RED HERRING PROSPECTUS
Please read Section 60B of the Companies Act, 1956
Dated November 29, 2005
100% Book Built Offer

PUNJ LLOYD LIMITED

(The Company was incorporated on September 26, 1988 as a private limited company under the Companies Act. For details of changes in name and registered office, please refer to "History and Certain Corporate Matters" beginning on page 87 of this Red Herring Prospectus)

Registered Office: Punj Lloyd House, 17-18 Nehru Place, New Delhi 110 019, India
Tel: +91 11 2620 0123; Fax +91 11 2620 0111
Contact Person: Mr. Dinesh Thairani; Tel: +91 11 2620 0492
E-mail: ipo@punjlloyd.com; Website: www.punjlloyd.com

PUBLIC ISSUE OF 9,172,937 EQUITY SHARES OF RS.10 EACH OF PUNJ LLOYD LIMITED ("PUNJ LLOYD" OR THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF RS.[●] PER EQUITY SHARE, AGGREGATING RS.[●] THOUSAND, COMPRISING A FRESH ISSUE OF 8,355,174 EQUITY SHARES OF RS.10 EACH BY THE COMPANY AND AN OFFER FOR SALE OF 817,763 EQUITY SHARES OF RS.10 EACH BY THE SELLING SHAREHOLDERS (AS DEFINED HEREIN). THE FRESH ISSUE AND THE OFFER FOR SALE ARE JOINTLY REFERRED TO HEREIN AS THE OFFER (THE "OFFER").

100,000 EQUITY SHARES OF RS.10 EACH WILL BE RESERVED IN THE OFFER FOR SUBSCRIPTION BY PERMANENT EMPLOYEES AND DIRECTORS OF THE COMPANY WHO ARE INDIAN NATIONALS AND ARE BASED IN INDIA (THE "EMPLOYEE RESERVATION PORTION", AND THE OFFER OF EQUITY SHARES OTHER THAN THE EMPLOYEE RESERVATION PORTION, THE "NET OFFER"). THE OFFER SHALL CONSTITUTE 17.57% OF THE FULLY DILUTED POST OFFER PAID-UP EQUITY CAPITAL OF THE COMPANY.

PRICE BAND: RS.600 TO RS.700 PER EQUITY SHARE OF FACE VALUE RS.10 EACH.

THE OFFER PRICE IS 60 TIMES THE FACE VALUE AT THE LOWER END OF THE PRICE BAND AND 70 TIMES THE FACE VALUE AT THE HIGHER END OF THE PRICE BAND.

In case of revision in the Price Band, the Bidding/Offer Period shall be extended for three additional working days after such revision, subject to the Bidding/Offer Period not exceeding 10 working days. Any revision in the Price Band, and the revised Bidding/Offer Period, if applicable, shall be widely disseminated by notification to the National Stock Exchange of India Limited ("NSE") and the Bombay Stock Exchange Limited ("BSE"), by issuing a press release and also by indicating the change on the websites of the Book Running Lead Managers and the terminals of the Syndicate.

In terms of Rule 19(2)(b) of the SCRR, this being an Offer for less than 25% of the post Offer capital, the Offer is being made through the 100% Book Building Process wherein at least 60% of the Net Offer will be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs"). 5% of the QIB Portion shall be available for allocation to Mutual Funds only and the remaining QIB Portion shall be available for allocation to all QIBs, including Mutual Funds. If at least 60% of the Net Offer cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, up to 10% of the Net Offer will be available for allocation on a proportionate basis to Non Institutional Bidders and up to 30% 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. Further, 100,000 Equity Shares shall be available for allocation on a proportionate basis to the Employees, subject to valid Bids being received at or above the Offer Price.

RISKS IN RELATION TO FIRST OFFER

This being the first issue of Equity Shares of the Company, there has been no formal market for the Equity Shares of the Company. The face value of the Equity Shares is Rs.10 per Equity Share and the Offer Price is [●] times of face value. The Offer Price (as determined by the Company, in consultation with the Book Running Lead Managers, on the basis of assessment of market demand for the Equity Shares offered 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

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Offer unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Offer. For taking an investment decision, investors must rely on their own examination of the Company and the Offer including the risks involved. The Equity Shares offered in the Offer 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 x 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 Offer, which is material in the context of the Offer, 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 BSE and NSE. We have received in-principle approvals from these Stock Exchanges for the listing of the Company's Equity Shares pursuant to letters dated November 4, 2005 and November 14, 2005, respectively. For the purposes of the Offer, the Designated Stock Exchange is BSE.

BOOK RUNNING LEAD MANAGERS ("BRLMs")				REGISTRAR TO THE OFFER
ICICI Securities	citigroup	DSP Merrill Lynch	kotak Investment Banking	KARVY Karvy Computershare Private Limited
ICICI Securities Limited ICICI Centre H.T. Parekh Marg Churchgate Mumbai 400 020 Tel: +91 22 2288 2460 Fax: +91 22 2282 6580 E-mail: pll_ipo@isecltd.com Website: www.iseconline.com	**Citigroup Global Markets India Private Limited** 4th Floor, Bakhtawar 229 Nariman Point Mumbai 400 021 Toll Free: 1600 229996 Fax: +91 22 5631 9803 Email: pll.ipo@citigroup.com Website: www.citibank.co.in	**DSP Merrill Lynch Limited** 10th Floor, Mafatlal Centre Nariman Point Mumbai 400 021 Tel : +91 22 2262 1071 Fax: +91 22 2262 1187 Email: pll_ipo@ml.com Website: www.dspml.com	**Kotak Mahindra Capital Company Limited** 3rd Floor, Bakhtawar 229 Nariman Point Mumbai 400 021 Tel: +91 22 5634 1100 Fax: +91 22 2284 0492 Email: punjlloyd.ipo@kotak.com Website: www.kotak.com	**Karvy Computershare Private Limited** Karvy House, 46, Avenue 4, Street No.1 Banjara Hills, Hyderabad 500 034 Tel: +91 40 2343 1546 Fax: +91 40 2343 1551 Email: punjlloyd.ipo@karvy.com Website: www.karvy.com

OFFER PROGRAM			
BID/OFFER OPENS ON	**TUESDAY, DECEMBER 13, 2005**	**BID/OFFER CLOSES ON**	**FRIDAY, DECEMBER 16, 2005**

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DEFINITIONS AND ABBREVIATIONS

General Terms

Term	Description
"PLL" or "the Company" or the "Issuer" or "Punj Lloyd Limited"	Punj Lloyd Limited, a public limited company incorporated under the Companies Act.
"we" or "us" or "our"	Unless the context otherwise requires, Punj Lloyd Limited and its Subsidiaries, Joint Venture and Associate Company, on a consolidated basis as described in this Red Herring Prospectus.
Associate Company	Bistro Hospitality Private Limited.
Joint Venture	Thiruvananthpuram Road Development Company Limited.
Subsidiaries	PT. Punj Lloyd Indonesia, Punj Lloyd Int. Limited, Spectra Infrastructure Limited, PLN Construction Limited, Spectra Punj Lloyd Limited, Atna Investments Limited, Punj Lloyd Inc., Punj Lloyd (Malaysia) Sdn. Bhd., Punj Lloyd Kazakhstan LLP, Spectra Punjab Limited, Punj Lloyd Insulations Limited, Spectra Net Limited and Spectranet Holdings Limited.

Offer Related Terms

Term	Description
Allotment or Allotted	Unless the context otherwise requires, the allotment in the Fresh Issue and transfer in the Offer for Sale of Equity Shares pursuant to the Offer.
Allottee	The successful Bidder to whom Equity Shares are/ have been allotted.
Articles/ Articles of Association	Articles of Association of the Company.
Auditors	S.R. Batliboi & Co., Chartered Accountants.
Banker(s) to the Offer	ICICI Bank Limited, Citibank N.A., Standard Chartered Bank, Kotak Mahindra Bank Limited, HDFC Bank Limited and Yes Bank Limited.
Bid	An indication to make an offer during the Bidding/Offer Period by a prospective investor to subscribe to the Company's Equity Shares at a price within the Price Band, including all revisions and modifications thereto.
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder on submission of the Bid in the Offer.
Bid/Offer Closing Date	The date after which the Syndicate will not accept any Bids for the Offer, which shall be notified in a widely circulated English national newspaper and Hindi national newspaper.
Bid cum Application Form	The form in terms of which the Bidder shall make an offer to subscribe to/purchase the Equity Shares and which will be considered as the application for issue of the Equity Shares pursuant to the terms of this Red Herring Prospectus.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of this Red Herring Prospectus and the Bid cum Application Form.
Bidding/Offer Period	The period between the Bid/Offer Opening Date and the Bid/Offer Closing Date inclusive of both days and during which prospective Bidders can submit their Bids.
Bid/Offer Opening Date	The date on which the Syndicate Members shall start accepting Bids for the Offer, which shall be the date notified in a widely circulated English national newspaper and Hindi national newspaper.
Board of Directors/ Board	The board of directors of the Company or a committee constituted thereof.
Book Building Process	The book building process as provided in Chapter XI of the SEBI Guidelines, in terms of which the Offer is being made.

Term	Description
BRLMs/ Book Running Lead Managers	Book Running Lead Managers to the Offer, in this case being Citigroup Global Markets India Private Limited, DSP Merrill Lynch Limited, ICICI Securities Limited and Kotak Mahindra Capital Company 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 after discovery of the Offer Price in accordance with the Book Building Process.
Cap Price	The higher end of the Price Band, above which the Offer Price will not be finalized and above which no Bids will be accepted.
Companies Act	The Companies Act, 1956, as amended.
Cut-off Price	Any price within the Price Band finalized by the Company and the Selling Shareholders in consultation with the BRLMs. A Bid submitted at Cut-off Price is a valid Bid at all price levels within the Price Band.
Depository	A depository registered with SEBI under the SEBI (Depositories and Participants) Regulations, 1996, as amended.
Depositories Act	The Depositories Act, 1996, as amended.
Depository Participant	A depository participant as defined under the Depositories Act.
Designated Date	The date on which the Escrow Collection Banks transfer the funds from the Escrow Account of the Company to the Offer Account, after the Prospectus is filed with the RoC, following which the Board allots Equity Shares to successful Bidders.
Designated Stock Exchange	BSE.
Director(s)	The director(s) of PLL, unless otherwise specified.
Draft Red Herring Prospectus	The Draft Red Herring Prospectus dated October 7, 2005 issued in accordance with Section 60B of the Companies Act, which does not have complete particulars of the price at which the Equity Shares are offered and the size of the Offer. Upon filing with the RoC at least three days before the Bid/Offer Opening Date it will be termed as the Red Herring Prospectus. It will be termed the Prospectus upon filing with RoC after the Pricing Date.
Eligible NRI	NRIs from such jurisdiction outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom the Red Herring Prospectus constitutes an offer to sell and an invitation to subscribe to the Equity Shares offered thereby.
Employee	A permanent employee or a Director (whole-time Director, part-time Director or otherwise) of the Company, who is an Indian National and is based in India, excluding any Promoter or member of the Promoter group. The permanent employees should be on the payroll of the Company as of September 30, 2005 and the Directors should be Directors on the date of the Red Herring Prospectus. The Employee(s) may also be referred to as "Bidder(s) in the Employee Reservation Portion" in this Red Herring Prospectus.
Employee Reservation Portion	The portion of the Offer being 100,000 Equity Shares available for allocation to Employees described above.
Equity Shares	Equity shares of the Company of face value of Rs.10 each, unless otherwise specified in the context thereof.
Escrow Account	An account opened with an Escrow Collection Bank(s) and in whose favor the Bidder will issue cheques or drafts in respect of the Bid Amount when submitting a Bid.
Escrow Agreement	Agreement to be entered into among the Company, the Selling Shareholders (acting through their duly constituted attorneys), the Registrar, the Escrow Collection Bank(s), and the BRLMs and the Syndicate Members for collection of the Bid Amounts and for remitting refunds, if any, of the amounts collected, to the Bidders.
Escrow Collection Bank(s)	The banks, which are clearing members and registered with SEBI as Bankers to the Offer at which the Escrow Account will be opened, in this Offer comprising ICICI Bank Limited, Citibank N.A., Standard Chartered Bank, Kotak Mahindra Bank Limited, HDFC Bank Limited and Yes Bank Limited.
Fiscal	Period of twelve months ended March 31 of that particular year, unless otherwise

Term	Description
	stated.
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 Offer Price will not be finalized and below which no Bids will be accepted.
Fresh Issue	Issue of 8,355,174 Equity Shares at the Offer Price by the Company.
FVCIs	Foreign Venture Capital Investors, as defined and registered with SEBI under the SEBI (Foreign Venture Capital Investor) Regulations, 2000, as amended.
GIR Number	General Index Registry Number.
I.T. Act	The Income Tax Act, 1961, as amended.
Indian GAAP	Generally accepted accounting principles in India.
Indian National	As used in the context of the Employee Reservation Portion, a citizen of India as defined under the Indian Citizenship Act, 1955, as amended, who is not an NRI.
Industrial Policy	The industrial policy and guidelines issued thereunder by the Ministry of Industry, Government of India, from time to time.
Margin Amount	The amount paid by the Bidder at the time of submission of the Bid, which may be 10% or 100% of the Bid Amount, as applicable.
Memorandum/ Memorandum of Association	The memorandum of association of the Company, as amended from time to time.
Monitoring Agency	IFCI Limited.
Mutual Funds	Mutual funds registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996.
Net Offer	The Offer of Equity Shares other than Equity Shares included in the Employee Reservation Portion, aggregating 9,072,937 Equity Shares.
Non Institutional Bidders	All Bidders that are not Qualified Institutional Buyers or Retail Individual Bidders and who have bid for an amount more than Rs.100,000.
Non Institutional Portion	The portion of the Offer being up to 907,293 Equity Shares available for allocation to Non Institutional Bidders.
Non-Residents	All eligible Bidders, including Eligible NRIs, FIIs registered with SEBI and FVCIs registered with SEBI, who are not persons resident in India.
NRI/ Non-Resident Indian	A person resident outside India, as defined under FEMA and who is a citizen of India or a person of Indian origin, each such term as defined under the Foreign Exchange Management (Deposit) Regulations, 2000, as amended.
OCB/ Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended. OCBs are not permitted to invest in this Offer.
Offer	Collectively, the Fresh Issue and the Offer for Sale of an aggregate of 9,172,937 Equity Shares.
Offer for Sale	The offer for sale by the Selling Shareholders of an aggregate of 817,763 Equity Shares at the Offer Price.
Offer Price	The final price at which Equity Shares will be allotted in the Offer, as determined by the Company and the Selling Shareholders in consultation with the BRLMs, on the Pricing Date.
Offer Account	Account opened with the Banker(s) to the Offer to receive monies from the Escrow Account for the Offer on the Designated Date.
Pay-in Date	The Bid/Offer Closing Date or the last date specified in the CAN sent to the Bidders, as applicable.
Pay-in Period	(1) With respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid/Offer Opening Date and extending until the Bid Closing Date, and

Term	Description
	(2) With respect to QIBs, the period commencing on the Bid/Offer Opening Date and extending until the closure of the Pay-in Date, as specified in the CAN.
Preference Shares	Preference shares issued by the Company from time to time.
Price Band	The price band with a minimum price (Floor Price) of Rs.600 per Equity Share and the maximum price of Rs.700 per Equity Share (Cap Price).
Pricing Date	The date on which the Company and the Selling Shareholders in consultation with the BRLMs finalize the Offer Price.
Promoters	Atul Punj, S.N.P. Punj, Uday Punj, Cawdor Enterprises Limited and Indtech Construction Private Limited.
Prospectus	The prospectus, filed with the RoC after pricing containing, inter alia, the Offer Price that is determined at the end of the Book Building Process, the size of the Offer and certain other information.
Public Offer Account	Account opened with the Bankers to the Offer to receive money from the Escrow Account for the Offer on the Designated Date.
Qualified Institutional Buyers or QIBs	Public financial institutions as specified in Section 4A of the Companies Act, FIIs, 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 corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs.250 million and pension funds with a minimum corpus of Rs.250 million.
QIB Margin	An amount representing 10% of the Bid Amount that QIBs are required to pay at the time of submitting their Bid.
QIB Portion	The portion of the Offer being up to 5,443,763 Equity Shares available for allocation to QIBs.
Refund Account	Account opened with an Escrow Collection Bank from which refunds of the whole or part of the Bid Amount, if any, shall be made.
Registrar /Registrar to the Offer	Registrar to the Offer, in this case being Karvy Computershare Private Limited.
Retail Individual Bidders	Bidders who have bid for Equity Shares of an amount less than or equal to Rs.100,000.
Retail Portion	The portion of the Offer being up to 2,721,881 Equity Shares available for allocation to Retail Individual Bidder(s).
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of their Bid cum Application Forms or any previous Revision Form(s).
RHP or Red Herring Prospectus	The Red Herring Prospectus dated November 29, 2005 issued in accordance with Section 60B of the Companies Act, which does not have complete particulars of the price at which the Equity Shares are offered and the size of the Offer. The Red Herring Prospectus has been filed with the RoC at least three days before the Bid/Offer Opening Date and will become a Prospectus upon filing with the RoC after the Pricing Date.
RoC	Registrar of Companies, Delhi and Haryana, located at New Delhi.
SCRR	The Securities Contracts (Regulation) Rules, 1957, as amended.
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act.
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended.
SEBI Guidelines	The SEBI (Disclosure and Investor Protection) Guidelines, 2000 issued by SEBI on January 27, 2000, as amended, including instructions and clarifications issued by SEBI from time to time.
SEBI MAPIN Regulations	The SEBI (Central Database of Market Participants) Regulations, 2003, as amended from time to time.
Selling Shareholders	(1) Atul Punj offering for sale 109,035 Equity Shares, (2) S.N.P. Punj and Indu Rani Punj jointly offering for sale 109,035 Equity Shares, and (3) Uday Punj and Mangalam Punj jointly offering for sale 599,693 Equity Shares in the Offer for Sale.
Stock Exchanges	BSE and NSE.

Term	Description
Syndicate or members of the Syndicate	The BRLMs and the Syndicate Members.
Syndicate Agreement	The agreement to be entered into among the Company, the Selling Shareholders (acting through their duly constituted attorneys) and the Syndicate, in relation to the collection of Bids in this Offer.
Syndicate Members	ICICI Brokerage Services Limited and Kotak Securities Limited.
TRS or Transaction Registration Slip	The slip or document issued by any of the members of the Syndicate to a Bidder as proof of registration of the Bid.
U.S. GAAP	Generally accepted accounting principles in the United States of America.
Underwriters	The BRLMs and the Syndicate Members.
Underwriting Agreement	The agreement among the Underwriters, the Company and the Selling Shareholders (acting through their duly constituted attorneys) to be entered into on or after the Pricing Date.
VCFs	Venture Capital Fund as defined and registered with SEBI under the SEBI (Venture Capital Fund) Regulations, 1996, as amended from time to time.

Industry/Company Related Terms

Term	Description
Backlog	Anticipated revenues from the uncompleted portions of existing contracts (signed contracts for which all pre-conditions to entry into force have been met, including letters of intent issued by the client prior to execution of final contract) as of a certain date.
BHEL	Bharat Heavy Electricals Limited.
BOOT	Build Own Operate and Transfer.
BOT	Build Operate and Transfer.
BPCL	Bharat Petroleum Corporation Limited.
DBOOT	Design, Build, Own, Operate and Transfer.
EMD	Earnest Money Deposit.
EPC	Engineering, Procurement and Construction.
Essar	Essar Oil Limited.
HPCL	Hindustan Petroleum Corporation Limited.
IOC	Indian Oil Corporation Limited.
LG	LG Group.
LNG	Liquefied Natural Gas.
Mmscmd	Million standard cubic meters per day.
NH	National Highway.
NHAI	National Highways Authority of India.
O&M	Operations and Maintenance.
ONGC	Oil and Natural Gas Corporation Limited.
OPEC	Organization of the Petroleum Exporting Countries.
Reliance	Reliance Industries Limited.
RFP	Request for Proposal.
RoW	Right of Way.
SPV	Special Purpose Vehicle.
Pertamina	PT Pertamina.
Shell	Shell Group.
Skanska	SKANSKA AB.
Skoda	Skoda Group.
Snamprogetti	Snamprogetti ENI Group.
Agip	Agip ENI Group.
Total	Total Group.
Engineers India	Engineers India Limited.

Gujarat Gas	Gujarat Gas Company Limited.
Kochi Refineries	Kochi Refineries Limited.
NPCIL	Nuclear Power Corporation of India Limited.
TCO	TengizChevrOil.
Horizon Terminals	Horizon Terminals Limited.
Tankstore	PB Tankers Limited.
PetroKazakhstan	PetroKazakhstan Inc.
Bridge and Roof	Bridge and Roof Company (India) Limited.
Cairn Energy	Cairn Energy PLC.
Daelim	Daelim Group.
Hyundai	Hyundai Group.
Technip	Technip Group.
Dodsal	Dodsal Group.
McConnell Dowell	McConnell Dowell Constructors Limited.
Al Jaber	Al Jaber Group.
Tekfen	Tekfen Group.
Bonatti	Bonatti SpA.
Saipem	Saipem SpA.
Rotary Engineering	Rotary Engineering Limited.
Samsung	Samsung Group.
Petrofac	Petrofac Limited.
Nagarjuna Construction	Nagarjuna Construction Company Limited.
Gammon	Gammon India Limited.
SiirtechNigi	SiirtechNigi Spa.
DMRC	Delhi Metro Rail Corporation Limited.
DPC	Dabhol Power Company.
BP	British Petroleum.
NACAP	Nacap, Koop Group.
IKPT	Inti Karya Persada Tehnik.
CCC	Consolidated Contractors Group.
IOTL	Indian Oil Tanking Limited.
TKK	TKK Technology Company Inc.

Abbreviations

Abbreviation	**Full Form**
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India.
BSE	The Bombay Stock Exchange Limited.
CAGR	Compound Annual Growth Rate.
CDSL	Central Depository Services (India) Limited.
CICA	Confederation of International Contractors' Association.
CII	Confederation of Indian Industry.
Citigroup	Citigroup Global Markets India Private Limited.
DNV	Det Norske Veritas.
DSPML	DSP Merrill Lynch Limited.
EGM	Extraordinary general meeting.
EPS	Earnings per share.
FCNR Account	Foreign Currency Non-Resident Account.
FEMA	The Foreign Exchange Management Act, 1999, as amended, and the regulations framed thereunder.
FII	Foreign Institutional Investor (as defined under the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended) registered with SEBI under applicable laws in India.

FIPB	Foreign Investment Promotion Board.
GAIL	Gas Authority of India Limited.
HCC	Hindustan Construction Company Limited.
HUF	Hindu Undivided Family.
IEA	International Energy Agency.
I-SEC	ICICI Securities Limited.
IVRCL	IVRCL Infrastructures & Projects Limited.
KMCC	Kotak Mahindra Capital Company Limited.
Kotak Securities	Kotak Securities Limited.
L&T	Larsen & Toubro Limited.
LIBOR	London Interbank Offered Rate.
MCPS	Mandatory Convertible Preference Shares.
NAV	Net Asset Value.
NHPC	National Hydroelectric Power Corporation.
NRE Account	Non-Resident External Account.
NRO Account	Non-Resident Ordinary Account.
NSDL	National Securities Depository Limited.
NSE	The National Stock Exchange of India Limited.
NTPC	National Thermal Power Corporation.
p.a.	per annum.
P/E Ratio	Price/Earnings Ratio.
PAN	Permanent Account Number.
PAT	Profit after Tax.
PBT	Profit before Tax.
PGCIL	Power Grid Corporation of India Limited
PLR	Prime Lending Rate.
RBI	The Reserve Bank of India.
RoNW	Return on Net Worth.
SICA	Sick Industries Companies (Special Provisions) Act, 1985.
UIN	Unique Identification Number.

PRESENTATION OF FINANCIAL AND MARKET DATA

Financial Data

Unless indicated otherwise, the financial data in this Red Herring Prospectus is derived from the consolidated financial statements as of and for the years ended March 31, 2004 and 2005 and as of and for the six months ended September 30, 2005, prepared in accordance with Indian GAAP and the Companies Act and included in this Red Herring Prospectus. Unless indicated otherwise, the operational data in this Red Herring Prospectus is presented on a consolidated basis. In accordance with SEBI requirements, we have also presented in this Red Herring Prospectus unconsolidated financial statements of the Company as of and for the years ended March 31, 2001, 2002, 2003, 2004 and 2005 and as of and for the six months ended September 30, 2005, prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with applicable SEBI Guidelines.

In 2002, the Company changed its financial year end closing to the 15-month period ended June 30, 2002; subsequently, in 2004, the Company again changed its financial year end closing to the nine-month period ended March 31, 2004. Accordingly, the financial years of the Company for these periods comprised of the fifteen months ended June 30, 2002, the 12 months ended June 30, 2003 and the nine months ended March 31, 2004. In order to facilitate comparison of our financial results in subsequent periods, the consolidated Indian GAAP financial statements included in this Red Herring Prospectus have been prepared as of and for the 12 months ended March 31, 2004 and 2005. In this Red Herring Prospectus, we refer to the financial and other information as of and for the 12 months ended March 31, 2004 and the 12 months ended March 31, 2005 as financial and other information as of and for the "year ended March 31, 2004" and the "year ended March 31, 2005", respectively.

In this Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off.

There are significant differences between Indian GAAP and U.S. GAAP; accordingly, the degree to which the Indian GAAP financial statements (consolidated or unconsolidated) included in this Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices, Indian GAAP, the Companies Act and SEBI Guidelines. Any reliance by persons not familiar with Indian accounting practices, Indian GAAP, the Companies Act and SEBI Guidelines on the financial disclosures presented in this Red Herring Prospectus should accordingly be limited. The Company and the Selling Shareholders have not attempted to quantify those differences or their impact on the financial data included herein, and the Company and the Selling Shareholders urge you to consult your own advisors regarding such differences and their impact on our financial data. For more information on these differences, see "Summary of Significant Differences between Indian GAAP and U.S. GAAP", which appears on page 410 of this Red Herring Prospectus.

Currency of Presentation

All references to "Rupees" or "Rs." or "INR" are to Indian Rupees, the official currency of the Republic of India. All references to "US$", "USD", "U.S.$", "U.S. Dollar(s)" or "U.S. Dollar(s)" are to United States Dollars, the official currency of the United States of America.

This Red Herring Prospectus contains translations of certain U.S. Dollar, Kazakh Tenge, Malaysian Ringgit, Indonesian Rupiah and other currency amounts into Indian Rupees (and certain Indian Rupee amounts into U.S. Dollars) that have been presented solely to comply with the requirements of Clause 6.9.7.1 of the SEBI Guidelines. These convenience translations should not be construed as a representation that those Indian Rupee or U.S. Dollar or other amounts could have been, or could be, converted into Indian Rupees, as the case may be, at any particular rate, the rate stated below or at all.

Except as otherwise stated in this Red Herring Prospectus, all translations from Rupees to U.S. Dollars and from U.S. Dollars to Rupees contained in this Red Herring Prospectus is as per the RBI Reference Rate on September 30, 2005, which was Rs.43.99 per U.S.$1.00.

Market Data

Unless stated otherwise, industry data used throughout this Red Herring Prospectus has been obtained from industry publications. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe industry data used in this Red Herring Prospectus is reliable, it has not been verified by any independent source.

FORWARD-LOOKING STATEMENTS

This Red Herring Prospectus contains certain "forward looking statements". These forward looking statements can generally be identified by words or phrases such as "will", "aim", "will likely result", "believe", "expect", "will continue", "anticipate", "estimate", "intend", "plan", "contemplate", "seek to", "future", "objective", "goal", "project", "should", "will pursue" and similar expressions or variations of such expressions.

Similarly, statements that describe the Company's objectives, strategies, plans or goals are also forward-looking statements. All forward looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement.

Important factors that could cause actual results to differ materially from the Company's expectations include, among others:

- General economic and business conditions in India;
- The ability to successfully implement our strategy;
- Changes in the value of the Rupee and other currency changes;
- Changes in the Indian and international interest rates;
- Allocations of funds by the Government;
- Changes in laws and regulations that apply to our clients, suppliers, and the infrastructure and construction industry;
- Increasing competition in and the conditions of our clients, suppliers and the infrastructure and construction industry; and
- Changes in political conditions in India.

For further discussion of factors that could cause our actual results to differ, see the sections "Risk Factors", "Business" and "Management's Discussion of Financial Condition and Results of Operations as per Consolidated Financial Statements" and "Management's Discussion of Financial Condition and Results of Operations as per Unconsolidated Financial Statements" beginning on pages x, 62, 418 and 437, respectively, of this Red Herring Prospectus.

Neither the Company or its directors and officers, the Selling Shareholders, any Underwriter, nor any of their respective affiliates has 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 BRLMs will ensure that investors in India are informed of material developments until such time as the listing and commencement of trading on the Stock Exchanges for the Equity Shares allotted pursuant to the Offer.

RISK FACTORS

An investment in the Equity Shares involves a high degree of risk. You should carefully consider all information in this Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in the Equity Shares. To obtain a complete understanding of the Company, you should read this section in conjunction with the sections entitled "Business" and "Management's Discussion and Analysis of Financial Conditions and Results of Operations as per Consolidated Financial Statements" and "Management's Discussion and Analysis of Financial Conditions and Results of Operations as per Unconsolidated Financial Statements" (collectively, "Management's Discussion and Analysis of Financial Conditions and Results of Operations") beginning on pages 62, 418 *and 437 of this Red Herring Prospectus as well as other financial information contained in this Red Herring Prospectus. If any of the following risks or any of the other risks and uncertainties discussed in this Red Herring Prospectus actually occur, our business, financial condition and results of operations could suffer, the trading price of our Equity Shares could decline, and you may lose all or part of your investment.*

Internal Risk Factors

The Company has been made party to a criminal proceeding that is pending.

The Company has been made party to criminal complaint no. 3673/2005 before the Chief Judicial Magistrate, Rajkot, Gujarat, filed by Intelligent Inc., one of its vendors, on May 30, 2005 under Sections 406 and 420 of the Indian Penal Code for non-payment of Rs.550,152. These proceedings are currently pending. For further information, see the section "Outstanding Litigation" beginning on page 448 of this Red Herring Prospectus.

Our failure to successfully manage our geographically diverse operations could adversely affect our business and results of operations.

We have substantial international operations, including operations in the Middle East, the Asia Pacific region, the Caspian region, South Asia and Africa that are conducted through subsidiaries and our foreign project and branch offices, as well as through agreements with foreign joint venture partners. Our operations outside India accounted for approximately 57.54% of our sales and contracts revenue in the year ended March 31, 2005 and approximately 56.28% in the six months ended September 30, 2005. These operations are subject to risks that could adversely affect our business and results of operations, including risks associated with uncertain political and economic environments, government instability and legal systems, laws and regulations that are different from the legal systems, laws and regulations that we are familiar with in India, and which may be less established or predictable than those in more developed countries. In addition, we could be subject to expropriation or deprivation of assets or contract rights, foreign currency restrictions, exchange rate fluctuations and unanticipated taxes or encounter potential incompatibility with foreign joint venture partners, and non- availability of suitable personnel and equipment.

In our operations, we may, at any one time, have a substantial portion of our resources dedicated to projects located in a few countries or a specific geographical region. For example, we have significant operations in Indonesia and Kazakhstan, countries that have experienced political and economic uncertainties from time to time. Our results of operations are therefore susceptible to events beyond our control which may occur in a particular country or region in which our projects may be concentrated. Economic downturns in such countries could also adversely affect our operations. For example, following the Indonesian currency crisis in 1998, two of our projects in Indonesia, the Kartapati Jambi multi-product pipeline project and the Jakarta satellite depot project, were put on hold.

We currently operate in more than nine countries around the world and a significant percentage of our full time and casual and temporary contract employees are located outside of India. In order to manage our day-to-day operations, we must overcome cultural and language barriers and assimilate different business practices. In addition, we are required to create compensation programs, employment policies and other administrative programs that comply with the laws of different jurisdictions. Our failure to successfully manage our geographically diverse operations could impair our ability to react quickly to changing business and market conditions and comply with industry standards and procedures.

Our ability to operate and compete may be adversely affected by governmental regulations in the countries in which we transact business. In particular, price controls, taxes and other laws relating to the oil and gas industry and the environment and changes in laws and regulations relating to such matters may affect our operations. If these regulations apply to us, they may require us to, for example, obtain licenses or permits in order to bid on contracts or conduct our operations or enter into a joint venture, agency or similar business arrangement with local individuals or businesses in order to conduct business in those countries. These regulations frequently encourage or mandate the hiring of local contractors and require foreign contractors to employ citizens of, or purchase supplies from within, the relevant country. In addition, we may become involved in proceedings with regulatory authorities that may require us to pay fines, comply with more rigorous standards or other requirements or incur capital and operating expenses for compliance with such laws and regulations.

An inability to manage our growth could disrupt our business and reduce our profitability.

We have experienced high growth in recent years and expect our business to grow significantly as a result of our international operations. We expect this growth to place significant demands on us and require us to continuously evolve and improve our operational, financial and internal controls across the organization. In particular, continued expansion increases the challenges involved in:

- maintaining high levels of client satisfaction;
- recruiting, training and retaining sufficient skilled management, technical and marketing personnel;
- adhering to health, safety and environment and quality and process execution standards that meet client expectations;
- preserving a uniform culture, values and work environment in operations within and outside India; and
- developing and improving our internal administrative infrastructure, particularly our financial, operational, communications and other internal systems.

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

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

Substantially all our contracts are obtained through a competitive bidding process. In selecting contractors for major projects, clients generally limit the tender to contractors they have pre-qualified based on several criteria including experience, technological capacity and performance, reputation for quality, safety record, financial strength and bonding capacity and size of previous contracts in similar projects, although price competitiveness of the bid is the most important selection criterion. Our recent experience indicates that clients in the energy industry are increasingly developing larger, more technically complex turnkey projects and increasingly awarding the entire contract to a single project contractor. Pre-qualification is key to our winning such major projects. We are currently qualified to bid for projects up to a certain value and therefore may not be able to compete for larger projects. Our ability to bid for and win such major projects is dependent on our ability to show experience of working on such large EPC contracts and develop strong engineering capabilities and credentials to execute more technically complex turnkey projects.

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

Our ten largest contracts represented 75.44% of our Backlog as of September 30, 2005. We define Backlog as anticipated revenues from the uncompleted portions of existing contracts (signed contracts for which all pre-conditions to entry into force have been met, including letters of intent issued by the client prior to execution of final contract) as of a certain date. We believe that our contract portfolio will continue to be relatively concentrated. If we do not achieve our expected margins or suffer losses on one or more of these large contracts, this could reduce our net income or cause us to incur a loss.

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

Our business is dependent on oil and gas exploration, development, production and transportation projects undertaken by large Indian and international energy conglomerates and on infrastructure projects undertaken by governmental authorities funded by governments or by international and multilateral development finance institutions. Our business is also dependent on developing and maintaining strategic alliances with other EPC contractors that undertake turnkey contracts for such energy industry and infrastructure development projects and sub-contract a part of these projects to us.

Our business is therefore significantly dependent on developing and maintaining relationships and pre-qualified status with certain major clients and obtaining a share of contracts from such clients. Our top clients may vary from period to period depending on the completion schedule of projects. Our top 10 clients provided 75.25%, 61.76% and 74.62% of our total sales and contracts revenue in the years ended March 31, 2004 and 2005, and in the six months ended September 30, 2005, respectively. In addition, we have entered into several significant contracts with NHAI, which accounted for approximately 47.03% of our Backlog as of September 30, 2005.

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

On fixed price or turnkey contracts, we are exposed to significant construction risks that could cause us to incur losses.

Although currently a majority of our projects are performed on a unit-rate basis, a substantial portion of our projects are performed on a fixed-price or lump-sum basis. We derived approximately 41.61% and 35.48% of our consolidated sales and contracts revenue in the year ended March 31, 2005 and in the six months ended September 30, 2005, respectively, from fixed-price or lump-sum turnkey contracts. Under the terms and conditions of such fixed-price or lump-sum contracts, we generally agree for a fixed price for providing engineering, procurement and construction services for the part of the project contracted to us or, in the case of turnkey contracts, completed facilities which are delivered in a ready to operate condition, subject, however, to contract variations pursuant to changes in the client's project requirements. The actual expense to us for executing a fixed-price or lump-sum turnkey contract may vary substantially from the assumptions underlying our bid for several reasons, including:

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

Unanticipated costs or delays in performing part of the contract can have compounding effects by increasing costs of performing other parts of the contract. These variations and the risks generally inherent to the construction industry may result in our profits being different from those originally estimated and may result in our experiencing reduced profitability or losses on projects. Depending on the size of a project, these variations from estimated contract performance could have a significant effect on our results of operations.

Our indebtedness and the conditions and restrictions imposed by our financing agreements could adversely affect our ability to conduct our business and operations.

As of September 30, 2005, we had total debt of Rs.8,391,530 thousand. In addition, we may incur additional indebtedness in the future. Our indebtedness could have several important consequences, including but not limited to the following:

- a portion of our cash flow may be used towards repayment of our existing debt, which will reduce the availability of our cash flow to fund working capital, capital expenditures, acquisitions and other general corporate requirements;

- our ability to obtain additional financing in the future at reasonable terms may be restricted;

- fluctuations in market interest rates may affect the cost of our borrowings, as some of our indebtedness are at variable interest rates;

- there could be a material adverse effect on our business, financial condition and results of operations if we are unable to service our indebtedness or otherwise comply with financial and other covenants specified in the financing agreements; and

- we may be more vulnerable to economic downturns, may be limited in our ability to withstand competitive pressures and may have reduced flexibility in responding to changing business, regulatory and economic conditions.

Most of our financing arrangements are secured by our movable and immovable assets. Many of our financing agreements also include various conditions and covenants that require us to obtain lender consents prior to carrying out certain activities and entering into certain transactions. Failure to meet these conditions or obtain these consents could have significant consequences on our business and operations. Specifically, we require, and may be unable to obtain, lender consents to incur additional debt, issue equity, change our capital structure, increase or modify our capital expenditure plans, undertake any expansion, provide additional guarantees, change our management structure, or merge with or acquire other companies, whether or not there is any failure by us to comply with the other terms of such agreements. Under certain of these agreements, in an event of default, we are also required to obtain the consent of the relevant lender to pay dividends and the relevant lender also has the right to appoint a director on the Company's Board. In addition, ICICI Bank Limited has nominated a director on the Company's Board pursuant to the terms of its financing agreement with ICICI Bank Limited.

We believe that our relationships with our lenders are good, and we have in the past obtained consents from them to undertake various actions and have informed them of our activities from time to time. Compliance with the various terms is, however, subject to interpretation and we cannot assure you that we have requested or received all consents from our lenders that are required by our financing documents. As a result, it is possible that a lender could assert that we have not complied with all terms under our existing financing documents. Any failure to comply with the requirement to obtain a consent, or other condition or covenant under our financing agreements that is not waived by our lenders or is not otherwise cured by us, may lead to a termination of our credit facilities, acceleration of all amounts due under such facilities and trigger cross default provisions under certain of our other financing agreements, and may adversely affect our ability to conduct our business and operations or implement our business plans.

We have high working capital requirements. If we experience insufficient cash flows to meet required payments on our debt and working capital requirements, there may be an adverse effect on our results of operations.

Our business requires a significant amount of working capital. In many cases, significant amounts of our working capital are required to finance the purchase of materials and the performance of engineering, construction and other work on projects before payment is received from clients. In certain cases, we are contractually obligated to our clients to fund working capital on our projects. Moreover, we may need to incur additional indebtedness in the future to satisfy our working capital needs.

Our working capital requirements may increase if, in certain contracts, payment terms include reduced advance payments or payment schedules that specify payment towards the end of a project or are less favorable to us. In addition, our working capital requirements have increased in recent years because we have had to advance funds to complete projects under lump-sum contracts and have been involved in lengthy arbitration or litigation proceedings to recover these amounts. All of these factors may result, or have resulted, in increases in the amount of our receivables and short-term borrowings. Continued increases in working capital requirements may have an adverse effect on our financial condition and results of operations.

It is customary in the industries in which we operate to provide letters of credit, bank guarantees or performance bonds in favor of clients to secure obligations under contracts. If we are unable to provide sufficient collateral to secure the letters of credit, bank guarantees or performance bonds, our ability to enter into new contracts could be limited. Providing security to obtain letters of credit, bank guarantees and performance bonds increases our working capital needs and limits our ability to provide bonds, guarantees, and letters of credit, and to repatriate funds or pay dividends. We may not be able to continue obtaining new letters of credit, bank guarantees, and performance bonds in sufficient quantities to match our business requirements.

Sustained high equipment, materials or fuel costs may adversely affect our results of operations.

Materials costs constitute a significant part of our operating expenses. Our construction operations require various bulk construction materials including steel, cement, bitumen and welding electrodes. In addition, on our EPC contracts, we are required to procure various equipment including process equipment, mechanical equipment, vessels, machinery, piping materials and electrical and instrumentation components. Our ability to pass on increases in equipment and materials costs may be limited under fixed-price or turn key contracts with limited price variation provisions. Fuel costs for operating our construction and other equipment also constitute a significant part of our operating expenses, especially in the case of our infrastructure project contracts. Unanticipated increases in equipment, materials or fuel costs not taken into account in our bid may adversely affect our results of operations.

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

We operate in a competitive environment. Our competition varies depending on the size, nature and complexity of the project and on the geographical region in which the project is to be executed. We compete against major U.S., European and east Asian engineering and construction companies or their regional operating entities as well as smaller regional engineering construction companies. While service quality, technological capacity and performance, health and safety records and personnel, as well as reputation and experience, are important considerations in client decisions, price is a major factor in most tender awards. Our industry has been frequently subject to intense price competition. For more information on our competitors in specific industry and project segments, please see "Business – Competition" beginning on page 76 of this Red Herring Prospectus.

We are currently qualified to bid for projects up to a certain value and therefore are unable to compete with large international engineering and construction conglomerates for very high value contracts. However, on some projects that are of comparatively lesser value, we compete with these large international turnkey contractors or their regional operating entities. Some of our competitors are larger than us and have greater financial resources. They may also benefit from greater economies of scale and operating efficiencies. Competitors may, whether through consolidation or growth, present more credible integrated and/or lower cost solutions than we do, causing us to win fewer tenders. If we do not succeed in being awarded the contracts for projects, we could fail to increase, or maintain, our volume of order intake and operating revenues. There can be no assurance that we can continue to effectively compete with our competitors in the future, and failure to compete effectively may have an adverse effect on our business, financial condition and results of operations.

Projects included in our Backlog may be delayed or cancelled which could materially harm our cash flow position, revenues and earnings.

Our Backlog does not necessarily indicate future earnings related to the performance of that work. Backlog refers to expected future revenues under signed contracts or contracts where letters of intent have been received. Backlog projects represent only business that is considered firm, although cancellations or scope adjustments may occur. Due to changes in project scope and schedule, we cannot predict with certainty when or if Backlog will be performed. In addition, even where a project proceeds as scheduled, it is possible that contracting parties may default and fail to pay amounts owed. Any delay, cancellation or payment default could materially harm our cash flow position, revenues and/or earnings.

Our operations are subject to hazards and other risks and could expose us to material liabilities, loss in revenues and increased expenses.

Our operations are subject to hazards inherent in providing engineering and construction services, such as risk of equipment failure, work accidents, fire or explosion, including hazards that may cause injury and loss of life, severe damage to and destruction of property and equipment, and environmental damage.

We may also be subject to claims resulting from defects arising from engineering, procurement and/or construction services provided by us within the warranty periods extended by us, which range from 12 to 18 months from the date of commissioning. Actual or claimed defects in equipment procured and/or construction quality could give rise to claims, liabilities, costs and expenses, relating to loss of life, personal injury, damage to property, damage to equipment and facilities, pollution, inefficient operating processes, loss of production or suspension of operations. Our policy of covering these risks through contractual limitations of liability, indemnities and insurance may not always be effective. In some of the jurisdictions in which we operate, environmental and workers' compensation liability may be assigned to us as a matter of law. Clients and subcontractors may not have adequate financial resources to meet their indemnity obligations to us. Losses may derive from risks not addressed in our indemnity agreements or insurance policies, or it may no longer be possible to obtain adequate insurance against some risks on commercially reasonable terms. Failure to effectively cover ourselves against engineering and construction industry risks for any of these reasons could expose us to substantial costs and potentially lead to material losses. Additionally, the occurrence of any of these risks may also adversely affect public perception about our operations and the perception of our suppliers, clients and employees, leading to an adverse effect on our business. These liabilities and costs could have a material adverse effect on our business, results of operations and financial condition.

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

Our ability to meet future business challenges depends on our ability to attract and recruit talented and skilled personnel. A significant number of our employees are skilled engineers and we face strong competition to recruit and retain skilled and professionally qualified staff. We are also highly dependent on our senior management, our whole-time directors and our other key personnel. Our future performance will depend upon the continued services of these persons. The loss of any of the members of our senior management, our whole-time directors or other key personnel or an inability to manage the attrition levels in different employee categories may materially and adversely impact our business and results of operations.

We could be adversely affected if we fail to keep pace with technical and technological developments in the engineering construction industry.

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

A significant part of our business transactions are with government entities or agencies.

Our business is dependent on projects in oil and gas exploration, development, production and transportation projects undertaken by large Indian and international energy conglomerates, many of which are directly or indirectly owned or controlled by either the government of the relevant country or relevant government organizations. Our business is also dependent on infrastructure projects undertaken by governmental authorities funded by governments or international and multilateral development finance institutions. There may be delays associated with collection of receivables from government owned or controlled entities. Our operations involve significant working capital requirements and delayed collection of our receivables could significantly adversely affect our liquidity and results of operations. In addition, we may be subject to additional regulatory or other scrutiny associated with commercial transactions with government owned or controlled entities and agencies. In addition, for projects of value less than Rs.1,000,000 thousand, government agencies in India may grant "purchase preference" to public sector construction companies whose bid for the project is within 10% of the lowest bidder, and give such public sector enterprises an option to match the lowest bid.

Our results of operations could be adversely affected by any disputes with our employees.

As of September 30, 2005, we employed directly or through our subsidiaries and joint ventures, a multinational work force of approximately 1,472 full-time employees. In addition, as of such date, we contracted for more than 4,500 casual and temporary contract labor on our project sites.

While we believe that we maintain good relationships with our employees and contract labor, there can be no assurance that we will not experience future disruptions to our operations due to disputes or other problems with our work force, which may adversely affect our business and results of operations. The number of contract laborers vary from time to time based on the nature and extent of work contracted to independent contractors. We enter into contracts with independent contractors to complete specified assignments. All contract laborers engaged at our facilities are assured minimum wages that are fixed by local government authorities. Any upward revision of wages required by such governments to be paid to such contract laborers, or offer of permanent employment or the unavailability of the required number of contract laborers, may adversely affect our business and results of our operations.

Our second largest shareholder, Merlion India Fund III Limited, will own 15.26% of the Equity Shares after the completion of the Offer and may sell all of its Equity Shares immediately after completion of the Offer.

Merlion India Fund III Limited ("Merlion III"), currently our second largest shareholder, holds 7,970,775 Equity Shares, which constitute 18.17% of the pre-Offer share capital, and will constitute 15.26% of the post-Offer share capital, respectively (assuming no exercise of any outstanding stock options), of the Company. Merlion III is a foreign venture capital investor registered with SEBI in accordance with the SEBI (Foreign Venture Capital Investors) Regulations, 2000, as amended, and consequently is exempt from statutory lock-in requirements in respect of its pre-Offer equity share capital under the SEBI Guidelines and the Equity Shares held by it will be freely transferable following the Offer. There are no contractual restrictions upon Merlion III's ability to sell any or all of the Equity Shares held by it immediately after this Offer. Such sales, or the possibility of such sales, could negatively impact the market price of the Equity Shares.

Members of our Promoter group will continue to retain majority control in the Company after the Offer, which will enable them to influence the outcome of matters submitted to shareholders for approval. We may continue to enter into transactions with related parties.

Upon completion of the Offer, members of the Promoter group will beneficially own approximately 54.67% of our post-Offer equity share capital. As a result, the Promoter group will have the ability to control our business including matters relating to any sale of all or substantially all of our assets, the timing and distribution of dividends and the election or termination of appointment of our officers and directors. This control could delay, defer or prevent a change in control of the Company, impede a merger, consolidation, takeover or other business combination involving the Company, or discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of the Company even if it is in the Company's best interest. In addition, for so long as the Promoter group continues to exercise significant control over the Company, they may influence the material policies of the Company in a manner that could conflict with the interests of our other shareholders. The Promoter group may have interests that are adverse to the interests of our other shareholders and may take positions with which we or our other shareholders do not agree.

We have entered into certain transactions with related parties, that accounted for an aggregate income of Rs.1,034,691 thousand and Rs.25,622 thousand in the year ended March 31, 2005 and the six months ended September 30, 2005, respectively. These transactions or any future transactions with our related parties could potentially involve conflicts of interest. See "Related Party Transactions" on page 145 of this Red Herring Prospectus.

Certain other shareholders also have rights to nominate a director on the Company's Board under certain circumstances.

Pursuant to a share subscription agreement dated October 29, 2004, Standard Chartered Private Equity (Mauritius) II Limited ("SC"), Merlion India Fund I Limited ("Merlion"), Jacob Ballas Capital India Private Limited ("JBCIPL") and New York Life International Investment Asia Limited ("NYL") subscribed to Equity Shares and mandatory convertible preference shares. The Company is also a party to a shareholders' agreement, dated October 29, 2004, as amended (the "Shareholders Agreement"), entered into among SC, Merlion, JBCIPL, NYL, the Company, Mr. Atul Punj, Cawdor Enterprises Limited, Indtech Construction Private Limited, Spectra Punj Finance Private Limited, Mr. Satya Narain Prakash Punj and Mr. Uday Punj. Pursuant to an amendment agreement dated January 20, 2005, Dunearn Investments (Mauritius) Pte. Limited ("Dunearn") became a party to the shareholders' agreement after signing a deed of adherence.

Pursuant to the terms of the Shareholders Agreement, after the completion of this Offer (i) two individuals shall be nominated to the Board of the Company, of which one shall be nominated by SC and one shall be nominated by Dunearn, for so long as SC, Merlion, JBCIPL, NYL and Dunearn, and their permitted transferees, hold in aggregate at least 7,220,059 Equity Shares or (ii) one individual shall be nominated to the Board of the Company by SC, for so long as SC, Merlion, JBCIPL, NYL and Dunearn, and their permitted transferees, hold in aggregate at least 3,610,030 Equity Shares. In addition, the Shareholders Agreement also provides that in the event SC, Merlion, JBCIPL, NYL and Dunearn hold in aggregate less than 7,220,059 Equity Shares, the Company shall, for so long as Dunearn or its affiliates hold at least 866,406 Equity Shares, permit a Dunearn observer to attend all meetings of the Board.

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

We require certain statutory and regulatory permits and approvals for our business. For example, laws or regulations in some countries may require us to obtain licenses or permits in order to bid on contracts or otherwise conduct our operations. In some jurisdictions, activities related to construction of our projects may be subject to the prior granting of environmental licenses or permits or to prior notification. In the future, we will be required to renew such permits and approvals and obtain new permits and approvals for any proposed operations. There can be no assurance that the relevant authorities will issue any of such permits or approvals in the time-frame anticipated by us or at all. Failure by us to renew, maintain or obtain the required permits or approvals may result in the interruption of our operations and may have a material adverse effect on our business, financial condition and results of operations. For further information, please refer to the section "Government and Other Approvals" on page 470 of this Red Herring Prospectus.

The grant of stock options under the Company's ESOP 2005 will result in a charge to the Company's profit and loss account and will adversely impact its results of operations.

On September 29, 2005, the Company authorized the Remuneration Committee to adopt an employee stock option scheme (the "ESOP 2005"). The issuance of Equity Shares pursuant to ESOP 2005 will be subject to compliance with all applicable laws and regulations. The ESOP 2005 will be administered by our Remuneration Committee, which shall determine the terms and conditions of the stock options granted from time to time. The aggregate number of Equity Shares to be issued under the ESOP 2005 will be not more than 800,000 and the exercise price will be a price equal to 90% of the Offer Price. On November 11, 2005, the Remuneration Committee adopted the ESOP 2005. Under the ESOP 2005, up to 800,000 Equity Shares may be issued to permanent employees of the Company, whether working in India or outside India and whole time Directors but excluding an employee who is a Promoter or belongs to the Promoter group and a Director, who either by himself or his relatives or through any body corporate, directly or indirectly holds more than 10% of the outstanding Equity Shares of the Company. On November 17, 2005, a grant of options to acquire an aggregate of 643,489 Equity Shares has been made to certain employees and Directors of the Company.

If the exercise price of the options is lower than the fair value of the Equity Shares as certified by independent accountants, the ESOP 2005 will result in a charge to the Company's profit and loss account equal to the product of the number of Equity Shares granted thereunder and the difference between the exercise price and the fair value, which will be amortized over the vesting period of the stock option.

As a purchaser of Equity Shares in this Offer, you may experience dilution of your shareholding to the extent that we issue Equity Shares pursuant to any stock options issued under ESOP 2005.

Claims made by us against our clients for payment have increased over the last few years and failure by us to recover adequately on future claims could have a material adverse effect on our financial condition, results of operations and cash flows.

Our project claims have increased in recent years. Project claims are claims brought by us against our clients for additional work and costs incurred in excess of the contract price or amounts not included in the contract price. These claims typically arise from changes in the initial scope of work or from delays caused by the client. These claims are often subject to lengthy arbitration or litigation proceedings. The costs associated with these changes or client caused delays include additional direct costs, such as labor and material costs associated with the performance of the additional work, as well as indirect costs that may arise due to delays in the completion of the project, such as increased labor costs resulting from changes in labor markets. We have used significant additional working capital in projects with cost overruns pending the resolution of the relevant project claims. Project claims may continue in the future. We also face a number of counterclaims initiated against us by certain clients in connection with our project claims. If we are found liable for any of these counterclaims, we would have to incur write downs and charges against our earnings to the extent a reserve is not established. As of September 30, 2005, outstanding project claims made by the Company aggregated Rs.5,368,610 thousand.

In the year ended March 31, 2005, the Company has, in connection with a pipeline contract executed in Georgia for Spie Capag-Petrofac International Limited ("SCPIL"), raised certain claims relating to variation orders in an amount of Rs.1,468,000 thousand on SCPIL. These claims are pending acceptance of SCPIL and accordingly, the Company has not accounted for such claims in its financial statements. Further, SCPIL has raised certain debit notes in an amount of Rs.470,000 thousand for expenses incurred by it and these have not been accounted for by the Company. The Company has disputed these debit notes on the ground that such debit notes do not relate to the Company and that SCPIL failed to maintain requisite records of such expenses as contemplated in the contract between the Company and SCPIL. In addition, an amount of Rs.356,600 thousand with respect to invoices already raised by the Company has been withheld by SCPIL in view of this dispute. This amount is reflected in the Company's financial statements under sundry debtors. The outcome of these claims cannot currently be determined. Our auditors have included a qualification to this effect in their report, expressing their inability to quantify the impact of these claims.

In the year ended March 31, 2005, the Company has received a demand from one of its clients in Oman for Rs.72,096 thousand relating to shipment charges incurred by the client in connection with the importation of pipes for the relevant project. These claims are disputed by the Company and accordingly no provisions for such claims have been made in its financial statements. The Company has raised counter-claims on such client in an amount of Rs.349,109 thousand towards idle charges and losses covered under the insurance policy procured by the client, which claims have not been accepted by the client. The outcome of these claims and counter-claims cannot currently be determined.

The Company had executed two sulphur recovery unit projects for IOC at its refineries at Mathura and Vadodara for Petrofac International Limited ("PIL"), the main contractor. IOC had withheld payments from PIL on account of certain duties and taxes and PIL had in turn withheld Rs.296,214 thousand of our dues, which amount is recorded as an outstanding debt as of March 31, 2005. PIL had initiated arbitration proceedings against IOC for recovery of such amounts together with interest thereon as well as certain additional claims aggregating Rs.387,034 thousand. Pending the outcome of such arbitration proceedings, the amount withheld by PIL is recorded in the Company's financial statements as outstanding amounts from sundry debtors.

The Company had executed a pipeline project at Dahej-Vijaypur for GAIL. GAIL had withheld Rs.422,942 thousand as liquidated damages and Rs.40,297 thousand towards certain other claims, which is disputed by the Company. In addition, the Company has filed certain other claims against GAIL aggregating Rs.999,004 thousand. These claims have not been accounted for in the financial statements of the Company. The matter is currently pending with the grievance settlement mechanism of GAIL and the amount of Rs.463,239 thousand is recorded in the Company's financial statements as outstanding amounts from sundry debtors.

The Company had executed a pipeline project for Petronet MHB Limited. Petronet had withheld Rs.4,440 thousand from the running bills, which are recorded in our financial statements as outstanding amounts from sundry debtors. Petronet has also not certified our final bill aggregating Rs.64,000 thousand which is reflected in our financial statements under work in progress. The Company had also raised claims for Rs.517,387 thousand, which are not reflected in its financial statements. The Company has initiated arbitration proceedings for the recovery of these amounts which are being disputed by Petronet.

The Company had executed a contract for the Delhi State Industrial Development Corporation Limited ("DSIDC") for the construction of an infrastructure project, which was completed in October 2002. DSIDC had deducted an amount of Rs.15,169 thousand from the bills of the Company. The Company had disputed the deductions made by DSIDC and had sent legal notice for the recovery of such amounts. This amount is recorded in the Company's financial statements as outstanding amounts from sundry debtors.

Failure to recover amounts under these claims and/or counterclaims could have a material adverse impact on our liquidity and financial condition.

Further, our Auditors, in their reports on our consolidated financial statements, have included a qualification that the credit taken by us in the year ended March 31, 2005 and for the six months ended September 30, 2005 for interest of Rs.65,659 thousand and Rs.7,325 thousand, respectively, on the amount withheld by a client is not in accordance with Accounting Standard 9 on Revenue Recognition.

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

The Company is party to various legal proceedings, including criminal proceedings, writ petition proceedings, recovery suits, labor related proceedings, motor vehicle claims and various arbitration proceedings. In addition, there are several proceedings pending against the Company relating to sales tax assessments. The disputed sales tax in these cases aggregates to approximately Rs.208,730 thousand as of September 30, 2005. There are also several proceedings relating to income tax assessments pending against the Company. The income tax liability in dispute aggregates to approximately Rs.2,360 thousand as of September 30, 2005. These proceedings are pending at different levels of adjudication before various courts, tribunals, enquiry officers, and appellate tribunals and if determined against us, could have a material adverse impact on our business, financial condition and results of operations. For further details on these proceedings, see the section "Outstanding Litigation" on page 448 of this Red Herring Prospectus.

One of the Company's Subsidiaries, Spectra Punj Lloyd Limited, may not have been in compliance with applicable securities laws.

One of the Company's Subsidiaries, Spectra Punj Lloyd Limited ("SPLL"), in which the Company and certain of our Promoters and Promoter group companies currently hold an aggregate equity interest of 99.50%, is listed on the Delhi Stock Exchange Association Limited ("DSE"). SPLL received a letter dated September 20, 2004 from SEBI alleging violation of disclosure requirements under Regulations 6 and 8 of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended ("SEBI Takeover Regulations"). By this letter, SEBI proposed a consent order subject to payment of a Rs.175,000 penalty by SPLL and requested SPLL to execute and provide to SEBI a consent letter in a prescribed format if SPLL agreed to payment of such penalty. SPLL provided SEBI its consent by a letter dated November 3, 2004. SPLL has not received any further communication from SEBI in relation to this matter. There can be no assurance that SPLL has been in compliance with its listing agreement with DSE or its disclosure obligations under the SEBI Takeover Regulations. On July 18, 2003 SPLL's board of directors adopted a resolution to seek delisting of its equity shares from the DSE. By a letter dated July 23, 2003, SPLL has advised the DSE of its intention to delist its equity shares from the DSE.

There are certain legal proceedings against the Company's Directors, Promoters and group companies.

The Company's Directors, Promoters and group companies are parties to certain legal proceedings initiated by or against such parties. These proceedings are pending at different levels of adjudication before various courts, tribunals, enquiry officers, and appellate tribunals. For more information regarding legal proceedings against the Directors, Promoters and group companies, see the section "Outstanding Litigation" and "Material Developments" beginning on page 448 and page 469, respectively, of this Red Herring Prospectus.

We have certain contingent liabilities which may adversely affect our financial condition.

As on September 30, 2005, contingent liabilities not provided for appearing in our consolidated financial statements aggregated to Rs.1,249,819 thousand. These included liabilities on account of guarantees provided by us to banks and financial institutions of Rs.493,086 thousand, liquidated damages deducted by GAIL, one of our clients, and not accepted by us pending final settlement of Rs.447,802 thousand, corporate guarantees provided on behalf of associates of Rs.68,000 thousand, certain differential amounts of customs duties with respect to machinery imported under the EPCG scheme of the Government of India, sales tax and liabilities aggregating Rs.235,849 thousand and certain claims made by one of our suppliers that the Company has not acknowledged as debt of Rs.5,082 thousand.

In the event that any of these contingent liabilities materialize, our financial condition may be adversely affected. For further information, please see Note 4 of our consolidated financial statements as of and for the six months ended September 30, 2005, beginning on page 256 of this Red Herring Prospectus.

Certain of the Company's subsidiaries and Promoter group companies have incurred losses in recent periods.

Certain of the Company's subsidiaries and Promoter group companies have incurred losses in the years ended March 31, 2003, 2004 and 2005 or in the years ended December 31, 2002, 2003 and 2004. For more information, please see section "Promoters and Promoters Group" beginning on page 117 of this Red Herring Prospectus and the section "History and Certain Corporate Matters" beginning on page 87 of this Red Herring Prospectus.

Punj Business Center, a sole proprietorship owned by S.N.P. Punj, has entered into a transaction with our Company, which is other than for the reimbursement of expenses incurred or normal remuneration or benefits.

The Company has entered into an agreement with Punj Business Center, a wholly owned proprietorship of S.N.P. Punj, pursuant to which the Company pays a monthly rent for the space occupied by the Company at 17-18, Nehru Place, New Delhi 110 019, the Company's registered and corporate office. The Company's Promoters will be interested parties in any future contracts that the Company may enter into with such Promoters or any Promoter group companies.

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

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

Date of allotment and date on which fully paid up	Number of Equity Shares	Issue price	Consideration	Reasons for Allotment
November 11, 2004	3,670,510	Rs.250	Cash	Further Allotment
September 30, 2005	3,098,296	Rs.441.33[1]	Consideration other than cash	Conversion of Mandatory Convertible Preference Shares
September 30, 2005	16,449,239	Rs.10	Bonus	Bonus issue

[1] Equity Shares were issued upon conversion of MCPS and the issue price reflects the issue of 3.38 Equity Shares per MCPS of par value of Rs.10 issued at a premium of Rs.1,480.12.

We have not entered into any definitive agreements to utilize a substantial portion of the net proceeds of the Fresh Issue.

We intend to use the net proceeds of the Fresh Issue for repayment of debt, investment in capital equipment, equity investment in infrastructure projects, wholly owned subsidiaries and joint ventures and general corporate purposes. See "Objects of the Offer" on page 32 of this Red Herring Prospectus. We have not entered into any definitive agreements to utilize the net proceeds for investment in capital equipment, and our capital expenditure plans are based on management estimates and have not been appraised by any bank or financial institution or any other independent organization. In addition, our capital expenditure plans are subject to a number of variables, including possible cost overruns and changes in the management's views of the desirability of current plans, among others. We have also not identified any special purpose vehicles, wholly owned subsidiaries or joint ventures in which we will invest and there can be no assurance of any future dividends from such special purpose vehicles, wholly owned subsidiaries and joint ventures. There can be no assurance that we will be able to identify special purpose vehicles, wholly owned subsidiaries or joint ventures in which we wish or are able to invest. There can be no assurance that we will be able to conclude definitive agreements for such investment in capital equipment or for investments in any special purpose vehicles, wholly owned subsidiaries or joint ventures on terms anticipated by us. These proposed expenditures have not been appraised by any bank or financial institution or any other independent organization.

Pending utilization of the proceeds out of the Fresh Issue for the purposes described in this Red Herring Prospectus, we intend to temporarily invest the funds in high quality interest bearing liquid instruments including deposits with banks or temporarily deploy the funds in working capital loan accounts. Such investments would be in accordance with the investment policies or investment limits approved by our Board from time to time.

Less than 40% of the net proceeds of the Fresh Issue may be used to create tangible assets.

We intend to use up to Rs.1,500,000 thousand of the net proceeds of the Fresh Issue to make investments in capital equipment to meet the requirements of our various projects. We intend to use the remaining proceeds of the Fresh Issue for prepayment of debt, equity investment in infrastructure projects, wholly owned subsidiaries and joint ventures and for general corporate purposes. Accordingly, less than 40% of the net proceeds of the Fresh Issue may be used to create tangible assets. For more information relating to the use of proceeds, see the section entitled "Objects of the Offer" beginning on page 32 of this Red Herring Prospectus.

External Risk Factors

Demand for our engineering construction services depends primarily on the activity and expenditure levels in the energy and infrastructure industries.

Demand for our engineering construction services for pipelines, storage tanks and terminals and processing facilities is particularly sensitive to the level of development, production, exploration and transportation activity of, and the corresponding capital spending by, oil and natural gas companies. Income derived from the energy industry accounted for approximately 77.92% and 77.09% of our consolidated income in the year ended March 31, 2005 and in the six months ended September 30, 2005. We expect that the energy industry will continue to account for a majority of our revenues and profits in the future. Global oil and gas prices have a significant influence on capital expenditures in the energy industry. Oil and gas prices are subject to significant fluctuations in response to relatively minor changes in the supply of and demand for oil and gas, market uncertainty and a variety of other factors that are beyond our control. Any prolonged reduction in oil and gas prices will depress the level of exploration, development, production and transportation activity and result in a corresponding decline in the demand for our engineering construction services for pipelines, storage tanks and terminals and processing facilities in the energy industry. Any prolonged increase in oil and gas prices may also result in decreased or slowing of consumer demand for products derived from oil and gas, including gasoline, chemicals, synthetic fabrics and plastics, consequently resulting in reduced financial incentive to invest in additional production or transportation capacity. Sustained volatility of oil and gas prices can also cause capital expenditures to be postponed or cancelled. Historically, the markets for oil and gas have been volatile and are likely to continue to be volatile in the future.

Capital expenditures in the energy industry are also influenced by, among other factors, the following:

- the rate of discovery and development of new oil and gas reserves;
- global demand for oil and gas and derivative products;
- local and international political and economic conditions, including the ability of the Organization of the Petroleum Exporting Countries ("OPEC") countries to set and maintain production levels and prices for oil and gas;
- level of production by non-OPEC countries;
- exploration, extraction, production and transportation costs;
- the sale and expiration dates of leases and concessions granted for exploration activities;
- governmental regulations and policies relating to the exploration for and production and development of their oil and natural gas reserves;
- global weather conditions; and
- trends in environmental legislation.

Demand for our engineering construction services in the infrastructure sector is primarily dependent on sustained economic development in the regions that we operate in and government policies relating to infrastructure development. It is also significantly dependent on budgetary allocations made by governments for this sector as well as funding provided by international and multilateral development finance institutions for infrastructure projects. Investment by the private sector in infrastructure projects is dependent on the potential returns from such projects and is therefore linked to government policies relating to private sector participation and sharing of risks and returns from such projects.

A reduction of capital investment in the energy industry or the infrastructure sector due to any of these factors or for any other reason could have a material adverse effect on our results of operations and financial condition.

Because we make sales and incur expenses in multiple currencies, exchange rate movements may cause us to incur losses when hedging on our exchange rate exposure is not sufficient.

Changes in currency exchange rates influence our results of operations. We report results in our consolidated financial statements in Indian rupees, while significant portions of our revenues and expenses are denominated in currencies other than Indian rupees, most significantly the U.S. dollar as well as the AED and the Omani Riyal. In addition, we incur expenditures denominated in the currencies of the countries where we operate including for example, the Indonesian Rupiah, Singapore dollars, Kazakh Tenge, and also make procurements in other currencies, such as the Euro. In the year ended March 31, 2005 and in the six months ended September 30, 2005, approximately 55.96% and 56.28% of our consolidated income was denominated in foreign currencies while approximately 52.67% and 56.50% of our consolidated expenditure was denominated in foreign currencies. To the extent that our income and expenditure are not denominated in the same currency, exchange rate fluctuations could cause some of our costs to increase more than the proportionate revenues on a given contract.

As of September 30, 2005, we had foreign currency borrowings aggregating U.S.$45,420 thousand (Rs.1,998,457 thousand). Further, our future capital expenditures, including any imported equipment and machinery, may be denominated in currencies other than Indian rupees. Therefore, declines in the value of the rupee against such other currencies could increase the rupee cost of servicing our debt or purchasing such equipment. The exchange rate between the Indian rupee and the U.S. dollar has changed substantially in recent years and may continue to fluctuate significantly in the future.

Although we closely follow our exposure to foreign currencies on a contract-by-contract basis and selectively enter into hedging transactions in an attempt to reduce the risks of currency fluctuations, these activities are not always sufficient to protect us against incurring potentially large losses if currencies fluctuate significantly. Moreover, our ability to hedge during the period between our bid and the award of the contract is also limited.

Our revenues are subject to a significant number of tax regimes and changes in the legislation governing the rules implementing them or the regulator enforcing them in any one of these countries could negatively and adversely affect our results of operations.

We currently have operations and staff in approximately nine countries around the world. Consequently, we are subject to the jurisdiction of a significant number of tax authorities and regimes. The revenues recorded and income earned in these various jurisdictions are taxed on differing bases, including net income actually earned, net income deemed earned and revenue-based tax withholding. The final determination of our tax liabilities involves the interpretation of local tax laws, tax treaties and related authorities in each jurisdiction as well as the significant use of estimates and assumptions regarding the scope of future operations and results achieved and the timing and nature of income earned and expenditures incurred. Changes in the operating environment, including changes in tax law and currency/repatriation controls, could impact the determination of our tax liabilities for any given tax year.

Foreign income tax returns of foreign subsidiaries, unconsolidated affiliates and related entities are routinely examined by foreign tax authorities. These tax examinations may result in assessments of additional taxes or penalties or both.

Taxes and other levies imposed by the central or state governments in India that affect our industry include customs duties, excise duties, sales tax, income tax and other taxes, duties or surcharges introduced on a permanent or temporary basis from time to time. The central and state tax scheme in India is extensive and subject to change from time to time. Any adverse changes in any of the taxes levied by the central or state governments may adversely affect our competitive position and profitability. Currently we enjoy certain tax benefits such as benefits under Section 10(23)(G) and Section 80IA of the Indian Income Tax Act, 1961, as amended, relating to infrastructure development projects undertaken through special purpose vehicles which enables the effective rates of the loans incurred by such entities to be lower and decreases the effective tax rate compared to the tax rates that we estimate would have been applicable if these incentives had not been available. There can be no assurance that these tax incentives will continue in the future. The non-availability of these tax incentives could adversely affect our financial condition and results of operations. The Government of India has recently introduced a fringe benefit tax payable in connection with certain expenditures incurred by us which is likely to increase our tax liability.

Our businesses are subject to a variety of environmental laws and regulations including those covering hazardous materials. Any failure on our part to comply with applicable environmental laws and regulations could have an adverse effect on our consolidated financial condition.

Our operations are subject to numerous environmental protection laws and regulations, which are complex and stringent. We regularly perform work in and around sensitive environmental areas such as rivers, lakes, wetlands and forests. Significant fines and penalties may be imposed for non-compliance with environmental laws and regulations, and certain environmental laws provide for joint and several strict liability for remediation of releases of hazardous substances, rendering a person liable for environmental damage without regard to negligence or fault on the part of such person. In addition to potential liabilities that may be incurred in satisfying these requirements, we may be subject to claims alleging personal injury or property damage as a result of alleged exposure to hazardous substances. Furthermore, we incur significant expenditure relating to operating methodologies and standards in order to comply with applicable environmental laws and regulations.

Such laws and regulations may expose us to liability arising out of the conduct of operations or conditions caused by others, or for our own acts including those which were in compliance with all applicable laws at the time such acts were performed. Sanctions for failure to comply with these laws, rules and regulations, many of which may be applied retroactively, may include:

- administrative, civil and criminal penalties;
- revocation of permits; and
- corrective action orders.

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

Changes in interest rates could significantly affect our financial condition and results of operations. As of September 30, 2005, Rs.4,598,880 thousand and U.S.$25,330 thousand (Rs.1,114,520 thousand) of our borrowings were at floating rates of interest. If the interest rates for our existing or future borrowings increase significantly, our cost of servicing such debt will increase. This may adversely impact our results of operations, planned capital expenditures and cash flows. Although we enter into hedging arrangements against interest rate risks from time to time, there can be no assurance that these arrangements will successfully protect us from losses due to fluctuations in interest rates.

Our operations are sensitive to weather conditions.

We have business activities that could be materially and adversely affected by severe weather, particularly in the Caspian region and the Middle East. Repercussions of severe weather conditions may require us to evacuate personnel or curtail services, damage a portion of our fleet of equipment resulting in the suspension of operations, damage our facilities, prevent us from delivering materials to our jobsites in accordance with contract schedules or generally reduce our productivity.

Our operations are also adversely affected by difficult working conditions and extremely high temperatures during summer months and during monsoon which restrict our ability to carry on construction activities and fully utilize our resources. Since we record revenues on the percentage of completion method and revenues are not recognized until there is reasonable progress on a contract, revenues recorded in the first half of our financial year between April and September are traditionally less compared to revenues recorded during the second half of our financial year. During periods of curtailed activity due to adverse weather conditions, we may continue to incur operating expenses, but our revenues from operations may be delayed or reduced.

We may undertake strategic acquisitions or investments, which may prove to be difficult to integrate and manage or may not be successful.

In the future, we may consider making strategic acquisitions of other engineering construction companies whose resources, capabilities and strategies are complementary to and are likely to enhance our business operations in the different geographical regions that we operate in. It is also possible that we may not identify suitable acquisition or investment candidates, or that if we do identify suitable candidates, we may not complete those transactions on terms commercially acceptable to us or at all. The inability to identify suitable acquisition targets or investments or the inability to complete such transactions may adversely affect our competitiveness or our growth prospects.

If we acquire another company we could face difficulty in integrating the acquired operations. In addition, the key personnel of the acquired company may decide not to work for us. These difficulties could disrupt our ongoing business, distract our management and employees and increase our expenses. There can be no assurance that we will be able to achieve the strategic purpose of such acquisition or operational integration or our targeted return on investment.

Any further issuance of Equity Shares by the Company or sales of the Equity Shares by any of its significant shareholders may adversely affect the trading price of the Equity Shares.

Any future issuance of our Equity Shares by the Company could dilute your shareholding. Any such future issuance of our Equity Shares or sales of our Equity Shares by any of our significant shareholders may also adversely affect the trading price of our Equity Shares, and could impact our ability to raise capital through an offering of our securities. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of our Equity Shares. Upon completion of the Offer, 20% of our post-Offer paid-up capital held by certain of our Promoters will be locked up for a period of three years from the date of allotment of Equity Shares in the Offer. For further information relating to such Equity Shares that will be locked up, please see Note 2 of the Notes to the Capital Structure in the section "Capital Structure" beginning on page 23 of this Red Herring Prospectus. Other than 7,970,775 Equity Shares held by Merlion III, as discussed above, all other remaining Equity Shares that are outstanding prior to the Offer will be locked up for a period of one year from the date of allotment of Equity Shares in the Offer.

Terrorist attacks or war or conflicts involving India or other countries could adversely affect business sentiment and the financial markets and adversely affect our business.

Incidents such as the September 11, 2001, terrorist attacks on New York and Washington D.C., and other recent incidents such as in Bali, Indonesia, Madrid, Spain, London, UK, and New Delhi, India may adversely affect global equity markets and economic growth as well as the Indian economy and stock markets. Such acts negatively impact business and economic sentiment, which could adversely affect our business and profitability.

Also, India has from time to time experienced, and continues to experience, social and civil unrest and hostilities with neighboring countries. Armed conflicts, particularly between India and Pakistan, could disrupt communications and adversely affect the Indian economy. Such events could also create a perception that investments in Indian companies involve a higher degree of risk. This, in turn, could have a material adverse effect on the market for securities of Indian companies, including our Equity Shares. The consequences of any armed conflicts are unpredictable, and we may not be able to foresee events that could have an adverse effect on our business.

The price of our Equity Shares may be volatile, or an active trading market for our Equity Shares may not develop.

Prior to this Offer, there has been no public market for our Equity Shares. The trading price of our Equity Shares may fluctuate after this Offer due to a variety of factors, including our results of operations and the performance of our business, competitive conditions, general economic, political and social factors, volatility in the Indian and global securities markets, the performance of the Indian and global economy and significant developments in India's fiscal regime. There can be no assurance that an active trading market for our Equity Shares will develop or be sustained after this Offer, or that the price at which our Equity Shares are initially offered will correspond to the prices at which they will trade in the market subsequent to this Offer.

Notes to Risk Factors

- The book value per Equity Share of Rs.10 each was Rs.204.39 and Rs.113.33 as of March 31, 2005, and September 30, 2005, respectively, as per our consolidated financial statements under Indian GAAP. The book value as of September 30, 2005 has been calculated on the basis of the enhanced capital pursuant to conversion of preference share capital and issuance of bonus shares. For further information, please refer to "Capital Structure" beginning on page 23 of this Red Herring Prospectus.
- The net worth of the Company was Rs.4,979,340 thousand and Rs.4,971,112 thousand as of March 31, 2005 and as of September 30, 2005, respectively, as per our consolidated financial statements under Indian GAAP.
- For related party transactions, see "Related Party Transactions" on page 145 of this Red Herring Prospectus.
- For further information on changes in the Company's name, see "History and Certain Corporate Matters" beginning on page 87 of this Red Herring Prospectus.
- For further information on the interests of Promoters and Directors, see "Interest of Promoters and Directors" in the section entitled "Other Regulatory and Statutory Disclosures" beginning on page 473 of this Red Herring Prospectus.
- The average cost of acquisition of the Equity Shares by the Company's Promoters is Rs.4.53.
- In case of over-subscription in all categories, at least 60% of the Net Offer shall be allotted on a proportionate basis to Qualified Institutional Buyers, up to 10% of the Net Offer shall be available for allocation on a proportionate basis to Non Institutional Bidders and up to 30% of the Net Offer shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Offer Price. The unsubscribed portion, if any, out of the Equity Shares under Employee Reservation Portion will be added back to the categories of Non Institutional Bidders and Retail Individual Bidders in the ratio 50:50. Under-subscription, if any, in the Retail or Non Institutional categories would be met with spill over from other categories or combination of categories at the sole

discretion of the Company and the Selling Shareholders in consultation with the BRLMs. From the existing QIB Portion, 5% of the QIB Portion shall be available for allocation to Mutual Funds. Mutual Funds participating in the 5% share in the QIB Portion will also be eligible for allocation in the remaining QIB Portion.

- For more information, see “Offer Structure” on page 482 of this Red Herring Prospectus.
- For any clarification or information relating to the Offer, investors are free to contact the BRLMs, who will be obliged to provide such clarification or information to the investors.
- Investors may contact the BRLMs and the Syndicate Members for any complaints pertaining to the Offer.
- Investors are advised to see “Basis for Offer Price” on page 38 of this Red Herring Prospectus.

SUMMARY

You should read the following summary together with the Risk Factors and the more detailed information about us and our financial statements included in this Red Herring Prospectus.

Overview

We are one of the largest engineering construction companies in India providing integrated design, engineering, procurement, construction and project management services for energy industry and infrastructure sector projects. We provide engineering construction services for onshore and offshore pipelines, gas gathering systems, oil and gas tanks and terminals including cryogenic LNG and LPG storage terminals, process facilities in the oil and gas industry including refineries and for power plant projects. In the infrastructure sector, we have worked on various civil infrastructure projects for highways, flyovers, bridges and elevated railroads. We have also worked on several projects in the telecommunications sector. In addition, we provide value added engineering services for energy industry and infrastructure projects as well as comprehensive plant and facility maintenance and management services.

Our operations are spread across the regions of the Middle East, the Caspian, the Asia Pacific, Africa and South Asia. We have 13 subsidiaries including subsidiaries in Kazakhstan and Indonesia, and 12 project and marketing offices, including in the United Kingdom, Tunisia, Libya and Saudi Arabia. Over the years, we have been engaged by more than 115 clients to carry out more than 180 projects in over 12 countries, including repeat orders from several major clients in different countries. We have successfully executed projects in South Asia, the Asia Pacific, the C.I.S., the Middle East, and in Turkey and Georgia, in difficult terrain and extreme climatic conditions. Our successful execution of projects in South Asia and the Asia Pacific region has led to our being awarded major engineering construction projects in the Middle East and the Caspian region. Our business is dependent on projects undertaken in the energy industry and infrastructure sector in India and internationally. The relative proportion of our operating revenues from projects executed within and outside India may vary from period to period. In the years ended March 31, 2004 and 2005 and in the six months ended September 30, 2005 we generated approximately 26.40%, 57.54% and 56.28% of our consolidated sales and contracts revenue from projects executed outside India.

Our services include detailed engineering, field services, material procurement and overall project and construction management. We own a large fleet of sophisticated construction equipment including pipelaying equipment, amphibious equipment for offshore work, automatic welding machines, horizontal directional drilling rigs, barges, swamp excavators, heavy construction equipment, concrete pavers, piling rigs, and transportation and camp equipment. As of September 30, 2005, our experienced multinational and multicultural work force consisted of approximately 1,472 full time employees and more than 4,500 casual and temporary contract employees based around the world, enabling us to mobilize our skilled employee resources depending on the location and the necessary expertise for projects undertaken by us. Our sophisticated equipment and skilled employee resources, together with our strong engineering capabilities enable us to successfully implement modern engineering construction methodologies and strong project management practices. We are strongly committed to health, safety and environment policies and practices in the execution of our projects and have received several awards and certifications for our operations and projects from the British Safety Council as well as from our clients. We also enjoy various accreditations such as the ISO 9001:2000 QMS, the ISO 14001:1996 EMS and the OHSAS 18001:1999 OHSMS from Det Norske Veritas (“DNV”).

We enter into contracts primarily through a competitive bidding process, including at the international level. We have worked on projects for international energy majors such as ADNOC, British Petroleum, Cairn Energy, Pertamina, PetroKazhakstan, Petroleum Development Oman, Shell, Total and TengizChevroil (a joint venture of Chevron) as well as energy majors in India such as BHEL, BPCL, CPCL, Dabhol Power Company, Essar Refineries, GAIL, Gujarat Gas, HPCL, IOC, Jindal Power, Kochi Refineries, Nuclear Power Corporation, OIL, ONGC and RIL. We have also worked on projects for major engineering construction companies including Bechtel, Parsons Fluor Daniel, Petrofac, Saipem, Siirtech Nigi, Skanska, Skoda, Snamprogetti, Technip and Toyo as well as Engineers India Limited and Lurgi. On infrastructure projects, we have worked on various projects for NHAI and Delhi Metro.

In the years ended March 31, 2004 and 2005, our consolidated income was Rs.16,187,115 thousand and Rs.19,203,344 thousand, respectively, representing an annual growth rate of 18.63%. In the six months ended September 30, 2005, our consolidated income was Rs. 6,960,424 thousand. In the years ended March 31, 2004 and 2005, we earned a consolidated profit for the year of Rs.1,062,868 thousand and Rs.1,006,061 thousand, respectively, while our consolidated profit for the six months ended September 30, 2005 was Rs.35,583 thousand. Our Backlog as of September 30, 2005 was Rs.29,993,500 thousand. We obtained additional contracts of Rs.7,137,700 thousand during the period between October 1, 2005 and November 15, 2005.

In over 20 years of experience in construction projects, we have constructed more than 5,300 kilometers of pipelines and four million cubic meters of tanks and terminals capacity and have executed 11 refinery modernization and quality improvement projects. We have also worked or are working on 14 highway projects in the infrastructure sector.

We have received various awards in relation to our performance, including the following:

- Export award for the year 2004-2005 for second best performance in the category of maximum value of overseas contracts secured from the Projects Exports Promotion Council of India;
- Export award for the year 2004-2005 for second best performance in the category of maximum turnover from overseas construction contracts from the Projects Exports Promotion Council of India;
- Export award for the year 2003-2004 in recognition of foreign works secured in new areas from the Projects Exports Promotion Council of India;
- Export award for the year 2003-2004 in recognition of second best performance in maximum overseas construction contracts secured from the Projects Exports Promotion Council of India;
- Export award for the year 2002-2003 in recognition of maximum foreign works secured in new areas from the Overseas Construction Council of India; and
- Export award for the year 2002-2003 in recognition of maximum overseas construction contracts secured from the Overseas Construction Council of India.

We have executed or are working on several landmark projects within and outside India, including on significant pipeline projects such as the Baku – Tbilisi – Ceyhan crude oil pipeline for BP – Botas in Turkey, the KAM oil pipeline project for PetroKazhakstan in Kazakhstan, the approximately 270 kilometer South Sumatra – West Java pipeline project for PGN, Indonesia, the approximately 557 kilometer Kandla – Bhatinda oil pipeline for IOC in India, the approximately 505 kilometer Dahej -Vijaipur gas pipeline project for GAIL, the Uran Trombay oil pipeline project for ONGC, the approximately 332 kilometer Mangalya-Bijwasan pipline project for BPCL and the approximately 330 kilometer Pune-Sholapur pipeline project of HPCL. We believe we are one of the few engineering construction companies internationally to have laid 48 inches diameter gas pipelines and to have laid pipelines in shallow water and swampy or marshy terrain.

We have also undertaken several significant tank and terminal projects including the LNG storage and regasification terminal for the Dabhol project, the LNG storage tank project for Shell at Hazira, tanks for the bulk liquid products terminal for Horizon in Singapore, tank projects for PB Tankers in Singapore, tank projects of GASCO for Bechtel in Abu Dhabi, water storage tanks projects for Technip's Fujairah water and power project and the tank farm project for the Jamnagar refineries for RIL. We believe we are one of the few engineering construction companies internationally to have in-house capability to provide comprehensive mechanical fabrication, erection, pre-stressed wall construction and insulation works for LNG tanks.

We have also successfully completed or are working on EPC contracts for various process facility projects including phase IV of the Peciiko development project in Indonesia, the Vis-breaker unit and sulphur block at the CPCL refineries for Petrofac, the MSQ upgradation project for IOC at Haldia in India and the sulphur and utilities package for Siritech Nigi at the IOC refinery at Guwahati in India. We are executing the off-sites and utilities (piping and mechanical erection) project of GASCO for Bechtel in Abu Dhabi. We are also working on two contracts for 2 X 250 MW thermal power plant stations for Jindal Power Limited at Raigarh in India as well as a contract for BHEL for 2 X 60 MW thermal power plant stations of PT Merak Energi Indonesia.

In the infrastructure sector, our 14 highway projects include the six/four-lane approximately 77 kilometer Belgaum - Maharashtra highway, the four–lane approximately 62 kilometer Rajasthan RJ-8 highway, the four-lane approximately 32 kilometer Vadodara – Halol toll road project as well as the Thiruvananthapuram city and road improvement project.

Our Strengths

One of the largest engineering construction companies in India with a strong international presence. We are the one of the largest engineering and construction companies in India with diversified operations spread across the regions of the Middle East, the Caspian, Africa, the Asia Pacific and South Asia. We have 13 subsidiaries including subsidiaries in Kazakhstan and

Indonesia, and 12 regional and marketing offices, including in the United Kingdom, Tunisia, Libya, Saudi Arabia. We have been engaged by more than 115 clients to carry out more than 180 projects in over 12 countries, including repeat orders from several major clients in different countries. We have successfully executed projects in South Asia, the Asia Pacific, the C.I.S., the Middle East, and in Turkey and Georgia. Our experience and operations in these strategically important regions enable us to capitalize on our local experience, established contacts with local clients and suppliers, and familiarity with local working conditions. We enjoy an established track record for successful completion of projects undertaken by us within tight schedules, in India and our international markets. In the years ended March 31, 2004 and 2005 and in the six months ended September 30, 2005, revenues from contracts executed outside India constituted 26.40%, 57.54% and 56.28%, respectively, of our consolidated sales and contracts revenue. Our large operations spread across several geographical regions enable us to achieve operating efficiencies, focus on projects and regions where we can be competitive and obtain adequate profit margins with the appropriate level of contractual and geo-political risk.

Significant experience and strong track record. In over 20 years of experience in construction projects, we have constructed more than 5,300 kilometers of pipelines and four million cubic meters of storage tanks and terminals capacity and have executed 11 refinery modernization and upgradation projects. In the infrastructure sector, we have executed or in the process of working on 14 highway projects. We have considerable experience in onshore and offshore pipeline projects and construction projects executed within tight schedules, in extreme climatic conditions and difficult terrain, including swampy and marshy terrain. We believe we are one of the few engineering construction companies that are equipped with an in-house comprehensive mechanical, civil and insulation work capability for cryogenic LPG and LNG tanks and terminals. Our strong plant construction capabilities enable us to undertake construction of complex process facility projects such as refineries, petrochemical plants, fertilizer plants and gas gathering facilities. We have a reputation for undertaking highly challenging engineering construction projects, such as such as the approximately 505 kilometer 42 inches Dahej -Vijaipur pipeline which was completed within a span of nine months, the Baku – Tbilisi – Ceyhan crude oil pipeline for BP – Botas in Turkey, the MSQ refinery project at Haldia for IOC which is to be completed within 18 months and the lowering of 21 kilometers of pipeline in a single day of the 48 inches gas export pipeline project at Oman. We have also completed several of our projects ahead of schedule.

Operations in diverse industries and economies. We provide engineering construction services for oil and gas industry projects including pipelines, storage tanks and terminals and process facilities power plant projects and civil construction projects including highways, flyovers, bridges, elevated railroads, ports and industrial civil infrastructure. In addition, we provide value added engineering services for energy industry and infrastructure projects as well as comprehensive plant and facility maintenance and management services. These factors enable us to diversify our business and reduce our dependence on any one industry or nature of project. In addition, our operations spread across several geographical regions enable us to decrease our dependence on the economy of, or project activity in, any particular country or region.

Long term relationship with world-class clients. We enjoy a leadership position in the engineering construction industry and have received repeat orders from several of our domestic and international clients despite increased competition. We have worked on projects for leaders in the energy industry such as the Abu Dhabi National Oil Company, Bechtel, British Petroleum, Cairn Energy, Parsons Fluor Daniel, Pertamina, Petrofac, PetroKazhakstan, Petroleum Development Oman, Saipem, Shell, Siirtech Nigi, Skanska, Skoda, Snamprogetti, Technip, Toyo, Total , and TengizChevroil (a Chevron joint venture) on various international projects. In India, our clients include BHEL, BPCL, CPCL, Dabhol Power Company, Engineers India Limited, Essar Refineries, GAIL, Gujarat Gas, HPCL, IOC, Jindal Power, Kochi Refineries, ONGC, OIL, Nuclear Power Corporation and RIL. On infrastructure projects, we have worked on various projects for NHAI, Kerala Road Fund Board, Vadodara- Halol Toll Road Ltd. and the Delhi Metro Rail Corporation.

Strong operational results and ability to mobilize financial resources. We have experienced a continuous growth trend in revenues. In the years ended March 31, 2004 and 2005, our consolidated income was Rs.16,187,115 thousand and Rs.19,203,344 thousand, respectively, representing an annual growth rate of 18.63%. Our consolidated income in the six months ended September 30, 2005 was Rs.6,960,424 thousand. In the years ended March 31, 2004 and 2005 and in the six months ended September 30, 2005, we earned a consolidated profit for the year of Rs.1,062,868 thousand, Rs.1,006,061 thousand and Rs.35,583 thousand respectively. We have been awarded a 5A1 rating by Dunn and Bradstreet. Our low cost centre of operations in India provide us with a competitive edge by allowing us to be more cost effective compared to our international competitors.

Well positioned to capitalize on the global demand in the energy industry and infrastructure development. Internationally, the increased demand for energy has resulted in the need to substantially increase exploration, production and distribution infrastructure in the energy industry. The recent discovery of large oil and gas reserves in various parts of the world, including in India, is expected to increase the demand for pipelines, storage tanks and terminals and process facilities in the oil and gas industry. In addition, the proposed national pipeline grid by GAIL, the east-west pipeline by RIL and capital investments of other major players in the energy industry in India are expected to further fuel this growth. The sustained growth witnessed in, and the Government of India's focus and sustained increased budgetary allocation for, the infrastructure sector, together with increased funding by international and multilateral development finance institutions for infrastructure projects have also resulted in an increased demand for engineering construction services for infrastructure projects. In addition, we believe that the significant damage caused by weather conditions in southern United States may lead to additional business opportunities as certain international competitors may focus their operations and resources on infrastructure construction and development projects in such areas.

Highly qualified and motivated employee base and proven management team. We believe that a motivated and empowered employee base is essential for our competitive advantage. As of September 30, 2005, we employed directly or through our subsidiaries and joint ventures, a multinational work force of approximately 1,472 full-time employees, of which approximately 31% were engineers while approximately 28% held engineering diplomas. In addition, as of such date, we employed more than a 4,500 strong casual and temporary contract labor on our project sites. The skills and diversity of our employees gives us the flexibility to best adapt to the needs of our clients. We are dedicated to the development of the expertise and know-how of our employees and continue to invest in them to ensure that they have the training and tools needed to be successful in today's challenging environment. Our management team is well-qualified and experienced in the industry and has been responsible for the growth in our operations. In addition, our Board includes a strong combination of management as well as independent members that bring significant international business experience to our Company, including a director who has spent a substantial period of his career in the senior management of international engineering and construction companies and another director who has been a former partner of McKinsey & Company. We believe that this has played a key role in the development of our health, safety, environment, quality and other governance practices. Our Chairman has worked in the construction industry for more than 18 years and has driven our growth since inception.

Large fleet of sophisticated construction equipment. We own a large fleet of sophisticated construction equipment including pipelaying equipment, amphibious equipment for offshore work, automatic welding machines, horizontal directional drilling rigs, barges, swamp excavators, heavy construction equipment, concrete pavers, piling rigs, and transportation and camp equipment. Our equipment assets include seven spreads of pipeline equipment capable of laying pipelines up to 56 inches in diameter, seven sets of bitumen road equipment including seven hot mix plants and 12 wet mix plants and three sets of concrete road equipment. Equipment asset management is a critical element in project delivery and quality. Our large equipment base is managed, maintained and operated by our plant and equipment division. We believe that our strategic investment in equipment assets is an advantage as it enables rapid mobilization of high quality equipment. In addition, owning and managing our own equipment enables us to retain higher EBITDA margins.

Our Business Strategy

Key elements of our business strategies include:

Continue to expand our operations in India and internationally. Our objective is to expand and enhance our presence in regions where we have previously developed a strong base of operations, such as in South Asia, the Asia Pacific region, the Middle East and the Caspian region by capitalizing on our local experience, established contacts with local clients and suppliers, and familiarity with local working conditions.

The high demand for crude and refined oil and gas and derivative products in South Asia, including in India, Bangladesh, Sri Lanka and Myanmar is expected to result in several large oil and gas exploration, production and transportation projects in this region, including several pipeline and LNG import terminals. In addition, the Government of India's focus and sustained increased budgetary allocation together with increased funding by international and multilateral development financial institutions for infrastructure development in India and other South Asian countries have resulted in or is expected to result in several large infrastructure projects in this region. In the Asia Pacific region, we intend to leverage our base in Indonesia and our recent projects in Singapore to expand into neighboring markets such as Vietnam, Thailand and Philippines based on proposed energy industry investments in these countries. Our significant operations in Kazakhstan and our recent projects in Turkey and Georgia will also provide us with a platform to increase our presence in the Caspian region. The Caspian region has one of the largest reserves of oil and gas outside the Middle East and several major pipeline networks are proposed in the Caspian region. We also intend to leverage our experience in the Middle East and continue to focus on projects in the United Arab Emirates, Qatar, Oman and Saudi Arabia and based on specific project opportunities, in other countries in the region. We also intend to strengthen our presence in strategically important locations, such as Africa and Central Asia, which have significant oil and gas reserves and high potential for large engineering construction projects in the energy industry and infrastructure sector. We have recently established a regional office in Tunisia, and intend to focus on projects in North Africa including in Algeria, Libya, Mauritania, Egypt as well as other African countries such as Nigeria and Angola.

In pursuing our strategies, we seek to identify markets where we believe we can provide cost and operational advantages to our clients and distinguish ourselves from other competitors. In order to expand our operations, we also seek to identify acquisition targets and/or joint venture partners whose resources, capabilities and strategies are complementary to and are likely to enhance our business operations in such regions. As of the date of this Red Herring Prospectus, other than as disclosed herein we have not entered into any memorandum of understanding, letter of intent or other agreement relating to any acquisition, joint venture or strategic investment.

Expand our operations to construction projects in other industries and target specific high potential project segments. We intend to target specific project segments and industries where we believe there is high potential for growth and where we enjoy competitive advantages. For example, we intend to capitalize on our experience of working on gas processing facilities and cryogenic LNG terminals to benefit from the significant investments proposed in gas gathering, liquefaction, storage and transportation projects. We also intend to leverage our shallow water pipeline experience, our sophisticated amphibious equipment and fabrication/erection skills to capitalize on the potential for offshore projects especially in India, Indonesia and Nigeria including fabrication of shallow water platforms and installation of equipment on shallow water platforms.

We intend to capitalize on our experience on infrastructure projects and our large equipment base to benefit from the demand for infrastructure projects in India and internationally. We intend to extend our operations to other civil infrastructure projects including railways, LRT and metro rail, hydro-electric and thermal power projects, urban and cross-country water pipeline projects, ports and harbor projects, airport expansion and other civil aviation projects. We also intend to extend our operations to civil/structural works in steel plants and industrial plants as well as commercial complexes including in the healthcare sector. We continue to focus on NHAI cash contracts and BOT contracts preferably on annuity basis as such contracts involve lower risks.

Continue to focus on EPC contracts and direct contracts from clients. We intend to continue to concentrate on projects and prospects in areas where we can be most competitive and obtain robust profit margins with the appropriate level of contractual and geo-political risk. We intend to continue to focus on pursuing EPC contracts as such contracts enable us to move up the value chain to become the main contractor on our projects, provide us with the opportunity to bid on a higher number of international projects and deploy our resources more efficiently and improve operating margins. While working on higher value projects may have associated risks, such projects also enable us to reduce operating costs and expenses and benefit from potentially higher margins. For certain large value projects we also plan to form strategic alliances with other relevant experienced and qualified contractors.

Substantially all our contracts are obtained through a competitive bidding process. In selecting contractors for major projects, clients generally limit the tender to contractors they have pre-qualified based on several criteria including experience, technological capacity and performance, reputation for quality, safety record, financial strength and bonding capacity and size of previous contracts in similar projects, although price competitiveness of the bid is, however, the most important selection criterion. Pre-qualification is key to our winning major projects and we continue to use our marketing efforts in getting pre-qualified with major energy conglomerates and infrastructure development agencies and entities. We intend to capitalize on our considerable construction experience to bid for and win larger contracts. We also intend to continue to strengthen our engineering capabilities to enable us to win more technically complex turnkey projects.

Focus on performance and project execution. We believe that we have a developed a reputation for undertaking challenging engineering construction projects and completing projects ahead of schedules. We intend to continue to focus on performance and project execution in order to maximize client satisfaction and margins. Our global experience enables our engineering teams to incorporate best practices from different geographic regions. We leverage advanced technologies, designs and project management tools to increase productivity and maximize asset utilization in capital intensive construction activities. Through our comparatively lower cost center of operations in India, we continue to optimize operating and overhead costs to maximize our operating margins.

As a company we operate in five distinct geographic regions: South Asia, the Asia Pacific region, the Middle East, the Caspian region and Africa. To facilitate efficient decision making, we intend to continue to strengthen the information and communication technology infrastructure for our operations in order to delivery satisfactorily on commitments to our clients. We intend to continue to develop our strategic "centers of excellence" to focus on specific project segments, such as offshore works, pipeline construction, compressor stations, LNG terminals and process facilities and to provide centralized support services.

Continue to focus on health, safety and environment standards. We intend to continue to focus on our health, safety and environment management and quality management standards as we believe that these elements of performance measurement have become important competition differentiators and key criteria for prequalification of contractors by potential clients. We intend to obtain and maintain the highest levels of international certifications for our health, safety and environment management and quality management programs and to continually improve the readiness, utilization and overall quality of our fleet of equipment. Based on regulatory laws and best practices which include general standards, construction activities and maintenance operations in the oil and gas industry, we aim to continuously improve our safety performance through management commitment and visibility and specific training, audits, recognition and accountability, action plans, and pre-planning practices to improve our operating standards.

Further enhance our engineering and design capabilities. We intend to continue to further enhance our strong engineering capabilities to enable us to provide value added engineering services for and win larger more technically complex EPC projects as well as specialized engineering and design consultancy services to clients independent of our projects, including for pipeline projects, compressor stations, 3-D modeling, offshore platforms, gas process facilities, LNG and LPG terminals and power plants. We also depute our engineers to companies outside India to provide engineering services. Increased investment in energy industry projects in our international markets has resulted in an increased demand for engineering capabilities. We intend to leverage our engineering capabilities to provide value added engineering services to other engineering construction companies in these markets.

Develop and maintain strong relationships with our clients and strategic partners. Our services are significantly dependent on engineering construction projects of large Indian and international energy conglomerates and infrastructure projects undertaken by governmental authorities funded by governments or international and multilateral development finance institutions. Our business is also dependent on developing and maintaining strategic alliances with other EPC contractors with whom we may want to enter into strategic alliance in the form of a joint venture or a consortium or a sub-contract relationship for specific projects. We will continue to develop and maintain these relationships and alliances. We intend to establish strategic alliances and share risks with companies whose resources, skills and strategies are complementary to and are likely to enhance our business opportunities, including the formation of joint ventures and consortia to achieve competitive advantage.

THE OFFER

Equity Shares offered by:	
Fresh Issue by the Company	8,355,174 Equity Shares
Offer for Sale by the Selling Shareholders	817,763 Equity Shares
Total	9,172,937 Equity Shares
Of which:	
Employee Reservation Portion	100,000 Equity Shares
Therefore:	
Net Offer to the Public	9,072,937 Equity Shares
QIB Portion [1]	At least 5,443,763 Equity Shares (allocation on a proportionate basis)
Of which:	
Reservation for Mutual Funds	272,188 Equity Shares (allocation on proportionate basis)
Balance for all QIBs including Mutual Funds	5,171,575 Equity Shares (allocation on proportionate basis)
Non Institutional Portion	Up to 907,293 Equity Shares (allocation on a proportionate basis)
Retail Portion	Up to 2,721,881 Equity Shares (allocation on a proportionate basis)
Equity Shares outstanding prior to the Offer	43,864,662 Equity Shares
Equity Shares outstanding after the Offer	52,219,836 Equity Shares
Objects of the Offer	Please see the section entitled "Objects of the Offer" on page 32 of this Red Herring Prospectus.

(1) As per recent amendments to the SEBI Guidelines, allocation to QIBs is proportionate as per the terms of this Red Herring Prospectus. 5% of the QIB Portion shall be available for allocation to Mutual Funds. Mutual Funds participating in the 5% reservation in the QIB Portion will also be eligible for allocation in the remaining QIB Portion.

SUMMARY FINANCIAL INFORMATION

The following summary financial information is derived from (i) our consolidated financial statements as of and for the years ended March 31, 2004 and 2005 and as of and for the six months ended September 30, 2005 and (ii) the restated unconsolidated financial statements of the Company as of and for the years ended March 31, 2001, 2002, 2003, 2004 and 2005, and as of and for the six months ended September 30, 2005, each as described in the respective Auditors Reports in the section entitled "Financial Statements" beginning on page 147 of this Red Herring Prospectus. The restated unconsolidated financial statements have been prepared in accordance with Indian GAAP, the Companies Act and have been restated in accordance with SEBI Guidelines. The consolidated financial statements have been prepared in accordance with Indian GAAP and the Companies Act.

The summary financial and operating information presented below should be read in conjunction with the financial statements, the notes thereto included in "Financial Statements", "Management's Discussion and Analysis of Financial Condition and Results of Operations as per Consolidated Financial Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations as per Unconsolidated Financial Statements" on pages 147, 418 and 437, respectively, of this Red Herring Prospectus. Indian GAAP differs in certain significant respects from U.S. GAAP. For more information on these differences, see "Summary of Significant Differences between Indian GAAP and U.S. GAAP", which appears on page 410 of this Red Herring Prospectus.

