench also directed the BSFC NOT TO TAKE ANY COERCIVE ACTION U/S 32g OF SFC Act, 1951 at this stage when the Board is in the process of considering the DRS and also directed them to convey their views on the relief and concessions to the OA so that the circulation of DRS could be expedited.

## Financial Performance

The Financial High Lights for the last three years are given below:

(Rs. In lacs)

Particulars	31st March, 2003	31st March, 2004	31st March, 2005
Total Income	1044.30	876.30	679.50
Profit after Taxation	(82.20)	(140.47)	(72.67)
Equity Capital	200	200	200
Reserves (excluding revaluation Reserve)	3	3	3
Net Worth	(140.2)	(280.66)	(353.33)
NAV per share	(7.01)	(14.03)	(17.67)
EPS per share	(4.11)	(7.02)	(3.63)

Source: Audited Financial Statements

### Notes:

1. Face value of each equity share is Rs. 10/-
2. For the calculation of Earnings Per Share And Net Asset Value per Share, number of equity shares outstanding at the end of the year has been considered.
3. There have been defaults in meeting of bank and institutional dues and the company is a sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1956. No proceedings have been initiated for economic offences against the company.

### 3. CASTAL EXTRUSION PVT. LTD.

<b>Date Of Incorporation</b>	11th October 1988
<b>Registration No.</b>	21-45361
<b>Nature Of Business</b>	Manufacture of aluminium ingots alloyed and not alloyed
<b>Status</b>	Unlisted

### Board of Directors

The following are the Board of Directors of Castal Extrusion Pvt. Ltd as of 1st January, 2006.

Name of Director	Date of Appointment
Rahul Tantia	1st December 2002
Arun Kumar Dokania	1st January 1999
Mahesh Kumar Khaitan	1st April 1996

### Brief Background

The company was incorporated as Castral Extrusion Pvt Ltd. on 11th October, 1988 under the Companies Act,1956 and initially promoted by Mr. P.C. Shah, Mr. H.K. Shah, Mr. S.C. Shah and V.D.Shah. The shares of the company were transferred to the promoters of our company in the year.

## Tantia Constructions Limited

### Financial Performance

Rs. in lacs

Particulars	31st March, 2003	31st March, 2004	31st March, 2005
Total Income	419.13	381.06	119.26
Profit after Taxation	(66.18)	(25.68)	(71.49)
Equity Capital	50	50	50
Reserves (excluding revaluation Reserve)	NIL	NIL	NIL
Net Worth	(232.77)	(258.45)	(329.93)
NAV per share	(46.55)	(51.69)	(65.99)
EPS per share	(13.24)	(51.36)	(14.30)

Source: Audited Financial Statements

Notes:

1. Face value of each equity share is Rs. 10/-
2. For the calculation of Earnings Per Share And Net Asset Value per Share, number of equity shares outstanding at the end of the year has been considered.
3. There have been no defaults in meeting of bank and institutional dues. The company is a sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1956. No proceedings have been initiated for economic offences against the company.

#### 4. NIGOLICE TRADING PRIVATE LIMITED

<b>Date Of Incorporation</b>	28/11/1991
<b>Registration No.</b>	21-53686
<b>Nature Of Business</b>	Investment in Shares
<b>NBFC Registration No.</b>	B-05.03379 dated 21st Sept 2000
<b>Status</b>	Unlisted

#### Board of Directors

The following are the Board of Directors of Nigolice Trading Pvt Limited as of 1st January ,2006.

Name of Director	Date of Appointment
Rahul Tantia	16th December 2005
Siddhartha Tantia	16th December 2005

#### Brief Background

The company was incorporated as Nigolice Trading Pvt Ltd. on 28th November , 1991 under the Companies Act,1956. The shares of the company were transferred to the promoters of our company in the year 2005.

### Financial Performance

Rs. in lacs

Particulars	31st March, 2003	31st March, 2004	31st March, 2005
Total Income	413.28	120.59	3445.42
Profit after Taxation	0.12	0.19	2.54
Equity Capital	89.65	89.65	406.29
Reserves (excluding revaluation Reserve)	380.36	380.36	3230.33
Net Worth	469.03	469.23	3636.62
NAV per share	52.32	52.34	8.95
EPS per share	0.013	0.021	0.01

Source: Audited Financial Statements

**Notes:**

1. Face value of each equity share is Rs. 10/-
2. For the calculation of Earnings Per Share and Net Asset Value per Share, number of equity shares outstanding at the end of the year has been considered.
3. There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the company and it is not a sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1956.

**5. ALVARI SYSTEMS PRIVATE LIMITED**

<b>Date Of Incorporation</b>	16th August 2005
<b>CIN No.</b>	U72900WB2005PTC104752
<b>Nature Of Business</b>	Information Technology
<b>Status</b>	Unlisted

**Board of Directors**

The following are the Board of Directors of Alvari Systems Pvt Limited as of 1st January ,2006.

<b>Name of Director</b>	<b>Date of Appointment</b>
Alkananda Rao	16th August 2005
Siddhartha Tania	16th August 2005
Himangsu Shekhar Sinha	16th August 2005
Esha Sinha	16th August 2005

**Brief Background**

The company was incorporated as Alvari Systems Pvt Ltd. on 16th August 2005 under the Companies Act,1956.

**Financial Performance**

As the Company has been incorporated only in the previous year, the first financials of the Company are yet to be prepared.

**Notes:**

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the company and it is not a sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1956.

**DISASSOCIATION DETAILS OF PROMOTERS**

The promoters have disassociated from Tania Concrete Products Ltd., Jibansatya Printing House (P) Ltd., Harsha Agrotech Ltd. during the preceding three years and these three companies have ceased to be group companies.

The above disassociation was on account of group restructuring to develop core competencies and was done through share swap between the promoters.

There are no sales or purchase between companies in the Promoters group, wherein such sales or purchases exceed in value in the aggregate 10% of the total sales or purchases of our company.

**CHANGES IN ACCOUNTING POLICIES DURING THE LAST THREE YEARS**

There are no major changes in accounting policies in the last three years except as stated otherwise in the sub heading Auditors' Report appearing on page 86 of this Prospectus.

**Management’s Discussion and Analysis of Financial Condition and Results of Operations as Reflected in the Financial Statements**

**Overview of the Business of the Company**

Tantia Constructions Limited (TCL) is a leading infrastructure construction Company in Eastern India with its Head office at Kolkata. TCL was incorporated in the year 1964 by late G.P Tantia and is a profit making company since inception. Over the four decades of existence TCL has an unmatched track record of completing every single assignment. In recent years the company has executed a number of praiseworthy projects in the states of West Bengal, Assam, Bihar, Uttar Pradesh, Tamil Nadu, Kerala and Mizoram, and in neighboring countries like Bangladesh, Nepal and Bhutan.

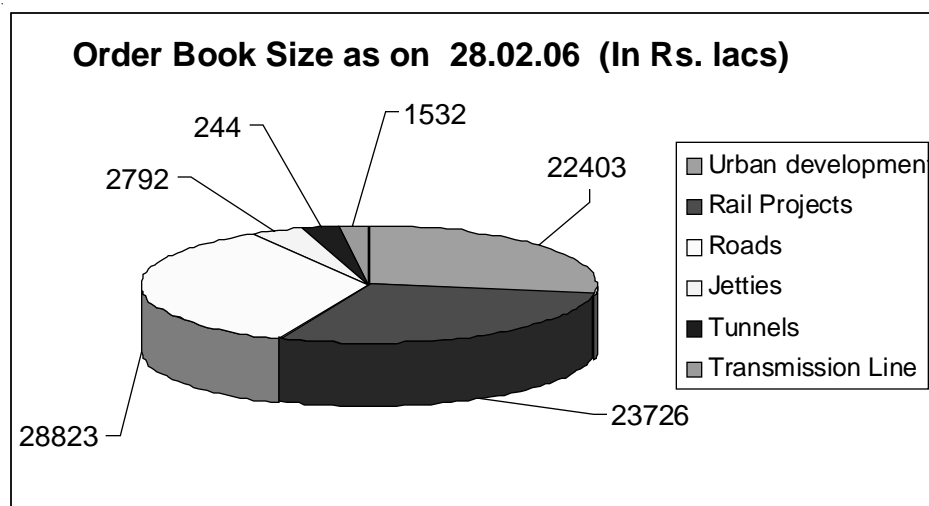
TCL is operating in a highly competitive market but the credential, capability and decades of experience in construction sector sets it apart from its competitors. Today this organization is one of the leading Civil engineering constructions Company in Eastern India. TCL’s list of highly satisfied clientele is quite long, and includes – almost all the divisions of zonal railways, Central and State Public Works Department, National Highways Authority of India, Kolkata Municipal Corporation, Hoogly River & Bridge Commission, Kolkata Municipal Development Association, North Eastern Electric Power Corporation, Housing Industrial Development Corporation, Kolkata Metro Railway, Kolkata Circular Railway, Indian Oil Corporation, IRCON International Ltd., Delhi State Industrial Development Corporation Ltd., Punjab Undertakings etc.

The company is now making its presence felt in diverse construction sectors. Infrastructure development like Roads, Rail Roads, Bridges under cash contract basis has been the area of operations for the Company for long. Now the company is executing novel urban infrastructure projects like Transport system development and maintenance, sewerage and water supply system etc.

**Some of our projects under implementation are:**

- Improvement & up gradation of Mizoram State & Roads projects at Aizwal, Mizoram
- Construction of Sewerage & Drainage for Kolkata Municipal Corporation
- Construction of foundation & substructure of Rail Bridge across river Kosi at Nirmali in Bihar
- Calcutta transport infrastructure development project
- Construction of bridges for East Central Railway, Patna
- Airport Terminal Building construction at Dibrugarh

The order book of the company as on 28<sup>th</sup> February 2006 is Rs.81716 lacs and segment wise break up of the same is as follows:



**Significant Developments Subsequent to the Last Financial Year**

The Directors of the Company confirm that in their opinion, no circumstances have arisen since the date of the last financial statements as disclosed in the Prospectus and which materially and adversely affect or is likely to affect the trading or profitability of the Company, or the value of its assets, or its ability to pay its liabilities within the next twelve months.

## Factors that may affect Results of the Operations

As an infrastructure project company, the business operations of Tantia Constructions Ltd are affected by three broad set of factors, as follows:

### 1. Government policy towards infrastructure

With the Public Private Partnership (PPP) framework still being in initial stages of implementation in India, infrastructure spends is still dependent to a large extent on the priority given by the Government towards such projects. The Government's budgetary position (or other financial closure) also plays an important role in determining healthy cash flows and timely completion of the projects.

### 2. Market price behavior of key materials

The Company's project costs mainly comprise of construction related materials i.e. steel and cement. These being commodities, changes in prices during the execution of the project may alter profitability on contracts, which are not covered by escalation provisions.

### 3. Company's capabilities to participate and execute

The nature of the Government's tendering process is such that the pre-qualifications obtained in the past play an important role in allowing companies to bid for the new projects. The ability to strategically partner with other players will also determine the success in award of some key projects the company will be/is bidding for. The project management capability will also determine the profitability

The following discussion on the financial operations and performance should be read in conjunction with the audited financial results of the Company for the years ended 31st March 2003, 2004, 2005 and nine month period ended 31st December 2005:

(Rs in Lacs)

Particulars	Year Ended				Nine Months Period Ended
	31-Mar 2002	31-Mar 2003	31-Mar 2004	31-Mar 2005	31-Dec 2005
<b>INCOME</b>					
Income from Contracts	6,968.70	8,350.03	9,721.82	8,442.78	8,330.14
Contract Receipts Joint Venture	723.04	3,025.07	1,215.50	1,873.33	1,323.48
<b>Sub Total</b>	<b>7,691.74</b>	<b>11,375.10</b>	<b>10,937.32</b>	<b>10,316.11</b>	<b>9,653.62</b>
Other Income	1.69	16.89	42.54	27.59	11.98
Increase/(Decrease) of Stock	91.32	54.04	1,402.87	285.99	155.52
<b>Total Income</b>	<b>7,784.75</b>	<b>11,446.03</b>	<b>12,382.73</b>	<b>10,629.69</b>	<b>9,821.12</b>
<b>EXPENDITURE</b>					
Material Consumption	1,616.14	2,321.27	4,928.71	3,633.08	3,618.26
Material Consumption as a % of Income from Contracts	23.19%	27.80%	50.70%	43.03%	43.44%
Contract Operating Expenses	4,491.76	4,670.26	4,561.82	3,239.83	2,996.61
Contract Operating Expenses as a % of Income from Contracts	64.46%	55.93%	46.92%	38.37%	35.97%
Expenses Joint Venture	694.96	2,968.56	1,118.96	1,831.46	1323.58
Expenses Joint Venture as a % of Income from Joint Venture Contracts	96.12%	98.13%	92.06%	94.71%	100.01%
Staff Costs	210.9	274.82	322.2	346.24	287.58
Staff Costs as a % of Income from Contracts	3.03%	3.29%	3.31%	4.10%	3.45%
Selling, Administrative & Other Expenses	303.21	382.22	487.05	456.81	440.14

## Tantia Constructions Limited

(Rs in Lacs)

Particulars	Year Ended				Nine Months Period Ended
	31-Mar 2002	31-Mar 2003	31-Mar 2004	31-Mar 2005	31-Dec 2005
Selling, Administrative & Other Expenses as a % of Income from Contracts	4.35%	4.58%	5.01%	5.41%	5.28%
Interest and Financial Charges	133.51	270.11	492.23	624.28	561.79
Interest and Financial Charges as a % of Income from Contracts	1.92%	3.23%	5.06%	7.39%	6.74%
Depreciation	110.62	218.58	238.1	244.64	182.31
Depreciation as a % of Income from Contracts	1.59%	2.62%	2.45%	2.90%	2.19%
<b>Total Expenditure</b>	<b>7,561.10</b>	<b>11,105.82</b>	<b>12,149.07</b>	<b>10,376.34</b>	<b>9,410.27</b>
<b>Net Profit before Tax &amp; Extraordinary Items</b>	<b>244.19</b>	<b>340.21</b>	<b>233.66</b>	<b>253.35</b>	<b>410.85</b>
Profit before Tax & Extraordinary Items as a % of Total Income	3.14%	2.97%	1.89%	2.38%	4.18%
<b>Net Profit After Tax</b>	<b>147.19</b>	<b>293.75</b>	<b>192.83</b>	<b>187.23</b>	<b>408.13</b>
Profit After Tax as a % of Total Income	1.89%	2.57%	1.56%	1.76%	4.16%

### COMPAIRISON OF Nine Month Period Ended 31<sup>st</sup> December 2005 with FY 2004-2005 - REASONS FOR VARIANCE

#### Total Income:

The Company continues to achieve impressive performance in the nine months ended 31.12.2005 and has already achieved a total income of Rs 9,821.12 Lacs.

#### Material Consumption

Material consumption cost as a percentage of income from contracts executed has been maintained at 43.44% in the nine months ended 31.12.2005 compared to 43.03% in the FY 2004-05.

#### Contract Operating Expenses

Contract operating expenses as a percentage of income from contracts executed declined to 35.97% in the nine months ended 31.12.2005 compared to 38.37% in the FY 2004-05. The decline can be mainly attributed to a better efficiency resulting into reduction in machinery hire expenses, power and fuel charges and site mobilization expenses.

#### Staff Costs

Staff costs as a percentage of income from contracts has marginally declined by 0.65% to 3.45% for the nine months ended 31.12.2005. The staff cost being fixed in nature has gone down in percentage terms due to increase in top line of the company in the current nine months.

#### Administrative and Other Expenses

Administrative and other overheads as a percentage of income from contracts declined to 5.28% in the nine months ended 31.12.2005 as compared to 5.41% in the FY 2004-05 due to various cost cutting measures adopted by the Company.

#### Finance Charges

In absolute terms interest and finance charges for the nine months 31.12.2005 declined to 561.79 Lacs as compared to 624.28 Lacs during the year 2004-05 due to repayment of equipment finance. In percentage terms also the same has come down from 7.39% to 6.74%.

#### Depreciation

Depreciation as a percentage of income from contracts decreased to 2.19% as compared to 2.90% during the FY 2004-05 as the latter is for the whole year.

#### Profit before tax

Profit before tax has increased from 2.38% of Total Income in FY 2004-05 to 4.18% of Total Income in the nine months ended 31.12.2005. This is due to increase in contract income and effective utilisation of material, effective cost control and efficient monitoring of overall administration.

## **COMPAIRISON OF FY 2005 WITH FY 2004 - REASONS FOR VARIANCE**

### **Total Income**

Total Income declined by 14.16% over the previous year income of Rs. 12,382.73 Lacs in FY 2003-04 to Rs. 10629.69 Lacs in FY 2004-05. Total Income of construction companies depends upon projects executed and bills raised against the same. A number of tenders expected to be finalized in the earlier part of 2004-05 were confirmed only in the latter. As a result, a negligible number of newly awarded projects could be executed and the longer gestation of certain project phases prevented the company from raising the expected bills and this adversely affected the total income of the company.

### **Material Consumption**

Material consumption cost as a percentage of Income from Contracts had gone down to 43.03% in FY 2004-05 compared to 50.70% in the FY 2003-04. This decline was mainly due to the marginal dip in the cost of major consumable materials and also due to the company working on projects, which mainly requires a lower percentage of raw materials.

### **Contract Operating Expenses**

Contract operating expenses as a percentage of income from contracts executed declined to 38.37% in the FY ended 2004-05 compared to 46.92% in the FY 2003-04. The decline can be mainly attributed to reduction in machinery hire expenses, power and fuel charges and site mobilization expenses.

### **Staff Costs**

Staff costs as a percentage of income from contracts increased to 4.10% of total income from contracts executed in the FY 2004-05 from 3.31% in the FY 2003-04. The rise in staff costs was mainly due to the fact the in the FY 2004-05 the Company had strengthened its work force and hired several new employees which caused the staff costs to rise.

### **Selling, Administrative and Other Expenses**

Administrative and other general corporate expenses as a percentage of income from contracts executed increased from 5.01% in the FY 2003-04 to 5.41% in the FY 2004-05 owing to the execution of projects which have higher gestation period. Though there was a percentage increase in administrative expenses as compared to the total income from projects executed, administrative expenses fell by Rs. 30.24 Lacs in real terms.

### **Finance Charges**

Financial charges increased during the FY 2004-05 from Rs. 492.23 lacs in FY 2003-04 to Rs. 624.28 lacs. The increase was due to additional debt funds taken by the Company to finance its long-term expansion plan and also due to the increased bidding by the company for more projects, which augmented the commission on bank guarantee, and other non-fund based financing cost.

### **Depreciation**

The increase in depreciation as a percentage of income from contracts from 2.45% to 2.90% in FY 2004-05 is due to the fall in the turnover achieved by the company. TCL's gross block declined marginally from Rs 3214.66 lacs in the FY 2003-04 to Rs. 3142.44 lacs in FY 2004-05. The dip in gross block is primarily attributed to the sale of outdated equipment and machinery to the extent of Rs. 164 lacs.

### **Profit before tax**

Profit before tax has increased from 1.89% of Total Income to 2.38% of Total Income in FY 2004-05 despite a small dip in the top line. This was principally on account of strong cost management within the company.

## **COMPAIRISON OF FY 2004 WITH FY 2003 - REASONS FOR VARIANCE**

### **Total Income**

Total Income for the Company increased by 8.18% to 12,382.73 lacs in the FY 2003-04 from Rs 11,446.03 lacs in the FY 2002-03. The increase in the total income was mainly due to the rise in income from projects executed by the Company.

### **Material Consumption**

Material consumption cost as a percentage of income from contracts had gone up from 27.80% to 50.70% this was due to the increase in input cost prices of all major materials for example Steel and Cement. There was also a sharp increase in machinery hire charges as the company had executed more roads and Water projects.

### **Contract Operating Expenses**

Contract operating expenses as a percentage of income from contracts executed has gone down to 46.92% from 55.93%.

## Tantia Constructions Limited

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### **Staff Costs**

Staff cost as a percentage of income from contracts marginally increased by 0.02%.

