



PRATIBHA INDUSTRIES LIMITED

(Incorporated on July 19, 1995 under the Companies Act, 1956 as a public limited company)

Registered Office: 101, Usha Kamal, 574, Chembur Naka, Chembur, Mumbai 400071

Corporate Office: Shrikant Chambers, Phase-II, 5th Floor, Sion - Trombay Road,

Next to R.K. Studio, Chembur, Mumbai 400071

(The registered office of the Company was shifted from Usha Kamal, 574, Chembur Naka, Chembur, Mumbai 400071 to the above address w.e.f. August 5, 2005)

Tel: 91 22 5641 4499 ● Fax 91 22 2520 1135 ● E-mail: info@pratibhagroup.com ● Website: www.pratibhagroup.com

Compliance Officer: Mr. T. R. Radhakrishnan (General Manager - Finance)

PUBLIC ISSUE OF 42,85,000 EQUITY SHARES OF FACE VALUE OF RS.10/- EACH AT A PRICE OF RS. [●] FOR CASH (INCLUDING PREMIUM OF RS.[●] PER SHARE) AT A PREMIUM AGGREGATING RS. [●] LAKHS (HEREINAFTER REFERRED TO AS THE "ISSUE", INCLUDING EMPLOYEE RESERVATION OF 4,28,500 EQUITY SHARES OF FACE VALUE RS.10/- EACH AT A PRICE OF RS. [●] FOR CASH AGGREGATING RS. [●] LAKHS AND NET ISSUE TO THE PUBLIC OF 38,56,500 EQUITY SHARES OF FACE VALUE RS.10/- EACH AT A PRICE OF RS. [●] FOR CASH AGGREGATING RS. [●] LAKHS (HEREINAFTER REFERRED TO AS THE "NET ISSUE TO THE PUBLIC" AND THE ISSUE WOULD CONSTITUTE 30.00% OF THE POST ISSUE PAID-UP CAPITAL OF THE COMPANY

PRICE BAND: Rs. 100/- TO Rs.120/- PER EQUITY SHARE OF FACE VALUE Rs.10/- EACH

THE FACE VALUE OF THE EQUITY SHARE IS RS. 10/- EACH. THE OFFER PRICE IS 10 TIMES THE FACE VALUE AT THE LOWER END OF THE PRICE BAND AND 12 TIMES THE FACE VALUE AT THE HIGHER END OF THE PRICE BAND

The Issue is being made through a 100% Book Building Process wherein not more than 50% of the Net offer to the public shall be allocated on proportionate basis to Qualified Institutional Buyers (including 5% for Mutual Funds). Further, not less than 15% of the Net offer to the public shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Net offer to the public shall be available for allocation on a proportionate basis to Retail Bidders, subject to valid bids being received at or above the Issue Price.

RISK IN RELATION TO THE FIRST ISSUE

This being the first issue of Equity Shares of the Company, there has been no formal market for its Equity Shares. The face value of the shares is Rs 10/- and the issue price is [●] times of the face value. The Issue Price (as determined by the Company, in consultation with the Book Running Lead Manager ("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. No assurance can be given regarding an active and/or sustained trading in the Equity Shares of the Company or regarding the price at which the Equity Shares will be traded after listing

GENERAL RISKS

Investment in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Company and the Issue including the risks involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of the contents of this Red Herring Prospectus. Specific attention of the investors is invited to the summarized and detailed statements in Risk Factors beginning on page no. 8 of this Red Herring Prospectus.

COMPANY'S ABSOLUTE RESPONSIBILITY

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

LISTING

The Equity Shares offered through this Red Herring Prospectus are proposed to be listed on the Bombay Stock Exchange Limited (BSE) and The National Stock Exchange of India Limited (NSE). We have received in-principle approval from the BSE and NSE for the listing of our Equity Shares pursuant to letters dated 21st December, 2005 and 5th January, 2006 respectively. The Bombay Stock Exchange Limited shall be the Designated Stock Exchange.

BOOK RUNNING LEAD MANAGER

VIVRO FINANCIAL SERVICES PRIVATE LIMITED
 1st Floor, Manu Mansion
 16/18, Shahid Bhagatsingh Road
 Opp. Old Custom House, Fort, Mumbai - 400 023
 Tel.: 022-2265 7364, Fax: 022-2265 8406
 Website: www.vivro.net,
 E-mail: pratibha@vivro.net

REGISTRAR TO THE ISSUE

INTIME SPECTRUM REGISTRY LIMITED
 C-13, Pannalal Silk Mills Compound,
 L.B.S. Marg, Bhandup (W),
 Mumbai - 400 078
 Tel No. 022-25960320
 Fax: 022 - 25960329
 Website: www.intimespectrum.com
 E- Mail: pratibha@intimespectrum.com

ISSUE SCHEDULE

BID/ ISSUE OPENS ON : February 16, 2006

BID/ ISSUE CLOSSES ON : February 22, 2006

TABLE OF CONTENTS

	Particulars	Page No
A.	DEFINITIONS AND ABBREVIATIONS	
	I. CONVENTIONAL/ GENERAL TERMS	1
	II. OFFERING RELATED TERMS	2
	III. COMPANY/INDUSTRY RELATED TERMS	4
	IV. ABBREVIATIONS	6
B.	RISK FACTORS	
	I. FORWARD LOOKING STATEMENT AND MARKET DATA	7
	II. RISK FACTORS	8
C.	INTRODUCTION	
	I. SUMMARY	16
	II. THE ISSUE / OFFER	17
	III. FINANCIAL SUMMARY	18
	IV. GENERAL INFORMATION	20
	V. CAPITAL STRUCTURE	27
	VI. OBJECTS OF THE ISSUE	35
	VII. BASIC TERMS OF THE ISSUE	40
	VIII. BASIS FOR ISSUE PRICE	41
	IX. TAX BENEFITS	44
D.	ABOUT THE ISSUER COMPANY	
	I. INDUSTRY OVERVIEW	47
	II. BUSINESS OVERVIEW	56
	III. KEY INDUSTRY REGULATIONS AND POLICIES	69
	IV. HISTORY AND CORPORATE STRUCTURE	70
	V. MANAGEMENT	73
	VI. PROMOTERS	82
E.	FINANCIAL INFORMATION	
	I. FINANCIAL INFORMATION OF THE COMPANY	85
	II. FINANCIAL INFORMATION OF GROUP COMPANIES AND JOINT VENTURES	121
	III. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS AS REFLECTED IN THE FINANCIAL STATEMENTS	127
F.	LEGAL AND OTHER INFORMATION	
	I. OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS	135
	II. GOVERNMENT APPROVALS /LICENSING ARRANGEMENTS	136
G.	OTHER REGULATORY AND STATUTORY DISCLOSURES	138
H.	OFFERING INFORMATION	
	I TERMS OF THE ISSUE	144
	II ISSUE PROCEDURE	147
I.	DESCRIPTION OF EQUITY SHARES AND MAIN PROVISIONS OF ARTICLES OF ASSOCIATION	164
J.	MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION	189
K.	DECLARATION	191

A. DEFINITIONS AND ABBREVIATIONS

I. CONVENTIONAL/ GENERAL TERMS

Term	Description
AGM	Annual General Meeting of Pratibha Industries Limited
Articles / Articles of Association / AOA	Articles of Association of Pratibha Industries Limited
Companies Act / Act	The Companies Act, 1956 as amended from time to time
Depository	A Company formed and registered under the Companies Act, 1956 and which has been granted a certificate of registration under sub-section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository Participant	A depository participant registered as such under sub-section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, and the regulations framed there under
FDI	Foreign Direct Investment
FII	Foreign Institutional Investor [as defined under FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000] registered with SEBI.
Financial year / Fiscal year / FY	Period of twelve months ended March 31 of that particular year
Indian GAAP	Generally accepted accounting principles in India
I.T. Act	The Income-Tax Act, 1961, as amended from time to time
Memorandum / MOA	Memorandum of Association of Pratibha Industries Limited
NRI / Non-Resident Indian	A person resident outside India who is a citizen of India or is person of Indian origin as defined in Foreign Exchange Management (Deposit) Regulations, 2000]
ROC	Registrar of Companies, Maharashtra situated at 100, Everest Building, Marine Lines, Mumbai 400002
RBI	Reserve Bank of India
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time.
SEBI	The Securities and Exchange Board of India, constituted under the SEBI Act, 1992
SEBI Act	Securities and Exchange Board of India Act, 1992 as amended from time to time
SEBI/(DIP) Guidelines	SEBI (Disclosure and Investor Protection) Guidelines, 2000, as amended, including instructions and clarifications issued by SEBI from time to time



II. OFFERING RELATED TERMS

Allotment	Issue of Equity Shares of the Company pursuant to the Public Issue to the successful Bidders.
Allottee	The successful Bidder to whom the Equity Shares are being issued.
Bankers to the Issue	ICICI Bank Limited, Standard Chartered Bank, Deutsche Bank, Kotak Mahindra Bank Limited
Bid	An indication to make an offer made during the Bidding Period by a prospective investor to subscribe to Equity Shares of the Company at a price within the Price Band, including all revisions and modifications thereto
Bid Price / Bid Amount	The amount equal to highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder on submission of the Bid in the Issue
Bid Opening Dates / Issue Opening Date	The date on which the Syndicate Members shall start accepting Bids for the Issue, which shall be the date notified in a widely circulated English national newspaper, a Hindi national newspaper and a Marathi regional newspaper
Bid Closing Date / Issue Closing Date	The date after which the Syndicate Members will not accept any Bids for the Issue, which shall be notified in a widely circulated English national newspaper, a Hindi national newspaper and a Marathi regional newspaper
Bid cum Application Form	The Form in terms of which the Bidder shall make an offer to purchase the Equity Shares of the Company and which will be considered as the application for allotment of the Equity Shares in terms of this Red Herring Prospectus
Bidder	Any prospective investor who makes a Bid pursuant to the terms of this Red Herring Prospectus
Bidding Period / Issue Period	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids
Book Building Process	Book building route as provided under Chapter XI of the SEBI Guidelines, in terms of which, this Issue is being made
BRLM	Book Running Lead Manager to the Issue, in this case being Vivro Financial Services Private Limited
CAN / Confirmation of Allocation Note	The note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares in accordance with the Book Building Process
Cap Price	The higher end of the Price Band, above which the Issue Price will not be finalized and above which no bids will be accepted
Cut-off price	Cut-off price refers to any price within the Price Band. A Bid submitted at Cut-off is a valid Bid at all price levels within the Price Band
Designated Stock Exchange	Bombay Stock Exchange Limited
Designated Date	The date on which the funds are transferred from the Escrow Account of the Company to the Public Issue Account after the Prospectus is filed with the ROC, following which the Board of Directors shall allot Equity Shares to successful bidders
Equity Shares	Equity Shares of the Company of the face value Rs. 10 each, unless otherwise specified in the context thereof
Escrow Account	Account opened with the Escrow Collection Bank(s) and in whose favour the Bidder will issue cheques or drafts in respect of the Bid Amount and refunds (if any) of the amount collected to the Bidders
Escrow Agreement	Agreement entered into amongst the Company, the Registrar, the Escrow Collection Bank(s), the Syndicate Members and the BRLMs for collection of the Bid Amounts and refunds (if any) of the amounts collected to the Bidders

Escrow Collection Bank(s)	ICICI Bank Limited, Standard Chartered Bank, Deutsche Bank, Kotak Mahindra Bank Limited
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form
Floor Price	The lower end of the Price Band, below which the Issue Price will not be finalized and below which no Bids will be accepted
Fresh Issue / Issue / Public Issue / Offer	Public Issue of 42,85,000 new Equity Shares of Rs. 10/- each for cash at the Issue Price of Rs. [o] per equity share aggregating to Rs. [o] Lakhs by the Company in terms of this Red Herring Prospectus
Issue Account	Account opened with the Banker to the issue to receive monies from the Escrow Accounts on the Designated Date
Issuer	Pratibha Industries Limited
Issue Price	The final price at which Equity Shares will be issued and allotted in terms of this Red Herring Prospectus, as determined by the Company in consultation with the BRLMs, on the Pricing Date
Margin Amount	The amount paid by the Bidder at the time of submission of his/her Bid, being 10% to 100% of the Bid Amount
Members of the Syndicate	The BRLM and the Syndicate Members
Non-Institutional Bidders	All Bidders that are not Qualified Institutional Buyers, or Retail Individual Bidders and who have Bid for Equity shares for an amount more than Rs.1,00,000.
Non-Institutional Portion	The portion of the Issue being a minimum of 5,78,475 Equity Shares of Rs. 10/- each available for allocation to Non-Institutional Bidders
Pay-in-date	The last date specified in the CAN sent to the Bidders
Pay-in-Period	This term means (i) With respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid/issue Opening Date and extending until the Bid issue Closing Date, and (ii) With respect to Bidders whose Margin Amount is less than 100% of the Bid Amount, the period commencing on the Bid/issue Opening Date and extending until the closure of the Pay-in-Date
Price Band	The Price band of a minimum price (Floor Price) of Rs.100/- and the maximum price (Cap Price) of Rs. 120/- and includes revision thereof
Pricing Date	The date on which the Company in consultation with the BRLM finalizes the Issue Price
Promoters	Mr. Ajit B. Kulkarni, Mrs. Usha B. Kulkarni, Mr. Datta B. Kulkarni, Mr. Vinayak B. Kulkarni, Mr. Ramdas B. Kulkarni and Pratibha Shareholding Private Limited
Prospectus	The Prospectus filed with the ROC containing, inter alia, the Issue Price that is determined at the end of the Book Building Process, the size of the Issue and certain other information
Public Issue Account	In accordance with Section 73 of the Companies Act, 1956, an account opened with the Banker(s) to the Issue to receive monies from the Escrow Account for the Issue on the Designated Date
Red Herring Prospectus	This Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, which does not have complete particulars on the price at which the Equity Shares are offered and size of the Issue. It carries the same obligations as are applicable in case of a Prospectus and will be filed with ROC at least three days before the bid/offer opening date. It will become a Prospectus after filing with ROC after the pricing



QIB Portion	The portion of the net issue being not less than mandatory 19,28,250 Equity Shares of Rs. 10 each at the Issue Price, available for allocation to QIBs
Qualified Institutional Buyers/ QIBs	Public Financial Institutions as specified in Section 4A of the Companies Act, Scheduled Commercial Banks, Mutual Funds registered with SEBI, Foreign Institutional Investors registered with SEBI, Multilateral And Bilateral Development Financial Institutions, Venture Capital Funds registered with SEBI, Foreign Venture Capital Investors registered with SEBI, State Industrial Development Corporations, Insurance Companies registered with the Insurance Regulatory And Development Authority (IRDA), Provident Funds with a minimum corpus of Rs.2500 Lakhs and Pension Funds with a minimum corpus of Rs. 2500 Lakhs.
Retail Individual Bidders	Individual Bidders (including HUFs and NRIs) who have not Bid for an amount in excess of Rs.1,00,000/- in any of the bidding options in the Issue.
Retail Portion	The portion of the Net Issue being a minimum of 13,49,775 Equity Shares of Rs.10 each available for allocation to Retail Individual Bidder(s)
Registrar/ Registrars to the Issue	Intime Spectrum Registry Limited
Revision Form	The Form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of their Bid cum Application Forms or any previous Revision Form(s).
Syndicate Agreement	The agreement to be entered into among the Company and the members of the Syndicate in relation to the collection of Bids in this Issue
Syndicate Members	Intermediaries registered with SEBI and eligible to act as underwriters. Syndicate Members are appointed by the BRLM and include the BRLM
Syndicate	The Syndicate Members collectively
TRS or Transaction Registration Slip	The slip or document issued by the Syndicate Members to the Bidder as proof of registration of the Bid
Underwriters	The BRLM and Syndicate Members
Underwriting Agreement	The Agreement among the BRLM, the Syndicate Members and the Company to be entered into on or after the Pricing Date

III. COMPANY/INDUSTRY RELATED TERMS

Auditors	The statutory auditors of the Company, Jayesh Sanghrajka & Co., Chartered Accountants
Board/ Board of Directors	Board of Directors of Pratibha Industries Limited
Committee	Committee of the Board of Directors of Pratibha Industries Limited authorised to take decisions on matters related to or incidental to this Issue
Equity Shares	Equity Shares of the Company of Rs. 10/- each unless otherwise specified in the context thereof
Equity Shareholders	Persons holding Equity Shares of the Company unless otherwise specified in the context thereof
Face Value	Value of paid up equity capital per Equity Share, in this case being Rs. 10/- each
The Company / PIL / Pratibha / We / Us / Our Company/ The Issuer	Pratibha Industries Limited, incorporated under the Companies Act, 1956 on July 19, 1995
Registered Office/ Registered Office of the Company	101, Usha Kamal, 574, Chembur Naka, Chembur, Mumbai 400 071
ADB	Asian Development Bank

AWWA	American Water Works Association
ASME	American Society of Mechanical Engineers
BS	British Standard
BOQ	Bill of Quantities
BOT	Build Operate & Transfer
BOLT	Build Own Lease & Transfer
BOOT	Build Own Operate & Transfer
BMC	Brihanmumbai Municipal Corporation
CIDCO	City & Industrial Development Corporation
EMD	Earnest Money Deposit
EPC	Engineering Procurement & Construction
FEED	Front End Engineering and Designing
IS	Indian Standards
ICB	International Competitive Bidding
LSTK	Lump Sum Turnkey
MCGM	Municipal Corporation of Greater Mumbai
MIDC	Maharashtra Industrial Development Corporation
MJP	Maharashtra Jeevan Paradhikaran
MMRDA	Mumbai Metropolitan Region Development Authority
MSRDC	Maharashtra State Road Development Corporation
NHAI	National Highway Authority of India
NHDP	National Highway Development Program
O & M	Operations and Management
PHW	Public Health Works
PMC	Pune Municipal Corporation
PPP	Public - Private Partnership
PSU	Public Sector Undertaking
PWD	Public Works Department
RFP	Request for Proposal
RFQ	Request for Qualifications or Pre Qualifications
SAW	Submerged Arc Welded
SFRC	Special Fibre Reinforced Cement
RCC	Reinforced Concrete Cement
SPV	Special Purpose Vehicle



IV. ABBREVIATIONS

Abbreviation	Full Form
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
AY	Accounting year
A/c	Account
BIFR	Board for Industrial & Financial Reconstruction
BSE	Bombay Stock Exchange Limited
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
EBITDA	Earning Before Interest Tax Depreciation and Amortization
EPS	Earnings Per Share i.e. profit after tax divided by outstanding number of Equity Shares at the year end
GDP	Gross Domestic Product
IPO	Initial Public Offering
MDPL	Muktangan Developers Private Limited
N.A.	Not Applicable
NAV	Net Asset Value being paid up Equity Share Capital plus free reserves (excluding reserves created out of revaluation) less deferred expenditure not written off (including miscellaneous expenses not written off) and debit balance of Profit & Loss account, divided by number of issued Equity Shares
NSE	The National Stock Exchange of India
NSDL	National Securities Depository Limited
P/E Ratio	Price/Earnings Ratio
PIPL	Pratibha Infrastructure Private Limited
PPSPL	Pratibha Pipes & Structural Private limited
PHSPL	Pratibha & Heng Structural Private Limited
PPCIPL	Pratibha Precast Concrete Industries Private Limited
PSPL	Pratibha Shareholding Private Limited
PAN	Permanent Account Number
QIB	Qualified Institutional Buyer
RHP	Red Herring Prospectus
ROC	Registrar of Companies
ROI	Return on Investment
RONW	Return on Net Worth

B. RISK FACTORS

I. FORWARD LOOKING STATEMENT AND MARKET DATA

This Red Herring Prospectus contains certain “forward-looking statements”. These forward looking statements can generally be identified by words or phrases such as “aim”, “anticipate”, “believe”, “expect”, “estimate”, “intend”, “objective”, “plan”, “project”, “shall”, “will”, “will continue”, “will pursue” or other words or phrases of similar import. Similarly, statements that describe our objectives, plans or goals also are forward-looking statements.

Actual results may differ materially from those suggested by the forward looking statements due to risks or uncertainties associated with the expectations of the Company with respect to, but not limited to, their ability to successfully implement their strategy, their growth and expansion, technological changes, their exposure to market risks, general economic and political conditions in India which have an impact on the business activities or investments, the monetary policies of the Government, 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 the actual results to differ, see the section entitled “Risk Factors” beginning on page no. 8 of the Red Herring Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. 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.

Use of Market Data

Unless stated otherwise, macroeconomic and industry data used throughout this Red Herring Prospectus has been obtained from publications prepared by Government sources and providers of industry information. Such publications generally state that the information contained therein has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe that industry data used in this Red Herring Prospectus is reliable, it has not been independently verified.



II. RISK FACTORS

INTERNAL RISK FACTORS

1. Income Tax proceedings against our Company, Promoters (stated below), and Group Concerns

Income Tax authorities under the provisions of Section 132 of Income Tax Act, 1961 carried out a search at the premises of our Company, the Promoters (stated below) and our group concerns. During the course of the search, the Company, Promoters and our group companies/concerns have admitted the following undisclosed income:

Name of the tax payer	Relationship with Company	Income Admitted(Rs.)	Assessment Years for which income has been admitted
Pratibha Industries Limited	Company	2,31,21,287	2005-06
Pratibha Precast Concrete Industries Limited	Promoter Group Company	7,44,906	2005-06
Pratibha & Heng Structural Private Limited	Promoter Group Company	2,26,060	2005-06
Teknoworks (India)	Group Concern/ Partnership Firm	29,08,548	2005-06
Mr. Ajit B. Kulkarni	Promoter & Director	20,00,000	2005-06
Mr. Vinayak B. Kulkarni	Promoter & Director	10,00,000	2005-06

Our Company, the above Promoters and our group concerns may receive a notice from Income Tax Department to file Returns u/s 153A of the Income Tax Act pursuant to which Returns of Income for the last 6 financial years i.e. F.Y. 1998-99 to F.Y. 2004-05 under the provisions of Section 153 A of the Income Tax Act shall be filed. The income declared under these Returns of Income shall be assessed by the Income Tax Department and shall be taxed under the regular provisions of the Income Tax Act. The Company, the above Promoters and our group concerns may also be liable to pay penalty and interest at the time of assessment.

2. Funds being raised through this Issue have not been appraised by any Bank or Financial Institution and the same shall be deployed at the sole discretion of the Management.

Management Perception

The estimate in respect of funds required is based on the current performance, order book position, pre-qualifications of our Company, the expertise gained by our Company over the years and the growth expected in the infrastructure sector. Our estimates towards investments in projects on BOT / BOOT / Annuity / Deferred Payment basis are backed by market analysis towards cost of project execution. Further, the proposed investments in Pratibha Infrastructure Private Limited (PIPL) for setting up a spiral welded pipe project is based on estimates and past experiences.

3. The Company is envisaging an investment of Rs. 1500.00 Lakhs towards projects to be executed on BOT / BOOT / Annuity / Deferred Payment basis. However, the Company does not have any experience in executing infrastructure projects on BOT/BOOT basis.

Management Perception

Our Company has in the past successfully executed projects on Annuity and Deferred Payment basis. The project for Pune Municipal Corporation has been executed on deferred payment basis, whilst the Akola project which is currently under execution is based on the annuity model of funding. Our Company has recently bid for a water supply project of Ulhasnagar Municipal Corporation (UMC) on BOOT basis, in joint venture with Unity Infraprojects Limited. The UMC has identified the joint venture as the lowest responsive

bidder for the project. The project entails development of independent water source, augmentation of existing water supply scheme up to and including service reservoirs and operation and maintenance thereof. The project is valued at Rs.9400.00 Lakhs. The joint venture expects to receive the Letter of Intent shortly after which our Company would be required to provide Rs. 1500 Lakhs as its contribution to this joint venture project.

Moreover, the Government and its agencies are encouraging private sector participation in infrastructure projects through various routes including BOT / BOOT. Since our Company has undertaken/executed mid sized infrastructure projects on Annuity/Deferred Payment basis, our Company expects to get pre-qualified for such projects on the strength of its existing qualifications.

4. No Tie-up of term loans of Rs.1200.00 lakhs by Pratibha Infrastructure Private Limited

PIPL has not yet tied up term loans of Rs.1200.00 lakhs for its Spiral Welded Pipes project in which PIL proposes to invest Rs.1400 lakhs by way of equity.

Management Perception

PIPL has initiated preliminary steps for setting up the project such as identifying the suitable location, availability of fiscal incentives for the project, suitable personnel, critical machinery, etc. Further, PIPL is also discussing the proposal for tying up the term loan of Rs.1200 lakhs with various lenders and the project report shall be submitted to prospective lenders by PIPL after finalizing the key issues mentioned above.

5. The Company has recently submitted joint bid with Unity Infraprojects Limited for water supply project of Ulhasnagar Municipal Corporation (UMC) on BOT/BOOT basis for which issue proceeds to the extent of Rs. 1500 Lakhs are earmarked. The Company has not yet been awarded the said contract.

Management Perception

If the Company is awarded the contract by UMC, the Company intends to invest Rs. 1500 Lakhs in a special Purpose Vehicle (SPV) to be formed with Unity Infraprojects Limited on 50:50 basis. In the event the Company is not awarded the above contract, the funds will be utilized for other BOT/BOOT projects in the country for which it shall be bidding in the near future. If the Company is not awarded any other BOT/BOOT projects in near future, the Company alternatively, proposes to utilize the funds allocated for BOT/BOOT projects for the expansion of the existing business of the Company and general corporate purposes. However, in any case the utilization of issue proceeds shall be supervised by the monitoring agency.

6. Competition from group companies in similar line of business

Some of the group companies of Pratibha Industries Limited operate in similar lines of business related to construction activity, property development and construction materials etc, which may lead to conflict of interests.

Management Perception

Our group companies are engaged in manufacturing of SAW Pipes, Spiral Welded pipes, pre-cast concrete products, trading of steel products like steel pipes & other related steel products, real estate development and Steel fabrication. While products like SAW Pipes, Spiral Welded Pipes, Steel fabricated products are the products required by our Company in executing various water/gas/oil supply related project by way of backward integration, our Company does not have any manufacturing facilities of its own and so there would be no conflict of interest. As regards real estate development and pre-cast concrete products, two of our group companies viz. Muktangan Developers Private Limited and Pratibha Pre-cast Concrete Industries Private Limited are engaged in activities similar to our Company. However, the customer segment, product-mix of these group companies are different from that of our Company and therefore, these group companies are not competing with our Company.



- 7. Fluctuations in exchange rate for importing machinery for Spiral Welded Pipe project proposed to be set up by PIPL.**

Management Perception

Our Company proposes to invest Rs. 1400 Lakhs out of the proceeds to be raised through this Public Issue for the Spiral Welded Pipe project of PIPL. PIPL has made necessary contingency provisions to take care of any adverse exchange fluctuation which may result in higher costs of the imported machinery. Considering the present exchange rate scenario, we do not anticipate any major variation in the cost estimates of the imported machinery and any additional investment than that proposed in the RHP.

- 8. The Company receives major revenues from contracts awarded by the Central / State Governments and their agencies. Any slow down in the government spending may adversely affect the growth of the Company.**

Management Perception

Central Government, State Government, Municipal Corporations and various other agencies have been giving utmost importance to infrastructure development and have increased budgetary allocation and spending on infrastructure projects. For this purpose, special funds, budgetary allocations, external debt is being raised to ensure continuous availability of required funds for infrastructure development. Therefore, our Company does not anticipate any slowdown in the pace of development of the infrastructure facilities on the contrary foresees increased spending in the medium to long term.

- 9. The Company's revenues would largely depend upon acceptance of the bids submitted by it to the Government and other agencies. The performance of the Company could be affected in case majority of the bids are not accepted/awarded.**

Management Perception

The Company has been bidding for various projects in past and has been able to procure contracts in spite of competition from various industry players.

- 10. Contracts in the infrastructure sector are awarded on the basis of pre-qualification criteria and competitive bidding processes. Our Company faces intense competition from big international and domestic construction companies to small contractors. Once the bidders clear the technical requirements of the tender, the contract is usually awarded on the basis of the competitive price quoted by the bidder. Due to this the Company may have to reduce its bid price and so its margin to get the contract. Consequently, this could have a negative impact on our financial condition and prospects.**

Management Perception

Some of our group companies manufacture vital inputs like steel pipes, steel bars/rods which are extensively used by our Company in its construction activities. In addition, our Company indirectly hedges its risk by entering into long term pricing for vital products. Further, our Company constantly reviews various input costs and overheads and keeps a constant watch on the price movement of major materials like cement, steel, etc. used in construction and prefers to purchase them on rate contract basis for full period of the project. This reduces the overall costs of construction and avoids higher end fluctuations.

- 11. The Company executes high value contracts which normally provide a penalty clause in case of any time-overrun in completion of the project.**

Management Perception

Our Company has a track record of completing projects within the prescribed time but at times due to circumstances beyond the control of the Company, there may be some delays in completing the projects which may lead to payment of damages. These are risks inherent to this business and the same can be mitigated by proper planning and implementation.

- 12. In fixed price contracts, availability / timely supply of raw material, increase in the price of raw material such as cement, steel and other project costs may have an adverse effect on our Company's profitability. The execution of contracts is primarily dependent on adequate and timely supply of raw material such as cement, steel etc. at competitive prices. The profits realized on such contracts may vary from original estimates on account of changes in project conditions, fluctuations in the cost of raw material, variation in labour and equipment costs, which are beyond our control. Such variations may adversely affect the performance of the Company.**

Management Perception

Our Company has been into infrastructure development activities for the last 7 years and has well established relationships with its suppliers. Our Company also constantly keeps a watch on price movements of major materials used in construction such as cement and steel and prefers to purchase such materials on rate contract basis for the full period of the project, thereby reducing the basic costs and higher end fluctuation. As regards the availability of these raw materials, our Company does not foresee any shortfall in its availability in view of the booming cement and steel industry in the country.

- 13. The projects sub-contracted by the Company could get delayed on account of the sub-contractor's performance resulting in delayed payments.**

Management Perception

As on date of this RHP we have sub-contracted only one contract of Rs. 660 Lakhs. Our Company generally sub-contract insignificant works to other contractors. Payment receipts for works subcontracted by us depend upon the performance of the sub contractor. In the event of any delay on the part of a sub-contractor, our Company would receive delayed payments from the client as also the Company may be required to pay penalty for such delay. However, our Company has identified skilled sub contractors which meet our expectations. In large value sub contracts we generally incorporate a penalty clause to ensure completion of the works in time with the desired quality.

- 14. Our Company is dependent on Water Supply and Distribution projects, which generates major portion of our revenue. For the year ended, March 31, 2005, major portion of our revenue was generated through Water Supply and Distribution projects. The number and nature of these projects depend upon various factors such as budgetary allocation, development objectives of the Government and its agencies, amongst others. In addition to the above, contractors may gain the necessary prequalification to bid for such projects. Therefore, there can be no assurance of a steady income from such projects. In case budgetary allocation or external funding by the Government and its agencies for such projects is reduced or our Company's bids for such projects are rejected, our Company's business and financial performance will be affected.**

Management Perception

Our Company, apart from the water supply and distribution project business, is also engaged in other infrastructure projects like road construction, mass housing projects, public utility developments like railway station complex, airport buildings etc. and thereby reduces excessive dependence on the water supply and distribution project business. Further, our Company also proposes to develop infrastructure projects under BOT/BOOT to be funded through proceeds of the Issue. Therefore, the dependency on one particular business, in future, would be reduced and our Company would be competent to undertake any infrastructure project.

- 15. The Company depends on forming joint ventures for undertaking projects which require higher capital adequacy and technical expertise. In order to meet these pre-qualifications, the Company enters into joint ventures / memorandum of understanding with other companies. In case we are unable to forge alliances with other companies to meet the prequalification requirements we may lose out on the opportunity to bid.**



Management Perception

Presently, our Company has entered into three joint ventures through which we have undertaken certain projects. We have made substantial investments in these joint ventures and have not faced any difficulty so far. Our Company in the most of its joint ventures has a majority stake in the project and is involved both technically and financially on a day to day basis.

16. The Company's business needs substantial working capital and financing in the form of debt and/or equity to meet its requirements.

Management Perception

Our business demands substantial working capital in the form of fund and non-fund based working capital facilities. We have borrowings in the form of loans for an amount aggregating Rs. 2157.75 Lakhs and a cash credit facility from banks for an amount aggregating Rs. 972.84 lakhs as on March 31, 2005. Working capital requirement is also partially met through internal accruals. Generally, payments from clients are linked to completion of 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 such an event, the interest obligations would increase and we may be subject to additional covenants. In case we decide to raise additional capital, the shareholding pattern also may undergo change.

17. The Company is subject to restrictive covenants in certain long-term debt facilities provided to us by our lenders. The covenants in borrowings from banks, among other things, requires their approval in respect of issuing new securities (debt or equity), change in management, effecting mergers, consolidations or sales of assets, incurring capital expenditure beyond certain limits, declaring dividends, undertaking major diversification in the business or creating subsidiaries or making certain investments. Some of these borrowings also contain financial covenants, which may limit our ability to borrow additional money.

Management Perception

Though these covenants are restrictive to some extent, they ensure financial discipline, which would help our Company in the long run to improve its financial performance.

18. Some of our projects are not insured as required by the client.

Management Perception

Our Company is under obligation to insure its projects, as per the relevant terms of the tender / contract documents. As on December 31, 2005, we have taken Contractors All Risk Insurance Policy for our projects for various insurance risks to the extent of Rs. 17444 Lakhs. For certain projects we have not taken 100% insurance cover based on our Company's risk perception, however such insurance cover is within the parameters stated in the bid documents. We are of the view that inadequate insurance cover would not have any major financial implication on the Company in respect of such projects.

19. As per our audited accounts, Contingent Liability to the extent of Rs. 10148.61 Lakhs has not been provided in the books of accounts.

Management Perception

As on 31st December, 2005, the contingent liability of Rs. 10148.61 Lakhs comprises of outstanding Letter of Credit facilities of Rs. 2087.87 Lakhs availed by our Company, Guarantees of Rs. 5860.74 Lakhs furnished by our Bankers to the clients and corporate guarantees of Rs.2200 Lakhs given by our Company to the bankers of joint ventures for obtaining various credit facilities.

Letter of Credit facilities are availed by our Company for the procurement of construction materials from suppliers in the normal course of business. The nature of infrastructure project requires furnishing of bank

guarantees to the clients. These guarantees are in the nature of EMD Guarantees, Performance Guarantees and other guarantees which get released on completion of the project. None of the guarantees given by our Company has been invoked by any client in the past. As regards corporate guarantee furnished by our Company, our group companies/joint ventures are fulfilling their obligations to their respective bankers regularly and no such default has taken place as on the date of this RHP. We do not expect the aforesaid contingent liabilities to crystallize in the near future.

20 Likely loss of business and monetary loss on account of a Public Interest Litigation filed against Akola Municipal Corporation, a client of the Company, in the Bombay High Court, in relation to the work awarded to the Company.

A Public Interest Litigation against Akola Municipal Corporation (AMC), Akola and others have been filed by one Mr. Harish Alimchandani and others in the Nagpur Bench of Bombay High Court (WP No. 5753 of 2005) in respect of the agreement dated 27th June, 2003 entered between AMC and our Company to construct 16 concrete roads across the city of Akola at an estimated cost of Rs. 1670 Lakhs. Our Company has also been made a party respondent in this public interest litigation. The Petitioner has prayed for a declaration by the Court of the agreement being null and void on the ground that the same was entered into without following mandatory requirements under the Bombay Provincial Municipal Corporation Act, 1949. Further, the Petitioner has also prayed for order restraining invocation of bank guarantee amounting to Rs. 970 Lakhs provided by AMC in favour of our Company for due payment of monthly installments under the Agreement. The Hon'ble High Court by an Order dated November 4, 2005 directed the matter to be listed on November 16, 2005 and directed the parties to maintain status quo. However, the matter was listed on 13th January, 2006 and was postponed for 4 weeks.

21 Declaration of Dividend on the equity shareholding

We have not declared dividend on the paid up equity share capital of the Company as our Company preferred to plough back the profits into the business.

22. Outstanding Litigations

Our Company is facing some litigations filed by certain clients and suppliers claiming an aggregate amount of Rs. 37,55,797/- with interest. For details please refer to the section entitled "Outstanding Litigations and Material Developments" on page no. 135 of this RHP.

External Risk Factors

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

A slowdown in the economy can have an adverse effect on the fiscal situation of the country due to which budgetary allocations for infrastructure projects may be reduced or deferred which in turn shall affect the business of our Company.

2. Adverse weather conditions can delay the implementation of our projects.

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

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

The role of the 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. The present Government of India, which was formed in May 2004, consists of a coalition of political parties. The withdrawal of one or more of these parties from a coalition government can result in political instability. 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.

4. The price of our Equity Shares may be highly volatile.

The price of our equity shares may be highly volatile or there may be no active market for the equity shares which may be due to following reasons:

- Volatility in Indian and global securities market;
 - Results of operations and performance;
 - Perception in the Indian market about investment in the infrastructure sector;
 - Changes in the estimates of our performance or recommendations by financial analysts;
 - Significant changes in government policies; and
 - Performance of the Indian economy
5. There are risks due to slowdown in execution of projects due to fire, riots, vandalism, terrorism and other law and order problem.
 6. There are risks of increased taxes and levies by government and local bodies.
 7. Exchange rate fluctuations may have an adverse impact on the performance of the Company.
 8. Significant rise in the crude oil prices, metals and other raw materials may lead to increase in the cost of construction and affect the economy of the country in general.
 9. 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.

NOTES TO RISK FACTORS

- 1) The net asset value per Equity Share of Rs. 10 each was Rs. 25.51 as on 31st December, 2005 as per our restated financial statements of the Company under Indian GAAP.
- 2) The net worth of our Company was Rs. 2551.15 Lakhs as on 31st December, 2005 as per our restated financial statements under Indian GAAP.
- 3) The Company has issued bonus shares to all shareholders of the Company in the ratio of 4:1 i.e. four equity share for every one equity share held as on the record date being 21st June, 2005. The issue of bonus equity shares was made solely through capitalization of the Reserves of the Company. The allotment of these Equity Shares was made on 21st June, 2005. The net asset value per equity share after the bonus issue is Rs. 25.51.
- 4) Public Issue of 42,85,000 Equity Shares of Rs. 10/- each at the Issue Price of Rs. [●] for cash aggregating Rs. [●] by our Company under this Red Herring Prospectus.
- 5) The average cost of acquisition of Equity Shares of Rs. 10 each by the Promoters is given below

Name of our Promoter	Average cost of acquisition of Shares (Rs.)
Mrs. Usha B. Kulkarni	2.00
Mr. Ajit B. Kulkarni	1.99
Mr. Datta B. Kulkarni	2.00
Mr. Vinayak B. Kulkarni	2.00
Mr. Ramdas B. Kulkarni	2.00
Pratibha Shareholding Pvt. Ltd.	150.00

- 6) Investors are advised to refer to the paragraph entitled “Basis for Issue Price” beginning on page no. 41 of this Red Herring Prospectus before making an investment in this Issue.
- 7) The Promoter Group/ Directors of the Company have not purchased and or sold / financed any shares of the Company during the past six months other than as disclosed in the notes to the Capital Structure on page no. 28.
- 8) Trading in Equity Shares of our Company for all the investors shall be in dematerialized form only.
- 9) Investors may note that in case of oversubscription, allotment to Retail Investors and Non Institutional Investors shall be on proportionate basis and will be finalized in consultation with the Designated Stock Exchange. If the Issue is oversubscribed, the Designated Stock Exchange along with the concerned Post Issue Book Running Lead Manager and Registrar to the Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner.
- 10) The Issue is being made under clause 2.2.1 of SEBI (DIP) Guidelines, 2000, as amended, through a 100% Book Building process wherein up to 50% of the issue Size will be allocated on proportionate basis to Qualified Institutional Buyers (including 5% for Mutual Funds). Further, not less than 15% of the Net Offer will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Offer will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Offer Price.
- 11) Investors are free to contact the BRLM or the Compliance Officer for any complaint, clarification or information relating to the Issue who will be obliged to provide the same to the investor.
- 12) All information shall be made available by the BRLM and our 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.
- 13) For related party transactions, please refer to the section entitled “Related Party Transactions” on page no. 104 of this Red Herring Prospectus.



C. INTRODUCTION

I. SUMMARY

Industry

Infrastructure development activity is an integral and essential part of a country's all round development. Construction industry is an important segment of the infrastructure sector. Infrastructure covers services of transportation (highways, roads, ports, railways, airports); urban infrastructure (water supply, sewerage, drainage), power systems, irrigation and agriculture systems, telecommunications, etc. As such, construction becomes the basic input for socio-economic development. It renders significant contributions to the economy by enhancing gross domestic product (GDP), income and employment opportunities. It creates the physical foundations of economic development and improves the standard of living of a society. The output of the construction industry becomes the asset of a nation. Investment in the construction industry activates many other industries such as steel and cement, and it has maximum forward and backward linkage effect. It is, therefore essential, that, this vital sector is nurtured for the healthy growth of our country's economy.

Post liberalization of the Indian economy, Government has accorded highest priority to infrastructure development. The financing of infrastructure development has rightly shifted to the private sector, as public sector resources are not capable to finance such huge capital expenditures due to budgetary pressure. The Finance Act, 2005 focuses on the areas of rural telecommunication, rural electrification, roads, housing, and irrigation.

Business Overview

Pratibha Industries Limited is a company incorporated under the Companies Act, 1956 on July 19, 1995 as a public limited company. In the year 1999 it took over the running business of a partnership firm of its Promoters viz. Pratibha Industries.

Our Company, over the years has developed expertise in the building and development of infrastructure projects in five core areas given below:

- a) Road Construction
- b) Housing
 - Mass Housing
 - Real Estate Development
- c) Water Supply and Distribution System
- d) Environmental Engineering
- e) Pre-cast Design and Construction

The Company, apart from pursuing infrastructure business activities as listed hereinabove also proposes to enter the lucrative Engineering Procurement & Construction (EPC) business for executing oil and gas transmission contracts. In order to have an competitive edge over its competitors, the Company through Pratibha Infrastructure Private Limited, proposes to diversify in the form of backward integration, by installing a state of the art manufacturing and coating facility for producing spirally welded steel pipes used in the transmission of water, oil and gas.

Initially our Company began its business with the manufacturing of pre-cast products and has through the years grown into a multi-functional construction and infrastructure development company of repute. Our Company including its joint venture has already achieved a turnover of Rs. 12142 Lakhs in the year 2004-05 registering growth in turnover at CAGR of 42.30% for the past five years. Our Company also has to its credit an ISO 9001:2000 Quality Certificate, awarded by Moody International Certification Limited on June 4, 2004 and is valid up to June 3, 2007.

The Company is registered as a contractor for works in various categories with various Government and Semi-Government Authorities such as:

- a. Public Works Department (PWD), Government of Maharashtra, Class-1A.
- b. Municipal Corporation of Greater Mumbai (MCGM), Class-AA.
- c. City and Industrial Development Corporation (CIDCO), Class-I.
- d. Bangalore Water Supply and Sewerage Board, Class-I
- e. Karnataka Power Corporation, Class-I
- f. Maharashtra Jeevan Pradhikaran (MJP), Class- I (Civil)

II. THE ISSUE / OFFER

Equity Shares offered to the Public	42,85,000 Equity Shares of face value of Rs. 10/- each
Of which	
Employee Reservation Portion	4,28,500 Equity Shares (Allocation on a proportionate basis)
Issue Size/Net Offer to the Public	38,56,500 Equity Shares
Qualified Institutional Buyers Portion	Not more than 19,28,250 Equity Shares of face value of Rs. 10/- each constituting not more than 50% of the Net Offer to the Public (Including 5 % for Mutual Funds)
Non-Institutional Portion	Minimum 5,78,475 Equity Shares of face value of Rs. 10/- each, constituting 15% of the Net Offer to the Public
Retail Portion	Minimum 13,49,775 Equity Shares of face value of Rs. 10/- each, constituting 35% of the Net Offer to the Public
Note: A) Under-subscription, if any, in the Employees Reservation Portion will be added back to the Net Offer to the Public. B) Under subscription, if any, in any of the above categories would be allowed to be met with spillover from the other categories, at the sole discretion of the Company and the BRLM	
Equity Shares outstanding prior to the Issue	1,00,00,000 Equity Shares of face value of Rs. 10/- each
Equity Shares outstanding after the Issue	1,42,85,000 Equity Shares of face value of Rs. 10/- each
Use of Issue Proceeds	
The Company intends to deploy the proceeds from the Issue to invest in BOT/BOOT projects, investing in Pratibha Infrastructure Pvt Ltd to enable it to meet the capital expenditure for its Spiral Pipes project, to meet our Company's Long Term Working Capital requirements and to repay a part of our existing Debt/Loan. Please see section titled "Objects of the Issue" on the page no. 35 of this Red Herring Prospectus for additional information.	

Corporate Information

Registered Office: 101, Usha Kamal, 574, Chembur Naka, Chembur, Mumbai 400071

Corporate Office: Shrikant Chambers, Phase-II, 5th Floor, Sion - Trombay Road, Next to R.K. Studio, Chembur, Mumbai 400071. Tel: 91 22 5641 4499; Fax 91 22 2520 1135; E-mail: info@pratibhagroup.com; Website: www.pratibhagroup.com

Compliance Officer: Mr. T. R. Radhakrishnan (General Manager – Finance)



III. FINANCIAL SUMMARY

The following summary of financial data has been prepared in accordance with the Companies Act and the SEBI Guidelines and restated as described in the Auditors' Report of M/s. Jayesh Sanghrajka & Co., Chartered Accountants, Mumbai dated 19th January, 2006 in the section titled "Financial Information of our Company". You should read this financial data in conjunction with the Company's financial statements for each of fiscal 2001, 2002, 2003, 2004 and 2005, and for the period ended December 2005 including the Notes thereto and the Reports thereon, which appears on page no. 85 under sub-heading "Auditors' Report" in this Red Herring Prospectus, and "Management's Discussion and Analysis of Financial Condition and Results of Operations as reflected in the Financial Statements" on page no. 127 of this Red Herring Prospectus.

Statement of Profit & Loss Account, as restated:

(Rs. In lakhs)

Year ended March 31	2001	2002	2003	2004	2005	Dec. 2005
Income						
Construction Receipts	2926.78	3512.48	4255.14	6608.26	9058.79	9396.76
Other Income	17.06	3.62	6.25	2.15	4.92	7.92
Total	2943.84	3516.10	4261.40	6610.41	9063.71	9404.68
Expenditure						
Construction Expenditure	2586.45	3113.93	3730.57	5660.19	7299.76	7553.07
Personnel Expenses	42.37	34.14	44.31	59.20	114.88	137.16
Administrative & other Expenses	101.90	123.99	140.64	276.79	352.17	394.36
Total	2730.72	3272.06	3915.52	5996.18	7766.81	8084.59
Operating profit before Interest, Dep	213.12	244.04	345.87	614.22	1296.90	1320.09
Amortization, Prior period Expenses						
Interest and Finance Charges	106.15	88.32	101.47	204.74	386.29	511.00
Depreciation	19.50	22.46	26.40	36.51	46.17	44.91
Amortization	0.23	0.23	0.23	0.23	0.23	0.00
Operating profit before Prior period Exp	87.24	133.03	217.77	372.74	864.21	764.18
Prior period Expenses	0.00	0.00	0.00	0.00	0.00	0.00
Profit before Tax & Extraordinary items	87.24	133.02	217.77	372.75	864.21	764.18
Current Tax	15.82	12.29	17.15	12.00	50.00	53.66
Deferred Tax			8.19		3.49	11.13
A NP after Tax before extraordinary items	71.42	120.73	192.43	360.75	810.72	699.39
Add: Tax provision for earlier years w/back	0.00	17.17	0.00			
Add: Deferred Tax reversed				4.20		
Less: Tax paid for earlier year					1.76	0.00
NP after Tax & extraordinary items	71.42	137.90	192.43	364.95	808.97	699.39
B Impact of material adjustments for restatement in corresponding years						
Add / (Less) : Write Back of Liability	6.34	11.13	54.03	86.92	(172.21)	0.00
Add / (Less) : Deferred Tax	(1.06)	(0.90)	(0.82)	(2.18)	(3.49)	0.00

Year ended March 31	2001	2002	2003	2004	2005	Dec. 2005
Add / (Less) : Deferred Tax Provided earlier now Reversed			8.19	(4.20)	3.49	0.00
Add / (Less) : Tax adjustments	0.00	(17.17)	(0.81)		1.76	0.00
Add / (Less) : Others	0.00	0.00	0.00	0.00	2.65	(2.65)
Adjusted Profit(A+B)	76.71	130.95	253.02	445.48	641.17	696.74
C/F Profit from previous Year	107.09	183.79	314.75	567.77	1013.25	1654.42
Total	183.79	314.75	567.77	1013.25	1654.42	2351.15
Appropriations	0	0	0	0	0	800.00
General Reserve	0	0	0	0	0	0
Profit/(Loss) C/F to Balance sheet	183.79	314.75	567.77	1013.25	1654.42	1551.15

Statement of Assets & Liabilities, as restated:
(Rs. In lakhs)

For the year March 31	2001	2002	2003	2004	2005	Dec. 2005
Fixed Assets						
Gross Block	362.40	448.60	488.61	862.94	985.93	1430.96
Less:Depreciation	35.26	56.79	83.19	117.22	152.89	197.80
Net Block	327.14	391.82	405.42	745.72	833.04	1233.16
Capital Work in Progress	0.00	0.00	0.00	0.00	0.00	0.00
A Total	327.14	391.82	405.42	745.72	833.04	1233.16
B Investments	106.42	106.43	18.70	48.70	48.70	68.38
C Deferred Tax Assets	0.00	0.00	0.00	0.00	0.00	0.00
Current Assets						
Inventories	298.88	509.72	344.82	957.89	2087.59	2315.01
Sundry Debtors	168.08	344.12	632.23	1602.73	3220.83	2780.53
Cash and Bank Balances	35.55	176.33	6.63	37.97	118.15	85.09
Loans & Advances	603.65	501.02	818.88	1528.60	2879.30	3855.57
D Total	1106.16	1531.20	1802.56	4127.19	8305.86	9036.20
E Total Assets (A+B+C+D)	1539.71	2029.44	2226.68	4921.60	9187.60	10337.74
Less:Liabilities & Provisions						
Secured Loans	264.09	432.11	410.57	1557.67	2513.89	4861.72
Unsecured Loans	42.59	0.10	0.00	0.00	193.45	0.00
Deferred Tax Liabilities	2.23	3.13	3.95	6.13	9.62	20.75
Current Liabilities	891.09	1090.15	1025.94	2131.02	4566.22	2855.12
Provisions for taxation	16.76	13.24	18.91	13.76	50.00	49.00
F Total Liabilities	1216.76	1538.73	1459.37	3708.58	7333.18	7786.59
NET WORTH (E-F)	322.95	490.71	767.31	1213.02	1854.42	2551.15
REPRESENTED BY						
G Share Capital	140.08	176.66	200.00	200.00	200.00	1000.00
Reserves & Surplus	183.79	314.75	567.77	1013.25	1654.42	1551.15
Less: Misc Expenditure	0.92	0.69	0.46	0.23	0.00	0.00
H Net Reserves & Surplus	182.87	314.06	567.31	1013.02	1654.42	1551.15
NET WORTH (G+H)	322.95	490.71	767.31	1213.02	1854.42	2551.15



IV.GENERAL INFORMATION



PRATIBHA INDUSTRIES LIMITED

Registered Office: 101, Usha Kamal, 574, Chembur Naka, Chembur, Mumbai 400071

Corporate Office: Shrikant Chambers Phase-II 5th Floor, Sion -Trombay Road,

Next to R.K. Studio, Chembur, Mumbai 400071

Company Registration No.11-90760

Tel: 91 22 5641 4499; Fax 91 22 2520 1135;

E-mail: info@pratibhagroup.com; Website: www.pratibhagroup.com

The Company was incorporated on July 19, 1995 as a public limited company with the Registrar of Companies, 100, Everest Building, Marine Lines, Mumbai 400002.

BOARD OF DIRECTORS OF THE COMPANY

Name of the Directors	Designation	Status
Mrs. Usha B. Kulkarni	Executive Chairperson	Executive
Mr. Ajit B. Kulkarni	Managing Director	Executive
Mr. Vinayak B. Kulkarni	Whole time Director	Executive
Mr. Anilkumar G. Karkhanis	Director	Independent Non-Executive
Mr. Awinash M. Arondekar	Director	Independent Non-Executive
Mr. Shrikant T. Gadre.	Director	Independent Non-Executive

BREIF PROFILE OF EXECUTIVE DIRECTORS

Mrs. Usha B. Kulkarni

Mrs. Usha B. Kulkarni, an executive Chairperson, aged 70 years, has been a Director since inception and is responsible for general administration. She is a graduate in Arts from Pune University. She is well versed with the administrative skills required for successful operation of business at various levels. She has more than 35 years of administrative experience and has worked in various capacities in the Company.

Mr. Ajit B. Kulkarni

Mr Ajit B. Kulkarni, a Managing Director, aged 47, has been a Director since inception and is responsible for successful execution of all projects undertaken by the Company. Mr Ajit B. Kulkarni has vast experience in the construction and management of various civil engineering projects. He personally involves himself in the projects to ensure highest quality service to the clients. He was instrumental in giving the Indian Construction Industry the first SFRC manhole covers, which practically eliminated the use of cast iron counterparts.

Mr. Vinayak B. Kulkarni

Mr. Vinayak Kulkarni, an executive Whole Time Director (Technical), aged 58 years, has been director since inception. Mr. Vinayak B. Kulkarni holds Diploma in Mechanical Engineering. He has extensive experience in the Pre-cast products. He believes in timely completion of projects with expected quality. He also functions in the areas of planning and scheduling, site management, procurement of material and manpower, and other general management issues that come up during construction.

COMPLIANCE OFFICER

Mr T.R. Radhakrishnan (General Manager - Finance)

Shrikant Chambers Phase -II, 5th Floor, Sion - Trombay Road,

Next to R.K. Studio, Chembur,

Mumbai 400071

Tel: 91 22 5641 4455, Fax 91 22 2520 1135

E-mail: radhakrishnan@pratibhagroup.com

COMPANY SECRETARY

Mr. Mahesh Madhukar Joshi
Shrikant Chambers Phase -II, 5th Floor, Sion - Trombay Road,
Next to R.K. Studio, Chembur,
Mumbai 400071
Tel: 91 22 5641 4499, Fax 91 22 2520 1135
E-mail: finance@pratibhagroup.com

BANKERS TO THE COMPANY**The United Western Bank Limited.**

Chembur Branch,
Corporate Park, Unit No 2,
Sion-Trombay Road,
Chembur, Mumbai-400 071.
Tel:91 22 2528 6173,

Bank of Baroda

Chembur Branch,
Fair Lawn CHS Ltd, Plot No .7,
Sion-Trombay Road, Chembur,
Mumbai- 400 071.
Tel:91 22 2520 4243, 2520 0200/353
Fax :91 22 2520 4243
E-mail:chembu@bankofbaroda.com

Bank of India

Ghatkopar West Branch,
Desai Niwas,
M.G Road, Ghatkopar (West)
Mumbai-400 086.
Tel:91 22 2514 8853, 2511 6838
Fax:91 22 2514 8854
E-mail:boighatw@vsnl.net

Punjab National Bank

Mid Corporate Branch
Brady House,
V.N Road,
Mumbai 400 001.
Tel: 91 22 2204 2252
Fax: 91 22 2204 9294
E-mail:bo3731@pnb.co.in

ICICI Bank Limited

Nariman Point Branch,
215, Free Press House,
Nariman Point,
Mumbai-400 021.
Tel:91 22 2653 1414
Fax:91 22 2653 1122
Website:www.icicidirect.com

State Bank of India

Commerical Branch, Chembur
118-121 1st Floor,
Swastik Chambers,
Sion- Trombay Road,
Mumbai 400 071
Tel: 91 22 2527 4522
Fax: 91 22 2527 4524
Website:sbi.co.in
Email : sbicbc@vsnl.net



Issue Management Team

BOOK RUNNING LEAD MANAGER



Vivro Financial Services Private Limited
16/18, Manu Mansion, First Floor
Shahid Bhagatsingh Road
Opp. Old Custom House, Fort,
Mumbai - 400 023
Tel.: 022-2265 7364,
Fax: 022-2265 8406
Contact Person : Mr. Keval Gandhi
Web site: www.vivro.net
Email: pratibha@vivro.net

CO-MANAGER

Co-Manager to the Issue

Canara Bank



Merchant Banking Division,
Varma Chambers,
No. 11, Hornji Street , Fort,
Mumbai-400 001.
Phone: 91 22 2267 7405
Fax: 91 22 22677404
Contact Person: Mr. P.Sitaram
Email: mbdcomcity@canbank.co.in.
Website: www.canbankindia.com

REGISTRAR TO THE ISSUE



Intime Spectrum Registry Limited
C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W),
Mumbai - 400 078
Tel No. 022-25960320,
Fax: 022 - 25960329
Contact Person : Mr. Nikunj Daftary
E-Mail- pratibha@intimespectrum.com

Note: Investors can contact the Compliance Officer in case of any Pre-Issue related problems. In case of Post-Issue related problems such as non-receipt of letters of allotment / share certificates / credit of securities in depositories beneficiary account / refund orders, etc., Investors may contact Compliance Officer or Registrar to the Issue.

LEGAL ADVISOR TO THE ISSUE

Rajani Associates

F-4, Panchsheel, 53, 'C' Road,
Churchgate,
Mumbai 400 020
Tel: 91 22 2202 1010, Fax: 91 22 2202 1011
Contact Person : Mr. Prem Rajani
E-mail: info@rajaniassociates.net

BANKERS TO THE ISSUE/ESCROW COLLECTION BANKS

ICICI Bank Ltd.

Capital Markets Division
30, Mumbai Samachar Marg, Fort, Mumbai.400 001.
Tel: 91 22 22655285
Fax: 91 22 22611138.
Contact Person: Mr. Sidhartha Shankar Routray
Email: sidhartha.routray@icicibank.com
Website: www.icicibank.com

Standard Chartered Bank

270, D.N. Road, Fort,
Mumbai-400 001
Tel: 91- 22 -2268 3965 / 2209 2213
Fax: 91 22 2201 9246/9208.
Contact Person: Mr. Banhind Bhattacharya
Email:banhind.bhattacharya@in.standardchartered.com
Website:www.standardchartered.co.in

Deutsche Bank

Kodak House, 222, Dr. D.N. Road, Fort,
Mumbai-400 001.
Tel: 91 22 5658 4045
Fax: 91 22 2207 6553
Contact Person: Mr. Shyamal Malhotra
Email:shyamal.malhotra@db.com
Website:www.db.com.