CONSOLIDATED BALANCE SHEET OF PUNJ LLOYD LIMITED

(Rs. in Thousand)

	As of September 30, 2005	**As of March 31, 2005**	**As of March 31, 2004**
Sources of funds			
Shareholders funds			
Share capital	438,647	252,347	206,466
Reserves and surplus	4,632,356	4,849,525	1,757,271
	5,071,003	**5,101,872**	**1,963,737**
Minority interest	15,599	16,544	18,914
Loan funds			
Secured loans	7,061,370	5,998,422	9,505,835
Unsecured loans	1,330,542	1,188,287	360,729
Deferred payments	-	-	65
	8,391,912	**7,186,709**	**9,866,629**
Deferred tax liability	583,999	618,384	611,677
TOTAL	**14,062,513**	**12,923,509**	**12,460,957**
Application of funds			
Fixed assets			
Gross Block	7,481,143	7,413,438	6,991,156
Less: Depreciation	3,031,308	2,762,093	2,329,577
Net Block	**4,449,835**	**4,651,345**	**4,661,579**
Capital work in progress including capital advances	686,147	481,437	3,216,899
Total Fixed Assets	**5,135,982**	**5,132,782**	**7,878,478**
Preoperative expenditure pending allocation	**122,321**	**98,426**	**494,285**
Investments	212,999	258,971	93,979
Deferred tax Assets	1,627	-	-
Current assets, loans and advances			
Inventories	6,540,114	5,509,848	2,966,005
Sundry debtors	3,581,428	3,364,417	2,216,433
Cash and bank balances	469,634	431,801	540,418
Other current assets	57,314	53,971	10,163
Loans and advances	2,037,510	1,928,046	1,554,753
Less: Current liabilities and provisions			
Current liabilities	3,975,752	3,708,250	3,299,300
Provisions	120,915	146,754	44,065
	4,096,667	**3,855,004**	**3,343,365**
Net current assets	**8,589,333**	**7,433,079**	**3,944,407**
Miscellaneous expenditure (to the extent not written off or adjusted)	251	251	49,808
TOTAL	**14,062,513**	**12,923,509**	**12,460,957**

CONSOLIDATED PROFIT AND LOSS ACCOUNT OF PUNJ LLOYD LIMITED

(Rs. in Thousand)

	For the six months ended September 30, 2005	For the year ended March 31, 2005	For the year ended March 31, 2004
Particulars			
Income			
Sales and contracts revenue	6,795,499	17,900,099	15,943,328
Other income	162,740	439,160	243,787
Profit on sale of investments in associates	2,185	150,561	-
Profit on disposal of interest in joint ventures	-	583,524	-
Waiver of funded interest	-	130,000	-
	6,960,424	**19,203,344**	**16,187,115**
Expenditure			
Materials consumed and cost of goods sold	1,888,608	4,824,058	4,732,815
Operating and administrative expenses	4,263,917	10,963,925	8,271,494
Financial charges	460,292	1,333,350	1,183,550
Miscellaneous expenditure written off	-	48,075	22,741
Depreciation /amortization	312,460	872,386	703,017
Less : transferred from revaluation reserve	(15,349)	(33,330)	(36,685)
	297,111	**839,056**	**666,332**
Total Expenditure	**6,909,928**	**18,008,464**	**14,876,932**
Profit before tax	**50,496**	**1,194,880**	**1,310,183**
Provision for tax			
Current tax	47,788	189,870	192,226
Fringe benefit tax	5,650		
Deferred tax	(32,601)	3,905	63,849
	20,837	**193,775**	**256,075**
Profit after tax	29,659	1,001,105	1,054,108
Add: share in profits of associates	4,983	2,583	6,960
Profit before minority's share	**34,642**	**1,003,688**	**1,061,068**
Add: share of loss transferred to minority	941	2,373	1,800
Profit for the year	**35,583**	**1,006,061**	**1,062,868**
Balance brought forward from previous year	1,912,600	851,530	(122,192)
Add: share in accumulated profits of joint ventures as on April 1, 2003		-	13,462
Less: share in accumulated losses of associates as on April 1, 2003		-	(131,077)
	1,948,183	**851,531**	**(239,807)**
Transfer from debenture redemption reserve		83,305	-
Transfer from foreign project utilized reserve		15,000	153,500
Profit available for appropriations	**1,948,183**	**1,955,896**	**976,561**
Appropriations			
Transferred to general reserve		22,500	65,280
Transferred to foreign project reserve		-	7,500
Transferred to debenture redemption reserve		-	5,025
Dividend paid (including dividend tax)		-	17,467
Proposed dividend		18,238	25,809
Tax on proposed dividend		2,558	3,949
		43,296	125,030
Surplus carried to balance sheet	**1,948,183**	**1,912,600**	**851,531**
Earnings per Share (Nominal value per share Rs.10)			
Basic (in Rupees)	0.91	28.50	51.48

SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED, ON AN UNCONSOLIDATED BASIS

(Rs. in Thousand)

PARTICULARS	As of September 30, 2005	As of March 31, 2005	As of March 31, 2004	As of March 31, 2003	As of March 31, 2002	As of March 31, 2001
FIXED ASSETS						
Gross Block	5,883,373	6,170,223	6,269,586	4,547,393	3,570,388	3,438,434
Less : Depreciation	2,420,165	2,369,267	2,120,289	1,430,420	1,119,509	876,212
Net Block	**3,463,208**	**3,800,956**	**4,149,297**	**3,116,973**	**2,450,879**	**2,562,222**
Less: Revaluation Reserve (See Note No.5 of Annexure IV)	(99,890)	(122,529)	(155,859)	(191,450)	(223,952)	(256,454)
Net Block after adjustment for Revaluation Reserve	**3,363,318**	**3,678,427**	**3,993,438**	**2,925,523**	**2,226,927**	**2,305,768**
Capital Work in Progress Including Capital Advances	263,315	124,299	33,027	165,494	141,688	28,750
INTANGIBLE ASSETS	440,224	523,644	629,475	8,229	11,202	14,586
Preoperative Expenditure (Pending Capitalisation)	30,075	18,645	77			
INVESTMENTS	707,364	548,582	919,486	991,319	629,110	788,818
CURRENT ASSETS, LOANS AND ADVANCES						
Inventories	5,247,288	3,967,426	3,073,867	1,321,046	1,000,500	993,770
Sundry Debtors	3,021,611	3,131,928	2,157,209	2,295,981	1,292,277	667,231
Cash and Bank Balances	191,943	303,391	317,302	694,601	184,576	77,283
Other Current Assets	55,850	53,070	39,956	12,995	8,068	9,649
Loans and Advances	1,864,404	1,499,674	1,661,472	2,120,803	1,384,965	1,101,347
Total	**15,185,392**	**13,849,086**	**12,825,309**	**10,535,991**	**6,879,313**	**5,987,202**
LIABILITIES & PROVISIONS						
Secured Loans	5,399,269	4,529,784	5,974,381	5,261,222	3,119,935	2,615,652
Unsecured Loans	1,333,134	1,168,379	417,211	147,252	142,480	259,600
Current Liabilities	33,124,287	2,775,482	3,387,946	2,763,969	1,552,062	1,073,886
Provisions	65,782	75,471	43,170	12,668	10,361	37,989
Deferred Payments	-	-	65	1,091	1,091	2,408
Deferred Tax Liability	532,205	551,871	538,255	486,149	-	-
Total	**10,454,678**	**9,100,987**	**10,361,028**	**8,672,351**	**4,825,929**	**3,989,535**
Net Worth	**4,730,714**	**4,748,099**	**2,464,281**	**1,863,640**	**2,053,384**	**1,997,667**
Net Worth represented by						
Share Capital	438,647	252,348	206,466	206,448	206,448	206,448
Reserves & Surplus	4,391,958	4,618,280	2,422,885	1,865,642	2,099,795	2,100,617
Less: Revaluation Reserve (See Note No. 5 of Annexure IV)	(99,890)	(122,529)	(155,859)	(191,450)	(223,952)	(256,454)
Reserves & Surplus (Net of Revaluation Reserves)	**4,292,068**	**4,495,751**	**2,267,026**	**1,674,192**	**1,875,843**	**1,844,163**
Less: Miscellaneous Expenditure	-	-	(9,211)	(17,000)	(28,907)	(52,944)
(to the extent not written off or adjusted)						
Net Worth	**4,730,714**	**4,748,099**	**2,464,281**	**1,863,640**	**2,053,384**	**1,997,667**

SUMMARY STATEMENT OF PROFITS AND LOSSES, AS RESTATED, ON AN UNCONSOLIDATED BASIS

(Rs. in Thousand)

PARTICULARS	For the six months ended September 30, 2005	For the year ended March 31, 2005	For the year ended March 31, 2004	For the year ended March 31, 2003	For the year ended March 31, 2002	For the year ended March 31, 2001
INCOME						
Contract Revenue	5,325,899	14,294,285	14,002,402	7,729,533	4,433,844	4,942,898
Other Income	202,743	481,502	147,019	35,052	90,619	65,800
Unspent Liabilities written back - ISP Division (See Note No. 8a of Annexure IV)	-	18,360	-	-	-	-
Waiver of Funded interest (See Note No.13 of Annexure IV-B)	-	130,000	-	-	-	-
Total Income	**5,528,642**	**14,924,147**	**14,149,421**	**7,764,585**	**4,524,463**	**5,008,698**
EXPENDITURE						
Materials Consumed and Cost Of Goods Sold	1,482,008	3,775,000	3,907,105	2,476,522	1,728,522	1,388,604
Staff Cost	643,893	1,723,635	1,227,776	520,269	387,073	511,130
Selling and Distribution Expenses	16,709	18,600	26,806	24,620	18,216	14,395
Operating and Administrative Expenses	286,063	7,790,073	6,586,293	3,572,819	1,573,678	2,134,482
Interest	256,944	737,975	874,958	568,556	460,314	423,978
Miscellaneous Expenditure Written Off	-	46,103	22,341	11,907	24,037	20,995
Depreciation / Amortization	287,870	717,819	706,547	262,598	226,605	209,925
Total Expenditure	**5,547,487**	**14,809,205**	**13,351,826**	**7,437,291**	**4,418,445**	**4,703,509**
PROFIT / (LOSS) BEFORE TAX	(18,845)	114,942	797,595	327,294	106,018	305,189
PROVISION FOR TAX						
Current Tax	36,716	42,590	99,597	65,000	22,500	71,175
Deferred Tax	(33,795)	(9,079)	60,236	52,526	-	-
Fringe Benefit Tax	5,650					
TOTAL	**8,571**	**33,511**	**159,833**	**117,526**	**22,500**	**71,175**
NET PROFIT / (LOSS) BEFORE ADJUSTMENTS	**(27,416)**	**81,431**	**637,762**	**209,768**	**83,518**	**234,014**
Adjustments (See Note No. 2 of Annexure IV)	(14,033)	(76,793)	(74,904)	53,524	(41,919)	101,090
Current Tax Impact of Adjustments	37,484	74,658	70,620	(30,541)	6,008	(45,520)
Deferred Tax Impact of Adjustments	(35,568)	22,695	(8,130)	(136)	-	-
	(12,117)	20,560	(12,414)	22,847	(35,911)	55,570
NET PROFIT / (LOSS) AS RESTATED	**(39,533)**	**101,991**	**625,348**	**232,615**	**47,607**	**289,584**
Profit and Loss Account at the beginning of the year	1,659,004	1,499,504	841,829	656,714	1,128,513	929,967
Transfer from Debenture Redemption Reserve	-	83,305	-	-	-	-
Transfer from Foreign Project Utilised Reserve	-	15,000	153,500	-	-	-
Balance available for appropriation, as restated	**1,619,470**	**1,699,800**	**1,620,677**	**889,329**	**1,176,120**	**1,219,551**
APPROPRIATIONS						
Transfer to General Reserve	-	20,000	62,000	25,000	8,000	20,000
Transfer to Foreign Project Reserve	-	-	7,500	22,500	10,000	22,500
Transfer to Debenture Redemption Reserve	-	-	5,024	-	20,100	20,100
Dividend						
Equity	-	18,238	41,292	-	-	25,806
Interim Dividend	-	-	-	-	14,451	-
Tax on Dividend	-	2,558	5,357	-	1,474	2,632
TOTAL		**40,796**	**121,173**	**47,500**	**54,025**	**91,038**
BALANCE CARRIED FORWARD AS RESTATED	**1,619,470**	**1,659,003**	**1,499,504**	**841,829**	**1,122,095**	**1,128,513**

GENERAL INFORMATION

Registered Office of the Company

Punj Lloyd Limited
Punj Lloyd House
17-18 Nehru Place
New Delhi 110 019

Registration Number: 55-33314 of 1988

The Company is registered at the Registrar of Companies, Delhi and Haryana, located at Paryavaran Bhavan, 'B' Block, IInd Floor, C.G.O. Complex, Lodhi Road, New Delhi.

Board of Directors

The Company's Board of Directors comprises of:

1. Atul Punj
2. V.K. Kaushik
3. Luv Chhabra
4. Uday Punj
5. Tarwinder Singh
6. H.K. Kaul
7. Karamjit Singh Butalia
8. Manish Kejriwal
9. Dr. Naresh Trehan
10. Keith Nicholas Henry
11. Rajan Jetley
12. Sandeep Bakhshi
13. Alain Aboudaram

Atul Punj is the Chairman and Managing Director of the Company. The Company's wholetime Directors are V.K. Kaushik, Luv Chhabra, Uday Punj, Tarwinder Singh and H.K. Kaul. For further details regarding the Board of Directors, see "Management" on page 108 of this Red Herring Prospectus.

Company Secretary and Compliance Officer

Dinesh Thairani
Punj Lloyd House
17-18 Nehru Place
New Delhi 110 019
India
Tel: +91 11 2620 0492
Fax: +91 11 2620 0111
Email: dthairani@punjlloyd.com

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

Book Running Lead Managers

ICICI Securities Limited
ICICI Centre
H.T. Parekh Marg
Churchgate
Mumbai 400 020
Tel: +91 22 2288 2460
Fax: +91 22 2282 6580
E-mail: pll_ipo@isecltd.com
Website: www.iseconline.com
Contact Person: Anil Mokashi

Citigroup Global Markets India Private Limited
4th Floor, Bakhtawar
229 Nariman Point
Mumbai 400 021
Toll Free: 1600 229996
Fax: +91 22 5631 9803
Email: pll.ipo@citigroup.com
Website: www.citibank.co.in (Citigroup Global Markets)
Contact Person: Pankaj Jain

DSP Merrill Lynch Limited
10th Floor, Mafatlal Centre
Nariman Point
Mumbai 400 021
Tel : +91 22 2262 1071
Fax: +91 22 2262 1187
Email: pll_ipo@ml.com
Website: www.dspml.com
Contact Person : N.S. Shekhar

Kotak Mahindra Capital Company Limited
3rd Floor, Bakhtawar
229 Nariman Point
Mumbai 400 021
Tel: +91 22 5634 1100
Fax: +91 22 2284 0492
Email: punjlloyd.ipo@kotak.com
Website: www.kotak.com
Contact Person: Arjun Sawhney

Syndicate Members

ICICI Brokerage Services Limited
ICICI Centre
H.T. Parekh Marg, Churchgate
Mumbai 400 020
Tel: +91 22 2288 2460
Fax: +91 22 2283 7045
E-mail: pll_ipo@isecltd.com
Website: www.iseconline.com
Contact Person: Anil Mokashi

Kotak Securities Limited
1st Floor, Bakhtawar
229 Nariman Point
Mumbai 400 021
India
Tel: +91 22 5634 1100
Fax: +91 22 5630 3927
E-mail: ulhas.sawant@kotak.com
Website: www.kotaksecurities.com
Contact Person: Ulhas Sawant

Legal Advisors

Domestic Legal Counsel to the Company

J. Sagar Associates
84-E, C-6 Lane
Sainik Farms
New Delhi 110 062
Tel.: +91 11 2655 2714
Fax.: +91 11 2692 4900
E-mail: uday@jsalaw.com

Domestic Legal Counsel to the Underwriters

S&R Associates
K 40 Connaught Circus
New Delhi 110 001
India
Tel: +91 11 5289 8000
Fax: +91 11 5289 8001

International Legal Counsel to the Underwriters

(Advising on matters pertaining to the laws of the State of New York and the Federal law of the United States of America)

Jones Day
31F, Edinburgh Tower, The Landmark
15 Queen's Road Central
Hong Kong
Tel: +00 852 2526 6895
Fax: +00 852 2868 5871

Monitoring Agency

IFCI Limited
IFCI Tower
61, Nehru Place
New Delhi 110 019
Tel: +91 11 2653 0194
Fax: +91 11 5179 2800
Email: ifcicafs@ifciltd.com
Contact Person: Mr. A.K. Bhan

Registrar to the Offer

Karvy Computershare Private Limited
Karvy House, 46, Avenue 4, Street No.1
Banjara Hills, Hyderabad 500 034
Tel: +91 040 2343 1546
Fax: +91 040 2343 1551
Contact Person: M. Murali Krishna
Email: punjlloyd.ipo@karvy.com
Website: www.karvy.com

Bankers to the Offer and Escrow Collection Banks

ICICI Bank Limited
Capital Markets Division
30, Mumbai Samachar Marg
Mumbai 400 001
Tel: + 91 22 2265 5285
Fax: + 91 22 2261 1138
Contact Person: Mr. Sidhartha Sankar Routray
E-mail: sidhartha.routray@icicibank.com
Website: www.icicibank.com

Citibank N.A.
Bombay Mutual Building
D.N. Road, Fort
Mumbai 400001
Tel: + 91 22 22691713
Fax: + 91 22 28446357
Contact Person: Ms. Ketki Shroff
E-mail: ketki.shroff@citigroup.com
Website: www.citigroup.com

Standard Chartered Bank
270 D.N. Road, Fort,
Mumbai 400 001
Tel: + 91 22 2268 3965
Fax: + 91 22 2209 6069
Contact Person: Mr. Banhind Bhattacharya
E-mail: Banhind.Bhattacharya@in.standardchartered.com
Website: www.standardchartered.co.in

Kotak Mahindra Bank Limited
7th Floor, Ambadeep
14 Kasturba Gandhi Marg
New Delhi 110 001
Tel: +91 11 5179 0000
Fax: +91 11 2332 8014
Contact Person: Mr. Sanjiv Uppal
E-mail: sanjiv.uppal@kotak.com
Website: www.kotak.com

HDFC Bank Limited
Maneckji Wadi Building
Ground Floor, Nanik Motwani Marg
Mumbai 400 001
Tel: +91 11 2856 1818
Fax: +91 11 2270 3392
Contact Person: Mr. Clayton Mendonca
Email: Clayton.Mendonca@hdfcbank.com
Website: www.hdfcbank.com

Yes Bank Limited
Nehru Centre, 9th Floor
Discovery of India
Dr. A. B. Road, Worli
Mumbai 400 018
Tel: +91 22 5669 9000
Fax: +91 22 2490 0314
Contact Person: Mr. Rajesh Lahori
Email: rajesh.lahori@yesbank.in
Website: www.yesbank.co.in

Auditors

S.R. Batliboi & Co.
Ernst & Young Tower
B-26, Qutab Institutional Area
New Delhi 110 016
Tel: + 91 11 2661 1004
Fax: + 91 11 2661 1012
E-mail: ey.ind@in.ey.com
Website: www.ey.com/india

Bankers to the Company

ICICI Bank Limited
ICICI Tower, NBCC Place
Bisham Pitamah Marg
Pragat Vihar, Lodhi Road
New Delhi 110 003
Tel: +91 11 2340 8405
Fax: +91 2436 5231
Contact Person: Mr. Gaurav Vashisht
Email: gaurav.vasishtha@icicibank.com
Website: www.icicibank.com

Oriental Bank of Commerce
Hemkunt Tower
Nehru Place
New Delhi 110 019
Tel: +91 11 2643 7832
Fax: +91 11 2642 1734
Contact Person: Mr. Suhas Basu
Email: bm0127@obc.co.in
Website: www.obcindia.com

The Lakshmi Vilas Bank Limited
64 Dr. V.B. Gandhi Marg
Kalaghoda, Fort
Mumbai 400 001
Tel: +91 22 2267 3435
Fax: +91 22 2267 0267
Contact Person: Mr. N. Durairajan
Email: durairajan@lvbank.co.in
Website: www.lvbank.com

The Federal Bank Limited
32, Bombay Samachar Marg, Fort
Mumbai 400 001
Tel: +91 22 2265 4454
Fax: +91 22 2265 4464
Contact Person: Mr. Sasidharan C.M.
Email: bbya@federalbank.co.in
Website: www.federalbank.co.in

IDBI Bank
Red Cross Building
1 Red Cross Road
Tel: +91 11 2335 8368
Fax: +91 11 2335 8297
Contact Person: Mr. Abhishek Jain
Email: Abhishek@idbibank.com
Website: www.idbibank.com

Yes Bank Limited
48 Nyaya Marg
Chanakya Puri
New Delhi 110 021
Tel: +91 11 5168 0140
Fax: +91 11 5168 0144
Contact Person: Mr. Anuj Vohra
Email: anuj.vohra@yesbankltd.com
Website: www.yesbankltd.com

Mashreq Bank psc
Contract Financing Division
Post Box 1250
Dubai, United Arab Emirates
Tel: +971 4 2077805
Fax: +971 50 4542816
Contact Person: Mr. Hameer Noor Mohamed
Email: HameedMo@mashreqbank.com
Website: www.mashreqbank.com

Canara Bank
Corporate sErvice Branch
Ground Floor, Ansal Tower
Nehru Place
New Delhi 110 019
Tel: +91 11 2641 1518
Fax: +91 11 2641 6895
Contact Person: Mr. K.B. Prabhu
Email: fcscdel@canbank.wipro.net.in
Website: www.canbankindia.com

The Bank of Rajasthan Limited
82 Janpath
New Delhi 110 001
Tel: +91 11 2332 1100
Fax: +91 2335 4289
Contact Person: Mr. G.N. Mathur
Email: UCa@boraj.co.in
Website: www.bankofrajasthan.com

Karnataka Bank Limited
K-38 Choudhary Building
Connaught Circus
New Delhi 110 001
Tel: +91 11 2334 1426
Fax: +91 2374 4857
Contact Person: Mr. Murlidhar K. Rao
Email: del.connaught@ktkbank.com
Website: www.ktkbankltd.com

Vijaya Bank
Vijaya Building
17 Barakhamba Road
New Delhi 110 001
Tel: +91 11 2372 2585
Fax: +91 11 2371 3928
Contact Person: Mr. V.T. Naik
Email: del.barakhambaroad@vijayabank.co.in
Website: www.vijayabank.com

State Bank of Hyderabad
Surya Kiran Building
19 K.G. Marg
New Delhi 110 001
Tel: +91 11 2371 7892
Fax: +91 11 2332 9982
Contact Person: Mr. Negi
Email: sbhkgm@ndf.vsnl.net.in
Website: www.sbhyd.com

Allahabad Bank
17 Parliament Street
New Delhi 110 001
Tel: +91 11 2374 3694
Fax: +91 11 2336 3694
Contact Person: Mr. K.K. Kansal
Email: albpst@del13.vsnl.net.in
Website: www.allahabadbank.com

The Karur Vysya Bank Limited
Poonam Chambers
XVI/2645 Bank Street
Karol Bagh
New Delhi 110 005
Tel: +91 11 2571 2029
Fax: +91 11 2572 9079
Contact Person: Mr. Balaji
Email: Sbalaji@kvvmail.com
Website: karolbagh@kvv.com

ING Vysya Bank
9th Floor, Mercantile House
Kasturba Gandhi Marg
New Delhi 110 001
Tel: +91 11 5551 0107
Fax: +91 11 5551 0107
Contact Person: Mr. Sanjeev Mittal
Email: sanjeevm@ingvysyabank.com
Website: www.ingvysyabank.com

Indian Overseas Bank
Prakash Deep Building
7 Tolstoy Marg
New Delhi 110 001
Tel: +91 11 2331 9556
Fax: +91 11 2331 7765
Contact Person: Mr. T.K. Bose
Email: tolstbr@dalsco.iobnet.co.in
Website: www.iob.com

Citibank N.V.
DLF Centre, 5th Floor
Parliament Street
New Delhi 110 001
Tel: +91 11 2373 6671
Fax: +91 11 2373 6960
Contact Person: Mr. Tushar Vikram
Email: tushar.vikram@citibank.co.in
Website: www.citibank.co.in

United Bank of India
106-109 Ansal Tower
1st Floor, 38 Nehru Place
New Delhi 110 019
Tel: +91 11 2642 0014
Fax: +91 11 2641 8981
Contact Person: Mr. S.K. Bhowmik
Email: sk_bhowmick@indiatimes.com
Website: www.unitedbankofindia.com

Syndicate Bank
Corporate Finance Branch
Delhi Tamil Sangam Building
Sector V, R.K. Puram
New Delhi 110 022
Tel: +91 11 2619 0355
Fax: +91 11 2617 0355
Contact Person: Mr. S. Balasubramayam
Email: corpfin_synbk@rediffmail.com
Website: www.syndicatebank.com

State Bank of Bikaner & Jaipur
G-72 Connaught Circus
New Delhi 110 001
Tel: +91 11 2332 4699
Fax: +91 11 2371 3994
Contact Person: Mr. Jhavery
Email: sbbycdelhi@hotmail.com
Website: www.sbbjbank.com

State Bank of India
Overseas Branch
Jawahar Vyapar Bhawan
1 Tolstoy Marg
New Delhi 110 001
Tel: +91 11 2335 4512
Fax: +91 2371 1580
Contact Person: Mr. Pradeep Sholapurkar
Email: sbi.04803@sbi.co.in
Website: www.statebankofindia.com

Standard Chartered Bank
H-2 Connaught Circus
New Delhi 110 001
Tel: +91 11 2340 6404
Fax: +91 11 2332 0641
Contact Person: Ms. Mala Mayar
Email:
Mala.Mayar@in.standardchartered.com
Website: www.standardchartered.co.in

Central Bank of India
Overseas Branch
Bajaj Bhavan, Nariman Point
Mumbai 400 021
Tel: +91 11 2644 9232
Fax: +91 11 2646 9228
Contact Person: Mr. Ajay Kumar Midha
Email: cbinehru@bol.net.in
Website: www.centralbankofindia.co.in

Punjab National Bank
Large Corporate Branch
A-9 Connaught Circus
Inner Circle
New Delhi 110 001
Tel: +91 11 2332 7368
Fax: +91 11 2371 2518
Contact Person: Mr. Vinod Kathuria
Email: pnblcbdl@now-india.com
Website: www.pnbindia.com

UCO Bank
5 Sansad Marg
New Delhi 110 001
Tel: +91 11 2371 5904
Fax: +91 11 2371 7022
Contact Person: Mr. C.K. Mukherjee
Email: bo.parlst@ucobank.in
Website: www.ucobank.com

Bank Muscat (S.A.O.G.)
P.O. Box 134, Ruwi
P.C. 112
Sultanate of Oman
Tel: +968 768585
Fax: +968 706891
Contact Person: Mr. Akshay Kumar Parija
Email: akparija@bankmuscat.com
Website: www.bankmuscat.com

Development Credit Bank
Corporate Banking
4th Floor Hansalaya Building
15 Barakhamba Road
New Delhi 110 001
Tel: +91 11 2332 1326
Fax: +91 11 2331 2651
Contact Person: Mr. Tanmoy
Email: tanmoy@debl.com
Website: www.dcbl.com

State Bank of Travancore
Mumbai Main Branch
N.M. Wadia Building
125 M.G. Road, Fort
Mumbai 400 023
Tel: +91 22 2267 0886
Fax: +91 22 2267 4263
Contact Person: Mr. S.K. Birla
Email: mumbai@sbt.co.in
Website: www.statebankoftravancore.com

State Bank of Patiala
Commercial Branch
2nd Floor, Chandralok Building
36 Janpath
New Delhi 110 001
Tel: +91 11 2373 8096
Fax: +91 2335 4365
Contact Person: Mr. S.K. Bhasin
Email: sbpcbnd@yahoo.co.in
Website: www.sbp.co.in

State Bank of Saurashtra
Commercial Branch
17/18-A Nariman Point
Mumbai 400 021
Tel: +91 22 2282 9135
Fax: +91 22 2282 4961
Contact Person: Mr. K.N. Murali
Email: mum.crcl@sbs.co.in
Website: www.sbsbank.com

IndusInd Bank
2nd Floor, International Trade Tower
Nehru Place
New Delhi 110 001
Tel: +91 11 2648 1141
Fax: +91 11 2623 6537
Contact Person: Mr. A.K. Thakur
Email: denp@indusind.com
Website: www.indusind.com

Statement of Inter se Allocation of Responsibilities for the Offer

The following table sets forth the distribution of responsibility and coordination for various activities among the BRLMs. The BRLMs shall be jointly and severally liable to SEBI for all the activities described below:

Activities	Responsibility	Coordination
Capital structuring with the relative components and formalities such as the type of instruments etc.	I-SEC, Citigroup, DSPML and KMCC	KMCC
Due diligence of the Company's operations/ management/ business plans/ legal matters etc. Drafting and design of the Red Herring Prospectus and of the statutory advertisement including the memorandum containing salient features of the Prospectus. The BRLMs shall ensure compliance with the stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalization of the Prospectus and the RoC filing.	I-SEC, Citigroup, DSPML and KMCC	I-SEC
Drafting and approval of all publicity material other than statutory advertisements as mentioned in (2) above including corporate advertisements, brochures etc.	I-SEC, Citigroup, DSPML and KMCC	DSPML
Appointment of other intermediaries i.e. Registrar to the Offer, printers, advertising agency and Bankers to the Offer.	I-SEC, Citigroup, DSPML and KMCC	I-SEC
International institutional marketing of the Offer, which will cover *inter alia*, finalizing the list and division of investors for one to one meetings and finalizing road show schedules and investor meeting schedules.	I-SEC, Citigroup, DSPML and KMCC	Citigroup
Domestic institutional marketing of the Offer, which will cover *inter alia*, finalizing the list and division of investors for one to one meetings and finalizing road show schedules and investor meeting schedules.	I-SEC, Citigroup, DSPML and KMCC	KMCC
Non Institutional and retail marketing of the Offer, which will include, *inter alia*: 1. Formulating marketing strategies, preparation of publicity budget; 2. Finalizing media and public relations strategy; 3. Finalizing centers for holding conferences for brokers; 4. Finalizing collection centers; 5. Follow-up on distribution of publicity and Offer materials, including form, prospectus and deciding on the quantum of the Offer material; 6. Finalizing collection orders.	I-SEC, Citigroup, DSPML and KMCC	DSPML
Appointment of Syndicate members	I-SEC, Citigroup, DSPML and KMCC	DSPML
Managing the book, co-ordination with stock exchanges for book building software, bidding terminals and stock trading and finalization of pricing and institutional allocation in consultation with the Company.	I-SEC, Citigroup, DSPML and KMCC	KMCC

The post bidding activities including management of Escrow Accounts, coordination of Non Institutional allocation, intimation of allocation and dispatch of refunds to Bidders etc. The post Offer activities will involve essential follow up steps, including finalization of trading and dealing instruments and dispatch of certificates and demat delivery of Equity Shares, with the various agencies connected with the work such as the Registrar to the Offer and Bankers to the Offer and the banks handling refund business. The BRLMs shall be responsible for ensuring that these agencies fulfill their functions and enable them to discharge this responsibility through suitable agreements with the Company.	I-SEC, Citigroup, DSPML and KMCC	I-SEC

Credit Rating

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

Trustees

As the Offer is of equity shares, the appointment of trustees is not required.

Book Building Process

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

The principal parties involved in the Book Building Process are:

(1) the Company;
(2) the Book Running Lead Managers;
(3) the Syndicate Members who are intermediaries registered with SEBI or registered as brokers with BSE/NSE and eligible to act as underwriters. Syndicate Members are appointed by the BRLMs; and
(4) the Registrar to the Offer.

This being an Offer for less than 25% of the post-Offer capital, the securities being offered to the public through the 100% Book Building Process in accordance with the SEBI Guidelines, read with Rule 19(2)(b) of the SCRR, wherein: (i) at least 60% of the Net Offer shall be allocated on a proportionate basis to QIBs, (ii) up to 10% of the Net Offer shall be available for allocation on a proportionate basis to the Non Institutional Bidders and (iii) up to 30% of the Net Offer shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Offer Price.

QIBs are not allowed to withdraw their Bid(s) after the Bid/Offer Closing Date. In addition, as per recent amendments to the SEBI Guidelines, QIBs are required to pay 10% Margin Amount upon submission of their Bid and allocation to QIBs will be on a proportionate basis. For further details, please refer to the "Terms of the Offer" on page 484 of this Red Herring Prospectus.

The Company shall comply with guidelines issued by SEBI for this Offer. In this regard, the Company and the Selling Shareholders have appointed Citigroup Global Markets India Private Limited, DSP Merrill Lynch Limited, ICICI Securities Limited and Kotak Mahindra Capital Company Limited as the BRLMs to manage the Offer and to procure subscription to the Offer.

Illustration of Book Building and Price Discovery Process

(Investors may note that this illustration is solely for the purpose of easy understanding and is not specific to the Offer.)

Bidders can bid at any price within the price band. For instance, assuming a price band of Rs.40 to Rs.48 per share, issue size of 6,000 equity shares and receipt of nine bids from bidders, details of which are shown in the table below, the illustrative book would be as below. A graphical representation of the consolidated demand and price would be made available at the bidding centers during the bidding period. The illustrative book as shown below indicates the demand for the shares of the company at various prices and is collated from bids from various investors.

Number of equity shares bid for	Bid Price (Rs.)	Cumulative equity shares bid	Subscription
500	48	500	8.33%
700	47	1,200	20.00%
1,000	46	2,200	36.67%
400	45	2,600	43.33%
500	44	3,100	51.67%
200	43	3,300	55.00%
2,800	42	6,100	101.67%
800	41	6,900	115.00%
1,200	40	8,100	135.00%

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

The process of Book Building under the SEBI Guidelines is relatively new and is subject to change from time to time. Accordingly, investors are advised to make their own judgment about investment through this process prior to making a Bid or Application in the Offer.

Steps to be taken for Bidding:

1. Check eligibility for making a Bid (see the section "Offer Procedure- Who Can Bid" beginning on page 487 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 attached copies of your PAN to the Bid cum Application Form (see the section "Offer Procedure- PAN or GIR Number" beginning on page 503 of this Red Herring Prospectus); and
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.

Investors should note that Equity Shares offered by Atul Punj in the Offer for Sale will be allotted only to Indian residents and Eligible NRIs.

Underwriting Agreement

After the determination of the Offer Price but prior to filing of the Prospectus with RoC, the Company and the Selling Shareholders (acting through their duly constituted attorneys) propose to enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through this Offer. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLMs shall be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfill their underwriting obligations. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and are subject to certain conditions, as specified therein.

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

(This portion has been intentionally left blank and will be completed prior to filing of the Prospectus with RoC)

Name and Address of the Underwriters	**Indicative Number of Equity Shares to be Underwritten**	**Amount Underwritten (Rs. thousand)**
Citigroup Global Markets India Private Limited 4th Floor, Bakhtawar 229 Nariman Point Mumbai 400 021 Tel: 91 22 5631 9999 Fax: 91 22 5631 9803 E-mail:pll.ipo@citigroup.com	[●]	[●]
DSP Merrill Lynch Limited 10th Floor, Mafatlal Centre Nariman Point Mumbai 400 021 Tel : 91 22 2262 1071 Fax: 91 22 2262 1187 E-mail: pll_ipo@ml.com	[●]	[●]
ICICI Securities Limited ICICI Centre H.T. Parekh Marg, Churchgate Mumbai 400 020 Tel: + 91 22 2288 2460 Fax: + 91 22 2283 6580 E-mail:pll_ipo@isecltd.com	[●]	[●]
Kotak Mahindra Capital Company Limited 3rd Floor, Bakhtawar 229 Nariman Point Mumbai 400 021 Tel: 91 22 5634 1100 Fax: 91 22 2284 0492 E-mail:punjlloyd.ipo@kotak.com	[●]	[●]

Syndicate Members		
ICICI Brokerage Services Limited ICICI Centre H.T. Parekh Marg, Churchgate Mumbai 400 020 Tel: + 91 22 2288 2460 Fax: + 91 22 2283 7045 E-mail: pll_ipo@isecltd.com	[●]	[●]
Kotak Securities Limited Bakhtawar, 1st Floor 229 Nariman Point Mumbai 400 021 India Tel: + 91 22 5634 1100 Fax: + 91 22 5630 3927 E-mail: ulhas.sawant@kotak.com	[●]	[●]

The amounts mentioned above are indicative and this would be finalized after determination of Offer Price and actual allocation of the Equity Shares. The Underwriting Agreement is dated [●].

In the opinion of the Board of Directors (based on a certificate given to them by BRLMs and the Syndicate Members), the resources of the Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. All the above-mentioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the stock exchanges.

Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitments. Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to the Equity Shares allocated to investors procured by them. In the event of any default, 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.

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

CAPITAL STRUCTURE

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

(In Rupees. Thousands)

	Aggregate nominal value	Aggregate Value at Offer Price, except share data
A. Authorized Capital[(1)]		
60,000,000 Equity Shares of Rs.10 each	600,000	
20,000,000 Preference Shares of Rs.10 each	200,000	
B. Issued, Subscribed and Paid-Up Capital before the Offer		
43,864,662 Equity Shares of Rs.10 each	438,647	
C. Present Offer to Public in terms of this Red Herring Prospectus		
Offer of:		
9,172,937 Equity Shares of Rs.10 each	91,729	
Out of the above:		
(i) Fresh Issue		
8,355,174 Equity Shares of Rs.10 each	83,551	[●]
(ii) Offer for Sale[(2)]		
817,763 Equity Shares of Rs.10 each	8,177	[●]
D. Employee Reservation Portion		
100,000 Equity Shares of Rs.10 each	1,000	[●]
E. Net Offer to the Public		
9,072,937 Equity Shares of Rs.10 each	90,729	[●]
F. Equity Capital after the Offer		
52,219,836 Equity Shares of Rs.10 each [(3)]	522,198	[●]
G. Share Premium Account		
Before the Offer	2,515,867	
After the Offer	[●]	

(1) 1. On May 22, 1989, the Company's authorized share capital was increased from Rs.7,500,000 to Rs.30,000,000, divided into 300,000 Equity Shares of Rs.100 each.

2. On July 21, 1992, the Company's authorized share capital was increased from Rs.30,000,000 to Rs.60,000,000, divided into 6,000,000 Equity Shares of Rs.10 each. The nominal value of each Equity Share was also changed from Rs.100 to Rs.10 each.

3. On March 16, 1994, the Company's authorized share capital was increased from Rs.60,000,000 to Rs.100,000,000, divided into 10,000,000 Equity Shares of Rs.10 each.

4. On July 14, 1995, the Company's authorized share capital was increased from Rs.100,000,000 to Rs.250,000,000, divided into 25,000,000 Equity Shares of Rs.10 each.

5. On September 29, 1997, the Company's authorized share capital was increased from Rs.250,000,000 to Rs.500,000,000, divided into 30,000,000 Equity Shares of Rs.10 each and 20,000,000 preference shares of Rs.10 each.

6. On September 29, 2005, the Company's authorized share capital was increased from Rs.500,000,000 to Rs.800,000,000, divided into 60,000,000 Equity Shares of Rs.10 each and 20,000,000 preference shares of Rs.10 each.

(2) The details of the Equity Shares being offered in the Offer for Sale by the Selling Shareholders are as under:

Name of the Shareholder	Number of Equity Shares offered	% of pre-Offer equity capital
Atul Punj	109,035	0.25
S.N.P. Punj/Indu Rani Punj	109,035	0.25
Uday Punj/Mangalam Punj	599,693	1.37

Equity Shares being offered by the Selling Shareholders as a part of the Offer for Sale have been held by the Selling Shareholders for a minimum period of one year prior to the date of filing the Red Herring Prospectus with SEBI.

(3) On November 11, 2005, the Remuneration Committee adopted the ESOP 2005. Under the ESOP 2005, up to 800,000 Equity Shares may be issued to permanent employees of the Company, whether working in India or outside India and whole time Directors. The ESOP will be administered by our

Remuneration Committee, which shall determine the terms and conditions of the employee stock options granted from time to time. On November 17, 2005, an initial grant of options to acquire an aggregate of 643,489 Equity Shares has been made to certain employees and Directors of the Company. The equity capital of our Company upon completion of the Offer, assuming full exercise of all the outstanding options issued under the ESOP, will comprise 52,863,325 Equity Shares. For details, please refer to Note 8 of the notes to the Capital Structure.

Notes to the Capital Structure

1. Share Capital History of the Company:

The following is the history of the equity share capital of the Company:

Date of allotment and date on which fully paid-up	Number of Equity Shares (of face value of Rs.10)	Face value (Rs.)	Issue price (Rs.)	Consideration (cash, bonus, consideration other than cash)	Reasons for Allotment	Cumulative premium (Rs. thousand)	Cumulative paid-up share capital (Rs. thousand)
September 26, 1988	20	100	100	Cash	Initial subscription to the Company's Memorandum of Association	Nil	2000
May 29, 1989	192,000	100	100	Cash	Further allotment	Nil	19200
May 18, 1991	38,980	100	100	Cash	Further allotment	Nil	23,100
July 27, 1992	263,300	10[(1)]	10	Cash	Further allotment	Nil	25,730
July 27, 1992	136,700	10	10	Consideration other than cash	Conversion of debt into equity	Nil	27,100
April 25, 1994	2,820,000	10	10	Cash	Further allotment	Nil	55,300
July 28, 1995	12,166,000	10	10	Bonus issue in the ratio of 22:10	Bonus issue	Nil	176,960
July 29, 1995	2,948,800	10	125	Conversion of 1,843,000 9% unsecured fully convertible debentures into Equity Shares in the ratio of 16 Equity Shares for 10 debentures at a premium of Rs.115 each	Further allotment	339,110	206,450
September 29, 2004	1,817	10	10	Consideration other than cash	Issued and allotted for consideration other than cash to the shareholders of Spectra Net Limited pursuant to a scheme of arrangement and demerger between Spectra Net Limited, Punj Lloyd Limited and Atna Investments Limited, which was approved by the High Court of Delhi by its order dated August 16, 2004	339,110	206,470
November 11, 2004	3,670,510	10	250	Cash	Further allotment	1,220,030	243,170
September 30, 2005	3,098,296	10	441.33[(2)]	Consideration other than cash	Conversion of Mandatory Convertible Preference Shares	2,556,420	274,150
September 30, 2005	16,449,239	10	10	Bonus issue in the ratio of 3:5	Bonus issue	2,556,420	438,650
Total	**43,864,662**						

[(1)] Each equity share of Rs.100 was sub-divided into 10 Equity Shares of Rs.10 each.
[(2)] Equity Shares were issued upon conversion of MCPS and the issue price reflects the issue of 3.38 Equity Shares per MCPS of par value of Rs.10 issued at a premium of Rs.1,480.12.

The following is the history of the preference share capital of the Company:

Date of allotment of Preference Shares and date on which fully paid-up	No. of Preference Shares	Face value (Rs.)	Offer Price (Rs.)	Consideration	Reason for Allotment	Cumulative premium (Rs. million)	Cumulative paid-up share capital (Rs. million)
November 11, 2004	917,628[(1)]	10	1,490.12	Cash	Issue of Mandatory Convertible Preference Shares.	1,358,200	9,180

[(1)] These preference shares have been converted into 3,098,296 Equity Shares on September 30, 2005.

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

Date of allotment and date on which fully paid-up	Number of Equity Shares (of face value of Rs.10)	Issue price (Rs.)	Consideration (cash, bonus, consideration other than cash)	Reasons for Allotment	To Whom the Allotment was Made	Benefits to the Company
July 27, 1992	136,700	10	Consideration other than cash	Conversion of debt into equity	Sagit Investments Private Limited	Conversion of debt into equity as against repayment of a loan.
July 28, 1995	12,166,000	10	Bonus issue in the ratio of 22:10	Bonus issue	All the shareholders of the Company as on July 28, 1995.	Nil
July 29, 1995	2,948,800	125	Conversion of 1,843,000 9% unsecured fully convertible debentures into Equity Shares in the ratio of 16 Equity Shares for 10 debentures at a premium of Rs.115 each	Further allotment	1. Videcon International Limited; 2. Ind Bank Merchant Banking Services Limited; 3. Alpic Finance Limited; 4. Credit Lyonnais; 5. ITC Bhadrachalam Finance & Investment Limited; 6. Patheja Bros. Forgings and Stampings Limited; 7. Parle Exports Limited; 8. DCM Financial Services Limited; 9. Mile-Stone Finance & Leasing Private Limited; and 10. 20th Century Capital Corporation Limited; 11. Leasing Corporation of India Limited.	Nil

September 29, 2004	1,817	10	Consideration other than cash	Issued and allotted for consideration other than cash pursuant to a scheme of arrangement and demerger between Spectra Net Limited, Punj Lloyd Limited and Atna Investments Limited, which was approved by the High Court of Delhi by its order dated August 16, 2004	The shareholders of Spectra Net Limited.	Nil
September 30, 2005	3,098,296	441.33(2)	Consideration other than cash	Conversion of Mandatory Convertible Preference Shares	Merlion India Fund I Limited, New York Life Investment Management India Fund II LLC, Dunearn Investments (Mauritius) Pte. Limited, Jacob Ballas Capital India Private Limited and Standard Chartered Private Equity (Mauritius) II Limited.	Nil
September 30, 2005	16,449,239	10	Bonus issue in the ratio of 3:5	Bonus issue	All the shareholders of the Company as on September 30, 2005.	Nil

(1) Each Equity Share of Rs.100 was sub-divided into 10 Equity Shares of Rs.10 each.
(2) Equity Shares were issued upon conversion of MCPS and the issue price reflects the issue of 3.38 Equity Shares per MCPS of par value of Rs.10 issued at a premium of Rs.1,480.12.

2. Promoters' Contribution and Lock-in

Pursuant to the SEBI Guidelines, an aggregate of 20% of the post-Offer shareholding of the Company's Promoters shall be locked up for a period of three years from the date of Allotment in the Offer. All such Equity Shares are dematerialized. Set forth below are the details of such lock-in:

Name	Number of Equity Shares	Percentage of pre-Offer paid-up equity capital (%)	Percentage of post-Offer paid-up equity capital (%)
Indtech Construction Private Limited	4,230,643	9.64	8.10
Atul Punj	285,721	0.65	0.55
Uday Punj	384,256	0.88	0.74
Mangalam Punj	256	0.00	0.00
Uday Punj/Mangalam Punj	733,252	1.67	1.40
Mangalam Punj/Uday Punj	1,399,545	3.19	2.68
S.N.P. Punj/Indu Rani Punj	1,650,630	5.02	4.22
Indu Rani Punj/S.N.P. Punj	1,759,665	2.75	2.31
Total	**10,443,968**	**23,800**	**20%**

In terms of clause 4.14.1 of the SEBI Guidelines, in addition to 20% of post-Offer shareholding of the Company held by the Promoters for three years, as specified above, the entire pre-Offer issued equity share capital of the Company less the number of Equity Shares for which transfer is made under the Offer for Sale will be locked in for a period of one year from the date of Allotment in this Offer.

In terms of Clause 4.14.2 of the SEBI Guidelines, the requirements of Clause 4.14.1 of the SEBI Guidelines shall not be applicable to FVCIs registered with SEBI. Consequently, 7,970,775 Equity Shares representing 18.17% and 15.26% of the pre-Offer and post-Offer equity share capital held by Merlion India Fund III Limited, an FVCI, are exempt from any SEBI statutory lock-in. The total number of Equity Shares which are locked in for one year is 24,632,156.

In terms of Clause 4.16.1(a) of the SEBI Guidelines, the Equity Shares held by persons other than the Promoters prior to the Offer may be transferred to any other person holding the Equity Shares which are locked-in as per Clause 4.14 of the SEBI Guidelines, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with

SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable. Further, in terms of clause 4.16(b) of the SEBI Guidelines, Equity Shares held by the Promoters may be transferred to and among the Promoter group or to a new promoter or persons in control of the Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997, as applicable.

Locked-in Equity Shares held by the Promoters can be pledged with banks or financial institutions as collateral security for loans granted by such banks or financial institutions.

3. **Shareholding Pattern of the Company**

Name of Shareholders	Pre-Offer		Post-Offer	
	Number of Equity Shares	Percentage of equity share capital (%)	Number of Equity Shares	Percentage of equity share capital (%)
Promoters and Promoter Group				
Atul Punj	394,756	0.90	285,721	0.55
Atul Punj (HUF)	164	0.00	164	0.00
Atul Punj/Shiv Punj	195	0.00	195	0.00
Cawdor Enterprises Limited	15,138,286	34.51	15,138,286	28.99
Dev Punj	67	0.00	67	0.00
Indtech Construction Private Limited	4,230,643	9.64	4,230,643	8.10
Indu Rani Punj/S.N.P. Punj	2,312,448	5.27	2,312,448	4.43
Jai Punj	67	0.00	67	0.00
K.R. Securities Private Limited	129	0.00	129	0.00
Mangalam Punj	256	0.00	256	0.00
Mangalam Punj/Uday Punj	1,399,545	3.19	1,399,545	2.68
PLE Hydraulics Private Limited	8	0.00	8	0.00
PTA Engineering and Manpower Services Private Limited	8	0.00	8	0.00
S.N.P. Punj/Indu Rani Punj	2,312,448	5.27	2,203,413	4.22
Shiv Punj/ Atul Punj	192	0.00	192	0.00
Special Steel Forgings Private Limited	3	0.00	3	0.00
Spectra Punj Finance Private Limited	352,004	0.80	352,004	0.67
Uday Punj	384,256	0.88	384,256	0.74
Uday Punj (HUF)	1,399,545	3.19	1,399,545	2.68
Uday Punj/Mangalam Punj	1,441,980	3.29	842,287	1.61
Vishvdeva Builders & Promoters Private Limited	22	0.00	22	0.00
Sub Total	**29,367,022**	**66.95**	**28,549,259**	**54.67**
Private Equity Investors				
Merlion India Fund III Limited	7,970,775	18.17	7,970,775	15.26
New York Life Investment Management India Fund II LLC	2,057,715	4.69	2,057,715	3.94
Dunearn Investments (Mauritius) Pte. Limited	2,166,014	4.94	2,166,014	4.15
Jacob Ballas Capital India Private Limited	108,304	0.25	108,304	0.21
Sub Total	**12,302,808**	**28.05**	**12,302,808**	**23.56**
Others	**2,194,832**	**5.00**	**2,194,832**	**4.20**
Public (pursuant to the Offer)	-	-	**9,172,937**	**17.57**
Total	**43,864,662**	**100**	**52,219,836**	**100**

4. The Company, the Directors and the BRLMs have not entered into any buy-back and/or standby arrangements for the purchase of Equity Shares from any person.

5. In case of over-subscription in all categories, at least 60% of the Net Offer shall be available for allocation on a proportionate basis to Qualified Institutional Buyers, up to 10% of the Net Offer shall be available for allocation on a proportionate basis to Non Institutional Bidders and up to 30% of the Net Offer shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Offer Price. Under-subscription, if any, in the Retail or Non Institutional categories would be met with spill over from other categories or combination of categories at the sole discretion of the Company and the Selling Shareholders in consultation with the BRLMs. From the existing QIB Portion, 5% of the QIB Portion shall be available for allocation to Mutual Funds. Mutual Funds participating in the 5% share in the QIB Portion will also be eligible for allocation in the remaining QIB Portion.

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

(a) The top ten shareholders of the Company as on the date of filing this Red Herring Prospectus are as follows:

Sr. No.	Name of Shareholders	Number of Equity Shares
1.	Cawdor Enterprises Limited	15,138,286
2.	Merlion India Fund III Limited	7,970,775
3.	Indtech Construction Private Limited	4,230,643
4.	S.N.P. Punj/Indu Rani Punj	2,312,448
5.	Indu Rani Punj/S.N.P. Punj	2,312,448
6.	Dunearn Investments (Mauritius) Pte. Limited	2,166,014
7.	New York Life Investment Management India Fund II LLC	2,057,715
8.	Uday Punj/ Mangalam Punj	1,441,980
9.	Mangalam Punj/Uday Punj	1,399,545
10.	Uday Punj (HUF)	1,399,545

(b) The top ten shareholders of the Company as of two years prior to filing this Red Herring Prospectus were as follows:

Sr. No.	Name of Shareholders	Number of Equity Shares
1.	Cawdor Enterprises Limited	9,461,429
2.	Indtech Construction Private Limited	2,644,000
3.	S.N.P. Punj/ Indu Rani Punj	1,445,280
4.	Indu Rani Punj/ S.N.P. Punj	1,445,280
5.	Uday Punj/ Mangalam Punj	901,136
6.	Mangalam Punj/ Uday Punj	874,632
7.	Uday Punj (HUF)	874,632
8.	Spectra Punj Finance Private Limited	687,371
9.	ICICI Trusteeship Services Limited (ICICI Equity Fund)	640,000
10.	Indbank Merchant Banking Services Limited	400,000

(c) The top ten shareholders as on ten days prior to filing this Red Herring Prospectus, were as follows:

Sr. No.	Name of Shareholders	Number of Equity Shares
1.	Cawdor Enterprises Limited	15,138,286
2.	Merlion India Fund III Limited	7,970,775
3.	Indtech Construction Private Limited	4,230,643
4.	S.N.P. Punj/Indu Rani Punj	2,312,448
5.	Indu Rani Punj/S.N.P. Punj	2,312,448

6.	Dunearn Investments (Mauritius) Pte. Limited	2,166,014
7.	New York Life Investment Management India Fund II LLC	2,057,715
8.	Uday Punj/ Mangalam Punj	1,441,980
9.	Mangalam Punj/Uday Punj	1,399,545
10.	Uday Punj (HUF)	1,399,545

7. The Directors, the Promoters, the directors of the Promoters or the Promoter Group have not purchased or sold any securities of the Company, during a period of six months preceding the date of filing this Red Herring Prospectus with SEBI.

8. On September 29, 2005, the Company authorized the Remuneration Committee to adopt an employee stock option scheme (the "ESOP 2005"). The issuance of Equity Shares pursuant to ESOP 2005 will be subject to compliance with all applicable laws and regulations. The aggregate number of Equity Shares to be issued under the ESOP 2005 will be not more than 800,000 and the exercise price will be a price equal to 90% of the Offer Price.

   On November 11, 2005, the Remuneration Committee adopted the ESOP 2005. Under the ESOP 2005, up to 800,000 Equity Shares may be issued to permanent employees of the Company, whether working in India or outside India and whole time Directors but excludes an employee who is a Promoter or belongs to the Promoter group and a Director, who either by himself or his relatives or through any body corporate, directly or indirectly holds more than 10% of the outstanding Equity Shares of the Company. The ESOP will be administered by our Remuneration Committee, which shall determine the terms and conditions of the employee stock options granted from time to time. On November 17, 2005, an initial grant of options to acquire an aggregate of 643,489 Equity Shares has been made to certain employees and Directors of the Company. The equity capital of our Company upon completion of the Offer, assuming full exercise of all the outstanding options issued under the ESOP, will comprise 52,863,325 Equity Shares. Pursuant to the initial grant, we have issued the following options:

   Particulars of the ESOP 2005

Options granted	643,489
Exercise price	At a price equal to 90% of the Offer Price.
Options vested	Nil
Options exercised	Nil
The total number of Equity Shares arising as a result of exercise of options	643,489
Options lapsed	Nil
Variation of terms of options	Nil
Money realized by exercise of options	Nil
Total number of options in force	800,000
Person-wise details of options granted to:	
i. Directors and key managerial employees.	Detailed as below.
ii. Any other employee who received a grant in any one year of options amounting to 5% or more of options granted during that year.	Nil
iii. Identified employees who are granted options, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	Nil
Diluted Earning Per Share (EPS) pursuant to issue of shares on exercise of options	0.80
Vesting schedule	The options will vest in the ratio of 10%, 20%, 30% and 40% at the end of one, two, three and four years from the date of grant respectively.
Lock-in	Not applicable.

Directors and Key Management Personnel to Whom Options have Been Granted

S.No.	Name	Number of Options
Directors		
1.	V.K. Kaushik	40,000
2.	H.K. Kaul	20,325
3.	Luv Chhabra	27,000
4.	Tarwinder Singh	20,325
Key Management Personnel		
1.	P.K. Gupta	20,000
2.	P.K. Gandhi	16,675
3.	Atul Kumar Jain	8,353
4.	Sandeep Garg	7,771
5.	J.K. Dhar	7,353
6.	A.K. Khanna	6,349
7.	Gora Chand Basu	7,552
8.	Ramanjit Singh Chadha	6,925
9.	Raju Kaul	9,449
10.	Ravi Keswani	7,437
11.	Dinesh Thairani	4,183

9. An investor cannot make a Bid for more than the number of Equity Shares offered through the Offer, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor. Investors should note that Equity Shares offered by Atul Punj in the Offer for Sale will be allotted only to Indian residents and Eligible NRIs.

10. There will be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of this Red Herring Prospectus with SEBI until the Equity Shares to be issued pursuant to the Offer have been listed.

11. Except for the issue of options or Equity Shares pursuant to ESOP 2005, the Company presently does not have any intention or proposal to alter its capital structure for a period of six months from the date of opening of the Offer, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including the issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise except that if we enter into acquisitions or joint ventures, we may, subject to necessary approvals, consider raising additional capital solely to fund such activity or use Equity Shares as currency solely for acquisition or participation in such joint ventures.

12. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law. We shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.

13. As on the date of this Red Herring Prospectus, the total number of holders of Equity Shares was 64.

14. The Company has not raised any bridge loans against the proceeds of the Offer.

15. Except as disclosed in Note 1 to the Capital Structure beginning on page 23 and "Other Regulatory and Statutory Disclosures - Offers otherwise than for Cash" beginning on page 473 of this Red Herring Prospectus, we have not issued any Equity Shares out of revaluation reserves or for consideration other than cash.

16. There are no outstanding warrants, options or rights to convert debentures, loans or other instruments into the Equity Shares except as disclosed under paragraph 8 above.

17. The Equity Shares held by the Promoters are not subject to any pledge.

18. Pursuant to the SEBI Guidelines, Promoters' contribution has been brought in to the extent of not less than the specified minimum lot and from persons defined as Promoters.

19. The Equity Shares being issued or transferred pursuant to the Offer shall be and are fully paid up.

20. An over subscription to the extent of 10% of the Net Offer can be retained for the purpose of rounding off to the nearest multiple of the minimum allotment lot.

21. Only "Employees" will be eligible to apply in this Offer under the Employee Reservation Portion on a competitive basis. Any person who is not an Employee is not eligible to participate in the Employee Reservation Portion. Bids by Employees can also be made in the "Net Offer" to the public and such Bids shall not be treated as multiple Bids. If the aggregate demand in the Employee Reservation Portion is greater than 100,000 Equity Shares at or above the Offer Price, allocation shall be made on a proportionate basis subject to a maximum Allotment to any Employee of 5,000 Equity Shares. The unsubscribed portion, if any, from the Equity Shares in the Employee Reservation Portion will be treated as part of the Net Offer and Allotment shall be made in accordance with the description in the section entitled "Offer Procedure" beginning at page 482 of this Red Herring Prospectus.

22. Except as disclosed in this Red Herring Prospectus, none of the Company's Directors and key managerial personnel hold any Equity Shares.

OBJECTS OF THE OFFER

The objects of the Offer are to achieve the benefits of listing on the Stock Exchanges and to raise capital. We believe that listing will enhance the Company's brand name and provide liquidity to the Company's existing shareholders and employees who shall be allotted Equity Shares under the Company's ESOP 2005. Listing will also provide a public market for the Equity Shares in India.

The net proceeds of the Fresh Issue after deducting all Offer related expenses are estimated to be approximately Rs.[●] thousand. The Company will not receive any proceeds of the Offer for Sale by the Selling Shareholders. The Company intends to use the net proceeds of the Fresh Issue to purchase capital equipment, towards prepayment of debt, for project related investments and for general corporate purposes. In the event of any shortfall in using the net proceeds of the Fresh Issue as described in the objects of the Offer, the Company will reduce the amount of prepayment of debt. In the event of a surplus, the Company will use such surplus towards further prepayment of debt.

The main objects clause and the objects incidental or ancillary to the main objects clause of the Memorandum of Association enable the Company to undertake its existing activities and the activities for which funds are being raised by the Company in the Fresh Issue.

The details of the proceeds of the Fresh Issue are summarized in the table below:

	(Rs. thousand)
Gross proceeds of the Fresh Issue	[•]
Offer related expenses	[•]
Net proceeds of the Fresh Issue	[•]

The following table summarizes the use of proceeds:

S.No.	Particulars	Funds Requirement (Rs. thousand)
1	Investment in Capital Equipment	Up to 1,500,000
2	Prepayment of Debt	Up to 3,000,000
3	Equity Investments in Infrastructure Projects, WOS and JVs	Up to 500,000
4	General Corporate Purposes	[●]
	Total	[●]

Schedule of Implementation/ Utilization of the Offer Proceeds

The break-down of the proposed utilization of the Fresh Issue proceeds and the year-wise deployment of proceeds during the next two years is as given below:

S.No.	Particulars	Amount to be Utilized in (in Rs. thousand)	
		October 1, 2005 to March 31, 2006	April 1, 2006 to March 31, 2007
1.	Investment in Capital Equipment	Up to 1,500,000	-
2.	Prepayment of Debt	Up to 3,000,000	-
3.	Equity Investments in Infrastructure Projects, Wholly Owned Subsidiaries and Joint Ventures	Up to 500,000	-
4.	General Corporate Purposes	[●]	[●]
	Total	**[•]**	**[•]**

Details of Use of Proceeds

1. Investment in Capital Equipment

The Company needs to make investments in capital equipment on a recurring basis. The Company intends to use up to Rs.1,500,000 thousand from the net proceeds of the Fresh Issue for purchase of capital equipment to meet the requirements of its various projects. The Company has projected a capital expenditure plan of Rs.1,500,000 thousand based on its Backlog as of September 30, 2005. The details of the equipment the Company intends to purchase and their estimated costs, including the estimated costs of associated spares, attachments and other accessories, are specified in the following capital expenditure plan:

(Rupees in Thousands)

Sl. No.	Equipment Description	Quantity	Amount
1	Dozer	18	48,020
2	Dozer	4	29,110
3	Dozer	10	44,630
4	Hydraulic Excavator	20	80,040
5	Hydraulic Excavator	8	50,290
6	Rock Breaker	2	2,050
7	Crawler Crane	1	6,660
8	Crawler Crane	1	15,970
9	Hydraulic Crane	16	77,620
10	Pipelayer/Dozer converted to Pipelayer	46	390,510
11	Boring Machine	2	14,260
12	Pipe Bending Machine	2	18,140
13	Semi Low Bed Trailor/Low Bed Trailor	4	26,530
14	Diesel Tanker complete with truck	9	12,060
15	Water Tanker	15	16,560
16	Pick and Carry Crane	8	7,360
17	Back Hoe Loader	9	14,860
18	DG set	2	12,470
19	DG set	1	2,940
20	DG set	4	5,540
21	DG set	25	16,700
22	DG set	9	5,080
23	DG set	9	2,660
24	Diesel welding Machine	140	53,990
25	Internal Pneumatic Line up Clamp	1	4,240
26	Compressor	2	2,030
27	Compressor	8	5,180
28	Welding Rectifier/MG set	50	4,900
29	Concrete Batching Plant complete with accessories such as Silos, Conveyors, Pnuematic Pumps etc.	1	6,170
30	Hot Mix plant complete with accessories	1	26,840
31	Stone crushing and screening Plant – 3 Stage	2	101,810
32	Hyd. Sensor Paver (DLC/Asphalt/WMM)	2	27,170
33	Dumper	140	269,190
34	Tandem Roller	2	1,080
35	Static Concrete Pump	6	8,640
36	Transit Mixer	20	48,720
37	10/7 Concrete Mixer	6	950
38	Accessories for Drilling Rig	1	42,650
	Total:		**1,503,620**

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

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

2. Prepayment of Debt

The Company has entered into various financing arrangements with a number of banks and financial institutions. These arrangements include fund based facilities (in the form of term loans, working capital facilities and short term loans) aggregating Rs.11,300,780 thousand as on September 30, 2005. As on September 30, 2005, the amount outstanding from the Company under these facilities was Rs.6,718,520 thousand. Details of the amounts outstanding have been provided in the table below:

(Rupees in Thousands)

Sr. No	Bank/ Lender	Total Amount Sanctioned Under Fund Based Facilities	Amount Outstanding as on September 30, 2005
A	**Term Loan Account**		
1	State Bank of India	250,000	124,739.36
2	ICICI Bank Ltd	330,000	175,747.99
3	Karur Vysya Bank	450,000	430,000.00
4	Vijaya Bank	250,000	102,578.65
5	Indian Overseas Bank	320,000	275,682.89
6	Syndicate Bank	200,000	150,035.96
7	Allahabad Bank	200,000	137,500.00
8	Punjab National Bank	600,000	539,975.20
9	State Bank of Patiala	195,000	194,893.86
10	Indus Ind Bank	150,000	150,000.00
11	UCO Bank	300,000	300,000.00
12	State Bank of Bikaner & Jaipur	100,000	99,999.06
13	Allahabad Bank	500,000	500,000.00
14	Mashreq Bank	24,010	17,531.99
	Total Term Loans	**3,719,010**	**3,198,684.95**
B	**Working Capital Limits**		
1	ICICI Bank	280,400	20,704.12
2	State Bank of India	925,000	164,743.43
3	Karur Vysya Bank	250,000	188,637.27
4	UCO Bank	190,000	181,301.18
5	State Bank of Hyderabad	200,000	169,849.04
6	Vijaya Bank	190,000	56,016.37
7	Citibank	361,000	75,801.37
8	Karnataka Bank	100,000	19,803.02
9	Standard Chartered Bank	425,000	157.70
10	IDBI Bank	40,000	39,614.47
11	Development Credit Bank	100,000	21,120.93
12	State Bank of Patiala	1,300,000	201,124.99
13	Yes Bank	300,000	189,630.71
14	ING Vysya	340,000	-
15	Masreq Bank	90,620	1,530
16	Bank Muscat (Oman)	286,000	368,967.47
	Total Working Capital Loans	**5,378,020**	**1,699,001.68**
C	**Unsecured Credit Facilities**		
1	State Bank of Saurashtra	100,000.00	100,000.00
2	Bank of Rajasthan Limited	50,000.00	50,000.00
3	Indian Overseas Bank	250,000.00	250,000.00
4	The Laxmi Vilas Bank Limited	50,000.00	50,000.00
5	The Federal Bank	150,000.00	150,000.00
6	State Bank of Travancore	200,000.00	200,000.00
7	Central Bank of India	100,000.00	100,000.00
8	Citibank	197,071.82	197,071.82
9	TCFC	60,600.00	12,120.00
10	Garanti Bank - Turkey	220,250.00	178,055.08
	Total	**1,377,921.82**	**1,287,246.90**
D	**Other Loans**		
1	LBBW (Unsecured - External Commerical Borrowing)	65,650.00	32,261.00
2	Nordea (Secured - External Commerical Borrowing)	66,590.00	37,041.00
3	Equipment Loan / HP from NBFC Banks	979,590.00	464,535.82
	Total Loans	**1,111,830.00**	**533,837.82**
	Aggregate (A+B+C+D)	**11,586,781.82**	**6,718,771.35**

The Company intends to utilize the proceeds of the Fresh Issue towards repayment of its fund-based facilities. The Company will give preference to repaying high cost debts first. Some of the Company's financing arrangements contain provisions relating to prepayment penalties. The Company will take these provisions into consideration in prepaying its debt from the proceeds of the Fresh Issue. In the event of any shortfall in using the net proceeds of the Fresh Issue as described in the objects of the Offer, the Company will reduce the amount of prepayment of debt. In the event of any surplus, the management, in accordance with the policies established by the Board, will have flexibility in applying such surplus towards further prepayment of debt.

3. Equity Investments in Infrastructure Projects, Wholly Owned Subsidiaries and Joint Ventures

The Company intends to bid for various projects on a BOT or BOOT basis and invest in wholly-owned subsidiaries and joint ventures within and outside India. BOT and BOOT projects require private sector investment in the form of capital infusion with the autonomy to operate and generate revenue. To be able to undertake such projects, the Company is required to form special purpose vehicles ("SPVs") to facilitate the execution of such projects. Typically, these projects involve contracts with concession periods ranging between 20 and 30 years. The Company intends to use up to Rs.500,000 thousand from the proceeds of the Fresh Issue for equity investments in SPVs, wholly owned subsidiaries and joint ventures within and outside India. The Company believes that it will derive benefits from its investment in such SPVs, wholly owned subsidiaries and joint ventures by being in a better position to bid for various projects on a BOT or BOOT basis. The Company has not identified any SPVs, wholly-owned subsidiaries or joint ventures in which it will invest and is not assured any future dividends from such SPVs, wholly-owned subsidiaries and joint ventures. It cannot be assured that the Company will be able to identify SPVs, wholly owned subsidiaries and joint ventures in which it wishes or is able to invest. The management, in accordance with the policies established by the Board, will have flexibility in applying the portion of the net proceeds allocated for equity investments in SPVs, wholly owned subsidiaries and joint ventures for general corporate purposes.

4. General Corporate Purposes

The Company intends to use Rs.[●] thousand from the proceeds of the Fresh Issue for general corporate purposes.

Offer Related Expenses

The Offer related expenses include, among others, underwriting and selling commissions, printing and distribution expenses, legal fees, advertisement expenses and registrar and depository fees. The estimated Offer expenses are as follows:

Activity	Expense (Rs. thousand)
Lead management, underwriting and selling commissions	[●](1)
Advertising and marketing expenses	[●](2)
Printing and stationery	[●](2)
Other (Registrar's fees, legal fees, etc.)	[●](2)
Total estimated Offer expenses	[●]

(1) Will be completed after finalization of the Offer Price.
(2) Will be incorporated at the time of filing of the Red Herring Prospectus.

Other than listing fees which will be paid by the Company, all expenses with respect to the Offer will be shared between the Company and the Selling Shareholders who have offered their shares for sale on a pro-rata basis, in the ratio of the Equity Shares issued by the Company in the Fresh Issue and the Equity Shares being sold by the Selling Shareholders in the Offer for Sale.

Interim Use of Proceeds

The Company's management, in accordance with the policies established by the Board, will have flexibility in deploying the proceeds received from the Fresh Issue. Pending utilization of the proceeds out of the Fresh Issue for the purposes described above, we intend to temporarily invest the funds in high quality interest bearing liquid instruments including deposits with banks or temporarily deploy the funds in working capital loan accounts. Such investments would be in accordance with the investment policies approved by the Board from time to time.

Monitoring of Utilization of Funds

The Board and the Monitoring Agency appointed by the Company will monitor the utilization of the proceeds of the Fresh Issue. The Company will disclose the utilization of the proceeds of the Fresh Issue under a separate head in the Company's balance sheet for fiscal 2006 clearly specifying the purpose for which such proceeds have been utilized. The Company will also, in the Company's balance sheet for fiscal 2006, provide details, if any, in relation to all such proceeds of the Fresh Issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of the Fresh Issue.

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

BASIS FOR OFFER PRICE

The Offer Price will be determined by the Company in consultation with the BRLMs on the basis of assessment of market demand for the offered Equity Shares by the Book Building Process. The face value of the Equity Shares is Rs.10 and the Offer Price is 60 times the face value at the lower end of the Price Band and 70 times the face value at the higher end of the Price Band.

Investors should read the following summary along with the sections titled “Risk Factors” and “Financial Statements” beginning on pages x and 147 of this Red Herring Prospectus, respectively and other details about the Company and its Subsidiaries included in the section entitled “History and Certain Corporate Matters” beginning on page 87 of this Red Herring Prospectus. The trading price of our Equity Shares could decline due to these risks and you may lose all or part of your investments.

Qualitative Factors

Factors internal to the Company

The Company is one of the largest engineering construction companies in India with a strong international presence.

- The Company has significant experience and a strong track record.
- The Company has operations in diverse industries and economies.
- The Company has long-term relationships with world-class clients.
- The Company has strong operational results and the ability to mobilize financial resources.

The Company is well positioned to capitalize on the global demand in the energy industry and infrastructure development.

- The Company has a highly qualified and motivated employee base and a proven management team.
- The Company has a large fleet of sophisticated construction equipment.

For a detailed discussion of these factors, see “Business –Our Strengths” beginning on page 62 of this Red Herring Prospectus.

Quantitative Factors

Information presented in this section is derived from the Company’s restated, unconsolidated financial statements and non restated consolidated financial statement prepared in accordance with Indian GAAP. Some of the quantitative factors, which may form the basis for computing the price, are as follows:

1. Earnings Per Share (“EPS”) as adjusted for changes in capital in unconsolidated financial statements:

(Rs. in Thousands)

Year	Adjusted PAT	Post Offer Number of Shares	EPS Rupees	Weight
Year ended March 31, 2003	232,615	52,219,836	4.45	1
Year ended March 31, 2004	625,348	52,219,836	11.97	2
Year ended March 31, 2005	101,991	52,219,836	1.95	3
Weighted Average			**5.71**	

EPS as adjusted for changes in capital in consolidated financial statements:

Year	Adjusted PAT	Post Offer Number of Shares	EPS Rupees	Weight
Year ended March 31, 2003		52,219,836		1
Year ended March 31, 2004	1,054,108	52,219,836	20.19	2
Year ended March 31, 2005	1,001,104	52,219,836	19.17	3
Weighted Average				

(1) The EPS has been computed on the basis of the consolidated financial statements for the financial years 2004 and 2005 and restated unconsolidated financial statements for the financial years 2003, 2004 and 2005 as per the Auditors' Report and after giving effect to the consequent increase in capital on account of compulsory conversions outstanding, fresh issue of shares in the Offer as well as on the assumption that the options outstanding, if any, to subscribe for additional capital will be exercised.

(2) The face value of each Equity Share is Rs.10.

2. Price/Earning ("P/E") ratio in relation to the Offer Price of Rs.[•]

a. Based on the year ended March 31, 2005, from the consolidated financial statements the EPS is Rs.19.17 and as at March 31, 2005 from the unconsolidated financial statements is Rs 1.95

b. P/E based on the twelve months ended March 31, 2005 is [•].

c. P/E based on the weighted average EPS is [•].

d. Industry P/E[1]

Particulars	Construction	Engineering – Turn Key
Highest	85	84.6
Lowest	3.9	15
Industry Composite	15.2	24.6

(1) Source: Capital Market Volume XX/ 18 dated November 7– November 20, 2005. Category – Construction, Engineering - Turnkey Services.

3. Average Return on Net Worth ("RoNW") on unconsolidated financial statements.

Year	Adjusted PAT	Net Worth	RoNW %	Weight
Year ended March 31, 2003	232,615	1,863,640	12.48%	1
Year ended March 31, 2004	625,348	2,464,281	25.38%	2
Year ended March 31, 2005	101,991	4,748,099	2.15%	3
Weighted Average			**11.61%**	

RoNW on consolidated financial statements

Year ended March 31,	Adjusted PAT	Net Worth	RoNW %	Weight
2003	-	-	-	-
2004	1,054,108	1,913,929	55.08	2
2005	1,001,104	5,092,445	19.66	3
Weighted Average			-	

Note:

(1) The RoNW has been computed on the basis of the consolidated financial statements for the financial years 2004 and 2005 as per the Auditors Report and restated unconsolidated financial statements for the financial years 2003, 2004 and 2005 as per the Auditors Report.

Adjusted Profit After Tax is before considering the share in profits/ losses of associates and minorities.

Net worth has been computed on the basis of consolidated finanicals for the financial years 2004 and 2005. Net worth is defined as share capital plus reserves and surplus minus preference share capital minus miscelleneous expenditure.

4. Minimum Return on Increased Net Worth required to maintain the pre-Offer EPS: [•]

5. Net Asset Value per Share ("NAV")

NAV per Equity Share represents shareholders' equity less miscellaneous expenses as divided by weighted average number of Equity Shares.

(i) NAV per Equity Share as at March 31, 2005 from the consolidated financial statements is Rs. 231.33 and as at March 31, 2005 from the unconsolidated financial statements is Rs 218.09

(ii) The NAV per Equity Share after the Offer is Rs.[•].

(iii) Offer Price: Rs.[•].

6. Comparison with Industry Peers

Based on the nature of the services provided by the Company, the comparison of its accounting ratios with its closest comparable listed competitor in India is given below:

Comparable listed Indian company	Year ended	Face value per equity share (Rs.)	Basic EPS (Rs.)	P/E	RoNW (%)	Book Value/ Share (Rs.)
Punj Lloyd	March 31, 2005	10	19.17	[•]	19.66%	209.80
L&T	March 31, 2005	2	48.3	25.0	22.7%	255.9
Gammon India	December 31, 2004	2	7.3	43.2	24.0%	41.8
Nagarjuna Construction	March 31, 2005	2	7	22.7	23.5%	40.8
Hindustan Construction Company	March 31, 2005	10	30.3	24.3	28.6%	153.9
IVRCL	March 31, 2005	10	26.1	21	29.3%	178.7

Source: Capital Market Volume XX/ 18 dated November 7 – November 20, 2005., 2005. Category – Construction, Engineering - Turnkey Services.
(1) Data for Punj Lloyd has been provided on a consolidated basis while that for other group companies are on an unconsolidated basis.

The BRLMs believe that the Offer Price of Rs.[●] is justified in view of the above qualitative and quantitative parameters. See the sections entitled "Risk Factors" and "Financial Statements" beginning on pages x and 147 of this Red Herring Prospectus, including important profitability and return ratios, as set out in the Auditors' reports included in the Financial Statements.

STATEMENT OF TAX BENEFITS

Auditor’s Report

Punj Lloyd Limited
Punj Lloyd House
17-18, Nehru Place
New Delhi 110 019
India

Dear Sirs,

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

We hereby report that the enclosed statement states the possible tax benefits available to the Company and to the shareholders of the Company under the Income tax Act, 1961, Wealth Tax Act, 1957 and the Gift Tax Act, 1958, presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the statute. 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 in the enclosed statement are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws and the fact that the Company will not distinguish between the shares offered for subscription and the shares offered for sale by the Selling Shareholders, 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:

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

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

For S.R. Batliboi & Co.
Chartered Accountants

Per Raj Agrawal
Partner
Membership No. 82028

Place: New Delhi
Date: October 06, 2005

TAX BENEFITS

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

The following tax benefits shall be available to the Company and the prospective shareholders under Direct Tax.

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

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

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

2.1 Resident Members

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

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

c) In terms of Section 88 E of the Act, the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of the business would be eligible for rebate from the amount of income-tax on the income chargeable under the head 'Profits and Gains under Business or Profession' arising from taxable securities transactions.

d) As per the provisions of Section 10(23D) of the Act, all mutual funds set up by public sector banks, public financial institutions or mutual funds registered under the Securities and Exchange Board of India (SEBI) or authorized by the Reserve Bank of India are eligible for exemption from income-tax, subject to the conditions specified therein, on their entire income including income from investment in the shares of the company.

e) Under Section 54EC of the Act, capital gain arising from transfer of long term capital assets (other than those exempt u/s 10(38)) shall be exempt from tax, subject to the conditions and to the extent specified therein, if the capital gain are invested within a period of six months from the date of transfer in the bonds issued by –

   (i) National Bank for Agriculture and Rural Development established under Section 3 of the National Bank for Agriculture and Rural Development Act, 1981;
   (ii) National Highways Authority of India constituted under Section 3 of National Highways Authority of India Act, 1988;
   (iii) Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956;
   (iv) National Housing Bank established under Section 3(1) of the National Housing Bank Act, 1987; and
   (v) Small Industries Development Bank of India established under Section 3(1) of the Small Industries Development Bank of India Act, 1989.

   If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. However, the amount so exempted shall be chargeable to tax subsequently, if the new bonds are transferred or converted into money within three years from the date of their acquisition.

f) Under Section 54ED of the Act, capital gain arising from transfer of long term capital assets, being listed securities or units (other than those exempt u/s 10(38)), shall be exempt from tax, subject to the conditions and to the extent specified therein, if the capital gain is invested in public issue of equity shares issue by of an Indian Public Company within a period of six months from the date of such transfer. If only a part of the capital gain is so reinvested, the exemption shall be proportionately reduced. However, the amount so exempted shall be chargeable to tax subsequently, if the new equity shares are transferred or converted into money within one year from the date of their acquisition.

g) Under Section 54F of the Act, where in the case of an individual or HUF capital gain arise from transfer of long term assets (other than a residential house and those exempt u/s 10(38)) then such capital gain, subject to the conditions and to the extent specified therein, will be exempt if the net sales consideration from such transfer is utilized for purchase of residential house property within a period of one year before or two year after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.

h) Under Section 111A of the Act, capital gains arising from transfer of short term capital assets, being an equity share in a company or unit of an equity oriented mutual fund, which is subject to securities transaction tax will be taxable under the Act @ 10% (plus applicable surcharge and educational cess).

i) Under Section 112 of the Act and other relevant provisions of the Act, long term capital gains (not covered under Section 10(38) of the Act) arising on transfer of shares in the Company, if shares are held for a period exceeding 12 months, shall be taxed at a rate of 20% (plus applicable surcharge and educational cess on income-tax) after indexation as provided in the second proviso to Section 48 or at 10% (plus applicable surcharge and educational cess on income-tax) (without indexation), at the option of the Shareholders..

2.2 Non Resident Indians/Members other than Foreign Institutional Investors and Foreign Venture Capital Investors

a) By virtue of Section 10(34) of the Act, income earned by way of dividend income from a domestic company referred to in Section 115-O of the Act, is exempt from tax in the hands of the recipients.

b) **Taxation of Income from investment and Long Term Capital Gains on its transfer**

(i) A non-resident Indian, i.e. an individual being a citizen of India or person of Indian origin has an option to be governed by the special provisions contained in Chapter XIIA of the Act, i.e. "Special Provisions Relating to certain incomes of Non-Residents".

(ii) Under Section 115E of the Act, where shares in the company are subscribed for in convertible Foreign Exchange by a non-resident Indian, capital gains arising to the non resident on transfer of shares held for a period exceeding 12 months shall (in cases not covered under Section 10(38) of the Act) be concessionally taxed at a flat rate of 10% (plus applicable surcharge and educational cess on Income-tax) without indexation benefit but with protection against foreign exchange fluctuation under the first proviso to Section 48 of the Act.

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

2.3 Return of Income not to be filed in certain cases

Under provisions of Section 115-G of the Act, it shall not be necessary for a non-resident Indian 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 therefrom.

2.4 Other Provisions of the Act

a) Under Section 115-I of the Act, a non resident Indian may elect not to be governed by the provisions of Chapter XII-A of the Act for any assessment year by furnishing his return of income under section 139 of the Act declaring therein that the provisions of the 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. In such a case the tax on investment income and long term capital gains would computed as per normal provisions of the Act.

b) 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 of the 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.

c) Under Section 54EC of the Act, capital gain arising from transfer of long term capital assets (other than those exempt u/s 10(38)) shall be exempt from tax, subject to the conditions and to the extent specified therein, if the capital gain are invested within a period of six months from the date of transfer in the bonds issued by –

(i) National Bank for Agriculture and Rural Development established under Section 3 of the National Bank for Agriculture and Rural Development Act, 1981;
(ii) National Highways Authority of India constituted under Section 3 of National Highways Authority of India Act, 1988;
(iii) Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956;
(iv) National Housing Bank established under Section 3(1) of the National Housing Bank Act, 1987; and
(v) Small Industries Development Bank of India established under Section 3(1) of the Small Industries Development Bank of India Act, 1989.

If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. However, the amount so exempted shall be chargeable to tax subsequently, if the new bonds are transferred or converted into money within three years from the date of their acquisition.

d) Under Section 54ED of the Act, capital gain arising from transfer of long term capital assets, being listed securities or units (other than those exempt u/s 10(38)), shall be exempt from tax, subject to the conditions and to the extent specified therein, if the capital gain is invested in public issue of equity shares issue by of an Indian Public Company within a period of six months from the date of such transfer. If only a part of the capital gain is so reinvested, the exemption shall be proportionately reduced. However, the amount so exempted shall be chargeable to tax subsequently, if the new equity shares are transferred or converted into money within one year from the date of their acquisition.

e) Under Section 54F of the Act, where in the case of an individual or HUF capital gain arise from transfer of long term assets (other than a residential house and those exempt u/s 10(38)) then such capital gain, subject to the conditions and to the extent specified therein, will be exempt if the net sales consideration from such transfer is utilized for purchase of residential house property within a period of one year before or two year after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.

f) Under Section 111A of the Act, capital gains arising from transfer of short term capital assets, being an equity share in a company or unit of an equity oriented mutual fund, which is subject to securities transaction tax will be taxable under the Act @ 10% (plus applicable surcharge and educational cess).

g) Under Section 112 of the Act and other relevant provisions of the Act, long term capital gains (not covered under Section 10(38) of the Act) arising on transfer of shares in the Company, if shares are held for a period exceeding 12 months, shall be taxed at a rate of 20% (plus applicable surcharge and educational cess on income-tax) after indexation as provided in the second proviso to Section 48 or at 10% (plus applicable surcharge and educational cess on income-tax) (without indexation), at the option of the Shareholders..

2.5 Foreign Institutional Investors (FIIs)

a) By virtue of Section 10(34) of the Act, income earned by way of dividend income from another domestic company referred to in Section 115-O of the Act, are exempt from tax in the hands of the institutional investor.

b) Under section 115AD capital gain arising on transfer of short capital assets, being shares and debentures in a company, are taxed as follows:

(i) Short term capital gain on transfer of shares/debentures entered in a recognized stock exchange which is subject to securities transaction tax shall be taxed @ 10% (plus applicable surcharge and educational cess); and
(ii) Short term capital gains on transfer of shares/debentures other than those mentioned above would be taxable @ 30% (plus applicable surcharge and educational cess).

c) Under section 115AD capital gain arising on transfer of long term capital assets, being shares and debentures in a company, are taxed @ 10% (plus applicable surcharge and educational cess). Such capital gains would be computed without giving effect to the first and second proviso to section 48. In other words, the benefit of indexation, direct or indirect, as mentioned under the two provisos would not be allowed while computing the capital gains.

d) Under Section 54EC of the Act, capital gain arising from transfer of long term capital assets (other than those exempt u/s 10(38)) shall be exempt from tax, subject to the conditions and to the extent specified therein, if the capital gain are invested within a period of six months from the date of transfer in the bonds issued by –

(i) National Bank for Agriculture and Rural Development established Section 3 of the National Bank for Agriculture and Rural Development Act, 1981;
(ii) National Highways Authority of India constituted under Section National Bank for Agriculture and Rural Development established under 3 of National Highways Authority of India Act, 1988;
(iii) Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956;
(iv) National Housing Bank established under Section 3(1) of the National Housing Bank Act, 1987; and
(v) Small Industries Development Bank of India established under Section 3(1) of the Small Industries Development Bank of India Act, 1989.

If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. However, the amount so exempted shall be chargeable to tax subsequently, if the new bonds are transferred or converted into money within three years from the date of their acquisition.

e) Under Section 54ED of the Act, capital gain arising from transfer of long term capital assets, being listed securities or units (other than those exempt u/s 10(38)), shall be exempt from tax, subject to the conditions and to the extent specified therein, if the capital gain is invested in public issue of equity shares issue by of an Indian Public Company within a period of six months from the date of such transfer. If only a part of the capital gain is so reinvested, the exemption shall be proportionately reduced. However, the amount so exempted shall be chargeable to tax subsequently, if the new equity shares are transferred or converted into money within one year from the date of their acquisition.

2.6 Venture Capital Companies / Funds

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

- Venture Capital Company which has been granted a certificate of registration under the Securities and Exchange Board of India Act, 1992 and notified as such in the Official Gazette; and

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

2.7 Infrastructure Capital Companies / Funds or Co-operative Bank

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

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

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

3. Wealth Tax Act, 1957

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

4. The Gift Tax Act, 1957

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

Notes

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

b) In respect of non-residents, taxability of capital gains mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreement, if any between India and the country in which the non-resident has fiscal domicile.

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

INDUSTRY

Overview

Engineering construction activity is integral to the energy industry, infrastructure and industrial development and involves engineering construction services for pipelines, storage terminals and processing facilities, urban infrastructure, townships, highways, bridges, roads, railroads, ports, airports, and power systems. A significant part of the global engineering construction activity is concentrated in the oil and gas industry, the power sector and the metals and mining sector and is dominated by a few industry majors.

The Indian construction industry is over U.S.$25 billion in size. It is also the largest employer in India after the agriculture sector. This sector is witnessing high growth spurred by the large spends on the ongoing infrastructure development projects. The nodal agencies for sectors intrinsic to the Indian construction industry and the government have ambitious infrastructure development plans. Indian engineering construction companies have recorded high growth rates in the last few years from significant activity in the power sector, in transportation, petroleum and urban infrastructure. In recent years, the Government of India's focus and sustained increased budgetary allocation and increased funding by international and multilateral development finance institutions for infrastructure development in India has resulted in or is expected to result in several large infrastructure projects in this region.

Oil and Gas Industry

Demand for engineering construction services in the energy industry is dependent on the level of exploration, production, storage, refining and transportation activity in the energy industry and the corresponding capital spending by energy industry conglomerates. Construction projects in the energy industry include exploration rigs and platforms, refineries and other processing facilities, tanks and terminals for storage of oil and gas and derivative products and pipelines for transportation of such products.

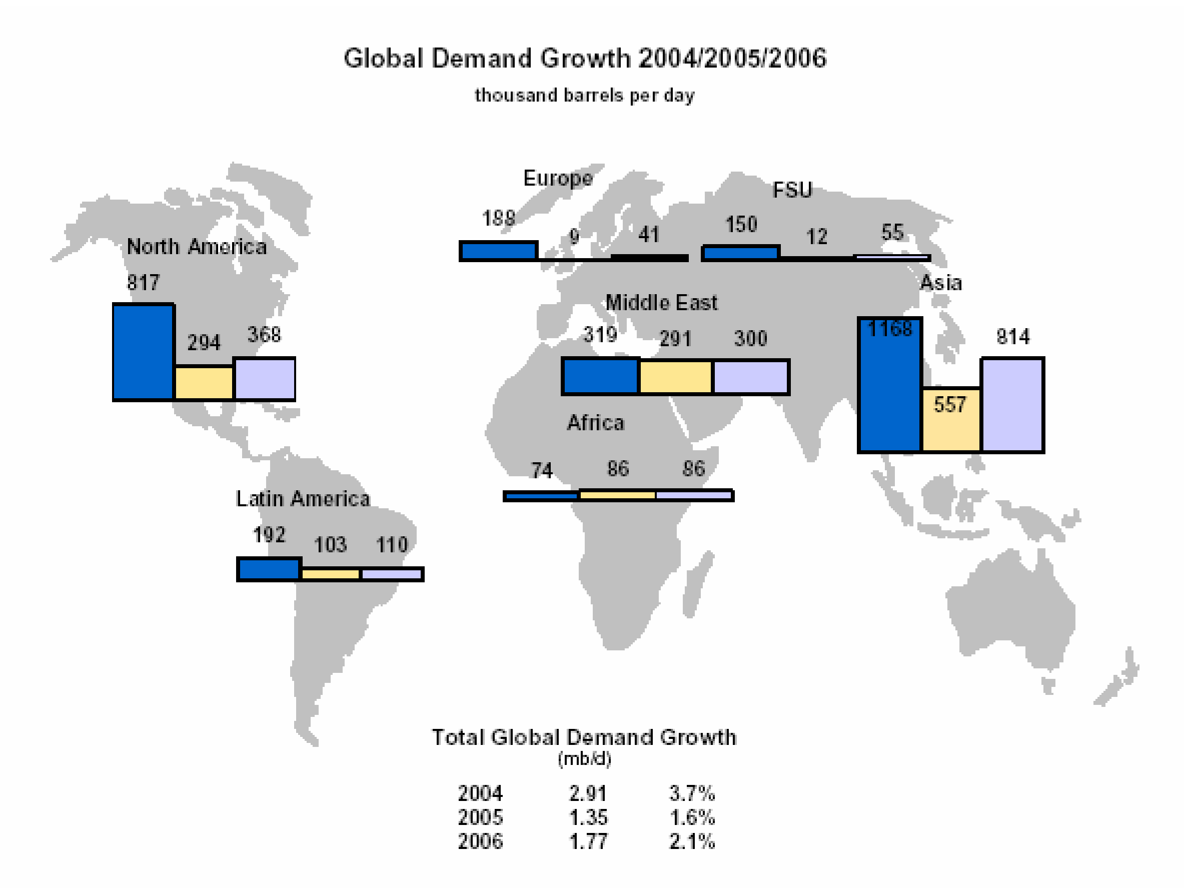
The oil and gas sector has been one of the key focus areas of the engineering, procurement and construction industry. Of the global construction market of U.S.$264 billion (excluding building construction) in 2004, 30% was on account of the energy industry. The global EPC industry is further expected to experience increased engineering construction activity in the energy industry, resulting in part from the steep increase in oil and gas prices in 2005, especially following the impact of Hurricane Katrina and Rita on oil production in the United States. With global demand expected to grow, oil and gas prices are expected to remain high in the near future, resulting in increased focus on creating additional production , refining and transportation capacities to meet the growing demand for oil and gas.

Construction in the energy sector in India is directly linked to the level of exploration activities, transportation of oil and natural gas and refining/processing of oil and gas in India and globally. The level of these activities is in turn primarily dependent on current and anticipated oil and natural gas prices. The supply and demand for oil and natural gas and general economic conditions are crucial indices that determine these prices.

Global and Domestic Oil Trends

According to the International Energy Agency ("IEA"), the global demand for oil in 2005 is expected to average at 83.88 million barrels per day, with a projected decline in the demand growth for oil in China and the United States. Such declines in the demand growth for oil in China and the U.S. is however not expected to significantly affect the global demand growth in the year 2005, which is estimated at 1.58 million barrels per day.

According to the IEA, the global demand for oil is projected to grow by 2.1% in 2006 to 85.62 million barrels per day. Non-OECD countries are expected to continue to lead the global demand growth, with a projected demand growth of 4% equivalent to an additional 1.34 million barrels per day. The demand in OECD countries is projected to grow at 0.8% in 2006, by 410 thousand barrels a day.



Source: International Energy Agency; Oil Market Report; September 2005

The effects of the relatively high oil prices in 2005 are projected to carry over into 2006, as price impacts are partially lagged. Oil prices have fluctuated over the past several months primarily due to the disruption caused by hurricanes in the Atlantic Ocean. While it is as yet too early to fully assess the demand-side impact of Hurricane Katrina, regional oil product demand is estimated to be seriously affected in the near term, but this will be offset by fuel needs for rescue/recovery and rebuilding efforts. The global impact of the initial price spike appears to have been mitigated by the return of some upstream and downstream facilities (although the picture is far from clear) and the stock release of IEA Member countries, as product prices have fallen. U.S. demand is projected to be off by some 200,000 barrels per day in September 2005 versus its pre-Katrina trend, but the impact is expected to diminish quickly in subsequent months.

According to the Asian Development Bank, Asian economic growth remains surprisingly resilient in the face of high oil prices. However, high oil prices continue to force governments to take action to head-off fiscal problems as countries like Malaysia, Indonesia and Vietnam are under pressure to raise product prices, which will in turn impact upon demand.

The chart below sets forth certain information relating to the projected global demand growth:

Projected Global Demand by Region

Region	Demand	Annual Change			Annual Change (%)		
	2005	2004	2005	2006	2004	2005	2006
	(million barrels per day)						
North America	25.61	0.83	0.26	0.33	3.4	1.0	1.3
Europe	16.33	0.17	0.05	0.03	1.0	0.3	0.2
OECD Pacific	8.64	-0.18	0.11	0.06	-2.0	1.3	0.7
China	6.79	0.86	0.36	0.49	15.4	5.5	7.2
Other Asia	8.80	0.47	0.28	0.27	5.9	3.3	3.1
Subtotal Asia	*24.23*	*1.15*	*0.75*	*0.83*	*5.2*	*3.2*	*3.4*
FSU	3.78	0.15	0.04	0.05	4.2	1.0	1.2
Middle East	6.07	0.33	0.30	0.31	6.1	5.2	5.1
Africa	2.89	0.07	0.09	0.09	2.7	3.2	3.1
Latin America	4.95	0.19	0.10	0.11	4.1	2.0	2.3
World	**83.88**	**2.89**	**1.58**	**1.75**	**3.6**	**1.9**	**2.1**

Source: International Energy Agency / OECD; Oil Market Report; July 2005.

Global and Domestic Natural Gas Trends

Natural gas is projected to be the fastest growing component of world primary energy consumption according to the U.S. Department of Energy's International Energy Outlook (2005) report (the "IEO"). The demand for natural gas as a source of energy is expected to increase over the next several years as natural gas is considered to be a cheaper and more environment-friendly substitute for crude oil. The IEO estimates that the consumption of natural gas will increase, during 2002 to 2025, by almost 70%, from 92 trillion cubic feet to 156 trillion cubic feet.

On a regional basis, the largest increases in natural gas consumption worldwide are projected by the IEO for the transitional economies of Eastern Europe and the former Soviet Union ("EE/FSU") and for emerging Asian economies. Natural gas use in the EE/FSU increases by 63% over the projection period; and in emerging Asian economies, gas use is expected to nearly triple from 2002 to 2025. In mature market economies, where natural gas markets are more established, consumption of natural gas is projected to increase by a more modest annual average of 1.6% from 2002 to 2025, with the largest incremental growth in the mature market economies projected for North America, at 11 trillion cubic feet. The IEO also expects emerging economies to show the strongest growth in natural gas production, with a projected average increase of 4.1% per year from 2002 to 2025. In contrast, natural gas production in transitional economies is projected to grow at an average annual rate of 2.3%, and production in the mature market economies is expected to increase by an average of only 0.6% per year from 2002 to 2025.

According to the IEO, the disparity between the increase projected for natural gas consumption in the mature market economies and the much smaller increase projected for their gas production points to an increasing dependence on the transitional and emerging market economies for gas supplies. In 2002, the mature market economies accounted for 42% of the world's total natural gas production and 50% of the world's natural gas consumption; in 2025, they are projected to account for only 29% of production and 43% of consumption. As a result, the mature market economies are expected to rely on imports of natural gas from other parts of the world to meet almost one-third of their natural gas consumption in 2025, up from 15% in 2002.

In India, as in China, natural gas is currently a minor fuel in the overall energy mix, representing only 6.5% of total primary energy consumption. India is expanding infrastructure to facilitate consumption and imports of gas. Overall, India's gas consumption is projected to grow at an average annual rate of 5.1%, from 0.9 trillion cubic feet in 2002 to 2.8 trillion cubic feet in 2025.

Natural gas consumption in Africa is projected to grow at an average annual rate of 4.0% from 2002 to 2025, compared with average yearly growth rates of 2.7% for oil and 1.6% for coal. Gas consumption is expected to surpass coal consumption by 2025, with oil remaining the dominant fuel throughout the projection period. Incremental growth in Africa's gas demand from 2002 to 2025 is projected to be fairly even across sectors, with the industrial, residential, and electric sectors each accounting for around one-third of total growth. Significant flaring of associated gas is still common in Africa because of the remoteness of much of the production and a lack of infrastructure to use all the associated gas produced. Despite continuing instability in some countries of the region, the investment climate in Africa appears to be welcoming to foreigners, with investments planned for Egypt, Libya, Algeria, Nigeria, and other parts of West Africa.

Natural gas is projected to retain its dominant position in the Middle East's power sector, with 1.9%- average annual growth over the forecast period. In the industrial sector, however, natural gas use is projected to grow by 4.0% per year, accounting for more than two-thirds of the overall incremental growth in gas demand in the region from 2002 to 2025. The natural gas share of total energy consumed in the region's industrial sector is projected to grow from 46% in 2002 to 59% in 2025.

Gas demand is expected to increase more than any other energy source by 2030 (an increase of 87% over the 2002-2030 period according to the International Energy Agency). We believe in a strong development of the gas market and, in particular, in LNG demand, which according to the International Energy Agency should grow from 150 billion cubic meters per year in 2002 to 680 billion cubic meters per year in 2030, an increase of 350%.

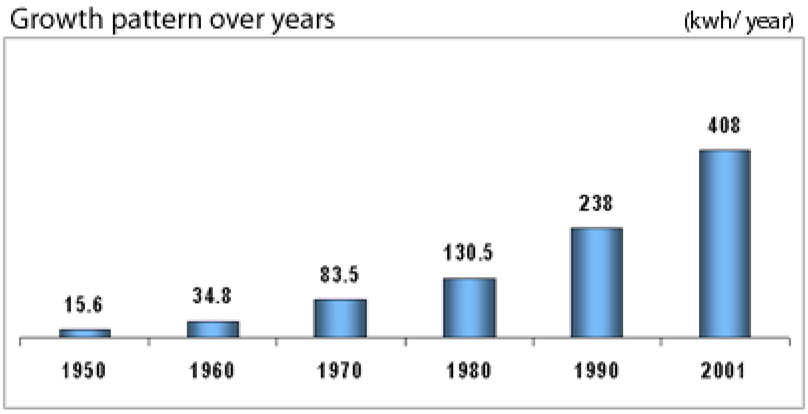
Forecasted LNG market growth remains strong and is expected to grow rapidly, with demand projected to double in the period through 2015. Significant numbers of new LNG liquefaction plant and LNG receiving terminal projects are proposed worldwide and are in various stages of development. Committed LNG EPC projects will yield substantial growth in worldwide LNG liquefaction capacity. This trend is expected to continue through 2007 and beyond according to the International Energy Agency.

Exploration and development of gas fields, including bringing new fields on stream and sustaining output at existing fields, will absorb more than half of total gas investment, which is estimated by the International Energy Agency to be in the region of U.S.$105 billion per year. Consequently, a large number of new cross-border high-pressure pipelines and LNG processing and transportation facilities will need to be built as supply chains grow longer. Domestic transmission and distribution networks will also need to be developed in new gas markets and will need to be expanded in established markets. The Ministry for Petroleum and Natural Gas of the Government of India estimates that the usage of gas (in the form of compressed natural gas and liquefied petroleum gas) as an energy source is expected to increase from the current 10% to approximately 20% in the year 2025.

Power sector in India

The power industry in India has been characterized by energy shortages. In fiscal 2004, demand for electricity exceeded supply by an estimated 7.1% in terms of total requirements and 11.2% in terms of peak demand requirements. Although power generation capacity has increased substantially in recent years, it has not kept pace with the growth in demand or the growth of the economy generally. According to the United Nations, India has one of the lowest electricity consumption levels in the world.

The following table sets forth certain information relating to the per capita consumption of electricity in India:

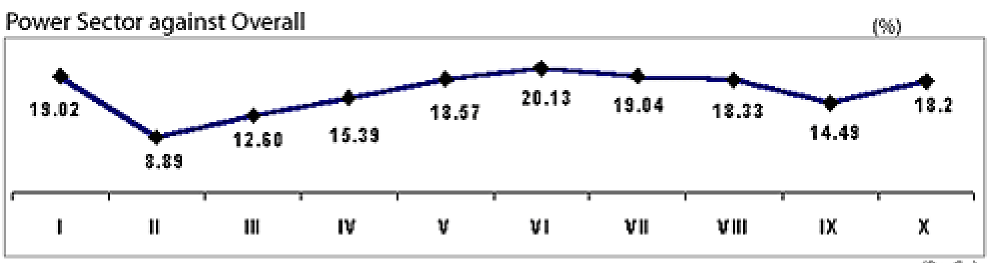


In 1950 Electricity consumption per capita was 15 kwh
In 2012 it is projected at 932 kwh.
Source: Ministry of Power, Government of India.

Capacity growth has not kept pace with demand, due to inadequate investment and the poor financial health of the state electricity boards. In addition to the existing shortage, the demand for power is also expected to grow as the economy grows. According to the Ministry of Power, the Government of India, the electricity demand increases by 1.5% for every 1% increase in the GDP, which translates to an annual increase in electricity demand of more than 10%. Investments required for building capacity to such magnitude are expected to be high. The Government of India has undertaken significant measures to restructure the power industry in India to attract investment, including measures to restructure the state electricity boards and improve their financial condition. In addition, the Government has liberalized policies relating to the generation and distribution sectors. The Planning Commission has allocated a total of approximately Rs.1,433,990 million of investment in the power sector for the 10th plan period, which triples the total plan figure in the 9th plan period.

The following tables set forth certain information with respect to outlay and expenditure for the five-year plans of the Government of India:

PLANWISE OUTLAY

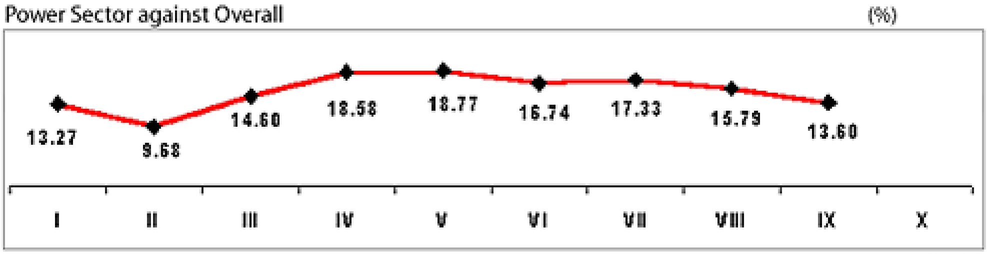


(Rs. Cr.)

Power	393	427	1,020	2,448	7,294	19,265	34,273	79,589	1,24,526	2,70,276
Overall	2,069	4,800	8,094	15,902	39,287	95,700	1,80,000	4,34,100	8,59,200	14,84,131

Source: Ministry of Power, Government of India.

PLANWISE EXPENDITURE



(Rs. Cr.)

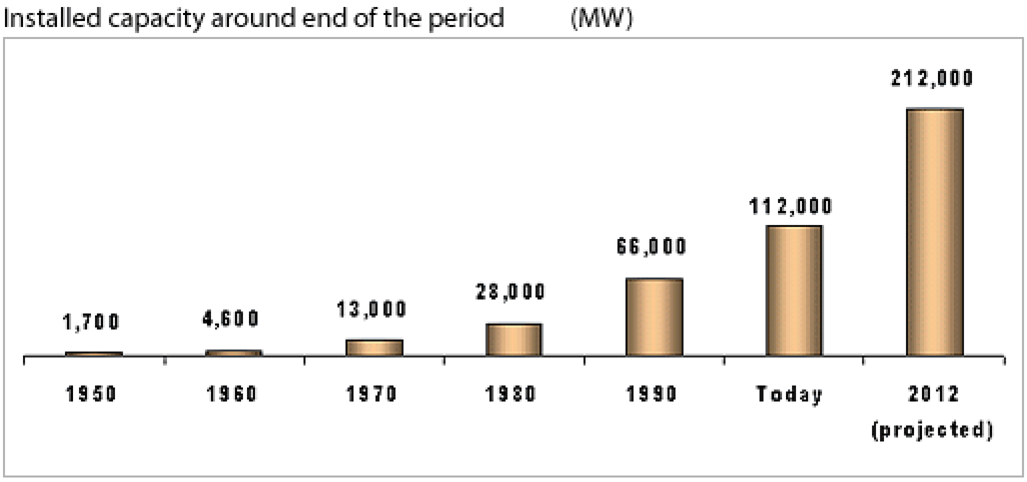
	I	II	III	IV	V	VI	VII	VIII	IX	X
Power	260	445	1,252	2,932	7,399	18,299	37,895	76,667	1,10,328	--
Overall	1,960	4,600	8,576	15,779	39,426	1,09,291	2,18,730	4,85,457	8,08,611	--

Source: Ministry of Power, Government of India.

Because peak demand does not occur simultaneously in all states, situations may arise in which there is surplus of power in one state while another state faces a deficit. The regional grids facilitate transfers of power from a power surplus state to a power deficit state. The grids also facilitate the optimal scheduling of maintenance outages and better co-ordination between the power plants. The regional grids are to be gradually integrated to form a national grid, whereby surplus power from a region could be transferred to a region facing power deficits, thereby facilitating a more optimal utilization of the national generating capacity. At present the national grid has a capacity of 8,500 MW and expects to achieve grid capacity of 30,000 MW by fiscal 2010.

In October 1998, the Government announced a policy aimed at utilizing economies of scale and producing power at the most economical locations. Under this policy, subject to satisfying certain conditions, thermal power projects with a capacity of 1,000 MW and above (or hydro projects with a capacity of 500 MW and above) and selling power to more than one state are granted "mega power project" status, and allowed certain fiscal benefits, such as the duty-free import of capital goods and a ten-year income tax holiday. Mega power projects in both the public and private sectors can avail of the benefits of this policy.

The following table sets forth certain information relating to installed capacities for the periods indicated:



Source: Ministry of Power, Government of India.

Within the power sector, generation and transmission are two separate businesses. Most large construction companies in India operate on generation projects as they are much bigger in size in comparison to transmission projects.

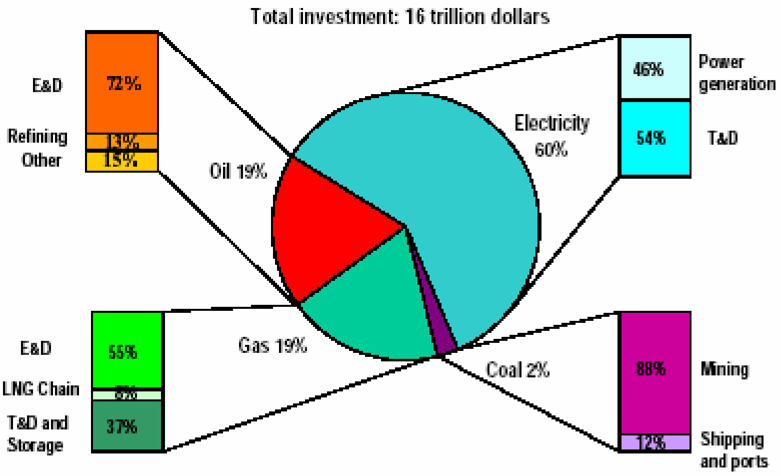
Investment in Energy Industry

The International Energy Agency estimates that more than U.S.$16 trillion, or U.S.$550 billion a year, needs to be invested in energy-supply infrastructure worldwide over the three decades to 2030, an amount equal to 1% of projected gross domestic product. The average annual rate of investment is projected to rise from U.S.$455 billion in the decade 2001-2010 to U.S.$632 billion in the decade 2021-2030.

For the energy sector as a whole, 51% of investment in production is estimated to be made to replace existing and future capacity. Almost half of total energy investment is estimated to take place in developing countries, where production and demand are expected to increase most. Total investments in the oil and gas sectors will each amount to more than $3 trillion, or around 19% of global energy investment.

The following chart sets forth certain information relating to the estimated investment in the different project segments in the energy industry:

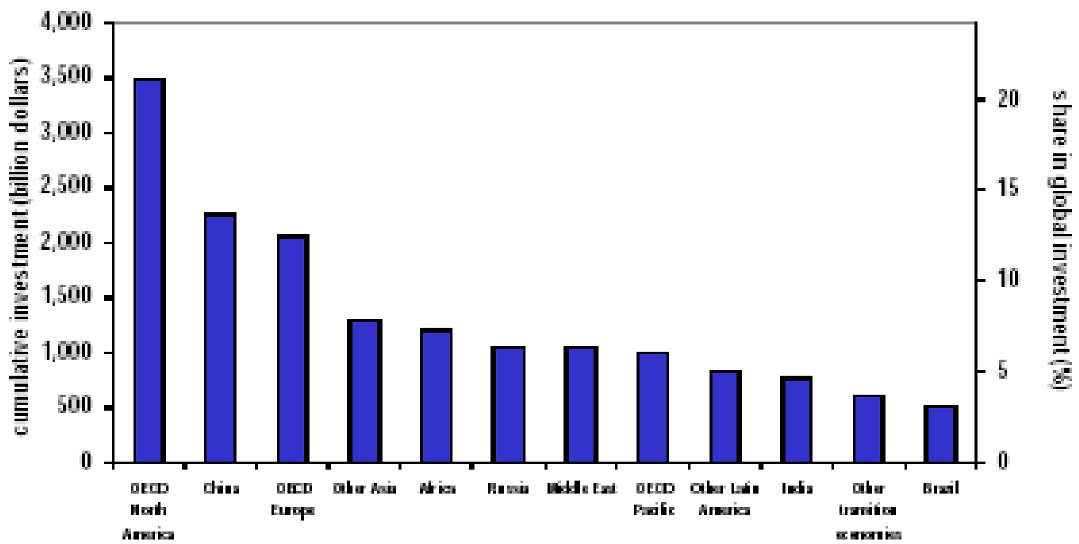
World Energy Investment 2001-2030



Source: International Energy Agency; IEA Working Party on Fossil Fuels; May 2004

The following chart sets forth certain information relating to the estimated investment in the energy industry in different geographical regions:

Energy Investment by Region 2001-2030



Source: International Energy Agency; IEA Working Party on Fossil Fuels; May 2004

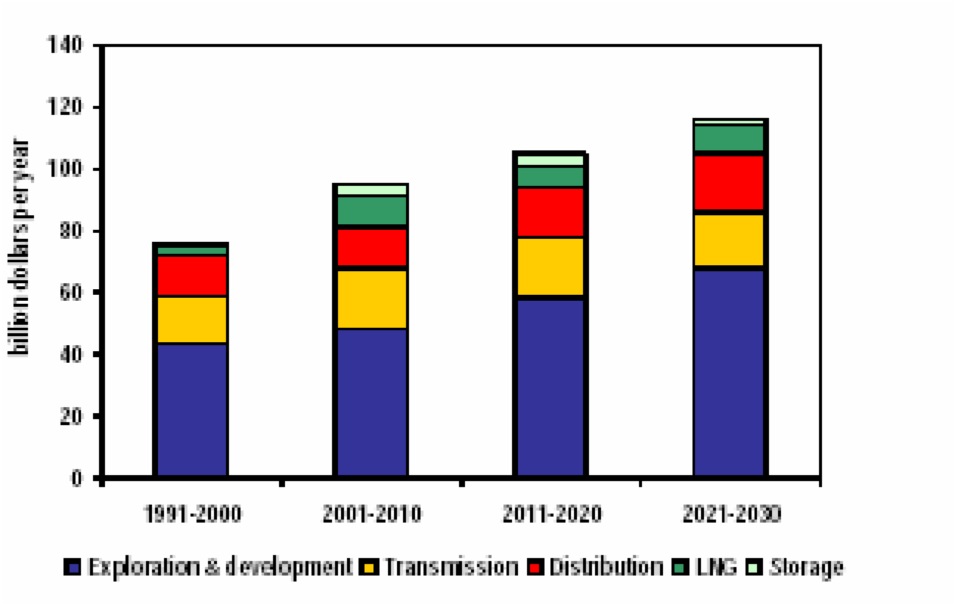
India is expected to receive significant capital expenditure in the energy industry. The IEA has estimated that India will receive investment in the energy industry of approximately U.S.$900 billion over the next 25 years. Further there are also private energy majors such as Cairn Energy and Reliance that have committed to make significant investments in the energy industry in India. According to Economic Times: Infrastructure and Construction, Cairn Energy has committed to invest U.S.$1.33 billion in its Rajasthan oilfields to produce 125,000 barrels per day from mid-2007. Further, Cairn Energy has established 136.34 million tons of in-place oil reserves in the ten discoveries in the Rajasthan block and plans to drill over 300 wells to bring the field to production. For the year 2005, Cairn Energy has anticipated that it make capital expenditure investments to the extent of approximately U.S.$121.1 million in India in upstream oil and gas exploration and production. RIL has also asserted in its annual general meeting in August 2005 that it proposes to invest U.S.$4 billion in upstream oil and gas exploration and production over the next four to five years.