### **Selling, Administrative and Other Expenses**

Administrative and other general corporate expenses witnessed an increase from 4.58% of income from contracts to 5.01%, which happened due to the increase in number of sites and other administrative overheads.

### **Finance Charges**

The Finance Cost has also increased as a percentage of income from contract from 3.23% in fiscal 2003 to 5.06% in fiscal 2004, this was due to the fact that the company had taken additional Debt funds in the form of unsecured loan at a higher cost to finance its long term expansion plan and also due to the increased bidding by the company which augmented the commission on bank guarantee and other non-fund based financing cost.

### **Depreciation**

The increase in depreciation as from 218.58 lacs to 238.10 lacs in fiscal 2004 is due to the addition of fixed assets.

### **Profit before tax**

Profit before tax has decreased from 340.21 Lacs in FY 2003 to Rs. 233.66 Lacs in fiscal 2004. The increase in construction expenditure followed by increase in finance cost, high input cost and higher incidence of fixed cost has affected the profitability margin of the company.

## **COMPAIRISON OF FY 2003 WITH FY 2002 - REASON FOR VARIANCE**

### **Total Income**

Total Income for the Company increased by 47.03% to 11,446.03 lacs in the FY 2002-03 from Rs 7,784.75 lacs in the FY 2001-02. The increase in the total income was mainly due to the rise in income from increased number of projects executed by the Company.

### **Material Consumption**

Material consumption cost as a percentage of income from contracts had gone up marginally from 23.19% to 27.80% this was due to the increase in input cost prices of major materials and general inflation.

### **Contract Operating Expenses**

Contract operating expenses as a percentage of income from contracts executed has gone down to 55.93% from 64.46%

### **Staff Costs**

Staff cost as a percentage of income from contracts marginally increased by 0.26%.

### **Selling, Administrative and Other Expenses**

Administrative and other general corporate expenses witnessed an increase from 4.35% of income from contracts to 4.58%, which happened due to the increase in number of sites and other administrative overheads.

### **Finance Charges**

The Finance Cost has also increased as a percentage of income from contract from 1.92% to 3.23%, this was due to the fact that the company had taken additional Debt funds in the form of unsecured loan at a higher cost to finance its long term expansion plan and also due to the increased bidding by the company which augmented the commission on bank guarantee and other non-fund based financing cost.

### **Depreciation**

The increase in depreciation as from 110.62 lacs to 218.58 lacs in fiscal 2003 is due to the addition of fixed assets.

### **Profit before tax**

Profit before tax has increased from 244.19 Lacs in FY 2002 to Rs. 340.21 Lacs in fiscal 2003. The company has been able to achieve higher profitability mainly due increase in total income and better management of projects.

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**INFORMATION REQUIRED AS PER CLAUSE 6.10.5.5 (a) OF SEBI DIP GUIDELINES****Unusual or infrequent events or transactions**

There have been no unusual or infrequent events or transactions that have taken place during the last year.

**Significant economic changes that materially affected or are likely to affect income from continuing operations:**

Government's focus on improving infrastructure will have major bearing on the companies involved in construction in infrastructure sector. Further the changes in steel and cement prices for non-escalation contracts could adversely impact the profitability of the company.

**Changes in relationship between costs and revenues**

The changes in the prices of major raw material like steel and cement (for non-escalation contracts) has a significant bearing on the revenues of the Company.

**Extent to which material increases in revenues are due to increased volumes, introduction of new projects**

Increases in revenue are by and large linked to increase in volume of construction activity carried out by the company.

**Total revenue of the industry segment in which the Company operates**

The Company is engaged in the execution of civil engineering projects and specializes in construction of Highway, Dams, Runways, Bridges and heavy RCC structures.

**Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations:**

Apart from the risks as disclosed under heading "RISK FACTORS" appearing on page viii of this Red Herring Prospectus, there are no other known trends or uncertainties that have had or are expected to have a material adverse impact on revenue or income from continuing operations.

**Seasonality of business**

Execution of work on construction sites may be affected by heavy monsoon/extreme weather. Usually the company has experienced lower overall construction progress in the July-September quarter's dues to southwest monsoons, which affects most parts of India.

**Status of any publicly announced new products or business segment**

Nil

**Dependence on single or few suppliers/customers**

Nil

**Competitive Conditions**

The Company faces stiff competition from larger and well-established players. The Company is smaller in size compared to the market leaders, which acts as deterrent for very large projects. However, the Company has bid for large projects in past and bagged a few large projects inspite of big companies in fray like Gammon India Ltd., Larsen & Toubro Ltd., Hindustan Construction Company Ltd., etc. Further, smaller proprietary firms also create competition for the Company. But, considering the size and entry norms for the contracts, for which the Company is bidding, the competition from smaller proprietary firms is minimal.

## Tantia Constructions Limited

### OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

Save as stated herein under, based on records available, there are no outstanding/pending litigations, suits, criminal/civil prosecutions, proceedings initiated for offences (including past cases, economic offences etc) irrespective of whether specified in paragraph (1) of part 1 of Schedule XIII of the Companies Act and litigations for tax liabilities against TCL, its subsidiaries, Promoters, its directors & group concerns and there are no defaults/non payment/over dues of statutory dues, institutional/bank dues and arrears of Preference Shares etc, other than unclaimed liabilities of TCL and none of them are detained as willful defaulters by RBI/Government authorities. No disciplinary action has been taken by any of the Stock Exchanges against our Company, our Promoters or any of our Group Companies.

#### I. PERTAINING TO STATUTORY LAWS

##### SALES TAX :

Sl. No.	Assessment Order Challenged	Assessing Authority	Issue	Date of Institution	Present Status	Financial Implication on the issue	Amount Involved	Provision made in the Financial Statement
1.	Order of the Commercial Tax Officer, Fairlie Place Charge, Beliaghata, Kolkata being Assessment Order for the year 2002-2003	The Assistant Commissioner, Commercial Taxes, Chowringhee Circle	Refund allowed by the department for Rs.1,38,448.14 as against the claim of Rs.6,85,584/-	Nov. 8, 2005	Hearing has been fixed for March 27, 2006	In case the Issuer's appeal fails, the department will refund only Rs.1,38,448.14 as against a claim of Rs.6,85,584/-	Rs.5,47,136	NIL

#### II. PERTAINING TO CONTRACTUAL DISPUTES UNDER THE ARBITRATION AND CONCILIATION ACT, 1996

Sl. No.	Parties	Court / Arbitrator and Case No.	Charges/ Allegations/ Issues	Date of Institution	Present Status	Financial Implications on the issuer	Amount Involved	Provision made in the Financial Statement
1.	State of Uttar Pradesh through Chief Engineer (World Bank Pariyojana), PWD, Lucknow & Ors. (Petitioners)-VS- Tantia Constructions Limited (Issuer/ Respondent)	Misc. Case No. 200 of 2005 before the District Judge, Sultanpur	This is an Application made by the Petitioners under Section 34(2) of the Arbitration and Conciliation Act, 1996 for settling aside an arbitration award dated May 22, 2002 in favour of the Issuer.	August 22, 2002	This Application filed by the Petitioners was dismissed by a judgment and order dated September 20, 2005	In terms of the judgment the issuer is entitled to execute the award against the State of Uttar Pradesh.	Rs.57144648 + interest @ 14% p.a. from the date of arbitration to date of payment.	The principal amount has been provided for in the accounts of the Issuer as receivable.
2.	Union of India (Petitioner)- VS- Tantia Constructions Limited (Issuer/ Respondent)	AP No. 176 of 2003 before the Hon'ble High Court at Calcutta	The dispute arose with regard to a contract between Western Raliway, Union of India and the Issuer for Earthwork etc. in the stations of Western Railway. The dispute was referred to arbitration wherein the Issuer was the claimant. The Arbitrator gave an award of	July 4, 2003	The Affidavits have been filed by both parties in the matter and the same is pending for final disposal.	In the event the application of Union of India is upheld, the Issuer would be entitled to enforce the award.	Rs.14725621 + interest @ 12% p.a. from eight weeks after the date of award till payment of the awarded amount.	The principal amount has been provided for in the accounts of the Issuer as receivable.

Sl. No.	Parties	Court / Arbitrator and Case No.	Charges/ Allegations/ Issues	Date of Institution	Present Status	Financial Implications on the issuer	Amount Involved	Provision made in the Financial Statement
			Rs. 1,47,25,621/- and interest @12% per annum on March 28, 2003. The said award has been challenged inter alia, on the ground that the same is void ab initio as the appointment of the arbitrator was contrary to the contract between the parties and/or the arbitral procedures were not in accordance with the said contract and that no claim for escalation could be made in view of General Conditions of Contract.					
3.	Tantia Constructions Company Limited (Issuer /Petitioner) -VS- Cement Corporation of India Ltd. (Respondent)	AP No. 32 of 1997 and G.A. No. 4431 of 1997 before the Hon'ble High Court at Calcutta	The dispute arose out of a Work Order issued by the Respondent in favour of the Issuer and the Respondent failed to make payments if its dues. The matter was referred to arbitration and an award was passed against the Issuer on October 15, 1993. The Issuer challenged said award, inter alia, on the ground that the Arbitrator had no jurisdiction to entertain the counter claim and that the claim of the respondent was barred by limitation and inter alia, praying for setting aside the award.	September 8, 1997	The matter is pending.	In the event the contentions of the Issuer are rejected, the entire awarded amount may become payable by the Issuer.	Rs.65449.57	NIL

## Tantia Constructions Limited

Sl. No.	Parties	Court / Arbitrator and Case No.	Charges/ Allegations/ Issues	Date of Institution	Present Status	Financial Implications on the issuer	Amount Involved	Provision made in the Financial Statement
4.	Tantia Constructions Limited (Claimant) - VS- Tamil Nadu Agricultural Development Project (Respondent)	Arbitrator has not yet been appointed.	Certain disputes have arisen with regard to the contract dated July 21, 1999 with the respondent for construction of bridges under Package – XIV in Tirunelveli, Tuticorin and Kanyakumari district of Tamil Nadu. The Issuer has raised a claim for a sum of Rs.1,68,612,855 for the extra work done by the Issuer in relation to above.	The Issuer nominated its own arbitrator and has communicated the same to the respondent with a request to it for appointing its arbitrator pursuant to the arbitration clause in the said contract vide a letter dated August 18, 2005 which is a notice under the Arbitration and Conciliation Act, 1996.	The Issuer is awaiting the appointment of an arbitrator by the respondent and a Chairman Arbitrator by the Government of Tamil Nadu to form the Arbitration Committee, before whom the claim of the Issuer shall be raised.	If the contention of the Issuer is upheld, the Issuer would be entitled to the claimed amount. In the event the claim of the Issuer is not granted and award is passed against the Issuer then the Issuer shall have to absorb the losses.	Rs.1,68,612,855	NIL

### III. MATTERS PERTAINING TO THE MOTOR VEHICLES ACCIDENT CLAIM :

Sl. No.	Parties	Court / and Case No.	Issues	Date of Institution	Present Status	Financial Implications on the issuer	Amount Involved	Provision made in the Financial Statement
1.	Dwarka Prasad Sharma -VS- Tantia Constructions Limited & National Insurance Co. Ltd.	MAC No. 454 of 2003 Before the Motor Vehicle Claim Tribunal, 5 <sup>th</sup> ADJ, Alipore	The claimant has claimed compensation and cost and interest on account of death of his son in a motor accident.	2003	The matter is pending adjudication	In the event the claim is allowed, the same shall be payable by the insurance company. The Issuer will not be required to make any payment.	Rs.7,00,000 + cost and interest	NIL
2.	United India Insurance Co. Ltd., Aizwal -VS- (1) Smt. Thanthuami (2) Sri Gobinsubha (3) Tantia Constructions Ltd.	MAC no. 37/ 2005/1 before the Hon'ble High Court at Guwahati	The insurance company has filed this Application praying inter alia, for setting aside of the award by the Ld. Member, Motor Accident Claim Tribunal, Aizwal in MACT Case No. 53 of 2004 inter alia on the ground that the deceased was a	September 29, 2005	The matter is pending hearing.	In case the appeal is rejected, the insurance Issuer would be required to pay the awarded amount.	Rs.520000 along with 9% simple interest from the date of filing of the claim.	NIL

Sl. No.	Parties	Court / and Case No.	Issues	Date of Institution	Present Status	Financial Implications on the issuer	Amount Involved	Provision made in the Financial Statement
			gratuitous passenger and hence is not entitled to compensation under the Motor Vehicles Act, 1986.					
3.	Namita Ghosh & Ors. -VS- (1) Tania Constructions Limited (2) United India Insurance Co. Ltd.	Before the Ltd. 13 <sup>th</sup> Motor Accident Claim Tribunal, Alipore MAC No. 599/04	Claimant has claimed compensation on the ground that the victim Goutam Ghosh died in a motor accident caused by negligent driving of the driver of the offending vehicle.	December 8, 2004	The matter is pending hearing.	In the event the claim is allowed, the insurance company would be liable to pay the awarded amount.	Rs.3,50,000 + cost and interest	NIL
4.	Usha Rani -VS- (1) Surinder Razik Limited (2) Tania Constructions Limited (3) The Insurance Company	In the Court of Shri D. R. Arora, Motor Accident Claims, Tribunal, Ludhiana.	This is an Application for compensation under the Motor Vehicles Act wherein it has been alleged that due to rush and negligent driving of the driver of the offending vehicle the claimant suffered multiple injuries.	February 17, 2005	The matter is pending hearing.	In the event the claim is allowed, the insurance company would be liable to pay the awarded sum.	Rs.10,00,000	NIL
5.	Panna Singh and Ors. -VS- (1) Tania Constructions Limited through its Managing Director (2) M/s. United India Insurance Co. Ltd.	In the court of Motor Accident Claim Tribunal, 1 <sup>st</sup> Addl. District & Session Judge, Gaya Motor Accident Case No.2/05/11/ 04	This is an Application for compensation under the Motor Vehicles Act wherein it has been alleged that the accident occurred due to negligent driving of the driver of the offending vehicle.	March 3, 2005	The matter is pending hearing.	In the event, the claim is allowed, the insurance company would be liable to pay the awarded sum.	Rs.2,16,300 + 10% interest	NIL

## Tantia Constructions Limited

### IV. WRIT PETITIONS :

Sl. No.	Parties	Court / and Case No.	Issues	Date of Institution	Present Status	Financial Implications on the issuer	Amount Involved	Provision made in the Financial Statement
1.	Ajit Kumar Mullick (Appellant/ Petitioner). -VS- State of West Bengal & Ors. (including the Issuer (Respondents).	WP No. 10662 (W) of 2005 before the Hon'ble High Court at Calcutta	The Petitioner has alleged that his building, which is contiguous to the plot on which the Issuer is causing construction of a multi-storied building has been damaged.	May 18, 2005	The Issuer has filed its objection.	In the event the Writ Petition is allowed, the construction work will be stopped.	NIL	NIL
2.	Ajit Kumar Mullick (Appellant/ Petitioner). -VS- State of West Bengal & Ors. (including the Issuer (Respondents).	AST 1131 of 2005 of AST 1132 of 2005 before the Hon'ble Division Bench of High Court at Calcutta	The appellant has sought for setting aside of the order dated 29.07.05 passed by the Hon'ble Trial Court in CAN No. 5546 of 2005 (in the application of the Respondents for clarification of the direction dated May 29, 2005 of the Hon'ble Trial Court in W.P. No. 10662(W) of 2005) whereby no interim order was passed in respect of writ filed by the Appellant, inter alia, to stop construction at Premises no.DD-30, Salt Lake being carried out by Andromeda Communication Ltd. and the Issuer and cancel the plan, if sanctioned.	August 11, 2005	The matter is appearing in the list of the Division Bench of the High Court at Calcutta.	In case the appeal is allowed, the order dated July 29, 2005 will be set aside.	NIL	NIL

### V. CIVIL SUITS :

Sl. No.	Parties	Court / and Case No.	Issues	Date of Institution	Present Status	Financial Implications on the issuer	Amount Involved	Provision made in the Financial Statement
1.	M/s. B. Paul (Plaintiff / Petitioner) -VS- (1) Tantia Constructions Limited (2) South Indian Bank (3) Calcutta Tramways Company (Defendants/ Respondents)	Title Suit No. 1198 of 2005 before the Learned 7 <sup>th</sup> Judge, City Civil Court at Calcutta	The Plaintiff/ Petitioner was provided a Work Order by the Issuer for its Tramtrack works under the Hooghly River Bridge Commissioner Project. The dispute is regarding	August 12, 2005	The Learned Court passed, inter alia, an interim order restraining the Issuer and the Respondent bank from making any payment under the Bank Guarantee to	In the event the Suit is decreed against the Issuer. The invocation of BG by the Issuer shall become bad in law and the Issuer shall have to pay the dues of the Plaintiff /	Rs.8,00,000	NIL

Sl. No.	Parties	Court / and Case No.	Issues	Date of Institution	Present Status	Financial Implications on the issuer	Amount Involved	Provision made in the Financial Statement
			<p>invocation of a Bank Guarantee by the Issuer which was furnished by the Plaintiff / Petitioner to the Issuer in relation to payment of the Bills of the Plaintiff / Petitioner. The Plaintiff / Petitioner alleged that such Bank Guarantee has been wrongfully invoked by the Issuer. The Plaintiff / Petitioner has filed this Suit praying inter alia, for a declaration that it has duly completed its work, the invocation of Bank Guarantee by the issuer is bad in law and perpetual injunction restraining the respondent Bank from making payments to the Issuer. The Plaintiff / Petitioner has also filed an application for injunction, inter alia, praying for injunction restraining the Issuer from claiming or realizing the proceeds of the Bank Guarantee.</p>		<p>the Issuer and such restraint order is still continuing. The matter is pending adjudication.</p>	<p>Petitioner, if any.</p>		

## Tantia Constructions Limited

### OUTSTANDING LITIGATION INVOLVING GROUP COMPANIES

#### OUTSTANDING LITIGATION INVOLVING CASTAL EXTRUSION (P) LTD.

##### LABOUR LITIGATION

Sl. No.	Parties	Court / Arbitrator and Case No.	Charges/ Allegations / Issues	Date of Institution	Present Status	Financial Implications on the Issuer	Amount involved	Provision made in the Financial Statement
1.	Castal Extrusion Pvt. Ltd. (Petitioner)-AND-Subodh Das (Respondent)	Case No. 81/04 before the Learned 2 <sup>nd</sup> Labour Court, Kolkata	Subodh Das, the workman has alleged that he has been retired prematurely i.e. before he has attained the age of retirement and he raised this issue at the fag end of his service period.	April 13, 2004	This matter is pending hearing and disposal	In the event the workman's contention is upheld, the Issuer would be required to pay all his back wages (for 3 years 4 months)	Rs.1,07,000/-	None

#### OUTSTANDING LITIGATION INVOLVING BECO INDUSTRIES LTD.

##### WRIT PETITION :

Sl. No.	Parties	Court / Arbitrator and Case No.	Charges/ Allegations / Issues	Date of Institution	Present Status	Financial Implications on the Issuer	Amount involved	Provision made in the Financial Statement
1.	Beco Industries Ltd. (Petitioner)-VS-Jharkhand State Electricity Board & Others (Respondents)	W.P.(C) No. 171 of 2005 before the High Court of Jharkhand, Ranchi	The Issuer has challenged Jharkhand Electricity Board's demand towards fuel surcharge, interest, delayed surcharge etc.	August 4, 2005	The matter was heard on January 13, 2006 when the Hon'ble Court ordered that no coercive step shall be taken against the Petitioner if it pays the current charges and a sum of Rs. 5,00,000/- within one week from the date of the order. This matter is pending final adjudication.	In the event the petition is dismissed the Issuer would be required to pay Rs.2.87 crores	Rs.2.87 crores as on March 31, 2005	Nil

### **Material Developments**

In the opinion of the Board of Directors, there have not arisen, since the date of the last financial statements disclosed in this Red Herring Prospectus, any circumstance that materially or adversely affect or are likely to affect the profitability of our Company or the value of our assets or our ability to pay their material liabilities within the next twelve months other than as disclosed in the Red Herring Prospectus.

There have been no further litigation after the date of filing of the DRHP with SEBI against our company, our promoters and our group companies.