Kotak Mahindra Bank

13th Floor, Nariman Bhavan,
227, Nariman Point,
Mumbai 400 021
Tel: 91 22 56596022 / 5648 2632
Fax: 91 22 22817527
Contact Person: Mr. Ibrahim Sharief
Email: ibrahim.sharief@kotak.com
Website:www.kotak.com

BROKERS TO THE ISSUE

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

SYNDICATE MEMBER

Vivro Financial Services Private Limited
16/18, Manu Mansion, First Floor
Shahid Bhagatsingh Road
Opp. Old Custom House, Fort,
Mumbai - 400 023
Tel.: 022-2265 7364,
Fax: 022-2265 8406
Web site: www.vivro.net
Email: pratibha@vivro.net

AUDITORS TO THE COMPANY

Jayesh Sanghrajka & Company
Unit No.405 & 406, 4th Floor,
Hind Rajasthan Centre,
95, D.S Palkhe Road,
Dadar (E), Mumbai 400014.
Tel/Fax - 2411 3263 / 2418 2107 / 2416 5160 / 2416 1201



Statement of inter-se allocation of responsibilities amongst Book Running Lead Manager Vivro Financial Services Pvt. Ltd and Co-manager Canara Bank

Sr. No.	Particulars	Responsibility	Co-ordinator
1	Capital structuring with the relative components and formalities such as type of instruments, etc.	Vivro	Vivro
2	Due diligence of the company's operations / management / business plans/legal etc.	Vivro	Vivro
3	Drafting & Design of Offer Document and of statutory advertisement including memorandum containing salient features of the Prospectus. The designated Lead Manager shall ensure compliance with stipulated requirements and completion of prescribed formalities with Stock Exchange, Registrar of Companies and SEBI.	Vivro	Vivro
4	Drafting and approval of Issue and statutory publicity material, etc.	Vivro	Vivro
5	Appointment of Registrar, Bankers and Ad agency	Vivro	Vivro
6	Marketing of the Issue, which will cover, inter alia, ● Formulating marketing strategies, Preparation of publicity budget ● Finalize Media & PR strategy ● Finalizing centers for holding conferences for brokers, etc. ● Finalize collection centers ● Follow-up on distribution of publicity and Issue material including form, prospectus and deciding on the quantum of the Offer material	Vivro	Vivro
7	Preparation of presentation, Finalising the list of QIBs, Division of QIBs for one to one meetings, road show related activities and order procurement.	Vivro	Vivro
8	Finalising of Pricing and Allocation	Vivro	Vivro
9	Post bidding activities including management of Escrow Accounts, co-ordination with Registrar and Banks, Refund to Bidders, etc.	Vivro, Canara Bank	Vivro
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 Registrar to the Issue, Banker(s) to the Issue and the bank handling refund business. Lead Manager shall be responsible for ensuring that these agencies fulfill their functions and enable him to discharge this responsibility through suitable agreements with the issuer company.	Vivro, Canara Bank	Vivro

CREDIT RATING

As this is an Issue of Equity Shares, credit rating is not required

MONITORING AGENCY

Bank of Baroda, Chembur Branch, Fair Lawn CHS Ltd, Plot No. 7, Sion-Trombay Road, Chembur, Mumbai- 400 071 has been appointed as the monitoring agency to monitor the utilisation of the proceeds of the issue.

APPRAISING AGENCY

The project for which the funds are being raised has not been appraised by any agency.

TRUSTEES

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

BOOK BUILDING PROCESS

Book building refers to the collection of Bids from investors, which is based on the Price Band, with the Issue Price being finalized after the Bid/Issue Closing Date. The principal parties involved in the Book Building Process are:

1. The Company
2. Book Running Lead Managers (BRLM), in this case being Vivro Financial Services Private Limited
3. Syndicate Members, who are the intermediaries registered with SEBI, and eligible to act as underwriters. Syndicate Members are appointed by the BRLM, in this case being Vivro Financial Services Private Limited.
4. The Registrar to the Issue, being Intime Spectrum Registry Limited

SEBI, through its guidelines, has permitted an issue of securities to the public through the 100% Book Building Process, wherein not more than 50% of the Net Issue shall be allocated on proportionate basis to Qualified Institutional Buyers (QIBs), including 5% a e website of BSE (www.bseindia.com) and NSE (www.nseindia.com) and also at the bidding centers during the Bidding/Issue Period. The illustrative book as shown below shows the demand for the shares of the company at various prices and is collated from bids from various investors.

Bid Quantity	Bid Price (Rs.)	Cumulative Quantity	Subscription
500	120	500	27.77%
1,000	115	1,500	83.33%
1,500	110	3,000	166.67%
2,000	105	5,000	277.78%
2,500	100	7,500	416.67%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired number of shares is the price at which the issue is subscribed, i.e., Rs. 110 in the above example. The issuer company in consultation with BRLM, will finalize the issue price at or below such cut off price, i.e., at or below Rs. 110. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in the respective categories.

Steps to be taken for bidding:

1. Check eligibility for bidding (see the section titled "Issue Procedure - Who Can Bid" on page no. 147 of this Red Herring Prospectus);
2. Ensure that the Bidder has 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 attach copies of your PAN card to the Bid cum Application Form
4. Ensure that the Bid cum Application Form is duly completed as per instructions given in this 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 ROC, the Company will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be issued through the Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLM shall be responsible for bringing in the amount devolved in the event that the members of the Syndicate do not fulfill their underwriting obligations.

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

Name and Address of the Underwriter	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. InLakhs)
Vivro Financial Services Pvt. Ltd. 1st Floor, Manu Mansion 16/18, Shahid Bhagatsingh Road Opp. Old Custom House, Fort, Mumbai 400 023, Tel.: 022-2265 7364, Fax: 022-2265 8406, Website:vivro.net Email: pratibha@vivro.net	42,85,000	[●]



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

Declaration by the Board of Directors

In the opinion of the Board of Directors (based on a certificate given by the Underwriter), the resources of all the above mentioned Underwriter are sufficient to enable them to discharge their respective underwriting obligations in full. The above-mentioned Underwriter are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the stock exchange(s). The Board of Directors, at their meeting held on [●], have accepted and entered into the Underwriting Agreement mentioned above on behalf of the Company.

Allocation among Underwriter may not necessarily be in proportion to their underwriting commitments. Notwithstanding the above table, the BRLM 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 to be defined in the underwriting agreement, will also be required to procure/subscribe to the extent of the defaulted amount.

V. CAPITAL STRUCTURE OF THE COMPANY

The Share Capital of our Company as on the date of filing of this Red Herring Prospectus with SEBI is as set forth below:

No. Of Shares	Nominal Value	Aggregate Value
A. Authorised Capital		
1,60,00,000 equity shares of Rs. 10/- each	16,00,00,000	
B. Issued Subscribed and paid up capital		
1,00,00,000 equity shares of Rs 10/- each	10,00,00,000	
C. Present issue to the public in terms of this Red Herring Prospectus		
42,85,000 Equity shares of Rs. 10/- each at a premium of Rs. [*] per share	4,28,50,000	
Out of which		
4,28,500 Equity shares of Rs 10/- reserved for allotment to Permanent Employees of the Company on a competitive basis	42,85,000	
D. Net issue to the public in terms of the Red Herring Prospectus		
38,56,500 Equity Shares of Rs. 10/- each at a premium of Rs. [*] per share	3,85,65,000	
E. Post Issue paid up Equity Share Capital		
1,42,85,000 Equity shares of Rs 10/- each	14,28,50,000	
F. Share Premium Account		
Before the Issue		Nil
After the Issue		[●]

Details of Increase in Authorised Capital

Sr. No	Particulars of Increase	Date of Meeting	Nature of Meeting
1.	Rs. 100 Lakhs	At Incorporation	–
2.	Increased from Rs. 100 Lakhs to Rs. 200 Lakhs	April 1, 1999	Extra Ordinary General Meeting
3	Increased from Rs. 200 Lakhs to Rs.1600 Lakhs	June 21, 2005	Annual General Meeting.



NOTES TO CAPITAL STRUCTURE

1. Share Capital History of the Company:

Date on which Equity shares were allotted and made fully paid up	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of Allotment	Reasons for Allotment	Cumulative No. of Shares	Cumulative paid up capital (Rs.)
July 19, 1995	800	10.00	10.00	Cash	Subscribers to Memorandum and Articles of Association	800	8,000
April 1, 1999	11,50,000	10.00	10.00	Share in Partnership firm	Allotment of shares to Partners against takeover of Partnership Firm named Pratibha Industries	11,50,800	1,15,08,000
April 1, 1999	2,50,000	10.00	10.00	Cash	Subscribed by existing shareholders	14,00,800	1,40,08,000
March 15, 2002	2,00,768	10.00	10.00	Cash	Subscribed by existing shareholders	16,01,568	1,60,15,680
March 15, 2002	1,65,000	10.00	10.00	Cash	Subscribed by existing shareholders	17,66,568	1,76,65,680
March 31, 2003	2,33,432	10.00	10.00	Cash	Subscribed by existing shareholders	20,00,000	2,00,00,000
June 21, 2005	80,00,000	10.00	Bonus	Bonus	Bonus	1,00,00,000	10,00,00,000

The Company has issued 80,00,000 Equity Shares of Rs. 10/- each on 21st June, 2005 as bonus shares in the ratio of 4:1 i.e. four equity shares for every one equity share by capitalization of free reserves, details of which are mentioned in the notes to Capital Structure.

2. Promoters Contribution and Lock-In:

Our Company has six promoters, Mrs. Usha B. Kulkarni, Mr. Ajit B. Kulkarni, Mr. Datta B. Kulkarni, Mr. Vinayak B. Kulkarni, Mr. Ramdas B. Kulkarni and Pratibha Shareholding Private Limited whose name figures in the Red Herring Prospectus as "Promoters".

As per SEBI (DIP) Guidelines, the 20% of the post issue equity share capital held by the Promoters is required to be locked in for a period of three years as a part of promoter's contribution. However, pursuant to the provisions of Shareholders' Agreement dated 12th September, 2005, the entire shareholdings of our Promoters and Promoters' Group have been locked in i.e. 1,00,00,000 equity shares (being 70% of the post issue share capital) for a period of 3 years from the date of allotment or till the subsistence of the said Agreement.

The holding and lock-in period details of our 'Promoters' are mentioned hereunder

Promoter's Share holding

Name of Promoter	Date on which Equity shares were allotted/ acquired and made fully paid up	No. of Equity Shares	Face Value (Rs.)	Nature of Payment of Consideration	Percentage of Paid up Capital Pre- Issue	Percentage of Paid up Capital Post-issue	Lock in Period (in Years)
Mrs. Usha Bhagwan Kulkarni	19.07.1995	100	10	Cash			3 Year
	01.04.1999	520,000	10	See Note 1			3 Year
	21.06.2005	1,319,320	10	Bonus			3 Year
	21.06.2005	761,080	10	Bonus			3 Year
	Total	2,600,500			26.00	18.20	
Mr. Ajit Bhagwan Kulkarni	19.07.1995	100	10	Cash			3 Year
	01.04.1999	250000	10	Cash			3 years
	15.03.2002	2008	10	Cash			-
	21.06.2005	639502	10	Bonus			3 year
	21.06.2005	368930	10	Bonus			3 year
	Sub Total	1,260,540					
Less : Transfer	12.09.2005	2008	10	--			
	Total	1,258,532			12.59	8.81	
Mr. Datta Bhagwan Kulkarni	19.07.1995	100	10	Cash			
	01.04.1999	280,000	10	See Note 1			3 Year
	15.10.2003	31,023	10	Cash			3 Year
	15.10.2003	494	10	Cash			3 Year
	15.10.2003	35,281	10	Cash			3 Year
	15.10.2003	4,352	10	Cash			3 Year
	15.10.2003	48,650	10	Cash			3 Year
	21.06.2005	1,014,400	10	Bonus			3 year
	21.06.2005	585,200	10	Bonus			3 year
	Total	1,999,500	10		20.00	14.00	
Mr. Vinayak B. Kulkarni.	19.07.1995	100	10	Cash			3 Year
	01.04. 1999	280,000	10	See Note 1			3 Year
	15.10.2003	30,000	10	Cash			3 Year
	15.10.2003	3,640	10	Cash			3 Year
	21.06.2005	795,840	10	Bonus			3 year
	21.06.2005	459,120	10	Bonus			3 year
	Total	1,568,700			15.69	10.98	
Mr. Ramdas B. Kulkarni	19.07.1995	100	10	Cash			3 Year
	01.04.1999	70,000	10	See Note 1			3 Year
	21.06.2005	177,820	10	Bonus			3 Year
	21.06.2005	102,580	10	Bonus			3 Year
	Total	350,500			3.50	2.45	
Pratibha Shareholding Private Limited	12.09.2005	2008	10	Cash			3 year
	Total	2008			0.02	0.01	
Promoters Shareholding		7,779,740			77.80	54.45	

Note 1: Allotment of shares to partners against takeover of Partnership Firm named M/s Pratibha Industries



(II) Share holding of Promoter Group

Name of Promoter	Date on which Equity shares were allotted/ acquired and made fully paid up	No. of Equity Shares	Face Value (Rs.)	Nature of Payment of Consideration	Percentage of Paid up Capital Pre- Issue	Percentage of Paid up Capital Post-issue	Lock in Period (in Years)
Mr. Ajit B. Kulkarni (HUF)	15.03.2002	47,710	10	Cash			3 Year
	15.03.2002	125,000	10	Cash			3 Year
	21.06.2005	438,100	10	Bonus			3 year
	21.06.2005	252,740	10	Bonus			3 year
	Total	863,550			8.63	6.05	
Mr. Ajit B. Kulkarni & Mrs. Samidha A. Kulkarni	31.03.2003	144,782	10	Cash			3 Year
	21.06.2005	367,258	10	Bonus			3 year
	21.06.2005	211,870	10	Bonus			3 year
	Total	723,910			7.24	5.07	
Mr Vinayak B. Kulkarni (HUF)	15.03.2002	78,913	10	Cash			3Year
	21.06.2005	200,172	10	Bonus			3 Year
	21.06.2005	115,480	10	Bonus			3 Year
	Total	394,565			3.94	2.76	
Mr. Ravi A Kulkarni & Mrs. Samidha A. Kulkarni	31.03.2003	40,000	10	Cash			3 Year
	21.06.2005	160,000	10	Bonus			3 year
	Total	200,000			2.00	1.40	
Mrs Vandana V Kulkarni.	15.03.2002	4,777	10	Cash			3 Year
	21.06.2005	19,108	10	Bonus			3 Year
	Total	23,885			0.24	0.17	
Mr. Sanjay V. Kulkarni	15.03.2002	2,570	10	Cash			3 Year
	21.06.2005	10,280	10	Bonus			3 Year
	Total	12,850			0.12	0.09	
Mrs. Samidha A. Kulkarni	19.07.1995	100	10	Cash			3 Year
	21.06.2005	400	10	Bonus			3 Year
	Total	500			0.01	0.00	
Mrs. Sunanda D. Kulkarni	19.07.1995	100	10	Cash			3 Year
	21.06.2005	400	10	Bonus			3 Year
	Total	500			0.01	0.00	
Mrs. Radha Ramdas Kulkarni	19.07.1995	100	10	Cash			3 Year
	21.06.2005	400	10	Bonus			3 Year
	Total	500			0.01	0.00	
Promoter Group Shareholding		2,220,260			22.20	15.55	
Grand Total		10,000,000			100	70.00	

4. Shares held by Promoter(s) which are locked in, may be transferred to and amongst Promoter/Promoter group 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.
5. Equity shares of Promoters, locked in may be pledged only with banks or financial institution as collateral security for loans granted by such banks or FIs provided the pledge of shares is one of the terms of sanction of loan.
6. The Promoters' Contribution has been brought in from persons defined as Promoters under the Guidelines.
7. The Company has not issued any warrant, option, convertible loan, debenture or any other securities convertible at a later date into equity, which would entitle the holders to acquire further equity shares of the Company.
8. The Company/Promoters/Directors/Lead Merchant Banker have not entered into buyback or similar arrangements for purchase of securities issued by the Company.
9. An over subscription to the extent of 10% of the Issue can be retained for the purpose of rounding off to the nearest multiple of 1 (Minimum allotment lot) while finalizing the basis of allotment.
10. As on date of filing of Red Herring Prospectus with SEBI, the issued capital of the Company is fully paid up.
11. Undersubscribed portion in any reserved category may be added to any other reserved category. Unsubscribed portion, if any, after such inter se adjustments amongst the reserved category shall be added back to the Net Offer to the Public. In case of under subscription in the net offer to the public portion, spillover to the extent of under subscription shall be permitted from the reserved category to the net offer to the public.
12. In the Issue, in case of over-subscription in all categories, up to 50% of the Issue shall be available for allocation on a proportionate basis to Qualified Institutional Buyers (QIBs) (including 5% to domestic Mutual Funds), a minimum of 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and a minimum of 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Under subscription, if any, in any portion would be met with spill over from other categories at the sole discretion of our Company in consultation with the BRLM.
13. Only our Permanent Employees, as on the date of filing the Red Herring Prospectus with RoC would be eligible to apply in this Issue under reservation for employees on a competitive basis. Separate Bid Applications can be made by Permanent Employees under the Net Issue to the Public category as well and such Bids will not be treated as multiple bids. The unsubscribed portion, if any, out of the Equity Shares reserved for allotment to Permanent Employees of our Company will be added back to the Net Issue to the Public.
14. A Promoter and one of our Promoter Group Company have sold and purchased Equity shares of the company during the period of six months preceding the date of this Red Herring Prospectus.. The details are as given below:

Sr. No	Date	Promoter/ Promoter Group	Purchased/ Sold	No. of Shares	Price per Share (Rs.)
1	12.09.2005	Mr. Ajit B Kulkarni	Sold	2008	150
2	12.09.2005	Pratibha Shareholding Pvt. Ltd	Purchased	2008	150

15. There would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of the Red Herring Prospectus with SEBI until the equity shares offered through this Red Herring Prospectus have been listed.
16. We presently do not have any intention or proposal to alter the capital structure for a period of six months from the date of opening of the Issue, by way of split / consolidation of the denomination of equity shares or further issue of equity shares (including issue of securities convertible into exchangeable, directly or indirectly for equity shares) whether preferential or otherwise.
17. At any given point of time, there shall be only one denomination for the equity shares of the Company and the Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.
18. The Equity Shares will be issued and traded on the stock exchange only in dematerialized form. Hence the market lot of the equity shares is 1 (One share).
19. The Company has not issued any Equity Shares out of revaluation reserves or for consideration other than cash (except the Issue of bonus shares).
20. The Company has not availed any bridge loans against the proceeds of this Issue.



21. The ten largest shareholders as on 2nd February, 2006 (being the date of filing of Red Herring Prospectus with the ROC) are as follows:

Sr. No.	Name of the Shareholders	Number of equity shares of face value of Rs 10/- each	Percentage of Pre-Issue Share Capital (%)
1	Mrs. Usha B. Kulkarni	2,600,500	26.00
2	Mr. Datta B. Kulkarni	1,999,500	20.00
3	Mr. Vinayak B. Kulkarni	1,568,700	15.68
4	Mr. Ajit B. Kulkarni	1,258,532	12.59
5	Mr. Ajit B. Kulkarni (HUF)	863,550	8.64
6	Mr. Ajit B. Kulkarni & Mrs. Samidha A. Kulkarni	723,910	7.24
7	Mr. Vinayak B. Kulkarni (HUF)	394,565	3.95
8	Mr. Ramdas B. Kulkarni	350,500	3.50
9	Mr. Ravi A. Kulkarni & Mrs. Samidha A. Kulkarni	200,000	2.00
10	Mrs. Vandana V. Kulkarni	23,885	0.24
	Total	9,983,642	99.84

22. The ten largest shareholders as on 2nd February, 2004 (being the date two years prior to date of filing of Red Herring Prospectus with the ROC) are as follows:

Sr. No.	Name of the Shareholders	Number of Equity shares of face value of Rs 10/ each	Percentage of Share Capital (%) As on 12th January, 2004
1	Mrs. Usha B. Kulkarni	520,100	26.00
2	Mr. Datta B. Kulkarni	399,900	20.00
3	Mr. Vinayak B. Kulkarni	313,740	15.69
4	Mr. Ajit B. Kulkarni	252,108	12.60
5	Mr. Ajit B. Kulkarni (HUF)	172,710	8.64
6	Mr. Ajit B. Kulkarni & Mrs. Samidha A. Kulkarni	144,782	7.24
7	Mr. Vinayak B. Kulkarni (HUF)	78,913	3.94
8	Mr. Ramdas B. Kulkarni	70,100	3.51
9	Mr. Ravi A. Kulkarni & Mrs. Samidha A. Kulkarni	40,000	2.00
10	Mrs. Vandana Kulkarni	4,777	0.24
	Total	1,997,130	99.86

23. The ten largest shareholders as on 23rd January, 2006 (being the date 10 days prior to filing of Red Herring Prospectus with the ROC) are as follows:

Sr. No.	Name of the Shareholders	Number of Equity shares of face value of Rs 10/ each	Percentage of Pre-Issue Share Capital (%)
1	Mrs. Usha B. Kulkarni	2,600,500	26.00
2	Mr. Datta B. Kulkarni	1,999,500	20.00
3	Mr. Vinayak B. Kulkarni	1,568,700	15.68
4	Mr. Ajit B. Kulkarni	1,258,532	12.59
5	Mr. Ajit B. Kulkarni (HUF)	863,550	8.64
6	Mr. Ajit B. Kulkarni & Mrs. Samidha A. Kulkarni	723,910	7.24
7	Mr. Vinayak B. Kulkarni (HUF)	394,565	3.95
8	Mr. Ramdas B. Kulkarni	350,500	3.50
9	Mr. Ravi A. Kulkarni & Mrs. Samidha A. Kulkarni	200,000	2.00
10	Mrs. Vandana V. Kulkarni	23,885	0.24
	Total	9,983,642	99.84

24. The shareholding pattern of the Promoter Group is as detailed below

Particulars	Pre issue		Post issue	
	No of Shares@ Rs 10 each	% of holding	No of shares@ Rs 10/each	% of holding
Promoters	7,779,740	77.80	7,779,740	54.45
Promoters Group				
a) Immediate Relatives of the Promoters	2,220,260	22.20	2,220,260	15.55
b) Companies in which 10% or more of the share capital is held by the promoters /immediate relative of the Promoters/a firm or HUF in which the Promoters or any one or more of there immediate relative is the Member.	NIL	NIL	NIL	NIL
c) Company in which the company mentioned in (b) holds more than 10% or more of the share Capital.	NIL	NIL	NIL	NIL
d) HUF or firms in which the aggregate share of the Promoters and their immediate relatives is equal to or more than 10% of the total.	NIL	NIL	NIL	NIL
e) All Persons whose shareholding is aggregated for the purpose of disclosing in the Prospectus as shareholding of the Promoters Group.	NIL	NIL	NIL	NIL
Grand Total	10,000,000	100%	10,000,000	70.00



25. The pre and post offer shareholding pattern of the Company is given below: -

	Pre issue		Post issue	
	No of Shares@ Rs 10 each	% of holding	No of shares@ Rs 10/each	% of holding
Promoters and Promoters Group	10,000,000	100%	10,000,000	70.00
NRI's /OCBs /FII's	Nil		Nil	
Employee	Nil		428,500	3.00
Indian Mutual Funds and Financial Institutions	Nil		1,928,250	13.50
Other Pubic Category	Nil		1,928,250	13.50
Total	10,000,000	100%	14,285,000	100.00

26. The names of the natural persons in control of the corporate body forming part of the Promoter are as follows:

Company forming part of Promoter- Pratibha Shareholding Private Limited

Directors of this company -

a) Mrs. Usha Kulkarni

b) Mr. Ajit B. Kulkarni

27. A Promoter and one of our Promoter Group Companies have sold and purchased Equity shares of the Company during the period of six months preceding the date of this Red Herring Prospectus filed with ROC. The details are as given below:

Sr. No	Date	Promoter/ Promoter Group	Purchased/ Sold	No. of Shares	Price per Share (Rs.)
1	12.09.2005	Mr. Ajit B Kulkarni	Sold	2008	150
2	12.09.2005	Pratibha Shareholding Pvt. Ltd	Purchased	2008	150

VI. OBJECTS OF THE ISSUE

The proceeds from the proposed issue of shares are intended to be deployed for:

1. To invest in infrastructure projects under BOT/BOOT basis.
2. To invest in Pratibha Infrastructure Private Limited to meet its capital expenditure and other fund requirements for setting up the project for manufacturing Spiral Welded Pipes.
3. To meet the Long Term Working Capital Requirements of the Company.
4. To repay the part of the existing Debt/Loan.
5. To meet the Issue expenses.

The other object of the issue is to get the Company's shares listed on the Stock Exchanges.

The Main Objects Clause of the Memorandum of Association of the Company enables the Company to undertake the existing activities and the activities for which the funds are raised by the Company.

FUNDS REQUIREMENT

The estimated funds requirement for the above objects is set forth below:

Particulars	Rs.in Lakhs
Investment in BOT/BOOT Projects	1500.00
Investment in Pratibha Infrastructure Pvt Ltd for spiral welded pipe project	1400.00
Long Term Working Capital margin	1200.00
Repayment of part of the existing Debt/ Loan	100.00
Issue Expenses	[●]
Total	[●]

MEANS OF FINANCE

(Rs. in Lakhs)

Sr. No	Particulars	Funds requirements
1	Proceeds of Issue	[●]
2	Internal Accruals	[●]
	Total	[●]

DETAILED BREAK UP OF FUNDS REQUIREMENTS

1. Investment in Infrastructure Projects under BOT/BOOT basis:

Government has framed policies and ways to channelise private investment in infrastructure development projects. To make this possible 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. Our Company with its wide experience in the execution of infrastructure projects has started bidding for BOT/BOOT projects being floated by Central Government, State Governments, Municipal Corporations and other local bodies. Since the Company is financially & technically recognized by various authorities, the Company proposes to exploit its experience, resources, and know-how for BOT/BOOT projects.

Accordingly, the Company has submitted a joint bid with Unity Infraprojects Limited for a tender floated by Ulhasnagar Municipal Corporation for development of independent water source, augmentation of existing water supply scheme up to and including service reservoirs, and operation and maintenance of the same on BOT basis. In the event the Company is awarded the contract, a Special Purpose Vehicle (SPV) shall be formed with Unity Infraprojects Limited on 50:50 basis, and the Company would be required to invest about Rs. 1500 Lakhs in the proposed SPV. In the event the Company is not awarded the above contract, the funds shall be utilized for other BOT/BOOT projects in the country for which it shall be bidding in the near future.



If the Company is not awarded any other BOT/BOOT projects in near future, the Company alternatively, proposes to utilize the funds allocated for BOT/BOOT projects for the expansion of the existing business of the Company and general corporate purposes.

2. Investment in Pratibha Infrastructure Private limited for Spiral Welded Pipe Project

One of our group company Pratibha Pipes & Structural Private Limited (PPSPL) is engaged in the manufacture of Longitudinal Saw Pipes at Wada, Dist.-Thane since 1996., The SAW pipe business has witnessed consistent growth over the years. Our Company utilizes the SAW pipes manufactured by PPSPL in the infrastructure projects by way of backward integration.

In view of the growing demand and experience in pipe manufacturing, the Company through Pratibha Infrastructure Private Limited proposes to manufacture Spirally Welded Pipes which is extensively used in water transmission, transportation of oil and gas and sewerage, structural formations, thermal power projects, piling pipes for construction of jetties / ports. The manufacturing facility of Spirally Welded Pipes is proposed to be set up with an installed capacity of 48000 TPA by way of a joint venture with Pay Ah Heng Contractor Pte. Limited (PHCPL), a Singapore based company having substantial experience in the field of pipe manufacturing. The cost of the project of Pratibha Infrastructure Private Limited is as under:

Sr. No.	Particulars	Rs. In Lakhs
1.	Land	50.00
2.	Civil Foundation Shed	280.00
3.	Super Structure Shed	450.00
4.	Plant and Machineries (Including erection and installation)	1370.00
5.	Others	50.00
6.	Margin Money for working capital	500.00
	Total	2700.00

Equity partnership of our Company in Pratibha Infrastructure Private Limited shall be 92% whereas and that of Pay Ah Heng Contractor Pte Ltd's contribution shall be 8%.

The above project is proposed to be partly financed as under:

Particulars	Rs. In Lakhs
Term Loan from Banks/FIs	1200
Equity/Unsecured Loans from Promoters of Pratibha Infrastructure Pvt Ltd i.e. our Company and Pay Ah Heng Contractor Pte. Limited	1500
Total	2700

3. Long Term Working Capital

As on the date of the Red Herring Prospectus the Company has orders worth Rs. 56059.03 Lakhs on hand. In order to execute the above orders and orders to be received in the near future, the Company would require long term working capital which has been estimated as under:

(Rs.in Lakhs)

Particulars	March 31, 2005 (Existing Audited) (Consolidated)	March 31, 2006 (Estimated) (Consolidated)
Current Assets		
Inventories	2767.74	4848.75
Debtors	4291.14	4384.89
Loans & Advances	1701.69	3030.47
Margin Money for non fund based facilities	915.00	1050.00
Total	9674.57	13314.11
Creditors and Other liabilities	5027.71	5542.76
Provision for taxation	50.00	102.46
Total	5077.71	5645.22
Working Capital Gap	4596.86	7668.89
Financed by:		
Banks	1499.81	3012.18
Margin Money for Working Capital	3097.05	4656.71
Additional Margin Money	-	1559.66

Our Company proposes to utilize Rs. 1200 lakhs out of the proceeds of the Public Issue and balance Rs. 360 Lakhs is proposed to be met from internal accruals of the Company during the year 2005-06 which would help Company in augmenting long term working capital requirement to achieve the projected turnover and profits.

4. Repayment of Debt/ Loan

The Company has been sanctioned a term loan and demand loan from banks. The amount sanctioned and outstanding position as on 31st December, 2005 is as under:

(Rs. in Lakhs)

Sr. No.	Name of the Bank	Sanctioned Limit	Outstanding as on 31st December, 2005
1.	The United Western Bank Limited	500.00	476.08
	Total	500.00	476.08

The Company intends to utilize the proceeds of the present Issue in repayment of the above Term Loan /Demand Loan up to Rs. 100 Lakhs with an aim to repay the high cost debts thereby reducing the interest burden. In case the Company is able to receive higher Issue proceeds from the present Public Issue, the Company would consider repayment of the remaining term loan/demand loan also.



5. Issue Expenses:

The Issue expenses include underwriting fees, fees payable to the BRLM, selling commission, legal advisors, Bankers to the Issue, Escrow Bankers, Registrars, printing and stationery expenses, advertising expenses and all other incidental and miscellaneous expenses for listing of the Equity Shares on the Stock Exchanges. The total estimated expenses are Rs. [●] Lakhs. All expenses with respect to the Issue will be borne by us. The details of the expenses are as given below:

Sr. No.	Particulars	Amount Rs. Lakhs	% of total issue expenses	% of total issue size
1	Book Running Lead Managers fees	[●]	[●]	[●]
2	Registrar to the Issue	[●]	[●]	[●]
3	Co- Manager to the Issue	[●]	[●]	[●]
4	Bankers to the Issue	[●]	[●]	[●]
5	Offer Stationery	[●]	[●]	[●]
6	Advertising Expenses	[●]	[●]	[●]
7	Brokerage and Selling Commission	[●]	[●]	[●]
8	Legal Fees	[●]	[●]	[●]
9	Other Expenses (incl. Filing Fees, Listing Fees, Depository Charges, etc.)	[●]	[●]	[●]
10	Contingencies	[●]	[●]	[●]
	Total	[●]	[●]	[●]

It may be mentioned that the proceeds of the proposed public issue are to be utilized towards objects of the issue which in turn are to create tangible assets.

MEANS OF FINANCE

(Rs. in Lakhs)

Sr.No	Particulars	Funds requirements
1	Proceeds of Issue	[●]
2	Internal Accruals	[●]
	Total	[●]

The net proceeds of the Issue after deducting underwriting and management fees, selling commissions and all other Issue related expenses, is estimated at Rs. [●] Lakhs. The Issue amount will be determined based on the Issue Price discovered through the book- building process.

The net proceeds of the Issue would be used to meet all or any of the uses of the funds described above. In case funds raised in the Issue are lower than our total budgeted requirements, company intends to use internal accruals to finance the shortfall.

APPRAISAL

The funds requirement and funding plans are Company's own estimates, and have not been appraised by any bank /financial institution.

SCHEDULE OF IMPLEMENTATION/ UTILISATION OF ISSUE PROCEEDS

Break-up of the utilization of issue proceeds and the year wise deployment is given below:

(Rs. in Lakhs)

Sr.No	Particulars	2005-06	2006-07	Total
1	Investment in BOT/BOOT Projects	1500.00	-	1500.00
2	Investment in Pratibha Infrastructure Private Limited, for the Spiral Welded Pipe project	900.00	500.00	1400.00
3	Long term Working Capital	1200.00	-	1200.00
4	Repayment of Debt/ Loan	100.00	-	100.00
5	Issue Expenses	[●]	-	[●]
	Total	[●]	500.00	[●]

FUNDS DEPLOYED

As on date no funds have been deployed.

INTERIM USE OF ISSUE PROCEEDS

Pending any use as described above, we intend to invest the proceeds of this Issue in high quality, interest / dividend bearing short term / long term liquid instruments including deposits with banks for the necessary duration. Such investments would be in accordance with the investment policies as approved by the Board of Directors from time to time.

No part of the Issue proceeds will be paid by us as consideration to Promoters, Directors, key management personnel, subsidiaries, group companies, etc.

MONITORING OF FUNDS

Bank of Baroda, Chembur Branch situated at Fairlawn CHS Ltd, Plot No. 7, Sion Trombay Road Chembur, Mumbai 400071 has been appointed as the monitoring agency to monitor the utilisation of the proceeds of the issue.



VII. BASIC TERMS OF ISSUE

The Equity Shares being offered are subject to the provisions of the Companies Act, 1956, the Memorandum and Articles of Association of the Company, the terms of this Red Herring Prospectus, Bid-Cum-Application Form, the Revision Form, the Confirmation of Allocation Note ("CAN") and other terms and conditions as may be incorporated in the Allotment Advice and other documents/ certificates that may be executed in respect of the issue. The Equity Shares shall also be subjected to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, Stock Exchange, RBI, ROC and/ or other authorities as in force on the date of the issue and to the extent applicable.

VIII. BASIS FOR ISSUE PRICE

The Issue Price will be determined by the Company in consultation with the BRLM on the basis of assessment of market demand for the Equity Shares offered by way of Book Building.

Investors should read the following summary with the Risk Factors included on page no. 8 to 14 and the details about the Company and its financial statements included in this Red Herring Prospectus. The trading price of the Equity Shares of the Company could decline due to these risks and the investor may lose all or part of his investment.

QUALITATIVE FACTORS

1. Our Company is an existing profit making company.

The Company has been earning profits in past as under:

(Rs. in Lakhs)

Financial Year	Restated PBT Before Extra Ordinary Items
2000-2001	71.42
2001-2002	120.73
2002-2003	192.43
2003-2004	360.75
2004-2005	810.72

2. Professional Management

The Company is managed by a team of qualified persons with vast relevant experience in their domain. The management team is supported by Board of Directors who are having vast experience in this industry.

3. Capability to manage "Any Size" contracts

Small, Medium or Large contracts require managing large workforce, complex sourcing, strategic purchasing and ensuring timely completion of the contract. Over the year the Company has developed the expertise to manage all types contracts which has helped the Company to grow.

4. Front end engineering and Design skill

Our Company is an integrated infrastructure development company with front-end engineering and design skills and implementation capabilities.

5. ISO 9001: 2000 Company certified by Moody International

The Company has been awarded ISO 9001:2000 by Moody International which is accredited by UKAS Quality Management and is valid up to 3rd June, 2007. Our Company with its sizable turnover, net worth and ISO 9001:2000 certification is pre-qualified for large contracts in the infrastructure sector.

6. Having confirmed orders in hand worth Rs. 56059.03 Lakhs as on 31st December, 2005.

Our Company has contracts worth Rs. 56059.03 Lakhs on hand from various clients including Bombay Municipal Corporation, Delhi Jal Board, Gujarat Water Supply and Sewerage Board, Karnataka Urban Water Supply and Drainage Board, MSRDC., etc. The details of these orders are mentioned on page no. 60 to page no. 64 of this Red Herring Prospectus.

7. SMERA rating of B2 for Infrastructure development, mass housing & allied projects

The Company has been recently rated "SMERA B2" by SME Rating Agency of India Ltd. in the business of Infrastructure development, mass housing and allied projects.



QUANTITATIVE FACTORS

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

1. Adjusted Basic Earning Per Share (EPS)

Period	Rupees	Weight
Year ended March 31, 2003	14.31	1
Year ended March 31, 2004	22.27	2
Year ended March 31, 2005	6.41*	3
Weighted Average	13.01	

* Note: Earning per share (EPS) of year ended 31st March 2005 is calculated after adjusting for 80,00,000 bonus shares issued on 21st June 2005.

2. Price/Earning (P/E) ratio in relation to Issue Price of Rs. [●]

Based on the adjusted EPS of Rs. 6.41 for the Financial Year ended 31st March, 2005, the Issue Price at the lower price band of Rs. 100, answers to a P/E multiple of 15.60 and at higher price band of Rs. 120, it answers to a P/E multiple of 18.72

Based on the adjusted EPS of Rs. 6.97 for the nine months period ended 31st December, 2005, the Issue Price at the lower price band of Rs. 100, answers to a P/E multiple of 14.35 and at higher price band of Rs. 120, it answers to a P/E multiple of 17.22

3. Return on Net worth (RONW)

Period	%	Weight
Year ended March 31, 2003	32.97	1
Year ended March 31, 2004	36.73	2
Year ended March 31, 2005	34.58	3
Weighted Average	35.03	

4. Minimum Return on Increased Net Worth to maintain pre-issue EPS of Rs. 6.41 is [●]

5. Net Asset Value (NAV) per share - Unconsolidated:

- NAV as on March 31, 2005 is Rs.92.72.
- NAV as on December 31, 2005 is Rs. 25.51
- Issue Price at lower price band Rs. 100.
- NAV after the Issue at lower price band Rs. 100 is [o]
- Issue Price at higher price band Rs. 120.
- NAV after the Issue at higher price band Rs. 120 is [o]

6. Industry P/E

Highest (Mahindra Gesco Limited)	118.1
Lowest (Eldeco Housing & Industries Limited)	4.8
Industry Composite	27.00
Source: Capital Market -Jan. 2 - 15, 2006 Vol XX/22; Segment - Construction Industry	

7. Comparison with the Peer group companies.

(Rs. in Crores)

Name of the Company	Equity	Sales	PAT	EPS (Rs.)	BV (Rs)	P/E (times)
Gammon India Limited	15.55	877.50	43.00	7.30	41.8	38.60
Hind. Construction Limited	22.94	1487.3	71.40	3.00	15.4	36.30
IVRCL						
Infrastructure and Project Limited	21.38	1054.7	56.80	26.10	178.70	22.00
Madhucon Project Limited	5.47	306.30	16.50	6.00	38.40	43.80
Nagarjuna Construction Ltd	20.01	1184.60	57.10	5.60	32.90	31.60
Patel Engineering Company Limited	4.86	461.80	39.40	8.00	26.60	33.00
Simplex Infrastructure Limited	8.70	999.00	25.10	28.30	229.70	28.10
Era Constructions (India) Limited	13.35	156.20	4.90	3.60	58.70	23.10
PBA Infrastructure Limited	13.50	124.30	6.60	4.90	39.80	17.40
Valecha Engineering	4.50	145.50	5.20	11.10	73.50	21.60
Source: Capital Market -Jan. 2 - 15, 2006 Vol XX/22; Segment - Construction						
Pratibha Industries Limited - before Bonus Issue on 21/6/2005	2.00	90.58	6.39	31.95	92.70	-
Pratibha Industries Limited - After Bonus Issue on 21/6/2005	10.00	90.58	6.39	6.39	18.45	

8. The Face Value of the Equity Shares is Rs.10/- per Equity Share and the Issue Price is 10 times of the Face Value at the lower price band and 12 times at the higher price band.

The BRLM believes that the Issue Price in the price band of minimum of Rs. 100 and maximum of Rs. 120 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, listed out in the Auditors' Report in Financial Information of the Red Herring Prospectus to have a more informed view of the investment proposition.



IX. TAX BENEFITS

STATEMENT OF TAX BENEFITS

Date: August 1st, 2005

Jayesh Sanghrajka & Partners
Chartered Accountants
Address

Pratibha Industries Ltd.
Shrikant Chambers, 5th Floor,
Sion Trombay Road,
Near R. K. Studio,
Chembur,
Mumbai – 400 071.

Dear Sirs,

We hereby report that the enclosed annexure states the possible tax benefits available to Pratibha Industries Ltd. **(the “Company”) and its shareholders under the current tax laws presently in force in India as amended by the Finance (No. 2) Act, 2005.** Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill.

The benefits discussed below are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws and the fact that the Company will not distinguish between the shares offered for subscription, 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 information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

For JAYESH SANGHRAJKA & CO.
CHARTERED ACCOUNTANTS

Jayesh Sanghrajka
Partner
Membership No. 37430

ANNEXURE

Statement of possible Direct Tax Benefits available to PRATIBHA INDUSTRIES LIMITED (“the Company”) and its Shareholders

To the Company - Under the Income Tax Act, 1961 (the Act)

The company is eligible to deduction under Section 80 IA of the Act in respect of the profits and gains derived from the eligible projects (undertakings) of infrastructure development for a period of 10 consecutive years, falling within the first 15 years, beginning from the year in which eligible undertaking start developing the Infrastructure facility on complying with the conditions specified in the said section.

To the Members of the Company - Under the Act

B.1 Resident Members

- Under section 10(23D) of the Act, all Mutual Funds set up by Public Sector Banks or Public Financial Institutions or authorized by the Reserve Bank of India and subject to the conditions notified by the Central Government and also the mutual funds registered under the Securities and Exchange Board of India Act, 1992 or regulations made there under are eligible for exemption from income tax on all their income, including income from investment in the shares of the company.
- Under section 10 (34) of the Act, dividend income referred to in section 115-O of the Act, are exempt from tax in the hands of its Members and are not subjected to any deduction of tax at source.
- Under Section 10(38) of the Act, Long Term Capital Gains arising from the sale of equity shares of the company transacted through a recognized stock exchange in India, on or after October 1, 2004, the date on which such transaction is chargeable to Securities Transaction Tax, are exempted from tax. This Benefit is Available after the listing of the shares of the Company.
- Under Section 111A of the Act, Short Term Capital Gains arising from the sale of securities transacted through a recognized stock exchange in India, on or after October 1, 2004, will be taxable at the rate of 10% (plus surcharge and education cess). This Benefit is Available after the listing of the shares of the Company.
- Under section 112 of the Act and other relevant provisions of the Act, long term capital gains arising of the Act),
i.e., if shares are held for a period exceeding 12 months, on transfer of shares in the Company, as and when it is listed, shall be taxed at a rate of 20% (plus applicable surcharge and education cess) after indexation as provided in the second proviso to section 48 or at 10% (plus applicable surcharge and education cess) without indexation, at the option of the shareholder.

B.2 Non-Resident Indians/ Non Residents Members [Other than FIIs and Foreign venture capital investors].

- Under section 10 (34) of the Act, dividend income referred to in section 115-O of the Act, are exempt from tax in the hands of the Members and are not subjected to any deduction of tax at source.
- Under Section 10(38) of the Act, Long Term Capital Gains arising from the sale of equity shares of the company transacted through a recognized stock exchange in India, on or after October 1, 2004, the date on which such transaction is chargeable to Securities Transaction Tax, are exempted from tax.
- Under Section 111A of the Act, Short Term Capital Gains arising from the sale of shares transacted through a recognized stock exchange in India, on or after October 1, 2004, will be taxable at the rate of 10% (plus surcharge and education cess).
- A non-resident Indian (NRI) (i.e. an individual being a citizen of India or person of Indian origin who is not a resident) has an option to be governed by the provisions of Chapter XII-A of the Act viz. “Special Provisions Relating to Certain Incomes of Non-Residents”.
- Under section 115G of the Act, it shall not be necessary for a NRI to furnish his return of income if his only source of income is investment income or long term capital gains or both arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax deductible at source has been deducted there from.
- Under section 115-I of the Act, a NRI may elect not to be governed by the provisions of Chapter XII-A for any Assessment Year by furnishing his Return of Income under section 139 of the Act declaring therein that the provisions of this chapter shall not apply to him for that assessment year and if he does so the provisions of this chapter shall not apply to him instead the other provisions of the Act shall apply.



- Under the first proviso to section 48 of the Act, in case of a non-resident, in computing the capital gains arising from transfer of shares or debentures of the Indian company acquired in convertible foreign exchange (as per exchange control regulations) protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case.

B.3 Foreign Institutional Investors (FIIs)

- Under section 10 (34) of the Act, dividend income referred to in section 115-O of the Act, are exempt from tax in the hands of the Members and are not subjected to any deduction of tax at source.
- Under Section 10(38) of the Act, Long Term Capital Gains arising from the sale of equity shares of the company transacted through a recognized stock exchange in India, on or after October 1, 2004, the date on which such transaction is chargeable to Securities Transaction Tax, are exempted from tax.
- Under Section 115 AD of the Act, Short Term Capital Gains arising from the sale of shares transacted through a recognized stock exchange in India, with on or after October 1, 2004, will be taxable at the rate of 10% (plus surcharge and education cess).

B.4 Approved Infrastructure Capital Funds/Companies/Co-operative Banks

- Under section 10 (34) of the Act, dividend income referred to in section 115-O of the Act, are exempt from tax in the hands of the Members and are not subjected to any deduction of tax at source.
- Under Section 10(38) of the Act, Long Term Capital Gains arising from the sale of equity shares of the company transacted through a recognized stock exchange in India, on or after October 1, 2004, the date on which such transaction is chargeable to Securities Transaction Tax, are exempted from tax.

B.5 Mutual Funds

In accordance with section 10(23D), any income of:

- (i) a Mutual Fund registered under the Securities and Exchange Board of India Act 1992 or regulations made there under;
- (ii) such other Mutual Fund set up by a public sector bank or a public financial institution or authorised by the Reserve Bank of India subject to such conditions as the Central Government may, by notification in the Official Gazette, specify in this behalf will be exempt from income-tax.

Benefits available to the Members of the Company under the Wealth Tax Act, 1957

Shares of the Company held by the shareholder will not be treated as an asset within the meaning of section 2(ea) of Wealth Tax Act, 1957; hence the value thereof is not includible in the net wealth chargeable to Wealth Tax.

Benefits available to the Members of the Company under the Gift Tax Act, 1958

Gift of shares of the company made on or after October 1, 1998 would not be liable to Gift tax.

Notes

- (i) All the above benefits are as per the current tax law as amended by the Finance (No 2) Act, 2005 and will be available only to the sole/first named holder in case the shares are held by joint holders. Legislation, its judicial interpretation and the policies of the regulatory authorities are subject to change from time to time, and these may have a bearing on the advice that we have given. Accordingly, any change or amendment in the law or relevant regulations would necessitate a review of the above. Unless specifically requested, we have no responsibility to carry out any review of our comments for changes in laws or regulations occurring after the date of issue of this Note.
- (ii) In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreements, if any, between India and the country in which the non-resident has fiscal domicile.
- (iii) In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the Issue.

D. ABOUT THE ISSUER COMPANY

I. INDUSTRY OVERVIEW

Construction industry is one of the integral and important segments of infrastructure industry. Infrastructure industry covers services of transportation (highways, roads, ports, railways, airports); urban infrastructure (water supply, sewerage, drainage); power systems; irrigation and agriculture systems; telecommunication; etc. Therefore, construction activity becomes the basic input for socio-economic development. It renders significant contribution to the economy by enhancing Gross Domestic Product (GDP), income and employment opportunities. It creates the physical foundation of economic development and improves the standard of living of a society. The output of the construction industry become the asset of a nation. Investment in the construction industry activates many other industries and it has the maximum forward and backward linkage advantage.

Construction sector is one of the largest employers in the country. It can be seen from the fact that in 1999-00, it employed 17.62 million workers, a rise of 6 million over 1993-94. The sector also recorded the highest growth rate in generation of jobs in the last two decades, doubling its share in total employment. (Source: 10th Five Year Plan)

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

- absorb rural labour and skilled, semi skilled and unskilled workers;
- provide opportunity for seasonal employment thereby supplementing workers' income from farming; and
- permit large-scale participation of women workers.

The construction industry in India comprises of over 200 firms in the corporate sector. In addition, to large firms, there are about 120,000 class 'A' contractors registered with various government department/bodies. There are thousands of small firms, which compete for small jobs or work as sub-contractors to prime / main contractors. There are over 25 million construction workers in the country classified as unskilled, semi-skilled, and skilled constituting masons, carpenters, bar benders, plumbers, electricians, tile layers, glass fitters, metal fabricators, concrete workforce, etc. In addition to those directly involved in the construction process, the industry also accounts for a large proportion of secondary employment created due to forward and backward linkages with ancillary industries such as the urban infrastructure sector, construction materials, industries, real-estate development etc.

Share of Construction Sector in Gross Domestic Product (GDP) and Gross Capital Formation (GCF)

Share of construction sector in Gross Domestic Product (GDP), which was 5.4 per cent in 1970-71, came down to 4.4 per cent in 1990-91. Subsequently, it picked up and stood at 5.1 per cent in 1999-00. The share of the construction sector in total gross fixed capital formation (GCF) came down from 60 per cent in 1970-71 to 34 per cent in 1990-91. Thereafter, it increased to 48 per cent in 1993-94 and stood at 44 per cent in 1999-00. (Source: 10th Five Year Plan)

Clearly, there has been a decline in the share of construction sector in the GDP and GCF.

The main reason for this decline was the reduced Government spending on physical infrastructure in the last decade due to fiscal constraints. Though there has now been an increasing emphasis on involving the private sector in infrastructure development through public-private partnerships and mechanisms as Build-Operate-Transfer (BOT) or Build-Own-Operate-Transfer (BOOT), projects on annuity / deferred payment basis, private sector investment has not reached the expected levels. The Government is now providing substantial fiscal stimuli by way of programs like the National Highways Development Project (NHDP), Pradhan Mantri Gram Sadak Yojana (PMGSY), power projects etc., which would provide necessary impetus to the construction sector.

Further, action needs to be taken to streamline the functioning of the construction sector to get a larger share of the global business. Such action would include formulation of business-friendly policies, development of insurance instruments to mitigate the business risks and adoption of aggressive marketing of the Indian construction industry abroad.

Some of the Main Characteristics of Construction Industry are as follows:

1. Joint Ventures:

The need for quicker creation of infrastructure facilities has resulted in high value bids being invited for complex contracts on various models of financing. Such projects due to their inbuilt complexity require companies with specific expertise to put together their core technical strengths and thus, the bids are submitted in consortium formed between two or more construction companies. The consortium so formed also enable companies [SPV] to raise funds at better pricing due enhanced combined strength.



2. Capital Structure:

The client extends mobilization advance payments against bank guarantees provided by the contractors for mobilization and beginning construction activities. They are reflected as interest/ non-interest bearing project advances in the balance sheet.

3. Construction Risks:

Profitability on each project is subject to problems on mis-pricing, adverse conditions, geological conditions, specification changes. As per AS-7 of the Indian Accounting Standards, construction companies are required to recognize all profits / losses incurred and foreseeable in the respective accounting period.

4. Profitability:

Profit margins tend to vary across various segments such as water supply, roads, tunnels, dams, bridges, power and industrial projects. Large complex projects across all sectors such as nuclear power, thermal power and integrated water distribution enjoy higher margins in relation to non-complex projects like road works and water transmission. Profitability in the industry therefore tends to vary across segments.

5. Credit Risk:

Credit Risks normally depends upon the financial capability of the client. Projects funded and/or implemented by World Bank, Asian Development Bank (ADB), NHAI, MMRDA, MSRDC are less prone to credit risk by virtue of government support. In general, programs with strong counter party credits such as the NHDP program, power projects floated by NTPC, NPC and other projects on multilateral funding make regular payments to contractors. State-funded projects, in general, pose some degree of difficulty for contractors, due to financial difficulties faced by State Governments and its agencies.

6. Contingent Liabilities:

Due to project based work, construction companies often carry substantial contingent liabilities in the form of bank/ performance guarantees furnished to the client.

Financial Requirement of Construction Industry

The construction industry has two types of financial requirements, fund based and non-fund based. The fund based requirements comprise of working capital loans and long term loans in form of term loans, for funding project execution and financing procurement of equipments and assets respectively. Non-fund based requirements include the various guarantees that the contractor has to furnish at various stages in a project. The requirement of non fund based funding is much higher vis-à-vis fund based, due to the inherent nature of the industry. However, the share of fund-based financing is expected to grow in view of the encouragement being provided by the Central / State Government/s in respect to private participation in infrastructure projects.

Fund Based Financing

Fund-based financing is required for execution of infrastructure projects A number of different mechanisms exist for raising project finance is given as under:

1. Equity

Represents ownership of the project. The sponsors usually hold a significant portion of the equity in the project.

2. Convertible debt

Represents the debt, which can be convertible into equity under certain conditions, usually at the option of the holder. This debt is generally considered subordinate and senior lenders regard it as pseudo-equity.

3. Unsecured debt

Can be either short or long term and, although not secured by specific assets, is senior to equity and pseudo-equity in receiving dividends and repayment of principal.

4. Secured debt

May also be short or long term and is secured by specific assets or sources of revenues.

5. Lease financing

Can vary in terms of structure and duration, although the Lessor always retains the rights to the leased assets. Tax issues and the strength of the collateral are usually the driving forces behind a lease financing. A Lessor may be able to depreciate an asset for tax purposes, or the lessee may be exempt from taxes or expect losses in the early stages of the project. Banks generally offer short term funding options. These are best described by their use of funds and carry specific conditions that will meet those requirements.

6. Construction financing

As the name suggests, it is used for construction purposes and is usually very flexible with respect to draw downs. The level of security required by the lender will vary. Construction financing lenders may require a designated long-term investor to commit to paying out the construction finance at a pre-determined time. It is also not unusual for the lender of the construction financing to also be the long term investor.

7. Bridging finance

Till the long term funds are arranged, the contractor avails bridge finance facilities from some other lenders as a stop gap arrangement with the view to commence the construction activity. This form of financing is also generally terminated when longer-term funding is received.

8. Line of Credit

Funding is obtained and repaid on a regular basis throughout the life of the project. Credit lines are used as a cash management tool and are usually set up with various banks.

Non-fund based financing

There are six major types of guarantees that a contractor needs to furnish at different stages of the project.

1. Earnest Money Deposit

Earnest Money Deposit (EMD) is the deposit required to be furnished by the contractor whilst bidding for the contract at a rate stipulated in the bidding documents. The EMD rate varies from contract to contract and ranges between 1–3%. The EMD can be furnished in form of a bank guarantee, if the tender documents so provide. The requirement of such guarantees depends upon the success rate of the company in tendering and the time frame, which the client takes to finalize the contract. The bank guarantees so submitted towards EMD are returned to the contractor as follows:

- On being declared unsuccessful in the bid so submitted.
- On furnishing the performance bank guarantee and entering into an agreement, if the bid is declared successful and accepted by the client.

2. Performance Guarantee

The Performance Guarantee is usually about 10% of the total contract value. A contractor has to furnish a performance guarantee to the client, covering the entire contract execution period and defect liability period. A bank issues a performance guarantee to the client on behalf of the contractor certifying that the contractor will perform as per the terms stipulated in the contract documents i.e. finish the work of the client as per the given terms and conditions of the contract. Failure to perform the contractual obligations by overlooking the client's persistent requests / reminders / warning can lead to invocation of the bank guarantee.

3. Mobilization Advance Guarantee

Mobilization Advance is usually granted at the percentage mentioned in the bid documents and if payable under the contract, ranges from 5-10% of the contract value. After a contractor has entered in to the agreement with the client, post furnishing the performance bank guarantee, the client provides the contractor with an opportunity to claim mobilization advance post completion of due mobilization of the project site and on the contractor furnishing the bank guarantee towards the mobilization advance, up to a maximum of the percentage stipulated in the contract document.

4. Machinery Advance Guarantee

Provision for granting advance towards procurement of Machinery / equipment for execution of the project is generally available in projects funded by World Bank. The contractor can claim this advance against equipment mobilization, limited to the percentage stipulated in the contract document and on furnishing of necessary bank guarantee. The percentage of machinery advance differs from project to project and ranges from 5–10% of the contract value. The machinery advance is granted for mobilization / purchase of equipments required for execution of the contract under reference, both new and old.



5. Retention Money Guarantee

From the onset of the project, to ensure timely completion, a client usually withholds a percentage (5% or thereabouts – as stipulated in the agreement) of the running bills as retention money. The retention is generally deducted at the rate of 10% till the entire amount to be retained is built up. Such retained amount becomes due and payable to the contractor on completion of the defect liability period which in most cases is one year. However, in general, all the contracts provide that the retention so held can be released on furnishing a bank guarantee of equivalent amount, immediately of achieving the milestone or completion as provided for under the contract agreement.

6. Letter Of Credit For Raw Material & Machinery

A Letter of Credit [DA / DP] is opened by the Bank on behalf of the contractor in favor of the beneficiary as informed by the contractor for procurement of inputs required for execution of projects under reference. The LC provides secured credit to the contractor on terms mentioned in the LC and also reduces the cost of purchase. Banks issue LC's against established limits and the commission varies from 1-2% per annum. The rate varies depending on the contractors track record of providing for the bills drawn under the LC on relevant due date. The LC's are generally established against margin moneys, which vary from contractor to contractor.

Urban and Rural infrastructure

Water supply, Sanitation and Irrigation

Water needs to be managed as an economic asset rather than a free commodity. India, which has 16% of the world's population, has only 2.45% of the world's land resources and 4% of the world's fresh water resources. Monsoon rain is the main source of fresh water, with 76% of the rainfall occurring between June and September under the influence of the southwest monsoon. The average annual precipitation in volumetric terms is 4,000 Billion Cubic Meters (BCM). The average annual flow out of this is 1,869 BCM, the rest being lost in infiltration and evaporation. Due to topographical and other constraints, only 690 BCM can be utilized.