Africa is estimated to receive over U.S.$1,200 billion of investment in the energy industry over the next 25 years accounting for more than 7% of global investment over the same period; the Middle East region during the same period has been projected to receive investments in the energy industry of over U.S.$1,000 billion, which would constitute almost 6% of global investment over the next 25 years. Europe is expected to account for approximately U.S.$2,000 billion in the corresponding period and receive over 12% of global investment in the energy industry.

The IEA has further estimated that over the period 2001-2030, cumulative investment in the global natural gas supply chain would to amount to U.S.$3.1 trillion, or U.S.$105 billion per year. Of this investment, exploration and development of gas fields, including bringing new fields on stream and sustaining output at existing fields, has been projected to absorb more than half of total gas investment. Capital needs in the downstream have been slated to total U.S.$1.4 trillion with a large number of new cross-border high-pressure pipelines and LNG processing and transportation facilities estimated to be built as supply chains grow longer. The IEA has consequently predicted that domestic transmission and distribution networks will be developed in new gas markets and will need to be expanded in established markets with an increasing share of investment going to LNG supply.

The following chart sets forth certain information relating to estimated investments in different project segments in the global gas industry:

Global Gas Investment



Source: International Energy Agency; IEA Working Party on Fossil Fuels; May 2004

Engineering Construction in the Energy Industry

There is expected to be an increase in the volumes of transportation facilities in the oil and gas industry. The diameter, operating pressure and length are the key technical parameters influencing pipeline construction costs while the topography of the terrain to be crossed also affect costs. The components of the cost of building pipelines are material, labor and rights of way. Other key factors determining the final cost are the degree of competition among contracting companies and safety and environmental regulations. The cost of building onshore pipelines has risen over the last decade due to higher labor and rights of way costs. On the other hand, technological advances have pushed down the cost of materials and labor in offshore pipeline, reducing unit costs. This factor has been of less significance in the onshore pipeline construction, where technology is more mature.

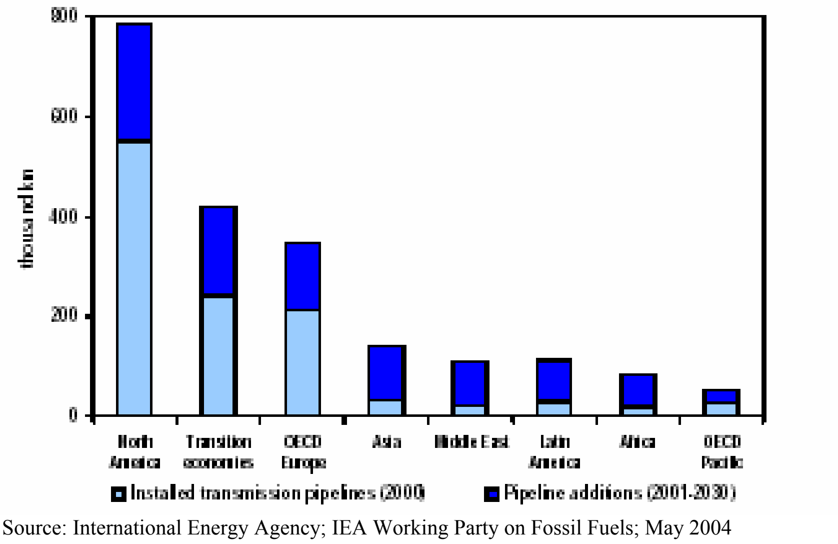
According to Global Construction Review 2005 (Supplement to Pipeline and Gas Technology), operators are constructing, planning, or studying the feasibility of building approximately 72,924 miles of crude oil, natural gas and refined products pipelines throughout the world, to meet growing energy demand. Several mega projects have either been recently completed or are nearing completion, including long-distance projects such as China's nearly 2,500-miles West-East natural gas pipeline, and the 1,120-miles BTC crude oil pipeline. In the U.S., other large-scale projects have been completed or are nearing completion, including the 380-miles Cameron Oil Highway project, the 500-miles Mardi Gras project and the 380-miles Cheyenne Plains natural gas pipeline project.

Nevertheless, there are numerous major pipeline projects being planned and built. As has been true in recent years, natural gas dominates worldwide pipeline construction activity, at 55,838 miles planned and underway – nearly 77% (76.6%) of the world total. Crude oil lines are second to natural gas, with 13,715 miles, approximately 18.8% of the world total. Refined product lines are third at 2,237 miles, or 3% of the total. Others consist of primarily NGL and blended bitumen lines, with 1,134 miles, comprising approximately 1.6% of the world total. Some of the key regional onshore and offshore trends are identified below.

The IEA has estimated that in 2030, 75% of all gas transmission pipelines will be found in the mature gas markets of North America, Europe and the transition economies – a decrease from 90% at present. The North American market will account for almost a quarter of global pipeline additions, driven by rising demand and a shift in supply sources as existing mature basins are depleted, new domestic sources are tapped and LNG terminals are built. In this context transition economies will need to expand their export pipeline systems, mainly to Europe, and build new lines to the Far East, while emerging Asian and Latin American markets will also need to expand rapidly their gas transportation infrastructure.

The IEA further anticipates that producers in the Middle East and Africa will build new transmission lines not only for export but also to meet growing domestic demand; and offshore pipelines will increase in proportion to onshore, since an increasing volume of production is expected to come from offshore fields with more export lines being built offshore.

Length of Transmission Pipes



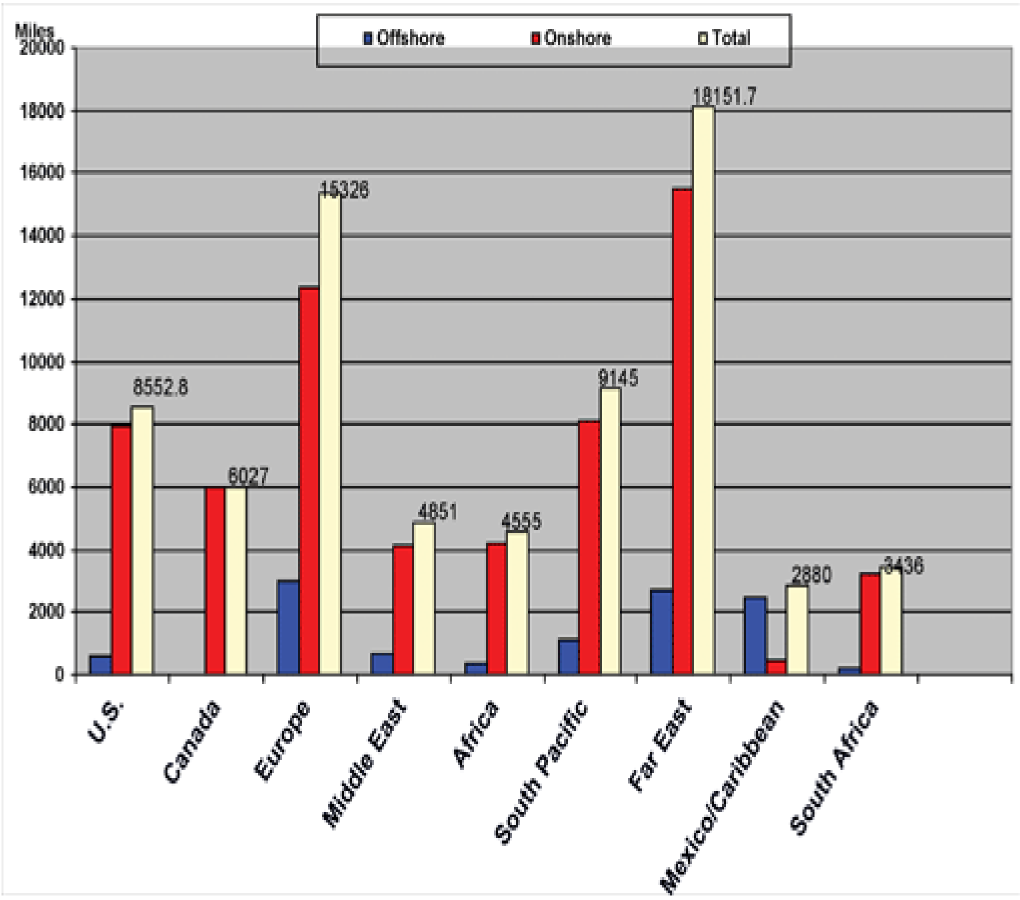
Source: International Energy Agency; IEA Working Party on Fossil Fuels; May 2004

The Far East continues to outpace other countries and regions in total pipeline mileage, with approximately 18,151 miles being planned and built. Even with the completion of the West-East pipeline, other major ongoing projects keep this region in the lead.

Europe, defined here to include the Caspian Sea region, is second at 15,326 miles. Onshore, work in ongoing on the U.S.$900-million South Caucasus pipeline project, designed to move natural gas from the Sangachal terminal in Azerbaijan through Georgia to the Turkish border. It will run with 428 miles of 42 inches diameter pipes. Much of the European pipeline activity is taking place offshore. The South Pacific comes in third, at 9,145 miles. This figure is driven by multiple natural gas pipeline projects being planned in Australia and Indonesia. The United States is fourth, at 8,552.8 miles, and Canada is fifth, at 6,027 miles. Increasingly, the largest North American pipeline projects involve both the U.S. and Canada. The Middle East is sixth, at 4,851 miles, with the bulk of the activity focused on a natural gas pipeline being built from Egypt to Jordan; and the Dolphin natural gas pipeline project, which is also making progress. Africa comes in seventh, at 4,555 miles. One of the major projects in Africa notable here is the U.S.$590-million West Africa natural gas pipeline project. South America comes in eighth, at 3,436 miles, driven largely by multiple natural gas pipeline projects being developed by Brazil's Petrobras. The combined Mexico/Caribbean region comes in ninth, at 2,880 miles. This figure is driven largely by plans for long-distance offshore pipelines that would move natural gas and re-gasified LNG from Trinidad & Tobago to Florida, and some plans for natural gas pipelines, and LNG-related pipelines, in Mexico.

The following table sets forth certain information relating to the length of offshore and onshore pipelines in different geographical regions:

Length of Transmission Pipelines: Offshore and Onshore

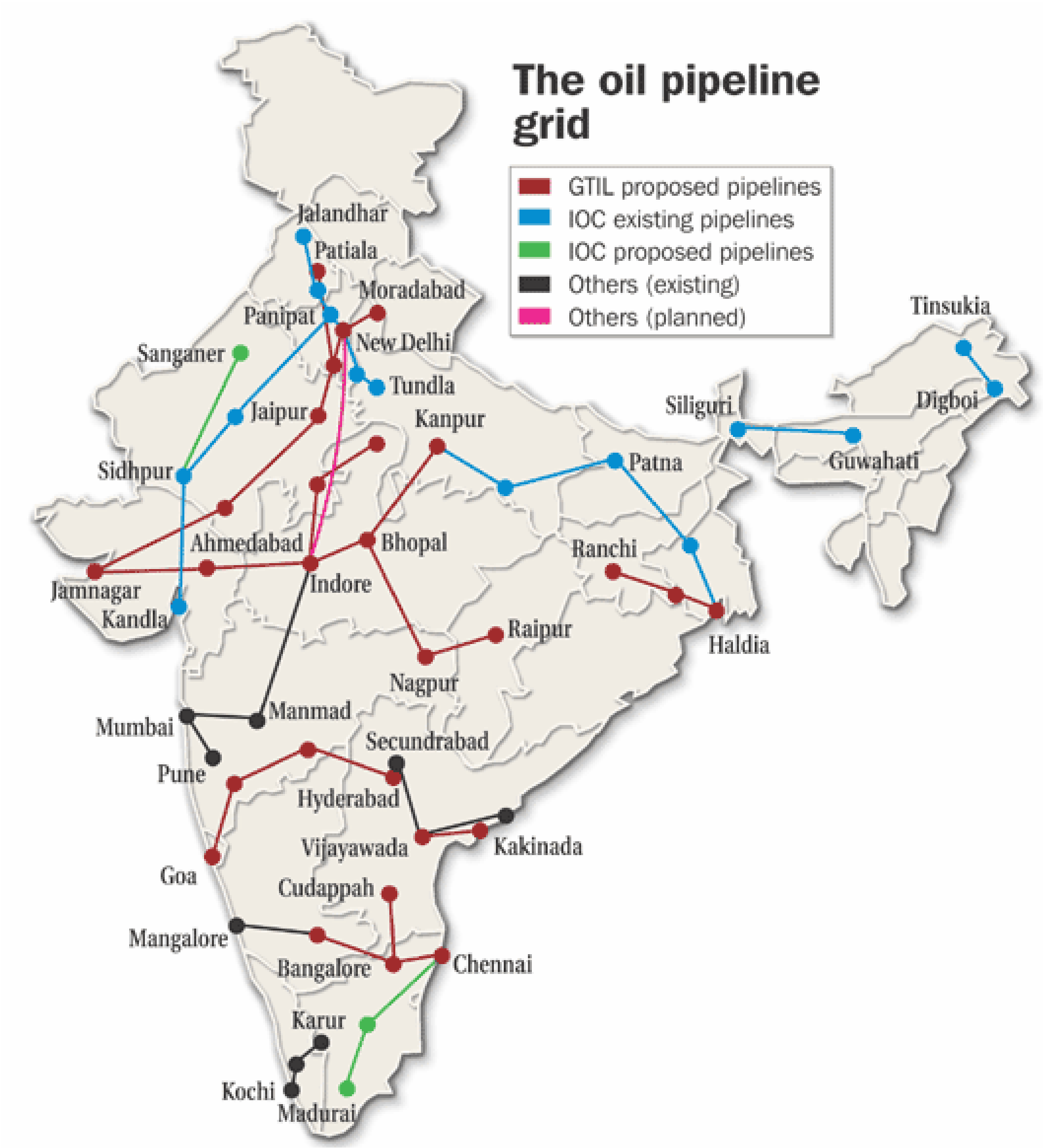


Source: Global Construction Review 2005

The strong growth of the Indian economy and infrastructure and the resulting increased demand in the energy industry has resulted in the need to develop an efficient distribution network for oil and natural gas transportation. The use of natural gas in the energy industry is also expected to increase significantly. The current low per capita usage of pipes in India, the recent discovery of large oil and gas reserves in various parts of India, the Government's decision to permit oil retailing by the private sector and the proposed national pipeline grid formulated by GAIL and infrastructure development project of other major players in the energy industry in India are expected to increase engineering construction activity in the Indian energy industry.

In response to the recent privatization initiatives of the Government, large oil and natural companies in India including IOC, RIL, Essar Oil, BPCL and ONGC have commenced oil and natural gas exploration and transportation infrastructure projects. Certain of these companies also propose to establish dedicated distribution networks. More specifically, investment in oil and natural gas pipeline infrastructure in India is likely to be influenced by the Government's decision to permit oil retailing by the private sector that is expected to transpire into approximately 10,000 retail outlets set up by RIL, Essar Oil and Shell. ONGC has also recently received Government approval for setting up retail outlets. These are expected to result in an extensive pipeline infrastructure to cater to these retail outlets. In addition, BPCL proposes to expand its existing Mumbai-Manmad-Indore oil pipeline to Delhi to cater to the demand in north India, which accounts for nearly 40% of India's product demand. RIL proposes to set up six new pipelines with a combined length of 5,895 kilometers over the next several years at an approximate cost of Rs.45.75 billion.

The diagram below indicates the oil pipeline grid in India with existing and proposed pipelines:



Source: Business World, October 6, 2003

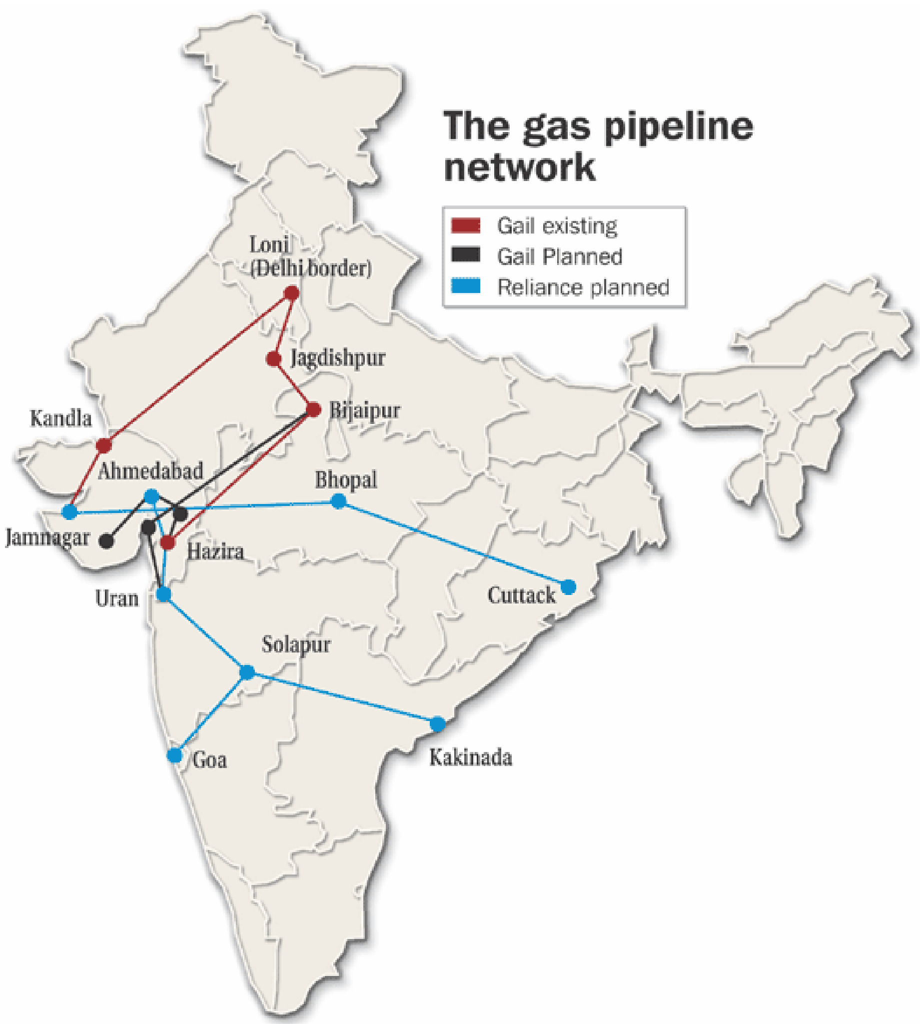
The demand for and the supply of natural gas in India is also expected to increase in the next several years. According to industry reports, the supply of natural gas in India is only 70 million metric standard cubic meters per day ("mmscmd"), as compared to a demand of 117 mmscmd. This demand is expected to grow to 166 mmscmd by 2007. Increased demand for natural gas in India is also expected to result in the need for an extensive gas transportation pipeline infrastructure.

The growth of an extensive gas pipeline infrastructure in India is also expected to result from the discovery of gas reserves of about 7 trillion cubic feet off Kakinada in Andhra Pradesh in 2002 by Reliance. Reliance is also in the process of developing a 2,000 kilometer gas pipeline to cater to the mining industry in Goa and the gas demand in south India, and also proposes to add a spur to Mumbai to cater to the industrial belt in the region, estimated at 45 mmscmd in 2005-2006. Reliance proposes to set up another gas pipeline from Cuttack in Orissa, where it is exploring gas in the NEC-OSN field, to its refinery at Jamnagar in Gujarat. GAIL also proposes to lay 7,000 kilometers of pipelines at a cost of Rs.180,000 million over the next several years to provide gas on tap wherever there is enough demand from the industry. The Dahej-Uran pipeline will feed the Uran industrial belt near Mumbai, which has projects like IPCL and ONGC. Gujarat State Petronet Limited, a subsidiary of the Gujarat government-owned Gujarat State Petroleum Corporation Limited, is also implementing a 742 kilometer gas grid offering gas transportation services on an open access basis.

Refineries

India presently has 17 oil refineries with a total capacity of 116 million tons per annum. As of now there are three major grass roots refinery projects on the anvil with BPCL planning one of these and HPCL and IOC planning one refinery project each. In addition Essar is already in the process of constructing a refinery. These projects are Bina Refinery (BPCL and Oman Oil Company); Guru Gobind Singh Refineries (HPCL); Paradip Refinery (IOC); and Essar Refinery, Vadinar. There are also various refineries undergoing capacity expansion such as at the IOCL's Panipat Refinery and Haldia refinery. Significant investment is being made in building and expanding the capacity of refineries. Apart from capacity-expansion projects, the refineries will also investments to make them compatible with new environmental norms in order to make them compliant with Bharath Stage -II, Euro –III, Euro IV norms.

The diagram below indicates the natural gas pipeline grid in India with existing and proposed pipelines.



Source: Business World, October 6, 2003

Infrastructure Industry

The infrastructure industry globally has witnessed tremendous growth in the past few years. The construction industry is one of the world's largest industrial employers.

The Government of India's focus and sustained increased budgetary allocation and increased funding by international and multilateral development finance institutions for infrastructure development in India has resulted in or is expected to result in several large infrastructure projects in this region. The Government has developed various alternate sources of raising funding for infrastructure projects, including the levy of cess on petrol and diesel, which is being used to fund the road projects such as the Golden Quadrilateral and the North –South – East – West corridors. The Government is actively engaged in raising funds from multi-lateral financial development institutions such as the World Bank, IFC and ADB, to promote various projects in India. There are also various initiatives being taken to encourage private sector participation, such as tax breaks for investments in infrastructure. It has also devised return schemes attractive to private participants, such as annuity payments and capital gains tax incentives in road projects.

According to the Confederation of Indian Industry ("CII"), increased investment in infrastructure has led to an increase in the activities of the construction industry, and the industry is riding a growth wave, which is also reflected in the financial results of some of the leading contractors in India that have experienced between 30% to 100% growth rates in the first nine months of fiscal 2005. India ranks 12th and accounts for 1.75% of the world market for construction sector. The construction sector in India, accounting for 5% of the GDP, is the second highest employer after agriculture, and provides direct or indirect employment to about 32 million people.

There is a clear increase in fund allocations for the infrastructure sector in the 10th plan (2002-2007) by the Planning Commission, most of which are to be spent in the construction sector. The CII has stated that the Indian construction industry has the potential to emerge as a front-runner in the global construction industry. The Government of India has therefore made a significant commitment to infrastructure development and has been mandated by the World Bank to invest the bulk of the proposed aid of U.S.$3 billion in the infrastructure sector. Consequently, apart from augmenting public sector investment into infrastructure, the Government of India has introduced a series of reforms to attract private sector participation and foreign direct investment.

		10th Plan Fiscal 2004-2007	
	Construction component of infrastructure (%)	**Rupees billion**	**U.S.$ billion**
Airports	42	109	2
Irrigation	60	1,294	29
Ports	50	162	4
Power	30	3,022	67
Thermal	20	711	16
Hydel	70	335	7
Nuclear	30	187	4
Railways	42	485	11
Roads	100	835	19
Telecom	10	728	16
Tourism	55	27	1
Urban Infrastructure	60	1,216	27
Total		**7,878**	**175**

Source: CRISIL; Cris-Infac Construction Annual Review; September 2004

Highways Sector

Since liberalization in 1991, the Government of India has accorded development of infrastructure a "thrust area status". The increase in infrastructure development is most evident in the roads segment with India now having more than three million kilometers of roads. However, only about 2-3% of roads are four laned although roads account for more than 70% of freight movement and 85% of passenger traffic within the country. The bulk of this is on the national highways, which carry almost 40% of the traffic despite constituting less than 2% of aggregate traffic. India has a vast network of national highways aggregating 34,298 kilometers, connecting important towns, cities, ports and industrial centers. Industrialization of the country has induced a traffic growth of 8-12% per year on many sections of national highways and this growth trend is expected to continue.

The setting up of NHAI and the proposal to set up an expressway authority and central road fund has assisted in the development of roads. The introduction of cess on fuel was an important initiative that provided impetus to improvement and expansion of the road network. The Ministry of Commerce, Government of India has indicated that India requires total investment in roads to the extent of U.S.$40 billion. Since the government does not have the resources to make such investments on its own, it has implemented initiatives such as Build Operate Transfer (BOT) and annuity projects that are designed to encourage private participation in roads. The private sector participation in highways consequently experienced gradual growth. As of now BOT projects in an amount of Rs.31 billion and annuity projects worth Rs.22 billion have been awarded to the private sector. With favorable policy framework in place and specific measures by the Government to augment finance, the road and highway sector presents an important opportunity in India.

In order to improve mobility, the Government of India has undertaken projects to strengthen high density corridors. The National Highway Development Project (NHDP) is the main initiative and consists of two projects: the four to six laning of the Golden Quadrilateral and construction of the North-South-East-West corridor. Improvement in connectivity to 10 major ports is also on the agenda.

The National Highway Development Project (NHDP) has two major projects to develop highways: the Golden Quadrilateral and the North-South-East-West corridor. The 5,846 km-long Golden Quadrilateral will connect the country's four main metros (Mumbai, Delhi, Chennai and Calcutta), and is expected to be completed by 2006. The 7,300 km-long North-South-East-West corridor will connect Srinagar to Kanyakumari and Silchar to Porbandhar and is expected to be completed by 2009. These two projects will constitute a 13,146 km network of four-and six laned highways that will provide road connectivity to major ports.

Fiscal 2005 witnessed a fewer number of projects coming up in the roads, bridges and ports sectors. The North-South-East-West (NS-EW) corridor packages (National Highway Development Project (NHDP) - Phase II) yielded few opportunities.

BUSINESS

Overview

We are one of the largest engineering construction companies in India providing integrated design, engineering, procurement, construction and project management services for energy industry and infrastructure sector projects. We provide engineering construction services for onshore and offshore pipelines, gas gathering systems, oil and gas tanks and terminals including cryogenic LNG and LPG storage terminals, process facilities in the oil and gas industry including refineries and for power plant projects. In the infrastructure sector, we have worked on various civil infrastructure projects for highways, flyovers, bridges and elevated railroads. We have also worked on several projects in the telecommunications sector. In addition, we provide value added engineering services for energy industry and infrastructure projects as well as comprehensive plant and facility maintenance and management services.

Our operations are spread across the regions of the Middle East, the Caspian, the Asia Pacific, Africa and South Asia. We have 13 subsidiaries including subsidiaries in Kazakhstan and Indonesia, and 12 project and marketing offices, including in the United Kingdom, Tunisia, Libya and Saudi Arabia. Over the years, we have been engaged by more than 115 clients to carry out more than 180 projects in over 12 countries, including repeat orders from several major clients in different countries. We have successfully executed projects in South Asia, the Asia Pacific, the C.I.S., the Middle East, and in Turkey and Georgia, in difficult terrain and extreme climatic conditions. Our successful execution of projects in South Asia and the Asia Pacific region has led to our being awarded major engineering construction projects in the Middle East and the Caspian region. Our business is dependent on projects undertaken in the energy industry and infrastructure sector in India and internationally. The relative proportion of our operating revenues from projects executed within and outside India may vary from period to period. In the years ended March 31, 2004 and 2005 and in the six months ended September 30, 2005, we generated approximately 26.40%, 57.54% and 56.28% of our consolidated sales and contracts revenue from projects executed outside India.

Our services include detailed engineering, field services, material procurement and overall project and construction management. We own a large fleet of sophisticated construction equipment including pipelaying equipment, amphibious equipment for offshore work, automatic welding machines, horizontal directional drilling rigs, barges, swamp excavators, heavy construction equipment, concrete pavers, piling rigs, and transportation and camp equipment. As of September 30, 2005, our experienced multinational and multicultural work force consisted of approximately 1,472 full time employees and more than 4,500 casual and temporary contract labor based around the world, enabling us to mobilize our skilled employee resources depending on the location and the necessary expertise for projects undertaken by us. Our sophisticated equipment and skilled employee resources, together with our strong engineering capabilities enable us to successfully implement modern engineering construction methodologies and strong project management practices. We are committed to health, safety and environment policies and practices in the execution of our projects and have received several awards and certifications for our operations and projects from the British Safety Council as well as from our clients. We also enjoy various accreditations such as the ISO 9001:2000 QMS, the ISO 14001:1996 EMS and the OHSAS 18001:1999 OHSMS from Det Norske Veritas.

We enter into contracts primarily through a competitive bidding process, including at the international level. We have worked on projects for international energy majors such as ADNOC, British Petroleum, Cairn Energy, Pertamina, PetroKazhakstan, Petroleum Development Oman, Shell, Total and TengizChevroil (a joint venture of Chevron) as well as energy majors in India such as BHEL, BPCL, CPCL, Dabhol Power Company, Essar Refineries, GAIL, Gujarat Gas, HPCL, IOC, Jindal Power, Kochi Refineries, Nuclear Power Corporation, OIL, ONGC and RIL. We have also worked on projects for major engineering construction companies including Bechtel, Parsons Fluor Daniel, Petrofac, Saipem, Siirtech Nigi, Skanska, Skoda, Snamprogetti, Technip and Toyo as well as Engineers India Limited and Lurgi. On infrastructure projects, we have worked on various projects for NHAI and Delhi Metro.

In the years ended March 31, 2004 and 2005, our consolidated income was Rs.16,187,116 thousand and Rs.19,203,344 thousand, respectively, representing an annual growth rate of 18.63%. In the six months ended September 30, 2005, our consolidated income was Rs.6,960,424 thousand. In the years ended March 31, 2004 and 2005, we earned a consolidated profit for the year of Rs.1,062,868 thousand and Rs.1,006,061 thousand, respectively, while our consolidated profit for the six months ended September 30, 2005 was Rs. 35,583 thousand. Our Backlog as of September 30, 2005 was Rs.29,993,500 thousand. We were awarded additional contracts of Rs.7,137,700 thousand during the period between October 1, 2005 and November 15, 2005.

In over 20 years of experience in construction projects, we have constructed more than 5,300 kilometers of pipelines and four million cubic meters of tanks and terminals capacity and have executed 11 refinery modernization and quality improvement projects. We have also worked or are working on 14 highway projects in the infrastructure sector.

We have received various awards in relation to our performance, including the following:

- Export award for the year 2004-2005 for second best performance in the category of maximum value of overseas contracts secured from the Projects Exports Promotion Council of India;
- Export award for the year 2004-2005 for second best performance in the category of maximum turnover from overseas construction contracts from the Projects Exports Promotion Council of India;
- Export award for the year 2003-2004 in recognition of foreign works secured in new areas from the Projects Exports Promotion Council of India;
- Export award for the year 2003-2004 in recognition of second best performance.in maximum overseas construction contracts secured from the Projects Exports Promotion Council of India;
- Export award for the year 2002-2003 in recognition of maximum foreign works secured in new areas from the Overseas Construction Council of India; and
- Export award for the year 2002-2003 in recognition of maximum overseas construction contracts secured from the Overseas Construction Council of India.

We have executed or are working on several landmark projects within and outside India, including significant pipeline projects such as the Baku – Tbilisi – Ceyhan crude oil pipeline for BP – Botas in Turkey, the KAM oil pipeline project for PetroKazhakstan in Kazakhstan, the approximately 270 kilometer South Sumatra – West Java pipeline project for PGN, Indonesia, the approximately 557 kilometer Kandla – Bhatinda oil pipeline for IOC in India, the approximately 505 kilometer Dahej -Vijaipur gas pipeline project for GAIL, the Uran Trombay oil pipeline project for ONGC, the approximately 332 kilometer Mangalya-Bijwasan pipeline project for BPCL and the approximately 330 kilometer Pune-Sholapur pipeline project of HPCL. We believe we are one of the few engineering construction companies internationally to have laid 48 inches diameter gas pipelines and to have laid pipelines in shallow water and swampy or marshy terrain.

We have also undertaken several significant tank and terminal projects including the LNG storage and regasification terminal for the Dabhol project, the LNG storage tank project for Shell at Hazira, tanks for the bulk liquid products terminal for Horizon in Singapore, tank projects for PB Tankers in Singapore, tank projects of GASCO for Bechtel in Abu Dhabi, water storage tanks projects for Technip's Fujairah water and power project and the tank farm project for the Jamnagar refineries for RIL. We believe we are one of the few engineering construction companies internationally to have in-house capability to provide comprehensive mechanical fabrication, erection, pre-stressed wall construction and insulation works for LNG tanks.

We have also successfully completed or are working on EPC contracts for various process facility projects including phase IV of the Peciiko development project in Indonesia, the Vis-breaker unit and sulphur block at the CPCL refineries for Petrofac, the MSQ upgradation project for IOC at Haldia in India and the sulphur and utilities package for Siritech Nigi at the IOC refinery at Guwahati in India. We are executing the off-sites and utilities (piping and mechanical erection) project of GASCO for Bechtel in Abu Dhabi. We are also working on two contracts for 2 X 250 MW thermal power plant stations for Jindal Power Limited at Raigarh in India as well as a contract for BHEL for 2 X 60 MW thermal power plant stations of PT Merak Energi Indonesia.

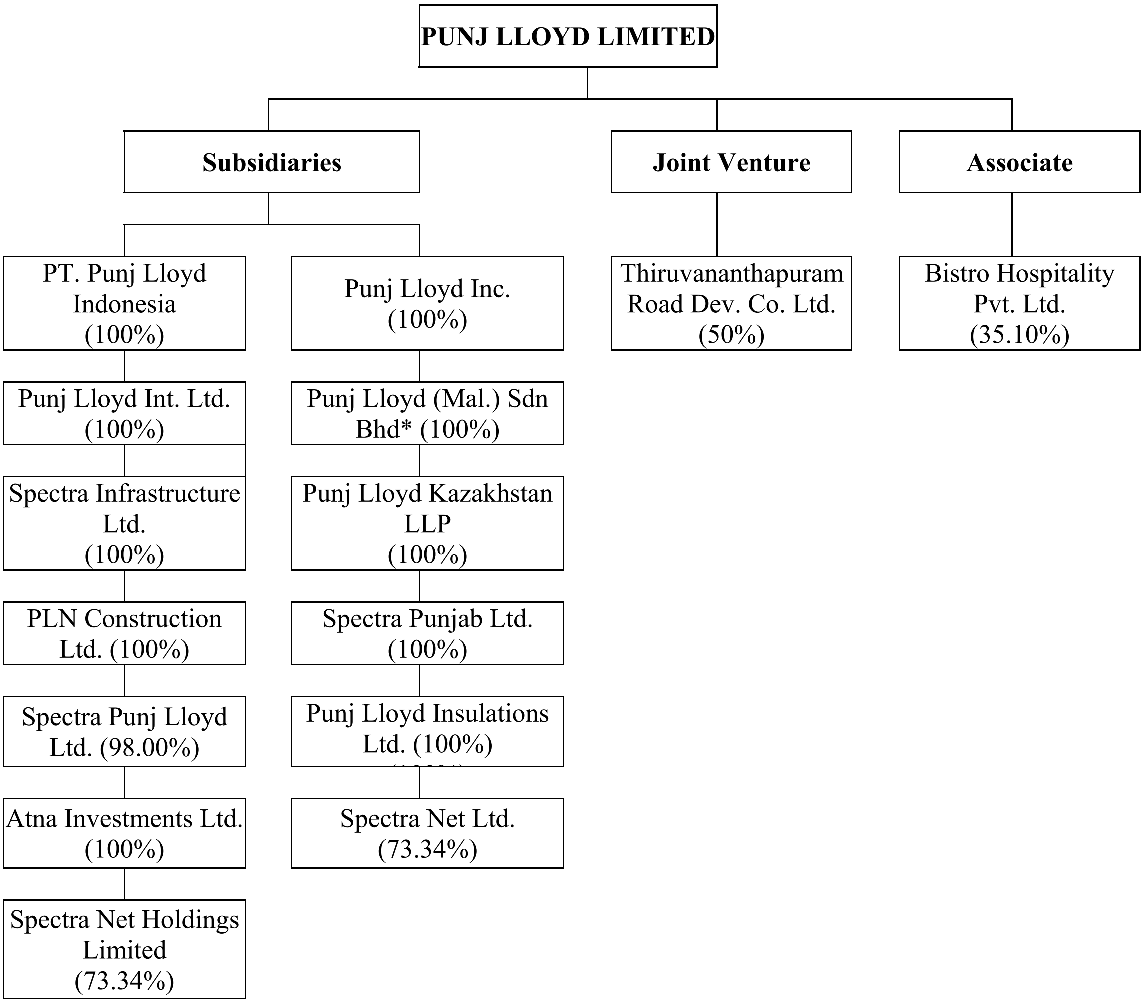
In the infrastructure sector, our 14 highway projects include the six/four-lane approximately 77 kilometer Belgaum - Maharashtra highway, the four–lane approximately 62 kilometer Rajasthan RJ-8 highway, the four-lane approximately 32 kilometer Vadodara – Halol toll road project as well as the Thiruvananthapuram city and road improvement project.

Corporate History and Structure

We were originally incorporated as Punj Lloyd Engineering Private Limited on September 26, 1988. Punj Lloyd Engineering Private Limited was formed through the transfer of the engineering, turnkey and general construction division of the former Punj Sons Private Limited. This entity in turn formed part of the Punj group of companies which was in existence since 1954.

Punj Lloyd Engineering Private Limited was subsequently renamed on July 11, 1989 as Punj Lloyd Private Limited. With effect from July 1, 1992, the word "Private" was deleted from the name of the Company under section 43A(1A) of the Companies Act. Subsequently, the Company became a public limited company on July 21, 1992.

We have 13 subsidiaries including subsidiaries in Kazakhstan and Indonesia, a joint venture company and an associate company, as specified in the following chart on our corporate structure:



* Punj Lloyd (Mal.) Sdn Bhd is in the process of being wound up.

For information on our significant operational milestones, please refer to the section "History and Certain Corporate Matters" on page 87 of this Red Herring Prospectus.

Our Strengths

One of the largest engineering construction companies in India with a strong international presence.

We are the one of the largest engineering and construction companies in India with diversified operations spread across the regions of the Middle East, the Caspian, Africa, the Asia Pacific and South Asia. We have 13 subsidiaries including subsidiaries in Kazakhstan and Indonesia, and 12 regional and marketing offices, including in the United Kingdom, Tunisia, Libya, Saudi Arabia. We have been engaged by more than 115 clients to carry out more than 180 projects in over 12 countries, including repeat orders from several major clients in different countries. We have successfully executed projects in South Asia, the Asia Pacific, the C.I.S., the Middle East, and in Turkey and Georgia. Our experience and operations in these strategically important regions enable us to capitalize on our local experience, established contacts with local clients and suppliers, and familiarity with local working conditions. We believe that we enjoy an established track record for successful completion of projects undertaken by us within tight schedules, in India and our international markets. In the years ended March 31, 2004 and 2005 and in the six months ended September 30, 2005, revenues from contracts executed outside India constituted 26.40%, 57.54% and 56.28%, respectively, of our consolidated sales and contracts revenue. Our operations are spread across several geographical regions which enable us to achieve operating efficiencies, focus on projects and regions where we can be competitive and obtain adequate margins with the appropriate level of contractual and geo-political risk.

Significant experience and strong track record

In over 20 years of experience in construction projects, we have constructed more than 5,300 kilometers of pipelines and four million cubic meters of storage tanks and terminals capacity and have executed 11 refinery modernization and upgradation projects. In the infrastructure sector, we have executed or in the process of working on 14 highway projects. We have considerable experience in onshore and offshore pipeline projects and construction projects executed within tight schedules, in extreme climatic conditions and difficult terrain, including swampy and marshy terrain. We believe we are one of the few engineering construction companies that are equipped with an in-house comprehensive mechanical, civil and insulation work capability for cryogenic LPG and LNG tanks and terminals. Our strong plant construction capabilities enable us to undertake construction of complex process facility projects such as refineries, petrochemical plants, fertilizer plants and gas gathering facilities.

We have undertaken several highly challenging engineering construction projects, such as such as the approximately 505 kilometer 42 inches Dahej -Vijaipur pipeline which was completed within a span of nine months, the Baku – Tbilisi – Ceyhan crude oil pipeline for BP – Botas in Turkey, the MSQ refinery project at Haldia for IOC which is to be completed within 18 months and the lowering of 21 kilometers of pipeline in a single day of the 48 inches gas export pipeline project at Oman. We have also completed several of our projects ahead of schedule.

Operations in diverse industries and economies

We provide engineering construction services for oil and gas industry projects, including pipelines, storage tanks and terminals and process facilities, for power plant projects and civil construction projects, including highways, flyovers, bridges, elevated railroads, ports and industrial civil infrastructure. In addition, we provide value added engineering services for energy industry and infrastructure projects as well as comprehensive plant and facility maintenance and management services. These factors enable us to diversify our business and reduce our dependence on any one industry or nature of project. In addition, our operations spread across several geographical regions enable us to decrease our dependence on the economy of, or project activity in, any particular country or region.

Long term relationship with world-class clients

We enjoy a leadership position in the engineering construction industry and have received repeat orders from several of our domestic and international clients despite increased competition. We have worked on projects for leaders in the energy industry such as the Abu Dhabi National Oil Company, Bechtel, British Petroleum, Cairn Energy, Parsons Fluor Daniel, Pertamina, Petrofac, PetroKazhakstan, Petroleum Development Oman, Saipem, Shell, Siirtech Nigi, Skanska, Skoda, Snamprogetti, Technip, Toyo, Total , and TengizChevroil (a Chevron joint venture) on various international projects. In India, our clients include BHEL, BPCL, CPCL, Dabhol Power Company, Engineers India Limited, Essar Refineries, GAIL, Gujarat Gas, HPCL, IOC, Jindal Power, Kochi Refineries, ONGC, OIL, Nuclear Power Corporation and RIL. On infrastructure projects, we have worked on various projects for NHAI, Kerala Road Fund Board, Vadodara- Halol Toll Road Ltd. and the Delhi Metro Rail Corporation.

Strong operational results and ability to mobilize financial resources

We have experienced continuous growth in revenues. In the years ended March 31, 2004 and 2005, our consolidated income was Rs.16,187,116 thousand and Rs.19,203,344 thousand, respectively, representing an annual growth rate of 18.63%. Our consolidated income in the six months ended September 30, 2005 was Rs.6,960,424 thousand. In the years ended March 31, 2004 and 2005 and in the six months ended September 30, 2005, we earned a consolidated profit of Rs.1,062,868 thousand, Rs.1,006,061 thousand and Rs.35,583 thousand, respectively. We have been awarded a 5A1 rating by Dunn and Bradstreet.

Our low cost centre of operations in India provide us with a competitive edge by allowing us to be more cost effective compared to our international competitors.

Well positioned to capitalize on the global demand in the energy industry and infrastructure development.

Internationally, the increased demand for energy has resulted in the need to substantially increase exploration, production and distribution infrastructure in the energy industry. The recent discovery of large oil and gas reserves in various parts of the world, including in India, is expected to increase the demand for pipelines, storage tanks and terminals and process facilities in the oil and gas industry. In addition, the proposed national pipeline grid by GAIL, the east-west pipeline by RIL and capital investments of other major players in the energy industry in India are expected to further fuel this growth. The sustained growth witnessed in, and the Government of India's focus and sustained increased budgetary allocation for, the infrastructure sector, together with increased funding by international and multilateral development finance institutions for infrastructure projects have also resulted in an increased demand for engineering construction services for infrastructure projects. In addition, we believe that the significant damage caused by weather conditions in southern United States may lead to additional business opportunities as certain international competitors may focus their operations and resources on infrastructure construction and development projects in such areas.

Highly qualified and motivated employee base and proven management team.

We believe that a motivated and empowered employee base is essential for our competitive advantage. As of September 30, 2005, we employed directly or through our subsidiaries and joint ventures, a multinational work force of approximately 1,472 full-time employees, of which approximately 31% were engineers while approximately 28% held engineering diplomas. In addition, as of such date, we employed more than a 4,500 strong casual and temporary contract labour on our project sites. The skills and diversity of our employees gives us the flexibility to best adapt to the needs of our clients. We are dedicated to the development of the expertise and know-how of our employees and continue to invest in them to ensure that they have the training and tools needed to be successful in today's challenging environment.

Our management team is well-qualified and experienced in the industry and has been responsible for the growth in our operations. In addition, our Board includes a strong combination of management as well as independent members that bring significant international business experience to our Company, including a director who has spent a substantial period of his career in the senior management of international engineering and construction companies and another director who has been a former partner of McKinsey & Company. We believe that this has played a key role in the development of health, safety, environment, quality and other governance practices. Our Chairman has worked in the construction industry for more than 18 years and has driven our growth since inception.

Large fleet of sophisticated construction equipment

We own a large fleet of sophisticated construction equipment including pipelaying equipment, amphibious equipment for offshore work, automatic welding machines, horizontal directional drilling rigs, barges, swamp excavators, heavy construction equipment, concrete pavers, piling rigs, and transportation and camp equipment. Our equipment assets include seven spreads of pipeline equipment capable of laying pipelines up to 56 inches in diameter, seven sets of bitumen road equipment including seven hot mix plants and 12 wet mix plants and three sets of concrete road equipment. Equipment asset management is a critical element in project delivery and quality. Our large equipment base is managed, maintained and operated by our plant and equipment division. We believe that our strategic investment in equipment assets is an advantage as it enables rapid mobilization of high quality equipment. In addition, owning and managing our own equipment enables us to retain higher EBITDA margins.

Our Business Strategy

Our strategic objective is to continue to improve on and consolidate our position as a leading transnational engineering construction company. We intend to achieve this by implementing the following strategies:

Continue to expand our operations in India and internationally.

Our objective is to expand and enhance our presence in regions where we have previously developed a strong base of operations, such as in South Asia, the Asia Pacific region, the Middle East and the Caspian region by capitalizing on our local experience, established contacts with local clients and suppliers, and familiarity with local working conditions.

The high demand for crude and refined oil and gas and derivative products in South Asia, including in India, Bangladesh, Sri Lanka and Myanmar is expected to result in several large oil and gas exploration, production and transportation projects in this region, including several pipeline and LNG import terminals. In addition, the Government of India's focus and sustained increased budgetary allocation together with increased funding by international and multilateral development financial institutions for infrastructure development in India and other South Asian countries have resulted in or is expected to result in several large infrastructure projects in this region.

In the Asia Pacific region, we intend to leverage our base in Indonesia and our recent projects in Singapore to expand into neighboring markets such as Vietnam, Thailand and Philippines based on proposed energy industry investments in these countries. Our significant operations in Kazakhstan and our recent projects in Turkey and Georgia will also provide us with a platform to increase our presence in the Caspian region. The Caspian region has one of the largest reserves of oil and gas outside the Middle East and several major pipeline networks are proposed in the Caspian region. We also intend to leverage our experience in the Middle East and continue to focus on projects in the United Arab Emirates, Qatar, Oman and Saudi Arabia and based on specific project opportunities, in other countries in the region.

We also intend to strengthen our presence in strategically important locations, such as in Africa and in Central Asia, which have significant oil and gas reserves and enormous potential for large engineering construction projects in the energy industry and infrastructure sector. We have recently established a regional office in Tunisia, and intend to focus on projects in North Africa including in Algeria, Libya, Mauritania, Egypt as well as other African countries such as Nigeria and Angola.

In pursuing our strategies, we seek to identify markets where we believe we can provide cost and operational advantages to our clients and distinguish ourselves from other competitors. In order to expand our operations, we also seek to identify acquisition targets and/or joint venture partners whose resources, capabilities and strategies are complementary to and are likely to enhance our business operations in such regions. As of the date of this Red Herring Prospectus, we have not entered into any memorandum of understanding, letter of intent or other agreement relating to any acquisition, joint venture or stategic investment.

Expand our operations to construction projects in other industries and target specific high potential project segments.

We intend to target specific project segments and industries where we believe there is high potential for growth and where we enjoy competitive advantages. For example, we intend to capitalize on our experience of working on gas processing facilities and cryogenic LNG terminals to benefit from the significant investments proposed in gas gathering, liquefaction, storage and transportation projects. We also intend to leverage our shallow water pipeline experience, our sophisticated amphibious equipment and fabrication/erection skills to capitalize on the potential for offshore projects especially in India, Indonesia and Nigeria including fabrication of shallow water platforms and installation of equipment on shallow water platforms.

We intend to capitalize on our experience on infrastructure projects and our large equipment base to benefit from the demand for infrastructure projects in India and internationally. We intend to extend our operations to other civil infrastructure projects including railways, LRT and metro rail, hydro-electric and thermal power projects, urban and cross-country water pipeline projects, ports and harbor projects, airport expansion and other civil aviation projects. We also intend to extend our operations to civil/structural works in steel plants and industrial plants as well as commercial complexes including in the healthcare sector. We continue to focus on NHAI cash contracts and BOT contracts preferably on annuity basis as such contracts involve lower risks.

Continue to focus on EPC contracts and direct contracts from clients.

We intend to continue to concentrate on projects and prospects in areas where we can be most competitive and obtain robust profit margins with the appropriate level of contractual and geo-political risk. We intend to continue to focus on pursuing EPC contracts as such contracts enable us to move up the value chain to become the main contractor on our projects, provide us with the opportunity to bid on a higher number of international projects and deploy our resources more efficiently and improve operating margins. While working on higher value projects may have associated risks, such projects also enable us to reduce operating costs and expenses and benefit from potentially higher margins. For certain large value projects we also plan to form strategic alliances with other relevant experienced and qualified contractors.

Substantially all our contracts are obtained through a competitive bidding process. In selecting contractors for major projects, clients generally limit the tender to contractors they have pre-qualified based on several criteria including experience, technological capacity and performance, reputation for quality, safety record, financial strength and bonding capacity and size of previous contracts in similar projects, although price competitiveness of the bid is, however, the most important selection criterion. Pre-qualification is key to our winning major projects and we continue to use our marketing efforts in getting pre-qualified with major energy conglomerates and infrastructure development agencies and entities. We intend to capitalize on our considerable construction experience to bid for and win larger contracts. We also intend to continue to strengthen our engineering capabilities to enable us to win more technically complex turnkey projects.

Focus on performance and project execution.

We believe that we have a developed a reputation for undertaking challenging engineering construction projects and completing projects ahead of schedules. We intend to continue to focus on performance and project execution in order to maximize client satisfaction and margins. Our global experience enables our engineering teams to incorporate best practices from different geographic regions. We leverage advanced technologies, designs and project management tools to increase productivity and maximize asset utilization in capital intensive construction activities. Through our comparatively lower cost center of operations in India, we continue to optimize operating and overhead costs to maximize our operating margins.

As a company we operate in five distinct geographic regions: South Asia, the Asia Pacific region, the Middle East, the Caspian region and Africa. To facilitate efficient decision making, we intend to continue to strengthen the information and communication technology infrastructure for our operations in order to delivery satisfactorily on commitments to our clients. We intend to continue to develop our strategic "centers of excellence" to focus on specific project segments, such as offshore works, pipeline construction, compressor stations, LNG terminals and process facilities and to provide centralized support services.

Continue to focus on health, safety and environment standards.

We intend to continue to focus on our health, safety and environment management and quality management standards as we believe that these elements of performance measurement have become important competition differentiators and key criteria for prequalification of contractors by potential clients. We intend to obtain and maintain the highest levels of international certifications for our health, safety and environment management and quality management programs and to continually improve the readiness, utilization and overall quality of our fleet of equipment. Based on regulatory laws and best practices which include general standards, construction activities and maintenance operations in the oil and gas industry, we aim to continuously improve our safety performance through management commitment and visibility and specific training, audits, recognition and accountability, action plans, and pre-planning practices to improve our operating standards.

Further enhance our engineering and design capabilities.

We intend to continue to further enhance our strong engineering capabilities to enable us to provide value added engineering services for and win larger more technically complex EPC projects as well as specialized engineering and design consultancy services to clients independent of our projects, including for pipeline projects, compressor stations, 3-D modeling, offshore platforms, gas process facilities, LNG and LPG terminals and power plants. We also depute our engineers to companies outside India to provide engineering services. Increased investment in energy industry projects in our international markets has resulted in an increased demand for engineering capabilities. We intend to leverage our engineering capabilities to provide value added engineering services to other engineering construction companies in these markets.

Develop and maintain strong relationships with our clients and strategic partners.

Our services are significantly dependent on engineering construction projects of large Indian and international energy conglomerates and infrastructure projects undertaken by governmental authorities funded by governments or international and multilateral development finance institutions. Our business is also dependent on developing and maintaining strategic alliances with other EPC contractors with whom we may want to enter into strategic alliance in the form of a joint venture or a consortium or a sub-contract relationship for specific projects. We will continue to develop and maintain these relationships and alliances. We intend to establish strategic alliances and share risks with companies whose resources, skills and strategies are complementary to and are likely to enhance our business opportunities, including the formation of joint ventures and consortia to achieve competitive advantage.

Our Services

We provide integrated design, engineering, procurement, construction and project management services for energy industry and infrastructure sector projects. In addition, we provide value added engineering services for energy industry and infrastructure projects as well as comprehensive plant and facility maintenance and management services.

Engineering Construction Services

Pipelines

World demand for pipelines results from the need to move millions of barrels of crude oil and petroleum products to refiners, product terminals and consumers and billions of cubic feet of natural gas to processors, LNG terminals and consumers each day. Pipeline construction is capital intensive, and we own, operate and maintain a fleet of specialized equipment necessary for us to engage in the pipeline construction business. We have successfully executed onshore and offshore pipeline construction projects in remote areas in difficult terrain ranging from deserts to tropical rain forests, on steep inclines, in hard rocks and marshy and swampy areas and in harsh climatic conditions ranging from -45 degrees Celsius to +45 degrees Celsius. Over the years, we have completed more than 5,300 kilometers of oil and gas pipelines around the world. We have executed or are working on several landmark projects within and outside India, including significant pipeline projects such as the Baku – Tbilisi – Ceyhan crude oil pipeline for BP – Botas in Turkey, the KAM oil pipeline for PetroKazakhstan in Kazakhstan, the approximately 557 kilometer Kandla – Bhatinda oil pipeline for IOC in India, the approximately 505 kilometer Dahej -Vijaipur gas pipeline project for GAIL, the Uran Trombay oil pipeline project for ONGC.

Storage Tanks and Terminals

Oil and gas companies require large storage tanks and terminals in the course of exploration, production, storage and transportation of oil and gas and derivative products. We have significant experience in the construction of various kinds of tanks and terminals, ranging from the construction of floating and fixed roof storage tanks for crude oil and product to cryogenic storage terminals for LPG and LNG. Over the years, we have constructed more than four million cubic meters of tanks and terminal capacity, including the LNG storage and regasification terminal for the Dabhol project, the LNG storage tank project for Shell at Hazira, tank projects for PB Tankers in Singapore, tank projects of GASCO for Bechtel in Abu Dhabi, water storage tanks projects for Technip's Fujairah water and power project and the tank farm project for the Jamnagar refineries for RIL. We are currently working on a tank farm project on EPC basis for Horizon terminals in Singapore and a tank construction project for PB Tankers (Tankstore) also in Singapore. We have also undertaken the off-sites and utilities (piping and mechanical erection) project of GASCO for Bechtel in Abu Dhabi.

Process Facilities

Oil and gas companies require various process facilities in the course of producing and processing oil and gas and derivative products. We have successfully executed contracts for gas gathering and process facilities, gas compressor stations, specialized processing packages for refineries such as sulphur recovery, Vis-breaker, crude distillation, hydrocrackers, and vacuum distillation units, as well as upgradation of refineries, effluent treatment plants and regasification units for LNG import terminal. The construction of process facilities for the hydrocarbon and petrochemical industry typically include equipment erection (where single piece of equipment can weigh anywhere in the range of 600 tons and above), fabrication and installation of piping (including special alloy piping), fabrication of steel structures, electrical, instrumentation, painting, insulation and fireproofing services. Civil works also are included in the construction packages for some of the process facilities, particularly in EPC contracts. The civil works include land preparation and grading, piling, construction of internal roads, buildings like offices, control rooms etc. We have completed 11 process facility contracts including phase IV of the Peciiko development project in Indonesia, the Vis-breaker unit and sulphur block at the CPCL refineries for Petrofac, the sulphur and utilities package for Siirtech Nigi at the IOC refinery at Gujarat in India and are currently working on the MSQ upgradation project for IOC at Haldia in India.

Infrastructure Projects

Infrastructure development has seen tremendous growth in India. Increased investment in infrastructure has led to a surge in the activities of the construction industry. We provide engineering construction services for various infrastructure projects including highways, flyovers, bridges, elevated railroads. Of the 14 highway projects that we have completed or are in the process of executing in the infrastructure sector, the notable ones include the four/six-lane approximately 77 kilometer Belgaum - Maharashtra highway, the four–lane approximately 62 kilometer Rajasthan RJ-8 highway, the four-lane approximately 32 kilometer Vadodara – Halol toll highway project, the approximately 47 kilometer Dharmavaram – Tuni highway project as well as the Thiruvananthapuram city and road improvement project. We have also executed an elevated via duct for the Delhi Metro which was the first project of its kind for us.

Power Projects

We provide engineering construction services for power plants, and are currently working on two contracts for 2 X 250 MW thermal power plant stations for Jindal Power Limited at Raigarh in India as well as a contract for BHEL for 2 X 60 MW thermal power plant plant stations of PT Merak Energi Indonesia. We have also executed contracts for gas-turbine based power plants and also piping works in nuclear power plants.

Engineering, Operations and Facility Maintenance Services

We provide comprehensive engineering, operations and maintenance and preservation services in connection with our construction projects as well as for other projects. These services include:

Engineering services. The engineering centre performs multi-disciplinary technical and engineering services for onshore and offshore pipelines, mechanical engineering aspects of storage tanks and terminals, for process facilities and infrastructure projects.

Engineering services typically involve detailed design and engineering, developing specifications and drawings, preparing material take-offs, technical evaluation reports and vendor information reviews as well as project coordination and planning, procurement processes and engineering support for construction activities. Our engineering centre is staffed by multi-disciplinary, highly-skilled, extensively experienced engineers and CAD experts and is equipped with sophisticated engineering software packages.

Facilities commissioning and start-up services. We also perform commissioning and start-up services including development of comprehensive pre-commissioning strategies and checklists, formulation of a seamless commissioning plan, checking and calibrating instrumentation and controls, analysis and establishment of utility services in accordance with prescribed standards and norms, undertaking test-runs, monitoring performance indicators, creation of "as-commissioned" documentation and recording pre-commissioning and start-up parameters.

Quality procedures assessment and audit. We conduct quality control assessment and audit services including evaluation of existing quality assurance procedures and systems, formulating and establishing procedures to cover time, cost and quality of deliverables across all processes and incorporation of "cost of quality" accounting procedures within the operating systems and processes.

Health, safety and environmental audit and procedures. Our health, safety and environmental audit and procedures recommendation services include the evaluation of safety norms and practices relating to personnel, facilities, equipment and the environment emerging from current practices and procedures. We assist our clients in identifying measurable parameters for the evaluation of health, safety and environmental compliance norms with respect to specific work environment and responsibilities and operating practices and procedures. Our expertise in this area enables us to offer advice on incorporate "cost of safety" accounting procedures in operating systems and the development of time-bound safety-risk assessment procedures and safety policies and procedures for our clients.

Asset preservation and management. We also provide asset preservation and management services that include preservation and maintenance of distressed assets or plant and machinery under litigation, provision of comprehensive management and maintenance services that include security, safety, preservation and maintenance of assets and equipment and maintenance for ability to recommence commercial operation.

Our Operations

Contract Management

Our contracts expose us to significant construction and cash flow risks. To mitigate these risks, we have developed risk controls that include selective bidding on projects, efficient project management and disciplined cash flow management. We believe that our past ability to manage these risks has been a key factor in our ability to provide turnkey solutions for our clients.

We typically enter into two basic types of engineering construction contracts for construction of pipelines, storage tanks and terminals and process facilities for the energy industry:

- firm fixed-price or lump sum fixed-price contracts providing for a single price for the total amount of work; and
- unit-price contracts which specify a price for each unit of work performed;

For infrastructure development projects, we typically enter into three types of contracts:

- Cash contracts where all materials and other costs are incurred by us and we are paid in cash for the execution of the project; these contracts typically provide for a mechanism to compensate us for increases in significant materials costs;
- "Build, own and operate" ("BOT") and "build, own, operate and transfer" ("BOOT") contracts where we (either individually or as a member of a consortium) invest in public infrastructure development projects such as highways or bridges, arrange for the financing of and incur all expenditure related to the project. We own, maintain and manage the project assets for a stipulated concession period granted by the government authorities during which period we receive revenues from the project assets in the form of toll charges, ridership fees, and from granting commercial and/or lease rights to such assets, including from advertisement revenue; and
- BOT contracts on annuity schemes where we incur the costs of constructing and maintaining the project and are paid predetermined charges by the client semi-annually or annually.

Changes in scope of work are defined by change orders agreed to by both parties. These changes can affect our contract revenue either positively or negatively. Most contracts that we enter into are subject to certain completion schedule requirements with liquidated damages in the event schedules are not met as a result of circumstances within our control. Over the years, liquidated damages paid by us in connection with our projects have not been significant as a percentage of our revenues in a fiscal year.

We typically provide our engineering services and facility management and maintenance services under fixed price cash contracts with specified variations on selective elements of the contracted services.

Fixed Price Contracts and Turnkey Projects

Some of our projects are currently performed on a fixed-price basis. Under a fixed-price contract, we agree on the price that we will receive for the entire project, based upon specific assumptions and project criteria. If our estimates of our own costs to complete the project are below the actual costs that we may incur, our margins will decrease, and we may incur a loss. The revenue, cost and gross profit realized on a fixed-price contract may vary from the estimated amounts because of unforeseen conditions or changes in job conditions and variations in labor and equipment productivity over the term of the contract. Unanticipated costs or delays in performing part of the contract can have compounding effects by increasing costs of performing other parts of the contract. Depending on the size of a project, these variations from estimated contract performance could have a significant effect on our operating results for any quarter or year. In cases where the client's requirements change subsequent to the award of the contract, we are able to recover additional costs and profits from the client through the change order process. Our accounting policy related to contract variations and claims requires recognition of all costs incurred. Revenue associated with these contract variations and claims is recognized only when agreement is reached with the client with respect to scope and price. Consequently, revenue and income may be reported in periods after the periods in which the corresponding expenses were reported.

All of our turnkey projects are under "lump-sum" contracts that fix an all inclusive lump-sum price for the project with certain key components of the project, such as procurement of certain items that are subject to price variation provisions. In addition, changes in scope of work are defined by change orders agreed to by both parties. As the contractor of a turnkey project, we are responsible for all aspects of the project. We usually guarantee completion by a scheduled acceptance date and/or achievement of some acceptance and performance testing levels. The client usually retains responsibility for obtaining all necessary construction and operating permits and for operating the facility after delivery. While turnkey contracts entail business and financial risks, notably by requiring us to absorb some of the cost overruns, they enable us to efficiently determine the engineering, procurement and construction sequence for a project and deploy our resources more efficiently and potentially capture these efficiencies in the form of improved margins.

Single Project Joint Ventures and Strategic Alliances

Strategically we bid for projects as the sole contractor of the project, with full responsibility for all aspects of the project, including, if required, the selection and supervision of subcontractors. On certain larger or more technically complex projects, we participate in single-project joint ventures with other contracting, engineering and construction companies to share risks and combine financial, technical and other resources. Typically, we seek one or more joint venture partners when a project requires local content, equipment, manpower or other resources beyond those we have available to complete work in a timely and efficient manner or when we wish to share risk on a particularly large project. By way of example, recent joint venture projects that we have participated in include the strategic alliance with Limak to work on the Baku -Tbilisi-Ceyhan pipeline project in Turkey and the strategic alliance with Indian Oil Tanking Limited (a joint venture of IOC) for the IOC offsites project at Paradip, India.

In a single-project joint venture, each member of the joint venture shares the risks and revenues of the project, according to a predetermined agreement. Our joint venture agreements identify the work to be performed by each party, procedures for managing the joint venture, the manner in which profits and losses will be shared by the parties, the equipment, personnel or other assets that each party will make available to the joint venture and the method by which any disputes will be resolved. Although joint ventures often impose joint and several liabilities on the partners, we seek to ensure that such liabilities are contractually limited to the scope of work of each party in the joint venture. These single-purpose joint ventures are for the duration of the contract, and are liquidated when the project is completed.

For the purpose of bidding for and execution of projects, from time to time, the Company enters into memoranda of understanding, joint venture agreements and consortium arrangements. Certain of these memoranda of understanding, joint venture agreements and consortium arrangements are entered into pursuant to the tender conditions. As of November 15, 2005, we had entered into the following arrangements:

S. No.	Other Party	Type of Arrangement	Project
1.	S.N. Technigaz (Saipem/France)	Memorandum of understanding/consortium	Petronet LNG/Kochi project.
2.	Indian Oil Tanking Limited	Memorandum of understanding	Indian Oil Corporation/Panipat offsites project.
3.	Limak Construction Industry & Pipeline Inc.	Joint venture	BTC pipeline project in Turkey.
4.	Simon India Limited	Memorandum of understanding/consortium	In connection with the zinc smelter project in Rajasthan.
5.	PT Punj Lloyd, Indonesia	Memorandum of understanding	ONGC 26 well platform project.
6.	Chaabane and Socomenin	Memorandum of understanding/consortium	Sirte Oil pipeline project.
7.	ATAC/ILF/ROMCO	Memorandum of understanding/consortium	Mauritania water supply project.
8.	Baywood Continental Limited	Memorandum of understanding/consortium	NCTL Nigeria project.
9.	Baywood Continental Limited/Transcoastal Corporation	Memorandum of understanding/consortium	Cawthorne pipeline replacement project.
10.	Baywood Continental Limited/Transcoastal Corporation	Memorandum of understanding/consortium	EPC pipeline contract for NLNG train.

S. No.	Other Party	Type of Arrangement	Project
11.	Transcoastal Corporation/OSHL	Memorandum of understanding/consortium	Various projects in Nigeria.
12.	Baywood Continental Limited	Memorandum of understanding/consortium	Gas distribution pipeline project for Gaslink Nigeria Limited.
13.	Baywood Continental Limited, Nigeria	Memorandum of understanding/consortium	Escravos offshore pipeline project.
14.	ACC, Abu Dhabi	Consortium	Execution of BeAAT project.
15.	Al-Hassan Engineering Company	Joint venture	Execution of the 48” pipeline project in Oman.
16.	Galfar Engineering and Construction LLC	Memorandum of understanding	Bidding for the central desalination plant at Sur and water supply scheme to Al Sharqiya region pipeline construction project.
17.	SembCorp Engineers and Constructors	Memorandum of understanding/joint venture	Medicity buildings project
18.	SembCorp Engineers and Constructors	Memorandum of understanding/joint	Bangalore Metro project.
19.	Persys Sdn. Bhd.	Memorandum of understanding/joint venture	Delhi Metro project.
20.	Continental Engineering Corporation	Memorandum of understanding/joint venture	Delhi Metro project.
21.	Samhwan Corporation	Memorandum of understanding/joint venture	Railway project.
22.	Progressive Construction Limited	Memorandum of understanding/joint venture	NHAI highway works project.
23.	SembCorp Engineers and Constructors	Memorandum of understanding	Abu Dhabi airport project.
24.	Consolidated Toll Networks India Limited and Infrastructure Leasing and Financial Services Limited	Memorandum of understanding/joint venture	Badarpur elevated road link project.
25.	Shapadu Energy and Engineering Sdn. Bhd.	Memorandum of understanding	Various projects in Malaysia.
26.	PT SMJ & Infrastructure Leasing and Financial Services Limited	Memorandum of understanding/consortium	To execute two toll road projects in central Java.
27.	PT SMJ & Infrastructure Leasing and Financial Services Limited	Memorandum of understanding/consortium	To execute two toll road projects in central Java.
28.	Seamer Holdings Limited	Memorandum of understanding/consortium	To execute a pipeline project in Vietnam.
29.	Engineers India Limited	Memorandum of understanding/consortium	Refinery revamp project in Libya.

Prequalification, Project Tenders and Marketing

In selecting contractors for major projects, clients generally limit the tender to contractors they have pre-qualified based on several criteria including experience, technological capacity and performance, reputation for quality, safety record, financial strength and bonding capacity and size of previous contracts in similar projects, although price competitiveness of the bid is, however, the most important selection criterion. Pre-qualification is key to our winning major projects and we continue to develop on our pre-qualification status through concentrated marketing efforts aimed at major energy conglomerates and infrastructure development agencies and entities. We cannot predict with any degree of certainty the frequency, timing or location of new contract awards. Our marketing and contracts teams are in charge of our marketing and commercial activities. Until the final selection, negotiations continue with the client on matters such as specific engineering and performance parameters, the construction schedule and financial and other contractual terms and conditions.

Because of the high cost and management resources required in preparing a bid on a large contract, whether turnkey or for a specified scope of engagement, we only bid on selected projects. Each project is carefully analyzed and prior to bidding, we estimate the costs and analyze the financial and legal aspects of the project. In evaluating bid opportunities, we consider such factors as the client's reputation and financial strength, the geographic location and the difficulty of the work, whether financing arrangements for the proposed project have been finalized, our current and projected workload, the likelihood of additional work, the project's cost and profitability estimates, and our competitive advantage relative to other likely bidders. We use sophisticated estimation systems to evaluate a specific project. The bid estimate forms the basis of a project budget against which performance is tracked through a project cost system, enabling management to monitor projects continously.

We cannot predict with any degree of certainty the frequency, timing or location of new contract awards. We act as the principal contractor or direct contractor on a majority of the engineering construction projects that we undertake. On our projects, we typically perform most of the work with our own resources and typically subcontract only such activities as non-destructive testing, inspection, catering and security, which enable us to record higher margins. We endeavor to become directly qualified for projects that we propose to bid for. In the event that we do not qualify directly for a project due to the size of the project or other reasons, we typically form strategic alliances with other relevant experienced and qualified contractors to participate in such projects.

Our marketing efforts are executed at the regional levels with strategic and supervisory support from the corporate offices. Proposals for clients are however prepared from our corporate offices, enabling us to judiciously utilize our resources and developing a consistent approach for bid submissions around the world. We have also established strategic marketing offices in the United Kingdom, Saudi Arabia and Tunisia to develop and maintain relationships with large energy conglomerates, engineering companies and EPC contractors.

Structural Initiatives and Geographic Regions

Structural Initiatives

Our operations are divided into five distinct regions: (i) South Asia which comprises of the Indian sub-continent that includes Bangladesh, Sri Lanka, Pakistan and Myanmar, (ii) the Asia Pacific region that includes Indonesia, Singapore, Thailand, Vietnam and Philippines, (iii) the Middle East that includes United Arab Emirates, Qatar, Oman, Kuwait and Saudi Arabia, (iv) the Caspian region that includes Kazakhstan, Azerbaijan, Uzbekistan, Georgia, Turkmenistan and Turkey, and (v) the African region that includes Libya, Algeria, Nigeria and Tunisia.

We have significant operations in the Middle East, the Caspian region, the Asia Pacific region and in South Asia and intend to strenghthen our presence in strategically important locations, such as Africa. These regions have significant oil and gas reserves and enormous potential for large engineering construction projects in the energy industry and infrastructure sector.

We have organized our operations in a manner that enables the management of the Company to have direct access and control over business development activities and project execution activities in the different geographic regions, enabling efficient decision making and project execution. The regional units have independent marketing and project teams that are supported centrally from our corporate offices. The allocation of equipment and personnel are coordinated centrally from our corporate offices to optimize resource allocation and costs. Project teams are constituted when a particular contract is awarded to us. On the completion of a project, the project team is regrouped to other projects, depending on the skills of such personnel and the requirements of the next project.

We have also developed strategic "centers of excellence" to focus on specific project segments, such as offshore works, pipeline construction, compressor stations, LNG terminals and process facilities, to provide centralized support services.

Geographic Regions

The following table shows our contract revenue by geographic region for the years ended March 31, 2004 and 2005 and the six months ended September 30, 2005:

	For the year ended March 31, 2004.		For the year ended March 31, 2005.		For the six month ended March 31, 2004.	
	Amount	**Percent**	**Amount**	**Percent**	**Amount**	**Percent**
	(Rupees in thousand)					
Middle East	588,242	3.69%	1,428,059	7.98%	957,535	14.09%
Asia Pacific Region	3,494,482	21.92%	2,984,583	16.67%	1,783,165	26.24%
South Asia	11,735,238	73.61%	7,599,604	42.46%	2,970,687	43.72%
Caspian Region	125,366	0.79%	5,887,865	32.89%	1,084,112	15.95%
Total	**15,943,328**	**100%**	**17,900,113**	**100%**	**6,795,500**	**100%**

Middle East

The increased exploration, production and transportation activity in the Middle East in the last five years has resulted in the development several oil and gas projects as well as several infrastructure projects including civil aviation related projects.

We commenced operations in the Middle East in 1992 and have worked in most countries in the region. Currently, we have operations in Abu Dhabi and Oman, where we have been executing projects since the last four years. We have established branch offices of the Company in the United Arab Emirates and Oman and marketing offices in Saudi Arabia. We coordinate our activities in the region from our regional headquarters at Abu Dhabi and from these offices and maintain fully staffed offices and work sites in Oman and UAE. We are in the process of setting up joint venture entities in Qatar and Saudi Arabia. In the Middle East, we intend to continue to focus on projects in the United Arab Emirates, Qatar, Oman and Saudi Arabia and based on specific project opportunities, in other countries in the region. In this region, our significant projects that have been completed include the tank project for Technip/Al Jaber on EPC basis in Abu Dhabi, the 48 inches diameter gas pipeline for Petroleum Development Oman and an industrial infrastructure development project for Qatar Petroleum.

Asia Pacific region

The Asia Pacific region continues to be a geographic area of keen interest for us due to the relative abundance of undeveloped natural gas resources, growing demand for natural gas for power generation and industrial and residential usage and our past success in the region.

We commenced operations in the Asia Pacific region in 1992 and have worked on or are currently working on several projects in Indonesia, including the Tambora pipeline project on EPC basic in Indonesia and the tank farm project on EPC basis for Horizon terminals in Singapore and a tank construction project for PB Tankers (Tankstore) in Singapore which are being implemented through our branch office at Singapore. We have a significant subsidiary in Indonesia - Pt. Punj Lloyd Indonesia with its principal office at Jakarta. We coordinate our activities in the region from these offices and maintain fully staffed project offices. We intend to leverage our regional headquarters in Singapore and strong presence in Indonesia where we have extensive operations including facilities at our base camp and yard in Sungaipurun to expand into neighboring markets such as Vietnam, Thailand and Philippines based on opportunities that become available in these countries.

Caspian region

The Caspian region has one of the largest reserves of oil and gas outside the Middle East. We have a significant presence in the Caspian region with operations in the oil and gas sector. In this region, the centre of our activities over the past three years has been the regional headquarters at Almaty, Kazakhstan, the principal office of our subsidiary Punj Lloyd Kazakhstan LLP. We also have a branch office of Punj Lloyd Kazakhstan LLP at Atyrau and a project execution office at Tengiz, on the Caspian Sea. Our operations in the region commenced in June 2002 with the approximately 177 kilometers product pipeline for PetroKazakhstan. The success of this first project enabled us to qualify for two large oil and gas field projects in the Caspian region. One was for Tengizchevroil (Chevron's joint venture in the region) where we are currently executing two projects, a large bore and small bore pipeline project and the mechanical offsites project under Parsons Fluor Daniel. The other project is for AGIP's Kashagan pipeline project which is currently under bidding. We have invested locally in procurement of critical machinery required for the projects and use local manpower extensively for the execution of the project. We are also providing training infrastructure and training for improving the skill sets of local workmen.

In the vicinity of the Caspian region, we have executed the Baku -Tbilisi-Ceyhan pipeline project, a major international project that included an approximately 332 kilometers segment in Turkey and an approximately 54 kilometers segment in Georgia.

We intend to capitalize on our operations in Kazakhstan and our recent projects in Turkey and Georgia to participate in projects in the energy industry in other countries in the Caspian region, including in Russia, which has the largest gas reserves in the world and in Azerbaijan.

South Asia

The high demand for crude and refined oil and gas and derivative products in South Asia, including in India, Bangladesh, Sri Lanka and Myanmar is expected to result in several large oil and gas exploration, production and transportation projects as well as refinery projects in this region, including pipeline projects and several LNG import terminals. Further, low operating costs of refinery facilities in India are expected to contribute to the strong growth in refinery projects in South Asia. In addition, the Government of India's focus and increased budgetary allocation and increased funding by international and multilateral development finance institutions for infrastructure development in India and other South Asian countries has resulted in or is expected to result in various infrastructure projects in this region. Our operations in this region are coordinated from New Delhi where our corporate offices are situated. Significant projects executed in the South Asia region include the approximately 557 kilometer Kandla – Bhatinda oil pipeline for IOC in India, the approximately 505 kilometer Dahej -Vijaipur gas pipeline project for GAIL and the Uran Trombay oil pipeline project for ONGC, the tank farm project for the Jamnagar refineries for RIL, the Vis-breaker unit and sulphur block at the CPCL refineries for Petrofac, the MSQ upgradation project for IOC at Haldia in India, the six/four-lane approximately 77 kilometer Belgaum - Maharashtra highway, the four–lane approximately 62 kilometer Rajasthan RJ-8 highway and the four-lane approximately 32 kilometer Vadodara – Halol toll highway project.

Africa

Although our initiatives in this region have been recent, we intend to establish a presence in this strategically important region as it has oil and gas reserves and potential for large engineering construction projects in the energy industry and infrastructure sector. We have recently established a regional office in Tunisia. We intend to focus on projects in North Africa including in Tunisia, Algeria, Libya, Mauritania, Egypt as well as other African countries such as Nigeria and Angola. We are qualified for, and have been invited to bid for two major pipeline projects in Libya.

Competition

We operate in a competitive environment. Our competition depends on whether the project is in the oil and gas industry or in the infrastructure sector. It also depends on the size, nature and complexity of the project and the geographical region in which the project is to be implemented. We compete against major U.S., European and east Asian engineering and construction companies or their regional operating entities as well smaller regional engineering construction companies. While service quality, technical capability, performance record and experience, health and safety records and availability of qualified personnel, are strongly considered in client decisions, price is the major factor in most tender awards.

Pipeline Construction. Our primary competitors for pipeline construction are Larsen and Toubro and Dodsal in the South Asian region, NACAP and IKPT in the Asia Pacific region, CCC, Dodsal, McConell Dowell and Al Jaber in the Middle East, and CCC, Bechtel Enka, Bonatti, SICCIM, Saipem, Tekfen in the Caspian region.

Construction of Storage Tanks and Terminals. In construction projects for oil storage tanks and terminals, we compete with Bridge & Roof, a public sector company and IOTL in the South Asian region and with IKPT, CBI and Rotary Engineering in the Asia Pacific region. For gas storage tanks and terminals projects, we compete primarily with VTV in the South Asian region and with TKK, IKPT and CBI in the Asia Pacific region. In the Caspian region, we primarily compete with Bonatti, Tekfen, CBI and some regional local companies.

Construction of Process Facilities. In construction projects for process facilities in the oil and gas industry, we compete with Larsen & Toubro, Toyo, Technip, Samsung and Daelim in the South Asian region, with IKPT, Samsung and Plant & Engineering in the Asia Pacific region. In the United Arab Emirates and in Oman, we primarily compete with Dodsal, CCC, Larsen & Toubro and Petrofac and in Qatar and Saudi Arabia with CCC and Larsen & Toubro. In the Caspian region, our primary competitors include CCC, Bechtel Enka and Tekfen.

Construction of Infrastructure Projects. In highway construction, some of the large construction companies that we compete with include HCC, Larsen & Toubro, Som Datt and Nagarjuna Construction. In the construction of elevated and underground railroads, we compete primarily with Gammon and Larsen & Toubro.

Construction of Power Plants. We are a recent entrant in the construction of large value work packages for power plants and compete primarily with Larsen & Toubro and Simplex in South Asia. In other regions, we intend to form strategic alliances with strong companies on a case by case basis. For a project in Indonesia, we have entered into a strategic alliance with BHEL from India and have recently been awarded the remainder of plant work for a 60 MW project from BHEL.

We are currently qualified to bid for projects up to a certain value and therefore do not often directly compete with international engineering and construction conglomerates such as CCC, Bechtel, Petrofac, Technip, LG, Samsung, Saipem, Daelim and Hyundai for very high value contracts. However, on some projects that are of comparatively lesser value, we compete with these large international turnkey contractors or their regional operating entities. Depending on various factors, including our prior experience on such projects and the extent of our operations in the relevant geographical region, we are able to leverage our local experience, established contacts with local clients and suppliers, and familiarity with local working conditions to provide more cost effective services than our competitors or offer a superior value proposition. Since a large part of our operations are based out of India, we also benefit from lower overheads to our operations as compared to our European or U.S. competitors.

Backlog

In our industry, Backlog is considered an indicator of potential future performance since it represents a portion of the future revenue stream. Our strategy is not focused solely on Backlog additions but, rather, on capturing quality Backlog with potentially high margins.

Our Backlog includes only our proportionate share of joint venture contracts. To the extent work on these contracts advances and revenues are recognized, it is progressively removed from Backlog.
Our Backlog as of September 30, 2005 was Rs.29,993,500 thousand. Our Backlog is subject to the cancellation and modification provisions contained in various contracts. On an analysis of our Backlog across geographic regions, 72.79% of our Backlog as of September 30, 2005 related to projects to be executed in South Asia, 21.35% to projects in the Asia Pacific region, 3.17% to projects in the Middle East and 2.68% to projects in the Caspian region. Our ten largest contracts represented 75.44% of our Backlog as of September 30, 2005, as compared to approximately 51.61%, 45.96% and 53.63% of our Backlog as of March 31, 2003, 2004 and 2005, respectively.

The following table sets forth our consolidated Backlog by geographic region as of March 31, 2003, 2004, 2005 and as of September 30, 2005 by geographic region:

	As of March 31, 2003		**As of March 31, 2004**		**As of March 31, 2005**		**As of September 30, 2005**	
	Amount	**Percent %**	**Amount**	**Percent %**	**Amount**	**Percent %**	**Amount**	**Percent %**
(Rupees in thousands)								
Middle East	571,970	2.51	2,382,210	11.66	1,969,939	17.49	951,900	3.18
Asia Pacific	4,662,000	20.46	1,960,000	9.59	3,875,629	27.65	6,404,400	21.35
South Asia	15,226,980	66.83	11,160,560	54.64	4,912,767	41.64	21,832,600	72.79
Caspian Region	2,324,500	10.20	4,924,760	24.11	1,514,272	13.22	804,600	2.68
Total	**22,785,450**	**100.00**	**20,427,530**	**100.00**	**12,272,607**	**100.00**	**29,993,500**	**100.00**

The following table sets forth our consolidated Backlog by line of business as of September 30, 2005:

	Amount	Percent
	(Rupees in thousands)	
Pipelines	5,268,296	17.56 %
Storage Tanks and Terminals	4,307,314	14.36 %
Process Facilities	527,463	1.76 %
Infrastructure Projects	19,890,427	66.32 %
Total	**29,993,500**	**100.00 %**

Execution of a Project

Engineering construction projects in the energy industry and infrastructure projects involve various activities, depending on the scope of engagement on a specific project, either as an EPC or turnkey contractor or as a principal contractor or as a sub-contractor responsible for specific segments of a project. These activities include project management, engineering design for the proposed project or specific parts of a project, procurement of equipment and materials from third party manufacturers, construction activities, and commissioning/start-up services. Financing costs for our working capital and for any initial expenses on our project execution scope is borne by us and is considered when calculating the contract's value.

Engineering Design

Prior to the construction of pipelines, storage tanks and terminals or process plants, detailed engineering is needed if the contract is an EPC contract. We are typically provided with a basic engineering design package containing all data needed by a competent contractor to perform procurement and construction. In a construction contract the amount of engineering is small. The engineering work normally includes detailed engineering related to plant layout, process, process control systems and instrumentation , various equipment and machinery piping, civil works. As a part of project management, cost control and scheduling are some of the most important activities.

We provide detailed engineering services for pipeline systems, compressor stations, fuel storage facilities and gas gathering and production facilities. Through experience, we have developed expertise in addressing the unique engineering issues involved with pipeline systems and associated facilities to be installed in difficult terrain, where climatic conditions are extreme and where areas of environmental sensitivity are encountered. In pipeline projects requiring horizontal direction drilling, we also possess the expertise to determine the optimal crossing techniques such as open cut, directionally drilled or overhead and to develop site specific construction methods to minimize bank erosion, sedimentation and other environmental impacts. We also possess the expertise to design tanks for crude oil and petroleum products and have experience of designing double deck floating roof tanks in the range of 80 meters diameter tanks.

Procurement

Because material procurement plays such a critical part in the success of any project, we maintain experienced staff to carry out material procurement activities. On EPC contracts undertaken by us, material procurement is especially critical to the timely completion of construction. We maintain sophisticated material procurement, tracking and control systems which enable effective monitoring for our purchasers.

Immediately following the engineering design work, the equipment required for the project, such as steel pipes or plates and other equipment and/or materials used in storage tanks, terminals and process plants or infrastructure projects are ordered, to ensure availability of such materials and equipment when required under the project schedule and to decrease the possibility of price levels fluctuating from those assumed in our tender bid. We typically enter into pre-bid arrangements with suppliers of equipment and construction materials required for a project. Our engineering construction operations require various equipment including process equipment, mechanical equipment, vessels, machinery, piping materials and electrical and instrumentation components, fabricated columns as well as bulk materials such as cement and welding electrodes. We source these equipment and other construction materials from a large number of independent suppliers, based on specifications that correspond to the needs of a given project.

Procurement of equipment from external suppliers typically comprises a significant part of a project's cost. The ability to cost-effectively procure meeting quality specifications equipment used in our turnkey or fixed-price contracts is essential for the successful execution of fixed price or lump-sum turnkey contracts. We have established a well-developed data base and a global procurement network to organize the supply of appropriate equipment at a competitive cost and in conformity with industry best practices. Our procurement centers located in different geographical regions coordinate with each other, follow common procurement procedures and assist in the verification of qualifications of local suppliers and provide inspection, shipping and logistics services for equipment located within their geographical region. We believe that the geographic proximity of these centers to suppliers and subcontractors enables us to carry out more effective quality controls. We maintain stable relationships with our suppliers and have not experienced significant difficulty obtaining adequate quantities of equipment and other materials to meet our project requirements. We continually attempt to develop additional sources of supply for most of the equipment and other materials procured by us for EPC and/or turnkey contracts.

Construction

In an EPC contract, the field construction typically commences once the basic engineering and design aspects are finalized and a substantial portion of the pipes and/or other equipment and materials has been ordered. This commences with mobilizing our key work force and construction machinery to the site of work. In construction contracts, the client typically specifies the date by which we are expected to mobilize our work force and machinery at the site, because the engineering and procurement are not in our scope.

Pipelines. The construction of a cross country pipeline involves a number of complex sequential operations along the designated pipeline right-of-way. The sequence of these operations are usually the same for all overland pipelines, but personnel and equipment may vary widely depending upon factors such as the size of the pipeline, the time required for completion, general climatic conditions, seasonal weather patterns, the number of road crossings, the number and size of river crossings, terrain considerations, extent of rock formations and the density of heavy timber and extent of swamps and marshy land encountered. The major operations consist of clearing and grading the right-of-way, excavation, hauling the pipe to the place of laying, bending, lining up the succeeding joints, performing various welding operations, non-destructive inspection of welds, lowering the pipes into the ditch, backfilling the ditch, installing mainline valve stations, conducting hydro testing and performing final clean up.

For laying pipes under rivers and roads, special methods such as horizontal direction drilling techniques are used. These require very sophisticated equipment including horizontal direction drilling rigs. For laying pipes in offshore, swampy/ marshy areas special equipment and techniques are required. From a launching station on dry land or in the water, a section of several joints of pipe may be pushed into a swampy/ marshy area by securing floaters to the pipe, the pipeline is floated and the next section is then welded to the end of the previous section, after which it is pushed into the swampy/ marshy area. The same method can be used from a properly secured and anchored barge. These procedures require highly skilled personnel and we believe that we have expertise in this area. In addition to primary equipment such as lay barges and swamp backhoes, we have various kinds of support vessels, including tugboats, supply boats, and houseboats, which are required to for pipeline construction in swampy and marshy areas.

Storage tanks and terminals. The construction of tanks and terminals is generally characterized by complex logistics and scheduling, particularly on projects involving tanks with a large diameter and significant height or in locations where seasonal weather patterns limit construction options. Our capabilities have been enhanced by our experience in dealing with such challenges in different countries around the world and our engineering and project management capabilities.

Construction of oil storage tanks and terminals include site preparation that involve leveling and provision of foundations based on soil conditions. Construction of the tanks commence with the fixing of horizontal base steel plates on the foundation followed by annular plates. Following this, the steel plates are welded and erected along the circumference of the tank foundation. The shells are fabricated for the designed height of the tanks (ranging from 14 meters to 20 meters for oil tanks) and erected using hydraulic equipments or cranes. After this, the dome/roof of the tank is fixed on the top, followed by hydro-testing, painting and calibration. We have developed expertise in designing, fabricating and constructing tanks with single deck and double deck floating roofs, which form the basis of all modern tank farms. Construction of tanks require specialized equipment including hydraulic equipment, automatic welding machines and heavy lift cranes, all of which we own.

Construction of LNG tanks involves more specialized construction procedures carried out in a systematic and sequential manner. These tanks store LNG at temperatures of minus 162 degrees centigrade. LNG tanks typically have diameters of 80 meters and heights of around 50 meters. The construction process commences with the preparation of the area for the base slab after completion of piling work. The base slab is cast followed by outer concrete wall casting in stages with or without vertical joints. While the outer concrete wall is being constructed, the steel dome roof is assembled inside the concrete wall and then airlifted. The airlifting of the dome roof, which typically weighs between 650 tons and 750 tons, to such heights, is one of the most critical operations involved in the project. We have developed considerable expertise in such projects as we have successfully completed four such operations. Following the airlifting of the dome and placing it at the top of the tank structure, a concrete roof is cast if such a roof is part of the project specifications. These tanks are constructed from special steel plates which involve high degree of welding skills. Insulation, filling and compaction procedures are also critical operations involved in the construction of such tanks. Prior to handing delivery of the tank, nitrogen purging and cooling procedures are also carried out. We are uniquely positioned to provide comprehensive services for such construction work, including welding, fabrication and erection of the tanks, construction of the pre-stressed concrete wall as well as provision of insulation work for the LNG tanks. The construction of these tanks require very specialized equipment including heavy cranes, tower cranes, automatic welding machines, batching plants and high duty air blowers. The management of construction procedures for such tanks is a complex process, considering the size of the tanks, the metallurgy of the tank materials, the weight of the roof and the temperature of the stored liquid.

*Process facilities***.** The construction of process facilities is generally characterized by complex logistics and scheduling, and involves a multi-disciplinary construction approach, including civil, mechanical, electrical, instrumentation and insulation works. Typical process facilities consist of various vessels, reactors, mechanical equipment, process control systems, electrical equipment, piping and steel works. A typical process facility project involves considerable amount of steel and concrete and various complex mechanical equipment.

The construction of a process facility typically commences with civil work of leveling, grading and piling if required. Thereafter, depending on the complexity and mix of various equipment a logical sequence for construction is evolved. Various equipment are erected in a logical sequence and ultimately integrated together to achieve mechanical completion, which is a precursor to the commissioning activities. The complexity of such projects is defined by the plot size on which the plant is required to be constructed as well as the location of any operating facilities nearby. The weight and dimensions of the various reactors/vessels that are required to be erected are very important parameters to develop the construction methodologies and the erection of such equipments may involve complex procedures. We have developed expertise in this area of having erected reactors/vessels weighing approximately 650 to 700 tons.

Highways. The construction activity of highways is carried out in remote rural areas as well as through urban areas and can involve difficult terrain such as mountainous areas, areas through forests or marshy terrain. The work also consists of making bridges across waterways and similar terrain. This makes highway construction work extremely challenging and requires modern project management techniques and construction methods to be able to complete projects in accordance with schedule and quality specifications.

The construction of highways commences with the acquisition of land which requires engineering and detailed survey using sophisticated survey equipment such as “Total Stations” to establish that the cutting/filling work in the embankment is kept to optimum. The construction of embankment is the most crucial phase in highway construction and requires mobilization of various construction equipment such as excavators, dozers and dumpers for earthworks, motor graders for grading and leveling, compacting rollers for compaction of various road layers, pavers for laying crust layers. Great emphasis is given to compaction of all structural layers to avoid uneven settlement. The drainage layer over embankment requires high volume of sand / stone aggregate. The logistics of arranging material for these activities are vital. Both sub-base and base layers in road comprises of sand and aggregate. Therefore, the economy of construction of these layers depends largely on availability of material in nearby areas. The top layer of roads is made either of concrete or bitumen mixed with sand and aggregate. Sophisticated paving equipment such as sensor pavers and compaction rollers enable preparation of structurally sound top layer of roads and improves ride quality. The construction of cross drainage, bridge works over rivers, canals also form part of the construction of highways. Systemic formwork is developed to construct these bridges over pile / open / well foundations and cranes are used to launch these bridging slabs.

Commissioning and Start-up

Prior to delivery, our commissioning and start-up division conducts field testing to ensure that the pipeline or facility is not just operational, but that it meets our client's exact contractual specifications as well as applicable regulations and requisite engineering and construction standards. To the extent that process facility relies on licensed technology, the licensor participates in its commissioning and start-up. During the pre-commissioning and commissioning phases, we subject the pipelines and/or equipment to simulated operating conditions. During the start-up phase, we assist in the commencement of the actual operation of the facility.

Insurance and Guarantees

Our operations are subject to hazards inherent in providing engineering and/or construction services, such as risk of equipment failure, work accidents, fire, earthquake, flood and other force majeure events, acts of terrorism and explosion including hazards that may cause injury and loss of life, severe damage to and destruction of property, equipment and environmental damage. We may also be subject to claims resulting from defects arising from engineering, procurement and/or construction services provided by us within the warranty periods extended by us, which range from 12 to 18 months from the date of commissioning.

We obtain appropriate and specialized insurance for all construction risks, third party liabilities for each project for the duration of the project and the defect liability period and generally maintain comprehensive insurance covering our assets and operations at levels which we believe to be appropriate. We maintain insurance policies mostly through highly rated insurers. Risks of loss or damage to project works and materials are often insured jointly with our clients.

Loss or damage to our materials, property and/or materials used in the project, including contract works, whether permanent or temporary, and materials or equipment whether supplied by us or supplied to us by the client, are generally covered by "contractors' all risks" insurance against material damage to property. Under the all risk insurance policy we are also provided cover for price escalation, debris removal and surrounding properties. Under our general public liability insurance policy, we are indemnified against legal liability to pay damages for third party civil claims arising out of bodily injury or property damage caused by an accident during the project in the course of business. For projects undertaken under BOOT basis, we maintain advance loss of profit policy during the construction period and loss of profit policies for the post-construction period.

We have also obtained automobile policies, workmen compensation policies as well as hospitalization and group personnel accident policies for our permanent employees. We provide for key man insurance for certain of our key management personnel.

We also subscribe to marine export import insurance policies for projects that involve transportation of equipment and/or work materials overseas. These policies provide cover for, among others, general average and salvage charges, as well as loss or damage to the cargo due to fire, explosion, grounding or capsizing of vessel or craft, discharge of cargo at a port of distress and collision.

We are often required to provide financial and performance guarantees guaranteeing our performance and/or financial obligations in relation to a project. The amount of guarantee facilities available to us depends upon our financial condition and availability of adequate security for the banks and financial institutions that provide us with such facilities. In certain geographical regions, we also use letters of credit in lieu of performance and/or financial guarantees for projects.

Employees

We believe that a motivated and empowered employee base is key to our competitive advantage. As of September 30, 2005, we employed directly or through our subsidiaries and joint ventures, a multinational work force of approximately 1,472 full-time employees, of which approximately 31% were engineers while approximately 28% held engineering diplomas. In addition, as of such date, we employed more than 4,500 casual and temporary contract labor on our project sites. As of September 30, 2005, approximately 14.20% of our 1,472 full-time employees were located outside India. The skills and diversity of our employees gives us the flexibility to best adapt to the needs of our clients by organizing our employees into multicultural and mobile teams. We are dedicated to the development of the expertise and know-how of our employees. Our personnel policies are aimed towards recruiting the talent which we need, to facilitate their integration, to encourage the development of their skills in order to accompany the growth in our operations and to organize their geographic and professional mobility.

Due to the diversity of our activities and the large number of locations from which we operate, we offer our employees significant mobility, both geographically and professionally. Our employees benefit from opportunities to vary and enrich their career paths within our structure, and to grow through multicultural work experiences. For us, the internal mobility we offer our employees is also a means to promote best practices and know-how, develop skills and professional flexibility and create a deep pool of management talent.

We believe that we maintain good relationships with our employees. We have developed a structured incentive program, including a performance-linked variable pay structure for certain levels of employees, and we dedicated significant resources to training programs worldwide. While we consider our current labor relations to be good, there can be no assurance that we will not experience future disruptions to our operations due to disputes or other problems with our work force, which may adversely affect our business and results of operations. The number of contract laborers vary from time to time based on the nature and extent of work contracted to independent contractors. We enter into contracts with independent contractors to complete specified assignments.

We believe that our employees are our most valuable asset and that their loyalty, productivity, pioneering spirit, work ethic and strong commitment in providing quality services have been crucial elements in our successes on numerous projects in remote, logistically challenging locations around the world.

Health, Safety and Environment

We are committed to internationally accepted best practices and comply with applicable health, safety and environmental legislations and other requirements in our operations in different jurisdictions. To ensure effective implementation of our practices, at every project all hazards are identified at the beginning of our work on the project, associated risks are evaluated and controls and methods instituted, implemented and monitored.

We believe that all accidents and occupational health hazards can be prevented through systematic analysis and control of risks and by providing appropriate training to stake holders, employees, subcontractors and communities. Our employees work constantly and proactively towards eliminating or minimizing the impact of hazards to people and the environment. We strongly encourage the adoption of occupational health and safety procedures as an integral part of our operations and have been certified as compliant with the Occupational Health and Safety Management System Standard OHSAS 18001:1999 awarded by the Det Norske Veritas.

We have also demonstrated our commitment to protecting the environment by minimizing pollution, waste and optimizing fuel consumption towards continual improvement of its environmental performance. The Company has been certified by DNV as conforming to the Environmental Management System standard ISO 14001:1996.

We have received several awards in recognition of our commitment to health, safety and environmental standards across our operations, including a five star certificate from the British Safety Council for the Baku – Tbilisi – Ceyhan pipeline project in Turkey and an 86% health, safety and environment rating by Total in Indonesia. We have achieved 12 million lost time accident free manhours at the Dabhol LNG terminal, 2.5 million safe man hours worked for the Baku – Tbilisi – Ceyhan pipeline project in Georgia, health and safety award for the achievement of four million manhours worked with no days away from work case for the Baku – Tbilisi – Ceyhan pipeline project in Turkey and more than three million man hours without sustaining a lost workday case for the Hazira LNG terminal project. We were awarded the IPLOCA Safety Award for 2004 for achieving more than 1,500,000 safe man hours. We were also awarded the Greentech Environment Excellence Award 2003-2004 (silver award) and 2004-2005 (gold award) for outstanding achievement in environment management and the Greentech Safety Award 2004 -2005 (gold award) in engineering sector for outstanding achievement in safety management.

Information Systems

Our resources, personnel, equipment and financial, are efficiently and optimally utilized through the use of sophisticated management information systems and tools. The enterprise resource planning (ERP) is achieved through use of Oracle systems, through the use of the asset management software tool Maximo and the project management tool Primavera software.

These packages, which manage various aspects of project accounting, inventory, general ledger, accounts payable, purchases, fixed assets and payroll, provide the management with reliable and up to date information of various control parameters. This information system coordinates the functioning of the various subsidiaries and operations around the world and synchronizes the flow of data for decision making at our headquarters. We have pioneered the application of information technology in our operations by utilizing advances in satellite technology to ensure real time flow of information from project sites for effective decision making. Management information systems reports provide updates on progress, billing and costing of ongoing projects for seamless flow of data towards achieving optimal utilization of resources.

We use sophisticated software for project management, document management, database, payroll besides the various engineering software packages that we use for design and engineering. We have sought to customize information systems to suit our specific needs by developing in-house software pertaining to matters such as power of attorney, court case monitoring, bank guarantees, IT infrastructure application, employee provident fund, intranet application, bulletin boards, employee income tax information and the unique "Bid Decision" system, which is an innovative marketing tool for efficient management of project bidding process. The IT department is presently developing software for managing capital expenditure approval.

Equipment

We own sophisticated construction equipment assets including pipelaying equipment, amphibious equipment for offshore work, automatic welding machines, horizontal direction drilling rigs, barges, swamp excavators, heavy construction equipment, concrete pavers, concrete batching plants, piling rigs, and transportation and camp equipment. Our equipment base is constantly being expanded. Productive equipment asset management is a critical element in project delivery and quality. Our large equipment base is managed, maintained and operated by a specific plant and equipment division. We also use the Maximo software, which enables us to manage over 6,000 items of equipment of 160 categories, across our sites all over the world. The Maximo system logs details of equipment, plans usage of spare parts and brings down the onsite down time of machines. We have set up a comprehensive maintenance and repair facility in Banmore, Gwalior for maximizing equipment performance.

We believe that our strategic investment in equipment assets is an advantage as it enables rapid mobilization of high quality equipment. All equipment is subject to scheduled maintenance to maximize fleet readiness. Our equipment assets include seven spreads of pipeline equipment capable of laying pipelines upto 56 inches in diameter, seven sets of bitumen road equipment including seven hot mix plants and 12 wet mix plants and three sets of concrete road equipment.

Our large fleet of equipment assets include side booms, bulldozers, excavators, crawler cranes, tire mounted cranes, tower cranes, truck cranes, 250 tons pull capacity horizontal directional drilling rigs, welding equipment, piling machinery equipment and a Bell long range 5-seater helicopter.

Property

Set forth below is a list of all the property owned by the Company:

S. No.	Description of the Property	Purpose
1.	Plot No. 78, Sector 32, Institutional Area, Gurgaon, Haryana.	Office.
2.	Plot No. 95, Sector 32, Institutional Area, Gurgaon, Haryana.	Office.
3.	Land at village Sewa and Tigra, Banmore, District Morena, Madhya Pradesh.	Workshop.
4.	Plot No. 105 and 106, Banmore Industrial Area, Banmore, District Morena, Madhya Pradesh	Store.
5.	201, Satyam Apartment, Saru Section Road, Panchwati, Jamnagar, Gujarat.	Guest house.
6.	202, Satyam Apartment, Saru Section Road, Panchwati, Jamnagar, Gujarat.	Guest house.
7.	Village Jarod, Vadodara Halol Road, Taluka Waghodia, Vadodara District, Gujarat.	Store/yard.
8.	42, Okhla Industrial Estate, New Delhi.	Office.
9.	Commercial Flat (Shop) No. G3, Deep Shikha Building, Rajendra Place, New Delhi.	Point of distribution office.
10.	Flat No. B 318, Dutt Chambers, Bhikaiji Cama Place, New Delhi.	Point of distribution office.
11.	Flat No. EG-1/10, Garden Estate, Gurgaon.	Residence.

In addition to the above property, the Company leases various properties at its project sites and for its employees to use for residential purposes.

Facilities

Our corporate offices are located at New Delhi on premises leased by us. Our new corporate offices are currently under construction at Gurgaon, India on land that is owned by us. We also have 12 regional and marketing offices established in different regions and countries, including in the United Kingdom, Tunisia, Libya and Saudi Arabia, most of which are leased.

We also have a central workshop at Banmore in central India and at the Sungaipurun base camp in Indonesia. The comprehensive equipment maintenance and repair facility at Banmore houses repair workshops and spare parts stores. The Sungaipurun base camp was set up to develop new business initiatives. The facility features a concrete jetty, making it accessible both by road as well as river and is therefore conducive for amphibious transportation, and is used for the storage, repair and maintenance of equipment and accommodates a project office and a fabrication and storage yard.

Intellectual Property

We have filed for the registration of the service mark "PUNJ LLOYD LTD" in class 37 bearing application number 01244118 dated October 17, 2003. This service mark has been accepted for advertisement by an order dated October 29, 2003 from the appropriate authority. We own the trademark in the Punj Lloyd logo in class 11 bearing trademark registration number 522356B dated January 5, 1990. This trademark has been duly renewed with effect from January 5, 2004 through renewal certificate J-1323.and is currently valid until January 5, 2014. In addition we own the copyright for the artistic work entitled "Device Mark- Joining the World through Pipeline", which bears copyright registration number A-54563/98 dated February 4, 1998.

Pursuant to a scheme of arrangement and demerger among Spectra Net Limited, Punj Lloyd Limited and Atna Investments Limited, which was approved by the High Court of Delhi by its order dated August 16, 2004, the Company has certain registered trademarks and pending trademark applications (pending at various stages in the registration process) in connection with the ISP division of Spectra Net Limited, which is now a part of the Company.

Litigation

Except as disclosed in this Red Herring Prospectus, as of the date hereof, we are not a party to any proceeding that, if finally determined against us, would result in a material adverse effect on our business and operating results. See also "Risk Factors – Claims made by us against our clients have increased in recent years and failure by us to recover adequately any existing or future claims could have a material adverse effect on our financial condition, results of operations and cash flow" and "Risk Factors – We are involved in certain legal and regulatory proceedings that, if determined against us, could have a material adverse impact on us." and the section "Outstanding Litigation" beginning on page 448 of this Red Herring Prospectus for a summary of litigation to which we are a party.

REGULATIONS AND POLICIES IN INDIA

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

General

The Company is engaged in the business of providing integrated design, engineering, procurement, construction and project management services for energy industry and infrastructure sector projects. Contracts are executed in pursuance of tenders/quotations issued by the Government, Government agencies, Government companies, private companies, public companies and multinational companies or by orders placed by them. For the purpose of executing the work undertaken by the Company, we may be required to obtain licenses and approvals depending upon the prevailing laws and regulations applicable in the relevant state. For details of such approvals please see "Government and Other Approvals" on page 470 of this Prospectus.

Foreign Ownership

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

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

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

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

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

Investors should note that Equity Shares offered by Atul Punj in the Offer for Sale will be allotted only to Indian residents and Eligible NRIs. No approvals of the FIPB or the RBI are required for such Allotment of Equity Shares under this Offer. The Company will be required to make certain filings with the RBI after the completion of the Offer.

Investment by Foreign Institutional Investors

Foreign Institutional Investors ("FIIs") including institutions such as pension funds, investment trusts, asset management companies, nominee companies and incorporated, institutional portfolio managers can invest in all the securities traded on the primary and secondary markets in India. FIIs are required to obtain an initial registration from the SEBI and a general permission from the RBI to engage in transactions regulated under FEMA. FIIs must also comply with the provisions of the SEBI (Foreign Institutional Investors) Regulations, 1995, as amended from time to time. The initial registration and the RBI's general permission together enable the registered FII to buy (subject to the ownership restrictions discussed below) and sell freely securities issued by Indian companies, to realise capital gains or investments made through the initial amount invested in India, to subscribe or renounce rights issues for shares, to appoint a domestic custodian for custody of investments held and to repatriate the capital, capital gains, dividends, income received by way of interest and any compensation received towards sale or renunciation of rights issues of shares.

Ownership restrictions of FIIs

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

Environmental and Labor Regulations

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

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

HISTORY AND CERTAIN CORPORATE MATTERS

The Company was incorporated on September 26, 1988 under the Companies Act, 1956 as Punj Lloyd Engineering Private Limited. In 1989, the Company took over all the activities of the engineering, turnkey and general construction division of the entity that was formerly known as Punj Sons Private Limited. On July 11, 1989, the name of the Company was changed to Punj Lloyd Private Limited. With effect from July 1, 1992, the word 'Private' was deleted from the name of the Company under section 43A (1A) of the Companies Act. Subsequently, the Company became a public limited company on July 21, 1992.

The registered office of the Company was shifted from M 13, Connaught Place, New Delhi 110 001 to Punj House, 10/1 Nehru Enclave (East), New Delhi 110 019 on January 2, 1989; and thereafter the registered office was again shifted to Punj Lloyd House, 17-18 Nehru Place, New Delhi 110 019 on November 1, 1989.

Subsequently, pursuant to an order of arrangement and demerger between Spectra Net Limited, Punj Lloyd Limited and Atna Investments Limited, which was approved by the High Court of Delhi by its order dated August 16, 2004, the Company issued and allotted 1,817 Equity Shares for consideration other than cash to the shareholders of Spectra Net Limited on September 29, 2004.