## GOVERNMENT APPROVALS/LICENSING ARRANGEMENTS

The Company has received all the necessary licenses, permissions and approvals from the Central and State Governments and other government agencies/certification bodies required for the business and no further approvals are required by the Company for carrying on the present as well as proposed business activities of the Company. It must, however, be distinctly understood that in granting the above approvals, the Government and other authorities do not take any responsibility for the financial soundness of the Company or for the correctness of any of the statements or any commitments made or opinions expressed.

In view of the approvals listed below, the Company can undertake this Issue and its current business activities and no further major approvals from any statutory authority are required to continue those activities. The following statement sets out the details of licenses, permissions and approvals taken by the Company under various Central and State Laws for carrying out its business.

Government Approvals / Licensing Arrangements :

The company has received the following Government Approvals/ Licenses/ Permissions :

Sl. No.	Issuing Authority	Registration No.	Nature of Registration	Validity
1.	Registrar of Companies	(i) Certificate of Incorporation no.26284 of 1964 dated 4.12.1964. (ii) Fresh Certificate of Incorporation consequent to change of Name dated 27.05.1982. (iii) Fresh Certificate of Incorporation consequent to change of Name dated 29.12.2005.	(i) Certificate of Incorporation (ii) Fresh Certificate of Incorporation consequent to Change of Name. (iii) Fresh Certificate of Incorporation consequent to Change of Name.	NA
2.	Asst. Commissioner of Commercial Taxes, West Bengal	(i) 19460113035 (ii) 19460113132 (iii) 19460113229	(i) VAT (ii) Local Sales Tax (iii) CST	NA NA NA
3.	Deputy Commissioner of Commercial Taxes, Bihar	(i) 10010124036 (ii) SI 935 (iii) R10010124133 (iv) 10010124230	(i) VAT (ii) Local Sales Tax (iii) CST (iv) Entry Tax	NA NA NA NA
4.	Senior Superintendent of Taxes, Guwahati	(i) 18220013895 (ii) GAU/AGST/A/1221 (iii) GAU/CST-6771 (iv) GAU/AET/52	(i) VAT (ii) Local Sales Tax (iii) CST (iv) Entry Tax	NA NA NA NA
5.	Commercial Tax Officer Bangalore	(i) 9751957-1 (ii) 97569579	Local Sales Tax CST	NA NA
6.	Commercial Tax Officer Madurai	(i) 5001589 (ii) 148341	(i) Local Sales Tax (ii) CST	NA NA
7.	Sales Tax Officer Delhi	(i) 07272007399 (ii) WC/44/862007399/121999	(i) VAT (ii) Local Sales Tax	NA NA
8.	Asst. Commissioner of Commercial Taxes, Chandauli	MS-0015736 MS-50086895	(i) Local Sales Tax (ii) CST	NA NA
9.	Commercial Tax Officer, Ropar	(i) 03961149169 (ii) 60874410	(i) VAT (ii) CST	NA NA

Tantia Constructions Limited

Sl. No.	Issuing Authority	Registration No.	Nature of Registration	Validity
10.	Asst. Excise & Taxation Commissioner, Bilaspur Himachal Pradesh	(i) BLP1112454 (ii) CST-2504	(i) Local Sales Tax (ii) CST	NA NA
11.	Deputy Commissioner of Commercial Taxes Mizoram	(i) 15111015058 (ii) 909/ANZ/MST (iii) MIZ-3797 (C)	(i) VAT (ii) Local Sales Tax (iii) CST	NA NA NA
12.	Regional Provident Fund Commissioner, West Bengal	Code no.WB/24708 dated 17.1.1986.	Registration with the PF Authorities under the Employees Provident Fund & Miscellaneous Provisions Act, 1952 and the Scheme framed thereunder.	NA
13.	Superintendent Service Tax Division-I	1291/CCS/GTA/SBO1/KOL/2004-05 dated 15.3.2005.	Service Tax - Certificate of Registration u/s.69 of The Finance Act, 1994.	NA
14.	Kolkata Municipal Corporation License Department	11-045-33-0027-4	Certificate of Enlistment	31.3.06
15.	Licensing Officer Bidhannagar Municipality	5233 dated 10.6.2005.	Certificate of Enlistment u/s.119 of the West Bengal Municipal Act, 1993.	31.3.06
16.	Commissioner of Income Tax	AABCT 08 11E dated 4.12.1964.	Income Tax Permanent Account No.	NA
17.	Professional Tax Officer, Calcutta Range	296082	Certificate of Registration	NA
18.	Professional Tax Officer, Calcutta Range	960888	Certificate of Enrolment	NA
19.	Assistant Director Employees' State Insurance Corporation	Code no.41-28579-102 dated 2.11.2000.		NA

## VI. OTHER REGULATORY AND STATUTORY DISCLOSURES

### Authority for the Issue

The present Issue of Equity Shares has been authorized by shareholders vide a Special Resolution passed at the Extraordinary General Meeting of the Company held on 15<sup>th</sup> December 2005. The Board of Directors of the Company had approved the present Issue of Equity Shares vide a resolution passed at their meeting held on 22<sup>nd</sup> November 2005.

### Prohibition by SEBI

The Company, its Promoters, its directors, any of the Company's Associates or Group Companies, and Companies with which the directors of Issuer are associated, as directors or promoters, has not been prohibited from accessing the capital market under any order or directions passed by SEBI. Further, none of the directors or the person(s) in control of the Promoter Companies has been prohibited from accessing the capital market under any order or direction passed by SEBI.

### Eligibility for the Issue

Since, Tantia Constructions Limited is a listed Company, it is eligible to make a Public Issue of Equity Shares as per Clause 2.3.1 of the SEBI (Disclosure & Investor Protection) Guidelines, 2000, as the aggregate of the Proposed Issue and all previous issues made in the same financial year in terms of size (i.e., offer through offer document + firm allotment + promoters' contribution through the offer document), does not exceed 5 times its pre-issue net worth as per the balance sheet of the last financial year i.e. March 31, 2005. The detailed working of the same is mentioned hereunder:

		Rs. in Lacs
a)	Proposed Issue Size	5625.00
b)	All previous Issues in the same financial years in terms of size(i.e. offer through offer document + firm allotment + Promoters' contribution through the offer document)	NIL
c)	Aggregate of a) and b)	5625.00
d)	Pre-Issue Net Worth as per audited Balance Sheet of the last financial year i.e. March 31, 2005	1130.63
e)	5 times of (d)	5653.15

The name of the Company was changed from Tantia Construction Company Limited to Tantia Constructions Limited on 29th December 2005. The new name does not suggest any new activity.

## DISCLAIMERS

### SEBI DISCLAIMER CLAUSE

**AS REQUIRED, A COPY OF THIS RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO THE SECURITIES AND EXCHANGE BOARD OF INDIA. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE OFFER DOCUMENT TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE BOOK RUNNING LEAD MANAGER, MICROSEC CAPITAL LIMITED, HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURES AND INVESTOR PROTECTION) GUIDELINES 2000, 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 THE OFFER DOCUMENT, THE BOOK RUNNING LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGER MICROSEC CAPITAL LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED 20<sup>TH</sup> JANUARY 2006 IN ACCORDANCE WITH SEBI (MERCHANT BANKERS) REGULATIONS 1992, WHICH READS AS FOLLOWS:**

**WE THE UNDER NOTED LEAD MANAGER TO THE ABOVE MENTIONED FORTHCOMING ISSUE STATE AS FOLLOWS:**

- I. "WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS MORE PARTICULARLY REFERRED TO IN THE ANNEXURE HERETO IN CONNECTION WITH THE FINALISATION OF THE RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE;

II. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY.

WE CONFIRM THAT:

- a) THE PROSPECTUS FORWARDED TO THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPER RELEVANT TO THE ISSUE;
- b) ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE, AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY THE BOARD, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND
- c) THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE.
- d) WE CONFIRM THAT BESIDE OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE OFFER DOCUMENT ARE REGISTERED WITH SEBI AND TILL DATE SUCH REGISTRATION IS VALID.
- e) WE CERTIFY THAT WRITTEN CONSENT FROM SHAREHOLDERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN, WILL NOT BE DISPOSED/ SOLD/TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING OF THE DRAFT PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE RED HERRING PROSPECTUS.
- f) ALL LEGAL REQUIREMENTS PERTAINING TO THE ISSUE WILL BE COMPLIED AT THE TIME OF FILING OF THE PROSPECTUS WITH THE ROC IN TERMS OF SECTION 60B OF THE COMPANIES ACT.

THE FILING OF OFFER DOCUMENT DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 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 BOOK RUNNING LEAD MANAGER ANY IRREGULARITIES OR LAPSES IN THE OFFER DOCUMENT."

#### Caution

Tantia Constructions Limited, its Directors and the Book Running Lead Manager accept no responsibility for statements made otherwise than in this Red Herring Prospectus or in the advertisements or any other material issued by or at the instance of the Issuer and that anyone placing reliance on any other source of information, including Company's web site, [www.tantiagroup.com](http://www.tantiagroup.com) would be doing so at his or her own risk.

The BRLM accepts no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into between the Book Running Lead manager and Tantia Constructions Limited.

All information shall be made available by Tantia Constructions Limited and the Book Running Lead Manager to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports, at collection centers or elsewhere.

#### DISCLAIMER IN RESPECT OF JURISDICTION

This Issue is being made in India to Indian Nationals, who are resident in India and are Adult Individuals and are not lunatic, in single name or joint names (not more than three); Hindu Undivided Families through the Karta of the Hindu Undivided Family; Companies, Bodies Corporate and Societies registered under the applicable laws in India and authorized to invest in the Shares; Indian Mutual Funds registered with SEBI; Indian Financial Institutions & Banks; Indian Venture Capital Funds / Foreign Venture Capital Funds registered with SEBI subject to the applicable RBI Guidelines and Approvals, if any; State Industrial Development Corporations; Insurance Companies registered with Insurance Regulatory and Development Authority; Provident Funds with minimum corpus of Rs.2500 Lacs; Pension Funds with minimum corpus of Rs.2500 Lacs; Trusts or Societies registered under the Societies Registration Act, 1860 or any other applicable Trust Law and are authorized under its constitution to hold and invest in Equity Shares of a Company; Commercial Banks and Regional Rural Banks, Co-operative Banks may also apply subject to permission from Reserve Bank of India; Permanent and Regular employees of the Company; Non-Resident Indians (NRIs) and Foreign Institutional Investors (FIIs) on repatriation / non-repatriation basis. This Red Herring Prospectus does not, however, constitute an Issue to sell or an invitation to subscribe to shares offered hereby in any other

jurisdiction to any person to whom it is unlawful to make an Offer or invitation in such jurisdiction. Any person into whose possession this Red Herring Prospectus comes is required to inform himself about and to observe any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Kolkata only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Red Herring Prospectus has been submitted to SEBI. Accordingly, the Equity Shares, represented thereby may not be offered or sold, directly or indirectly, and this Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date hereof or that the information contained herein is correct as of or at any time subsequent to this date.

## **DISCLAIMER CLAUSE OF THE STOCK EXCHANGES**

### **DISCLAIMER CLAUSE OF BSE**

As required, a copy of this Prospectus has been submitted to BSE. BSE has given vide its letter dated 16<sup>th</sup> February, 2006 permission to this Company to use the Exchange's name in this offer document as one of the stock exchanges on which this Company's securities are proposed to be listed. BSE has scrutinized this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company.

BSE does not in any manner:

- warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or
- warrant that this Company's securities will be listed or will continue to be listed on BSE; or
- 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 to mean that this offer document has been cleared or approved by BSE. 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 BSE 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 CSE**

As required, a copy of this Prospectus has been submitted to CSE. CSE has given vide its letter dated 20<sup>th</sup> February, 2006 permission to this Company to use the Exchange's name in this Red Herring Prospectus as a Non – Designated Stock Exchange on which this Company's securities are proposed to be listed. CSE has scrutinized this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company.

CSE does not in any manner:

- warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus; or
- warrant that this Company's securities will be listed or will continue to be listed on CSE; or
- 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 to mean that this offer document has been cleared or approved by CSE. 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 CSE 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 in the Red Herring Prospectus or for any other reason whatsoever.

### **DISCLAIMER CLAUSE OF DSE**

As required, a copy of this Prospectus has been submitted to DSE. DSE has given vide its letter dated 28<sup>th</sup> February, 2006 permission to this Company to use the Exchange's name in this offer document as one of the stock exchanges on which this Company's securities are proposed to be listed. DSE has scrutinized this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company.

## Tantia Constructions Limited

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DSE does not in any manner:

- warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or
- warrant that this Company's securities will be listed or will continue to be listed on DSE; or
- 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 to mean that this offer document has been cleared or approved by DSE. 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 DSE 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.

### Filing of Prospectus with the Board And the Registrar Of Companies

A copy of the Red Herring Prospectus, along with the documents required has been filed with SEBI (Head Office) Mittal Court, 'B' Wing, 1st Floor, 224 Nariman Point, Mumbai- 400 021. A copy of the Red Herring Prospectus, along with the material contracts and documents required to be filed under Section 60B of the Companies Act would be delivered for registration to the Registrar of Companies, West Bengal located at Nizam Palace, 2<sup>nd</sup> MSO Building, 2<sup>nd</sup> floor, 234/4, A.J.C. Bose Road, Kolkata-700 020.

### Listing

The existing Equity Shares of our Company are presently listed on CSE and DSE. The Equity Shares to be issued through this Red Herring Prospectus are proposed to be listed on BSE, DSE and CSE and listing applications have been made to these Stock Exchanges for permission to list the Equity Shares and for an official quotation of the Equity Shares of our Company.

If the permissions to further list the Equity Shares of the company are not granted by any of the Stock Exchanges mentioned above, the Company would forthwith repay, without interest, all moneys received from the applicants in pursuance of this Red Herring Prospectus. If such money is not repaid within 8 days after the Company become liable to repay it, then our Company, and every Director of the Company who is an officer in default shall, on and from such expiry of 8 days, be jointly and severally liable to repay the money, with interest as prescribed under Section 73 of the Companies Act.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges mentioned above are taken within 7 working days of finalization of the Basis of Allotment for the Issue.

### Impersonation

**Attention of applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:**

**“any person who:**

- a) Makes in a fictitious name an application to a company for acquiring or subscribing for, any Shares therein, or**
- b) Otherwise induces a company to allot, or register any transfer of Shares therein to him, or any other person in a fictitious name,**

**shall be punishable with imprisonment for a term which may extend to five years.”**

### Consents

The written consents of Directors, Company Secretary, Lead Manager to the Issue, Legal Advisor to the Issue, Registrar to the Issue, Auditors, Bankers to the Company and Bankers to the Issue to act in their respective capacities, have been obtained and filed along with a copy of the Red Herring Prospectus with the Registrar of Companies, West Bengal located at Nizam Palace, 2<sup>nd</sup> MSO Building, 2<sup>nd</sup> floor, 234/4, A.J.C. Bose Road, Kolkata-700 020 as required under Section 60B of the Companies Act and such consents have not been withdrawn up to the time of delivery of the Prospectus for registration.

### Expert Opinion

Our Company has not obtained any expert opinions related to the present Issue, except the opinion of the Auditors, S. M. Bengani & Co., Chartered Accountants on the tax benefits available to the investors.

## Public Issue Expenses

Public Issue expenses are estimated as follows:

Sl. No.	Particulars	Amount (Rs. Lacs)	% of Net Proceeds of the Issue *	% of the Issue Expenses
1	Lead Management Fees	42.50	2.15	21.25
3	Underwriting, Brokerage & Selling Commission	42.50	2.15	21.25
2	Printing & Stationery, Distribution, Postage, etc.	50.00	2.53	25.00
4	Advertisement & Marketing Expenses	45.00	2.28	28.50
5	Other Expenses (incl. Filing Fees, Listing Fees, Depository Charges, etc.)	20.00	1.01	10.00
	<b>Total</b>	<b>200.00</b>	<b>10.13</b>	<b>100.00</b>

\* Net Proceeds of the issue taken to be Rs. 1975 Lacs.

### Fees Payable to Book Running Lead Manager and Syndicate member

The total fees payable to the Book Running Lead Manager (including underwriting Commission and selling commission) will be as per the engagement Letter dated 6th October, 2005 a copy of which is available for inspection at the Registered Office of the Company.

### Fees Payable to Registrar to the Issue

The total fees payable to the Registrar to the Issue will be as per the Memorandum of Understanding signed with the Registrar dated 22nd December 2005, copy of which is available for inspection at the Registered Office of the Company.

The Registrar will also be reimbursed with all relevant out-of-pocket expenses such as cost of stationery, postage, stamp duty, communication expenses, etc. Adequate funds will be provided to the Registrar to the Issue to enable them to send refund order(s) / letter(s) of allotment / share certificate(s) by registered post.

### Previous Public or Rights Issues (During The Last Five Years)

Our Company has not made any public or rights Issue during the last five years.

### Previous Issues of Shares otherwise than for cash

We have not issued Equity Shares for consideration other than cash except to the extent of bonus shares issued to the existing shareholders by capitalization of free reserves as described in the table on page 12 of this Red Herring Prospectus. All the bonus shares issued by us in the past are by capitalizing free cash reserves only.

### Particulars in regard to TCL and other listed companies under the same management within the meaning section 370 (1)(B) of the Companies Act, 1956 that made any capital Issue during the last three years

Neither TCL nor any other listed companies under the same management within the meaning of section 370 (1)(B) of the Companies Act, 1956, has made any capital Issue during the last three years.

### Promise vis-à-vis performance

The Company had made its Initial Public Offering of 1,90,000 equity Shares of Rs. 10/- each for cash at par aggregating Rs. 19.00 Lacs out of which 1,44,000 equity shares of Rs. 10 each were issued at par to the public in the year 1982. The issue was made with the object of financing the Company's increased activities. The Company was able to achieve all the objects for which the issue was made.

### Listed Ventures of the Promoter

Tantia Financial Services Limited, one of the Promoter Group Companies, had made an Initial Public Offering of 1,50,000 Equity Shares of Rs. 10/- each for cash at par aggregating Rs. 15 Lacs in the year 1983. The shares of the Company are listed on The Calcutta Stock Exchange Association Limited. The object of the issue was to raise funds for funding the business of the Company.

## Tantia Constructions Limited

### Outstanding Debentures or Bonds and Redeemable Preference Shares and Other Instruments issued by TCL Outstanding as on the Date of this Prospectus and Terms of Issue

Tantia Constructions Ltd has issued Cumulative Redeemable Preference Shares, details of which are as under:

Type of Instrument	Number	Issue Price (Rs)	Date of Allotment	Terms of Issue
10.5% Cumulative Redeemable Preference Shares of Rs. 10 each	1,40,000	10	08.01.2005	Cumulative Redeemable preference Shares

Our Company does not have any outstanding debentures or bonds as on the date of filing this Red Herring Prospectus.

### Stock Market Data for Equity Shares of Tantia Constructions Limited

The stock market data as provided by The Calcutta Stock Exchange Association Limited is mentioned hereunder:

Period	High				Low			
	Date	Rate	No. Of Shares Traded	Net Turnover (Rs. in Lacs)	Date	Rate	No. of Shares Traded	Net Turnover (Rs. in Lacs)
2003	There was no trading in the shares of the Company in the past three years.							
2004								
2005								
July- 05	No Trading							
Aug-05	No Trading							
Sept-05	27/09/05	24.65	60000	14.79	16/09/05	11.95	230000	27.49
Oct-05	No Trading							
Nov-05	09/11/05	26.00	30000	7.84	7/11/05	25.00	20000	5.00
Dec-05	27/12/05	25.80	10000	2.58	23/12/05	25.70	20500	5.27
Jan-06	03/01/06	25.80	25000	6.45	10/01/06	25.65	25000	6.41
Feb-06	No Trading							

Period	No. of Shares Traded	Net Turnover (Rs. in Lacs)
September -05	409300	62.62
October -05	Nil	Nil
November-05	313400	80.43
December-05	70500	18.15
January - 06	216000	55.58
February - 06	Nil	Nil

The market price immediately on 22<sup>nd</sup> November after the date on which the Board of Directors approved the Public Issue and 15<sup>th</sup> December 2005 after the date on which the shareholders approved the Public Issue was 25.70 and 25.75 respectively.