(Source: 10th Five Year Plan)

Water related infrastructure facilities are the backbone of any civilization. Also, water requirements for human consumption are continuously increasing due to increasing population, rise in the living standards and rapid industrialization. Water shortages have almost become a way of life in most large Indian cities. No major Indian city has 24-hour supply of water, with 4 to 5 hours of supply per day being the norm. This compares to the Asian-Pacific average of 19 hours per day supply, with both Bangkok and Beijing having 24-hour coverage.

(Source: The ET Knowledge Series)

Rainfall in India, as in all tropical countries, is confined mainly to the southwest monsoon months of June to September. All India annual average rainfall is 1,170 mm. Irrigation constitutes the main use of water and is thus the focal issue in water resources development. As of now, irrigation use is 84 per cent of the total water use. However, due to growing population, the per capita availability of water is steadily going down, declining from 5,000 cubic meters a year at the time of Independence to about 2,000 cubic meters as of now. This, coupled with urbanization and industrialization, has raised concerns about the deteriorating quality of surface and ground water. *(Source: 10th Five Year Plan)*

According to the 54th round of National Sample Survey (NSS) an estimated 70% of urban households reported being served by tap and 21% by tube well or hand pump. Sixty-six % of urban households reported having their principal source of drinking water within their premises, while 32% had it within 0.2 km. Forty-one percent had sole access to their principal source of drinking water, which means that 59% were sharing a public source. 15% of households did not get sufficient drinking water from their principal source, between April and June, May being the worst month. The general financial position of the urban water supply and sewerage sector is very poor. Only a few providers in large urban areas generate sufficient revenues to make any contribution to investment. In medium and small towns these entities typically do not collect sufficient revenue to cover operating expenses. There is no matching of revenues against expenditures. Collection efficiency is very low. A major cause of poor financial health is low tariff, resulting in direct subsidy. There is an attempt at cross subsidization from commercial and industrial consumers to domestic consumers. According to one study, 76% of the responding towns did not raise sufficient revenues from water supply to cover the revenue expenditure on the service. The resultant unsatisfactory service standards has now created a vicious circle of poor service—leading to low tariff because of less willingness to pay leading to poor resource position—leading to poor maintenance and poor service.

(Source: 10th Five Year Plan)

Financial requirements of the Water Supply Sector

Water supply and sanitation schemes are capital intensive and, consequently, they are financed from the budget, borrowings from financial institutions or the market, and external funding agencies. Most State Governments have a policy relating to the financing pattern of the schemes, with shares for the Urban Local Bodies (ULB), State Government, and institutional finance.

HUDCO has been financing water supply projects for the past 30 years, especially those in small and medium towns, against State Government guarantee. As much as 28 per cent of the cumulative loan sanctions for urban infrastructure of HUDCO are towards water supply. During the Ninth Plan period, HUDCO has sanctioned 101 water supply schemes for financial assistance of Rs 4828 Crores. However the main problem in financing of urban water supply and sanitation is the sustainability of the present model which is heavily dependent on the State Governments' willingness and capacity to provide guarantees for institutional finance, apart from meeting the agreed state share of the project cost. Inability of the states to provide committed shares of project costs, and the tendency to sanction more works than financially feasible, has led to a situation of large numbers of incomplete works, project delays, and cost over-runs. *(Source: 10th Five Year Plan)*

Assessing investment needs of a sector spread over more than 5000 urban centres, each with its own level of supply and distribution and changing needs, is no easy task. In the absence of a reliable system of collection of urban data, the status and needs of almost all civic amenities is hard to estimate. HUDCO has estimated cost of water supply from surface sources to range from Rs 81 lakhs per mld to Rs 203 lakhs per mld (Million litres per day) at 1998-99 prices. The cost of supply from ground water sources is estimated to range from Rs 20 lakhs to Rs 61 lakhs per mld. *(Source: 10th Five Year Plan)*

The Central Public Health and Environmental Engineering Organization (CPHEEO) has estimated that by the end of the year 2007, the urban population of the country is likely to be around 36 crores. For achieving 100% coverage by the end of the Tenth Five Year Plan and taking into account the urban population already covered, the requirement of funds has been assessed. In regard to sewerage and sanitation facilities, it is assessed that 57% of the urban population is likely to be covered by end of Ninth Plan. The estimates are based on the proposed coverage of 75% of urban population. Moreover, 35% of population already covered by the end of the Eighth Plan would need augmentation/rehabilitation and is included in calculation of fund requirements. Based on these assumptions of requirements to be met, the CPHEEO has estimated the following requirements during the Tenth Plan:

Water Supply – Rs 28240 Crores
 Sanitation – Rs 23157 Crores
 Solid waste management – Rs 2323 Crores
 Total – Rs 53720 Crores
(Source: 10th Five Year Plan)

A number of projects have been mooted in various metros to alleviate the water supply situation. Most projects focus on pumping in water from distant sources. Desalination is another option being looked into. There are only seven large desalination plants in India for the conversion for city sewage into process water.

Rainwater harvesting presents a lot of opportunities for players in the construction sector. This has been taken up as a thrust area in Chennai and Delhi and must be given priority in all towns in the country. The Delhi Jal Board has taken up more than 80 works to harvest rainwater and intends to cover about 200 buildings. The Delhi Government has approached the Ministry of Urban Development and Poverty Alleviation to amend building byelaws to make rainwater- harvesting mandatory in the Capital. *(Source: 10th Five Year Plan)*

Private Sector Participation

Private Sector Participation (PSP) incorporates a wide range of levels of private sector involvement. At one end lies contracting out of services to the private sector, such as mains repair, billing and collecting, and meter reading. Such arrangements are relatively straightforward and usually involve short-term renewable contracts. Under a management contract, a private firm in exchange for a management fee, with a typical contract lasting 3-5 years or more, carries out operation and maintenance of the water network. Leasing and Affermage contracts are similar to management contracts, although the private firms revenue is determined by tariffs collected, resulting in more commercial risk being shared than under a straight management contract. Typical contracts last 8-15 years. More private involvement occurs under concession and BOT Contracts. Under a concession, a private firm manages and operates the whole utility at its own commercial risk and is also required to finance new investment. Contracts tend to be for longer periods, such as 25-30 years. BOT contracts are used for major investment in new facilities. A private firm is selected to build new infrastructure, such as a treatment plant, operate it under license for the contract period, and then transfer it to the Government at the end of the contract. As with concessions, contracts are generally for periods of 20-30 years. At the other end of the public-private spectrum lies full privatization or divestiture, whereby the Government sells the assets of the water supply company to a private firm, who runs it on a permanent basis subject to government regulation.



Transportation Infrastructure

Indian Roads

India has 33 Lakh kilometers of road network, which is the second largest in the world. Roads now carry 85 per cent of passenger traffic and 70 per cent of freight traffic. While highways make up only 2 per cent of the overall road network by length, they account for around 40 per cent of this traffic. A series of initiatives have been undertaken in recent years, to set the stage for a quantum leap in India's road system. These initiatives combine new institutional arrangements, highway engineering of international standards, founded on a self-financing revenue model comprising tolls and a cess on fuel. Three initiatives in the road sector were begun in recent years:

- The National Highway Development Project (NHDP),
- Pradhan Mantri Bharat Jodo Pariyojana (PMBJP) and
- Pradhan Mantri Gram Sadak Yojana (PMGSY).

(Source: www.nhai.org)

Indian Road Network

	Length (In Km)
National Highways	65,569
State Highways	1,31,899
Major District Roads	4,67,763
Village and Other Roads	26,50,000
Total Length	33 Lakh Kms (Approx)

Source: www.nhai.org

National Highways Authority of India (NHAI) is mandated to implement National Highways Development Project (NHDP), which is

- India's largest ever highways project with world-class roads with uninterrupted traffic flow.
- A major initiative for capacity enhancement of National Highways
- Four/Six Laning of around 13,146 Km under NHDP
- The total Cost on 1999 prices for the NHDP project is Rs. 54000 Crores

In addition to implementation of National Highways Development Projects, the NHAI is also responsible for implementing some projects on National Highways other than NHDP. NHAI is now responsible for implementing on National Highways of length around 10,000 Km. (Source: www.nhai.org)

Since National Highways comprise about 2% of the total road lengths in the country and yet carry over 40% of total traffic, the first and the foremost task mandated to the NHAI is the implementation of NHDP- comprising of the Golden Quadrilateral and North-South & East-West Corridors. In addition to the projects under NHDP, the NHAI is also currently responsible for about 1,000 km of Highways connecting major Ports and also on National Highways 8A, 24, 6, 45 and 27. Highways length with NHAI currently is around 14,162 km.

The main components of NHDP include:

- Golden Quadrilateral (GQ): - Length- 5846 km, connecting Delhi, Kolkata, Chennai and Mumbai
- North-South & East-West Corridors: - Length - 7300 km, Kashmir to Kanyakumari 4000 km (with spur to Cochin) and Silchar to Porbandar 3300 km.

The financial arrangement for the development of GQ and corridors has been made as:

	Rs. in Crores
Cess	20000
World Bank/Asian Development Bank Loan Assistance	20000
Market Borrowing	12000
Private Sector	6000
Total	58000

Source: www.nhai.org

Status of NHDP and other NHAI projects as on June 30, 2005.

	NHDP		NHDP Total	Port Connectivity	Others	Total by NHAI
	GQ	NS - EW Ph. I & II				
Total Length(Km.)	5,846	7,300	13,146	356	811	14,313
Already 4-Laned(Km.)	4,912	707	5,619	99	287	6,005
Under Implementation (Km.)	934	2,459	3,393	251	166	3,810
Contracts Under Implementation (No.)	54	26	80	6	6	92
Balance length for award (Km.)	-	4,058	4,058	7	358	4,423

Source: www.nhai.org

Private Participation

The government is trying to encourage private sector participation in road projects through three routes, BOT, annuity and Special Purpose Vehicle (SPV). Out of 92 ongoing NHDP projects, 19 are being financed via these three routes. Although private investment in roads is showing an upward trend, it does not meet expectations. The main problems impeding private participation are high-traffic risk and the unwillingness of commuters to pay the toll. However, annuity projects have had a more enthusiastic response. (Source: NHAI)

Government's Policy Initiatives for promoting involvement of private sector in construction & maintenance of National Highways and attracting Private Investment

- Government will carry out all preparatory work including land acquisition and utility removal. Right of Way (ROW) to be made available to concessionaires free from all encumbrances.
- NHAI / GOI to provide capital grant up to 40% of project cost to enhance viability on a case to case basis
- 100% tax exemption for 5 years and 30% relief for next 5 years, which may be availed of in 20 years.
- Concession period allowed up to 30 years
- BOT projects entrepreneur are allowed to collect and retain tolls
- Duty free import of specified modern high capacity equipment for highway construction

Indian Railway

The Indian Railways, with a capital base of about Rs. 55000 Crores, is the principal mode of transportation for carrying bulk freight and long distance passenger traffic. The financing pattern of the Railways shows a greater reliance on the gross budgetary support. While the Ninth Plan had emphasized the need for financing the Railway Plan mainly through internal resources, the actual mobilization of internal resources dropped from Rs. 3452 crores in 1997-98 to Rs. 2463 Crores in 2001-02.

Market borrowing is done through three different sources viz.

- Leasing of rolling stock through the Indian Railway Finance Corporation (IRFC);
- Leasing of wagons under the Own Your Wagon Scheme (OYWS)



- Private participation in execution of projects through Build Operate Lease Transfer/ Build Operate Transfer (BOLT/BOT).

One of the objectives of the 10th Five Year plan for Railways is to ensure renewed thrust on modernization and technological up-gradation of the Railway System particularly along the Golden Quadrilateral and its diagonals. In cities with large populations, the provision of a rail based mass transport system has become a necessity. (Source: 10th Five Year Plan)

Housing and Industrial Infrastructure

The Working Group on Housing has estimated the urban housing shortage at the beginning of Tenth Plan at 89 Lakhs units. While this is indeed an alarming number, it includes the 'congestion' needs of joint families, obsolescence and replacement of old houses, and upgrading of all the kutchha houses. The total number of houses required cumulatively during the Tenth Plan period is assessed at 2.24 crores.

The Government of India has now permitted 100% FDI for development of townships. However FDI guidelines stipulate that the foreign company should develop a minimum area of 25 acres of land. Such large acquisition is not possible in most cities and providing external infrastructure in small towns and suburbs would pose severe problems. So more than FDI, what is required is privatization and primarily BOT based projects.

Impetus on Infrastructure Development in Budget 2005-06

The Budget 2005-06 has reiterated that sustainable growth depends upon the availability of efficient infrastructure. It proposes to meet these requirements through a mix of policy, fiscal incentives and public-private partnerships.

All the above proposals are expected to drive demand in the rural areas and further boost the economic growth.

Specific proposals for the infrastructure sector are as follows:

- Setting up of a Special Purpose Vehicle ('SPV') with a corpus of Rs. 100 billion to lend long- term funds directly to the eligible projects.
- A new initiative called 'Bharat Nirman' has been conceived as a business plan, to be implemented over a period of 4 years, for building infrastructure, especially in rural areas. The goals are as follows:
 - To bring an additional 10 million hectares under assured irrigation
 - To connect all villages having a population of 1,000 (or 500 in hilly/tribal areas) with a road
 - To construct 6 million additional houses for the poor
 - To provide drinking water to uncovered rural habitations
 - To electrify villages where such a facility is currently not available
 - To give telephone connectivity to areas which currently do not enjoy this facility
- Agricultural marketing infrastructure to be strengthened to induce investments from the private and cooperative sectors.
- Increased budgetary allocation to the Indira Awas Yojana for rural housing.
- Increased budgetary allocation to the Rajiv Gandhi National Drinking Water Mission to provide clean drinking water and sanitation facilities in uncovered rural habitations.
- A National Rural Health Mission to be launched for strengthening the existing primary and community health centre system.
- Cess on petrol and diesel to be increased by 50 paise per litre to fund the NHDP.
- NHDP phase III to be launched to target selected high-density highways not forming part of the Golden Quadrilateral or the North-South and East-West corridors. A sum of Rs. 1400 Crores provided for the creation of four lanes over 4,000 kms.

Industry Overview of Spiral Welded Pipes business

The pipes and tubes segment in India consumed around 1.9 million tonnes of HR coils in 2000-01, accounting for around 30% of the total consumption of HR coils. The major end use segments for pipes and tubes are water supply and distribution, housing, irrigation, industrial application and transportation of petroleum products.

A primary consumer of Spiral Welded Pipes is the oil and gas industry for its pipeline infrastructure. Pipelines are the most cost-effective way of transporting petroleum products (crude, petrol and diesel) and gas. According to industry sources, it costs barely Rs. 1.30 per km to move every ton of oil products by pipelines while railway cost Rs 2.20 per ton and road

transport costs Rs 3.02. The oil & gas pipeline infrastructure in India has been minimal at about 15,000 kms. Comparatively, France has 170,000 kms of pipelines, while US has 329,600 kms. Only 25% of oil products are moved by pipelines in India, compared to 59% in the United States. However, addition of about 17,000 kms of pipeline infrastructure in the next six years is being planned, of which a significant part may materialise.

As against a demand of 117 million metric standard cubic metres per day (mmscmd) the supply of gas is only 70 mmscmd, and the demand is likely to grow to 166 mmscmd by 2007. Hence, at least 10,000 km of the 17,000 km of new pipelines are expected to cater to gas transportation.

The investment in oil pipeline infrastructure is being influenced by the following factors:

- The government's decision to open up oil retailing to the private sector is likely to introduce about 10,000 new retail outlets, which would be set up by private oil companies – (Reliance: 5,800, Essar: 1,700 and Shell: 2,000). Oil and Natural gas Corporation (ONGC) has also got government's approval for 1,000 outlets. Cost-efficient transportation to cater to the demand of these outlets would be imperative.
- While Indian Oil Corporation (IOC) already has a 7,170 kms network in place for both crude and petroleum product transportation, BPCL is expanding its existing Mumbai-Manmad-Indore product pipeline all the way to Delhi, to cater to the demand in the northern region, which accounts for 40% of India's product demand. IOC is also adding a spur from Sidhpur to Sanganer, as a part of the network to move products from the Panipat refinery. The other is the Chennai-Madurai pipeline, to be later linked to the Kochi-Karur line, which would enable products to be moved across Southern India even if one of the refineries at Chennai or Kochi is down.
- Reliance Industries Limited has set up a 100% subsidiary, Gas Transportation and Infrastructure Company Limited (GTIL) [name changed to Reliance Gas Pipelines Limited], which envisages laying six new product pipelines (5,895 kms) over the next couple of years at a cost of Rs 4,575 crore. Of these, two pipelines will evacuate products from its 27 million tonne Jamnagar refinery. The 2,540 kms pipeline to Kanpur is via Ahmedabad and Bhopal and the 1,580 km pipeline is to Patiala via Delhi, which would cater to the demand in north and west India which together account for 70% of India's 100 million tonnes per annum oil products demand. Reliance's other four product pipelines will cater to the South, where demand is set to grow by 3% per annum. These pipelines will be fed from Goa. Reliance plans to feed Goa by moving products from Jamnagar in barges.

Even if a portion of these plans materializes, it would imply substantial demand for Spiral Welded pipes over the coming 5-6 year period. On the export front there is rising demand from South East Asia and Africa, which, together with projects in Iraq could increase demand.



II. BUSINESS OVERVIEW

Our Company, over the years has developed expertise in the creation of infrastructure facilities in five core areas as under:

- Road Construction
- Housing
 - Mass Housing
 - Real Estate Development.
- Water Supply and Distribution System
- Environmental Engineering
- Pre-cast Design and Construction

The Company, apart from pursuing infrastructure business activities as listed hereinabove also proposes to make a foray as an EPC contractor for oil and gas transmission contracts. In order to have an competitive edge over its competitors, the Company through Pratibha Infrastructure Pvt Ltd, proposes to diversify in form of backward integration, by installing a state of art manufacturing and coating facility for producing spirally welded steel pipes as required for water, oil and gas transmission.

The Company has been awarded more than 50 projects in last 7 years from various authorities like Mumbai Municipal Corporation (BMC), Maharashtra Jeevan Pradhikaran, Maharashtra Industrial Development Corporation (MIDC), City and Industrial Development Corporation (CIDCO), Delhi Jal Board (DJB), Akola Municipal Corporation, Pune Municipal Corporation, Army Housing Welfare Organisation, Indian Railway Welfare Organisation, National Thermal Power Corporation Limited (NTPC) Public Work Department, Government of Maharashtra, Urban Water Supply and Drainage Board, Gujarat Water Supply and Sewerage Board, Maharashtra State Road Development Corporation (MSRDC), Maharashtra Metropolitan Region Development Authority(MMRDA).

Brief Overview of Business Activities

▪ Road Construction

Our Company has recently entered into road construction activities by constructing roads of tar/concrete material as also construction of bridges like flyovers and rail over bridges. Our company has recently completed the construction of concrete road work worth Rs. 2943 Lakhs for Akola Municipal Corporation. Further, our Company has been executing construction of concrete roads for Pune Municipal Corporation, Pune worth contract value Rs 3050 Lakhs. Our Company has also received contracts from MSRDC worth Rs. 660 Lakhs for design and construction of high level bridge at Pune.

▪ Housing - Mass Housing (Construction contracts)

Our Company has earned reputation in construction of mass housing projects for various housing authorities and organizations such as Indian Railway Welfare Organization (IRWO), Army Welfare Housing Organization (AWHO), and CIDCO. Our Company has successfully carried out the mass housing projects for CIDCO for Rs. 1400 lakhs, in a record time of 12 months. Besides, we have also carried out similar type of mass housing projects consisting of 312 flats for IRWO and 246 flats for AWHO at Navi Mumbai for total value of Rs. 3939 Lakhs. Apart from above our Company has also executed industrial and public utility projects like Industrial Buildings / Complexes; state-of-the-art railway stations with commercial complex for Central Railway and International Container Terminal.

▪ Housing - Real Estate Development

Apart from mass housing projects, our Company has also undertaken development of real estate projects particularly housing and commercial complexes. At present our Company through group concerns is developing residential housing complex at Tilaknagar, Chembur and Bhandup in Mumbai with a total construction area of 77,000 sq. ft. valued at Rs. 2500 Lakhs.

▪ Water Supply and Distribution System

One of our main business is the creation of basic infrastructure facilities by laying of water pipelines for various governmental authorities/ bodies. Our Company executes water pipeline projects, raw-water transmission system, water treatment plant, water distribution system, water reservoirs, water storage systems, either on its own or through joint venture depending upon geographical location and logistic convenience. We have so far executed medium and large pipeline projects worth more than Rs. 16347 Lakhs. At present we have 21 projects of contract value Rs.51639 Lakhs on hand, out of which one is a joint venture.

▪ **Environmental Engineering**

Most of the projects in this sector, in India, are either on lump sum contract basis or on item rate basis. Public Private Partnership (BOT) pattern is slowly making its way, especially in solid waste management, hazardous waste disposal systems, in the form of 'pay and use' basis. Solid waste management of Mumbai, Kolhapur, Thane are already running on BOOT model. Hazardous waste is being collected and treated on fee basis in many cities. Our Company presently executes government contracts on these projects and eventually would cash in on privatization process of the same. While lump sum contracts require typical working capital cycle of 6 months to 1 year, BOT models require complete project finance including working capital.

▪ **Pre-cast design and construction**

Our Company is also engaged in design and manufacturing of pre-cast concrete structures like slabs, columns, beams, lintels, etc. used in large-scale construction activities like mass housing, container terminal yard, storage areas, etc. Pre-cast concrete products are normally used where construction is to be completed in shortest possible time. Our Company has developed requisite expertise in this field and has executed number of projects successfully in the past.

Capabilities

Our Company has undertaken projects on Engineering, Procurement and Construction ("EPC") and Lump Sum Turn Key ("LSTK") basis with front-end engineering capabilities in infrastructure sector. Today our Company has acquired domain knowledge and pre-qualification in infrastructure sector like water, environment engineering, roads and bridges, mass housing and industrial structures etc. Our Company also endeavors to take up infrastructure projects under BOT/BOOT.

Types Of Contacts

The various types of contracts related to our business are Item Rate Contracts, Percentage rate, BOT/BOOT, Lump Sum Turn Key ("LSTK") Engineering, Procurement and Construction ("EPC"), Front End Engineering and Designing ("FEED"), Annuity and Operations and Maintenance ("O&M"). The nomenclatures have been explained below:

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 Materials – BOQ) furnished by the department. This schedule indicates full nomenclature of the items as per client's estimate. The design and drawings and specifications will be provided by the client.

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 design and drawings and specifications are provided by the client.

3. 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).

Basic concept behind the above is that the developer is required to invest his own funds and construct the facility. He is then expected to charge the user for using the facility. The developer has to recover his cost and desired profit through these user charges. Thus, before undertaking the project, the developer is expected to assess potential users (traffic, consumers, etc.). Bidding parameter for such contracts in roads is basically the tolling period and for ports it is the royalty payable to government authorities.

4. Annuity:

In annuity type of contracts the facility is being constructed and maintained by the contractor out of his finances, however, the developer (concessionaire) does not charge the user. The tendering authority (government authority) pays the concessionaire the agreed charges through out the concession period. Annuity is the bidding parameter in these contracts.

5. O & M:

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.

6. FEED (Front End Engineering and Designing)

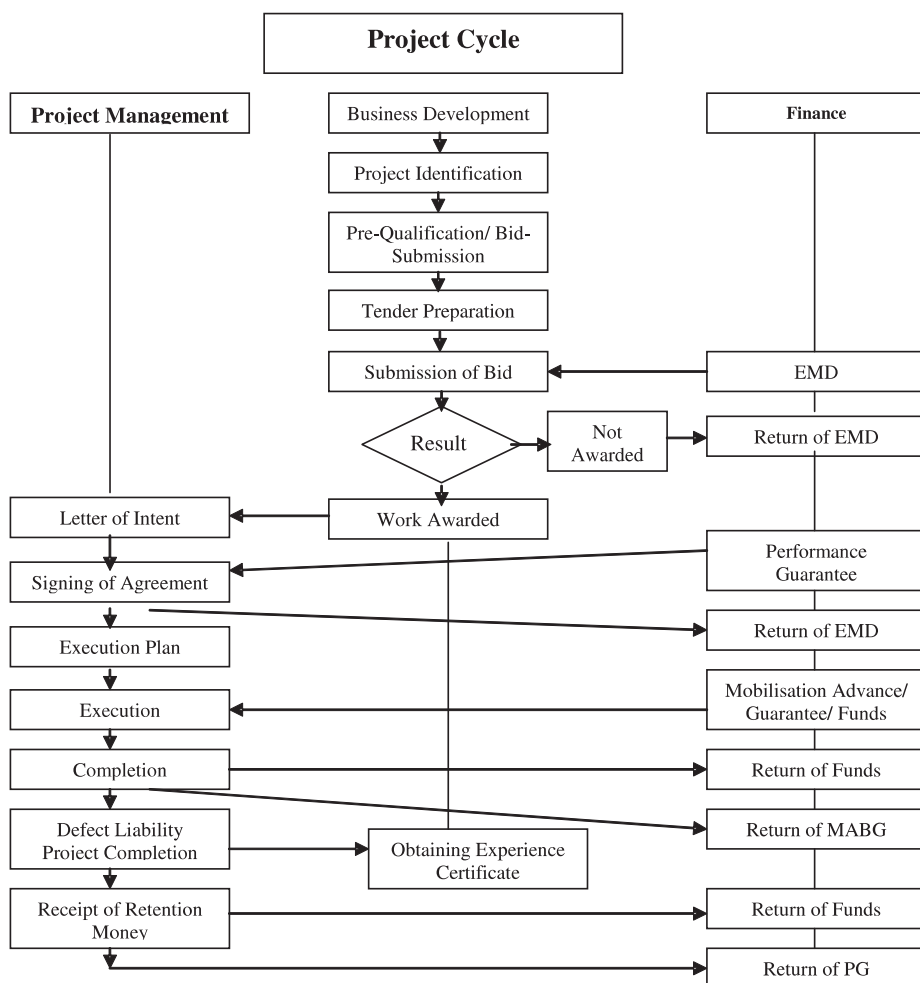
Normally this work is carried out either as a part of consultancy wherein the consultant company provides FEED data to the project owner to enable them to take a decision on floating the tender for construction. In addition to this FEED it is also a prerequisite for a contractor to enable him to bid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

7. 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 client will provide the tentative quantities involved and any increase or decrease of the quantities will have to be absorbed by the contractor.

Project Cycle

A typical project cycle can be accounted for in two distinct phases. The first phase relates to identification of the opportunity and leading to receipt of a contract through a series of activities. Once the contract is received, the second phase of project management and execution commences as depicted below. During both these phases, the finance activity interfaces at various stages with corresponding inputs of guarantees, cash flow and fund management. The various stages involved in the two phases namely: Phase I (business opportunity leading upto the order) and Phase II (project management and execution) are further detailed below:



The various stages involved in the two phases namely: Phase I (business opportunity leading upto the order) and Phase II (project management and execution) are further detailed below.

Phase I:

Awarding the contract

- Expression of interest - called for by the project owner
- Request for Qualification (RFQ) or Pre-qualification
- Invitation to tender /request for proposal/ (RFP)
- Obtain Document- purchase of tender document
- Site Visit and Pre-Bid Queries
- Post-qualification / Technical Documentation and Financial Bid
- Submission of the tender along with Earnest Money Deposit ("EMD").
- Award of the contract to the lowest bidder and issue of Letter of Intent
- Signing of the contract along with submission of performance securities and refund of EMD

Phase II:

a) Execution of the project

- Prepare the Project Cost and Analysis for execution, detailed execution plan, detailed resource plan and expenditure plan
- Kick-off meetings
- Mobilization of resources
- Purchase of materials required in the project
- Execution of the project as per execution plan
- Raising monthly (as per tender condition) Running Account Bills

b) Project closure

- Implement all project completion activities to the satisfaction of the client.
- Receipt of final bill
- Taking substantial completion certificate
- Taking handing over certificate
- Implementing Defect Liability/ O&M period, if there is any
- Receive the final retention money after Defect Liability Period

c) Defect Liability Period

- Normally all projects stipulate a defect liability period of 12 months from the date of handing over. Contractor is responsible to make good any defects that may arise as a consequence of inadequate quality of supplies and workmanship during this period. The retention money / bank guarantee of equivalent amount which is held by the client (approximately 5-10%) is returned to the contractor on successful completion of the defect liability period.



The major projects undertaken independently by the Company and currently under execution:

(Rs. in Lakhs)

Sr. No.	Name of Project	Client	Value of Contract
1	Kamptee Regional Water Supply Scheme (Kamptee Town & Five Villages) Lowering, Laying, Jointing, & Testing of CI/DI/PVC pipes for Distributory System, Gravity Main & Miscellaneous Works.	PWD Nagpur	173.75
2	Providing, laying, testing & successful commissioning of 1000 mm dia. (OD) M.S. pipeline from Hingne S. No. 19 Warje Road to Holkar WTP, Pune Ch. 5.60 to 8.40 Km.	PMC, Pune	183.92
3	Construction of WTP at Isovaria, Ujla & Kharkaria (Package IV).	Gujarat Water Supply and Sewerage Board	276.77
4	Designing, Providing, Constructing & Commissioning Conventional W.T.P. at various place & various capacity including compound wall, staff quarters internal road & horticultural activity.	Gujarat Water Supply and Sewerage Board	426.31
5	Construction of Cement concrete road project phase No. 1a) Ambedkar Road, Kopat Road b) Court Naka to main post office to meenatai thakre chowk c) Ram Murthi Road d) Mahatma Gandhi Road e) Dhobighat junction to railway bridge	Petron Civil Engineering	761.42
6	Providing & laying 3000 mm internal dia. M.S. water main between Yewai injection point and Pogaon including inter connections and cement mortar lining internally and allied works.	BMC, Mumbai	2543.50
7	Designing, Providing, Constructing & Commissioning of Conventional Water Treatment Plant at Morjar-Dhari H/w under Narmada/Mahi Based Pipeline Network. Dist.: Amreli Morjar Dhari	P.H.W. Amreli	147.58
8	Designing, Providing, Constructing & Commissioning of Conventional Water Treatment Plant at Hirapar & Hadala H/W of various capacity, including other Civil Components Narmada/Mahi Distribution Pipe Line network for District Rajkot.	P.H.W., Morbi	175.07
9	Water Supply Project, "Rehabilitation of 2 Nos. Tansa Main Between Tarali and Gundavali villages in H.E.'S O.C. Division Limit by providing and laying 1 No. 2750 mm dia. MS Mortar Lined main and allied works. (Mega City Work)"	BMC, Mumbai	2280.62
10	Piping work for CW Package of NTPC Kahalgaon, Bihar Project (3 x 500 MW)	Kirloskar Brothers Limited	2451.33
11	"Providing & Laying 3000 mm internal diameter M.S. water main from proposed Pise Pumping Station upto & Over Amne Bridge including construction of New Bridge piers including cement mortar lining inside and allied works (Section A 1) III A Mumbai Water Sup	BMC, Mumbai	2230.57
12	Providing MS or DI Transmission main from Kotnoor to Shorgumaz and removing and relaying of CI Transmission Main from Bennithora to BP tank in Gulbarga. Package No. GBW02	Karnataka Urban Water Supply & Drainage Board (KUWS & DB), Karnataka	1130.26
13	Providing MS or DI Transmission Pipeline from Amminbhavi to Nrupathungabetta at Hubli-Dharwad. Package No. HDW01	Karnataka Urban Water Supply & Drainage Board (KUWS & DB), Karnataka	3183.24

Sr. No.	Name of Project	Client	Value of Contract
14	Distribution of pipeline Net work including Sumps, ESRs and other Civil works for Chorvadala group water supply scheme	Gujarat Water Supply and Sewerage Board	1678.57
15	Distribution of pipeline Net work including Sumps, ESRs and other Civil works for Lodhika group water supply scheme	Gujarat Water Supply and Sewerage Board	1378.04
16	Distribution of pipeline Net work including Sumps, ESRs and other Civil works for Tankara group water supply scheme	Gujarat Water Supply and Sewerage Board	972.81
17	Providing & laying 3000 mm internal dia. M.S. water main along west side of Eastern Express Highway from Tagore Nagar, Vikhroli(East) to Amar Mahal Junction at Chembur including cement mortar lining from inside and allied works.(Phase II)-III A Mumbai Sup	BMC, Mumbai	12371.82
18	P/L/J 800-600 mm dia MS (Lined & Coated) Feeder main from Najafgarh to UGR at Ujwa village	Delhi Jal Board, New Delhi	1231.00
19	Design,construction,supply,installation,testing,commisioning,trial run, operation and maintainance during defect notification period of 10MGD Water Treatment Plant by recycling waste water of existing water treatment plant at Bhagirathi, New Delhi.	Delhi Jal Board, New Delhi	1334.29
20	Construction of the office building for IFFCO at Ahmedabad.	Indian Farmers Fertilisers Co-operative Limited (IFFCO) New Delhi	644.51
21	Design and Construction of Major High Level Bridge along with approaches on both sides across river mula at Sangamawadi in Pune City, Maharashtra.	MSRDC	660.00
22	Construction and improvements of Akola City Roads(The project is on Deferred Payment basis & value of contract includes interest)	Akola Municipal Corporation, Akola	2943.00
23	Providing /Laying/ Jointing and Comissioning of Peripheral water main emanating from UGR & BPS near Apollo Hospital for Badarpur	Delhi Jal Board	1120.06
24	Supplying,manufacturing and laying 2500mm dia. M.S. pipeline from Narmada Main Canal to Kotarpur Water Works	Ahmedabad Munciapal Corporation	1851.02
25	Strengthening and Reconstruction of selected roads of Indore	Indore Development Fund Limited (wholly owned Company of Indore Municipal Corporation, Indore)	4328.12
	Total		46477.58



Major contracts executed during last seven years

Building projects

(Rs. in Lakhs)

Sr. No.	Name of Project	Client	Value of Contract
1	Construction of 152 flats Type I & II including infrastructure works under group Housing Scheme for "Rail Vihar" at Kharghar, Navi Mumbai.	IRWO, New Delhi	654.66
2	Construction of 160 flats Type III & IV including infrastructure works under group Housing Scheme for "Rail Vihar" at Kharghar, Navi Mumbai.	IRWO, New Delhi	1043.86
3	Supply & Erection of Pre-Cast Elements at Nhava Sheva International Container Terminal.	Pathare Real Estate & Dev. Pvt. Ltd., Mumbai	332.48
4	Construction of Residential Accommodation for AWHO in Stilt + 7 Stories configuration including all internal & external services and infrastructure works in Sector 14, Kharghar, Navi Mumbai.	AWHO, New Delhi	2240.84
5	Construction of Residential Building for Prakruti Co-op. Hsg. Society on Plot No.3, Sec-21, Kharghar, Navi Mumbai.	Prakruti Co- op.Hsg. Society Ltd., C-55, ONGC Colony, Vidya Vihar (E) Mumbai – 400 077	194.73
6	Construction of Advance Research & Development Centre of Software Technology at Kharaghar, Navi Mumbai.	DAE, DCSEM,	187.09
7	Construction of Railway Offices finishes to Concourses, subways, forecourt development, electrical work services, landscaping etc., at Ghansoli Railway Station complex, Navi Mumbai.	CIDCO Navi Mumbai	877.65
8	Construction of Factory Building for M/s. C. G. International Pvt. Ltd. on Plot No. C-42, TTC Area, MIDC, Village Pawane, Navi Mumbai.	Patki & Dadarkar, Mahim, Mumbai	340.00
	TOTAL		5871.31

Water Supply Projects

(Rs. in Lakhs)

Sr. No.	Name of Work	Name Address of Clients	Value of Contract
1	Providing & Laying 3030 mm dia. (ID) MS Pipeline from Khadakwasala Dam to Parvati Water Works, Pune (3Km.)	P.M.C., Pune	1105.01
2	Providing & Laying 3030 mm dia. (ID) MS Pipeline from Khadakwasala Dam to Parvati Water Works, Pune (2.29 KM.)	P.M.C. Pune	1032.83
3	Providing & Constructing RCC Head Works on Kanhan River Near Nagpur Corporation Barrage, Consisting of Intake Well, Connecting Main inspection wells 2 Nos., Jack Well & Pump House. Providing & Designing Steel Footpath Bridge L=20m. b) Providing, Lowering, laying, Joining & Testing. 610 mm(OD) MS spirally welded Rising Main 7.1 mm thick L=7590 Rmt.	MJP, PWD Nagpur	571.67
4	Latur Water supply Scheme, Stage-V, Taluka District Latur. Providing, Lowering, Laying & Joining 1158, 1118 & 1016 mm dia. M.S. Pipes for Pure Water Gravity Main (L=10.0 Km.)	MJP Latur	721.46

Sr. No.	Name of Work	Name Address of Clients	Value of Contract
5	Latur Water supply Scheme, Stage-V, i) Head Work ii) P / L / L & Jointing Raw Water Rising Main M.S. Pipes 965 mm dia. 9.5 mm thick (L=3.54 Km.) iii) P / L / L & Jointing Pure Water Rising Main M.S. Pipes 762 mm dia. about 9.5 mm thick (L=2.1 Km.)	MJP Latur	603.83
6	Barvi WSS - Providing, laying, joining 1600 mm dia. M.S. spirally/longitudinally welded pipes with 12.5mm thick CM 1:1 lining for B. G. Main from Ch. 0.00 to 8000m.	MIDC	1366.37
7	Providing & laying trunk sewer lines in Sec-9, 10, 11 & 13 at Koperkhairane & in Sec-8 at Airoli, Navi Mumbai.	CIDCO Navi Mumbai	156.01
8	Additional 100 MLD water supply scheme for Thane Municipal Corporation	T. M. C. Thane	401.52
9	Providing, Laying Testing & successful commissioning of 1200 mm dia (ID) M.S. pipeline for old P.S. Line from Mahandale Garage to S.N.D.T. Pune.	Water Supply Department, PMC, Pune	91.50
10	Providing, Laying & Joining 900 mm dia. MS (Longitudinally Welded) pipes with 9 mm thick cement mortar 1:1 lining parallel to existing Taloja Feeder Line from Ch. 0 to 2550 & 5995 to 9845 M.	MIDC	308.88
11	Thane Complex WSS: Replacement of existing 750mm dia. PSC / 450mm dia. MS Pipeline by 700mm/600mm/450mm dia. MS Pipeline.	MIDC Thane	224.58
12	Augmentation to Beed Water Supply Scheme (Manjagaon Dam Source), Providing, Lowering, Laying & Jointing 750 mm dia inner dia M.S. 8 mm thick pure water rising main.	MJP Maharashtra	784.75
13	Emergency repairs to Trombay high level reservoir for M.C.G. M.	BMC Mumbai	60.80
14	Providing, Lowering, Laying & Jointing Raw Water Gravity Main of 1219 mm dia. MS pipes 7.9 mm thick of 41.69 Km. & 1118 mm dia. of 5.14 Km. Branch leading Mains of 610 & 457 mm dia. M.S. pipes.	MJP Latur	3037.89
15	R. R. Water Supply Scheme for 84 Villages in Akot & Telhara Tahsil of Akola District.	MJP, Akola	3260.06
16	Providing & laying 3000 mm internal diameter M.S. Rising Main from Amne Bridge to Amnepada & from Wakipada to Proposed pumping station at Panjrapur and 2400 mm internal dia. M.S. injection main from existing dome on Addition	BMC, Mumbai	2211.29
17	P/L/L&J distribution and transmission system in eastern Zone of Thane City Group E-I (Water Districts E-1, E-II, E-III-1, E-III-2, E-IV-2, E-IV-3)	Thane Municipal Corporation	409.06
	TOTAL		16347.51

Joint Ventures

In case a project allows for association of more than one company to participate in the contract to enable the partners to pool in their resources, thereby meeting the threshold pre qualifying criteria, such a method of invitation is known as joint venture participation. Joint venture participation allows the individual partners of the proposed project to pool in their own resources for pre-qualification as well as submission of the techno commercial bid. Normally a Joint Venture/Memorandum of Understanding is signed by the partners, which is in line with the guidelines provided by the client.

This joint venture agreement could be either project specific or generic.

- 1. Project Specific JVs/MOUs** which are in existence till such time as the outcome of pre qualification or if awarded till the completion of the project.



- 2. Generic MOUs /JVs** In these cases the JVs /MOUs are not formed for any specific project rather it is a partnership wherein the JV can submit their pre qualification and bid for the projects. No technology transfer is involved and both the parties will be limited to their respective scope of work derived out of their expertise.

Currently our Company has entered into project specific Joint Ventures set out below, for various projects under execution:

(Rs. in Lakhs)			
Nature of Project	J.V. Partner & date of Agreement	Name of the Client	Value of contract
Concreting of following road:- Package II 1) Market yard Chowk to Kondhwa – Bibwadi Road, 2) Kondhawa - Bibwewadi Road, 3) Golwalkar Guruji Road (Gajanan Maharaj Mandir to Pune-Satara Road), 4) Ahilya devi Mutton shop to Bibwewadi Road, 5) Katraj Snake park to P.M.C. Limit (Pune-Satara Road)	Petron Civil Engineering Private Limited January 11, 2003	Pune Municipal Corporation, Pune (PMC)	3050.94
Design and Build Clear Water Transmission Mains for filling Storage Reservoirs in South Delhi	Unity Infraprojects Limited & Multi Media Consultants Pvt. Ltd. 21 st December, 2002	Delhi Jal Board	4499.43
Widening and construction of Sahar Airport Road, from Western Express Highway to Sahar International Airport connecting to Andheri – Kurla Link Road	Mahavir Construction Co. 12 th March, 2004	MMRDA	2031.08

Utilities

The utilities required by our Company are largely water, electricity and construction equipment and site specific infrastructure which are project specific in nature. The site specific utilities are normally provided by the client and construction equipments are normally either owned by the Company or obtained on rental basis.

Raw materials/Consumables/Bought outs

For water pipeline projects, the major / critical raw materials required are steel and cement. For the road projects, the major raw materials are aggregate, cement, steel, and bitumen. For the real estate projects, the main raw materials required are cement, reinforcement steel, shuttering material, scaffoldings, metal, river sand, block masonry and electrical items.

Our Company follows a centralized purchase system for cement, steel, diesel, and bitumen through its purchase department. The supplies however are made on a just-in-time basis so as to ensure the timely availability and delivery of the material to meet the project schedule. Metal, river sand, and block masonry are project specific and sourced at a location nearest to the project site. Most of the raw materials/consumables are easily available in the country.

The contract terms may mention escalation clauses, which take care of price variations for the raw material requirements.

The basis for the raw material requirements are determined by the total orders received for projects. The yearly execution plan of the outstanding orders at the beginning of the financial year determines the annual requirement of raw material. This requirement is processed through negotiations with the suppliers keeping in view the logistics of location of project and timing of supply. The orders are issued on a rolling plan, which can be adjusted for changes in actual requirement on a quarter-to-quarter basis.

For some projects, purchase specific equipments and components are required. These are called bought outs, such as valves, motors, pumps and electrical components etc., for the water division, metal beam crash barrier, gabions, road marking sign boards and gantry mounted sign boards etc., for the roads division, aluminum / wood for door/window and flooring, for the buildings division which may be sourced from domestic/ international market. Majority of the bought outs are technology specific. Normally pre tender tie-ups are entered for the same with suppliers. As the project defines the list of bought outs which may vary from project to project, the above mentioned items do not form a comprehensive list of bought outs.

Plant & Machinery

Our Company has acquired key equipments that are required for smooth execution of the contracts and for avoiding dependency on the leased or rented equipments. Our Company possesses equipment required in civil construction work such as earth moving equipments, earth excavation equipment, cranes, hoists, batching plant, mixers, vibrators, DG sets, etc. and the detailed list of equipment with our Company is as follows.

Name of the Equipment	Amount in Rs. (Gross Value)
Batching Plant	11,637,479.00
Rock Breaker	10,445,797.00
Concrete Mixer	9,749,754.00
Miscellaneous Equipments	4,998,797.40
JCB Crane	4,484,080.00
Hydraulic Excavator(Machinery)	4,384,519.00
Crane Hitachi	3,272,194.00
Vibro Hammer STC	2,502,392.00
DG Set 100KW/125 KVA/250KVA	2,135,972.00
Soil Compactor	1,952,280.00
EOT Crane	1,815,975.00
JCB Excavator	1,868,817.00
Concrete Paver Finisher Machine	1,375,000.00
Air Conditioner	1,341,381.00
Welding Outfit	1,104,557.00
Hydraulic Breaker	1,050,000.00
Moulds	367,318.00
Cement Motor Lining Machine	362,960.00
Welding Rotator	359,679.00
Slab Plate	305,250.00
DG Set 32KW/40KVA	232,640.00
Groove Cutting Machine	194,000.00
Theodolite Micro Optic	147,937.00
Crane Mobile	121,989.00
Vibrator - Double Beam Surface	101,505.00
Generator	79,685.00
Compression Testing Machine	74,925.00
Dumpy Level Machine	67,520.00
Block Machine	66,500.00
Vibrator Platform	36,654.00
Nitrile Rubber Gasket	23,060.00
Grinder Machine	3,400.00
Total	66,664,016.00



Our Company does not propose to purchase any additional Plant & Machinery for the construction activities out of the issue proceeds as the present Plant & machinery is adequate for smooth execution of contracts.

Manpower

Our Company has about 79 employees working as on 31st December, 2005. The details of manpower employed by our Company are as follows:

Particulars	No. of Employees
Engineers	32
Supervisors	1
Administrative Staff	33
Skilled workers	10
Unskilled workers	3
Total	79

Project related Insurance

The contract terms require that projects needs to be insured. There are 4 (four) types of Insurance policies namely

- (a) Contractor's All Risk Policy
- (b) Perils Insurance policy Coverage for Work in Progress and Stocks
- (c) Theft and Burglary Policy
- (d) Workmen's Compensation Policy

The aggregate sum under the above four types of policies is Rs. 17444 Lakhs as on December 31, 2005.

Products and Services of our Company

Our Company is engaged in the business of civil engineering construction business. The Company has developed expertise in the creation of infrastructure facilities and offers its services in the area of \water supply and distribution system, road construction, mass housing and real estate development, environmental engineering, pre-cast design and construction, etc.

The Company is not involved in any manufacturing activities.

Competition

Our Company faces competition mainly from construction companies such as Larsen & Toubro, Gammon India Limited, Hindustan Construction Company Ltd., Nagarjuna Construction Company Ltd., IVRCL Infrastructure & Projects Ltd. However, our Company has developed expertise and leadership in water transmission pipeline projects, water treatment plants, and water retaining structures, which enables it to procure the contracts. Moreover, the organization structure of our Company is flat and lean and hence its employee cost and overheads is comparatively lower than its competitors.

Key Players and Market Share

The construction industry is highly fragmented, wherein larger number of players is operating in an unorganized sector and only few of them are in organized sector. Some of the key players in the construction industry are Gammon (India) Ltd., Larson & Toubro Ltd., Hindustan Construction Company Ltd., Nagarjuna Constructions, IVRCL Infrastructures & Projects Limited, etc. Due to industry's fragmented nature, there is no authentic data available to the Company on total industry size and market share of the Company vis-à-vis the competitors.

Approach to Marketing and Proposed Marketing Set-up.

The Central Government and the State Governments substantially offer construction contracts for infrastructure sector in India. Funds for these are allocated through their budgetary support as well as through international and domestic financial institutions such as World Bank, Asian Development Bank, Japan Bank for International Cooperation, Housing and Urban Development Corporation, National Bank for Agriculture and Rural Development, Infrastructure Development Finance Co. Ltd., Industrial Development Bank of India, etc. In view of the nature of market, the major sources of information of ensuing tenders for construction contracts are newspapers, Government gazettes and websites of various authorities/companies. In addition to this, construction contracts are also offered by the private sector, which follow a similar practice with regard to taking decision on capital construction works i.e. issue of tender notice for pre-qualification followed by bids from pre-qualified contractors and finalization of contract with the lowest bidder.

PIL follows a multi pronged strategy for business development and marketing as briefly stated below:

- All pre-qualification applications for tenders are centrally prepared by the Business Development Cell.
- The Business Development Cell peruses tenders from various states in the country meticulously to ensure that no tender notification/advertisement miss from its attention.
- Depending upon the pre qualifying criteria specified in the Request for Qualification (“RFQ”), decision for forming a JV with a suitable partner is taken by the Business Development Head & MD, Mr. Ajit B. Kulkarni with the support of the divisional heads.

Business Strategy

(a) A Brief statement about business strategy

i) A brief statement about future prospects

The construction sector in India consists of mainly civil engineering companies. While commercial complexes and housing form part of the demand, most of the companies are dependent on infrastructure spending by Government of India (GOI), State governments and other authorities to earn major part of their revenue. The sector is poised on the brink of achieving strong growth over the next decade with the commencement of the long-awaited roll out of significant, sustained infrastructure spending in India. However to be successful, our Company proposes to adapt business models that would help it to achieve better prospects in future.

GOI has been giving utmost importance for the development of infrastructure throughout the country on the lines of China. China reportedly spends seven times as much as India on infrastructure (excluding real estate) in absolute terms. In 2003, total capital spending on electricity, roads, airports, seaports and telecom was US\$150 billion in China (10.6% of GDP) compared with only US\$21 billion in India (3.5% of GDP). Based on the present trend, GOI is expected to increase infrastructure spending to US\$100 billion p.a. (8% of GDP) by 2010, from an estimated US\$24 billion (3.5% of GDP) in 2004, to put India on a sustained growth path of 8-9% pa. In view of the above, infrastructure spending is expected to achieve CAGR of 18% and particularly 10% in water supply, 29% in roads and 30% in air port by 2009. The key beneficiary of the spending will be the construction sector with most of the spending being construction related.

(Source: Morgan Stanley Equity Research : December 20, 2005)

Therefore, our Company proposes to have a strong financial base to consolidate our position in the construction industry so as to get the benefits from the higher spending on the infrastructure in the future by GOI. One of the key indication of better future prospects for our Company is the contracts worth Rs. 57339.32 Lakhs received and pending for execution with our Company.

ii) Capacity and capacity utilization:

Our Company is basically engaged in executing civil engineering contracts awarded by the customers and is not a manufacturing company. As such, installed capacity and capacity utilization is not applicable in our case.

In view of the above, there is tremendous potential for the infrastructure construction industry in India due to high importance given by the Government of India in creating infrastructure facilities. This gives our Company an opportunity to grow in this business.

At the same time, the Company also recognizes that the “construction” industry is very broad in its scope (covering construction of various sectors of infrastructure – including water utilities, roads, ports, buildings, industrial structures, etc). and that there’s need for specialization in order to develop expertise in these areas.

The following are the key strategies being adopted by our Company to take this opportunity in the infrastructure sector and to mitigate business risks involved in such opportunity.

➤ Leverage specialization to tap growth in related areas

Water infrastructure construction business being our forte has been developed over the years. Our Company will continue to bid aggressively for water related infrastructure projects – leveraging and building on its past qualifications and participating in projects outside the State of Maharashtra also.

It is also increasingly participating in road and building projects. These are recognized as growth areas, which can be easily tapped by leveraging its existing capabilities. In these areas, however, our Company undertakes relatively smaller projects to minimize its risks.



➤ **Gain access to more complex project roles**

Our Company continues to strengthen its in-house design capabilities so as to broaden its role in construction contracts from item-rate contractors to turnkey solution providers and to participate in more complex projects. Playing a larger role for complex projects would enhance its own value creation and expertise over the period.

While in water, our Company is in a position today to provide Lump Sum Turn Key (LSTK) services, it is constantly looking at enhancing its internal capabilities to be able to provide such services even for other infrastructure construction projects, such as roads, buildings, ports projects.

The Central & State Governments in the country are now encouraging projects based on Public Private Partnership (PPP) concept on BOT/BOOT basis so as to utilize expertise, resources and quality of the private sector by assuring adequate returns on their investment. Thus, there is a tremendous opportunity in the infrastructure sector and accordingly PIL is working with specialized project consultants to enable it to assess project risks for BOT/BOOT projects.

➤ **Strengthening of Pre-qualifications**

Pre-qualification is a critical stage in this industry because it qualifies the bidder to participate in the financial bidding for projects. Therefore, it is necessary that bidder should have requisite qualifications in terms of capital, experience, infrastructure, manpower, value of projects executed in the past, etc.

In case of water pipeline related projects, our Company generally pre-qualifies for most of the projects in this sector. For other other infrastructure sectors viz. road, buildings and ports, our Company shall endeavour to enter into joint ventures to under projects in this sector in the near future.

➤ **Financial Management**

Our Company monitors its cash flows of the project on a project-to-project basis. This ensures that there is no “over-investment” in any project and at the same time that cash flows never dampen progress rate of the projects.

Our Company gives importance to the capital funds and therefore it constantly negotiates cost of debt to reduce overall cost of capital for the business.

Our Company spreads its debt burden among several categories of funding agencies (viz. Indian Financial Institutions, State and Central budgetary allocations, etc.), which reduce financing risks to the order book.

➤ **Growth through inorganic route**

Our Company is open to opportunities in the infrastructure sector for achieving business growth. However, such business growth in normal course by building our own organization and capabilities. would take a long time and therefore our Company would like to grow by taking over/acquiring companies engaged in executing of projects in the infrastructure sector. However, our Company has not yet identified any firm/company for this purpose.

Property

The 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.

The Company owns the following properties:

Sr. No.	Nature of the Property	Particulars	Built up Area (sq. ft.)
1.	Office Premises	101, Usha Kamal, 574, Chembur Naka, Chembur, Mumbai 400071	1731
2.	Office Premise	513 to 516, Shrikant Chambers, Sion-Trombay Road, Chembur, Mumbai 400071	1500
3.	Office Premises	519 to 528, Shrikant Chambers, Sion-Trombay Road, Chembur, Mumbai 400071	3300 (approx.)

Out of the above properties, the Company has purchased the office premises at 101, Usha Kamal, 574, Chembur Naka, Chembur, Mumbai 400071 (Sr. No. 1 above) from the Promoters namely Mrs. Usha Bhagwan Kulkarni, Mr. Datta Bhagwan Kulkarni, Mr. Vinayak B. Kulkarni and Mr. Ajit B. Kulkarni for a total consideration of Rs. 70.00 Lakhs by an Agreement dated December 31, 2003.

III. KEY INDUSTRY REGULATIONS AND POLICIES

Regulations and Policies

Our Company is engaged in the business of infrastructure projects and mainly in the area of water, road and housing project. Such projects are awarded through tenders/quotations issued by the Government and Semi Government agencies or order placed by the private parties. In order execute the projects, our Company obtains the necessary approvals depending upon the prevailing central and state laws and regulations where the work is carried out.

For details of such approvals, kindly see the section of Government Approvals/Licensing Arrangements on page no. 136 in this Red Herring Prospectus.



IV. HISTORY AND CORPORATE STRUCTURE

History

Pratibha Industries Limited was incorporated as a public limited company on July 19, 1995, with Registrar of Companies at Mumbai Registration No. 11-90760 and also obtained Certificate of Commencement of Business on July 19, 1995.

The Company was promoted by Mr. Ajit B. Kulkarni who has very vast experience in the construction industry. The Company has taken over the existing running business of M/s Pratibha Industries, a registered partnership firm in the year 1999-2000

Pratibha is a medium sized ISO 9001:2000 certified company engaged in the business of infrastructure development with focus on water supply, sewerage, road construction, mass housing including commercial public utilities like railway station complexes, EPC contracts for oil and gas transmission and pre-cast design cum construction.

The Company has been awarded more than 50 projects in last 7 years. The Company has executed various projects for clients like Brihanmumbai Municipal Corporation (BMC), Maharashtra Jeevan Pradhikaran, Maharashtra Industrial Development Corporation (MIDC), City and Industrial Development Corporation (CIDCO), Delhi Jal Board, Akola Municipal Corporation, Pune Municipal Corporation (PMC), Army Housing Welfare Organisation, Indian Railway Welfare Organisation, National Thermal Power Corporation Limited (NTPC), Public Work Department – Government of Maharashtra, Karnataka Urban Water Supply and drainage Board, Gujarat Water Supply and Sewerage Board, Maharashtra State Road Development Corporation (MSRDC), Maharashtra Metropolitan Region Development Authority (MMRDA), to name a few.

Our Company is professionally managed by well qualified and experienced personnel in all areas including engineering, tendering & estimation, execution & monitoring, finance, administration and human resource.

Milestones achieved by the Company

Year	Milestone
1995	Incorporation of the Company
1999	● Taken over the existing running business of M/s Pratibha Industries
	● Awarded a contract by Maharashtra Jeevan Pradhikaran for construction, commissioning and maintenance of head works and transmission of water through steel pipes from its source to the city of Latur valuing 3037.89 Lakhs.
2000	Awarded a contract by MIDC for providing, laying and jointing 1600 mm diameter M.S. Spirally/ Longitudinally welded Pipes for Barvi Water Supply Scheme valuing Rs. 1294.61 Lakhs.
2001	● Entered the business of construction of public commercial utilities on being awarded the construction work of Ghansoli Railway Station by CIDCO, valued at Rs. 877.65 Lakhs. ● Awarded a contract by MJP for water supply scheme involving water retaining structures, treatment plants, procurement and supply of MS/DI pipes, valuing Rs. 2988.06 Lakhs for 84 villages of Akola district. ● Entered the road construction sector, on being awarded the cement concrete road project by PMC, on deferred payment basis, valuing Rs. 3050.94 Lakhs
2002	Entered into design, contraction, maintenance and operation of conventional water treatment plants valued at Rs.454.66 Lakhs from Gujarat Water Supply & Sewerage Board.
2003	● Entered into design and construction of complex water supply projects, on being awarded the Sonia Vihar Phase III Project from Delhi Jal Board valued at Rs. 4499.42 Lakhs. ● Entered into construction of complex water supply and integrated distribution network system including water retaining structures, on being awarded three projects valued at Rs. 4029.42 Lakhs from Gujarat Water Supply & Sewerage Board. ● The Company further strengthened its presence in the road construction sector on being awarded the cement concrete road project on annuity basis by Akola Municipal Corporation valuing Rs. 2943 Lakhs
2004	● The Company was certified as ISO 9001-2000 ● Forayed into the civil construction activity of power plants, on being awarded the contract for the construction of circulating water system by Kirloskar Brothers Limited valued at Rs.2451.33 Lakhs ● Completed Contract of water transmission project of providing, laying commissioning of 15.2 kms mild steel pipeline at beed for MJP in four and half months where the completion time for the project was 24 months.
2005	● Awarded contract by Karnataka Urban Water Supply & Drainage Board. The work orders valuing Rs. 4313.49 Lakhs. This is the first contract of the Company in South India. ● Awarded by Delhi Jal Board, the first of its kind re-cycling plant to treat waste water of a capacity of 10 MGD, valued at Rs. 1334.29 Lakhs. The project involves designing, construction, operation and maintenance. ● valued at Rs. 10,000 Lakhs. ● Achieved turnover including joint venture of Rs. 10,000 Lakhs. ● SMERA rating of B2 for Infrastructure developement, mass housing & allied projects

Registered Office of the Company

The registered office of the Company was earlier situated at Usha Kamal, 574, Chembur Naka, Chembur, Mumbai 400071. With effect from August 5, 2005 the Registered Office of the Company has been shifted to 101, Usha Kamal, 574, Chembur Naka, Chembur, Mumbai 400071.