For further details of our financial performance, please refer to the sections "Financial Statements", "Business", "Management's Discussions and Analysis of Financial Condition and Results of Operations as per Consolidated Financial Statements" and "Management's Discussions and Analysis of Financial Condition and Results of Operations as per Unconsolidated Financial Statements" beginning on pages 147, 62, 418 and 437 of this Red Herring Prospectus.

Some Key Events:

Date*	Event
July 6, 1983	The former construction division of Punj Sons was awarded a pipeline-laying contract for the Mumbai-Pune product pipeline by Hindustan Petroleum Corporation.
September 26, 1988	The Company was incorporated under the name of Punj Lloyd Engineering Private Limited.
January 2, 1989	The registered office of the Company was changed from M 13, Connaught Place, New Delhi 110 001 to Punj House, 10/1 Nehru Enclave (East), New Delhi 110 019.
July 11, 1989	The name of the Company was changed to Punj Lloyd Private Limited.
November 1, 1989	The registered office of the Company was changed to Punj Lloyd House, 17-18 Nehru Place, New Delhi 110 019.
July 1, 1992	The name of the Company was changed to Punj Lloyd Limited.
August 11, 1992	The Company was awarded an overseas contract in the Asia Pacific region by PT Trihasra Bimanusha Tunggal/Pertamina. This involved laying a pipeline in Indonesia.
September 11, 1993	The Company laid its longest stretch of pipeline of approximately 557 kilometers (the Kandla-Bhatinda pipeline) for Skoda and Indian Oil Corporation.
September 11, 1995	The Company was awarded an EPC contract by Oil India Limited and Triune Projects in Rajasthan in the oil and gas sector.
February 10, 1995	The Company was awarded a large diameter gas pipeline contract by the Gas Authority of India Limited.
January 18, 1996	The Company was awarded a contract in Malaysia for laying a multi-product pipeline for Kumpunan Juri Teknik Sdn. Bhd., NKK Corporation and Nichimen corporation.
June 20, 1997	The Company was awarded a contract for construction of low temperature storage of LPG and propylene for the Jamnagar refinery of Reliance Industries Limited by Reliance Petroleum Limited and Bechtel, UK.
September 3, 1997	The Company was awarded a contract for laying of optic fiber cable in Madhya Pradesh for Bharti Telenet Limited.
April 1, 1998	The Company was awarded an EPC contract in the oil and gas refining sector for Indian Oil Corporation's MTBE plant at its Gujarat refinery.

Date*	Event
January 31, 1998	The Company was awarded an EPC contract in the desulphurization program of the Indian Oil Corporation's Mathura refinery.
December 22, 1998	The Company was awarded a contract for construction of a liquefied natural gas storage and regasification terminal at Dabhol by Skanska Cementation International Limited and Enron, USA.
January 22, 1999	The Company was awarded the contract for the Vadodara-Halol toll road project for the National Highway Authority of India, its first road project.
September 14, 1999	The Company was awarded a contract for laying and installation of a pipeline for GAIL and Engineers India Limited.
September 25, 2001	The Company was awarded a contract for the Belgaum-Maharashtra road project for NHAI.
May 31, 2002	The Company was also awarded an EPC pipeline contract in offshore terrain in Indonesia by PT Perusahaan Gas Negara, Indonesia.
June 13, 2002	The Company was awarded a project in the Caspian region for KAM Pipeline, Kazakhstan.
September 20, 2002	The Company was awarded a pipeline contract in the Eurasian region for the Baku-Tblisi-Cheyan pipeline by Botas Petroleum Pipeline Corporation, Turkey and ILF Consulting Engineers.
February 11, 2004	The Company was awarded a contract in Oman by Petroleum Development Oman LLC.
September 29, 2004	The Company issued and allotted Equity Shares for consideration other than cash to the shareholders of Spectra Net Limited pursuant to a scheme of arrangement and demerger between Spectra Net Limited, the Company and Atna Investments Limited, which was approved by the High Court of Delhi.
February 16, 2005	The Company was awarded an EPC contract to construct a tank in the Asia Pacific region at Singapore by Horizon Terminals Pte. Limited and Jurong Consultants Pte. Limited.
April 17, 2005	The Company was awarded a contract for a thermal power project by Jindal Power in Raigarh.

* The date of execution of a letter of intent among the Company and other relevant parties has been assumed to be the date of award of a contract.

Main Objects of the Company

The main objects of the Company as contained in its Memorandum of Association are:

1. To carry out, in India or elsewhere, the business of engineers, buyers, sellers, importers, exporters, dealers, agents or/and undertaking designing, engineering, erection, laying, construction, commissioning and maintenance of all kinds of factories, plants, machines, machine tools, equipments, components, spares, piping, fittings, pipe coatings, instrumentation, insulation, refractory lining and corrosion resistant lining, turbines, power systems and heat recovery systems and such systems and components for:

    (a) Cement, paper, pulp, chemical, sugar, textile, plastics, alcohol, brewery, tanneries, vegetable oil, synthetic, rubber, man-made fibers drugs, pharmaceutical, soap and detergents, food and allied industries and heavy structure works.

    (b) Onshore and offshore facilities for exploration, drilling, production, transportation and distribution of crude oil, shale oil, oil products and gas, refineries, petrochemicals, fertilizers, mining, ferrous and non-ferrous metal and steel, energy and power generation industries, material handling and transportation/transmission.

    (c) Consumer, domestic and industrial goods, products, appliances, systems, sub-systems, components and spares thereof.

2. To render engineering, turnkey, general construction and all other kinds of services in India or abroad and to export services, labor and manpower anywhere in the world in connection with business referred to in paragraph (1) above.

3. To build, own, operate, infrastructural projects and to improve, manage, cultivate, develop, exchange, let on lease, transfer or otherwise mortgage, charge, sell, dispose of such projects.

4. To carry on the business of leasing and hire-purchase all types of industrial and office plant, equipment, machinery, vehicles, buildings and real estate required for manufacturing, processing, transportation and trading business and other commercial and service businesses.

The main objects clause and the objects incidental or ancillary to the main objects of the Memorandum of Association enable the Company to undertake its existing activities and the activities for which the funds are being raised through this Offer.

Changes in Memorandum of Association

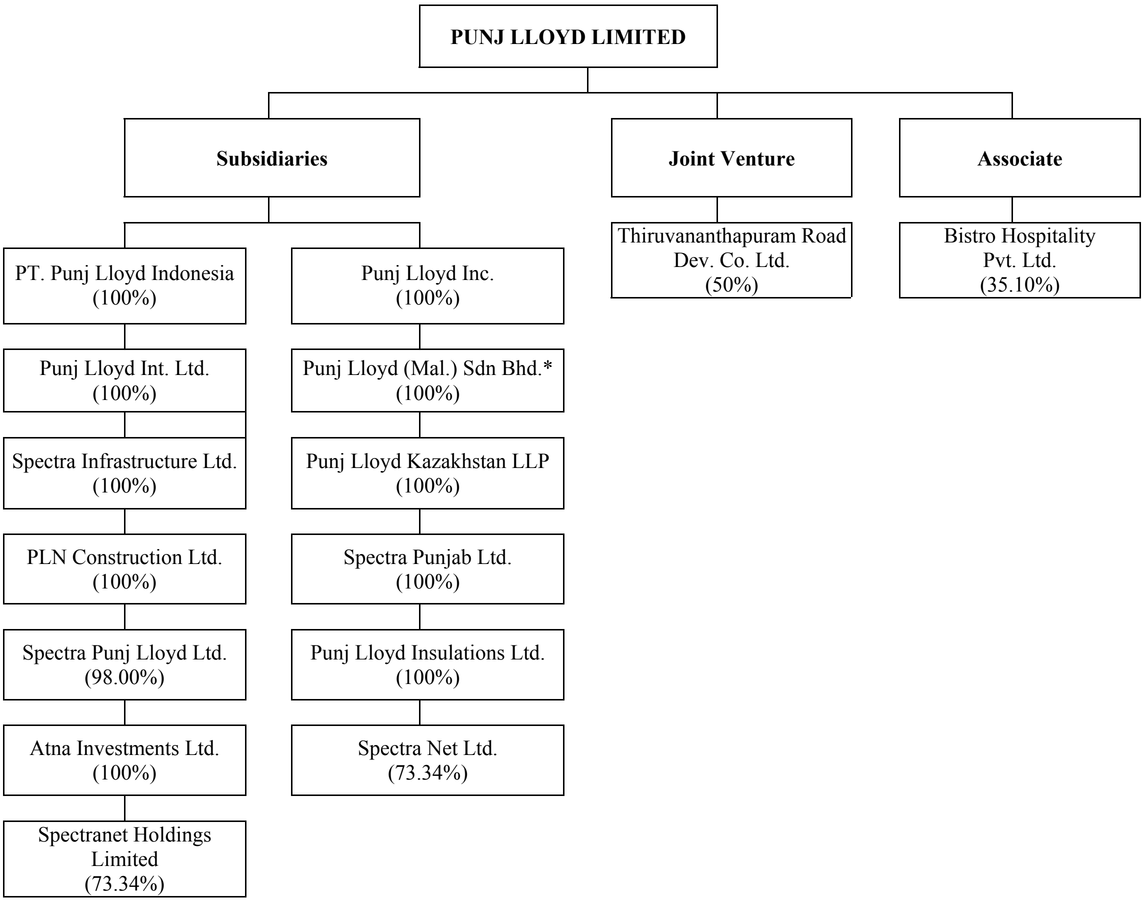
Since the Company's incorporation, the following changes have been made to the Memorandum of Association:

Date of Shareholder Approval	Amendment
May 22, 1989	The Company's authorized share capital was increased from Rs.7,500,000 to Rs.30,000,000, divided into 300,000 Equity Shares of Rs.100 each.
July 21, 1992	The Company's authorized share capital was increased from Rs.30,000,000 to Rs.60,000,000, divided into 6,000,000 Equity Shares of Rs.10 each. The nominal value of each Equity Share was also changed from Rs.100 to Rs.10 each.
March 16, 1994	The Company's authorized share capital was increased from Rs.60,000,000 to Rs.100,000,000, divided into 10,000,000 Equity Shares of Rs.10 each.
December 28, 1994	To add the following main objects: "3. To build, own, operate, infrastructural projects and to improve, manage, cultivate, develop, exchange, let on lease, transfer or otherwise mortgage, charge, sell, dispose of such projects. 4. To carry on the business of leasing and hire-purchase all types of industrial and office plant, equipment, machinery, vehicles, buildings and real estate required for manufacturing, processing, transportation and trading business and other commercial and service businesses." To add the following object to the Company's "Other Objects: "42. To carry on in India or elsewhere the business of financing, money lending, bill discounting, factoring corporate lending to advance money with or without securities; to provide finance to industrial enterprises on short term, medium term and long term basis; to provide finance on the securities of shares, stocks, bonds, debentures or other similar instruments; to provide clean loan; to provide loans against FDR, held with the Company; to participate in consortium finance with other institution or body corporate but the Company shall not do Banking business as defined in the Banking Regulation Act, 1948; to take acceptances and obligations; to provide guarantees and counter guarantees; to provide bridge loans; to provide forex advisory services and loan syndication services; and to arrange and provide other financial services in all its branches; and to act as consultants, advisor, manager, representative, retainer or in other capacity for the purpose of accomplishment of the Objects under these presents."
July 14, 1995	The Company's authorized share capital was increased from Rs.100,000,000 to Rs.250,000,000, divided into 25,000,000 Equity Shares of Rs.10 each.
September 29, 1997	The Company's authorized share capital was increased from Rs.250,000,000 to Rs.500,000,000, divided into 30,000,000 Equity Shares of Rs.10 each and 20,000,000 preference shares of Rs.10 each.

Date of Shareholder Approval	Amendment
May 21, 1999	To add the following object to the Company's "Other Objects: "43. To carry on in India or elsewhere the business of Internet service provider, establishing Intranets and Extranets and services of similar nature including value added services, Cable TV operators and to manufacture produce, assemble, repair, install, maintain, convert, service, overhaul, test, buy, sell, exchange, modify, design, develop, export, import, renovate, discover, research, improve, mechanize, mould, print, insulate, hire, let on hire, broadcast, relay, exhibit, inform and to act as wholesaler, retailers agent, stockists, distributors, showroom owners, franchiser or otherwise to deal in all sorts of item, systems, plants, machines, instruments, apparatus, appliances, devices, articles or things of communications of different models, capacities, characteristics, applications, and uses in all its branches such as radio communications, telecommunications, cable communications, space communications, satellite communications, wireless communications, computer communications, telephonic and telegraphic communication, wave communication, under water communication and such other communication systems as may be discovered in future, and to carry out all the foregoing activities for components parts, fittings, fixture, accessories, tools, devices & system connected thereto and to do all incidental acts and things necessary for the attainment of foregoing objects."
September 29, 2005	The Company's authorized share capital was increased from Rs.500,000,000 to Rs.800,000,000, divided into 60,000,000 Equity Shares of Rs.10 each and 20,000,000 preference shares of Rs.10 each.

Subsidiaries, Joint Ventures and Associate Companies:

The structure of the Company's subsidiaries, joint ventures and associates is as set forth below:



Note: * Punj Lloyd (Malaysia) Sdn Bhd. is in the process of being wound up.

Subsidiaries

The Company has the following 13 subsidiaries:

1. PT. Punj Lloyd Indonesia
2. Punj Lloyd Int. Limited
3. Spectra Infrastructure Limited
4. PLN Construction Limited
5. Spectra Punj Lloyd Limited
6. Atna Investments Limited
7. Punj Lloyd Inc.
8. Punj Lloyd (Malaysia) SDN BHD
9. Punj Lloyd Kazakhstan LLP
10. Spectra Punjab Limited
11. Punj Lloyd Insulations Limited
12. Spectra Net Limited
13. Spectranet Holdings Limited

Each of these subsidiaries, with the exception of Spectra Punj Lloyd Limited, Spectra Net Limited and Spectranet Holdings Limited, are wholly owned subsidiaries. The Company owns 98.00% of the paid-up capital of Spectra Punj Lloyd Limited. The Company, along with its wholly owned subsidiary, Atna Investments Limited, owns 73.34% of the paid-up capital of Spectra Net Limited. Spectranet Holdings Limited is a wholly owned subsidiary of Spectra Net Limited. The financial information of the Company's subsidiaries presented below is based on the audited accounts of such companies included in this Red Herring

Prospectus. All translations into Indian Rupees from the respective currencies in which the financial statements of our subsidiaries are presented is as per the applicable inter-bank rates on the date of such financial statements.

PT. Punj Lloyd Indonesia ("PL Indonesia")

PL Indonesia was incorporated on February 28, 1997. It is 100% owned by the Company and principally engaged in the business of execution of engineering, procurement and construction contracts.

Shareholding Pattern

Name of Shareholder	Number of Equity Shares
Punj Lloyd Limited	600
Atul Punj (nominee of Punj Lloyd Limited)	5
Total	**605**

Board of Directors

The board of directors of PL Indonesia comprises P.K. Gupta and V.P. Sharma. In addition, Atul Punj as Commissioner and V.K. Kaushik as President Commissioner, are representatives of the shareholders of PL Indonesia.

Financial Performance

(Rs. thousand, unless otherwise stated)

	For the period ending March 31		
	2003	**2004**	**2005**
Income/Sales	1,212,000	3,092,000	2,969,000
Profit (Loss) after Tax	117,000	241,000	231,000
Equity Share Capital	4,000	4,000	11,000
Reserves (excluding revaluation reserves)(1)	216,000	447,000	611,000
Earnings per share (Rs.)(2)	192,646	398,347	381,918
Book Value per share (Rs.)(2)	364,127	745,455	1,028,478

(1) Net of miscellaneous expenditure not written off.
(2) Face value of each equity share is US$500.

The equity shares of PL Indonesia are not listed. PL Indonesia has not completed any public or rights issue in the preceding three years.

Punj Lloyd International Limited ("PL Int.")

PL Int. was incorporated on August 11, 1998. It is 100% owned by the Company. PL Int. is principally engaged in the business of supply of material and equipment in the hydrocarbon sector.

Shareholding Pattern

Name of Shareholder	Number of Equity Shares
Punj Lloyd Limited	100,000
Total	**100,000**

Board of Directors

The board of directors of PL Int. comprises V.P. Sharma.

Financial Performance

(Rs. thousands, unless otherwise stated)

	For the period ending March 31		
	2003	**2004**	**2005**
Income/Sales	10,806	10,016	6,779
Profit (Loss) after Tax	795	624	1,323
Equity Share Capital	4,804	4,413	4,452
Reserves (excluding revaluation reserves)[1]	12,225	11,852	12,975
Earnings per share (Rs.)[2]	7.95	6.24	13.20
Book Value per share (Rs.)[2]	170.29	162.65	174.27

(1) Net of miscellaneous expenditure not written off.
(2) Face value of each equity share is US$ 1.00.

The equity shares of PL Int. are not listed. PL Int. has not completed any public or rights issue in the preceding three years.

Spectra Infrastructure Limited ("SIL")

SIL was incorporated on August 19, 1993 as Wonder World Toys Private Limited. With effect from March 15, 1999 the name of the company was changed to Spectra Infrastructure Private Limited and with effect from February 23, 1999, the company became a deemed public company under the Companies Act and the word "Private" was deleted from its name. The company subsequently became a public limited company on August 29, 2003. It is 100% owned by the Company. SIL was established to make equity investments in BOOT infrastructure projects.

Shareholding Pattern

Name of Shareholder	Number of Equity Shares
Punj Lloyd Limited	11,500,194
Punj Lloyd Limited/ Atul Punj[1]	1
Punj Lloyd Limited/ V.K. Kaushik[1]	1
Punj Lloyd Limited/ Uday Punj[1]	1
Punj Lloyd Limited/V.K. Sud[1]	1
Punj Lloyd Limited/ P.K. Gupta[1]	1
Punj Lloyd Limited/ L. Chhabra[1]	1
Total	**11,500,200**

(1) The beneficial interest in and under such shares belongs exclusively to the Company.

Board of Directors

The board of directors of SIL comprises Atul Punj, V.K. Kaushik and Navina Punj.

Financial Performance

(Rs. thousand, unless otherwise stated)

	For the period ending March 31		
	2003	**2004**	**2005**
Income/Sales	Nil	Nil	58
Profit (Loss) after Tax	(160)	(187)	(126)
Equity Share Capital	115,002	115,002	115,002
Reserves (excluding revaluation reserves)[1]	(834)	(877)	(897)
Earnings per share (Rs.)[2]	(0.07)	(0.02)	(0.01)
Book Value per share (Rs.)[2]	9.93	9.92	9.93

(1) Net of miscellaneous expenditure not written off.
(2) Face value of each equity share is Rs.10.

The equity shares of SIL are not listed. SIL has not completed any public or rights issue in the preceding three years. It has not become a sick company under SICA and is not under winding up.

PLN Construction Limited ("PLNCL")

PLNCL was incorporated on July 7, 1997 as PLN Construction Private Limited. On July 21, 1999, the company became a deemed public company under the Companies Act and the word "Private" was deleted from its name. The word "Private" was added to the company's name under Section 43A (2A) pursuant to the Companies (Amendment) Act, 2000 with effect from January 23, 2002. The company subsequently became a public limited company and its name was changed to PLN Construction Limited with effect from February 3, 2005. It is 100% owned by the Company and is principally engaged in the business of execution of horizontal directional drilling contracts.

Shareholding Pattern

Name of Shareholder	Number of Equity Shares
Punj Lloyd Limited	1,999,994
Punj Lloyd Limited/ Atul Punj(1)	1
Punj Lloyd Limited/ V.K. Kaushik(1)	1
Punj Lloyd Limited/L. Chhabra(1)	1
Punj Lloyd Limited/P.K. Gupta(1)	1
Punj Lloyd Limited/V.K. Sud(1)	1
Punj Lloyd Limited/Dinesh Thairani(1)	1
Total	**2,000,000**

(1) The beneficial interest in and under such shares belongs exclusively to the Company.

Board of Directors

The board of directors of PLNCL comprises V.K. Kaushik, Ravi Keswani and Atul Kumar Jain.

Financial Performance

(Rs. thousand, unless otherwise stated)

	For the period ending March 31		
	2003	**2004**	**2005**
Income/Sales	153,336	142,751	113,079
Profit (Loss) after Tax	9,578	15,538	5,554
Equity Share Capital	20,000	20,000	20,000
Reserves (excluding revaluation reserves)(1)	27,573	32,958	38,502
Earnings per share (Rs.)(2)	4.79	7.77	2.77
Book Value per share (Rs.)(2)	23.79	26.48	29.25

(1) Net of miscellaneous expenditure not written off.
(3) Face value of each equity share is Rs.10.

The equity shares of PLNCL are not listed. PLNCL has not completed any public or rights issue in the preceding three years. It has not become a sick company under SICA and is not under winding up.

Spectra Punj Lloyd Limited ("SPLL")

SPLL was incorporated on July 30, 1985 as Navyug Steels Limited. The company changed its name to Spectra Punj Lloyd Limited on October 18, 1994. 98.00% of SPLL is owned by the Company. SPLL is principally engaged in the business of leasing construction equipment of the Company and manufacturing and supplying redimix concrete.

Shareholding Pattern

Name of Shareholder	Number of Equity Shares
Punj Lloyd Limited	4,867,500
Atul Punj	1,900
Shiv Punj/Atul Punj	1,900
Arti Singh	1,900
Jyoti Punj	1,800
Atna Investments Limited	32,500
PLE Hydraulics Private Limited	32,500
Jyotcon Equipment Hire Private Limited	35,000
Others	25,000
Total	**5,000,000**

Board of Directors

The board of directors of SPLL comprises Atul Punj, V.K. Kaushik and Navina Punj.

Financial Performance

(Rs. thousand, unless otherwise stated)

	For the period ending March 31		
	2003	2004	2005
Income/Sales	522,720	167,221	139,293
Profit (Loss) after Tax	16,775	3,360	3,621
Equity Share Capital	50,000	50,000	50,000
Reserves (excluding revaluation reserves)(1)	55,167	58,556	62,177
Earnings per share (Rs.)(2)	3.35	0.67	0.72
Book Value per share (Rs.)(2)	21.03	21.71	20.04

(1) Net of miscellaneous expenditure not written off.
(2) Face value of each equity share is Rs.10.

The equity shares of SPLL are listed on the Delhi Stock Exchange Association Limited ("DSE"). SPLL has not completed any public or rights issue in the preceding three years. It has not become a sick company under SICA and is not under winding up.

On July 18, 2003, SPLL's board of directors adopted a resolution to seek delisting of its equity shares from the DSE. By a letter dated July 23, 2003, SPLL has advised the DSE of its intention to delist its equity shares from the DSE.

Atna Investments Limited ("AIL")

AIL was incorporated on March 8, 1989 as Atna Investments Private Limited. It is 100% owned by the Company. It is engaged in the business of investing in investment cable television. On July 28, 2000, the company became a deemed public company under the Companies Act and the word "Private" was deleted from its name. The company subsequently became a public limited company and its name was changed to Atna Investments Limited with effect from August 29, 2003.

Shareholding Pattern

Name of Shareholder	Number of Equity Shares
Punj Lloyd Limited	399,215
Punj Lloyd Limited/ Atul Punj(1)	1
Punj Lloyd Limited/ V.K. Kaushik(1)	1
Punj Lloyd Limited/ Uday Punj (1)	1
Punj Lloyd Limited/ V.K. Sud(1)	1
Punj Lloyd Limited/ P.K. Gupta(1)	1

Name of Shareholder	Number of Equity Shares
Punj Lloyd Limited/ L. Chhabra[(1)]	1
Total	**399,221**

[(1)] The beneficial interest in and under such shares belongs exclusively to the Company.

Board of Directors

The board of directors of AIL comprises Atul Punj, Navina Punj and Bindu Vadera.

Financial Performance

(Rs. thousand, unless otherwise stated)

	For the period ending March 31		
	2003	**2004**	**2005**
Income/Sales	40	31	12
Profit (Loss) after Tax	(165)	125	(252)
Equity Share Capital	173,670	39,922	39,922
Reserves (excluding revaluation reserves)[(1)]	(1,598)	(1,290)	(1,361)
Earnings per share (Rs.)[(2)]	(0.10)	0.31	(0.63)
Book Value per share (Rs.)[(2)]	99.08	96.77	96.59

(1) Net of miscellaneous expenditure not written off. The share capital of AIL has been reorganized pursuant to the scheme of arrangement and demerger among, the Company, Spectra Net Limited and AIL.

(2) Face value of each equity share is Rs.100.

The equity shares of AIL are not listed. AIL has not completed any public or rights issue in the preceding three years. It has not become a sick company under SICA and is not under winding up.

Punj Lloyd Inc. ("PLI")

PLI was incorporated on August 31, 1998. It is 100% owned by the Company. PLI is engaged in the business of supply of material and equipment in the hydrocarbon sector.

Shareholding Pattern

Name of Shareholder	Number of Equity Shares
Punj Lloyd Limited	200,000
Total	**200,000**

Board of Directors

The board of directors of PLI comprises Atul Punj.

Financial Performance

(Rs. thousand, unless otherwise stated)

	For the period ending December 31			Three months ended March 31, 2005
	2002	**2003**	**2004**	
Income/Sales	33,799	Nil	65,770	190
Profit (Loss) after Tax	(3,151)	(26.882)	29,950	(2,060)
Equity Share Capital	9,609	8,826	8,740	8,750
Reserves (excluding revaluation reserves)[(1)]	(1,750)	(28,490)	680	(1,380)
Earnings per share (Rs.)[(2)]	(15.75)	(134.41)	149.75	(10.03)
Book Value per share (Rs.)[(2)]	39.29	(98.31)	47.10	37.05

(1) Net of miscellaneous expenditure not written off.

(2) Face value of each equity share is US$ 1.00.

The equity shares of PLI are not listed. PLI has not completed any public or rights issue in the preceding three years. It has not become a sick company under SICA and is not under winding up.

Punj Lloyd (Malaysia) Sdn. Bhd. ("PLM")

PLM was incorporated on May 5, 1995 as Prisma Budaya Sdn. Bhd. It subsequently changed its name to Punj Lloyd Sdn. Bhd. on January 11, 1996 and then to Punj Lloyd (M) Sdn. Bhd. on April 12, 1996. Subsequently, the company changed its name to Punj Lloyd (Malaysia) Sdn. Bhd. on October 2, 1996. It is 100% owned by the Company. PLM is in the process of being wound up.

Shareholding Pattern

Name of Shareholder	Number of Equity Shares
Punj Lloyd Limited	3,661,255
Total	**3,661,255**

Board of Directors

The board of directors of PLM comprises Atul Punj, V.K. Kaushik, Tai Yit Chan and Liew Irene.

Financial Performance

(Rs. thousand, unless otherwise stated)

	For the period ending March 31		
	2003	2004	2005
Income/Sales	225	213	50
Profit (Loss) after Tax	(645)	(920)	(340)
Equity Share Capital	46,059	42,471	44,140
Reserves (excluding revaluation reserves)(1)	23,736	20,968	18,570
Earnings per share (Rs.)(2)	(0.17)	(0.25)	(0.09)
Book Value per share (Rs.)(2)	19.06	17.33	17.13

(1) Net of miscellaneous expenditure not written off.
(2) Face value of each equity share is RM 1.00.

The equity shares of PLM are not listed. PLM has not completed any public or rights issue in the preceding three years.

Punj Lloyd Kazakhstan LLP ("PLK")

PLK was incorporated on June 3, 2002. It is 100% owned by the Company. PLK is principally engaged in the construction and engineering business.

Shareholding Pattern

Name of Shareholder	Charter Capital
Punj Lloyd Limited	572,697,200
Total	572,697,200

Board of Directors

The board of directors of PLK comprises Adil Vadoliwala.

Financial Performance

(Rs. thousand, unless otherwise stated)

	For the period ending December 31			
	2002	**2003**	**2004**	**Three months ended March 31, 2005**
Income/Sales	18,180	663,024	477,151	476,290
Profit (Loss) after Tax	3,649	3,637	43,741	18,120
Capital Stock	6,163	5,908	6,637	6,301
Reserves (excluding revaluation reserves)(1)	3,649	7,173	9,751	16,120
Earnings per share (Rs.)(2)	-	-	-	-
Book Value per share (Rs.)(2)	-	-	-	-

(1) Net of miscellaneous expenditure not written off.
(2) Earnings per share and book value are not applicable since the company has only capital stock. .

The equity shares of PLK are not listed. PLK has not completed any public or rights issue in the preceding three years.

Spectra Punjab Limited ("Spectra Punjab")

Spectra Punjab was incorporated on June 28, 2000. It obtained its certificate of commencement of business on July 5, 2000. It is 100% owned by the Company. It was established to be an Internet service provider in Punjab and Chandigarh. Spectra Punjab has not commenced operations.

Shareholding Pattern

Name of Shareholder	**Number of Equity Shares**
Punj Lloyd Limited	899,940
Atul Punj (nominee of Punj Lloyd Limited)	10
V.K. Kaushik (nominee of Punj Lloyd Limited)	10
Uday Punj (nominee of Punj Lloyd Limited)	10
P.K. Gupta (nominee of Punj Lloyd Limited)	10
V.K. Sud (nominee of Punj Lloyd Limited)	10
Dinesh Thairani (nominee of Punj Lloyd Limited)	10
Total	**900,000**

Board of Directors

The Board of Directors of Spectra Punjab comprises Atul Punj, Uday Punj and Sanjay Dwivedi.

Financial Performance

(Rs. thousand, unless otherwise stated)

	For the period ending March 31,		
	2003	**2004**	**2005**
Income/Sales	Nil	Nil	Nil
Profit (Loss) after Tax	Nil	Nil	Nil
Equity Share Capital	9,000	9,000	9,000
Reserves (excluding revaluation reserves)(1)	Nil	Nil	Nil
Earnings per share (Rs.)(2)	Nil	Nil	Nil
Book Value per share (Rs.)(2)	9.82	9.82	9.82

(1) Net of miscellaneous expenditure not written off.
(2) Face value of each equity share is Rs.10.

The equity shares of Spectra Punjab are not listed. Spectra Punjab has not completed any public or rights issue in the preceding three years. It has not become a sick company under SICA and is not under winding up.

Punj Lloyd Insulations Limited ("PLIL")

PLIL was incorporated on November 14, 1994 as Sagit Properties Private Limited. With effect from November 13, 1997, the company changed its name to Punj Lloyd Insulations Private Limited and on March 31, 1998, the Company became a deemed public company under the Companies Act and the word "Private" was deleted from its name. It is 100% owned by the Company. PLIL is principally engaged in the insulation business.

Shareholding Pattern

Name of Shareholder	Number of Equity Shares
Punj Lloyd Limited	25,514
Punj Lloyd Limited/ Atul Punj(1)	1
Punj Lloyd Limited/ V.K. Kaushik(1)	1
Punj Lloyd Limited/ Uday Punj(1)	1
Punj Lloyd Limited/V.K. Sud(1)	1
Punj Lloyd Limited/P.K. Gupta(1)	1
Punj Lloyd Limited/L. Chhabra(1)	1
Total	**25,520**

(1) The beneficial interest in and under such shares belongs exclusively to the Company.

Board of Directors

The board of directors of PLIL comprises Atul Punj, V.K. Kaushik and J.B. Dewan.

Financial Performance

(Rs. thousand, unless otherwise stated)

	For the period ending March 31		
	2003	**2004**	**2005**
Income/Sales	75,004	50,628	38,162
Profit (Loss) after Tax	485	589	552
Equity Share Capital	2,552	2,552	2,552
Reserves (excluding revaluation reserves)(1)	7,180	7,718	8,270
Earnings per share (Rs.)(2)	18.99	21.10	21.63
Book Value per share (Rs.)(2)	381.33	402.43	424.07

(1) Net of miscellaneous expenditure not written off.
(2) Face value of each equity share is Rs.100.

Spectra Net Limited ("SNL")

SNL was incorporated on April 20, 1995 as Spectra Net Private Limited. On September 13, 1999, the company became a deemed public company under the Companies Act and the word "Private" was deleted from its name. The company subsequently became a public limited company and its name was changed to Spectra Net Limited with effect from September 19, 2001. It is 73.34% owned by the Company and AIL. It is engaged in the cable television business.

Shareholding Pattern

Name of Shareholder	Number of Equity Shares
Punj Lloyd Limited	1,706,102
Atna Investments Limited	3,625,467
PLE Hyraulics Private Limited	5,374
PTA Engineering and Manpower Services Private Limited	5,374
Special Steel Forgings Private Limited	2,239
Spectra Punj Finance Private Limited	87,608
Atul Punj/ Shiv Punj	129,877
Shiv Punj/ Atul Punj	127,638
Atul Punj (HUF)	109,724
K. R. Securities Private Limited	63,953
Uday Punj/ Mangalam Punj	78,337
Mangalam Punj/ Uday Punj	89,570
Uday Punj (HUF)	89,570
Jai Punj	31,456
Dev Punj	25,058

Name of Shareholder	Number of Equity Shares
Vishvdeva Builders Private Limited	15,227
Indtech Construction Private Limited	162,186
Others	914,361
Total	**7,269,121**

Board of Directors

The board of directors of SNL comprises Atul Punj, Uday Punj, Sanjay Dwivedi, Sanjiv Garg and Rahul Khare.

Financial Performance

(Rs thousands, unless otherwise stated)

	For the period ending March 31		
	2003	**2004**	**2005**
Income/Sales	256,228	33,230	10,061
Profit (Loss) after Tax	(231,693)	(3,202)	(8,541)
Equity Share Capital	340,853	72,691[(1)]	72,691[(1)]
Reserves (excluding revaluation reserves)[(1)]	(871,867)	(3,202)	(11,736)
Earnings per share (Rs.)[(2)]	(6.80)	(0.44)	(1.17)
Book Value per share (Rs.)[(2)]	(15.58)	9.56	8.39

(1) Net of miscellaneous expenditure not written off. The share capital of SNL has been reorganized pursuant to the scheme of arrangement and demerger among, the Company, SNL and Atna Investments Limited.

(2) Face value of each equity share is Rs.10.

The equity shares of SNL are not listed. SNL has not completed any public or rights issue in the preceding three years. It has not become a sick company under SICA and is not under winding up.

Spectranet Holdings Limited ("SNHL")

SNHL was incorporated on June 16, 2000 as Spectranet Holdings Private Limited. On July 25, 2000, the company became a deemed public company under the Companies Act and the word "Private" was deleted from its name. The Company subsequently became a public limited company with effect from November 21, 2001. It is 100% owned by Spectra Net Limited, which is a subsidiary of the Company. It is engaged in the business of investing in the cable television business.

Shareholding Pattern

Name of Shareholder	Number of Equity Shares
Spectra Net Limited	20,49,990
Uday Punj (nominee of Spectra Net Limited) [(1)]	5
Dinesh Thairani (nominee of Spectra Net Limited) [(1)]	1
J.P. Mehrotra (nominee of Spectra Net Limited) [(1)]	1
Ravi Keswani (nominee of Spectra Net Limited) [(1)]	1
Puja Seth (nominee of Spectra Net Limited) [(1)]	1
Asit Mishra (nominee of Spectra Net Limited) [(1)]	1
Total	**20,50,000**

(1) The beneficial interest in and under such shares belongs exclusively to the Company.

Board of Directors

The Board of Directors of SNHL comprises Atul Punj, Uday Punj and Vishwa Raman Nirmal.

Financial Performance

(Rs. thousands, unless otherwise stated)

	For the period ending March 31		
	2003	**2004**	**2005**
Income/Sales	5	2	Nil

Profit (Loss) after Tax	(50)	(50)	(64)
Equity Share Capital	20,500	20,500	20,500
Reserves (excluding revaluation reserves)(1)	375	369	350
Earnings per share (Rs.)(2)	(0.02)	(0.02)	(0.03)
Book Value per share (Rs.)(2)	10.18	10.18	10.17

(1) Net of miscellaneous expenditure not written off.
(2) Face value of each equity share is Rs.10.

The equity shares of SNHL are not listed. SNHL has not completed any public or rights issue in the preceding three years. It has not become a sick company under SICA and is not under winding up.

Joint Ventures

The Company has one joint venture, Thiruvananthpuram Road Development Company Limited.

Thiruvananthpuram Road Development Company Limited ("TRDCL")

TRDCL was incorporated on March 1, 2004 as a pulic limited company. The company obtained its certificate of commencement of business on March 23, 2004. It is a joint venture between the Company and Consolidated Transportation Networks Limited. TRDCL is an SPV that was set up in connection with the execution of the Thiruvananthpuram road development project. The company had not commenced operations as on March 31, 2005 and hence no details of its financial performance are available.

Shareholding Pattern

Name of Shareholder	Number of Equity Shares
Punj Lloyd Limited	25,000
Consolidated Transportation Networks Limited	25,000
Others	70
Total	**50,070**

Board of Directors

The board of directors of TRDCL comprises Hari Sankaran, K. Ramchand, V.K. Kaushik, S.C. Sachdeva, R.C. Bawa, Mukund Sapre, Luv Chhabra and Tarwinder Singh.

Financial Performance

(Rs. thousand, unless otherwise stated)

	For the period ending March 31, 2005
Income/Sales	Nil
Profit (Loss) after Tax	Nil
Equity Share Capital	501
Reserves (excluding revaluation reserves)(1)	Nil
Earnings per share (Rs.)(2)	Nil
Book Value per share (Rs.)(2)	10.00

(1) Net of miscellaneous expenditure not written off.
(2) Face value of each equity share is Rs.10.

The equity shares of TRDCL are not listed. TRDCL has not completed any public or rights issue in the preceding three years. It has not become a sick company under SICA and is not under winding up.

Associate Companies

The Company has one associate company, Bistro Hospitality Private Limited.

Bistro Hospitality Private Limited ("BHPL")

BHPL was incorporated on July 22, 1994 as Bistro Americana Private Limited. On May 13, 1996, the company became a deemed public company under the Companies Act and the word "Private" was deleted from its name. With effect from December 15, 1998, the company changed its name to Bistro Hospitality Limited and with effect from March 21, 2003, the word "Private" was added to the name of the company. The company has a 35.10% shareholding in BHPL. BHPL is in the hospitality business and operates restaurants under the brand name of "TGIF".

Shareholding Pattern

Name of Shareholder	Number of Equity Shares
Punj Lloyd Limited	2,878,200
Indo Pacific Investment (Mauritius)	1,500,000
Dr. Naresh Trehan	820,000
Indo Pacific Estate Holding Private Limited	3,001,800
Total	**8,200,000**

Board of Directors

The board of directors of BHPL comprises of Atul Punj, Uday Punj, Rajan Jetley, Rita Jetley, Kulbhushan Kachru and Dr. Naresh Trehan.

Financial Performance

(Rs. thousand, unless otherwise stated)

	For the period ending March 31		
	2003	**2004**	**2005**
Income/Sales	121,246	118,391	149,893
Profit (Loss) after Tax	(1,126)	985	6,827
Equity Share Capital	82,000	82,000	82,000
Reserves (excluding revaluation reserves)(1)	8,108	11,910	20,880
Earnings per share (Rs.)(2)	0.14	0.12	0.83
Book Value per share (Rs.)(2)	10.99	11.45	12.55

(1) Net of miscellaneous expenditure not written off.
(2) Face value of each equity share is Rs.10.

The equity shares of BHPL are not listed. BHPL has not completed any public or rights issue in the preceding three years. It has not become a sick company under SICA and is not under winding up.

Unsecured Loans Taken by the Company, its Subsidiaries, Promoter Group Companies and Associates

Based on the Company's financial statements, set forth below are details of the unsecured loans taken by the Company, its Subsidiaries and Promoter group companies as on September 30, 2005:

The Company

(Rs. thousand, unless otherwise stated)

Unsecured Loans as on September 30, 2005						
Sr. No	**Lender**	**Date**	**Amount Outstanding**	**Repayment Schedule**	**Rate of Interest**	**Whether the Loan can be recalled at any time**
1	Citibank	May 18, 2005 to August 31, 2005	197,072	October 15, 2004 to January 28, 2005	7.50	No
2	Garanti Bank , Turkey	December 15, 2003 to March 31, 2005	173,395	Repayable on demand	5.60	In case of default

Unsecured Loans as on September 30, 2005						
Sr. No	**Lender**	**Date**	**Amount Outstanding**	**Repayment Schedule**	**Rate of Interest**	**Whether the Loan can be recalled at any time**
3	Garanti Bank , Turkey	September 24, 2005	3,647	October 3, 2005	17.85	In case of default
4	Garanti Bank , Turkey	September 29, 2005	1,013	October 3, 2005		In case of default
5	State Bank of Saurashtra	November 1, 2004	100,000	October 31, 2005	7.50%	In case of default
6	The Bank of Rajasthan Limited	March 21, 2005	50,000	17,00,00,000 - December 21, 2005 17,00,00,000 - January 21, 2006 16,00,00,000 – February 21, 2006	8.50%	In case of default
7	Indian Overseas Bank	July 6, 2004	250,000	6,25,00,000 - October 5, 2005 6,25,00,000 - January 5, 2006, 6,25,00,000 - April 5, 2006, 6,25,00,000 - July 5, 2006	8.25%	In case of default
8	The Lakshmi Vilas Bank Limited	August 1, 2005	50,000	50,000,000 - January 28, 2006	8.00%	Yes
9	The Federal Bank	August 17, 2005	150,000	2,50,00,000 - September 17, 2006 2,50,00,000 - October 17, 2006 2,50,00,000 - November 17, 2006 2,50,00,000 - December 17, 2006 2,50,00,000 - January 17, 2007 2,50,00,000 - February 17, 2007	8.00%	Yes
10	State Bank of Travancore	March 24, 2005	200,000	20,00,00,000 - February 23, 2006	7.75%	In case of default
11	Central Bank of India	May 4, 2005	100,000	2,00,00,000 - June 30, 2006 2,00,00,000 - July 31, 2006 2,00,00,000 - August 31, 2006 2,00,00,000 - September 30, 2006 2,00,00,000 - October 31, 2006	8.00%	In case of default
12	10% Unsecured Redeemable Non-Convertible Debentures	November 26, 1998	12,120	1,21,20,000 - November 25, 2005	10.00%	No
13	LandesBank Baden-Wattemberg, Stuttgart, Germany	May 15, 2002	32,262	5159812 - October 6, 2005 1292502 - January 30 , 2006 5159812 - April 6, 2006 1292502 - July 31, 2006 5159812 - October 6, 2006 1292502 - January 29, 2007, 5159812 - April 10, 2007 1292502 - July 30, 2007 5159812 - October 8, 2007 1292502 - January 29, 2008	Euribor plus .80%p.a	In case of default
14	Jaiman Engineering Private Limited	March 31, 2005	5,025	As may be determined between the lender and the borrower from time to time.	As may be determined between the lender and the borrower from time to time.	As may be determined between the lender and the borrower from time to time.
	Total		**1,324,534**			

Subsidiaries

Atna Investments Limited

Unsecured Loans as on September 30, 2005						
S. No.	**Lender**	**Date**	**Amount**	**Repayment Schedule**	**Rate of Interest**	**Whether the Loan Can be Recalled at Any Time**
1	Spectra Infrastructure Limited	March 31, 2005	5,025	As may be determined between the lender and the borrower from time to time.	As may be determined between the lender and the borrower from time to time.	As may be determined between the lender and the borrower from time to time.
2	Punj Lloyd Limited	August 16, 2005	50	As may be determined between the lender and the borrower from time to time.	As may be determined between the lender and the borrower from time to time.	As may be determined between the lender and the borrower from time to time.
	Total		**5,075**			

Spectra Infrastructure Limited

Unsecured Loans as on September 30, 2005						
S. No.	**Lender**	**Date**	**Amount**	**Repayment Schedule**	**Rate of Interest**	**Whether the Loan Can be Recalled at Any Time**
1	Punj Lloyd Limited	August 12, 2005	150	As may be determined between the lender and the borrower from time to time.	As may be determined between the lender and the borrower from time to time.	As may be determined between the lender and the borrower from time to time.
	Total		**150**			

Punj Lloyd Kazakhstan LLP

Unsecured Loans as on September 30, 2005						
S. No.	**Lender**	**Date**	**Amount**	**Repayment Schedule**	**Rate of Interest**	**Whether the Loan Can be Recalled at Any Time**
1.	Punj Lloyd Limited	December 7, 2004	80	May 16, 2006	12%	No
2.	Punj Lloyd Limited	December 21, 1004	500	May 16, 2006	12%	No
3.	Punj Lloyd Limited	January 13, 2005	100	May 16, 2006	12%	No
4.	Punj Lloyd Limited	February 8, 2005	100	May 16, 2006	12%	No
5	Punj Lloyd Limited	June 16, 2005	500	May 16, 2006	12%	No
	Total		**1,280**			

Spectra Net Limited

Unsecured Loans as on September 30, 2005						
S. No.	**Lender**	**Date**	**Amount**	**Repayment Schedule**	**Rate of Interest**	**Whether the Loan Can be Recalled at Any Time**
1	Spectra Infrastructure Limited	March 31, 2005	45,791	As may be determined between the lender and the borrower from time to time.	As may be determined between the lender and the borrower from time to time.	As may be determined between the lender and the borrower from time to time.

Spectra Punjab Limited

Unsecured Loans as on September 30, 2005						
S. No.	**Lender**	**Date**	**Amount**	**Repayment Schedule**	**Rate of Interest**	**Whether the Loan Can be Recalled at Any Time**
1	Spectra Infrastructure Limited	September 30, 2005	52,175	As may be determined between the lender and the borrower from time to time.	As may be determined between the lender and the borrower from time to time.	As may be determined between the lender and the borrower from time to time.

Spectra Punj Lloyd Limited

Unsecured Loans as on September 30, 2005						
S. No.	**Lender**	**Date**	**Amount**	**Repayment Schedule**	**Rate of Interest**	**Whether the Loan Can be Recalled at Any Time**
1	Spectra Infrastructure Limited	March 31, 2005	7,000	As may be determined between the lender and the borrower from time to time.	As may be determined between the lender and the borrower from time to time.	As may be determined between the lender and the borrower from time to time.

Punj Lloyd Insulations Limited

Unsecured Loans as on September 30, 2005						
S. No.	**Lender**	**Date**	**Amount**	**Repayment Schedule**	**Rate of Interest**	**Whether the Loan Can be Recalled at Any Time**
1	Spectra Infrastructure Limited	March 31, 2005	5,000	As may be determined between the lender and the borrower from time to time.	As may be determined between the lender and the borrower from time to time.	As may be determined between the lender and the borrower from time to time.

Promoter Group Companies

Arooshi Enterprises Private Limited

Unsecured Loan as on March 31, 2005						
S. No.	**Lender**	**Date**	**Amount**	**Repayment Schedule**	**Rate of Interest**	**Whether the Loan Can be Recalled at Any Time**
1	Punj Lloyd Limited	September 20, 1999	10,085	As may be determined between the lender and the borrower from time to time.	12.00%	As may be determined between the lender and the borrower from time to time.
	Total		**10,085**			

Shareholder Agreements

The Company has entered into the following shareholders' agreements:

- Pursuant to a share subscription agreement dated October 29, 2004, Standard Chartered Private Equity (Mauritius) II Limited ("SC"), Merlion India Fund I Limited, Jacob Ballas Capital India Private Limited ("JBCIPL") and New York Life International Investment Asia Limited ("NYL") subscribed to Equity Shares and mandatory convertible preference shares. The Company is a party to a shareholders' agreement, also dated October 29, 2004, as amended, entered into among SC, Merlion, JBCIPL, NYL, the Company, Atul Punj, Cawdor Enterprises Limited, Indtech Construction Private Limited, Spectra Punj Finance Private Limited, S.N.P. Punj and Uday Punj. Pursuant to an amendment agreement dated January 20, 2005, Dunearn Investments (Mauritius) Pte. Limited ("Dunearn") became a party to the shareholders' agreement after signing a deed of adherence. Both Merlion India Fund I Limited and Standard Chartered Private Equity (Mauritius) II Limited have transfered their shares in the Company to Merlion India Fund III Limited ("Merlion"), an FVCI.

The shareholders' agreement terminates upon the earlier of the date on which one shareholder holds all of the Equity Shares, the date on which no investor holds any shares and the IPO Closing Date, which is defined as the date of completion of the Company's initial public offering.

Upon the shareholders agreement terminating on the IPO Closing Date, (A) two individuals of which one shall be nominated by SC and one shall be nominated by Dunearn to the Board (for so long as SC, or its permitted transferee, Merlion, JBCIPL, NYL and Dunearn hold in aggregate at least two thirds of the sum of (x) the number of Equity Shares issued to the them on the Closing Date (as defined in the share subscription agreement); and (y) the number of Equity Shares they would have received upon conversion of all the mandatory convertible preference shares issued to them on the Closing Date pursuant to the share subscription agreement); or (B) one individual nominated by SC (for so long as SC or its permitted transferee, Merlion, JBCIPL, NYL and Dunearn hold in aggregate at least one third of the sum of (x) the number of Equity Shares issued to them on the Closing Date; and (y) the number of Equity Shares they would have received upon conversion of all the mandatory convertible preference shares issued to them on the Closing Date pursuant to the share subscription agreement). The shareholders agreement also provides that in the event SC, or its permitted transferee Merlion, JBCIPL, NYL and Dunearn hold in aggregate less than two thirds of the sum of (x) the number of Equity Shares issued to them on the Closing Date; and (y) the number of Equity Shares they would have received upon conversion of all the mandatory convertible preference shares issued to them on the Closing Date pursuant to the share subscription agreement, the Company shall, for so long as Dunearn or its affiliates hold at least 40% of the shares held by them on the date of the shareholders' agreement, permit a Dunearn observer to attend all meetings of the Board.

The Company has agreed to indemnify SC, Merlion, JBCIPL, NYL and Dunearn until the date of completion of the IPO, whereupon such rights automatically terminate without any action from the parties. The agreement requires that any claim be submitted by the parties on or prior to the IPO Closing Date.

The parties will remain subject to certain restrictions on publicity and in connection with confidentiality even after the shareholders' agreement terminates.

All the mandatory convertible preference shares issued to SC, Merlion, JBCIPL, NYL and Dunearn pursuant to the share subscription agreement were converted into Equity Shares on September 30, 2005. For further details, see the section entitled "Capital Structure" at page 23 of this Red Herring Prospectus.

Pursuant to an agreement dated September 28, 2005, the parties to the amended shareholders' agreement dated January 20, 2005 have agreed that if the IPO Closing Date does not occur by March 31, 2006 or such other date as may be mutually agreed between the parties, the shareholders agreement will continue to be valid and binding and the Articles of Association shall be amended to reflect the agreement among the parties.

- The Company is a party to a shareholders' agreement dated March 29, 2004 among the Thiruvananthapuram Road Development Company Limited ("TRDCL"), Consolidated Toll Network India Limited ("CTNIL") and the Company. Pursuant to this agreement, each of CTNIL and the Company hold 50% of TRDCL. For as long as each of CTNIL and the Company hold 40% of the paid-up equity capital of TRDCL, each of them shall be entitled to appoint four persons as nominee directors on the board of TRDCL. However, the chief executive officer or managing director of TRDCL will be appointed by CTNIL. Each of the Company and CTNIL has a right of first refusal under the terms of this agreement. TRDCL has been set up as SPV to undertake the Thiruvananthpuram City Road Improvement Project on a BOT basis.

Other Agreements

- The Company has entered into a business venture agreement dated May 24, 2005 with the Al Rushaid Investment Company in connection with the formation of a joint venture limited liability company in Saudi Arabia. It is proposed that the joint venture company will be called Punj Lloyd Al Rushaid Limited ("PLAR") and will be owned 50% by Al Rushaid Investment Company and 50% by the Company.

It is proposed that PLAR will undertake the design, engineering, procurement, construction and management of projects in the hydrocarbon sector, and build plants and industrial facilities including pipelines, tankage and terminals, infrastructure projects such as roads, highways and civil construction, and composite and electromechanical projects, including industrial facilities at or near Dammam, Saudi Arabia.

MANAGEMENT

Board of Directors

As per the Articles of Association, the Company cannot have less than three or more than 14 Directors. The Company currently has 13 Directors.

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

Name, Designation, Father's Name, Address, Occupation and Term	National of	Age (Years)	Other Directorships
Atul Punj Chairman and Managing Director (S/o Mr. S.N.P. Punj) 10, Prithviraj Road New Delhi 110 001 Term: Non-retiring Director.	India	48	Afsan Health Resorts Private Limited Atna Investments Limited Atna Properties Private Limited Bistro Hospitality (West) Private Limited Bistro Hospitality Private Limited Cawdor Enterprises Limited Howden Insurance Brokers India Private Limited Indo Pacific Aviation Private Limited Jacob Ballas Capital India Private Limited PL Engineering Private Limited PLE Hydraulics Private Limited Punj Lloyd (Malaysia) Sdn. Bhd. Punj Lloyd Inc. Punj Lloyd Insulations Limited Spectra Infrastructure Limited Spectranet Holdings Limited Spectra Net Limited Spectra Punj Lloyd Limited Spectra Punjab Limited
V.K. Kaushik Joint Managing Director (S/o Mr. S.N. Shastri) S-27/1-D, DLF Qutab Enclave Phase III, Gurgaon Haryana 122 002 Term: Non-retiring Director.	India	58	North Karnataka Expressway Limited PLE Hydraulics Private Limited PLN Construction Limited Punj Lloyd (Malaysia) Sdn. Bhd. Punj Lloyd Insulations Limited Spectra Infrastructure Limited Spectra Punj Lloyd Limited Thiruvananthapuram Road Development Company Limited
Mr. L. Chhabra Whole-time Director (S/o Mr. K.L. Chhabra) H-16/4, DLF Phase I, Gurgaon Haryana Term: To retire by rotation.	India	49	Howden Insurance Brokers India Private Limited PL Engineering Private Limited Thiruvananthapuram Road Development Company Limited VLC Fashion Redefined Private Limited
Uday Punj Whole-time Director (S/o Mr. S.N.P. Punj) 10, Prithviraj Road New Delhi 110 001 Term: To retire by rotation.	India	43	Bistro Hospitality (West) Private Limited Bistro Hospitality Private Limited K.R. Securities Private Limited MFA Crucial Moments Healthcare Private Limited Petro IT Private Limited* PT. Petro IT Services Spectranet Holdings Limited Spectra Net Limited Spectra Punjab Limited
Mr. Tarwinder Singh Whole-time Director (S/o Mr. Mohan Singh) A-146 Belvedere Park, DLF City Phase III, Gurgaon Haryana 122 002 Term: To retire by rotation.	India	54	Thiruvananthapuram Road Development Company Limited
Mr. H.K. Kaul	India	61	None

Name, Designation, Father's Name, Address, Occupation and Term	National of	Age (Years)	Other Directorships
Whole-time Director (S/o Mr. J.K. Kaul) 34, Munirka Enclave New Delhi 110 067 Term: To retire by rotation.			
Mr. Karamjit Singh Butalia Independent Director (S/o Mr. Harcharan Singh Butalia) The Balmoral, 16 Balmoral Park # 10-06 Singapore 259847 Term: To retire by rotation.	India	51	98 Holdings Limited Aurobindo Pharma Limited Fin Ventures (UK) Limited Merlion India Fund I Limited Merlion India Fund II Limited Merlion India Fund III Limited Merlion India Managers Limited NatSteel Limited Standard Chartered Private Equity (Mauritius) II Limited Standard Chartered Private Equity (Mauritius) III Limited Standard Chartered Private Equity (Mauritius) Limited Standard Chartered Private Equity Limited
Mr. Manish Kejriwal Independent Director (S/o Mr. Santosh Kejriwal) 3rd Floor, Prabhat Building B Road, Churchgate Mumbai 400 020 Term: To retire by rotation.	India	36	Bajaj Auto Limited Temasek Holdings Advisors India Private Limited
Dr. Naresh Kumar Trehan Independent Director (S/o Dr. H.S. Trehan) B-4 Maharani Bagh New Delhi 110 065 Term: To retire by rotation.	India	59	Afsan Health Resorts Private Limited Bistro Hospitality Private Limited Dabur Pharma Limited Escorts Heart and Super Speciality Institute Limited Escorts Hospital and Research Centre Limited Global Health Private Limited Globerian India Private Limited Howden Insurance Brokers India Private Limited Jubilant Organosys Limited Raksha TPA Private Limited Shrumps Real Estate Limited Wah India Private Limited
Mr. Rajan Jetley Independent Director (S/o Major General R.L. Jetley) No. 9, Shakuntala Farms New Delhi 110 030 Term: To retire by rotation.	India	55	Jacob Ballas Capital India Private Limited Bistro Hospitality Private Limited Indo-Pacific Estates Holdings Private Limited Indo-Pacific Investments (Mauritius) LLC Ruby Capital Services Private Limited NYLIM-JB Asset Management Co. (Mauritius) LLC Zee Telefilms Limited Bistro Hospitality (West) Private Limited New York Life Investment India Fund (FVCI) II LLC New York Life Investment Management India Fund II LLC New York Life International India Fund (Mauritius) II LLC Radisson Hotels Asia Pte. Limited
Mr. Sandeep Bakhshi Independent Director (S/o Mr. Suraj Prakash Bakhshi) B-4 Tanna Residency Opposite Siddhi Vinayak Temple Prabhadevi Mumbai 400 085 Term: Non-retiring Director.	India	45	ICICI Lombard General Insurance Company Limited* Oswal Chemicals & Fertilisers Limited
Mr. Alain Aboudaram Independent Director (S/o Mr. Marcel Aboudaram) 38 Chemin de Mornex P.O. Box 85 Lausanne 1001	Switzerland	68	Conseil Alain Aboudaram S.A. Fortrade Finance Corporation

Name, Designation, Father's Name, Address, Occupation and Term	National of	Age (Years)	Other Directorships
Switzerland Term: To retire by rotation.			

* The concerned persons hold the position of managing director of the relevant companies.

Brief Biographies

Atul Punj, 48, an Indian national, is the Company's Chairman and Managing Director and a whole-time Director on the Board. Mr. Punj obtained a Bachelors degree in Commerce from the Shri Ram College of Commerce, Delhi University in 1979. He initiated the Company into the pipeline business and helped it focus on the engineering, hydrocarbons and infrastructure sectors.

Mr. Punj has overseen the Company's diversification into new business opportunities, including tankage and terminals, process plants, telecom and highway construction. He has also helped the Company grow international markets, including South East Asia, Middle East, South Asia, the Commonwealth of Independent States, Europe, Indonesia, the United Arab Emirates, Bangladesh, Kazakhstan, Turkey, Malaysia, Qatar, Georgia, Singapore, Kuwait and Oman. Mr. Punj is a National Council Member of the Construction Federation of India, a member of the Confederation of Indian Industry's National Committee on Surface Transport, Chairman of the Confederation of Indian Industry's National Committee for Construction and Projects (2005-2006) and the Chairman of the Board of Governors of the British School. Mr. Punj does not receive any compensation from the Company. His gross compensation in fiscal 2005 from PT. Punj Lloyd Indonesia in his capacity as Commissioner of PT. Punj Lloyd Indonesia was Rs.13,500 thousand.

V.K. Kaushik, 58, an Indian national, is the Company's Joint Managing Director and Chief Operating Officer and a whole-time Director on the Board. Mr. Kaushik has been with the Company since its inception and has over 36 years of experience in project and construction management. Mr. Kaushik has a Bachelors degree in electrical engineering from Gwalior University. He started his career with the Punj group of companies and has worked in most operations of the group in India and overseas. As a Director, he has earlier headed the Company's manufacturing facility at Gwalior and the strategic business unit of pipelines. At present, he heads the Asia Pacific region, the Indian subcontinent and the infrastructure operations of the Company. He is also responsible for the Company's equipment and construction resources and heads human resources. His gross compensation in fiscal 2005 was Rs.5,576,767.

Luv Chhabra, 49, an Indian national, is the Director, Finance Corporate affairs and a whole-time Director on the Board. Mr. Chhabra holds a Bachelors degree in engineering from the Indian Institute of Technology, Delhi and a Masters degree in business administration from the Faculty of Management Studies, Delhi University. He joined the Company on July 1, 2001 and has over 28 years of experience in the oil and gas and construction sectors. Prior to joining the Company, Mr. Chhabra was Managing Director, KEC International Limited, Managing Director, Petronet India Limited, Deputy Managing Director, Bharat Shell Limited and Executive Director, Bharat Petroleum Corporation Limited. He has also been a director on the boards of Bharat Oman Refineries Limited, Numaligarh Refineries Limited, Petronet CCK Limited, Spectra Net Limited, Petronet VK Limited and Petronet MHB Limited. His gross compensation in fiscal 2005 was Rs.5,353,859.

Uday Punj, 43, an Indian national, is a whole-time Director on the Board. Mr. Punj obtained a Bachelors degree in Commerce from the Shri Ram College of Commerce, Delhi University in 1983. Mr. Punj has over 22 years experience in manufacturing and contracts management of projects in India and overseas. His gross compensation in fiscal 2005 was Rs.4,919,360.

Tarwinder Singh, 54, an Indian national, is the Director (Infrastructure). He holds a Masters degree in technology from the Indian Institute of Technology at Delhi. He joined the Company and has over 30 years of experience in project and construction management. Within the Company, he heads the Infrastructure Services Division of the Company. Prior to joining the Company, he has been the Chief Executive Officer and a Director of Dodsal Private Limited, Vice President, Mahindra Realty and Infrastructure Developers Limited, Chief Manager, National Buildings Construction Corporation, Assistant Commandant in the Border Security Force and Superintendent, Military Engineering Services (Buildings and Roads). His gross compensation in fiscal 2005 was Rs.1,851,904.

H.K. Kaul, 61, an Indian national, is the Director (Technical) and a whole-time Director on the Board. Mr. Kaul obtained a Bachelors degree in electrical engineering from the Government Engineering College, Jabalpur and a Masters degree in Energetics from the Indian Institute of Technology, Mumbai. He joined the Company in July 2005 and has over 38 years of experience in the engineering and construction sector. Within the Company, Mr. Kaul is responsible for materials and procurement, planning, information systems and information technology, contracts and estimation and quality, health, safety and environment. Prior to joining the Company, Mr. Kaul has been a director on the boards of Engineers India Limited and EIL Asia Pacific Private Limited. He is also a member of the board of governors of the Construction Industry Development Council.

Karamjit Singh Butalia, 52, an Indian national, has been nominated to the Board by Standard Chartered Private Equity (Mauritius) II Limited. He has a Masters degree in economics from the Delhi School of Economics and a Masters in business administration from Hull University. Mr. Butalia has over 27 years of experience in finance and at present, is the Global Head of Private Equity, Standard Chartered Private Equity. Previously, he was the Managing Director of Citicorp Capital Asia, the private equity arm of Citicorp in Asia.

Manish Kejriwal, 36, an Indian national, has been nominated to the Board by Dunearn Investments (Mauritius) Pte Limited. He holds a Bachelors degree in economics and engineering sciences from Dartmouth College and holds a Masters degree in business administration from Harvard University. At present, Mr. Kejriwal is Managing Director, Temasek Holdings Advisors India Private Limited, an investment holding company. Previously, he has been a partner at McKinsey & Company, Inc. He has also previously worked with the World Bank in Washington D.C., with Goldman Sachs (in its Principal Investment and Corporate Finance division), Hong Kong and been a director on the board of Bajaj Auto Limited. He has also been a member of the Young Presidents' Organization and co-president of the Harvard Business School Association of India.

Dr. Naresh Kumar Trehan, 59, an Indian national, is an independent Director. Mr. Trehan is a renowned cardiovascular surgeon. He graduated and completed his internship from King George Medical College and subsequently obtained a diploma from the American Board of Surgery and the American Board of Cardiothoracic Surgery in the United States. At present, Dr. Trehan is the Executive Director and Chief Cardiovascular Surgeon of the Escorts Heart Institute and Research Centre and has held this position since 1988. Dr. Trehan has received many prestigious awards, including the Padma Shree Award and the Padma Bhushan Award, presented by the Government of India. Dr. Trehan is also a director on the board of Bistro Hospitality Private Limited.

Keith N. Henry, 60, a British national, is an independent Director. Mr. Henry holds an Honors degree in civil engineering from the London University and a Masters degree in foundation engineering, from Birmingham University. Mr. Henry has over 33 years of international business experience in development, ownership, design and construction of electricity, civil, oil and gas facilities and process and defense related activities. Mr. Henry is a Fellow of the Institution of Civil Engineers and was also elected a Fellow of the Royal Academy of Engineering in 1988. He is Deputy Chairman of Petroleum Geo-Services ASA, and is a non-executive director of Burren Energy Plc, Emerald Energy Plc, and South East Water Limited. Previously he was Chief Executive, Kvaerner E&C Plc, Chief Executive, National Power Plc, Chief Executive, Brown & Root Limited, and non-executive director, Enterpise Oil Plc.

Rajan Jetley, 55, an Indian national, is an independent Director. Mr. Jetley holds a Bachelor of Arts degree from St. Aloysius University, Jabalpur and a Masters degree in business administration from Delhi University. He is currently Chairman, Jacob Ballas Capital India Private Limited and Chairman, Radisson Hotels Asia. He is a sponsor and major shareholder of Bistro Americana Private Limited and on the board of Bistro Hospitality Private Limited. Mr. Jetley is also on the board of directors of Zee Telefilms Limited. Previously, he has been Managing Director, Air India, Managing Director, India Tourism Development Corporation, Chairman, Centaur Group of Hotels, a member of the board of United Breweries Limited, consultant to Air Lanka Airlines and Director, Airports Authority of India.

Sandeep Bakhshi, 45, is an independent Director and has been nominated by ICICI Bank Limited. He holds a Bachelors degree in mechanical engineering from Punjab Engineering College and a Masters degree in business administration from Xaviers Labour Research Institute, Jamshedpur. He has over 22 years of experience in business development, project appraisals, project monitoring and business restructuring. At present, Mr. Bakhshi is the Managing Director and Chief Executive Officer of ICICI Lombard Limited and is responsible for the general insurance business of ICICI Bank Limited. Previously, he has handled corporate clients in the Northern and Eastern regions for ICICI Bank Limited.

Alain Aboudaram, 68, a Swiss national, is an independent Director. He has a Bachelors degree in economics from the University of Lausanne. At present, he is the Chief Executive Officer of Conseil Alain Aboudaram SA (CAASA).

Shareholding of the Directors in the Company

Atul Punj, V.K. Kaushik, Luv Chhabra, Uday Punj and Dr. Naresh Trehan (jointly with Madhu Trehan) hold 394,756, 14, 10, 384,256 and 500 Equity Shares, respectively. The Articles of Association do not require the Directors to hold any qualification shares in the Company.

Term of Office

Atul Punj, V.K. Kaushik and Sandeep Bakhshi are currently non-retiring Directors of the Company. Pusuant to the Articles of Association Atul Punj is a non-retiring Director and the Chairman of the Board.

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

Compensation of the Directors

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

Interest of Directors

All the Directors, including independent Directors, may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them under the Articles of Association. The whole-time Directors will be interested to the extent of remuneration paid to them for services rendered as officers or employees of the Company. All the Directors, including independent Directors, may also be deemed to be interested to the extent of Equity Shares, if any, already held by or that may be subscribed for and allotted to them or to the companies, firms and trusts, in which they are interested as directors, members, partners and/or trustees, out of the present Offer in terms of the Prospectus and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

The Directors, including independent Directors, may also be regarded as interested in the Equity Shares, if any, held by or that may be subscribed by and allotted to the companies, firms and trust, in which they are interested as directors, members, partners or trustees.

Changes in the Board of Directors during the Last Three Years

Name	Date of Appointment	Date of Cessation	Reason
Mahinder Prakash	December 1, 1997	October 31, 2004	Resigned.
P.K. Gupta	June 1, 1999	July 19, 2005	Resigned.
Alain Aboudaram	June 1, 1999	November 10, 2004	Resigned.
V.K. Sud	November 1, 2000	July 19, 2005	Resigned.
Sandeep Bakhshi	July 17, 2003	-	Appointed as a non-retiring Director.
Alain Aboudaram	November 11, 2004	-	Appointed at the last Annual General Meeting and will retire by rotation.
Tarwinder Singh	August 9, 2004	-	Re-appointed at the last Annual General Meeting and will retire by rotation.
Karamjit Singh Butalia	November 11, 2004	-	Appointed at the last Annual General Meeting and will retire by rotation.
Keith Nicholas Henry	December 20, 2004	-	Appointed at the last Annual General Meeting and will retire by rotation.
Manish Kejriwal	January 20, 2005	-	Appointed at the last Annual General Meeting and will retire by rotation.
H.K. Kaul	July 19, 2005	-	Appointed at the last Annual General Meeting and will retire by rotation.

Corporate Governance

The provisions of the listing agreements to be entered into with the Stock Exchanges with respect to corporate governance become applicable to us at the time of seeking in-principle approval of the Stock Exchanges. The Company has complied with SEBI guidelines in respect of corporate governance specially with regard to broad basing of the Board, constituting committees such as the Investors' Grievances Committee. The Company undertakes to take all necessary steps to comply with all the requirements of the guidelines on corporate governance and adopt the Corporate Governance Code as per Clause 49 of the listing agreement to be entered into with the Stock Exchanges, as would be applicable to the Company upon listing of its Equity Shares.

Committees of the Board

Audit Committee

The terms of reference of Audit Committee comply with the requirements of Clause 49 of the listing agreement to be entered into with the Stock Exchanges. The Committee consists of a majority of non-executive Directors, with the majority being independent Directors. The Audit Committee currently comprises of Dr. Naresh Trehan as Chairman, Rajan Jetley and Karamjit Singh Butalia.

The Audit Committee's role includes overview of the Company's financial reporting process, recommending the appointment and removal of statutory auditors, fixing audit fees, reviewing the annual financial statements with management prior to submitting these to the Board, reviewing related party transactions, reviewing the Company's internal audit function, reviewing findings of any internal investigations by the internal auditors and reviewing the Company's financial and risk management policies.

Remuneration Committee

The Remuneration Committee consists of a majority of non-executive Directors, with the Chairman being an independent Director. This committee currently comprises of Rajan Jetley as the Chairman, Sandeep Bakhshi, Karamjit Singh Butalia, Atul Punj and Luv Chhabra. The Remuneration Committee's role includes reviewing and finalizing remuneration and other benefits payable to the Directors and management and formulating the Company's compensation strategy and policy.

Investors' Grievances Committee

The role of the Investors' Grievances Committee includes approving the transfer/transmission of securities of the Company and connected matters, issuing new certificates of securities of the Company upon a split or consolidation of the Equity Shares, deciding any matter relating to the securities of the Company, formulating and implementing the Company's code of conduct for prohibition of insider trading, appointing the Company's compliance officer to comply with the SEBI (Prohibition of Insider Trading) Regulations, 1992 and the listing agreements and redressing investors' complaints relating to transfer of securities, non-receipt of balance sheet, non-receipt of declared dividends and other similar complaints. The Investors' Grievances Committee currently comprises of Dr. Naresh Trehan as the Chairman, Atul Punj and Luv Chhabra.

Key Managerial Personnel

All the Company's whole-time Directors are key management personnel; please refer to page 108 of this Red Herring Prospectus under the section "Management".

P.K. Gupta, 53, an Indian national, is the President for the Asia Pacific region and joined the Company in 1989. Mr. Gupta holds a degree in mechanical engineering from the Thapar Institute of Engineering and Technology, Patiala and has over 29 years of experience. He joined Punj Lloyd as Deputy General Manager, Projects and now heads the South East Asian operations of the Company. He also holds the position of President Director of PT. Punj Lloyd Indonesia. His gross compensation in fiscal 2005 was Rs.3,257,960.

Pervesh Gandhi, 51, an Indian national, is President, Human Resources and Administration and joined the Company in 2005. Mr. Gandhi holds a diploma in personnel and industrial relations from the Xavier Institute of Social Science, Ranchi in 1977 and he has over 28 years of experience in various aspects of human resource development, personnel and employee welfare and general administration. His last assignment was Head, Human Resources for Bechtel India. He has also worked with the Tata Iron and Steel Company Limited.

Atul Kumar Jain, 44, an Indian national, is the Regional Director (Oil and Gas) for India and joined the company in 1982. Mr. Jain holds a degree in chemical engineering from the Indian Institute of Technology, Roorkee in 1982 and has over 23 years of experience. He has handled various jobs in connection with estimation, planning, co-ordination and project execution in India and overseas. His last assignment was as the Project Director for the Baku – Tbilisi – Ceyhan Crude Oil Pipeline project in the Caspian region. He has drafted the strategic plan for completion of the Dahej - Vijaypur LNG Pipeline project within nine months. His gross compensation in fiscal 2005 was Rs.1,610,676.

Sandeep Garg, 45, an Indian national, is the Regional Director for the Caspian region and joined the Company in 1991. Mr. Garg holds a degree in electrical engineering from the Indian Institute of Technology, Roorkee in 1981 and has over 24 years of experience. During his career, he has handled the execution of various projects, including in connection with gas compressor stations, gas gathering facilities and cryogenic and hydro-cracker projects. His last assignment was the acquisition, operation and maintenance of the Company-owned equipment assets. His gross compensation in fiscal 2005 was Rs.1,552,056.

Ravindra Kansal, 45, an Indian national is the Regional Director for the Middle East region and re-joined the company in November 2005. Mr. Kansal holds a degree in chemical engineering from the Birla Institute of Science and Technology at Pilani. Mr. Kansal was with the Company between June 1998 and September 2005. Prior to joining the Company, he worked with Hindustan Dorr Oliver Limited. Mr. Kansal has 20 years of experience in connection with process design, sizing, proposal engineering and sale of solid-liquid separation systems, water/waste water treatment plants, reverse osmosis plants and air pollution control systems.

J.K. Dhar, 56, an Indian national, is an executive director and joined the Company in 1997. Mr. Dhar holds a degree in electrical engineering from the Regional Engineering College, Calicut in 1972 and has over 30 years of experience in the hydrocarbons and power industry. Prior to joining the Company, Mr. Dhar worked with BHEL and ABB. Mr. Dhar was with the Company from 1997 to 2000 and subsequently joined the Company once again in 2001. His responsibilities include business development for South Asia and supporting central marketing. His gross compensation in fiscal 2005 was Rs.1,854,456.

A.K. Khanna, 54, an Indian national, is the executive director, Power Sector and joined the company in 2002. Mr. Khanna holds a degree in mechanical engineering from the Thapar Engineering College, Patiala in 1975 and has over 27 years of experience. His experience includes handling sales and marketing of hydro turbines and railway and defense equipment. He has 21 years of experience in connection with turnkey projects relating to power, transmission lines, sub-stations, pumping stations and construction contracts in India and abroad. Prior to joining the Company, he was with the Desein group as a Senior Vice President and he started their EPC group for power and handled engineering and consultancy contracts. Mr. Khanna has also held the post of Chairman (NR) of the Indian Public Management Association, which is affiliated to the Confederation of Indian Industry for two consecutive years. His gross compensation in fiscal 2005 was Rs.1,635,120.

Gora Chand Basu, 56, an Indian national, is an executive director. He joined the company in 1996 and has over 31 years of project experience. Mr. Basu holds a degree in civil engineering from the Birla Institute of Technology in. Prior to joining the Company, he worked with Bridge & Roof Co. (I) Limited. Within the Company, Mr. Basu is responsible for estimation and project management. His current assignments include the Bulk Liquid Storage Terminals project in Singapore and the Panipat Refinery, Hydrocracker Unit and Crude Oil Tank projects. His gross compensation in fiscal 2005 was Rs.1,586,556.

Ramanjit Singh Chadha, 45, an Indian national, is an executive director and joined the Company in 1981. Mr. Chadha holds a degree in mechanical engineering from the Indian Institute of Technology, Delhi and a Masters degree in business administration from the Faculty of Management Studies, Delhi. He has over 24 years of experience. Mr. Chadha heads the ISD, Proposals and Estimation Cell of the Company. His gross compensation in fiscal 2005 was Rs.1,485,060.

Raju Kaul, 45, an Indian national, is an executive director and joined the company in 2000. Mr. Kaul qualified as a chartered accountant in 1983 and also holds a Bachelors degree from the Faculty of Management Studies, Delhi in 1995. He has over 22 years of experience. Prior to joining the Company, he worked with SAE (India) Limited, an ABB group company, as chief manager, finance and was responsible for its treasury functions, management information systems and budgetary control. Within the Company, he heads the Finance and Treasury functions. His gross compensation in fiscal 2005 was Rs.1,730,376.

Ravi Keswani, 42, an Indian national, is an executive director and joined the company in 1997. Mr. Keswani qualified as a chartered accountant in 1987 and also holds a Bachelors degree in law from Delhi University. He has over 19 years of experience. Prior to joining the Company, he worked with Hero Cycles Limited. Within the Company, he heads the accounts function of the Company. His gross compensation in fiscal 2005 was Rs.1,168,836.

Dinesh Thairani, 40, an Indian national, is the Company Secretary. He joined the company in 1994. Mr. Thairani has a Masters degree in commerce and has over 16 years of experience in the corporate secretarial field. He is also a Fellow of the Institute of Company Secretaries of India. Prior to joining the Company, he worked with Onida group of companies and Rama Paper Mills Limited for five years. His gross compensation in fiscal 2005 was Rs.1,015,620.

All the Company's key management personnel are permanent employees of the Company.

Shareholding of Key Managerial Personnel

As of the date of this Red Herring Prospectus, except certain whole-time Directors, none of the key managerial personnel hold any Equity Shares. For details of their shareholding, refer to the earlier paragraph entitled "Shareholding of the Directors in the Company".

Bonus or Profit Sharing Plan for Key Managerial Personnel

We have developed a structured incentive program, including a performance-linked variable pay structure for certain levels of employees, and we have dedicated resources to training programs worldwide. The Company's compensation for employees at or above the level of engineers has a fixed component that is benchmarked to the industry and a variable component that is linked to the corporate and individual performance. Except the variable compensation payable to eligible employees, there is no bonus or profit sharing plan for Key Managerial Personnel as of date of this Red Herring Prospectus.

Employees

We believe that a motivated and empowered employee base is key to our competitive advantage. As of September 30, 2005, we employed directly or through our subsidiaries and joint ventures, a multinational work force of approximately 1,472 full-time employees, of which approximately 31% were engineers while approximately 28% held engineering diplomas. In addition, as of such date, we employed more than 4,500 casual and temporary contract labor on our project sites. As of September 30, 2005, approximately 14.20% of our 1,472 full-time employees were located outside India. The skills and diversity of our employees gives us the flexibility to best adapt to the needs of our clients by organizing our employees into multicultural and mobile teams. We are dedicated to the development of the expertise and know-how of our employees. Our personnel policies are aimed towards recruiting the talent which we need, to facilitate their integration, to encourage the development of their skills in order to accompany the growth in our operations and to organize their geographic and professional mobility.

For further details on our employees, please see "Employees" in the section entitled "Business" beginning on page 62 of the Red Herring Prospectus.

The ESOP 2005

On September 29, 2005, the Company authorized the Remuneration Committee to adopt an employee stock option scheme (the "ESOP 2005"). The issuance of Equity Shares pursuant to ESOP 2005 will be subject to compliance with all applicable laws and regulations. The aggregate number of Equity Shares to be issued under the ESOP 2005 will be not more than 800,000 and the exercise price will be a price equal to 90% of the Offer Price.

On November 11, 2005, the Remuneration Committee adopted the ESOP 2005. Under the ESOP 2005, up to 800,000 Equity Shares may be issued to permanent employees of the Company, whether working in India or outside India and whole time Directors but excludes an employee who is a Promoter or belongs to the Promoter group and a Director, who either by himself or his relatives or through any body corporate, directly or indirectly holds more than 10% of the outstanding Equity Shares of the Company. The ESOP will be administered by our Remuneration Committee, which shall determine the terms and conditions of the employee stock options granted from time to time. On November 17, 2005, an initial grant of options to acquire an aggregate of 643,489 Equity Shares has been made to certain employees and Directors of the Company. The equity capital of our Company upon completion of the Offer, assuming full exercise of all the outstanding options issued under the ESOP 2005, will comprise 52,863,325 Equity Shares.

Changes in the Company's Key Managerial Personnel during the Last Three Years

Changes in the key managerial personnel in the last three years have been given below:

Name of Employee	Designation	Date of Appointment	Date of Cessation	Reason
Desh Deepak	Executive Director	April 2, 2001	November 15, 2002	Resigned
Ashwani Dubey	Executive Director	April 2, 2003	June 30, 2004	Resigned
Subhash Jagota	Executive Director	July 1, 1996	January 20, 2004	Resigned
Raghunath	Executive Director	September 17, 1993	July 20, 2005	Resigned
A.K. Khanna	Executive Director	September 2, 2002	-	Appointed
Ravindra Kansal	Regional Director	June 1, 1998	September 30, 2005	Resigned
Pervesh Gandhi	President	October 1, 2005	-	Appointed
Pradeep Kulshestra	Executive Director	August 19, 1998	October 10, 2005	Resigned
Ravindra Kansal	Regional Director	November 22, 2005	-	Appointed

Payment or Benefit to Officers of the Company

Except as stated otherwise in this Red Herring Prospectus, no non-salary amount or benefit has been paid or given or is intended to be paid or given during the preceding two years to any of the Company's officers. None of the beneficiaries of loans, and advances and sundry debtors are related to the Directors of the Company.

PROMOTERS AND PROMOTER GROUP

The Company has both individual and corporate promoters. The individual promoters are Atul Punj, S.N.P. Punj and Uday Punj and the corporate promoters are Cawdor Enterprises Limited and Indtech Construction Private Limited (together, the "Promoters"). Atul Punj is the Chairman and Managing Director of the Company and Uday Punj is a whole-time director of the Company.

The pre-Offer shareholding of the Promoters and the Promoter group in the Company is as follows:

Name of the Shareholder	Number of Shares	Percentage Holding (%)
S.N.P. Punj		
S.N.P. Punj/Indu Rani Punj	2,312448	5.27
Indu Rani Punj/S.N.P. Punj	2,312448	5.27
Vishvdeva Builders & Promoters Private Limited	22	0.00
Sub-Total	**4,624,918**	**10.54**
Atul Punj		
Atul Punj	394,756	0.90
Atul Punj/Shiv Punj	195	0.00
Shiv Punj/Atul Punj	192	0.00
Atul Punj (HUF)	164	0.00
Cawdor Enterprises Limited	15,138,286	34.51
Indtech Construction Private Limited	4,230,643	9.64
Spectra Punj Finance Private Limited	352,004	0.80
PLE Hydraulics Private Limited	8	0.00
PTA Engineering and Manpower Services Private Limited	8	0.00
Special Steel Forgings Private Limited	3	0.00
Sub-Total	**20,116,259**	**45.86**
Uday Punj		
Uday Punj	384,256	0.88
Mangalam Punj	256	0.00
K.R. Securities Private Limited	129	0.00
Uday Punj/ Mangalam Punj	1,441,980	3.29
Uday Punj (HUF)	1,399,545	3.19
Mangalam Punj/Uday Punj	1,399,545	3.19
Jai Punj	67	0.00
Dev Punj	67	0.00
Sub-Total	**4,625,845**	**10.55**
Total	**29,367,022**	**66.95**

INDIVIDUAL PROMOTERS

Atul Punj

Identification	Details
PAN	AAFPP1942D
Passport No.	Z-1402370
Voter ID Number	Not available
Driving License Number	P86102968
Bank Account Number	SBNRO A/C NO. 629401118363 ICICI Bank Limited, Nehru Place Branch New Delhi – 110 019

Atul Punj, 48, an Indian national, is the Company's Chairman and Managing Director and a whole-time Director on the Board. Mr. Punj obtained a Bachelors degree in Commerce from the Shri Ram College of Commerce, Delhi University in 1979. He initiated the Company into the pipeline business and helped it focus on the engineering, hydrocarbons and infrastructure sectors.

Mr. Punj has overseen the Company's diversification into new business opportunities, including tankage and terminals, process plants, telecom and highway construction. He has also helped the Company grow international markets, including South East Asia, Middle East, South Asia, the Commonwealth of Independent States, Europe, Indonesia, the United Arab Emirates, Bangladesh, Kazakhstan, Turkey, Malaysia, Qatar, Georgia, Singapore, Kuwait and Oman. Mr. Punj is a National Council Member of the Construction Federation of India, a member of the Confederation of Indian Industry's National Committee on Surface Transport, Chairman of the Confederation of Indian Industry's National Committee for Construction and Projects (2005-2006) and the Chairman of the Board of Governors of the British School. Mr. Punj does not receive any compensation from the Company. His gross compensation in fiscal 2005 from PT. Punj Lloyd Indonesia in his capacity as Commissioner of PT. Punj Lloyd Indonesia was U.S.$300,000.

S.N.P. Punj

Identification	Details
PAN	ACMPP1444R
Passport No.	E 7315253
Voter ID Number	DL\01\002\225386
Driving License Number	P02072001120375

Bank Account Number	051-230050-006 HSBC Kasturba Gandhi Marg, Connaught Place, New Delhi – 110 001

S.N.P Punj, 72, an Indian national, was awarded a Bachelors degree in Commerce from Shri Ram College of Commerce, Delhi University in 1952. He joined the family business in 1952 and expanded the business into air-conditioning, insulation and manufacture of truck bodies. He was elected President of the International Pipeline and Offshore Contractors Association in 1997. Until 1992, he was the Managing Director of Lakhanpal National Limited (now called Panasonic Battery India Limited), a joint venture between Matsushita Group of Japan, Lakhanpal Private Limited and Punj Sons Limited. Mr. Punj has diverse experience in the construction industry.

Uday Punj

Identification	Details
PAN	AAAPP1309F
Passport No.	Z-1399474
Voter ID Number	DL\01\002\225376
Driving License Number	P02062000114068
Bank Account Number	051-542942-006 HSBC Kasturba Gandhi Marg, Connaught Place New Delhi – 110 011

Uday Punj, 43, an Indian national, is a whole-time Director on the Board. Mr. Punj obtained a Bachelors degree in Commerce from the Shri Ram College of Commerce, Delhi University in 1983. Mr. Punj has over 22 years experience in manufacturing and contracts management of projects in India and overseas. His gross compensation in fiscal 2005 was Rs.4,919,360.

Declaration

It is confirmed that the PAN, bank account details and passport numbers of each of Atul Punj, S.N.P Punj and Uday Punj are being submitted to the Stock Exchanges, at the time of filing the Red Herring Prospectus with them.

Common Pursuits

The Promoters do not have an interest in any venture that is involved in any activities similar to those conducted by the Company or any of the Group Companies.

Interest of Individual Promoters

Atul Punj

Atul Punj, one of the Promoters is interested in the Company to the extent of his shareholding, for which he is entitled to receive the dividend declared, if any, by the Company. Further, since he is also a Director of the Company, he is interested to the extent of his remuneration from the Company, as disclosed under the sub heading “Management” appearing on page 108 of this Red Herring Prospectus.

S.N.P Punj

S.N.P. Punj, one of the Promoters, is interested in the Company to the extent of his shareholding, for which he is entitled to receive the dividend declared, if any, by the Company.

Uday Punj

Uday Punj, one of the Promoters, is interested in the Company to the extent of his shareholding, for which he is entitled to receive the dividend declared, if any, by the Company. Further, since he is also a Director of the Company, he is interested to the extent of his remuneration from the Company, as disclosed in the section on "Management" appearing on 91 of this Red Herring Prospectus.

Uday Punj is also a director of Spectra Net Limited, a subsidiary of the Company.

CORPORATE PROMOTERS

Indtech Construction Private Limited

Indtech Construction Private Limited was incorporated on August 24, 1982. The registered office of the company is at 17-18, Nehru Place, New Delhi 110 019. The principal activity of the company is to invest in shares. Mr. Atul Punj is in control of Indtech Construction Private Limited.

Shareholding Pattern

Name of Shareholder	Number of Equity Shares
Atul Punj/Shiv Punj	80
Shiv Punj/Atul Punj	1,819
Navina Punj	1
Atul Punj	646,264
Total	**648,164**

Board of Directors

The board of directors of Indtech Construction Private Limited comprises of Indu Rani Punj and Dinesh Thairani.

Financial Performance

(Rs. thousand, unless otherwise stated)

	For the period ending March 31,		
	2003	**2004**	**2005**
Income/Sales	625	5,428	3,405
Profit (Loss) after Tax	368	5,130	3,176
Equity Share Capital	730	730	730
Reserves (excluding revaluation reserves)(1)	19,754	24,884	28,060
Earnings per share (Rs.)(2)	50.34	702.80	435.03
Book Value per share (Rs.)(2)	2,805.98	3,508.78	3,943.81

(1) Net of miscellaneous expenditure not written off.
(2) Face value of each equity share is Rs.100.

This company is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA and it is not under winding up.

Declaration

It is confirmed that the PAN, bank account details, company registration number of Indtech Construction Private Limited and the address of the Registrar of Companies where the company is registered are being submitted to the Stock Exchanges, at the time of filing the Prospectus with them.

Cawdor Enterprises Limited

Cawdor Enterprises Limited is a private limited company incorporated in the British Virgin Islands as an International Business Company on January 12, 1994 and its registered office of the company is at Palm Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands. The primary object of the company is to invest in any body corporate in any part of the world. Mr. Atul Punj is in control of Cawdor Enterprises Limited.

The directors of the company are FG Management Limited and Atul Punj.

Shareholding pattern

Name of Shareholder	Number of Equity Shares
Atul Punj	1,000,000
Total	**1,000,000**

Financial Performance

(In thousand U.S. Dollars)

	For the period ending March 31,		
	2003	**2004**	**2005**
Income/Sales	163	156	259
Profit (Loss) after Tax	171	151	103
Equity Share Capital	1,000	1,000	1,000
Reserves (excluding revaluation reserves)(1)	475	51	218
Earnings per share (Rs.)(2)	0.1715	0.1516	0.1034
Book Value per share (Rs.)(2)	1.48	1.05	1.22

(1) Net of miscellaneous expenditure not written off.
(2) Face value of each equity share is U.S.$1.00.

This company is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA and it is not under winding up.

Property acquired by the Company from the Corporate Promoters
None.

Related Party Transactions

Please refer to Related Party Transactions on page 145 of this Red Herring Prospectus.

COMPANIES PROMOTED BY THE PROMOTER GROUP

Spectra Punj Finance Private Limited

Spectra Punj Finance Private Limited was incorporated on October 12, 1994. The registered office of the company is at 18, Nehru Place, New Delhi 110 019. The principal activity of the company is investment in shares.

Shareholding Pattern

Name of Shareholder	Number of Equity Shares
Atul Punj	20
Indtech Construction Private Limited	980
Total	**1,000**

Board of Directors
The board of directors of Spectra Punj Finance Private Limited comprises of Dinesh Thairani and V.R. Nirmal.

Financial Performance

(Rs. thousand, unless otherwise stated)

	For the period ending March 31,		
	2003	**2004**	**2005**
Income/Sales	Nil	516	859
Profit (Loss) after Tax	(12)	502	848
Equity Share Capital	100	100	100
Reserves (excluding revaluation reserves)[(1)]	2,986	3,489	4,337
Earnings per share (Rs.)[(2)]	(11.66)	502.16	848.01
Book Value per share (Rs.)[(2)]	3,086.39	3,588.55	4,436.56

(1) Net of miscellaneous expenditure not written off.
(2) Face value of each equity share is Rs.100.

This company is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA and it is not under winding up.

Manav Capital Services Private Limited

Manav Capital Services Private Limited was incorporated on December 13, 1993. The registered office of the company is at 17-18, Nehru Place, New Delhi 110 019. The principal activity of the company is to invest in securities.

Shareholding Pattern

Name of Shareholder	**Number of Equity Shares**
Atul Punj	5090
Mangalam Equipment Private Limited	4900
Navina Punj	10
Total	**10,000**

Board of Directors

The board of directors of Manav Capital Services Private Limited comprises of Ravi Keswani and Dinesh Thairani.

Financial Performance

(Rs. thousand, unless otherwise stated)

	For the period ending March 31,		
	2003	**2004**	**2005**
Income/Sales	Nil	Nil	Nil
Profit (Loss) after Tax	(9)	(13)	(24)
Equity Share Capital	100	100	100
Reserves (excluding revaluation reserves)[(1)]	(86)	(99)	(122)
Earnings per share (Rs.)[(2)]	(0.91)	(1.26)	(2.38)
Book Value per share (Rs.)[(2)]	1.40	0.14	(2.24)

(1) Net of miscellaneous expenditure not written off.
(2) Face value of each equity share is Rs.10.

This company is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA and it is not under winding up.

Mangalam Equipment Private Limited

Mangalam Equipment Private Limited was incorporated on February 11, 1994. The registered office of the company is at E-11, Kailash Colony, New Delhi 110048. The principal activity of the company is investment in property.

Shareholding Pattern

Name of Shareholder	Number of Equity Shares
Atul Punj	3,090
Uday Punj	10
Total	**3,100**

Board of Directors

The board of directors of Mangalam Equipment Private Limited comprises of Dinesh Thairani and V. R. Nirmal.

Financial Performance

(Rs. thousand, unless otherwise stated)

	For the period ending March 31.		
	2003	2004	2005
Income/Sales	120	143	150
Profit (Loss) after Tax	(18)	(39)	(6)
Equity Share Capital	310	310	310
Reserves (excluding revaluation reserves)[1]	(177)	(217)	(223)
Earnings per share (Rs.)[2]	(5.75)	(12.70)	(1.87)
Book Value per share (Rs.)[2]	42.78	30.08	28.21

(1) Net of miscellaneous expenditure not written off.
(2) Face value of each equity share is Rs.100.

This company is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA and it is not under winding up.

New World Hospitality Private Limited

New World Hospitality Private Limited was incorporated on April 20, 1995. The registered office of the company is at 18, Nehru Place, New Delhi 110 019. The principal activity of the company is to invest in land.

Shareholding Pattern

Name of Shareholder	Number of Equity Shares
Atul Punj	7500
Abhijit Chatterjee	2500
Total	**10000**

Board of Directors

The board of directors of New World Hospitality Private Limited comprises of Ravi Keswani, Dinesh Thairani and Abhijit Chatterjee.

(Rs. thousand, unless otherwise stated)

	For the period ending March 31,		
	2003	**2004**	**2005**
Income/Sales	Nil	Nil	Nil
Profit (Loss) after Tax	Nil	Nil	Nil
Equity Share Capital	100	100	100
Reserves (excluding revaluation reserves)(1)	(68)	(68)	(68)
Earnings per share (Rs.)(2)	Nil	Nil	Nil
Book Value per share (Rs.)(2)	3.20	3.20	3.20

(1) Net of miscellaneous expenditure not written off.
(2) Face value of each equity share is Rs.10.

This company is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA and it is not under winding up.

PLE Hydraulics Private Limited

PLE Hydraulics Private Limited was incorporated on June 12, 1989. The registered office of the company is at Flat No. 7A, 23, Prithviraj Road, New Delhi 110011. The principal activity of the company is to invest in property.

Shareholding Pattern

Name of Shareholder	Number of Equity Shares
Atul Punj	10019
Uday Punj	1
Total	**10,020**

Board of Directors

The board of directors of PLE Hydraulics Private Limited comprises of Atul Punj and V.K. Kaushik.

Financial Performance

(Rs. thousand, unless otherwise stated)

	For the period ending March 31,		
	2003	**2004**	**2005**
Income/Sales	37	407	7,315
Profit (Loss) after Tax	(1,573)	(1,3689)	(3,320)
Equity Share Capital	1,002	1,002	1,002
Reserves (excluding revaluation reserves)(1)	19,424	18,055	14,735
Earnings per share (Rs.)(2)	(156.98)	(136.62)	(331.34)
Book Value per share (Rs.)(2)	2,038.54	1,901.92	1,570.58

(1) Net of miscellaneous expenditure not written off.
(2) Face value of each equity share is Rs.100.

This company is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA and it is not under winding up.

PTA Engineering and Manpower Services Private Limited

PTA Engineering And Manpower Services Private Limited was incorporated on May 23, 1994 as PTA Properties Private Limited. The name of the Company was changed to PTA Engineering And Manpower Services Private Limited with effect from July 2, 2003. The registered office of the company is at 53-54, Bund Road, Peer Baba Road, Sultanpur, New Delhi 110 030. The principal activity of the company is to invest in real estate.

Shareholding Pattern

Name of Shareholder	Number of Equity Shares
Atul Punj	100,19
Uday Punj	1
Total	**100,20**

Board of Directors

The board of directors of PTA Engineering And Manpower Services Private Limited comprises of Dinesh Thairani and V. R. Nirmal.

Financial Performance

(Rs. thousand, unless otherwise stated)

	For the period ending March 31,		
	2003	**2004**	**2005**
Income/Sales	2,688	63,918	1,751
Profit (Loss) after Tax	389	23,067	(389)
Equity Share Capital	1,002	1,002	1,002
Reserves (excluding revaluation reserves)(1)	701	23,765	23,376
Earnings per share (Rs.)(2)	38.80	2,302.09	(38.78)
Book Value per share (Rs.)(2)	169.93	2,471.73	2,432.95

(1) Net of miscellaneous expenditure not written off.
(2) Face value of each equity share is Rs.100.

This company is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA and it is not under winding up.

Punj Sons Properties Private Limited

Punj Sons Properties Private Limited was incorporated on March 22, 1990. The registered office of the company is at 17-18, Nehru Place, New Delhi 110 019. The principal activity of the company is to participate in the property sector.

Shareholding Pattern

Name of Shareholder	Number of Equity Shares
S.N.P. Punj	2,500
Atul Punj	1,500
Uday Punj	1,500
Indu Rani Punj	2,500
Navina Punj	500
Mangalam Punj	500
Shiv Punj	500
Jai Punj	500
Total	**10,000**

Board of Directors

The board of directors of Punj Sons Properties Private Limited comprises of S.N.P. Punj, Indu Rani Punj and Dinesh Thairani.

Financial Performance

(Rs. thousand, unless otherwise stated)

	For the period ending March 31,		
	2003	2004	2005
Income/Sales	Nil	Nil	Nil
Profit (Loss) after Tax	(10)	(13)	(10)
Equity Share Capital	100	100	100
Reserves (excluding revaluation reserves)(1)	4,947	4,933	4,882
Earnings per share (Rs.)(2)	(1.04)	(1.34)	(0.96)
Book Value per share (Rs.)(2)	504.66	503.32	498.23

(1) Net of miscellaneous expenditure not written off.
(2) Face value of each equity share is Rs.10.

This company is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA and it is not under winding up.

Indtech Investments Private Limited

Indtech Investments Private Limited was incorporated on March 8, 1989. The registered office of the company is at 17-18, Nehru Place, New Delhi 110 019. The principal activity of the company is to invest in shares.

Shareholding Pattern

Name of Shareholder	Number of Equity Shares
S.N.P. Punj/Indu Rani Pun	20
Indu Rani Punj/ S.N.P. Punj	980
Total	**1,000**

Board of Directors

The board of directors of Indtech Investment Private Limited comprises of Indu Rani Punj and Navina Punj.

Financial Performance

(Rs. thousand, unless otherwise stated)

	For the period ending March 31,		
	2003	2004	2005
Income/Sales	583	403	466
Profit (Loss) after Tax	(1,418)	(73)	(105)
Equity Share Capital	100	100	100
Reserves (excluding revaluation reserves)(1)	4,419	4,346	4,241
Earnings per share (Rs.)(2)	(1417.52)	(72.81)	(105.04)
Book Value per share (Rs.)(2)	4,518.71	4,445.89	4,340.85

(1) Net of miscellaneous expenditure not written off.
(2) Face value of each equity share is Rs.100.

This company is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA and it is not under winding up.

Sanat Properties Private Limited

Sanat Properties Private Limited was incorporated on November 8, 1994. The registered office of the company is at 17, Nehru Place, New Delhi 110 019. The principal activity of the company is to invest in property.

Shareholding Pattern

Name of Shareholder	Number of Equity Shares
Atul Punj	20
Spectra Punj Finance Private Limited	980
Total	**1,000**

Board of Directors

The board of directors of Sanat Properties Private Limited comprises of Ravi Keswani and Dinesh Thairani.

Financial Performance

(Rs. thousand, unless otherwise stated)

	For the period ending March 31		
	2003	**2004**	**2005**
Income/Sales	Nil	7	31
Profit (Loss) after Tax	(10)	24	13
Equity Share Capital	100	100	100
Reserves (excluding revaluation reserves)(1)	720	744	757
Earnings per share (Rs.)(2)	(9.73)	23.67	12.86
Book Value per share (Rs.)(2)	820.08	843.75	856.62

(1) Net of miscellaneous expenditure not written off.
(2) Face value of each equity share is Rs.100.

This company is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA and it is not under winding up.

Shubhvir Properties Private Limited

Shubhvir Properties Private Limited was incorporated on May 23, 1994. The registered office of the company is at 17, Nehru Place, New Delhi 110 019. The principal activity of the company is to invest in property.

Shareholding Pattern

Name of Shareholder	Number of Equity Shares
Atul Punj	10
Indtech Construction Private Limited	15510
Total	**15520**

Board of Directors

The board of directors of Shubhvir Properties Private Limited comprises of Navina Punj and Dinesh Thairani.

Financial Performance

(Rs. thousand, unless otherwise stated)

	For the period ending March 31,		
	2003	**2004**	**2005**
Income/Sales	3,048	2,864	23,117
Profit (Loss) after Tax	1,906	1,363	18,010

Equity Share Capital	1,552	1,552	1,552
Reserves (excluding revaluation reserves)[1]	3,847	5,210	23,219
Earnings per share (Rs.)[2]	122.80	87.80	1160.42
Book Value per share (Rs.)[2]	347.89	435.69	1596.12

(1) Net of miscellaneous expenditure not written off.
(2) Face value of each equity share is Rs.100.

This company is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA and it is not under winding up.

Special Steel Forgings Private Limited

Special Steel Forgings Private Limited was incorporated on June 9, 1972. The registered office of the company is at Punj Lloyd House, 17 - 18, Nehru Place, New Delhi 110 019. The principal activity of the company is to invest in property.

Shareholding Pattern

Name of Shareholder	Number of Equity Shares
Atul Punj	129,999
Navina Punj	1
Total	**130,000**

Board of Directors

The board of directors of Special Steel Forgings Private Limited comprises of Dinesh Thairani and V. R. Nirmal.

Financial Performance

(Rs. thousand, unless otherwise stated)

	For the period ending March 31,		
	2003	**2004**	**2005**
Income/Sales	1,860	4,805	1,860
Profit (Loss) after Tax	914	4,481	1,106
Equity Share Capital	1,300	1,300	1,300
Reserves (excluding revaluation reserves)[1]	(1,064)	3,416	4,522
Earnings per share (Rs.)[2]	7.03	34.47	8.50
Book Value per share (Rs.)[2]	1.81	36.28	44.78

(1) Net of miscellaneous expenditure not written off.
(2) Face value of each equity share is Rs.10.

This company is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA and it is not under winding up.

PL Engineering Private Limited

PL Engineering Private Limited was incorporated on March, 28, 2001 as Spectra Ventures Private Limited. The name of the Company was changed to PL Engineering Private Limited with effect from August 16, 2004. The registered office of the company is at Punj Lloyd House, 17 -18, Nehru Place, New Delhi 110 019. The principal activity of the company is to invest in shares.

Shareholding Pattern

Name of Shareholder	Number of Equity Shares
Atul Punj	10,000
Indtech Construction Private Limited	10,000
Total	**20,000**

Board of Directors

The board of directors of PL Engineering Private Limited comprises of Atul Punj and Luv Chhabra.

Financial Performance

(Rs. thousand, unless otherwise stated)

	For the period ending March 31,		
	2003	**2004**	**2005**
Income/Sales	Nil	Nil	Nil
Profit (Loss) after Tax	(30)	(37)	(38)
Equity Share Capital	200	200	200
Reserves (excluding revaluation reserves)(1)	(5,151)	(5,1880)	(5,227)
Earnings per share (Rs.)(2)	(1.50)	(1.84)	(1.94)
Book Value per share (Rs.)(2)	(247.55)	(249.39)	(251.33)

(1) Net of miscellaneous expenditure not written off.
(2) Face value of each equity share is Rs.10.

This company is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA and it is not under winding up.

Sanat Investments Private Limited

Sanat Investments Private Limited was incorporated on July 31, 1981. The registered office of the company is at 17-18, Nehru Place, New Delhi 110 019. The principal activity of the company is to invest in shares.

Shareholding Pattern

Name of Shareholder	Number of Equity Shares
S.N.P. Punj/Indu Rani Punj	500
S.N.P. Punj	4,500
Indu Rani Punj	4,500
Indu Rani Punj/ S.N.P. Punj	500
Total	**10,000**

Board of Directors

The board of directors of Sanat Investments Private Limited comprises of Jyoti Punj and Mangalam Punj.

Financial Performance

(Rs. thousand, unless otherwise stated)

	For the period ending March 31,		
	2003	**2004**	**2005**
Income/Sales	4	5	5
Profit (Loss) after Tax	(8)	(7)	(7)
Equity Share Capital	100	100	100
Reserves (excluding revaluation reserves)(1)	7,768	7,761	7,754
Earnings per share (Rs.)(2)	(0.77)	(0.66)	(0.71)
Book Value per share (Rs.)(2)	786.78	786.12	785.40

(1) Net of miscellaneous expenditure not written off.
(2) Face value of each equity share is Rs.10.

This company is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA and it is not under winding up.

Jay Agroflora Private Limited

Jay Agroflora Private Limited was incorporated on July 24, 1990. The registered office of the company is at 24, Vayu Nagar, Airport Road, Gwalior. The principal activity of the company is to invest in property.

Shareholding Pattern

Name of Shareholder	Number of Equity Shares
Mangalam Punj/Uday Punj	2,200
Uday Punj/ Mangalam Punj	7,700
Jai Punj/Mangalam Punj	2,000
Mangalam Punj	100
Dev Punj/Mangalam Punj	2,000
Total	**14,000**

Board of Directors

The board of directors of Jay Agroflora Private Limited comprises of Indu Rani Punj and Mangalam Punj.

Financial Performance

(Rs. thousand, unless otherwise stated)

	For the period ending March 31,		
	2003	**2004**	**2005**
Income/Sales	Nil	Nil	Nil
Profit (Loss) after Tax	(4)	(14	(4)
Equity Share Capital	140	140	140
Reserves (excluding revaluation reserves)[1]	6,873	6,859	6,854
Earnings per share (Rs.)[2]	(0.28)	(1.01)	(0.32)
Book Value per share (Rs.)[2]	500.91	499.91	499.59

(1) Net of miscellaneous expenditure not written off.
(2) Face value of each equity share is Rs.10.

This company is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA and it is not under winding up.

Atna Engineering Private Limited.

Atna Engineering Private Limited was incorporated on March 19, 1984. The registered office of the company is at 17-18, Nehru Place, New Delhi 110 019. The principal activity of the company is to invest in shares.

Shareholding Pattern

Name of Shareholder	Number of Equity Shares
Indu Rani Punj/S.N.P. Punj	10
S.N.P. Punj/Indu Rani Punj	10
S.N.P. Punj	485
Indu Rani Punj	485
D and A Foods Private Limited	10
Total	**1,000**

Board of Directors

The board of directors of Atna Engineering Private Limited comprises of Arti Singh and Navina Punj.

Financial Performance

(Rs. thousand, unless otherwise stated)

	For the period ending March 31,		
	2003	**2004**	**2005**
Income/Sales	Nil	Nil	Nil
Profit (Loss) after Tax	(6)	(10)	(8)
Equity Share Capital	100	100	100
Reserves (excluding revaluation reserves)(1)	1,997	1,987	1,979
Earnings per share (Rs.)(2)	(6.18)	(9.63)	(8.48)
Book Value per share (Rs.)(2)	2,097.06	2,087.43	2,078.96

(1) Net of miscellaneous expenditure not written off.
(2) Face value of each equity share is Rs.100.

This company is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA and it is not under winding up.

Sagit Investments Private Limited

Sagit Investments Private Limited was incorporated on June 04, 1981. The registered office of the company is at 17-18, Nehru Place, New Delhi 110 019. The principal activity of the company is to invest in shares.

Shareholding Pattern

Name of Shareholder	Number of Equity Shares
Uday Punj/Indu Rani Punj	20
S.N.P. Punj/Indu Rani Punj	19,980
Indu Rani Punj/S.N.P. Punj	10,000
Total	**30,000**

Board of Directors

The board of directors of Sagit Investments Private Limited comprises of Navina Punj, Indu Rani Punj and Mangalam Punj

Financial Performance

(Rs. thousand, unless otherwise stated)

	For the period ending March 31,		
	2003	**2004**	**2005**
Income/Sales	678	429	437
Profit (Loss) after Tax	(856)	(569)	286
Equity Share Capital	300	300	300
Reserves (excluding revaluation reserves)(1)	2,290	1,721	2,007
Earnings per share (Rs.)(2)	(28.54)	(18.97)	(9.52)
Book Value per share (Rs.)(2)	86.34	67.38	76.90

(1) Net of miscellaneous expenditure not written off.
(2) Face value of each equity share is Rs.10.

This company is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA and it is not under winding up.

Shubhvir Investments Private Limited

Shubhvir Investments Private Limited was incorporated on June 4, 1981. The registered office of the company is at 17-18, Nehru Place, New Delhi 110 019. The principal activity of the company is to invest in shares.

Shareholding Pattern

Name of Shareholder	Number of Equity Shares
S.N.P. Punj/Indu Rani Punj	990
Indu Rani Punj/S.N.P. Punj	1,000
S.N.P. Punj	4,010
Indu Rani Punj	4,000
Total	**10,000**

Board of Directors

The board of directors of Shubhvir Investments Private Limited comprises of Arti Singh, Jyoti Punj and Indu Rani Punj.