### Mechanism evolved for Redressal of Investor Grievances

The Company has a Investor' Grievances Committee to redress the complaints of the share holders in respect of matters pertaining to transfer of shares, non-receipt of annual report, dematerialization of shares, non-receipt of dividend etc.

Sl. No.	Name of the Director	Designation	Nature of Directorship
1	Mr. Arun Kumar Dokania	Chairman	Non-Executive Director
2	Mr. Himangshu Sekhar Sinha	Member	Independent & Non-Executive Director
3	Mr. Mahavir Prasad Agarwall	Member	Independent & Non-Executive Director

During the year ended March 31<sup>st</sup> 2005, the company did not receive any grievance or complaint from the shareholders.

### Disposal of Investor Grievances

The company estimates that the average time required by it or the Registrar to the Issue for the redressal of routine investor grievances shall be seven working days from the date of receipt of the complaint. In case of non-routine complaints and where external agencies are involved, the company or the Registrars will seek to redress these complaints as expeditiously as possible.

The Company has appointed Mr. Ashish Bajaj, Company Secretary, as Compliance Officer who deals with various regulatory authorities with respect to implementation / compliance of various laws, rules, regulations and other directives issued by SEBI / Stock Exchanges and matters related to investor complaints.

Registrar to the Issue will also handle the investors' grievances related to the Issue in co-ordination with Compliance Officer of the Company. All grievances relating to the Present Issue may be addressed to the Registrar with a copy to the 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. The Company would monitor the work of the Registrar to ensure that the investors' grievances are settled expeditiously and satisfactorily.

As per the agreement entered with Registrar to the Issue, the following investors' grievances would be handled by it upto 12 months after the Issue:

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

### Change if any to the auditor during last 3 years and reasons thereof

There has been no change in auditors of our Company during the last 3 years.

### Capitalization of Reserves or Profits (during last five years)

Our Company has issued 21,60,000 equity shares as bonus shares on 6<sup>th</sup> November 2005 in the ratio of One Equity Share for Every One Equity share held as on record date. The Bonus Issue was made out of the free cash reserves of the company.

### Revaluation of Assets

None of the assets of our company have been revalued during the last five years.

**ISSUE STRUCTURE**

The present Issue of 1,12,50,000 Equity Shares of Rs. 10/- each for cash at a premium of Rs. 40 per Equity Share aggregating Rs. 5625 Lacs is being made through a 100% book building process out of which the Net Offer to Public is 42,50,000 Equity Shares of Rs. 10/- each at a premium of Rs. 40 per Equity Share aggregating Rs. 2125 Lacs.

	<b>QIBs</b>	<b>Non-Institutional Bidders</b>	<b>Retail Individual Bidders</b>	<b>Employees</b>
Number of Equity Shares available for allocation	Up to 21,25,000 Equity Shares	Minimum of 6,37,500 Equity Shares	Minimum of 14,87,500 Equity Shares	1,00,000 Equity Shares
Percentage of Net Offer to Public available for Allocation	Up to 50% of the Net Offer to Public or the Issue less allocation to Non- Institutional Bidders and Retail Individual Bidders. However, up to 5% of the QIB Portion shall be available for allocation proportionately to mutual funds	Minimum of 15% of the Net Offer to Public or the Net Offer to Public less allocation to QIB Bidders and Retail Individual Bidders	Minimum of 35% of the Net Offer to Public or the Net Offer to Public less allocation to QIB Bidders and Non-Institutional Bidders	0.89% of the Present Issue
Basis of Allocation	Proportionate (a) 1,06,250 Equity Shares shall be allocated on a proportionate basis to Mutual Funds in the Mutual Funds Portion; and (b) 20,18,750 Equity Shares shall be allocated on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above	Proportionate	Proportionate	Proportionate
Minimum Bid	Such number of Equity Shares that the Bid Amount exceeds Rs. 1,00,000 and in multiples of 125 Equity Shares	Such number of Equity Shares that the Bid Amount exceeds Rs. 1,00,000 and in multiples of 125 Equity Shares	125 Equity Shares and in multiples of 125 Equity Shares	125 Equity Shares and in multiples of 125 Equity Shares
Maximum Bid	Such number of Equity Shares not exceeding the Net Offer to Public, subject to Applicable limits	Such number of Equity Shares not exceeding the Net Offer to Public, subject to Applicable limits	Such number of Equity Shares so as to ensure that the Bid amount does not exceed Rs. 1,00,000	Such number of Equity Shares not exceeding the Net Offer to Public, subject to Applicable limits
Mode of Allotment	Compulsorily in dematerialized mode	Compulsorily in dematerialized mode	Compulsorily in dematerialized mode	Compulsorily in dematerialized mode
Trading Lot	One Equity Share	One Equity Share	One Equity Share	One Equity Share

	<b>QIBs</b>	<b>Non-Institutional Bidders</b>	<b>Retail Individual Bidders</b>	<b>Employees</b>
Who can Apply	Public financial Institutions as specified in Section 4A of the Companies Act, Scheduled Commercial Banks, Mutual Funds, Foreign Institutional Investors registered with SEBI, Multilateral and Bilateral Development Financial Institutions, and State Industrial Development Corporations, permitted insurance companies registered with the Insurance Regulatory and Development Authority, Provident Funds with minimum corpus of Rs. 250 million and Pension Funds with minimum corpus of Rs. 250 million in accordance with applicable law	Resident Indian Individuals, eligible NRIs and HUF (in the name of Karta), companies, corporate bodies, scientific institutions, societies and trusts	Individuals, including eligible NRIs and HUF (in the name of Karta), applying for such number of shares such that the Bid Amount does not exceed Rs. 100,000	Indian Nationals who are permanent employees and Directors of the Company who are based in India
Terms of Payment	Margin Amount applicable to QIB Bidders shall be payable at the time of submission of Bid cum Application Form to the members of the syndicate	Margin Amount applicable to Non-Institutional Bidders at the time of submission of Bid cum Application Form to the members of the syndicate	Margin Amount applicable to Retail Individual Bidders at the time of submission of Bid cum Application Form to the members of the Syndicate	Margin Amount applicable to Employees at the time of submission of Bid cum Application Form to the members of the Syndicate
Margin Amount	At least 10% of the Bid Amount on bidding	Full Bid Amount on bidding	Full Bid Amount on Bidding	Full Bid Amount on Bidding

- Under-subscription, if any, in any category, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company, in consultation with the BRLM, and the Designated Stock Exchange. However, if the aggregate demand by Mutual Funds is less than 1,06,250 Equity Shares (assuming QIB Portion is 50% of the Net Offer to Public, i.e. 21,25,000 Equity Shares), the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders. In the event that the aggregate demand in the QIB Portion has been met, under-subscription, if any, would be allowed to be met with spillover from any other category or combination of categories at the discretion of our Company, in consultation with the BRLM, and the Designated Stock Exchange.
- In case the Bid cum Application Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.

### **TERMS OF THE ISSUE**

The Equity Shares being issued are subject to the provisions of the Companies Act, the Memorandum and Articles, conditions of RBI approvals, the terms of the Red Herring Prospectus, the Prospectus, the Bid cum Application Form, the Revision Form and other terms and conditions as may be incorporated in the CAN, allotment advice and any other document that may be executed in respect of the Issue. In addition, the Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing of securities issued from time to time by SEBI, Government of India, Stock Exchanges, RBI, Registrar of Companies and/or other authorities, as in force on the date of the Issue and to the extent applicable.

#### **Authority for the Issue**

The present Issue of Equity Shares has been authorized by shareholders vide a Special Resolution passed at the Extraordinary General Meeting of the Company held on 15<sup>th</sup> December 2005. The Board of Directors of the Company had approved the present Issue of Equity Shares vide a resolution passed at their meeting held on 22<sup>nd</sup> November 2005.

#### **Ranking of Equity Shares**

The Equity Shares being issued shall be subject to the provisions of the Companies Act, the Memorandum and Articles of Association of Tantia Constructions Limited and shall rank pari passu with the existing Equity Shares of the Company including in respect of the rights to receive dividends. See "Main Provisions of the Articles of Association" for a description of the Articles of Association of the Company.

#### **Mode of payment of Dividend**

The declaration and payment of dividends will be recommended by the Board of Directors and the shareholders at their discretion, and will depend on the number of factors, including but not limited to earnings, capital requirements and overall financial condition of the company.

#### **Face Value and Issue Price**

The Equity Shares having a face value of Re.10 each are being issued at a price of Rs. 50 per Equity Share. At any given point of time, there shall be only one denomination for the Equity Shares.

#### **Rights of the Equity Shareholder**

Subject to applicable laws, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive Issues for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act and Memorandum and Articles of Association of the Company.

For a detailed description of the main provisions of the Articles of Association of the Company relating to voting rights, dividend, forfeiture and lien and/or consolidation/ splitting, see "Main Provisions of the Articles of Association" on page 162 of this Red Herring Prospectus.

#### **Market Lot and Trading Lot**

As trading in the Equity Shares is compulsorily in dematerialised mode, the tradeable lot is one Equity Share. Allotment of Equity Shares will be done in electronic form, subject to a minimum allotment of 125 Equity Shares.

#### **Jurisdiction**

Exclusive jurisdiction for purposes of this Issue is with the competent courts in Kolkata, India.

#### **Nomination Facility to Investor**

In accordance with Section 109A of the Companies Act, the sole or first bidder, along with other joint bidders, may nominate any one person in whom, in the event of the death of sole bidder or in case of joint bidders, death of all the bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the

death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to equity share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office of Tantia Constructions Limited or to the registrar and transfer agents of Tantia Constructions Limited.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as holder of Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the allotment of Equity Shares in the Issue will be made only in dematerialised form, there is no need to make a separate nomination with the Company. Nominations registered with respective depository participant of the applicant would prevail. If the investors require to change the nomination, they are requested to inform their respective depository participant.

#### **Application by Eligible NRIs/FIIs registered with SEBI**

It is to be distinctly understood that there is no reservation for Eligible NRIs or FIIs registered with SEBI or FVCIs registered with SEBI. Such Eligible NRIs, FIIs registered with SEBI or FVCIs registered with SEBI will be treated on the same basis as other categories for the purpose of allocation.

#### **Impersonation**

Attention of applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:

“any person who:

- a) Makes in a fictitious name an application to a company for acquiring or subscribing for, any Shares therein, or
  - b) Otherwise induces a company to allot, or register any transfer of Shares therein to him, or any other person in a fictitious name,
- shall be punishable with imprisonment for a term which may extend to five years.”

#### **Minimum Subscription**

If the Company does not receive the minimum subscription of 90% of the Net Offer to Public Issue including devolvement of the underwriters, if any, within 60 days from the date of closure of the issue, we shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after we become liable to pay the amount, we shall pay interest @ 15% p.a. as per Section 73 of the Companies Act, 1956. If there is any delay in refund of the amount collected, we and the Directors shall be jointly and severally liable to refund the amount due with interest @ 15% p.a. as per Section 73 of the Companies Act, 1956.

If the number of allottees in the proposed issue is less than 1,000, we shall forthwith refund the entire subscription amount received. If there is a delay beyond 15 days after we become liable to pay the amount, we shall pay interest @ 15% p.a. for the delayed period.

**As per the policy of RBI, Overseas Corporate Bodies cannot participate in this Issue.**

**The Equity Shares have not been and will not be registered under the U.S. Securities Act 1933, as amended or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, “U.S. persons” (as defined in Regulation S of the U.S. Securities Act, 1933), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares will be offered and sold only (i) in the United States to “Qualified Institutional Buyers”, as defined in Rule 144A of the Securities Act, and (ii) outside the United States in compliance with Regulations and the applicable laws of the jurisdiction where those offers and sales occur.**

#### **Restrictions on transfer and transmission of shares/debentures and on their consolidation/splitting**

For a detailed description in respect of restriction on transfer and transmission of shares and on their consolidation/splitting please refer sub heading Main Provisions of the Articles of Association of TCL appearing on page no. 162 of this Prospectus.

**ISSUE PROCEDURE**

**Book Building Procedure**

The Issue is being made through the 100% Book Building Process wherein up to 50% of the Net Issue shall be available for allocation on a proportionate basis to QIBs, including up to 5% of the QIB Portion which shall be available for allocation to Mutual Funds only. Further, not less than 35% of the Net Issue shall be available for allocation on a proportionate basis to the Retail Individual Bidders and not less than 15% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders, subject to valid Bids being received at or above the Issue Price.

Bidders are required to submit their Bids through the Syndicate. Our Company, in consultation with the BRLM, may reject any Bid procured from QIBs, by any or all members of the Syndicate, for reasons to be recorded in writing provided that such rejection shall be made at the time of acceptance of the Bid and the reasons therefore shall be disclosed to the Bidders. In case of Non-Institutional Bidders and Retail Individual Bidders, our Company would have a right to reject the Bids only on technical grounds.

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

**Bid-cum-Application Form**

Bidders shall only use the specified Bid cum Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of this Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple Bids. Upon the allocation of Equity Shares, dispatch of the CAN, and filing of the Prospectus with the ROC, the Bid cum Application Form shall be considered as the Application Form. Upon completing and submitting the Bid cum Application Form to a member of the Syndicate, the Bidder is deemed to have authorized the Company to make the necessary changes in this Red Herring Prospectus and the Bid cum Application Form as would be required for filing the Prospectus with the ROC and as would be required by ROC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid cum Application Form for various categories, is as follows:

<b>Category</b>	<b>Colour of Bid Cum Application Form</b>
Indian public, NRIs applying on a non-repatriation basis	White
Non-Residents, NRIs or FIIs applying on a repatriation basis	Blue
Employee	Pink

**Who can Bid**

1. Indian nationals resident in India who are majors, or in the names of their minor children as natural/legal guardians, in single or joint names (not more than three);
2. HUFs in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of Sole or First Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bids by HUFs would be considered at par with those from individuals;
3. Insurance companies registered with the Insurance Regulatory and Development Authority, India;
4. As permitted by the applicable laws, provident funds with minimum corpus of Rs. 250 million and who are authorized under their constitution to invest in equity shares;
5. Pension funds with a minimum corpus of Rs. 250 million and who are authorized under their constitution to invest in equity shares;
6. Companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in equity shares;
7. Mutual Funds registered with SEBI;
8. Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to the RBI regulations and the SEBI guidelines and regulations, as applicable);
9. Multilateral and bilateral development financial institutions;

10. State Industrial Development Corporations;
11. Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts/societies and who are authorized under their constitution to hold and invest in equity shares;
12. Eligible Non-Residents including NRIs and FIIs on a repatriation basis or a non-repatriation basis subject to applicable laws;
13. Scientific and/or industrial research organizations authorized to invest in equity shares.
14. Permanent Employees or Directors (whole time directors or part time directors) of the Company, who are Indian Nationals and are based in India. The permanent employees should be on the pay rolls of Tantia Constructions Limited and the directors should be directors as on the date of the Red Herring Prospectus.

As per existing regulations, OCBs cannot bid in the Issue.

**Note:** Further, the BRLM and Syndicate Members shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligation.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law.

#### **Maximum and Minimum Bid size**

##### **(i) For Retail Individual Bidders**

The Bid must be for a minimum of 125 Equity Shares and in multiples of 125 Equity Shares thereafter and it must be ensured that the Bid Amount payable by the Bidder does not exceed Rs. 100,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs. 100,000. In case the Bid Amount is over Rs. 100,000 due to revision of the Bid or revision of the Price Band or on exercise of option to bid at Cut-off Price, the Bid would be considered for allocation under the Non Institutional Portion. The option to bid at Cut-off Price is an option given only to the Retail Individual Bidders indicating their agreement to Bid and purchase at the final Issue Price as determined at the end of the Book Building Process.

##### **(ii) For Non-Institutional Bidders and QIB Bidders**

The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 100,000 and in multiples of 125 Equity Shares. A Bid cannot be submitted for more than the Net Issue size. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. Under existing SEBI guidelines, a QIB Bidder cannot withdraw its Bid after the Bid /Issue Closing Date.

In case of revision in Bids, the Non Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs. 100,000 for being considered for allocation in the Non Institutional Portion. In case the Bid Amount reduces to Rs. 100,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion. Non Institutional Bidders and QIB Bidders are not entitled to the option of bidding at Cut-off Price.

##### **(iii) For Bidders in the Employee Reservation Portion**

The Bid must be for a minimum of 125 Equity Shares and in multiples of 125 Equity Shares thereafter. Bidders in the Employee Reservation Portion applying for a maximum bid in any of the bidding options not exceeding Rs. 100,000 may bid at cut-off price. The allotment in the Employee Reservation Portion will be on a proportionate basis. However, in case of over subscription in the Employee Reservation Portion, the maximum allotment to any Employee will be capped to 10,000 Equity Shares.

#### **Information for the Bidders**

- a) The Company will file the Red Herring Prospectus with the RoC at least three days before the Bid/Issue Opening Date.
- b) The Syndicate Members will circulate copies of the Red Herring Prospectus along with the Bid-cum-Application Form to potential investors.
- c) Any investor (who is eligible to invest in the Equity Shares) desirous of obtaining the Red Herring Prospectus along with the Bid-cum-Application Form can obtain the same from the registered office of the Company or from the BRLM or from a Syndicate Member.

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- d) Investors who are interested in subscribing to the Company's Equity Shares should approach any of the BRLM/ Syndicate Members or their authorized agent(s) to register their bid.
- e) The Bids should be compulsorily submitted on the prescribed Bid-cum-Application Form only. Bid-cum- Application Forms should bear the stamp of the Syndicate Member. The Bid-cum-Application Forms, which do not bear the stamp of the Syndicate Member, will be rejected.

### Method and Process of Bidding

1. The Company and the BRLM shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date at the time of filing the Red Herring Prospectus with RoC and also publish the same in two widely circulated newspapers (one each in English and Hindi) and a regional newspaper (Bengali). This advertisement shall contain the minimum disclosures as specified under Schedule XX-A of the SEBI Guidelines. The Syndicate Members shall accept Bids from the Bidders during the Issue Period, in accordance with the terms of the Syndicate Agreement.
2. Investors who are interested in subscribing to our Equity Shares should approach any of the members of the Syndicate or their authorized agent(s) to register their Bid.
3. The Bidding Period shall be a minimum of 3 working days and shall not exceed 7 working days. In case the Price Band is revised, the revised Price Band and the Bidding Period will be published in two widely circulated newspapers (one each in English and Hindi) and one regional newspaper (Bengali) and the Bidding Period may be extended, if required, by an additional 3 days, subject to the total Bidding Period not exceeding 10 working days.
4. Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details please see section titled "Issue Procedure - Bids at Different Price Levels" beginning on page 142) within the Price Band and specify the demand (i.e. the number of Equity Shares bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid(s), irrespective of the Bid Price, will become automatically invalid.
5. The Bidder cannot bid on another Bid cum Application Form after Bids on one Bid cum Application Form have been submitted to any member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple Bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the section titled "Issue Procedure - Build up of the Book and Revision of Bids" beginning on page 145.
6. The Syndicate Members will enter each Bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip ("TRS"), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum Application Form.
7. During the Bidding Period, Bidders may approach the members of the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients/investors who place orders through them and shall have the right to vet the Bids.
8. Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph titled "Issue Procedure - Terms of Payment" beginning on page 144.

### Bids at Different Price Levels

1. The Price Band has been fixed at Rs. 45 to Rs. 50 per Equity Share of Rs. 10 each, Rs. 45 being the Floor Price and Rs. 50 being the Cap Price. The Bidders can bid at any price within the Price Band, in multiples of Re. 1.
2. In accordance with the SEBI Guidelines, our Company reserves the right to revise the Price Band during the Bidding Period. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band.
3. In case of revision in the Price Band, the Issue Period will be extended for three additional days after revision of Price Band subject to the total Bidding Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding /Issue Period, if applicable, will be widely disseminated by notification to the BSE and NSE, by issuing a public notice in two national newspapers (one each in English and Hindi) and a regional newspaper, and also by indicating the change on the websites of the BRLM and at the terminals of the members of the Syndicate.