Main Objects of the Company

The main objects of the Company as given in Memorandum of Association of the Company are reproduced below:

1. To carry on trade or business in India and elsewhere as contractors, builders, land and estate agents, lands developers surveyors, architects, consulting, engineers, decorators, house owners and house sellers, estate manager, and to



acquire flats and offices and sell them and to acquire land leasehold or freehold, agriculture or non agriculture or non agricultural and to built, develop or construct those residential, commercial or industrial buildings and sale the same on ownership basis or to transfer such buildings to societies companies or any other persons.

2. To undertake the rendering of Architects, engineering and technological Services as consultants, designers, supervisors, surveyors, investigators, valuers, appraisers, planners, management expert, organizers, researchers, cost accounting experts, coordinators and interior decorators.
3. To carry on the business of manufacturing, fabricating, buying, selling or otherwise dealing in cement limes, glazed tiles, building tiles of all description, marbles, sanitary wares, earthenware, ceramic wares, pottery articles, china, terracotta and other allied articles of all types and of any material.
4. To carry on the business of all types of building materials, suppliers, such as cement, steel, building hardware, wallpapers, wood and wood articles, curtains fabrics, colour, paints, varnishes, carpets, linoleums and other floor covering and all other material required for furnishing buildings, houses flats, bungalows, offices.
5. To carry on the business of manufacturing, selling, buying, exporting, importing or otherwise dealing in all types of furniture's and upholsters made from wood, metal, plastics or other material for use of house, office, factory or otherwise.
6. To carry on the business of manufacturers importers, exporters, raders or otherwise dealers of RCC tiles, RCC grills, RCC slabs and other pre-cast items such as Manholes covers and frames, inspection chambers, covers and frames, gully grating storm water Drains covers, and frames, gully grating storm water Drains and all types of per-cast fibre reinforced concrete items.

Changes in the Memorandum of Association of the Company

Since Incorporation of the Company, the following changes have been incorporated in the Memorandum of Association, after approval of the Members:

Sr.No	Particulars	Date of Meeting	Nature of Meeting
1.	Increased from Rs 1 Crore to Rs 2 Crores	April 1, 1999	Extra Ordinary General Meeting
2	Increased from Rs 2 Crores to Rs 16 Crores	June 21, 2005	Annual General Meeting.

Subsidiaries of the Company

As per the audited balance sheet dated 31st March 2005, the Company does not have any subsidiary. However, on making investment by way of equity, PIPL, shall become a subsidiary of our Company.

Shareholders' Agreement

The Shareholders of the Company have entered in to Shareholders' Agreement on 12th September, 2005. The main terms of the agreement are as under:

- All Promoters unanimously and voluntarily agree that the equity shares held by them post issue aggregating to 1,00,00,000 equity shares of Rs.10/- each, amounting to Rs. 10,00,00,000/-shall be lock-in-period for three years from the date of allotment to the Public and the same shall not be sold/transferred and /or any way dealt with /disposed off by the Promoters during the lock in period of three years.
- However interse tansfer between the Promoters, including Pratibha Shareholding Private Ltd. (PSPL) would be permitted, provided the requirement of lock-in-period shall continue to apply to the extent initially prescribed.
- Notwithstanding what is stated hereinabove and subject to provisions of this agreement, the Promoters are entitled to encumber their shares for the purpose of securing financial facility to the Company from Bank/s and /or Financial Institutions for the purpose of business of the Company on such terms and conditions as may be mutually agreed between them.

Other Agreements

Except the Agreements, as mentioned under the sub heading Joint Venture on page no. 63 of this Red Herring Prospectus and contracts/agreements entered in the ordinary course of business carried on or intended to be carried on by the Company, the Company has not entered in to any other agreement/contract.

Strategic / Financial Partners:

The details of financial / strategic partners for the specific projects are mentioned under the sub heading "Joint Venture" appearing on page no. 63 of this Red Herring Prospectus.

V. MANAGEMENT

Our Managing Director Mr. Ajit B. Kulkarni manages the day-to-day operations of the Company under the overall supervision, direction and control of our Board of Directors.

The following table sets forth details regarding our Board of Directors as at the date of this Red Herring Prospectus:

Name, Address, Occupation	Designation	Age	Other Directorships
Mrs Usha B Kulkarni Usha Kamal,574, Chembur Naka, Chembur, Mumbai-400 071. Business	Executive Chairperson	70 Years	➤ Pratibha Pipes and Structural Private Limited ➤ Pratibha & Heng Structural Private Limited ➤ Pratibha Precast Concrete Industries Private Limited. ➤ Pratibha Shareholding Private Limited
Mr Ajit B Kulkarni Usha Kamal,574, Chembur Naka, Chembur, Mumbai-400 071. Business	Managing Director	47 Years	➤ Pratibha Pipes and Structural Private Limited ➤ Pratibha & Heng Structural Private Limited ➤ Pratibha Precast Concrete Industries Private Limited. ➤ Pratibha Infrastructure Private Limited. ➤ Pratibha Shareholding Private Limited.
Mr Vinayak B Kulkarni Usha Kamal,574, Chembur Naka, Chembur, Mumbai-400 071. Business	Technical Director	58 years	➤ Pratibha Precast Concrete Industries Private Limited ➤ Muktangan Developers Private Limited
Mr.AnilKumar Gajanan Karkhanis 1, Orion Apts, 29/A, Lallubhai Park Road, Andheri (west), Mumbai-400 058. Practising Lawyer	Director	67 Years	Nil
Mr.Awinash Marutirao Arondekar C/35, Yashodhan, 72, S.V.Road, Andheri (West), Mumbai 400 058 Financial Consultant	Director	63 Years	➤ Spectra Industries Limited
Mr Shrikant Trimbak Gadre Suman Bunglow,Plot No 49, Sector-26, Pradhikaran Nigdi, Pune –411044. Retired Senior Banker	Director	62 Years	Nil

Brief Biography of our Directors

Mrs. Usha B. Kulkarni

Mrs. Usha B. Kulkarni, an Executive Chairperson, aged 70 years, has been a Director since inception and is responsible for general Administration. She is a graduate in Arts from Pune University. She is well versed with the Administrative skills required for successful operation of business at various levels. She has more than 35 years of administrative experience and worked under various capacities in this organization.

Mr. Ajit B. Kulkarni

Mr. Ajit B. Kulkarni, a Managing Director, aged 47, has been a Director of the Company since inception and is responsible for successful execution of all projects undertaken by the Company. He has extensive experience in the construction management of various civil engineering projects. He personally overlooks the projects to ensure that highest quality service is given to the clients. He was instrumental in giving the Indian construction industry its first SFRC manhole covers, which practically eliminated the use of cast iron counterparts.



Mr. Vinayak B. Kulkarni

Mr. Vinayak Kulkarni is the Executive Whole Time Director (Technical) of the Company. He is 58 years of age and has been director since inception. He holds a Diploma in Mechanical Engineering. He has extensive experience in the Pre-cast Products Building Units. His areas of work include planning and scheduling, site management, procurement of material and manpower, and in general solving all the problems occurring at the time of construction.

Mr. Anilkumar Gajanan Karkhanis

Mr. Anilkumar Gajanan Karkhanis, a Non Executive Director, aged 67 years, holds master degree of law from University of Bombay. He has gained extensive experience for almost 35 years in key legal areas such as regulatory framework in India, project finance documentation, infrastructure sector funding and litigation while working with Reserve Bank of India and Industrial Development Bank of India. He retired from IDBI in the year 1996 when he held the post of Executive Director & Legal Adviser.

Presently he is a partner in a law firm. He is a member of Bar Council of Maharashtra and Goa.

Mr. Awinash Marutirao Arondekar

Mr. Awinash Marutirao Arondekar, a Non Executive Director, aged 63 years is a graduate in Arts and Law and post graduate in Financial Management from University of Bombay. He had worked for 38 years in Bank of India at various places including posting in Tokyo, Japan.

He retired from Bank of India as General Manager in the year 2001. Currently he is working as Financial Consultant.

Mr. Shrikant Trimbak Gadre

Mr. Shrikant Trimbak Gadre, a Non Executive Director of the Company, aged 62 years, holds Bachelors Degree in Mechanical Engineering from University of Poona. He is also a graduate in Economics, Politics, Commerce and Marathi Literature. He also has to his credit a Post Graduate Diploma in Industrial Engineering. He is a M. E. from Institute of Production Engineering, London and a Chartered Engineer with Fellowship of Institute of Engineers (India).

He has 32 years of banking experience as a techno and development banker. He was a General Manager in Bank of India. He joined The United Western Bank Ltd. as Executive Director and then became the Managing Director of the Bank. He was also a member of various committees related to banking and has written several articles on banking in various dailies and journals. He was also visiting faculty member in Bankers Training College of Reserve Bank of India and other management institutes. He has traveled abroad to attend various courses and participate in conferences.

Presently he is Chairman of Finance & Insurance Sub-Committee of Maharashtra Chamber of Commerce, Industry and Agriculture, Pune and visiting faculty of Sinhgad Institute of Management, Pune.

Details of Borrowing Powers

Pursuant to a resolution passed by our shareholders in their meeting held on 4th August, 2005 in accordance with the provision of the Companies Act, 1956, our Board is authorised to borrow such sums of money for the purpose of the Company on such terms and conditions, with or without security, as the Board of Directors may think fit, provided that the money or monies to be borrowed together with the monies already borrowed by the Company (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) shall not exceed, at any time, a sum of Rs 1000 Crores.

The Board was also authorized to do all such acts, deed and things as may be required for the purpose of giving effect to the above resolution.

Terms of Compensation of Managing Director/ Whole time Directors

REMUNERATION OF MANAGING DIRECTOR

As per the resolution passed at EGM of the Company held on 4th August, 2005, consent of the Company was accorded for increase in remuneration of Mr Ajit B Kulkarni, Managing Directors w.e.f 01/04/2005 to Rs 2,00,000 per month with such increments as may be decided by Chairman of the Board from time to time, subject to a ceiling of Rs. 3,00,000 per month as Basic salary plus performance bonus linked to achievement of targets as may be decided from time to time. However, subject to Section I, Part II of Schedule XIII to the Companies Act, 1956, the Bonus together with Basic Salary and perquisites shall be restricted to 5% of the Net Profits.

Perquisite Payable To Mr Ajit B Kulkarni.

- Medical Reimbursement: Reimbursement of domiciliary expenses incurred in India for self and family at actuals.
- Reimbursement of the medical insurance premium upto Rs. 1,00,000 per annum for self and family.
- Reimbursement of hospitalization expenses not covered under the insurance policy for self and family at actuals.
- Leave Travel Allowance: For self and family every year @ 1 (one) month's basic salary. Subject to the above, other terms shall be in accordance with the Rules applicable to the Senior Executives of the Company ("the Rules").
- Spouse accompanying on any official domestic and overseas trip will be governed as per the policy of the Company, as applicable to full time Directors/Business Heads.
- Club Fees: Fees of one Corporate Club in India (including admission and membership fee).
- Personal Accident Insurance coverage of Rs.50 lakhs for self as per the Rules of the Company.
- Company's contribution towards Provident Fund and Superannuation Fund, on basic salary as per the Rules applicable to Senior Executives of the Company.
- Gratuity as per the Payment of Gratuity Act on completion of five years of continuous service with the Group.
- One Car for use on Company's business.
- Leave and encashment of leave, in accordance with the Rules.
- A one time payment towards education of two dependant children including Registration fees, Capital Levy fee (non-refundable) and tuition fees in the sum of Rs 4,00,000 (Four Lakhs only) in the aggregate.
- Educational allowance of Rs.24,000/- per annum.

Subject as aforesaid, the Managing Director shall be governed by such other rules as are applicable to the Senior Executives of the Company from time to time.

So long as Mr. Ajit Bhagwan Kulkarni functions as Managing Director of the Company, he shall not be paid any sitting fees for attending the meetings of the Board or any Committee thereof.

REMUNERATION OF CHAIRPERSON

As per the resolution passed at EGM of the Company held on 4th August, 2005, consent of the Company was accorded for increase in remuneration of Mrs. Usha B Kulkarni, Chairperson w.e.f 01/04/2005 as under:

A) SALARY

- a) Basic Salary Rs.45,000/- (Rupees Forty Five Thousand only) per month.
- b) Performance Bonus linked to the achievement of targets, as may be decided from time to time. However subject to Section I, Part II of Schedule XIII to the Companies Act, 1956 the Bonus together with the basic Salary and perquisites shall be restricted to 2% of the Net Profits.

B) PERQUISITES

In addition to the salary as above, the following perquisites (not exceeding the annual salary) shall be payable.

a) Driver's Salary:

The Company shall pay the salary of the driver of the car of Mrs. Usha B. Kulkarni

b) Medical Reimbursement:

Expenses incurred for self and here family within reasonable limits as decided by the Management.

c) Car and Petrol Expense:

The Company shall pay car and petrol expenses incurred for the Company's business.

d) Credit Card:

The Company shall reimburse the credit card expenses spent on behalf of the Company.



e) Fees and Subscription

The Company shall pay for the fees and subscription for professional magazine and newspaper.

She shall also be entitled to reimbursement of actual expenses including travelling, hotel bills, conveyance, entertainment, miscellaneous expenses and incidentals, incurred by her on behalf of and for the business of the Company.

Subject as aforesaid, the Chairperson shall be governed by such other rules as are applicable to the Senior Executives of the Company from time to time.

So long as Mrs. Usha Bhagwan Kulkarni functions as Chairperson of the Company, she shall not be paid any sitting fees for attending the meetings of the Board or any Committee thereof.

REMUNERATION OF WHOLETIME DIRECTOR

As per the resolution passed at EGM of the Company held on 4th August, 2005, consent of the Company was accorded for increase in remuneration of Mr. Vinayak B Kulkarni, Wholetime Director, w.e.f 01/04/2005 as under :

A) SALARY

- a) Basic Salary Rs.40,000/- (Rupees Forty Thousand only) per month.
- b) Performance Bonus linked to the achievement of targets, as may be decided from time to time. However subject to Section I, Part II of Schedule XIII to the Companies Act, 1956 the Bonus together with the basic Salary and perquisites shall be restricted to 1.5% of the Net Profits.

B) PERQUISITES

In addition to the salary as above, the following perquisites (not exceeding the annual salary) shall be payable.

Driver's Salary:

The Company shall pay the salary of the driver of the car of Mr. Vinayak Bhagwan Kulkarni.

a) Medical Reimbursement:

Expenses incurred for self and his family within reasonable limits as decided by the Management.

b) Car and Petrol Expense:

The Company shall pay car and petrol expenses incurred for the Company's business.

c) Credit Card:

The Company shall reimburse the credit card expenses spent on behalf of the Company.

d) Fees and Subscription

The Company shall pay for the fees and subscription for professional magazine and newspaper.

He shall also be entitled to reimbursement of actual expenses including travelling, hotel bills, conveyance, entertainment, miscellaneous expenses and incidentals, incurred by him on behalf of and for the business of the Company.

Subject as aforesaid, the Wholetime Director shall be governed by such other rules as are applicable to the Senior Executives of the Company from time to time.

So long as Mr. Vinayak Bhagwan Kulkarni functions as Whole time Director of the Company, he shall not be paid any sitting fees for attending the meetings of the Board or any Committee thereof.

Corporate Governance

The Guidelines issued by SEBI in respect of the Corporate Governance shall be applicable to the Company immediately on listing of its equity shares on the Stock Exchanges. On our part, we stand committed to good corporate governance practices like transparency, disclosure and independent supervision to increase the value of our stakeholders. Accordingly, we have already 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. 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:

Committees of the Board

Our Company has the following committees formed out of the members of the Board. These committees were constituted on 12th September, 2005.

Audit Committee

The terms of the Audit Committee comply with the requirements of Clause 49 of the Listing agreement to be entered into with the Stock Exchange. The Audit Committee consists of two independent directors and one executive director

The members of the Audit Committee are:

Name of the Members	Designation	Nature of Directorship
Mr. Shrikant Trimbak Gadre	Chairman	Independent & Non Executive Director
Mr. Awinash. M. Arondekar	Member	Independent & Non Executive Director
Mr. Ajit B. Kulkarni	Member	Executive Director

The scope and functions of the Audit Committee are as per Section 292A of the Companies Act. Its main function is to provide the Board of Directors of the Company with additional assurance as to reliability of financial information and statutory financial statements and as to the adequacy of internal accounting and control systems. It acts as a link between the management, statutory auditors and the Board of Directors. 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 may also seek 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. 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.
8. To seek information from any employee.
9. To obtain outside legal or other professional advice.
10. To secure attendance of outsiders with relevant expertise, if it considers necessary.

Remuneration Committee

The Committee currently comprises of

Sr. No	Name of the Members	Designation	Nature of Directorship
1.	Mr. Anil Kumar Gajanan Karkhanis	Chairman	Independent & Non-Executive Director
2.	Mr. Shrikant Trimbak Gadre	Member	Independent & Non-Executive Director
3.	Mr. Ajit Bhagwan Kulkarni	Member	Executive Director

Shareholders / Investor Grievance Committee

As part of its Corporate Governance initiative, the Company constituted the Shareholders/Investors Grievance Committee to specifically look into matters relating to shareholders grievance such as approval of transfer / transmission / demat / remat of shares, issue of duplicate, split-up, consolidation, renewal of share certificate, non-receipt of Annual Report, non- receipt of



declared dividends and such other issues.

The Committee comprises of the following persons:

Name of the Members	Designation	Nature of Directorship
Mr. Awinash M. Arondekar	Chairman	Independent & Non Executive Director
Mr. AnilKumar Gajanan Karkhanis	Member	Independent & Non Executive Director
Mr. Ajit Bhagwan Kulkarni	Member	Executive Director

Shareholding of Directors

The Articles of Association of the Company do not require the Directors to hold any equity shares in the Company as qualification shares. The following table sets out the shareholding of the Directors who hold shares , as on the date of this Red Herring Prospectus.

Name of the Directors	No. of Shares held
Mrs. Usha B. Kulkarni	26,00,500
Mr Ajit B. Kulkarni	12,58,532
Mr Vinayak B. Kulkarni	15,68,700
Mr. Awinash. M. Arondekar	Nil
Mr Shrikant Trimbak Gadre	Nil
Mr. Anil Kumar Gajanan Karkhanis	Nil

Interest of Directors

Except as stated under the caption “Related Party Transactions” under “Financial Information – Auditors Report” of this Red Herring Prospectus, and to the extent of shareholding in the Company, the Directors do not have any other interest in business of the Company. Except to the extent of their compensation as mentioned under the heading “Compensation of Managing Director/Whole time Director” of this Red Herring Prospectus, and their shareholding or shareholding of companies they represent, the Directors, do not have any other interest in the Company.

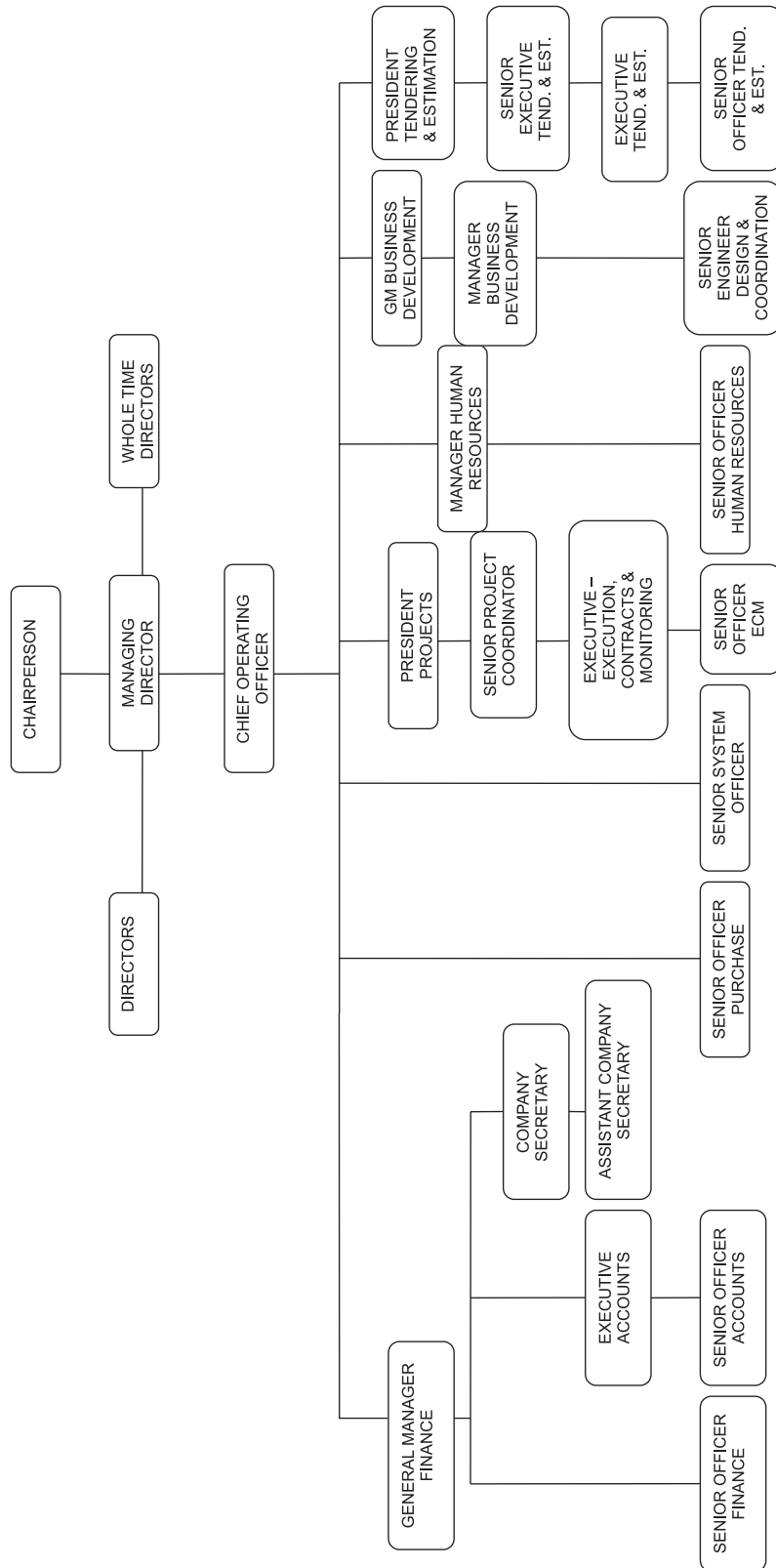
All Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by the Company with any company in which they hold Directorships or any partnership firm in which they are partners as declared in their respective declarations.

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 this Red Herring Prospectus in which the Directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements or are proposed to be made to them.

Changes in the Board of Directors in the last 3 years.

Name	Date of Cessation/Appointment	Reason of Change
Mr. Ramdas B. Kulkarni	12 th September, 2005	Resigned
Mr. Datta B. Kulkarni	12 th September, 2005	Resigned
Mr. Anilkumar G. Karkhanis	12 th September, 2005	Appointment as Additional Director
Mr. Awinash M. Arondekar	12 th September, 2005	Appointment as Additional Director
Mr. Shrikant T. Gadre	12 th September, 2005	Appointment as Additional Director

Management Organization Structure





Key Management Personnel:

At present the Company has a total strength of 79 employees who are the permanent employees of the Company. The Company enjoys cordial relationship with its employees and currently has no major labour related issue.

The details of key managerial personnel of the Company are as follows:

Mr. Rohit R. Katyal

Mr. Rohit R. Katyal, Chief Operating Officer, aged 34, is a commerce graduate from Mumbai University. He established Mechanical Division for one of the Promoter group companies in 1996 and has gained vast experience of about 16 years in various capacities in the Promoter group companies. He is responsible for planning & execution, team building, interacting with clients.

Mr. T. R. Radhakrishnan

Mr. T. R. Radhakrishnan, General Manager – Finance, aged 53, is a graduate in Commerce from Mumbai University. He also has a Bachelors Degree in Law. He is also a Certificated Associate of the Indian Institute of Bankers. He has worked for more than 22 years with a nationalised bank in the management cadre. He has experience in areas such as assessment of working capital needs, structuring credit products, managing forex operations, export finance, import finance and project finance. He looks after financial and accounting matters and fund raising of the Company.

Mr. Mahesh Joshi

Mr. Mahesh Joshi, Company Secretary, aged 45, is a Bachelor of Commerce (Hons.) from Bombay University. He is also a qualified Company Secretary. He has more than 20 years of experience as Company Secretary. He has been associated with public issues for the past 12 years.

Mr. S. P. Deshpande

Mr. S. P. Deshpande, President – Projects, aged 54, holds Bachelors Degree in Engineering (Civil). He is having more than 25 years of experience in the construction industry. He looks after execution of projects undertaken by the Company.

Mr. Arun J. Palit

Mr. Arun J. Palit, President - Tendering and Execution, aged 60, holds Bachelors Degree in Engineering (Civil). He is having more than 34 years of experience in civil and structural activities of major projects.

Mr. Sanjay V. Kulkarni

Mr. Sanjay V. Kulkarni, General Manager – Business Development, aged 29, is MBA, and holds Bachelors Degree in Engineering (Mechanical) & Diploma in Fabrication. He is having experience of 5 years in managing technical matters of projects; planning, coordinating and monitoring of various sites.

Mr. Kanakendu Maiti

Mr. Kanakendu Maiti, Sr. Project Coordinator, aged 44, holds Bachelors Degree in Engineering (Civil). He is having experience of 21 years in coordination at various sites, management of manpower, management of equipment, cost control at site and ensuring profitability as projected by the management.

Mr. Som Prakash Verma

Mr. Som Prakash Verma, Sr. Project Coordinator, aged 54, holds Diploma in Civil, AMIE (Civil). He is having experience of more than 30 years in analytical study of tender document, effective planning, monitoring and quality control.

Mr. Brijesh Dwivedi

Mr. Brijesh Dwivedi, Executive ECM, aged 39, holds Bachelors Degree in Engineering (Civil). He is having experience of more than 10 years in planning, coordination and monitoring activities of various sites, financial planning and supervision of sites.

Mr. Nandakumar Ramchandra Salunkhe

Mr. Nandakumar Ramchandra Salunkhe, Executive ECM, aged 38, holds Bachelors Degree in Engineering (Civil). He is having experience of more than 10 years in coordination at various sites, working out of escalation claim and preparation of various documents for the projects.

Ms. Shirly Jose

Ms. Shirly Jose, Executive ECM, aged 35, holds Bachelors degree in Engineering (Civil). She is having experience of more than 10 years in coordination at various sites, planning, monitoring the programme and cash flow and reconciliation of quantities.

Mr. Kalayan Kalipada Paul

Mr. Kalayan Kalipada Paul, Executive Tendering & Estimation, aged 38, holds Bachelors Degree in Engineering (Civil). He is having experience of more than 10 years in attending pre-bid meetings, pre-tender site visits, estimation of the project cost and coordination with agencies.

Mr. Sunil S. Jondhale

Mr. Sunil S. Jondhale, Executive Account, aged 40, holds Masters Degree in Commerce. He is having experience of more than 15 years in maintaining accounts and preparation of MIS and finalization of accounts.

Shareholding of Key Managerial Personnel

The Company has not issued any shares to the Key Managerial Personnel till date.

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. However, sometimes, the Company makes ex-gratia payment to its employees on the basis of their performance.

Change in Key Managerial Personnel during last three years.

Other than the following, there has been no change in the Key Managerial Personnel of the Company during the last one year:

Sr. No.	Name	Designation	Date of Appointment	Date of Resignation	Remarks
1	Mr. Rohit Katyal	Chief Operating Officer	4 th July, 2005	—	Appointed
2	Mr. Rahul Katyal	Chief Marketing Officer	4 th July, 2005	30 th Nov, 2005	Appointed & Resigned
3	Mr. S. P. Deshpande	G. M. (Projects)	4 th July, 2005	—	Appointed
4	Mr. D. K. Ganguly	President- Project	15 th December, 2003	5 th March, 2004	Resigned
5	Mr Mahesh Joshi	Company Secretary	4 th July 2005		Appointed

Disclosures Regarding Employees Stock Option Scheme / Employees Stock Purchase Scheme

The Company has not introduced any Employees Stock Option Scheme / Employees Stock Purchase Scheme.

Payment or Benefit to Officers of the Company

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

VI. PROMOTERS

	Mr. Ajit Bhagwan Kulkarni Mr. Ajit B. Kulkarni, a Managing Director, age 47 years, responsible for the execution of all projects undertaken by the Company. Mr. Ajit B. Kulkarni has extensive experience in the construction management of various civil engineering projects. Mr. Ajit B. Kulkarni personally looks after all projects to ensure highest quality service to the clients. He has been on the Board of the Company since incorporation. Voter ID No: MT/07/047/507391 PAN: AAKPK3962D Passport No: E9145864
	Mrs. Usha B. Kulkarni Mrs. Usha B Kulkarni, an executive Chairperson, age 70 years, has been a Director since inception and is responsible for general administration. She is a graduate in Arts from Pune University. She has excellent administrative skills necessary for successful operation of any business. She has more than 35 years of administrative experience. Voter ID No: MT/07/047/507387 PAN: AAHPK1801E Passport No: A6534/97
	Mr. Vinayak B. Kulkarni Mr. Vinayak Kulkarni, an Executive Whole Time Director (Technical), 58 years, has been Director since inception. Mr. Vinayak B. Kulkarni holds Diploma in Mechanical Engineering. He has extensive experience in the Pre-cast Products Building Units. Passport No: A/14378 PAN: AAGPK7655K Voters ID No: MT/07/047/507390
	Mr Datta B. Kulkarni Mr. Datta B. Kulkarni, aged 60 years, has 30 years of experience in the construction business and an extensive experience in housing projects. He has completed Inter Science from the Pune University. He has been Director of the company since inception till his resignation from the board on 12/09/2005. Passport No A- 14376 PAN: AAJPK3671M Voters ID MT/07/047/507389

	Mr Ramdas B.Kulkarni Mr. Ramdas Kulkarni, 54 years, has been director since inception till his resignation from the board on 12/09/2005. Mr. Ramdas B. Kulkarni has completed his Matriculation from Mumbai Board. Passport No: B 0309522 PAN: AADPK5029Q Voters ID No: MT/07/047/507388
---	--

Corporate Promoterss:

Pratibha Shareholding Private Limited (PSPL)

Pratibha Shareholding Private Limited was promoted by Mrs. Usha Bhagwan Kulkarni and Mr. Ajit Bhagwan Kulkarni. The Company has been incorporated on 6th September, 2005 with the object to carry the business as investment company and/or otherwise deal in shares, stocks, debenture, etc. The Company has its registered office at 101, Usha Kamal, 574, Chembur Naka, Chembur, Mumbai 400 071.

The Present Directors of the Company are Mr Ajit Bhagwan Kulkarni and Mrs Usha Bhagwan Kulkarni.

As on 12th September, 2005 the Authorised Share Capital of the Company is Rs 2,00,00,000 divided into 20,00,000 Equity shares of Rs 10 each and the paid up capital of the Company is Rs 1,00,000 divided into 10,000 Equity shares of Rs 10 each

Shareholding Pattern of Pratibha Shareholding Private Limited as on 12th September 2005 is as follows.

Sr. No.	Name of the Shareholders	No of Shares	% of Shareholding
1	Mr Ajit Bhagwan Kulkarni	5000	50%
2	Mrs Usha Bhagwan Kulkarni	5000	50%
	Total	10,000	100%

Since the Company has yet to start the business activities, the brief financial performance of the company has not been given.

Declaration

We confirm that the details in respect of all the individual Promoters such as the Permanent Account Number, Bank Account Numbers and the Passport Number have been submitted to the BSE and NSE at the time of filing the Red Herring Prospectus with them. In respect of Corporate Promoter, its PAN, Bank Account details, Company Registration Number and address of the Registrar of Companies where the Company is registered; are being submitted with the Stock Exchanges, on which Equity shares are proposed to be listed.

Common Pursuits

There are no common pursuits in the business of the Company and other Company promoted by the Promoters other than as described in the Red Herring Prospectus.

Interest of Promoters

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

The Promoters are not interested in any property acquired by the Company within two preceding years from the date of the Red Herring Prospectus, except as stated under the section on property on page no. 68.

Other than the remuneration and perquisite to the Promoter appearing on page no. 74 of this Red Herring Prospectus, there are no payment or benefit to the Promoters of the Company.

The Promoters are not interested in any loan or advance given by the Company, neither are they beneficiary of any such loans or advances.



Except as disclosed above and Related Party Transaction on Page no. 103. the Promoters of the Company have no interest other than reimbursement of expenses incurred or normal remuneration or benefits, if any.

Currency of Presentation

In the Red Herring Prospectus, all references to “Rupees”, “INR”, “Rs.” And “Indian Rupees” are to the legal currency of the Republic of India.

Dividend Policy

The declaration and payment of dividends will be recommended by our Board of Directors and our shareholders, in their discretion, and will depend on a number of factors, including but not limited to our earnings, capital requirements and overall financial condition. The Company has not declared any dividend since incorporation and has preferred to plough the funds in the business.

E. FINANCIAL INFORMATION

I. FINANCIAL INFORMATION OF THE COMPANY

Jayesh Sanghrajka & Co.
Chartered Accountants
405, Hind Rajasthan Centre,
D.S. Phalke Road,
Dadar (E), Mumbai 400 014.

AUDITORS' REPORT

To

The Board of Directors,
Pratibha Industries Limited,
 101, Usha Kamal,
 574, Chembur Naka,
 Chembur, Mumbai 400 071.

Dear Sirs,

We have examined the financial information of Pratibha Industries Limited ('the Company') annexed to this report and initialed by us for identification. The said financial information has been prepared in accordance with the requirements of paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 ('the Act'), the Securities and Exchange Board of India ("SEBI") - Disclosure and Investor Protection Guidelines, 2000 [as amended vide Circular No. 11 on August 14, 2003] ('the Guidelines') issued by the Securities and Exchange Board of India on January 19, 2000 in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992; and related clarification; and in accordance with instructions received from the Company requesting us to carry out work in connection with the offer document being issued by the Company in connection with its Public Issue of Equity Shares (referred to as "the issue"). The financial information has been prepared by the Company and approved by the Board of Directors.

A. Financial information as per audited financial statements:

We have examined the attached summary statement of profits and losses as restated of the Company for the Nine months period ended December 31, 2005 and the years ended March 31, 2001, 2002, 2003, 2004, 2005 (Annexure II) and the attached summary statement of assets and liabilities as restated for each of the years ended on those dates (Annexure I), together referred to as 'summary statements'. These summary statements have been extracted from the Audited financial statements of the year ended March 31, 2001, 2002, 2003, 2004 and 2005 and have been adopted by the Board of Directors / Members for those respective years. The Financial Statements for the nine months period ended 31st December, 2005 have been approved & adopted by the Board of Directors of the Company. Based on our examination of these summary statements, we state that:

- 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 year/period to which they related.
- The summary statements of the Company have been restated with retrospective effect to reflect the significant accounting policies being adopted by the Company as at December 31, 2005, as stated vide Annexure III to this report. The summary statements have to be read in conjunction with the notes given in Annexure III to this report.
- There are no qualifications in the auditors' report that require any adjustment to the summary statements.
- There are no extra-ordinary items that need to be disclosed separately in the summary statements.

B. Other Financial Information:

We have examined the following financial information relating to the Company proposed to be included in the Offer Document, as approved by the Board of Directors and annexed to this report:

- i. Cash Flow Statements for the nine months period ended December 31, 2005 and the years ended March 31, 2001, 2002, 2003, 2004 and 2005 (Annexure II (a)).
- ii. Details of Secured and Unsecured Loans as at March 31, 2001, 2002, 2003, 2004, 2005 and 31st December, 2005 (Annexure II (b))
- iii. Details of Loans and Advances as at March 31, 2001, 2002, 2003, 2004, 2005 and 31st December, 2005 (Annexure II (c))
- iv. Details of Other Current Assets as at March 31, 2001, 2002, 2003, 2004, 2005 and 31st December, 2005 (Annexure II (d))
- v. Details of Sundry Debtors as at March 31, 2001, 2002, 2003, 2004, 2005 and 31st December, 2005 (Annexure II (e))



- vi. Statement of summary of Investments as at March 31, 2001, 2002, 2003, 2004, 2005 and 31st December, 2005 (Annexure II (f))
- vii. Details of Current Liabilities and Provisions as at March 31, 2001, 2002, 2003, 2004, 2005 and 31st December, 2005 (Annexure II (g))
- viii. Statement giving details of Other Income for the years ended March 31, 2001, 2002, 2003, 2004, 2005 and 31st December, 2005 (Annexure II (h))
- ix. Details of contingent liabilities as at March 31, 2001, 2002, 2003, 2004 and 2005 (Annexure II (i))
- x. Summary of accounting ratios based on adjusted profits relating to earnings per share, net asset value and return on net worth as at March 31, 2001, 2002, 2003, 2004, 2005 and 31st December, 2005 (Annexure II (j))
- xi. Capitalisation statement of the Company as at March 31, 2005 (Annexure II (k))
- xii. Statement of Tax shelters for the years ended March 31, 2001, 2002, 2003, 2004, 2005 and 31st December, 2005 (Annexure II (l))
- xiii. Statement of Dividend paid for the years ended March 31, 2001, 2002, 2003, 2004, 2005 and 31st December, 2005 (Annexure II (m))
- xiv. Consolidated Summary Statement of Assets and Liabilities as restated (Annexure IV), Consolidated Summary Statement of Profit and Losses as restated (Annexure V), Consolidated Summary Statement of Cash Flow (Annexure V (a)).
- xv. Details of Consolidated Secured and Unsecured Loans as at March 31, 2001, 2002, 2003, 2004, 2005 and 31st December, 2005 (Annexure V (b))
- xvi. Details of Consolidated Loans and Advances as at March 31, 2001, 2002, 2003, 2004, 2005 and 31st December, 2005 (Annexure V (c))
- xvii. Details of Consolidated Other Current Assets as at March 31, 2001, 2002, 2003, 2004, 2005 and 31st December, 2005 (Annexure V (d))
- xviii. Details of Consolidated Sundry Debtors as at March 31, 2001, 2002, 2003, 2004, 2005 and 31st December, 2005 (Annexure V (e))
- xix. Statement of summary of Consolidated Investments as at March 31, 2001, 2002, 2003, 2004, 2005 and 31st December, 2005 (Annexure V (f))
- xx. Details of Consolidated Current Liabilities and Provisions as at March 31, 2001, 2002, 2003, 2004, 2005 and 31st December, 2005 (Annexure V (g))
- xxi. Statement giving details of Consolidated Other Income for the years ended March 31, 2001, 2002, 2003, 2004, 2005 and 31st December, 2005 (Annexure V (h))
- xxii. Details of Consolidated contingent liabilities as at March 31, 2001, 2002, 2003, 2004, 2005 and 31st December, 2005 (Annexure V (i))
- xxiii. Summary of Consolidated accounting ratios based on adjusted profits relating to earnings per share, net asset value and return on net worth as at March 31, 2001, 2002, 2003, 2004, 2005 and 31st December, 2005 (Annexure V (j))

The Consolidated Summary Statements as referred in serial no. xiv to xxiii above have been extracted from the Consolidated Financial Statements of the Company. The financial statements of the Company for the year ended March 31, 2001, 2002, 2003, 2004 & 2005 and nine months period ended 31st December, 2005 and of the joint ventures for the years ended March 31, 2004 & 2005 and nine months period ended 31st December, 2005 have been audited by us and in our opinion, in so far as they relate to the amounts included in respect of the entities audited by us are based solely on the basis of these reports.

This report is intended solely for your information and for inclusion in the Prospectus in connection with the specific Initial Public Offer of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

**For Jayesh Sanghrajka & Co.
Chartered Accountants**

Jayesh N. Sanghrajka
Partner
M. No. 37430
Mumbai
January 19, 2006

ANNEXURE : I : Summary of Assets and Liabilities as Restated
(Rs. In lakhs)

For the year March 31	2001	2002	2003	2004	2005	Dec. 2005
Fixed Assets						
Gross Block	362.40	448.60	488.61	862.94	985.93	1430.96
Less: Depreciation	35.26	56.79	83.19	117.22	152.89	197.80
Net Block	327.14	391.82	405.42	745.72	833.04	1233.16
Capital Work in Progress	0.00	0.00	0.00	0.00	0.00	0.00
A Total	327.14	391.82	405.42	745.72	833.04	1233.16
B Investments	106.42	106.43	18.70	48.70	48.70	68.38
C Deferred Tax Assets	0.00	0.00	0.00	0.00	0.00	0.00
Current Assets						
Inventories	298.88	509.72	344.82	957.89	2087.59	2315.01
Sundry Debtors	168.08	344.12	632.23	1602.73	3220.83	2780.53
Cash and Bank Balances	35.55	176.33	6.63	37.97	118.15	85.09
Loans & Advances	603.65	501.02	818.88	1528.60	2879.30	3855.57
D Total	1106.16	1531.20	1802.56	4127.19	8305.86	9036.20
E Total Assets (A+B+C+D)	1539.71	2029.44	2226.68	4921.60	9187.60	10337.74
Less: Liabilities & Provisions						
Secured Loans	264.09	432.11	410.57	1557.67	2513.89	4861.72
Unsecured Loans	42.59	0.10	0.00	0.00	193.45	0.00
Deferred Tax Liabilities	2.23	3.13	3.95	6.13	9.62	20.75
Current Liabilities	891.09	1090.15	1025.94	2131.02	4566.22	2855.12
Provisions for taxation	16.76	13.24	18.91	13.76	50.00	49.00
F Total Liabilities	1216.76	1538.73	1459.37	3708.58	7333.18	7786.59
NET WORTH (E-F)	322.95	490.71	767.31	1213.02	1854.42	2551.15
REPRESENTED BY						
G Share Capital	140.08	176.66	200.00	200.00	200.00	1000.00
Reserves & Surplus	183.79	314.75	567.77	1013.25	1654.42	1551.15
Less: Misc Expenditure	0.92	0.69	0.46	0.23	0.00	0.00
H Net Reserves & Surplus	182.87	314.06	567.31	1013.02	1654.42	1551.15
NET WORTH (G+H)	322.95	490.71	767.31	1213.02	1854.42	2551.15

Notes

- Fixed Deposits are RECLASSIFIED as non- cash balance items in the year 2004 & 2005 to be in line with 2001, 2002, 2003
- Interest of Rs.2.65 Lacs earned on Income Tax refund for F. Y. 2003-2004 which relates to the period covered by F.Y. 2004-05 is credit to Reserves of FY 2004-05, though received in the nine months period ending 31/12/2005.

ANNEXURE : II : Summary of Profit and Loss Account as Restated
(Rs. In lakhs)

Year ended March 31	2001	2002	2003	2004	2005	Dec. 2005
Income						
Construction Receipts	2926.78	3512.48	4255.14	6608.26	9058.79	9396.76
Other Income	17.06	3.62	6.25	2.15	4.92	7.92
Total	2943.84	3516.10	4261.40	6610.41	9063.71	9404.68
Expenditure						
Construction Expenditure	2586.45	3113.93	3730.57	5660.19	7299.76	7553.07
Personnel Expenses	42.37	34.14	44.31	59.20	114.88	137.16
Administrative & other Expenses	101.90	123.99	140.64	276.79	352.17	394.36
Total	2730.72	3272.06	3915.52	5996.18	7766.81	8084.59
Operating profit before Interest, Dep	213.12	244.04	345.87	614.22	1296.90	1320.09
Amortization, Prior period Expenses						
Interest and Finance Charges	106.15	88.32	101.47	204.74	386.29	511.00
Depreciation	19.50	22.46	26.40	36.51	46.17	44.91
Amortization	0.23	0.23	0.23	0.23	0.23	0.00
Operating profit before Prior period Exp	87.24	133.03	217.77	372.74	864.21	764.18
Prior period Expenses	0.00	0.00	0.00	0.00	0.00	0.00
Profit before Tax & Extraordinary items	87.24	133.02	217.77	372.75	864.21	764.18
Current Tax	15.82	12.29	17.15	12.00	50.00	53.66
Deferred Tax			8.19		3.49	11.13
A NP after Tax before extraordinary items	71.42	120.73	192.43	360.75	810.72	699.39
Add: Tax provision for earlier years w/back	0.00	17.17	0.00			
Add: Deferred Tax reversed				4.20		
Less: Tax paid for earlier year					1.76	0.00
NP after Tax & extraordinary items	71.42	137.90	192.43	364.95	808.97	699.39
B Impact of material adjustments for estatment in corresponding years						
Add / (Less) : Write Back of Liability	6.34	11.13	54.03	86.92	(172.21)	0.00
Add / (Less) : Deferred Tax	(1.06)	(0.90)	(0.82)	(2.18)	(3.49)	0.00
Add / (Less) : Deferred Tax Provided earlier now Reversed			8.19	(4.20)	3.49	0.00
Add / (Less) : Tax adjustments	0.00	(17.17)	(0.81)	0.00	1.76	0.00
Add / (Less) : Others	0.00	0.00	0.00	0.00	2.65	(2.65)
Adjusted Profit(A+B)	76.71	130.95	253.02	445.48	641.17	696.74
C/F Profit from previous Year	107.09	183.79	314.75	567.77	1013.25	1654.42
Total	183.79	314.75	567.77	1013.25	1654.42	2351.15
Appropriations	0	0	0	0	0	800.00
General Reserve	0	0	0	0	0	0
Profit/(Loss) C/F to Balance sheet	183.79	314.75	567.77	1013.25	1654.42	1551.15

Notes:

- 1 The Share of Profit From Joint Ventures has been Reclassified as Contract Receipts as against the earlier classification as other Income. This is share of Profit derived from Petron Pratibha JV and / or Unity Pratibha JV and the primary receipts in such Joint Ventures is Contract Receipts which is also the Main Line of Activity of The Company.
- 2 The Interest Income was netted off against the Interest Expenses as both are inter-related. This was done in the years 2004-2005. However, the Profit & Loss accounts for the years 2001, 2002 & 2003 show them separately. In the Restated Profit & Loss Account, The Interest Income is netted out with Interest expenses to bring in line with the treatment already given in the years 2004 & 2005
- 3 Provision for Taxation for the year 2001, includes the amount of Rs.17.17 lacs which represented excess provision made for Income tax. The same is reduced & the effect is given as per P & L account
- 4 Income Tax of earlier Years debited to P & L Appropriation A/c. in the year relates to tax liability to the tune of Rs. 0.81 lacs in 2002-03 & Rs. 0.95 lacs to 1997-1998
- 5 Others include Interest earned on Income Tax refund for F. Y. 2003-2004 which relates to the period covered by F.Y. 2004-05



ANNEXURE II-A : PROFIT AND LOSS ACCOUNT AS AT APRIL 1, 2000 (RESTATED)

(Rs. In lakhs)

Profit and Loss Account as at April 1, 2000 (Audited)	78.25
Deferred Tax	-1.17
Tax Adjustments	17.17
Tax Adjustments	-0.95
Write Back off liability	13.79
Profit and Loss Account as at April 1, 2000 (Restated)	107.09

ANNEXURE : II (a) :Summary of Cash Flow
(Rs. In lakhs)

For year ended March 31	2001	2002	2003	2004	2005	Dec.2005
A Cash Flow From Operating Activities						
Profit before Tax & Extraordinary items	87.24	133.02	217.77	372.75	864.21	764.18
Adjustment for:						
Depreciation	19.50	22.46	26.40	36.51	46.17	44.91
Profit/Loss on sale of Fixed Assets	0.00	3.42	0.00	2.08	17.97	0.00
Excess Tax Provision /Def Tax Liability	0.00	17.17	0.00	4.20	0.00	0.00
Preliminary Expenses W/off	0.23	0.23	0.23	0.23	0.23	0.00
Finance Charges	124.08	103.72	125.06	204.74	386.29	511.00
Dividend Received	0.00	0.00	(0.00)	(0.00)	(0.00)	(0.00)
Interest Received	(17.93)	(15.40)	(23.59)	0.00	0.00	0.00
Operating Profit before Working Capital						
Changes	213.12	264.61	345.87	620.51	1314.87	1320.09
Adjustment for						
Inventories	(139.40)	(210.84)	164.90	(613.07)	(1129.70)	(227.42)
Sundry Debtors	127.41	(176.05)	(288.11)	(970.50)	(1618.10)	440.30
Loans & Advances	(363.06)	102.63	(317.86)	(709.72)	(1348.05)	(976.27)
Sundry Creditors & other liabilities	155.06	65.05	134.96	1191.99	2263.00	(1711.10)
Provisions for Taxation	2.55	(20.70)	4.86	(5.15)	38.00	1.00
Deferred Tax Liability	0.00	0.00	8.19	(4.20)	3.49	11.13
Less: Direct Taxes paid	15.82	12.29	25.34	12.00	55.25	69.44
Net Cash from Operation	(20.14)	12.42	27.48	(502.14)	(531.74)	(1211.73)
B Cash Flow From Investment Activities						
Addition to Fixed Assets	(63.74)	(93.51)	(40.00)	(380.74)	(180.88)	(445.03)
Deletion to Fixed Assets (net)	0.00	2.95	0	1.85	29.42	0.00
Redemption/(Purchase) of investments	0.00	(0.01)	87.73	(30.00)	(0.00)	(20.00)
Dividend Received	0.00	0.00	0.00	0.00	0.00	(0.00)
Interest Received	17.93	15.40	23.59	0.00	0.00	0.00
Net cash used in investing activities	(45.81)	(75.16)	71.32	(408.89)	(151.46)	(465.03)
C Cash Flow from Financing Activities						
Proceeds from Issue of Share Capital	0.00	36.58	23.34	0.00	0.00	0.00
Proceeds from Long Term Borrowings	15.00	151.41	19.00	(133.91)	433.17	2347.83
Proceeds from Short Term Borrowings	(8.21)	119.25	(185.78)	1281.02	716.50	(193.14)
Finance Charges paid (Net)	(124.08)	(103.72)	(125.06)	(204.74)	(386.29)	(511.00)
Net cash from Financing Activities	(117.30)	203.52	(268.50)	942.37	763.38	1643.69
D Net Increase in Cash & Cash Equivalents						
(A+B+C)	(183.24)	140.78	(169.70)	31.34	80.19	(33.07)
Opening Cash & Cash Equivalent	218.79	35.55	176.33	6.63	37.97	118.16
Closing Cash & Cash Equivalent	35.55	176.33	6.63	37.97	118.16	85.09



ANNEXURE : II (b) : DETAILS OF SECURED LOANS

(Rs. In lakhs)

For year ended March 31		2001	2002	2003	2004	2005	Dec.2005
Term Loan							
From Financial Institutions & Banks							
1	Ashok Leyland Finance	2.34	0.78	0.00	0.00	0.00	0.00
2	Centurian Bank Ltd.	40.27	17.31	0.00	0.00	0.00	0.00
3	Mahindra & Mahindra Finance Services Ltd.	2.23	0.79	0.00	0.00	0.00	0.00
4	Shree International Finance Ltd.	11.85	0.00	0.00	0.00	0.00	0.00
5	HDFC Bank Ltd.	0.00	1.61	0.62	0.00	87.14	67.63
6	Citi Bank Ltd.	0.00	0.00	0.00	11.79	3.24	213.11
7	ICICI Bank Ltd.	0.00	0.00	0.00	124.68	74.41	88.76
8	ICICI Home Finance Co. Ltd.	0.00	0.00	0.00	102.43	84.74	70.76
9	Standard Chartered Bank Ltd.	0.00	0.00	0.00	3.95	2.20	0.80
10	Janakalyan Sahakari Bank Ltd	0.00	9.69	44.54	0.00	12.54	0.00
	Sub Total	56.69	30.18	45.16	242.85	264.27	441.06

PROJECT SPECIFIC TERM LOANS

(Rs. In lakhs)

From Financial Institutions & Banks		2001	2002	2003	2004	2005	Dec. 2005
1	The United Western Bank Ltd.	0.00	0.00	0.00	387.87	749.81	589.93
2	State Bank of India	0.00	0.00	0.00	0.00	0.00	945.62
	Sub Total	0.00	0.00	0.00	387.87	749.81	1535.55
Cash Credit Accounts							
From Banks							
1	The United Western Bank Ltd.	207.40	181.52	140.87	349.07	387.41	576.01
2	Punjab National Bank	0.00	0.00	0.00	199.62	297.03	299.64
3	Bank of Baroda	0.00	0.00	0.00	99.81	98.34	1067.35
4	Bank of India	0.00	0.00	0.00	0.00	91.07	100.54
5	ICICI Bank Ltd.	0.00	0.00	0.00	96.33	98.99	109.46
	Sub Total	207.40	181.52	140.87	744.83	972.84	2153.00
	Factoring Facilities	0.00	0.00	0.00	127.12	422.15	256.03
	Working Capital Demand Loan	0.00	220.41	224.54	55.00	104.82	476.08
	Total Secured Loans	264.09	432.11	410.57	1557.67	2513.89	4861.72

1 Term Loans : Secured by way of hypothecation of Specific Assets /Vehicle purchased.

2 Project Specific Term Loan :

- I. Project Specific Term Loan from bank represent term loan taken by the Company for executing "Deferred Payment project" of Akola Municipal Corporation. This loan is secured by way of first charge on receivables of the project and further secured by way of Bank Guarantee of Akola Municipal Corporation for Rs. 970 Lacs.And further guaranteed by personal guarantees of promoters

- 3 Cash Credit Accounts : Secured against
 - I. First charge by way of hypothecation of current assets of the Company namely stock of raw materials, stock of WIP and receivables.
 - II. First charge on Gross Block of the Company (other than those specifically charged to other Banks) and collaterally secured by mortgage of fixed assets belonging to directors
 - III. These facilities are further secured by Corporate Guarantees of Pratibha Pipes & Structural P Ltd, Pratibha Precast Concrete Industries P Ltd, and personal guarantees of Promoters.
- 4 Factoring Facility : Secured against
 - I. First charge on receivables of the company factored with Canbank Factors Ltd.
 - II. These facilities are further secured by Corporate Guarantees of Pratibha Pipes & Structural P Ltd, Pratibha Precast Concrete Industries P Ltd and personal guarantees of Promoters.
- 5 Working Capital Demand Loan represent project specific loan.
- 6 Creditors under LC for RS. 145.13 lacs were included in the Cash Credit Limit from United Western Bank Ltd. in the year 2002. They have been reclassified under Sundry Creditors as is done in the years 2003, 2004 & 2005.