Financial Performance

(Rs. thousand, unless otherwise stated)

	For the period ending March 31,		
	2003	**2004**	**2005**
Income/Sales	324	228	187
Profit (Loss) after Tax	1783	(76)	326
Equity Share Capital	100	100	100
Reserves (excluding revaluation reserves)[1]	(2,052)	(2,128)	(1,802)
Earnings per share (Rs.)[2]	178.33	(7.61)	32.60
Book Value per share (Rs.)[2]	(195.20)	(202.81)	(170.21)

(1) Net of miscellaneous expenditure not written off.
(2) Face value of each equity share is Rs.10.

This company is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA and it is not under winding up.

Vansh Properties Private Limited

Vansh Properties Private Limited was incorporated on October 20, 1994. The registered office of the company is at 17, Nehru Place, New Delhi 110 019. The principal activity of the company is to own immovable property

Shareholding Pattern

Name of Shareholder	Number of Equity Shares
Arti Singh	20
S.N.P. Punj	2,490
Indu Rani Punj	2,490
S.N.P. Punj/Indu Rani Punj	9,012
Indu Rani Punj/S.N.P. Punj	9,012
Total	**23,024**

Board of Directors

The board of directors of Vansh Properties Private Limited comprises of S.N.P. Punj, Jyoti Punj and Indu Rani Punj

Financial Performance

(Rs. thousand, unless otherwise stated)

	For the period ending March 31,		
	2003	**2004**	**2005**
Income/Sales	4,054	8,781	10,577
Profit (Loss) after Tax	(8,809)	(6,19)	(2,849)
Equity Share Capital	2,302	2,302	2,302
Reserves (excluding revaluation reserves)(1)	(10,926)	(17,031)	(19,788)
Earnings per share (Rs.)(2)	(382.61)	(269.17)	(123.74)
Book Value per share (Rs.)(2)	(374.56)	(639.72)	(759.45)

(1) Net of miscellaneous expenditure not written off.
(2) Face value of each equity share is Rs.100.

Vishwdeva Builders and Promoters Private Limited

Vishwdeva Builders and Promoters Private Limited was incorporated on January 30, 1995. The registered office of the company is at 17-18, Nehru Place, New Delhi 110 019. The principal activity of the company is to own immovable property

Shareholding Pattern

Name of Shareholder	Number of Equity Shares
Arti Singh	56,120
Dev Automobiles Private Limited	45,900
Total	**102,020**

Board of Directors

The board of directors of Vishdeva Builders and Promoters Private Limited comprises of Ms Arti Singh and Dinesh Thairani.

Financial Performance

(Rs. thousand, unless otherwise stated)

	For the period ending March 31,		
	2003	**2004**	**2005**
Income/Sales	240	240	183
Profit (Loss) after Tax	(137)	(683)	(363)
Equity Share Capital	1,020	1,020	1,020
Reserves (excluding revaluation reserves)(1)	(511)	(1,194)	(1,556)
Earnings per share (Rs.)(2)	(1.35)	(6.70)	(3.55)
Book Value per share (Rs.)(2)	4.99	(1.71)	(5.26)

(1) Net of miscellaneous expenditure not written off.
(2) Face value of each equity share is Rs.10.

This company is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA and it is not under winding up.

Indtech Properties Private Limited

Indtech Properties Private Limited was incorporated on May 3, 1995. The registered office of the company is at 18, Nehru Place, New Delhi 110 019. The principal activity of the company is maintainence of optical fiber networks.

Shareholding Pattern

Name of Shareholder	Number of Equity Shares
Atul Punj	16
Navina Punj	2
Shiv Punj	2
Shitul Equipments Private Limited	490
PTA Properties Private Limited	490
Total	**1,000**

Board of Directors

The board of directors of Indtech Properties Private Limited comprises of Nirmal Raman and Dinesh Thairani.

Financial Performance

(Rs. thousand, unless otherwise stated)

	For the period ending March 31,		
	2003	**2004**	**2005**
Income/Sales	816	1	-
Profit (Loss) after Tax	85	(8)	(6)
Equity Share Capital	100	100	100
Reserves (excluding revaluation reserves)(1)	413	405	399
Earnings per share (Rs.)(2)	85.05	(7.89)	(6.19)
Book Value per share (Rs.)(2)	512.79	504.90	498.71

(1) Net of miscellaneous expenditure not written off.
(2) Face value of each equity share is Rs.100.

This company is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA and it is not under winding up.

KAC Trendsetters Private Limited

KAC Trendsetters Private Limited was incorporated on August 17, 2000. The registered office of the company is at 18, Nehru Place, New Delhi 110 019. The principal activity of the company is to provide video and cable television solutions and services.

Shareholding Pattern

Name of Shareholder	Number of Equity Shares
Anil K Kaushik	10
Ravi K. Kohli	10
Jay Agroflora Private Limited	2,000
Indtech Properties Private Limited	2,120
Spectra Punj Finance Private Limited	5,860
Total	**10,000**

Board of Directors

The board of directors of KAC Trendsetters Private Limited comprises of Nirmal Raman, Satya Parakash Verma and Ravi K. Kohli.

Financial Performance

(Rs. thousand, unless otherwise stated)

	For the period ending March 31,		
	2003	**2004**	**2005**
Income/Sales	-	-	-
Profit (Loss) after Tax	-	-	-
Equity Share Capital	100	100	100
Reserves (excluding revaluation reserves)(1)	-	-	-
Earnings per share (Rs.)(2)	-	-	-
Book Value per share (Rs.)(2)	2.43	2.06	1.73

(1) Net of miscellaneous expenditure not written off.
(2) Face value of each equity share is Rs.10.

This company is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA and it is not under winding up.

Dot Com Holdings Private Limited

Dot Com Holdings Private Limited was incorporated on November 29, 1999. The registered office of the company is at 17-18, Punj Lloyd House, Nehru Place, New Delhi 110 019. The principal activity of the company is to make investments in group companies.

Shareholding Pattern

Name of Shareholder	Number of Equity Shares
Uday Punj	5,090
Spectranet Holdings Limited	4,900
Atul Punj	10
Total	**10,000**

Board of Directors

The board of directors of Dot Com Holdings Private Limited comprises of Ravi Keswani and Dinesh Thairani.

Financial Performance

(Rs. thousand, unless otherwise stated)

	For the period ending March 31,		
	2003	**2004**	**2005**
Income/Sales	-	-	-
Profit (Loss) after Tax	(4)	(5)	(4)
Equity Share Capital	100	100	100
Reserves (excluding revaluation reserves)(1)	-	-	-
Earnings per share (Rs.)(2)	(0.42)	(0.52)	(0.45)
Book Value per share (Rs.)(2)	1.41	0.89	0.44

(1) Net of miscellaneous expenditure not written off.
(2) Face value of each equity share is Rs.10.

This company is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA and it is not under winding up.

Artcon Private Limited

Artcon Private Limited was incorporated on September 30, 1993. The registered office of the company is at 17, Nehru Place, New Delhi 110 019. The principal activity of the company is to invest in real estate.

Shareholding Pattern

Name of Shareholder	Number of Equity Shares
Atul Punj	3,090
Uday Punj	10
Total	**3,100**

Board of Directors

The board of directors of Artcon Private Limited comprises of Dinesh Thairani and Vishwa Raman Nirmal.

Financial Performance

(Rs. thousand, unless otherwise stated)

	For the period ending March 31,		
	2003	2004	2005
Income/Sales	15,386	15,961	8,013
Profit (Loss) after Tax	465	615	257
Equity Share Capital	310	310	310
Reserves (excluding revaluation reserves)(1)	331	945	1,203
Earnings per share (Rs.)(2)	150.00	198.28	83.06
Book Value per share (Rs.)(2)	206.73	405.01	488.07

(1) Net of miscellaneous expenditure not written off.
(2) Face value of each equity share is Rs.100.

This company is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA and it is not under winding up.

Atna Properties Private Limited

Atna Properties Private Limited was incorporated on May 23, 1994. The registered office of the company is at 17, Nehru Place, New Delhi 110 019. The principal activity of the company is to own immovable property.

Shareholding Pattern

Name of Shareholder	Number of Equity Shares
Ms Navina Punj	1
Atul Punj	999
Total	**1,000**

Board of Directors

The board of directors of Atna Properties Private Limited comprises of Navina Punj and Atul Punj.

Financial Performance

(Rs. thousand, unless otherwise stated)

	For the period ending March 31,		
	2003	**2004**	**2005**
Income/Sales	2,081	1,008	11
Profit (Loss) after Tax	995	638	(10)
Equity Share Capital	100	100	100
Reserves (excluding revaluation reserves)(1)	2,626	3,264	3,255
Earnings per share (Rs.)(2)	995.18	638.39	(9.66)
Book Value per share (Rs.)(2)	2,726.01	3,364.40	3,354.73

(1) Net of miscellaneous expenditure not written off.
(2) Face value of each equity share is Rs.100.

D and A Foods Private Limited

D and A Foods Private Limited was incorporated on November 1, 1985. The registered office of the company is at 17-18, Nehru Place, New Delhi 110 019. The principal activity of the company is to invest in shares.

Shareholding Pattern

Name of Shareholder	Number of Equity Shares
Atul Punj	2,001
Uday Punj	2,001
Atul Punj/Navina Punj	499
Uday Punj/Mangalam Punj	499
S.N.P. Punj	2,010
S.N.P. Punj/ Indu Rani Punj	490
Indu Rani Punj/ S.N.P. Punj	500
Indu Rani Punj	2,000
Total	**10,000**

Board of Directors

The board of directors of D and A Foods Private Limited comprises of Indu Rani Punj and Dinesh Thairani.

Financial Performance

(Rs. thousand, unless otherwise stated)

	For the period ending March 31,		
	2003	**2004**	**2005**
Income/Sales	Nil	Nil	Nil
Profit (Loss) after Tax	(3)	(8)	(8)
Equity Share Capital	100	100	100
Reserves (excluding revaluation reserves)(1)	521	513	505
Earnings per share (Rs.)(2)	(0.32)	(0.80)	(0.89)
Book Value per share (Rs.)(2)	62.09	61.30	60.50

(1) Net of miscellaneous expenditure not written off.
(2) Face value of each equity share is Rs.10.

This company is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA and it is not under winding up.

Dev Automobiles Private Limited

Dev Automobiles Private Limited was incorporated on May 4, 1984. The registered office of the company is at 17-18, Nehru Place, New Delhi 110 019. The principal activity of the company is to invest in shares.

Shareholding Pattern

Name of Shareholder	Number of Equity Shares
Arti Singh	20
S.N.P. Punj	490
Indu Rani Punj	490
Total	**1,000**

Board of Directors

The board of directors of Dev Automobiles Private Limited comprises of Arti Singh and Jyoti Punj.

Financial Performance

(Rs. thousand, unless otherwise stated)

	For the period ending March 31,		
	2003	**2004**	**2005**
Income/Sales	Nil	Nil	Nil
Profit (Loss) after Tax	(751)	(650)	(560)
Equity Share Capital	100	100	100
Reserves (excluding revaluation reserves)(1)	8,692	8,042	7,481
Earnings per share (Rs.)(2)	(750.69)	(649.65)	(560.43)
Book Value per share (Rs.)(2)	8,791.57	8,141.91	7,581.49

(1) Net of miscellaneous expenditure not written off.
(2) Face value of each equity share is Rs.100.

This company is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA and it is not under winding up.

Indo Pacific Aviation Private Limited

Indo Pacific Aviation Private Limited was incorporated on September 20, 1994. The registered office of the company is at 18, Nehru Place, New Delhi 110 019. The principal activity of the company is to participate in the aviation sector.

Shareholding Pattern

Name of Shareholder	Number of Equity Shares
Indtech Construction Private Limited	4,980
Atul Punj	44,016
Shiv Punj	2
Navina Punj	2
Karan Singh	51,000
Total	**100,000**

Board of Directors

The board of directors of Indo Pacific Aviation Private Limited comprises of Atul Punj and Karan Singh.

Financial Performance

(Rs. thousand, unless otherwise stated)

	For the period ending March 31,		
	2003	**2004**	**2005**
Income/Sales	3,859	1,617	4,231
Profit (Loss) after Tax	891	(88)	15
Equity Share Capital	500	500	500
Reserves (excluding revaluation reserves)(1)	1,619	454	470
Earnings per share (Rs.)(2)	178.15	(17.51)	3.09
Book Value per share (Rs.)(2)	423.84	190.81	193.90

(1) Net of miscellaneous expenditure not written off.
(2) Face value of each equity share is Rs.100.

This company is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA and it is not under winding up.

Petro IT Private Limited

Petro IT Private Limited was incorporated on March 5, 2004 as PL Petro IT Private Limited. The name of the company was changed to Petro IT Private Limited with effect from September 14, 2005. The registered office of the company is at 55, Sultanpur Farms, New Delhi 110 030. The principal activity of the company is to offer software solutions and services.

Shareholding Pattern

Name of Shareholder	Number of Equity Shares
Uday Punj	5,000
Mangalam Punj	5,000
Uday Punj/Jai Punj	70,000
Uday Punj/Dev Punj	70,000
Mangalam Punj/Jai Punj	25,000
Mangalam Punj/Dev Punj	25,000
Uday Punj (HUF)	50,000
Total	**250,000**

Board of Directors

The board of directors of Petro IT Private Limited comprises of Uday Punj and Mangalam Punj.

Financial Performance

(Rs. thousand, unless otherwise stated)

	For the period ending		
	March 31, 2003	**March 31, 2004**	**June 30, 2005**
Income/Sales	-	-	35,984
Profit (Loss) after Tax	-	-	534
Equity Share Capital	-	-	2,500
Reserves (excluding revaluation reserves)(1)	-	-	-
Earnings per share (Rs.)(2)	-	-	2.13
Book Value per share (Rs.)(2)	-	-	11.76

(1) Net of miscellaneous expenditure not written off.
(2) Face value of each equity share is Rs.10.

This company is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA and it is not under winding up.

MFA Crucial Moments Healthcare Private Limited

MFA Crucial Moments Healthcare Private Limited was incorporated on May 12, 2004. The registered office of the company is at 55, Sultanpur Farms, New Delhi 110030. The principal activity of the company is to offer commercial training for providers of first aid.

Shareholding Pattern:

Name of Shareholder	Number of Equity Shares
Mangalam Punj	5,000
Uday Punj	5,000
Mangalam Punj/Jai Punj	25,000
Mangalam Punj/Dev Punj	25,000
Total	**60,000**

Board of Directors

The board of directors of the company comprises of Mangalam Punj and Uday Punj.

Financial Performance

(Rs. thousand, unless otherwise stated)

	For the period ending		
	March 31, 2003	March 31, 2004	June 30, 2005
Income/Sales	-	-	553
Profit (Loss) after Tax	-	-	(16)
Equity Share Capital	-	-	600
Reserves (excluding revaluation reserves)(1)	-	-	-
Earnings per share (Rs.)(2)	-	-	(0.26)
Book Value per share (Rs.)(2)	-	-	9.13

(1) Net of miscellaneous expenditure not written off.
(2) Face value of each equity share is Rs.10.

This company is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA and it is not under winding up.

K. R. Securities Private Limited

K. R. Securities Private Limited was incorporated on May 30, 1994. The registered office of the company is at 17-18, Punj Lloyd House, Nehru Place, New Delhi 110 019. The principal activity of the company is to trade and invest in shares and securities

Shareholding Pattern:

Name of Shareholder	Number of Equity Shares
Uday Punj	50,010
Mangalam Punj	30,010
Indu Rani Punj	1,000
Total	**81,020**

Board of Directors

The board of directors of the Company comprises of Uday Punj and Mangalam Punj.

Financial Performance

(Rs. thousand, unless otherwise stated)

	For the period ending		
	March 31, 2003	**March 31, 2004**	**June 30, 2005**
Income/Sales	810	1,207	2,592
Profit (Loss) after Tax	428	689	1,818
Equity Share Capital	310	310	810
Reserves (excluding revaluation reserves)(1)	(1,440)	(943)	708,895
Earnings per share (Rs.)(2)	13.81	22.21	22.44
Book Value per share (Rs.)(2)	(36.41)	(20.41)	18.75

(1) Net of miscellaneous expenditure not written off.
(2) Face value of each equity share is Rs.10.

This company is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA and it is not under winding up.

Afsan Health Resort Private Limited

Afsan Health Resort Private Limited was incorporated on December 18, 1997. The registered office of the company is at A-58, Nizamuddin East, New Delhi. The principal activity of the business is managing a health resort.

Shareholding Pattern

Name of Shareholder	Number of Equity Shares
Atul Punj	2,501
Dr. Naresh Trehan	2,501
Shreen Paul	2,501
Aman Nath	1
Francis Wacziarg	2,501
Total	**10,005**

Board of Directors

The board of directors of the company comprises of Francis Wacziarg, Atul Punj, Dr. Naresh Trehan, Shreen Paul and Aman Nath.

Financial Performance

(Rs. thousand, unless otherwise stated)

	For the period ending March 31,		
	2003	**2004**	**2005**
Income/Sales	Nil	Nil	Nil
Profit (Loss) after Tax	Nil	Nil	Nil
Equity Share Capital	10	10	10
Reserves (excluding revaluation reserves) (1)	Nil	Nil	Nil
Earnings per share (Rs.) (1) (2)	Nil	Nil	Nil
Book Value per share (Rs.) (3)	Nil	Nil	Nil

(1) Net of miscellaneous expenditure not written off. Construction is still going on and all expenditure is capitalized every year.
(2) Face value of each equity share is Rs.10.

This company is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA and it is not under winding up.

Arooshi Enterprises Private Limited

Arooshi Enterprises Private Limited was incorporated on February 7, 1995 as Bendy India Private Limited. The name of the Company was changed to Arooshi Enterprises Private Limited with effect from October 12, 1999. The registered office of the company is at S-3, Nuchna Building, Kalkaji, New Delhi 110 019. Arooshi Enterprises Private Limited is engaged in the business of making toys.

Shareholding Pattern

Name of Shareholder	Number of Equity Shares
Radhika Bahl	1,186,246
Bendy International	50,000
Rahul Butalia	50,000
Special Steel Forgings Private Limited	1,065,245
Punj Lloyd Limited	598,500
The Itsy Bitsy Entertainment Company	200,000
Raman Sharma	3
Louise Sharma	1
Kanhaiya Prasad	1
Hardeep Sachdeva	1
Sumitra Arora	1
Sushila Prasad	1
Kuldeep Singh	1
Total	**3,150,000**

Board of Directors

The board of directors of Arooshi Enterprises Limited comprises of Ravi Keswani, Ramnik Chadha, Dinesh Thairani, Radhika Bahl, Raman Sharma and V. R. Nirmal.

Financial Performance

(Rs. thousand, unless otherwise stated)

	For the period ending March 31,		
	2003	**2004**	**2005**
Income/Sales	38,382	83,148	44,488
Profit (Loss) after Tax	(25,520)	(4,669)	(23,519)
Equity Share Capital	10,000	10,000	31,500
Reserves (excluding revaluation reserves)(1)	(23,117)	(27,635)	(51,072)
Earnings per share (Rs.)(2)	(25.52)	(4.67)	(7.47)
Book Value per share (Rs.)(2)	(13.12)	(17.64)	(6.21)

(1) Net of miscellaneous expenditure not written off.
(2) Face value of each equity share is Rs.10.

This company is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA. However, certain winding-up proceedings are pending against Arooshi Enterprises Private Limited. For further details, see "Outstanding Litigation" beginning on page 448 of this Red Herring Prospectus.

Punj Business Center (Sole Proprietorship)

Mr. Satya Narain Prakash Punj is the sole proprietor of Punj Business Center. Punj Business Center's office is at 17-18, Nehru Place, New Delhi 110 019. The principal activity of Punj Business Centre is to invest in real estate.

Financial Performance

(Rs. thousand, unless otherwise stated)

	For the period ending March 31,		
	2003	**2004**	**2005**
Total Income	23,668	23,497	29,429
Profit (Loss) After Tax	11,007	10,323	9,027
Net Current Assets	9,110	14,656	14,849
Fixed Assets	4,068	4,404	3,415

Defunct Promoter Group Companies

Except as described below, there are no Promoter group companies that are defunct:

Kempty Falls Recreation Private Limited

An application has been made under Section 560 of the Companies Act for striking off the name of Kempty Falls Recreation Private Limited ("KFRPL") from the register of the Registrar of Companies, Delhi and Haryana, located at New Delhi. There is no pending litigation against KFRPL.

Punj Lloyd Power Private Limited

By Notification No. SES/560(5)/55/77753/318/2039, dated September 29, 2004, the name of Punj Lloyd Power Private Limited has been struck off the register and the company has been dissolved.

Sumain Properties Private Limited

By Notification No. SES/560(5)/55/101863/314/1653, dated August 27, 2004, the name of Sumain Properties Private Limited has been struck off the register and the company has been dissolved.

Companies from which the Promoters have Disassociated Themselves

Except as described below, there are no companies from which the Promoters have disassociated themselves.

Kempty Cottages Private Limited

Kempty Cottages Private Limited ("KCPL") was incorporated on June 19, 1991. The principal activity of KCPL is to invest in real estate. Until August 4, 2003, Indtech Construction Private Limited held 2,000 equity shares of KCPL and Atul Punj held 8,000 equity shares of KCPL. The equity shares of KCPL held by Indtech Construction Private Limited and Atul Punj represented the entire equity share capital of KCPL. Pursuant to, *inter alia*, a share purchase agreement dated August 4, 2003, Indtech Construction Private Limited and Atul Punj transferred their entire shareholding in KCPL to Rakesh Chopra and Poonam Chopra for an aggregate consideration of Rs. 1,064,525.

Sawhney Properties Private Limited

Sawhney Properties Private Limited ("SPPL") was incorporated on October 31, 1980. The principal activity of SPPL is to invest in real estate. Until December 24, 2003, Atul Punj held 49,999 equity shares of SPPL and Shiv Punj held 50,001 equity shares of SPPL. The equity shares of SPPL held by Atul Punj and Shiv Punj represented the entire equity share capital of SPPL. Pursuant to, *inter alia*, a share purchase agreement dated December 24, 2003, Atul Punj and Shiv Punj transferred their entire shareholding in SPPL to Aman Deep Singh and Vikram Jit Singh for an aggregate consideration of Rs. 12,250,000.

Indudyog Company Limited

Indudyog Company Limited ("ICL") was incorporated on March 12, 1958. The principal activity of ICL is to invest in real estate. Until August 25, 2003, Spectra Net Limited held 7,382 equity shares of ICL, which constituted the entire issued share capital of ICL. Pursuant to, *inter alia*, a share purchase agreement dated August 25, 2003, Spectra Net Limited transferred its entire shareholding in ICL to Neeru Steel Tubes Private Limited, Advance India Projects Limited, Daljit Singh, Harinder Singh, Rachhpal Singh, Jaspreet Kaur and Balwant Kaur for an aggregate consideration of Rs. 21,038,700.

RELATED PARTY TRANSACTIONS

We have various transactions with related parties, including the following:

- Subsidiaries and joint ventures;
- associates; and
- Directors and employees.

The related party transactions with associates, Directors and key managerial personnel include the following:

- payments for premises leased;
- payment of consultancy/professional charges, fees and commissions; and
- payment of managerial remuneration.

For more details on our related party transactions, see Annexure IV-L of the restated unconsolidated financial statements at page 188 of this Red Herring Prospectus.

DIVIDEND POLICY

The declaration and payment of dividends will be recommended by the Board of Directors and approved by the Company's shareholders, at their discretion, and will depend on a number of factors, including but not limited to the Company's profits, capital requirements and overall financial condition. The dividend paid by the Company during the last five financial years is presented below. The financial years of the company as provided below are different from the 12-month periods ending on March 31 of the relevant year for which financial statements have been presented in this Red Herring Prospectus.

(Rs. thousand, unless otherwise stated)

Particulars	For the 12 months ended March 31, 2001	For the 15 months ended June 30, 2002	For the 12 months ended June 30, 2003	For the 9 months ended March 31, 2004	For the 12 months ended March 31, 2005
Number of Equity Shares of face value of Rs.10	20,644,800	20,644,800	20,644,800	20,644,800	24, 317,127
Rate of Dividend on Equity (%)					
Interim	-	7.0	-	-	-
Final	12.5	-	7.5	12.5	7.5
Amount of Dividend on Equity (Rs. Thousand)					
Interim	-	14,451	-	-	-
Final	25,806	-	15,484	25,809	18,238
Total Corporate Dividend Tax (Rs.)	2,632	1,474	1,984	3,373	2,558

The amounts paid as dividends in the past are not necessarily indicative of the Company's dividend policy in the future.

FINANCIAL STATEMENTS

UNCONSOLIDATED SUMMARY STATEMENTS OF ASSETS AND LIABILITIES, PROFITS AND LOSSES AND CASH FLOWS AS RESTATED, UNDER INDIAN GAAP OF PUNJ LLOYD LIMITED (INCLUDING SUBSIDIARIES) FOR THE SIX MONTHS PERIOD ENDED SEPTEMBER 30, 2005 AND YEARS ENDED MARCH 31, 2005, MARCH 31, 2004, MARCH 31, 2003, MARCH 31, 2002, MARCH 31, 2001

Auditors' Report as required by Part II of Schedule II to the Companies Act, 1956

To

The Board of Directors
Punj Lloyd Limited
Punj Lloyd House
17-18, Nehru Place
New Delhi 110 019
India

Dear Sirs,

We have examined the financial information of Punj Lloyd Limited ('PLL' or 'the Company') annexed to this report for the purposes of inclusion in the Red Herring Prospectus ('the RHP') which have been prepared in accordance with the requirements of:

paragraph B (1) of Part II of Schedule II to the Indian Companies Act, 1956 ('the Act') except that, for the sake of better comparison, information in respect of assets and liabilities of the Company has been prepared as at March 31, 2004, 2003 and 2002 and in respect of profits and losses and cash flows of the Company has been prepared for the twelve months period ended March 31, 2004, 2003 and 2002, while the financial years of the Company during the above period were for nine months ended on March 31, 2004, twelve months ended on June 30, 2003 and fifteen months ended on June 30, 2002. The Act requires the information in respect of assets and liabilities and profits and losses of the Company for each of the five financial years immediately preceding the issue of the prospectus.

the Securities & Exchange Board of India (Disclosure & Investor Protection) Guidelines 2000 ('the Guidelines') issued by the Securities and Exchange Board of India ('SEBI') on January 19, 2000, as amended by notification SEBI / DIL / DIP / 14 / 2005/ 25 / 1 dated January 25, 2005, in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992 except that information in respect of assets and liabilities of the Company has been prepared as at March 31, 2004, 2003 and 2002 and in respect of profits and losses and cash flows of the Company has been prepared for the twelve months period ended March 31, 2004, 2003 and 2002, while the financial years of the Company during the above period were for nine months ended on March 31, 2004, twelve months ended on June 30, 2003 and fifteen months ended on June 30, 2002. The Guidelines require the information in respect of assets and liabilities and profits and losses of the Company for each of the five financial years immediately preceding the issue of the prospectus.

the terms of reference received from the Company vide their letter dated August 20, 2005, requesting us to carry out the work, proposed to be included in the offer document of the Company in connection with its proposed Initial Public Offer ('IPO').

The IPO will be for a fresh issue by the Company of 8,355,174 equity shares and offer for sale by existing shareholders of 817,763 equity shares of Rs. 10 each; at such premium by way of book building process, as may be decided by the Board of Directors (together referred to as 'the Offer'). The Offer is being made through the 100% book-building scheme.

A. For our examination, we have placed reliance on the following:

1. The financial statements of Punj Lloyd Limited as at and for the years ended March 31, 2004, 2003, 2002 and 2001, which have been audited and reported upon by the Company's previous auditors' M/s TAS Associates.

2. The financial statements of the overseas project operations of Punj Lloyd Limited located at Georgia, Oman, Abu Dhabi, Qatar, Indonesia, Singapore and an unincorporated joint venture in Turkey as at and for the six months period ended September 30, 2005 and the years ended March 31, 2005, 2004, 2003, 2002 and 2001 (as applicable), which have been audited and reported upon by other auditors.

3. The financial statements of below mentioned subsidiaries of Punj Lloyd Limited as at and for the six months period ended September 30, 2005 and for a period of five years ended March 31, 2005 from the date of their becoming a subsidiary, or for a shorter period in case five years have not elapsed from the date of their becoming a subsidiary, which have been audited and reported upon by their respective auditors.

Name of the Subsidiary	Country of Incorporation	Percentage Holding	Date it became subsidiary	Years / periods audited
Punj Lloyd Inc.	USA	100%	31-Aug-98	Six months period ended September 30, 2005, three months ended 31 March 2005 and years ended 31 December 2004, 2003, 2002 and 2001.
Punj Lloyd (Malaysia) SDN, BHD*	Malaysia	100%	5-Sep-95	Six months period ended September 30, 2005, years ended 31 March 2005, 2004, 2003, 2002 and 2001.
PT Punj Lloyd Indonesia	Indonesia	100%	28-Feb-97	Six months period ended September 30, 2005, years ended 31 March 2005, 2004, 2003, 2002 and 2001.
Spectra Punj Lloyd Limited	India	98%	31-Mar-99	Six months period ended September 30, 2005, years ended 31 March 2005, 2004, 2003, 2002 and 2001.
Punj Lloyd Insulations Limited	India	100%	31-Mar-98	Six months period ended September 30, 2005, years ended 31 March 2005, 2004, 2003, 2002 and 2001
Punj Lloyd International Limited	British Virgin Islands	100%	11-Aug-98	Six months period ended September 30, 2005, years ended 31 March 2005, 2004, 2003, 2002 and 2001
Atna Investments Limited	India	100%	28-Jul-00	Six months period ended September 30, 2005, years ended 31 March 2005, 2004, 2003, 2002 and 2001
Spectra Infrastructure Limited	India	100%	19-Aug-93	Six months period ended September 30, 2005, years ended 31 March 2005, 2004, 2003, 2002 and 2001
Spectra Punjab Limited	India	100%	28-Jun-00	Six months period ended September 30, 2005, years ended 31 March 2005, 2004, 2003, 2002 and 2001
Punj Lloyd Kazakhstan Llp	Kazakhstan	100%	3-Jun-02	Six months period ended September 30, 2005, three months ended 31 March 2005 and years ended 31 December 2004, 2003 and 2002.
Spectra Net Limited	India	73.34%	20-Apr-95	Six months period ended September 30, 2005, years ended 31 March 2005, 2004, 2003, 2002 and 2001
Spectra Net Holdings Limited	India	73.34%	15-Jun-00	Six months period ended September 30, 2005, years ended 31 March 2005, 2004, 2003, 2002 and 2001
PLN Construction Limited (prior to becoming a subsidiary, it was a Joint Venture of the Company)	India	100%	24-Oct-04	Six months period ended September 30, 2005, years ended 31 March 2005, 2004, 2003, 2002 and 2001

***** The Company is in liquation and the last financial statements prepared are for the period till April 24, 2005.

The above table does not include the information in respect of certain entities which were subsidiaries of the Company during some part of the period of five years and six months period ended on September 30, 2005 but were no more the subsidiaries as at September 30, 2005.

B. Financial information as per audited financial statements

1. We have examined the attached restated summary statement of assets and liabilities of the Company as at September 30, 2005 and March 31, 2005 and the attached restated summary statement of profits and losses and the attached restated statement of cash flows for six months period ended September 30, 2005 and the year ended March 31, 2005 respectively ('restated summary statements') as prepared by the Company and approved by the Board of Directors and as set out in Annexure I to III. These profits have been arrived at after making such adjustments and regroupings as, in our opinion, are appropriate and more fully described in the notes appearing in Annexure IV to this report. Based on our examination of these restated summary statements, we confirm that in respect of the six months period ended September 30, 2005 and the year ended March 31, 2005:

- the impact of changes in accounting policies adopted by the Company as at and for the six months period ended September 30, 2005 have been adjusted with retrospective effect in the attached restated summary statements;
- material amounts relating to previous years have been adjusted in the restated summary statements in the years to which they relate, *except to the extent stated in Note 8 in Annexure IV*;
- the extraordinary items, which need to be disclosed separately in the restated summary statements, are appropriately disclosed; and
- qualifications in the auditors' report which require any adjustments, have been given effect to in the restated summary statements, except as follows:

  Following is the audit qualification in respect of the financial statements as at and for the six months period ended September 30, 2005 and the year ended March 31, 2005, the corrective adjustment for which could not be made in the financial information, the impact being unascertainable:

  Included in sundry debtors is an amount of Rs.281,100 thousand related to contract work with Spie Capag-Petrofac International Limited (SCPIL) in Georgia branch. Additionally sundry debtors include an amount of Rs.75,500 thousand due from SCPIL for expenses incurred on their behalf. Further, the terms of the related contract are currently in dispute. Accordingly, the branch auditors were unable to satisfy themselves as to the accuracy of the revenue of Rs. 281,100 thousand and the recoverability of the receivables of Rs.356,600 thousand as stated above. Also, the Company has raised variation orders of Rs. 1,468,000 thousand on SCPIL and SCPIL has raised debit notes of Rs.470,000 thousand on the Company. These variation orders and debit notes are being disputed and have not been agreed between the Company and the customer. The ultimate outcome of the dispute cannot presently be determined. Because of the significance of this matter, the branch auditors do not express an opinion on the impact of the above uncertainty on the financial statements.

- other qualifications in the auditors' report which do not require any corrective adjustments in the financial statements are disclosed in Note No. 9 (b) (i) of Annexure IV.

2. M/s TAS Associates, vide their Report dated November 26, 2005, attached herewith, have confirmed that the profits of Punj Lloyd Limited for each of the four years ended March 31, 2004, March 31, 2003, March 31, 2002 and March 31, 2001 and the assets and liabilities as at March 31, 2004, March 31, 2003, March 31, 2002 and March 31, 2001 together with the cash flows for the years ended on those dates are as set out in Annexures I to III, and that these profits read together with notes appearing under the Statement of Profits and Losses and Statement of Assets and Liabilities, along with accounting policies followed, have been arrived at after making such adjustments and regroupings as, in their opinion, are appropriate and more fully described in the notes appearing in Annexure IV to this report. Based on their examination of the attached restated summary statements of assets and liabilities of the Company as at March 31, 2004, March 31, 2003, March 31, 2002 and March 31, 2001, the attached restated summary statements of profits and losses and the attached restated statements of cash flows for each of the years ended on those dates ('restated summary statements'), they confirm that:

   - the impact of changes in accounting policies adopted by the Company as at and for the six months period ended September 30, 2005 have been adjusted with retrospective effect in the attached restated summary statements;
   - material amounts relating to previous years have been adjusted in the restated summary statements in the years to which they relate, *except to the extent stated in Note 8 in Annexure IV* ;
   - the extraordinary items, which need to be disclosed separately in the restated summary statements, are appropriately disclosed; and
   - there are no qualifications in the auditors' reports, which require any adjustments to the restated summary statements. Other audit qualifications, which do not require any corrective adjustment in the financial information and which appeared in their reports on the financial statements for the nine months ended on March 31, 2004, are disclosed in Note No. 9 b (ii) of Annexure IV.

   We have relied on the restated summary statements examined and reported upon by M/s. TAS Associates and have not performed any additional procedures thereon.

3. As informed to us by the management, no financial statements have been prepared by the Company as at any date or for any period subsequent to September 30, 2005.

4. Summary of significant accounting policies adopted by the Company pertaining to the audited financial statements for the six months period ended September 30, 2005 is enclosed as Annexure IV-A to this report.

5. Significant Notes to the audited financial statements are enclosed as Annexure IV-B to this report.

6. The restated summary financial statements of the subsidiaries of the Company as mentioned in A III above, for the periods mentioned there against, have not been consolidated into the attached restated summary statements. We have accepted the relevant restated summary financial statements read with significant accounting policies in respect of each subsidiary, for the periods mentioned there against, which have been reported upon by other auditors. The restated summary financial statements of these subsidiaries for the periods mentioned there against along with reports of the respective auditors thereon are attached in Annexures V-I to V-XIII to this report.

   We have relied on the restated summary statements of subsidiaries examined and reported upon by other auditors and have not performed any additional procedures thereon.

C. Other financial information

7. We have examined the following unconsolidated financial information of the Company in respect of the six months period ended September 30, 2005 and the year ended March 31, 2005, proposed to be included in the RHP, as approved by the Board of Directors and annexed to this report. In respect of the years ended March 31 2004, 2003, 2002 and 2001, M/s TAS Associates, vide their Report dated November 26, 2005, have confirmed that they have examined (except Annexure IV-D) the following unconsolidated financial information of the Company proposed to be included in the RHP as approved by the Board of Directors and annexed to this report. We have relied on the unconsolidated financial information examined and reported upon by M/s. TAS Associates and have not performed any additional procedures thereon.

   (i) Details of Other Income, as appearing in Annexure IV-C,
   (ii) Capitalization Statement, as appearing in Annexure IV-D,
   (iii) Details of Secured and Unsecured Loans, as appearing in Annexure IV-E,
   (iv) Details of Investments, as appearing in Annexure IV-F,
   (v) Details of Sundry Debtors, as appearing in Annexure IV-G,
   (vi) Details of Loans and Advances, as appearing in Annexure IV-H,
   (vii) Accounting Ratios, as appearing in Annexure IV-I to the report, based on the Restated Summary statements of the Company;
   (viii) Rates of dividend as appearing in Annexure IV-J to the report,
   (ix) Statement of Tax Shelters, as appearing in Annexure IV-K,
   (x) Statement on Related Party Transactions, prepared in accordance with Accounting Standard 18 issued by the Chartered Accountants of India, as appearing in Annexure IV-L to the report.

8. In our view, the ‘financial information as per audited financial statements’ and ‘other financial information’ mentioned above for the six months period ended September 30, 2005 and the year ended March 31, 2005 have been prepared in accordance with Part II of Schedule II of the Act and the Guidelines.

9. M/s TAS Associates vide their report dated November 26, 2005, have also confirmed that ‘financial information as per audited financial statements’ and ‘other financial information’ mentioned above for the years ended March 31, 2004, 2003, 2002 and 2001 have been prepared in accordance with Part II of Schedule II of the Act and the Guidelines except that information in respect of assets and liabilities of the Company has been prepared as at March 31, 2004, 2003 and 2002 and in respect of profits and losses and cash flows of the Company has been prepared for the twelve months period ended March 31, 2004, 2003 and 2002, while the financial years of the Company during the above period were for nine months ended on March 31, 2004, twelve months ended on June 30, 2003 and fifteen months ended on June 30, 2002. The Act and the Guidelines require the information in respect of assets and liabilities

and profits and losses of the Company for each of the five financial years immediately preceding the issue of the prospectus.

10. This report should not be in any way be construed as a reissuance or redating of any of the previous audit reports by us or by other firms of chartered accountants nor should this be construed as a new opinion on any of the financial statements referred to herein.

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

For S.R. Batliboi & Co.
Chartered Accountants

Per Raj Agrawal
Partner
Membership No. 82028

Place : New Delhi
Date : November 26, 2005

Enclosed: Report of M/s TAS Associates, Chartered Accountants, dated November 26, 2005

Auditors’ Report

To

The Board of Directors
Punj Lloyd Limited
Punj Lloyd House
17-18, Nehru Place
New Delhi 110 019
India

Dear Sirs,

We have examined the financial information of Punj Lloyd Limited (‘PLL’ or ‘the Company’) annexed to this report for the purposes of inclusion in the Red Herring Prospectus (‘the RHP’) which have been prepared in accordance with the requirements of:

paragraph B (1) of Part II of Schedule II to the Indian Companies Act, 1956 ('the Act') except that, for the sake of better comparison, information in respect of assets and liabilities of the Company has been prepared as at March 31, 2004, 2003 and 2002 and in respect of profits and losses and cash flows of the Company has been prepared for the twelve months period ended March 31, 2004, 2003 and 2002, while the financial years of the Company during the above period were for nine months ended on March 31, 2004, twelve months ended on June 30, 2003 and fifteen months ended on June 30, 2002. The Act requires the information in respect of assets and liabilities and profits and losses of the Company for each of the five financial years immediately preceding the issue of the prospectus.

the Securities & Exchange Board of India (Disclosure & Investor Protection) Guidelines 2000 ('the Guidelines') issued by the Securities and Exchange Board of India (‘SEBI’) on January 19, 2000, as amended by notification SEBI / DIL / DIP / 14 / 2005/ 25 / 1 dated January 25, 2005, in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992 except that information in respect of assets and liabilities of the Company has been prepared as at March 31, 2004, 2003 and 2002 and in respect of profits and losses and cash flows of the Company has been prepared for the twelve months period ended March 31, 2004, 2003 and 2002, while the financial years of the Company during the above period were for nine months ended on March 31, 2004, twelve months ended on June 30, 2003 and fifteen months ended on June 30, 2002. The Guidelines require the information in respect of assets and liabilities and profits and losses of the Company for each of the five financial years immediately preceding the issue of the prospectus.

the terms of reference received from the Company vide their letter dated August 20, 2005, requesting us to carry out the work, proposed to be included in the offer document of the Company in connection with its proposed Initial Public Offer ('IPO').

The IPO will be for a fresh issue by the Company of 8,355,174 equity shares and offer for sale by existing shareholders of 817,763 equity shares of Rs. 10 each ; at such premium by way of book building process, as may be decided by the Board of Directors (together referred to as ‘the Offer’). The Offer is being made through the 100% book-building scheme.

A. For our examination, we have placed reliance on the following:

1. The financial statements of the overseas project operations of Punj Lloyd Limited located at Abu Dhabi, Indonesia and an unincorporated joint venture in Turkey as at and for the years ended March 31, 2004, 2003, 2002 and 2001 (as applicable), which have been audited and reported upon by other auditors.
2. The financial statements of Punj Lloyd Limited as at and for the six months period ended September 30, 2005, audited by M/s S R Batliboi & Co., which has been relied on by us for the purpose of compiling the annexed financial information incorporating impact of changes specified in Para B, as has been adopted for the said accounts for the period ended September 30, 2005 in order to make the annexed financial information comparable and conform to the figures for the said period ended on September 30, 2005.
3. We have no responsibility to update this report for events and circumstances occurring after March 31, 2004.

B. Financial information as per audited financial statements

1 We have examined the attached restated summary statement of assets and liabilities of the Company as at March 31, 2004, March 31, 2003, March 31, 2002 and March 31, 2001 and the attached restated summary statement of profits and losses and the attached restated statement of cash flows for years ended on that date ('restated summary statements') as prepared by the Company and approved by the Board of Directors and as set out in Annexure I to III. These profits have been arrived at after making such adjustments and regroupings as, in our opinion, are appropriate and more fully described in the notes appearing in Annexure IV to this report. Based on our examination of these restated summary statements, we confirm that in respect of the year ended March 31, 2004, March 31, 2003, March 31, 2002 and March 31, 2001:

- the impact of changes in accounting policies adopted by the Company as at and for the six months period ended September 30, 2005 have been adjusted with retrospective effect in the attached restated summary statements;
- material amounts relating to previous years have been adjusted in the restated summary statements in the years to which they relate, except to the extent stated in Note 8 in Annexure IV;
- the extraordinary items, which need to be disclosed separately in the restated summary statements, are appropriately disclosed; and
- there are no qualifications in the auditors' report, which require any adjustments to the restated summary statements. Other qualifications in the auditors' report which do not require any corrective adjustment in the financial statements are disclosed in Note No. 9 of Annexure IV.

2 Summary of significant accounting policies adopted by the Company pertaining to the audited financial statements for the six months period ended September 30, 2005 as audited by M/s. S.R. Batliboi & Co. and relied by us for the purpose of annexed restated financial statements is enclosed as Annexure IV-A to this report.

3 Significant Notes to the audited financial statements for the six months period ended September 30, 2005as prepared by the Company and relied on by us for the purpose of annexed restated financial statements are enclosed as Annexure IV-B to this report.

C. Other financial information

1. In respect of the years ended March 31 2004, 2003, 2002 and 2001, we confirm that we have examined (except Annexure IV-D) the following unconsolidated financial information of the Company proposed to be included in the RHP as approved by the Board of Directors and annexed to this report:

(i) Details of Other Income, as appearing in Annexure IV-C,
(ii) Capitalization Statement, as appearing in Annexure IV-D,
(iii) Details of Secured and Unsecured Loans, as appearing in Annexure IV-E,
(iv) Details of Investments, as appearing in Annexure IV-F,
(v) Details of Sundry Debtors, as appearing in Annexure IV-G,
(vi) Details of Loans and Advances, as appearing in Annexure IV-H,
(vii) Accounting Ratios, as appearing in Annexure IV-I to the report, based on the Restated Summary statements of the Company;
(viii) Rates of dividend as appearing in Annexure IV-J to the report,
(ix) Statement of Tax Shelters, as appearing in Annexure IV-K,
(x) Statement on Related Party Transactions, prepared in accordance with Accounting Standard 18 issued by the Chartered Accountants of India, as appearing in Annexure IV-L to the report.

2 We confirm that 'financial information as per audited financial statements' and 'other financial information' mentioned above for the years ended March 31, 2004, 2003, 2002 and 2001 have been prepared in accordance with Part II of Schedule II of the Act and the Guidelines, except that information in respect of assets and liabilities of the Company has been prepared as at March 31, 2004, 2003 and 2002 and in respect of profits and losses and cash flows of the Company has been prepared for the twelve months period ended March 31, 2004, 2003 and 2002, while the financial years of the Company during the above period were for nine months ended on March 31, 2004, twelve months ended on June 30, 2003 and fifteen months ended on June 30, 2002. The Act and the Guidelines require the information in respect of assets and liabilities and profits and losses of the Company for each of the five financial years immediately preceding the issue of the prospectus.

For TAS Associates
Chartered Accountants

Per Mukesh Agrawal
Partner
Membership No. 90582

Place : New Delhi
Date : November 26, 2005

ANNEXURE I : SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(In Rupees Thousands)

PARTICULARS	September 30,2005	March 31,2005	March 31,2004	March 31,2003	March 31,2002	March 31,2001
FIXED ASSETS						
Gross Block	5,883,373	6,170,223	6,269,586	4,547,393	3,570,388	3,438,434
Less : Depreciation	2,420,165	2,369,267	2,120,289	1,430,420	1,119,509	876,212
Net Block	**3,463,208**	**3,800,956**	**4,149,297**	**3,116,973**	**2,450,879**	**2,562,222**
Less:Revaluation Reserve (See Note No.5 of Annexure IV)	(99,890)	(122,529)	(155,859)	(191,450)	(223,952)	(256,454)
Net Block after adjustment for Revaluation Reserve	**3,363,318**	**3,678,427**	**3,993,438**	**2,925,523**	**2,226,927**	**2,305,768**
Capital Work in Progress Including Capital Advances	263,315	124,299	33,027	165,494	141,688	28,750
INTANGIBLE ASSETS	440,224	523,644	629,475	8,229	11,202	14,586
Preoperative Expenditure (Pending Allocation)	30,075	18,645	77	-	-	-
INVESTMENTS	707,364	548,582	919,486	991,319	629,110	788,818
CURRENT ASSETS, LOANS AND ADVANCES						
Inventories	5,247,288	3,967,426	3,073,867	1,321,046	1,000,500	993,770
Sundry Debtors	3,021,611	3,131,928	2,157,209	2,295,981	1,292,277	667,231
Cash and Bank Balances	191,943	303,391	317,302	694,601	184,576	77,283
Other Current Assets	55,850	53,070	39,956	12,995	8,068	9,649
Loans and Advances	1,864,404	1,499,674	1,661,472	2,120,803	1,384,965	1,101,347
Total	**15,185,392**	**13,849,086**	**12,825,309**	**10,535,991**	**6,879,313**	**5,987,202**
LIABILITIES & PROVISIONS						
Secured Loans	5,399,269	4,529,784	5,974,381	5,261,222	3,119,935	2,615,652
Unsecured Loans	1,333,134	1,168,379	417,211	147,252	142,480	259,600
Current Liabilities	3,124,287	2,775,482	3,387,946	2,763,969	1,552,062	1,073,886
Provisions	65,782	75,471	43,170	12,668	10,361	37,989
Deferred Payments	-	-	65	1,091	1,091	2,408
Deferred Tax Liability	532,205	551,871	538,255	486,149	-	-
Total	**10,454,678**	**9,100,987**	**10,361,028**	**8,672,351**	**4,825,929**	**3,989,535**
Net Worth	**4,730,714***	**4,748,099***	**2,464,281**	**1,863,640**	**2,053,384**	**1,997,667**
Net Worth represented by						
Share Capital	438,647	252,348	206,466	206,448	206,448	206,448
Reserves & Surplus	4,391,958	4,618,280	2,422,885	1,865,642	2,099,795	2,100,617
Less: Revaluation Reserve (See Note No. 5 of Annexure IV)	(99,890)	(122,529)	(155,859)	(191,450)	(223,952)	(256,454)
Reserves & Surplus (Net of Revaluation Reserves)	**4,292,068**	**4,495,751**	**2,267,026**	**1,674,192**	**1,875,843**	**1,844,163**
Less: Miscellaneous Expenditure	-	-	(9,211)	(17,000)	(28,907)	(52,944)
(to the extent not written off or adjusted)						
Net Worth	**4,730,714**	**4,748,099**	**2,464,281**	**1,863,640**	**2,053,384**	**1,997,667**

Note:

1. The above statement should be read with the Notes on Adjustments to Restated Financial Statements, Significant Accounting Policies and Notes to Accounts as appearing in Annexures IV, IV-A and IV-B.

* Refer qualification in Note No. B (1) in the audditor's report of S. R. Batliboi & Co., on the unconsolidated summary statements of Assets and Liabilities, Profits and Losses and Cash Flows as restated.

ANNEXURE II: SUMMARY STATEMENT OF PROFITS AND LOSSES, AS RESTATED

(In Rupees Thousands)

PARTICULARS	September	March	March	March	March	March
INCOME						
Contract Revenue	5,325,899	14,294,285	14,002,402	7,729,533	4,433,844	4,942,898
Other Income	202,743	481,502	147,019	35,052	90,619	65,800
Unspent Liabilities written back - ISP Division (See Note No.	-	18,360	-	-	-	-
Waiver of Funded interest (See Note No.13 of Annexure IV-B)	-	130,000	-	-	-	-
Total Income	**5,528,642**	**14,924,147**	**14,149,421**	**7,764,585**	**4,524,463**	**5,008,698**
EXPENDITURE						
Materials Consumed and Cost Of Goods Sold	1,482,008	3,775,000	3,907,105	2,476,522	1,728,522	1,388,604
Staff Cost	643,893	1,723,635	1,227,776	520,269	387,073	511,130
Selling and Distribution Expenses	16,709	18,600	26,806	24,620	18,216	14,395
Operating and Administrative Expenses	2,860,063	7,790,073	6,586,293	3,572,819	1,573,678	2,134,482
Interest	256,944	737,975	874,958	568,556	460,314	423,978
Miscellaneous Expenditure Written Off	-	46,103	22,341	11,907	24,037	20,995
Depreciation / Amortization	287,870	717,819	706,547	262,598	226,605	209,925
Total Expenditure	**5,547,487**	**14,809,205**	**13,351,826**	**7,437,291**	**4,418,445**	**4,703,509**
PROFIT / (LOSS) BEFORE TAX	(18,845)	114,942	797,595	327,294	106,018	305,189
PROVISION FOR TAX						
Current Tax	36,716	42,590	99,597	65,000	22,500	71,175
Deferred Tax	(33,795)	(9,079)	60,236	52,526	-	-
Fringe Benefit Tax	5,650	-	-	-	-	-
TOTAL	**8,571**	**33,511**	**159,833**	**117,526**	**22,500**	**71,175**
NET PROFIT / (LOSS) BEFORE ADJUSTMENTS	**(27,416)**	**81,431**	**637,762**	**209,768**	**83,518**	**234,014**
Adjustments (See Note No. 2 of Annexure IV)	(14,033)	(76,793)	(74,904)	53,524	(41,919)	101,090
Current Tax Impact of Adjustments	37,484	74,658	70,620	(30,541)	6,008	(45,520)
Deferred Tax Impact of Adjustments	(35,568)	22,695	(8,130)	(136)	-	-
	(12,117)	20,560	(12,414)	22,847	(35,911)	55,570
NET PROFIT / (LOSS) AS RESTATED	**(39,533)**	**101,991**	**625,348**	**232,615**	**47,607**	**289,584**
Profit and Loss Account at the beginning of the year	1,659,003	1,499,504	841,829	656,714*	1,128,513	929,967
Transfer from Debenture Redemption Reserve	-	83,305	-	-	-	-
Transfer from Foreign Project Utilised Reserve	-	15,000	153,500	-	-	-
Balance available for appropriation, as restated	**1,619,470**	**1,699,800**	**1,620,677**	**889,329**	**1,176,120**	**1,219,551**
APPROPRIATIONS						
Transfer to General Reserve	-	20,000	62,000	25,000	8,000	20,000
Transfer to Foreign Project Reserve	-	-	7,500	22,500	10,000	22,500
Transfer to Debenture Redemption Reserve	-	-	5,024	-	20,100	20,100
Dividend						
Equity	-	18,238	41,292	-	-	25,806
Interim Dividend	-	-	-	-	14,451	-
Tax on Dividend	-	2,558	5,357	-	1,474	2,632
TOTAL	**-**	**40,796**	**121,173**	**47,500**	**54,025**	**91,038**
BALANCE CARRIED FORWARD AS RESTATED	**1,619,470**	**1,659,003**	**1,499,504**	**841,829**	**1,122,095**	**1,128,513**

Note:

1. The above statement should be read with the Notes on Adjustments for Restated Financial Statements, Significant Accounting Policies and Notes to Accounts as appearing in Annexures IV, IV-A and IV-B.
2. The reconciliation between the audited and restated accumulated profit and loss balance as at April 01, 2000 is given in Note No.6 of Annexure IV.

* The Company adopted Accounting standard 22, (AS-22) - Accounting for Taxes on income issued by the Institute of Chartered Accountants of India for the first time in preparing the financial statements for the year ended March 31, 2003. The above amount is after adjusting Rs. 465,381 thousand relating to Deferred Tax Liability for earlier years.

ANNEXURE III: STATEMENT OF CASH FLOWS, AS RESTATED

(in Rs. Thousands)

		September-05	March-05	March-04	March-03	March-02	March-01
A	**Cash Flow From Operating Activities**						
	Profit/(Loss) before Tax	(32,878)	38,149	722,691	380,818	64,099	406,279
	Adjustment for Depreciation/Amortization (Including Goodwill)	287,690	613,535	717,322	308,450	240,973	223,255
	Miscellaneous Expenditure written off	-	9,212	59,232	11,907	24,037	20,995
	Loss on Sale of Fixed Assets (Net)	(10,593)	57,287	3,404	8,079	14,387	58,530
	(Profit)/Loss on Sale of Long Term Investments(Net)	(47,758)	(143,192)	40,229	-	13,879	-
	Interest Income	(6,963)	(24,856)	(9,084)	(5,158)	(2,661)	(17,372)
	Waiver of Funded Interest	-	(130,000)	-	-	-	-
	Dividend on Long Term Investments	(582)	(5,128)	(1,394)	(6,483)	(27,099)	(14,730)
	Depletion in value of Long Term Investment	-	1,376	-	-	-	-
	Amortisation/Depletion in value of Inventory	-	8,227	-	-	-	-
	Interest	256,944	693,548	901,588	580,234	457,808	332,853
	Foreign Exchange Fluctuation (Net)	(712)					
	Bad Debts/Advances written off /Liabilities written off/written back (Net)	10,007	-	-	-	-	-
	Provision for Doubtful Debts and Advances (Net)	-	8,300	913	-	-	-
	Operating Profit before Working Capital Changes	**455,155**	**1,126,458**	**2,434,901**	**1,277,847**	**785,423**	**1,009,810**
	Movement in Working Capital						
	(Increase) / decrease in Sundry Debtors	100,310	(983,018)	164,261	(1,003,704)	(625,046)	(106,958)
	(Increase) / decrease in Loans and Advances	(252,881)	342,873	702,841	(750,815)	(234,619)	(94,343)
	(Increase)/decrease in Other Current Assets	3,705	8,168	(26,730)	(3,557)	(121)	-
	(Increase) / decrease in Inventories	(1,279,862)	(901,786)	(1,717,583)	(320,546)	(6,730)	(38,648)
	Increase / (decrease) in Current Liabilities and Provisions	330,849	(605,992)	340,643	1,211,740	484,645	347,726
	(Increase) / decrease in Miscellaneous Expenditure	-	-	-	-	-	(30,417)
	Cash generated from operations	**(642,724)**	**(1,013,297)**	**1,898,332**	**410,965**	**403,552**	**1,087,170**
	Direct Tax Refunds /Paid (Net)	(110,734)	(120,319)	(217,982)	(80,564)	(69,597)	(68,228)
	Net Cash From/(Used in) Operating Activities	**(753,458)**	**(1,133,616)**	**1,680,350**	**330,401**	**333,955**	**1,018,942**
B	**Cash flow from Investing Activities**						
	Purchase of Fixed Assets	(204,743)	(523,953)	(554,267)	(1,068,731)	(311,430)	(473,945)
	Purchase of Investments	(181,800)	(56,158)	(193,342)	(362,209)	(12,754)	(408,823)
	Proceeds from Sale of Investments	70,776	568,877	92,250	-	158,582	-
	Proceeds from Sale of Fixed Assets	183,834	164,134	3,802	32,773	25,355	62,923
	Dividend Received	582	5,128	1,394	6,483	27,099	14,730
	Interest Received	478	3,574	8,853	3,788	4,363	12,546
	Exchange Fluctuation Reserve	2,209	(7,143)	(2,123)	(779)	-	-
	Net Cash From/(Used in) Investing activities	**(128,664)**	**154,459**	**(643,433)**	**(1,388,675)**	**(108,785)**	**(792,569)**
C	**Cash flows from Financing Activities**						
	Proceeds of Share Capital	-	45,881	-	-	-	-
	Share Issue Expenses	(1,500)	(39,060)	-			
	Proceeds from Premium on Share Issue	-	2,239,122	-	-	-	-
	Increase/(Decrease) in Working Captial Loans	723,298	(484,566)	(508,687)	311,845	459,365	345,963
	Increase/(Decrease) in Secured Term Loans	146,187	(830,031)	217,146	1,856,108	72,002	(92,837)
	Redemption of Debentures	-	(12,120)	(38,787)	(38,786)	(38,787)	-
	Increase/(Decrease) in Unsecured Loans	164,755	763,288	(177,589)	16,892	(105,000)	(134,888)
	Increase/(Decrease) in Deferred Payments	-	(65)	(1,026)	-	(1,317)	-
	Interest Paid	(262,067)	(691,394)	(899,447)	(577,760)	(463,884)	(328,858)
	Dividend Paid	-	(25,809)	(15,484)	-	(40,256)	(25,806)
	Net Cash From/(Used in) Financing activities	**770,673**	**965,246**	**(1,423,874)**	**1,568,299**	**(117,877)**	**(236,426)**
	Net increase in Cash and Cash Equivalents (A+B+C)	(111,449)	(13,911)	(386,957)	510,025	107,293	(10,053)
	Cash and Equivalents inflow consequent to merger	-	-	9,656	-	-	-
	Cash and Cash Equivalents at the beginning of the Year	303,391	317,302	694,601	184,576	77,283	87,336
	Cash and Cash Equivalents at the end of the Year	**191,943**	**303,391**	**317,302**	**694,601**	**184,576**	**77,283**
	Components of Cash and Cash Equivalents						
	Cash in Hand	27,742	21,374	25,353	22,456	9,828	7,413
	Balance with Scheduled Banks						
	Current Account	80,177	62,428	133,902	231,685	79,904	38,830
	In Cash credit Account	561					
	EEFC Account	2561	10,078	30,904	98,249	21	2,725
	Fixed Deposits	20,546	27,526	122,402	184,791	60,754	27,843
	Balances with Non Scheduled Banks						
	Current Account	47,284	30,258	4,741	157,420	34,069	472
	EEFC Account	13,072	151,727	-	-	-	-

Notes:

1 The Cash Flow Statement has been prepared under indirect method as set out in Accounting Standard-3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India.

2 Negative figures have been shown in brackets.

ANNEXURE IV: Notes on Adjustments for Restated Financial Statements

1 The Company adopted Accounting Standard 22, (AS-22) - Accounting for Taxes on Income as issued and required by the Institute of Chartered Accountant of India for the first time in preparing the financial statements for the year ended March 31, 2003. For the purpose of this statement, AS-22 has not been applied for the years ended March 31, 2002 and 2001 as the same was not applicable in those years. Consequently, the deferred tax impact on account of timing difference has not been recognized in this statement for the year ended March 31, 2002 and 2001.

2 Below mentioned is the summary of results of restatement made in the audited accounts for the respective years and its impact on the profits/ losses of the Company.

(In Rupees Thousands)

	30-Sep-05	31-Mar-05	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01
Adjustments for						
Gain on foreign currency transactions (See Note No. 3a below)	-	-	(3,600)	-	-	-
Depreciation on gain on foreign currency transactions (See Note No. 3a below)	180	360	1	-	-	-
Provision for leave encashment (See Note No. 3b below)	-	-	9,727	(1,497)	(1,084)	(2,588)
Work in Progress- Projects (See Note No. 3c below)	-	-	(122,447)	(20,666)	9,242	(9,174)
Change in Accounting treatment of Scaffolding Materials (See Note No. 4a below)	-	(58,153)	32,696	32,239	(2,536)	(2,380)
Fixed assets capitalized related to earlier years (See Note No. 4b below)	-	3,234	(1,209)	(821)	(671)	(314)
Change in the rate of depreciation on fixed assets (See Note No. 4c below)	-	-	54,020	(12,372)	(15,995)	(15,169)
Prior period items (See Note No. 4d below)	64,442	108,793	(103,137)	(25,817)	(26,602)	(1,830)
Unspent liabilities written-back (See Note No. 4e below)	(58,637)	(9,774)	39,644	5,460	3,089	6,361
Interest on hire purchase (See Note No. 4f below)	-	37,719	(19,795)	(11,667)	2,507	91,126
Deferred revenue expenditure (See Note No. 4g below)	-	36,891	(36,891)	-	-	-
Accounting of Unincorporated JV (See Note No. 4h below)	-	(52,463)	43,060	13,929	-	-
Provision for doubtful debts (See Note No. 4i below)	-	(57,606)	-	57,606	-	-
Accounting of insurance claims (See Note No. 4j below)	-	(30,408)	26,730	3,558	122	-
Contract revenue (See Note No. 4k below)	(15,668)	15,668	-	-	(12,329)	-
Works contract tax (See Note No. 4l below)	2,976	(5,395)	6,297	13,572	2,338	35,058
Interest on Claims (Auditor Qualification) (See Note No.9a below)	(7,325)	(65,659)	-	-	-	-
Sub total	**(14,033)**	**(76,793)**	**(74,904)**	**53,524**	**(41,919)**	**101,090**
Current tax impact (See Note No. 4m below)	37,484	74,658	70,620	(30,541)	6,008	(45,520)
Deferred tax impact (See Note No. 4m below)	(35,568)	22,695	(8,130)	(136)	-	-
Sub total	**1,916**	**97,353**	**62,490**	**(30,677)**	**6,008**	**(45,520)**
Total	**(12,117)**	**20,560**	**(12,414)**	**22,847**	**(35,911)**	**55,570**

3 Changes in Accounting Policies

a. **GAIN ON FOREIGN CURRENCY TRANSACTIONS**

During the year ended March 31, 2004, the Company had accounted for gain arising on restatement / settlement of liabilities incurred for acquiring fixed assets in Profit and Loss Account in compliance with the AS-11 issued by Institute of Chartered Accountants of India. Since the consequential change was not brought by the legislature in Schedule VI to the Companies Act, 1956 and on subsequent clarification by the Institute of Chartered Accountants of India that requirement of Schedule VI shall prevail, the same has been restated and adjusted to the cost of the fixed assets. Accordingly, depreciation on the same has been recomputed for the period ended September 30, 2005 and years ended March 31, 2005 and 2004.

b. **PROVISION FOR LEAVE ENCASHMENT**

During the year ended March 31, 2004, provision for leave encashment was made on the basis of actuarial valuation in compliance of the Accounting Standard -15 issued by the Institute of Chartered Accountants of India, which was earlier accounted for on cash basis. Accordingly, provision for leave encashment has been recomputed on actuarial valuation basis for each preceding year and consequently the adjustments have been made in the expenses for leave encashment for the years ended March 31, 2004, 2003, 2002 and 2001 and the brought forward balance in Profit and Loss Account as at April 1, 2000.

c. **WORK IN PROGRESS- PROJECTS**

Till the year ended March 31, 2003, Work in progress- projects was valued on the basis of the percentage completion method at the rates provided in the contract reduced by an estimated percentage towards expected profit. From the year ended March 31, 2004, Work in progress- projects to the extent of work done but not billed is valued at net realizable value without reducing estimated percentage towards expected profit. Accordingly, the figures have been restated for the years ended March 31, 2003, 2002 and 2001 and the brought forward balance in Profit and Loss Account as at April 1, 2000.

4 Other Adjustments

a. **ACCOUNTING TREATMENT OF SCAFFOLDING MATERIALS**

During the year ended March 31, 2005, the Company has decided to reclassify scaffolding materials as inventory and to value these at cost less amortization charge based on the estimated useful life, which is determined as ten years by the management. Hitherto, such material was capitalized as fixed assets in some years while in some other years, it was charged to revenue, based on the management's perception of the same being of capital or revenue nature. Consequent to this change, the Company has decapitalised the fixed assets and recognized the same as inventories and also brought back to books the materials charged off in earlier years and amortised the same on the basis stated above. As a result of the above, adjustments for inventory earlier shown as fixed assets or expensed off to Profit and Loss account have been made to the financial statements, as restated, for the years ended March 31, 2004, 2003, 2002 and 2001 and the brought forward balance in Profit and Loss Account as at April 1, 2000.

b. **FIXED ASSETS CAPITALISED RELATED TO EARLIER YEARS**

During the year ended March 31, 2005, certain fixed assets have been identified by the Company, which were required to be capitalised in earlier years, since these were acquired and put to use in those years. The same have now been capitalised and restated in the years in which these were actually put to use. Consequently the depreciation on these fixed assets, so capitalised, has also been charged in the relevant years.

c. **CHANGE IN THE RATE OF DEPRECIATION ON FIXED ASSETS**

Till the year ended March 31, 2003, certain fixed assets were mistakenly identified with the inappropriate group of assets and accordingly depreciation on such assets was charged at the rates as applicable to such group of assets, as per policy of the Company. During the year ended March 31, 2004, such fixed assets were so identified and were accordingly re-classified under the appropriate group of assets and depreciation thereon was charged at the appropriate applicable rates of depreciation. Accordingly, depreciation has been recomputed and adjusted based on the revised rates of depreciation on such fixed assets for the year ended March 31, 2003, 2002 and 2001 and the brought forward balance in Profit and Loss Account as at April 1, 2000.

d. **PRIOR PERIOD ITEMS**

In the financial statements for the period ended September 30, 2005 and years ended March 31, 2005, 2004, 2003, 2002 and 2001, certain items of income/expenses have been identified as prior period items. For the purpose of this statement, such prior period items have been appropriately adjusted in the respective years.

e. **UNSPENT LIABILITIES WRITTEN BACK**

In the financial statements for the period ended September 30, 2005 and years ended March 31, 2005, 2004, 2003, 2002 and 2001, certain liabilities created in earlier years were written back. For the purpose of this statement, the said liabilities, wherever required, have been appropriately adjusted in the respective years in which the same were originally created.

f. **INTEREST ON HIRE PURCHASE**

Till the year ended March 31, 2004, hire purchase charges were charged off evenly throughout the term of Hire Purchase. During the year ended March 31, 2005, hire purchase charges have been re-calculated and charged off on the basis of internal rate of return (IRR) and accordingly, adjustments relating to earlier years have been made in the year ended March 31, 2005. Accordingly Hire Purchase charges have been adjusted for the years ended March 31, 2004, 2003, 2002 and 2001 and the balance brought forward in Profit and Loss Account as at April 1, 2000.

g. **DEFERRED REVENUE EXPEDITURE**

Deferred Revenue Expenditure brought forward in relation to restructuring of loan taken from ICICI Bank was charged to Profit & Loss Account in the year ended March 31, 2005. This deferred revenue expenditure has been reapportioned to year ended March 31, 2004 and year ended March 31, 2005 on the basis of amount of loan repaid during the respective years and accordingly adjustments have been made to the financial statements, as restated, for the years ended March 31, 2005 and 2004.

h. **ACCOUNTING OF UNINCORPORATED JOINT VENTURE**

The Company had entered into an unincorporated joint venture on 50:50 sharing basis with Limak Insaat Sanayi A.S. on September 20, 2002 for execution of a pipeline construction contract in Turkey. Such arrangement was inappropriately identified as 'jointly controlled entity' by the Company and thus the Company's share of income, expenses, assets and liabilities in the joint venture were not recognized in the Company's financial statements in respective years. During the year ended March 31, 2005, such arrangement has been appropriately identified as 'joint controlled operation' and consequent to such change in identification, the financial results of the joint venture from September 20, 2002 till March 31, 2005 have been incorporated in the year ended March 31, 2005. For the purpose of this statement, the revenue, expenses, assets and liabilities for the years ended March 31, 2005, 2004 and 2003 have been restated on the basis of the audited financial statements of the joint venture for the respective years.

i. **PROVISION FOR DOUBTFUL DEBTS**

Debts, which were considered doubtful and written off in the year ended March 31, 2003 and which have been subsequently recovered during the year ended March 31, 2005, have been adjusted in the years when such debts were originally written off. Accordingly, adjustments have been made to the summary statement of profits and losses, as restated, for the years ended March 31, 2005 and 2003.

j. **ACCOUNTING OF INSURANCE CLAIMS**

The Company is following the policy of accounting for insurance claims on settlement with the insurers. For the purpose of this statement, the said income has been appropriately adjusted in the respective years in which the claims were lodged. Accordingly, adjustments have been made to the financial statements, as restated, for the years ended March 31, 2005, 2004, 2003 and 2002.

k. **CONTRACT REVENUE**

The Company had accounted for extra claims made on the customers at the time of their acceptance in principle by the customers. For the purpose of this statement, the said income has been appropriately adjusted in the respective years in which such claims were made. Accordingly, adjustments have been made to the financial statements, as restated, for the period ended September 30, 2005 and years ended March 31, 2005 and March 31, 2002 and the balance brought forward in Profit and Loss Account as at April 1, 2000.

l. **WORKS CONTRACT TAX**

The Profit and Loss Accounts of some years include amounts paid/ provided for in respect of shortfall/ excess works contract tax arising out of assessments, appeals etc. The same has now been restated and accordingly adjustments have been made to the financial statements, as restated, for the period ended September 30, 2005 and years ended March 31, 2005, 2004, 2003, 2002 and 2001 and the balance brought forward in Profit and Loss Account as at April 1, 2000.

m. **INCOME TAX REFUNDS/ PROVISION**

The Profit and Loss Account of some years include amounts paid/ provided for or refunded/written back, in respect of shortfall/ excess income tax arising out of assessments, appeals etc. which has now been adjusted in the respective years. Also, income tax (current tax and deferred tax) has been computed on adjustments made as detailed above and has been adjusted in the restated profits and losses for the period ended on September 03, 2005 and years ended March 31, 2005, 2004, 2003, 2002 and 2001 and the balance brought forward in Profit and Loss Account as at April 1, 2000.

5 Asset Revaluation Reserve

In accordance with Clause 6.10.2.7 (b) (vi) of the Disclosure & Investor Protection Guidelines, 2000 issued by Securities and Exchange Board of India (SEBI), the statement of assets and liabilities as restated has been prepared after deducting the balance in revaluation reserve from the carrying amount of fixed assets and reserves & surplus.

6 Profit And Loss Account As At April 01, 2000 (Restated)

(In Rupees Thousands)

Profit and Loss account as at April 01, 2000 (Audited)	**967,066**
Provision for Leave Encashment (See Note No.3b above)	(4,558)
Work in Progress - Projects (See Note No.3c above)	143,045
Change in accounting treatment in scaffolding Materials (See Note No. 4a above)	(1,867)
Fixed assets capitalized relating to earlier years (See Note No. 4b above)	(220)
Change in the rate of depreciation on fixed assets (See Note No. 4c above)	(10,487)
Prior Period Items (See Note No.4d above)	(15,845)
Unspent Liabilities written back (See Note No.4e above)	13,856
Interest on Hire Purchase (See Note No. 4f above)	(99,888)
Contract Revenue (See Note No. 4k above)	12,326
Works contract tax (see note No. 4l above)	(54,845)
Current Tax impact on Adjustments (See Note No.4m above)	(18,616)
Profit and Loss Account as at April 01, 2000 (Restated)	**929,967**

7 Material Regroupings

a. Upto the year ended March 31, 2004, retention money, which is realizable on the satisfactory completion of the project, was included under the group. Advances Recoverable in cash or in kind or for value to be received and hence classified as part of Loans and Advances. During the period ended September 30, 2005, the same has been classified under the head Sundry Debtors. In the statement of Assets and Liabilities as restated, for the years ended March 31, 2005, 2004, 2003, 2002 and 2001, such retention money has been regrouped and disclosed accordingly.

b. Upto the year ended March 31, 2004, share application money (paid) was classified under the head investments. During the period ended September 30, 2005, the same has been shown as Advances for Proposed Investments and grouped under the head Loans and Advances. In the statement of Assets and Liabilities as restated, for the years ended March 31, 2005, 2004, 2003, 2002 and 2001, such share application money has been regrouped and disclosed accordingly.

c. Upto the year ended March 31, 2004, certain advances were hitherto grouped under Advances Recoverable in cash or in kind or for value to be received and hence classified as part of Loans and Advances, which have now been identified to be for Capital assets and thus have been regrouped with Capital Work in Progress during the period ended September 30, 2005. In the statement of Assets and Liabilities as restated, for the years ended March 31, 2005, 2004, 2003, 2002 and 2001, such advances have been regrouped and disclosed accordingly.

d. Upto the year ended March 31, 2004, Income from Hire Charges from machines & equipments was grouped under the head Other Income. During the period ended September 30, 2005, such income has been regrouped under Sales and Contract Revenue. In the statement of Profits and Losses as restated, for the years ended March 31, 2005, 2004, 2003, 2002 and 2001, such Income from Hire Charges has been regrouped and disclosed accordingly.

e. Upto the year ended March 31, 2004, Increase/ (Decrease) in Jobs under Execution were disclosed as separate line items in the Profit and Loss Account. During the period ended September 30, 2005, these have been regrouped and adjusted to the Contract Revenue. In the statement of Profits and Losses as restated, for the years ended March 31, 2005, 2004, 2003, 2002 and 2001, Increase/ (Decrease) in Jobs under Execution has been regrouped and disclosed accordingly.

f. Upto the year ended March 31, 2004, Provision for Gratuity was included as Sundry Creditors and hence classified as part of Current Liabilities. During the period ended September 30, 2005, the same has been regrouped under Provisions. In the statement of Assets and Liabilities as restated, for the years ended March 31, 2005, 2004, 2003, 2002 and 2001, provision for Gratuity has been regrouped and disclosed accordingly.

g. Upto the year ended March 31, 2004, special utility software considered as part of computers were included under Plant & Machinery and hence classified as part of Fixed Assets. During the period ended September 30, 2005, these have been regrouped as part of Intangible Assets under Fixed Assets. In the statement of Assets and Liabilities as restated, for the years ended March 31, 2005, 2004, 2003, 2002 and 2001, Intangible Assets has been regrouped and disclosed accordingly.

h. Upto the year ended March 31, 2004, expense incurred on Liquidated Damages arising out of contract was included in Site Expenses and hence classified as part of Operating Expenses. During the current period ended September 30, 2005, the same has been regrouped and adjusted against Sales and Contract Revenue. In the statement of Profits and Losses as restated, for the previous years ended March 31, 2005, 2004, 2003, 2002 and 2001, Liquidated Damages has been regrouped and disclosed accordingly.

i. Upto the year ended March 31, 2004, Royalty Charges were included in Fees and taxes and hence classified as part of Operating Expenses. During the current period ended September 30, 2005, these have been regrouped under Material Consumed and Cost of Goods sold. In the statement of Profits and Losses as restated, for the years ended March 31, 2005, 2004, 2003, 2002 and 2001, Royalty Charges has been regrouped and disclosed accordingly.

j. Upto the year ended March 31, 2004, Mess Charges were included in Site/ Connectivity Charges and hence classified as part of Operating Expenses. During the current period ended September 30, 2005, these have been regrouped under Workman and Staff welfare. In the statement of Profits and Losses as restated, for the years ended March 31, 2005, 2004, 2003, 2002 and 2001, Mess Charges has been regrouped and disclosed accordingly.

k. Upto the year ended March 31, 2004, Repair and Maintenance Charges were included in Repair and Maintenance Charges and hence classified as part of Operating Expenses. During the current period ended

September 30, 2005, these have been regrouped under Materials Consumed. In the statement of Profits and Losses as restated, for the years ended March 31, 2005, 2004, 2003, 2002 and 2001, Repair and Maintenance have been regrouped and disclosed accordingly.

l. Upto the year ended March 31, 2004, certain expenses were classified and shown as extraordinary items. During the current period ended September 30, 2005, these have been regrouped under Operating Expenses. In the statement of Profits and Losses as restated, for the years ended March 31, 2005, 2004, 2003, 2002 and 2001, such expenses have been regrouped and disclosed accordingly.

m. Upto the year ended March 31, 2005, Preoperative Expenditure (pending capitalisation) were included in Capital Work in Progress. During the current period ended September 30, 2005, these have been shown seperately. In the statement of Assets and Liabilities as restated, for the years ended March 31, 2005 and 2004, Preoperative Expenditure pending capitalisation have been regrouped and disclosed accordingly.

8 Non - Adjustment Items

a. **UNSPENT LIABILITIES WRITTEN BACK - ISP DIVISION**

During the year ended March 31, 2004, ISP Division of Spectra Net Limited has been merged with the Company with effect from April 01, 2003. During the period ended September 30, 2005, certain liabilities of earlier years of the ISP Division were written back which are related to the period prior to merger. For the purpose of this statement, the said liabilities have not been adjusted in the respective years as ISP Division was not a part of the Company's operation in those years.

b. **UNUSED MATERIALS**

During the year ended March 31, 2005, certain unused materials at construction sites closed during the year have been transferred to other sites/ central warehouse at the lower of cost and estimated realizable values as against the hitherto followed for of transferring these at Nil values in earlier years. Adjustments on this account have not been made in the financial statements for the period ended September 30, 2005 and year ended March 31, 2004, 2003, 2002 and 2001 and the brought forward balance in Profit and Loss Account as at April 1, 2000 in the absence of available information. However, in the opinion of the Company, the impact of the same on the summary statement of profits and losses, as restated, is not material.

9 Auditor's Qualifications:

a The Company had executed two projects of Sulphur Recovery Units (SRU) of Indian Oil Corporation Limited (IOCL) at their refineries at Mathura and Vadodara in an earlier year on back-to-back basis for Petrofac International Limited (PIL) who was the main contractor. IOCL had withheld payments from PIL on account of duties and taxes and PIL had in turn withheld Rs.296,214 thousand in an earlier year, which are outstanding as debts at the close of the year ended September 30, 2005. PIL had gone into arbitration against IOCL and lodged claims for recovery of above amount along with interest and also some other claims amounting to Rs.387,034 thousand. During the year ended March 31, 2005, the Company has initiated the arbitration proceedings for recovery of withheld amounts and other claims including interest. The arbitration proceedings are in advanced stages and the Company has been advised legally that it entitled to the recovery of amount withheld along with interest. Accordingly, the Company, during the period ended on September 30, 2005and during the year ended on March 31, 2005, has taken a credit for interest of Rs. 7,325 thousand and Rs. 65,659 thousand respectively on conservative estimated basis.

The statutory auditors' have qualified their opinion on the financial statements for the period ended September 30, 2005 and year ended March 31, 2005 on account of credit taken for interest of the abovementioned amount, which is not in accordance with Accounting Standard 9 on Revenue Recognition issued by the Institute of Chartered Accountant of India. Accordingly, adjustments are made to the statement of financial statements, as restated for the period ended September 30, 2005 and for the year ended March 31, 2005 to reverse such credit of interest income.

b. Other Audit qualifications, which do not require any corrective adjustment in the financial information are as follows:

i. **Financial year ended March 31, 2005**

CARO

The management has not conducted the physical verification of inventory of the value of Rs. 32,713 thousand at the close of the year in Georgia Branch.

Due to physical verification not being carried out at Georgia branch, discrepancies, if any, with the books could not be ascertained.

Internal Control in respect to accounting of purchase of inventory and fixed assets needs strengthening.

Coverage of the internal audit system requires to be enlarged to cover controls over information technology (IT) related risks.

There are delays in the early part of the year, which are not serious, in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty and cess.

ii. **Financial period ended March 31, 2004**

CARO

The company is regular with some delays in depositing with appropriate authorities, undisputed statutory dues including Provident Fund, Investor Education Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other statutory dues applicable to the company.

Long-term funds (retained profit) have been used for short-term purposes.

ANNEXURE IV-A: SIGNIFICANT ACCOUNTING POLICIES FOR THE PERIOD ENDED SEPTEMBER 30, 2005

(a) Basis of preparation

The Company maintains its accounts on accrual basis following the historical cost convention, (except for the revaluation of certain fixed assets), and in accordance with Accounting Standards referred to in section 211(3c) of the Companies Act, 1956 and other requirements of the Act. The accounting policies have been consistently applied by the Company and are consistent with those used in previous year.

(b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities as at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

(c) Fixed assets

Fixed assets are stated at cost, (other than some fixed assets which are stated at values as determined by the valuer), less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Financing costs relating to acquisition of fixed assets are also included to the extent they relate to the year till such assets are ready to be put to use.

The carrying amount of fixed assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

(d) Method of depreciation

i) Depreciation on the fixed assets is charged on straight line method, at the rates specified in Schedule XIV to the Companies Act, 1956, (except to the extent stated in para ii and vi below), which are based on the useful lives of the assets. In case of revalued assets, the difference between depreciation on original cost and revalued amount is transferred from revaluation reserve to profit and loss account.

ii) Depreciation on the following fixed assets of Internet Service division is charged on straight line method at the rates, based on useful lives of the assets as estimated by the management, which are equal to or higher than the rates specified by Schedule XIV.

Asset Description	**Depreciation Rate**
Plant and machinery	10%
Networking equipment*	10%
Office equipment	10%
Ducts and optical fiber cables*	4.75%

* Included under Plant & Machinery.

iii) Amount added to assets on account of foreign exchange fluctuation is depreciated prospectively over the remaining useful lives of the respective assets.

iv) No amortization is made for leasehold land, which is under perpetual lease.

v) Assets costing less than Rs. 5,000 each are depreciated @ 100%.

vi) Depreciation on Company's share of fixed assets of an unincorporated joint venture is provided on straight-line method at the following rates based on their useful lives as estimated by the management of the joint venture.

Asset Description	Depreciation Rate
Buildings	10%
Plant & Machinery	20%
Vehicles	20%
Furniture, fixtures & office equipments	20%

vii) Intangibles

(a) Goodwill arising on acquisition of the Internet Service Division is depreciated using the straight-line method over a period of five accounting years.

(b) Depreciation is provided on different softwares used by the Company based on the nature and useful lives of these softwares as mentioned below:

(i) Softwares of project division are depreciated @ 16.21%.
(ii) Softwares of internet service division are depreciated @ 20%.
(iii) Softwares of an unincorporated joint venture are depreciated @ 33-1/3%.

(c) Depreciation on technical know how capitalized in Internet Service Division of the Company is provided @ 20%, based on its expected useful life as assessed by the management.

(e) Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost, after providing for any diminution in value, if such diminution is other than temporary in nature.

(f) Inventories

i) Stock in trade (Equipments), Stores, Spares and Consumables are valued at lower of cost and net realizable value. Cost is determined on weighted average basis.
ii) Work in progress related to projects is valued at net realizable value.
iii) Scrap is valued at net realizable value.
iv) Scaffoldings (included in Stores, Spares and Consumables) are valued at cost less amortization/charge based on their useful life, which is estimated at 10 years.
Net realizable value is the estimated selling price in the ordinary course of business less estimated costs to make the sale.

(g) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

i) Revenue from long term construction contracts is recognized on the percentage of completion method. Percentage of completion is determined as a proportion of cost incurred to date to the total estimated contract cost. However, profit is not recognized unless there is reasonable progress on the contract. In case, the total cost of a contract, based on technical and other estimates, is expected to exceed the corresponding contract value, such expected loss is provided for. The effect of any adjustment arising from revisions to estimates is included in the income statement of the year in which revisions are made. The revenue on account of extra claims and the expenditure on account of liquidated damages on construction contracts are accounted for at the time of acceptance in principle by the customers due to uncertainties attached thereto. Similarly, insurance claims are accounted for on settlement with insurers.

ii) Revenue from long term construction contracts executed in joint ventures under work sharing arrangements is recognized on the same basis as similar contracts independently executed by the Company. Revenue in joint ventures under profit sharing arrangements is recognized to the extent of the Company's share in joint ventures.

iii) Internet Service revenues comprise of revenues from registration, installation and provision of Internet services. Registration fee and installation charges are recognized on the admission of customer and completion of services respectively. Service revenue from Internet access is recognized pro-rata, calculated on the basis of provision of services or time duration of contract, as may be applicable.

iv) Revenue from sale of equipment is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer.

v) Revenue from hire charges is accounted for in accordance with the terms of agreements with the customers.

vi) Interest revenue is accounted for on a time proportion basis taking into account the amount outstanding and the rate applicable.

vii) Dividend revenue is recognized when the shareholders' right to receive payment is established by the balance sheet date.

(h) Deferred revenue expenditure

Deferred revenue expenses incurred during the preoperative period in Internet Service division and expenditure incurred for restructuring of loans are amortised to revenue over a period of five years from the year in which these are incurred.

(i) Foreign currency translation

Foreign currency transactions

i) **Initial Recognition**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

ii) **Conversion**

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

iii) **Exchange Differences**

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise except those arising from investments in non-integral foreign operations. Exchange differences arising on account of fixed assets acquired from outside India is capitalized.

Exchange differences arising on a monetary item that, in substance, forms part of company's net investment in a non-integral foreign operation are accumulated in a foreign currency translation reserve in the financial statements until the disposal of the net investment, at which time they are recognized as income or as expenses.

Foreign branches

The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the company itself.

In translating the financial statements of a non-integral foreign operation for incorporation in financial statements, the assets and liabilities, both monetary and non-monetary, of the non-integral foreign operation are translated at the closing rate; income and expense items of the non-integral foreign operation are translated at average exchange rates for the period; all resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of the net investment.

On the disposal of a non-integral foreign operation, the cumulative amount of the exchange differences which have been deferred and which relate to that operation are recognized as income or as expenses in the same period in which the gain or loss on disposal is recognized.

(j) Retirement and other employee benefits

i) Retirement benefits in the form of provident fund and superannuation / pension schemes are charged to Profit and Loss Account of the year when the contributions to the respective funds are due.

ii) The Company has taken an insurance policy under group gratuity scheme with Life Insurance Corporation of India to cover the gratuity liability of the employees of project division and amount paid/payable in respect of present value of liability for past services is charged to Profit and Loss Account on the basis of actuarial valuation at the end of the financial year. In respect of employees of ISP division, gratuity liability is accrued and provided for on the basis of an actuarial valuation made at the end of each financial year.

iii) Liability for leave encashment is provided for on actuarial valuation done at the end of the financial year except in case of the overseas branches, where liability is provided on actual basis for leaves standing to the credit of employees.

(k) Income taxes

Tax expense comprises both current and deferred taxes. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act 1961 and in the overseas branches as per the respective tax laws. Deferred income tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets are recognized on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty that such deferred tax assets can be realized against future taxable profits. Unrecognized deferred tax assets of earlier years are re-assessed and recognized to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realized.

(l) Lease transactions

In respect of lease transactions entered into on or after April 1, 2001 finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalized. If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss Account on a straight line basis over the lease term.

(m) Accounting for joint ventures

Accounting for joint ventures undertaken by the Company has been done as follows:

Type of Joint Venture	**Accounting Treatment**
Jointly Controlled Operations	Company's share of revenues, expenses, assets and liabilities are included in the financial statements as Revenues, Expenses, Assets and Liabilities respectively
Jointly Controlled Entities	Company's investment in joint ventures is reflected as investment and accounted for in accordance with para (e) above.

(n) Provisions

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

(o) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year after taxes attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

ANNEXURE IV-B : NOTES TO ACCOUNTS

1 Interest in joint ventures:

The Company's interest and share in joint ventures in the jointly controlled entities/operations as at September 30, 2005 are as follows:

a) **List of joint ventures as at September 30, 2005**

S.No	Name of Joint Ventures	Description of Interest	Nature of Project	Ownership Interest	Country of Incorporation or residence
1	Thiruvananthpuram Road Development Company Limited	Jointly Controlled Entity	Thiruvananthpuram City Improvement	50%	India
2	Punj Lloyd-Progressive Constructions JV	Jointly Controlled Operations	6 Laning of Jaipur By- pass	See Note (a)	**
3	Persys-Punj Lloyd JV	Jointly Controlled Operations	Construction of Elevated Viaduct from Kirti Nagar to Tilak Nagar, Delhi	See Note (a)	**
4	Punj Lloyd-PT Punj Lloyd Indonesia JV	Jointly Controlled Operations	36"Uran-Trombay Jawahardweep oil pipeline and 30" oil pipeline from Tee off at Sheva South to JNPT Project.	See Note (a)	**
5	Punj Lloyd - Limak JV	Jointly Controlled Operations	Construction of Baku Tiblisi Ceyhan Crude Oil Pipeline Project in Turkey	50%	**
6	Rajamundry Expressway Limited (REL) *	Jointly Controlled Entity	4 laning of a Section of NH-5	See Note (b)	India
7	Andhra Expressway Limited (AEL)*	Jointly Controlled Entity	4 laning of a Section of NH-5	See Note (b)	India
8	PLN Construction Limited (PLN) *	Jointly Controlled Entity	HDD Operations in India	See Note (b)	India
9	North Karnataka Expressway Limited (NKEL) *	Jointly Controlled Entity	4 Laning of Belgaum-Maharashtra Border on NH-4	See Note (b)	India

* Only for part of the year ended March 31, 2005
** Country of Incorporation not applicable, as these are Unincorporated Joint Ventures

Note: (a) The Company has entered into Joint Ventures with:

(i) Progressive Constructions Limited for 6 Laning of Jaipur By-pass,

(ii) Persys SDN,BHD for Construction of Elevated Viaduct from Kirti Nagar to Tilak Nagar, Delhi,

(iii) Laying of 36" Uran-Trombay Jawahardweep oil pipeline and 30" oil pipeline from Tee off at Sheva South to JNPT Project

As per joint venture agreements, the scope & value of work of each partner has been clearly defined and accepted by the clients. The Company's share in Assets, Liabilities, Income and Expenses are duly accounted for in the accounts of the Company in accordance with such division of work and therefore does not require separate disclosure. However, joint venture partners are, jointly & severally, liable to clients for any claims in these projects.

(b) (i) AEL & REL have ceased to be jointly control entities w.e.f. January 31, 2005. Prior to this date, ownership interest of the Company was 50%.

(ii) NKEL has ceased to be jointly control entity w.e.f. March 19, 2005. Prior to this date, ownership interest of the Company was 42%.

(iii) PLN has ceased to be jointly control entity w.e.f. October 24, 2004. Prior to this date, ownership interest of the Company was 50%.

b) Financial interest in jointly controlled entities

(Rupees in thousands)

		Company's Share of						
S.No	**Name of Joint Ventures Entity**	**Assets**	**Liabilities**	**Income**	**Expenditure**	**Tax**	**Capital Commitments**	**Contingent Liabilities**
1	Thiruvananthpuram Road Development Company Limited	298,096	237,223	-	-	-	@	-
2	Rajamundry Expressway Limited*	-	-	-	-	-	-	-
3	Andhra Expressway Limited*	-	-	-	-	-	-	-
4	PLN Construction Limited *	-	-	-	-	-	-	-
5	North Karnataka Expressway Limited *	-	-	-	-	-	-	-

* Only for part of the year ended March 31, 2005

Notes:

1) In respect of jointly controlled entity, the Company's share of Assets, Liabilities, Income and Expenditure have been included on the basis of unaudited financial statements received from the joint venture.

@ Capital Commitments- Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs. 1,294,465 thousand.

2. Contingent liabilities not provided for :

(Rupees in thousands)

		30-Sep-05	**31-Mar-05**	**31-Mar-04**	**31-Mar-03**	**31-Mar-02**	**31-Mar-01**
a) i)	Bank Guarantees given by the Company	294,882	331,332	886,495	1,892,627	2,015,466	1,587,117
ii)	Bank Guarantees given on behalf of subsidiaries and joint ventures	154,640	154,640	181,777	597,523	71,065	17,991
b)	Liquidated damages deducted by customers not accepted by the Company and pending final settlement.	447,802	447,451	23,918	6,029	-	-
c)	Corporate Guarantees given on behalf of subsidiaries, joint ventures and associates	4,559,357	4,427,651	1,486,477	1,435,500	1,360,000	1,005,000
d)	Differential amount of custom duty in respect of machinery imported under EPCG Scheme.	7,195	7,195	30,247	304,679	232,437	164,696
e)	Estimated future investments in joint venture companies in terms of respective shareholder agreements	40,049	170,050	222,223	582,340	840,440	-
f)	Income tax liability contested by the Company in appeal.	-	-	-	1,409	3,565	-
g)	Sales tax liability contested by the Company in appeal.	208,730	208,700	212,472	51,264	-	-
h)	The Company has not acknowledged as debt a claim lodged by one of its suppliers on account of services rendered in earlier years. The matter is under arbitration.	5,082	5,082	5,082	-	-	-

3. (a) The Company had executed two projects of Sulphur Recovery Units (SRU) of Indian Oil Corporation Limited (IOCL) at their refineries at Mathura and Vadodara in the year ended March 31, 2001 on back to back basis for Petrofac International Limited (PIL) who was the main contractor. IOCL had withheld payments from PIL on account of duties and taxes and PIL had in turn withheld Rs.223,230 thousand in an earlier year, which are outstanding as debts at the close of the period. PIL had gone into arbitration against IOCL and lodged claims for recovery of above amount along with interest and also some other claims amounting to Rs.387,034 thousand. These claims have not been accounted for in the books. Pending outcome of arbitration, amount withheld by PIL is being carried forward under sundry debtors. The Company has been legally advised that in terms of the contract, it is entitled to receive the above amount and hence, the same is considered good of recovery.

(b) The Company had executed a pipeline project at Dahej- Vijaypur for Gas Authority of India Limited (GAIL) in the year ended March 31, 2004. GAIL had withheld Rs. 422,942 thousand as liquidated damages and Rs. 40,297 thousand towards other claims, which the Company is disputing. Also, the Company has filed some other claims with GAIL amounting to Rs. 999,004 thousand. These claims have not been accounted for in the books. GAIL had proposed to the Company to refer the matter to its in house Grievance Settlement Mechanism (GSM). The matter is pending with GSM of GAIL and the amount of Rs.463,239 thousand is being carried forward under sundry debtors. The Company has been legally advised that there is no justification in imposition of liquidated damages and other claims by GAIL and hence the above amount is considered good of recovery.

(c) The Company had executed a pipeline project for Petronet MHB Limited in the year ended March 31, 2005. The customer had withheld Rs.4,440 thousand from the running bills, which are being carried forward under sundry debtors. The customer had also not certified the final bill amounting to Rs.64,000 thousand which is being carried forward under work in progress. The Company had raised claims for Rs.517,387 thousand, which are not accounted for in the books. For recovery of the said amounts, which are being disputed by the customer, the Company has initiated Arbitration proceedings. The matter is now pending for appointment of arbitrator as per the order of the Hon'ble Supreme Court of India. The outstanding amounts are considered good of recovery.

(d) The Company had executed a contract for Delhi State Industrial Development Corporation Limited (DSIDC) for construction of infrastructure project, which was completed in October 2002. The Customer had deducted Rs. 15,169 thousand from the bills of the Company. The Company had disputed the deductions made by the customer and filed legal suit for recovery. The above amount is being carried forward under sundry debtors and is considered good of recovery.

4. During the year ended March 31, 2005, the Company had received a demand from one of its customers in Oman for Rs. 72,096 thousand in relation to shipment charges incurred by the customer for importing pipes for the contract between the Company and the customer, which is disputed by the Company and therefore no provision thereagainst has been made in the financial statements. The Company has raised claims on the customer for Rs. 349,109 thousand towards idle charges and losses covered under customer's insurance policy, which has not been accepted by the customer. The ultimate outcome of the above matters can not presently be determined.

5. During the year ended March 31, 2005, the Company had raised variation orders of Rs. 1,468,000 thousand on Spie Capag-Petrofac International Limited (SCPIL) with whom the Company had entered into a contract for construction of pipelines in Georgia, which is pending acceptance of SCPIL and hence, the Company has not accounted for the same in the books of account. SCPIL had raised debit notes of Rs. 470,000 thousand on the Company for expenses incurred by them and these have not been accounted for by the Company. The Company has disputed these debit notes on the grounds that these does not pertain to the Company and that SCPIL has failed to maintain requisite documents as required in the contract between the Company and SCPIL. An amount of Rs. 356,600 thousand in respect of invoices already raised by the Company is withheld by SCPIL in view of the disputes. This amount is being carried forward under sundry debtors and is considered good of recovery.

SCPIL has served a notice of suspension to the Company vide letter dated 22 February 2005 and a notice of intention to terminate subcontract for default dated 28 March 2005. The Company does not accept the grounds for service of the notice and has issued notice for initiating arbitration proceedings for recovery of its dues and claims from SCPIL. The ultimate outcome of the dispute can not presently be determined.

6. During the year ended March 31, 2005, the Company has executed Vijaywada-Vishakhapatnam Road Project for National Highways Authority of India (NHAI) wherein it has raised certain claims aggregating to Rs. 377,724 thousand on NHAI for change in specification and other matters. While some of the claims have been decided in favour of the Company by Disputes Redressal Board (DRB) of NHAI, some other claims have been rejected by them, against which, NHAI and the Company respectively have gone to arbitration. Some of the claims are still pending decision by the DRB. Pending final decision, the above claims have not been accounted for in the books.

7. During the year ended March 31, 2005, the Company had executed Belgaum- Maharashtra Road Project through North Karnataka Expressway Limited (NKEL) for National Highways Authority of India (NHAI) wherein it has raised certain claims aggregating to Rs. 681,980 thousand on NHAI through NKEL on back to back basis for delay in delivery of right of way (ROW). The claim is pending with NHAI. Pending final decision, the above claim has not been accounted for in the books.

8. During the year ended March 31, 2005, the Company had made commitment to give donation to Pt. Kanhya Lal Dayawanti Punj Charitable Society amounting to Rs. 55,580 thousand in a phased manner over a period of two years vide a resolution passed in the meeting of Board of Directors dated December 20, 2004. Out of above, the Company has contributed Rs. 7,787 thousand (previous year Rs. 3,230 thousand) till the close of the period ended September 30, 2005.

9. (a) The Company alongwith one of its subsidiaries, Atna Investments Limited have invested Rs. 53,313 thousand in equity shares of Spectranet Limited (SNL), a subsidiary company engaged in the business of providing Cable TV services. SNL has been incurring losses and 22% of its net worth has been eroded. However, based on valuation of SNL done by a valuer and in view of this being a long term strategic investment, the management does not feel the necessity of making a provision thereagainst at this stage.

(b) The Company has invested Rs. 8,000 thousand in equity shares of Spectra Punjab Limited, a subsidiary company, which in earlier years had laid down optical fiber cable and ducts network in the State of Punjab for providing broad band services. Spectra Punjab operations remain suspended presently. However, the Company proposes to use its own internet service network to restart the operations of Spectra Punjab Limited. Based on the valuation of assets of Spectra Punj done by a valuer, there is no diminution in the value of the investment and hence no provision is required to be made there against.

10. Current Assets include Rs 4,225 thousand recoverable pursuant to agreements for sale of 1,28,400 shares of Lakhanpal National Limited entered into on March 27,1992, which are subject matter of a dispute in the Honourable High Court at Bombay, wherein the Company has been restrained from transferring these shares till the final disposal of the suit. These shares remain in the possession of the Company and the market value thereof at close of the year is Rs. 9,938 thousand (previous year Rs.6,259 thousand).

11. During the year ended March 31, 2005, the Company had entered into agreements to sell its investments in the shares of certain Companies of the Cost of Rs.111,974 thousand and had received advances of Rs. 132,274 thousand representing consideration for the future sale of shares (as defined in the above agreements) in these companies, including all accretions thereto till the date of sale. Through the above agreements to sell, the Company had agreed to give all the powers and rights in these shares to purchasers. The Company had issued an irrevocable power of attorney in favour of purchasers and also authorized these companies to remit the dividend on these shares to purchasers. In terms of the Power of Attorney, the Company has also authorized the designated personnel of purchaser to attend and cast vote at all general meetings of these companies in respect of these shares. In order to secure the due performance of its promise to complete the transaction in the manner contemplated in the agreement, the Company had pledged these shares in favour of purchasers. The Company had further agreed that purchasers shall be solely entitled for all accretions of shares in these companies whether by way of rights or preferential shares or otherwise. In terms of the above arrangement, the Company in the year ended march 31, 2005 had accounted for Rs. 20,300 thousand being the amount received in excess of book vale of shares (for all the companies) as income on transfer of the powers and rights in the underlying shares to purchasers and the balance consideration equivalent to the amount of investment in above shares appearing in the books is shown as deposit under Current Liabilities to be adjusted against the sale of shares in the above companies on the date of sale.

12. The Company in an earlier year had entered into an Assets Sale Agreement for sale of its certain fixed assets relating to ISP undertaking. The sale tax liability on such transaction is subject to determination by the relevant authorities for which an application is pending adjudication. The amount of such liability is indeterminable at present. As per agreement with the buyer, any such sale tax liability is to be borne by the buyer. Consequently, aforesaid sale tax liability on such transactions has not been provided for.

13. During the year ended March 31, 2005, the Company has reached a settlement with ICICI Bank Limited in respect of the loans and funded interest in respect of its Internet Services Division. As per the settlement, the Company has been given a waiver of Rs. 130,000 thousand in respect of funded interest and the same has been written back.

14. During the year ended March 31, 2005, the Company had incurred expenses of Rs. 39,060 thousand for issue of shares. In terms of Section 78 of Companies Act, 1956, these expenses have been adjusted against Securities Premium Account.

15. During the period ended September 30, 2005, the Company has converted 917,628 preference shares of Rs.10 each into 3,098,296 equity shares of Rs.10 each. The Company has capitalized the premium on the conversion by Rs. 21,807 thousand out of Securities Premium Account.

16. During the period ended September 30, 2005, expenses of Rs. 1,500 thousand incurred in connection with the proposed public offering have been adjusted against Securities Premium Account in terms of Section 78 of the Companies Act, 1956.

17. During the year ended March 31, 2005, the Company had requested the Joint Director General of Foreign Trade to mutate one of the EPCG licenses in favour of the Company from Spectra Net Limited, (as SpectraNet's Internet Service Provider undertaking had been acquired by the Company with effect from April 01, 2003) which is pending approval. The period to fulfill the export obligation against the abovementioned license has got expired on September 30, 2005. However, SpectraNet, in an earlier year, had applied for extension of time period for fulfilling the export obligation under the above license, which is still pending. Differential amount of custom duty payable in respect of machinery imported under the above license including interest thereon is Rs. 63,208 thousand, (previous year Rs.59,931 thousand).

18. During the period ended September 30, 2005, the Company has issued 16,449,239 bonus shares in the ratio of 3:5 to the existing shareholders on September 30, 2005 in terms of resolution passed by the Board of Directors on September 30, 2005. For this purpose, the Company has capitalized Rs.164,491 thousand out of General Reserve.

19. The Company has terminated the management services agreement with its subsidiary Punj Lloyd Kazakhstan-LLP w.e.f. April 01, 2005 and accordingly no income in respect thereof has been recorded for the period.

20. The Scheme of arrangement and demerger between Punj Lloyd limited (PLL), Spectra Net Limited(SNL) and Atna Investments Limited (AIL) has been approved by the Honorable High Court of Delhi vide its order August 16, 2004.

Accordingly, the accounts of the Company for the year ended March 31, 2004 have been prepared on consolidated basis.
The salient feature of Scheme are set out below:

1. De-merger of ISP division of Spetra Net Limited.
2. Merger of ISP division of Spectra Net Limited with Punj Lloyd Limited (leftover).
3. Reduction of Capital in Atna Investment Limited and Spectra Net Limited (leftover).

The scheme of arrangement and demerger has been accounted for under the purchase method i.e., assets and liabilities of erstwhile ISP division of Spectra Net Limited has been recorded in the books of the Company at book values as determined by the Board of Directors of Spectra Net Limited. The value of assets and liabilities acquired are effective 1st April 2003.

As part of the scheme of demerger and arrangement, there is reorganization of share capital of residual undertaking i.e., Spectra Net Limited (after demerger of ISP undertaking) and Atna Investments Limited, by way of reduction of share capital of Rs. 62,938 thousand and Rs.133,739 thousand respectively. Upon the said demerger of ISP division and reduction of share capital of residual Spectra Net Limited and Atna Investment Limited, the goodwill of Rs. 748,974 thousand is set out below.

(Rupees in Thousands)

		Assets	Liabilities
Fixed Assets		727,301	
Capital Work in Progress		395,429	
Pre-operative Expenses		1,698	
Inventory		35,238	
Cash and Bank		9,656	
Debtors		25,489	
Loans and Advances		57,401	
Investments		63,992	
Misc. Expenditure		51,448	
Secured Loans			1,031,367
Unsecured Loans			459,667
Current Liabilities			282,511
Depreciation charged in the books			146,372
Losses brought forward	757,930		
Less: Share Capital written off	205,661	552,269	
		1,919,921	**1,919,917**

The book loss and depreciation taken over are further appropriated alongwith reorganization of share capital of the residual undertaking i.e,. Spectra Net Limited (after demerger of ISP undertaking) to the Goodwill account as under:

Loss brought forward	(552,269)
Add: purchase consideration of 1817 share of Rs. 10 each	18
Add: reduction in shares held in residual Spectra Net Limited	(62,939)
Add: reduction in shares held in residual Atna Investment Limited	(133,748)
	(748,974)

ANNEXURE IVC: Details of Other Income, as restated

(Rupees in Thousands)

Sources of Income	September 30,2005	March 31,2005	March 31,2004	March 31,2003	March 31,2002	March 31,2001	Nature	Related/Not Related to Business Activity
Other Income as restated	132,943	279,321	175,480	39,278	91,352	68,954		
Net profit before tax, as per summary statement of Profits and Losses, as restated	(32,878)	38,149	722,691	380,818	64,099	406,279		
Percentage	**(404.35%)**	**732.18%**	**24.28%**	**10.31%**	**142.52%**	**16.97%**		
Source of Income								
Rent	1,064	2,128	7,134	11,569	11,696	12,491	Recurring	Not Related
Interest	6,963	24,856	9,084	5,158	2,661	17,372	Recurring	Not Related
Dividend on Long Term Investments	582	5,128	1,394	6,483	27,099	14,730	Non Recurring	Not Related
Profit on sale of Assets	10,593	-	-	-	-	-	Recurring	Related
Insurance Claims	1,463	6,816	70,822	5,095	6,885	11,474	Recurring	Related
Profit on sale of Long Term Investments	47,758	122,892	-	-	-	-	Non Recurring	Related
Profit on sale of Spares Stores & Consumables	6,048	-	-	-	-	-	Non Recurring	Related
Income on transfer of beneficial rights of Shares	-	20,300	-	-	-	-	Non Recurring	Related
Others	58,472	97,201	87,046	10,973	43,011	12,887	Recurring	Related
TOTAL	**132,943**	**279,321**	**175,480**	**39,278**	**91,352**	**68,954**		

Notes

1. The classification of income as Recurring/Non Recurring and Related / Not Related to business activity is based on the current operations and business activity of the Company as determined by the management.

2. The details of "Other Income" disclosed above are stated after adjusting the effect of restatement. The same have been shown gross of restatement in the Summary Statement of Profits and Losses, as restated and the adjustments have been listed separately under the head "Adjustments" in the Notes to Accounts.

3. Other Income for the year ended March 31, 2005, as restated above excludes Unspent Liabilities Written Back of ISP Division Rs.18,360 thousand and Waiver of funded Interest Rs.130,000 thousand and accordingly, the same have not been considered for the purpose of arriving of the percentage as shown above.

4. The figures disclosed above are based on the standalone summary statement of profits and losses, as restated of Punj Lloyd Limited.