4. We in consultation with the BRLM can finalize the Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation to, the Bidders.
5. The Bidder can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders may bid at Cut-off Price. Employees applying for a maximum bid in any of the bidding options not exceeding Rs. 100,000 may bid at cut-off price. However, bidding at Cut-off Price is prohibited for Employees bidding for an amount exceeding Rs. 100,000, QIB Bidders and Non Institutional Bidders and such Bids shall be rejected.
6. Retail Individual Bidders/Bidders in the Employee Reservation Portion who bid at Cut-off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders/ Bidders in the Employee Reservation Portion bidding at Cut-Off Price shall deposit the Bid Amount in the Escrow Account. In the event the Bid Amount is higher than the allocation amount payable by the Retail Individual Bidders/ Bidders in the Employee Reservation Portion (i.e. the total number of Equity Shares allocated in the offer multiplied by the offer price), Retail Individual Bidders/ Bidders in the Employee Reservation Portion shall receive the refund of the excess amounts from the respective Refund Account.
7. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders/ Bidders in the Employee Reservation Portion who had bid at Cut-off Price can either (i) revise their Bid or (ii) make additional payment based on the Cap of the revised Price Band (such that the total amount i.e. original Bid Amount plus additional payment does not exceed Rs. 100,000 if the Bidder wants to continue to bid at Cut-off Price), with the Syndicate Member to whom the original Bid was submitted. In case the total amount (i.e. original Bid Amount plus additional payment) exceeds Rs. 100,000, the Bid will be considered for allocation under the Non-Institutional Portion in terms of this Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares bid for shall be adjusted downwards for the purpose of allotment, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off Price.
8. In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders/ Bidders in the Employee Reservation Portion who have bid at Cut-off Price could either revise their Bids or the excess amount paid at the time of bidding would be refunded from the respective Refund Account.
9. In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain 125 Equity Shares irrespective of whether the Bid Amount payable on such minimum application is not in the range of Rs. 5,000 to Rs. 7,000.

#### **Option to Subscribe**

Equity Shares being issued through this Red Herring Prospectus can be applied for in the dematerialized form only. Bidders will not have the option of getting Allotment in physical form. The Equity Shares, on Allotment, shall be traded only in the dematerialized segment of the Stock Exchanges.

#### **Application in the Issue**

Equity Shares being issued through the Red Herring Prospectus can be applied for in the dematerialized form only.

#### **Bids by Mutual Funds**

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Fund Portion. In the event that the demand is greater than 106250 Equity Shares, full Allocation shall be made to Mutual Funds, to the extent of the Mutual Funds Portion. The remaining demand by Mutual Funds shall, as part of the aggregate demand by QIBs, be made available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Fund Portion.

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or Equity related instruments of any Company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds.

No mutual fund under all its schemes should own more than 10% of any Company's paid-up capital carrying voting rights. These limits would have to be adhered to by mutual funds for investment in the Equity Shares.

#### **Multiple Bids**

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

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### **As per the current regulations, the following restrictions are applicable for investments by mutual funds:**

No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under its scheme should own more than 10% of any company's paid-up capital carrying voting rights. Further, bidders may bid as per the limits prescribed above. The applications made by the asset management companies or custodians of a Mutual Fund should clearly indicate the name of the concerned scheme for which the application is being made..

### **As per current regulations, the following restrictions are applicable for investment by FIIs:**

The issue of Equity Shares to a single FII should not exceed 10% of the post-issue paid-up capital of the Company (i.e. 10% of 155,70,000 Equity Shares). In respect of an FII investing in Equity Shares of the Company on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued capital of the Company. As of now, the aggregate FII holding in the Company cannot exceed 24 % of the total paid-up capital of the Company. With the approval of the Board of Directors and the shareholders by way of a special resolution, the aggregate FII holding can go up to 100%. However, as of this date, no such resolution has been recommended for adoption.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations 1995, as amended, an FII or its sub account may issue, deal or hold, off shore derivative instruments such as Participatory notes, equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed in any stock exchange in India only in favour of those entities which are regulated by any relevant regulatory authorities in the countries of their incorporation or establishment subject to compliance of "know your client" requirements. An FII or sub-account shall also ensure that no further downstream issue or transfer of any instrument referred to hereinabove is made to any person other than a regulated entity.

### **As per the current regulations, the following restrictions are applicable for investments by SEBI registered Venture Capital Funds:**

The SEBI (Venture Capital Funds) Regulations, 1996 and the SEBI (Foreign Venture Capital Investors) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, the holding by any individual venture capital fund or foreign venture capital investor registered with SEBI should not exceed 25 % of our Company's paid-up capital.

The above information is given for the benefit of the Bidders. Our Company and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares bid for do not exceed the applicable limits under laws or regulations.

***The above information is given for the benefit of the Bidders. The Company and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares bid for do not exceed the limits under applicable laws and regulations.***

### **Bids by NRIs**

Individual NRI Bidders can obtain the Bid cum Application Forms from our Registered Office, our corporate office, office of the BRLM, members of the Syndicate or the Registrar to the Issue.

NRI Bidders may please note that only such Bids as are accompanied by payment in free foreign exchange shall be considered for allotment under the category applying on repatriation basis. NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the Bid cum Application Form meant for resident Indians (White in color).

### **Escrow Mechanism**

We shall open Escrow Accounts with one or more Escrow Collection Banks in whose favour the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the Bid. Cheques or demand drafts received for the Bid Amount from Bidders in a certain category would be deposited in the Escrow Account. The Escrow Collection Banks will act in terms of the Red Herring Prospectus and the Escrow Agreement. The monies in the Escrow Account shall be maintained by the Escrow Collection Bank(s) for and on behalf of the Bidders. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the monies from the Escrow Account to the Issue Account as per the terms of the Escrow Agreement. Payments of refund to the Bidders shall also be made from the Escrow Accounts/refund account(s) as per the terms of the Escrow Agreement and this Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between us, the Syndicate, the Escrow Collection Bank(s) and the Registrar to the Issue to facilitate collections from the Bidders.

#### **Terms of Payment and payment into the Escrow Collection Account**

Each Bidder, shall pay the applicable Margin Amount, with the submission of the Bid cum Application Form draw a cheque or demand draft for the maximum amount of his/ her Bid in favour of the Escrow Account of the Escrow Collection Bank(s) (for details please see the section titled "Issue Procedure - Payment Instructions" beginning on page 151) and submit the same to the member of the Syndicate to whom the Bid is being submitted. Bid cum Application Forms accompanied by cash shall not be accepted. The maximum Bid price has to be paid at the time of submission of the Bid cum Application Form based on the highest bidding option of the Bidder.

The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold the monies for the benefit of the Bidders till the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds in respect of those Bidders whose Bids have been accepted from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account. The balance amount after transfer to the Public Issue Account, lying credited with the Escrow Collection Bank shall, on the Designated Date be transferred to the Refund Account, held by the Refund Banker for the benefit of the Bidders who are entitled to refund. No later than 15 days from the Bid /Issue Closing Date, the Refund Bank(s) shall also refund all Amounts payable to unsuccessful Bidders and also the excess amount paid on bidding, if any, after the adjustment for allocation, to the Bidders.

Each category of Bidders i.e. QIB Bidders, Non Institutional Bidders, Retail Individual Bidders and Bidders in the Employee Reservation Portion would be required to pay their applicable Margin Amount at the time of the submission of the Bid cum Application Form. The Margin Amount payable by each category of Bidders is mentioned in the section titled "Issue Structure" beginning on page 136. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Amount, any difference between the amount payable by the Bidder for Equity Shares allocated at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in-Date, which shall be a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLM. If the payment is not made favouring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled.

Where the Bidder has been allocated lesser number of Equity Shares than he or she had bid for, the excess amount paid on bidding, if any, after adjustment for allotment, will be refunded to such Bidder within 15 days from the Bid /Issue Closing Date, failing which we shall pay interest at 15% per annum for any delay beyond the periods as mentioned above.

#### **Electronic Registration of Bids**

- a) The Syndicate Members will register the Bids using the on-line facilities of the BSE & NSE. There will be at least one on-line connectivity in each city where a stock exchange is located in India and where bids are accepted.
- b) The BSE & NSE will offer a screen-based facility for registering bids for the Issue. This facility will be available on the terminals of Syndicate Members and their authorised agents during the Bidding Period. Syndicate Members can also set up facilities for off-line electronic registration of bids subject to the condition that they will subsequently download the off-line data file into the on-line facilities for book building on a regular basis. On the Bid Closing Date, the Syndicate Member will upload the Bids till such time as permitted by the Stock Exchanges.
- c) The aggregate demand and price for bids registered on each of the electronic facilities of the BSE & NSE will be downloaded on a regular basis, consolidated and displayed online at all bidding centers. A graphical representation of consolidated demand and price would be made available at the bidding centres during the Bidding Period.
- d) At the time of registering each bid, the Syndicate Members shall enter the following details of the investor in the online system:
  - Name of the investor
  - Investor category – Employee/Individual/Corporate/Eligible NRI /FII/Mutual Fund etc
  - Number of Equity Shares bid for
  - Bid Price
  - Bid-cum-Application Form number
  - Whether payment is made upon submission of Bid-cum-Application Form
  - Depository participant identification no. and client identification no. of the beneficiary account of the Bidder.
- e) A system generated Transaction Registration Slip (TRS) will be given to the Bidder as a proof of the registration of each of the bidding options. **It is the Bidder's responsibility to obtain the TRS from the Syndicate Members.** The

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registration of the bid by the Syndicate Members does not guarantee that the Equity Shares shall be allocated either by the Syndicate Members or the Company.

- f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- g) The Syndicate Members have the right to review the Bid. Consequently, QIB Bids procured can be rejected by any or all members of the Syndicate provided the rejection is at the time of receipt of such Bids and the reason for rejection of such Bid is communicated to the Bidder at the time of rejection of the Bid. In case of Non-Institutional Bidders and Retail Bidders and Bidders in the Employee Reservation Portion, Bids shall not be rejected except on the technical grounds listed on page 153 of the Red Herring Prospectus.
- h) It is to be distinctly understood that the permission given by the BSE & NSE to use their network and the software of the online IPO system should not in any way be deemed or construed to indicate that the compliance with various statutory and other requirements by the Company or the BRLM are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any compliance with statutory and other requirements nor does it take any responsibility for the financial or other soundness of the Company, its promoters, its management or any scheme or project.
- i) It is also to be distinctly understood that the approval given by the BSE should not in any way be deemed or construed to indicate that this Red Herring Prospectus has been cleared or approved by the BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Red Herring Prospectus, nor does it warrant that our Equity Shares will be listed or continue to be listed on the BSE.

### Build Up of the Book and Revision of Bids

- i. Bids registered by various Bidders through the Syndicate Members shall be electronically transmitted to the BSE and NSE mainframe on a regular basis.
- ii. The book gets built up at various price levels. This information will be available with the BRLM on a regular basis.
- iii. During the Bidding Period/Issue Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form which is a part of the Bid cum Application Form.
- iv. Revisions can be made in both the desired number of Equity Shares and the Bid price by using the Revision Form. Apart from mentioning the revised options in the revision form, the Bidder must also mention the details of all the options in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being changed in the Revision Form. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate.
- v. The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or she had placed the original Bid. **Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.**
- vi. Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of this Red Herring Prospectus. In case of QIB Bidders, the members of the Syndicate shall collect the payment in the form of cheque or demand draft for the incremental amount in the QIB Margin Amount, if any, to be paid on account of upward revision of the Bid at the time of one or more revisions by the QIB Bidders.
- vii. When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. **It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.**
- viii. Only Bids that are uploaded on the online IPO system of the BSE and NSE shall be considered for Allocation. In case of discrepancy of data between the BSE and NSE and the members of the Syndicate, the decision of the BRLM, based on the physical records of Bid cum Application Forms, shall be final and binding on all concerned.

### Price Discovery and Allocation

- a) After the Bid /Issue Closing Date, the BRLM will analyse the demand generated at various price levels and discuss pricing strategy with us.
- b) Our Company in consultation with the BRLM shall finalise the "Issue Price", the number of Equity Shares to be allotted and the allotment to successful Bidders.

- c) The allocation to Non-Institutional Bidders and Retail Individual Bidders of not less than 15% and 35% of the Net Issue respectively, and the allocation to QIBs for up to 50% of the Net Issue, would be on proportionate basis, in the manner specified in the SEBI Guidelines, subject to the sectoral cap and this Red Herring Prospectus, in consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.
- d) Under subscription, if any, in any category would be allowed to be met with spill over from any of the other categories at the discretion of our Company in consultation with the BRLM. However, if the aggregate demand by Mutual Funds is less than 106250 Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders. In the event that the aggregate demand in the QIB Portion has been met, under-subscription, if any, would be allowed to be met with spillover from any other category or combination of categories at the discretion of our Company, in consultation with the BRLM and the Designated Stock Exchange.
- e) The BRLM in consultation with us shall notify the members of the Syndicate of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.
- f) Allocation to Non-Residents, NRIs and FIIs applying on repatriation basis will be subject to the applicable law.
- g) We reserve the right to cancel the Issue any time after the Bid /Issue Opening Date but before the Allotment without assigning any reasons whatsoever.
- h) In terms of the SEBI Guidelines, QIBs shall not be allowed to withdraw their Bid after the Bid /Issue Closing Date.

#### **Signing of Underwriting Agreement and RoC Filing**

- i. Our Company, the BRLM and the Syndicate Members shall enter into an Underwriting Agreement on finalization of the Issue Price and allocation(s) to the Bidders.
- ii. After signing the Underwriting Agreement, we would update and file the updated Red Herring Prospectus with ROC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price and Issue size and would be complete in all material respects.

#### **Advertisement Regarding Issue Price and Red Herring Prospectus**

The Company will issue a statutory advertisement after the filing of the Prospectus with the ROC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between the date of Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

#### **Issuance of Confirmation of Allocation Note and Allotment for the Issue**

- i. Upon approval of the basis of allotment by the Designated Stock Exchange, the BRLM or the Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated Equity Shares in the Issue. The approval of the basis of allocation by the Designated Stock Exchange for QIB Bidders may be done simultaneously with or prior to the approval of the basis of allocation for the Retail and Non-Institutional Bidders. However, Bidders should note that our Company shall ensure that the date of Allotment of the Equity Shares to all Bidders, in all categories, shall be done on the same date.
- ii. The BRLM or the members of the Syndicate would then send the CAN to their Bidders who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares Allocated to such Bidder. Those Bidders who have not paid into the Escrow Account at the time of bidding shall pay in full the amount payable into the Escrow Account by the Pay-in Date specified in the CAN.
- iii. Bidders who have been allocated Equity Shares and who have already paid into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realisation of their cheque or demand draft paid into the Escrow Account. The dispatch of a CAN shall be deemed as a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares to be allotted to such Bidder.

#### **Designated Date and Allotment of Equity Shares**

- 1. Our Company will ensure that the Allotment of Equity Shares is done within 15 days of the Bid Closing Date. After the funds are transferred from the Escrow Account to the Issue Account on the Designated Date, our Company would ensure the credit to the successful Bidders' depository accounts of the allotted Equity Shares to the allottees within two working days of the date of Allotment.
- 2. As per the SEBI Guidelines, **Equity Shares will be issued and allotted only in the dematerialised form to the allottees**. Allottees will have the option to re-materialise the Equity Shares so allotted, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

**Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated to them pursuant to this Issue.**

**GENERAL INSTRUCTIONS**

**Do's:**

- Check if you are eligible to apply.
- Read all the instructions carefully and complete the Resident Bid cum Application Form (white in colour) or Non-Resident Bid cum Application Form (blue in colour) or Employee Bid cum Application Form (pink in colour) as the case may be.
- Ensure that the details about your Depository Participant and beneficiary account are correct, as Equity Shares will be allotted in the dematerialized form only.
- Ensure that the Bids are submitted at the bidding centers only on forms bearing the stamp of a member of the Syndicate.
- Ensure that you have been given a TRS for all your Bid options.
- Submit Revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS.
- Where Bid(s) is/are for Rs. 50,000 or more, you or in the case of a Bid in joint names, each of the Bidders, should mention your/his/her Permanent Account Number (PAN) allotted under the IT Act. The copy of the PAN card or PAN allotment letter should be submitted with the application form.
- If you have mentioned "Applied For" or "Not Applicable", in the Bid cum Application Form in the section dealing with PAN number, ensure that you submit Form 60 or 61, as the case may be, together with permissible documents as address proof.
- Ensure that the name(s) given in the Bid cum Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form.

**Don'ts:**

- Do not Bid for lower than the minimum Bid size.
- Do not Bid/revise Bid price to less than the lower end of the Price Band or higher than the higher end of the Price Band.
- Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate.
- Do not pay the Bid amount in cash.
- Do not send Bid cum Application Forms by post; instead submit the same to a member of the Syndicate only.
- Do not Bid at Cut-off Price (for QIB Bidders and Non-Institutional Bidders).
- Do not fill up the Bid cum Application Form such that the Equity Shares bid for exceeds the Issue size and/or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations.
- Do not submit Bid accompanied with Stock invest.
- Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.

**INSTRUCTIONS FOR FILLING UP THE BID-CUM-APPLICATION FORM**

Bidders can obtain Bid-cum-Application Forms and/or Revision Forms from the Syndicate Members.

**Bids and Revision of Bids**

Bids and revisions of Bids must be:

- a) Made only in the prescribed Bid cum Application Form or Revision Form, as applicable (white colour for Resident Indians and Eligible NRIs applying on a non-repatriation basis and blue colour for Non-Residents including NRIs, FIIs applying on a repatriation basis and pink colour for the Bidders in the Employee Reservation Portions).
- b) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid cum Application Form or in the Revision Form. Incomplete Bid cum Application Forms or Revision Forms are liable to be rejected.
- c) The Bids from the Retail Individual Bidders must be for a minimum of 125 Equity Shares and in multiples of 125 Equity Shares thereafter subject to a maximum Bid Amount of Rs. 100,000.

- d) For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 100,000 and in multiples of 125 Equity Shares. Bids cannot be made for more than the Net Issue size. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of shares that can be held by them under the applicable laws or regulations.
- e) For Employee Reservation Portion, the Bid must be for a minimum of 125 Equity Shares in multiple of 125 Equity Shares thereafter. The allotment in the Employee Reservation Portion will be on a proportionate basis. However, in case of any over-subscription in the Employee reservation portion, the maximum allotment to any bidder in the Employee reservation portion will be capped at up to 10,000 shares.
- f) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal

### **Bids by Eligible Employees**

For the sake of clarity, the term “Employee” shall mean all or any of the following all of whom should be Indian Nationals and are based in India:

- A permanent employee of the Company and on the payroll of the Company as on the date of the Red Herring Prospectus.
- A director of the Company, whether a whole-time Director, part-time Director or otherwise, who is a Director on the date of the Red Herring Prospectus except for Directors who are a part of the Promoter Group.

Bids under Employee Reservation Portion by Eligible Employees shall be

- Only in the prescribed Bid cum Application Form or Revision Form (i.e. pink colour form);
- Eligible Employees, as defined above, should mention Employee Number at the relevant place in the Bid cum Application Form.
- The sole / first bidder should be Eligible Employee as defined above. In case the Bid cum Application Form is submitted in joint names, it should be ensured that the Depository account is also held in the same joint names and in the same sequence in which they appear in the Bid cum Application Form.
- Only Eligible Employees would be eligible to apply in this Issue under the Employee Reservation Portion
- Bids by Eligible Employees will have to be like any other Bidder. Only those bids, which are received at or above the Issue Price, would be considered for allocation under this category.
- Eligible Employees who apply or bid for securities of or for a value of not more than Rs. 1,00,000 in any of the bidding options can apply at Cut-off. This facility is not available to other Eligible Employees whose Bid Amount exceeds Rs. 1,00,000.
- Bid/ Application by Eligible Employees can be made also in the “Net Issue to the Public” and such bids shall not be treated as multiple bids.
- If the aggregate demand in this category is greater than 1,00,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis subject to a maximum allotment to any Employee of 10,000 Equity Shares.
- If the aggregate demand in this category is less than 1,00,000 Equity Shares at or above the Issue Price, full allocation shall be made to the Employees to the extent of their demand. Under-subscription, if any, in the Employee Reservation Portion will be added back to the Net Issue to the Public, and the ratio amongst the investor categories will be at the discretion of the Company and the BRLM. In case of under subscription in the Net Issue, spillover to the extent of under-subscription shall be permitted from the Employee Reservation Portion.