UNSECURED LOANS

Details of Unsecured Loans are as follows

(Rs. In lakhs)

For the year ended March 31	2001	2002	2003	2004	2005	Dec. 2005
From Directors / Promoter Group / Related Party	0.65	0.00	0.00	0.00	193.45	0.00
From Shareholders & Relatives	41.94	0.10	0.00	0.00	0.00	0.00
Total Unsecured Loans	42.59	0.10	0.00	0.00	193.45	0.00

ANNEXURE : II (c) : LOANS AND ADVANCES

Details of Loans & Advances are as follows

(Rs. In lakhs)

For the year ended March 31	2001	2002	2003	2004	2005	Dec. 2005
1 Advances with J/V						
Petron Pratibha Joint Venture	0.00	0.00	0.00	46.99	30.03	36.44
Unity Pratibha Multimedia Joint Venture	0.00	0.00	0.00	38.24	554.58	519.90
Undistributed profit of Petron Pratibha JV	0.00	0.00	0.00	7.39	17.76	22.92
2 Advances to be received in cash or kind or for value to be received (deposits, advances to creditors, staff)	146.77	68.29	106.42	253.57	302.58	657.15
3 Advance Income tax	0.00	0.00	0.00	0.00	35.00	35.00
Total as per Audited Statement	146.77	68.29	106.42	346.20	939.94	1271.41



Details of Advances to Bodies Corporate (Related Parties)

(Rs. In lakhs)

For the year ended March 31	2001	2002	2003	2004	2005	Dec. 2005
Pratibha Pipes and Structural Pvt Ltd	0.00	0.00	0.00	32.00	0.00	0.00
Pratibha & Heng Structural Pvt Ltd	0.00	0.00	0.35	0.00	0.00	0.00
(Formerly Known as Pratibha Ispat Pvt. Ltd.)						
Petron Pratibha Joint Venture	0.00	0.00	8.26	46.99	33.03	36.44
Unity Pratibha Multimedia Joint Venture	0.00	0.00	0.00	38.24	554.58	519.90
Pratibha Residency (A project of Teknoworks (India))	0.00	0.00	0.72	1.84	3.08	45.84
Muktangan Developers Pvt. Ltd.	0.00	0.00	0.00	0.00	0.00	34.31
Rahul Associates	0.00	0.00	0.00	0.00	0.00	7.00
Total	0.00	0.00	9.33	119.07	590.69	643.49

ANNEXURE : II (d) : Details of other Current assets are as follows

(Rs. In lakhs)

For the year ended March 31	2001	2002	2003	2004	2005	Dec. 2005
1 Fixed Deposits with Bank	211.00	158.71	311.43	590.65	915.01	1201.68
2 Deposits with Govt Authorities and others	190.41	204.93	341.97	493.16	839.84	1215.50
3 T.D.S.	55.46	69.08	59.07	84.73	130.02	76.72
4 Prepaid Expenses	0.00	0.00	0.00	13.86	51.84	60.01
5 Sales tax Refund Claim	0.00	0.00	0.00	0.00	0.00	30.25
6 Interest Receivable on IT refund	0.00	0.00	0.00	0.00	2.65	0.00
Total	456.88	432.73	712.46	1182.40	1939.35	2584.16

ANNEXURE : II (e) : Sundry Debtors

(Rs. In lakhs)

For the year ended March 31	2001	2002	2003	2004	2005	Dec. 2005
Debts outstanding for a period exceeding six months (considered good)	4.36	4.36	15.69	8.44	1009.78	930.28
Debts outstanding for a period not exceeding six months (considered good)	163.71	339.76	616.54	1594.28	2211.05	1850.50
Total Sundry Debtors	168.08	344.12	632.23	1602.73	3220.83	2780.78

Note : Debtors outstanding for a period exceeding six months for the Year 2005, include the outstandings on account of Akola Project (From Akola Municipal Corporation) which is under Deffered Payment Scheme. The Outstanding in relation to afore said is Rs. 961.95 lacs backed by Bank Guarantee of Rs. 970 lacs for 31.03.2005. For the Nine month period ended 31.12.2005 the outstanding in respect of the Akola Project was Rs. 702.04 lacs backed by a Bank Guarantee of Rs. 711 Lacs

The above includes following debts due from Related Party

(Rs. In lakhs)

For the year ended March 31	2001	2002	2003	2004	2005	Dec. 2005
1 Real Estate Development of Directors Property	0	0	0.22	47.92	207.23	207.23
Total Dues from Related Parties	0	0	0.22	47.92	207.23	207.23

ANNEXURE : II (f) : Summary of Investments
(Rs. In lakhs)

For the year ended March 31	2001	2002	2003	2004	2005	Dec. 2005
Equity Shares						
Unquoted Shares of Jankalyan Sahakari Bank Ltd	0.00	0.01	0.01	0.01	0.01	0.01
Unquoted Shares of Abhudaya Bank Ltd	0.27	0.27	0.27	0.27	0.27	0.27
Unquoted Shares of Greater Bombay Co-op Bank	0.00	0.00	0.00	0.00	0.00	0.00
Bonds / others	0.00	0.00	0.00	25.00	25.00	25.00
Gold	0.00	0.00	0.00	0.00	0.00	0.43
National Saving Certificates	0.15	0.15	0.15	0.15	0.15	0.15
Subsidiary / Group Companies *						
Unquoted (Share Application) in Pratibha Pipes	106.00	106.00	18.27	18.27	18.27	18.27
Unquoted Share Appln. money in Pratibha Ispat P. L.(Formerly Known as Chimanlal Vijaykumar Steel Pvt. Ltd.)	0.00	0.00	0.00	5.00	5.00	4.25
Unquoted Shares of Muktangan Developers Pvt. Ltd.	0.00	0.00	0.00	0.00	0.00	20.00
Total	106.42	106.43	18.70	48.70	48.70	68.38
Aggregate Book Value of quoted investment	Nil	Nil	Nil	Nil	Nil	Nil
Aggregate Market Value of quoted investments	Nil	Nil	Nil	Nil	Nil	Nil
Aggregate Book Value of un-quoted investments	106.42	106.43	18.70	48.70	48.70	68.38

ANNEXURE : II (g) : Current Liabilities
(Rs. In lakhs)

For the year ended March 31	2001	2002	2003	2004	2005	Dec. 2005
Sundry Creditors	466.48	578.44	663.74	545.67	1088.11	811.14
Creditors under Bills of Exchange	44.60	145.13	134.74	944.03	2410.78	1077.01
Provision for Expenses	3.00	2.07	4.39	5.30	8.17	17.71
TDS Payable	2.54	5.41	2.30	6.33	13.34	6.65
Sales Tax payable	0.00	0.00	0.00	28.24	0.00	0.00
Security Deposits & Mobilisation Advances	287.31	175.16	226.19	585.93	869.27	776.10
Secured & Other Advances	107.29	215.21	79.88	50.65	25.31	15.26
Annuity period expenses reserve	0.00	0.00	0.00	137.08	151.25	151.25
Total	911.22	1121.41	1111.23	2303.23	4566.22	2855.12
Adjustments						
Write Back of Deposits & Advances	(20.13)	(31.26)	(85.29)	(172.21)	0.00	0.00
Restated Current Liabilities	891.09	1090.15	1025.94	2131.02	4566.22	2855.12

Note : The Write Back off Deposits & advances which were no longer payable was done in the year 2005, the same is restated to the year to which the liability relates



The Sundry Creditors includes following debts due to Related Party

(Rs. In lakhs)

For the year ended March 31	2001	2002	2003	2004	2005	Dec. 2005
Pratibha Pipes and Structural Pvt Ltd	72.23	172.52	330.74	0	293.24	0
Pratibha Ispat Private Limited (Formerly Known as Chimanlal Vijaykumar Steel Pvt. Ltd.)	0	0	0	34.75	0	0
Pratibha & Heng Structurals Pvt Ltd (Formerly Known as Pratibha Ispat Pvt. Ltd.)	0	0	0	12.55	1.10	1.10
Petron Pratibha Joint Venture						
Pratibha Precast Concrete Industries Pvt. Ltd.	0	0	9.39	7.31	8.88	28.41
Teknoworks (India) - Prop. Engineers & Engineers	4.97	0	0	0	0	0
Total Dues to Related Parties	77.20	172.52	340.13	54.61	303.22	29.51

ANNEXURE : II (h) : Statement giving details of other Income

(Rs. In lakhs)

For the year ended March 31	2001	2002	2003	2004	2005	Dec. 2005
Sources of Income						
(a) Non Recurring - Not Related to Business						
Interest on Income Tax refund	0.00	0.00	5.04	1.29	2.16	2.65
Miscellaneous Receipts	0.00	0.57	0.01	0.00	0.00	0.00
(b) Non Recurring - Related to Business						
Brokerage received	0.00	0.00	0.20	0.00	0.00	0.00
Service charges received	12.73	1.09	0.40	0.16	0.00	0.00
Insurance claim received	0.00	0.85	0.00	0.00	0.00	0.00
Interest received from others	0.00	0.00	0.00	0.00	1.16	4.06
(c) Recurring - Not Related to Business						
Rent received	4.33	1.10	0.60	0.70	1.60	1.21
Total	17.06	3.62	6.25	2.15	4.92	7.92
Net Profit before Tax as restated	76.71	130.95	253.02	445.48	641.17	696.74
Percentage %	22.23%	2.76%	2.47%	0.48%	0.77%	1.14%

Note : The classification of Income into recurring and non recurring is based on the current operations and business activity of the company. Interest Income in the year 2001, 2002 & 2003 is netted off to Interest Expenses as in the years 2004 & 2005. Other Income in the Profit & loss Account includes Share of Profit from Joint Venture of Rs. 227.02 lacs in the year 2004, Rs. 261.39 lacs in the year 2005 and Rs. 123.10 lacs in Nine month period ending 31.12.2005 which on account of Contract Receipts, which is the main line of Activity of the company & hence not considered as other Income in the statement.

ANNEXURE : II (i) : Contingent Liabilities not provided for
(Rs. In lakhs)

For the year ended March 31	2001	2002	2003	2004	2005	Dec. 2005
Bank Guarantees/Letters of Credit issued by the Banks on behalf of the Company	0.00	1281.88	1809.26	3206.57	7016.88	7948.61
Corporate Guarantees issued by the company on behalf of its subsidiaries/group	0.00	0.00	1204.21	2073.11	5895.00	2200.00
Claims against the company not acknowledged as debt (As Certified By the Management)	0.00	0.00	0.00	0.00	0.00	0.00
Total	0.00	1281.88	3013.47	5279.68	12911.88	10148.61

ANNEXURE : II (j) : Summary Accounting Ratios

For the year ended March 31	2001	2002	2003	2004	2005	Dec. 2005
1 Adjusted profit to Income from Operations %	2.62%	3.73%	5.95%	6.74%	7.08%	7.41%
2 Basic EPS	5.48	9.25	14.31	22.27	32.06	6.97
3 Diluted EPS	5.48	9.25	14.31	22.27	6.41	6.97
4 Cash EPS	6.51	11.34	12.39	20.08	42.77	7.44
5 Return on Net Worth (%)	23.75%	26.69%	32.97%	36.73%	34.58%	27.31%
6 Net Asset Value per Share	23.05	34.65	43.40	60.65	92.72	25.51
Weighted Average No. of Equity Shares (Basic)	14.01	14.16	17.68	20.00	20.00	100.00
Weighted Average 'No. of Equity Shares (Diluted)	14.01	14.16	17.68	20.00	100.00	100.00

Note : Bonus Shares to the tune of 80 lakh shares were issued at the AGM on 21.06.2005, the same are considered while computing Diluted EPS

ANNEXURE : II (k) : Capitalization Statement
(Rs. In lakhs)

Particulars	Pre issue as at March 31, 2005	Post issue as at
Borrowings		
Short Term Debt	1499.80	1499.80
Long Term Debt	1014.08	1014.08
Total Debt	2513.89	2513.89
Shareholders Funds		
Share Capital Equity	200.00	***
Reserves & Surplus	1653.90	***
Total Shareholders Fund	1853.90	***
Total Capitalization	4367.79	***
Long Term Debt / Equity Ratio	0.55	***
Total Debt / Networth	1.36	***
Total Debt / Share Capital	12.57	***

*** Can be calculated only on the conclusion of the book building process.

ANNEXURE : II (l) : Statement of Tax Shelter

(Rs. In lakhs)

For the year ended March 31	2001	2002	2003	2004	2005	Dec. 2005
Profit/(Loss) before tax but after extra-ordinary items as per books (A)	87.24	133.02	217.77	372.75	864.21	764.18
Tax thereon - rate	39.55	35.70	36.75	35.88	36.59	33.66
Tax at the above rates	34.50	47.49	80.03	133.74	316.22	257.22
Adjustments						
Permanent Differences						
Share of Profit Exempt u/s. 10 (2A)	-	-	-	(227.03)	(261.39)	(123.10)
Total Permanent Differences (B)	-	-	-	(227.03)	(261.39)	(123.10)
Timing Differences						
Loss/Profit on sale of Fixed Assets	-	3.42	-	2.08	17.97	-
Depreciation (Difference of IT & Book Values)	(26.72)	(25.29)	(22.29)	(60.87)	(64.18)	(56.05)
Others (43 B items & Donations)	0.65	0.36	0.34	2.20	0.20	1.09
Annuity Period Expenses	-	-	-	137.07	14.17	-
80 IA	(21.17)	(77.09)	(161.56)	(195.44)	(516.52)	(420.07)
Total Timing Differences (C)	(47.24)	(98.60)	(183.51)	(114.96)	(548.36)	(475.03)
Net Adjustments (B+C)	(47.24)	(98.60)	(183.51)	(341.99)	(809.75)	(598.13)
Tax Expenses / (Saving) thereon	(18.68)	(35.20)	(67.44)	(122.71)	(296.29)	(201.33)
Profit / (Loss) as per Income Tax returned	40.00	34.42	34.26	30.76	54.46	166.05
Taxable Income / (Loss) (D+E)	40.00	34.42	34.26	30.76	54.46	166.05
Taxable Income as per MAT	87.24	133.02	217.77	145.72	602.82	641.08
Tax as per Income Tax as Returned	15.82	12.29	17.15	11.20	47.27	53.95

ANNEXURE : II (m) : Statement of Dividend Paid

(Rs. In lakhs)

For the year ended March 31	2001	2002	2003	2004	2005	Dec. 2005
Dividends	Nil	Nil	Nil	Nil	Nil	Nil
No. of equity shares (lakhs Equity shares)	14.01	17.67	20	20	20	100
Rate of Dividend	Nil	Nil	Nil	Nil	Nil	Nil
Amount of equity dividend	Nil	Nil	Nil	Nil	Nil	Nil
Tax on equity dividend	Nil	Nil	Nil	Nil	Nil	Nil

Details of Secured Loans outstanding as on December 31, 2005
(Rs. In lakhs)

Particulars of Loan	Institution/Bank	Sanctioned Amount	Amount Outstanding	Rate of Interest	Securities Offered
1. Term Loans from Financial Institutions and Banks	HDFC Bank Ltd.	67.23	67.63	6% to 8%	Secured by way of hypothecation of Specific Assets /Vehicle purchased.
	- Citi Bank Ltd.	213.11	213.11		
	- ICICI Bank Ltd.	88.76	88.76		
	- ICICI Home Finance Co. Ltd.	126.70	70.76		
	- Standard Chartered Bank	0.80	0.80		
	- Janakalyan Sahakari Bank Ltd	20.00	-		
2. Project Specific Term Loans from Financial Institutions and Banks	The United Western Bank Ltd.	970.00	589.93	12.00%	secured by way of first charge on receivables of the project and further secured by way of Bank Guarantee of Akola Municipal Corporation for Rs. 970 Lacs.And further guaranteed by personal guarantees of promoters.
	The State Bank of India Ltd.	1,200.00	945.62	11.00%	secured by way of first charge on project specific assets And further guaranteed by personal guarantees of promoters.
3. Cash Credit facilities from Banks	The United Western Bank Ltd.	530.00	507.98	12.00%	First charge by way of hypothecation of current assets of the Company namely stock of raw materials, stock of WIP and receivables. First charge on Gross Block of the Company (other than those specifically charged to other Banks) .and collaterally secured by mortgage of fixed assets belonging to promoters and corporate guarantee of PPCSPL, PPSPL and personal guarantee of all promoters
	Bank of India	100.00	100.54	14.00%	
	Punjab National Bank	300.00	299.64	12.75%	
	Bank of Baroda	1,100.00	1067.35	13.00%	
	ICICI Bank Ltd.	100.00	109.46	13.00%	
4. Factoring facilities	Canbank Factors Ltd.	450.00	256.03	10.50%	First charge on the factored receivable of the Company and corporate guarantee of PPCSPL, PPSPL and personal guarantee of all promoters
5. Working Capital Demand Loans	The United Western Bank Ltd.	500.00	476.08	12.00%	Second Charge on Current & Fixed Assets corporate guarantee of PPSPL and personal guarantee of all promoters
6. Loan Against Time Deposit Receipt	The United Western Bank Ltd.	68.03	68.03	12.00%	Secured Against Pledge of Respective TDR
Total Secured Loans			4,861.72		

ANNEXURE III

NOTES ON ADJUSTMENTS AND SIGNIFICANT ACCOUNTING POLICIES FOR RESTATED FINANCIAL STATEMENTS

Significant Accounting Policies

The financial statements are prepared to comply in all material aspects with the applicable accounting principles in India, the accounting standards issued by the Institute of Chartered Accountants of India and the relevant provisions of "The Companies Act, 1956. The Significant Accounting Policies are as follows:-

A. Basis of Preparation of Financial Statements

The financial statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles in India and the provisions of the Companies Act, 1956.

B. Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/materialized.

C. Fixed Assets

Fixed Assets are stated at cost of acquisition, including any attributable cost for brining the asset to its working condition for its intended use, less accumulated depreciation and impairment loss.

D. Intangible Assets

Intangible Assets are stated at cost of acquisition. Computer software is amortized over a period of five years.

E. Depreciation

Depreciation on fixed assets has been provided on Straight Line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956. Depreciation @ 100% is charged on the individual assets costing less than Rs. 5000.

F. Foreign Currency Transactions

- a) Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction.
- b) Monetary items denominated in foreign currencies at the year end and not covered by forward exchange contracts are translated at year end rates and those covered by forward exchange contracts are translated at the rate ruling at the date of transaction as increased or decreased by the proportionate difference between the forward rate and exchange rate on the date of transaction, such difference having been recognized over the life of the contract. During the year under review, there was no foreign currency monetary item.

G. Investments

Current investments are carried at the lower of cost and quoted/fair value, computed category wise. Long Term Investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary in the opinion of the management.

H. Inventories

Items of inventories are measured at lower of cost or net realizable value. Cost of inventories comprise of all cost of purchase, cost of conversion and other cost incurred in bringing them to their respective present location and condition.

- i. Raw materials are valued at cost on Weighted Average Method.
- ii. The value of contracts, irrespective of whether the progress of work is below or at the reasonable extent is valued at estimated cost consisting of the costs that relate directly and that, which can be allocated to the specific contract.
- iii. Stores, spares and Fuel are carried at cost.
- iv. Purchase goods and raw materials in transit are carried at cost.
- v. Scrap is carried at net of realizable value.

I. Revenue Recognition

Construction Contract Sales: In view of revised AS -7, "Accounting for Construction Contracts" issued by "The Institute of Chartered Accountants of India", the Company is following "percentage of Completion method as stipulated. Major revenue of the Company is from the execution of Long term Fixed Price Contracts and are recognized on the basis of percentage of completion. Profit is recognized and taken as the revenue of the year only when the work on the contract has progressed to a reasonable extent.

Claim For Extra Work And Escalation: The Company's claim for extra work and escalation in rates relating to execution of contracts are reckoned in the year in which the said claims are finally accepted by the clients.

Retirement Benefits: Contribution to defined contribution scheme such a Provident Fund, Employees Pension Scheme, are charged to the Profit & Loss Account as incurred. The Company has taken comprehensive policy from the Life Insurance Corporation of India for its Gratuity liability. The yearly premium is charged to Profit and Loss account.

Taxes On Income: Current tax is determined as the amount of tax payable in respect of estimated taxable income for the year, in consultation with the tax experts.

Deferred tax is recognized, subject to the consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income, that originate in one period and are capable of reversal in one or more subsequent periods.

The management is of the opinion that majority of its projects are eligible for Deduction u/s 80IA of the Income Tax Act and hence the Provision for the same is made at 10% of actual liability as the management is of the opinion that only 10% of the Revenue shall be from non 80IA eligible projects.

The Restated Financial statements are drawn considering the effect of Deferred Tax Asset / Liability from the first year in terms of accounting Standard 22.

Sales Tax on Works Contracts:

Where the Company has contractual right to claim equal amounts regarding the said liability from the clients, the same is not charged as expenditure.

Where the ultimate liability would be on the Company, the same is accounted for provisionally as per the information and the final adjustment for the same would be done as and when the demand from concerned authorities is made on the company. During the year under review sales tax expenses incurred include amount paid on account of assessment order received during the year.

J. Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

K. Contingent Liabilities

These are disclosed by way of notes on the Balance Sheet. Provision is made in the accounts in respect of those contingencies which are likely to materialize into liabilities after the year end, till the finalization of accounts and have material effect on the position stated in the Balance Sheet.

L. ACCOUNTING STANDARDS COMPLIANCE

- AS – 1 : Disclosure of Accounting policies

The Company is following accrual basis of accounting on a going concern concept. Accounting policies are suitably disclosed as notes annexed to the Balance Sheet and Profit & Loss Account.

- AS- 2. Valuation of Inventories

As per practice consistently followed Items of inventories are measured at lower of cost or net realizable value. Cost of inventories comprise of all cost of purchase, cost of conversion and other cost incurred in bringing them to their respective present location and condition.

- AS– 3. Cash Flow Statements

Cash flow statement has been prepared under indirect method.

● **AS – 4 Contingencies and Event Occurring after the Balance Sheet Date.**

There are no contingencies and events after the Balance Sheet date that affect the financial position of the company. Subject to clause 6 of Notes to accounts.

● **AS – 5. Net profit or loss for the period, prior period items and changes in accounting policies.**

During the period under review, there are no material changes in the accounting policies and policies are consistently followed by the company.

Profit and Loss account doesn't contain any item materially affecting and having reference of prior period.

● **AS -6. DEPRECIATION ACCOUNTING**

Depreciation on fixed assets is provided on straight line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act 1956.

● **AS – 7 ACCOUNTING FOR CONSTRUCTION CONTRACTS**

Reference may be made to the point I of part 1 of Schedule 22.

Construction Contract Sales: In view of revised AS-7, "Accounting for Construction Contracts" issued by "The Institute of Chartered Accountants of India", the Company is following "percentage of Completion method as stipulated. Major revenue of the Company is from the execution of Long term Fixed Price Contracts and are recognized on the basis of percentage of completion. Profit is recognized and taken as the revenue of the year only when the work on the contract has progressed to a reasonable extent.

● **AS -8 ACCOUNTING FOR RESEARCH AND DEVELOPMENT**

Expenditure relating to capital items is debited to fixed assets and depreciated at applicable rates. Revenue expenditure is charged to Profit & Loss account of the year in which they are incurred.

	2001	2002	2003	2004	2005	Dec.2005
a) Capital Expenses	Nil	Nil	Nil	Nil	Nil	Nil
b) Revenue Expenses	Nil	Nil	Nil	Nil	Nil	Nil

● **AS – 9. REVENUE RECOGNITION.**

- Income and expenditure are accounted on going concern basis.
- Company's majority of income consist of income from Contract and hence revenue is recognized as per the guidelines laid down by AS -7.

● **AS -10. ACCOUNTING FOR FIXED ASSETS**

Fixed Assets are stated at cost of acquisition, including any attributable cost for bringing the asset to its working condition for its intended use, less accumulated depreciation and impairment loss.

● **AS -11. ACCOUNTING FOR THE EFFECTS OF CHANGES IN FOREIGN EXCHANGE RATES.**

- Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction.
- Year end monetary items denominated in foreign currencies end and not covered by forward exchange contracts are translated at year end rates and those covered by forward exchange contracts are translated at the rate ruling at the date of transaction as increased or decreased by the proportionate difference between the forward rate and exchange rate on the date of transaction, such difference having been recognized over the life of the contract. During the year under review, there was no foreign currency monetary item.

● **AS -12. ACCOUNTING FOR GOVERNMENT GRANTS**

The company has not received any government grant.

● **AS -13. ACCOUNTING FOR INVESTMENTS**

Current investments are carried at the lower of cost and quoted/fair value, computed category wise. Long Term Investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary in the opinion of the management.

● **AS -14 ACCOUNTING FOR AMALGAMATION**

This standard is not applicable to the company for the year under review.

● **AS -15 ACCOUNTING FOR RETIREMENT BENEFITS**

Contributions to defined contribution scheme such a Provident Fund, Employees Pension Scheme, are charged to the Profit & Loss Account as incurred. The Company has taken comprehensive policy from the Life Insurance Corporation of India for its Gratuity liability. The yearly premium is charged to Profit and Loss account.

● **AS -16 BORROWING COST**

All the borrowing costs are charged to revenue except to the extent they are attributable to qualifying assets which are capitalized. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. During the year there was no borrowing cost attributable to qualifying assets and hence no borrowing cost was capitalized.

● **AS -17 SEGMENT REPORTING**

The Company is dealing in only one segment namely infrastructure development segment.

● **AS -18 RELATED PARTY DISCLOSURE**

As per the accounting standard 18 issued by the Institute of Chartered Accountants of India, the company's related parties are given below:

KEY MANAGEMENT PERSONNEL (KMP)

- a. SMT. USHA B. KULKARNI – CHAIRPERSON AND DIRECTOR
- b. SHRI AJIT B. KULKARNI – MANAGING DIRECTOR
- c. SHRI VINAYAK B. KULKARNI – DIRECTOR
- d. SHRI DATTA B. KULKARNI – DIRECTOR
- e. SHRI ROHIT KATYAL – CHIEF OPERATING OFFICER
- f. SHRI RAHUL KATYAL – CHIEF MARKETING OFFICER

RELATIVES OF KEY MANAGEMENT PERSONNEL

- a. SMT. VANDANA V. KULKARNI - WIFE OF SHRI VINAYAK B. KULKARNI
- b. SMT. SUNANDA D. KULKARNI - WIFE OF SHRI DATTA B. KULKARNI
- c. SHRI SANJAY V. KULKARNI – SON OF SHRI VINAYAK B. KULKARNI
- d. MISS GEETA D. KULKARNI – DAUGHTER OF SHRI DATTA B. KULKARNI

Enterprises over which the KMP exercise significant influence and with which the company has transactions during the year ("Group")

- a. Pratibha Pipes & Structural P. Ltd.
- b. Pratibha & Heng Structural Private Limited (Formerly Known as Pratibha Ispat Pvt. Ltd.)
- c. Pratibha Ispat Private Limited (Formerly known as Chimanlal Vijaykumar Steel Private Limited).
- d. Petron Pratibha Joint Venture
- e. Unity Pratibha Joint Venture
- f. Teknoworks (INDIA)
- g. Rahul Associates

- (i) Related Party Disclosures as required under Accounting Standard - 18 "Related Party Disclosures" issued By Institute of Chartered Accountants of India for the Nine months period ended 31st December 2005 are given below :

(Rs. In lakhs)

Nature of Transaction	"Group"	KMP	Relatives of KMP
Purchase of Goods	2444.29	Nil	Nil
Sales of Goods	561.42	Nil	Nil
Labour	139.00	Nil	Nil
Remuneration paid	Nil	38.45	20.25

- (ii) Related Party Disclosures as required under Accounting Standard - 18 "Related Party Disclosures" issued By Institute of Chartered Accountants of India for the year ended 31st March 2005 are given below :

(Rs. In lakhs)

Nature of Transaction	"Group"	KMP	Relatives of KMP
Purchase of Goods	1389.87	Nil	Nil
Sales of Goods	Nil	18.42	Nil
Remuneration paid	Nil	25.89	4.15

Following are the variations compared to the Notes to accounts to Audited Balance Sheet

- Purchases of Rs. 3.45 lacs from Pratibha Heng & Structural Pvt. Ltd. were not considered in Audited Balance Sheet of 2005 & considered here.
- (iii) Related Party Disclosures as required under Accounting Standard - 18 "Related Party Disclosures" issued By Institute of Chartered Accountants of India For the year ended 31st March 2004 are given below :

(Rs. In lakhs)

Nature of Transaction	"Group"	KMP	Relatives of KMP
Purchase of Goods	1150.27	Nil	Nil
Sales of Goods	195.06	Nil	Nil
Remuneration paid	Nil	1.23	2.47

Following are the variations compared to the Notes to accounts to Audited Balance Sheet

- Purchases of Rs. 8.33 lacs from Pratibha Ispat Pvt. Ltd. were not considered in Audited Balance Sheet of 2004 & considered here.
- (iv) Related Party Disclosures as required under Accounting Standard - 18 "Related Party Disclosures" issued By Institute of Chartered Accountants of India For the year ended 31st March 2003 are given below :

(Rs. In lakhs)

Nature of Transaction	"Group"	KMP	Relatives of KMP
Purchase of Goods	1557.90	Nil	Nil
Sales	Nil	Nil	Nil
Remuneration paid	Nil	13.50	2.91
Interest	Nil	Nil	0.08
Rentals	Nil	1.35	Nil

- (v) Related Party Disclosures as required under Accounting Standard - 18 "Related Party Disclosures" issued By Institute of Chartered Accountants of India For the year ended 31st March 2002 are given below :

(Rs. In lakhs)

Nature of Transaction	"Group"	KMP	Relatives of KMP
Purchase of Goods	881.16	Nil	Nil
Sales of Goods	78.33	Nil	Nil
Interest	Nil	Nil	4.47
Remuneration paid	Nil	13.50	2.46
Rentals	Nil	1.60	Nil

- (vi) Related Party Disclosures as required under Accounting Standard - 18 "Related Party Disclosures" issued By Institute of Chartered Accountants of India For the year ended 31st March 2001 are given below :

(Rs. In Lakhs)

Nature of Transaction	"Group"	KMP	Relatives of KMP
Purchase of Goods	393.29	Nil	Nil
Sales of Goods	564.22	Nil	Nil
Interest	Nil	Nil	6.53
Remuneration paid	Nil	13.50	2.46
Rentals	Nil	1.80	Nil

● **AS -19 Leases:**

The company has received a rent for the lease of its premises as under :

(Rs. In Lakhs)

2001	2002	2003	2004	2005	Dec.2005
4.33	1.10	0.60	0.70	1.60	1.21

However the said lease is for a short term period and its continuity is not certain.

● **AS -20 Earning per share**

Disclosure is made in Profit & Loss Account as per the requirement of the standard.

● **AS -21 Consolidated Financial Statements**

The company does not have any subsidiary and hence this standard on presenting consolidated financial statements does not arise. However Company does have joint venture, governed by AS -27, wherein as the reference is made of AS -21. As per the requirement of AS -27, Consolidation of joint ventures is made.

● **AS-22 Accounting for Taxes on Income**

Deferred tax is recognized, subject to the consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income, that originate in one period and are capable of reversal in one or more subsequent periods.

The management is of the opinion that majority of its projects are eligible for Deduction u/s 80IA of the Income Tax Act and hence the Provision for the same is made at 10% of actual liability as the management is of the opinion that only 10% of the revenue shall be from non 80IA eligible projects.

● **AS -23 Accounting for Investments in Associates in Consolidated Financial Statements.**

As per the guidelines of the Accounting Standard 23, investments in associates in consolidated financial statements have been accounted as per the guidelines issued in Accounting Standard 13. (ACCOUNTING FOR INVESTMENTS)



- **AS -24 Discontinuing Operation**

The company has not discontinued any operations during the year.

- **AS -25 Interim Financial Reporting**

Company being closely held company and not listed on any stock exchange, this standard is not applicable to the Company.

- **AS-26 Intangible Assets**

Intangible Assets are stated at cost of acquisition. Computer software is amortized over a period of five years.

- **AS-27 Financial Reporting of Interest in Joint Ventures**

The investments in joint venture are governed by the AS-27 "Financial Reporting of Interest in Joint Venture" issued by the Institute of Chartered Accountants of India. During the year under review there were two active investments in the joint venture namely **1. Petron Pratibha Joint Venture** and **2. Unity Pratibha Multimedia Joint Venture**. As per para 1 of AS 27,

This statement should be applied in accounting for interests in joint ventures and the reporting of joint venture assets, liabilities, income and expenses in the financial statements of ventures and investors, regardless of the structures or forms under which the joint venture activities take place.

Accordingly income, expenses assets and liabilities are incorporated in the consolidated balance sheet of the Pratibha Industries Ltd.

- **AS-28 IMPAIRMENT OF ASSETS**

The Company has not carried out the exercise of deriving Actuarial valuation of Fixed assets in the past five years, hence the application of this accounting standard is not possible for the want of such valuation. Further, the Management has decided to provide for the loss due to impairment of assets at the end of the financial year hence such provision is not incorporated in the Nine Months financial statements ended 31st December, 2005

Notes on Accounts

1. The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary.
2. On account of prudence and as originally recommended by Accounting Standard 26 on "Intangible Assets", issued by the Institute of Chartered Accountants of India, expenditure on Computer Software will be to the Profit and Loss Account amortized over 5 years.
3. Balances of Debtors, Creditors, Loan and Advances, Unsecured Loan are subject to confirmation, reconciliation adjustment if any. In the opinion of the Directors, the Current Assets, Loan and Advances will realize the value stated in the Balance sheet if realized in the ordinary course of the Business.
4. Contingent Liability

(Rs. In lakhs)

	2001	2002	2003	2004	2005	Dec. 2005
a) On Letter of Credit Opened by Banks	Nil	Nil	Nil	339.00	2882.53	2087.87
b) On Guarantee given by Banks	Nil	1281.88	1809.26	2867.57	3562.93	5860.74
c) Corporate Guarantee	Nil	Nil	1204.21	2073.11	5895.00	2200.00

(Security offered as margin for the above facilities are not reduced)

5. Annuity Interest Reserve

In the Year 2004, The company entered into an agreement with Akola Municipal Corporation wherein the company has been awarded construction and maintenance of road in the Akola city on deferred payment basic. The payment from Akola Municipal Corporation will be effected in 120 monthly installments (i.e. 10 yrs.). The company has taken project specific loan from the bank. As per terms of sanction this amount is repayable within a period of 10 years. Hence the company has to incur the interest burden for the period of 10 years. However the project is scheduled to be completed within 18 months and all the revenue will be received. By providing for annuity reserve, the company has followed the matching concept principal of accounting. As per the principal of matching concept, the revenue for the period/project is matched with the amount spends to earn that revenue.

However, the management has decided not to provide for annuity reserve for the current period on nine months. To the extent the profits are understated.

6. Payment to Auditors:

	2001	2002	2003	2004	2005	Dec. 2005
i). Tax Audit fees	36000	36000	36000	50000	55100	41325
ii). Audit Fees	60000	60000	60000	10000	11020	8265
iii). In Any Other Capacity	54000	54000	54000	90000	91180	62910

7. Investments are carried in the books at cost. The Directors are of the opinion that the investment would realize the invested amount on sale and accordingly no provision for diminution in value of share is made.
8. Donation made by the Company are within the limits prescribed u/s. 293(1) (e) of the Companies Act 1956.
9. Sundry Creditors include amount payable to Small Scale Industrial (SSI) Units. Small Scale Industrial Units for whom outstanding is more than Rs. 1 Lacs and above 30 days are the ones which have not fallen due for payment as payment terms is more than 30 days.
10. There was a Search and Seizure action by the Income Tax Department in the case of the Company, Sister Concern and Directors of the Company on 17th and 18th February 2005. During the Course of the search action, Cash worth Rs. 35.00 Lacs was found at the premises of the Company and the same was seized by the Income Tax Department. The total Declaration made during the search was Rs. 300 Lacs. In case of the company the declaration out of the above 300.00 Lacs, was Rs. 196.00 Lacs in case of Cessation of Liabilities and Rs. 35.00 Lacs of cash seized on account of Income from other Sources. The Company has paid the Tax Due on the Declaration.

11. Foreign Exchange earnings & Outgo

(Rs. In Lakhs)

	2001	2002	2003	2004	2005	Dec. 2005
Earnings	Nil	Nil	Nil	Nil	Nil	Nil
Outgo	Nil	Nil	Nil	4.53	0.48	1.17

As per our report on even date

**As per our report on even date
For Jayesh Sanghrajka & Co.
Chartered Accountants**

For & on Behalf of Board of Directors

**Jayesh Sanghrajka
Partner**

**Ajit B. Kulkarni
Managing Director**

**Usha B. Kulkarni
Chairperson & Director**

**Mumbai
Date: January 19, 2006**



Pratibha Industries Limited

ANNEXURE : IV : Summary of Consolidated Assets and Liabilities as Restated

(Rs. In Lakhs)

	For the year March 31	2001	2002	2003	2004	2005	Dec.2005
	Fixed Assets						
	Gross Block	362.40	448.60	488.61	865.23	995.25	1440.50
	Less:Depreciation	35.26	56.79	83.19	117.30	153.34	198.61
	Net Block	327.14	391.82	405.42	747.93	841.91	1241.89
	Capital Work in Progress	0.00	0.00	0.00	0.00	0.00	0.00
A	Total	327.14	391.82	405.42	747.93	841.91	1241.89
B	Investments	106.42	106.43	18.70	48.70	48.70	68.38
C	Deferred Tax Assets	0.00	0.00	0.00	0.00	0.00	0.00
	Current Assets						
	Inventories	298.88	509.72	344.82	1600.66	2766.74	2786.38
	Sundry Debtors	168.08	344.12	632.23	2242.87	4291.11	3751.40
	Cash and Bank Balances	35.55	176.33	6.63	112.93	120.15	123.98
	Loans & Advances	603.65	501.02	818.88	1617.70	2619.35	3657.89
D	Total	1106.16	1531.20	1802.56	5574.16	9797.34	10319.65
E	Total Assets (A+B+C+D)	1539.71	2029.44	2226.68	6370.78	10687.95	11629.92
	Less:Liabilities & Provisions						
	Secured Loans	264.09	432.11	410.57	2242.42	3552.75	5826.49
	Unsecured Loans	42.59	0.10	0.00	0.00	193.45	0.00
	Deferred Tax Liabilities	2.23	3.13	3.95	6.13	9.62	20.75
	Current Liabilities	891.09	1090.14	1025.94	2907.44	5027.70	3182.00
	Provision for taxation	16.76	13.24	18.91	13.76	50.00	49.53
F	Total Liabilities	1216.76	1538.72	1459.37	5169.76	8833.53	9078.77
	NET WORTH (E-F)	322.95	490.72	767.31	1213.02	1854.42	2551.15
	REPRESENTED BY						
G	Share Capital	140.08	176.66	200.00	200.00	200.00	1000.00
	Reserves & Surplus	183.79	314.75	567.77	1013.25	1654.42	1551.15
	Less: Misc Expenditure	0.92	0.69	0.46	0.23	0.00	0.00
H	Net Reserves & Surplus	182.88	314.06	567.31	1013.02	1654.42	1551.15
	NET WORTH (G+H)	322.96	490.72	767.31	1213.02	1854.42	2551.15

Notes

- Fixed Deposits are RECLASSIFIED as non- cash balance items in the year 2004 & 2005 to be in line with 2001, 2002, 2003

Pratibha Industries Limited

ANNEXURE : V : Summary of Consolidated Profit and Loss Account, as Restated

(Rs. In Lakhs)

	Year ended March 31	2001	2002	2003	2004	2005	Dec.2005
	Income						
	Contract Receipts	2926.78	3512.48	4255.14	8179.78	12139.45	10518.57
	Other Income	17.06	3.62	6.25	2.15	3.76	7.92
	Total	2943.84	3516.10	4261.40	8181.92	12143.21	10526.49
	Expenditure						
	Construction Expenditure	2586.45	3113.93	3730.57	7000.83	10048.51	8494.23
	Personnel Expenses	42.37	34.14	44.31	75.11	145.34	161.82
	Administrative & other Expenses	101.90	123.99	140.64	383.50	497.00	470.97
	Share of JV partner	0.00	0.00	0.00	17.49	22.02	11.24
	Total	2730.72	3272.06	3915.52	7476.93	10712.88	9138.26
	Operating profit before interest, Depreciation Amortization, Prior period Expenses	213.12	244.04	345.87	704.99	1430.34	1388.23
	Interest and Finance Charges	106.15	88.32	101.47	295.43	519.36	577.02
	Depreciation	19.50	22.46	26.40	36.59	46.53	45.27
	Amortization	0.23	0.23	0.23	0.23	0.23	0.00
	Operating profit before Prior period Exp	87.24	133.03	217.77	372.75	864.21	765.94
	Prior period Expenses	0.00	0.00	0.00	0.00	0.00	0.00
	Profit before Tax & Extraordinary items	87.24	133.02	217.77	372.75	864.21	765.94
	Current Tax	15.82	12.29	17.15	12.00	50.00	43.88
	Deferred Tax	0.00	0.00	8.19	0.00	3.49	11.13
	Fringe Benefit Tax	0.00	0.00	0.00	0.00	0.00	11.55
A	NP after Tax before Extraordinary items	71.42	120.73	192.42	360.75	810.72	699.38
	Add:Tax provision for earlier years w/back	0.00	17.17	0.00			
	Add:Deferred tax reversed				4.20		
	Less: Tax paid for earlier year					1.76	
	NP after Tax & Extraordinary items	71.42	137.90	192.42	364.94	808.97	699.38

(Rs. In Lakhs)

	Year ended March 31	2001	2002	2003	2004	2005	Dec.2005
B	Impact of material adjustments for restatement in corresponding years						
	Add / (Less) : Write Back of Liability	6.34	11.13	54.03	86.92	(172.21)	0.00
	Add / (Less) : Deferred Tax	(1.06)	(0.90)	(0.82)	(2.18)	(3.49)	0.00
	Add / (Less) : Deferred Tax Provided earlier now Reversed			8.19	(4.20)	3.49	0.00
	Add / (Less) : Tax adjustments	0.00	(17.17)	(0.81)	0.00	1.76	0.00
	Add / (Less) : Others	0.00	0.00	0.00	0.00	2.65	(2.65)
	Adjusted Profit(A+B)	76.71	130.95	253.02	445.48	641.17	696.73
	C/F Profit from previous Year	107.09	183.79	314.75	567.77	1013.25	1654.42
	Total	183.79	314.75	567.77	1013.25	1654.42	2351.15
	Appropriations	0.00	0.00	0.00	0.00	0.00	800.00
	General Reserve	0.00	0.00	0.00	0.00	0.00	0.00
	Profit/(Loss) C/F to Balance sheet	183.79	314.75	567.77	1013.25	1654.42	1551.15

Notes:

- 1 The Interest Income was netted off against the Interest Expenses as both are inter-related. This was done in the years 2004-2005. However, the Profit & Loss accounts for the years 2001, 2002 & 2003 show them separately. In the Restated Profit & Loss Account, The Interest Income is netted out with Interest expenses to bring in line with the treatment already given in the years 2004 & 2005
- 2 The Interest Income was netted off against the Interest Expenses as both are inter-related. This was done in the years 2004-2005. However, the Profit & Loss accounts for the years 2001,2002 & 2003 show them separately. In the Restated Profit & Loss Account, The Interest Income is netted out with Interest expenses to bring in line with the treatment already given in the years 2004 & 2005
- 3 Provision for Taxation for the year 2001, includes the amount of Rs.17.17 lacs which represented excess provision made for Income tax. The same is reduced & the effect is given as per P & L account
- 4 Income Tax of earlier Years debited to P & L Appropriation A/c. in the year relates to tax liability to the tune of Rs. 0.81 lacs in 2002-03 & Rs. 0.95 lacs to 1997-1998
- 5 Others include Interest earned on Income Tax refund for F. Y. 2003-2004 which relates to the period covered by F.Y. 2004-05

ANNEXURE : PROFIT AND LOSS ACCOUNT AS AT APRIL 1, 2000 (RESTATED)

(Rs. In Lakhs)

Profit and Loss Account as at April 1, 2000 (Audited)	78.25
Deferred Tax	(1.17)
Tax Adjustments	17.17
Tax Adjustments	(0.95)
Write Back off liability	13.79
Profit and Loss Account as at April 1, 2000 (Restated)	107.09

Pratibha Industries Limited
ANNEXURE : V (a) : Summary of Cash Flow
(Rs. In Lakhs)

	For year ended March 31	2001	2002	2003	2004	2005	Dec.2005
	Consolidated Cash Flow						
A	Cash Flow From Operating Activities						
	Profit before Tax & Extraordinary items	87.24	133.02	217.77	372.75	864.21	765.94
	Adjustment for:						
	Depreciation	19.50	22.46	26.40	36.59	46.53	45.27
	Profit/Loss on sale of Fixed Assets	0.00	3.42	0.00	2.08	17.97	0.00
	Excess Tax Provision /Def Tax Liability	0.00	17.17	0.00	4.20	0.00	0.00
	Preliminary Expenses W/off	0.23	0.23	0.23	0.23	0.23	0.00
	Finance Charges	106.15	88.32	101.47	295.43	519.36	577.02
	Dividend Received	0.00	0.00	(0.00)	(0.00)	(0.00)	0.00
	Interest Received	0.00	0.00	0.00	0.00	0.00	0.00
	Operating Profit before Working Capital						
	Changes	213.12	264.61	345.87	711.27	1448.30	1388.23
	Adjustment for						
	Inventories	(139.40)	(210.84)	164.90	(1255.84)	(1166.08)	(19.64)
	Sundry Debtors	127.41	(176.05)	(288.11)	(1610.64)	(2048.24)	539.71
	Loans & Advances	(363.06)	102.63	(317.86)	(798.82)	(999.00)	(1038.54)
	Sundry Creditors & other liabilities	155.06	65.05	134.96	1956.42	1960.06	(1845.70)
	Provisions for Taxation	2.55	(20.70)	4.86	(5.15)	38.00	(0.47)
	Deferred Tax Liability	0.00	0.00	8.19	(4.20)	3.49	11.13
	Less: Direct Taxes paid	15.82	12.29	25.34	12.00	55.25	69.21
	Net Cash from Operation	(20.14)	12.42	27.48	(1018.95)	(818.71)	(1034.50)
B	Cash Flow From Investment Activities						
	Addition to Fixed Assets	(63.74)	(93.51)	(40.00)	(383.03)	(187.91)	(445.25)
	Deletion to Fixed Assets (net)	0.00	2.95	0.00	1.85	29.42	0.00
	Redemption/(Purchase) of investments	0.00	(0.01)	87.73	(30.00)	(0.00)	(19.68)
	Dividend Received	0.00	0.00	0.00	0.00	0.00	0.00
	Interest Received	0.00	0.00	0.00	0.00	0.00	0.00
	Net cash used in investing activities	(63.74)	(90.57)	47.73	(411.18)	(158.49)	(464.93)

(Rs. In Lakhs)

	For year ended March 31	2001	2002	2003	2004	2005	Dec.2005
C	Cash Flow from Financing Activities						
	Proceeds from issue of Share Capital	0.00	36.58	23.34	0.00	0.00	0.00
	Proceeds from Long Term Borrowings	15.00	151.41	19.00	1270.31	787.28	2273.74
	Proceeds from Short Term Borrowings	(8.21)	119.25	(185.78)	561.54	716.49	(193.45)
	Finance Charges paid (Net)	(106.15)	(88.32)	(101.47)	(295.43)	(519.36)	(577.02)
	Net cash from Financing Activities	(99.37)	218.92	(244.91)	1536.43	984.41	1503.27
D	Net Increase in Cash & Cash Equivalents						
	(A+B+C)	(183.24)	140.78	(169.70)	106.30	7.21	3.84
	Opening Cash & Cash Equivalent	218.79	35.55	176.33	6.63	112.93	120.14
	Closing Cash & Cash Equivalent	35.55	176.33	6.63	112.93	120.14	123.98

Pratibha Industries Limited

CONSOLIDATED DETAILS

ANNEXURE : V (b) : DETAILS OF SECURED LOANS

(Rs. In Lakhs)

For the year ended March 31	2001	2002	2003	2004	2005	Dec.2005
Term Loans						
From Financial Institutions & Banks						
1 Ashok Leyland Finance	2.34	0.78	0.00	0.00	0.00	0.00
2 Centurian Bank Ltd.	40.27	17.31	0.00	0.00	0.00	0.00
3 Mahindra & Mahindra Finance Services Ltd.	2.23	0.79	0.00	0.00	0.00	0.00
4 Shree International Finance Ltd.	11.85	0.00	0.00	0.00	0.00	0.00
5 HDFC Bank Ltd.	0.00	1.61	0.62	0.00	87.14	67.63
6 Citi Bank Ltd.	0.00	0.00	0.00	11.79	3.24	213.11
7 ICICI Bank Ltd.	0.00	0.00	0.00	124.68	74.41	88.76
8 ICICI Home Finance Co. Ltd.	0.00	0.00	0.00	102.43	84.74	70.76
9 Standard Chartered Bank.	0.00	0.00	0.00	3.95	2.20	0.80
10 Janakalyan Sahakari Bank Ltd	0.00	9.69	44.54	0.00	12.54	0.00
Sub Total	56.69	30.18	45.16	242.85	264.27	441.06

Project Specific Term Loans

From Financial Institutions & Banks

1 The United Western Bank Ltd.	0.00	0.00	0.00	387.87	749.81	589.93
2 State Bank OF India	0.00	0.00	0.00	0.00	0.00	945.62
3 SICOM Ltd	0.00	0.00	0.00	684.75	1038.86	964.64
Sub Total	0.00	0.00	0.00	1072.62	1788.67	2500.19

Cash Credit Accounts

From Banks

1 The United Western Bank Ltd.	207.40	181.52	140.87	349.07	387.41	576.14
2 Punjab National Bank	0.00	0.00	0.00	199.62	297.03	299.64
3 Bank of Baroda	0.00	0.00	0.00	99.81	98.34	1067.35
4 Bank of India	0.00	0.00	0.00	0.00	91.07	100.54
5 ICICI Bank Ltd.	0.00	0.00	0.00	96.33	98.99	109.46
Sub Total	207.40	181.52	140.87	744.83	972.84	2153.13
Factoring Facilities	0.00	0.00	0.00	127.12	422.15	256.03
Working Capital Demand Loan	0.00	220.41	224.54	55.00	104.82	476.08
Total Secured Loans	264.09	432.11	410.57	2242.42	3552.75	5826.49



Notes:

- 1 Term Loans : Secured by way of hypothecation of Specific Assets /Vehicle purchased.
- 2 Project Specific Term Loan :
 - I. Project Specific Term Loan from United Western Bank represent term loan taken by the Company for executing "Deferred Payment project" of Akola Municipal Corporation. This loan is secured by way of first charge on receivables of the project and further secured by way of Bank Guarantee of Akola Municipal Corporation for Rs.801 Lacs. And further guaranteed by personal guarantees of Promoters.
 - II. Project specific loan availed from State Bank of India is secured by hypothecation of current assets of the project, This loan is further secured by the personal guarantees of the promoters of the Company for executing MGL-II project of MCGM.
 - III. Sicom loan is secured by receivables of Petron Pratibha Joint Venture from Pune Municipal Corporation and mortgage of Companies office premises at Shrikant Chambers.
- 3 Cash Credit Accounts : Secured against
 - I. First charge by way of hypothecation of current assets of the Company namely stock of raw materials, stock of WIP and receivables (other than those specifically charged to other Banks).
 - II. First charge on Gross Block of the Company (other than those specifically charged to other Banks) .and collaterally secured by mortgage of fixed assets belonging to Promoters of the Company.
 - III. These facilities are further secured by Corporate Guarantees of Pratibha Pipes & Structural P Ltd Pratibha Precast Concrete Industries P Ltd, and personal guarantees of Promoters.
- 4 Factoring Facility : Secured against
 - I. First charge on receivables of the company factored with Canbank Factors Ltd.
 - II. These facilities are further secured by Corporate Guarantees of Pratibha Pipes & Structural P Ltd Pratibha Precast Concrete Industries P Ltd, and personal guarantees of Promoters.
- 5 Working Capital Demand Loan represent loan availed from the United Western Bank Ltd .to finance our requirement to furnish EMD to various clients & Corporate loan availed from United Western Bank. This loan is Further secured by corporate Guarantees of Pratibha Pipes & Structural Pvt Ltd & personal guarantee of all promoters of the Company.
- 6 Creditors under LC for RS. 145.13 lacs were included in the Cash Credit Limit from United Western bank Ltd. in the year 2002. They have been reclassified under Sundry Creditors as is done in the years 2003,2004 & 2005.

UNSECURED LOANS

Details of Unsecured Loans are as follows

(Rs. In Lakhs)

	For the year ended March 31	2001	2002	2003	2004	2005	Dec.2005
1	From Directors / Promoter Group / Related Party	0.65	0.00	0.00	0.00	193.45	0.00
2	From Shareholders & Relatives	41.94	0.10	0.00	0.00	0.00	0.00
Total Unsecured Loans		42.59	0.10	0.00	0.00	193.45	0.00

ANNEXURE : V (c) : LOANS AND ADVANCES
(Rs. In Lakhs)

	For the year ended March 31	2001	2002	2003	2004	2005	Dec.2005
1	Advances to be received in cash or kind or for value to be received	146.77	68.29	106.42	261.40	335.55	701.94
	(incl mobilisation advance;advances to creditors,staff and others)						
2	Advance Income tax	0.00	0.00	0.00	0.00	35.00	35.00
Total as per Audited Statement		146.77	68.29	106.42	261.40	370.55	736.94

ANNEXURE : V (d) : OTHER CURRENT ASSETS
(Rs. In Lakhs)

	For the year ended March 31	2001	2002	2003	2004	2005	Dec.2005
1	Fixed Deposits with Bank	211.00	158.71	311.43	590.65	915.01	1201.682
2	Deposits with Govt Authorities and others	190.41	204.93	341.97	662.12	1132.23	1525.44
3	T.D.S.	55.46	69.08	59.07	89.66	147.07	103.56
4	Prepaid Expenses	0.00	0.00	0.00	13.86	51.84	60.01
5	Sales tax Refund Due	0.00	0.00	0.00	0.00	0.00	30.25
6	Interest on IT Refund	0.00	0.00	0.00	0.00	2.65	0.00
Total		456.88	432.73	712.46	1356.30	2248.80	2920.95

ANNEXURE : V (e) : SUNDRY DEBTORS
(Rs. In Lakhs)

	For the year ended March 31	2001	2002	2003	2004	2005	Dec.2005
	Debts outstanding for a period exceeding six months (considered good)	4.36	4.36	15.69	8.44	1458.62	930.27
	Debts outstanding for a period not exceeding six months (considered good)	163.71	339.76	616.54	2234.43	2832.49	2821.13
Total Sundry Debtors		168.08	344.12	632.23	2242.87	4291.11	3751.40

Note : Debtors outstanding for a period exceeding six months for the Year 2005, include the outstandings on account of Akola Project (From Akola Municipal Corporation) which is under Deferred Payment Scheme. The Outsatnding in relation to afore said is Rs. 961.95 lacs backed by Bank Guarantee of Rs.711 lacs. Balance as on 31.12.2005 is Rs.792.00 Lacs.



ANNEXURE : V (f) : SUMMARY OF INVESTMENTS

(Rs. In Lakhs)

For the year ended March 31	2001	2002	2003	2004	2005	Dec.2005
Equity Shares						
Unquoted Shares of Jankalyan Sahakari Bank Ltd	0.00	0.01	0.01	0.01	0.01	0.01
Unquoted Shares of Abhudaya Bank Ltd	0.27	0.27	0.27	0.27	0.27	0.27
Unquoted Shares of Greater Bombay Co-op Bank	0.00	0.00	0.00	0.00	0.00	0.00
Bonds / others	0.00	0.00	0.00	25.00	25.00	25.00
National Saving Certificates	0.15	0.15	0.15	0.15	0.15	0.15
Subsidiary / Group Companies *						
Unquoted (Share Application) in Pratibha Pipes	106.00	106.00	18.27	18.27	18.27	18.27
Unquoted Shares of Chimanlal Vijaykumar Steel	0.00	0.00	0.00	5.00	5.00	4.25
Unquoted Shares of Mukhtangan Developers Pvt Ltd	0.00	0.00	0.00	0.00	0.00	20.00
Gold	0.00	0.00	0.00	0.00	0.00	0.44
Total	106.42	106.43	18.70	48.70	48.70	68.38
Aggregate Book Value of quoted investment	Nil	Nil	Nil	Nil	Nil	0.44
Aggregate Market Value of quoted investments	Nil	Nil	Nil	Nil	Nil	0.40
Aggregate Book Value of un-quoted investments	106.42	106.43	18.70	48.70	48.70	67.94

ANNEXURE : V (g) : CURRENT LIABILITIES

(Rs. In Lakhs)

For the year ended March 31	2001	2002	2003	2004	2005	Dec.2005
Sundry Creditors	466.48	578.44	663.74	882.25	1406.78	1001.68
Creditors under Bills of Exchange	44.60	145.13	134.74	944.03	2410.78	1077.01
Provision for Expenses *	3.00	2.07	4.39	6.61	11.21	18.60
Sales Tax payable	0.00	0.00	0.00	28.24	0.00	0.00
TDS payable	2.54	5.41	2.30	6.33	13.37	7.02
Works Contract Tax payable	0.00	0.00	0.00	15.50	6.40	2.73
Security Deposits & Mobilisation	287.31	175.15	226.19	938.32	900.77	802.40
Secured & Other Advances	107.29	215.21	79.88	50.65	25.31	15.26
Annuity period expenses reserve	0.00	0.00	0.00	178.22	213.56	206.52
Minority Interest in JV	0.00	0.00	0.00	17.49	39.52	50.78
Total	911.22	1121.40	1111.23	3079.65	5027.70	3182.00
Adjustments						
Write Back of Deposits & Advances	(20.13)	(31.26)	(85.29)	(172.21)	0.00	0.00
Restated Current Liabilities	891.09	1090.14	1025.94	2907.44	5027.70	3182.00

Note : The Write Back off Deposits & advances which were no longer payable was done in the year 2005, the same is restated to the year to which the liability relates

ANNEXURE : V (h) : Statement giving details of other Income
(Rs. In Lakhs)

For the year ended March 31	2001	2002	2003	2004	2005	Dec.2005
Sources of Income						
(a) Non Recurring - Not Related to Business						
Interest on Income Tax refund	0.00	0.00	5.04	1.29	2.16	2.65
Miscellaneous Receipts	0.00	0.57	0.01	0.00	0.00	0.00
(b) Non Recurring - Related to Business						
Brokerage received	0.00	0.00	0.20	0.00	0.00	0.00
Service charges received	12.73	1.09	0.40	0.16	0.00	0.00
Insurance claim received	0.00	0.85	0.00	0.00	0.00	0.00
Interest received from others	0.00	0.00	0.00	0.00	0.00	4.06
(c) Recurring - Not Related to Business						
Rent received	4.33	1.10	0.60	0.70	1.60	1.21
Total	17.06	3.62	6.25	2.15	3.76	7.92
Net Profit before Tax as restated	76.71	130.95	253.02	445.48	641.17	696.73
Percentage %	22.23%	2.76%	2.47%	0.48%	0.59%	1.14%

Note : The classification of Income into recurring and non recurring is based on the current operations and business activity of the company. Interest Income in the year 2001, 2002 & 2003 is netted off to Interest Expenses as in the years 2004 & 2005. Other Income in the Profit & loss Account includes Share of Profit from Joint Venture of Rs. 227.02 lacs in the year 2004 & Rs. 261.39 lacs in the year 2005 which on account of Contract Receipts, which is the main line of Activity of the company & hence not considered as other Income in the statement.