ANNEXURE IV-D: CAPITALISATION STATEMENT AS AT SEPTEMBER 30, 2005

(Rupees in Thousands)

	Pre Issue	Post Issue
Long term debt	2,625,158	
Short term debt	2,033,116	
Working Capital Loan	2,074,129	
Total debt	**6,732,403**	
Shareholders' funds		
- Equity Share Capital	438,647	
- Securities Premium Account	2,515,867	
- Profit and Loss Account	1,619,470	
- Reserve and Surplus	156,730	
Total Shareholders' Funds	**4,730,714**	
Long term debt/equity	0.55	

Notes:

1) Short term debts represents debts which are due within twelve months from September 30, 2005.
2) Long term debt represents debt other than short term debt, as defined above.
3) Reserves excludes Asset Revaluation Reserves and include General Reserve, Capital Reserve, Foreign Project Utilised Reserve, Debenture Redemption Reserve and Exchange Fluctuation Reserve.
4) The figures disclosed above are based on the unconsolidated restated summary statement of Assets and Liabilities, as restated of Punj Lloyd Limited as at September 30, 2005.

$$\text{Long term debt/equity} = \frac{\text{Long term debt}}{\text{Total Shareholders' Funds}}$$

ANNEXURE IV-E: DETAILS OF LOANS

SECURED LOANS

(Rupees in thousands)

PARTICULARS	September 30, 2005	March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001
A) ON WORKING CAPITAL LOAN ACCOUNT						
I. FROM BANKS						
i) Secured by way of first charge on paripassu basis on current assets (excluding book debts) and second charge on paripassu basis on fixed assets of the project division of the Company and further secured by personal guarantee of Chairman & Managing Director of the Company.	374,777	56,538	-	-	-	-
ii) Secured by way of first charge on paripassu basis on current assets (excluding book debts) and second charge on paripassu basis on fixed assets of the project division of the Company.	189,631	210,724	-	-	-	-
iii) Secured by way of exclusive charge on the receivables of the specific projects financed by the bank, first paripassu charge on the current assets of the project division (excluding receivables of the project division), paripassu second charge on the movable assets of the project division of the Company and further secured by personal guarantee of Chairman & Managing Director of the Company.	1,094,980	644,820	1,158,504	1,371,646	1,186,464	1,148,506
iv) Secured by way of first charge on paripassu basis on current assets (except book debts) and second charge on fixed assets of the project division and manufacturing division of the Company and exclusive charge on receivables of specific projects financed by the bank and further secured by personal guarantee of Chairman & Managing Director of the Company.	-	63,622	270,800	409,120	398,288	-
v) Secured by way of first paripassu charge on fixed assets of the project division of the company and first charge on paripassu basis on current assets (except book debts) of the Company and further secured by personal guarantee of Chairman & Managing Director of the Company.	-	-	30,966	188,191	72,360	49,241
vii) Secured by way of exclusive charge on the receivables of the specific projects financed by the bank, first paripassu charge on the current assets of the project division (excluding book debts),and paripassu second charge on the movable assets of the project division of the Company .	39,614	-	-	-	-	-
TOTAL	**1,699,002**	**975,704**	**1,460,270**	**1,968,957**	**1,657,112**	**1,197,747**
II) FROM OTHERS						
i) Secured by hypothecation by way of charge on current assets (other than receivables) both present and future of the project division of the Company and exclusive charge on receivables of the projects financed Further secured by way of second charge on all the fixed assets of the Company.Further secured by personal guarantee of Chairman & Managing Director of the Company.	-	-	372,890	678,584	-	-
B) ON TERM LOAN ACCOUNT						
I) FROM BANKS						
i) Secured by way of first charge on paripassu basis on fixed assets of the project division of the Company and further secured by personal guarantee of Chairman & Managing Director of the Company.	424,739	149,740	212,500	250,000	46,875	109,375
ii) Secured by way of exclusive charge on the equipment purchased out of the proceeds of loan.	618,762	693,011	779,560	930,501	280,499	234,503
iii) Secured by way of first paripassu charge on movable fixed assets of the project division of the Company.	819,975	899,988	600,823	320,000	320,000	240,400
iv) Secured by way of exclusive charge on financed fixed assets and second charge on paripassu basis on current assets of the Company and further secured by personal guarantee of Chairman & Managing Director of the Company.	137,500	162,490	200,005	-	-	-

PARTICULARS	September 30, 2005	March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001
v) Secured by way of second paripassu charge on the current assets (excluding receivables) of the project division of the Company and second paripassu charge on the fixed assets of the project division of the Company and further secured by personal guarantee of Chairman & Managing Director of the Company.	-	50,000	100,926	-	-	-
vi) Secured by way of subservient charge on the entire current and movable fixed assets of the project division of the Company.	300,000	150,000	-	-	-	-
vii) Secured by way of paripassu first charge on the existing and future movable fixed assets of the project division of the Company, paripassu second charge on current assets of the project division of the Company (excluding receivables of the Company) and further secured by personal guarantee of Chairman & Managing Director of the Company.	470,577	514,955	572,778	-	-	-
viii) Secured by way of second paripassu charge on the movable fixed assets of the project division of the Company and further secured by personal guarantee of Chairman & Managing Director of the Company.	599,999	599,853	500,141	-	-	-
ix) Secured by way of first paripassu charge on current assets (excluding book debts)of the project division of the Company and exclusive charge on the receivable of the project	-	-	157,877	347,905	150,000	240,000
x) Secured by way of first mortgage and charge on all the ISP division's immovable properties including all current assets.	-	-	297,920	-	-	-
xi) Secured by way of exclusive charge on the land and building for corporate office being built at Gurgaon.	175,748	-	-	-	-	-
TOTAL	**3,547,300**	**3,220,037**	**3,422,530**	**1,848,406**	**797,374**	**824,278**
II) FROM OTHERS						
i) Secured by first and exclusive charge by way of hypothecation on certain specific equipments	66,101	84,909	242,115	224,919	264,526	217,418
Interest Accured & due	-	-	-	-	2,930	3,347
ii) Secured by way of exclusive charge on the land and building for corporate office being built at Gurgaon.	-	138,500	36,000	-	-	-
iii) Secured by way of first paripassu charge on movable fixed assets of the project division of the Company.	-	-	105,000	180,000	225,000	235,000
TOTAL	**66,101**	**223,409**	**383,115**	**404,919**	**492,456**	**455,765**
III) HIRE PURCHASE CREDITORS	49,825	66,447	276,209	333,689	119,660	57,862
Secured by exclusive charge by way of hypothecation on certain specific equipments.						
IV) EXTERNAL COMMERCIAL BORROWINGS						
FROM BANK						
Secured by exclusive charge on the equipment financed through the loan.	37,041	44,187	59,367	-	-	-
V) NON-CONVERTIBLE DEBENTURES						
Secured by way of first paripassu charge on the movable fixed assets of the project division of the Company and further secured by equitable mortgage by deposit of title deeds of the immovable property.	-	-	-	26,667	53,333	80,000
TOTAL	**5,399,269**	**4,529,784**	**5,974,381**	**5,261,222**	**3,119,935**	**2,615,652**

UNSECURED LOANS

(Rupees in thousands)

PARTICULARS	September 30, 2005	March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001
i) ON WORKING CAPITAL LOAN ACCOUNT						
FROM BANK	375,127	332,695	219,319	10,313	-	-
ii) ON TERM LOAN ACCOUNT						
FROM BANKS	900,000	750,000	-	-	-	-
iii) FROM SUBSIDIARY COMPANY	8,500	-	8,248	-	-	-
iv) 10% UNSECURED REDEEMABLE NON-CONVERTIBLE DEBENTURES	12,120	12,120	24,240	36,360	48,480	60,600
v) INTER CORPORATE DEPOSITS	5,125	32,306	113,140	100,579	94,000	199,000
vi) EXTERNAL COMMERCIAL BORROWINGS						
FROM BANK	32,262	41,258	52,264	-	-	-
TOTAL	**1,333,134**	**1,168,379**	**417,211**	**147,252**	**142,480**	**259,600**

Notes:
1. The figures disclosed above are based on the unconsolidated summary statement of assets and liabilities, as restated of Punj Lloyd Limited.

ANNEXURE IV-F: Details of Investments, as restated

(Rupees in thousands)

	September 30,2005	March 31,2005	March 31,2004	March 31,2003	March 31,2002	March 31,2001
I- SUBSIDIARY COMPANIES						
A) UNQUOTED						
PUNJ LLOYD INC.	8,493	8,493	8,493	8,493	8,493	8,493
200,000 equity shares of USD 1 each.						
PUNJ LLOYD INTERNATIONAL LIMITED	4,452	4,452	4,452	4,452	4,452	4,452
100,000 equity shares of USD 1 each.						
SPECTRA INFRASTRUCTURES LIMITED	115,002	115,002	115,002	115,002	115,002	115,000
11,500,200 equity shares of Rs. 10 each .						
PUNJ LLOYD INSULATIONS LIMITED	2,552	2,552	2,552	2,552	2,552	2,551
25,520 equity shares of Rs. 100 each.						
SPECTRANET LIMITED	17,061	17,061	17,061	80,000	80,000	80,000
1,706,102 equity shares of Rs. 10 each.						
ATNA INVESTMENTS LIMITED	39,922	39,922	39,922	173,670	173,670	173,670
399,221 equity shares of Rs. 100 each.						
UPPAL HOTELS LIMITED	-	-	-	-	-	172,461
NIL equity shares of Rs. 10 each						
PUNJ LLOYD KAZAKHSTAN - LLP	185,858	4,058	4,058	4,058	-	-
US Dollars 4,213,448/- being 100.00% of the amount of Charter Capital.						
Out of the above USD 3,789,648/- amount of charter capital paid other than cash.						
PUNJ LLOYD (MALAYSIA)SDN,BHD	44,141	44,141	44,141	44,141	44,141	44,141
3,661,255 equity shares of 1.00 RM. Each.						
PLN CONSTRUCTIONS LIMITED	30,896	30,896	-	-	-	-

2,000,000 equity shares of Rs. 10 each.						
SPECTRA PUNJAB LIMITED	8,000	8,000	8,000	-	-	-
900,000 equity shares of Rs. 10 each.						
PT PUNJ LLOYD INDONESIA	10,910	10,910	10,801	10,801	10,801	-
605 equity shares of USD 500 each.						
B) QUOTED						
SPECTRA PUNJ LLOYD LIMITED	48,675	48,675	48,675	48,675	48,675	48,675
4,867,500 equity shares of Rs. 10 each.						
II- TRADE / JOINT VENTURE						
UNQUOTED						
RAJAHMUNDRY EXPRESSWAY LIMITED	36,975	36,975	132,000	132,000	850	-
3,697,500 equity shares of Rs. 10 each.						
ANDHRA EXPRESSWAY LIMITED.	36,975	36,975	128,000	128,000	850	-
3,697,500 equity shares of Rs. 10 each.						
PLN CONSTRCUTION (P) LTD.	-	-	10,000	10,000	10,000	10,000
NIL equity shares of Rs. 10/- each						
NORTH KARNATAKA EXPRESSWAY LIMITED	75,724	75,724	249,360	100,100	249	-
7,572,400 equity shares of Rs.10 each.						
THIRUVANANTHPURAM ROAD DEVELOPMENT COMPANY LIMITED	250	250	-	-	-	-
25,000 equity shares of Rs. 10 each.						
VADODRA HALOL TOLL ROAD COMPANY LIMITED	-	-	35,000	-	-	-
NIL equity shares of Rs.10 each.						
III- NON-TRADE						
A) UNQUOTED						
BISTRO HOSPITALITY (P) LIMITED	28,782	32,800	32,800	32,800	32,800	32,800
2,878,200 equity shares of Rs.10 each.						
RFB LATEX LIMITED.	5,200	5,200	5,200	5,200	5,200	5,200
NIL equity shares of Rs.10 each.						
AROOSHI ENTERPRISES (P) LIMITED	5,985	5,985	1,082	-	-	-
598,500 equity shares of Rs.10 each.						
JACOB BALLAS CAPITAL INDIA (P) LIMITED	-	19,000	20,000	20,000	20,000	20,000
(Formerly VICKERS BALLAS SECURITIES INDIA LTD)						
NIL equity shares of Rs.10 each.)						
B) QUOTED						
HINDUSTAN OIL EXPLORATION LTD.						
NIL equity shares of Rs. 10/- each	-	-	-	68,488	68,488	68,488
BERGER PAINTS LIMITED	2,887	2,887	2,887	2,887	2,887	2,887
115,500 equity shares of Rs.2 each.						
SUB TOTAL	**708,740**	**549,958**	**919,486**	**991,319**	**629,110**	**788,818**
LESS : DEPLETION IN THE VALUE OF INVESTMENTS	(1,376)	(1,376)	-	-	-	-
TOTAL	**707,364**	**548,582**	**919,486**	**991,319**	**629,110**	**788,818**
a) Aggregate Cost of Quoted Investments	51,562	51,562	51,562	120,050	120,050	120,050
b) Aggregate Cost of Unquoted Investments	655,802	497,020	867,924	871,269	509,060	668,768
c) Aggregate market value of quoted investments	55,634	53,503	50,323	72,329	95,795	65,217

Notes:

1. The figures disclosed above are based on the unconsolidated summary statement of assets and liabilities, as restated of Punj Lloyd Limited.

ANNEXURE IV-G : Details of Sundry Debtors

(Rupees in thousand)

	September 30, 2005	March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001
Debts Outstanding for a period exceeding Six months						
Unsecured , considered good	1,710,070	1,236,186	493,208	365,024	303,650	178,409
Unsecured, considered Doubtful	8,300	8,300	-	-	-	-
Other Debts						
Unsecured , Considered good	1,311,541	1,895,742	1,664,001	1,930,957	988,627	488,822
Less Provision for Doubtful Debts	8,300	8,300	-	-	-	-
TOTAL	**3,021,611**	**3,131,928**	**2,157,209**	**2,295,981**	**1,292,277**	**667,231**

Notes:

1. The figures disclosed above are based on the unconsolidated summary statement of assets and liabilities, as restated of Punj Lloyd Limited.

ANNEXURE IV-H : Details of Loans and Advances, as restated

(Rupees in thousand)

	September 30, 2005	March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001
Unsecured, considered good						
Loans to employees	2,344	3,569	14,382	15,486	13,525	12,769
Inter corporate deposits	18,462	22,743	4,500	7,250	7,250	7,250
Advances recoverable in cash or in kind or for value to be received	778,734	779,974	840,941	1,451,124	648,689	544,181
Due from subsidiaries	137,362	102,549	177,408	525,498	502,243	501,803
Advances for proposed investments	195,689	13,104	227,028	-	110,051	-
Sales tax recoverable	154,152	121,795	76,149	57,732	51,777	32,526
Advance income tax / tax recoverable (net of provisions)	542,076	430,230	249,156	62,135	49,852	2,028
Deposits - others	35,585	25,710	71,908	1,578	1,578	790
Considered Doubtful						
Advances recoverable in cash or in kind or for value to be received	-	-	913	-	-	-
	1,864,404	**1,499,674**	**1,662,385**	**2,120,803**	**1,384,965**	**1,101,347**
Less: provision for doubtful advances	-	-	(913)	-	-	-
Total	**1,864,404**	**1,499,674**	**1,661,472**	**2,120,803**	**1,384,965**	**1,101,347**

Notes:
1. The figures disclosed above are based on the unconsolidated summary statement of assets and liabilities, as restated of Punj Lloyd Limited.

ANNEXURE IV-I : STATEMENT OF ACCOUNTING RATIOS (on restated numbers)

PARTICULARS	**September 30, 2005**	**March 31, 2005**	**March 31, 2004**	**March 31, 2003**	**March 31, 2002**	**March 31, 2001**
Basic Earnings per share (Rs.)	(1.02)	2.89	18.93	7.04	1.44	8.77
Diluted Earnings per share (Rs.)	(0.90)	-*	18.88	7.04	1.44	8.77
Cash Earnings per share (Rs.)	6.33	25.43	38.93	13.76	9.03	15.76
Return on net worth (%)	(0.84%)	2.15%	25.38%	12.48%	2.32%	14.50%
Net asset value per equity share (Rs.)	121.50	134.24	74.60	56.42	62.16	60.48
Weighted average number of equity shares outstanding during the year	38,934,492	35,301,822	33,031,680	33,031,680	33,031,680	33,031,680
Weighted average number of equity shares outstanding during the year (including shares having dilutive effect)	43,864,662	-	33,125,093	33,031,680	33,031,680	33,031,680

Total number of shares outstanding at the end of the year	43,864,662	24,317,127	20,644,800	20,644,800	20,644,800	20,644,800

* During the year ended March 31, 2005, the Company had issued 917,628 of preference shares convertible into equity shares at a later date. However, the conversion price being not determinable at that time, diluted earnings per share could not be computed.

Notes:

1. The ratios have been computed as below:

Basic and Diluted Earnings per share before adjusting exceptional item (Rs.)

$$\frac{\text{Net profit/(loss) (after tax) attributable to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the year}}$$

Cash Earnings per share (Rs.)

$$\frac{\text{Net profit/(loss) (after tax,before depreciation/amortisation and deferred taxes) attributable to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the year}}$$

Return on net worth (%)

$$\frac{\text{Net profit/(loss) after tax as per Profit and Loss Account}}{\text{Net worth at the end of the year (excluding preference share capital)}}$$

Net asset value per equity share (Rs.)

$$\frac{\text{Net worth at the end of the year (excluding preference share capital)}}{\text{Weighted average number of equity shares outstanding at the end of the year}}$$

2. Weighted average number of equity shares is the number of equity shares outstanding at the beginning of the year,adjusted by the number of equity shares issued during the year multiplied by the time-weighting factor. The time-weighting factor is the number of days for which the specific shares are outstanding as a proportion of the total number of days during the year.

3. Net profit/(Loss), as appearing in the statement of profit and loss of the respective years, has been considered for the purpose of computing the above ratios. These ratios are computed on the basis of unconsolidated restated financial statements of the Company.

4. Earnings per share calculations are done in accordance with Accounting Standard 20 "Earnings Per Share" issued by the Institute of Chartered Accountants of India. In terms of para 24 of AS-20, in case of a bonus issue, the number of equity shares outstanding before the event is adjusted for the proportionate change in thenumber of equity shares outstanding as if the event had occured at the beginning of the earliest period reported. Weighted average number of equity shares outstanding during all the previous periods have been considered accordingly.

5. During the period ended September 30, 2005,the Company has made allotment of equity shares of Rs.10/-each on the following dates:

Date of Allotment	No.of Equity Shares
September 30, 2005	19,547,535
Total	**19,547,535**

6. Net worth means Equity Share Capital + Reserves and Surplus (excluding asset revaluation reserve) - Miscellaneous Expenditure not written off or adjusted.

7. The figures disclosed above are based on the unconsolidated restated financial statements of Punj Lloyd Limited.

ANNEXURE IV-J: DETAILS OF RATES OF DIVIDEND

The dividends declared by the Company during the period ended September 30, 2005 and the last five fiscal years are presented below.

(Rupees in Thousands)

Particulars	September 30, 2005	March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001
Equity Share Capital (In Rupees Thousands)	438,647	243,171	206,448	206,448	206,448	206,448
Interim Dividend in %	-	-	-	-	7*	-
Amount of Dividend	-	-	-	-	14,451	-
Dividend Tax	-	-	-	-	1,474	-
Final Dividend in %	-	7.5	12.5	-	-	12.5
For 2003	-	-	7.5**	-	-	-
Amount of Dividend	-	18,238	41,292	-	-	25,806
Dividend Tax	-	2,558	5,357	-	-	2,632
Preference Share Capital (In Rupees Thousands)	-	918	-	-	-	-
Dividend in %	-	-	-	-	-	-

* Declared during the financial year ended June 30, 2002.
** For the financial year ended June 30, 2003.

Notes:

1. The amounts paid as dividend in the past is not indicative of the dividend policy in the future.
2. The figures disclosed above are based on the unconsolidated summary statement of profits and losses, as restated of Punj Lloyd Limited.

ANNEXURE IV-K : STATEMENT OF TAX SHELTERS

(Rupees in Thousands)

	September 30,2005	March 31,2005	March 31,2004	March 31,2003	March 31,2002	March 31,2001
Profit before Current and Deferred Taxes as restated	(32,878)	38,149	722,691	380,818	64,099	406,279
Tax rate	33.66	36.59	35.88	36.75	35.70	39.55
Tax at Notional Rate	(11,066)	13,959	259,265	139,951	22,883	160,683
Adjustments:						
Permanent Differences						
Deduction under Section 80HHB of the Income tax Act("the Act")	-	-	7,198	21,071	8,012	17,104
Deduction u/s 24 of the Income tax Act("the Act")	-	-	1,231	3,471	3,509	3,123
Loss/(Profit) on sale of Investments	47,758	143,191	(40,229)	-	(13,879)	-
Provision for diminution in value of Investment	-	(1,376)	-	-	-	-
Dividend exempt under the act	582	5,128	1,394	-	7,863	751
Donation disallowed under Income Tax	(3,793)	(3,185)	(712)	(355)	(450)	(604)
Expenses not allowable in Income Tax	(903)	(142,372)	(146,917)	(122)	(103)	(114)
Other Disallowances	-	-	-	-	(1,937)	(2,452)
Temporary Differences						
Difference between book depreciation and tax depreciation	(141,114)	11,039	116,775	114,467	35,596	71,255
Difference due to expenses allowable/ disallowable u/s 43B of the Income tax Act("the Act")	66,876	130,870	(53,862)	(5,777)	3,329	(8,673)
Deferred Revenue Expenses	-	(9,212)	(59,232)	(11,907)	(24,037)	9,423
Provision for doubtful Debt	-	(8,300)	(913)	-	-	21,408
Total Adjustments	(30,594)	125,782	(175,268)	120,847	17,904	111,221
Tax Saving thereon	(10,298)	46,027	(62,877)	44,411	6,392	43,988
Tax Liability after considering the adjustments	(768)	(32,067)	322,142	95,540	16,492	116,695
Tax Adjustment due to Unabsorbed losses	-	-	293,165	-	-	-
Tax payable for the year	(768)	(32,067)	28,977	95,540	16,492	116,695

ANNEXURE IV-L : Details of transactions with related parties

	Subsidiaries (In Rupees Thousands)					Joint Ventures (In Rupees Thousands)				
	As at 30-Sep-05	As at 31-Mar-05	As at 31-Mar-04	As at 31-Mar-03	As at 31-Mar-02	As at 30-Sep-05	As at 31-Mar-05	As at 31-Mar-04	As at 31-Mar-03	As at 31-Mar-02
INCOME										
Contract Revenue										
PLN Construction Limited	24,884	28,343	-	-	-	-	-	32,155	-	7,600
Thiruvananthapuram Road Development Company Limited	-	-	-	-	-	50,000	568,511	-	-	-
Andhra Expressway Limited	-	-	-	-	-	-	431,636	1,000,428	751,120	-
North Karnataka Expressway Limited	-	-	-	-	-	-	900,799	2,734,272	1,080,719	326,250
Vadodra Halol Toll Road Limited	-	-	-	-	-	-	-	-	-	-
Spectra Net Limited	-	-	-	-	13,181	-	-	-	-	-
Pt. Punj Lloyd Indonesia	-	-	-	39,285	-	-	-	-	-	-
Sales - Export										
Punj Lloyd Kazakhstan LLP	543	13,955	15,444	-	-	-	-	-	-	-
Rent										
Spectra Punj Lloyd Limited	391	782	-	-	-	-	-	-	-	-
PLN Construction Limited	360	720	-	-	-	-	-	720	-	-
Spectra Net Limited	-	3,600	-	-	-	-	-	-	-	-
Punj Lloyd Insulations Limited	313	626	-	-	-	-	-	-	-	-
Income from Hire charges										
Spectra Punj Lloyd Limited	16,802	13,382	29,831	6,245	10,541	-	-	-	-	-
PLN Construction Limited	-	8,427	-	-	-	-	-	-	7,923	4,886
Punj Lloyd Kazakhstan LLP	-	34,304	-	-	-	-	-	-	-	-
Management Fees										
Punj Lloyd Kazakhstan LLP		112,527	-	96,261	-	-	-	-	-	-
Others										
Punj Lloyd (Malaysia) Sdn. Bhd.	-	6,327	-	-	-	-	-	-	-	-
PLN Construction Limited	1,908	11,980	-	-	-	-	-	-	-	-
Spectra Net Limited	-	2,216	-	-	-	-	-	-	-	-
Dividend income from long term investments										
PLN Construction Limited	-	-	-	-	-	-	4,500	-	-	2,500
Punj Lloyd Inc.	-	-	-	-	9,596	-	-	-	-	-
Punj Lloyd International	-	-	-	-	9,640	-	-	-	-	-
Spectra Punj Lloyd Limited	-	-	-	4,356	4,137	-	-	-	-	-
EXPENDITURE										
Contractors Charges										
Punj Lloyd Insulations Limited	30,247	28,397	33,465	7,097	22,965	-	-	-	-	-
Punj Lloyd International	-	3,390	-	-	-	-	-	-	-	-
Spectra Punj Lloyd Limited	-	22,927	-	-	-	-	-	-	-	-
PLN Construction Limited	-	-	-	-	-	-	-	58,086	185,078	36,264
Material Consumed										
Punj Lloyd Insulations Limited	-	1,142	-	-	-	-	-	-	-	-
Hire Charges										
Spectra Punj Lloyd Limited	-	53,358	-	425,777	300,617	-	-	-	-	-
Financial Charges										
Punj Lloyd Inc.	-	409	-	-	-	-	-	-	-	-

	Subsidiaries (In Rupees Thousands)					Joint Ventures (In Rupees Thousands)				
	As at 30-Sep-05	As at 31-Mar-05	As at 31-Mar-04	As at 31-Mar-03	As at 31-Mar-02	As at 30-Sep-05	As at 31-Mar-05	As at 31-Mar-04	As at 31-Mar-03	As at 31-Mar-02
Consultancy/Professional charges										
SNP Punj	-	-	-	-	-	-	-	-	-	-
Arti Jaidev Inder Singh	-	-	-	-	-	-	-	-	-	-
Managerial Remuneration										
Atul Punj	-	-	-	-	-	-	-	-	-	-
V.K. Kaushik	-	-	-	-	-	-	-	-	-	-
Luv Chhabra	-	-	-	-	-	-	-	-	-	-
Uday Punj	-	-	-	-	-	-	-	-	-	-
Mahinder Prakash	-	-	-	-	-	-	-	-	-	-
P.K.Gupta	-	-	-	-	-	-	-	-	-	-
V.K.Sud	-	-	-	-	-	-	-	-	-	-
Tarwinder Singh	-	-	-	-	-	-	-	-	-	-
H. K. Kaul	-	-	-	-	-	-	-	-	-	-
Rent										
Punj Business Center	-	-	-	-	-	-	-	-	-	-
M Prakash HUF	-	-	-	-	-	-	-	-	-	-
Vinita Chhabra	-	-	-	-	-	-	-	-	-	-
Atna Investments Limited	-	-	-	-	1,200	-	-	-	-	-
Others										
Spectra Net Limited	-	-	-	806	989	-	-	-	-	-
ASSETS										
Fixed Assets Purchased										
Spectra Punj Lloyd Limited	2,121	2,242	-	-	-	-	-	-	-	-
Spectra Net Limited	-	-	-	49	1,794	-	-	-	-	-
Fixed Assets Sale										
Punj Lloyd Insulations Limited	-	-	-	-	354	-	-	-	-	-
Spectra Net Limited	-	-	-	30	-	-	-	-	-	-
Pt. Punj Lloyd Indonesia	-	-	-	16,376	-	-	-	-	-	-
Share issue expenses										
Jacob Ballas Capital India Private Limited	-	-	-	-	-	-	-	-	-	-
Investment made during the year										
PLN Construction Limited	-	20,896	-	-	-	-	-	-	-	-
PT Punj Lloyd Indonesia	-	109	-	-	10,801	-	-	-	-	-
North Karnataka Expressway Limited	-	-	-	-	-	-	-	149,260	99,851	249
Thiruvananthapuram Road Development Company Limited	-	250	-	-	-	-	-	-	-	-
Vadodra Halol Toll Road Company Limited	-	-	-	-	-	-	-	-	-	-
Andhra Expressway Limited	-	-	-	-	-	-	17,000		127,150	850
Rajamundry Expressway Limited	-	-	-	-	-	-	13,000		131,150	850
Punj Lloyd Kazakhastan LLP	181,800			4,058	-	-	-	-	-	-
Spectra Infrastruture Ltd	-	-	-	-	2	-	-	-	-	-
Punj Lloyd Insulations Limited	-	-	-	-	1	-	-	-	-	-
Atna Investments Limited	-	-	-	-	1	-	-	-	-	-
Investment sold during the year										

	Subsidiaries (In Rupees Thousands)					Joint Ventures (In Rupees Thousands)				
	As at 30-Sep-05	As at 31-Mar-05	As at 31-Mar-04	As at 31-Mar-03	As at 31-Mar-02	As at 30-Sep-05	As at 31-Mar-05	As at 31-Mar-04	As at 31-Mar-03	As at 31-Mar-02
Rajahmundry Expressway Limited	-	-	-	-	-	-	108,025	-	-	-
Andhra Expressway Limited	-	-	-	-	-	-	108,025	-	-	-
North Karnataka Expressway Limited	-	-	-	-	-	-	173,636	-	-	-
Uppal Hotels Limited	-	-	-	-	172,461	-	173,636	-	-	-
Jacob Ballas Capital India Private Limited	-	-	-	-	-	-	-	-	-	-
Bistro Hospitality Private Limited	-	-	-	-	-	4,018	-	-	-	-
OTHERS										
Bank Guarantees Issued during the year										
Thiruvananthapuram Road Development Company Limited	-	-	-	-	-	-	25,000	-	-	-
Pt. Punj Lloyd Indonesia	-	-	-	156,163	-	-	-	-	-	-
Andhra Expressway Limited	-	-	-	-	-	-	-	-	-	-
Bank Guarantees redeemed during the year										
Pt. Punj Lloyd Indonesia	4,629	23,055	161,614	-	-	-	-	-	-	-
Punj Lloyd Kazakhstan LLP	-	27,137	2,703	-	-	-	-	-	-	-
Corporate Guarantees Issued during the year										
Spectra Punj Lloyd Limited	57,500	15,368	-	190,000	-	-	-	-	-	-
Punj Lloyd Kazakhstan LLP	70,373	1,687,258	75,013	-	-	-	-	-	-	-
PT. Punj Lloyd Indonesia	-	1,254,548	1,214,749	-	-	-	-	-	-	-
Bistro Hospitality Private Limited	-	-	-	-	-	-	-	-	-	-
Corporate Guarantees redeemed during the year										
Spectra Net Limited	20,809	-	1,155,000	-	-	-	-	-	-	-
Spectra Punj Lloyd Limited	-	-	99,785	-	-	-	-	-	-	-
Bistro Hospitality Private Limited	-	-	-	-	-	-	-	-	-	-
Advance for Proposed Investments										
Punj Lloyd Kazakhistan LLP	-	13,104	-	-	-	-	-	-	-	-
Andhra Expressway Limited	-	-	-	-	-	-	111,000	63,875	-	5,800
North Karnataka Expressway Limited	-	-	-	-	-	-	-	81,540		99,851
Thiruvananthapuram Road Development Company Limited	130,001	-	-	-	-	-	-	-	-	-
Rajamundry Expressway Limited	-	-	-	-	-	-	119,000	75,442	-	4,400
BALANCE OUTSTANDING										
Receivable / (payables)										
Spectra Net Limited	10,239	11,038	93,076	575,913	607,572	-	-	-	-	-
Spectra Punj Lloyd Limited	(15,884)	(63,372)	(64,885)	(101,506)	(77,823)	-	-	-	-	-
Punj Lloyd Insulations Limited	(13,917)	(8,924)	(954)	2,838	(1,903)	-	-	-	-	-
PT Punj Lloyd Indonesia	5,410	5,068	20,129	33,946	-	-	-	-	-	-
Punj Lloyd (Malaysia) Sdn. Bhd.	(44,780)	(44,141)	(53,912)	(24,330)	(19,702)	-	-	-	-	-
Punj Lloyd Inc.	6,974	6,976	7,066	2,088	2,492	-	-	-	-	-
Punj Lloyd International	10,999	(5,244)	(585)	-	-	-	-	-	-	-
Punj Lloyd Kazakhistan LLP	54,944	39,377	8,598	26,001	-	-	-	-	-	-
PLN Construction Limited	32,706	47,509	-	-	-	-	-	15,601	5,696	18,023
Spectra Punjab Limited	-	-	52,173	22,518	22,428	-	-	-	-	-

	Subsidiaries (In Rupees Thousands)					Joint Ventures (In Rupees Thousands)				
	As at 30-Sep-05	As at 31-Mar-05	As at 31-Mar-04	As at 31-Mar-03	As at 31-Mar-02	As at 30-Sep-05	As at 31-Mar-05	As at 31-Mar-04	As at 31-Mar-03	As at 31-Mar-02
Spectra Net Holding Limited	-	-	(8,248)	-	-	-	-	-	-	-
Spectra Infrastruture Ltd	150	-	-	768	768	-	-	-	-	-
Atna Investments Limited	50	-	-	(4,508)	(4,508)	-	-	-	-	-
Uppal Hotels Limited	-	-	-	-	1,253	-	-	-	-	-
Thiruvananthapuram Road Development Company Limited	-	-	-	-	-	37,402	174,227	-	-	-
Andhra Expressway Limited	-	-	-	-	-	-	-	115,378	98,402	(1,545)
North Karnataka Expressway Limited	-	-	-	-	-	-	-	153,939	324,710	-
Rajamundry Expressway Limited	-	-	-	-	-	-	-	84	613	(18)
Vadodra Halol Toll Road Limited	-	-	-	-	-	-	-	-	-	-
Bistro Hospitality Private Limited	-	-	-	-	-	-	-	-	-	-
Loans										
Spectra Net Holding	(8,500)	-	-	-	-	-	-	-	-	-
Investments										
Punj Lloyd Inc.	8,493	8,493	8,493	8,493	8,493	-	-	-	-	-
Punj Lloyd International Limited	4,452	4,452	4,452	4,452	4,452	-	-	-	-	-
Spectra Infrastructure Limited	115,002	115,002	115,002	115,002	115,002	-	-	-	-	-
Punj Lloyd Insulations Limited	2,552	2,552	2,552	2,552	2,552	-	-	-	-	-
Spectra Net Limited	17,061	17,061	17,061	80,000	80,000	-	-	-	-	-
Atna Investments Limited	39,922	39,922	39,922	173,670	173,670	-	-	-	-	-
Punj Lloyd Kazakhistan LLP	185,858	4,058	4,058	4,058	-	-	-	-	-	-
Punj Lloyd (Malaysia) Sdn. Bhd.	44,141	44,141	44,141	44,141	44,141	-	-	-	-	-
PLN Construction Limited	30,896	30,896	-	-	-	-	-	10,000	10,000	10,000
Spectra Punjab Limited	8,000	8,000	8,000	-	-	-	-	-	-	-
PT Punj Lloyd Indonesia	10,910	10,910	10,801	10,801	10,801	-	-	-	-	-
Spectra Punj Lloyd Limited	48,675	48,675	48,675	48,675	48,675	-	-	-	-	-
Rajamundry Expressway Limited	-	-	-	-	-	-	-	132,000	132,000	850
Andhra Expressway Limited	-	-	-	-	-	-	-	128,000	128,000	850
North Karnataka Expressway Limited	-	-	-	-	-	-	-	249,360	100,100	249
Thiruvananthapuram Road Development Company Limited	-	-	-	-	-	250	250	-	-	-
Vadodra Halol Toll Road Company Limited	-	-	-	-	-	-	-	-	-	-
Bistro Hospitality Private Limited	-	-	-	-	-	-	-	-	-	-
Jacob Ballas Capital India Private Limited	-	-	-	-	-	-	-	-	-	-
Bank Guarantees										
Pt. Punj Lloyd Indonesia	245,987	250,616	227,561	389,175	233,012	-	-	-	-	-
Punj Lloyd Kazakhstan LLP	-	-	27,137	29,840	-	-	-	-	-	-
Punj Lloyd - Progressive Construction JV	-	-	-	-	-	154,640	154,640	154,640	154,640	154,640
Andhra Expressway Limited	-	-	-	-	-	-	-	59,000	59,000	59,000
North Karnataka Expressway Limited	-	-	-	-	-	-	-	154,640	73,000	73,000
Thiruvananthapuram Road Development Company Limited	-	-	-	-	-	25,000	25,000	-	-	-
Corporate Guarantees										
Spectra Punj Lloyd Limited	142,274	105,583	90,215	190,000	-	-	-	-	-	-
Spectra Net Limited	-	-	-	1,155,000	1,155,000	-	-	-	-	-

	Subsidiaries (In Rupees Thousands)					Joint Ventures (In Rupees Thousands)				
	As at 30-Sep-05	As at 31-Mar-05	As at 31-Mar-04	As at 31-Mar-03	As at 31-Mar-02	As at 30-Sep-05	As at 31-Mar-05	As at 31-Mar-04	As at 31-Mar-03	As at 31-Mar-02
Punj Lloyd Kazakhstan LLP	1,842,625	1,762,271	75,013	-	-	-	-	-	-	-
Punj Lloyd Insulations Limited	22,500	22,500	22,500	22,500	22,500	-	-	-	-	-
PT. Punj Lloyd Indonesia	2,483,958	2,469,297	1,214,749	-	-	-	-	-	-	-
Bistro Hospitality Private Limited	-	-	-	-	-	-	-	-	-	-

	Associates (In Rupees Thousands)					Key management personnel or their relatives (In Rupees Thousands)				
	As at 30-Sep-05	As at 31-Mar-05	As at 31-Mar-04	As at 31-Mar-03	As at 31-Mar-02	As at 30-Sep-05	As at 31-Mar-05	As at 31-Mar-04	As at 31-Mar-03	As at 31-Mar-02
INCOME										
Contract Revenue										
PLN Construction Limited	-	-	-	-	-	-	-	-	-	-
Thiruvananthapuram Road Development Company Limited	-	-	-	-	-	-	-	-	-	-
Andhra Expressway Limited	-	-	-	-	-	-	-	-	-	-
North Karnataka Expressway Limited	-	-	-	-	-	-	-	-	-	-
Vadodra Halol Toll Road Limited	-	18,541	37,508	46,053	32,370	-	-	-	-	-
Spectra Net Limited	-	-	-	-	-	-	-	-	-	-
Pt. Punj Lloyd Indonesia	-	-	-	-	-	-	-	-	-	-
Sales - Export										
Punj Lloyd Kazakhstan LLP	-	-	-	-	-	-	-	-	-	-
Rent										
Spectra Punj Lloyd Limited	-	-	-	-	-	-	-	-	-	-
PLN Construction Limited	-	-	-	-	-	-	-	-	-	-
Spectra Net Limited	-	-	-	-	-	-	-	-	-	-
Punj Lloyd Insulations Limited	-	-	-	-	-	-	-	-	-	-
Income from Hire charges										
Spectra Punj Lloyd Limited	-	-	-	-	-	-	-	-	-	-
PLN Construction Limited	-	-	-	-	-	-	-	-	-	-
Punj Lloyd Kazakhstan LLP	-	-	-	-	-	-	-	-	-	-
Management Fees										
Punj Lloyd Kazakhstan LLP	-	-	-	-	-	-	-	-	-	-
Others										
Punj Lloyd (Malaysia) Sdn. Bhd.	-	-	-	-	-	-	-	-	-	-
PLN Construction Limited	-	-	-	-	-	-	-	-	-	-
Spectra Net Limited	-	-	-	-	-	-	-	-	-	-
Dividend income from long term investments										
PLN Construction Limited	-	-	-	-	-	-	-	-	-	-
Punj Lloyd Inc.	-	-	-	-	-	-	-	-	-	-
Punj Lloyd International	-	-	-	-	-	-	-	-	-	-
Spectra Punj Lloyd Limited	-	-	-	-	-	-	-	-	-	-
EXPENDITURE										
Contractors Charges										
Punj Lloyd Insulations Limited	-	-	-	-	-	-	-	-	-	-
Punj Lloyd International	-	-	-	-	-	-	-	-	-	-
Spectra Punj Lloyd Limited	-	-	-	-	-	-	-	-	-	-
PLN Construction Limited	-	-	-	-	-	-	-	-	-	-
Material Consumed										
Punj Lloyd Insulations Limited	-	-	-	-	-	-	-	-	-	-

	Associates (In Rupees Thousands)					Key management personnel or their relatives (In Rupees Thousands)				
	As at 30-Sep-05	As at 31-Mar-05	As at 31-Mar-04	As at 31-Mar-03	As at 31-Mar-02	As at 30-Sep-05	As at 31-Mar-05	As at 31-Mar-04	As at 31-Mar-03	As at 31-Mar-02
Hire Charges										
Spectra Punj Lloyd Limited	-	-	-	-	-	-	-	-	-	-
Financial Charges										
Punj Lloyd Inc.	-	-	-	-	-	-	-	-	-	-
Consultancy/Professional charges										
SNP Punj	-	-	-	-	-	-	60	60	60	75
Arti Jaidev Inder Singh	-	-	-	-	-	-	-	60	60	75
Managerial Remuneration										
Atul Punj	-	-	-	-	-		-	1,347	11,757	6,400
V.K. Kaushik	-	-	-	-	-	2,946	3,895	4,926	4,554	2,892
Luv Chhabra	-	-	-	-	-	2,992	3,759	4,411	3,920	1,628
Uday Punj	-	-	-	-	-	2,806	3,247	4,477	4,018	2,269
Mahinder Prakash	-	-	-	-	-	161	1,928	2,350	2,150	1,912
P.K.Gupta	-	-	-	-	-	1,140	2,422	2,591	2,332	1,885
V.K.Sud	-	-	-	-	-	943	2,312	2,534	2,230	1,780
Tarwinder Singh	-	-	-	-	-	1,889	1,882	-	-	-
H. K. Kaul	-	-	-	-	-	587	-	-	-	-
Rent										
Punj Business Center	-	-	-	-	-	-	-	-	-	-
M Prakash HUF	-	-	-	-	-	-	-	-	-	-
Vinita Chhabra	-	-	-	-	-	-	-	-	-	448
Atna Investments Limited	-	-	-	-	-	-	-	-	-	-
Others										
Spectra Net Limited	-	-	-	-	-	-	-	-	-	-
ASSETS										
Fixed Assets Purchased										
Spectra Punj Lloyd Limited	-	-	-	-	-	-	-	-	-	-
Spectra Net Limited	-	-	-	-	-	-	-	-	-	-
Fixed Assets Sale										
Punj Lloyd Insulations Limited	-	-	-	-	-	-	-	-	-	-
Spectra Net Limited	-	-	-	-	-	-	-	-	-	-
Pt. Punj Lloyd Indonesia	-	-	-	-	-	-	-	-	-	-
Share issue expenses										
Jacob Ballas Capital India Private Limited	-	34,275	-	-	-	-	-	-	-	-
Investment made during the year										
PLN Construction Limited	-	-	-	-	-	-	-	-	-	-
PT Punj Lloyd Indonesia	-	-	-	-	-	-	-	-	-	-
North Karnataka Expressway Limited	-	-	-	-	-	-	-	-	-	-
Thiruvananthapuram Road Development Company Limited	-	-	-	-	-	-	-	-	-	-
Vadodra Halol Toll Road Company Limited	-	-	35,000	-	-	-	-	-	-	-
Andhra Expressway Limited	-	-	-	-	-	-	-	-	-	-

	Associates (In Rupees Thousands)					Key management personnel or their relatives (In Rupees Thousands)				
	As at 30-Sep-05	**As at 31-Mar-05**	**As at 31-Mar-04**	**As at 31-Mar-03**	**As at 31-Mar-02**	**As at 30-Sep-05**	**As at 31-Mar-05**	**As at 31-Mar-04**	**As at 31-Mar-03**	**As at 31-Mar-02**
Rajamundry Expressway Limited	-	-	-	-	-	-	-	-	-	-
Punj Lloyd Kazakhastan LLP	-	-	-	-	-	-	-	-	-	-
Spectra Infrastruture Ltd	-	-	-	-	-	-	-	-	-	-
Punj Lloyd Insulations Limited	-	-	-	-	-	-	-	-	-	-
Atna Investments Limited	-	-	-	-	-	-	-	-	-	-
Investment sold during the year										
Rajahmundry Expressway Limited	-	-	-	-	-	-	-	-	-	-
Andhra Expressway Limited	-	-	-	-	-	-	-	-	-	-
North Karnataka Expressway Limited	-	-	-	-	-	-	-	-	-	-
Uppal Hotels Limited	-	-	-	-	-	-	-	-	-	-
Jacob Ballas Capital India Private Limited	-	1,000	-	-	-	-	-	-	-	-
Bistro Hospitality Private Limited	-	-	-	-	-	-	-	-	-	-
OTHERS										
Bank Guarantees Issued during the year										
Thiruvananthapuram Road Development Company Limited	-	-	-	-	-	-	-	-	-	-
Pt. Punj Lloyd Indonesia	-	-	-	-	-	-	-	-	-	-
Andhra Expressway Limited	-	-	-	-	-	-	-	-	-	-
Bank Guarantees redeemed during the year										
Pt. Punj Lloyd Indonesia	-	-	-	-	-	-	-	-	-	-
Punj Lloyd Kazakhstan LLP	-	-	-	-	-	-	-	-	-	-
Corporate Guarantees Issued during the year										
Spectra Punj Lloyd Limited	-	-	-	-	-	-	-	-	-	-
Punj Lloyd Kazakhstan LLP	-	-	-	-	-	-	-	-	-	-
PT. Punj Lloyd Indonesia	-	-	-	-	-	-	-	-	-	-
Bistro Hospitality Private Limited	-	-	16,000	-	-	-	-	-	-	-
Corporate Guarantees redeemed during the year										
Spectra Net Limited	-	-	-	-	-	-	-	-	-	-
Spectra Punj Lloyd Limited	-	-	-	-	-	-	-	-	-	-
Bistro Hospitality Private Limited	-	16,000	-	-	-	-	-	-	-	-
Advance for Proposed Investments										
Punj Lloyd Kazakhistan LLP	-	-	-	-	-	-	-	-	-	-
Andhra Expressway Limited	-	-	-	-	-	-	-	-	-	-
North Karnataka Expressway Limited		-	-	-	-	-	-	-	-	-
Thiruvananthapuram Road Development Company Limited	-	-	-	-	-	-	-	-	-	-
Rajamundry Expressway Limited	-	-	-	-	-	-	-	-	-	-

	Associates (In Rupees Thousands)					Key management personnel or their relatives (In Rupees Thousands)				
	As at 30-Sep-05	As at 31-Mar-05	As at 31-Mar-04	As at 31-Mar-03	As at 31-Mar-02	As at 30-Sep-05	As at 31-Mar-05	As at 31-Mar-04	As at 31-Mar-03	As at 31-Mar-02
BALANCE OUTSTANDING										
Receivable / (payables)										
Spectra Net Limited	-	-	-	-	-	-	-	-	-	-
Spectra Punj Lloyd Limited	-	-	-	-	-	-	-	-	-	-
Punj Lloyd Insulations Limited	-	-	-	-	-	-	-	-	-	-
PT Punj Lloyd Indonesia	-	-	-	-	-	-	-	-	-	-
Punj Lloyd (Malaysia) Sdn. Bhd.	-	-	-	-	-	-	-	-	-	-
Punj Lloyd Inc.	-	-	-	-	-	-	-	-	-	-
Punj Lloyd International	-	-	-	-	-	-	-	-	-	-
Punj Lloyd Kazakhistan LLP	-	-	-	-	-	-	-	-	-	-
PLN Construction Limited	-	-	-	-	-	-	-	-	-	-
Spectra Punjab Limited	-	-	-	-	-	-	-	-	-	-
Spectra Net Holding Limited	-	-	-	-	-	-	-	-	-	-
Spectra Infrastruture Ltd	-	-	-	-	-	-	-	-	-	-
Atna Investments Limited	-	-	-	-	-	-	-	-	-	-
Uppal Hotels Limited	-	-	-	-	-	-	-	-	-	-
Thiruvananthapuram Road Development Company Limited	-	-	-	-	-	-	-	-	-	-
Andhra Expressway Limited	-	-	-	-	-	-	-	-	-	-
North Karnataka Expressway Limited	-	-	-	-	-	-	-	-	-	-
Rajamundry Expressway Limited	-	-	-	-	-	-	-	-	-	-
Vadodra Halol Toll Road Limited	-	-	38,912	18,204	21,398	-	-	-	-	-
Bistro Hospitality Private Limited	-	-	39	26	26	-	-	-	-	-
Loans										
Spectra Net Holding	-	-	-	-	-	-	-	-	-	-
Investments										
Punj Lloyd Inc.	-	-	-	-	-	-	-	-	-	-
Punj Lloyd International Limited	-	-	-	-	-	-	-	-	-	-
Spectra Infrastructure Limited	-	-	-	-	-	-	-	-	-	-
Punj Lloyd Insulations Limited	-	-	-	-	-	-	-	-	-	-
Spectra Net Limited	-	-	-	-	-	-	-	-	-	-
Atna Investments Limited	-	-	-	-	-	-	-	-	-	-
Punj Lloyd Kazakhistan LLP	-	-	-	-	-	-	-	-	-	-
Punj Lloyd (Malaysia) Sdn. Bhd.	-	-	-	-	-	-	-	-	-	-
PLN Construction Limited	-	-	-	-	-	-	-	-	-	-
Spectra Punjab Limited	-	-	-	-	-	-	-	-	-	-
PT Punj Lloyd Indonesia	-	-	-	-	-	-	-	-	-	-
Spectra Punj Lloyd Limited	-	-	-	-	-	-	-	-	-	-
Rajamundry Expressway Limited	-	-	-	-	-	-	-	-	-	-
Andhra Expressway Limited	-	-	-	-	-	-	-	-	-	-

	Associates (In Rupees Thousands)					Key management personnel or their relatives (In Rupees Thousands)				
	As at 30-Sep-05	**As at 31-Mar-05**	**As at 31-Mar-04**	**As at 31-Mar-03**	**As at 31-Mar-02**	**As at 30-Sep-05**	**As at 31-Mar-05**	**As at 31-Mar-04**	**As at 31-Mar-03**	**As at 31-Mar-02**
North Karnataka Expressway Limited	-	-	-	-	-	-	-	-	-	-
Thiruvananthapuram Road Development Company Limited	-	-	-	-	-	-	-	-	-	-
Vadodra Halol Toll Road Company Limited	-	-	35,000	-	-	-	-	-	-	-
Bistro Hospitality Private Limited	-	32,800	32,800	32,800	32,800	-	-	-	-	-
Jacob Ballas Capital India Private Limited	-	-	20,000	20,000	20,000	-	-	-	-	-
Bank Guarantees										
Pt. Punj Lloyd Indonesia	-	-	-	-	-	-	-	-	-	-
Punj Lloyd Kazakhstan LLP	-	-	-	-	-	-	-	-	-	-
Punj Lloyd - Progressive Construction JV	-	-	-	-	-	-	-	-	-	-
Andhra Expressway Limited	-	-	-	-	-	-	-	-	-	-
North Karnataka Expressway Limited	-	-	-	-	-	-	-	-	-	-
Thiruvananthapuram Road Development Company Limited	-	-	-	-	-	-	-	-	-	-
Corporate Guarantees										
Spectra Punj Lloyd Limited	-	-	-	-	-	-	-	-	-	-
Spectra Net Limited	-	-	-	-	-	-	-	-	-	-
Punj Lloyd Kazakhstan LLP	-	-	-	-	-	-	-	-	-	-
Punj Lloyd Insulations Limited	-	-	-	-	-	-	-	-	-	-
PT. Punj Lloyd Indonesia	-	-	-	-	-	-	-	-	-	-
Bistro Hospitality Private Limited	68,000	68,000	84,000	68,000	68,000	-	-	-	-	-

	Enterprises over which relatives of Key Managerial Personnel are exercising significant influence (In Rupees Thousands)					Total (In Rupees Thousands)				
	As at 30-Sep -05	As at 31-Mar-05	As at 31-Mar-04	As at 31-Mar-03	As at 31-Mar-02	As at 30-Sep-05	As at 31-Mar-05	As at 31-Mar-04	As at 31-Mar-03	As at 31-Mar-02
INCOME										
Contract Revenue										
PLN Construction Limited	-	-	-	-	-	24,884	28,343	32,155	-	7,600
Thiruvananthapuram Road Development Company Limited	-	-	-	-	-	50,000	568,511	-	-	-
Andhra Expressway Limited	-	-	-	-	-	-	431,636	1,000,428	751,120	-
North Karnataka Expressway Limited	-	-	-	-	-	-	900,799	2,734,272	1,080,719	326,250
Vadodra Halol Toll Road Limited	-	-	-	-	-	-	18,541	37,508	46,053	32,370
Spectra Net Limited	-	-	-	-	-	-	-	-	-	13,181
Pt. Punj Lloyd Indonesia	-	-	-	-	-	-	-	-	39,285	-
Sales - Export										
Punj Lloyd Kazakhstan LLP	-	-	-	-	-	543	13,955	15,444	-	-
Rent										
Spectra Punj Lloyd Limited	-	-	-	-	-	391	782	-	-	-
PLN Construction Limited	-	-	-	-	-	360	720	720	-	-
Spectra Net Limited	-	-	-	-	-	-	3,600	-	-	-
Punj Lloyd Insulations Limited	-	-	-	-	-	313	626	-	-	-
Income from Hire charges										
Spectra Punj Lloyd Limited	-	-	-	-	-	16,802	13,382	29,831	6,245	10,541
PLN Construction Limited	-	-	-	-	-	-	8,427	-	7,923	4,886
Punj Lloyd Kazakhstan LLP	-	-	-	-	-	-	34,304	-	-	-
Management Fees										
Punj Lloyd Kazakhstan LLP	-	-	-	-	-	-	112,527	-	96,261	-
Others										
Punj Lloyd (Malaysia) Sdn. Bhd.	-	-	-	-	-	-	6,327	-	-	-
PLN Construction Limited	-	-	-	-	-	1,908	11,980	-	-	-
Spectra Net Limited	-	-	-	-	-	-	2,216	-	-	-
Dividend income from long term investments										
PLN Construction Limited	-	-	-	-	-	-	4,500	-	-	2,500
Punj Lloyd Inc.	-	-	-	-	-	-	-	-	-	9,596
Punj Lloyd International	-	-	-	-	-	-	-	-	-	9,640
Spectra Punj Lloyd Limited	-	-	-	-	-	-	-	-	4,356	4,137

	Enterprises over which relatives of Key Managerial Personnel are exercising significant influence (In Rupees Thousands)					Total (In Rupees Thousands)				
	As at 30-Sep -05	**As at 31-Mar-05**	**As at 31-Mar-04**	**As at 31-Mar-03**	**As at 31-Mar-02**	**As at 30-Sep-05**	**As at 31-Mar-05**	**As at 31-Mar-04**	**As at 31-Mar-03**	**As at 31-Mar-02**
EXPENDITURE										
Contractors Charges										
Punj Lloyd Insulations Limited	-	-	-	-	-	30,247	28,397	33,465	7,097	22,965
Punj Lloyd International	-	-	-	-	-	-	3,390	-	-	-
Spectra Punj Lloyd Limited	-	-	-	-	-	-	22,927	-	-	-
PLN Construction Limited	-	-	-	-	-	-	-	58,086	185,078	36,264
Material Consumed										
Punj Lloyd Insulations Limited	-	-	-	-	-	-	1,142	-	-	-
Hire Charges										
Spectra Punj Lloyd Limited	-	-	-	-	-	-	53,358	-	425,777	300,617
Financial Charges										
Punj Lloyd Inc.	-	-	-	-	-	-	409	-	-	-
Consultancy/Professional charges										
SNP Punj	-	-	-	-	-	-	60	60	60	75
Arti Jaidev Inder Singh	-	-	-	-	-	-	-	60	60	75
Managerial Remuneration										
Atul Punj	-	-	-	-	-	-	-	1,347	11,757	6,400
V.K. Kaushik	-	-	-	-	-	2,946	3,895	4,926	4,554	2,892
Luv Chhabra	-	-	-	-	-	2,992	3,759	4,411	3,920	1,628
Uday Punj	-	-	-	-	-	2,806	3,247	4,477	4,018	2,269
Mahinder Prakash	-	-	-	-	-	161	1,928	2,350	2,150	1,912
P.K.Gupta	-	-	-	-	-	1,140	2,422	2,591	2,332	1,885
V.K.Sud	-	-	-	-	-	943	2,312	2,534	2,230	1,780
Tarwinder Singh	-	-	-	-	-	1,889	1,882	-	-	-
H. K. Kaul	-	-	-	-	-	587	-	-	-	-
Rent										
Punj Business Center	11,294	22,827	22,659	22,527	22,515	11,294	22,827	22,659	22,527	22,515
M Prakash HUF		300	432	549	359	-	300	432	549	359
Vinita Chhabra	-	-	-	-	-	-	-	-	-	448
Atna Investments Limited		-	-	-	-	-	-	-	-	1,200
Others										
Spectra Net Limited	-	-	-	-	-	-	-	-	806	989
ASSETS										
Fixed Assets Purchased										
Spectra Punj Lloyd Limited	-	-	-	-	-	2,121	2,242	-	-	-

	Enterprises over which relatives of Key Managerial Personnel are exercising significant influence (In Rupees Thousands)					Total (In Rupees Thousands)				
	As at 30-Sep -05	As at 31-Mar-05	As at 31-Mar-04	As at 31-Mar-03	As at 31-Mar-02	As at 30-Sep-05	As at 31-Mar-05	As at 31-Mar-04	As at 31-Mar-03	As at 31-Mar-02
Spectra Net Limited	-	-	-	-	-	-	-	-	49	1,794
Fixed Assets Sale										
Punj Lloyd Insulations Limited	-	-	-	-	-	-	-	-	-	354
Spectra Net Limited	-	-	-	-	-	-	-	-	30	-
Pt. Punj Lloyd Indonesia	-	-	-	-	-	-	-	-	16,376	-
Share issue expenses										
Jacob Ballas Capital India Private Limited	-	-	-	-	-	-	34,275	-	-	-
Investment made during the year										
PLN Construction Limited	-	-	-	-	-	-	20,896	-	-	-
PT Punj Lloyd Indonesia	-	-	-	-	-	-	109	-	-	10,801
North Karnataka Expressway Limited	-	-	-	-	-	-	-	149,260	99,851	249
Thiruvananthapuram Road Development Company Limited	-	-	-	-	-	-	250	-	-	-
Vadodra Halol Toll Road Company Limited	-	-	-	-	-	-	-	35,000	-	-
Andhra Expressway Limited	-	-	-	-	-	-	17,000	-	127,150	850
Rajamundry Expressway Limited	-	-	-	-	-	-	13,000	-	131,150	850
Punj Lloyd Kazakhastan LLP	-	-	-	-	-	181,800	-	-	4,058	-
Spectra Infrastruture Ltd	-	-	-	-	-	-	-	-	-	2
Punj Lloyd Insulations Limited	-	-	-	-	-	-	-	-	-	1
Atna Investments Limited	-	-	-	-	-	-	-	-	-	1
Investment sold during the year										
Rajahmundry Expressway Limited	-	-	-	-	-	-	108,025	-	-	-
Andhra Expressway Limited	-	-	-	-	-	-	108,025	-	-	-
North Karnataka Expressway Limited	-	-	-	-	-	-	173,636	-	-	-
Uppal Hotels Limited	-	-	-	-	-	-	173,636	-	-	172,461
Jacob Ballas Capital India Private Limited	-	-	-	-	-	-	1,000	-	-	-
Bistro Hospitality Private Limited	-	-	-	-	-	4,018	-	-	-	-
OTHERS										
Bank Guarantees Issued during the year										
Thiruvananthapuram Road Development Company Limited	-	-	-	-	-	-	25,000	-	-	-
Pt. Punj Lloyd Indonesia	-	-	-	-	-	-	-	-	156,163	-

	Enterprises over which relatives of Key Managerial Personnel are exercising significant influence (In Rupees Thousands)					Total (In Rupees Thousands)				
	As at 30-Sep -05	As at 31-Mar-05	As at 31-Mar-04	As at 31-Mar-03	As at 31-Mar-02	As at 30-Sep-05	As at 31-Mar-05	As at 31-Mar-04	As at 31-Mar-03	As at 31-Mar-02
Andhra Expressway Limited	-	-	-	-	-	-	-	-	-	-
Bank Guarantees redeemed during the year										
Pt. Punj Lloyd Indonesia	-	-	-	-	-	4,629	23,055	161,614	-	-
Punj Lloyd Kazakhstan LLP	-	-	-	-	-	-	27,137	2,703	-	-
Corporate Guarantees Issued during the year										
Spectra Punj Lloyd Limited	-	-	-	-	-	57,500	15,368	-	190,000	-
Punj Lloyd Kazakhstan LLP	-	-	-	-	-	70,373	1,687,258	75,013	-	-
PT. Punj Lloyd Indonesia	-	-	-	-	-	-	1,254,548	1,214,749	-	-
Bistro Hospitality Private Limited	-	-	-	-	-	-	-	16,000	-	-
Corporate Guarantees redeemed during the year										
Spectra Net Limited	-	-	-	-	-	20,809	-	1,155,000	-	-
Spectra Punj Lloyd Limited	-	-	-	-	-	-	-	99,785	-	-
Bistro Hospitality Private Limited	-	-	-	-	-	-	16,000	-	-	-
Advance for Proposed Investments							-	-	-	-
Punj Lloyd Kazakhistan LLP	-	-	-	-	-	-	13,104	-	-	-
Andhra Expressway Limited	-	-	-	-	-	-	111,000	63,875	-	5,800
North Karnataka Expressway Limited	-	-	-	-	-	-	-	81,540	-	99,851
Thiruvananthapuram Road Development Company Limited	-	-	-	-	-	130,001	-	-	-	-
Rajamundry Expressway Limited	-	-	-	-	-	-	119,000	75,442	-	4,400
BALANCE OUTSTANDING										
Receivable / (payables)										
Spectra Net Limited	-	-	-	-	-	10,239	11,038	93,076	575,913	607,572
Spectra Punj Lloyd Limited	-	-	-	-	-	(15,884)	(63,372)	(64,885)	(101,506)	(77,823)
Punj Lloyd Insulations Limited	-	-	-	-	-	(13,917)	(8,924)	(954)	2,838	(1,903)
PT Punj Lloyd Indonesia	-	-	-	-	-	5,410	5,068	20,129	33,946	-
Punj Lloyd (Malaysia) Sdn. Bhd.	-	-	-	-	-	(44,780)	(44,141)	(53,912)	(24,330)	(19,702)
Punj Lloyd Inc.	-	-	-	-	-	6,974	6,976	7,066	2,088	2,492
Punj Lloyd International	-	-	-	-	-	10,999	(5,244)	(585)	-	-
Punj Lloyd Kazakhistan LLP	-	-	-	-	-	54,944	39,377	8,598	26,001	-
PLN Construction Limited	-	-	-	-	-	32,706	47,509	15,601	5,696	18,023
Spectra Punjab Limited	-	-	-	-	-	-	-	52,173	22,518	22,428
Spectra Net Holding Limited	-	-	-	-	-	-	-	(8,248)	-	-

	Enterprises over which relatives of Key Managerial Personnel are exercising significant influence (In Rupees Thousands)					Total (In Rupees Thousands)				
	As at 30-Sep -05	As at 31-Mar-05	As at 31-Mar-04	As at 31-Mar-03	As at 31-Mar-02	As at 30-Sep-05	As at 31-Mar-05	As at 31-Mar-04	As at 31-Mar-03	As at 31-Mar-02
Spectra Infrastruture Ltd	-	-	-	-	-	150	-	-	768	768
Atna Investments Limited	-	-	-	-	-	50	-	-	(4,508)	(4,508)
Uppal Hotels Limited	-	-	-	-	-	-	-	-	-	1,253
Thiruvananthapuram Road Development Company Limited	-	-	-	-	-	37,402	174,227	-	-	-
Andhra Expressway Limited	-	-	-	-	-	-	-	115,378	98,402	(1,545)
North Karnataka Expressway Limited	-	-	-	-	-	-	-	153,939	324,710	-
Rajamundry Expressway Limited	-	-	-	-	-	-	-	84	613	(18)
Vadodra Halol Toll Road Limited	-	-	-	-	-	-	-	38,912	18,204	21,398
Bistro Hospitality Private Limited	-	-	-	-	-	-	-	39	26	26
Loans										
Spectra Net Holding	-	-	-	-	-	(8,500)	-	-	-	-
Investments										
Punj Lloyd Inc.	-	-	-	-	-	8,493	8,493	8,493	8,493	8,493
Punj Lloyd International Limited	-	-	-	-	-	4,452	4,452	4,452	4,452	4,452
Spectra Infrastructure Limited	-	-	-	-	-	115,002	115,002	115,002	115,002	115,002
Punj Lloyd Insulations Limited	-	-	-	-	-	2,552	2,552	2,552	2,552	2,552
Spectra Net Limited	-	-	-	-	-	17,061	17,061	17,061	80,000	80,000
Atna Investments Limited	-	-	-	-	-	39,922	39,922	39,922	173,670	173,670
Punj Lloyd Kazakhistan LLP	-	-	-	-	-	185,858	4,058	4,058	4,058	-
Punj Lloyd (Malaysia) Sdn. Bhd.	-	-	-	-	-	44,141	44,141	44,141	44,141	44,141
PLN Construction Limited	-	-	-	-	-	30,896	30,896	10,000	10,000	10,000
Spectra Punjab Limited	-	-	-	-	-	8,000	8,000	8,000	-	-
PT Punj Lloyd Indonesia	-	-	-	-	-	10,910	10,910	10,801	10,801	10,801
Spectra Punj Lloyd Limited	-	-	-	-	-	48,675	48,675	48,675	48,675	48,675
Rajamundry Expressway Limited	-	-	-	-	-	-	-	132,000	132,000	850
Andhra Expressway Limited	-	-	-	-	-	-	-	128,000	128,000	850
North Karnataka Expressway Limited	-	-	-	-	-	-	-	249,360	100,100	249
Thiruvananthapuram Road Development Company Limited	-	-	-	-	-	250	250	-	-	-
Vadodra Halol Toll Road Company Limited	-	-	-	-	-	-	-	35,000	-	-
Bistro Hospitality Private Limited	-	-	-	-	-	-	32,800	32,800	32,800	32,800
	Enterprises over which relatives of Key Managerial Personnel are exercising significant influence					Total				

	(In Rupees Thousands)					(In Rupees Thousands)				
	As at 30-Sep -05	**As at 31-Mar-05**	**As at 31-Mar-04**	**As at 31-Mar-03**	**As at 31-Mar-02**	**As at 30-Sep-05**	**As at 31-Mar-05**	**As at 31-Mar-04**	**As at 31-Mar-03**	**As at 31-Mar-02**
Jacob Ballas Capital India Private Limited	-	-	-	-	-	-	-	20,000	20,000	20,000
Bank Guarantees										
Pt. Punj Lloyd Indonesia	-	-	-	-	-	245,987	250,616	227,561	389,175	233,012
Punj Lloyd Kazakhstan LLP	-	-	-	-	-	-	-	27,137	29,840	-
Punj Lloyd - Progressive Construction JV	-	-	-	-	-	154,640	154,640	154,640	154,640	154,640
Andhra Expressway Limited	-	-	-	-	-	-	-	59,000	59,000	59,000
North Karnataka Expressway Limited	-	-	-	-	-	-	-	154,640	73,000	73,000
Thiruvananthapuram Road Development Company Limited	-	-	-	-	-	25,000	25,000	-	-	-
Corporate Guarantees										
Spectra Punj Lloyd Limited	-	-	-	-	-	142,274	105,583	90,215	190,000	-
Spectra Net Limited	-	-	-	-	-	-	-	-	1,155,000	1,155,000
Punj Lloyd Kazakhstan LLP	-	-	-	-	-	1,842,625	1,762,271	75,013	-	-
Punj Lloyd Insulations Limited	-	-	-	-	-	22,500	22,500	22,500	22,500	22,500
PT. Punj Lloyd Indonesia	-	-	-	-	-	2,483,958	2,469,297	1,214,749	-	-
Bistro Hospitality Private Limited	-	-	-	-	-	68,000	68,000	84,000	68,000	68,000

Notes:

1 The figures disclosed above are based on the standalone summary statement of assets, liabilities, profits and losses, as restated of Punj Lloyd Limited.

2 The company adopted the accounting standard 18 (AS-18) - Related Party Disclosures issued by the Institute of Chartered Accountant of India for the first time in preparing the financial statement for the year ended March 31, 2002. For the purpose of Restated financial Statements, AS-18 has not been applied for the year ended March 31, 2001 as it was not applicable.

SUBSIDIARIES

ANNEXURE – V (I) PUNJ LLOYD INSULATIONS LIMITED

To the Board of Directors

Punj Lloyd Limited

17-18, Nehru Place

New Delhi

Dear Sirs,

As required for the purpose of certification of summary of statement of accounts to be incorporated in the proposed offer document to be issued by Punj Lloyd Limited in connection with its initial public offer of Equity Shares, we state as follows:

1. **Punj Lloyd Insulations Limited** is a subsidiary of Punj Lloyd Limited.
2. We have audited the financial statements of Punj Lloyd Insulations Limited for the period ended September 30, 2005, being the last date upto which the accounts have been made and also the annual financial statements for the year ended March 31, 2005, in accordance with the auditing standards generally accepted in India.
3. We have not audited the annual financial statements of Punj Lloyd Insulations Limited for the financial years ended March 31, 2004, March 31, 2003, March 31, 2002 and March 31, 2001. The financial statements for these years have been audited by M/s Srivastava Kumar & Company, New Delhi and their report on these audited annual financial statements have been furnished to us and we have relied upon such audited annual financial statements for the purpose of compilation and examination of the summary statement of accounts.
4. On the basis of and on consideration of these audited financial statements, we certify that the figures included in the annexed statement of profits and loss account for the period ended September 30, 2005, and for the preceding five financial years ended March 31, 2005, and the annexed statement of assets and liabilities as at September 30, 2005 and for preceding five financial years, both dated November 15, 2005 along with the significant accounting policies and statement of changes, are prepared from the audited financial statements of Punj Lloyd Insulations Limited without carrying out any generally accepted audit procedures.
5. Further, we confirm that the annexed statements include the following adjustments, if and to the extent applicable:
   - The impact of changes, if any, in accounting policies adopted by Punj Lloyd Insulations Limited, as at and for the period ended September 30,2005 have been suitably adjusted with retrospective effect in the attached restated summary statement;
   - Material amounts relating to adjustments for previous years have been identified and adjusted in arriving at the profits of the years to which they relate irrespective of the year in which the event triggering the profit or loss occurred;
   - The Qualification in the auditors report, where applicable, which requires any adjustments have been given effect to in the restated summary statement; and
   - Extraordinary items which need to be disclosed separately in the summary statement are appropriately disclosed.

As stated above, this report is for the purpose of incorporation of Punj Lloyd Insulations Limited's summary statement of accounts in the proposed offer document to be issued by Punj Lloyd Limited in connection with its initial public offer of equity shares and is not to be and should not be used in any other offering memorandum or other document without our prior written consent.

For and on behalf of
TAS ASSOCIATES
Chartered Accountants

Mukesh Agrawal
(Partner)
M. No.90582
Date: November 15, 2005
Place: New Delhi.

PUNJ LLOYD INSULATIONS LIMITED
SUMMARY OF ASSETS AND LIABILITIES, AS RESTATED

(Amount inRupees)

PARTICULARS	**September 30,2005**	**March 31,2005**	**March 31,2004**	**March 31,2003**	**March 31,2002**	**March 31,2001**
FIXED ASSETS						
Gross Block	5,625,419	6,636,596	7,005,881	6,999,131	7,096,292	5,460,176
Less : Depreciation	2,656,805	2,787,733	2,299,545	1,655,650	1,013,078	478,109
Net Block	2,968,614	3,848,863	4,706,336	5,343,481	6,083,214	4,982,067
Capital Work In Progress Including Capital Advances	-	-	-	-	-	-
TOTAL	2,968,614	3,848,863	4,706,336	5,343,481	6,083,214	4,982,067
INTANGIBLE ASSETS	-	-	-	-	-	-
DEFERRED TAX ASSETS	-	-	-	-	-	-
INVESTMENTS	-	-	-	-	-	-
CURRENT ASSETS, LOANS AND ADVANCES						
Inventories	997,581	1,397,827	4,069,488	8,147,453	6,895,503	6,121,477
Work in Progress	-	1,539,319	6,076,557	4,944,347	3,440,886	2,931,941
Sundry Debtors	18,643,385	13,125,490	8,087,740	20,204,163	35,277,633	9,733,540
Cash and Bank Balances	3,461,013	2,964,445	2,898,373	3,450,037	6,734,077	3,012,923
Loans and Advances	4,853,564	3,941,280	3,980,088	4,868,200	10,502,524	5,318,543
Other Current Assets	27,950	20,953	26,013	400	40,813	90,748
Miscellaneous Expenditure	-	-	-	-	6,332	12,664
(to the extent not written off or adjusted)						
TOTAL	27,983,493	22,989,314	25,138,259	41,614,600	62,897,768	27,221,836
TOTAL ASSETS	**30,952,107**	**26,838,177**	**29,844,595**	**46,958,081**	**68,980,982**	**32,203,903**
LIABILITIES & PROVISIONS						
Secured Loans	5,266,490	7,375,533	12,356,403	11,475,502	12,373,322	9,772,065
Unsecured Loans	5,000,000	5,000,000	-	-	-	-
Current Liabilities & Provisions	8,567,015	3,235,212	7,212,603	25,572,644	46,989,268	14,497,057
Deferred Tax Liability	522,500	405,200	564,000	550,145	434,149	224,644
TOTAL LIABILITIES	**19,356,005**	**16,015,945**	**20,133,006**	**37,598,291**	**59,796,739**	**24,493,766**
NET WORTH	**11,596,102**	**10,822,232**	**9,711,589**	**9,359,790**	**9,184,243**	**7,710,137**
REPRESENTED BY						
SHARE CAPITAL	2,552,000	2,552,000	2,552,000	2,552,000	2,552,000	2,552,000
RESERVES & SURPLUS						
General Reserve	-	-	-	-	-	-
Balance in Profit & Loss Account	9,044,102	8,270,232	7,159,589	6,807,790	6,632,243	5,158,137
	9,044,102	8,270,232	7,159,589	6,807,790	6,632,243	5,158,137
TOTAL	**11,596,102**	**10,822,232**	**9,711,589**	**9,359,790**	**9,184,243**	**7,710,137**

The accompanying significant accounting policies and Statement of changes are an integral part of this statement

PUNJ LLOYD INSULATIONS LTD.
STATEMENT OF PROFIT / (LOSS), AS RESTATED

(Amount in Rupees)

PARTICULARS	September 30,2005	March 31,2005	March 31,2004	March 31,2003	March 31,2002	March 31,2001
INCOME						
Contract Revenue	34,134,989	41,644,028	48,653,061	72,874,649	118,064,089	72,397,680
Sales of products:						
- manufactured by the company	-	-	-	-	-	-
- trading goods	-	-	-	-	-	-
Other Income	345,361	1,055,316	842,672	626,149	429,393	899,851
Increase (Decrease) in Work in Progress	(1,539,319)	(4,537,238)	1,132,210	1,503,461	508,945	(7,887,866)
TOTAL	**32,941,031**	**38,162,106**	**50,627,943**	**75,004,259**	**119,002,427**	**65,409,665**
EXPENDITURE						
Materials Consumed and Cost Of Goods Sold	23,639,581	19,571,975	25,606,389	38,199,153	72,157,184	26,313,818
Staff Cost	2,126,957	4,865,842	6,133,522	9,866,019	12,757,696	10,406,421
Selling and Distribution Expenses	-	-	-	-	-	-
Operating Expenses	3,061,010	5,633,354	8,537,543	11,264,266	13,945,418	14,612,832
Administration & General Expenses	2,361,686	5,457,396	7,623,024	12,603,625	15,080,633	10,078,115
Interest	374,105	1,356,457	1,471,666	1,457,461	1,705,802	1,304,737
Miscellaneous Expenditure Written Off	-	-	-	6,332	6,332	6,332
Depreciation / Amortization	273,522	642,455	653,343	656,184	553,043	716,087
Less : Transfer From Revaluation Reserve	-	-	-	-	-	-
	273,522	**642,455**	**653,343**	**656,184**	**553,043**	**716,087**
TOTAL	**31,836,861**	**37,527,479**	**50,025,487**	**74,053,040**	**116,206,108**	**63,438,342**
PROFIT/ (LOSS) BEFORE TAX & EXTRA-ORDINARY ITEMS	**1,104,170**	**634,627**	**602,456**	**951,219**	**2,796,319**	**1,971,323**
PROVISION FOR TAX						
Current Tax	213,000	190,000	50,000	300,000	1,050,000	760,000
Earlier Years Tax	-	51,400	-	144,577	-	-
Deferred Tax	117,300	(158,800)	13,855	115,996	209,505	-
Earlier Years Deferred Tax	-	-	-	-	-	-
TOTAL	**330,300**	**82,600**	**63,855**	**560,573**	**1,259,505**	**760,000**
NET PROFIT/ (LOSS) BEFORE EXTRA-ORDINARY ITEMS	**773,870**	**552,027**	**538,601**	**390,646**	**1,536,814**	**1,211,323**
Extra-Ordinary Items (net of tax)	-	-	-	-	-	-
Depreciation written back	-	-	-	-	674,469	-
Unspent Liabilities and Provisions Written back	-	-	-	94,007		-
NET PROFIT/ (LOSS) AFTER EXTRA-ORDINARY ITEMS & BEFORE ADJUSTMENTS	**773,870**	**552,027**	**538,601**	**484,653**	**2,211,283**	**1,211,323**
Adjustments for increasse / (decrease) in profits	-	558,616	(186,802)	(309,106)	(737,177)	389,677
NET PROFIT / (LOSS), AS RESTATED	**773,870**	**1,110,643**	**351,799**	**175,547**	**1,474,106**	**1,601,000**
Adjustment for Depreciation Written Back	-	-	-	-	-	284,792
Adjustment for Deferred Tax Earlier Year	-	-	-	-	-	(224,644)
BALANCE BROUGHT FORWARD FROM PREVIOUS YEAR	8,270,232	7,159,589	6,807,790	6,632,243	5,158,137	3,496,989
PROFIT/ (LOSS) AVAILABLE FOR APPROPRIATIONS, AS RESTATED	**9,044,102**	**8,270,232**	**7,159,589**	**6,807,790**	**6,632,243**	**5,158,137**
APPROPRIATIONS		-	-	-	-	-
BALANCE CARRIED FORWARD, AS RESTATED	**9,044,102**	**8,270,232**	**7,159,589**	**6,807,790**	**6,632,243**	**5,158,137**

The accompanying significant accounting policies and Statement of changes are an integral part of this statement

PUNJ LLOYD INSULATIONS LTD.
STATEMENT OF CHANGES TO RESTATED ACCOUNTS

(Amount in Rupees)

PARTICULARS	September 30,2005	March 31,2005	March 31,2004	March 31,2003	March 31,2002	March 31,2001
NET PROFIT/ (LOSS) AFTER TAX AS PER AUDITED ACCOUNTS	773,870	552,027	538,601	484,653	2,211,283	1,211,323
ADJUSTMENTS						
Unspent Liabilities and Provisions Written back	-	-	-	(94,007)	94,007	-
Bad debt Written off	-	798,766	(213,232)	(566,420)	(19,114)	
Depreciation due to change in method						389,677
Depreciation Written back	-	-	-	-	(674,469)	
Earlier Years Income Tax	-	51,400	(51,400)	144,577	(144,577)	-
Earlier Years Deferred Tax	-	-	-	-	-	-
TOTAL IMPACT OF ADJUSTMENTS	-	850,166	(264,632)	(515,850)	(744,153)	389,677
TAX IMPACT OF ADJUSTMENTS	-	(291,550)	77,830	206,744	6,976	-
TOTAL OF ADJUSTMENTS AFTER TAX IMPACT	-	558,616	(186,802)	(309,106)	(737,177)	389,677
NET PROFIT / (LOSS), AS RESTATED	773,870	1,110,643	351,799	175,547	1,474,106	1,601,000

PUNJ LLOYD INSULATION LIMITED

STATEMENT OF CHANGES

1. **Unspent Liabilities and Provisions written back:**

   A sum of Rs. 94,007 towards unspent liabilities & provision was written back during the year 2002-03. The amount pertains to the year 2001-02. In the restated accounts, the effect of same has been taken in the accounts of the corresponding year by increasing the brought forward profit as at April 01, 2001.

2. **Bad debt written off:**

   Bad debts amounting to Rs. 7,98,766 were written off during the year 2004-05. The amount consists of following elements

   a) **Sundry Debtors :**

YEAR	**AMOUNT (Rs.)**
2001-02 -	19,114
2002-03 -	3,33,389
2003-04 -	2,13,232
Total -	5,65,735

   b) **Retention Money :**

2002-03 -	2,33,031

   The amount so written off during the year has been accounted for in the restated account for the corresponding years in which such debt originally arised, restating the Profit/(Loss) for the related years and accordingly Debtors/Retention money for the corresponding years has also been reduced to that extent.

3. **Depreciation written back:**

   During the year 2001-02 the company had changed the method of providing depreciation on fixed assets from written down value method to straight-line method at the rates prescribed in Scheduled XIV to the Companies Act, 1956. Consequently a sum of Rs. 6,74,469 was written back during the year 2001-02 pertaining to the earlier years and accordingly an amount of Rs. 3,89,677 has been adjusted in the year 2000-01 and Rs. 2,84,792 pertaining to period prior to April 01, 2000 has been adjusted against brought forward profits as at April 01, 2000.

4. Depreciation for the year 2000-01 had also been recalculated on straight-line method in the restated accounts to give retrospective effect of such change and accordingly a sum of Rs 3,26,410 has been debited to the profit and loss account.

5. **Earlier year Tax:**
   Provision for income tax for earlier years amounting to Rs. 51,400 provided during the year 2004-05 relates to financial year 2003-04 and Rs 14,477 provided during the year 2002-03 relates to financial year 2001-02. Accordingly effect of same has also been taken in the restated accounts for the corresponding years.

6. Tax impact, of the above adjustments has also been accounted for in the restated accounts.

7. Previous year figures have been regrouped / restated wherever considered necessary to conform with the current year figures.

PUNJ LLOYD INSULATIONS LIMITED

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND STATEMENT OF CHANGES

TO THE RESTATED ACCOUNTS

SIGNIFICANT ACCOUNTING POLICIES

1. RECOGNITION OF INCOME AND EXPENDITURE

   i) Revenues / Incomes and Costs / Expenditure are generally accounted on accrual, as they are earned or incurred. In respect of Projects, job revenues are recognised as income on the basis of percentage completion method as certified by the clients.

   ii) The revenue on account of extra claims and expenditure, on account of liquidated damages, on job contracts are accounted for at the time of final settlement with the client.

   iii) The Preliminary expenses are charged to the Revenue over the period of five years from the year these were incurred.

2. RETIREMENT AND PENSION BENEFITS

   i) Company's contribution to providend fund, gratuity fund and superannuation fund are charged to the Profit & Loss Account.

   ii) Gratuity, Superannuation and Leave encashment benefits are accounted for on actuarial basis.

3. FIXED ASSETS

   i) Fixed Assets are stated at cost, less accumulated depreciation.

   ii) Fixed Assets acquired under Hire Purchase Agreement are fully capitalised & installments are segregated into interest to be charged to Revenue and Principal to be adjusted against Creditors for Hire Purchase.

   iii) The depreciation on all the fixed assets is being charged on the basis of single shift basis.

4. METHOD OF DEPRECIATION

   i) Depreciation on the assets of the Company is charged on Straight Line Method (S.L.M.) at the rates specified in Schedule XIV of Companies Act, 1956, on single shift basis, including those purchased under Hire Purchase Agreements.

   ii) Depreciation on additions to assets or on sale/discarding of assets, is calculated pro-rata from the date of such addition or upto the date of such sale/discardment, as the case may be.

   iii) Assets, whose actual cost does not exceed Rs.5,000, have been depreciated at the rate of hundred percent except in cases where the aggregate actual cost of individual item of assets costing Rs.5,000 or less constitutes more than ten percent of the total cost of asset.

5. INVESTMENTS

   Long term Investments are valued at cost. Any depletion in value of Investments, which is considered permanent in nature, is provided for.

6. VALUATION OF INVENTORIES

i) All inventories except Jobs under execution are valued at lower of cost or net realisable value whichever is lower. The cost is arrived at by First in First Out method.

ii) Jobs under execution are valued on the basis of percentage completion method at the rates provided in the Contract reduced by an estimated percentage towards expected profit.

7. LEASE TRANSACTIONS

The lease rentals for assets acquired under lease agreements are charged off to the Profit & Loss Account on the basis of lease rentals fixed as per agreement.

8. FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are generally recorded at the exchange rates prevailing at the time of the transactions and exchange fluctuations are recorded separately and taken to profit and loss account.

9. PROVISION FOR TAX

Provision for Income Tax comprises both current tax and deferred tax. Provision for current tax is made after taking into consideration estimates of benefits admissible under the provisions of Income Tax Act, 1961. Deferred tax liability (net of deferred tax asset) resulting from "Timing Difference" between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted on the Balance Sheet date. The resultant net deferred tax assets, if any, is recognised and carried forward only to the extent that there is reasonable certainty that asset will be realised in near future.

Annexure – V (II) Spectra Net Limited

To the Board of Directors
Punj Lloyd Limited
17-18, Nehru Place
New Delhi

Dear Sirs,

As required for the purpose of certification of summary of statement of accounts to be incorporated in the proposed offer document to be issued by Punj Lloyd Limited in connection with its initial public offer of Equity Shares, we state as follows:

1. **Spectra Net Limited** is a subsidiary of Punj Lloyd Limited.

2. We have audited the financial statements of Spectra Net Limited for the period ended September 30, 2005, being the last date upto which the accounts have been made and also annual financial statements for the years ended March 31, 2005, March 31, 2004, March 31, 2003 and March 31, 2002, in accordance with the auditing standards generally accepted in India.

3. We have not audited the annual financial statements of Spectra Net Limited for the financial year ended March 31, 2001. The financial statements for these years have been audited by M/s Price Waterhouse, New Delhi and their report on these audited annual financial statements have been furnished to us and we have relied upon such audited annual financial statements for the purpose of compilation and examination of the summary statement of accounts.

4. On the basis of and on consideration of these audited financial statements, we certify that the figures included in the annexed statement of profits and loss account for the period ended September 30, 2005 and for the preceding five financial years ended March 31, 2005, and the annexed statement of assets and liabilities as at September 30, 2005 and for preceding five financial years, both dated November 15, 2005 along with the significant accounting policies and statement of changes, are prepared from the audited financial statements of Spectra Net Limited without carrying out any generally accepted audit procedures.

5. Further, we confirm that the annexed statements include the following adjustments, if and to the extent applicable:

   - The impact of changes, if any, in accounting policies adopted by Spectra Net Limited, as at and for the period ended September 30, 2005 have been suitably adjusted with retrospective effect in the attached restated summary statement;
   - Material amounts relating to adjustments for previous years have been identified and adjusted in arriving at the profits of the years to which they relate irrespective of the year in which the event triggering the profit or loss occurred;
   - The Qualification in the auditors report, where applicable, which requires any adjustments have been given effect to in the restated summary statement; and
   - Extraordinary items which need to be disclosed separately in the summary statement are appropriately disclosed.

As stated above, this report is for the purpose of incorporation of Spectra Net Limited's summary statement of accounts in the proposed offer document to be issued by Punj Lloyd Limited in connection with its initial public offer of equity shares and is not to be and should not be used in any other offering memorandum or other document without our prior written consent.

For and on behalf of
TAS ASSOCIATES
Chartered Accountants

Mukesh Agrawal
(Partner)
M. No.90582
Date: November 15, 2005
Place: New Delhi.

SPECTRA NET LIMITED

SUMMARY OF ASSETS AND LIABILITIES, AS RESTATED

(Amount in Rupees)

PARTICULARS	September 30,2005	March 31,2005	March 31,2004	March 31,2003	March 31,2002	March 31,2001
FIXED ASSETS						
Gross Block	103,903,089	103,797,039	103,778,565	831,544,648	868,563,152	823,317,289
Less : Depreciation	48,732,138	43,523,048	33,311,165	169,962,658	103,578,408	33,355,914
Net Block	55,170,951	60,273,991	70,467,400	661,581,990	764,984,744	789,961,375
Capital Work In Progress Including Capital Advances	-	-	-	395,429,448	440,364,386	558,452,706
TOTAL	55,170,951	60,273,991	70,467,400	1,057,011,438	1,205,349,130	1,348,414,081
Pre-Operative Expenses (Pending Capitalisation)	-	-	-	1,697,809	1,697,809	1,697,809
INTANGIBLE ASSETS	-	-	-	-	-	-
DEFERRED TAX ASSETS	-	-	-	-	-	-
INVESTMENTS	20,549,000	20,549,000	53,299,000	117,338,300	117,241,550	117,240,700
CURRENT ASSETS, LOANS AND ADVANCES						
Inventories	9,538,258	9,758,952	11,648,889	35,237,600	46,545,231	54,984,038
Sundry Debtors	26,619,665	27,709,559	28,647,033	50,885,238	27,897,203	12,000,392
Cash and Bank Balances	671,633	1,437,891	325,000	9,530,408	9,299,834	16,685,708
Loans and Advances	1,115,622	138,459	74,500	57,401,431	57,804,656	87,530,402
Other Current Assets	69,622	64,122	60,494	125,898	71,799	1,222,667
Miscellaneous Expenditure	-	-	-	51,447,941	67,707,117	24,566,293
(to the extent not written off or adjusted)						
TOTAL	38,014,800	39,108,983	40,755,916	204,628,516	209,325,840	196,989,500
TOTAL ASSETS	**113,734,751**	**119,931,974**	**164,522,316**	**1,380,676,063**	**1,533,614,329**	**1,664,342,090**
LIABILITIES & PROVISIONS						
Secured Loans	-	-	-	1,031,366,729	1,006,029,144	862,094,939
Unsecured Loans	45,790,506	45,790,506	78,540,506	537,808,054	492,696,553	490,473,512
Current Liabilities & Provisions	11,095,504	13,186,576	16,485,716	291,027,711	283,958,655	334,087,379
Deferred Tax Liability	-	-	-	-	-	-
TOTAL LIABILITIES	**56,886,010**	**58,977,082**	**95,026,222**	**1,860,202,494**	**1,782,684,352**	**1,686,655,830**
NET WORTH	**56,848,741**	**60,954,892**	**69,496,094**	**(479,526,431)**	**(249,070,023)**	**(22,313,740)**
REPRESENTED BY						
SHARE CAPITAL	72,691,210	72,691,210	72,691,210	340,852,800	340,852,800	340,852,800
RESERVES & SURPLUS						
Capital Reserve	7,200	7,200	7,200	7,200	7,200	7,200
Balance in Profit & Loss Account	(15,849,669)	(11,743,518)	(3,202,316)	(820,386,431)	(589,930,023)	(363,173,740)
	(15,842,469)	(11,736,318)	(3,195,116)	(820,379,231)	(589,922,823)	(363,166,540)
TOTAL	**56,848,741**	**60,954,892**	**69,496,094**	**(479,526,431)**	**(249,070,023)**	**(22,313,740)**

The accompanying significant accounting policies and Statement of changes are an integral part of this statement

SPECTRA NET LTD.
STATEMENT OF PROFIT / (LOSS), AS RESTATED

(Amount in Rupees)

PARTICULARS	September 30,2005	March 31,2005	March 31,2004	March 31,2003	March 31,2002	March 31,2001
INCOME						
Contract Revenue	1,168,596	7,903,907	1,564,330	7,290,177	13,785,339	425,937
Sales & Service Income :						
- Services Revenue	769,586	1,528,128	26,041,022	243,853,193	144,364,892	27,340,041
- trading goods	-	-	-	1,402,992	12,466,575	22,725,507
Other Income	5,500	628,816	5,624,936	18,526,466	55,959,691	2,359,584
TOTAL	**1,943,682**	**10,060,851**	**33,230,288**	**271,072,828**	**226,576,497**	**52,851,069**
EXPENDITURE						
Materials Consumed and Cost Of Goods Sold	-	-	-	829,143	9,665,828	14,682,619
Staff Cost	426,893	503,574	6,177,614	58,272,387	68,622,519	54,722,061
Selling and Distribution Expenses	18,000	3,750	102,152	7,477,293	1,352,244	58,808,406
Operating Expenses	-	-	18,741,030	154,578,530	119,429,971	46,977,320
Administration & General Expenses	395,850	7,673,830	1,596,011	46,926,044	81,649,347	108,052,694
Interest	-	-	-	144,740,327	90,038,216	72,404,294
Miscellaneous Expenditure Written Off	-	-	-	16,259,176	10,859,176	2,729,588
Pre-operative Expenditure Written Off	-	-	-	-	-	22,712,021
Depreciation / Amortization	5,209,090	10,372,750	9,855,788	70,238,593	71,198,510	30,327,131
Less : Transfer From Revaluation Reserve	-	-	-	-	-	-
	5,209,090	**10,372,750**	**9,855,788**	**70,238,593**	**71,198,510**	**30,327,131**
TOTAL	**6,049,833**	**18,553,904**	**36,472,595**	**499,321,493**	**452,815,811**	**411,416,134**
PROFIT/ (LOSS) BEFORE TAX & EXTRA-ORDINARY ITEMS	(4,106,151)	(8,493,053)	(3,242,307)	(228,248,665)	(226,239,314)	(358,565,065)
PROVISION FOR TAX						
Current Tax	-	-	-	-	-	-
Earlier Years Tax	-	-	-	-	-	-
Deferred Tax	-	-	-	-	-	-
Earlier Years Deferred Tax	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-
NET PROFIT/ (LOSS) BEFORE EXTRA-ORDINARY ITEMS	**(4,106,151)**	**(8,493,053)**	**(3,242,307)**	**(228,248,665)**	**(226,239,314)**	**(358,565,065)**
Extra-Ordinary Items (net of tax)						
Depreciation Written back	-	-	-	306,081	55,700	-
Prior Period adjustments	-	-	40,000	(1,503,023)	(3,606,622)	-
Loss on disposal of Inventory	-	-	-	(2,247,743)	-	-
Depletion in value of Inventory	-	(48,149)	-	-	-	-
NET PROFIT/ (LOSS) AFTER EXTRA-ORDINARY ITEMS & BEFORE ADJUSTMENTS	**(4,106,151)**	**(8,541,202)**	**(3,202,307)**	**(231,693,350)**	**(229,790,236)**	**(358,565,065)**
Adjustments for increase / (decrease) in profits	-	-	(40,000)	1,236,942	3,033,953	(4,067,733)
NET PROFIT / (LOSS), AS RESTATED	**(4,106,151)**	**(8,541,202)**	**(3,242,307)**	**(230,456,408)**	**(226,756,283)**	**(362,632,798)**
Adjustment for Prior Period Expenditure	-	-	-	-	-	(163,162)
Loss transferred as per scheme of demerger	-	-	757,926,022	-	-	-
Capital reduction as per scheme of demerger	-	-	62,500,400	-	-	-
BALANCE BROUGHT FORWARD FROM PREVIOUS YEAR	(11,743,518)	(3,202,316)	(820,386,431)	(589,930,023)	(363,173,740)	(377,780)
PROFIT/ (LOSS) AVAILABLE FOR APPROPRIATIONS, AS RESTATED	**(15,849,669)**	**(11,743,518)**	**(3,202,316)**	**(820,386,431)**	**(589,930,023)**	**(363,173,740)**
APPROPRIATIONS	-	-	-	-	-	-
BALANCE CARRIED FORWARD, AS RESTATED	**(15,849,669)**	**(11,743,518)**	**(3,202,316)**	**(820,386,431)**	**(589,930,023)**	**(363,173,740)**

The accompanying significant accounting policies and Statement of changes are an integral part of this statement

SPECTRA NET LTD.
STATEMENT OF CHANGES TO RESTATED ACCOUNTS

(Amount in Rupees)

PARTICULARS	September 30, 2005	March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001
NET PROFIT/ (LOSS) AFTER TAX AS PER AUDITED ACCOUNTS	(4,106,151)	(8,541,202)	(3,202,307)	(231,693,350)	(229,790,236)	(358,565,065)
ADJUSTMENTS						
Prior Period expenses	-	-	(40,000)	1,543,023	2,783,572	(4,123,433)
Depreciation Written back	-	-	-	(306,081)	250,381	55,700
TOTAL IMPACT OF ADJUSTMENTS	-	-	(40,000)	1,236,942	3,033,953	(4,067,733)
TAX IMPACT OF ADJUSTMENTS	-	-	-	-	-	-
TOTAL OF ADJUSTMENTS AFTER TAX IMPACT	-	-	(40,000)	1,236,942	3,033,953	(4,067,733)
NET PROFIT / (LOSS), AS RESTATED	(4,106,151)	(8,541,202)	(3,242,307)	(230,456,408)	(226,756,283)	(362,632,798)

SPECTRA NET LIMITED

STATEMENT OF CHANGES

1. **Prior period items:**

   a) Rs.36,06,622 recognised as expenses during the year 2001-02 pertains to financial year 2000-01 which were not recognised earlier.

   b) Rs.15,03,023 recognised as expenses during the year 2002-03 pertains to the financial years as specified hereunder

YEAR		**AMOUNT (Rs)**
1999-2000	-	1,63,162
2000-2001	-	5,16,811
2001-2002	-	8,23,050

   These were identified on reconciliation with parties and now the same have been accounted for in respective head of accounts in the restated accounts during respective financial years. Prior period items amounting to Rs.1,63,162 pertaining to the year 1999-2000 has been adjusted from the brought forward losses as at April 01,,2000.

   c) Rs. 40,000 credited during the financial year 2003-2004 pertains to financial year 2002-2003.

   The corresponding effect has also been taken in current liabilities in respective years.

2. Depreciation amounting to Rs.55,700 written back during the financial year 2001-02 pertaining to financial year 2000-01 and Rs.3,06,081 written back during the year 2002-03 pertaining to financial year 2001-02. The adjustment of same has accordingly been done in restated accounts in the corresponding years. Consequently the amount of accumulated depreciation has also been changed to that extent.

3 Previous year figures have been regrouped / restated wherever considered necessary to conform with the current year figures.

SPECTRA NET LIMITED

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND STATEMENT OF CHANGES

TO THE RESTATED ACCOUNTS

SIGNIFICANT ACCOUNTING POLICIES

1 CONVENTION

The financial statements have been prepared in accordance with mandatory applicable accounting standards in India and in accordance with the historical cost convention on going concern basis.

2 FIXED ASSETS

Fixed Assets are stated at cost of acquisition and subsequent improvements (resulting in increase in useful life) thereto, including taxes, duties, freight and other incidental expenses related to acquisition and installation.

Indirect expenditure, if any, incurred by the Company, relating to the installation and commissioning of the Fixed Assets, are classified as pre-operative expenses, which are capitalised by way of allocation on pro-rata basis, on commissioning of the asset.

Capital work in progress is stated at cost.

3 DEPRECIATION

Depreciation is provided on straight-line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 except for the following assets, where depreciation is provided on straight-line method, based on useful life of the asset as estimated by the management.

Asset description	Depreciation rate
Networking equipment	10%
Office equipment	10%

In respect of De-merged ISP undertaking for the years 2000-01 to 2002-03

Leasehold Improvements	Over the period of lease
Plant & Machinery	10%
Optical Fibre Network	4.75%
Software	20%
Technical Know-how	20%

Assets valuing upto Rs. 5,000 each are depreciated at the rate of 100% over a period of one year from the date of acquisition except where the total value of individual item constitutes more than 10 % of the total actual cost of the assets, in which case the actual applicable rate of depreciation is applied.

4 REVENUE RECOGNITION

In case of Cable TV operations, income from Pay Channels and connectivity charges, including lease, are recognised on accrual basis on provision of services or time duration of term, as may be applicable in accordance with the terms of contracts.

Advertisement revenue is recognised on provision of services on accrual basis as per contracts.

In respect of De-merged ISP undertaking for the years 2000-01 to 2002-03

Equipment sales are recognised on the physical or constructive delivery of equipment.

Internet Service revenues comprise of revenues from registration, installation and provision of internet services. Registration fee and installation charges are recognised on the admission of customer and completion of services respectively. Service revenue from Internet access is recognised on pro-rata, calculated on the basis of the provision of services or time duration of term, as may be applicable in accordance with the terms of contracts.

5 INVENTORIES
Inventories are valued at lower of cost, determined on weighted average cost basis, or net realisable value.

6 INVESTMENT
Long term Investments are valued at cost. Any depletion in value of investments, which is considered permanent in nature, is provided for.

7 MISCELLANEOUS EXPENDITURE
Preliminary Expenses are being charged to the Profit and Loss Account over a period of five years from the commencement of commercial operations. Deferred Revenue Expenditure is charged to the Profit & Loss Account over a period of five years or on pro-rata basis, over the period, over which the benefit is expected to be realised.

8 FOREIGN CURRENCY TRANSACTIONS

Transactions in Foreign Currency are recorded at the exchange rate prevailing at the date of the transaction.
Foreign Currency Monetary assets and liabilities are restated at year-end foreign exchange rates.Resultant exchange differences are recognised in the Profit and Loss Account.

9 RETIREMENT BENEFITS & LEAVE ENCASHMENT
Company's contribution to provident fund is charged to the profit and loss account. The liability on account of Gratuity as per the Payment of Gratuity Act is determined at the year-end as per Actuarial Valuation.

The provision in accounts for leave encashment benefits to employees is based on Actuarial Valuation.

10 BORROWING COSTS

Borrowing costs directly attributable to the acquisition or construction of a qualifying asset is capitalised as a part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

11 LEASES & HIRE PURCHASES
In case of assets acquired under finance leases effected from 1st April 2001, the asset is capitalized with corresponding present value of lease liability. The lease rentals are segregated into interest to be charged off to profit & loss account and principal to reduce corresponding lease liability. In case of finance lease affected prior to 1st April 2001 and operating lease, the lease rentals are charged off to profit & loss account.

In case of assets acquired under Hire Purchases, the asset is capitalized at cost with corresponding Hire Purchase liability. The Hire Purchase instalments are segregated into interest to be charged off to profit & loss account and principal to reduce corresponding Hire Purchase liability.

12 TAXES ON INCOME
Provision for current Income Tax is made on the basis of estimated taxable income after considering concessions, deductions and exemptions and brought forward losses. The company provides for deferred tax liability (after netting off deferred tax assets), based on the tax effect of timing difference resulting from the recognition of items in the financial statements. Deferred tax assets (after, netting of deferred tax liabilities), are generally not recognized unless there exist strong circumstances for its adjustment/realization in near future.

Annexure – V (III) PLN Construction Limited

To the Board of Directors

Punj Lloyd Limited

17-18, Nehru Place

New Delhi

Dear Sirs,

As required for the purpose of certification of summary of statement of accounts to be incorporated in the proposed offer document to be issued by Punj Lloyd Limited in connection with its initial public offer of Equity Shares, we state as follows:

1. **PLN Construction Limited** is a subsidiary of Punj Lloyd Limited.

2. We have audited the financial statements of PLN Construction Limited for the period ended September 30, 2005, being the last date upto which the accounts have been made and also the annual financial statements for the year ended March 31, 2005, in accordance with the auditing standards generally accepted in India.
3. We have not audited the annual financial statements of PLN Construction Limited for the financial years ended March 31, 2004, March 31, 2003, March 31, 2002 and March 31, 2001. The financial statements for these years have been audited by M/s Price Waterhouse, New Delhi and their report on these audited annual financial statements have been furnished to us and we have relied upon such audited annual financial statements for the purpose of compilation and examination of the summary statement of accounts.
4. On the basis of and on consideration of these audited financial statements, we certify that the figures included in the annexed statement of profits and loss account for the period ended September 30, 2005 and for the preceding five financial years ended March 31, 2005 and the annexed statement of assets and liabilities as at September 30, 2005 and for preceding five financial years, both dated November 15, 2005 along with the significant accounting policies and statement of changes are prepared from the audited financial statements of PLN Construction Limited without carrying out any generally accepted audit procedures.
5. Further, we confirm that the annexed statements include the following adjustments, if and to the extent applicable:
   - The impact of changes, if any, in accounting policies adopted by PLN Construction Limited, as at and for the period ended September 30,2005 have been suitably adjusted with retrospective effect in the attached restated summary statement;
   - Material amounts relating to adjustments for previous years have been identified and adjusted in arriving at the profits of the years to which they relate irrespective of the year in which the event triggering the profit or loss occurred;
   - The Qualification in the auditors report, where applicable, which requires any adjustments have been given effect to in the restated summary statement; and
   - Extraordinary items which need to be disclosed separately in the summary statement are appropriately disclosed.

As stated above, this report is for the purpose of incorporation of PLN Construction Limited's summary statement of accounts in the proposed offer document to be issued by Punj Lloyd Limited in connection with its initial public offer of equity shares and is not to be and should not be used in any other offering memorandum or other document without our prior written consent.

For and on behalf of
TAS ASSOCIATES
Chartered Accountants

Mukesh Agrawal
(Partner)
M. No.90582
Date: November 15, 2005
Place: New Delhi.

PLN CONSTRUCTION LIMITED
SUMMARY OF ASSETS AND LIABILITIES, AS RESTATED

(Amount in Rupees)

PARTICULARS	September 30,2005	March 31,2005	March 31,2004	March 31,2003	March 31,2002	March 31,2001
FIXED ASSETS						
Gross Block	88,055,734	88,045,734	88,015,634	63,606,310	35,030,337	25,483,124
Less : Depreciation	36,432,460	31,446,228	21,497,934	12,716,204	7,280,788	4,174,718
Net Block	51,623,274	56,599,506	66,517,700	50,890,106	27,749,549	21,308,406
Capital Work In Progress Including Capital Advances	-	-	-	-	-	-
TOTAL	51,623,274	56,599,506	66,517,700	50,890,106	27,749,549	21,308,406
INTANGIBLE ASSETS	-	-	-	-	-	-
DEFERRED TAX ASSETS	-	-	-	-	-	-
INVESTMENTS	-	-	-	-	-	-
CURRENT ASSETS, LOANS AND ADVANCES						
Inventories	-	-	-	-	-	-
Work in Progress	52,644,902	40,366,089	-	239,910	2,140,929	12,952,174
Sundry Debtors	11,291,151	19,170,614	24,212,083	50,761,557	44,656,649	-
Cash and Bank Balances	9,539,054	10,088,014	6,325,312	2,483,096	4,296,185	11,315,397
Loans and Advances	2,621,640	6,998,643	6,458,294	7,627,850	269,200	320,941
Other Current Assets	41,685	25,685	36,067	7,525	-	-
Miscellaneous Expenditure	-	-	-	-	31,496	62,992
(to the extent not written off or adjusted)						
TOTAL	76,138,432	76,649,045	37,031,756	61,119,938	51,394,459	24,651,504
TOTAL ASSETS	**127,761,706**	**133,248,551**	**103,549,456**	**112,010,044**	**79,144,008**	**45,959,910**
LIABILITIES & PROVISIONS						
Secured Loans	1,986,949	6,523,587	-	14,682,717	16,736,815	-
Unsecured Loans	1,602,864	2,477,148	4,225,716	-	-	-
Current Liabilities & Provisions	45,554,021	57,811,786	39,224,453	49,716,716	21,607,941	17,335,850
- Current Liabilities						
- Provisions						
Deferred Tax Liability	7,958,495	7,934,256	7,145,434	4,825,605	3,019,129	3,019,129
TOTAL LIABILITIES	**57,102,329**	**74,746,777**	**50,595,603**	**69,225,038**	**41,363,885**	**20,354,979**
NET WORTH	**70,659,377**	**58,501,774**	**52,953,853**	**42,785,006**	**37,780,123**	**25,604,931**
REPRESENTED BY						
SHARE CAPITAL	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000
RESERVES & SURPLUS						
General Reserve	2,210,000	2,210,000	2,210,000	650,000	650,000	200,000
Balance in Profit & Loss Account	48,449,377	36,291,774	30,743,853	22,135,006	17,130,123	5,404,931
	50,659,377	38,501,774	32,953,853	22,785,006	17,780,123	5,604,931
TOTAL	**70,659,377**	**58,501,774**	**52,953,853**	**42,785,006**	**37,780,123**	**25,604,931**

The accompanying significant accounting policies and Statement of changes are an integral part of this statement

PLN CONSTRUCTION LIMITED

STATEMENT OF PROFIT / (LOSS), AS RESTATED

(Amount in Rupees)

PARTICULARS	September 30,2005	March 31,2005	March 31,2004	March 31,2003	March 31,2002	March 31,2001
INCOME						
Contract Revenue	57,120,654	71,429,739	142,990,742	155,151,646	137,640,913	36,999,718
Other Income	106,699	2,410,387	161,240	85,617	3,743,641	-
Depreciation Written Back	-	27,051	-	-	-	2,139,736
Increase (Decrease) in Work in Progress	12,278,813	40,366,089	(239,910)	(1,901,019)	(10,811,245)	12,904,541
TOTAL	**69,506,166**	**114,233,266**	**142,912,072**	**153,336,244**	**130,573,309**	**52,043,995**
EXPENDITURE						
Materials Consumed and Cost Of Goods Sold	-	-	-	-	-	-
Staff Cost	3,269,145	4,608,041	5,296,488	3,115,229	4,144,118	1,574,995
Operating Expenses	42,262,909	83,786,119	90,904,343	122,343,655	83,179,898	34,946,804
Administration & General Expenses	1,748,340	6,384,112	7,165,522	6,000,089	12,195,199	4,677,174
Interest	238,098	442,906	1,985,532	1,219,298	398,356	-
Miscellaneous Expenditure Written Off	-	-	-	31,496	31,496	31,496
Depreciation / Amortization	4,986,232	9,948,294	8,802,649	5,441,548	3,106,070	2,879,886
Less : Transfer From Revaluation Reserve	-	-	-	-	-	-
	4,986,232	**9,948,294**	**8,802,649**	**5,441,548**	**3,106,070**	**2,879,886**
TOTAL	**52,504,724**	**105,169,472**	**114,154,534**	**138,151,315**	**103,055,137**	**44,110,355**
PROFIT/ (LOSS) BEFORE TAX & EXTRA-ORDINARY ITEMS	**17,001,442**	**9,063,794**	**28,757,538**	**15,184,929**	**27,518,172**	**7,933,640**
PROVISION FOR TAX						
Current Tax	4,819,600	2,700,000	7,000,000	3,800,000	10,000,000	1,350,000
Earlier Years Tax	-	31,227	3,900,000	-	-	-
Deferred Tax	24,239	788,822	2,319,829	1,806,477	-	-
Earlier Years Deferred Tax	-	-	-	3,019,129	-	-
TOTAL	**4,843,839**	**3,520,049**	**13,219,829**	**8,625,606**	**10,000,000**	**1,350,000**
NET PROFIT/ (LOSS) BEFORE EXTRA-ORDINARY ITEMS	**12,157,603**	**5,543,745**	**15,537,709**	**6,559,323**	**17,518,172**	**6,583,640**
Extra-Ordinary Items (net of tax)	-	-	-	-	-	-
NET PROFIT/ (LOSS) AFTER EXTRA-ORDINARY ITEMS & BEFORE ADJUSTMENTS	**12,157,603**	**5,543,745**	**15,537,709**	**6,559,323**	**17,518,172**	**6,583,640**
Adjustments for increasse / (decrease) in profits	-	4,176	4,784,263	(1,554,440)	(2,587,980)	(3,494,486)
NET PROFIT / (LOSS) AS, RESTATED	**12,157,603**	**5,547,921**	**20,321,972**	**5,004,883**	**14,930,192**	**3,089,154**
Adjustment for Depreciation Written Back	-	-	-	-	-	2,139,736
Adjustment for Unspent Liabilities and Provisions Written back	-	-	-	-	-	3,727,860
Adjustment for Deferred Tax Earlier Year	-	-	-	-	-	(3,019,129)
BALANCE BROUGHT FORWARD FROM PREVIOUS YEAR	36,291,774	30,743,853	22,135,006	17,130,123	5,404,931	2,422,310
PROFIT/ (LOSS) AVAILABLE FOR APPROPRIATIONS, AS RESTATED	**48,449,377**	**36,291,774**	**42,456,978**	**22,135,006**	**20,335,123**	**8,359,931**
APPROPRIATIONS						
Transfer to General Reserve	-	-	1,560,000	-	450,000	200,000
- Interim / Final Dividend	-	-	9,000,000	-	2,500,000	2,500,000
Tax on Dividend	-	-	1,153,125	-	255,000	255,000
TOTAL	**-**	**-**	**11,713,125**	**-**	**3,205,000**	**2,955,000**
BALANCE CARRIED FORWARD, AS RESTATED	**48,449,377**	**36,291,774**	**30,743,853**	**22,135,006**	**17,130,123**	**5,404,931**

The accompanying significant accounting policies and Statement of changes are an integral part of this statement

PLN CONSTRUCTION LIMITED
STATEMENT OF CHANGES TO RESTATED ACCOUNTS

(*Amount in Rupees*)

PARTICULARS	September 30,2005	March 31,2005	March 31,2004	March 31,2003	March 31,2002	March 31,2001
NET PROFIT/ (LOSS) AFTER TAX AS PER AUDITED ACCOUNTS	12,157,603	5,543,745	15,537,709	6,559,323	17,518,172	6,583,640
ADJUSTMENTS						
Unspent Liabilities and Provisions Written back	-	-	-	(1,962)	(3,725,898)	-
Depreciation Written back	-	(27,051)	20,919	6,132	-	(2,139,736)
Prior period expenses			1,376,271	(1,035,639)	(340,632)	
Earlier Years Income Tax	-	31,227	3,868,773	(3,900,000)		-
Earlier Years Deferred Tax	-	-	-	3,019,129	-	-
TOTAL IMPACT OF ADJUSTMENTS	-	4,176	5,265,963	(1,912,340)	(4,066,530)	(2,139,736)
TAX IMPACT OF ADJUSTMENTS	-	-	(481,700)	357,900	1,478,550	(1,354,750)
TOTAL OF ADJUSTMENTS AFTER TAX IMPACT	-	4,176	4,784,263	(1,554,440)	(2,587,980)	(3,494,486)
NET PROFIT / (LOSS) AS, RESTATED	12,157,603	5,547,921	20,321,972	5,004,883	14,930,192	3,089,154

STATEMENT OF CHANGES

1. **Unspent Liabilities Written Back:**

   a) Rs 37,27,860- representing unspent liabilities was written back during the year 2001-02. The said amount relates to years prior to the year 2000-01. Hence the same has been accounted for by adjusting the brought forward profit as at April 01, 2000 in the restated accounts.

   b) Rs 1,962 representing unspent liabilities was written back during the year 2002-03. The said amount related to year 2001-02. In the restated accounts the same has been accounted and adjusted for in the year 2001-02 and consequently the amount of current liabilities figures have also been adjusted for the corresponding years.