### **Bidder's Bank Details**

Bidders should note that on the basis of name of the Bidders, Depository Participant's name and identification number and the beneficiary account number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the details of the Bidder's bank account. **These bank account details would be printed on the refund order, if any, to be sent to Bidders. In case the refunds are made through Electronic Clearing Service (ECS), the refund amount, if any, would be electronically credited to the bank account of the applicant. For further details, please refer to the section titled “Mode of making refunds” on page no. 160 of the Red Herring Prospectus. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant.** Please note that failure to do so could result in delays in credit of refunds to Bidders at the Bidders sole risk and neither the BRLM nor the Company shall have any responsibility and undertake any liability for the same.

### **Bidder's Depository Account Details**

**IT IS MANDATORY FOR ALL THE BIDDERS TO GET THE EQUITY SHARES IN DEMATERIALIZED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION**

**NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.**

**Bidders should note that on the basis of name of the Bidders, Depository Participant's Name, Depository Participant - Identification Number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository demographic details of the Bidders such as address, bank account details for printing on refund orders and occupation ("Demographic Details"). Hence, Bidders are advised to immediately update their bank account details including Magnetic Ink Character Recognition (MICR) Code (a nine digit code appearing on a cheque leaf) as appearing on the records of the Depository Participant, and carefully fill in their Depository Account details in the Bid cum Application Form. Please note that failure to do so could result in delay in the credit of refunds to the Bidders at the sole risk of Bidders and neither the BRLMs nor the Company nor the Refund Banker nor the Registrar shall have any responsibility and undertake any liability for the same.**

These Demographic Details would be used for all correspondence with the Bidders including mailing of the refund orders / CANs / Allocation Advices and printing of bank particulars on the refund orders As per the modes disclosed and the Demographic Details given by the Bidders in the Bid cum Application Form would not be used for these purposes by the Registrar.

Hence, Bidders are advised to update their Demographic Details as provided to their Depository Participants and ensure that they are true and correct. By signing the Bid cum Application Form, the Bidder would be deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary account number, then such Bids are liable to be rejected.

#### **Bids under Power of Attorney**

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum and articles of association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

In case of the Bids made pursuant to a power of attorney by FIIs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

In case of the Bids made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

In case of the Bids made by provident funds, subject to applicable law, with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

We, in our absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form, subject to such terms and conditions that we/the BRLM may deem fit.

We, in our absolute discretion, reserve the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund order/CANs/allocation advice, the Demographic Details given on the Bid cum Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar shall use Demographic Details as given in the Bid cum Application Form instead of those obtained from the depositories.

#### **Bids by NRIs**

NRI Bidders will have to comply with the following:

- Individual NRI Bidders can obtain the Bid-cum-Application Forms from the Company's Registered Office or from members of the Syndicate or the Registrars to the Issue.

- NRI Bidders may please note that only such Bids as are accompanied by payment in free foreign exchange through approved banking channel shall be considered for allotment. NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the Bid cum Application form meant for Resident Indians (white in colour).

#### **Bids by Non-Residents, NRIs and FIIs on a repatriation basis**

Bids and revision to the Bids must be made:

- I. On the Bid cum Application Form or the Revision Form, as applicable (blue in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
- II. In a single name or joint names (not more than three).
- III. NRIs for a Bid Amount of up to Rs. 100,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Amount of more than Rs. 100,000 would be considered under Non-Institutional Portion for the purposes of allocation; by other eligible Non-Resident Bidders for a minimum of such number of Equity Shares and in multiples of 125 thereafter that the Bid Amount exceeds Rs. 100,000. For further details please see section titled "Issue Procedure - Maximum and Minimum Bid Size" beginning on page 141.
- IV. In the names of individuals, or in the names of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only, net of bank charges and/or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into U.S. Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their Non-Resident External (NRE) accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. We will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

It is to be distinctly understood that there is no reservation for Non-Residents, NRIs and FIIs and all Non-Residents, NRI and FII applicants will be treated on the same basis with other categories for the purpose of allocation.

As per the existing policy of the government of India, OCBs cannot participate in this Issue.

#### **PAYMENT INSTRUCTIONS**

We shall open Escrow Accounts with the Escrow Collection Bank(s) for the collection of the Bid Amounts payable upon submission of the Bid cum Application Form and for amounts payable pursuant to allocation in the Issue. Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation as per the following terms:

##### **Payment into Escrow Account**

- i. The Bidders for whom the applicable margin is equal to 100% shall, with the submission of the Bid cum Application Form draw a payment instrument for the Bid Amount in favour of the Escrow Account and submit the same to the members of the Syndicate.
- ii. In case the above Margin Amount paid by the Bidders during the Bidding Period is less than the Issue Price multiplied by the Equity Shares allocated to the Bidder, the balance amount shall be paid by the Bidders into the Escrow Account within the period specified in the CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLM.
- iii. The payment instruments for payment into the Escrow Account should be drawn in favour of:

<b>Category of Application</b>	<b>Cheques/Demand Drafts favouring</b>
Resident Bidders	"_____ Bank Escrow A/c-TCL Public Issue-Resident"
QIB Bidders	"_____ Bank Escrow A/c-TCL Public Issue-QIB"
NRIs/FIIs on a non-repatriation basis Non-Resident Bidders	"_____ Bank Escrow A/c-TCL Public Issue-NR"
Employees	"_____ Bank Escrow A/c-TCL Public Issue-Employee"

- In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in NRE accounts or Foreign Currency Non-Resident (FCNR) accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance.

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Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of Non-Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE or FCNR account.

- In case of Bids by FIIs, the payment should be made out of funds held in Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to a Special Rupee Account.
  - a) Where a Bidder has been allocated a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Refund Accounts.
  - b) The monies deposited in the Escrow Account will be held for the benefit of the Bidders till the Designated Date.
  - c) On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account as per the terms of the Escrow Agreement into the Issue Account.
  - d) On the Designated Date and not later than 15 days from the Bid /Issue Closing Date, the Escrow Collection Banks shall refund all amounts payable to unsuccessful Bidders and the excess amount paid on Bidding, if any, after adjusting for allocation to the Bidders.

Payments should be made by cheque, or demand draft drawn on any bank (including a co-operative bank), which is situated at, and is a member of or sub member of the banker's clearing house located at the center where the Bid cum Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/stock invests/money orders/postal orders will not be accepted.

### Payment by Stockinvest

In terms of the Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the option to use the stock invest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn.

### SUBMISSION OF BID CUM APPLICATION FORM

All Bid cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid. Each member of the Syndicate may, at its sole discretion, waive the requirement of payment at the time of submission of the Bid cum Application Form and the Revision Form. However, for QIB Bidders the Syndicate Members shall collect the margin amount.

Separate receipts shall not be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection center of the members of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder.

### OTHER INSTRUCTIONS

#### Joint Bids in case of Individuals

Bids may be made in single or joint names (not more than three). In case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form. All communication will be addressed to the first Bidder and will be dispatched to his or her address.

#### Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made.

The company reserves the right to reject, in our absolute discretion, all or any multiple Bids in any or all categories.

#### 'PAN' or 'GIR' Number

Where Bid(s) is/ are for Rs. 50,000 or more, the Bidder or in the case of a Bid in joint names, each of the Bidders, should mention his/ her PAN allotted under the I.T. Act. **The copy of the PAN card or PAN allotment letter is required to be submitted with the application form.** Applications without this information and documents will be considered incomplete and

are liable to be rejected. **It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN, as the Bid is liable to be rejected on this ground.** In case the sole/ First Bidder and joint Bidder(s) is/ are not required to obtain PAN, each of the Bidder(s) shall mention "Not Applicable" and in the event that the sole Bidder and/ or the joint Bidder(s) have applied for PAN which has not yet been allotted each of the Bidder(s) should mention "Applied for" in the Bid cum Application Form. Further, where the Bidder(s) has mentioned "Applied for" or "Not Applicable", the sole/ First Bidder and each of the joint Bidder(s), as the case may be, would be required to submit Form 60 (form of declaration to be filed by a person who does not have a permanent account number and who enters into any transaction specified in Rule 114B of the Income Tax Rules, 1962), or, Form 61 (form of declaration to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income-tax in respect of transactions specified in Rule 114B of the Income Tax Rules, 1962), as may be applicable, duly filled along with a copy of any one of the following documents in support of the address: (a) ration card (b) passport (c) driving licence (d) identity card issued by any institution (e) copy of the electricity bill or telephone bill showing residential address (f) any document or communication issued by any authority of the Central Government, state government or local bodies showing residential address (g) any other documentary evidence in support of address given in the declaration. **It may be noted that Form 60 and Form 61 have been amended by a notification issued on December 1, 2004 by the Central Board of Direct Taxes, Department of Revenue, Ministry of Finance. All Bidders are requested to furnish, where applicable, the revised Form 60 or Form 61 as the case may be.**

### Right to reject Bids

In case of QIB Bidders, the Company, in consultation with the BRLM may reject a bid placed by a qualified QIB for reasons to be recorded in writing, provided that such rejection shall be made at the time of acceptance of the Bid and the reasons therefore shall be disclosed to the QIB Bidders. In case of Non-Institutional Bidders and Retail Individual Bidders, we have a right to reject Bids based on technical grounds. Consequent refunds shall be made by cheque or pay order or draft and will be sent to the Bidder's address at the Bidder's risk.

### Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected on, *inter alia*, the following technical grounds:

- 1) Amount paid does not tally with the amount payable for the highest value of Equity Shares bid for;
- 2) Age of first Bidder not given;
- 3) In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no such partnership firm, shall be entitled to apply;
- 4) NRIs, except eligible NRIs and Non-Residents;
- 5) Bids by minors;
- 6) PAN not stated if Bid is for Rs. 50,000 or more and GIR number furnished instead of PAN;
- 7) Bids for lower number of Equity Shares than specified for that category of investors;
- 8) Bids at a price less than lower end of the Price Band;
- 9) Bids at a price more than the higher end of the Price Band;
- 10) Bids at Cut-off Price by Non-Institutional Bidders and QIB Bidders;
- 11) Bids for number of Equity Shares, which are not in multiples of 125;
- 12) Category not ticked;
- 13) Multiple Bids as defined in this Red Herring Prospectus;
- 14) In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
- 15) Bids accompanied by stock invest/money order/postal order/cash;
- 16) Signature of sole and/or joint Bidders missing;
- 17) Bid cum Application Form does not have the stamp of the BRLM or the Syndicate Members;
- 18) Bid cum Application Form does not have the Bidder's depository account details;
- 19) Bid cum Application Form is not delivered by the Bidder within the time prescribed as per the Bid cum Application Form, Bid /Issue Opening Date advertisement and this Red Herring Prospectus and as per the instructions in this Red Herring Prospectus and the Bid cum Application Form;
- 20) In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the order of names of joint holders), the depository participant's identity (DP ID) and the beneficiary account number;

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- 21) Bids for amounts greater than the maximum permissible amounts prescribed by the regulations. See the details regarding the same in the section titled "Issue Procedure – Bids at Different Price Levels" beginning on page 142;
- 22) Bids by OCBs;
- 23) Bids by Employees or Directors of the Company not eligible to apply in the Employee Reservation Portion;
- 24) Bids by U.S. persons or U.S. Residents other than "Qualified Institutional Buyers" as defined in Rule 144A of the U.S. Securities Act of 1933; and

### Equity Shares in Dematerialized form with NSDL & CDSL

As per the provisions of Section 68B of the Companies Act, the Equity Shares in this Issue shall be allotted only in a dematerialized form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In the years 2003 and 2004, to enable all the shareholders of the Company to have their shareholding in electronic form, the Company had signed the following tripartite agreements with the Depositories and the then Registrar and Share Transfer Agent, ABS Consultant Private Limited:

- a) An agreement dated February 27<sup>th</sup> 2003 with NSDL and ABS Consultant Private Limited
- b) An agreement dated March 31<sup>st</sup> 2004 with CDSL and ABS Consultant Private Limited

The Company's Equity Shares bear an ISIN no. INE388G01018

However, recently, the Company has appointed MCS Limited as Registrar to the Issue. To facilitate the connectivity with NSDL and CDSL through the newly appointed Registrar, the Company has signed the following new tripartite agreements with both the Depositories and the Registrar to the Issue i.e. MCS Limited:

- a) An agreement dated 3<sup>rd</sup> March, 2006 with NSDL and MCS Limited
- b) An agreement dated 21<sup>st</sup> February, 2006 with CDSL and MCS Limited
  - i. All Bidders can seek Allotment only in dematerialised mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.
  - ii. A Bidder applying for Equity Shares must have at least one beneficiary account with the Depository Participants of either NSDL or CDSL prior to making the Bid.
  - iii. The Bidder must necessarily fill in the details (including the beneficiary account number and Depository Participant's identification number) appearing in the Bid cum Application Form or Revision Form.
  - iv. Equity Shares allotted to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder
  - v. Names in the Bid cum Application Form or Revision Form should be identical to those appearing in the account details with the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details with the Depository.
  - vi. If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid cum Application Form or Revision Form, it is liable to be rejected.
  - vii. The Bidder is responsible for the correctness of his or her demographic details given in the Bid cum Application Form vis-à-vis those with his or her Depository Participant.
  - viii. It may be noted that Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.
  - ix. The trading of the Equity Shares would be in dematerialised form only for all investors in the demat segment of the respective Stock Exchanges.

### COMMUNICATIONS

All future communication in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid cum Application Form number, details of Depository Participant, number of Equity Shares applied for, date of Bid cum Application Form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

## PRE-ISSUE AND POST ISSUE RELATED PROBLEMS

We have appointed Mr. Ashish Bajaj, Company Secretary as the Compliance Officer and he may be contacted in case of any pre-Issue or post-Issue-related problems. He can be contacted at the following address:

Tantia Constructions Limited  
Block- EP, Plot- Y6, Sector-V, Salt Lake City, Kolkata- 700 091  
Tel no: 91 33 2357 7651/52/53  
Fax no: 91 33 2357 7656  
E-mail: abajaj@tantiagroup.com

## DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS

We shall ensure dispatch of allotment advice, refund orders, instructions to the clearing system for electronic credit of refunds and give benefit to the beneficiary account with Depository Participants within 15 days from the closure of the issue. We shall submit the documents pertaining to the allotment to the Stock Exchanges within 2 (two) working days of date of finalisation of allotment of Equity Shares. We shall dispatch refund orders, if any, of value up to Rs. 1,500, "Under Certificate of Posting", and shall dispatch refund orders above Rs. 1,500, if any, by registered post or speed post at the sole or First Bidder's sole risk.

We shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed, are taken within 7 (seven) working days of finalisation of the basis of allotment.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Guidelines we further undertake that:

- allotment of Equity Shares shall be made only in dematerialised form within 15 (fifteen) days of the Bid /Issue Closing Date;
- dispatch of refund orders/ instructions to the clearing system for electronic credit of refunds within 15 (fifteen) days of the Bid /Issue Closing Date would be ensured; and
- we shall pay interest at 15% (fifteen) per annum (for any delay beyond the 15 (fifteen)-day time period as mentioned above), if Allotment is not made and refund orders are not dispatched/ instructions to the clearing system for electronic credit of refunds and/or demat credits are not made to investors within the 15 (fifteen)-day time prescribed above as per the guidelines issued by the Government of India, Ministry of Finance pursuant to their letter No. F/8/S/79 dated July 31, 1983, as amended by their letter No. F/14/SE/85 dated September 27, 1985, addressed to the stock exchanges, and as further modified by SEBI's Clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.

Refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

## IMPERSONATION

**Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, which is reproduced below:**

**"Any person who:**

- (a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or**
- (b) otherwise induces a company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name,**

**shall be punishable with imprisonment for a term which may extend to five years."**

## Interest on Refund of excess Bid Amount

The Company shall pay interest at the rate of 15% per annum on the excess Bid Amount received if refund orders are not dispatched within 15 days from the Bid/Issue Closing Date as per the Guidelines issued by the Government of India, Ministry of Finance pursuant to their letter No.F/8/S/79 dated July 31, 1983, as amended by their letter No. F/14/SE/85 dated September 27, 1985, addressed to the stock exchanges, and as further modified by SEBI's Clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.

### Basis of Allotment

#### A. For Retail Individual Bidders

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all successful Retail Individual Bidders will be made at the Issue Price.
- The Issue size less allocation to Non-Institutional Bidders and QIB Bidders shall be available for allocation to Retail Individual Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 1487500 Equity Shares at or above the Issue Price, full allotment shall be made to the Retail Individual Bidders to the extent of their demand.
- If the aggregate demand in this category is greater than 1487500 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of 125 Equity Shares and in multiples of 1 Equity Shares thereafter. For the method of proportionate basis of allocation, refer below.
- In the event, that the allocation to Retail Individual Bidders on a proportionate basis results in us breaching applicable sectoral caps, Non Resident Indians shall receive such lower proportion of the allocation such as to comply with the applicable sectoral caps. Such additional Equity Shares would be allocated to the remaining Retail Individual Bidders on a proportionate basis.

#### B. For Non-Institutional Bidders

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Issue size less allocation to QIB Bidders and Retail Individual Bidders shall be available for allocation to Non-Institutional Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 637500 Equity Shares at or above the Issue Price, full allotment shall be made to Non-Institutional Bidders to the extent of their demand.
- In case the aggregate demand in this category is greater than 637500 Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis up to a minimum of 125 Equity Shares and in multiples of 1 Equity Shares thereafter. For the method of proportionate basis of allocation refer below.
- In the event, allocation to Non Institutional Bidders on a proportionate basis results in us breaching applicable sectoral caps, Non Resident Indians shall receive such lower proportion of the allocation such as to comply with the applicable sectoral caps. Such additional Equity Shares would be allocated to the remaining Non Institutional Bidders on a proportionate basis.

#### C. For QIBs

- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all the QIB Bidders will be made at the Issue Price.
- The Issue size less allocation to Non-Institutional Portion and Retail Portion shall be available for proportionate allocation to QIB Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- However, eligible Bids by Mutual Funds only shall first be considered for allocation proportionately in the Mutual Fund Portion. After completing proportionate allocation to Mutual Funds for an amount of up to 1,06,250 Equity Shares (the Mutual Fund Portion), the remaining demand by Mutual Funds, if any, shall then be considered for allocation proportionately, together with Bids by other QIBs, in the remainder of the QIB Portion (i.e. after excluding the Mutual Fund Portion). For the method of allocation in the QIB Portion please see the paragraph titled "Illustration of Allotment to QIBs" appearing below. If the aggregate demand by Mutual Funds is less than 1,06,250 Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the QIB Portion and allocated proportionately to the QIB Bidders. In the event that the aggregate demand in the QIB Portion has been met, under-subscription, if any, would be allowed to be met with spillover from any other category or combination of categories at the discretion of our Company in consultation with the BRLM and the Designated Stock Exchange. For the purposes of this paragraph it has been assumed that the QIB Portion for the purposes of the Issue amounts to 50% of the Net Issue size, i.e. 21,25,000 Equity Shares.
- Subject to the sectoral caps, allotment shall be undertaken in the following manner:
  - (a) In the first instance allocation to Mutual Funds for 5% of the QIB Portion shall be determined as follows:

- (i) In the event that Mutual Fund Bids exceeds 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the QIB Portion.
  - (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Portion then all Mutual Funds shall get full allotment to the extent of valid bids received above the Issue Price.
  - (iii) Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available to all QIB Bidders as set out in (b) below;
- (b) In the second instance allocation to all QIBs shall be determined as follows:
- (i) In the event that the over subscription in the QIB Portion, all QIB Bidders who have submitted Bids above the Issue Price shall be allotted Equity Shares on a proportionate basis for up to 95% of the QIB Portion.
  - (ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.
  - (iii) Under-subscription below 5% of the QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis;
  - (iv) In the event, allocation to remaining QIB Bidders on a proportionate basis results in us breaching applicable sectoral caps, FIIs shall receive such lower proportion of the allocation such as to comply with the applicable sectoral caps. Such additional Equity Shares would be allocated to the remaining QIB Bidders on a proportionate basis.
- Except for any Equity Share allocated to QIB Bidders due to under subscription in the Retail Portion and/or Non Institutional Portion, the aggregate allocation to QIB Bidders shall be made on a proportionate basis up to a maximum of 21,25,000 Equity Shares. For the method of proportionate basis of allocation refer below.