ANNEXURE : V (i) : CONTINGENT LIABILITIES NOT PROVIDED FOR
(Rs. In Lakhs)

For the year ended March 31	2001	2002	2003	2004	2005	Dec.2005
Bank Guarantees/Letters of Credit issued by the Banks on behalf of the Company	0.00	1281.88	1809.26	3206.57	7016.88	7948.61
Corporate Guarantees issued by the company on behalf of its subsidiaries/group	0.00	0.00	1204.21	2073.11	5895.00	2200.00
Claims against the company not acknowledged as debt (As Certified By the Management)	0.00	0.00	0.00	0.00	0.00	0.00
Total	0.00	1281.88	3013.47	5279.68	12911.88	10148.61



ANNEXURE : V (j) : SUMMARY ACCOUNTING RATIOS

For the year ended March 31		2001	2002	2003	2004	2005	Dec.2005
1	Adjusted profit to Income from Operations %	2.61%	3.72%	5.94%	5.44%	5.26%	6.62%
2	Basic EPS	5.48	10.46	14.36	22.27	32.06	6.97
3	Diluted EPS	5.48	10.46	14.36	22.27	6.41	6.97
4	Cash EPS	6.51	11.34	12.39	20.08	42.77	7.42
5	Return on Net Worth (%)	23.75%	26.69%	32.97%	36.72%	34.58%	27.31%
6	Net Asset Value per Share	23.05	34.66	43.40	60.65	92.72	25.51
Weighted Average No. of Equity Shares (Basic)		14.01	14.16	17.68	20.00	20.00	100.00
Weighted Average 'No. of Equity Shares (Diluted)		14.01	14.16	17.68	20.00	100.00	100.00

Note : Bonus Shares to the tune of 80 lakh shares were issued at the AGM on 21.06.2005, the same are considered while computing Diluted EPS

Pratibha Industries Limited
Consolidated Details of Secured Loans outstanding as on December 31, 2005

Particulars of Loan	Institution/Bank	Sanctioned Amount	Amount Outstanding	Rate of Interest	Securities Offered
1. Term Loans from Financial Institutions and Banks	HDFC Bank Ltd.	67.23	67.63	6% to 8%	Secured by way of hypothecation of Specific Assets /Vehicle purchased.
	- Citi Bank Ltd.	213.11	213.11		
	- ICICI Bank Ltd.	88.76	88.76		
	- ICICI Home Finance Co. Ltd.	126.70	70.76		
	- Standard Chartered Bank	0.80	0.80		
2. Project Specific Term Loans from Financial Institutions and Banks	The United Western Bank Ltd.	970.00	589.93	12.00%	secured by way of first charge on receivables of the project and further secured by way of Bank Guarantee of Akola Municipal Corporation for Rs. 970 Lacs.And further guaranteed by personal guarantees of promoters.
	The State Bank of India Ltd.	1,200.00	945.62	11.00%	secured by way of first charge on project specific assets And further guaranteed by personal guarantees of promoters.
	SICOM Ltd	2,200.00	964.77	11.50%	Sicom loan is secured by receivables of Petron Pratibha Joint Venture from Pune Municipal Corporation and mortgage of Company'soffice premises at Shrikant Chambers.
3. Cash Credit facilities from Banks	The United Western Bank Ltd.	530.00	507.98	12.00%	First charge by way of hypothecation of current assets of the Company namely stock of raw materials, stock of WIP and receivables. First charge on Gross Block of the Company (other than those specifically charged to other Banks) .and collaterally secured by mortgage of fixed assets belonging to promoters and corporate guarantee of PPCSPL, PPSPL and personal guarantee of all promoters

Particulars of Loan	Institution/Bank	Sanctioned Amount	Amount Outstanding	Rate of Interest	Securities Offered
	Bank of India	100.00	100.54	14.00%	
	Punjab National Bank	300.00	299.64	12.75%	
	Bank of Baroda	1,100.00	1067.35	13.00%	
	ICICI Bank Ltd.	100.00	109.46	13.00%	
4. Factoring facilities	Canbank Factors Ltd.	450.00	256.03	10.50%	First charge on the factored receivable of the Company and corporate guarantee of PPCSPL, PPSPL and personal guarantee of all promoters
5. Working Capital Demand Loans	The United Western Bank Ltd.	500.00	476.08	12.00%	Second Charge on Current & Fixed Assets corporate guarantee of PPSPL and personal guarantee of all promoters
6. Loan Against Time Deposit Receipt	The United Western Bank Ltd.	68.03	68.03	12.00%	Secured Against Pledge of Respective TDR
Total Secured Loans		5,826.49			

II. FINANCIAL INFORMATION OF GROUP COMPANIES AND JOINT VENTURES

1) PRATIBHA PIPES & STRUCTURAL PRIVATE LIMITED (PPSPL)

PPSPL was incorporated on 22nd May, 1996 to undertake manufacturing of Submerged Arc Welded (SAW) Pipes with installed capacity of 24,000MT PA. The company has its registered office at 101, Usha Kamal, 574, Chembur Naka, Chembur, Mumbai 400071. PPSPL is also engaged in the business of manufacture of unfired coded pressure vessels. The unit is located at Plot No.424 Village Kondla, Taluka Wada, and Dist. Thane. The plant is well equipped with modern and sophisticated machinery to produce superior quality Longitudinally Welded SAW Pipes in accordance with AWWA, BS, IS, and ASME standards. The manufacturing facilities are approved by leading third party inspection agencies, Chief Controller of Explosives (CCOE), Government of India.

The Board of the Directors of the Company includes

1. Mr.Ajit B. Kulkarni
2. Mrs.Usha B. Kulkarni
3. Mr. Datta B. Kulkarni
4. Mr.Rohit R. Katyal

Shareholding Pattern of PPSPL

As on the date, the paid up Equity Capital of Rs 79,00,000 is divided in to 7,90,000 Equity Shares of Rs. 10/- each and the same is owned as follows

Name of the Shareholders	No. of Shares	% of Shareholding
Mrs. Usha B Kulkarni	233300	29.53%
Mr. Ajit B. Kulkarni	107600	13.62%
Mrs. Samidha A. Kulkarni	66500	8.42%
Mr. Ramdas Kulkarni	15000	1.90%
Mrs. Radha R Kulkarni	12500	1.58%
Mr. Shyam Kulkarni	2500	0.32%
Mr. Datta B. Kulkanri	127350	16.12%
Mrs. Sunanda D. Kulkarni	10000	1.27%
Miss. Yogini Kulkarni	2000	0.25%
Miss. Geeta Kulkarni	2000	0.25%
Mr. Vinayak B. Kulkarni	122250	15.47%
Mrs. Vandana V. Kulkarni	10000	1.27%
Mr. Sanjay V.Kulkarni	4000	0.50%
Mr. Rohit R. Katyal	37500	4.75%
Mr. Rahul R. Katyal	33500	4.25%
Mrs. Renu R. Katyal	4000	0.50%
Total	790000	100.00%



The summary of financial performance of PPSPL for the last 3 years is given below:

(Rs. In Lakhs)

Year End March 31,	2003	2004	2005
Sales	4542.56	6115.15	7033.38
Net Profit after Tax	121.46	152.85	153.05
Equity Capital	79.00	79.00	79.00
Share Application Money	109.50	109.50	109.50
Reserves & Surplus	449.59	602.44	755.50
Net Worth	528.54	681.44	834.50
Earning Per Share (EPS) (in Rs.)	15.37	19.35	19.37
Net Asset Value (NAV) per share (in Rs.)	66.90	86.26	105.63

PPSPL is not a listed Company.

The Company is neither a sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 nor is under winding up.

There are no defaults in meeting any statutory/bank/institutional dues.

2) PRATIBHA INFRASTRUCTURE PRIVATE LIMITED (PIPL)

Pratibha Infrastructure Private Limited was incorporated on November 18, 2003 and has its Registered Office at Shrikant Chambers, Phase- II, 5th Floor, Near R. K. Studio, Chembur, Mumbai 400071. The Company is a SPV for setting up a joint venture project between Pratibha Industries Limited and Pay Ah Heng Contractors Pte. Limited (a Singapore company) for manufacturing of Spiral Welded Pipes at an estimated cost of Rs. 2700 Lakhs.

The Board of the Directors of the company at present includes

1. Mr. Ajit B. Kulkarni
2. Mrs. Samidha A. Kulkarni

Shareholding Pattern.

As on the date, the paid up equity capital of Rs. 1,00,000 is divided into 1,000 Equity Shares of Rs. 100 each and the same is owned as follows.

Name of the Shareholders	No. of Shares	% of Shareholding
Mr. Ajit B. Kulkarni	500	50%
Mrs. Samidha A. Kulkarni	500	50%
Total	1000	100%

Since the Company has yet to start the business activity, the brief financial performance of the Company has not been given.

PIPL is not a listed Company.

The Company is neither a sick Company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 nor is under winding up.

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company

3) PRATIBHA & HENG STRUCTURAL PRIVATE LIMITED (PHSPL)

Pratibha & Heng Structural Private Limited was incorporated on December 13, 2002. The Registered office of the company is situated at 101, Usha Kamal, 574, Chembur Naka, Chembur, Mumbai 400071. The main object of the company is to trade in Tor Steel and other Steel products including pipes, structural items and related accessories.

The Board of the Directors of the company includes

1. Mr. Ajit B. Kulkarni
2. Mrs. Usha B. Kulkarni
3. Mr. Rohit R. Katyal

Shareholding Pattern of PHSP

As on the date, the paid up equity capital of the company is Rs 1,00,000 divided into 10,000 equity shares of Rs.10 each and the same is owned as follows:

Name of the Shareholders	No of Shares	% of Shareholding
Mr. Ajit B. Kulkarni	4500	45 %
Mrs. Usha B. Kulkarni	4500	45 %
Mr. Rohit R. Katyal	1000	10 %
Total	10000	100 %

The summary of financial performance of PHSP for the last 3 years is given below:

(Rs. In Lakhs)

Year Ended March 31,	2003	2004	2005
Sales	391.03	3324.22	458.89
Net Profit after tax	9.84	2.56	(29.06)
Share Capital	1.00	1.00	1.00
Share Application Money	19.00	19.00	13.00
Reserves & Surplus	9.84	12.40	0.00
Accumulated Loss	0.00	0.00	(16.66)
Net Worth	10.84	13.02	(15.92)
Earning Per Share (EPS) (in Rs.)	98.40	25.60	-
Net Asset Value (NAV) per share (in Rs.)	108.40	130.20	-

4) PRATIBHA PRECAST CONCRETE INDUSTRIES PVT LTD (PPCIPL)

PPCIPL was promoted on 6th December 1991 by Mr. Ajit B. Kulkarni. The Registered office of the Company is situated at 101, Usha Kamal, 574, Chembur Naka, Chembur, Mumbai 400071. The Company is engaged in the business of pre casting of concrete product.

The Board of the Directors of the Company includes

1. Mr. Ajit B. Kulkarni
2. Mrs. Usha B. Kulkarni
3. Mr. Vinayak B. Kulkarni
4. Mrs. Samidha A. Kulkarni



Shareholding Pattern of PPCIPL

As on the date, the paid up equity capital of Rs 10,00,000 is divided into 10,000 Equity Shares of Rs. 100 each and the same is owned as follows.

Name of the Shareholders	No of Shares	% of Shareholding
Mr. Ajit B. Kulkarni	3550	35.50%
Mrs. Usha B. Kulkarni	1950	19.50%
Mrs. Samidha A. Kulkarni	1000	10.00%
Mrs. Sunanda D. Kulkarni	1100	11.00%
Mrs. Vandana V. Kulkarni	1000	10.00%
Mrs. Radha R. Kulkarni	900	9.00%
Mr. Jitendra D. Kulkarni	500	5.00%
Total	10000	100.00%

The summary of financial performance of PPCIPL for last 3 years is given below:

(Rs. In Lakhs)

Year Ended March 31,	2003	2004	2005
Sales	90.13	37.80	-
Other Income	0.66	0.49	33.68
Net Profit after Tax	0.88	(4.49)	23.61
Share Capital	10.00	10.00	10.00
Reserves & Surplus	3.82	0.00	22.94
Accumulated Loss	0.00	(0.67)	0.00
Net Worth	13.82	9.33	32.94
Earning Per Share (EPS) (in Rs.)	8.80	-	236.10
Net Asset Value (NAV) per share (in Rs.)	138.20	93.30	329.45

5) MUKTANGAN DEVELOPERS PVT LTD (MDPL)

MDPL was promoted on 10th May, 2005 by Mr. Vinayak B. Kulkarni. The Company is in the business of development of land and real estate and dealing in properties both Residential and Commercial complexes.

The Board of the Directors of the Company includes

1. Mr. Vinayak B. Kulkarni
2. Mr. Rohit R. Katyal
3. Mr. Vijaykumar Chopra
4. Mr. Gulshankumar Chopra

Shareholding Pattern of MDPL

As on the date, the paid up equity capital of Rs 40,00,000 is divided into 4,00,000 Equity Shares of Rs. 10 each and the same is owned as follows

Name of the Shareholders	No of Shares	% of Shareholding
Pratibha Industries Limited	200000	50 %
Mr. Vijaykumar Chopra	100000	25 %
Mrs. Renu Katyal jointly with others	100000	25 %
Total	400000	100 %

The Company has commenced its business activity recently in May 2005 and so its brief financial performance has not been given.

6) TEKNOWORKS (INDIA)

(Prop Engineers & Engineers)

Teknoworks (India) is a proprietary concern of Engineers & Engineers, a registered partnership firm. This firm was formed on 1st November, 2002. The firm is engaged in the business of fabrication and labour jobs of steel pipes.

The details of partners of the Engineers & Engineers is as under:

Sr. No.	Name of Partner	Profit Sharing Ratio (%)
1	Usha B. Kulkarni	21.25 %
2	Ajit B. Kulkarni	21.25%
3	Datta B. Kulkarni	21.25%
4	Vinayak B. Kulkarni	21.25%
5	Rohit R. Katyal	7.50%
6	Rahul R. Katyal	7.50%

The summary of financial performance of Teknoworks (India) for last 2 years is given below:

(Rs. In Lakhs)

Year Ended March 31,	2003	2004
Sales	340.58	96.69
Net Profit after Tax	4.64	1.25
Partners Capital / Net Worth of Firm	39.23	40.48

7) Pratibha Ispat Private Limited

Mr. Ajit Kulkarni and Mrs.. Usha B. Kulkarni, two of the Promoters of the Company were the Promoters and Directors of one Pratibha Ispat Private Limited. These Promoters have disassociated themselves from this company by way of transfer of shares and control over the company under a Memorandum of Understanding dated November 20, 2005 entered into between the Promoters and the purchaser/acquirer. As such Pratibha Ispat Private Limited is no longer a Promoter Group company. These Promoters have disassociated themselves with this company so as to focus on the activities of PIL.

JOINT VENTURES

UNITY PRATIBHA MULTIMEDIA –JV

The Company has entered into a Joint Venture Agreement with Unity Infraprojects Limited and Multimedia Consultants Private Limited on 21st December, 2002 for the purpose of execution, operation and maintenance of Design-Build Clear Water Transmission Mains for filling Storage Reservoirs in South Delhi, a project awarded by Delhi Jal Board. The profit shall be shared by these joint venture partners in the ratio of 5:5:90 i.e. Unity and Multimedia have a 5% share each in the joint venture and our Company's share is the balance 90%. However, all losses shall be borne by our Company only.

Financial Performance

(Rs. In Lakhs)

Particulars	For the year ended March 31, 2005	For the year ended March 31, 2004	For the year ended March 31, 2003
Sales & Other Income	2271.12	1,005.49	—
Profit After Tax	187.13	169.93	—
Partners Capital AccountPratibha Industries Ltd.Unity Infraprojects Ltd. Multimedia Consultants Private Limited	554.5817.85	38.238.50	—



PETRON PRATIBHA –JV

The Company has entered into a joint venture with Petron Civil Engineering Private Limited on January 11, 2003 for the purpose of execution, operation and maintenance of a cement concrete road in Pune, Maharashtra. The share of profits between the partners for this joint venture is in the ratio of 50:50.

Financial Performance

(Rs. in Lakhs)

Particulars	For the year ended March 31, 2005	For the year ended March 31, 2004	For the year ended March 31, 2003
Sales & Other Income	1070.93	762.39	-
Profit After Tax	96.28	74.58	-
Partners Capital Account			
Pratibha Industries Ltd	554.58	46.99	46.99
Petron Civil Engg. Pvt. Ltd.	17.85	0.001	0.001

MAHAVIR PRATIBHA – JV

The Company has entered into a joint venture with Mahavir Construction Co. on January 28, 2004 for the purpose of execution, operation and maintenance of the work of widening & construction of Sahar Airport Road from Western Express Highway to International Airport connecting Andheri– Kurla Link Road and Dhaku Road – Andheri (East). However, both the parties have been independently executing both the projects.

Financial Performance

As both parties have independently recorded the receipt and expenses of their respective part of the contracts so awarded, no separate accounts have been maintained for this arrangement.

Related party Transactions

For related party transactions, please refer to the section entitled “Related Party Transactions” on page no. 103 of this Red Herring Prospectus.

III. 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

Pratibha Industries Ltd, an ISO 9001:2000 certified medium sized Company, has developed expertise over the years in the creation of infrastructure facilities in five core areas as under:

- a) Road Construction
- b) Housing
 - Mass Housing
 - Real Estate Development
- c) Water Supply and Distribution System
- d) Environmental Engineering
- e) Pre-cast Design and Construction

The Company, apart from pursuing infrastructure business activities as listed hereinabove also proposes to enter the lucrative Engineering Procurement & Construction (EPC) business for executing oil and gas transmission contracts. In order to have an competitive edge over its competitors, the Company through Pratibha Infrastructure Private Limited, proposes to diversify in form of backward integration, by installing a state of the art manufacturing and coating facility for producing spirally welded steel pipes used in the transmission of water, oil and gas.

Our Company has been awarded with more than 50 projects in last 7 years from various authorities like Mumbai Municipal Corporation, Maharashtra Jeevan Pradhikaran, Maharashtra Industrial Development Corporation, City and Industrial Development Corporation, Delhi Jal Board, Akola Municipal Corporation, Pune Municipal Corporation, Army Housing Welfare Organisation, Indian Railway Welfare Organisation, National Thermal Power Corporation Ltd. Public Work Department Government of Maharashtra, Urban Water Supply and Drainage Board, Gujarat Water Supply and Sewerage Board, Maharashtra State Road Development Corporation, Maharashtra Metropolitan Region Development Authority.

Significant Developments subsequent to the last Financial Year

Company has received following major contracts from various authorities since the closure of last financial year i.e. March 31, 2005

Major Contracts received after 31st March,2005

(Rs. In Lakhs)

Sr. No.	Name of Project	Client	Value of Contract
1	Providing & laying 3000 mm internal dia. M.S. water main along west side of Eastern Express Highway from Tagore Nagar, Vikhroli(East) to Amar Mahal Junction at Chembur including cement mortar lining from inside and allied works.(Phase II)-III	BMC, Mumbai	12371.82
2	Providing MS or DI Transmission Pipeline from Amminbhavi to Nrupathungabetta at Hubli-Dharwad. Package No. HDW01	Karnataka Urban Water Supply & Drainage Board (KUWS & DB), Karnataka	3183.24
3	Design build 10 MGD recycling (Process waste) WTP at Bhagirathi Water Works on Trunkly basis	Executive Engineer (Project) Delhi Jal Borad,	1334.29
4	Providing MS or DI Transmission main from Kotnoor to Shorgumaz and removing and relaying of CI Transmission Main from Bennithora to BP tank in Gulbarga. Package No. GBW02	Karnataka Urban Water Supply & Drainage Board (KUWS & DB), Karnataka	1130.26
5	Providing/Laying/Jointing and commissioning of Peripheral water main emanating from UGR & BPS near Appollo Hospital for Badarpur constituency	Delhi Jal Board	1120.06

(Rs. In Lakhs)

Sr. No.	Name of Project	Client	Value of Contract
6	Construction of the office building for IFFCO at Ahmedabad.	Indian Farmers Fertilisers Co-operative Limited (IFFCO) New Delhi	644.51
7	Providing and laying of 800-600 mm dia MS (Lined and Coated) feeder main from Najafgar to UGR at Ujwa Village	Delhi Jal Board	1231.01
8	Supplying, Manufacturing and laying 2500 mm dia MS pipe lines from Narmda Main Canal to Kotarpur Water Works	Ahmedabad Municipal Corporation	1851.02
9	Strengthening and Reconstruction of selected roads of Indore	Indore Development Fund Limited)	4328.12

The Company has issued Bonus Shares in the ratio of 4:1 i.e. four shares for every one share held by the shareholders as on June 21, 2005. Consequently, the paid up share capital of the Company stands increased to Rs.1000 Lakhs from a paid up shares capital of Rs.200 Lakhs. The Company has inducted three Independent Directors to broad base the Board of Directors and to have a professional approach to the management of the Company. Experience and expertise of these Independent Directors shall contribute to vision of the Company to achieve higher growth in the coming years.

Factors that may affect results of the Operations

Except as otherwise stated in this Red Herring Prospectus, the following important factors could cause actual results to differ materially from expectations.

- General economic and business conditions;
- Company's inability to successfully implement its growth and expansion plans;
- Increasing competition in the infrastructure industry;
- Increase in labour costs, raw materials prices, prices of plant & machineries and insurance premiums;
- Delay in recovery of debts from the clients;
- Changes in laws and regulations that apply to infrastructure industry;
- Any change in the tax laws granting incentives to infrastructure industry.
- Social or civil unrest or hostilities with neighbouring countries or acts of international terrorism;

The following discussion on the financial operations and performance should be read in conjunction with the audited consolidated financial results of the Company and its Joint Venture for the year ended 31st March 2002, 2003, 2004, 2005 and nine months ended 31st December 2005:

(Rs. In Lakhs)

Year ended March 31	2002	2003	2004	2005	9 months ended 31-12-2005
Income					
Income from Operation	3512.48	4255.14	6608.26	9058.79	9396.76
Other Income	3.62	6.25	2.15	4.92	7.92
Total	3516.10	4261.40	6610.41	9063.71	9404.68
Expenditure					
Construction Expenditure	3113.93	3730.57	5660.19	7299.76	7553.07
Personnel Expenses	34.14	44.31	59.20	114.88	137.16
Administrative & other Expenses	123.99	140.64	276.79	352.17	394.36
Total	3272.06	3915.52	5996.18	7766.81	8084.59
Operating profit before Interest, Dep. Amortization, Prior period Expenses	244.04	345.87	614.22	1296.90	1320.09
Interest and Finance Charges	88.32	101.47	204.74	386.29	511.00
Depreciation	22.46	26.40	36.51	46.17	44.91
Amortization	0.23	0.23	0.23	0.23	0.00
Operating profit before Prior period Exp	133.03	217.77	372.74	864.21	764.18
Prior period Expenses	0.00	0.00	0.00	0.00	0.00
Profit before Tax & Extraordinary items	133.02	217.77	372.75	864.21	764.18
Current Tax & Fringe Benefit Tax	12.29	17.15	12.00	50.00	53.66
Deferred Tax	0.00	8.19	0.00	3.49	11.13
NP after Tax before extraordinary items	120.73	192.43	360.75	810.72	699.39
Add: Tax provision for earlier years w/back	17.17	0.00	0.00	0.00	0.00
Add: Deferred Tax reversed	0.00	0.00	4.20	0.00	0.00
Less: Tax paid for earlier year	0.00	0.00	0.00	1.76	0.00
NP after Tax & extraordinary items	137.90	192.43	364.95	808.97	699.39

(Rs. In Lakhs)

For the year March 31	2002	2003	2004	2005	As on 31-12-2005
Fixed Assets					
Gross Block	448.60	488.61	862.94	985.93	1430.96
Less: Depreciation	56.79	83.19	117.22	152.89	197.80
Net Block	391.82	405.42	745.72	833.04	1233.16
Capital Work in Progress	0.00	0.00	0.00	0.00	0.00
Total	391.82	405.42	745.72	833.04	1233.16
Investments	106.43	18.70	48.70	48.70	68.38
Deferred Tax Assets	0.00	0.00	0.00	0.00	0.00
Current Assets					
Inventories	509.72	344.82	957.89	2087.59	2315.01
Sundry Debtors	344.12	632.23	1602.73	3220.83	2780.53
Cash and Bank Balances	176.33	6.63	37.97	118.15	85.09
Loans & Advances	501.02	818.88	1528.60	2876.65	3855.57
Total	1531.20	1802.56	4127.19	8303.21	9036.20
Total Assets E = (A+B+C+D)	2029.44	2226.68	4921.60	9184.95	10337.74
Less: Liabilities & Provisions					
Secured Loans	432.11	410.57	1557.67	2513.89	4861.72
Unsecured Loans	0.10	0.00	0.00	193.45	0.00
Deferred Tax Liabilities	3.13	3.95	6.13	9.62	20.75
Current Liabilities	1090.15	1025.94	2131.02	4566.22	2855.12
Provisions for taxation	13.24	18.91	13.76	50.00	49.00
Total Liabilities	1538.73	1459.37	3708.58	7333.18	7786.59
NET WORTH (E-F)	490.71	767.31	1213.02	1851.77	2551.15
REPRESENTED BY					
Share Capital	176.66	200.00	200.00	200.00	1000.00
Reserves & Surplus	314.75	567.77	1013.25	1651.77	1555.19
Less: Misc. Expenditure	0.69	0.46	0.23	0.00	0.00
Net Reserves & Surplus	314.06	567.31	1013.02	1651.77	1555.19
NET WORTH (G+H)	490.71	767.31	1213.02	1851.77	2551.15

Year ended 31 st March	2002	2003	2004	2005	9 months ended 31-12-2005
Total Income	3516.10	4261.40	6610.41	9063.71	9404.68
Construction expenses	3113.93	3730.57	5660.19	7299.76	7553.07
Construction expenses to Total income	88.56%	87.54%	85.63%	80.54%	80.31%
Personnel expenses	34.14	44.31	59.20	114.88	137.16
Personnel expenses to Total income	0.97%	1.04%	0.90%	1.27%	1.46%
Administrative and other expenses	123.99	140.64	276.79	352.17	394.36
Administrative expenses to Total Income	3.52%	3.30%	4.19%	3.89%	4.19%
Interest and Finance charges	88.32	101.47	204.74	386.29	511.00
Interest and finance charges to Total Income	2.51%	2.38%	3.10%	4.26%	5.43%
Depreciation	22.46	26.40	36.51	46.17	44.91
Depreciation to Total Income	0.64%	0.62%	0.55%	0.51%	0.48%
Profit before Tax & Extraordinary items	133.02	217.77	372.75	864.21	764.18
Profit before Tax & Extraordinary items to Total Income	3.78%	5.11%	5.64%	9.53%	8.13%
Profit after Tax before Extraordinary items	120.73	192.43	360.75	810.72	699.39
Profit after Tax before Extraordinary items to Total Income	3.43%	4.52%	5.46%	8.93%	7.46%

a) Comparison of Performance and Analysis of Developments for Financial year ended 31st March 2003 vis-à-vis 31st March 2002

Total Income

The Company has earned total income of Rs. 4261.40 Lakhs during the year 2003, an increase of 21.19% as against the previous year. The increase in contract receipts is on account of execution of high value Contracts as compared to previous year.

Contract Expenditure

Contract cost accounted for 87.54 % of total income during the year at Rs.3730.57 Lakhs during the year 2003, as compared to 88.56% of total income at Rs. 3113.93 Lakhs during the last year. Indicating marginal improvement in cost reduction.

Personnel Expenses

The personnel expenses including managerial remuneration as a percentage to total income marginally increased from 0.97% in fiscal 2002 to 1.04% in fiscal 2003.

Administrative and Other Expenses

The administrative and other expenses as a percentage to total Income have decreased from 3.52% in fiscal 2002 to 3.30% in fiscal 2003 partly due to expenditure control and increase in total income.

Finance Charges

Financial charges increased during the year 2003 to Rs.101.47 lakhs from Rs.88.32 Lakhs due to increase in business activities. However, interest cost in percentage terms during the year 2003 has reduced to 2.38% of total income as against interest cost of 2.51% during the year 2002.

Depreciation

Depreciation increased from Rs.22.46 Lakhs to Rs.26.40 Lakhs during the year 2003 due to purchase of additional fixed assets.



Profit before tax and extraordinary items

The Profit before tax and extra-ordinary items as a percentage to total income has increased from 3.78% in fiscal year 2002 to 5.11% in fiscal year 2003. This increase is partly attributed to reduction in contract cost and administrative and other cost.

Profit after tax & before extra-ordinary items

The Profit after tax & before extra-ordinary items as a percentage to total income has increased from 3.43% in fiscal year 2002 to 4.52% in fiscal year 2003.

b) Comparison of Performance and Analysis of Developments for Financial year ended 31st March 2004 vis-à-vis 31st March 2003

Total Income

The Company has earned total income of Rs. 6610.41 Lakhs during the year 2004, an increase of 55.12% as against the previous year. The increase in contract receipts is on account of execution of high value Contracts as compared to previous year.

Contract Expenditure

Contract cost accounted for 85.63% of total income during the year at Rs.5660.19 Lakhs during the year 2004, as compared to 87.54% of total income at Rs. 3,730.57 Lakhs during the last year.

Cost as % of contract receipt depends on the types of contracts executed during the year and variation is not considered abnormal in nature.

Personnel Expenses

The personnel expenses including managerial remuneration as a percentage to total income decreased from 1.04% in fiscal 2003 to 0.90% in fiscal 2004. This is because of the sharp increase in total income on account of execution of the higher value contracts.

Administrative and Other Expenses

The administrative and other expenses as a percentage to Total Income have increased from 3.30% in fiscal 2003 to 4.19% in fiscal 2004. This is because of the sharp increase in conveyance, rent, rates and taxes & legal expenses.

Finance Charges

Financial charges increased during the year 2004 from Rs.101.47 Lakhs to Rs.204.74 Lakhs due to additional loans taken during the year. The Company had availed additional credit facilities in form of Cash Credit, L/C and Guarantee from Consortium Banks during the year.

Depreciation

Depreciation increased from Rs.26.40 Lakhs to Rs.36.51 Lakhs during the year 2004, due to purchase of additional fixed assets.

Profit before tax and extra-ordinary items

The Profit before tax and extra-ordinary items as a percentage to total income have increased from 5.11% in fiscal year 2003 to 5.64% in fiscal year 2004. This increase is on account of control on administrative and other expenses.

Profit after tax & before extra-ordinary items

The Profit after tax & before extra-ordinary items as a percentage to total income have increased from 4.52% in fiscal year 2003 to 5.46 % in fiscal year 2004.

c) Comparison of Performance and Analysis of Developments for Financial year ended 31st March 2005 vis-à-vis 31st March 2004

Total Income

The Company has earned total income of Rs. 9063.71 Lakhs during the year 2005, an increase of 37.11% as against the previous year. The increase in contract receipts is on account of execution of high value Contracts and increasing number of order book position of the Company.

Contract Expenditure

Contract cost accounted for 80.54% of total income during the year 2005 at Rs.7299.76 Lakhs as compared to 85.63% of total income at Rs. 5660.19 Lakhs during the last year.

Personnel Expenses

The personnel expenses including managerial remuneration as a percentage to total income increased from 0.90% to 1.27% in fiscal 2005 as compared to previous year. This is because of the increase in manpower strength of the Company.

Administrative and Other Expenses

The Administrative and other expenses as a percentage to total income have decreased from 4.19 % in fiscal 2004 to 3.89 % in fiscal 2005. This is because of the control over various expenses of the Company.

Finance charges

Financial charges has increased during the year 2005 from Rs. 204.74 Lakhs to Rs 386.29 Lakhs as compared to previous year due to additional loans taken during the year. The Company had availed additional credit facilities in form of Cash Credit, L/C and Guarantee from Consortium Banks during the year.

Depreciation

Depreciation increased during the year 2005 from Rs. 36.51 Lakhs to Rs.46.17 Lakhs as compared to previous year due to purchase of additional fixed assets.

Profit before tax and extra-ordinary items

The Profit before tax and extra-ordinary items as a percentage to total increased from 5.64% in fiscal year 2004 to 9.53% in fiscal year 2005. This increase is on account of high margin from some of the projects of the Company.

Profit after tax & before extra-ordinary items

The Profit after tax & before extra-ordinary items as a percentage to total income have increased from 5.46% in fiscal year 2004 to 8.93% in fiscal year 2005.

Unusual or infrequent events or transactions

There have been no unusual or infrequent events or transactions.

Significant economic changes

Government's focus on infrastructure will have major bearing on the companies involved in the infrastructure sector. Any major change in policies of the Government would have a significant impact on the profitability of the Company. Further the changes in steel and cement prices for non escalation contracts could adversely impact the profitability of the Company.

Except the above, there are no significant economics changes that may materially affect or likely to affect income from continuing operations.

Known trends or uncertainties that have had or are expected to have a material adverse impact on income from operations

Apart from the risks as disclosed under heading "Risk Factors" appearing on page no. 8 of this 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.

Future 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 number and value of projects carried out by the Company. The Company registered an increase of 48.43% in the total income for the FY 2005 compared to the previous year on account of a substantial increase in the contract receipts, which stood at Rs. 12139.45 Lakhs as compared to Rs.8179.78 Lakhs in the previous year.

**Total revenue of the industry segment in which the Company operates.**

Our Company is engaged in only one segments namely Infrastructure Development. However, there are no published data available to the Company for total turnover of the Infrastructure Development Industry.

Seasonality of business

Execution of work on construction sites may be affected by heavy monsoon rains /extreme weather. Usually the Company has experienced lower overall construction progress in the July-September quarters due to the monsoon season in the country.

Dependence on single or few suppliers/customers

The Company sources its raw materials from a number of suppliers and is not under threat from excessive dependence on any single supplier.

Competitive Conditions

The Company faces stiff competition from larger and well-established players as well as small players. The Company is smaller in size compared to the market leaders, which is a disadvantage for taking up very large projects. However, the Company has bid for large projects in past and has also been awarded a few large projects inspite of larger and well-established players in fray like IVRCL Limited, Nagarjuna Construction Limited, Gammon India Ltd., Larsen & Toubro Ltd., Hindustan Construction Company Ltd., Simplex and others.

F. LEGAL AND OTHER INFORMATION

I. OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENT

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, 1956 and litigations for tax liabilities against Pratibha, its subsidiaries, Promoters, its Directors & Group Concerns and there are no defaults/non payment/overdues of statutory dues, institutional/bank dues and dues towards holders of debentures, bonds and fixed deposits and arrears of preference shares etc., other than unclaimed liabilities of Pratibha, and other Group Companies and Concerns.

Contingent Liability Against The Company

As on December 31, 2005 (as per audited accounts) the contingent liability outstanding against our Company is as follows:

(Rs.in Lakhs)

Particulars	December 31, 2005
On Letter of Credit Opened by Banks	2087.87
On Guarantee given by Banks	5860.74
Corporate Guarantee	2200.00
Total	10148.61

LITIGATIONS:

Litigations Filed Against the Company

Civil Cases

- 1) The Indian Railway Welfare Organization (IRWO) has filed a Complaint against the Company in the State Consumer Disputes Redressal Forum, at Mumbai (Complaint No. C-35 of 2004) for recovery of an aggregate amount of Rs. 32,00,750/- with interest at the rate of 18% p.a. as damages for the loss of goodwill and compensation for causing mental agony and suffering caused to IRWO and its officials. IRWO has claimed the above amount from our Company and one Jupiter Water Proofing, the sub contractor, under a contract awarded to our Company for water proofing of 312 flats of IRWO housing project at Khargar, Navi Mumbai. Our Company was awarded the contract for construction of the housing project in the year 1996. The works relating to water proofing were subcontracted to Jupiter Water Proofing who are specialist in water proofing works after IRWO short listed them for the job. Jupiter Water Proofing provided a 10 year guarantee to IRWO for rectification in case any leakages occurred during the period. In 2003, IRWO claimed certain leakages appearing in some of the flats and alleged deficiency of work on the part of the subcontractor and the main contractor i.e. our Company. Our Company is disputing the claim of IRWO and has filed its Written Statement and the matter has been adjourned sine die at the hearing held on December 12, 2005
2. A suit has been filed by Nidhi Lumber against our Company in the Court of Civil Judge at Kalyan (Special Civil Suit No. 192 of 2003) claiming of sum of Rs. 5,55,047/- with interest at the rate of 24% p.a. Our Company had placed an order with the Plaintiff for supplying timber at one of its sites at Khargar, Mumbai. However, some of the timber supplied by the Plaintiff was not of the required quality as it was showing considerable amount of warpage due to excessive moisture. Moreover, the timber supplied by the Plaintiff was also rejected by our clients. Our Company therefore rejected the timber and requested the Plaintiff to remove the consignment from the site. However, the Plaintiff declined to do so and filed this suit in the Court. Our Company has filed its Written Statement disputing the claim of the Plaintiff and the matter shall come up for hearing in normal course.
3. A Public Interest Litigation against Akola Municipal Corporation (AMC), Akola and others have been filed by one Mr. Harish Alimchandani and others in the Nagpur Bench of Bombay High Court (WP No. 5753 of 2005) in respect of the agreement dated 27th June 2003 entered between AMC and our Company to construct 16 concrete roads across the city of Akola at an estimated cost of Rs. 16.70 Crores. Our Company has also been made a party respondent in this public interest litigation. The Petitioner has prayed for a declaration by the Court of the agreement being null and void on the ground that the same was entered into without following mandatory requirements under the Bombay Provincial Municipal Corporation Act, 1949. Further, the Petitioner has also prayed for order restraining invocation of bank guarantee amounting to Rs. 970 Lakhs provided by AMC in favour of our Company for due payment of monthly installments under the Agreement. The Hon'ble High Court by an Order dated November 4, 2005 directed the matter to be listed on November 16, 2005 and directed the parties to maintain status quo. However, the matter was listed on January 13, 2006 and was postponed for 4 weeks .



4. Income Tax proceedings against our Company, certain Promoters (listed below)

Income tax authorities under the provisions of Section 132 of Income Tax Act, 1961 carried out a search at the premises of our Company, the Promoters (stated below) and our group concerns. During the course of the search, the Company, Promoters and our group companies/concerns have admitted the following undisclosed income.

Name of the tax payer	Relationship with Company	Income Admitted (Rs.)	Assessment Years for which income has been admitted
Pratibha Industries Limited	Company	2,31,21,287	2005-06
Pratibha Precast Concrete Industries Limited	Group Company	7,44,906	2005-06
Pratibha & Heng Structural Private Limited	Group Company	2,26,060	2005-06
Teknoworks (India)	Group Concern	29,08,548	2005-06
Mr. Ajit B. Kulkarni	Promoter & Director	20,00,000	2005-06
Mr. Vinayak B. Kulkarni	Promoter & Director	10,00,000	2005-06

Our Company, the above Promoters and group companies/ concerns may receive a notice from Income Tax Department to file the Returns u/s 153A of the Income Tax Act pursuant to which Returns of Income for the last 6 financial year i.e. F.Y. 1998-99 to F.Y. 2004-05 under the provisions of Section 153 A of the Income Tax Act shall be filed. The income declared under these Returns of Income shall be assessed by the Income Tax Department and shall be taxed under the regular provisions of the Income Tax Act. The Company, the above Promoters and companies group/ concerns may also be liable to pay penalty and interest at the time of assessment.

Material Developments since the Last Balance Sheet Date:

In the opinion of the Board of Directors of the Company, 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 the Company or the value of its consolidated assets or its ability to pay its material liabilities within the next twelve months other than as disclosed in the Red Herring Prospectus.

II.GOVERNMENT APPROVALS/LICENSING ARRANGEMENTS

We have received all the necessary licenses, permissions and approvals from the Central and State Governments and other government agencies/certification bodies required for our business and no further approvals are required by us for carrying on the present 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, we can undertake this Issue and our 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.

Following is the statement showing details of Registration under various Acts

Registration with various Government Bodies.				
Sr.	Name of Department	Class	Validity	Registering Authority
1.	Public Works Department (PWD), Government of Maharashtra	1 A, Unlimited	23 rd April, 2006	Executive Engineer, PWD , Pune
2.	Maharashtra Jeevan Pradhikaran (MJP), Government of Maharashtra	I (Civil), Unlimited	27 th June 2007	Superintending Engineer (Coordination), Maharashtra Jeevan Pradhikaran
3.	Municipal Corporation of Brihanmumbai (BMC)	AAUnlimited	31 st January 2006	Executive Engineer, Monitoring & Regn. Cell, BMC

4.	City & Industrial Development Corporation of Maharashtra Ltd. (CIDCO)	1, Unlimited	4 th January 2005 (Renewal in process)	Executive Engineer, (Navi Mumbai), CIDCO
5.	Bangalore Water Supply And Sewerage Board	Class I	31 st March 2007	Chief Engineer, BWSSB
6.	Karnataka Power Corporation Ltd	Class I	16 th November 2008	Chief Engineer (Civil Designs) KPCL.



G. OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue has been authorised pursuant to a resolution of the Board of Directors of the Company adopted at its meeting held on 12th September, 2005 and by a Special Resolution adopted pursuant to Section 81(1A) of the Companies Act, at the Extraordinary General Meeting of the Company held on August 4, 2005.

Prohibition by SEBI

The Company, its Promoters, Directors or any of the Company's associates or group companies with which the Directors of the Company are associated as Directors or Promoters have not been prohibited from accessing the capital market or restrained from buying, selling or dealing under any order or direction passed by SEBI.

Eligibility For The Issue

In terms of clause 2.2.1 of the SEBI (Disclosure and Investor Protection) Guidelines, 2000 and amendments thereof, Pratibha Industries Limited is eligible to make a Public Issue of equity shares as explained below:

Net Tangible Assets of the company are more than Rs. 3 Crores for past three years (of 12 months each) and of which not more than 50% is held in monetary assets.

Net worth of the company has been more than Rs. 1 Crore in each of the past three years.

The Company has a track record of distributable profits as per section 205 of the Companies Act, 1956 for at least three out of immediately preceding five years.

The proposed Offer size does not exceed five times the pre-offer net worth as per the audited accounts for the years ended on 31/03/2005.

The prospective allottees will not be less than one thousand (1000) in number.

The Company has not changed its name during the last one year.

The distributable profits as per Section 205 of the Companies Act, 1956, net worth, net tangible assets and monetary assets for the past three years are as follows:

(Rs in Lakhs)					
Financial Year	2000-01	2001-02	2002- 2003	2003-2004	2004-2005
Distributable Profits	76.71	130.95	253.02	445.48	638.52
Net worth	322.95	490.71	767.31	1213.02	1851.77
Net tangible Assets	424.46	524.12	816.42	1849.87	3068.92
Monetary Assets	246.56	335.05	318.06	628.62	1033.16
Monetary Assets as a % of Net Tangible Assets	58.09%	63.93%	38.96%	33.98%	33.67%

SEBI DISCLAIMER CLAUSE

AS REQUIRED A COPY OF THIS RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THIS PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE, OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE RED HERRING PROSPECTUS. LEAD MANAGER M/S. VIVRO FINANCIAL SERVICES PRIVATE LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI GUIDELINES FOR DISCLOSURES AND INVESTOR PROTECTION 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 COMPANY AND THE OFFEROR IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE PROSPECTUS, THE 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 LEAD MANAGER, M/S. VIVRO FINANCIAL SERVICES PRIVATE LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED 14th SEPTEMBER, 2005 IN ACCORDANCE WITH SEBI (MERCHANT BANKERS) REGULATION 1992

WHICH READS 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 IN CONNECTION WITH THE FINALIZATION OF THE RED HERRING PROSPECTUS PERTAINING TO THE SAID PUBLIC 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 PUBLIC 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 SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE PUBLIC ISSUE;

(b) ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID PUBLIC ISSUE, AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND

(c) THE DISCLOSURES MADE IN THE PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED PUBLIC ISSUE.

(d) BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE PROSPECTUS ARE REGISTERED WITH SEBI AND TILL DATE SUCH REGISTRATION IS VALID.

(e) WHEN UNDERWRITERS ARE APPOINTED, WE SHALL SATISFY OURSELVES ABOUT THE WORTH OF THE UNDERWRITERS TO FULFILL THEIR UNDERWRITING COMMITMENTS

ALL LEGAL REQUIREMENTS PERTAINING TO THE ISSUE WILL BE COMPLIED WITH AT THE TIME OF FILING OF THE RED HERRING PROSPECTUS WITH THE ROC IN TERMS OF SECTION 60B OF THE COMPANIES ACT, 1956.

THE FILING OF THE PROSPECTUS DOES NOT, HOWEVER ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR SECTION 68 OF THE COMPANIES ACT, 1956, OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED PUBLIC ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE LEAD MANAGER FOR ANY IRREGULARITIES OR LAPSES IN THE RED HERRING PROSPECTUS.

Disclaimer from our Company, BRLM

Our Company, Our Directors, the BRLM accept no responsibility for statements made otherwise than in this Red Herring Prospectus or in the advertisements or any other material issued by or instance of the abovementioned entities and anyone placing reliance on any other sources of information, including our website www.pratibhagroup.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 among the BRLM, and us dated 12TH SEPTEMBER, 2005 and the Underwriting Agreement to be entered into among the underwriters and us.

All information shall be made available by the underwriters and us 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 presentation, in research or sales reports or at bidding centers.

Disclaimer In Respect Of Jurisdiction

This Offer is being made in India to persons resident in India (including Indian nationals resident in India who are majors, Hindu Undivided Families, companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), Trusts registered under the Societies Registration Act, 1860, or any other Trust law and who are authorized under their constitution to hold and invest in shares) and to NRIs and FIIs as defined under the Indian laws. This Red Herring Prospectus does not, however, constitute an offer to sell or an invitation to subscribe to securities issued hereby in any other jurisdiction. Any person into whose possession this Prospectus comes is



required to inform himself about and to observe any such restrictions. Any dispute arising out of this Offer will be subject to the jurisdiction of appropriate court(s) in Mumbai 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 the 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 Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

Disclaimer Clause Of The Bombay Stock Exchange Limited (BSE) (Designated Stock Exchange)

As required copy of the Draft Red Herring Prospectus has been submitted to Bombay Stock Exchange (hereinafter referred to as BSE). Bombay Stock Exchange Limited ("the Exchange") has given vide its letter dated December 21, 2005 permission to this Company to use the Exchange's name in this Red Herring Prospectus as one of the stock exchanges on which this Company's securities are proposed to be listed. The Exchange has scrutinized this Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The exchange does not in any manner:

- a. warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus; or
- b. warrant that this Company's securities will be listed or will continue to be listed on the Exchange, or
- c. take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company and it should not, for any reason be deemed or construed that this Red Herring Prospectus has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to an independent inquiry or any investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Disclaimer Clause of The National Stock Exchange Of India Limited (NSE)

"As required, a copy of this Red Herring Prospectus has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter ref.: NSE/LIST/19479-3 dated January 5, 2006 permission to the Issuer to use the Exchange's name in this Red Herring Prospectus as one of the stock exchanges on which this Issuer's securities are proposed to be listed. The Exchange has scrutinized this Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that this Prospectus has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus nor does it warrant that the Issuer's securities will be listed or will continue to be listed on the Exchange nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquires any of the securities of the Company may do so pursuant to independent enquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever."

Filing

A copy of the Red Herring Prospectus has been filed with the Corporate Finance Department of SEBI at First Floor, Mittal Court, "B" Wing, Nariman Point, Mumbai 400021

A copy of the Red Herring Prospectus, along with the documents required to be filed under 60B of the Companies Act would be delivered for registration to the Registrar of Companies, 100 Everest Building, Marine Lines, Mumbai 400002 and a copy of the Prospectus to be filed under Section 60 of the Companies Act would be delivered for registration with ROC.

Listing

Applications have been made to the BSE and the NSE for permission to deal in and for an official quotation of the Company's Equity Shares. The Bombay Stock Exchange Limited (BSE) shall be the Designated Stock Exchange with which the basis of allocation will be finalized for Institutional, non-institutional portion and retail portion.

If the permissions to deal in and for an official quotation of the Company's Equity Shares are not granted by any of the Stock Exchanges mentioned above, the Company shall forthwith repay, without interest, all moneys received from the applicants in

pursuance of this Red Herring Prospectus. If such money is not repaid within eight days after the Company become liable to repay it (i.e. from the date of refusal or within 70 days from the Bid/Issue Closing Date, whichever is earlier), then the Company, and every Director of the Company who is an officer in default shall, on and from such expiry of eight days, be liable to repay the money, with interest as prescribed under Section 73 of the Companies Act.

The Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges mentioned above are taken within 7 working days of finalization and adoption of the Basis of Allotment for the Issue.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, which is reproduced below:

“Any person who:

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

Consents

Consents in writing of: (a) the Directors, the Company Secretary and Compliance Officer, the Auditors, Legal Advisors, the Banker to the Issue; and (b) Book Running Lead Manager, Syndicate Member, Escrow Collection Bank(s) and Registrar 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, Maharashtra, Mumbai as required under section 60 and 60 B of the Companies Act, 1956 and such consents have not been withdrawn up to the time of delivery of this Red Herring Prospectus for registration with the ROC.

M/s Jayesh Sanghrajka & Co., Auditors of the Company, have given their written consent to the inclusion of their report in the form and context in which it appears in this Red Herring Prospectus and such consent and report has not been withdrawn up to the time of delivery of this Red Herring Prospectus for registration with the ROC.

Expert Opinion

Except as stated elsewhere in this Red Herring Prospectus, the Company has not obtained any expert opinions.

Expenses of the Issue

The expenses of the Issue include interalia underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees.

The estimated Issue expenses are as follows:

Sr. No.	Particulars	Amount Rs. Lakhs	% of total issue expenses	% of total issue size
1	Book Running Lead Managers fees	[•]	[•]	[•]
2	Registrar to the Issue	[•]	[•]	[•]
3	Co- Manager to the Issue	[•]	[•]	[•]
4	Bankers to the Issue	[•]	[•]	[•]
5	Offer Stationery	[•]	[•]	[•]
6	Advertising Expenses	[•]	[•]	[•]
7	Brokerage and Selling Commission	[•]	[•]	[•]
8	Legal Fees	[•]	[•]	[•]
9	Other Expenses (incl. Filing Fees, Listing Fees, Depository Charges, etc.)	[•]	[•]	[•]
10	Contingencies	[•]	[•]	[•]
	Total	[•]	[•]	[•]

[•] Will be incorporated after finalization of issue price



Fees payable to the BRLM

The total fees payable to the BRLM including brokerage and selling commission for the Issue will be as per the memorandum of understanding executed between the Company and the BRLM dated 12th September, 2005, a copy of which is available for inspection at the Corporate Office of the Company.

Fees payable to Registrar to the Public Issue

The total fees payable to the Registrar to the Public Issue will be as per the Memorandum of Understanding signed amongst the company and the Registrar to the Public Issue, a copy of which is available for inspection at the corporate office of the Company.

Fees payable to Bankers to the Public Issue

The total fees payable to the Bankers to the Public Issue will be as per the understanding of the Company with the Bankers to the Issue, a copy of which is available for inspection at the corporate office of Pratibha

Underwriting Commission, Brokerage and Selling Commission

The Underwriting Commission is payable @ [●] % of the amount underwritten by the respective underwriters. Brokerage for the Issue will be paid not more than @ [●] % of the Issue Price of the Equity Shares by the Company on the basis of the allotments made against the applications bearing the stamp of a member of any recognized Stock Exchange in India in the 'Broker' column. Brokerage at the same rate will also be payable to the Bankers to the Issue in respect of the allotments made against applications procured by them provided the respective forms of application bear their respective stamp in the Broker column. In case of tampering or over-stamping of Brokers'/ Agents' codes on the application form, the Company's decision to pay brokerage in this respect will be final and no further correspondence will be entertained in this matter.

The Company, at its sole discretion, may consider payment of additional incentive in the form of kitty or otherwise to the performing brokers on such terms and mode as may be decided by the Company.

Previous Issue Details

The company has not made any issue of equity shares to the public prior to the present Public Issue.

Commission and brokerage on previous issues

No sum has been paid or is payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the equity shares since its inception.

Previous Issue of shares otherwise than for cash

Pratibha Industries Limited has not issued any Equity Shares for consideration other than cash except for the Issues of bonus shares, details of which are mentioned under sub-heading "Capital Structure" appearing on page no. [●] of this Red Herring Prospectus.

Particulars in regard to Pratibha Industries Limited and other listed companies under the same management within the meaning section 370 (1)(B) of the Companies Act, 1956 which made any capital issue during the last three years

There are no listed companies under the same management within the meaning of Section 370(1B) of the Companies Act, 1956, which made any capital issues during the last three years.

Promise v/s Performance

The Company has not made any issue of equity shares to the public prior to the present Public Issue.

Outstanding Debentures or Bonds and Redeemable Preference Shares and Other Instruments issued by Pratibha Industries Limited Outstanding as on the Date of Prospectus and Terms of Issue

The Company has no outstanding debentures or bond issue or redeemable preference shares.

Stock market data for the Company's Equity Shares

This being the initial public Issue of the Company, the Equity Shares are not listed on any stock exchange.

Investor grievance redressal system

The investor grievances against the Company will be handled by the Registrars and Transfer Agent in consultation with the secretarial department of the Company. To handle the grievances received, the Company has appointed Mr. T.R. Radhakrishnan, General Manager (Finance), as the Compliance Officer. He will supervise redressal of complaints received from the investors at the office of the Company as well as the Registrars to the Public Issue and ensure timely settlement.

All grievances related to the offer may be addressed to the Registrar to the Public Issue quoting the application No. (Including prefix), Number of equity shares applied for, amount paid on application, date, Bank and branch/ Collection center where application was submitted.

Change in Auditors

There has been no change in the Auditors of the company during the past three years.

Capitalization of Reserves or Profits

During June 2005, the Company has issued 80,00,000 equity shares of face value of Rs. 10 each as Bonus in the ratio of 4:1 i.e. four equity share for every one equity shares held as on the record date. This Bonus Issue was made through capitalization of Reserves. The allotment of these Equity Shares was made on June 21, 2005.

Revaluation of assets

The company has not revalued its asset since the last five years.



H. OFFERING INFORMATION

I. TERMS OF THE ISSUE

The Equity Shares being offered are subject to the provisions of the Companies Act, the Memorandum and Articles of Association of the Company, conditions of RBI approval, the terms of this Red Herring Prospectus, Bid-cum-Application Form, the Revision Form, the Confirmation of Allocation Note ("CAN") and other terms and conditions as may be incorporated in the Allotment Advice and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, Stock Exchanges, RBI, ROC and/or other authorities as in force on the date of the Issue and to the extent applicable.

Ranking of Equity Shares

The Equity Shares being offered shall be subject to the provisions of the Memorandum and Articles of Association and shall rank pari passu in all respects with the other existing shares of the Company including rights in respect of the rights to receive dividends. The allottees will be entitled to dividend or any other corporate benefits (including dividend), if any, declared by the Company after the date of allotment.

Face Value and Issue Price

The Equity Shares with a face value of Rs. 10/- each are being offered in terms of this Red Herring Prospectus at a price band of Rs. 100 to Rs. 120 per equity share with a floor price of Rs. 100 per equity share. At any given point of time there shall be only one denomination for the Equity Shares of the Company, subject to applicable laws. The issue price is 10 times the face value at lower end of the price band and 12 times of the face value at the higher end of the price band.

Rights of the Equity Shareholder

Subject to applicable laws, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and
- Such other rights as may be available to a shareholder of a listed public company under the Companies Act and Memorandum and Articles of Association of the Company.

For a detailed description of the main provisions of the Company's Articles of Association dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation/splitting, refer to the section on "Main Provisions of the Articles of Association" on page no. 164 in this Red Herring Prospectus.

Market Lot

In terms of Section 68B of the Companies Act, the Equity Shares of the Company shall be allotted only in dematerialized form. In terms of existing SEBI Guidelines, the trading in the Equity Shares of the Company shall only be in dematerialized form for all investors. Since trading of the Equity Shares will in dematerialized mode, the tradable lot is one equity share. Allocation and allotment of Equity Shares through this Issue will be done only in electronic form in multiple of one Equity Share subject to a minimum allotment of one Equity Share.

Nomination Facility to the Investor

In accordance with Section 109A of the Companies Act, the sole or first bidder, along with other joint bidder, may nominate any one person in whom, in the event of the death of sole bidder or in case of joint bidders, death of all the bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the equity share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to equity share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/ transfer/ alienation

of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Company's Registered / Corporate Office or to its Registrar and Transfer Agents.

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:

- a) to register himself or herself as the holder of the equity shares; or
- b) to make such allotment 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 allot the equity shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the equity shares, until the requirements of the notice have been complied with.

Since the allotment of Equity Shares in the Issue will be made only in dematerialized mode, there is no need to make a separate nomination with the Company. Nominations registered with respective DP of the applicant would prevail. If the investors require changing the nomination, they are requested to inform their respective DP.

Minimum Subscription

If the Company does not receive the minimum subscription of 90% of the net offer to public, including devolvement of underwriters, within 60 days from the Bid/Issue Closing date, the Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after the company becomes liable to pay the amount (i.e., 60 days from the Bid Closing Date), the company shall pay interest prescribed under Section 73 of the Companies Act, 1956.

In terms of clause 2.2.2A of SEBI (DIP) Guidelines, 2000, if the number of allottees in the proposed issue is less than 1,000 allottees, the Company shall forthwith refund the entire subscription amount received.

Restrictions, if any, on transfer and transmission of shares and their Consolidation/ Splitting

There are no restrictions on transfer and transmission of shares and their Consolidation/ Splitting other than those mentioned in Articles of Association of the Company.

ISSUE STRUCTURE

Public Issue of 42,85,000 Equity Shares of Rs. 10/- each at a Price of Rs [●] for cash aggregating Rs [●] Lakhs is being made through the 100% Book Building Process under clause 2.2.2 of SEBI (DIP) Guidelines 2000.

Details of the Issue structure are tabulated below

	Employee Reservation Portion	QIBs	Non- Institutiona Bidders	Retail Individual Bidders
Number of equity Shares available for allocation	Upto 4,28,500 Equity shares	Issue Size less allocation to Non- institutional investors and Retail Investors subject to maximum of 19,28,250 equity shares	Minimum of 5,78,475 equity Shares	Minimum of 13,49,775 equity shares
Percentage of Issue size	Upto 10% of the Issue Size	Not more than 50% of Net Offer to Public. (including 5 % for Mutual Funds)	Minimum 15% of Net Offer to Public.	Minimum 35% of Net Offer to Public.
Basis of Allocation	Proportionate	Proportionate as follows: (a) Equity shares constituting 5% of the Qualified Institutional Buyer Portion shall be allocated on a proportionate basis to Mutual Funds. (b) The Balance Equity Shares of Qualified Institutional Buyer Portion shall be allocated on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above	Proportionate	Proportionate



Minimum Bid	50 Equity shares and thereafter in multiple of 50 Equity shares	Such number of Equity shares that the Bid Amount exceeds Rs 1,00,000 and in multiple of 50 equity shares	Such number of Equity shares that the Bid Amount exceeds Rs. 100,000 and in multiple of 50 Equity shares	50 Equity shares and thereafter in multiple of 50 Equity shares.
Maximum Bid	Such number of Equity shares so as to ensure that the bid does not exceed 4,28,500 Shares	Not exceeding the size of the issue subject to regulation applicable to the Bidder	Not exceeding the size of the issue	Such number of equity shares so as to ensure that the bid Amount does not exceed Rs. 100,000
Allotment Mode	Compulsory Dematerialised form	Compulsory in Dematerialised form	Compulsory in Dematerialised form	Compulsory in Dematerialised form
Trading Lot/ Market Lot	One Equity Share	One Equity Share	One Equity Share	One Equity Share
Who can apply	Permanent Employees of Pratibha Industries Limited	Public financial Institutions, and as specified in Section 4A of the Companies Act, FIIs registered with SEBI, scheduled commercial Banks, Mutual Funds registered with SEBI, multilateral and bilateral development financial institutions, venture Capital funds registered with SEBI, Foreign Venture Capital Investors registered with SEBI, State Industrial Development Corporation, Insurance Companies registered with Insurance Regulator and Development Authority, Provident Fund with minimum corpus of Rs. 2500 Lakhs and Pension funds with minimum corpus of Rs. 2500 Lakhs.	Resident Indian individuals, HUF (in the name of Karta), companies, corporate bodies, NRIs, scientific institutions, societies and trusts.	Individuals (including NRIs and HUFs) applying for such number of Equity shares that the Bid Does not exceed Rs 100,000.
Terms Payment	Full Bid amount on of bidding	Full Bid amount on bidding	Full Bid amount on bidding	Full Bid amount on bidding
Margin Money	Full Bid Amount on Bidding	At least 10% of the Full Bid Amount on Bidding	Full Bid Amount on Bidding	Full Bid Amount on Bidding

Note: Subject to valid Bids being received at or above the Issue Price. Under-subscription, if any, in any category, would be allowed to be met with spillover from any other portions at the discretion of the Company in consultation with the BRLM

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 BRLM.