2. Depreciation Written Back:

a) During the year 2000-01 an amount of Rs.21,39,736 representing depreciation was written back. The amount relates to the years prior to the year 2000-01. In the restated accounts the same has been accounted for by adjusting the brought forward profit as at April 01, 2000.

b) During the year 2004-05 an amount of Rs.27,051 representing depreciation was written back. The said amount includes Rs 20,919 for the year 2003-04 and Rs 6,132 for the year 2002-03. In the restated accounts the same has been accounted for by adjusting the figures of depreciation and fixed assets for the corresponding years.

3. Prior Period items:

   a) Prior period items amounting to Rs 3,40,632were recognised as expenses during the year 2002-03. The said amount pertains to financial year 2001-02 which was not recognised earlier. These were identified on reconciliation with parties and now the same has been accounted for in the financial year 2001-02 in the restated accounts. Accordingly the current liabilities figures have also been adjusted for the corresponding year.

   b) Prior period items amounting Rs 13,76,271were recognised as expenses during the year 2003-04. The said amount pertains to financial year 2002-03 which was not recognised earlier. These were identified on reconciliation with parties and now the same has been accounted for in the financial year 2002-03 in the restated accounts. Accordingly the current liabilities figures have also been adjusted for the corresponding year.

4. Tax for earlier years:

   a) Rs 31,227 paid towards tax during the year 2004-05 related to year 2003-04. In the restated accounts the same has been accounted for by adjusting the tax and current liabilities figures for the corresponding years.

   b) Rs 39,00,000 paid towards tax during the year 2003-04 related to year 2002-03. In the restated accounts the same has been accounted for by adjusting the tax and current liabilities figures for the corresponding years.

5. Tax impact, of the above adjustments has also been accounted for in corresponding years.

6. Previous year figures have been regrouped / restated wherever considered necessary to conform with the current year figures.

PLN CONSTRUCTION LTD.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND STATEMENT OF CHANGES

TO THE RESTATED ACCOUNTS

SIGNIFICANT ACCOUNTING POLICIES

1 CONVENTION:
The financial statements have been prepared in accordance with mandatory applicable accounting standards in India and in accordance with the historical cost convention on going concern assumption.

2 RECOGNITION OF INCOME AND EXPENDITURE:

i. Revenues / Incomes and Costs / Expenditure are generally accounted on mercantile basis, as they are earned or incurred.

ii. Contract revenue is recognised under the percentage of completion method. Profit is recognised by reference to the proportion that accumulated costs up to the year end bear to the estimated total costs of the contract.

Cost includes all direct expenditure and incidental expenses related to the contract. Jobs-in-progress represents costs incurred on the respective contracts to be billed in the subsequent period(s).

Revenue arising from contract variations and claims is not accounted for unless there is certainty that the customer will approve the variation/claim and the amount of revenue arising from the variation/claim can be measured reliably.

Losses on contracts, if any, are assessed on an individual contract basis and a provision is made for the full amount of the anticipated losses, including any losses relating to future work on a contract, in the period in which the loss is first foreseen.

Advance received on long -term contracts are applied to billing in accordance with the terms of the related contracts.

iii. The Preliminary expenses are charged to the Revenue over the period of five years from the year these were incurred.

3 FIXED ASSETS:
Fixed Assets are stated at cost of acquisition and subsequent improvements thereto, including taxes, duties, freight and other incidental expenses related to acquisition and installation.

4 DEPRECIATION:

Depreciation is provided on straight-line method at the rates specified in Schedule XIV to the Companies Act, 1956.

Assets whose actual cost does not exceed Rs. 5,000 have been depreciated at the rate of hundred percent except in cases where the aggregate actual cost of individual item of asset costing Rs. 5,000 or less constitutes more than 10 % of the total actual cost of the asset.

Depreciation on additions to assets, or on sale / discardment of assets, is calculated pro-rata from the date of such additions or upto the date of such sale / discardment as the case may be.

5 INVENTORIES:

All Inventories are valued at the lower of cost or net realisable value. The cost is arrived at by First In First Out Method and includes taxes, duties, freight and other incidental expenses incurred to bring the inventory into present situation on the Balance Sheet date.

6 INVESTMENTS

Investments are valued at cost.

7 TAXATION

Tax expense for the year comprises current income tax, determined to be payable in respect of taxable income based on estimated assessable income computed in accordance with Income Tax Act, 1961 and deferred tax being the tax effect of timing differences between the accounting income and taxable income that originate in one period and are capable of reversal in one or more subsequent period(s), subject to consideration of prudence.

8 SPECIAL ACCOUNTING CONSIDERATIONS:

i. Transactions in Foreign Currency are recorded at the exchange rate prevailing at the date of the transaction.

All assets and liabilities denominated in foreign currency are reported using the closing rate and exchange differences there from are recognised as income or expense and, as the case may be are taken to the Profit & Loss Account as exchange fluctuation.
In compliance of AS – 11 revised, exchange difference arising w.e.f. 1st April 2004 in respect of fixed assets has been recognised as expenses or income as the case may be.

ii. An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value in use. An impairment loss is charged to Profit & Loss Account in the year in which an asset is identified as impaired by the company. The impairment loss recognised in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

Annexure – V (Iv) spectra punj lloyd Limited

To the Board of Directors
Punj Lloyd Limited
17-18, Nehru Place
New Delhi

Dear Sirs,

As required for the purpose of certification of summary of statement of accounts to be incorporated in the proposed offer document to be issued by Punj Lloyd Limited in connection with its initial public offer of Equity Shares, we state as follows:

1. **Spectra Punj Lloyd Limited** is a subsidiary of Punj Lloyd Limited.
2. We have audited the financial statements of Spectra Punj Lloyd Limited for the period ended September 30, 2005, being the last date upto which the accounts have been made and also the annual financial statement for the year ended 31st March, 2005, in accordance with the auditing standards generally accepted in India.
3. We have not audited the annual financial statements of Spectra Punj Lloyd Limited for the financial years ended March 31, 2004, March 31, 2003, March 31, 2002 and March 31, 2001. The financial statements for these years have been audited by M/s Srivastava Kumar & Company, New Delhi and their report on these audited annual financial statements have been furnished to us and we have relied upon such audited annual financial statements for the purpose of compilation and examination of the summary statement of accounts.
4. On the basis of and on consideration of these audited financial statements, we certify that the figures included in the annexed statement of profits and loss account for the period ended September 30, 2005 and for the preceding five financial years ended March 31, 2005, and the annexed statement of assets and liabilities as at September 30, 2005 and for preceding five financial years, both dated November 15, 2005 along with the significant accounting policies and statement of changes, are prepared from the audited financial statements of Spectra Punj Lloyd Limited without carrying out any generally accepted audit procedures.
5. Further, we confirm that the annexed statements include the following adjustments, if and to the extent applicable:
   - The impact of changes, if any, in accounting policies adopted by Spectra Punj Lloyd Limited, as at and for the period ended September 30, 2005 have been suitably adjusted with retrospective effect in the attached restated summary statement;
   - Material amounts relating to adjustments for previous years have been identified and adjusted in arriving at the profits of the years to which they relate irrespective of the year in which the event triggering the profit or loss occurred;
   - The Qualification in the auditors report, where applicable, which requires any adjustments have been given effect to in the restated summary statement; and
   - Extraordinary items which need to be disclosed separately in the summary statement are appropriately disclosed.

As stated above, this report is for the purpose of incorporation of Spectra Punj Lloyd Limited's summary statement of accounts in the proposed offer document to be issued by Punj Lloyd Limited in connection with its initial public offer of equity shares and is not to be and should not be used in any other offering memorandum or other document without our prior written consent.

For and on behalf of
TAS ASSOCIATES
Chartered Accountants

Mukesh Agrawal
(Partner)
M. No.90582
Date: November 15, 2005
Place: New Delhi.

SPECTRA PUNJ LLOYD LIMITED
SUMMARY OF ASSETS AND LIABILITIES, AS RESTATED

(Amount in Rupees)

PARTICULARS	September 30,2005	March 31,2005	March 31,2004	March 31,2003	March 31,2002	March 31,2001
FIXED ASSETS						
Gross Block	251,290,404	251,290,404	267,548,461	266,461,908	244,111,981	166,363,372
Less : Depreciation	140,169,764	126,027,264	105,128,884	75,240,283	46,979,266	25,914,582
Net Block	111,120,640	125,263,140	162,419,577	191,221,625	197,132,715	140,448,790
Capital Work In Progress Including Capital Advances	-	-	-	-	-	-
TOTAL	111,120,640	125,263,140	162,419,577	191,221,625	197,132,715	140,448,790
INTANGIBLE ASSETS	-	-	-	-	-	-
DEFERRED TAX ASSETS	-	-	-	-	-	-
INVESTMENTS	-	-	-	-	-	-
CURRENT ASSETS, LOANS AND ADVANCES						
Inventories	38,904,308	35,768,321	28,440,286	26,617,121	18,941,426	7,233,673
Sundry Debtors	65,433,857	101,165,879	86,674,319	131,808,900	116,179,280	103,775,671
Cash and Bank Balances	3,382,749	1,994,075	3,114,322	10,505,877	28,914,623	2,615,126
Loans and Advances	4,718,138	2,301,238	4,468,920	6,960,945	10,997,173	12,859,852
Other Current Assets	277,162	258,772	170,205	118,202	72,566	32,333
Miscellaneous Expenditure	10,500,000	12,000,000	-	29,200	58,400	87,600
(to the extent not written off or adjusted)						
TOTAL	123,216,214	153,488,285	122,868,052	176,040,245	175,163,468	126,604,255
TOTAL ASSETS	**234,336,854**	**278,751,425**	**285,287,629**	**367,261,870**	**372,296,183**	**267,053,045**
LIABILITIES & PROVISIONS						
Secured Loans	67,078,264	86,399,465	108,870,519	143,441,862	155,142,202	98,084,823
Unsecured Loans	7,000,000	21,000,000	26,000,000	38,000,000	50,000,000	50,000,000
Current Liabilities & Provisions	18,202,674	31,255,314	14,341,171	53,827,433	57,321,334	25,511,726
Deferred Tax Liability	22,138,335	27,919,611	27,519,533	26,796,533	21,411,533	15,052,084
TOTAL LIABILITIES	**114,419,273**	**166,574,390**	**176,731,223**	**262,065,828**	**283,875,069**	**188,648,633**
NET WORTH	**119,917,581**	**112,177,035**	**108,556,406**	**105,196,042**	**88,421,114**	**78,404,412**
REPRESENTED BY						
SHARE CAPITAL	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000
RESERVES & SURPLUS						
General Reserve	6,328,000	6,328,000	3,828,000	1,328,000	1,328,000	828,000
Debenture Redemption Reserve	38,000,000	38,000,000	38,000,000	38,000,000	32,500,000	17,500,000
Balance in Profit & Loss Account	25,589,581	17,849,035	16,728,406	15,868,042	4,593,114	10,076,412
	69,917,581	62,177,035	58,556,406	55,196,042	38,421,114	28,404,412
TOTAL	**119,917,581**	**112,177,035**	**108,556,406**	**105,196,042**	**88,421,114**	**78,404,412**

The accompanying significant accounting policies and Statement of changes are an integral part of this statement

SPECTRA PUNJ LLOYD LTD.
STATEMENT OF PROFIT / (LOSS), AS RESTATED

(Amount in Rupees)

PARTICULARS	September 30,2005	March 31,2005	March 31,2004	March 31,2003	March 31,2002	March 31,2001
INCOME						
Contract Revenue	127,193,231	139,259,340	166,644,471	521,686,201	383,768,085	423,631,994
Sales of products:						
- manufactured by the company	-	-	-	-	-	-
- trading goods	-	-	-	-	-	-
Other Income	1,274,595	33,197	576,861	1,033,537	768,461	152,493
Increase (Decrease) in Work in Progress	-	-	-	-	-	-
TOTAL	**128,467,826**	**139,292,537**	**167,221,332**	**522,719,738**	**384,536,546**	**423,784,487**
EXPENDITURE						
Materials Consumed and Cost Of Goods Sold	40,853,640	26,667,657	20,313,016	83,522,033	25,304,579	4,325,278
Staff Cost	3,645,725	3,853,635	3,787,298	46,489,730	28,238,198	25,404,540
Selling and Distribution Expenses	-	-	-	-	-	-
Operating Expenses	52,624,995	49,297,932	82,956,960	293,887,548	246,535,552	311,975,650
Administration & General Expenses	4,500,980	10,032,380	4,714,586	16,635,495	18,752,224	13,439,234
Interest	4,203,715	11,044,571	18,174,768	25,808,676	21,185,477	17,781,413
Miscellaneous Expenditure Written Off	1,500,000	3,000,000	29,200	29,200	29,200	29,200
Depreciation / Amortization	14,142,500	29,450,654	30,132,140	29,622,128	21,137,192	17,288,414
Less : Transfer From Revaluation Reserve	-	-	-	-	-	-
	14,142,500	**29,450,654**	**30,132,140**	**29,622,128**	**21,137,192**	**17,288,414**
TOTAL	**121,471,555**	**133,346,829**	**160,107,968**	**495,994,810**	**361,182,422**	**390,243,729**
PROFIT/ (LOSS) BEFORE TAX & EXTRA-ORDINARY ITEMS	6,996,271	5,945,708	7,113,364	26,724,928	23,354,124	33,540,758
PROVISION FOR TAX						
Current Tax	5,037,000	1,925,000	3,030,000	4,565,000	1,977,974	3,000,000
Earlier Years Tax	-	-	-	-	-	-
Deferred Tax	(5,781,275)	400,079	723,000	5,385,000	6,359,448	-
Earlier Years Deferred Tax	-	-	-	-	15,052,084	-
TOTAL	**(744,275)**	**2,325,079**	**3,753,000**	**9,950,000**	**23,389,506**	**3,000,000**
NET PROFIT/ (LOSS) BEFORE EXTRA-ORDINARY ITEMS	**7,740,546**	**3,620,629**	**3,360,364**	**16,774,928**	**(35,382)**	**30,540,758**
Extra-Ordinary Items (net of tax)	-	-	-	-	-	-
Depreciation Written back						**14,111,935**
NET PROFIT/ (LOSS) AFTER EXTRA-ORDINARY ITEMS & BEFORE ADJUSTMENTS	**7,740,546**	**3,620,629**	**3,360,364**	**16,774,928**	**(35,382)**	**44,652,693**
Adjustments for increasse / (decrease) in profits	-	-	-	-	15,052,084	(14,111,935)
NET PROFIT / (LOSS), AS RESTATED	**7,740,546**	**3,620,629**	**3,360,364**	**16,774,928**	**15,016,702**	**30,540,758**
Adjustment for Depreciation Written Back	-	-	-	-	-	14,111,935
Adjustment for Deferred Tax Earlier Year	-	-	-	-	-	(15,052,084)
BALANCE BROUGHT FORWARD FROM PREVIOUS YEAR	17,849,035	16,728,406	15,868,042	4,593,114	10,076,412	980,810
PROFIT/ (LOSS) AVAILABLE FOR APPROPRIATIONS, AS RESTATED	**25,589,581**	**20,349,035**	**19,228,406**	**21,368,042**	**25,093,114**	**30,581,419**
APPROPRIATIONS						
Transfer to General Reserve	-	(2,500,000)	(2,500,000)	-	(500,000)	(800,000)
Transfer to Debenture Redemption Reserve	-	-	-	(5,500,000)	(15,000,000)	(15,000,000)
Dividend						
- Equity	-	-	-	-	(5,000,000)	(4,269,516)
Tax on Dividend	-	-	-	-	-	(435,491)
BALANCE CARRIED FORWARD, AS RESTATED	**25,589,581**	**17,849,035**	**16,728,406**	**15,868,042**	**4,593,114**	**10,076,412**

The accompanying significant accounting policies and Statement of changes are an integral part of this statement

STATEMENT OF CHANGES TO RESTATED ACCOUNTS

(Amount in Rupees)

PARTICULARS	September 30,2005	March 31,2005	March 31,2004	March 31,2003	March 31,2002	March 31,2001
NET PROFIT/ (LOSS) AFTER TAX AS PER AUDITED ANNUAL ACCOUNTS	7,740,546	3,620,629	3,360,364	16,774,928	(35,382)	44,652,693
ADJUSTMENTS						
Depreciation Written back	-	-	-	-	-	(14,111,935)
Earlier Years Deferred Tax	-	-	-	-	15,052,084	-
TOTAL IMPACT OF ADJUSTMENTS	-	-	-	-	15,052,084	(14,111,935)
TAX IMPACT OF ADJUSTMENTS	-	-	-	-	-	-
TOTAL OF ADJUSTMENTS AFTER TAX IMPACT	-	-	-	-	15,052,084	(14,111,935)
NET PROFIT / (LOSS), AS RESTATED	7,740,546	3,620,629	3,360,364	16,774,928	15,016,702	30,540,758

SPECTRA PUNJ LLOYD LIMITED

STATEMENT OF CHANGES

1. Change in method of Depreciation:

   During the year 2000-01 the company had changed its method of providing depreciation on fixed assets from written down value method to straight line method at the rates prescribed in schedule XIV to the Companies Act 1956. Consequently the depreciation amounting to Rs.1,41,11,935 was written back during the year 2000-01 pertaining to earlier years. The same has accordingly been adjusted from brought forwarded profits as at April 01, 2000 in the restated accounts.

2. Previous year figures have been regrouped / restated wherever considered necessary to conform with the current year figures.

SPECTRA PUNJ LLOYD LIMITED

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND STATEMENT OF CHANGES TO THE RESTATED ACCOUNTS

SIGNIFICANT ACCOUNTING POLICIES

1. RECOGNITION OF INCOME AND EXPENDITURE

   I.) Revenue/Income and Costs/Expenditure are accounted on accrual basis, as they are earned or incurred.

   II.) The Deferred Revenue Expenses are charged to Profit and Loss Account over a period of five years from the year in which they are incurred.

   III.) Revenue on account of scrap generation is accounted for on actual realisation basis.

2. RETIREMENT BENEFITS

   I.) The Company's contribution to Provident Fund, Gratuity Fund and Superannuation Fund are charged to the Profit & Loss Account.

   II.) Gratuity and superannuation benefits are accounted for on actuarial basis.

   III.) Leave encashment benefit payable to employee is provided for on the basis of actuarial valuation at the close of the accounting year.

3. FIXED ASSETS

   I.) Fixed Assets are stated at cost, less accumulated depreciation.

   II.) Fixed Assets acquired under Hire Purchases Agreement are fully capitalised and installments are segregated into Hire purchases charges charged to Profit & Loss Account, and Principal adjusted against creditors for hire purchase.

4. METHOD OF DEPRECIATION

   I.) Depreciation on the assets of the Company is charged on the Straight Line Method at the rates specified in Schedule XIV of the Companies Act, 1956, on a single shift basis.

II.) Depreciation on additions to assets or on sale/discardment of assets, is calculated pro-rata from the date of such addition or up to the date of such sale/discardment, as the case may be.

III.) Assets costing upto Rs. 5000 are depreciated at the rate of hundred percent except in the cases where the cost of individual item of asset constitutes more than ten percent of the total actual cost of the asset.

5. VALUATION OF INVENTORIES

Inventories are valued at lower of cost or net realizable value. The cost is calculated by using weighted average cost method and includes all the costs incurred in bringing the items of inventory to their present location and condition. The company periodically undertakes the physical verification of the inventory and shortages or excess not material in nature are accounted / adjusted in the books of account.

6. TAXES ON INCOME

Provision for Income Tax comprises both current tax and deferred tax. Provision for current tax is made after taking into consideration estimates of benefits admissible under the provisions of Income Tax Act 1961. Deferred Tax liability (Net of deferred tax assets) resulting from "Timing Difference" between book and taxable profit is accounted for using the tax rates and laws that have been enacted for substantively enacted on the balance sheet date. The resultant net deferred tax asset, if any, is recognised and carried forward only to the extent that there is reasonable certainty that the asset will be realised in near future,

7. FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of transaction. Foreign currency monetary assets and liabilities are re-stated at year end foreign exchange rate. Any resultant exchange difference is recognised in the profit and loss account.

Annexure – V (v) spectra punjab Limited

To the Board of Directors
Punj Lloyd Limited
17-18, Nehru Place
New Delhi

Dear Sirs,

As required for the purpose of certification of summary of statement of accounts to be incorporated in the proposed offer document to be issued by Punj Lloyd Limited in connection with its initial public offer of Equity Shares, we state as follows:

1. **Spectra Punjab Limited** is a subsidiary of Punj Lloyd Limited.
2. We have audited the financial statements of Spectra Punjab Limited for the period ended September 30, 2005, being the last date upto which the accounts have been made and annual financial statements for the years ended March 31, 2005, March 31, 2004, March 31, 2003 and March 31, 2002, in accordance with the auditing standards generally accepted in India.
3. We have not audited the annual financial statements of Spectra Punjab Limited for the financial year ended March 31, 2001. The financial statements for these years have been audited by M/s Price Waterhouse, New Delhi and their report on these audited annual financial statements have been furnished to us and we have relied upon such audited annual financial statements for the purpose of compilation and examination of the summary statement of accounts.
4. On the basis of and on consideration of these audited financial statements, we certify that the figures included in the annexed statement of profits and loss account for the period ended September 30, 2005 and for the preceding five financial years ended March 31, 2005, and the annexed statement of assets and liabilities as at September 30, 2005 and for preceding five financial years, both dated October 31, 2005 along with the significant accounting policies and statement of changes, are prepared from the audited financial statements of Spectra Punjab Limited without carrying out any generally accepted audit procedures.
5. Further, we confirm that the annexed statements include the following adjustments, if and to the extent applicable:
   - The impact of changes, if any, in accounting policies adopted by Spectra Punjab Limited, as at and for the period ended September 30, 2005 have been suitably adjusted with retrospective effect in the attached restated summary statement;
   - Material amounts relating to adjustments for previous years have been identified and adjusted in arriving at the profits of the years to which they relate irrespective of the year in which the event triggering the profit or loss occurred;
   - The Qualification in the auditors report, where applicable, which requires any adjustments have been given effect to in the restated summary statement; and
   - Extraordinary items which need to be disclosed separately in the summary statement are appropriately disclosed.

As stated above, this report is for the purpose of incorporation of Spectra Punjab Limited's summary statement of accounts in the proposed offer document to be issued by Punj Lloyd Limited in connection with its initial public offer of equity shares and is not to be and should not be used in any other offering memorandum or other document without our prior written consent.

For and on behalf of
TAS ASSOCIATES
Chartered Accountants

Mukesh Agrawal
(Partner)
M. No.90582
Date: November 15, 2005
Place: New Delhi.

SPECTRA PUNJAB LIMITED
SUMMARY OF ASSETS AND LIABILITIES, AS RESTATED

(Amount in Rupees)

PARTICULARS	September 30,2005	March 31,2005	March 31,2004	March 31,2003	March 31,2002	March 31,2001
FIXED ASSETS						
Gross Block	-	-	-	-	-	-
Less : Depreciation	-	-	-	-	-	-
Net Block	-	-	-	-	-	-
Capital Work In Progress Including Capital Advances	59,826,246	59,826,246	59,826,246	59,826,246	59,826,246	63,317,626
TOTAL	59,826,246	59,826,246	59,826,246	59,826,246	59,826,246	63,317,626
Pre-Operative Expenses (Pending Capitalisation)	2,809,638	2,788,812	2,756,063	2,694,825	2,413,537	2,647,032
INTANGIBLE ASSETS	-	-	-	-	-	-
DEFERRED TAX ASSETS	-	-	-	-	-	-
INVESTMENTS	-	-	-	-	-	-
CURRENT ASSETS, LOANS AND ADVANCES						
Inventories	-	-	-	-	-	-
Sundry Debtors	-	-	-	-	-	-
Cash and Bank Balances	540,630	534,252	404,224	383,449	2,584,580	3,509,477
Loans and Advances	42,047	79,980	222,925	175,047	195,816	76,659
Other Current Assets	-	-	8,913	66,839	343,404	-
Miscellaneous Expenditure	159,500	159,500	159,500	159,500	159,500	159,500
(to the extent not written off or adjusted)						
TOTAL	742,177	773,732	795,562	784,835	3,283,300	3,745,636
TOTAL ASSETS	**63,378,061**	**63,388,790**	**63,377,871**	**63,305,906**	**65,523,083**	**69,710,294**
LIABILITIES & PROVISIONS						
Secured Loans	-	-	-	-	-	-
Unsecured Loans	52,174,953	52,174,953	35,079,602	34,999,637	36,211,364	39,102,795
Current Liabilities & Provisions	2,203,108	2,213,837	19,298,269	19,306,269	20,311,719	21,607,499
Deferred Tax Liability	-	-	-	-	-	-
TOTAL LIABILITIES	**54,378,061**	**54,388,790**	**54,377,871**	**54,305,906**	**56,523,083**	**60,710,294**
NET WORTH	**9,000,000**	**9,000,000**	**9,000,000**	**9,000,000**	**9,000,000**	**9,000,000**
REPRESENTED BY						
SHARE CAPITAL	9,000,000	9,000,000	9,000,000	9,000,000	9,000,000	9,000,000
RESERVES & SURPLUS						
Balance in Profit & Loss Account	-	-	-	-	-	-
	-	-	-	-	-	-
TOTAL	**9,000,000**	**9,000,000**	**9,000,000**	**9,000,000**	**9,000,000**	**9,000,000**

The accompanying significant accounting policies and Statement of changes are an integral part of this statement

SPECTRA PUNJAB LIMITED

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND STATEMENT OF CHANGES

TO THE RESTATED ACCOUNTS

SIGNIFICANT ACCOUNTING POLICIES

1 CONVENTION
The financial statements have been prepared in accordance with mandatory applicable accounting standards in India and in accordance with the historical cost convention on going concern basis.

2 FIXED ASSETS/CAPITAL WORK IN PROGRESS
Fixed assets are stated at cost. Capital work in progress is stated at cost, to be capitalised on the date of commissioning.

3 RECOGNITION OF INCOME AND EXPENDITURE
Revenue/income and cost/expenditure is accounted on accrual basis, as they are earned or incurred.

4 PRE-OPERATIVE EXPENDITURE
Expenditure incurred during construction period and incidental to construction, which cannot be allocated to specific amount, is being carried forward as pre / operative expenditure pending allocation and is apportioned to capital and revenue in the year of commencement of services, as the case may be.

5 MISCELLANEOUS EXPENDITURE
Preliminary expenses and /or deferred revenue expenditure are to be amortised over a period of five years beginning with the year the company starts commercial operations.

6 POLICY ON LEASE
In respect of lease affected from 1st April, 2001, Finance lease have been accounted for as per AS-19 issued by Institute of Chartered Accountants of India.

7 TAXES ON INCOME
Provision for current Income Tax is made on the basis of estimated taxable income after considering concessions, deductions and exemptions and brought forward losses. The company provides for deferred tax liability (after netting off deferred tax assets), based on the tax effect of timing difference resulting from the recognition of items in the financial statements. Deferred tax assets (after, netting off deferred tax liabilities), are generally not recognized unless there exist strong circumstances for its adjustment/realization in near future.

SPECTRA PUNJAB LIMITED

STATEMENT OF CHANGES

1. There is no change in restated accounts.

2. Previous year figures have been regrouped / restated wherever considered necessary to conform with the current year figures.

Annexure – V (vi) Atna Investments Limited

To the Board of Directors
Punj Lloyd Limited
17-18, Nehru Place
New Delhi

Dear Sirs,

As required for the purpose of certification of summary of statement of accounts to be incorporated in the proposed offer document to be issued by Punj Lloyd Limited in connection with its initial public offer of Equity Shares, we state as follows:

1. **Atna Investments Limited** is a subsidiary of Punj Lloyd Limited.
2. We have audited the financial statements of Atna Investments Limited for the period ended September 30, 2005, being the last date upto which the accounts have been made and also the annual financial statements for the year ended March 31, 2005, in accordance with the auditing standards generally accepted in India.
3. We have not audited the annual financial statements of Atna Investments Limited for the financial years ended March 31, 2004, March 31, 2003, March 31, 2002 and March 31, 2001. The financial statements for these years have been audited by M/s Srivastava Kumar & Company, New Delhi and their report on these audited annual financial statements have been furnished to us and we have relied upon such audited annual financial statements for the purpose of compilation and examination of the summary statement of accounts.
4. On the basis of and on consideration of these audited financial statements, we certify that the figures included in the annexed statement of profits and loss account for the period ended September 30, 2005 and for the preceding five financial years ended March 31, 2005, and the annexed statement of assets and liabilities as at September 30, 2005 and for preceding five financial years, both dated November 15, 2005, along with the significant accounting policies and statement of changes, are prepared from the audited financial statements of Atna Investments Limited without carrying out any generally accepted audit procedures.
5. Further, we confirm that the annexed statements include the following adjustments, if and to the extent applicable:
   - The impact of changes, if any, in accounting policies adopted by Atna Investments Limited as at and for the period ended September 30,2005 have been suitably adjusted with retrospective effect in the attached restated summary statement;
   - Material amounts relating to adjustments for previous years have been identified and adjusted in arriving at the profits of the years to which they relate irrespective of the year in which the event triggering the profit or loss occurred;
   - The Qualification in the auditors report, where applicable, which requires any adjustments have been given effect to in the restated summary statement; and
   - Extraordinary items which need to be disclosed separately in the summary statement are appropriately disclosed.

As stated above, this report is for the purpose of incorporation of Atna Investment Limited's summary statement of accounts in the proposed offer document to be issued by Punj Lloyd Limited in connection with its initial public offer of equity shares and is not to be and should not be used in any other offering memorandum or other document without our prior written consent.

For and on behalf of
TAS ASSOCIATES
Chartered Accountants

Mukesh Agrawal
(Partner)
M. No.90582
Date: November 15, 2005
Place: New Delhi.

ATNA INVESTMENTS LIMITED
SUMMARY OF ASSETS AND LIABILITIES, AS RESTATED

(Amount in Rupees)

PARTICULARS	September 30,2005	March 31,2005	March 31,2004	March 31,2003	March 31,2002	March 31,2001
FIXED ASSETS						
Gross Block	-	-	-	252,163	252,163	252,163
Less : Depreciation	-	-	-	245,598	243,870	241,613
Net Block	-	-	-	6,565	8,293	10,550
Capital Work In Progress Including Capital Advances	-	-	-	-	-	-
TOTAL	-	-	-	6,565	8,293	10,550
INTANGIBLE ASSETS	-	-	-	-	-	-
DEFERRED TAX ASSETS	-	-	-	-	-	-
INVESTMENTS	37,022,072	37,314,862	36,682,000	170,429,900	170,429,900	170,429,900
CURRENT ASSETS, LOANS AND ADVANCES						
Stock in Trade	-	-	639,527	639,527	639,527	639,527
Sundry Debtors	-	-	-	-	-	-
Cash and Bank Balances	30,215	18,029	4,019,906	83,528	37,559	32,182
Loans and Advances	11,296,500	11,311,500	19,527,000	6,490,793	6,598,793	6,589,087
Other Current Assets	-	-	-	-	-	-
Miscellaneous Expenditure	-	-	182,651	365,303	547,955	730,607
(to the extent not written off or adjusted)						
TOTAL	11,326,715	11,329,529	24,369,084	7,579,151	7,823,834	7,991,403
TOTAL ASSETS	**48,348,787**	**48,644,391**	**61,051,084**	**178,015,616**	**178,262,027**	**178,431,853**
LIABILITIES & PROVISIONS						
Secured Loans	-	-	-	-	-	-
Unsecured Loans	10,100,500	10,050,500	22,234,000	5,025,000	5,025,000	5,035,000
Current Liabilities & Provisions	24,321	32,550	3,717	239,700	306,124	305,099
Deferred Tax Liability	-	-	-	-	-	-
TOTAL LIABILITIES	**10,124,821**	**10,083,050**	**22,237,717**	**5,264,700**	**5,331,124**	**5,340,099**
NET WORTH	**38,223,966**	**38,561,341**	**38,813,367**	**172,750,916**	**172,930,903**	**173,091,754**
REPRESENTED BY						
SHARE CAPITAL	39,922,100	39,922,100	39,922,100	173,670,000	173,670,000	173,670,000
RESERVES & SURPLUS						
General Reserve	38,500	38,500	38,500	38,500	38,500	38,500
Balance in Profit & Loss Account	(1,736,634)	(1,399,259)	(1,147,233)	(957,584)	(777,597)	(616,746)
	(1,698,134)	(1,360,759)	(1,108,733)	(919,084)	(739,097)	(578,246)
TOTAL	**38,223,966**	**38,561,341**	**38,813,367**	**172,750,916**	**172,930,903**	**173,091,754**

The accompanying significant accounting policies and Statement of changes are an integral part of this statement

ATNA INVESTMENTS LIMITED
STATEMENT OF PROFITS / (LOSS), AS RESTATED

(Amount in Rupees)

PARTICULARS	September 30,2005	March 31,2005	March 31,2004	March 31,2003	March 31,2002	March 31,2001
INCOME						
Contract Revenue	-	-	-	-	-	-
Sales of products:						
- manufactured by the company	-	-	-	-	-	-
- Sale of Shares	-	2,508	-	-	-	-
Other Income	3,900	9,500	31,015	39,767	37,433	5,550
Increase (Decrease) in Work in Progress	-	-	-	-	-	-
TOTAL	**3,900**	**12,008**	**31,015**	**39,767**	**37,433**	**5,550**
EXPENDITURE						
Materials Consumed and Cost Of Goods Sold	-	-	-	-	-	-
Cost of Sale of Shares	-	6,665				
Staff Cost	16,500	30,000	17,500	-	-	-
Selling and Distribution Expenses	-	-	-	-	-	-
Operating Expenses	-	-	-	-	-	-
Administration & General Expenses	31,985	44,718	19,495	19,960	13,375	23,509
Interest	-	-	-	-	-	-
Diminution in the value of Investment	292,790	-	-	-	-	-
Miscellaneous Expenditure Written Off	-	182,651	182,652	182,652	182,652	321,910
Depreciation / Amortization	-	-	-	1,729	2,257	2,970
Less : Transfer From Revaluation Reserve	**-**	**-**	**-**	**1,729**	**2,257**	**2,970**
TOTAL	**341,275**	**264,034**	**219,647**	**204,341**	**198,284**	**348,389**
PROFIT/ (LOSS) BEFORE TAX & EXTRA-ORDINARY ITEMS	(337,375)	(252,026)	(188,632)	(164,574)	(160,851)	(342,839)
PROVISION FOR TAX						
Current Tax	-	-	-	(15,000)	-	-
Earlier Years Tax	-	(1,017)	(413)	-	-	-
Deferred Tax	-	-	-	-	-	-
NET PROFIT/ (LOSS) BEFORE EXTRA-ORDINARY ITEMS	**(337,375)**	**(253,043)**	**(189,045)**	**(179,574)**	**(160,851)**	**(342,839)**
Extra-Ordinary Items (net of tax)						
Unspent Liabilities and Provisions Written back	-	-	314,161	-	-	-
NET PROFIT/ (LOSS) AFTER EXTRA-ORDINARY ITEMS & BEFORE ADJUSTMENTS	**(337,375)**	**(253,043)**	**125,116**	**(179,574)**	**(160,851)**	**(342,839)**
Adjustments for increasse / (decrease) in profits	-	1,017	(314,765)	(413)	-	-
NET PROFIT / (LOSS) , AS RESTATED	**(337,375)**	**(252,026)**	**(189,649)**	**(179,987)**	**(160,851)**	**(342,839)**
Adjustment for Unspent Liabilities & Provisions for Earlier Years	-	-	**-**	**-**	**-**	**314,161**
BALANCE BROUGHT FORWARD FROM PREVIOUS YEAR	**(1,399,259)**	**(1,147,233)**	**(957,584)**	**(777,597)**	**(616,746)**	**(588,068)**
PROFIT/ (LOSS) AVAILABLE FOR APPROPRIATIONS, AS RESTATED	**(1,736,634)**	**(1,399,259)**	**(1,147,233)**	**(957,584)**	**(777,597)**	**(616,746)**
APPROPRIATIONS	-	-	-	-	-	-
BALANCE CARRIED FORWARD , AS RESTATED	**(1,736,634)**	**(1,399,259)**	**(1,147,233)**	**(957,584)**	**(777,597)**	**(616,746)**

The accompanying significant accounting policies and Statement of changes are an integral part of this statement

ATNA INVESTMENTS LTD.
STATEMENT OF CHANGES TO RESTATED ACCOUNTS

(Amount in Rupees)

PARTICULARS	September 30,2005	March 31,2005	March 31,2004	March 31,2003	March 31,2002	March 31,2001
NET PROFIT/ (LOSS) AFTER TAX AS PER AUDITED ACCOUNTS	(337,375)	(253,043)	125,116	(179,574)	(160,851)	(342,839)
ADJUSTMENTS						
Unspent Liabilities and Provisions Written back	-	-	(314,161)	-	-	-
Earlier Years Tax	-	1,017	(604)	(413)	-	-
TOTAL IMPACT OF ADJUSTMENTS	-	1,017	(314,765)	(413)	-	-
TAX IMPACT OF ADJUSTMENTS	-	-	-	-	-	-
TOTAL OF ADJUSTMENTS AFTER TAX IMPACT	-	1,017	(314,765)	(413)	-	-
NET PROFIT / (LOSS) , AS RESTATED	(337,375)	(252,026)	(189,649)	(179,987)	(160,851)	(342,839)

ATNA INVESTMENTS LIMITED

STATEMENT OF CHANGES

1. Unspent Liabilities written back:

A sum of Rs.3,14,161 was written back during the year 2003-2004 as unspent liabilities pertaining to years prior to 1999-2000 and the same has accordingly been adjusted from brought forward loss as at April 01, 2004 in the restated accounts. Corresponding effect has also been taken in figures of current liabilities for the year 2000-01 and subsequent years.

2. Earlier year Tax:

a) Rs. 1,017 shown as Tax for earlier years in 2004 –05 relates to the financial year 2003-04 and the same has accordingly been adjusted in the restated accounts.
b) Rs. 413 shown as Tax for earlier years during the year 2003-04 relates to financial year 2002-03 and the same has accordingly been adjusted in the restated accounts.

3. Previous year figures have been regrouped / restated wherever considered necessary to conform with the current year figures.

ATNA INVESTMENTS LIMITED

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND STATEMENT OF CHANGES

TO THE RESTATED ACCOUNTS

SIGNIFICANT ACCOUNTING POLICIES

1. CONVENTION
The financial statements have been prepared on historical cost basis on going concern assumption and in accordance with mandatory applicable Accounting Standards issued by the Institute of Chartered Accountants of India and relevant provisions of Companies Act, 1956.

2. RECOGNITION OF INCOME AND EXPENDITURE
Revenue / Income and Costs / Expenditure are generally accounted on accrual basis, as & when they are earned or incurred on the completion of performance.

3. VALUATION OF INVENTORIES
Stock of shares has been valued at cost.

4. INVESTMENTS
Long term investments are carried at cost. Any depletion in value of investments, which is considered permanent in nature, is provided for.

5. DEFERRED REVENUE EXPENDITURE
Fee paid to Registrar of Companies for increase in Authorised Share Capital during the year ended 31.03.2001 was considered as Deferred Revenue Expenditure and is being charged off to Profit & Loss Account in five equal installments.

6. PROVISION FOR TAX
Provision for Income Tax comprises both current tax and deferred tax. Provision for current tax is made after taking into consideration estimates of benefits admissible under the provisions of Income Tax Act, 1961. Deferred tax liability (net of deferred tax asset) resulting from " Timing Difference" between book and taxable profit is accounted for using the tax rates and laws that has been enacted or susbtantively enacted on the Balance Sheet date. The resultant net deferred tax asset, if any, is recognized and carried forward only to the extent that there is reasonable certainity that asset will be realized in near future.

Annexure – V (vii) spectra infrastructure Limited

To the Board of Directors
Punj Lloyd Limited
17-18, Nehru Place
New Delhi

Dear Sirs,

As required for the purpose of certification of summary of statement of accounts to be incorporated in the proposed offer document to be issued by Punj Lloyd Limited in connection with its initial public offer of Equity Shares, we state as follows:

1. **Spectra Infrastructure Limited** is a subsidiary of Punj Lloyd Limited.
2. We have audited the financial statements of Spectra Infrastructure Limited for the period ended September 30, 2005, being the last date upto which the accounts have been made and also the annual financial statements for the year ended 31st March, 2005, in accordance with the auditing standards generally accepted in India.
3. We have not audited the annual financial statements of Spectra Infrastructure Limited for the financial years ended March 31, 2004, March 31, 2003, March 31, 2002and March 31, 2001. The financial statements for these years have been audited by M/s Srivastava Kumar & Company, New Delhi and their report on these audited annual financial statements have been furnished to us and we have relied upon such audited annual financial statements for the purpose of compilation and examination of the summary statement of accounts.
4. On the basis of and on consideration of these audited financial statements, we certify that the figures included in the annexed statement of profits and loss account for the period ended September 30, 2005, and for the preceding five financial years ended March 31, 2005, and the annexed statement of assets and liabilities as at September 30, 2005 and for preceding five financial years, both dated November 15, 2005 along with the significant accounting policies and statement of changes, are prepared from the audited financial statements of Spectra Infrastructure Limited without carrying out any generally accepted audit procedures.
5. Further, we confirm that the annexed statements include the following adjustments, if and to the extent applicable:
   - The impact of changes, if any, in accounting policies adopted by Spectra Infrastructure Limited, as at and for the period ended September 30,2005 have been suitably adjusted with retrospective effect in the attached restated summary statement;
   - Material amounts relating to adjustments for previous years have been identified and adjusted in arriving at the profits of the years to which they relate irrespective of the year in which the event triggering the profit or loss occurred;
   - The Qualification in the auditors report, where applicable, which requires any adjustments have been given effect to in the restated summary statement; and
   - Extraordinary items which need to be disclosed separately in the summary statement are appropriately disclosed.

As stated above, this report is for the purpose of incorporation of Spectra Infrastructure Limited's summary statement of accounts in the proposed offer document to be issued by Punj Lloyd Limited in connection with its initial public offer of equity shares and is not to be and should not be used in any other offering memorandum or other document without our prior written consent.

For and on behalf of
TAS ASSOCIATES
Chartered Accountants

Mukesh Agrawal
(Partner)
M. No.90582
Date: November 15, 2005
Place: New Delhi.

SPECTRA INFRASTRUCTURE LIMITED
SUMMARY OF ASSETS AND LIABILITIES, AS RESTATED

(Amount in Rupees)

PARTICULARS	September 30,2005	March 31,2005	March 31,2004	March 31,2003	March 31,2002	March 31,2001
FIXED ASSETS						
Gross Block	-	-	-	-	-	-
Less : Depreciation	-	-	-	-	-	-
Net Block	-	-	-	-	-	-
Capital Work In Progress Including Capital Advances	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-
INTANGIBLE ASSETS	-	-	-	-	-	-
DEFERRED TAX ASSETS	-	-	-	-	-	-
INVESTMENTS	-	-	115,000,000	115,000,000	115,000,000	100,000,000
CURRENT ASSETS, LOANS AND ADVANCES						
Inventories	-	-	-	-	-	-
Sundry Debtors	-	-	-	-	-	-
Cash and Bank Balances	74,482	26,497	9,517	2,036	6,583	11,963
Loans and Advances	114,995,959	114,995,959	5,000	5,000	5,000	15,005,000
Other Current Assets	-	-	-	-	-	-
Miscellaneous Expenditure	-	-	105,077	249,454	394,691	539,928
(to the extent not written off or adjusted)						
TOTAL	115,070,441	115,022,456	119,594	256,490	406,274	15,556,891
TOTAL ASSETS	**115,070,441**	**115,022,456**	**115,119,594**	**115,256,490**	**115,406,274**	**115,556,891**
LIABILITIES & PROVISIONS						
Secured Loans	-	-	-	-	-	-
Unsecured Loans	1,033,000	883,000	828,000	777,840	767,840	762,840
Current Liabilities & Provisions	26,821	34,550	3,240	3,240	3,375	2,350
Deferred Tax Liability	-	-	-	-	-	-
TOTAL LIABILITIES	**1,059,821**	**917,550**	**831,240**	**781,080**	**771,215**	**765,190**
NET WORTH	**114,010,620**	**114,104,906**	**114,288,354**	**114,475,410**	**114,635,059**	**114,791,701**
REPRESENTED BY						
SHARE CAPITAL	115,002,000	115,002,000	115,002,000	115,002,000	115,002,000	115,002,000
RESERVES & SURPLUS						
General Reserve	10,500	10,500	10,500	10,500	10,500	10,500
Balance in Profit & Loss Account	(1,001,880)	(907,594)	(724,146)	(537,090)	(377,441)	(220,799)
	(991,380)	(897,094)	(713,646)	(526,590)	(366,941)	(210,299)
TOTAL	**114,010,620**	**114,104,906**	**114,288,354**	**114,475,410**	**114,635,059**	**114,791,701**

The accompanying significant accounting policies and Statement of changes are an integral part of this statement

SPECTRA INFRASTRUCTURE LIMITED
STATEMENT OF PROFITS / (LOSS), AS RESTATED

(Amount in Rupees)

PARTICULARS	September 30,2005	March 31,2005	March 31,2004	March 31,2003	March 31,2002	March 31,2001
INCOME						
Contract Revenue	-	-	-	-	-	-
Sales of products:						
- manufactured by the company	-	-	-	-	-	-
- trading goods	-	-	-	-	-	-
Other Income	-	57,921	-	-	-	-
Increase (Decrease) in Work in Progress		-	-	-	-	-
TOTAL	**-**	**57,921**	**-**	**-**	**-**	**-**
EXPENDITURE						
Materials Consumed and Cost Of Goods Sold	-	-	-	-	-	-
Staff Cost	22,000	42,000	24,500	-	-	-
Selling and Distribution Expenses	-	-	-	-	-	-
Operating Expenses	-	-	-	-	-	-
Administration & General Expenses	72,286	36,371	18,179	14,412	11,405	28,742
Interest		-	-	-	-	-
Miscellaneous Expenditure Written Off	-	105,077	144,377	145,237	145,237	145,237
Depreciation / Amortization						
Less : Transfer From Revaluation Reserve	-	-	-	-	-	-
	-	-	-	-	-	-
TOTAL	**94,286**	**183,448**	**187,056**	**159,649**	**156,642**	**173,979**
PROFIT/ (LOSS) BEFORE TAX & EXTRA-ORDINARY ITEMS	(94,286)	(125,527)	(187,056)	(159,649)	(156,642)	(173,979)
PROVISION FOR TAX						
Current Tax	-	-	-	-	-	-
Deferred Tax	-	-	-	-	-	-
	-	-	-	-	-	-
NET PROFIT/ (LOSS) BEFORE EXTRA-ORDINARY ITEMS	**(94,286)**	**(125,527)**	**(187,056)**	**(159,649)**	**(156,642)**	**(173,979)**
Extra-Ordinary Items (net of tax)	-	-	-	-	-	-
NET PROFIT/ (LOSS) AFTER EXTRA-ORDINARY ITEMS & BEFORE ADJUSTMENTS	**(94,286)**	**(125,527)**	**(187,056)**	**(159,649)**	**(156,642)**	**(173,979)**
Adjustments for increasse / (decrease) in profits	-	(57,921)	-	-	-	-
NET PROFIT / (LOSS) , AS RESTATED	**(94,286)**	**(183,448)**	**(187,056)**	**(159,649)**	**(156,642)**	**(173,979)**
Adjustment for Unspent Liabilities & Provisiions for Earlier Years Written Back		-	-	-	-	57,921
BALANCE BROUGHT FORWARD FROM PREVIOUS YEAR	**(907,594)**	**(724,146)**	**(537,090)**	**(377,441)**	**(220,799)**	**(104,741)**
PROFIT/ (LOSS) AVAILABLE FOR APPROPRIATIONS, AS RESTATED	**(1,001,880)**	**(907,594)**	**(724,146)**	**(537,090)**	**(377,441)**	**(220,799)**
APPROPRIATIONS	-	-	-	-	-	-
BALANCE CARRIED FORWARD, AS RESTATED	**(1,001,880)**	**(907,594)**	**(724,146)**	**(537,090)**	**(377,441)**	**(220,799)**

The accompanying significant accounting policies and Statement of changes are an integral part of this statement

SPECTRA INFRASTRUCTURE LTD.
STATEMENT OF CHANGES TO RESTATED ACCOUNTS

(Amount in Rupees)

PARTICULARS	September 30, 2005	March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001
NET PROFIT/ (LOSS) AFTER TAX AS PER AUDITED ACCOUNTS	(94,286)	(125,527)	(187,056)	(159,649)	(156,642)	(173,979)
ADJUSTMENTS						
Unspent Liabilities and Provisions Written back	-	(57,921)	-	-	-	-
TOTAL IMPACT OF ADJUSTMENTS	-	(57,921)	-	-	-	-
TAX IMPACT OF ADJUSTMENTS	-	-	-	-	-	-
TOTAL OF ADJUSTMENTS AFTER TAX IMPACT	-	(57,921)	-	-	-	-
NET PROFIT / (LOSS) , AS RESTATED	(94,286)	(183,448)	(187,056)	(159,649)	(156,642)	(173,979)

SPECTRA INFRASTRUCTURE LIMITED

STATEMENT OF CHANGES

1. **Unspent Liabilities written back:**

   A sum of Rs.57,921 towards unspent liabilities written back during the year 2004-05, pertains to years prior to 2000-01 and the same has been accordingly accounted for in the restated accounts by adjusting brought forward losses as at April 01, 2004 and its corresponding effect has been taken in figures of unsecured loans for the year 2000-01 & subsequent years.

2. Previous year figures have been regrouped / restated wherever considered necessary to conform with the current year figures.

SPECTRA INFRASTRUCTURE LIMITED

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND STATEMENT OF CHANGES

TO THE RESTATED ACCOUNTS

SIGNIFICANT ACCOUNTING POLICIES

1. CONVENTION

The financial statements have been prepared on historical cost basis on going concern assumption and in accordance with mandatory applicable Accounting Standards issued by the Institute of Chartered Accountants of India and relevant provisions of Companies Act, 1956.

2. RECOGNITION OF INCOME AND EXPENDITURE

Revenue / Income and Costs / Expenditure are generally accounted on accrual, as they are earned or incurred on the completion of performance.

3. INVESTMENTS

Long term investments are stated at cost. Any depletion in value of investments, which is considered permanent in nature, is provided for.

4. DEFERRED REVENUE EXPENDITURE

Fee paid to the Registrar of Companies for increase in Authorised Share Capital during the year ended 31-03-2001 was considered as Deferred Revenue Expenditure and is being charged off to Profit & Loss Account in five equal instalments.

5. PROVISION FOR TAX

Provision for Income Tax comprises both current tax and deferred tax. Provision for current tax is made after taking into consideration estimates of benefits admissible under the provisions of Income Tax Act, 1961. Deferred tax liability (net of deferred tax asset) resulting from " Timing Difference" between book and taxable profit is accounted for using the tax rates and laws that has been enacted or substantively enacted on the Balance Sheet date. The resultant net deferred tax asset, if any, is recognized and carried forward only to the extent that there is reasonable certainty that asset will be realized in near future.

6. IMPAIRED ASSET

An Asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to Profit & Loss Account in the year in which an asset is identified as impaired by the company. The impairment loss recognised in Prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

ANNEXURE – V (VIII) SPECTRA NET HOLDINGS LIMITED

To the Board of Directors
Punj Lloyd Limited
17-18, Nehru Place
New Delhi

Dear Sirs,

As required for the purpose of certification of summary of statement of accounts to be incorporated in the proposed offer document to be issued by Punj Lloyd Limited in connection with its initial public offer of Equity Shares, we state as follows:

Spectra Net Holdings Limited is a subsidiary of Spectra Net Limited and Spectra Net Limited is a subsidiary of Punj Lloyd Limited, and therefore Spectra Net Holdings Limited becomes a subsidiary of Punj Lloyd Limited.

We have audited the financial statements of Spectra Net Holdings Limited for the period ended 30th September, 2005, being the last date upto which the accounts have been made and also the annual financial statements for the year ended 31st March, 2005, in accordance with the auditing standards generally accepted in India.

We have not audited the annual financial statements of Spectra Net Holdings Limited for the financial years ended 31st March 2004, 31st March 2003, 31st March 2002 and 31st March 2001. The financial statements for these years have been audited by other auditors M/s Srivastava Kumar & Company, New Delhi and their report on these audited annual financial statements have been furnished to us and we have relied upon such audited annual financial statements for the purpose of compilation of the summary statement of accounts without conducting any audit, review or applying any procedures to the accounts for these years.

On the basis of and on consideration of these audited financial statements, we confirm that the figures included in the annexed statement of profits and loss account for the period ended 30th September, 2005, and for the preceding five financial years ended March 31, 2005, and the annexed statement of assets and liabilities as at 30th September, 2005 and for preceding five financial years, both dated November 18, 2005 along with the significant accounting policies and statement of changes, are prepared from the audited financial statements of Spectra Net Holdings Limited without carrying out any audit, review or apply any generally accepted audit procedures.

Further, we confirm that the annexed statements include the following adjustments, if and to the extent applicable:

- The impact of changes, if any, in accounting policies adopted by Spectra Net Holdings Limited, as at and for the period ended September 30,2005 have been suitably adjusted with retrospective effect in the attached restated summary statement.
- Material amounts relating to adjustments for previous years have been identified and adjusted in arriving at the profits of the years to which they relate irrespective of the year in which the event triggering the profit or loss occurred;
- The Qualification in the auditors report, where applicable, which requires any adjustments have been given effect to in the restated summary statement; and
- Extraordinary items which need to be disclosed separately in the restated summary statement are appropriately disclosed.

As stated above, this report is for the purpose of incorporation of Spectra Net Holdings Limited's summary statement of accounts in the proposed offer document to be issued by Punj Lloyd Limited in connection with its initial public offer of equity shares and is not to be and should not be used in any other offering memorandum or other document without our prior written consent.

For and on behalf of
TAS ASSOCIATES
Chartered Accountants

Mukesh Agrawal
(Partner)
M. No.90582
Date: November 18, 2005
Place: New Delhi.

SPECTRA NET HOLDINGS LIMITED
SUMMARY OF ASSETS AND LIABILITIES, AS RESTATED

(Amount in Rupees)

PARTICULARS	September 30,2005	March 31,2005	March 31,2004	March 31,2003	March 31,2002	March 31,2001
FIXED ASSETS						
Gross Block	-	-	-	-	-	-
Less : Depreciation	-	-	-	-	-	-
Net Block	-	-	-	-	-	-
Capital Work In Progress Including Capital Advances	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-
INTANGIBLE ASSETS	-	-	-	-	-	-
DEFERRED TAX ASSETS	-	-	-	-	-	-
INVESTMENTS	4,187,050	7,937,050	7,937,050	7,962,050	7,888,050	7,954,900
CURRENT ASSETS, LOANS AND ADVANCES						
Inventories		-	-	-	-	-
Sundry Debtors	1,659,161	1,659,161	2,085,761	2,085,761	2,091,600	2,025,000
Cash And Bank Balances	334,081	8,779,908	72,549	448,420	8,732,038	7,935,473
Loans And Advances	10,828,306	2,383,306	10,681,125	10,286,338	2,526,829	2,492,889
Other Current Assets	98,137	98,137	98,137	98,137	98,137	98,137
Miscellaneous Expenditure	-	-	44,125	88,252	132,379	176,506
(to the extent not written off or adjusted)						
TOTAL	12,919,685	12,920,512	12,981,697	13,006,908	13,580,983	12,728,005
TOTAL ASSETS	**17,106,735**	**20,857,562**	**20,918,747**	**20,968,958**	**21,469,033**	**20,682,905**
LIABILITIES & PROVISIONS						
Secured Loans	-	-	-	-	-	-
Unsecured Loans	-	-	-	-	-	-
Current Liabilities & Provisions	12,397	8,265	5,400	5,400	455,025	6,050
Deferred Tax Liability	-	-	-	-	-	-
TOTAL LIABILITIES	**12,397**	**8,265**	**5,400**	**5,400**	**455,025**	**6,050**
NET WORTH	**17,094,338**	**20,849,297**	**20,913,347**	**20,963,558**	**21,014,008**	**20,676,855**
REPRESENTED BY						
SHARE CAPITAL	20,500,000	20,500,000	20,500,000	20,500,000	20,500,000	20,500,000
RESERVES & SURPLUS						
General Reserve	-	-	-	-	-	-
Debenture Redemption Reserve	-	-	-	-	-	-
Balance in Profit & Loss Account	(3,405,662)	349,297	413,347	463,558	514,008	176,855
	(3,405,662)	349,297	413,347	463,558	514,008	176,855
TOTAL	**17,094,338**	**20,849,297**	**20,913,347**	**20,963,558**	**21,014,008**	**20,676,855**

The accompanying significant accounting policies and Statement of changes are an integral part of this statement

SPECTRA NET HOLDINGS LIMITED
STATEMENT OF PROFIT / (LOSS), AS RESTATED

(Amount in Rupees)

PARTICULARS	September 30,2005	March 31,2005	March 31,2004	March 31,2003	March 31,2002	March 31,2001
INCOME						
Contract Revenue	-	-	-	-	-	-
Sales of products:						
- manufactured by the company	-	-	-	-	-	-
- trading goods	-	-	-	-	-	-
Other Income	-	-	1,592	5,427	1,032,740	856,465
Increase (Decrease) in Work in Progress	-	-	-	-	-	-
TOTAL	**-**	**-**	**1,592**	**5,427**	**1,032,740**	**856,465**
EXPENDITURE						
Materials Consumed And Cost Of Goods Sold	-	-	-	-	-	-
Staff Cost	-	-	-	-	120,000	69,311
Selling and Distribution Expenses	-	-	-	-	-	-
Operating Expenses	-	-	-	-	-	-
Administration & General Expenses	4,959	19,925	7,676	11,750	344,600	457,897
Interest	-	-	-	-	-	-
Miscellaneous Expenditure Written Off	-	44,125	44,127	44,127	44,127	44,127
Depreciation / Amortization	-	-	-	-	-	-
Less : Transfer From Revaluation Reserve	-	-	-	-	-	-
	-	-	-	-	-	-
Provision for diminution in value of investment	3,750,000	-	-	-	-	-
TOTAL	**3,754,959**	**64,050**	**51,803**	**55,877**	**508,727**	**571,335**
PROFIT/ (LOSS) BEFORE TAX & EXTRA-ORDINARY ITEMS	(3,754,959)	(64,050)	(50,211)	(50,450)	524,013	285,130
PROVISION FOR TAX						
Current Tax	-	-	-	-	189,260	112,000
Earlier Years Tax	-	-	-	-	-	-
Deferred Tax	-	-	-	-	-	-
Earlier Years Deferred Tax	-	-	-	-	-	-
TOTAL		-	-	-	189,260	112,000
NET PROFIT/ (LOSS) BEFORE EXTRA-ORDINARY ITEMS	**(3,754,959)**	**(64,050)**	**(50,211)**	**(50,450)**	**334,753**	**173,130**
Extra-Ordinary Items (net of tax)						
Unspent Liabilities and Provisions Written back	-	-	-	-	6,125	-
NET PROFIT/ (LOSS) AFTER EXTRA-ORDINARY ITEMS & BEFORE ADJUSTMENTS	**(3,754,959)**	**(64,050)**	**(50,211)**	**(50,450)**	**340,878**	**173,130**
Adjustments for increase / (decrease) in profits/loss		-	-	-	(3,725)	3,725
NET PROFIT / (LOSS), AS RESTATED	**(3,754,959)**	**(64,050)**	**(50,211)**	**(50,450)**	**337,153**	**176,855**
BALANCE BROUGHT FORWARD FROM PREVIOUS YEAR	349,297	413,347	463,558	514,008	176,855	-
PROFIT/ (LOSS) AVAILABLE FOR APPROPRIATIONS, AS RESTATED	**(3,405,662)**	**349,297**	**413,347**	**463,558**	**514,008**	**176,855**
APPROPRIATIONS		-	-	-	-	-
BALANCE CARRIED FORWARD, AS RESTATED	**(3,405,662)**	**349,297**	**413,347**	**463,558**	**514,008**	**176,855**

The accompanying significant accounting policies and Statement of changes are an integral part of this statement

SPECTRA NET HOLDINGS LIMITED

SCHEDULES TO THE STATEMEMT OF ASSETS AND LIABILITIES, AS RESTATED

(Amount in Rupees)

PARTICULARS	September 30,2005	March 31,2005	March 31,2004	March 31,2003	March 31,2002	March 31,2001
INVESTMENTS :						
Unquoted :						
City Vision Pvt.Ltd.	823,300	823,300	823,300	823,300	823,300	856,900
Shitul Engineering Pvt.Ltd.	785,000	785,000	785,000	785,000	785,000	818,000
Satellite Vision Pvt.Ltd.	3,750,000	3,750,000	3,750,000	3,750,000	3,750,000	3,750,000
Sunstar Network & Technologies Ltd.	2,529,750	2,529,750	2,529,750	2,529,750	2,529,750	2,530,000
Dotcom Holding Pvt.Ltd.	49,000	49,000	49,000	49,000	-	-
Gurgaon Net Services Pvt.Ltd	-	-	-	25,000	-	-
	7,937,050	**7,937,050**	**7,937,050**	**7,962,050**	**7,888,050**	**7,954,900**
Less : Provision for diminution in value	(3,750,000)	-	-	-	-	-
Total	**4,187,050**	**7,937,050**	**7,937,050**	**7,962,050**	**7,888,050**	**7,954,900**
CURRENT ASSETS, LOANS AND ADVANCES						
Sundry debtors						
Debts outstanding for a period exceeding six months	1,659,161	1,659,161	2,085,761	2,085,761	2,091,600	-
Others	-	-	-	-	-	2,025,000
Total	**1,659,161**	**1,659,161**	**2,085,761**	**2,085,761**	**2,091,600**	**2,025,000**
Cash And Bank Balances :						
Cash in hand	24,336	24,336	24,336	12,958	1,384	44,294
Balance with schedule banks in current accounts	309,745	8,755,572	48,213	435,462	8,730,654	7,891,179
Total	**334,081**	**8,779,908**	**72,549**	**448,420**	**8,732,038**	**7,935,473**
Loans And Advances :						
Income tax recoverable	-	-	-	22,195	79,308	57,889
Due from Holding Company	8,500,000	-	-	-	-	-
Due from bodies corporate	1,460,906	1,512,600	9,813,725	9,421,743	1,580,121	1,567,600
Other advances	867,400	870,706	867,400	842,400	867,400	867,400
Total	**10,828,306**	**2,383,306**	**10,681,125**	**10,286,338**	**2,526,829**	**2,492,889**
Other current assets :						
Interest receivable	98,137	98,137	98,137	98,137	98,137	98,137
Total	**98,137**	**98,137**	**98,137**	**98,137**	**98,137**	**98,137**
CURRENT LIABILITIES & PROVISIONS						
Current Liabilities :						
Expenses payable	12,397	8,265	5,400	5,400	455,025	9,775
Sub Total	**12,397**	**8,265**	**5,400**	**5,400**	**455,025**	**9,775**
Adjustment for Unspent Liabilities & Provisions	-	-	-	-	-	(6,125)
Tax impact of adjustments	-	-	-	-	-	2,400
Total	**12,397**	**8,265**	**5,400**	**5,400**	**455,025**	**6,050**

SPECTRA NET HOLDINGS LIMITED

STATEMENT OF CHANGES TO RESTATED ACCOUNTS

(Amount in Rupees)

PARTICULARS	September 30,2005	March 31,2005	March 31,2004	March 31,2003	March 31,2002	March 31,2001
NET PROFIT/ (LOSS) AFTER TAX AS PER AUDITED ACCOUNTS	(3,754,959)	(64,050)	(50,211)	(50,450)	340,878	173,130
ADJUSTMENTS						
Unspent Liabilities and Provisions Written back	-	-	-	-	(6,125)	6,125
TOTAL IMPACT OF ADJUSTMENTS	-	-	-	-	(6,125)	6,125
TAX IMPACT OF ADJUSTMENTS	-	-	-	-	2,400	(2,400)
TOTAL OF ADJUSTMENTS AFTER TAX IMPACT	-	-	-	-	(3,725)	3,725
NET PROFIT / (LOSS), AS RESTATED	(3,754,959)	(64,050)	(50,211)	(50,450)	337,153	176,855

SPECTRA NET HOLDINGS LIMITED

STATEMENT OF CHANGES

1. **Unspent Liabilities written back:**

A sum of Rs 6,125/- towards unspent liabilities was written back during the year 2001-02. The amount so written back relates to the financial year 2000-01 and the same has accordingly been accounted for in the year 2000-01 in the restated accounts.

The corresponding effect has also been taken in figures of current liabilities for corresponding years.

The tax impact of Rs 2,400/- resulting due to such change has also been adjusted in the restated accounts for corresponding years under the head Current Tax.

2. Previous year figures have been regrouped / restated wherever considered necessary to conform with the current year figures.

SPECTRA NET HOLDINGS LIMITED

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND STATEMENT OF CHANGES

TO THE RESTATED ACCOUNTS

SIGNIFICANT ACCOUNTING POLICIES

1 The financial statements have been prepared in accordance with mandatory applicable accounting standards in India and in accordance with the historical cost convention and accrual concept.

2 Long term Investments are valued 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.

3 Preliminary Expenses are being charged to the Profit and Loss Account over a period of five years from the year in which these were incurred.

4 The Company is a subsidiary of Spectra Net Limited (SNL) by virtue of Section 4 of the Companies Act, 1956.

Annexure – V (ix) punj lloyd international Limited

To
The Board of Directors
Punj Lloyd Limited.
17-18, Nehru Place,
New Delhi.

Dear Sirs,

As required for the purpose of certification of statement of accounts to be incorporated in the offer document proposed to be issued by Punj Lloyd Limited, in connection with the initial offer of Equity Shares, we state as follows:

1) We have audited the financial statements of Punj Lloyd International Limited., a subsidiary of Punj Lloyd Ltd., for the five financial years ended March 31, 2005 and for the six months period ended on September 30, 2005 being the last date up to which the accounts have been made in those respective periods in accordance with the auditing standards generally accepted in the UK.

2) We certify that the figures included in the annexed statement of Profit and Loss Account for six months period ended on September 30, 2005 and for the five financial years ended March 31, 2005 and the annexed statement of assets and liabilities as at the end of the respective years, along with the significant accounting policies are prepared from the audited financial statements of the Punj Lloyd International Limited, in accordance with accounting principles generally accepted in the UK.. Further we confirm that the annexed statements include the following adjustments:

   - the impact of changes in accounting policies adopted by the company has been disclosed with retrospective effect;
   - material amounts relating to adjustments for previous years have been identified and adjusted in arriving at the profits of the years to which they relate irrespective of the year in which the event triggering the profit or loss occurred.
   - the impact of qualification in the auditors' report, where applicable, has been adjusted; and
   - impact of extra-ordinary items has been disclosed separately in the annexed statements.

3) Appropriate adjustments and regroupings, which in our opinion were considered necessary to conform to Punj Lloyd Limited's format, have been made.

This report is for the sole purpose of incorporation of Punj Lloyd International Limited statement of accounts in the offer documents proposed to be issued by Punj Lloyd Limited in connection with its initial offer of equity shares and is not to be and should not be used in any other offering memorandum or other document without prior consent by ourselves in writing.

Yours faithfully,

Drummonds

Punj Lloyd International Limited
Statement of Assets and Liabilities, as restated (Parent Company Format)

(Amount in US$)

PARTICULARS	Six months ended September 30, 2005	March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001
FIXED ASSETS						
Gross Block		-	-	-	-	-
Less : Depreciation		-	-	-	-	-
Net Block		-	-	-	-	-
Less-Revaluation Reserve		-	-	-	-	-
Net Block after adjustment for Revaluation Reserve		-	-	-	-	-
Capital Work In Progress Including Capital Advances		-	-	-	-	-
Expenditure during Construction Period (pending allocation)		-	-	-	-	-
INTANGIBLE ASSETS		-	-	-	-	-
DEFERRED TAX ASSETS		-	-	-	-	-
INVESTMENTS	50,000	90,000	90,000	40,000	-	-
CURRENT ASSETS, LOANS AND ADVANCES						
Inventories	-	-	-	-	-	-
Sundry Debtors	546,501	285,083	185,337	213,344	-	-
Cash and Bank Balances	118,716	33,484	103,841	8,758	341,501	252,281
Loans and Advances		-	-	100,000	-	-
Other Current Assets		-	-	-	-	-
Miscellaneous Expenditure		-	-	-	-	-
(to the extent not written off or adjusted)						
Total Assets	**715,217**	**408,567**	**379,178**	**362,102**	**341,501**	**252,281**
LIABILITIES & PROVISIONS						
Secured Loans	-	-	-	-	-	-
Unsecured Loans	-	-	-	-	-	-
Current Liabilities & Provisions						
- Current Liabilities	307,810	10,600	10,600	7,657	3,603	7,579
- Provisions	-	-	-	-	-	-
Deferred Tax Liability	-	-	-	-	-	-
Total Liabilities	**307,810**	**10,600**	**10,600**	**7,657**	**3,603**	**7,579**
Net Worth	**407,407**	**397,967**	**368,578**	**354,445**	**337,898**	**244,702**
Represented by						
Share Capital	100,000	100,000	100,000	100,000	100,000	100,000
Reserves & Surplus	307,407	297,967	268,578	254,445	237,898	144,702
Less: Revaluation Reserve	-	-	-	-	-	-
Reserves & Surplus (Net of Revaluation Reserves)	307,407	297,967	268,578	254,445	237,898	144,702
Net Worth	**407,407**	**397,967**	**368,578**	**354,445**	**337,898**	**244,702**

Punj Lloyd International Limited
Statement of Profits, as restated (Parent Company Format)

(Amount in US$)

PARTICULARS	Six months ended September 30, 2005	March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001
INCOME						
Contract Revenue	411,304	150,641	226,957	224,930	350,000	229,960
Sales of products:		-	-	-	-	-
- manufactured by the company		-	-	-	-	-
- trading goods		-	-	-	-	-
Other Income		-	-	1,687	6,260	14,375
Increase (Decrease) in Inventories						
TOTAL	**411,304**	**150,641**	**226,957**	**226,617**	**356,260**	**244,335**
EXPENDITURE						
Materials Consumed and Cost of Sales	295,544	81,786	192,639	182,440	58,196	225,000
Staff Cost	-	-	-	-	-	-
Selling and Distribution Expenses	-	-	-	-	-	-
Administration & General Expenses	106,320	39,466	20,185	27,630	4,868	6,589
Operating Expenses	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Miscellaneous Expenditure Written Off	-	-	-	-	-	-
Depreciation / Amortization	-	-	-	-	-	-
TOTAL	**401,864**	**121,252**	**212,824**	**210,070**	**63,064**	**231,589**
PROFIT BEFORE TAX & EXTRAORDINARY ITEMS	9,440	29,389	14,133	16,547	293,196	12,746
PROVISION FOR TAX						
Current Tax	-	-	-	-	-	-
Deferred Tax	-	-	-	-	-	-
NET PROFIT BEFORE EXTRAORDINARY ITEMS	**9,440**	**29,389**	**14,133**	**16,547**	**293,196**	**12,746**
Extra-Ordinary Items (net of tax)	**-**	-	-	-	-	-
NET PROFIT AFTER EXTRAORDINARY ITEMS & BEFORE ADJUSTMENTS	**9,440**	**29,389**	**14,133**	**16,547**	**293,196**	**12,746**
ADJUSTMENTS						
TOTAL IMPACT OF ADJUSTMENTS	-	-	-	-	-	-
TAX IMPACT OF ADJUSTMENTS	-	-	-	-	-	-
TOTAL OF ADJUSTMENTS AFTER TAX IMPACT	-	-	-	-	-	-
NET PROFIT / (LOSS) AS RESTATED	**9,440**	**29,389**	**14,133**	**16,547**	**293,196**	**12,746**
Balance Brought Forward From Previous Year	297,967	268,578	254,445	237,898	144,702	231,956
PROFIT AVAILABLE FOR APPROPRIATIONS AS RESTATED	**307,407**	**297,967**	**268,578**	**254,445**	**437,898**	**244,702**
APPROPRIATIONS						
Transfer From Debenture Redemption Reserve		-	-	-	-	-
Transfer From Foreign Project Utilised Reserve		-	-	-	-	-
Transfer to General Reserve		-	-	-	-	-
Transfer to Foreign Project Reserve		-	-	-	-	-
Dividend		-	-	-	-	-
- Preference		-	-	-	-	-
- Equity		-	-	-	200,000	100,000
Interim Final Dividend		-	-	-	-	-
Tax on Dividend		-	-	-	-	-
BALANCE CARRIED FORWARD AS RESTATED	**307,407**	**297,967**	**268,578**	**254,445**	**237,898**	**144,702**

PUNJ LLOYD INTERNATIONAL LIMITED

BUSINESS ACTIVITIES, SIGNIFICANT ACCOUNTING POLICIES & NOTES TO THE ACCOUNTS.

1. BUSINESS ACTIVITIES

The main activities of the company are supplying pipe, equipment and services to the Oil Industry.

2. ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the Company's Accounts.

ACCOUNTING CONVENTION

The accounts have been prepared under the historical cost convention.

TURNOVER

Turnover represents amounts invoiced and receivable by the Company in respect of services provided during the year.

3. TAX ON PROFIT ON ORDINARY ACTIVITIES

The Company is an International Business Company registered in the British Virgin Islands. Consequently it is required to pay a flat fee per annum which is included in administration expenses.

4. INVESTMENT – at cost

		30-Sep-05	2005	2004	2003	2002	2001
Punj Lloyd - Kazakhistan	32.31%	NIL	40,000	40,000	40,000	-	-
Asia Drilling Services Ltd	50.00%	50,000	50,000	50,000	-	-	-
		50,000	90,000	90,000	40,000	-	-

5. DEBTORS

Due within one year:

	30-Sep-05	2005	2004	2003	2002	2001
Trade Debtors	75,768	132,768	155,337	200,000	-	-
Other Debtors	470,733	152,315	30,000	13,344	-	-
	546,501	285,083	185,337	213,344	-	-

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30-Sep-05	2005	2004	2003	2002	2001
	$	$	$	$	$	$
Punj Lloyd (Malaysia) Sdn. Bhd	10,600	9,600	9,600	6,657	2,603	6,579
Other Creditors	297,210	1,000	1,000	1,000	1,000	1,000
	307,810	10,600	10,600	7,657	3,603	7,579

7. CALLED UP SHARE CAPITAL

	30-Sep-05	2005	2004	2003	2002	2001
Authorised:						
250,000 Ordinary Shares of $1 each	$ 250,000	$ 250,000	$ 250,000	$ 250,000	$ 250,000	$ 250,000
Called up, issued and fully paid:						
100,000 Ordinary shares of $1 each	$100,000	$ 100,000	$ 100,000	$ 100,000	$ 100,000	$ 100,000

8. **PARENT COMPANY**

The parent company is Punj Lloyd Limited, incorporated in India.

ANNEXURE – V(X) PUNJ LLOYD KAZAKHSTAN LLP

To
The Board of Directors
Punj Lloyd Limited,
17-18, Nehru Place,
New Delhi.

Dear Sirs,

As required for the purpose of certification of statement of accounts to be incorporated in the offer document proposed to be issued by Punj Lloyd Limited, in connection with the initial offer of Equity Shares, we state as follows:

1) We have audited the financial statements of Punj Lloyd Kazakhstan LLP, a subsidiary of Punj Lloyd Ltd., for the financial year ended December 31, 2004 and the nine months ended September 30, 2005 being the last date up to which the accounts have been made in those respective periods in accordance with the auditing standards generally accepted in the Kazakhstan. The financial statements for financial years ended December 31, 2002 and December 31, 2003 have been audited by Caspy Consulting Company-Kazakhstan.

2) We certify that the figures included in the annexed statement of Profit and Loss Account for the three financial years ended December 31, 2004 and the nine months ended September 30, 2005 and the annexed statement of assets and liabilities as at the end of the respective periods, along with the significant accounting policies, are prepared from the audited financial statements of the Punj Lloyd Kazakhstan LLP in accordance with accounting principles generally accepted in Kazakhstan.

   Further we confirm that the annexed statements include the following adjustments:

   - the impact of changes in accounting policies adopted by the company has been disclosed with retrospective effect;
   - material amount relating to adjustments for previous years have been identified and adjusted in arriving at the profits of the years to which they relate irrespective of the year in which the event triggering the profit or loss occurred;
   - the impact of qualification in the auditors' report, where applicable, has been adjusted;
   - impact of extra-ordinary items has been disclosed separately in the annexed statements.

3) Appropriate adjustments and regroupings, which in our opinion were considered necessary to conform to Punj Lloyd Limited's format have been made.

This report is for the purpose of incorporation of Punj Lloyd Kazakhstan LLP statement of accounts in the offer documents proposed to be issued by Punj Lloyd Limited in connection with its initial offer of equity shares and is not to be and should not be used in any other offering memorandum or other document without prior consent.

For and on behalf of INDEPENDENT AUDIT COMPANY KAZAKHCONSULTING

Nezhat Ushirov
General Director
License of the Ministry of Finance
The Republic of Kazakhstan # 0000028 dated January 7,2000
07 November 2005
20 ToleBiSt, Almaty,
The Republic of Kazakhstan

Punj Lloyd Kazakhstan, LLP

Balance sheet as at December 31, 2002, December 31, 2003, December 31, 2004 and September 30, 2005

(in thousands of Kazakhstani Tenge)

PARTICULARS	Note	Jan - Sep 30,2005	Jan - Dec 31,2004	Jan - Dec 31,2003	Jan - Dec 31,2002
FIXED ASSETS					
Gross Block	**3**	1,264,650	630,046	20,387	16,535
Less : Depreciation		159,941	35,836	3,718	456
Net Block		1,104,709	594,210	16,669	16,079
Capital Work In Progress Including Capital Advances		401,530	36,107		
INTANGIBLE ASSETS					
DEFERRED TAX ASSETS				140	
INVESTMENTS		-	-	-	-
CURRENT ASSETS, LOANS AND ADVANCES					
Inventories including WIP	**4**	2,353,043	1,306,396	-	6,483
Sundry Debtors		151,958	242,340	36,600	126,889
Cash And Bank Balances	**7**	157,112	60,878	11,821	87,284
Loans And Advances	**5**	368,266	554,127	5,365	-
Other Current Assets		164,906	59,037	-	70
Miscellaneous Expenditure		-	-	-	-
(to the extent not written off or adjusted)					
Total Assets		4,701,524	2,853,095	70,595	236,805
LIABILITIES & PROVISIONS					
Secured Loans	**9**	2,665,048	1,245,528	-	-
Unsecured Loans		-	-	-	-
Current Liabilities	**8**	1,291,360	1,560,492	149,709	201,616
Provisions	**10**	-	-	-	4,837
Deferred Tax Liability		65,689	32,034	-	9
Total Liabilities		4,022,097	2,838,054	149,709	206,462
Net Worth		**679,427**	**15,041**	**(79,114)**	**30,343**
Represented by					
SHAREHOLDERS' FUNDS					
Share Capital		572,697	19,065	19,065	19,065
Reserves And Surplus		106,730	(4,024)	(98,179)	11,278
Less: Revaluation Reserve			-	-	-
Reserves & Surplus (Net of Revaluation Reserves)		106,730	(4,024)	(98,179)	11,278
Net Worth		**679,427**	**15,041**	**(79,114)**	**30,343**

The attached notes 1 to 13 form part of these financial statements.

Punj Lloyd Kazakhstan, LLP

Income statement for the years ended December 31, 2002, December 31, 2003, December 31, 2004 and September 30, 2005

(in thousands of Kazakhstani Tenge)

PARTICULARS	Jan - Sep 30,2005	Jan - Dec 31,2004	Jan - Dec 31,2003	Jan - Dec 31,2002
INCOME				
Contract Revenue	2,428,567	1,378,084	2,139,755	560,477
Sales of products:				
- manufactured by the company				
- trading goods				
Other Income	33,645	104,255	1,380	61
Work In Progress	1,124,483	1,068,197	-	-
TOTAL	**3,586,695**	**2,550,536**	**2,141,135**	**560,538**
EXPENDITURE				
Materials Consumed and Cost of Goods Sold	506,095	225,144	12,232	-
Staff Cost	652,085	319,239	22,858	5,332
Selling and Distribution Expenses	-	318,491	4,854	1,083
Administration and General Expenses	337,289	445,872	56,594	32,402
Operating Expenses	1,570,058	1,045,286	2,023,646	505,055
Interest	218,996	38,057		86
Miscellaneous Expenditure Written Off	-	-	-	-
Depreciation / Amortization	124,105	32,117	3,262	455
TOTAL	**3,408,628**	**2,424,206**	**2,123,445**	**544,413**
PROFIT BEFORE TAX & EXTRAORDINARY ITEMS	**178,067**	**126,330**	**17,690**	**16,124**
PROVISION FOR TAX				
Current Tax	33,659	-	5,826	4,837
Deferred Tax	33,656	-	-	-
	67,315	-	5,826	4,837
NET PROFIT BEFORE EXTRAORDINARY ITEMS	**110,753**	**126,330**	**11,864**	**11,287**
Extra-Ordinary Items (net of tax)				
NET PROFIT AFTER EXTRAORDINARY ITEMS	110,753	126,330	11,864	11,287
NET PROFIT BEFORE ADJUSTMENTS				
ADJUSTMENTS				
Deferred Tax	-	32,174	(149)	9
Previous Yr. Exps.			121,470	
TOTAL IMPACT OF ADJUSTMENTS	-	32,174	121,321	9
TAX IMPACT OF ADJUSTMENTS	-	-	-	-
TOTAL OF ADJUSTMENTS AFTER TAX IMPACT	-	32,174	121,321	9
NET PROFIT / (LOSS) AS RESTATED	110,753	94,156	(109,457)	11,278
Balance Brought Forward From Previous Year	(4,024)	(98,179)	11,278	-
PROFIT AVAILABLE FOR APPROPRIATIONS AS RESTATED	106,730	(4,024)	(98,179)	11,278

Punj Lloyd Kazakhstan, LLP

Income statement for the years ended December 31, 2002, December 31, 2003, December 31, 2004 and September 30, 2005 (continued)

(in thousands of Kazakhstani Tenge)

PARTICULARS	Jan - Sep 30,2005	Jan - Dec 31,2004	Jan - Dec 31,2003	Jan - Dec 31,2002
APPROPRIATIONS				
Transfer From Debenture Redemption Reserve				
Transfer From Foreign Project Utilised Reserve				
Transfer to General Reserve				
Transfer to Foreign Project Reserve				
Dividend				
- Preference				
- Equity				
Interim Final Dividend				
Tax on Dividend				
BALANCE CARRIED FORWARD AS RESTATED	**106,730**	**(4,024)**	**(98,179)**	**11,278**

The attached notes 1 to 13 form part of these financial statements.

Punj Lloyd Kazakhstan, LLP

Notes forming part of the financial statements – December 31, 2002 to September 30, 2005

1. STATUS AND ACTIVITIES

Punj Lloyd Kazakhstan LLP (the "Company") was established as a limited liability partnership under the Laws of the Republic of Kazakhstan and registered with the Ministry of Justice of the Republic of Kazakhstan on June 03, 2002. As at September 30, 2005 the Company was fully owned by Punj Lloyd Ltd. registered in New Delhi ("Punj Lloyd ltd."), a company established under the Laws of India.

The Company is presently engaged in construction of projects for Tengezchevroil located at Tengiz oilfield (West Kazakhstan).

2. SIGNIFICANT ACCOUNTING POLICIES

a. Basis of accounting

These financial statements are prepared under the historical cost convention and in accordance with International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board (IASB), interpretations issued by IASB and applicable Commercial Laws of Republic of Kazakhstan. The significant accounting policies adopted are as follows:

b. Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment in value.

c. Inventories and work in progress

Inventories are stated at the lower of average purchase cost and net realisable value. Net realisable value is the amount that can be realised from the sale of the inventory in the normal course of business after allowing for the costs of realisation. Purchase cost includes the cost of material and all direct costs including related clearing and handling costs. Excess of contract costs over contract billings, which are determined in accordance with the percentage of completion of contract method, is treated as work in progress.

d. Financial assets

The financial assets consist of cash, trade and other receivables. Cash consists of cash on hand and cash held on bank current accounts and on short-term deposits.

e. Cash and cash equivalents

For the purpose of the preparation of the statement of cash flows, cash and cash equivalents include cash and bank balances (including fixed deposits).

f. Revenue recognition

Income from construction contracts is recognised on percentage of completion of contract method. Percentage of completion is determined on the basis of total cost incurred to date of estimated final costs to completion. No profit is recognised unless there is reasonable progress on the contract. Losses on contracts are recognised when first identified. The effect of any adjustment arising from revisions to estimates is included in the income statement of the year, in which revisions are made.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

g. Depreciation

Depreciation is consistently provided on the straight-line basis so as to write off the cost of the property, plant and equipment over their expected useful lives. The depreciation has been provided as per the following rates:

	Depreciation rates
Building and constructions	14%
Machinery and Equipment	20%.
Vehicles	
- Buses	14%
- Other	25%
Software	30%
Furniture and Fixtures	10%

h. Impairments

The carrying amounts of the assets are reviewed at each balance sheet date to determine whether the assets have been impaired during the year. Where an asset has been impaired, the recoverable amount of the asset is determined. Where the carrying amount exceeds the recoverable amount, the asset is written down to its recoverable amount. The resultant impairment loss is recognised as an expense in the income statement.

i. Foreign currency transactions

Foreign currency transactions are recorded in Kazakhstan Tenge at the rates of exchange on the date of transaction. Monetary assets and liabilities in foreign currencies, if any, are translated to Kazakhstan Tenge at rates of exchange on the balance sheet date. All gains or losses on exchange are taken to the income statement.

j. Accounts receivable

Accounts receivable are stated at original invoice amount less provision for uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

k. Accounts payables and accruals

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Punj Lloyd Kazakhstan, LLP

Notes forming part of the financial statements – December 31, 2005 To September 30, 2005 (continued)

3. Property, Plant and Equipment

(in thousands of Kazakhstani Tenge)

	Software	Buildings and constructions	Machinery and equipment	Vehicles	Furniture and fixture/Others	Total
Cost						
At Dec 31, 2002	32		14,690	-	1,813	16,535
Additions during the year	-	-	3,303	-	549	3,852
At Dec 31, 2003	32	-	17,993	-	2,362	20,387
Additions during the year	411	112,116	370,042	67,944	59,146	609,659
At Dec 31, 2004	443	112,116	388,035	67,944	61,508	630,046
Additions during the period Jan'05 to Sep'05	-	42,417	7,402	567,841	16,944	634,604
At September 30, 2005	**443**	**154,533**	**395,437**	**635,785**	**78,452**	**1,264,650**
Depreciation						
At Dec 31, 2002	2	-	406	-	48	456
Charge for the year	11	-	2,802	-	449	3,262
At Dec 31, 2003	13	-	3,208	-	497	3,718
Charge for the year	26	3,903	19,564	3,709	4,916	32,118
At Dec 31, 2004	39	3,903	22,772	3,709	5,413	35,836
Charge for the period Jan'05 to Sep'05	59	14,463	29,443	75,059	5,081	124,105
At Sep 30, 2005	**98**	**18,366**	**52,215**	**78,768**	**10,494**	**159,941**
Net Book Value						-
At Dec 31, 2002	30	-	14,284	-	1,765	16,079
At Dec 31, 2003	19	-	14,785	-	1,865	16,669
At Dec 31, 2004	404	108,213	365,263	64,235	56,095	594,210
At September 30, 2005	**345**	**136,167**	**343,222**	**557,017**	**67,958**	**1,104,709**

Punj Lloyd Kazakhstan, LLP

Notes forming part of the financial statements – December 31, 2005To September 30, 2005 (continued)

4. Inventories and work in progress				
	30-Sep-05	**31-Dec-04**	**31-Dec-03**	**31-Dec-02**
	Kzt '000	**Kzt '000**	**Kzt '000**	**Kzt '000**
Inventories	157,358	238,199	-	6,483
Work In Progress	2,192,680	1,068,197	-	
Goods In Transit	3,005		-	
	2,353,043	**1,306,396**	**-**	**6,483**

5. Loans And Advances				
	30-Sep-05	**31-Dec-04**	**31-Dec-03**	**31-Dec-02**
	Kzt '000	**Kzt '000**	**Kzt '000**	**Kzt '000**
Advances	310,708	435,682	5,268	-
Pre-payments	57,558	118,445	97	-
	368,266	**554,127**	**5,365**	**-**

6. Related Party Transactions

The Company, in the ordinary course of business, enters into trading and financial transactions with parties, which fall within the definition of "related party" as defined in International Accounting Standard 24. These related parties are under common control. The Management believes that the terms of such transactions are not materially different from those that could have been obtained from unrelated parties. The amounts due from/ to related parties are unsecured, interest free and are repayable on demand.

7. Bank Balances and Cash				
	30-Sep-05	**31-Dec-04**	**31-Dec-03**	**31-Dec-02**
	Kzt '000	**Kzt '000**	**Kzt '000**	**Kzt '000**
Bank Balances				
KZT	69,555	3,344	10,352	61,708
Dollar	66,221	33,695	14	24,586
Fixed Deposits	20,755	15,784	499	96
Cash on hand	581	8,055	956	894
	157,112	**60,878**	**11,821**	**87,284**

8. Current Liabilities				
	30-Sep-05	**31-Dec-04**	**31-Dec-03**	**31-Dec-02**
	Kzt '000	**Kzt '000**	**Kzt '000**	**Kzt '000**
Trade payables	836,607	473,562	149,709	167,231
Advance payment from customer	279,988	1,004,506		
Accruals and provisions	121,262	23,195		34,170
Other Payables	53,503	59,229		215
	1,291,360	**1,560,492**	**149,709**	**201,616**

9. Bank Loan and overdraft

	30-Sep-2005	**31-Dec-2004**	**31-Dec-2003**	**31-Dec-2002**
Bank Loan (in '000 Kzt)				
KAZKOMMERSZ BANK	**2,019,918**	**1,245,528**	**-**	**-**
CASPISKY BANK	**645,130**	**-**	**-**	**-**
	2,665,048	**1,245,528**	**-**	**-**

Bank loan from Kazkommersz Bank, is secured by way of hypothecation of equipment & machinery amounting to USD 993,100 and future receivables for USD 40 mln., and further secured by corporate guarantee of Punj Lloyd Limited, India for USD 30 mln and Kzt 200 mln.

Bank loan from Caspisky Bank is secured by future receivables of USD 13 mln., and a corporate guarantee of Punj Lloyd Limited, India of USD 5 mln.

10. Provision for Tax (net)

	30-Sep-2005 Kzt' 000	**31-Dec-2004 Kzt'000**	**31-Dec-2003 Kzt'000**	**31-Dec-2002 Kzt'000**
Provision for Corporate Tax	**-**	**-**	**-**	**4,837**

11. Financial instruments

Fair Value

The Management believes that the fair values of financial assets and liabilities are not significantly different from their carrying amounts at the balance sheet date.

Interest rate risk

The Company is exposed to interest rate risk from its interest earning financial assets and interest bearing liabilities. The effective interest rates on financial assets and liabilities are at commercial rates negotiated from time to time.

12. Contingent liabilities and other commitments

At the balance-sheet date, the company had the following contingent liabilities and other commitments

	30-Sep-2005	31-Dec-2004	31-Dec-2003	31-Dec-2002
Outstanding Letter of credit (in USD)	7,481,649	9,049,485	-	-

13. Comparative figures

Previous year figures have been regrouped whenever necessary to conform to the current year's presentation.

Current period figures are for six months period ending 30th September 2005. As such previous year's figures are not strictly comparable with current period figures.

ANNEXURE – V(XI) PUNJ LLOYD, INC.

To the Board of Directors
Punj Lloyd Limited
17-18, Nehru Place
New Delhi

Dear Sirs,

As required for the purpose of certification of statement of accounts to be incorporated in the offer document proposed to be issued by Punj Lloyd Limited in connection with the initial offer of Equity Shares, we state as follows:

1. We have audited the balance sheets, the related statements of operations, stockholder's equity, and cash flows of Punj Lloyd, Inc., a wholly owned subsidiary of Punj Lloyd Limited, for the five financial years ended December 31, 2004, the three months ended March 31, 2005, and the six months ended September 30, 2005, being the last date up to which the accounts have been made in those respective periods, in accordance with the auditing standards generally accepted in the United States of America. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on the financial statements based on our audits.

2. We certify that the figures included in the annexed statement of profits and cash flows, as restated (Parent Company Format) for the five financial years ended December 31, 2004 and the nine months ended September 30, 2005, and the annexed statement of assets and liabilities, as restated (Parent Company Format) as at the end of the respective periods, along with the significant accounting policies, are prepared from the audited financial statements of Punj Lloyd, Inc., in accordance with accounting principles generally accepted in the United States of America. However, the annexed statements must be read in conjunction with our audit reports, accounting policies, and notes to the audited financial statements to completely understand the financial position, results of operations, and cash flows in all material respects for each of the above periods.

We confirm that the annexed statements include the following adjustments, if applicable:

- The impact of changes in accounting policies adopted by Punj Lloyd, Inc., has been disclosed with retrospective effect;
- Material amounts relating to adjustments for previous periods have been identified and adjusted in arriving at the profits of the periods to which they relate irrespective of the period in which the event triggering the profit or loss occurred;
- The impact of qualification in the auditors' or accountants' report.
- Impact of extraordinary items has been disclosed separately in the annexed statements.
- Appropriate adjustments and regroupings, which in our opinion were considered necessary to conform to Punj Lloyd Limited's format have been made.

This certificate is solely for the purpose of incorporation of Punj Lloyd, Inc.'s statement of accounts in the offer documents proposed to be issued by Punj Lloyd Limited in connection with its initial offer of equity shares and is not to be and should not be used in any other offering memorandum or other document without prior consent.

November 9, 2005

Punj Lloyd, Inc.

Statement of Assets and Liabilities, as restated (Parent Company Format)

(Amount in US$)

PARTICULARS	9 Months ended September 30, 2005	Year ended December 31,2004	Year ended December 31,2003	Year ended December 31,2002	Year ended December 31,2001	Year ended December 31,2000
FIXED ASSETS						
Gross Block	-	-	-	5,701	-	30,091
Less : Depreciation	-	-	-	514	-	11,740
Net Block	-	-	-	5,187	-	18,351
Less-Revaluation Reserve						
Net Block after adjustment for Revaluation Reserve	-	-	-	5,187	-	18,351
Capital Work In Progress Including Capital Advances						
Expenditure during Construction Period (pending allocation)						
INTANGIBLE ASSETS						
DEFERRED TAX ASSETS						
INVESTMENTS						
CURRENT ASSETS, LOANS AND ADVANCES						
Inventories						
Sundry Debtors						
Cash and Bank Balances	17,384	43,762	162,757	1,660,701	2,105,568	3,992,636
Loans and Advances						
Other Current Assets	733,270	714,001	914,111	81,147	331,832	1,872,220
Organization Cost					4,073	6,109
Miscellaneous Expenditure						
(to the extent not written off or adjusted)						
Total Assets	**750,654**	**757,763**	**1,076,868**	**1,747,035**	**2,441,473**	**5,889,316**
LIABILITIES & PROVISIONS						
Secured Loans						
Unsecured Loans						
Current Liabilities & Provisions						
- Current Liabilities	582,227	542,017	1,522,450	1,583,451	2,212,307	5,388,347
- Provisions						
Deferred Tax Liability						
Total Liabilities	582,227	542,017	1,522,450	1,583,451	2,212,307	5,388,347
Net Worth	**168,427**	**215,746**	**(445,582)**	**163,584**	**229,166**	**500,969**
Represented by						
Share Capital	200,000	200,000	200,000	200,000	200,000	200,000
Reserves & Surplus	(31,573)	15,746	(645,582)	(36,416)	29,166	300,969
Less: Revaluation Reserve						
Reserves & Surplus (Net of Revaluation Reserves)	(31,573)	15,746	(645,582)	(36,416)	29,166	300,969
Net Worth	**168,427**	**215,746**	**(445,582)**	**163,584**	**229,166**	**500,969**
See independent accountant's certificate						

Punj Lloyd, Inc.

Statement of Profits, as restated (Parent Company Format)

(Amount in US$)

PARTICULARS	9 Months ended September 30, 2005	Year ended December 31,2004	Year ended December 31,2003	Year ended December 31,2002	Year ended December 31,2001	Year ended December 31,2000
INCOME						
Contract Revenue	-	4,748		703,511	3,155,898	4,220,859
Sales of products::						
- manufactured by the company						
- trading goods						
Other Income	13,066	1,447,301	20,146	47,391	156,463	285,563
Increase (Decrease) in Inventories						
TOTAL	**13,066**	**1,452,049**	**20,146**	**750,902**	**3,312,361**	**4,506,422**
EXPENDITURE						
Materials Consumed and Cost Of Sales				55,231	2,966,407	3,782,953
Staff Cost						
Selling and Distribution Expenses						
Administration & General Expenses	67,054	732,932	677,929	794,316	170,724	287,225
Operating Expenses						
Interest						
Miscellaneous Expenditure Written Off						
Depreciation / Amortization			514	514	6,947	7,997
TOTAL	**67,054**	**732,932**	**678,443**	**850,061**	**3,144,078**	**4,078,175**
PROFIT BEFORE TAX & EXTRAORDINARY ITEMS	(53,988)	719,117	(658,297)	(99,159)	168,283	428,247
PROVISION FOR TAX						
Current Tax	(6,669)	57,789	(49,131)	(33,577)	40,086	149,623
Deferred Tax						
NET PROFIT BEFORE EXTRAORDINARY ITEMS	**(47,319)**	**661,328**	**(609,166)**	**(65,582)**	**128,197**	**278,624**
Extra-Ordinary Items (net of tax)						
NET PROFIT AFTER EXTRAORDINARY ITEMS & BEFORE ADJUSTMENTS	**(47,319)**	**661,328**	**(609,166)**	**(65,582)**	**128,197**	**278,624**
ADJUSTMENTS						
TOTAL IMPACT OF ADJUSTMENTS	-	-	-	-	-	-
TAX IMPACT OF ADJUSTMENTS						
TOTAL OF ADJUSTMENTS AFTER TAX IMPACT	-	-	-	-	-	-
NET PROFIT / (LOSS) AS RESTATED	**(47,319)**	**661,328**	**(609,166)**	**(65,582)**	**128,197**	**278,624**
Balance Brought Forward From Previous Year	15,746	(645,582)	(36,416)	29,166	300,969	22,345
PROFIT AVAILABLE FOR APPROPRIATIONS AS RESTATED	**(31,573)**	**15,746**	**(645,582)**	**(36,416)**	**429,166**	**300,969**
APPROPRIATIONS						
Transfer From Debenture Redemption Reserve						
Transfer From Foreign Project Utilised Reserve						
Transfer to General Reserve						
Transfer to Foreign Project Reserve						
Dividend						
- Preference						

PARTICULARS	9 Months ended September 30, 2005	Year ended December 31,2004	Year ended December 31,2003	Year ended December 31,2002	Year ended December 31,2001	Year ended December 31,2000
- Equity					400,000	
Interim Final Dividend						
Tax on Dividend						
BALANCE CARRIED FORWARD AS RESTATED	**(31,573)**	**15,746**	**(645,582)**	**(36,416)**	**29,166**	**300,969**
See independent accountant's certificate						

PUNJ LLOYD, INC.
ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

1. Organization and Summary of Significant Accounting Policies.

Organization – Punj Lloyd, Inc. (the "Company") was incorporated on August 31, 1998 in the state of Texas. The Company is engaged primarily in the businesses of engineering, construction and supply of equipment for HydroCarbon Sector. The Company utilizes a large resource pool of highly skilled, English speaking personnel in India in providing such services.

The Company's sole-stockholder is Punj Lloyd Ltd., based in India.

The following is a summary of significant accounting policies applied in the preparation of the financial statements.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results can differ from those estimates.

Property, Equipment, and Depreciation - Property and equipment is recorded at cost. Major renewals and improvements are capitalized while replacements and repairs which do not extend the lives of the assets are expensed currently. The Company follows the policy of providing straight-line depreciation over the estimated useful lives of five years. Costs of the assets sold or retired and the related accumulated depreciation are eliminated from accounts in the year of sale or retirement and resulting gains or losses are recognized. During the year 2003, the company disposed of all its property and equipment.

Contracts and Revenue Recognition – Revenues from construction contracts are recognized on the percentage-of-completion method, measured by the percentage of cost incurred to date as compared to the estimated total cost for each contract. Management reviews contract prices and cost estimates periodically as the work progresses and reflects adjustments proportionate to the percentage-of-completion in income in the period when those estimates are revised. The method is used because management considers total cost to be the best available measure of progress on the contracts.

Income Taxes – Income taxes are provided under the provisions of Statement of Financial Accounting Standards No. 109, "Accounting for Income taxes." This statement requires an asset and liability approach to account for income taxes and requires recognition of deferred tax liabilities and assets for the expected future tax consequences of temporary differences between the financial statement carrying amounts and the tax bases of assets and liabilities and net operating losses.

Fair Value of Financial Instruments – The Company has a number of financial instruments, none of which are held for trading purposes. The Company estimates that the fair value of all financial instruments at the end of each of the five financial years ending on December 31, 2004 and nine months ended September 30, 2005 does not differ materially from the aggregate carrying values of its financial instruments recorded in each of the corresponding years'/ period's balance sheets.

2. Cash and Cash Equivalents

The Company considers cash and cash equivalents to be demand deposits or time deposits with less than 30 days to maturity.

ANNEXURE – V(XII) PUNJ LLOYD (MALAYSIA) SDN BHD

The Board of Directors
Punj Lloyd (Malaysia) Sdn Bhd
Level 7, Setia 1
15 Lorong Dungun
Damansara Heights
50490 Kuala Lumpur

Our ref : A8/LKY/STPY

Contact : Stephanie Tang, ext 8161

29 September 2005

Dear Sir,

Agreed upon procedures

Verification of extracts of audited financial statements for the 5 financial years ended March 31, 2001 to March 31, 2005.

In accordance with the terms of our engagement letter dated September 06, 2005, we have carried out the agreed upon procedures on the extracts of audited financial statements from financial years ended March 31, 2001 to March 31, 2005 (referred as "extracts of audited FS") for Punj Lloyd (Malaysia) Sdn Bhd ("the Company") for the purpose of an initial public offering in India of the holding company, Punj Lloyd Limited. The agreed upon procedures are as follows:

Compare the amounts included in the extract of audited FS to the respective audited financial statements of the Company for the 5 years from financial year ended March 31, 2001 to March 31, 2005 ;

Compare the significant accounting policies as included in the audited financial statements of the Company for the 5 years from financial year ended March 31, 2001 to March 31, 2005 and consider any differences in the accounting policies in the relevant year;

Consider and review the impact of changes in accounting policies adopted by the Company and its retrospective effects for the 5 years from financial year ended March 31, 2001 to March 31, 2005 ;

Read and consider the audited financial statements of the Company for the 5 years from financial years ended March 31, 2001 to March 31, 2005 to identify any potential material prior year adjustments that would have an impact in the prior years;

Read and consider the audited financial statements of the Company for the 5 years from financial years ended March 31, 2001 to March 31, 2005 to identify the impact of any qualification in the auditors report and that would have an impact in the prior years;

Read and consider the audited financial statements of the Company for the 5 years from financial years ended March 31, 2001 to March 31, 2005 to identify the impact of any extra-ordinary items that would have an impact in the prior years;

Review the appropriateness of any adjustment that may be required to be included in the extracts of audited FS to restate any of the financial statements of the Company for the 5 years from financial year ended March 31, 2001 to March 31, 2005 ; and

Confirmation in writing with B. S. Tan & Co., the previous auditors for the 3 years from financial year ended March 31, 2001 to 31 March 2003.

Based on the procedures performed above:

The extracts of the audited FS have been properly compiled on the basis of preparation, both set out in Attachment A which we have stamped for the purpose of our identification;
Such basis is consistent with the accounting policies adopted by the Company; and

The retrospective adjustments are appropriate for the purpose as set out on the basis of preparation.

However, we would like to report the following:

We have not obtained the written confirmation from B. S. Tan & Co., the previous auditors, confirming on their professional independence and that the audited financial statements for the financial years ended 31 March 2001, 31 March 2002 and 31 March 2003 are without any modifications and qualifications.

We have not obtained sufficient additional information in arriving at the loss on disposal of investment of RM5,862,816 made in the financial year ended 31 March 2002. The restatement and information presented are solely based on audited financial statements of the Company and management representation.

We have not obtained sufficient additional information in agreeing the work-in-progress recorded in the notes to the audited financial statements for the year ended March 31, 2001 of RM6,364,232 to the face of the balance sheet. Management represented that the work-in-progress was included as part of the other debtors of RM19,150,262 on the face of the balance sheet.

Income amounting to RM5,889,507 from a foreign country in the financial year ended March 31, 2001 has not been taxed in Malaysia as it represents income exempted from tax. Income arising from sources outside Malaysia and received in Malaysia by a resident company is exempted from taxes with effect from YA 1998. However, there were no information given on whether taxation has been duly paid in the said foreign country. Additionally, there is a double taxation treaty between Malaysia and the said foreign country and tax exposure, if any, would only arise from the tax authority of the said foreign country. To date, the Company has not received any notification from any tax authorities for any outstanding tax liabilities.