#### **For Employee Reservation Portion**

- Bids received from the Employees at or above the issue price shall be grouped together to determine the total demand in this category. The allocation to all successful employees shall be done at the issue price.
- If the aggregate demand in this category is less than or equal to 1,00,000 Equity Shares at or above the issue price, full allocation shall be made to the Employees to the extent of their demand.
- If the aggregate demand in this category is more than or equal to 1,00,000 Equity Shares at or above the issue price, the allocation shall be made on a proportionate basis subject to a minimum of 125 equity Shares and in multiples of 1 Equity Share thereafter. For the method of proportionate basis of allocation, please refer below. However, in case of over subscription in the Employee Reservation Portion, the maximum allotment to any Employee will be capped to 10000 Equity Shares.
- Only eligible Employees may apply under the Employee Reservation Portion

#### **Method of Proportionate basis of allocation in the Issue**

Bidders will be categorized according to the number of Equity Shares applied for by them.

- i. The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.
- ii. Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.

In all Bids where the proportionate allotment is less than 125 Equity Shares per Bidder, the allotment shall be made as follows:

- The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that category is equal to the number of Equity Shares calculated in accordance with (ii) above; and
- Each successful Bidder shall be allotted a minimum of 125 Equity Shares.

If the proportionate allotment to a Bidder is a number that is more than 0.5 but is not a multiple of one (which is the market lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower whole number. All Bidders in such categories would be allotted Equity Shares arrived at after such rounding off.

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If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for allotment shall be first adjusted against any other category, where the allotted Equity Shares are not sufficient for proportionate allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

Illustration of Allotment to QIBs and Mutual Funds ("MF")

### A. Issue Details

Sr. No.	Particulars	Issue Details
1	Issue Size	10 crores Equity Shares
2	Allocation to QIB (50% of the Net Issue)Of which:a. Balance for all QIBs including Mutual Funds Shares4.75 crores Equity Shares	Reservation for Mutual Funds (5%)b. 5 crores Equity Shares0.25 crore Equity
3	Number of QIB Applicants	10
4	Number of Equity Shares applied for	25 crores Equity Shares

### B. Details of QIB Bids

Sr. No.	Type of QIB Bidders *	No. of Equity Shares bid for (in crores)
1	Q1	2
2	Q2	3
3	Q3	4
4	Q4	3
5	Q5	3
6	M1	1
7	M2	2
8	M3	4
9	M4	2
10	M5	1
	<b>Total</b>	<b>25</b>

\* **Q1-Q5 are QIB Bidders other than Mutual Funds**  
M1-M5 are QIB Bidders who are Mutual Funds

C. Details of Allotment to QIB Bidders/Applicants

(Number of Equity Shares in crores)

Type of QIB Bidders	Number of Equity Shares Bid For	Allocation of 0.25 crore Equity Shares to MF Proportionately (Please see Note 2 below)	Allocation of Balance 4.75 crores Equity Shares to QIBs Proportionately (Please see Note 4 below)	Aggregate Allocation to Mutual Funds
(I)	(II)	(III)	(IV)	(V)
Q1	2	0	0.38	0
Q2	3	0	0.58	0
Q3	4	0	0.77	0
Q4	3	0	0.58	0
Q5	3	0	0.58	0
M1	1	0.03	0.19	0.21
M2	2	0.05	0.37	0.42
M3	4	0.10	0.75	0.85
M4	2	0.05	0.37	0.42
M5	1	0.03	0.19	0.21
	<b>25</b>	<b>0.25</b>	<b>4.75</b>	<b>2.12</b>

**Please Note:**

- The illustration presumes compliance with the requirements specified in this Red Herring Prospectus in the section titled "Issue Structure" beginning on page 136.
- Out of 5 crores Equity Shares allocated to QIBs, 0.25 crore Equity Shares (i.e. 5%) will be allocated on proportionate basis among the five Mutual Fund applicants who applied for 10 crores Equity Shares in the QIB Portion.
- The balance 4.75 crores Equity Shares [i.e. 5-0.25 (available for Mutual Funds only)] will be allocated on proportionate basis among 10 QIB Bidders who applied for 25 crores Equity Shares (including 5 Mutual Fund applicants who applied for 10 crores Equity Shares).
- The figures in the fourth column titled "Allocation of balance 4.75 crores Equity Shares to QIBs proportionately" in the above illustration are arrived as under:
  - For QIBs other than Mutual Funds (Q1 to Q5)= Number of Equity Shares Bid for \* 4.75/24.75
  - For Mutual Funds (M1 to M5)= [(No. of shares bid for (i.e in column II of the table above) less Equity Shares allotted ( i.e., column III of the table above)] \* 4.75/24.75
  - The numerator and denominator for arriving at allocation of 4.75 crores Equity Shares to the 10 QIBs are reduced by 0.25 crore Equity Shares, which have already been allotted to Mutual Funds in the manner specified in column III of the table above.

**Letters of allotment or refund orders**

We shall give credit to the beneficiary account with Depository Participants within two working days from the date of the allotment of Equity Shares. Applicants having bank accounts at any of the 15 centres where clearing houses are managed by the Reserve Bank of India (RBI) will get refunds through Electronic Credit Service (ECS) only, except where applicant is otherwise disclosed as eligible to get refunds through direct credit or Real Time Gross Settlement (RTGS). In case of other applicants, the Company shall ensure dispatch of refund orders, if any, of value up to Rs. 1,500 by "Under Certificate of Posting", and shall dispatch refund orders above Rs. 1,500, if any, by registered post or speed post. Applicants to whom refunds are made through Electronic transfer of funds will be sent a letter (refund advice) through "Under Certificate of Posting" intimating them about the mode of credit of refund within 15 days of closure of Issue.

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The Company shall ensure dispatch of refund orders / refund advice, if any, by “Under Certificate of Posting” or registered post or speed post or Electronic Clearing Service or Direct Credit or RTGS, as applicable, only at the sole or First Bidder’s risk within 15 days of the Bid Closing Date / Issue Closing Date, and adequate funds for making refunds to the unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar by the Issuer.

In accordance with the Companies Act, the requirements of the Stock Exchanges and SEBI Guidelines, we undertake that:

- Allotment shall be made only in dematerialized form within 15 days from the Bid /Issue Closing Date;
- Dispatch of refund orders/ instructions to the clearing system for electronic credit of refunds shall be done within 15 days from the Bid /Issue Closing Date; and
- We shall pay interest at 15% per annum (for any delay beyond the 15 days time period as mentioned above), if Allotment is not made, refund orders / credit intimation are not dispatched, and in case where refund is made through electronic mode, the refund instructions have not been given to the clearing system for electronic credit of refunds and/or demat credits are not made to investors within the 15 day time prescribed above, provided that the beneficiary particulars relating to such Bidders as given by the Bidders is valid at the time of the upload of the electronic transfer.

The Company will provide adequate funds required for the cost of dispatch of refund orders / refund advice / allotment advice to the Registrar to the Issue.

Save and except refunds effected through the electronic mode i.e ECS, direct credit or RTGS, refunds will be made by cheques, pay orders or demand drafts drawn on the Refund Bank and payable at par at places where Bids are received. The bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

### Payment of Refund

Bidders should note that on the basis of name of the Bidders, Depository Participant’s Name, Depository Participant - Identification Number (DP ID) and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository, the Bidders bank account details including Magnetic Ink Character Recognition (MICR) Code (a nine digit code appearing on a cheque leaf) as appearing on the records of the Depository Participant. Hence the Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delay in the credit of refunds to the Bidders at the sole risk of Bidders and neither the BRLMs nor the Company nor the Refund Banker nor the Registrar shall have any responsibility and undertake any liability for the same.

### Mode of Making Refunds

The payment of refund, if any, would be done through various modes in the following order of preference :

1. ECS – Payment of refund would be done through ECS for applicants having an account at any of the 15 centres where clearing houses for ECS are managed by the Reserve Bank of India, namely Ahmedabad, Bangalore, Bhubneshwar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Thiruvanthapuram. This mode of payment of refunds would be subject to availability of complete bank account details including the nine digit Magnetic Ink Character Recognition (MICR) code as appearing on a cheque leaf, from the depository. The payment of refund through ECS is mandatory for applicants having a bank account at any of the 15 centers named herein above, except where applicant is otherwise disclosed as eligible to get refunds through direct credit or RTGS.
2. Direct Credit – Applicants having their bank account with the Refund Banker, i.e. HSBC Bank shall be eligible to receive refunds, if any, through direct credit. The refund amount, if any, would be credited directly to the eligible applicant’s bank account with the Refund Banker.
3. RTGS – Applicants having a bank account at any of the 15 centers detailed above, and whose bid amount exceeds Rs. 1 million, shall be eligible to exercise the option to receive refunds, if any, through RTGS. All applicants eligible to exercise this option shall mandatorily provide the IFSC code in the Bid cum Application Form. In the event of failure to provide the IFSC Code in the Bid-cum-Application Form, the refund shall be made through the ECS or direct credit, if eligibility disclosed.

**Please note that only applicants having a bank account at any of the 15 centers where clearing houses for ECS are managed by the RBI are eligible to receive refunds through the modes detailed in 1, 2 & 3 hereinabove. For all the other applicants, including applicants who have not updated their bank particulars alongwith the nine digit MICR Code, the refund orders would be dispatched “Under Certificate of Posting” for refund orders of value upto Rs. 1,500 and through speed post / registered post for refund orders of above Rs. 1,500.**

### Interest in case of delay in Despatch of Allotment Letters/Refund Orders

The Company agrees that allotment of securities offered to the public shall be made not later than 15 days from the Bid / Issue Closing Date. The Company further agrees that it shall pay interest at the rate of 15% per annum if the allotment letters/refund

orders have not been dispatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner, within 15 days from the Bid / Issue Closing Date, provided that the beneficiary particulars relating to such Bidders as given by the Bidders is valid at the time of upload of the electronic transfer.

**In case of revision in the Price Band, the Bidding / Issue Period will be extended for three additional days after revision of Price Band. Any revision in the Price Band and the revised Bid / Issue Period, if applicable, will be widely disseminated by notification to the BSE and NSE, by issuing a press release, and also by indicating the change on the website of the BRLMs and at the terminals of the Syndicate.**

#### **Undertaking by the Company**

We undertake as follows:

- That the complaints received in respect of this Issue shall be attended to by the Company expeditiously and satisfactorily.
- That the Company shall take all steps for the completion of the necessary formalities for listing and commencement of trading at all the stock exchanges where the Equity Shares are proposed to be listed within seven working days of finalization of the basis of Allotment.
- That the funds required for making refunds to the unsuccessful applicants as per the modes discussed above under the head "Mode of Making Refunds" shall be made available to the Registrars to the Issue by the Issuer.
- That where the refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of closure of the Issue giving details of the bank where refunds shall be credited along with the amount of refund and the expected date of electronic credit of refund.
- That the Promoters' Contribution in full shall be brought in advance before the Issue opens for public subscription
- That the refund orders or Allotment advice to Non-Resident Indians shall be despatched within specified time
- That no further Issue of Equity Shares shall be made until the Equity Shares issued through this Red Herring Prospectus are listed or until the Bid moneys are refunded on account of non-listing, under subscription, etc.

#### **Utilization of Issue Proceeds**

The Board of Directors of the Company certifies that:

- All monies received out of the Fresh Issue shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
- Details of all monies utilized out of the Fresh Issue shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the purpose for which such monies have been utilized;
- Details of all unutilized monies out of the Fresh Issue, if any, shall be disclosed under the appropriate separate head in the balance sheet of the Company indicating the form in which such unutilized monies have been invested;
- The utilization of monies received under Promoters' contribution and reservations shall be disclosed under an appropriate head in the balance sheet of the company indicating the purpose for which such monies have been utilized;
- The details of all unutilized monies out of the funds received under Promoters' contribution and reservations shall be disclosed under a separate head in the balance sheet of the company indicating the form in which such unutilized monies have been invested; and
- The Company shall not have recourse to the Issue proceeds until approval for trading of Equity Shares from all the stock exchanges where listing is sought and received.

#### **Restrictions on Foreign Ownership of Indian Securities**

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment.

By way of Circular No. 53 dated December 17, 2003, the RBI has permitted FIIs to subscribe to shares of an Indian company in a public offer without prior RBI approval, so long as the price of Equity Shares to be issued is not less than the price at which equity Shares are issued to residents.

Up to 100% FDI is allowed under the automatic route in the Construction Industry with no entry-level conditions.

**MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION OF THE COMPANY**

5 (ii)	The Company shall have the power to increase or reduce the capital for the time being of the Company and to divide the shares in the capital into several classes with rights, privileges or conditions as may be determined.	Increase and Reduction of Capital
13(a)	Where any shares are issued for the purpose of raising money to defray the expenses of the Construction of any work or building, or the provision of any plant, which cannot be made profitable for a lengthy period, the Company may pay interest on so much of that share capital as is for the time being paid- up, for the period, at the rate and subject to the conditions and restrictions provided by Section 208 of the Act and may charge the same to capital as part of the cost of construction of the work or building, or the provision of plant.	Interest out of Capital  Amended vide Shareholder Approval Dt. 15.12.2005
<b>LIEN ON PARTLY PAID SHARES</b>		
24	The Company shall have a first and paramount lien upon all the shares (other than fully paid-up shares) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof, for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares and no equitable interest in any shares shall be created except upon the footing, and upon the condition that Article 22 hereof is to have full effect. Any such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares. Unless otherwise agreed, the registration of a transfer of shares shall Operate as a waiver of the Company's. lien, if any, on such shares. The directors may at any time declare any shares wholly or in part to be exempt from the provision of this clause	Company's lien on partly paid Shares  Amended vide ' Shareholder' approval Dt 15.12.2005
a)	On every share (not being a fully paid share) for all moneys (whether presently payable or not) called, or payable at fixed time, in respect of that shares ; and	
b)	The Company's lien, if any, on a share shall extend to all dividends payable thereon.	
25.	For the purpose of enforcing the Company's lien the Board of Directors may sell the share in such manner and at such time or times as they think fit.	Enforcing lien by sale
<b>FORFEITURE OF SHARES</b>		
26.	If member fails to pay any call or installment of a call on or before the day appointed for the payment of the same, the Directors may at any time thereafter, during such time as any part of such call or installment 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.	Notice for unpaid Calls
27.	The notice shall name a further day not earlier than the expiry of fourteen days from the days from the date of service of the notice on or before which and place or places at which such call or installment 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 and at the place appointed, the shares in respects of which the call was made or installment is payable, will be liable to be forfeited.	Contents of notice for unpaid Cash
28.	Any share so forfeited shall be deemed to be the property of the Company and the Directors may sell, re-allot or otherwise disposed of the same in such manner as they may think fit.	Forfeited Shares to become property of the Company

<p>29. i)</p> <p>ii)</p> <p>29b</p>	<p>A person whose share have been forfeited shall cease to be members in respect of the forfeited shares but shall notwithstanding the forfeiture he shall remain liable to pay any dues upto the date or forfeiture were presently payable by him to the Company in respect of the shares.</p> <p>The liability of such person shall cease if and when the Company shall receive payment in full of all such money in respect of the shares, as were due at that time.</p> <p>Upon any sale, re-allotment or other disposal under the provisions of the preceding. Articles, the certificate or certificates originally issued in respect of the relative shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting member) stand cancelled and become null and void and of no effect, and the Directors, shall be entitled to issue a duplicate certificate or certificates in respect of the said shares to the person or persons, entitled thereto</p>	<p>Cancellation of share certificate in respect of forfeited shares Amended vide Shareholder' approval Dt 15.12.2005</p>
<p><b>TRANSFER</b></p>		
<p>30.</p>	<p>Save as provided in Section 108 of the Act, no transfer of shares in or debentures of the Company shall be registered unless proper instrument of transfer duly stamped and executed by or behalf of the transfer and by or on behalf of the transferee has been delivered to the Company together with the certificate or if no such certificate is in existence, the Letter of Allotment of the shares. The instrument of transfer of any share in or debentures of the Company, shall specify the name, father's / husband's name, address, occupation, nationality of the transferee. The transferor shall be deemed to remain the holders of such shares until the name of the transfer is entered in the register of members. Each signature to such transfer shall be duly attested by the signature of one witness who shall add his address and occupation.</p>	
<p>30A.</p>	<p>Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of shares effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a Depository.</p>	<p>Amended vide Shareholders' approval Meeting Dt. 30.8.2003</p>
<p>30B</p>	<p>The Company shall keep a 'Register of Transfers' and therein shall be fairly and distinctly entered particulars of every transfer or transmission of any share, whether or not held in material form.</p>	<p>"</p>
<p>30C</p>	<p>In case of transfer of share where the company has not issued any certificates zand where such shares or shares are being held in electronic and fungible form, the provisions of Depositories Act shall apply.</p>	<p>"</p>
<p>30D</p>	<p>The instrument of transfer shall be in writing and all provision of section 108 of the Companies Act, 1956 and statutory modification there of for the time being shall be duly complied with in respect of all transfer of shares and registration thereof</p>	<p>Instrument of Shareholder' approval Dt 15.12.2005</p>
<p>30E</p>	<p>No fees shall be charged for registration of transfer, transmission, probate, succession certificate and letters of administration, certificate of death or marriage, Power of attorney or similar other document.</p>	<p>No fee on Transfer or transmission Amended vide Shareholder' approval Dt 15.12.2005</p>
<p>31.</p>	<p>(i) Application for the registration of the transfer of shares may be made either by the transferor or the transferee. Where such application is made by the transferor and relates to a partly paid share, no registration shall be effected unless the Company gives notice of the application to the transferee, in the manner prescribed by Section 110 of the Act. Subject to the provisions of Articles hereof, if the transferee makes no objection within two weeks from the date of receipt of the notice, the Company shall enter in the register of member the name of the transferee in the same manner and subject to the same conditions as if the application for registration was made by the transferee.</p>	

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	(ii) Before registering any transfer tendered for registration the Company may, if it thinks fit, give notice by letter posted in the ordinary course to the registered holder, that such transfer deed has been lodged and that unless objection is made the transfer will be registered and if such registered holder fails to lodge an objection in writing at the office of the Company within fourteen days from the posting of such notice to him he shall be deemed to have admitted the validity of the said transfer. Where no notice is received by the registered holder the Company shall be deemed to have decided not to give notice and in any event the non-receipt by the registered holder of any notice shall not entitle him to make any claim of any kind against the Company or the Board in respect of such non-receipt.	
	(iii) Neither the Company nor its Board shall incur any liability for registering or effecting a transfer of shares apparently made by competent parties, although the same may by reason of any fraud or other cause not known to the Company or its Board, be legally, inoperative or insufficient to pass the property in the shares or debentures proposed or proposed to be transferred; and although the transfer may, as between the transferor and transferee, be liable to be set aside and notwithstanding that the Company may have notice that such instrument or transfer was signed or executed and delivered by the shares transferred, or otherwise in defective manner. In every such case the person registered as transferee, his executors, administrators or assigns alone shall be entitled to be recognized as the holder of such shares or debentures and the previous holder of such shares or debentures shall, so far as the Company is concerned, be deemed to have transferred his whole title thereto.	
32.	No. transfer shall be made to (a) a minor except in case of fully paid-up shares ; or (b) a person of unsound mind ; or	Amended vide Shareholders' Dt.1.9.82
33.	(i) Every instrument of transfer shall be left at the office for registration, accompanied by the certificate of the shares or if no such certificate is in existence, by the Letter of Allotment of the shares to be transferred and such other evidence as the Board may require to prove the title of the transferor or his right to transfer the shares, and upon payment of the proper fee to the Company, the transferee shall (subject to the right of the Board to decline to register hereinafter mentioned) be registered as a member in respect of such shares. The Board may waive the production of any certificate upon evidence satisfactory to it of its loss or destruction. (ii) Subject to the provision of section 111 of the act and section 22A of the securities Contracts (Regulation) Act,1956, the Directors may, at their own absolute and uncontrolled discretion and by giving reasons decline to register or acknowledge any transfer of shares whether fully paid or not and the right of refusal, shall not be affected by the circumstances that the proposed transferee is already a member of the company but in such cases ,the director shall within 1month from the date on which the instrument of transfer was lodged with the company, send to the transferee and transferor notice of the refusal to register such transfer provided that registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person indebted to the company on any account whatsoever except when the company has a lien on the shares. Transfer of shares/debentures in whatever lot shall not be refused. (iii) If the Company refuses to register the transfer of any share or transmission of any right therein, the Company shall within two months from the date on which the instrument of transfer or intimation of transmission was lodged with the Company send notice of refusal to the transferee and transferor or to the person giving intimation of the transmission, as the case may be, and thereupon the provisions of Section 111 of the Act or any statutory modification of the said provisions for the time being in force shall apply.	Amended vide Share Holders' Meeting Dt. 11.6.84  Directors may refuse to register transfer  Amended vide Shareholder' approval Dt. 15.12.2005