II. ISSUE PROCEDURE

Book Building Procedure

The Issue is being made through the 100% Book Building Process under clause 2.2.2 of SEBI (DIP) Guidelines, 2000, wherein not more than 50% of the Issue shall be allotted on a proportionate basis to QIBs (including 5% to Mutual Funds). Further, not less than 35% shall be available for allocation on a proportionate basis to the Retail Individual Bidders and not less than 15% shall be available for allocation on a proportionate basis to Non-Institutional, subject to valid bids being received at or above the issue price within the Price Band.

Bidders are required to submit their Bids through the members of the Syndicate. The Company, in consultation with the BRLM, reserves the right to reject any Bid procured by any or all members of the Syndicate without assigning any reason thereof from QIBs. In case of Non-Institutional Bidders and Retail Individual Bidders, the Company would have a right to reject the Bids only on technical grounds.

Investors should note that Equity Shares will be allotted to successful Bidders only in the dematerialized form. Bidders will not have the option of allotment of equity shares in physical form. The equity shares on allotment shall be traded only in the dematerialized segment of the Stock Exchanges.

Bids not uploaded to the on-line IPO system of NSE/BSE shall not be considered for allocation/allotment.

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 Confirmation of Allocation Note ("CAN"), and filing of the Prospectus with the ROC, the Bid-cum-Application Form shall be considered as the Application Form. Upon completing and submitting the Bid-cum-Application Form to a member of the Syndicate, the Bidder is deemed to have authorized the Company to make the necessary changes in this Red Herring Prospectus and the Bid-cum-Application Form as would be required for filing the Prospectus with the ROC and as would be required by ROC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid cum Application Form for various categories is as follows:

Category	Bid cum Application Form
Indian Public or NRIs applying on a non-repatriation	White
Non-Residents or FIIs on repatriation basis	Blue
Permanent Employees of the Company	Green

Who can Bid?

1. Indian nationals resident in India who are majors in single or joint names (not more than three);
2. Hindu Undivided Families or HUFs in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of Sole or First bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bids by HUFs would be considered at par with those from individuals;
3. Companies and corporate bodies not having majority ownership and control of persons resident outside India and societies registered under the applicable laws in India and authorized to invest in the Equity Shares
4. Mutual Funds registered with SEBI;
5. Indian Financial Institutions, commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to RBI regulations, as applicable);
6. Venture Capital Funds registered with SEBI;
7. Foreign Venture Capital investors registered with SEBI;
8. State Industrial Development Corporations;
9. Multilateral and bilateral development financial institutions;



10. Insurance companies registered with the Insurance Regulatory and Development Authority;
11. Provident Funds with minimum corpus of Rs. 2500 Lakhs and who are authorized under their constitution to hold and invest in Equity Shares;
12. Pension funds with minimum corpus of Rs. 2500 Lakhs and who are authorized under their constitution to hold and invest in Equity Shares;
13. Trust/ society registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts/ society and who are authorized under their constitution to hold and invest in Equity Shares;
14. Eligible NRIs and other Non Residents including FIIs on a repatriation basis or non-repatriation basis subject to applicable laws; and
15. Scientific and/ or Industrial Research Organizations authorized to invest in Equity Shares.

Note: The BRLMs, Syndicate Members and any associate of the BRLMs and Syndicate Members (except asset management companies on behalf of mutual funds, Indian financial institutions and public sector banks) cannot participate in that portion of the Issue where allocation is discretionary, unless otherwise permitted by SEBI. Further, the BRLMs and Syndicate Members shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligation.

In terms of the Regulation 15A (1) of the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, the Foreign Institutional Investor or sub-account ("FIIs") may issue, deal in or hold, off-shore derivative instruments such as Participatory Notes, Equity Linked Notes or any other similar instruments against underlying securities being allocated to such FIIs.

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 the relevant Regulations or statutory guidelines.

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.

As per current regulations, the following restrictions are applicable for investment by FIIs:

The issue of equity shares to a single FII making investments on its own behalf should not exceed 10% of the post-issue paid-up capital of the Company. 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 or 5% of the total issued capital in case such sub-account is a foreign corporate or an individual. As of now, the aggregate FII holding in the Company cannot exceed 24 % of the total issued capital of the Company. With the approval of the Board of Directors and the shareholders by way of a special resolution, the aggregate FII holding can go up to 100%. However, as of this date, no such resolution has been recommended for adoption.

As per the current regulations, the following restrictions are applicable for investments by SEBI registered Venture Capital Funds and Foreign Venture Capital Investors:

The SEBI (Venture Capital Funds) Regulations, 1996 and SEBI (Foreign Venture Capital) Regulations, 2000 prescribe investments restriction on the venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, holding in the Company by any individual venture capital fund or foreign venture capital investors registered with SEBI should not exceed 25% of Company's paid-up capital.

The aggregate holdings of venture capital funds and foreign venture capital investors registered with SEBI could, however, go up to 100 % of our Company's paid-up equity capital.

Bids by Mutual Funds

In case of a Mutual Fund, a 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 Funds will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the bid has been made.

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

No Mutual funds scheme shall invest more than 10% of its net asset value 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.

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 applicable limits under laws or regulations.

Maximum and Minimum Bid Size:

- **For Retail Individual Bidders:**

The Bid must be for a minimum of 50 Equity Shares and in multiples of 50 Equity Shares thereafter, subject to maximum Bid amount of Rs.1,00,000. In case the maximum Bid amount is more than Rs.1,00,000/- due to revision of the Bid or revision of the Price Band or on exercise of the option, then the same would be considered for allocation under the Non-Institutional Bidders category. The Cut-off option is given only to the Retail Individual Bidders indicating their agreement to bid and purchase the equity shares at the final Issue Price as determined at the end of the Book Building Process.

- **For Non-Institutional Bidders and QIBs Bidders:**

The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 100,000 and in multiples of 50 Equity Shares thereafter. A Bid cannot be submitted for more than the size of the Issue. However, the maximum Bid by a QIB should not exceed the investment limits prescribed for them by the regulatory or statutory authorities governing them.

Under existing SEBI guidelines, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date.

In case of revision of bids, the Non-Institutional Bidders who are individuals have to ensure that the Bid Amount is greater than Rs. 100,000. In case the Bid Amount reduces to Rs. 100,000 or less due to a revision in Bids or revision in the price band, the same would be considered for allocation under the Retail portion. Non-Institutional Bidders and QIB Bidders are not allowed to Bid at 'cut-off'.

- **For Employees of the Company and its subsidiaries:**

The Bid must be for a minimum of 50 Equity shares and in multiples of 50 thereafter, subject to a maximum Bid for 4,28,500 shares.

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 applicable limits under laws or regulations.

Bids at Different Price Levels

1. The Price Band has been fixed at Rs.100 to Rs. 120 per equity share, Rs. 100 being the floor of the Price Band and Rs. 120 being the cap of the Price Band. The Bidders can bid at any price within the Price Band in multiples of Re. 1.
2. The Company, in consultation with the BRLMs, can revise the Price Band during the Bidding Period, in which case the Bidding Period shall be extended further for a period of three days, subject to the total Bidding Period not exceeding ten working days. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of Price Band can move up or down to the extent of 20% of the floor of the Price Band disclosed in the Red Herring Prospectus.
3. Any revision in the Price Band will be widely disseminated by informing the stock exchanges, by issuing a public notice in two national newspapers (one each in English and Hindi), and one regional newspaper (Marathi) and also indicating the change on the relevant websites and the terminals of the members of the Syndicate.
4. The Company, in consultation with the BRLMs, can finalize the Issue Price within the Price Band without the prior approval of, or intimation, to the Bidders.
5. The Bidder can bid at any price within the Price Band. The Bidder has to bid for the desired number of equity shares at a specific price. Retail Individual Bidders may bid at "Cut-off". However, bidding at "Cut-off" is prohibited for QIB or Non Institutional Bidders and such Bids from QIBs and Non Institutional Bidders shall be rejected.
6. Retail Individual Bidders who bid at the Cut-Off agree that they shall purchase the equity shares at the Issue Price, as finally determined which would be a price within the Price Band. Retail Individual Bidders bidding at Cut-Off shall deposit in the Escrow Account the Bid Amount based on cap of the Price Band. In the event the Bid Amount is higher than the



subscription amount payable by the Retail Individual Bidders (i.e., the total number of equity shares allocated in the Issue multiplied by the Issue Price), Retail

Individual Bidders shall receive the refund of the excess amounts from the Escrow Account/ Refund Account(s).

7. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders who had bid at Cut-Off could either (i) revise their bid or (ii) make additional payment based on the Cap of the Revised Price Band, with the member of the Syndicate to whom the original bid was submitted. In case the total amount (i.e. original Bid Amount plus additional payment) exceeds Rs. 1,00,000, the bid will be considered for allocation under the Non-Institutional Portion in terms of the Red Herring Prospectus. If, however, the bidder does not either revise the bid or make additional payment and the Issue Price is higher than the Cap of the Price Band prior to revision, the number of shares bid for shall be adjusted for the purpose of allocation, such that no additional payment would be required from the Bidder and the bidder is deemed to have approved such revised bid at cut-off price.
8. In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have bid at Cut-off could either revise their bid or the excess amount paid at the time of bidding would be refunded from the Escrow Account/ Refund Accounts(s).
9. In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain 50 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 dematerialised segment of the Stock Exchanges.

Bids by eligible NRIs

Eligible NRI Bidders should comply with the following:

- 1) Individual Eligible NRIs can obtain the Bid Cum Application Forms from our Registered office, Our Corporate office, and members of the Syndicate or the Registrar to the Issue.
- 2) Eligible NRI Bidders may please note that only such Bids as are accompanied by payment in free Foreign exchange shall be considered for allotment. Eligible NRIs who intend to make payment through NRO Accounts shall use the BID Cum Application Form meant for resident Indians (White Colour)

Escrow Mechanism

Escrow Account

The Company shall open Escrow Accounts with one or more Escrow Collection Banks in whose favour the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the Bid. Cheques or demand drafts received for the full Bid amount from Bidders in a certain category would be deposited in the Escrow Account for the issue. The Escrow Collection Banks will act in terms of the Red Herring Prospectus and an Escrow Agreement. The monies in the Escrow Account for the issue shall be maintained by the Escrow Collection Bank(s) for and on behalf of the Bidders. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the monies from the Escrow Account to the Public Issue Account with the Bankers to the Issue as per the terms of the Escrow Agreement with the Company. The Escrow Collection Banks, as per the terms of the Escrow Agreement and this Red Herring Prospectus, if any, shall also make payment of refund, from the Escrow Account.

The Bidders shall note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between the Escrow Collection Bank(s), the Company, the Registrar to the Issue, the BRLM and the Syndicate Members to facilitate collections from the Bidders.

Terms of Payment and Payment into the Escrow Account

In case of Non-institutional Bidders and Retail Individual Bidders, each Bidder shall, with the submission of the Bid cum Application Form draw a cheque or demand draft for the maximum amount of his Bid in favour of the Escrow Account of the Escrow Collection Bank (for details refer to the paragraph "Payment Instructions on page no. 201 and submit the same to the members of the Syndicate with whom the Bid is being deposited. Bid cum Application Forms accompanied by cash and Stock invest shall not be accepted. The maximum bid price has to be paid at the time of submission of the Bid cum Application Form

based on the highest bidding option of the Bidder. The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold the monies for the benefit of the Bidders till such time as the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account or Refund Account with the Bankers to the Issue, as applicable. The balance amount after transfer to the Issue Account shall be held for the benefit of the Bidders who are entitled to refunds on the Designated Date, and not later than 15 days from the Bid Closing Date / Issue Closing Date, the Escrow Collection Bank(s) shall refund all monies to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for Allotment to the Bidders.

Each Category of Bidders i.e. QIB Bidders, Non Institutional Bidders and Retail Individual Bidders would be required to pay their applicable Margin Amount at the time of the submission of the Bid Cum Application Form. The Margin Amount payable by each category of bidders is mentioned under the heading " Issue Structure " in page no. [*] of this Red Herring Prospectus. 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 not later than the pay-in date, which shall be 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 favoring the Escrow Account within the time stipulated above, the application of the Bidder is liable to be rejected. However, if the members of the Syndicate do not waive such payment, the full amount of payment has to be made at the time of submission of the Bid cum Application Form.

Where the Bidder has been allocated lesser number of Equity Shares than he or she had bid for, the excess amount paid on bidding, if any, after adjustment for allocation, will be refunded to such Bidder within 15 days from the Bid/Issue Closing Date, failing which and the Company shall pay interest 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 and the NSE. There will be at least one on-line connectivity in each city, where a stock exchange is located in India and where Bids are being accepted.
- (b) The BSE and the NSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the Syndicate Members and their authorised agents during the Bidding Period. The 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.
- (c) The consolidated demand and price for Bids registered on the electronic facilities of the BSE and the NSE will be displayed on-line at all bidding centers, on a regular basis. A graphical representation of consolidated demand and price would be made available at the bidding centers during the bidding period.
- (d) At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:
 - Name of the first/sole Bidder;
 - Investor category – individual, corporate, NRI, FII, or mutual fund etc.;
 - Numbers of Equity Shares bid for;
 - Bid price;
 - Bid cum Application Form number;
 - Whether payment is made upon submission of Bid cum Application Form; and
 - Depository participant identification no. And client identification no. of the beneficiary account of the Bidder.
- (e) A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate. The registration of the Bid by the member of the Syndicate does not guarantee that the Equity Shares shall be allocated either by the members of the Syndicate or our Company.
- (f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- (g) It is to be distinctly understood that the permission given by the BSE and the NSE to use their network and software of the Online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company or the BRLM are cleared or approved by the BSE and the NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, our Promoters, our management or any scheme or project of our Company.



- (h) It is also to be distinctly understood that the approval given by the BSE and the NSE should not in any way be deemed or construed that this Red Herring Prospectus has been cleared or approved by the BSE and the NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus; nor does it warrant that our Equity Shares will be listed or will continue to be listed on the BSE and the NSE.

Build Up of the Book and Revision of Bids

1. Bids registered by various Bidders through the members of the Syndicate shall be electronically transmitted to the BSE or NSE mainframe on an on-line basis. Data would be uploaded on a regular basis.
2. The Price Band can be revised during the Bidding Period, in which case the Bidding Period shall be extended further for a period of three days, subject to the total Bidding Period not exceeding ten working days. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of Price Band can move up or down to the extent of 20% of the floor of the Price Band disclosed in this Red Herring Prospectus.
3. Any revision in the Price Band will be widely disseminated by informing the stock exchanges, by issuing public notice in two national newspapers (one each in English and Hindi) and one regional newspaper (Marathi) and by indicating the change on the relevant websites and the terminals of the members of the Syndicate.
4. The book gets built up at various price levels. This information will be available with the BRLM on a regular basis.
5. During the Bidding Period, any Bidder who has registered an interest in the equity shares at a particular price level is free to revise his/ her Bid within the Price Band using the printed Revision Form, which is a part of the Bid cum Application Form.
6. Revisions can be made in both the desired number of equity shares and the Bid price by using the Revision Form. The Bidder must complete the details of all the options in the Bid cum Application Form or earlier Revision Form and revisions for all the options as per the Bid cum Application Form or earlier Revision Form. For example, if a Bidder has bid for three options in the Bid cum Application Form or the earlier Revision Form and is changing only one of the options in the Revision Form, the Bidder must still complete the details of the other two options, that are not being revised in the Revision Form unchanged. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate.
7. The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the earlier Bid, the Bidders will have to use the services of the same member of the Syndicate through whom the original Bid was placed. **Bidders are advised to retain copies of the Blank Revision Form and the revised Bid must only be made on that Revision Form.**
8. Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of this Red Herring Prospectus.
9. When a Bidder revises a Bid, the Bidder shall surrender the earlier TRS and get a revised TRS from the member of the Syndicate. **It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of having revised the previous Bid.**
10. In case of a discrepancy of data between BSE and NSE and the members of the Syndicate, the decision of the BRLM based on the physical records of the Bid cum Application Form shall be final and binding to all concerned.

Price Discovery and Allocation

1. After the Bid/Issue Closing Date, the BRLM shall analyze the demand generated at various price levels and discuss pricing strategy with the Company.
2. The Company, in consultation with the BRLMs, shall finalize the "Issue Price" and the number of equity shares to be allotted and the allotment to successful QIB Bidders. The allocation to QIBs will be decided based on the quality of the QIB Bidder determined broadly by the size, price, date and time of the Bid.
3. The allocation for QIBs for not more than at least 50% of the Net Offer to the Public Size would be on proportionate basis (including 5% for Mutual funds). The allocation to Non-Institutional Bidders would not be less than 15% of the Net Offer to the Public and allocation to Retail Individual Bidders will not be less than 35% of the Net Offer to the Public. Allocation to Non-Institutional Bidders, Retail Individual Buyers and to the Employees of the Company would also be made on proportionate basis, subject to the valid bids being received at or above the Issue Price.

4. Under subscription, if any, in any category (other than the allocation to QIBs portion), would be allowed to be met with spill over from any of the other categories, at the sole discretion of the Company, in consultation with the BRLM.
5. Allocation to QIBs, eligible Non-Residents, FIIs and NRIs applying on repatriation basis will be subject to the terms and conditions stipulated by the FIPB and RBI while granting permission for allotment of equity shares to them.
6. The BRLM, and the Company, shall notify the members of the Syndicate of the Issue Price and allocations to their respective Bidders where the full Bid Amount has not been collected from the Bidders.
7. The Company reserves the right to cancel the Issue any time after the Bid/Issue Opening Date without assigning any reason therefore.
8. In terms of SEBI Guidelines, QIB shall not be allowed to withdraw their Bid after the Bid. Closing Date.

Signing of Underwriting Agreement and ROC Filing

1. The Company, the BRLM, and the other members of the Syndicate shall enter into an Underwriting Agreement on finalization of the Issue Price and allocation(s) to the Bidders.
2. After the Underwriting Agreement is signed among the Company, the BRLM, and the other members of the Syndicate, the Company will file the Red Herring Prospectus with the ROC, which would then be termed 'Prospectus'. The Prospectus would have details of the Issue Price, size of the Issue, underwriting arrangements and would be complete in all material respects.

Advertisement Regarding Issue Price and Prospectus

The Company will issue a statutory advertisement after the filing of the Prospectus with the ROC in two widely circulated newspapers (one each in English and Hindi) and a regional language newspaper circulated at the place where the registered office of the Company is situated. This advertisement, in addition to the information (in the format and contain the disclosures specified in Part A of Schedule XX-A of the SEBI Guidelines), that has to be set out in the statutory advertisement shall indicate the Issue Price along with a table showing the number of Equity Shares. Any material updates between Red Herring Prospectus and the Prospectus will be included in such statutory advertisement.

Issuance of Confirmation of Allocation Note

1. The BRLM or Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated equity shares in the Issue, where the Margin Amount is less than 100%.
2. The Members of the Syndicate would send the CAN to their Bidders who have been allocated equity shares in the Issue. The dispatch of a CAN shall be deemed to be valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the equity shares allocated to such Bidder. Those Bidders who have not paid the full Bid Amount into the Escrow Account on or prior to the time of bidding shall pay the full amount into the Escrow Account on or prior to the Pay-in Date specified in the CAN.
3. Bidders who have been allocated equity shares and who have already paid the full Bid Amount into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realization of their cheque or demand draft paid into the Escrow Account. The dispatch of a CAN shall be a deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the equity shares allotted to such Bidder.

Designated Date and Transfer of Funds to Public Issue Account

1. The Company will ensure that the allotment of Equity shares is done within 15 days of the Bid Closing Date/ Issue Closing Date. After the funds are transferred from the Escrow Account to the Issue Account on the Designated Date, the Company would ensure allotment of the Equity Shares to the allottees within two working days of the finalization of the date of allotment.
2. On the Designated Date, successful Bidders will receive credit for the equity shares directly in their depository account. **Equity shares will be allotted only in the dematerialized form to the allottees.** Successful Bidders will have the option to re-materialise the equity shares so allotted, if they so desire, as per the provisions of the Companies Act and the Depositories Act.
3. Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be credited to their Depository Account allocated to them pursuant to Allotment in this Issue.
4. After the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date, we would allot the Equity Shares to the allottees. We would ensure the allotment of Equity Shares within 15 days of Bid / Issue



Closing Date and give instructions to credit to the allottees' depository accounts within two working days from the date of allotment. In case we fail to make allotment within 15 days of the Bid/Issue Closing Date, interest would be paid to the investors at the rate of 15% per annum.

General Instructions

Do's:

- Check if you are eligible to apply;
- Read all the instructions carefully and complete appropriate Application Form;
- Ensure that you Bid only in the Price Band;
- Ensure that the DP account is activated;
- Ensure that the details about Depository Participant and Beneficiary Account are correct as there will be no allotment of equity shares in physical form;
- Ensure that the name given in the Bid cum Application form is exactly the same as the Name in which the Depository Account is held. In case, the Bid cum Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form;
- Ensure that the Bids are submitted at the bidding centers only on forms bearing the stamp of a member of the Syndicate;
- Ensure that you have collected a TRS for all your Bid options; and submit Revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS.
- Submit revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;
- Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects.

Don'ts

- Do not Bid for lower than the minimum Bid size;
- Do not Bid/ revise the Bid to a price that is less than the floor of the Price Band or higher than the cap of the Price Band;
- Do not Bid on another Bid cum Application Form after you have submitted the Bid to the members of the Syndicate;
- Do not pay the Bid Amount in cash; through Stock Invest, by money order or by postal order.
- Do not send Bid cum Application Forms by post; instead hand them over to a member of the Syndicate only;
- Do not Bid at Cut-off price if you are a for Non-Institutional Bidder or a QIB bidder;
- Do not fill up the Bid cum Application Form for an amount that exceeds the investment limit or maximum number of equity shares that can be held by a Bidder under applicable law.
- Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceeds the Issue size and/or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;

Instructions for Completing the Bid cum Application Form

Bidders can obtain Bid cum Application Forms and / or Revision Forms from the members of the Syndicate.

Bids and Revision of Bids

Bids and revision of Bids must be:

1. Made only in the prescribed Bid cum Application Form or Revision Form, as applicable (white colour for Resident Indians and NRIs applying on non-repatriation basis, blue colour for NRIs or FIIs or Foreign Venture Capital Fund, Multilateral and Bilateral Development Financial Institutions applying on repatriation basis and green colour for Permanent employees of the Company).

2. Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid cum Application Form or in the Revision Form as incomplete Bid cum Application Forms or Revision Forms are liable to be rejected.
3. For Retail Individual Bidders, the Bids must be for a minimum of 50 equity shares and in multiples of 50 thereafter subject to a maximum Bid Amount of Rs. 1,00,000.
4. For Non Institutional and QIB Bidders, Bids must be for a minimum of such number of equity shares that the Bid Amount exceeds Rs. 1,00,000 and in multiples of 50 equity shares thereafter. Bids cannot be made for more than the size of the Issue. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of equity shares that can be held by them under applicable laws.
5. In single name or in joint names (not more than three, and in the same order as their Depository Participant details).
6. Thumb impressions and signatures other than in the languages specified in the Eight Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Bidder's Bank Details

The name of the sole or first Bidder's bank, branch, type of account and account numbers must be mandatorily completed in the Bid cum Application Form. This is required for the Bidder's own safety so that these details can be printed on the refund orders. These bank account details should be the same as those mentioned in the Bidder's depository account, as those details will be printed on the refund orders. Bid cum Application Forms without these details are liable to be rejected. Please note that failure to do so could result in delays in credit of refunds to Bidders at the Bidders sole risk and neither the BRLM nor the Company shall have any responsibility and undertake any liability for the same. It is the Bidder's responsibility to ensure that the details of the Bidder's depository account are correct.

Bidders Depository Account Details

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT- IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

Bidders should note that on the basis on name of the Bidders, Depository Participants name, Depository Participants Identification Number and Beneficiary Account Number provided by them in the Bid cum Application form, the Registrar to the Issue will obtain from the Depository, Demographic details of the bidders such as Address, Bank Account details, for printing on refund orders and occupation (hereinafter referred to as Demographic Details) hence, Bidders should carefully fill in their depository account details in the Bid cum Application Form.

These Demographic details would be used for all correspondence with the Bidders including mailing of the refund orders/ CANs/Allocation Advice and printing of Bank particulars on the refund order.

Hence Bidders are advised to update their Depository Details as provided to the Depository Participants and ensure that they are true and correct.

By signing the Bid cum Application Form the Bidder would have deemed to authorize the depositories to provide, upon request, to the registrar of the issue, the required demographic details as available on its records.

Refund orders/Allocation Advice/CANs would be mailed at the address of the bidder as per the demographic details received from the depositories. Bidders may note that delivery of Refund orders/Allocation Advice/CANs may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, address and other details given by the Bidder in the Bid cum Application form would be used to ensure dispatch of refund orders. Please note that any such delay will be at the Bidders sole risk and neither the Bank nor the BRLMs shall be liable to compensate the Bidder for any such losses caused to the bidder due to any such delay or liable to pay any such interest for such delay.

In case no corresponding record is available with the depositories that match these parameters, namely, names of the bidders (including the order of names of joint holders), the Depository Participants Identity (DP ID) and the beneficiary's identity and then such bids are liable to be rejected.



Bids under Power of Attorney

In case of Bids made pursuant to a Power of Attorney or by limited companies, corporate bodies, registered societies, a certified copy of the Power of Attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum and Articles of Association and/or bye laws must be submitted with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In case of Bids made pursuant to a Power of Attorney by FIIs, a certified copy of the Power of Attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be submitted with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In case of 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 therefore.

In case of the Bids made by provident funds, subject to applicable law, with minimum corpus of Rs. 2500 Lakh and pension funds with minimum corpus of Rs. 2500 Lakhs, 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 therefore.

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 the BRLM, may deem fit.

Bids by Non-Residents, NRIs and FIIs on a repatriation basis

Bids and revision to the Bids must be made:

1. On the Bid cum Application Form or the Revision Form, as applicable (Blue in color), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
2. In a single name or joint names (not more than three and in the same order as their Depository Participant details).
3. Eligible 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 50 thereafter that the Bid Amount exceeds Rs. 100,000. For further details see section titled "Issue Procedure - Maximum and Minimum Bid Size" on page no. 149 of this Red Herring Prospectus.
4. In the names of individuals, or in the names of FIIs, but not in the names of minors, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and/or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into 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, including eligible NRIs and FIIs and all Non-Residents Bidders will be treated on the same basis with other categories for the purpose of allocation.

Further, NRIs who are not eligible NRIs are not permitted to Participate in this Issue.

Payment Instructions

The Company shall open an Escrow Account with the Escrow Collection Banks 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 of the Company

1. The Bidders for whom the applicable margin is equal to 100% shall, along with the submission of the Bid cum Application Form, draw a payment instrument for the Bid Amount in favour of the Escrow Account of the Company and submit the same to the members of the Syndicate.
2. In case the above margin amount paid by the Bidders during the Bidding Period is less than the Issue Price multiplied by the equity shares allocated to the Bidder or the balance amount shall be paid by the Bidders into the Escrow Account of the Company within the period specified in the CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLMs.
3. The payment instruments for payment into the Escrow Account of the Company should be drawn in favour of:
 - a. In case of Resident Bidders: **“Escrow Account — PIL Resident”**
 - b. In case of Non-Resident Bidders: **“Escrow Account – PIL Non-Resident”**
 - c. In case of Permanent Employees of the Company **“Escrow Account- PIL - Employees”**
 - d. In case of Resident QIB : **“Escrow Account – PIL Resident QIB”**
 - e. In case of Non – Resident QIB: **“Escrow Account – PIL Non – Resident QIB”**

In case of Bids by Eligible NRIs applying on repatriation basis, the payments must be made through Indian Rupee Drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of Non-Resident bidder bidding on a repatriation basis. Payment by drafts should be accompanied by Bank Certificate confirming that the draft has been issued by debiting to NRE or FCNR Account.

In case of Bids by FIIs, the payment should be made out of funds held in a Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting the Special Rupee Account.

4. Where a Bidder has been allocated a lesser number of equity shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the equity shares allocated, will be refunded to the Bidder from the Escrow Account of the Company.

5. 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 clearinghouse 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 Invest/Money Orders/ Postal Orders will not be accepted.

Payment by Stock Invest

In terms of Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the option to use the stock invest instrument in lieu of cheques or bank drafts for payment of bid money has been withdrawn. Hence, payment through stock invest would not be accepted in this issue.

Submission of Bid cum Application Form

All Bid cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate during the Bidding / Issue Period. A 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 Revision Form.

No separate receipts shall be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection center of the members of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder. No separate receipts shall be issued for the money paid on the submission of Bid cum Application Form or Revision Form.



Other Instructions

Joint Bids In The Case Of Individuals:

Bids may be made by individuals in single or joint names (not more than three). In the case of joint Bids, all refund amounts will be made only in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form ("First Bidder"). All communications will be addressed to the First Bidder and will be dispatched to his/ her address.

Multiple Bids:

A Bidder should submit only one Bid (and not more than one) for the total number of equity shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple bids provided that the Bids clearly indicate the name of the scheme concerned for which the Bid has been made

The application made by the AMCs or custodians of the mutual funds shall clearly indicate the name of the concerned scheme for which application is being made.

The Company reserves the right to reject, in its absolute discretion, all or any multiple Bids in all or any categories.

PAN or GIR Number

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 Permanent Account Number (PAN) allotted under the Income Tax 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 of declaration to be filed by a person who does not have a permanent account number and who enters into any transaction specified in rule 114B), or, Form 61 (form of declaration to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income tax in respect of transactions specified in rule 114B), as may be applicable, duly filled along with a copy of any one of the following documents in support of the address: (a) Ration Card (b) Passport (c) Driving License (d) Identity Card issued by any institution (e) Copy of the electricity bill or telephone bill showing residential address (f) Any document or communication issued by any authority of the Central Government, State Government or local bodies showing residential address (g) Any other documentary evidence in support of address given in the declaration. **It may be noted that Form 60 and Form 61 have been amended vide a notification issued on December 1, 2004 by the Ministry of Finance, Department of Revenue, Central Board of Direct Taxes. All Bidders are requested to furnish, where applicable, the revised Form 60 or 61 as the case may be.**

Company Right to reject Bids

In case of QIB bidders, the company, in consultation with the BRLM may reject a bid placed by a 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 thereof shall be disclosed to the QIB Bidders. In case of QIB bidders, Non-institutional Bidders and Retail Bidders, we have a right to reject Bids based on technical grounds. Consequent refunds shall be made by cheque or Payorder or draft and will be sent to the Bidder's address at the Bidder's risk.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected on technical grounds, including the following:

- Amount paid does not tally with the amount payable for the highest value of equity shares bid for;
- Bank account details (for refund) are not given;
- Age of First Bidder not given;
- Bids by Persons not competent to contract under the Indian Contract Act, 1872, including minors, insane Persons;

- PAN photocopy/ PAN Communication/ Form 60/Form 61 declaration not given if Bid is for Rs.50,000 or more;
- UIN number not given for Body Corporate
- Bids for lower number of equity shares than specified for that category of investor;
- Bids at a price less than the floor of the Price Band and higher than the cap of the Price Band;
- Bids at cut-off price by a QIB or a Non Institutional Bidder;
- Bids for number of equity shares, which are not multiples of 50;
- Category not ticked;
- Multiple Bids;
- In case of Bid under power of attorney or by limited companies, corporate, trust, etc., relevant documents are not submitted;
- Bid cum Application Form does not have the stamp of a member of the Syndicate;
- Bid cum Application Form does not have the Bidder's depository account details, including as specified below;
- Bid cum Application Forms are not submitted by the Bidders within the time prescribed as per the Bid cum Application Form, Bid/ Issue Opening Date advertisement and this Red Herring Prospectus and as per the instructions in this Red Herring Prospectus and the Bid cum Application Form;
- In case no corresponding record is available with the Depository that matches three parameters; name of bidder (including sequence of names of joint holders), depository participant identification number and beneficiary account number.
- Bids by US residents or US persons other than "Qualified Institutional Buyers" as defined in Rule 144A of US Securities Act of 1933.
- Bids for amounts greater than the maximum permissible amounts prescribed by the regulations (see the details regarding the same at page no. 149 of this Red Herring Prospectus); or
- Bids not duly signed by the sole/joint Bidders.
- In case of partnership firms, shares may be registered in the names of the individual partners and no firm as such, shall be entitled to apply;
- Bids accompanied by Stock invest/money order/postal order/cash.

Equity Shares In Dematerialized Form with NSDL or 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 this context, two agreements have been signed among our Company, the respective Depositories and the Registrar to the Issue:

- a) An agreement dated January 5, 2006 between NSDL, us and Registrar to the Issue;
- b) An agreement dated January 16, 2006 between CDSL, us and Registrar to the Issue.

All Bidders can seek Allotment only in dematerialized mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

- 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.
- 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.
- 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.
- 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.

- 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.
- 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.
- 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.
- The trading of the Equity Shares would be in dematerialized 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. T.R. Radhakrishnan, General Manager (Finance), 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:

Shrikant Chambers

**Phase – II, 5th Floor, Sion – Trombay Road,
Next to R. K. Studio, Chembur, Mumbai – 400 071
Ph. No. (022) 5641 4499, Fax No. (022) 25201135
Email : radhakrishnan@pratibhagroup.com
Disposal of Applications and Application Monies**

We shall ensure dispatch of allotment advice, refund orders and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the allotment to the Stock Exchanges within two working days of date of finalization 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 seven working days of finalization 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 dematerialized form within 15 days of the Bid/Issue Closing Date;
- 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 68A of the Act, which is reproduced below:

"Any person who:

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

Interest on Refund of Excess Bid Amount

The Company shall pay interest at the rate of 15% per annum on the excess Bid Amount received by the company 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-8/6/SE/79 Dated July 21, 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 Allocation

A. For Retail Individual Bidders

Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allotment to all the successful Retail Individual Bidders will be made at the Issue Price.

The Issue size less allotment to Non-Institutional Bidders and QIB Bidders shall be available for allotment to Retail Individual Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.

If the aggregate demand in this portion is less than or equal to 13,49,775 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 13,49,775 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum bid / application size of 50 Equity Shares and in multiples of 50 Equity Shares thereafter. For the method of proportionate basis of allocation, refer below.

B. For Non-Institutional Bidders

Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allotment to all successful Non-Institutional Bidders will be made at the Issue Price.

The Issue size less allocation to QIB Bidders and Retail Individual Bidders shall be available for allocation to Non-Institutional Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.

If the aggregate demand in this category is less than or equal to 5,78,475 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 5,78,475 Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis up to a minimum of 50 Equity Shares and in multiples of 50 Equity Shares thereafter. For the method of proportionate basis of allocation refer below.

C. For QIB Bidders

Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to all the QIB Bidders will be made at the Issue Price.

The Issue size less allocation to Non-Institutional Bidders and Retail Individual Bidders shall be available for allocation to QIB Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.

The allocation would be decided by the Company in consultation with the BRLM and would be on proportionate basis.

Procedure and Time Schedule for Allotment of equity shares

The Company reserves, at its absolute and uncontrolled discretion and without assigning any reason thereof, the right to accept or reject any Bid in whole or in part. In case a Bid is rejected in full, the whole of the Bid amount will be refunded to the Bidder within 15 days of the Bid/Issue Closing Date. In case a Bid is rejected in part, the excess Bid Amount will be refunded to the Bidder within 15 days of the Bid/Issue Closing Date.

The Company will ensure allotment of equity shares within 15 days from the Bid/Issue Closing Date. The Company shall pay interest at the rate of 15% per annum (for any delay beyond the periods as mentioned above), if allotment is not made, refund orders are not dispatched and/or demat credits are not made to investors within two working days from the date of allotment.

Method of proportionate basis of allocation in the QIBs, Retail, Non-Institutional Portions:

In the event of the Issue being over-subscribed, the basis of allotment to QIBs, Retail and Non Institutional Bidders shall be finalized by the Company, in consultation with the Designated Stock Exchange. The Executive Director or Managing Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLMs and the Registrar to the Issue shall be responsible for ensuring that the basis of allotment is finalized in a fair and proper manner. The allocation



shall be made in multiples of one share, on a proportionate basis as explained below subject to minimum allocation being equal to 1 Equity Share.

The subscription in the QIBs, Retail and the Non-Institutional portion will be computed separately.

Letters of Allotment or Refund Orders

We shall give credit to the beneficiary account with Depository Participants within two working days from the date of the finalization of basis of allocation. We shall ensure dispatch of refund orders, if any, of value up to Rs. 1,500 by "Under Certificate of Posting", and shall dispatch refund orders above Rs. 1,500, if any, by registered post or speed post at the sole or First Bidder's sole risk within 15 days of the Bid/Issue Closing Date.

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 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 day time period as mentioned above), if Allotment is not made, refund orders are not dispatched and/or demat credits are not made to investors within the 15 day time prescribed above.

Undertaking by our Company

We undertake as follows:

- That the complaints received in respect of this Issue shall be attended to by us expeditiously and satisfactorily;
- That all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the stock exchanges where the Equity Shares are proposed to be listed within seven working days of finalization of the basis of allotment;
- That the funds required for dispatch of refund orders or allotment advice by registered post or speed post shall be made available to the Registrar to the Issue by us;
- That the refund orders or allotment advice to the NRIs or FIIs shall be dispatched within specified time; and
- That no further issue of Equity Shares shall be made till the Equity Shares offered through this Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.

Utilization of Issue proceeds

Our Board of Directors certify that:

- All monies received out of the Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
- Details of all monies utilized out of Issue referred above shall be disclosed under an appropriate head in our balance sheet indicating the purpose for which such monies have been utilized;
- Details of all unutilized monies out of the Issue, if any shall be disclosed under the appropriate head in our balance sheet indicating the form in which such unutilized monies have been invested; and
- We shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

The Board further undertake that

The utilization of monies received under promoter's contribution and from firm allotments and reservation shall be disclosed under an appropriate head in the balance sheet of the issuer Company, indicating the purpose for which such monies have been utilized.

The details of all unutilized monies out of funds received under promoter's contribution and from firm allotments and reservation shall be disclosed under a separate head in the balance sheet of the issuer company, indicating the form in which such unutilized monies have been invested.

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 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 procedure for making such investment. As per current foreign investment policy, Foreign Direct Investment in Infrastructure Sector is permitted up to 100% subject to certain condition.



I. DESCRIPTION OF EQUITY SHARES AND MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Description of Equity Shares

Described below is the material information concerning our share capital and brief summary of the material provisions of the Companies Act and our Charter documents. Certain Provisions will be applicable upon our equity shares being listed on the Stock Exchanges. The following description is not complete and should be read in conjunction with our Memorandum of Association and our Articles of Association and the relevant provisions of the Companies Act.

General

Our Authorised Share Capital is Rs 16,00,00,000 divided into 1,60,00,000 equity shares, each with par value of Rs. 10 each. The Equity shares are our only class of Share Capital. However our Articles and the Companies Act permit us to issue classes of securities other than equity shares for the purpose of these Red Herring Prospectus, "Shareholder" means a shareholder who is registered as a member in the register of members of our company.

SHARE CAPITAL AND VARIATION OF RIGHTS

- 5(a) The Authorised Share Capital of the Company shall be as per paragraph V of the Memorandum of Association of the Company with rights to alter the same in whatever way as deemed fit by the Company. The Company may increase the Authorised Capital which may consist of Equity and/or Preference Shares as the Company in General Meeting may determine in accordance with the law for the time being in force relating to Companies with power to increase or reduce such capital from time to time in accordance with the Regulations of the Company and the legislative provisions for the time being in force in this behalf and with power to divide the shares in the Capital for the time being into Equity Share Capital or Preference Share Capital and to attach thereto respectively any preferential, qualified or special rights, privileges or conditions and to vary, modify and abrogate the same in such manner as may be determined by or in accordance with these presents.
- (b) Subject to the rights of Share holders of any other shares entitled by the terms of issue to preferential repayment over the equity shares in the event of winding up of the Company, the holders of the equity shares shall be entitled to be repaid the amounts of capital paid up or credited as paid up on such equity shares and all surplus assets thereafter shall belong to the holders of the equity shares in proportion to the amount paid up or credited as paid up on such equity shares respectively at the commencement of the winding up.

INCREASE REDUCTION AND ALTERATION OF CAPITAL

6. The Company may from time to time in general meeting increase its share capital by the issue of new shares of such amounts as it thinks expedient.

On what conditions the new shares may be issued

- (a) Subject to the provisions of sections 80, 81 and 85 to 90 of the Act, the new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto by the general meeting creating the same as shall be directed and if no direction be given as the Directors shall determine and in particular such shares may be issued subject to the provisions of the said sections with a preferential or qualified right to dividends and in distribution of assets of the Company and subject to the provisions of the said sections with special or without any right of voting and subject to the provisions of Section 80 of the Act any preference shares may be issued on the terms that they are or at the option of the Company are liable to be redeemed.

Further Issue of Shares

- (b) Where at the time after the expiry of two years from the formation of the company or at any time after the expiry of one year from the allotment of shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further shares whether out of the unissued capital or out of the increased share capital then:
- (i) Such further shares shall be offered to the persons who at the date of the offer, are holders of the equity shares of the Company, in proportion, as near as circumstances admit, to the capita paid up on those shares at the date.
- (ii) Such offer shall be made by a notice specifying the number of shares offered and limiting a time not less than thirty days from the date of the offer and the offer if not accepted, will be deemed to have been declined.
- (iii) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares

offered to them in favour of any other person and the notice referred to in sub clause (b) hereof shall contain a statement of this right.

PROVIDED THAT the Directors may decline, without assigning any reason to allot any shares to any person is whose favour any member may renounce the shares offered to him.

- (iv) After expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose off them in such manner and to such person(s) as they may think, in their sole discretion, fit.
- (c) Notwithstanding anything contained in (iii) of sub-clause (b) thereof, the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (a) of (iii) of sub-clause (b) hereof) in any manner whatsoever.
- (i) If a special resolution to that effect is passed by the Company in General Meeting, or
- (ii) Where no such special resolutions is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in the general meeting (including the casting vote, if any, of the chairman) by the members who, being entitled to do so, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the Company.
- (d) Nothing in is sub-clause (ii) of (b) hereof shall be deemed:
 - (i) To extend the time within which the offer should be accepted; or
 - (ii) To authorize any person to exercise the right of renunciation for a second time on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.
- (e) Nothing in this Article shall apply to the increase of the subscribed capital of the company caused by the exercise of an option attached to the debenture issued or loans raised by the Company:
 - (i) To convert such debentures or loans into shares in the Company; or
 - (ii) To subscribe for shares in the Company (whether such option is conferred in these Articles or otherwise).

PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:

- (i) Either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with the Rules, if any, made by that Government in this behalf; and
- (ii) in the case of debentures or loans or other than debentures issued to or loans obtained from Government or any institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the company in General Meeting before the issue of the debentures or raising of the loans.

Directors may allot shares as fully paid up

- (f) Subject to the provisions of the Act and these Articles, the Directors may issue and allot shares in the capital of the Company on payment or part payment for any property or assets of any kind whatsoever sold or transferred, goods or machinery supplied or for services rendered to the Company in the conduct of its business and any shares which may be so allotted may be issued as fully paid up or partly paid up otherwise than in cash, and if so issued, shall be deemed to be fully paid up or partly paid up shares as the case may be.

Same as original capital

- (g) Except so far as otherwise provided by the conditions of issue or by these presents, any capital raised by the creation of new shares shall be considered as part of the original capital and shall be subject to the provisions herein contained with reference to the payment of calls, installments, transfers, transmission, forfeiture, lien, surrender, voting and otherwise.
6. A The Company may, with the approval of its shareholders in the general meeting, issue shares with differential rights as to voting, dividend or otherwise in accordance with such rules and subject to such conditions as may be prescribed by a law or regulation
6. B The Company may issue equity shares to employees or directors at a discount subject to the conditions satisfied in Section 78A of the Act.



Power to issue Redeemable Preference Shares

7 (a) Subject to the provisions of Section 80 of the Act and subject to the provisions on which any shares may have been issued, the Company may issue preference shares, which are or at the option of the Company are liable to be redeemed;

Provided that:

- (i) no such shares shall be redeemed except out of the profits of the Company which would otherwise be available for dividend or out of the proceeds of a fresh issue of Shares made for the purpose of redemption;
- (ii) no such shares shall be redeemed unless they are fully paid;
- (iii) the premium, if any, payable on redemption shall have been provided for out of the profits of the Company or out of the Company's share premium account before the shares are redeemed;
- (iv) where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall, out of profits which would otherwise have been available for dividend, be transferred to a reserve fund, to be called "the capital redemption reserve account", a sum equal to the nominal amount of the shares redeemed; and the provisions of the Act relating to the reduction of the share capital of the Company shall, except as provided in Section 80 of the Act, apply as if the capital redemption reserve account were paid up share capital of the Company.
- (b) Subject to the provisions of Section 80 of the Act and subject to the provisions on which any shares may have been issued, the redemption of preference shares may be effected on such terms and in such manner as may be provided in these Articles or by the terms and conditions of their issue and subject thereto in such manner as the Directors may think fit.
- (c) The redemption of preference shares under these provisions by the Company shall not be taken as reducing the amount of its authorised Share Capital.
- (d) Where in pursuance of this Article, the Company has redeemed or is about to redeem any preference shares, it shall have power to issue shares up to the nominal amount of the shares redeemed or to be redeemed as if those shares had never been issued; and accordingly the Share Capital of the Company shall not, for the purpose of calculating the fees payable under Section 611 of the Act, be deemed to be increased by the issue of shares in pursuance of this clause.

Provided that where new shares are issued before the redemption of the old shares, the new shares shall not so far as relates to stamp duty be deemed to have been issued in pursuance of this clause unless the old shares are redeemed within one month after the issue of the new shares.

- (e) The Capital Redemption Reserve Account may, notwithstanding anything in this Article, be applied by the Company, in paying up unissued shares of the Company to be issued to members of the Company as fully paid bonus shares.

Provision in case of Redemption of preference Shares

8. The Company shall be at liberty at any time, either at one time or from time to time as the Company shall think fit, by giving not less than six months' previous notice in writing to the holders of the preference shares to redeem at par the whole or part of the preference shares for the time being outstanding, by payment of the nominal amount thereof with dividend calculated up to the date or dates notified for payment (and for this purpose the dividend shall be deemed to accrue and due from day to day) and in the case of redemption of part of the preference shares the following provisions shall take effect:

- (a) The shares to be redeemed shall be determined by drawing of lots which the Company shall cause to be made at its registered office in the presence of one Director at least; and
- (b) Forthwith after every such drawing, the Company shall notify the shareholders whose shares have been drawn for redemption its intention to redeem such shares by payment at the registered office of the Company at the time and on the date to be named against surrender of the Certificates in respect of the shares to be so redeemed and at the time and date so notified each such shareholder shall be bound to surrender to the Company the Share Certificates in respect of the Shares to be redeemed and thereupon the Company shall pay the amount payable to such shareholders in respect of such redemption. The shares to be redeemed shall cease to carry dividend from the date named for payment as aforesaid. Where any such certificate comprises any shares, which have not been drawn for redemption, the Company shall issue to the holder thereof a fresh certificate therefore.

Reduction of capital

9. The Company may from time to time by special resolution, subject to confirmation by the court and subject to the provisions of Sections 78, 80 and 100 to 104 of the Act, reduce its share capital and any Capital Redemption Reserve

Account or premium account in any manner for the time being authorised by law and in particular without prejudice to the generality of the foregoing power may be:

- (a) extinguishing or reducing the liability on any of its shares in respect of Share Capital not paid up;
- (b) either with or without extinguishing or reducing liability on any of its shares, cancel paid up share capital which is lost or is unrepresented by available assets; or
- (c) either with or without extinguishing or reducing liability on any of its shares pay off any paid up share capital which is in excess of the wants of the Company;

and may, if and so far as is necessary, alter its Memorandum, by reducing the amount of its share capital and of its shares accordingly.

Modifications of rights

- 12. If at any time the share capital, by reason of the issue of Preference Shares or otherwise, is divided into different classes of shares, all or any of the rights and privileges attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of Sections 106 and 107 of the Act and whether or not the Company is being wound up, be varied, modified, commuted, affected or abrogated with the consent in writing of the holders of three-fourths in nominal value of the issued shares of that class or with the sanction of a Special Resolution passed at a separate general meeting of the holders of the shares of that class. This Article shall not derogate from any power, which the Company would have if this Article were omitted. The provisions of these Articles relating to general meetings shall mutatis mutandis apply to every such separate meeting but so that if at any adjourned meeting of such holders a quorum as defined in Article 102 is not present, those persons who are present shall be quorum.

Shares and Certificates

- 13. **Issue of further shares not to affect right of existing shareholders**

The rights or privileges conferred upon the holders of the shares of any class issued with preference or other rights, shall not unless otherwise be deemed to be varied or modified or affected by the creation or issue of further shares ranking *pari passu* therewith.

Provisions of Sections 85 to 87 of the Act to apply

- 14. The provisions of Sections 85 to 87 of the Act in so far as the same may be applicable shall be observed by the Company.

Shares at the disposal of the Directors

- 19. Subject to the provisions of Section 81 of the Act and these Articles, the shares in the capital of the Company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of Section 79 of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the Company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital of the Company on payment in full or part of any property sold any transferred or for any services rendered to the Company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the Company in the General Meeting.

Every share transferable etc

- 20 (i) The shares or other interest of any member in the Company shall be a movable property, transferable in the manner provided by the Articles.
- (ii) Each share in the Company shall be distinguished by its appropriate number.
- (iii) A Certificate under¹- the Common Seal of the Company, specifying any shares held by any member shall be *prima facie*, evidence of the title of the member of such shares.

Acceptance of Shares

- 23. An application signed by or on behalf of an applicant for shares in the Company, followed by an allotment of any shares therein shall be an acceptance of shares within the meaning of these Articles and every person who thus or otherwise accepts any shares and whose name is on the Register of Members shall for the purpose of these Articles be a member. The Director shall comply with the provisions of Sections 69, 70, 71, 72 and 73 of the Act in so far as they are applicable.



Deposits and calls etc. to be a debt payable immediately

24. The money (if any) which the Board shall, on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise in respect of any shares allotted by them, immediately, on the insertion of the name of the allottee in the Register of Members as the name of the holder of such shares, become a debt, due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.

Trusts not recognized

25. Except as ordered by any Court of competent jurisdiction or as required by any law, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holders of any share or where the name appears as the Beneficial Owner of the shares in the records of the Depository as the absolute owner thereof and accordingly shall not be bound to recognize any benami trust or equitable, contingent, future or partial interest in any share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto in accordance with these Articles, on the part of any other person whether or not it has express or implied notice thereof, but the Board shall be entitled at their sole discretion to register any share in the joint names of any two or more persons or the survivors or survivors of them.

Issue of Certificates of Shares to be governed by Section 84 of the Act etc.

- 26 (a) The issue of certificates of shares or of duplicate or renewal of certificates of Shares shall be governed by the provisions of Section 34 and other provisions of the Act, as may be applicable and by the Rules or notifications or orders, if any, which may be prescribed or made by competent authority under the Act or Rules or any other law. The Directors may also comply with the provisions of such rules or regulations of any stock exchange where the shares of the Company may be listed for the time being.

Certificate of Shares

- (b) The certificate of title to shares shall be issued under the Seal of the Company and shall be signed by such Directors or Officers or other authorised persons as may be prescribed by the Rules made under the Act from time to time and subject thereto shall be signed in such manner and by such persons as the Directors may determine from time to time.
- (c) The Company shall comply with all rules and regulations and other directions, which may be made by any competent authority under Section 84 of the Act.

Calls

31. Directors may make calls

The Directors may from time to time and subject to Section 91 of the Act and subject to the terms on which any shares/debentures may have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board (and not by circular resolution) and upon sanction of the company in General Meeting make such calls as they think fit upon the members/debenture holders in respect of all moneys unpaid on the shares/debentures held by them respectively and such member/debenture holders shall pay the amount of every call so made on him to the persons and at the times and places appointed by the Directors. A call may be made payable by installments. A call may be postponed or revoked as the Board may determine.

33. Notice of call

Thirty days notice in writing shall be given by the Company of every calls made payable otherwise than on allotment specifying the time and place of payment provided that before the time of payment of such call, the Directors may by notice in writing to the members/debenture holders revoke the same.

Lien

44. Company's lien on Shares/Debentures

The Company shall have a first and paramount lien on every share/ debenture (not being a fully paid share/ debenture for all moneys) (whether presently payable or not) called or payable at a fixed time in respect of that share/ debenture. The Company's lien if any, on a share/ debenture extends to all dividends/ bonuses payable thereon. Unless otherwise agreed, the registration of a transfer of shares/debentures shall operate as a waiver of the Company's lien if any, on such shares or debentures".

45. As to enforcing lien by sale

For the purpose of enforcing such lien, the Board may sell the shares/debentures subject thereto in such manner as they

shall think fit, and for that purpose may cause to be issued a duplicate certificate in respect of such shares and/or debentures and may authorize one of their member or appoint any officer or agent to execute a transfer thereof on behalf of and in the name of such member/debenture holder. No sale shall be made until such period, as may be stipulated by the Board from time to time, and until notice in writing of the intention to sell shall have been served on such member and/or debenture holder or his legal representatives and default shall have been made by him or them in payment, fulfillment, or discharge of such debts, liabilities or engagements for fourteen days after such notice.

46. Application of proceeds of sale

- (a) The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue if any, shall (subject to a like lien for sums not presently payable as existed upon the shares before the sale) be paid to the persons entitled to the shares and/or debentures at the date of the sale.

Outsiders lien not to affect Company's lien

- (b) The Company shall be entitled to treat the registered holder of any share or debenture as the absolute owner thereof and accordingly shall not (except as ordered by a court of competent jurisdiction or by statute required) be bound to recognize equitable or other claim to, or interest in, such shares or debentures on the part of any other person. The Company's lien shall prevail notwithstanding -that it has received notice of any such claims.

Forfeiture

47. If call or installment not paid notice must be given

- (a) If any member or debenture holder fails to pay the whole or any part of any call or installment or any money due in respect of any share or debentures either by way of principal or interest on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Directors may at any time thereafter, during such time as the call or any installment or any part thereof or other moneys remain unpaid or a judgment or decree in respect thereof remains unsatisfied in whole or in part, serve a notice on such member or debenture holder or on the person (if any) entitled to the share by transmission requiring him to pay such call or installment or such part thereof or other moneys as remain unpaid 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.

Form of Notice

- (b) The notice shall name a day not being less than One Month from the date of the notice and a place or places, on and at which such call, or installment or such part or other moneys as aforesaid and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non payment of call amount with interest at or before the time and at the place appointed, the shares or debentures in respect of which the call was made or installment or such part or other moneys is or are payable will be liable to be forfeited.

Effect of forfeiture

- 53. The forfeiture of a share or debenture shall involve extinction at the time of forfeiture, of all interest in and all claims and demands against the Company, in respect of the share or debenture and all other rights incidental to the share or debenture, except only such of those rights as by these Articles are expressly saved.

Certificate of forfeiture

- 54. A Certificate in writing under the hand of one Director and counter signed by the Secretary or any other officer authorised by the Directors for the purpose, that the call in respect of a Share or debenture was made and notice thereof given and that default in payment of the call was made and that the forfeiture of the share or debenture was made by the resolution of Directors to that effect shall be conclusive evidence of the facts stated therein as against all persons entitled to such share or debenture.

TRANSFER AND TRANSMISSION OF SHARES AND DEBENTURES

Register of transfers

- 59. The Company shall keep a book to be called the "Register of transfers" and therein shall be fairly and distinctly entered the particulars of every transfer or transmission of any share.
- 59 A In the case of transfer or transmission of shares or other marketable securities where the Company has not issued any certificates and where such shares or securities are being held in any electronic and fungible form in a Depository, the provisions of the Depositories Act, 1996 shall apply.



Instrument of transfer

60. The instrument of transfer shall be in writing and all provisions of Section 108 of the Companies Act, 1956 and statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof.

Instrument of transfer to be executed by transferor and transferee

61. Every such instrument of transfer shall be signed both by the transferor and transferee and the transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the Register of members in respect thereof.

Directors may refuse to register transfer

62. (a) Subject to the provisions 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 Directors shall within one month 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 or persons 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.
- (b) Nothing in Sections 108, 109 and 110 of the Act shall prejudice this power to refuse to register the transfer of, or the transmission on legal documents by operation of law of the rights to, any shares or interest of a member in, any shares or debentures of the Company.

Transfer of Shares

63. (a) An application of registration of the transfer of shares may be made either by the transferor or the transferee provided that where such application is made by the transferor, no registration shall in the case of partly paid shares be effected unless the Company gives notice of the application to the transferee and subject to the provisions of Clause (d) of this Article, the Company shall unless objection is made by the transferee within two weeks from the date of receipt of the notice, enter in the Register of members 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.
- (b) For the purpose of clause (a) above notice to the transferee shall be deemed to have been duly given if sent by prepaid registered post to the transferee at the address given in the instrument of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered to him in the ordinary course of post.
- (c) It shall not be lawful for the Company to register a transfer of any shares unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee and specifying the name, address and occupation if any, of the transferee has been delivered to the Company along with the Certificate relating to the shares and if no such Certificate is in existence, along with the letter of allotment of shares. The Directors may also call for such other evidence as may reasonably be required to show the right of the transferor to make the transfer provided that where it is proved to the satisfaction of the Directors of the Company that an instrument of transfer register the transfer on such terms as to indemnity as the Directors may think fit.
- (d) Nothing in clause (c) above shall prejudice any power of the company to register as shareholder any person to whom the right to any share has been transmitted by operation of law.
- (e) The company shall accept all applications for transfer of shares/debentures; however, this condition shall not apply to requests received by the company;
- (A) for splitting of a share or debenture certificate into several scripts of 'very small denominations;
- (B) proposals for transfer of shares/debentures comprised in a share/debenture certificate to several parties involving, splitting of a share/debenture certificate into small denominations and that such split/transfer appears to be unreasonable or without any genuine need.
- (i) transfer of Equity shares/debentures made in pursuance of any statutory provision or an order of a competent court of law;
- (ii) the transfer of the entire Equity shares/debentures by an existing shareholder/debenture holder of the Company

holding under one folio less than 10 (ten) Equity Shares or 10 (ten) debentures (all relating to the same series) less than in market lots by a single transfer to a single or joint transferee.

- (iii) the transfer of not less than 10 (ten) Equity shares or 10 (ten) debentures (all relating to the same series) in favour of the same transferee(s) under two or more transfer deeds, out of which one or more relate(s) to the transfer of less than 10 (ten) Equity Shares/10 (ten) debentures.
- (iv) the transfer of less than 10 (ten) Equity shares or 10 (ten) debentures (all relating to the same series) to the existing share holder/debenture holder subject to verification by the Company.

Provided that the Board may in its absolute discretion waive the aforesaid conditions, in a fit and proper case(s) and the decision of the Board shall be final in such case(s).

- (f) Nothing in this Article shall prejudice any power of the Company to refuse to register the transfer of any share.

Transfer books and Register of members when closed

- 65. The Board shall have power on giving not less than seven days' previous notice by advertisement in some newspaper circulating in the district in which the office of the Company is situate, to close the Transfer books, the Register of members or Register of debenture holders at such time or times and for such period or periods, not exceeding thirty days at a time and not exceeding in the aggregate forty five days in each year.

Transfer to Minors etc.

- 66. Only fully paid shares or debentures shall be transferred to a minor, acting through his/her legal or natural guardian. Under no circumstances, shares or debentures be transferred to any insolvent or a person of unsound mind.

Title to shares of deceased holder

- 67. The executors or administrators of a deceased member (not being one or two or more joint holders) or the holder of a deceased member (not being one or two or more joint holders) shall be the only persons whom the Company will be bound to recognize as having any title to the shares registered in the name of such member, and the Company shall not be bound to recognize such executors or administrators or the legal representatives unless they shall have first obtained probate or Letters of Administration or a Succession Certificate, as the case may be, from a duly constituted competent court in India, provided that in any case where the Directors in their absolute discretion think fit, the Directors may dispense with the production of probate or Letters of Administration or a Succession Certificate upon such terms as to indemnity or otherwise as the Directors in their absolute discretion may think necessary and under Article 70 register the name of any person who claims to be absolutely entitled to the shares standing in the name of a deceased member, as a member.

Directors may require evidence of transmission

- 73. Every transmission of a share shall be verified in such manner as the Directors may require, and the Company may refuse to register any such transmission until the same be so verified or until or unless an indemnity be given to the Company with regard to such registration which the Directors at their discretion shall consider sufficient, provided nevertheless that there shall not be any obligation on the Company or the Directors to accept any indemnity.

Joint holders

- 77. Where two or more persons are registered as the holders of any share/debentures, they shall be deemed (so far as the Company is concerned) to hold the same as joint tenants with benefits of survivorship, subject to the following and other provisions contained in these Articles.

No transfer to more than three persons as joint holders

- (a) The joint holders of any share/debenture shall be liable severally for persons as the holders of any share/debenture.

Transfer by joint holders

- (b) In the case of a transfer of shares/debentures held by joint holders, the transfer will be effective only if it is made by all the joint holders.

Liability of joint holders

- (c) The joint holders of any share/debenture shall be liable severally as well as jointly for and in respect of all calls or installments and other payments which ought to be made in respect of such share/debenture.



Death of one or more joint holders

- (d) On the death of any one or more of such joint holders the survivor/survivors shall be the only person or persons recognized by the Company as having any title to the share/debenture, but the Directors may require such evidence of death as they may deem fit, and nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on shares/debentures held by him jointly with any other person

Receipt of one sufficient

- (e) Any one of such joint holders may give effectual receipts of any dividends, interests or other moneys payable in respect of such share/debenture.

Delivery of certificate and giving of notices to first named holder

- (f) Only the person whose name stands first in the Register of Members/debenture holders as one of the joint holder of any shares/debentures shall be entitled to the delivery of the certificate relating to such share/debenture or to receive notice (which expression shall be deemed to include all documents as defined in Article (2)(a) hereof and any document served on or sent to such person shall be deemed service on all the joint holders.

Vote of Joint Holders

- (g) (i) Any one of two or more joint holders may vote at any meeting either personally or by attorney or by proxy in respect of such shares as if he were solely entitled thereto and if more than one of such joint holders be present at any meeting personally or by proxy or by attorney then that one of such persons so present whose name stands first or higher (as the case may be) on the Register in respect of such share shall alone be entitled to vote in respect thereof but the other or others of the joint holders shall be entitled to be present at the meeting provided always that a joint holder present at any meeting personally shall be entitled to vote in preference to a joint holder present by Attorney or by proxy although the name of such joint holder present by an Attorney or proxy stands first or higher (as the case may be) in the Register in respect of such shares.
- (ii) Several executors or administrators of a deceased member in whose (deceased member) sole name any share stands shall for the purpose of this clause be deemed joint holders.

Borrowing Powers

78. Restriction on powers of the Board

The Board of Directors shall not, except with the consent of the Company in general meeting and subject to Article 172 of the Articles of Association of the Company:

- a) sell, lease or otherwise dispose of the whole or substantially the whole, of the undertaking of the Company, or where the Company owns more than one undertaking of the whole, or substantially the whole, of any such undertaking.
- b) remit, or give time for the repayment of any debt due by a Director.
- c) invest, otherwise than in trust securities the amount of compensation received by the Company in respect of the compulsory acquisition after the commencement of this Act, of any such undertaking as is referred to in clause (a) or of any premises or properties used or any such undertaking and without which it can not be carried on or can be carried on only with difficulty or only after a considerable time.
- d) borrow monies were the moneys to be borrowed, together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid-up capital of the company and its free reserves, that is to say, reserves not set apart for any specific purpose.
- e) contribute, to charitable and other funds not directly relating to the business of the Company or the welfare of its employees, any amounts the aggregate of which will, in any financial year, exceed fifty thousand rupees or five percent, of its average net profits as determined in accordance with the provisions of Sections 349 and 750 of the Act during the three financial years immediately preceding, whichever," is greater.

Explanation: Every resolution passed by the Company in general meeting in relation to the exercise of the power referred to in clause (d) or in clause (e) shall specify the total amount up to which money may be borrowed by the Board of Directors under clause (d) or as the case may be, the total amount which may be contributed to charitable and other funds in any financial year under clause (e),

Conditions on which money may be borrowed

79. The Directors may raise and secure the payment of such sum or sums in such manner and upon such terms and conditions in all respects as they think fit, and in particular by the issue of bonds, perpetual or redeemable, debenture or debenture stocks or any mortgage or charge or other security on the undertaking of the whole or any part of the property of the company (both present and future) including its uncalled capital for the time being.

Bonds, debentures etc. to be subject to the control of directors

80. Any bonds, debentures, debenture stocks or other securities issued or to be issued by the Company shall be under the control of the Directors who may issue them upon such terms and conditions and in such manner and for such consideration as they shall consider to be for the benefit of the Company.

Provided that bonds, debentures, debenture stock or other securities so issued or to be issued by the Company with the right to allotment of or conversion into shares shall not be issued except with the sanction of the Company in general meeting by a special resolution.

GENERAL MEETINGS

Annual General Meeting

93. Subject to the provisions contained in Sections 166 and 210 of the Act, -as far as applicable, the Company shall in each year hold, in addition to any other meetings, a general meeting as its annual general meeting, and shall specify, the meeting as such in the Notice calling it; and not more than fifteen months shall elapse between the date of one annual general meeting of the Company and that of the next.

Provided that if the Registrar for any special reason extends the time within which any annual general meeting shall be held, then such annual general meeting may be held within such extended period.

Summary of Annual General Meeting

The Company may in any one general meeting fix the place for its any annual general meetings. Every member of the Company shall be entitled to attend either in person or by proxy and the Auditor of the Company shall have the right to attend and to be heard at any general meeting, which he attends on any part of the business which concerns him as Auditor. At every annual general meeting of the Company, there shall be laid on the table, the Director's report, the audited statements of accounts and auditor's report (if any, not already incorporated in the audited statements of accounts). The proxy registered with the Company and Register of Director's Share holdings of which latter register shall remain open and accessible during the continuance of the meeting. The Board shall cause to prepare the Annual list of members, summary of Share Capital, Balance Sheet and Profit and Loss Account and forward the same to the Registrar in accordance with Sections 159, 161 and 220 of the Act.

Time and place of Annual General Meeting

94. Every annual general meeting shall be called at any time during business hours, on a day that is not a public holiday, and shall be held either at the registered office of the Company or at some other place within the city, town or village in which the registered office of the Company is situate, and the notice calling the meeting shall specify it as the annual general meeting.

Sections 171 to 186 of the Act shall apply to meetings

95. Sections 171 to 186 of the Act with such adaptations and modifications, if any, as may be prescribed shall apply with respect to meetings of any class of members or debenture holders of the Company in like manner as they apply with respect to general meetings of the Company.

Powers of Director's to call Extraordinary General Meeting

96. The Directors may call an extraordinary general meeting of the Company whenever they think fit.

Calling of Extra Ordinary General Meeting on requisition

97. (a) The Board of Directors of the Company shall on the requisition of such number of members of the Company as is specified in clause (d) of this Article, forthwith proceed duly to call an Extraordinary general meeting of the Company.
- (b) The requisition shall set out the matters for the consideration of which the meeting is to be called, shall be signed by the requisitionists and shall be deposited at the registered office of the Company.
- (c) The requisition may consist of several documents in like form, each signed by one or more requisitionists.



- (d) The number of members entitled to requisition a meeting in regard to any matter shall be such number of them as hold at the date of the deposit of the requisition not less than one tenth of such of the paid up share capital of the Company as at that date carried the right of voting in regard to that matter.
- (e) Where two or more distinct matters are specified in the requisition the provisions of clause (d) above, shall apply separately in regard to each such matter; and the requisition shall accordingly be valid only in respect of those matters in regard to which the condition specified in that clause is fulfilled.
- (f) If the Board does not, within twenty one days from the date of the deposit of a valid requisition in regard to any matters, proceed duly to call a meeting for the consideration of those matters then on a day not later than forty five days from the date of the deposit of the requisition, the meeting may be called:
 - (i) by the requisitionists themselves;
 - (ii) by such of the requisitionists as represent either a majority in value of the paid up share capital held by all of them or not less than one tenth of such of the paid-up share capital of the Company as is referred to in clause (d) above, whichever is less.

Explanation: For the purpose of this clause, the Board shall in the case of a meeting at which resolution is to be proposed as a Special Resolution, be deemed not to have duly convened the meeting if they do not give such notice thereof as is required by sub-section 189 of the Act.

- (g) A meeting, called under clause (f) above, by the requisitionists or any of them:
 - (i) shall be called in the same manner, as nearly as possible, as that in which meetings are to be called by the Board; but
 - (ii) shall not be held after the expiration of three months from the date of the deposit of the requisition.

Explanation: Nothing in clause (g) (ii) above shall be deemed to prevent a meeting duly commenced before the expiry of the period of three months aforesaid, from adjourning to some day after the expiry of that period.

- (h) Where two or more persons hold any shares or interest in the Company jointly, a requisition, or a notice calling a meeting, signed by one or some of them shall, for the purposes of this Article, have the same force and effect as if it had been signed by all of them.
 - (i) Any reasonable expenses incurred by the requisitionists by reason of the failure of the Board duly to call a meeting shall be repaid to the requisitionists by the Company; and any sum so repaid shall be retained by the Company out of any sums due or to become due from the Company by way of fees or other remuneration for their services to such of the Directors as were in default.

Length of notice for calling meeting

- 98. (a) A general meeting of the Company may be called by giving not less than twenty one days' notice in writing.
- (b) A general meeting of the Company may be called after giving shorter notice than that specified in clause (a) above, if consent is accorded thereto;
 - (i) in the case of an annual general meeting by all the members entitled to vote thereat: and
 - (ii) in the case of any other meeting, by members of the Company holding not less than 95 (ninety five) per cent of such part of the paid up capital of the Company as gives a right to vote at the meeting;

Provided that where any members of the Company are entitled to vote only on some resolution or resolutions to be moved at the meeting and not on the others, those members shall be taken into account for the purposes of this clause in respect of the former resolution or resolutions and not in respect of the latter.

Quorum for meeting

- 101.(a) Five members personally present shall be the quorum for a general meeting of the company.

If quorum not present meeting to be dissolved or adjourned

- (b) (i) If within half an hour from the time appointed for holding a meeting of the Company, a quorum is not present, the meeting, if called upon by requisition of members, shall stand dissolved.
- (ii) 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.

Adjourned meeting to transact business

- (c) If at the adjourned meeting also, a quorum is not present within half an hour from the time appointed for holding the meeting, the members present shall be the quorum.

Presence of quorum

102. (a) No business shall be transacted at any general meeting unless the requisite quorum be present at the commencement of the business.

Business confined to election of chairman whilst chair vacant

- (b) No business shall be discussed or transacted at any general meeting except the election of a Chairman whilst the Chair is vacant.

Chairman of general meeting

- (c) (i) The Chairman of the Board of Directors shall be entitled to take the chair at every general meeting. If there be no Chairman or if at any meeting he shall not be present within 15 (fifteen) minutes after the time appointed for holding such meeting or is unwilling to act, the Directors present may choose one of themselves to be the Chairman and in default of their doing so, the members present shall choose one of the Directors to be Chairman and if no Directors present be willing to take the chair, the members present shall choose one of themselves to be the Chairman.
- (ii) If at any meeting a quorum of members shall be present, and the Chair shall not be taken by the Chairman or Vice Chairman of the Board or by a Director at the expiration of 15 (fifteen) minutes from the time appointed for holding the meeting or if before the expiration of that time all the Directors shall decline to take the Chair, the members present shall choose one of their members to be the Chairman of the meeting.

Chairman with consent may adjourn the meeting

- (d) The Chairman with the consent of the meeting may adjourn any meeting from time to time and from place to place in the city, town or village where the registered office of the Company is situate.

Business at adjourned meeting

- (e) No business shall be transacted at any adjourned meeting other than the business which might have been transacted at the meeting from which the adjournment took place.

Notice of adjourned meeting

- (f) When a meeting is adjourned only for thirty days or more, notice of the adjourned meeting shall be given as in the case of original meeting.

In what cases poll taken with or without adjournment

- (g) Any poll duly demanded on the election of a Chairman of a meeting or any question of adjournment shall be taken at the meeting forthwith, save as aforesaid, any business other than that upon which a poll has been demanded may be proceeded with pending the taking of the poll.

Proxies

103. (a) Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint any other person (whether a member or not) as his proxy to attend and vote instead of himself. A member (and in the case of joint holders all holders) shall not appoint more than one person as proxy. A proxy so appointed shall not have any right to speak at the meeting.

Provided that unless where the proxy is appointed by a body corporate a proxy shall not be entitled to vote except on a poll.

- (b) In every notice calling a meeting of the Company there shall appear with reasonable prominence a statement that a member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself, and that a proxy need not be a member.
- (c) The instrument appointing a proxy or any other document necessary to show the validity or otherwise relating to the appointment of a proxy shall be lodged with the Company not less than 48 (forty eight) hours before the meeting in order that the appointment may be effective thereat.



- (d) The instrument appointing a proxy shall :
- (i) be in writing, and
 - (ii) be signed by the appointer or his attorney duly authorised in writing or, if the appointer is a body corporate, be under its seal or be signed by an officer or an attorney duly authorised by it.

Form of proxy

- (e) Every instrument of proxy whether for a specified meeting or otherwise shall, as nearly as circumstances will admit, be in usual common form.
- (f) An instrument appointing a proxy, if in any of the forms set out in Schedule IX to the Act shall not be questioned on the ground that it fails to comply with any special requirements specified for such instrument by these Articles.
- (g) Every member entitled to vote at a meeting of the Company, or on any resolution to be moved thereat, shall be entitled during the period beginning 24 (twenty four) hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, ~~to~~ inspect the proxies lodged at any time during the business hours of the Company, provided not less than 3 (three) days' notice in writing of the intention so to inspect is given to the Company.

VOTES OF MEMBERS

Restrictions on exercise of voting rights of members who have not-paid calls

- 104 (a) No member shall exercise any voting right in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has and has exercised any right of lien.
- (b) Where the shares of the Company are held in trust, the voting power in respect of such shares shall be regulated by the provisions of Section 187 B of the Act.

Restriction on exercise of voting right in other cases to be void

105. A member is not prohibited from exercising his voting right on the ground that he has not held his share or other interest in the Company for any specified period preceding the date on which the vote is taken, or on any other ground not being a ground set out in Article 104.

Equal rights of shareholders

106. Any shareholder whose name is entered in the Register of members of the Company shall enjoy the same rights and be subject to the same liabilities as all other shareholders of the same class,

Voting to be by show of hands in first instance

107. At any general meeting a resolution put to vote at the meeting shall unless a poll is demanded under Section 179 of the Act be decided on a show of hands.
108. (a) Subject to the provisions of the Act, upon show of hands every member entitled to vote and present in person shall have one vote, and upon a poll every member entitled to vote and present in person or by proxy shall have one vote, for every share held by him.

No voting by proxy on show of hands

- (b) No member not personally present shall be entitled to vote on a show of hands unless such member is a body corporate present by proxy or by a representative duly authorised under Sections 187 or 187A of the Act, in which case such proxy or representative may vote on a show of hands as if he were a member of the Company.

How members non compos minutes and minor may vote

- (c) A member of unsound mind or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll by his committee or other legal guardian and any such committee or guardian may on poll vote by proxy; if any member be a minor the vote in respect of his share or shares shall be by his guardians or any one of his guardians, if more than one, to be selected in case of dispute by the Chairman of the meeting.

Votes in respect of shares of Deceased or insolvent members etc.

- (d) Subject to the provisions of the Act and other provisions of these Articles, any person entitled under the transmission clause to any shares may vote at any general meeting in respect thereof as if he was the registered holder of such shares, provided that at least 48 (forty eight) hours before the time of holding the meeting or adjourned meeting as the case may be at which he proposes to vote, he shall satisfy the Directors of his right to such shares unless the Directors shall have previously admitted his right to vote at such meeting in respect thereof.

Custody of Instrument

- (e) if any such instrument or appointment be confined to the object of appointing proxy or substitute for voting at meetings of the Company, it shall remain permanently or for such time as the Directors may determine in the custody of the Company; if embracing other objects a copy thereof examined with the original, shall be delivered to the Company to remain in the custody of the Company.

Validity of votes given by proxy notwithstanding death of members etc

- (f) A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death of the principal or revocation of the proxy or the transfer of the share in respect of which the vote is given, provided that no intimation in writing of the death, revocation or transfer shall have been received at the registered office of the Company before the meeting.

Time for objections for vote

- (g) No objection shall be made to the validity of any vote except at the meeting or poll at which such vote shall be tendered and every vote whether given personally or by an agent or proxy or representative not disallowed at such meeting or poll shall be deemed valid for all purpose of such meeting or poll whatsoever.

Chairman of any meeting to be the judge of any vote

- (h) The Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting. The Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.

Casting Vote

115. In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the polls is demanded shall be entitled to a casting vote in addition to his own vote or votes to which he may be entitled as a member.
- 115 A. Subject to the provisions of Section 192A of the Act, the Company may pass a resolution by means of postal ballot instead of transacting the business in general meeting

Circulation of member's resolution

118. The Company shall comply with provisions of Section 188 of the Act, relating to circulation of member's resolutions.

Resolution requiring special notice

119. The Company shall comply with provisions of Section 190 of the Act relating to resolution requiring special notice.

Resolutions passed at adjourned meeting

120. The provisions of Section 191 of the Act shall apply to resolutions passed at an adjourned meeting of the Company, or of the holders of any class of shares in the Company and of the Board of Directors of the Company and the resolutions shall be deemed for all purposes as having been passed on the date on which in fact they were passed and shall not be deemed to have been passed on any earlier date.



BOARD OF DIRECTORS

Board of Directors

127. Unless otherwise determined by the Company in General Meeting the number of Directors shall not be less than three and not more than twelve.

The First Directors of the Company shall be:

1. Mr. Ajit B. Kulkarni
2. Mrs. Usha B. Kulkarni
3. Mr. Datta B. Kulkarni
4. Mr. Vinayak B. Kulkarni
5. Mr. Ramdas B. Kulkarni

Appointment of Senior Executives as Whole time Directors

128. (a) Subject to the provisions of the Act and within the overall limit prescribed under these Articles for the number of Directors on the Board, the Board may appoint any Senior Executive of the Company as a Whole time Director of the Company for such period and upon such terms and conditions as the Board may decide. The Senior Executive so appointed shall be governed by the following provisions:
- (i) He shall be liable to retire by rotation as provided in the Act but shall be eligible for reappointment. His reappointment as a Director shall not constitute a break in his appointment as Wholetime Director.
 - (ii) He shall be reckoned as Director for the purpose of determining and fixing the number of Directors to retire by rotation.
 - (iii) He shall cease to be a Director of the Company on the happening of any event specified in Sections 283 and 314(2C) of the Act. He shall cease to be a Director of the Company, if for any reason whatsoever, he ceases to hold the position of Senior Executive in the Company or ceases to be in the employment of the Company.
 - (iv) Subject to what is stated hereinabove he shall carry out and perform all such duties and responsibilities as may, from time to time, be conferred upon or entrusted to him by the Managing Director/;; and/or the Board, shall exercise such powers and authorities subject to such restrictions and conditions and/or stipulations as the Managing Director/s and/ or the Board may, from time to time determine.
- (b) Nothing contained in this Article shall be deemed to restrict or prevent the right of the Board to revoke, withdraw, alter, vary or modify all or any of such powers, authorities, duties and responsibilities conferred upon or vested in or entrusted to such wholetime directors.

Nominee Director

130. Notwithstanding anything to the contrary contained in these Articles, so long as any moneys remain owing by the Company to the Industrial Development Bank of India (IDBI), The Industrial Credit and Investment Corporation of India Ltd. (ICICI), Industrial Finance Corporation of India (IFCI) and Life Insurance Corporation of India (LIC) or to any other Finance Corporation or Credit Corporation or to any other Finance Company or Body out of any loans granted by them to the Company or so long as IDBI, IFCI, ICICI, LIC and Unit Trust of India (UTI) or any other Financing Corporation or Credit Corporation or any other Financing Company or Body (each of which IDBI, IFCI, ICICI, LIC and UTI or any other Finance Corporation or Credit Corporation or any other Financing Company or Body is hereinafter in this Article referred to as "the Corporation") continue to hold debentures in the Company as a result of underwriting or by direct subscription or private placement, or so long as the Corporation holds shares in the Company as a result of underwriting or direct subscription or so long as any liability of the Company arising out of any guarantee furnished by the Corporation on behalf of the Company remains outstanding, the Corporation shall have a right to appoint from time to time any person or persons as a Director or Directors wholetime or non-wholetime (which Director or Directors is/are hereinafter referred to as "Nominee Director/s") on the Board of the Company and to remove from such office any person or persons so appointed and to appoint any person or persons in his or their place/s.

The Board of Directors of the Company shall have no power to remove from office the Nominee Director/s. At the option of the Corporation such Nominee Director/s shall not be required to hold any share qualification in the Company. Also at the option of the Corporation such Nominee Director/ s shall not be liable to retirement by rotation of Directors. Subject as aforesaid, the Nominee Director/ s shall be entitled to the same rights and privileges and be subject to the same obligations as any other Director of the Company.

The Nominee Director/s so appointed shall hold the said office only so long as any money remain owing by the Company to the Corporation or so long as the Corporation holds debentures in the Company as a result of direct subscription or private placement or so long as the Corporation holds shares in the Company as a result of underwriting or direct subscription or the liability of the Company arising out of any guarantee is outstanding and the Nominee Director/s so appointed in exercise of the said power shall ipso facto vacate such office immediately the moneys owing by the Company to the Corporation is paid off or on the Corporation ceasing to hold debentures/shares in the Company or on the satisfaction of the liability of the Company arising out of any guarantee furnished by the Corporation.

Appointment of Alternate Director

132. (a) The Board of Directors of the Company may appoint an alternate Director to act for a Director (hereinafter in this Article called "the Original Director") during his absence for a period of not less than three months from the State in which meetings of the Board are ordinarily held.
- (b) An alternate Director appointed under this Article shall not hold office as such for a period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate office if and when the Original Director returns to the State in which meeting of the Board are ordinarily held.
- (c) If the term of office of the Original Director is determined before he returns to the State aforesaid any provision for the automatic reappointment of retiring directors in default of another appointment shall apply to the original and not to the alternate director.

Appointment of Additional Directors

133. Subject to the provisions of Section 260 of the Act, the Board of Directors shall have power at any time to appoint any person as an additional Director to the Board, but so that the total number of Directors shall not exceed the maximum number fixed by these Articles. Any Director so appointed shall hold the office only upto the next annual general meeting of the Company and shall then be eligible for re-appointment.

Appointment of Director to fill the casual vacancy

134. (a) Subject to the provisions of Section 262 of the Act, if the office of any Director appointed by the Company in general meeting is vacated before his term of office expires in the normal course, the resulting casual vacancy may in default of and subject to any regulation in the Articles of the Company be filled by the Board of Directors at the meeting of the Board and the Director so appointed shall hold office only upto the date upto which the Director in whose place he is appointed would have held office if it had not been vacated as aforesaid but he shall then be eligible for re-election.

Individual Resolution for Directors appointment

- (b) At a general meeting of the Company a motion shall not be made for the appointment of two or more persons as Director of the Company by a single resolution unless a resolution that it shall be so made has first been agreed to by the meeting without any vote being given against it. Resolution moved in contravention of this Article shall be void whether or not objection was taken at the time of its being so moved. Provided that where a resolution so moved is passed no provision for the automatic reappointment of retiring director by virtue of these Articles and the Act in default of another appointment shall apply.

Appointment of Chairman

135. The directors may from time to time elect among themselves a chairman of the Board and determine the period for which he is to hold office if at any meeting of the Board, the chairman is not present within fifteen minutes after the time appointed for holding the same, the directors present may choose one of their members to be chairman of the meeting.

Qualification of Director

136. A Director need not hold any shares in the Company to qualify him for the office of a Director of the Company.

Remuneration of Directors

137. (a) Subject to the provisions of the Act, a Managing Director or a Director who is in the wholtime employment of the Company may be paid remuneration either by way of a monthly payment or at a specified percentage of the net profits of the Company or partly by one way and partly by the other.
- (b) Subject to the provisions of the Act, a Director, who is neither in the wholtime employment nor a Managing Director may be paid remuneration either :



- (i) by way of monthly, quarterly or annual payment with the approval of the Central Government, or
- (ii) by way of commission if the Company by a special resolution has authorised such payment.
- (c) The fee payable to Directors (other than Managing or Wholetime Director, if any) for attending each meeting of the Board or Committee thereof shall be such sum as may be prescribed by the Act or the Central Government from time to time.

Increase in remuneration of Directors

140. (a) Any provision relating to the remuneration of any Director including a Managing or Joint Managing or Wholetime Director or any amendment thereof, which purports to increase or has the effect of increasing, whether directly or indirectly, the amount thereof, whether that provision is contained in and agreement entered into by it, or any resolution, passed by the Company in General Meeting or by the Board of Directors, shall not have any effect-
- [i] in case where Schedule XII is applicable, unless such increase is in accordance with the conditions specified in that Schedule; and
 - [ii] in any other case, unless it is approved by the Central Government and the amendment shall become void if, and in so far as, it is disapproved by the Government.

Increase in remuneration of Managing Director on re-appointment or appointment

- (b) If the terms of any re-appointment of a Managing or Joint Managing or Wholetime Director, purport to increase or have the effect of increasing, whether directly or indirectly, the remuneration which the Managing or Joint Managing or Wholetime Director, as the case may be was receiving immediately before such reappointment or appointment shall not have any effect-
- [i] in case where Schedule XII is applicable, unless such increase is in accordance with the conditions specified in that Schedule; and
 - [ii] in any other case, unless it is approved by the Central Government and the amendment shall become void if, and in so far as, it is disapproved by the Government.

Directors vacating office

- 143 (a) The Office of a Director shall become vacant if:
- (i) he is found to be of unsound mind by a Court of competent jurisdiction;
 - (ii) he applies to be adjudicated an insolvent;
 - (iii) he is adjudged an insolvent;
 - (iv) he is convicted by a Court, of any offence involving moral turpitude and sentenced in respect thereof to imprisonment for not less than six months;
 - (v) he fails to pay any call in respect of shares of the Company held by him, whether alone or jointly with others, within six months from the last date fixed for the payment of the call unless the Central Government by Notification in the Official Gazette removes the disqualification incurred by such failure;
 - (vi) he absents himself from three consecutive meetings of the Board of Directors, or from aH meetings of the Board of Directors for a continuous period of three months, whichever is longer, without obtaining leave of absence from the Board;
 - (vii) he, whether by himself or by any person for his benefit or on his account or any firm in which he is a partner or any private company of which he is a director, accepts a loan or any guarantee or security for a loan, from the Company in contravention of Section 295 of the Act;
 - (viii) he acts in contravention of Section 299 of the Act;
 - (ix) he becomes disqualified by an order of court under Section 203 of the Act;
 - (x) he is removed in pursuance of Section 284 of the Act;
 - (xi) having been appointed a Director by virtue of his holding any office or other employment in the Company, he ceases to hold such office or other employment in the Company;

- (xii) he resigns his office by notice in writing given to the Company.
- (xiii) in light of the amendment to Section 274 by the Companies Amendment Act, 2000 viz. (vi) he is already a director of a public company which:
 - (a) has not filed the annual accounts and annual returns for any continuous three financial years commencing on and after the first day of April, 1999; or
 - (b) has failed to repay its deposit or interest thereon on due date or redeem its debentures on due date or pay dividend and such failure continues for one year or more.
- (b) Notwithstanding anything in sub-clauses (iii), (iv) and (v) of clause (a) above, the disqualifications referred to in these sub-clauses shall not take effect;
 - (i) for thirty days from the date of the adjudication, sentence or order;
 - (ii) where any appeal or petition is preferred within the thirty -days aforesaid against the adjudication, sentence or conviction resulting in the sentence or order until the expiry of seven days from the date on which such appeal or petition is disposed off, or
 - (iii) where within the seven days aforesaid, any further appeal, or petition is preferred in respect of the adjudication, sentence, conviction or order and the appeal or petition, if allowed, would result in the removal of the disqualification, until such further appeal or petition is disposed off.

Removal of Directors

144. (a) The Company may (subject to the provisions of Section 284 and other applicable provisions of the Act and these Articles) remove any director other than ex-officio directors or special directors or debenture directors or a nominee director or a director appointed by the Central Government in pursuance of Section 408 of the Act, before the expiry of his period of office.
- (b) Special notice as provided by Section 190 of the Act shall be required of any resolution to remove a Director under this Article or to appoint some other person in place of a Director so removed at the meeting at which he is removed.
- (c) On receipt of notice of a resolution to remove a Director under this Article, the Company shall forthwith send a copy thereof to the Director concerned and the Director (whether or not he is a member of the Company) shall be entitled to be heard on the resolution at the meeting.
- (d) Where notice is given of a resolution to remove a Director under this Article and the Director concerned makes with respect thereto representations in writing to the Company (not exceeding a reasonable length) and requests their notification to members of the Company, the Company shall unless the representations are received by it too late for it to do so,
 - (i) in the notice of the resolution given to members of the Company state the fact of the representations having been made, and
 - (ii) send a copy of the representation to every member of the Company to whom notice of the meeting is sent (whether before or after receipt of the representations by the Company) and if a copy of the representations, is not sent as aforesaid because they were received too late or because of the Company's default, the Director may (without prejudice to his right to be heard orally) require that the representations be read out at the meeting, provided that copies of the representations need not be sent or read out at the meeting if so directed by the Court.
- (e) A vacancy created by the removal of a Director under this Article may, if he had been appointed in pursuance of Section 262 of the Act be filled by the appointment of another Director in his stead by the meeting at which he is removed, provided special notice of the intended appointment has been given under clause (b) hereof. A Director so appointed shall hold office until the date upto which his predecessor would have held office if he had not been removed as aforesaid.
- (f) If the vacancy is not filled under clause (e), it may be filled as a casual vacancy in accordance with the provisions, in so far as they may be applicable, of Section 262 of the Act, and all the provisions of that Section shall apply accordingly;

Provided that the Director who was removed from office under this Article shall not be re-appointed as a Director by the Board of Directors.



(g) Nothing contained in this Article shall be taken:

- (i) as depriving a person removed thereunder of any compensation or damages payable to him in respect of the termination of his appointment as Director or of any appointment terminating with that as director; or
- (ii) as derogating from any power to remove a Director which may exist apart from this Article.

Directors may contract with Company

145. (a) Subject to the restrictions imposed by these Articles and by Sections 292, 293, 294, 295, 297, 300, 311, 370 and 373 and any other provisions of the Act, no Director, Managing Director, or other Officer or employee of the Company shall be disqualified from holding his office by contracting with the Company either as vendor, purchaser, agent, broker or otherwise, nor shall any such contract or arrangement entered into by or on behalf of the Company in which any Director, Managing Director, Joint Managing Director, Executive Director other officer or employee shall be in any way interested, be avoided, nor shall the Director, Managing Director or any officer or employee so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason only of such Director, Managing Director, Officer or employee holding that office or of the fiduciary relation thereby established, but the nature of his or their interest must be disclosed by him or them in accordance with the provisions of Section 299 of the Act where that section be applicable.
- (b) In accordance with Section 300 of the Act, no Director shall, as a Director, vote or take part in any discussion in respect of any contract or arrangement in which he is interested and if he does so vote, his vote shall be void nor shall his presence count for the purpose of forming the quorum at the time of any such discussion or vote.
- Provided that the above prohibition or restriction shall not apply to the extent or under the circumstances mentioned in sub-section (2) of Section 300 of the Act.
- (c) A General notice such as is referred to in sub-section (3) of Section 299 of the Act shall be sufficient disclosure, under this Article as provided in that Section.

POWERS OF DIRECTORS

Certain powers to be exercised by the Board only at meeting

169. (a) Without derogating from the powers vested in the Board of Directors under these Articles, the Board shall exercise the following powers on behalf of the Company and they shall do so only by means of resolutions passed at meetings of the Board.
- (i) The power to make calls on shareholders in respect of money unpaid on their shares;
 - (ii) The power to issue debenture;
 - (iii) The power to borrow moneys otherwise than on debentures;
 - (iv) The power to invest the funds of the Company, and
 - (v) The power to make loans.
 - (vi) The power to authorize the buy-back of shares under Section 77(A) of the Act.

Provided that the Board may by resolution passed at the meeting, delegate to any Committee of Directors, the Managing Director, the Manager or any other principal officer of the Company or in the case of a branch office of the Company, a principal officer of the branch office, the powers specified in sub-clauses (iii), (iv) and (v) to the extent specified in clauses (b), (c) and (d) respectively on such condition as the Board may prescribe.

- (b) Every resolution delegating the power referred to in sub-clause (iii) of clause (a) shall specify the total amount outstanding at any one time up to which moneys may be borrowed by the delegate.
- (c) Every resolution delegating the power referred to in sub-clause (iv) of clause (a) shall specify the total amount up to which the funds of the Company may be invested and the nature of the investments which may be made by the delegate.
- (d) Every resolution delegating the power referred to in sub-clause (v) of clause (a) shall specify the total amount up to which loans may be made by the delegates, the purpose for which the loans may be made and the maximum amount up to which loans may be made for each such purpose in individual cases.
- (e) Nothing in this Article shall be deemed to affect the right of the Company in general meeting to impose restrictions

and conditions on the exercise by the Board of any of the powers referred to in sub-clauses (i), (ii), (iii), (iv) and (v) of clause (a) above.

Restriction on powers of Board

170. (a) The Board of Directors of the Company shall not except with the consent of the Company in general meeting:
- (i) sell, lease or otherwise dispose of the whole, or substantially the whole, of the undertaking of the Company, or where the Company owns more than one undertaking of the whole or substantially the whole of any such undertaking;
 - (ii) remit, or give time for the repayment of any debt, due by a Director;
 - (iii) invest, otherwise than in trust securities, the amount of compensation received by the Company in respect of the compulsory acquisition of any such undertaking as is referred to in sub-clause (i) above, or of any premises or properties used for any such undertaking and without which it cannot be carried on or can be carried on only with difficulty or only after a considerable time;
 - (iv) borrow moneys, where the money to be borrowed, together with the moneys already borrowed by the Company (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid-up capital of the Company and its free reserves that is to say, reserves not set apart for any specific purpose; or
 - (v) contribute to charitable and other funds not directly relating to the business of the Company : or the welfare of its employees any amounts the aggregate of which will in any financial year, exceed fifty thousand rupees or five percent of its average net profits as determined in accordance with the provisions of Sections 349 and 350 of the Act during the three financial years, immediately proceeding, whichever is greater.
- (b) Nothing contained in sub-clause (a) above shall affect:
- (i) the title of a buyer or other person who buys or takes a lease of any such undertaking as is referred to in that sub-clause in good faith and after exercising due care and caution, or
 - (ii) the selling or leasing of any property of the Company where the ordinary business of the Company consists of, or comprises such selling or leasing.
- (c) Any resolution passed by the Company permitting any transaction such as is referred to in sub-clause (a) (i) above, may attach such conditions to the permission as may be specified in the resolution, including conditions regarding the use, disposal or investment of the sale proceeds which may result from the transaction. Provided that this clause shall not be deemed to authorise the Company to effect any reduction in its capital except in accordance with the provisions contained in that behalf in the Act.
- (d) No debt incurred by the Company in excess of the limit imposed by sub-clause (iv) of clause (a) above, shall be valid or effectual, unless the lender proves that he advanced the loan in good faith and without knowledge that the limit imposed by that clause had been exceeded.

Prohibition regarding making of political contributions

- (e) Due regard and compliance shall be observed in regard to matters dealt with by or in the Explanation contained in sub-section (1) of Section 293 of the Act and in regard to the limitations on the power of the Company contained in Section 293A of the Act.

MANAGING DIRECTORS

Power to appoint Managing or Wholetime Directors

173. (a) Subject to the provisions of the Act and of these Articles the Board shall have power to appoint from time to time any of its members as Managing Director or Managing Directors and/or Wholetime Directors and/or Special Director like Technical Director, Financial Director, etc. of the Company for a fixed term not exceeding five years at a time and upon such terms and conditions as the Board thinks fit, and the Board may by resolution vest in such Managing Director or Managing Directors/Wholetime Director(s), Technical Director(s) Financial Director(s) and Special Director(s) such of the powers hereby vested in the Board generally as it thinks fit, and such powers may be made exercisable for such period or periods, and upon such conditions and subject to such restrictions as it may determine, the remuneration of such Directors may be by way of monthly remuneration and/or fee for each meeting and/or participation in profits, or by any or all of those modes, or of any other mode not expressly prohibited by the Act.



- (b) The Directors may whenever they appoint more than one Managing Director, designate one or more of them as “Joint Managing Director” or “Joint Managing Directors” or “Deputy Managing Directors” as the case may be.

Appointment and payment of remuneration to Managing or Wholetime Director

- (c) Subject to the provisions of Sections 198, 269, 309, 310 and 311 of the Act, the appointment and payment of remuneration to the above Director, shall be subject to approval of the members in general meeting and of the Central Government.
- (d) Managing Director will not be subject to retirement by rotation.

SEAL

The seal, its custody and use

175. (a) The Directors shall provide a Common Seal for the purpose of the Company and shall have power from time to time to destroy the same and substitute a new Seal in lieu thereof, and the Directors shall provide for the safe custody of the Seal for the time being and the Seal shall never be used except by or under the authority of the Directors or a Committee of the Directors previously given, and in the presence of one Director at the least, who shall sign every instrument to which the Seal is so affixed in his presence.

Seal abroad

- (b) The Company shall also be at liberty to have an official seal in accordance with Section 50 of the Act for use in any territory, district or place outside India and such powers shall accordingly be vested in the Directors.

INTEREST OUT OF CAPITAL

Interest may be paid out of Capital

176. Where any shares in the Company are issued for the purpose of raising money to defray the expenses of the construction of any work or building, or the provisions of any plant, which cannot be made profitable for 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 and at the rate and subject to the conditions and restrictions provided by Section 208 of the Act, and may charge the same to capital as part of the cost of construction of the work or building, or the provisions of plant.

DIVIDENDS

Division of Profits

177. The profits of the Company subject to any special rights relating thereto created or authorised to be created by these presents shall be divisible among the members in proportion to the amount of Capital paid up or credited as paid up on the shares held by them respectively.

Dividend payable to registered holder

178. No dividend shall be paid by the Company in respect of any share except to the registered holder of such share or to his order or to his banker.

Time for payment of dividend

179. Where a dividend has been declared by the Company it shall be paid within the period provided in Section 207 of the Act.

Capital paid up in advance and interest not to earn dividend

180. Where the Capital is paid up in advance of calls upon the footing that the same shall carry interest, such Capital shall not, whilst carrying interest confer a right to dividend or to participate in profits.

Dividends in proportion to amount paid up

181. (a) The Company shall pay dividends in proportion to the amounts paid up or credited as paid up on each share, when a larger amount is paid up or credited as paid up on some shares than on others. Nothing in this Article shall be deemed to affect in any manner the operation of Section 208 of the Act.
- (b) Provided always that any Capital paid up on a share during the period in respect of which a dividend is declared, shall unless the terms of issue otherwise provide, only entitle the holder of such share to an apportioned amount of such dividend proportionate to the capital from time to time paid during such period on such share.

Company in Annual General Meeting may declare dividends

182. The Company in Annual general meeting may declare a dividend to be paid to the members according to their respective rights and interests in the profits and may fix the time for payment.

Power of Directors to limit dividends

183. No larger dividend shall be declared than is recommended by the Directors but the Company in general meeting may declare a smaller dividend.

Dividends only to be paid out of profits

184. No dividend shall be declared or paid by the Company otherwise than out of profits of the financial year arrived at after providing for depreciation in accordance with the provisions of sub-section (2) 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 or out of moneys provided by the Central Government or a State Government for the payment of dividend in pursuance of the guarantee given by that Government 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 that financial year or out of the profits of any other previous 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 an 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.

Provided further that, no dividend shall be declared or paid for any financial year out of the profits of the Company for that year arrived at after providing for depreciation as above, except after the transfer to the reserves of the Company of such percentage of its profits for that year as may be prescribed in accordance with Section 205 of the Act or such higher percentage of its profits as may be allowed in accordance with that Section

Nothing contained in this Article shall be deemed to affect in any manner the operation of Section 208 of the Act.

Directors' declaration as to net profits conclusive

185. The declaration of the Directors as to the amount of the net profits of the Company shall be conclusive.

Interim Dividends

186. The Directors may, from time to time, pay to the members such interim dividends as in their judgment the position of the Company justifies.

Retention of Dividend until completion of transfer under Article

187. The Directors may retain the Dividends payable upon shares in respect of which any person is under the Transmission clause of these Articles entitled to become a member or which any person under that clause is entitled to transfer until such person shall become a member in respect of such shares or shall duly transfer the same.

No member to receive Dividend whilst indebted to the Company and Company's right to reimbursement therefrom

188. Subject to the provisions of the Act, no member shall be entitled to receive payment of any interest or dividend in respect of his share(s) whilst any money may be due or owing from him to the Company in respect of such share(s) or debenture(s) or otherwise however either alone or jointly with any other person or persons and the Directors may deduct from the interest or dividend payable to any member, all sums of moneys so due from him to the Company.

Transferred shares must be registered

189. A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.

Dividend how remitted

190. Unless otherwise directed any dividend may be paid by cheque or warrant or a pay-slip or receipt having the force of a cheque or warrant sent through ordinary post to the registered address of the member or person entitled or in the case of joint holders to that one of them first named in the Register of Members in respect of the joint holding. Every such



cheque or warrant so sent shall be made payable to the registered holder of shares or to his order or to his bankers. The Company shall not be liable or responsible for any cheque or warrant lost in transmission or for any dividend lost, to the member or person entitled thereto by the forged endorsement of any cheque or warrant or the fraudulent or improper recovery thereof by any other means.

Unpaid Dividend or Dividend Warrant posted

191. (a) Where the Company has declared a dividend but which has not been paid or the dividend warrant in respect thereof has not been posted within 30 days from the date of declaration to any shareholder entitled to the payment of the dividend, the Company shall within 7 days from the date of expiry of the said period of 30 days, open a special account in that behalf in any scheduled bank, as per Section 205 A of the Act, and transfer to the said account, the total amount of dividend which remains unpaid or in relation to which no dividend warrant has been posted.
- (b) Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed, for a period of seven years from the date of such transfer, shall be transferred by the Company to the general revenue account of the Central Government. A claim to any money so transferred to the general revenue account may be preferred to the Central Government by the shareholders to whom the money is due.
- (c) No unpaid or unclaimed dividend shall be forfeited by the Board.

Dividend and call together

192. Any general meeting declaring a dividend may on the recommendation of the Directors make a call on the members for such amount as the meeting fixes, but so that the call on each member shall not exceed the dividend payable to him so that the call be made payable at the same time as the dividend and the dividend may, if so arranged between the Company and the members, be set off against the calls.

Dividend to be payable in cash

193. No dividend shall be payable except in cash. Provided that nothing in this Article shall be deemed to prohibit the capitalisation of profit or reserves of the Company for the purpose of issuing fully paid up bonus shares or paying up any amount for the time being unpaid on any shares held by the members of the Company.

CAPITALISATION

194. (a) Any general meeting may resolve that any amount standing to the credit of the Share Premium Account or the Capital Redemption Reserve Account or any moneys' investments or other assets forming part of the undivided profits (including profits or surplus moneys arising from the realisation and where permitted by law, from the appreciation in value of any capital assets of the Company) standing to the credit of the General Reserve, Reserve or any Reserve Fund or any other fund of the Company or in the hands of the Company and available for dividend may be capitalised. Any such amount (excepting the amount standing to the credit of the Share Premium Account and/or the Capital Redemption Reserve Account) may be capitalised:
- (i) by the issue and distribution as fully paid shares, debentures, debenture stock, bonds or obligations of the Company or
- (ii) by crediting the shares of the Company which may have been issued and are not fully paid up, with the whole or any part of the sum remaining unpaid thereon.
- Provided that any amounts standing to the credit of the Share Premium Account may be applied in;
- (1) paying up unissued shares of the Company to be issued to members of the Company as fully paid bonus shares;
- (2) in writing off the preliminary expenses of the Company;
- (3) in writing off the expenses of, or the commission paid or discount allowed on any issue of shares or debentures of the Company; or
- (4) in providing for the premium payable on the redemption of any redeemable preference shares or of any debentures of the Company.

Provided further that any amount standing to the credit of the Capital Redemption Reserve Account shall be applied only in paying up unissued shares of the Company to be issued to the members of the Company as fully paid bonus shares.

- (b) Such issue and distribution under sub-clause (a)(i) above and such payment to the credit of unpaid share capital under sub-clause (a)(ii) above shall be made to, among and in favour of the members of any class of them or any of them entitled thereto and in accordance with their respective rights and interests and in proportion to the amount of capital paid up on the shares held by them respectively in respect of which such distribution under sub-clause (a)(i) or payment under sub-clause (a)(ii) above shall be made on the footing that such members become entitled thereto as capital.
- (c) The Directors shall give effect to any such resolution and apply portion of the profits, General Reserve Fund or any other fund or account as aforesaid as may be required for the purpose of making payment in full for the shares, debentures or debenture stock, bonds or other obligations of the Company so distributed under sub-clause (a)(i) above or (as the case may be) for the purpose of paying, in whole or in part, the amount remaining unpaid on the shares which may have been issued and are not fully paid-up under sub-clause (a)(ii) above provided that no such distribution or payment shall be made unless recommended by Directors and if so recommended such distribution and payment shall be accepted by such members as aforesaid in full satisfaction of their interest in the said capitalised sum.
- (d) For the purpose of giving effect to any such resolution the Directors may settle any difficulty which may arise in regard to the distribution or payment as aforesaid as they think expedient and in particular they may issue fractional certificates or coupons and fix the value for distribution of any specific assets and may determine that such payments be made to any members on the footing of the value so fixed and may vest any such cash, shares, fractional certificates or coupons, debentures, debenture stock, bonds, or other obligations in trustees upon such trusts for the persons entitled thereto as may seem expedient to the Directors and generally may make such arrangement for the acceptance, allotment and sale of such shares, debentures, debenture stock, bonds or other obligations and fractional certificates or coupons or otherwise as they may think fit.
- (e) Subject to the provisions of the Act and these Articles in cases where some of the shares of the Company are fully paid and others are partly paid only, such capitalisation may be effected by the distribution of further shares in respect of the fully paid shares, and by crediting the partly paid shares with the whole or part of the unpaid liability thereon but so that as between the holders of fully paid shares, and the partly paid shares the sums so applied in the payment of such further shares and in the extinguishment or diminution of the liability on the partly paid shares shall be so applied pro rata in proportion to the amount then already paid or credited as paid on the existing fully paid and partly paid shares respectively.

195. When deemed requisite a proper contract shall be filed with the Registrar of Companies in accordance with the Act and the Board may appoint any person to sign such contract on behalf of the members entitled, as aforesaid and such appointment shall be effective.

WINDING UP

Distribution of Assets

- 218 (a) Subject to the provisions of the Act, if the company shall be wound up and the assets available for distribution among the members as such shall be less than sufficient to repay the whole of the paid up capital such assets shall be distributed so that, as nearly, as may be, the losses shall be borne by the members in proportion to the Capital paid up, or which ought to have been paid up, at the commencement of winding up, on the shares held by them respectively. And if in winding up, the assets available for distribution among the members shall " be more than sufficient to repay the whole of the Capital paid up at the commencement of the winding up the excess shall be distributed amongst the members in proportion to the Capital paid-up at the commencement of the winding up or which ought to have been paid up on the shares held by them respectively.
- (b) But this clause will not prejudice the rights of the holders of shares issued upon special terms and conditions.

SECRECY CLAUSE

- 221 (a) Every Director, Manager, Auditor, Treasurer, Trustee, Member of a Committee, Officer, Servant, Agent, Accountant or other person employed in the business of the Company shall if so required by the Directors, before entering upon his duties, sign a declaration pledging himself to observe a strict secrecy respecting all transactions and affairs of the Company with the customers and the state of the accounts with individuals and in matters thereto, and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties' except when required so to do by the Directors or by law or by the person to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions in these presents contained.



- (b) No member shall be entitled to visit or inspect any works of the Company without the permission of the Directors or to require discovery of or any information respecting any detail of the Company's trading, or any matter which may relate to the conduct of the business of the Company and which in the opinion of the Directors, it would be inexpedient in the interest of the Company to disclose.

INDEMNITY AND RESPONSIBILITY

Directors and others rights to indemnity

- 222 (a) Subject to the provisions of Section 201 of the Act, every Director, Managing Director, Whole time Director, Manager, Secretary and other Officer or employee of the Company shall be indemnified by the Company against and it shall be the duty of the Directors, out of the funds of the Company to pay all costs, losses and expenses (including traveling expense) which such Director, Manager, Secretary and Officer or employee may incur or become liable to by reason of any contract entered into or act or deed done by him as such Director, Manager, Secretary, Officer or Servant or in any way in the discharge of his duties including expenses and the amount for which such indemnity is provided, shall immediately attach as a lien on the property of the Company and have priority between the members over all other claims.
- (b) Subject as aforesaid, every Director, Managing Director, Manager, Secretary or other officer and employee of the Company shall be indemnified against any liability incurred by him in defending any proceedings, whether civil or criminal in which judgment is given in his favour or in which he is acquitted or discharged or in connection with any application under Section 633 of the Act in which relief is given to him by the Court and the amount for which such indemnity is provided shall immediately attach as a lien on the property of the Company.

J. MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following Contracts (not being contracts entered into in the ordinary course of business carried on by the Company or entered into more than two years before the date of this Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by the Company. These Contracts, shall be attached to the Red Herring Prospectus and delivered to the Registrar of Companies, Maharashtra located at Mumbai for registration and also the documents for inspection referred to hereunder, may be inspected at the Corporate office of the Company situated at Shrikant Chambers, 5th Floor, Sion Trombay Road, Near R.K Studio, Chembur, Mumbai – 400 071, India from 10.00 a.m. to 4.00 p.m. from the date of the Red Herring Prospectus until the Bid/ Issue Closing Date.

A. Material Contracts:

1. Copy of Memorandum of Understanding entered into with M/s. Vivro Financial Services Private Limited dated 12th September, 2005 to act as Book Running Lead Managers to the Issue.
2. Copy of Memorandum of Understanding dated 27th January, 2006 entered into with Canara Bank Merchant Division to act as Co- Manager to the Issue.
3. Copy of Memorandum of Understanding dated 18th July, 2005 entered into with M/s. Intime Spectrum Registry Limited to act as Registrar to the Issue.
4. Copy of tripartite agreement among NSDL, the Company and the Registrar, M/s. Intime Spectrum Registry Limited dated 5th January, 2006.
5. Copy of tripartite agreement among CDSL, the Company and the Registrar, M/s. Intime Spectrum Registry Limited dated 16th January, 2006. ;
6. Escrow Agreement dated 2nd February 2006 between PIL and Vivro and ICICI Bank and Standard Chartered Bank and Deutsche Bank and Kotak Mahindra Bank Limited and Canara Bank and Intime Spectrum Registry Limited.
7. Syndicate Agreement dated 2nd February 2006 between PIL and Vivro and Canara Bank.
8. Underwriting Agreement dated [*] between [*]

B. Material Documents for Inspection

1. Memorandum and Articles of Association of the Company as amended from time to time.
2. Certificate of Incorporation dated 19th July, 1995 issued by the Registrar of Companies, Maharashtra, Mumbai.
3. Copy of resolution dated 4th August, 2005 in relation to remuneration of Executive Chairperson, Managing Director and Whole Time director.
4. Copy of the resolution passed at the meeting of the Board of Directors held on 12th September, 2005 and special resolution passed at the Extra ordinary General Meeting of the Shareholders dated 4th August, 2005 in relation to this issue and other related matters.
5. Copy of the special resolution passed at the Extra ordinary General Meeting of the Shareholders dated 4th August, 2005 pursuant to Section 81 (1A) of the Companies Act, 1956
6. Consents of the Directors, Company Secretary, Compliance Officer, Auditors, Legal Advisor, the Banker to the Company, the BRLM, the Syndicate Members, the Registrar to the issue, Escrow Collection Banks and Bankers to the Issue to include their names in the Red Herring Prospectus to act to in their respective capacity.
7. Report of the Statutory Auditors of the Company M/s Jayesh Sanghrajka & Co. dated 19th January, 2006 prepared as per Indian GAAP and mentioned in this Red Herring Prospectus and copies of Summary of Assets and liabilities and Profit and Loss Accounts as restated of the Company.
8. Letter dated 1st August, 2005 from the Statutory Auditors of the Company, M/s Jayesh Sanghrajka & Co. confirming Tax Benefits as mentioned in the Red herring Prospectus.
9. Resolution of the meeting of the Board of Directors of the Company held on 12th September, 2005 for the formation of Company's Audit Committee, Investor Grievance Committee and the Remuneration Committee.
10. Annual Reports of the Company for last five financial years and .



11. Annual Reports of our Promoter Group companies for the past three Financial Year.
12. Due Diligence Certificate dated 14th September, 2005 given to SEBI by the Lead Manager, Vivro Financial Services Private Limited.
13. SEBI Observation Letter No: CFD/DIL/ISSUES/V/57138/2006 dated 5th January, 2006 and Company's reply dated 30th January, 2006.
14. In principle Approval dated 5th January, 2006 from the NSE.
15. In principle Approval dated 21st December, 2005 from the BSE.
16. Deed of Assignment dated 1st April, 1999 with M/s Pratibha Industries, a partnership firm for takeover of business.
17. Deed of Arrangement dated 12th September, 2005 among the Promoters for voluntarily lock-in of their pre-issue equity shares for a period of 3 years.
18. Joint Venture Agreement dated 11th January, 2003 with Petron Civil Engineering Pvt. Ltd. for Construction of Roads for Pune Municipal Corporation.
19. Joint Venure Agreement dated 21st December, 2002 with Unity Infraprojects Limited and Multi Media Consultants Pvt. Ltd. for contract of Design Build Clear Water Transmission mains for filling storage reservoirs in South Delhi for Delhi Jal Board .
20. Memorandum of Understanding for Joint Venture dated 12th March, 2004 with M/s Mahavir Construction Co. for Widening and re-construction of road from Sahar International Airport to Western Express Highway for MMRDA.
21. Copies of the forms along with the relevant resolutions regarding increase in Authorised Capital.

Any of the contracts and documents mentioned in this Red Herring Prospectus may be amended or modified at any time if so required in the interest of the Company or if required by other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

K. DECLARATION

All the relevant provisions of the Companies Act, 1956 and the guidelines issued by the Government have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956 and rules made there under. All the legal requirements connected with the said Public Issue as also the guidelines; instructions etc., issued by SEBI, the Government and any other competent authority in this behalf have been duly complied with. We, the Directors of Pratibha Industries Limited declare and confirm that no information/material likely to have a bearing on the decision of the investor in respect of the equity shares offered in terms of this Red Herring Prospectus have been suppressed/withheld and/or incorporated in a manner that would amount to misstatement/misrepresentation and in the event of it transpiring at any point of time till Allotment/refund, as the case may be, that any information/material has been suppressed/withheld and/or amounts to misstatement/misrepresentation, we undertake to refund the entire application moneys to all the subscribers within seven days thereafter, without prejudice to the provisions of Section 63 of the Act.

Since the date of last financial statement disclosed in this Red Herring Prospectus, there have been no circumstances that materially and adversely affects or is likely to affect the profitability of the Company or the value of its assets or its ability to pay off its liabilities within a period of next twelve months.

The Directors of the Company and Mr. Ajit B. Kulkarni, Managing Director of the Company certify that all disclosures made in the Red Herring Prospectus are true and correct.

SIGNED BY ALL THE DIRECTORS

Mrs. Usha Bhagwan Kulkarni Chairperson	Mr. Anilkumar Gajanan Karkhanis Independent and Non-Executive Director (Through their Constituted Attorney Mr. Ajit Bhagwan Kulkarni)
Mr. Ajit Bhagwan Kulkarni Managing Director	Mr. Shrikant Trimbak Gadre Independent and Non-Executive Director (Through their Constituted Attorney Mr. Ajit Bhagwan Kulkarni)
Mr. Vinayak Bhagwan Kulkarni Executive Director	Mr. Awinash Marutirao Arondekar Independent and Non-Executive Director (Through their Constituted Attorney Mr. Ajit Bhagwan Kulkarni)

SIGNED BY COMPLIANCE OFFICER

Mr. T. R. Radhakrishnan
General Manager (Finance)

Place: Mumbai

Date: 2nd February, 2006



THIS PAGE IS INTENTIONALLY KEPT BLANK