	(iv) All instrument of transfer, which shall be registered shall be retained by the Company, but any instrument of transfer, which the Board may decline to register shall be returned to the person depositing the same on demand.	
34.	<p>(i) The Board may decline to recognize any instrument of transfer if —</p> <p>(a) the instrument of transfer is not accompanied by the instrument of shares to which it relates, and such other evidence as the Board may reasonably require to show the rights of the transferor.</p> <p>(b) The instrument or transfer is in respect of more than one class of shares ; or</p> <p>(c) it is for transfer of any partly paid share or any share on which the Company has a lien.</p> <p>Provided that registration of a transfer shall not be refused on the ground of the transferor; being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except a lien on shares.</p>	
35.	The registration of transfers may be suspended after giving due notice at such times and for such periods as the Board may from time to time determine ; provided that such registration shall not be suspended for more than forty five days in any year, and not exceeding thirty days at any one time.	
36.	Shares in the Company shall be transferred in the form for the time being prescribed under the rules framed under the Act. No fee will be charged for registration of transfer, grant of probate, letter of administration, power of attorney, certificate of death or marriage or similar other documents.	
<b>TRANSMISSION</b>		
37.	(i) The executors or administrators or the holder of a succession certificate in respect of shares a deceased member (not being one of several joint holders) shall be the only persons whom the Company shall recognize as having any title to the shares registered in the name of such member and, in case of the death of any one or more of the joint-holder of any registered shares, the survivors shall be the only persons recognized by the Company as having any title to or interest in such shares, but nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on shares held by him jointly with any other person before recognizing any executor or administrator or legal heir the Board may require him to obtain a grant of probate of letter of administration or succession certificate or other legal representation as the case may be, from a competent court.	
	Provided nevertheless that in any case where the Board in its absolute discretion think fit it may dispense with production of probate or letter or administration or a succession certificate or such other legal representation upon such terms as to indemnity the Company or otherwise as the Board may consider desirable.	
	Provided also that the holder of a succession certificate shall not be entitled to receive any dividends already declared but not paid to the deceased member unless the succession certificate declares that the holder thereof is entitled to receive such dividends.	
37.	(ii) Any person becoming entitled to a share in consequence of the death, lunacy or insolvency of a member may, upon producing such evidence of his title as the Board think sufficient, be registered as a member in respect of such shares; or may, subject to the regulations as to transfer herein before contained, transfer such shares.	

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38.	<p>(i) A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.</p> <p>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 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.</p>	
38.	<p>(ii) If the person so becoming entitled to share under proceeding Articles shall elect to be registered himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects. If he shall elect to transfer the shares to some other person he shall execute an instrument of transfer in accordance with the provisions of these Articles relating to the transfer of shares. All the limitations, restriction to the transfer of shares. All the limitations, restrictions and provisions of this Article relating to the right of transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid.</p>	
39.	<p>The Articles providing for the transfer and transmission of shares, shall mutates mutandis apply to the transfer and transmission of debentures of the Company.</p>	
39A	<p>The Company in General Meeting may convert any paid-up shares into stock; and when any shares shall have been converted into stock, the several holders of such stock may thenceforth transfer their respective interest therein, or any part of such interest, in the same manner and subject to the same regulations as, and subject to which the shares from which the stock arose might have been transferred, if no such conversion had taken place or as near thereto as circumstances will admit. The Company may at any time re-convert any stock into paid-up shares of any denomination.</p>	<p>Shares may be converted to stock.</p> <p>Amended vide Shareholder' approval Dt 15.12.2005</p>
39B	<p>The holders of stock shall, according to the amount of stock held by them have the same rights, privileges and advantages as regards dividends and voting at the meetings of the Company, and other matters as if they held the shares from which the stock arose; but no such privileges or advantages (except participation in the dividends and profits of the Company and in the assets of winding-up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage</p>	<p>Rights of stock holders</p> <p>Amended vide Shareholder' approval Dt 15.12.2005</p>
39C	<p>Any debenture, debenture stock or other securities may be issued at discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at the General Meeting, appointment of directors and otherwise debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the company in the General Meeting by a special resolution.</p>	<p>Terms of issue of debenture</p> <p>Amended vide Shareholder' approval Dt 15.12.2005</p>
39D	<p><b>DEMATERIALIZATION OF SECURITIES</b></p> <p>The provisions of this Article shall apply notwithstanding anything to the contrary contained in any other Articles.</p> <p>The Company shall be entitled to dematerialize securities and to offer securities in a dematerialized form pursuant to the Depositories Act, 1996</p>	<p>Amended vide Shareholder' approval Dt 15.12.2005</p> <p>Dematerialization of Securities</p>

	<p>Every holder of or subscriber to securities of the Company shall have the option to receive certificates for such securities or to hold the securities with a Depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted bylaw, in respect of any securities in the manner provided by the Depositories Act, 1996 and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificates for the Securities. If a person opts to hold his Securities with the depository, the Company shall intimate such depository the details of allotment of the Securities, and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the Securities.</p>	Options for investors
	<p>All securities held by a depository shall be dematerialized and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply to a depository in respect of the securities held by on behalf of the beneficial owners.</p> <p>(a) Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of securities of the Company on behalf of the beneficial owner. (b) Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it. (c) Every person holding securities of the Company and whose name is entered as the beneficial owner of securities in the record of the depository shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of the securities which are held by a depository and shall be deemed to be a Member of the Company.</p> <p>Notwithstanding anything contained in the Act or these Articles to the contrary, where securities of the Company are held in a depository, the records of the beneficiary ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs</p> <p>Nothing contained in Section 108 of the Act or these Articles, shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.</p> <p>Notwithstanding anything contained in the Act or these Articles, where securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.</p> <p>Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a depository.</p> <p>The Register and Index of beneficial owners maintained by a depository under the Depositories Act, 1996 shall be deemed to be the Register and Index of Members and Security holders for the purposes of these Articles.</p>	<p>Securities in depositories to be in fungible form.</p> <p>Rights of Depositories and beneficial owners.</p> <p>Service of Documents.</p> <p>Transfer of securities.</p> <p>Allotment of securities dealt with in a depository.</p> <p>Distinctive number of securities held in a Depository.</p> <p>Register and index of Beneficial Owners</p>

#### BORROWING POWERS

40.	<p>Subject to provision of the act, the Directors may from time to time at their discretion raise or borrow either from themselves or from elsewhere any sum of money for the purposes of the Company on such security or otherwise as they shall at their absolute discretion think fit and proper.</p>	Directors' power to borrow money
41.	<p>Subject to the provision of the act, the Directors may raise or secure the repayment of payment of any sum or sums in such manner and upon such terms and conditions in all respects as they think fit, and in particular by the creation of any mortgage or charge on the undertaking or the whole or any part of the property, present and future, or uncalled capital of the Company or by the issue of bonds, perpetual or redeemable, debentures or debenture-stock of the Company charged upon all or any part of the property of the Company both present and future, including its uncalled capital for the time being.</p>	Condition on which money may be borrowed

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**DISTRIBUTION OF DIVIDENDS**

46.	<p>i) The Company in General Meeting may declare dividends but no dividend shall exceed the amount recommended by the Board of Directors and may pay such dividend in cash or kind or by the issue of the Company.</p> <p>ii) The Board of Directors may from time to time pay to the members such interim dividends as appear to them to be justified according to the profits of the Company.</p>	<p>Declaration of Dividend</p> <p>Interim Dividend</p>
49B	<p>No dividend shall be declared or paid otherwise than out of the profits of the financial year arrived at after providing for depreciation in accordance, with the provisions of Section 205 of the Act or out of the profits of the Company for any previous financial year or years arrived at after providing for depreciation in accordance with these provisions and remaining undistributed or out of both, provided that;(a) if the Company has not provided for depreciation for any previous financial year or years, it shall, before declaring or paying a dividend for any financial year, provide for such depreciation out of the profits of the financial year or years.(b) if the Company has incurred any loss in any previous financial year or years, the amount of the loss or any amount which is equal to the amount provided for depreciation for that year or those years whichever is less, shall be set off against the profits of the company for the year for which the dividend is proposed to be declared or paid or against the profits of the Company for any previous financial year or years arrived at in both cases after providing for depreciation in accordance with the provisions of sub-section (2) of Section 205 of the Act, or against both.</p>	<p>Dividend only to be paid out of profits Amended vide Shareholder' approval Dt 15.12.200</p>
49C	<p>The Board may retain the dividends payable upon shares in respect of which any person is under the Article 60 entitled to become a member or which any person under that Article is entitled to transfer; until such a person shall become a member, in respect of such shares or duly transfer the same.</p>	<p>Dividend to be kept in abeyance Amended vide Shareholder' approval Dt 15.12.2005</p>

**GENERAL MEETINGS**

50.	<p>The First Annual General Meeting of the Shareholders shall be held by the Company within 18 months of its incorporation.</p>	<p>First Annual General Meeting.</p>
51.	<p>The next Annual General Meeting of the Company shall be held by it within 6 months after the expiry of the financial year in which the First Annual General Meeting was held and hereafter an annual general meeting shall be held by the Company within 6 months after the expiry of each financial year, and subjects to the provision to Section 166(1) (c), not more than 15 months shall elapse between the date of one annual general meeting and that of the next.</p>	
52.	<p>All General Meetings other than Annual General Meetings shall be called extra-ordinary general meetings.</p>	
53.	<p>Twenty one day notice at the least (exclusive of both the dates on which the notice is served or deemed to be served and the date of the meeting) specifying the place, the day and the hour of the meeting, and in case of special business, the general nature of that special business, shall be given.</p>	<p>Notice of General Meeting Amended vide Shareholders' approval Meeting Dt.11.6.84</p>
54.	<p>A General Meeting may be called after giving shorter notice than that specified in the proceeding Articles.</p>	<p>General Meeting may be called at shorter notice.</p>
55.	<p>The Board may, whenever it think fit, call an extra ordinary meeting of the Company.</p>	
56.	<p>The Board shall on the requisition of such number of members of the Company as is specified in Section 169(4) of the Act forthwith proceed to call an extra ordinary 7general meeting of the Company, and the provision of Section 169 of the Act, shall apply to such meeting.</p>	<p>Board to call extra ordinary meeting on requisition of members.</p>

## PROCEEDINGS AT GENERAL MEETING

57.	The business of an annual general meeting shall be to receive and consider the profit and loss account, the balance sheet and the reports of the Directors and of the Auditors, to elect Directors, to declare dividends, appoint auditors, and fix their remuneration, and to transact any other business, which under these presents ought to be transacted at any annual general meeting. All other business transacted at an extra ordinary general meeting shall be deemed special.	Business of Annual General Meeting
58.	i) No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to transact business.	Quorum
	ii) Save as herein otherwise provided five members present in person shall be quorum.	
59.	i) The Chairman, if any, of the Board shall preside as Chairman at every general meeting of the Company. ii) If there is no such Chairman, or if he is not present within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act as Chairman of the meeting, the Directors present shall elect one of their number to be the Chairman of the meeting. iii) If at any meeting no Director is willing to act as Chairman or if no Director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall choose one of their number to be the Chairman of the meeting.	Chairman of the General Meeting
60.	The Chairman may, with the consent of the meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time, and from place to place.	Adjournment of General Meeting.
61.	If within half an hour from the time appointed for the holding of the general meeting of Company, a quorum is not present, the meeting, if called upon the requisition of the members, shall stand dissolved. 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. 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 and entitled to vote shall be a quorum.	
62.	No business shall be transacted at adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place and which might have been transacted at the meeting.	Business of Adjourned Meeting
63.	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.	Notice of adjourned meeting
64.	At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands, unless a poll is (before or on the declare of the result of the show of hands) demanded in the manner mentioned Section 179 of the Companies Act, and unless a poll is so demanded declaration by the Chairman that a resolution has on a show of has been carried, or carried unanimously, or by a particular majority or shall be conclusive evidence of that fact.	Evidence of a Resolution when poll not demanded

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**DIRECTORS**

72.	Until otherwise determined by a general meeting the number of Directors shall not be less than three and more than twelve.	Number of Directors
73.	Whenever the Directors enter into a contract with any person or persons for borrowing any money or for providing any guarantee of security or for technical collaboration or assistance or enter into any other arrangement, the Directors shall have, subject to provisions of Section 255 of the Act the power to agree that such person or persons shall have the right to appoint or nominate by a notice in writing addressed to the Company, one or more Directors on the Board for such period and upon such conditions as may be mentioned in the arrangement and the such Director or Directors may not liable to retire by rotation nor be required to hold any qualification shares. The Directors may also agree that any such Director or Directors may be removed from time to time in the person or persons aforesaid who may appoint another or others in his or their places and also fill in any vacancy, which may occur as a result of any such Director or Directors ceasing to hold that office for any reason whatever. The Directors appointed or nominated under this Article shall be entitled to exercise and enjoy all or any of the rights and privileges exercised and enjoyed by the Directors of the Company including the payment of remuneration and traveling expenses to such Director or Directors as may be agreed by the Company with the persons aforesaid.	Nominated Directors Amended vide Shareholders' Meeting Dt.11.6.84
74.	The Board of Directors shall have power at any time and from time to time, to appoint and remunerate any person as a Director either to fill a casual vacancy or as an addition to the Board, but so that the total number of Directors shall not at any time exceed the maximum fixed as above. But any person so appointed shall hold office only until the next following Annual General Meeting of the Company and shall then be eligible for re-election.	Power of Directors to appoint Additional Directors

**COMMON SEAL**

100.	The Directors shall provide a Common Seal for the purposes of the Company and shall from time to time destroy the same and substitute a new Seal in lieu thereof. The Directors shall provide for safe custody of Seal for the time being.	Common Seal
101.	The Common Seal of the Company shall always be affixed by the authority of the Board of Directors or a Committee of Directors previously given, every such instrument to which common seal is affixed shall be signed by the Managing Director, Deputy Managing Director or some other person so authorized to sign in that behalf by the Board of Directors.	One Director to sign every Instrument to which the Seal is affixed.

## X. OTHER INFORMATION

### 1. List of Material Contracts and Documents for Inspection

The following contracts not being contracts entered in the ordinary course of business carried on by Tantia Constructions Limited which are or may be deemed material contracts have been attached to the copy of this Red Herring Prospectus delivered to the Registrar of Companies, Nizam Palace, 11nd MSO Building, 2<sup>nd</sup> Floor, 234/4 AJC Bose Road, Kolkata - 700020 for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of Tantia Constructions Limited at 25/27, Netaji Subhas Road, Kolkata - 700001 between 11.00 a.m. to 5.00 p.m. on any working day from the date of the Red Herring Prospectus to until the Bid/ Issue Closing Date.

#### Material Contracts

- i. Memorandum of Understanding dated 6<sup>th</sup> January 2006 with MICROSEC CAPITAL LIMITED, appointing them as Book Running Lead Manager to the Issue.
- ii. Memorandum of Understanding dated 22<sup>nd</sup> December, 2005 executed by our Company with the Registrar to the Issue.
- iii. Escrow Agreement dated 21<sup>st</sup> March, 2006 among the Company, the BRLM, Escrow Collection Banks, and the Registrar to the Issue.
- iv. Syndicate Agreement dated 18<sup>th</sup> March, 2006 among the Company, the BRLM and Syndicate Members.
- v. Underwriting Agreement dated 3<sup>rd</sup> April, 2006 among the Company and the BRLM and Syndicate Members.
- vi. Tripartite Agreement dated 21<sup>st</sup> February, 2006 among the Company, CDSL and MCS Limited, Registrar to the Issue.
- vii. Tripartite Agreement dated 3<sup>rd</sup> March, 2006 among the Company, NSDL and MCS Limited, Registrar to the Issue.

#### Documents for Inspection

- a. Memorandum and Articles of Association of Tantia Constructions Limited, as amended from time to time.
- b. Certificate of Incorporation of Tantia Constructions Pvt Ltd. dated December 04, 1964 and Certificate of conversion to public company under section 44(2)(b) of Companies Act, 1956 dated 27th May, 1982.
- c. Fresh Certificate of Incorporation consequent upon change of name to Tantia Constructions Ltd. dated December 29, 2005.
- d. Resolution Passed by the Board of Directors at their meeting held on 22<sup>nd</sup> November 2005, for the proposed Public Issue.
- e. Resolution passed under Section 81(1A) of the Act, at the EGM of the Company held on 15<sup>th</sup> December 2005.
- f. Initial listing applications made to BSE, DSE and CSE.
- g. Sanction letters received from the banks

Name of Bank/ Financial Institution	Date of Sanction
Oriental Bank of Commerce	4 <sup>th</sup> January 2006
Andhra Bank	3 <sup>rd</sup> January 2006
Allahabad Bank	3 <sup>rd</sup> January 2006
UTI Bank Ltd.	23 <sup>rd</sup> February 2006
State Bank of India	7 <sup>th</sup> February 2006

- h. Consent from the Directors, Compliance Officer, Auditor, Book Running Lead Manager, Registrar to the Issue, Bankers to the Issue, Bankers to the Company, and Legal Advisor to the Issue to act in their respective capacities.
- i. Copies of annual reports of the Company for the years ended March 31<sup>st</sup> 2001, 2002, 2003, 2004 and 2005 and for the nine month period ended 31st December, 2005.
- j. Auditor's report on the financial statement of the company dated 28/02/06 and included in the Prospectus.
- k. Tax Benefit Certificate dated 14<sup>th</sup> January 2006 from S.M. Bengani & Co., Auditors of the Company.
- l. Copy of the Auditors Certificate dated 10<sup>th</sup> March 2006 from S.M. Bengani & Co., Chartered accountants regarding the Sources and Deployment of Funds as on 9<sup>th</sup> March 2006.
- m. Copies of listing applications made to BSE, DSE and CSE for permission to list the Equity Shares offered through this Prospectus and for an official quotation of the Equity Shares of the Company.
- n. Copies of in-principal approvals from BSE, DSE and CSE.
- o. Due Diligence Certificate dated 20<sup>th</sup> January 2006 from Microsec India Ltd.
- p. Copy of contract with Managing Director and Whole Time Directors.
- q. SEBI observation letter no.CFD/DIL/PB/AC/62592/2006 dated 14th March, 2006 and reply to the same by the BRLM.

## 2. Declaration

All the relevant provisions of the Companies Act, 1956, and the Guidelines issued by the Government of India or the Guidelines issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made there under or guidelines issued, as the case may be. We further certify that all the disclosures made in this Prospectus are true and correct.

### Signed by all the Directors

Mr. Ishwari Prasad Tantia

Mr. Rahul Tantia

Mr. Banwari Lal Ajitsaria

Mr. Arun Kumar Dokania

Mr. Himangshu Sekhar Sinha

Mr. Uma Shankar Agarwal \*

Mr. Parimal Kumar Chattaraj

Mr. Mahavir Prasad Agarwall \*

Mr. S. K. Bose

(\* Through their constituted power of attorney Mr. Ishwari Prasad Tantia)

Signed By the Company Secretary and Compliance Officer Mr. Ashish Bajaj

Place: Kolkata

Date: April 4, 2006.

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