Because the above procedures do not constitute either an audit or a review made in accordance with approved Standard on Auditing in Malaysia, we do not express any opinion on the extracts of audited FS. Had we performed additional procedures or had we performed an audit or review of the extracts audited FS in accordance with approved Standard on Auditing in Malaysia, other matters might have come to our attention that would have been reported to you.

This letter is solely for your information in connection with the initial public offering in India of the holding company, Punj Lloyd Limited, and it is not to be used, circulated, quoted or otherwise referred to for any other purpose.
Yours faithfully

KPMG
Chartered Accountant

PUNJ LLOYD (MALAYSIA) SDN. BHD

Statement of Assets and Liabilities, as restated (Parent Company Format) (Ringgit Malaysia)

PARTICULARS	March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001
FIXED ASSETS					
Gross Block	79,417	79,417	356,541	356,541	7,661,351
Less: Depreciation	79,226	64,931	203,092	155,485	3,431,681
Net Block	191	14,486	153,449	201,056	4,229,670
Less-Revaluation Reserve					
Net Block after adjustment for Revaluation Reserve	191	14,486	153,449	201,056	4,229,670
Capital Work In Progress Including Capital Advances					
Expenditure during Construction Period (pending allocation)					
INTANGIBLE ASSETS	-	-	-	-	-
DEFERRED TAX ASSETS					
INVESTMENTS	-	6,819	6,819	6,819	625,600
CURRENT ASSETS, LOANS AND ADVANCES					
Inventories	-	-	-	-	-
Sundry Debtors	-	-	-	-	-
Cash And Bank Balances	70,082	85,956	315,793	4,566,057	5,242,384
Loans And Advances	-	-	-	-	-
Other Current Assets	6,000,648	5,991,148	5,700,630	1,471,584	20,512,469
Miscellaneous Expenditure	-	-	-	-	-
(to the extent not written off or adjusted)					
Total Assets	**6,070,921**	**6,098,409**	**6,176,691**	**6,245,516**	**30,610,123**
LIABILITIES & PROVISIONS					
Secured Loans	-	-	-	-	-
Unsecured Loans	-	-	-	-	-
Current Liabilities & Provisions	5,000	4,000	3,000	20,525	18,484,712
Deferred Tax Liability	-	-	10,000	8,000	15,000
Total Liabilities	**5,000**	**4,000**	**13,000**	**28,525**	**18,499,712**
Net Worth	**6,065,921**	**6,094,409**	**6,163,691**	**6,216,991**	**12,110,411**
Represented by					
Share Capital	3,661,255	3,661,255	3,661,255	3,661,255	3,661,255
Reserves & Surplus	2,404,666	2,433,154	2,502,436	2,555,736	8,449,156
Less: Revaluation Reserve	-	-	-	-	-
Reserves & Surplus (Net of Revaluation Reserves)	2,404,666	2,433,154	2,502,436	2,555,736	8,449,156
Net Worth	**6,065,921**	**6,094,409**	**6,163,691**	**6,216,991**	**12,110,411**

PUNJ LLOYD (MALAYSIA) SDN. BHD
Statement of Profit & Loss as restated (Parent Company Format) (Ringgit Malaysia)

PARTICULARS	March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001
INCOME					
Contract Revenue	-	-	-	47,824	28,077,475
Sales of products::					
- manufactured by the company	-	-	-	-	-
- trading goods	-	-	-	-	-
Other Income	4,201	18,341	17,885	21,719	36,122
Increase (Decrease) in Inventories	-	-	-	-	-
TOTAL	**4,201**	**18,341**	**17,885**	**69,543**	**28,113,597**
EXPENDITURE					
Materials Consumed And Cost Of Goods Sold	-	-	-	-	378,847
Staff Cost	-	-	-	-	2,130,018
Selling and Distribution Expenses	-	-	-	-	-
Administration & General Expenses	18,394	50,016	21,578	37,822	1,592,204
Operating Expenses	-	-	-	-	18,235,578
Interest	-	-	-	-	695,431
Miscellaneous Expenditure Written Off	-	-	-	-	-
Depreciation / Amortization	14,295	47,607	47,607	47,606	658,576
TOTAL	**32,689**	**97,623**	**69,185**	**85,428**	**23,690,654**
(LOSS)/ PROFIT BEFORE PRIOR PERIOD EXPENSES	**(28,488)**	**(79,282)**	**(51,300)**	**(15,885)**	**4,422,943**
Prior Period Adjustment	-	-	-	-	-
(LOSS)/ PROFIT BEFORE TAX & EXTRAORDINARY ITEMS	**(28,488)**	**(79,282)**	**(51,300)**	**(15,885)**	**4,422,943**
PROVISION FOR TAX					
Current Tax	-	-	-	-	-
Deferred Tax	-	-	-	-	-
NET (LOSS)/ PROFIT BEFORE EXTRAORDINARY ITEMS	**(28,488)**	**(79,282)**	**(51,300)**	**(15,885)**	**4,422,943**
Extra-Ordinary Items (net of tax)*	**-**	**-**	**-**	**-**	**-**
NET (LOSS)/ PROFIT AFTER EXTRAORDINARY ITEMS & BEFORE ADJUSTMENTS	**(28,488)**	**(79,282)**	**(51,300)**	**(15,885)**	**4,422,943**
ADJUSTMENTS					
Loss on disposal	-	-	-	5,884,535	-
Deferred tax	-	(10,000)	2,000	(7,000)	(101,000)
TOTAL IMPACT OF ADJUSTMENTS	-	(10,000)	2,000	5,877,535	(101,000)
TAX IMPACT OF ADJUSTMENTS	-	-	-	-	-
TOTAL OF ADJUSTMENTS AFTER TAX IMPACT	-	(10,000)	2,000	5,877,535	(101,000)
NET (LOSS) /PROFIT AS RESTATED	**(28,488)**	**(69,282)**	**(53,300)**	**(5,893,420)**	**4,523,943**
Balance Brought Forward From Previous Year	2,433,154	2,502,436	2,555,736	8,449,156	3,925,213
PROFIT AVAILABLE FOR APPROPRIATIONS AS RESTATED	**2,404,666**	**2,433,154**	**2,502,436**	**2,555,736**	**8,449,156**
APPROPRIATIONS					
Transfer From Debenture Redemption Reserve	-	-	-	-	-
Transfer From Foreign Project Utilised Reserve	-	-	-	-	-
Transfer to General Reserve	-	-	-	-	-
Transfer to Foreign Project Reserve	-	-	-	-	-
Dividend					
- Preference	-	-	-	-	-
- Equity	-	-	-	-	-
Interim Final Dividend	-	-	-	-	-
Tax on Dividend	-	-	-	-	-
BALANCE CARRIED FORWARD AS RESTATED	**2,404,666**	**2,433,154**	**2,502,436**	**2,555,736**	**8,449,156**

PUNJ LLOYD (MALAYSIA) SDN. BHD
Attachment A – Extracts of the audited financial statements and the basis of preparation

BASIS OF PRESENTATION

FINANCIAL STATEMENTS AND AUDITORS

The financial statements of the Company for the 3 financial years ended March 31, 2001 to 31 March 2003 have been audited by a firm of Chartered Accountants in Malaysia, B. S. Tan & Co. The financial statements of the Company for the 2 financial years ended 31 March 2004 and March 31, 2005 have been audited by KPMG.

The financial statements of the Company for the 5 financial years ended March 31, 2001 to March 31, 2005 were audited and reported on without any modification or qualification.

The financial statements of the Company for the financial year ended March 31, 2001 are inclusive of the branch operations in Indonesia, PT Punj Lloyd Indonesia. The financial statements of the Company for the financial year ended 31 March 2002 represents the Company's financial results and positions, taking into account the loss on disposal of investment of the Indonesian operation. The financial statements of the Company for the 3 financial years ended 31 March 2003 to 2005 represents the Company financial results and positions only.

Accounting standards

The extracts of audited financial statements of the Company are drawn up in accordance with the Malaysian Accounting Standards Board ("MASB").

Below are the effective dates of the applicable MASB applicable for the financial statements for the 5 years from financial years ended March 31, 2001 to March 31, 2005 :

MASB	**Effective date**	**Applicable Financial Year End**
MASB – 1		
Presentation of Financial Statements	1 July 1999	31 March 2001
MASB – 2		
MASB Inventories	1 July 1999	31 March 2001
MASB – 3		
MASB Net Profit or Loss for the Period, Fundamental Errors and Changes in Accounting Policies	1 July 1999	31 March 2001
MASB – 5		
: Cash Flow Statements	1 July 1999	31 March 2001
MASB – 6		
MASB The Effect of Changes in Foreign Exchange Rates	1 July 1999	31 March 2001
MASB – 7		
MASB Construction Contracts	1 July 1999	31 March 2001
MASB – 8		
Related Party Disclosures	1 Jan 2000	31 March 2001
MASB – 9		
MASB Revenue	1 Jan 2000	31 March 2001
MASB - 10		
MASB Leases	1 Jan 2000	31 March 2001
MASB - 11		
MASB Consolidated Financial Statements and Investments in Subsidiaries	1 Jan 2000	31 March 2001
MASB - 14		

MASB	Effective date	Applicable Financial Year End
MASB Depreciation Accounting	1 July 2000	31 March 2002
MASB - 15		
MASB Property, Plant and Equipment	1 July 2000	31 March 2002
MASB - 19		
MASB Events After the Balance Sheet Date	1 July 2001	31 March 2003
MASB - 20		
MASB Provisions, Contingent Assets and Contingent Liabilities	1 July 2001	31 March 2003
MASB - 21		
MASB Business Combinations	1 July 2001	31 March 2003
MASB – 23		
MASB Impairment of Assets	1 July 2002	31 March 2004
MASB – 24		
MASB Financial Instruments: Disclosure and Presentation	1 January 2002	31 March 2004
MASB - 25		
MASB Income Taxes	1 July 2002	31 March 2004
MASB – 26		
MASB Employee Benefits	1 January 2003	31 March 2004

There were no changes in accounting policies apart from the adoption of the above accounting standards. Based on the above, there were no material effects noted in the audited financial statements of the Company other than new policies and extended disclosures when required by these standards. The adoptions of these accounting standards have no impact on the financial statements except for the adoption of MASB 25 “Income Taxes” as illustrated in Note 10 to the extracts of audited financial statements.

Prior year adjustments

There was a prior year adjustment amounting to RM625,600 noted in the audited financial statements of the Company for the year ended 31 March 2003. Apart from this adjustment, there were no other prior year adjustments noted in the audited financial statements of the Company for the 5 financial years ended March 31, 2001 to March 31, 2005 .

An amount of RM625,600 was debited to the Company’s retained earnings and credited to amount due from holding company as a reinstatement of investment being mistakenly taken in the financial year ended March 31, 2001. However, the RM625,600 was not credited to income statement in the financial year ended March 31, 2001 and reversal entry on the original transaction has already been taken up the financial year ended March 31, 2002. Thus, the reversal through retained earnings has been mistakenly taken up. As a result, the extracted financial statements for the 3 financial years from March 31, 2003 to March 31, 2005 have been restated by reversing this prior year adjustment. The effect of adjustment is illustrated in Note 10 to the extract of audited financial statements.

Extraordinary items

There was an extraordinary item noted in the audited financial statements of the Company for the year ended March 31, 2002. Apart from this extraordinary item, there were no other extraordinary items noted in the audited financial statements of the Company for the 5 financial years ended March 31, 2001 to March 31, 2005 .

An amount of RM5,884,535 was debited to the Company’s retained earnings as extraordinary item in the financial year ended March 31, 2002, while a gain on disposal of investment of RM21,719 was recorded in the other income. The RM5,884,535 represents the Company share of net assets of the Indonesia operations, PT Punj Lloyd Indonesia which was disposed. Thus, the loss of RM5,884,535 and the gain of RM21,719 should be considered together in the computation of gain/loss on disposal of investment. As a result, the extracted financial statements has been restated to reflect the net loss of RM5,862,816 in the other operating expenses. The effect of adjustment is illustrated in Note 10 to the extract of audited financial statements.

Other adjustment

Apart from the above, there were no other adjustments deemed appropriate need to be made to the extracted financial statements.

Notes to the Extracts of Audited Financial Statements

1. Summary of significant accounting policies

The following accounting policies are adopted by the Company.

(a) Basis of accounting

The financial statements of the Company are prepared in compliance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia.

(b) Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Plant and equipment retired from active use and held for disposal are stated at the carrying amount at the date when the asset is retired from active use less impairment losses, if any.

Depreciation

The straight-line method is used to write off the cost of the following assets over the term of their estimated useful lives at the following principal annual rates:

Office equipment	15%
Plant and equipment	11%
Tools	14%
Vehicles	18%

(c) Other receivables

Other receivables are stated at cost less allowance for doubtful debts, if applicable.

(d) Employee benefits

(i) Short term employee benefit

Wages, salaries, and bonuses are recognised as expenses in the year in which the associated services are rendered by employees of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when absences occur.

(ii) Defined contribution plans

Obligations for contributions to defined contribution plans are recognised as an expense in the income statement as incurred.

(e) Liabilities

Other payables are stated at cost.

(f) Cash and cash equivalents

Cash and cash equivalents consists of cash on hand and balances with banks.

(g) Impairment

The carrying amount of assets, other than financial assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or the cash-generating unit to which it belongs exceeds its recoverable amount. Impairment losses are recognised in the income statement. Any subsequent increase in recoverable amount is recognised in the income statement.

The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and it is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. The reversal is recognised in the income statement.

(h) Income tax

Tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not recognised for the initial recognition of assets or liabilities that at the time of the transaction affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

(i) Revenue

(i) Services rendered
Revenue from services rendered is recognised in the income statement upon completion of services.

(ii) Interest income
Interest income is recognised in the income statement as it accrues, taking into account the effective yield on the asset.

(j) Foreign currency transactions

Transactions in foreign currencies are translated into Ringgit Malaysia at rates of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Ringgit Malaysia at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

The closing rate used in the translation of foreign currency monetary assets and liabilities is as follows:

1 USD RM3.80 (2003 : 1USD RM3.80)

2. Amount due from/(to) related companies

	2005 RM'000	2004 RM'000	2003 RM'000	2002 RM'000	2001 RM'000
Amounts due from related Companies	996	996	981	-	266
Amounts due to related Company	-	-	-	-	(14,401)

The amounts due from/(to) related companies are trade related, unsecured and interest free.

3. Amount due from holding company

	2005 RM'000	2004 RM'000	2003 RM'000	2002 RM'000	2001 RM'000
Amounts due from holding Company	5,004	4,995	4,719	1,466	887

The amount due from holding company is trade related, unsecured and interest free.

4. Retained profits

Subject to agreement by the Inland Revenue Board, the Company has sufficient tax-exempt income to frank approximately RM72,457 of its retained profits at March 31, 2005 , if paid out as dividends.

5. Tax expense

Reconciliation of effective tax expense

	2005 RM'000	2004 RM'000	2003 RM'000	2002 RM'000	2001 RM'000
Profit/ (Loss) before tax	(28)	(79)	(51)	(5,900)	4,423
Income tax using Malaysian tax rates (28%)	(8)	(22)	(14)	(1,652)	1,238
Non-deductible expenses	1	-	3	1,645	310
Non-taxable income	-	-	-	-	(1,649)
Effect of deferred tax assets not recognised	7	12	-	-	-
Other items	-	-	13	-	-
Tax expense	-	(10)	2	(7)	(101)

No deferred tax has been recognised for the following items:

	2005 RM'000	2004 RM'000	2003 RM'000	2002 RM'000	2001 RM'000
Unutilised tax losses	13	-	-	-	-
Taxable temporary differences	-	(15)	-	-	-
Unabsorbed capital allowances	15	60	-	-	-
Tax expense	28	45	-	-	-

The taxable temporary differences, unabsorbed capital allowances and unutilised tax losses do not expire under current tax legislation. Deferred tax assets had not been recognised in respect of these items because it was not probable that future taxable profit will be available against which the Company can utilise the benefit.

Holding company

The holding company is Punj Lloyd Limited., a company incorporated in India.

7. Significant transactions with related parties

	2005 RM'000	2004 RM'000	2003 RM'000	2002 RM'000	2001 RM'000
Marketing support fee receivable from related companies	15	15	981	-	14,401

The above transaction has been entered into in the normal course of business and has been established under negotiated terms.

8. Subsequent event

On 25 April 2005, an Extraordinary General Meeting was held by the Company and a special resolution was passed for the Company to be wound up voluntarily pursuant to Section 254(1)(b) of the Companies Act, 1965.

9. Contingent liability

Income amounting to RM5,889,507 from a foreign country in the financial year ended March 31, 2001 has not been taxed in Malaysia as it represents income exempted from tax. Income arising from sources outside Malaysia and received in Malaysia by a resident company is exempted from taxes with effect from YA 1998. However, there were no information given on whether taxation has been duly paid in the said foreign country. Additionally, there is a double taxation treaty between Malaysia and the said foreign country and tax exposure, if any, would only arise from the tax authority of the said foreign country. To date, the Company has not received any notification from any tax authorities for any outstanding tax liabilities

10. Summary of profit after tax and restatement

	2005 RM'000	2004 RM'000	2003 RM'000	2002 RM'000	2001 RM'000
Profit/(loss) after tax - as previously stated	(28)	(79)	(51)	(16)	4,423
- adjustment to recognise deferred taxation	-	10	(2)	7	101
- loss on disposal wrongly charged to retained earnings	-	-	-	(5,884)	-
Profit/(loss) after tax - as restated	(28)	(69)	(53)	(5,893)	4,524
Retained earnings brought forward - as previously stated	1,808	1,887	1,938	8,464	4,041
- adjustment to restate an incorrect entry	626	626	626	-	-
- cumulative adjustment to recognise deferred taxation	-	(10)	(8)	(15)	(116)
Retained earnings carried forward - as restated	2,434	2,503	2,556	8,449	3,925
Retained earnings carried forward - as restated	2,406	2,434	2,503	2,556	8,449

ANNEXURE – V(XIII) PT PUNJ LLOYD INDONESIA

November 21, 2005

The Board of Directors
PT Punj Lloyd lndonesia
Ventura Building, 4th Floor, Suite 4018,
Jalan R A Kartini No. 26
Jakarta - 12430
lndonesia

Dear Sirs,

As required for the purpose of the attached restated condensed statements to be incorporated in the Offer document proposed to be issued by the Company's parent company, Punj Lloyd Limited, which document has not been furnished to us, in connection with the planned Initial Public Offer ("IPO") of its Equity Shares, we state the following:

1) We have audited the financial statements of PT Punj Lloyd Indonesia, a subsidiary of Punj Lloyd Limited, for each of the financial for the six month period ended September 30, 2005 and for the years ended March 31, 2005, 2004 and 2003; being the last date up to which the accounts have been made in those respective periods, in accordance with the auditing standards established by the Indonesian Institute of Accountants. Our report with respect to the financial statements of PT Punj Lloyd lndonesia for the period ended September 30, 2005 and for the year ended March 31, 2005 were dated November 10, 2005; for the years ended March 31, 2005 and 2004 were dated May 31, 2004; and for the year ended March 31,2003 was dated August 20,2003. The financial statements of PT Punj Lloyd lndonesia for the years ended March 31, 2002 and 2001 were audited by other independent auditors, Public Accountants Rodi Kartamulja & Budiman of Jakarta, Indonesia, whose report in respect of the year ended March 31, 2002 dated June 25, 2002 expressed an unqualified opinion prior to the restatement of corporate income tax expense for the year ended March 31, 2002. We were not engaged to audit, review, or apply any procedures to the March 31, 2002 and 2001 financial statements of the Company other than with respect to a restatement of corporate income tax expense for the year ended March 31, 2002 and, accordingly, we do not express an opinion or any other form of assurance on the March 31, 2002 and 2001 financial statements taken as a whole.

2) We confirm that the figures included in the attached restated condensed statements of profits for each of the period ended September 30, 2005 and for the three years ended March 31, 2005, 2004 and 2003 and the attached restated condensed statements of assets and liabilities as at the end of the respective years, along with the significant accounting policies, are prepared from the audited financial statements of PT Punj Lloyd Indonesia, in conformity with generally accepted accounting principles in lndonesia. Further we confirm that in the attached condensed statements:

- For the period ended September 30, 2005 and for the years ended March 31, 2005, 2004 and 2003, there are no changes in accounting policies adopted by the Company which need to be disclosed with retrospective effect;

- There are no material amounts relating to adjustments to restate the March 31, 2002 financial statements which have been identified and adjusted in arriving at the profits of the year to which they relate, except for the restatement as stated in item number 1 above

- For the period ended September 30, 2005 and for the years ended March 31, 2005, 2004 and 2003, there are no qualification in the auditors' report; and

- For the period ended September 30, 2005 and for the years ended March 31, 2005, 2004 and 2003, there are no extra-ordinary items that need to be disclosed separately in the attached condensed statements.

- The years ended March 31, 2002 and 2001 were audited by other independent auditors, Public Accountants Rodi Kartamulja & Budiman of Jakarta, Indonesia, whose report dated June 25, 2002 expressed an unqualified opinion prior to the restatement of corporate income tax expense for the year ended March 31, 2002, as stated in item number 1 above.

3) Appropriate reclassifications, which the Company considered necessary to conform to Punj Lloyd Limited's format, have been made.

Public Accountants Rodi Kartamulja & Budiman of Jakarta, lndonesia vide their letter dated September 26, 2005, addressed to the Board of Directors of the PT Punj Lloyd lndonesia (a copy of which is enclosed) have certified that the figures included in the statement of Profit and Loss account for the two financial years ended on March 31, 2001 and March 31, 2002 and the statement of assets and liabilities as at the end of the respective years, along with the significant accounting policies (as annexed to their letter) have been prepared from the audited financial statements of PT Punj Lloyd lndonesia in accordance with the accounting principles generally accepted in lndonesia. They also confirm that those statements include the following adjustments:

- Impact of changes in accounting policies adopted by the Company has been disclosed with retrospective effect
- Material amounts relating to the adjustments for previous years have been identified and adjusted in arriving at the profits of the years to which they relate, irrespective of the year in which the event triggering the profit or loss occurred
- The impact of qualification in the auditor's report where applicable has been adjusted and
- Impact of extra-ordinary items has been disclosed separately in the annexed statements
- Appropriate adjustments and regroupings, which in their opinion were considered necessary to conform to Punj Lloyd Limited's format have been made

The March 31, 2002 and 2001 figures have been included in the restated condensed statements for comparative purposes and we have not performed any procedures other than with respect to a restatement of corporate income tax expense for the year ended March 31. 2002 as stated in item number 1 above.

We have not audited any financial statements of the Company as of any date or for any period subsequent to September 30, 2005. The purpose (and therefore the scope) of our audit for the period ended September 30, 2005 was to enable us to express our opinion on the financial statements at September 30, 2005 and for the period then ended, but not on the financial statements for any interim period within such year.

We have not been informed by the Company's management of any minutes of meetings of the Shareholders and Board of Directors of the Company from November 10, 2005 through November 21, 2005.

We were not informed by the Company's management of any subsequent events from the date of our last audit report (November 10, 2005) up to the date of this letter.

This letter is issued for the sole use of the Company's management and S.R. Batliboi & Co. for the purpose of incorporation of PT Punj Lloyd Indonesia's statements of accounts in the offer documents proposed to be issued by Punj Lloyd Limited in connection with its initial Offer of its equity shares and is not to be and should not be used in any other offering memorandum or other document without our prior written consent.

Prasetio, Sarwoko & Sandjaja.

Roy Iman Wirahardja
Partner

PT Punj Lloyd Indonesia

Restated condensed Statements of Assets and Liabilities, as restated for 5 and half years (Parent Company Format)

(Amount stated in Rp million)

PARTICULARS	September 30, 2005	March 31,2005	March 31,2004	March 31,2003	March 31,2002	March 31,2001
FIXED ASSETS						
Gross Block	86,373	83,174	75,923	40,803	19,939	11,449
Less : Depreciation	31,668	26,544	16,434	8,982	5,415	3,366
Net Block	**54,705**	**56,630**	**59,489**	**31,821**	**14,524**	**8,083**
Less-Revaluation Reserve	-	-	-	-	-	-
Net Block after adjustment for Revaluation Reserve	**54,705**	**56,630**	**59,489**	**31,821**	**14,524**	**8,083**
Capital Work In Progress Including Capital Advances	27,785	13,127	3,491	-	-	-
	82,490	**69,757**	**62,980**	**31,821**	**14,524**	**8,083**
Expenditure during Construction Period (pending allocation)	-	-	-	-	-	-
INTANGIBLE ASSETS	-	-	-	-	-	-
DEFERRED TAX ASSETS	381	-	-	-	-	-
INVESTMENTS	-	-	-	-	-	-
CURRENT ASSETS, LOANS AND ADVANCES						
Inventories	41,840	2,801	-	-	-	-
Sundry Debtors	83,967	36,024	62,408	86,967	16,651	19,224
Cash And Bank Balances	44,803	8,651	35,142	26,622	3,427	1,607
Loans And Advances	83,878	82,493	26,541	59,139	2,486	9,152
Other Current Assets	79,177	153,150	58,399	47,586	16,057	28,666
	333,665	**283,119**	**182,490**	**220,314**	**38,621**	**58,649**
Miscellaneous Expenditure(to the extent not written off or adjusted)	-	-	-	-	-	-
Total Assets	**416,536**	**352,876**	**245,470**	**252,135**	**53,145**	**66,732**
LIABILITIES & PROVISIONS						
Secured Loans	111,181	99,090	54,007	-	-	-
Unsecured Loans	-	-	-	-	-	-
Current Liabilities	133,307	98,564	96,628	192,769	27,322	50,009
Provisions	15,361	19,766	6,488	18,300	6,622	
Deferred Tax Liability and employee entitlement	58	394	428	50	-	-
Total Liabilities	**259,907**	**217,814**	**157,551**	**211,119**	**33,944**	**50,009**
Net Worth	**156,629**	**135,062**	**87,919**	**41,016**	**19,201**	**16,723**
Represented by						
Share Capital	715	715	715	715	600	600
Advance for capital subscription	15,002					
Reserves & Surplus	140,912	134,347	87,204	40,301	18,601	16,123
Less: Revaluation Reserve	-	-	-	-	-	-
Reserves & Surplus (Net of Revaluation Reserves)	**140,912**	**134,347**	**87,204**	**40,301**	**18,601**	**16,123**
Net Worth	**156,629**	**135,062**	**87,919**	**41,016**	**19,201**	**16,723**

Note:

Certain balance sheet accounts in the audited financial statements were regrouped to conform with the presentation of this condensed statement of assets and liabilities.

1. Trade receivables were presented as sundry debtors.
2. Time deposits were presented as part of cash and bank balances.
3. Other receivables were presented as part of loan and advances.
4. Cost in excess billing, prepaid tax were presented as part of other current assets.
5. Bank overdraft and short term bank loan were presented as secured loans.

6. Trade payables, other payables, tax payables, and billing in excess of cost were presented as part of current liabilities.
7. Accruals were presented as provision.
8. Provision for employee benefit was presented as part of deferred tax liability.
9. March 31, 2002 restated condensed statement of assets and liabilities and restated condensed statement of profits include a restatement of corporate income tax expense.

PT Punj Lloyd Indonesia
Restated condensed Statements of Profits, as restated for 5 and half years (Parent Company Format)

(Amounts stated in Rp million)

PARTICULARS	September 30, 2005	March 31,2005	March 31,2004	March 31,2003	March 31,2002	March 31,2001
INCOME						
Contract Revenue	155,964	601,955	602,596	225,573	73,377	66,017
Sales of products::	-	-	-	-	-	-
- manufactured by the company	-	-	-	-	-	-
- trading goods	-	-	-	-	-	-
Other Income	234	408	562	145	8	10
Increase (Decrease) in Inventories	-	-	-	-	-	-
TOTAL	**156,198**	**602,363**	**603,158**	**225,718**	**73,385**	**66,027**
EXPENDITURE						
Materials Consumed	57,765	206,485	264,003	7,329	1,450	1,027
Operating Expenses	42,507	232,892	191,826	146,576	49,515	46,308
Staff Cost	16,909	54,952	33,302	15,191	5,768	5,992
Selling and Distribution Expenses	43	77	83	166	3	-
Administration and General Expenses	19,957	23,321	42,105	15,513	10,113	6,015
Interest	4,214	5,148	2,651	347	226	1,885
Miscellaneous Expenditure Written Off	-	-	-	-	-	-
Depreciation / Amortization	5,124	10,154	7,452	3,599	1,532	1,533
TOTAL	**146,519**	**533,029**	**541,422**	**188,721**	**68,607**	**62,760**
PROFIT BEFORE TAX & EXTRAORDINARY ITEMS	**9,679**	**69,334**	**61,736**	**36,997**	**4,778**	**3,267**
PROVISION FOR TAX						
Current Tax	3,842	22,210	14,517	15,247	2,300	-
Deferred Tax	(728)	(19)	316	50	-	-
	3,114	22,191	14,833	15,297	2,300	-
NET PROFIT BEFORE EXTRAORDINARY ITEMS	**6,565**	**47,143**	**46,903**	**21,700**	**2,478**	**3,267**
Extra-Ordinary Items (net of tax)	-	-	-	-	-	-
NET PROFIT AFTER EXTRAORDINARY ITEMS	**6,565**	**47,143**	**46,903**	**21,700**	**2,478**	**3,267**
ADJUSTMENTS						
Provision for Employee Service Entitlements	-	-	-	-	-	-
TOTAL IMPACT OF ADJUSTMENTS	-	-	-	-	-	-
TAX IMPACT OF ADJUSTMENTS	-	-	-	-	-	-
TOTAL OF ADJUSTMENTS AFTER TAX IMPACT	-	-	-	-	-	-
NET PROFIT / (LOSS) AS RESTATED	**6,565**	**47,143**	**46,903**	**21,700**	**2,478**	**3,267**
Balance Brought Forward From Previous Year	134,347	87,204	40,301	18,601	16,123	12,856
PROFIT AVAILABLE FOR APPROPRIATIONS AS RESTATED	**140,912**	**134,347**	**87,204**	**40,301**	**18,601**	**16,123**
APPROPRIATIONS						
Transfer From Debenture Redemption Reserve	-	-	-	-	-	-
Transfer From Foreign Project Utilised Reserve	-	-	-	-	-	-
Transfer to General Reserve	-	-	-	-	-	-
Transfer to Foreign Project Reserve	-	-	-	-	-	-
Dividend	-	-	-	-	-	-
- Preference	-	-	-	-	-	-
- Equity	-	-	-	-	-	-

PARTICULARS	September 30, 2005	March 31,2005	March 31,2004	March 31,2003	March 31,2002	March 31,2001
Interim Final Dividend	-	-	-	-	-	-
Tax on Dividend	-	-	-	-	-	-
BALANCE CARRIED FORWARD AS RESTATED	**140,912**	**134,347**	**87,204**	**40,301**	**18,601**	**16,123**

Note:

Certain items of the statement of profits in the audited financial statements were reclassified to conform with the presentation in this condensed statement of profits:

1. Other income and interest income, which originally presented as part of other expenses/income, were reclassified as part of total income.

2. Bank charges, foreign exchange gain/loss, and other expenses, which originally presented as part of other expenses/income, were reclassified as part of expenditure.
3. March 31, 2002 restated condensed statement of assets and liabilities and restated condensed statement of profits include a restatement of corporate income tax expense.

FINANCIAL INFORMATION NOTES

1. GENERAL

PT Punj Lloyd Indonesia (the Company) is a limited liability company established in Indonesia by virtue of Notarial Deed No. 64 dated February 28, 1997 of Notary H. Parlindungan Lumban Tobing S.H., within the framework of laws regarding foreign capital investment. The Company's Articles of Association was approved by the Ministry of Justice and Human Rights of the Republic of Indonesia in Decision Letter No. C- 2-5021.HT.01.01.TH.97 dated June 12, 1997. The Articles of Association have been amended several times, and the latest amendment was made through deed No. 23 dated December 23, 2003, of Fardian, SH., Notary in Jakarta.

The Company is engaged in the engineering and construction in the oil and gas sector. The Company has expanded itself in the petroleum and gas industry in Indonesia based on its philosophy to maintain high-quality standards, safe working environment for personnel, prevent environment damage, meet client's specifications and standards as well as maximum utilization of local content. The Company's head office is located at Jl. R A Kartini, 4th Floor, Suite 401 B, Kav. 26, Ventura Building, Jakarta, Indonesia. The Company started its operation in 1997.

The composition of the Company's Board of Commissioners and Directors as of September 30, 2005 is as follows:

Board of Commissioners	Board of Directors
V. K. Kaushik - President Commissioner	P. K. Gupta
Atul Punj	V. P. Sharma
	A. Rajendra

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies adopted by the Company conform to generally accepted accounting principles in Indonesia ("Indonesian GAAP"). The significant accounting principles were applied consistently in the preparation of the financial statements and are as follows:

a. Basis of Preparation of the Financial Statements

The financial statements, presented in millions of Rupiah unless otherwise stated, have been prepared on the accrual basis using historical costs concept.

The statements of cash flows present cash receipts and payments classified into operating, investing and financing activities. The cash flows from operating activities are presented using the indirect method.

b. Foreign Currency Transactions and Balances

Transactions in currencies other than Rupiah are recorded at the prevailing rates of exchange in effect on the date of the transactions.

As of the balance sheet dates, all foreign currency monetary assets and liabilities were translated at the exchange rates prevailing at those dates. The resulting net foreign exchange gains or losses are recognized in current year's income.

c. Revenue Recognition

The Company follows the percentage of completion method of accounting for revenue on construction contracts based on cost to cost method.

d. Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and in banks, and short-term deposits with maturities of less than three months, net of outstanding bank overdrafts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Trade Receivables

Trade receivables are stated at original invoice amount less a provision for doubtful accounts. A provision for doubtful accounts is made when collection of the full amount is no longer probable.

f. Inventories

Inventories are stated at the lower of cost or net realizable value.

Cost is determined using the average method and comprises all purchase, conversion and other costs incurred in bringing the inventory to its present location and condition.

Net Realizable value is the estimated selling price in the ordinary course of business, less estimated cost of completion and the estimated cost necessary to make the sale.

g. Work in Progress

Work in progress relating to long-term contracts include all project costs plus profit recognized to date. Amounts provided for expected future losses on contracts, and progress payments received or receivable are deducted from the amount of work in progress.

The asset "cost and estimated earnings in excess of billings on uncompleted contracts" represents the balance of work in progress in excess of amounts billed.

The liability "billings in excess of cost and estimated earnings on uncompleted contracts" represents billings in excess of the balance of work in progress recognized.

h. Fixed Assets

Fixed assets are stated at cost less accumulated depreciation. Fixed assets, except land, are depreciated from the month the assets are placed in service on a straight line method over their estimated useful lives as follows:

	Years
Building	20
Machinery	8
Motor vehicles	8
Furniture, fixtures and office equipment	4 - 8
Software	4

Land is stated at cost and is not amortized.

The cost of repairs and maintenance is charged to statement of income as incurred; significant renewals or betterments are capitalized. When assets are retired or otherwise disposed of, their carrying value and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in the current year's statement of income.

The recoverable amount of an asset is estimated whenever events or changes in circumstances indicate that its carrying may not be fully recoverable. Impairment in asset value, if any, is recognized as loss in the current year's statement of income.

Construction in progress represents the accumulated cost of materials and other costs related to the asset under construction. When the asset is completed and ready for its intended use, these costs are transferred to the relevant accounts.

i. Income Tax

The Company applies the liability method to determine its income tax expense. Under the liability method, deferred tax assets and liabilities are recognized for temporary differences between the financial and the tax bases of assets and liabilities at each reporting date. This method also requires the recognition of future tax benefits, such as the carry-forward of unused tax losses, to the extent that realization of such benefits is probable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Amendments to tax obligations are recorded when an assessment is received or, if appealed against by the Company, when the result of the appeal is determined.

j. Provision for Employee Service Entitlements

The Company recognized an un-funded employee service entitlements in accordance with Labor Law No.13/2003 dated March 25, 2003 ("the law").

Under PSAK No. 24 (Revised 2004), the cost of providing employee service entitlements under the Law is determined using the projected unit credit actuarial valuation method. Actuarial gains and losses are recognized as income or expense when the net cumulative unrecognized actuarial gains or losses for each individual plan at the end of the previous reporting year exceeded 10% of the defined benefit obligation at that date. These gains or losses are recognized on a straight-line basis over the expected average remaining working lives of the employees. Further, past service costs arising from the introduction of a defined plan or changes in the benefit payable of an existing plan are required to be amortized over the period until the benefits concerned become vested.

k. Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimations and assumptions that affect amounts reported therein. Due to inherent uncertainty in making estimates, actual results reported in future periods may be based on amounts, which differ from those estimates.

AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF PUNJ LLOYD LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF PUNJ LLOYD LIMITED, ITS SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

1. We have audited the attached consolidated Balance Sheet of Punj Lloyd Limited (the Company), its subsidiaries, joint ventures and associates (the Punj Lloyd Group) as at 30th September, 2005, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the six months period ended on that date. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21 'Consolidated Financial Statements', Accounting Standard (AS) 23 'Accounting for Investments in Associates in Consolidated Financial Statements' and Accounting Standard (AS) 27 'Financial Reporting of Interests in Joint Ventures', issued by the Institute of Chartered Accountants of India.The Accompanying financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 25, Interim Financial Reporting, issued by the institute of Chartered Accountants of India, solely for use of the information to be given in the Red Herring Prospectus of the Company in connection with the proposed issue of equity shares to the Public and Financial Institutions.

4. We did not audit the financial statements of subsidiaries of the Company, whose financial statements reflect total assets of Rs. 4,172,788 thousand as at September 30, 2005, total revenues of Rs. 1,667,375 thousand and cash flows amounting to Rs.157,872 thousand for the six months period ended on that date. We also did not audit the financial statements of joint ventures of the Company, whose financial statements reflect total assets of Rs. 412,092 thousand (being proportionate share of Punj Lloyd Group) as at 30th September 2005, the total revenues of Rs. Nil (being proportionate share of Punj Lloyd Group) and cash flows amounting to Rs. (8,276) thousand (being proportionate share of Punj Lloyd Group) for the six months period ended on that date.

   The financial statements and other financial information of subsidiaries and joint ventures *(except for Thiruvananthpuram Road Development Company Limited whose unaudited financial statements reflecting total assets of Rs. 387,623 thousand (being proportionate share of Punj Lloyd Group) as at September 30, 2005, total revenues of Rs. Nil (being proportionate share of Punj Lloyd Group) and cash flows amounting to Rs. (8275) thousand (being proportionate share of Punj Lloyd Group) for the six months period ended on that date, have been included in consolidation as mentioned in Note No. 1 in Schedule O to the financial statements)* have been audited by other auditors, whose reports have been furnished to us and, our opinion, insofar as it relates to the amounts included in respect of these subsidiaries and joint ventures, is based solely on the reports of the other auditors.

5. *a) Included in sundry debtors is an amount of Rs.281,100 thousand related to contract work with Spie Capag-Petrofac International Limited (SCPIL) in Georgia branch. Additionally sundry debtors include an amount of Rs 75,500 thousand due from SCPIL for expenses incurred on their behalf. Further, as stated in Note 8 in Schedule 'O' to the financial statements, the terms of the related contract are currently in dispute. Accordingly, the branch auditors were unable to satisfy themselves as to the accuracy of the revenue of Rs 281,100 thousand and the recoverability of the receivables of Rs.356,600 thousand as stated above. Also, as stated in Note 8 in Schedule 'O' to the financial statements, the Company has raised variation orders of Rs. 1,468,000 thousand on SCPIL and SCPIL has raised debit notes of Rs.470,000 thousand on the Company. These variation orders and debit notes are being disputed and have not been agreed between the Company and the customer. The ultimate outcome of the dispute cannot presently be determined. Because of the significance of this matter, the branch auditors do not express an opinion on the impact of the above uncertainty on the financial statements. Our previous year audit report was also qualified in respect of the same matter.*

b) As stated in Note 12 in Schedule 'O' to the financial statements, the Company has taken a credit for interest of Rs.7,325 thousand (in addition to credit taken of Rs. 65,659 thousand in previous year) on the amount withheld by a customer, which is not in accordance with Accounting Standard 9 on Revenue Recognition. Our previous year audit report was also qualified in respect of the same matter.

6 Without qualifying our opinion, we draw attention to the following Notes in Schedule 'O' to the financial statements;

(a) Note 6 regarding deductions made/ amounts withheld by some customers aggregating to Rs. 779,062 thousand on various accounts which are being carried as sundry debtors. The Company is also carrying Work-in-Progress inventory of Rs 64,000 thousand relating to one of these cases. The ultimate outcome of the above matters cannot presently be determined although the Company is of the view that such amounts are recoverable and hence no provision is required there against.

(b) Note 7 regarding claim made by a customer in Oman branch amounting to Rs 72,096 thousand in respect of shipment charges which are not accounted for, being disputed by the Company. The ultimate outcome of the matter cannot presently be determined and no provision for any liability that may result has been made in the financial statements.

Without considering para 5 (a) above, the impact whereof on the Company's profits is not presently ascertainable, had the impact of para 5 (b) above been considered, profit after tax for the six months period ended would have been Rs.30,724 thousand (excluding the impact of Rs.42,104 thousand (net of taxes) being credit taken of interest in the previous year) instead of Rs.35,583 thousand and reserves & surplus at the end of the six months period ended would have been Rs.4,585,393 thousand instead of Rs.4,632,356 thousand. Had the impact of para 5 (b) above been considered in the preceding year, the profit for the year ended March 31, 2005 would have been Rs.963,957 thousand instead of Rs.1,006,061 thousand and reserves & surplus at the end of the year would have been Rs. 4,807,421 thousand instead of Rs. 4,849,525 thousand.

7 *Subject to our comments in para 4 above regarding consolidation of unaudited financial statements of a joint venture and also our comments in para 5 (a) & (b) above,* in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

(a) In the case of the Consolidated Balance Sheet, of the state of affairs of the Punj Lloyd Group as at September 30, 2005;

(b) In the case of the Consolidated Profit and Loss Account, of the profit of the Punj Lloyd Group for the six months period ended on that date; and

(c) In the case of Consolidated Cash Flow Statement, of the cash flows of the Punj Lloyd Group for the six months period ended on that date.

8 This report is furnished solely for use set out in paragraph 3 above, and is not to be used, referred or distributed for any other purpose without our prior written consent.

For S.R. Batliboi & Co.
Chartered Accountants

per Raj Agrawal
Partner
Membership No: 82028

New Delhi
November 26, 2005

CONSOLIDATED FINANCIAL STATEMENTS OF PUNJ LLOYD LIMITED AS AT SEPTEMBER 30, 2005

(In Rupees Thousands)

		AS AT SEPTEMBER 30, 2005		AS AT MARCH 31, 2005	
PARTICULARS	**SCHEDULES**				
SOURCES OF FUNDS					
SHAREHOLDERS FUNDS					
SHARE CAPITAL	A	438,647		252,347	
RESERVES & SURPLUS	B	4,632,356		4,849,525	
			5,071,003		5,101,872
MINORITY INTEREST			15,599		16,544
LOAN FUNDS	C				
SECURED LOANS`		7,061,370		5,998,422	
UNSECURED LOANS		1,330,542		1,188,287	
			8,391,912		7,186,709
DEFERRED TAX LIABILITY (NET) (Refer Note 22 in Schedule "O")			583,999		618,384
TOTAL			14,062,513		12,923,509
APPLICATION OF FUNDS					
FIXED ASSETS	D				
GROSS BLOCK		7,481,143		7,413,438	
LESS : DEPRECIATION		3,031,308		2,762,093	
NET BLOCK		4,449,835		4,651,345	
CAPITAL WORK IN PROGRESS INCLUDING CAPITAL ADVANCES		686,147	5,135,982	481,437	5,132,782
PREOPERATIVE EXPENDITURE (PENDING ALLOCATION)	E		122,321		98,426
INVESTMENTS	F		212,999		258,971
DEFERRED TAX ASSETS (NET) (Refer Note 22 in Schedule "O")			1,627		-
CURRENT ASSETS, LOANS & ADVANCES	G				
INVENTORIES		6,540,114		5,509,848	
SUNDRY DEBTORS		3,581,428		3,364,417	
CASH AND BANK BALANCES		469,634		431,801	
OTHER CURRENT ASSETS		57,314		53,971	
LOANS AND ADVANCES		2,037,510		1,928,046	
			12,686,000		11,288,083
LESS: CURRENT LIABILITIES & PROVISIONS	H				
CURRENT LIABILITIES		3,975,752		3,708,250	
PROVISIONS		120,915		146,754	
			4,096,667		3,855,0014
NET CURRENT ASSETS			8,589,333		7,433,079
MISCELLANEOUS EXPENDITURE	I		251		251
(TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)					
TOTAL			**14,062,513**		**12,923,509**

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO CONSOLIDATED ACCOUNTS O

The Schedules referred to above form an integral part of the Consolidated Balance Sheet

As per our report of even date

For S.R. BATLIBOI & CO.
Chartered Accountants

per RAJ AGRAWAL	DINESH THAIRANI	LUV CHHABRA	ATUL PUNJ
PARTNER	COMPANY SECRETARY	DIRECTOR FINANCE & CORPORATE AFFAIRS	CHAIRMAN & MANAGING DIRECTOR
Membership No. 82028			

New Delhi
November 26, 2005

CONSOLIDATED PROFIT AND LOSS ACCOUNT OF PUNJ LLOYD LIMITED FOR THE PERIOD ENDED SEPTEMBER 30, 2005

(In Rupees Thousands)

		FOR THE PERIOD ENDED SEPTEMBER 30, 2005		FOR THE YEAR ENDED MARCH 31, 2005	
PARTICULARS	**SCHEDULE**				
INCOME					
SALES & CONTRACTS REVENUE	J		6,795,499		17,900,099
OTHER INCOME	K		162,740		439,160
PROFIT ON SALE OF INVESTMENTS IN ASSOCIATES			2,185		150,561
PROFIT ON DISPOSAL OF INTEREST IN JOINT VENTURES (Refer Note 17 in Schedule 'O')			-		583,524
WAIVER OF FUNDED INTEREST			-		130,000
			6,960,424		**19,203,344**
EXPENDITURE					
MATERIALS CONSUMED AND COST OF GOODS SOLD	L		1,888,608		4,824,058
OPERATING AND ADMINISTRATIVE EXPENSES	M		4,263,917		10,963,925
FINANCIAL CHARGES	N		460,292		1,333,350
MISCELLANEOUS EXPENDITURE WRITTEN OFF			-		48,075
DEPRECIATION /AMORTIZATION		312,460		872,386	
LESS : TRANSFERRED FROM REVALUATION RESERVE		(15,349)		(33,330)	
			297,111		839,056
			6,909,928		18,008,464
PROFIT BEFORE TAX			**50,496**		**1,194,880**
PROVISION FOR TAX					
CURRENT TAX		47,788		189,870	
DEFERRED TAX CHARGE / (CREDIT)		(32,601)		3,905	
FRINGE BENEFIT TAX		5,650		-	
			20,837		193,775
PROFIT AFTER TAX			**29,659**		**1,001,105**
ADD: SHARE IN PROFITS OF ASSOCIATES			4,983		2,583
PROFIT BEFORE MINORITY'S SHARE			**34,642**		**1,003,688**
ADD: SHARE OF LOSS TRANSFERRED TO MINORITY			941		2,373
PROFIT FOR THE PERIOD / YEAR			**35,583**		**1,006,061**
BALANCE BROUGHT FORWARD FROM PREVIOUS YEAR			1,912,600		851,530
TRANSFER FROM DEBENTURE REDEMPTION RESERVE			-		83,305
TRANSFER FROM FOREIGN PROJECT UTILIZED RESERVE			-		15,000
PROFIT AVAILABLE FOR APPROPRIATIONS			**1,948,183**		**1,955,896**
APPROPRIATIONS					
TRANSFERRED TO GENERAL RESERVE		-		22,500	
PROPOSED DIVIDEND		-		18,238	
TAX ON PROPOSED DIVIDEND		-		2,558	
			-		**43,296**
SURPLUS CARRIED TO BALANCE SHEET			**1,948,183**		**1,912,600**
EARNING PER SHARE (Nominal Value per share 10)					
BASIC (In Rupees)			0.91		28.50
DILUTED (In Rupees) (Refer Note 19 of Schedule 'O')			0.81		-

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO CONSOLIDATED ACCOUNTS O

The Schedules referred to above form an integral part of the Consolidated Profit and Loss Account
As per our report of even date

For S.R. BATLIBOI & CO.
Chartered Accountants

per RAJ AGRAWAL	DINESH THAIRANI	LUV CHHABRA	ATUL PUNJ
PARTNER	COMPANY SECRETARY	DIRECTOR FINANCE	CHAIRMAN & MANAGING
Membership No. 82028		& CORPORATE AFFAIRS	DIRECTOR

New Delhi
November 26, 2005

PUNJ LLOYD LIMITED
CASH FLOW STATEMENT FOR THE PERIOD ENDED SEPTEMBER 30, 2005

(In Rupees Thousands)

		Period ended September 30, 2005	Year ended March 31, 2005
A	**CASH FLOW FROM OPERATING ACTIVITIES**		
	PROFIT BEFORE TAX	50,496	1,194,880
	ADJUSTMENT FOR	-	-
	DEPRECIATION/AMORTIZATION	297,111	839,056
	MISCELLANEOUS EXPENDITURE WRITTEN OFF	-	48,075
	LOSS ON SALE OF FIXED ASSETS (NET)	19,491	60,624
	(PROFIT) ON SALE OF LONG TERM INVESTMENTS(NET)	(17,930)	(150,561)
	PROFIT ON DISPOSAL OF INTEREST IN JOINT VENTURES	-	(583,524)
	PROFIT ON DISPOSAL OF INTEREST IN ASSOCIATES	(2,185)	-
	INTEREST INCOME	(15,293)	(105,785)
	WAIVER OF FUNDED INTEREST	-	(130,000)
	DIVIDEND ON LONG TERM INVESTMENTS	(586)	(636)
	DEPLETION IN VALUE OF LONG TERM INVESTMENT	293	-
	AMORTISATION/DEPLETION IN VALUE OF INVENTORY	-	8,227
	FINANCIAL CHARGES	336,644	966,548
	BAD DEBTS/ ADVANCES WRITTEN OFF/ LIABILITIES WRITTEN OFF/WRITTEN BACK(NET)	(48,630)	(108,949)
	PROVISION FOR DOUBTFUL DEBTS AND ADVANCES (NET)	11,876	14,304
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	**631,287**	**2,052,259**
	MOVEMENT IN WORKING CAPITAL		
	(INCREASE) / DECREASE IN SUNDRY DEBTORS	(1,312)	(1,267,050)
	(INCREASE) / DECREASE IN LOANS AND ADVANCES	(61,471)	(657,125)
	(INCREASE) / DECREASE IN OTHER CURRENT ASSETS	3,705	(22,025)
	(INCREASE) / DECREASE IN INVENTORIES	(1,030,266)	(2,641,652)
	INCREASE / (DECREASE) IN CURRENT LIABILITIES AND PROVISIONS	88,020	1,477,576
	(INCREASE)/DECREASE IN MISC EXPENDITURE NOT WRITTEN OFF	-	(92)
	CASH USED IN OPERATIONS	**(370,037)**	**(1,058,109)**
	DIRECT TAX PAID (NET)	(121,347)	(236,748)
	NET CASH USED IN OPERATING ACTIVITIES	**(491,384)**	**(1,294,857)**
B	**CASH FLOW FROM INVESTING ACTIVITIES**		
	PURCHASE OF FIXED ASSETS	(365,786)	(2,247,180)
	PURCHASE OF INVESTMENTS	-	(25,908)
	PROCEEDS FROM SALE OF INVESTMENTS	70,776	683,325
	PROCEEDS FROM SALE OF FIXED ASSETS	39,747	169,896
	DIVIDEND RECEIVED	586	636
	INTEREST RECEIVED	921	18,447
	NET CASH USED IN INVESTING ACTIVITIES	**(253,756)**	**(1,400,784)**
C	**CASH FLOWS FROM FINANCING ACTIVITIES**		
	INCREASE / (DECREASE) IN SHARE CAPITAL	-	45,881
	SHARE ISSUE EXPENSES	(1,500)	(39,060)
	INCREASE IN PREMIUM ON ISSUE OF SHARE CAPITAL	-	2,239,122
	INCREASE / (DECREASE) IN WORKING CAPTIAL LOANS	935,877	(305,083)
	INCREASE / (DECREASE) IN SECURED TERM LOANS	127,067	824,776
	REDEMPTION OF DEBENTURES	(14,000)	(24,120)
	INCREASE / (DECREASE) IN UNSECURED LOANS	156,256	853,342
	INCREASE / (DECREASE) IN DEFERRED PAYMENTS	-	(65)
	FINANCIAL CHARGES	(342,098)	(964,682)
	DIVIDEND PAID	-	(25,809)
	NET CASH FROM FINANCING ACTIVITIES	**861,602**	**2,604,302**
	NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	116,462	(91,340)
	EXCHANGE FLUCTUATION RESERVE	(78,629)	(17,211)

	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	431,801	540,418
	CASH AND CASH EQUIVALENTS IN RESPECT OF SUBSIDIARY ACQUIRED DURING THE YEAR	-	1,983
	CASH AND CASH EQUIVELENTS IN RESPECT OF JOINT VENTURE DISPOSED OFF DURING THE YEAR	-	(2,049)
	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**469,634**	**431,801**
	COMPONENTS OF CASH AND CASH EQUIVALENTS		
	CASH IN HAND	31,514	39,098
	BALANCE WITH SCHEDULED BANKS		
	IN CURRENT ACCOUNTS	99,495	97,257
	IN CASH CREDIT ACCOUNT	562	-
	IN EEFC ACCOUNTS	2,561	10,078
	IN FIXED DEPOSITS	27,925	126,787
	BALANCES WITH NON SCHEDULED BANKS		
	IN CURRENT ACCOUNTS	275,908	81,987
	IN FIXED DEPOSITS	31,669	76,594
		469,634	**431,801**

1 The Cash Flow Statement has been prepared under indirect method as set out in Accounting Standard-3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India.

2 Negative figures have been shown in brackets.

As per our report of even date

For S.R. BATLIBOI & CO.
Chartered Accountants

per RAJ AGRAWAL PARTNER Membership No. 82028	DINESH THAIRANI COMPANY SECRETARY	LUV CHHABRA DIRECTOR FINANCE & CORPORATE AFFAIRS	ATUL PUNJ CHAIRMAN & MANAGING DIRECTOR

New Delhi
November 26, 2005

(In Rupees Thousands)

SCHEDULE A : SHARE CAPITAL		AS AT SEPTEMBER 30, 2005		AS AT MARCH 31, 2005	
AUTHORIZED					
60,000,000 (previous year 30,000,000) equity shares of Rs. 10 each		600,000		300,000	
20,000,000 preference shares of Rs. 10 each		200,000		200,000	
			800,000		500,000
ISSUED, SUBSCRIBED AND PAID UP					
43,864,662 (previous year 24,317,127) equity shares of Rs.10 each, fully paid up.			438,647		243,171
Nil (previous year 917,628) zero percent convertible preference shares of Rs.10 each, fully paid up.			-		9,176
OF THE ABOVE					
i) 136,700 equity shares were allotted as fully paid up pursuant to a contract without payments being received in cash.					
ii) 28,615,239 (previous year 12,166,000) equity shares of Rs.10 each fully paid up were issued as bonus shares by capitalisation of profits.					
iii) During the period, the Company has converted 917,628 zero percent convertible preference shares of Rs.10 each into 3,098,296 equity shares of Rs. 10 each. (Refer Note 23 in Schedule O)					
TOTAL			**438,647**		**252,347**

(In Rupees Thousands)

SCHEDULE B: RESERVES & SURPLUS	AS AT SEPTEMBER 30, 2005		AS AT MARCH 31, 2005	
CAPITAL RESERVE				
BALANCE AS PER LAST ACCOUNT	15,444		8,930	
ADD: SHARE IN ACCUMULATED BALANCE OF ASSOCIATES AS ON APRIL 1, 2003	-		-	
ADDITION DURING THE YEAR	-		6,514	
		15,444		15,444
SECURITIES PREMIUM ACCOUNT				
BALANCE AS PER LAST ACCOUNT	2,539,174		339,112	
ADDITIONS DURING THE YEAR	-		2,239,122	
	2,539,174		2,578,234	
LESS : UTILISED DURING THE YEAR				
CONVERSION OF PREFERENCE SHARES	21,807		39,060	
SHARE ISSUE EXPENSES	1,500		-	
(Refer Notes 23 and 24 in schedule 'O')		2,515,867		2,539,174
ASSET REVALUATION RESERVE				
BALANCE AS PER LAST ACCOUNT	122,529		155,859	
LESS: ADJUSTMENT ON ACCOUNT OF DEPRECIATION ON REVALUED AMOUNT OF ASSETS	15,349		33,330	
LESS: ADJUSTMENT ON ACCOUNT OF SALE / DISPOSAL OF REVALUED ASSETS	7,289		-	
		99,891		122,529
GENERAL RESERVE				
BALANCE AS PER LAST ACCOUNT	193,040		170,540	
ADD :TRANSFER FROM PROFIT & LOSS ACCOUNT	-		22,500	
LESS: UTILISED DURING THE PERIOD (for issue of bonus shares)	164,492		-	
(Refer Note 25 in schedule 'O')		28,548		193,040
FOREIGN PROJECT UTILIZED RESERVE				
BALANCE AS PER LAST ACCOUNT	105,000		112,500	
ADD :TRANSFER FROM FOREIGN PROJECT RESERVE	-		7,500	
	105,000		120,000	
LESS : TRANSFER TO PROFIT & LOSS ACCOUNT	-		15,000	
		105,000		105,000
DEBENTURE REDEMPTION RESERVE				
BALANCE AS PER LAST ACCOUNT	50,120		133,425	
ADD: TRANSFER FROM PROFIT & LOSS ACCOUNT	-		-	
LESS : TRANSFER TO PROFIT & LOSS ACCOUNT	-		83,305	
		50,120		50,120
EXCHANGE FLUCTUATION RESERVE ACCOUNT		(130,697)		(88,382)
PROFIT AND LOSS ACCOUNT BALANCE		1,948,183		1,912,600
TOTAL		**4,632,356**		**4,849,525**

(In Rupees Thousand)

SCHEDULE C : LOAN FUNDS		AS AT SEPTEMBER 30, 2005		AS AT MARCH 31, 2005	
SECURED LOANS:					
A) ON WORKING CAPITAL LOAN ACCOUNT					
FROM BANKS			**3,328,450**		**2,392,570**
Out of the above.					
i) Rs. 374,777 thousand is secured by way of first charge on paripassu basis on current assets (excluding book debts) and second charge on paripassu basis on fixed assets of the project division of the Company and further secured by personal guarantee of Chairman & Managing Director of the Company.					
ii) Rs. 189,631 thousand is secured by way of first charge on paripassu basis on current assets (excluding book debts) and second charge on paripassu basis on fixed assets of the project division of the Company.					
iii) Rs. 1,094,980 thousand is secured by way of exclusive charge on the receivables of the specific projects financed by the bank, first paripassu charge on the current assets of the project division (excluding receivables) and paripassu second charge on the movable assets of the project division of the Company and further secured by personal guarantee of Chairman & Managing Director of the Company.					
iv) Rs. 39,614 thousand is secured by way of exclusive charge on the receivables of the specific projects financed by the bank, first parpassu charge on the current assets (excluding book debts) and paripassu second charge on the Fixed assets of the project division of the Company.					
v) Rs. 475,073 thousand in respect of a foreign subsidiary is secured by lien over the subsidiary's trade receivables and some part of building, land, inventory,machinery and motor vehicles. The loan is further secured by corporate guarantee of the parent company.					
vi) Rs. 877,334 thousand in respect of a foreign subsidiary is secured by future receivables of the subsidiary. Out of these, loans aggregating Rs. 43,764 thousand are further secured by hypothecation of equipment and machinery. The loans are further secured by corporate guarantee of the parent company.					
vii) Rs.41,295 thousand in respect of certain Indian subsidiaries is secured by hypothecation by way of charge on inventories both on hand and in transit, book debts, other receivables (both present and future) and charge on all the fixed assets of the subsidiaries except those acquired under hire purchase agreements. The loans are further secured by corporate guarantee of the parent company.					
viii) Rs. 1,989 thousand in respect of an Indian subsidiary is secured by hypothecation of raw-materials, work in progress, finished goods and sundry debtors. The loan is further collaterally secured by way of hypothecation of plant and machinery of the subsidiary.					
ix) Rs.233,757 thousand in respect of a joint venture is secured by -					
- a charge on all of the entity's tangible movable assets and all rights, title, interest, property, claims and demands of the entity upon the same.					
- hypothecation / charge over the entities' other properties, present or future					
- rights, title, interest, benefits,claims and demands whatsoever of the entity in respect of project agreements, claims receivable under insurance contracts, both present and future, annuity, project guarantee under EPC contract and O&M contracts, book debts and other debts, receivables, commissions, revenues, claims and choses-in-action of whatsoever nature, all moneys lying to the credit of their trust and retention account and other accounts including balances in depreciation/sinking fund account or liable to be credited to the trust and retention Account.					
B) ON TERM LOAN ACCOUNT					
1) FROM BANKS			**3,548,904**		**3,222,513**
Out of the above,					
i) Rs. 424,739 thousand is secured by way of first charge on paripassu basis on fixed assets of the project division of the Company and further secured by personal guarantee of Chairman & Managing Director of the company					
ii) Rs. 618,762 thousand is secured by way of exclusive charge on the equipment purchased out of the proceeds of loan.					
iii) Rs. 819,975 thousand is secured by way of first paripassu charge on movable fixed assets of the project division of the Company.					
iv) Rs. 137,500 thousand is secured by way of exclusive charge on financed fixed assets and second charge on paripassu basis on current assets of the Company and further secured by personal guarantee of Chairman & Managing Director of the Company.					

SCHEDULE C : LOAN FUNDS		AS AT SEPTEMBER 30, 2005		AS AT MARCH 31, 2005	
v) Rs. 300,000 thousand is secured by way of subservient charge on the entire current and movable fixed assets of the project division of the Company.					
vi) Rs.175,748 thousand is secured by way of exclusive charge on the land and building for corporate office being built at Gurgaon.					
vii) Rs. 470,577 thousand is secured by way of paripassu first charge on the existing and future movable fixed assets of the project division of the Company, paripassu second charge on current assets of the project division of the Company (excluding receivables of the Company) and further secured by personal guarntee of Chairman & Managing Director of the Company.					
viii) Rs. 599,999 thousand is secured by way of second paripassu charge on the movable fixed assets of the project division of the Company and further secured by personal guarantee of Chairman & Managing Director of the Company.					
ix) Rs. 1,604 thousand in respect of an Indian subsidiary is to be secured by hypothecation of drill equipment of the entity.					
TOTAL CARRIED OVER			**6,877,354**		**5,615,083**

(In Rupees Thousands)

SCHEDULE C : LOAN FUNDS (CONTINUED)	AS AT SEPTEMBER 30, 2005	AS AT MARCH 31, 2005
SECURED LOANS (CONTINUED):		
TOTAL BROUGHT FORWARD	**6,877,354**	**5,615,083**
II. FROM OTHERS	**97,150**	**272,705**
i) Rs. 66,101 thousand is secured by first and exclusive chage by way of hypothecation on certain specific equipments of the company financed through the loan.		
ii) Rs. 31,049 thousand in respect of an Indian subsidiary is secured by hypothecation of respective assets The loan is further secured by corporate guarantee of the parent company.		
III. HIRE PURCHASE CREDITORS	**49,825**	**66,447**
(Secured by exclusive charge by way of hypothecation on certain specific equipments of the Company.)		
IV. EXTERNAL COMMERCIAL BORROWINGS FROM BANKS	**37,041**	**44,187**
(Secured by exclusive charge on the equipment of the Company financed through the loan.)		
TOTAL	**7,061,370**	**5,998,422**
UNSECURED LOANS:		
i) ON WORKING CAPITAL LOAN ACCOUNT :- FROM BANKS	**375,127**	**332,695**
ii) ON TERM LOAN ACCOUNT :- FROM BANKS	**900,000**	**750,000**
iii) INTERCORPORATE DEPOSITS	**9,854**	**37,034**
iv) EXTERNAL COMMERCIAL BORROWINGS :- FROM BANK	**32,262**	**41,258**
v) 10% UNSECURED REDEEMABLE NON-CONVERTIBLE DEBENTURES	**12,120**	**12,120**
(Redeemable at par in five equal annual installments starting from the end of third year i.e. November 26, 2001)		
vi) 12% UNSECURED REDEEMABLE NON-CONVERTIBLE DEBENTURES	**-**	**14,000**
vii) FROM OTHERS	**1,179**	**1,180**
TOTAL	**1,330,542**	**1,188,287**

SCHEDULE D: FIXED ASSETS *(In Rupees Thousand)*

	Gross block						Depreciation						Net block	
PARTICULARS	**As at April 1, 2005**	**Additions due to acquisition of a subsidiary**	**Other additions**	**Deletions/ Adjustments**	**Forex translation adjustments**	**As at Sept 30, 2005**	**As at April 01, 2005**	**Additions due to acquisition of a subsidiary**	**For the Period**	**Deletions /Adjustments**	**Forex translation adjustments**	**As at Sept 30, 2005**	**As at Sept 30, 2005**	**As at March 31, 2005**
TANGIBLES														
Land	158,185	-	-	-	(1,892)	**156,293**	-	-	-	-	-	-	**156,293**	**158,185**
Buildings	328,197	-	3,140	19,054	(2,639)	**309,644**	73,238	-	8,225	3,428	(96)	**77,939**	**231,705**	**254,959**
Leasehold Improvements	3,460	-	-	-	-	**3,460**	3,460	-	-	-	-	**3,460**	**-**	**-**
Plant & Machinery	5,897,780	-	112,377	2,725	(18,465)	**5,988,967**	2,297,848	-	236,125	1,594	(5,596)	**2,526,783**	**3,462,184**	**3,599,932**
Furniture, Fixtures and Office Equipments	429,554	-	11,965	13,774	(1,818)	**425,927**	161,045	-	16,690	7,620	(823)	**169,292**	**256,635**	**268,509**
Tools	20,565	-	233		-	**20,798**	17,284	-	1,702	-	-	**18,986**	**1,812**	**3,281**
Vehicles	426,621	-	76,078	72,929	(592)	**429,178**	147,426	-	36,942	21,921	328	**162,775**	**266,403**	**279,195**

PARTICULARS	As at April 1, 2005	Additions due to acquisition of a subsidiary	Other additions	Deletions/ Adjustments	Forex translation adjustments	As at Sept 30, 2005	As at April 01, 2005	Additions due to acquisition of a subsidiary	For the Period	Deletions /Adjustments	Forex translation adjustments	As at Sept 30, 2005	As at Sept 30, 2005	As at March 31, 2005
A) Sub Total	**7,264,362**		**203,793**	**108,482**	**(25,406)**	**7,334,267**	**2,700,301**		**299,684**	**34,563**	**(6,187)**	**2,959,235**	**4,375,032**	**4,564,061**
INTANGIBLES														
Software	145,576	-	25	-	(2,225)	**143,376**	58,717	-	12,426	-	(2,495)	**68,648**	**74,728**	**86,859**
Technical Know-how	3,500	-	-	-	-	**3,500**	3,075	-	350	-	-	**3,425**	**75**	**425**
B) Sub Total	**149,076**	**-**	**25**	**-**	**(2,225)**	**146,876**	**61,792**	**-**	**12,776**	**-**	**(2,495)**	**72,073**	**74,803**	**87,284**
Total Assets (A+B)	**7,413,438**	**-**	**203,818**	**108,482**	**(27,631)**	**7,481,143**	**2,762,093**	**-**	**312,460**	**34,563**	**(8,682)**	**3,031,308**	**4,449,835**	**4,651,345**
Capital Work in Progress													**686,147**	**481,437**
GRAND TOTAL	**7,413,438**	**-**	**203,818**	**108,482**	**(27,631)**	**7,481,143**	**2,762,093**	**-**	**312,460**	**34,563**	**(8,682)**	**3,031,308**	**5,135,982**	**5,132,781**
PREVIOUS YEAR	**6,991,158**	**44,008**	**5,903,645**	**5,485,836**	**(39,537)**	**7,413,438**	**2,329,577**	**13,570**	**872,386**	**440,754**	**(12,685)**	**2,762,093**	**4,651,345**	**-**

Notes:

a) Gross block of Fixed Assets includes Rs.315,646 thousand (previous year Rs. 364,949 thousand) on account of revaluation of assets carried out in earlier years. Consequent to the said revaluation, there is an additional charge of depreciation of Rs.15,349 thousand (previous year Rs.33,330 thousand) and equivalent amount has been withdrawn from revaluation reserve and credited to Profit and Loss Account.

b) Plant and machinery of the cost of Rs. 186,263 thousand (previous year Rs.182,938 thousand) are acquired on hire purchase basis. Accumulated depreciation there on is Rs.38,115 thousand (previous year Rs.38,034 thousand).

c) Deletion from plant and machinery includes Rs. 3,179 thousand (previous year addition Rs. 2,494) being decrease/(increase) in the Rupee liabilty in respect of foreign currency loan.

d) Capital work in progress includes capital advances Rs. 50,322 thousand (previous year Rs. 16,301 thousand).

e) Gross block of assets include Rs. 217,719 thousand (written down value Rs. 91,736 thousand) jointly held with others in respect of an unincorporated Joint Venture.

f) Pursuant to the merger of ISP division, land and buildings of Rs.88,670 thousand (gross block) are vested in the Company, which are yet to be registered in the name of the company.

g) Land includes leasehold land Rs. 54,702 thousand (previous year Rs.54,702 thousand).

SCHEDULE : E PREOPERATIVE EXPENDITURE (PENDING ALLOCATION)

(In Rupees Thousands)

	AS AT SEPTEMBER 30, 2005		AS AT MARCH 31, 2005	
Opening Balance		98,426		494,285
Add: Expenditure incurred during the period				
INTEREST ON TERM LOANS	17,208		256,909	
SALARIES	1,584		60,734	
CONTRIBUTION TO FUNDS	5		156	
WORKMAN AND STAFF WELFARE	65		-	
FEES AND TAXES	63		8	
PROJECT DEVELOPMENT FEES	1,970		68,591	
CONTRACTOR CHARGES	150		2	
DIESEL & FUEL	8		51	
REPAIR & MAINTENANCE	4		3	
HIRE CHARGES	19		-	
SUPERVISION EXPENSES	496		1,234	
TRUST & RETENTION COSTS	-		1,500	
INCORPORATION COST	-		2,500	
UPFRONT FEES	-		9,481	
ARRANGERS FEES	-		11,230	
COMMITMENT FEES	-		476	
LEGAL FEES	-		2,849	
OTHER FINANCIAL CHARGES	-		9,035	
TRAVELLING & CONVEYANCE	7		355	
SECURITY TRUSTEESHIP	-		446	
FILING FEES	1		10	
AUDIT FEES	11		22	
PROFESSIONAL AND CONSULTANCY CHARGES	-		701	
BANK CHARGES	1,274		27	
RENT	-		5	
INSURANCE PREMIUM	7		5,476	
OTHER EXPENSES	1,027		1,110	
LESS:	-			
INTEREST INCOME	(4)	23,895	(30)	432,881
(GROSS INCLUDING TDS RS. NIL ; PREVIOUS YEAR RS. NIL)		122,321		927,166
LESS: TRANSFERRED TO FIXED ASSETS		-		(828,740)
BALANCE CARRIED FORWARD		**122,321**		**98,426**

SCHEDULE F : INVESTMENTS

(In Rupees Thousands)

	AS AT SEPTEMBER 30, 2005	AS AT MARCH 31, 2005
LONG TERM		
QUOTED NON TRADE		
Spectra Net Limited 3,626,130 Equity share of Rs. 10 each		
JCT ELECTRONICS LTD	13	13
600 (previous year 600) Equity Shares of Rs. 10 each, fully paid.		
CONTINENTAL CONSTRUCTION LTD	34	34
3,000 (previous year 3,000) Equity Shares of Rs. 10 each, fully paid.		
MAX INDIA LTD	9	9
500 (previous year 500) Equity Shares of Rs. 10 each, fully paid.		
KIRLOSKAR PNEUMATICS CO LTD	20	20
1,000 (previous year 1,000) Equity Shares of Rs. 10 each, fully paid.		
DAEWOO MOTORS I LTD	366	366
11,000(previous year 11,000) Equity Shares of Rs. 10 each, fully paid.		
HINDUSTAN OIL EXPLORATION LTD	190	190
4,600 (previous year 4,600) Equity Shares of Rs. 10 each, fully paid.		
MATSUSHITA LAKHANPAL BATTERY INDIA LTD.	45	45
1,300 (previous year 1,300) Equity share of Rs. 10 fully paid.		
BERGER PAINTS LIMITED	2,888	2,888
115,500 (previous period 115,500) Equity shares of Rs. 2 each fully paid.		
(Including 38,500 shares of Rs.2 each received by way of bonus shares)		
UNQUOTED TRADE		
RAJAHMUNDRY EXPRESSWAY LTD	40,689	40,689
3,697,500 (previous year 3,697,500) Equity shares of Rs. 10 each fully paid		
Of the above,1,885,000 shares are pledged with a bank.		
ANDHRA EXPRESSWAY LTD.	42,820	42,820
3,697,500 (previous year 3,697,500) Equity shares of Rs. 10 each fully paid		
Of the above, 1,885,000 shares are pledged with a bank.		
NORTH KARNATAKA EXPRESSWAY LIMITED	75,724	75,724
7,572,400 (previous year 7,572,400) Equity shares of Rs.10 equity shares fully paid up.		
UNQUOTED (NON- TRADE)		
STENCIL APPAREL BRANDS LTD	60	60
6,000 (previous year 6,000) Equity shares of Rs. 10 each fully paid.		
RFB LATEX LTD.	5,200	5,200
200,000 (previous year 200,000) Equity shares of Rs.10 each fully paid.		
AROOSHI ENTERPRISES (P) LTD.	5,985	5,985
598,500(previous year 598,500) Equity shares of Rs. 10 each fully paid.		
CARRY FORWARD	**174,043**	**174,043**

SCHEDULE F : INVESTMENTS

(In Rupees Thousands)

	AS AT SEPTEMBER 30, 2005		AS AT MARCH 31, 2005	
BROUGHT FORWARD		174,043		174,043
INVESTMENT (Contd…..)				
INVESTMENTS IN ASSOCIATES				
UNQUOTED NON TRADE				
BISTRO HOSPITALITY (P) LIMITED	28,782		32,800	
2,878,200 (previous year 3,280,000) Equity Shares of Rs.10 each fully paid				
Add: Share in opening accumulated profits	5,361		4,105	
Add: Share in profits for current period	5,168		1,256	
Less: Profits attributable to stake sold during the period	(657)		-	
		38,654		38,161
JACOB BALLAS CAPITAL INDIA (P) LIMITED	-		19,000	
Nil (previous year 1,900,000) Equity Shares of Rs.10 each fully paid				
Add: Share in opening accumulated profits	26,984		26,896	
Add: Share in profits/(loss) for current period	-		1,434	
Less: Profits attributable to stake sold during the period	(26,985)		(1,345)	
		-		45,985
CITY VISION (P) LTD.	823		823	
41,160(previous year 41,160) Equity Shares of Rs. 10 each fully paid.				
Add: Share in opening accumulated losses	(823)		(823)	
		-		-
SHITUL ENGINEERING (P) LTD.	785		785	
7,850(previous year 7,850) Equity Shares of Rs. 100 each fully paid				
Add: Share in opening accumulated profits / (losses)	(18)		87	
Add: Share in profits/(loss) for current period	(185)		(105)	
		582		767
SATELLITE VISION (P) LTD. *		3,750		3,750
150,000 (previous year 150,000) Equity Shares of Rs.10 each fully paid.				
GAITRY CABLE NETWORK PVT. LTD. *		49		49
4,900(previous year 4,900) equity shares of Rs. 10 each fully paid				
SUNSTAR NETWORK & TECHNOLOGIES LTD.	2,530		2,530	
10,159(previous year 10,159) Equity Shares of Rs. 10 each fully paid.				
Add: Share in opening accumulated profits / (losses)	(2,530)	-	(2,530)	-
DOTCOM HOLDINGS (P) LTD.	49		49	
4,900(previous year 4,900) Equity Shares of Rs. 10 each fully paid				
Add: Share in opening accumulated losses	(34)		(33)	
Add: Share in (loss) for current period	(2)	-	(1)	
		13		15
LESS: DIMINUTION IN THE VALUE OF INVESTMENTS		(4,092)		(3,799)
TOTAL		**212,999**		**258,971**
a) Aggregate Cost of Quoted Investments		3,565		3,565
b) Aggregate Cost of Unquoted Investments		209,434		255,406
c) Aggregate market value of quoted investments		57,733		1,705

* As indicated in Note 1(vi) in Schedule 'O', these associates are not being consolidated in the absence of availability of audited financial statements of these entities.

SCHEDULE G : CURRENT ASSETS, LOANS AND ADVANCES

(In Rupees Thousands)

	AS AT SEPTEMBER 30, 2005		AS AT MARCH 31, 2005	
A. CURRENT ASSETS				
i) INVENTORIES:				
RAW MATERIALS	2,702		2,450	
SPARES, STORES AND CONSUMABLES	739,314		676,164	
SCRAP	38,632		18,268	
STOCK IN TRADE (EQUIPMENTS)	4,892		4,123	
WORK IN PROGRESS-PROJECTS	5,754,574		4,808,843	
		6,540,114		**5,509,848**
ii) SUNDRY DEBTORS (Unsecured)				
DEBTS OUTSTANDING FOR A PERIOD EXCEEDING SIX MONTHS				
Considered Good	1,785,031		1,247,829	
Considered Doubtful	19,719		13,944	
OTHER DEBTS				
Considered Good	1,796,397		2,116,588	
	3,601,147		**3,378,361**	
LESS : PROVISION FOR DOUBTFUL DEBTS	19,719		13,944	
		3,581,428		**3,364,417**
iii) CASH & BANK BALANCES:				
a) CASH IN HAND	31,514		39,098	
b) BALANCES WITH SCHEDULED BANKS				
- IN CURRENT ACCOUNTS	99,495		97,257	
(Includes Rs.1,020 thousand (previous year Rs. Nil) of cheque in transit.				
- IN CASH CREDIT ACCOUNT	562		-	
- IN EEFC ACCOUNTS	2,561		10,078	
- IN FIXED DEPOSITS	27,925		126,787	
c) BALANCES WITH NON- SCHEDULED BANKS				
- IN CURRENT ACCOUNTS	275,908		81,987	
- IN FIXED DEPOSITS	31,669		76,594	
		469,634		**431,801**
iv) OTHER CURRENT ASSETS				
a) INTEREST RECEIVABLE ON LOANS AND DEPOSITS	34,555		27,508	
b) INSURANCE CLAIMS RECEIVABLE	18,534		22,238	
c) RECEIVABLES AGAINST SALE OF INVESTMENTS	4,225		4,225	
		57,314		**53,971**
B. LOANS AND ADVANCES: (Unsecured, Considered good)				
a) LOANS TO EMPLOYEES	5,527		15,879	
b) INTERCORPORATE DEPOSITS	32,064		35,562	
c) ADVANCES RECOVERABLE IN CASH OR IN KIND OR FOR VALUE TO BE RECEIVED	1,271,664		1,255,016	
d) SECURITY DEPOSITS	30,393		25,630	
e) BALANCE WITH CUSTOM DEPARTMENT	7,897		2,428	
f) ADVANCE INCOME TAX / TAX RECOVERABLE (Net of provisions)	422,854		364,852	
g) SALES TAX RECOVERABLE	267,111		228,679	
		2,037,510		**1,928,046**
TOTAL		**12,686,000**		**11,288,083**

SCHEDULE H : CURRENT LIABILITIES AND PROVISIONS

(In Rupees Thousands)

	AS AT SEPTEMBER 30, 2005		AS AT MARCH 31, 2005	
(A) CURRENT LIABILITIES				
ACCEPTANCES	65,389		288,659	
SUNDRY CREDITORS	2,725,030		2,213,295	
ADVANCE BILLINGS	-		11,396	
UNACCRUED REVENUE	42,901		42,389	
SECURITY DEPOSITS	123,470		126,970	
ADVANCES FROM CLIENTS	860,035		799,736	
INTEREST ACCRUED BUT NOT DUE ON LOANS	9,040		7,102	
DVIDEND PAYABLE	18,238		-	
OTHER LIABILITIES	131,649		218,703	
		3,975,752		**3,708,250**
(B) PROVISIONS				
FOR TAX (NET OF TAXES PAID)	91,373		102,372	
FOR FRIENGE BENEFIT TAX (Net of Taxes Paid)	3,650		-	
FOR GRATUITY	4,762		6,016	
FOR LEAVE ENCASHMENT	21,130		17,570	
PROPOSED DIVIDEND (Including Tax on Dividend)	-		20,796	
		120,915		**146,754**
TOTAL		**4,096,667**		**3,855,004**

SCHEDULE I : MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)

(In Rupees Thousands)

	AS AT SEPTEMBER 30, 2005		AS AT MARCH 31, 2005	
(A) PRELIMINARY EXPENDITURE				
BALANCE AS PER LAST YEAR	**251**		1,921	
LESS: ADJUSTMENTS ON DISPOSAL OF JOINT VENTURES	-		(1,574)	
ADD: ADDITION DURING THE YEAR	-		92	
LESS: WRITTEN OFF DURING THE YEAR	-		(188)	
		251		**251**
(B) DEFERRED REVENUE EXPENDITURE				
BALANCE AS PER LAST YEAR	-		47,887	
ADDITION DURING THE YEAR	-		-	
LESS: WRITTEN OFF DURING THE YEAR	-		**(47,887)**	
		-		-
TOTAL		**251**		**251**

SCHEDULE J : SALES & CONTRACTS REVENUE

(In Rupees Thousands)

	FOR THE PERIOD ENDED SEPTEMBER 30, 2005		FOR THE YEAR ENDED MARCH 31, 2005	
CONTRACTS REVENUE		6,515,580		17,035,308
BONUS INCOME (In respect of Highway Construction & Operation activities)		-		303,963
ANNUITY INCOME (In respect of Highway Construction & Operation activities)		-		177,614
INCOME FROM LEASED ASSETS		1,169		7,904
INCOME FROM HIRE CHARGES		32,961		66,958
SALES (Net of discounts)				
- EXPORTS	543		13,955	
- OTHERS	102,242	102,785	13,163	27,118
INTERNET SERVICES (Net of discounts Rs. 283,760 thousand, previous year Rs. 665,850 thousand)		143,004		281,234
TOTAL		**6,795,499**		**17,900,099**

SCHEDULE K : OTHER INCOME

	FOR THE PERIOD ENDED SEPTEMBER 30, 2005		FOR THE YEAR ENDED MARCH 31, 2005	
INTEREST		15,293		105,785
DIVIDEND ON LONG TERM INVESTMENTS		586		636
INSURANCE CLAIMS		1,463		37,224
PROFIT ON SALE OF LONG TERM INVESTMENT (NON TRADE)		17,930		-
PROFIT ON SALE OF SPARES, STORES & CONSUMABLES		6,048		-
UNSPENT LIABILITIES & PROVISIONS WRITTEN BACK		58,637		141,916
BAD DEBTS RECOVERED		-		57,606
FOREIGN EXCHANGE FLUCTUATION (NET)		-		20,468
OTHERS		62,783		75,525
TOTAL		**162,740**		**439,160**

SCHEDULE L : MATERIALS CONSUMED AND COST OF GOODS SOLD

	FOR THE PERIOD ENDED SEPTEMBER 30, 2005		**FOR THE YEAR ENDED MARCH 31, 2005**	
MATERIAL CONSUMED		1,876,146		4,771,846
OPENING STOCK: (Equipments)	4,123		11,152	
ADD: PURCHASES	2,207		1,313	
	6,330		12,465	
LESS: CLOSING STOCK (Equipments)	4,892		4,123	
COST OF GOODS SOLD (Equipments)		1,438		8,342
AMORTISITION /DEPLETION IN THE VALUE OF INVENTORY		11,024		43,870
TOTAL		**1,888,608**		**4,824,058**

SCHEDULE M : OPERATING AND ADMINISTRATIVE EXPENSES

(In Rupees Thousands)

	FOR THE PERIOD ENDED SEPTEMBER 30, 2005		FOR THE YEAR ENDED MARCH 31, 2005	
OPERATING				
CONTRACTOR CHARGES	1,813,55		3,724,209	
SITE/CONNECTIVITY EXPENSES	199,921		847,554	
DIESEL AND FUEL	212,692		685,878	
REPAIR AND MAINTENANCE				
-BUILDINGS	5,306		17,928	
-PLANT AND MACHINARY	21,077		75,611	
-OTHERS	19,649		74,346	
FREIGHT & CARTAGE	155,636		530,400	
HIRE CHARGES	267,122		1,068,351	
		2,694,958		**7,024,277**
PERSONNEL				
SALARIES, WAGES AND BONUS	775,046		1,909,675	
CONTRIBUTION TO PROVIDENT FUNDS & OTHERS	32,317		56,288	
WORKMEN AND STAFF WELFARE	40,993		159,340	
		848,356		**2,125,303**
ADMINISTRATION AND ESTABLISHMENT				
RENT	37,708		109,497	
INSURANCE	86,031		106,088	
DIRECTORS SITTING FEES	40		100	
TRAVELLING AND CONVEYANCE	105,310		288,755	
FEE & TAXES	79,283		220,962	
CONSULTANCY/PROFESSIONAL CHARGES	238,070		508,716	
COMISSION ON INTERNET SERVICES	4,209		7,824	
BAD DEBTS/ADVANCES WRITTEN OFF	10,007		38,227	
DIMINUTION IN THE VALUE OF LONG TERM INVESTMENTS	293		-	
PROVISION FOR DOUBTFUL DEBTS	11,876		14,304	
LOSS ON SALE OF FIXED ASSETS (NET)	19,491		60,624	
DONATIONS(Refer Note 13 of Schedule ' O ')	4,578		14,155	
OTHERS	123,707		445,093	
		720,603		**1,814,345**
TOTAL		**4,263,917**		**10,963,925**

SCHEDULE N : FINANCIAL CHARGES

(In Rupees Thousands)

	FOR THE PERIOD ENDED SEPTEMBER 30, 2005		FOR THE YEAR ENDED MARCH 31, 2005	
INTEREST ON:				
TERM LOANS	234,253		779,632	
DEBENTURES	932		4,044	
OTHERS	101,459		182,872	
		336,644		966,548
FOREIGN EXCHANGE FLUCTUATION (NET)		43,239		-
BANK/FINANCIAL CHARGES		80,409		366,802
TOTAL		**460,292**		**1,333,350**

SCHEDULE O:

A. SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO CONSOLIDATED ACCOUNTS

1. **Basis for preparation of accounts**

The Company maintains its accounts on accrual basis following the historical cost convention, except for the revaluation of certain fixed assets, and in accordance with Accounting Standards referred to in section 211(3c) of the Companies Act, 1956 and other requirements of the Act. The accounting policies are consistently applied by the Company and are consistent with those used in previous year.

2 **Principles of Consolidation**

The Consolidated Financial Statements relate to Punj Lloyd Limited (hereinafter referred to as the "Company") and its group companies (hereinafter referred to as the "Punj Lloyd group"). In the preparation of these Consolidated Financial Statements, investments in Subsidiaries, Associate companies and Joint Venture entities have been accounted for in accordance with AS 21 (Accounting for Consolidated Financial Statements), AS 23 (Accounting for Investments in Associate Companies) and AS –27 (Financial Reporting of Interests in Joint Ventures) respectively issued by the Institute of Chartered Accountants of India. The Consolidated Financial Statements are prepared on the following basis-

a. Subsidiary companies are consolidated on a line-by-line basis by adding together the book values of the like items of assets, liabilities, income and expenses after eliminating all significant intra-group balances and intra-group transactions and also unrealized profits or losses, except where cost cannot be recovered.

b. Interests in the assets, liabilities, income and expenses of the Joint Ventures are consolidated using proportionate consolidation method. Intra group balances, transactions and unrealized profits/losses have been eliminated to the extent of Company's proportionate share, except where cost cannot be recovered.

c. The difference of the cost to the Company of its investment in Subsidiaries and Joint Ventures over its proportionate share in the equity of the investee company as at the date of acquisition of stake is recognized in the financial statements as Goodwill or Capital Reserve, as the case may be.

d. Minorities' interest in net profits of consolidated subsidiaries for the year is identified and adjusted against the income in forder to arrive at the net income attributable to the shareholders of the Company. Their share of net assets is identified and presented in the Consolidated Balance Sheet separately. Where accumulated losses attributable to the minorities are in excess of their equity, in the absence of the contractual obligation on the minorities, the same is accounted for by the holding company.

e Investments in Associates are accounted for using the equity method. The excess of cost of investment over the proportionate share in equity of the Associate as at the date of acquisition of stake has been identified as Goodwill and included in the carrying value of the Investment in the Associate. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the share of net assets of the Associate. However, the share of losses is accounted for only to the extent of the cost of investment. Subsequent profits of such Associates are not accounted for unless the accumulated losses (not accounted for by the Company) are recouped. For the purpose of equity accounting, consolidated financial statements of Associates have been used.

f As far as possible, the consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Company's separate financial statements. Differences in accounting policies have been disclosed separately.

g The financial statements of the entities used for the purpose of consolidation are drawn up to same reporting date as that of the Company i.e. period ended September 30,2005.

3 **Use of estimates**

The preparation of financial statements is in conformity with generally accepted accounting principles which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities as at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

4 **Fixed Assets**

Fixed assets are stated at cost, other than some fixed assets which are stated at values as determined by the valuer, less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Financing costs relating to acquisition of fixed assets are also included to the extent they relate to the period till such assets are ready to be put to use.

The carrying amount of fixed assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

5 **Method of Depreciation**

i) In respect of Indian Companies comprised within the group, depreciation on the fixed assets is charged on straight line method, at the rates specified in Schedule XIV to the Companies Act, 1956, (except to the extent stated in Para ii and v below), which are based on the useful lives of the assets. In case of revalued assets, the difference between depreciation on original cost and revalued amount is transferred from revaluation reserve to profit and loss account.

ii) Depreciation on the following fixed assets of Internet Service division is charged on straight line method at the rates, based on useful lives of the assets as estimated by the management, which are equal to or higher than the rates specified in Schedule XIV.

Asset Description	**Depreciation Rate**
Plant and Machinery	10%
Networking equipment*	10%
Office equipment	10%
Ducts and optical fiber cables*	4.75%

*Included under Plant & Machinery

iii) Amount added to assets on account of foreign exchange fluctuation is depreciated prospectively over the remaining useful lives of the respective assets.

iv) No amortization is made for leasehold land, which is under perpetual lease.

iv) Assets costing less than Rs. 5,000 each are fully depreciated @ 100%.

vi) Depreciation on Company's share of fixed assets of an unincorporated joint venture is provided on straight-line method at the following rates based on their useful lives as estimated by the management of the joint venture.

Asset Description	Depreciation Rate
Buildings	10%
Plant & Machinery	20%
Vehicles	20%
Furniture, fixtures & office equipments	20%

vii) In case of foreign companies comprised within the group, depreciation is being provided for on straight-line basis so as to write off the assets over their useful lives, as estimated by the management, which range from 3 to 20 years. (13.83% of total Net Block of fixed assets as at September 30, 2005 and 17% of total depreciation expenditure)

viii) Intangibles

(a) Depreciation is provided on different software used by the Group based on the nature and useful lives of these software, which range from 3 to 6 years.

(b) Depreciation on technical know how capitalized in Internet Service Division of the Company is provided at 20%, based on its expected useful life as assessed by the management.

6. **Preoperative Expenditure pending allocation**

Expenses incurred in relation to construction of capital assets in respect of entities which are yet to commence commercial operations are carried forward to be capitalized at the time of commencement of commercial operations. Other expenses not related to construction of capital assets are carried forward under Deferred Revenue Expenditure, to be written off after the commencement of commercial operations.

7. **Investments**

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost, after providing for any diminution in value, if such diminution is other than temporary in nature.

8. **Valuation of Inventories**

i) Stock in trade (Equipments), Stores, Spares and Consumables are valued at lower of cost and net realizable value. Cost is determined on weighted average basis, except in case of certain Indian subsidiaries where it is arrived at on FIFO basis (0.16% of total store & spares inventory)

ii) Work in progress related to projects is valued at net realizable value.

ii) Scrap is valued at net realizable value.

iv) Scaffoldings (included in Stores, Spares and Consumables) are valued at cost less amortization/charge based on their useful life, which is estimated at 10 years.

Net realizable value is the estimated selling price in the ordinary course of business less estimated costs to make the sale.

9. **Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

i) Revenue from long term construction contracts is recognized on the percentage of completion method. Percentage of completion is determined as a proportion of cost incurred to date to the total estimated contract cost. However, profit is not recognized unless there is reasonable progress on the contract. In case the total cost of a contract, based on technical and other estimates, is expected to exceed the corresponding contract value, such expected loss is provided for. The effect of any adjustment arising from revisions to estimates is included in the income statement of the year in which revisions are made.

The revenue on account of extra claims and the expenditure on account of liquidated damages on construction contracts are accounted for at the time of acceptance in principle by the customers due to uncertainties attached thereto. Similarly, insurance claims are accounted for on settlement with insurers.

ii) Revenue from long term construction contracts executed in joint ventures under work sharing arrangements is recognized on the same basis as similar contracts independently executed by the Company. Revenue in joint ventures under profit sharing arrangements is recognized to the extent of the Company's share in joint ventures.

iii) Internet Service revenues comprise of revenues from registration, installation and provision of Internet services. Registration fee and installation charges are recognized on the admission of customer and completion of services respectively. Service revenue from Internet access is recognized pro-rata, calculated on the basis of provision of services or time duration of contract, as may be applicable.

iv) Revenue from sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer.

v) Interest revenue is accounted for on a time proportion basis taking into account the amount outstanding and the rate applicable.

vi) Dividend revenue is recognized when the shareholders' right to receive payment is established by the balance sheet date.

vii) In respect of certain joint ventures of the company engaged in activities of construction of highway on Build, Operate and Transfer (Annuity) basis, revenue is recognised as under-

Annuity income as per the concession agreements entered into by the entities with National Highway Authority of India (NHAI) is accounted on accrual basis.

Bonus income from NHAI as per the concession agreements for completion of the projects before the scheduled dates of completion is accounted for on accrual basis.

10. **Miscellaneous Expenditure to the extent not written off**

i) Preliminary Expenditure

In the case of certain subsidiaries/joint ventures, Preliminary Expenses are being amortized over a period of 5 years from the date of commencement of commercial operations. In the case of subsidiaries/joint ventures where the commercial operation have not commenced, such expenses will be amortised after commencement of commercial operations.

ii) Deferred Revenue Expenditure

a. In respect of a subsidiary of the Company, fees paid to Registrar of Companies for increase in Authorized Share capital prior to year ended 31-03-2001 was considered as Deferred Revenue Expenditure and is being charged off to Profit & Loss account in five equal installments.

b. Deferred revenue expenses incurred during the preoperative period in Internet Service Division and expenditure incurred for restructuring of loans are amortized to revenue over a period of five years from the year in which these are incurred.

11. **Foreign Currency Transactions**

i) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

iii) Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise except those arising from investments in non-integral foreign operations. Exchange differences arising on account of Fixed assets acquired from outside India are capitalized.

Exchange differences arising on a monetary item that, in substance, forms part of company's net investment in a non-integral foreign operation are accumulated in a foreign currency translation reserve in the financial statements until the disposal of the net investment, at which time they are recognized as income or as expenses.

12. **Translation of Integral & Non integral Foreign operations**

The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the company itself.

In translating the financial statements of a non-integral foreign operation for incorporation in financial statements, the assets and liabilities, both monetary and non-monetary, of the non-integral foreign operation are translated at the closing rate (except for shareholder's funds, which is converted at historical rate); income and expense items of the non-integral foreign operations are translated at average exchange rates for the period. All resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of the net investment.

On the disposal of a non-integral foreign operation, the cumulative amount of the exchange differences which have been deferred and which relate to that operation are recognized as income or as expenses in the same period in which the gain or loss on disposal is recognized.

13. **Retirement and Other Employee Benefits**

Retirement benefits in the form of provident fund and superannuation / pension schemes are charged to Profit and Loss Account of the year when the contributions to the respective funds are due.

ii) The Company has taken an insurance policy under group gratuity scheme with Life Insurance Corporation of India to cover the gratuity liability of the employees of project division and amount paid/payable in respect of present value of liability for past services is charged to Profit and Loss Account on the basis of actuarial valuation carried out at the end of the period. In respect of employees of ISP division and Indian Subsidiaries, gratuity liability is accrued and provided for on the basis of an actuarial valuation made at the end of each financial year.

iii) Liability for leave encashment is provided for on actuarial valuation done at the end of the financial year except in case of the overseas branches where liability is provided on actual basis for leaves standing to the credit of employees.

iv) In respect of overseas group companies, contributions made towards retirement/employee benefits, in accordance with the relevant applicable local laws, are charged to Profit and Loss Account.

14. **Taxation**

Tax expense / (tax saving) is the aggregate of current year tax and deferred tax charged (or credited) to the Profit and Loss Account for the year.

(i) Current tax is the provision made for income tax liability on the profits for the year in accordance with the applicable Tax laws in respective countries.

(ii) Deferred tax is recognized, on timing differences, being the differences resulting from the recognition of items in the financial statements and in estimating its current income tax provision.

(iii) Deferred tax assets are recognized on brought forward business losses and unabsorbed depreciation only to the extent that there is virtual certainty supported by convincing evidence and on others, to the extent that there is reasonable certainty of their realization.

(iv) Deferred tax assets and liabilities are measured using the tax rates and the tax laws that have been enacted or substantively enacted at the balance sheet date.

(v) Unrecognized deferred tax assets of earlier years are re-assessed and recognized to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realized.

15. **Lease Transactions**

In respect of finance lease transactions entered into on or after April 1, 2001, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and are disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalized. If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lesser effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

16. **Segment reporting policies**

Identification of segments

The group's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the group operate.

Unallocated items

General corporate income and expense items are not allocated to any business segment.

17. **Earnings per share**

Basic earnings per share is calculated by dividing the net profit or loss for the year after taxes attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

18. **Provisions**

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

B. NOTES TO THE ACCOUNTS

1 The Punj Lloyd Group comprises of the following entities:-

a) Subsidiaries

Name of the Company	Country of Incorporation	% of voting power held as at September 30, 2005	% of voting power held as at March 31, 2005
Spectra Punj Lloyd Limited	India	98.00	98.00
Punj Lloyd Insulations Limited	India	100.00	100.00
Spectra Infrastructure Limited	India	100.00	100.00
Atna Investments Limited	India	100.00	100.00
Spectra Punjab Limited	India	100.00	100.00
PLN Construction Limited (w.e.f October 24, 2004)	India	100.00	100.00
Spectra Net Limited	India	73.34	73.34
Punj Lloyd (Malaysia) SDN,BHD (Refer Note No (i))	Malaysia	100.00	100.00
Punj Lloyd Inc	U.S.A	100.00	100.00
Punj Lloyd International Limited	British Virgin Islands	100.00	100.00
Punj Lloyd Kazakhstan LLP	Kazakhstan	100.00	100.00
Pt Punj Lloyd Indonesia	Indonesia	100.00	100.00

b) Step down Subsidiary

Spectranet Holdings Limited (Subsidiary of Spectra Net Limited)	India	73.34	73.34

c) Joint Ventures- Jointly controlled Entities / Operations

i) **Jointly Controlled Entities**

Rajamundry Expressway Ltd (REL) (upto January 31, 2005)	India	-	-
Andhra Expressway Ltd. (AEL) (upto January 31, 2005)	India	-	-
North Karnataka Expressway Ltd. (NKEL) (upto March 19, 2005)	India	-	-
PLN Construction Limited (PLNC) (upto October 24, 2004)	India	-	-
Thiruvananthpuram Road Development Company Limited (Refer Note No (ii))	India	50.00	50.00
Asia Drilling Services Limited (Joint Venture of Punj Lloyd International Ltd.)	Mauritius	50.00	50.00

ii) **Jointly Controlled Operations**

Punj Lloyd-Progressive Constructions JV	Refer Note No (iv)	Refer Note No (iii)	Refer Note No (iii)
Persys-Punj Lloyd JV	Refer Note No (iv)	Refer Note No (iii)	Refer Note No (iii)
Punj Lloyd-PT Punj Lloyd Indonesia JV	Refer Note No (iv)	Refer Note No (iii)	Refer Note No (iii)
Punj Lloyd – Limak JV	Refer Note No (iv)	50.00	50.00

d) Associates

i) **Associates of Holding Company**

Bistro Hospitality Pvt. Limited ((Refer Note No (v))	India	35.10	40.00
Jacob Ballas Capital India Private Limited (Upto December 31, 2004)	India	-	-
Vadodara Halol Toll Road Co. Limited (Upto March 19, 2005)	India	-	-

ii) **Associate of a Subsidiary**

Gaitry Cable Network Private Limited (Associate of Spectra Net Limited (Refer Note No (vi)))	India	49.00	49.00

iii) **Associates of a Step down Subsidiary**

City Vision Pvt. Ltd	India	49.00	49.00
Shitul Engineering Pvt. Ltd	India	49.00	49.00
Sunstar Network & Technologies Pvt. Ltd	India	49.98	49.98
Dot Com Holdings Pvt. Ltd	India	49.00	49.00
Satellite Vision Pvt. Ltd (Refer Note No (vi))	India	49.00	49.00

i) At an Extraordinary general meeting held on April 25, 2005, the shareholders of the Punj Lloyd (Malaysia) SDN, BHD (a subsidiary incorporated in Malaysia) passed a special resolution for the voluntary winding up in accordance with the provisions of the Companies Act of that country. Accordingly, adjustments had been made in the previous year to the values of the assets of that entity so as to adjust their carrying amounts to their estimated realisable amounts and to provide for further liabilities which may arise. The unaudited financials of the subsidiary drawn on April 25,2005 have been consolidated as at September 30,2005.

ii) Management approved unaudited financial statements of the joint venture entity prepared as at September 30, 2005 have been considered for consolidation purposes. These unaudited financial statements reflect (to the extent of the Group's proportionate share) total assets aggregating Rs. 387,623 thousand as at September 30,2005 (previous year Rs. 353,132 thousand) and total revenues Rs. Nil (previous year Rs. Nil) and cash flows aggregating Rs. (8,275) thousand (previous year Rs. 17,519 thousand) respectively for the period ended September 30, 2005.

iii) As per the joint venture agreements, the scope & value of work of each partner has been clearly defined and accepted by the clients. The Company's share in Assets, Liabilities, Income and Expenses are duly accounted for in the accounts of the Company in accordance with such division of work. However, joint venture partners are, jointly & severally, liable to clients for any claims in these projects.

iv) Country of Incorporation not applicable, as these are Unincorporated Joint Ventures.

v) Management approved unaudited financial statements have been considered for consolidation purposes. The consolidated Profit & Loss Account includes profit of Rs 4,511 thousand (previous year Rs.2,689 thousand) (being the proportionate share of the Punj Group) from the entity.

vi) In the absence of availability of financial statements of these entities, these have not been consolidated as at September 30, 2005. The Group has provided for diminution in the value of investments to the extent of its cost of investment in these entities aggregating Rs. 3,799 thousand (previous year Rs 3,799 thousand) as at September 30,2005.

2 Segment Information

Business Segments

The group's operating businesses are organized and managed separately according to the types of products/services provided. The identified reportable segment is engineering & construction business. The other segments include operation and maintenance of highways on annuity basis, manufacture and sale of ready mix concrete, internet services, equipment hire services, and cable TV operations. Segmental information is disclosed as under:

(In Rupees Thousands)

	Engineering & Construction		**Others**		**Corporate unallocable expenses**		**Total**	
	For the period ended September 30,2005	For the year ended March 31, 2005	For the period ended September 30, 2005	For the year ended March 31, 2005	For the period ended September 30, 2005	For the year ended March 31, 2005	For the period ended September 30, 2005	For the year ended March 31, 2005
External Segment Revenue	6,527,133	17,368,960	262,304	934,425	170,987	976,211	6,960,424	19,279,596
Internal Segments	-	232		76,020	-	-		76,252
Segment Revenue	6,527,133	17,368,728	262,304	858,405	170,987	976,211	6,960,424	19,203,344
Segment Results	669,561	1,680,847	(17,640)	74,750	(601,426)	(560,717)	50,495	1,194,880
Segment Assets	15,715,315	14,409,938	1,752,532	1,989,603	691,333	378,972	18,159,180	16,778,513
Segment Liabilities	3,877,659	3,514,778	173,126	215,379	9,021,793	7,929,939	13,072,578	11,660,096
Capital Expenditure	325,687	984,365	11,484	1,663,120	95,252	109,841	432,423	2,757,326
Depreciation/Amortisation	229,905	414,064	55,417	413,254	11,789	11,738	297,111	839,056
Non Cash Expenses	-	9,694	-	7,688	-	1,091	-	18,473

Reconciliation of Reportable Segments with financial Statements

	Revenues		**Results**		**Assets**		**Liabilities**	
	For the period ended September 30,2005	For the year ended March 31, 2005	For the period ended September 30, 2005	For the year ended March 31, 2005	For the period ended September 30, 2005	For the year ended March 31, 2005	For the period ended September 30, 2005	For the year ended March 31, 2005
Total of Reportable Segments	6,960,424	19,203,344	50,495	1,194,880	18,159,180	16,778,513	13,072,578	11,660,096
Less : Corporate unallocated: Taxes	-	-	(20,837)	(193,775)	-	-	-	-
Add: Share in profits of associates	-	-	4,983	2,583	-	-	-	-
Add: Share of losses transferred to minority	-	-	941	2,373	-	-	-	-
As per Segment	6,960,424	19,203,344	35,583	1,006,061	18,159,180	16,778,513	13,072,578	11,660,096
As per Financial Statements	6,960,424	19,203,344	35,583	1,006,061	18,159,180	16,778,513	13,072,578	11,660,096

Geographical Segments:

Although the Group's major operating divisions are managed on a worldwide basis, they operate in two principal geographical areas of the world, In India, the home country, and other countries.

The following table presents revenue regarding geographical segments for the period ended September 30, 2005 and year ended March 31, 2005.

(Rupees in Thousands)

	Sales Revenue by Geographical Market	
	Period ended September 30, 2005	**Year ended March 31, 2005**
India	3,063,417	8,777,407
Other Countries	3,897,007	10,425,937
TOTAL	6,960,424	19,203,344

3 Capital Commitments

		As at September 30, 2005		As at March 31, 2005	
		Punj Lloyd Limited & Susbsidiares	Joint Ventures	Punj Lloyd Limited & Subsidiaries	Joint Ventures
		Rs. in '000	**Rs. in '000**	**Rs. in '000**	**Rs. in '000**
	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	202,354	622,000	48,859	667,920

4 Contingent liabilities to the extent not provided for :

			As at September 30, 2005		As at March 31, 2005	
			Punj Lloyd Limited & Susbsidiares	Joint Ventures	Punj Lloyd Limited & Subsidiaries	Joint Ventures
			Rs. in '000	**Rs. in '000**	**Rs. in '000**	**Rs. in '000**
	a)	Bank Guarantees given by the Company	493,086	-	549,441	-
	b)	Liquidated damages deducted by customers not accepted by the Company and pending final settlement	447,802	-	447,451	-
	c)	Corporate Guarantees given on behalf of associates	68,000	-	68,000	-
	d)	Differential amount of custom duty in respect of machinery imported under EPCG Scheme.	27,119	-	24,706	-

e) i) Sales tax demand on the material components of the works contracts pending with Sales Tax Authorities and High Court amounting to Rs. 121,534 thousand (previous year Rs 121,504 thousand.)*

ii) Sales tax demand for non-submission of statutory forms aggregating to Rs. 62,337 thousand (previous year Rs.62,337 thousand)*

iii) Sales tax demand for disallowance of deduction on purchase aggregating to Rs. 3,645 thousand (previous year Rs.3,645 thousand)*

iv) Sales tax liability of Rs. 21,214 thousand (previous year Rs. 21,214 thousand) in respect of Internet Service Division, contested by the Company in view of the similar matter in another case referred to a larger bench by Hon'ble Supreme Court inspite of its own judgement earlier in the case of State of Uttar Pradesh Vs Union of India and Another. *

(f) The Company has not acknowledged as debt a claim lodged by one of its suppliers amounting to Rs. 5,082 thousand (previous year Rs. 5,082 thousand)* on account of services rendered in earlier years. The matter is under arbitration. *

*Based on favourable decisions in similar cases/legal opinions taken by the Company/consultations with solicitors, the management believes that the Company has a good chance of success in above mentioned cases and hence, no provision there against is considered necessary.

5 **Details of assets acquired on hire purchase and finance leases**

		As at September 30,2005	As at March 31,2005
		Rs. in '000	Rs. in '000
	Gross block at the end of period	186,263	182,938
	Written down value at the end of period	148,148	144,904
	Details of payments made during the period:		
	Principal	17,387	172,042
	Interest	2,339	46,452

The break-up of minimum hire purchase payments outstanding as at September 30, 2005 is as under

	As at September 30, 2005		
	Principal	Interest	Total
	Rs. In '000	Rs. In '000	Rs. In '000
Payable within one year	38,601	2,856	41,457
Payable after one year but before end of fifth year	11,224	1,869	13,093
	49,825	**4,725**	**54,550**

	As at March 31,2005		
	Principal	Interest	Total
	Rs. in '000	Rs. in '000	Rs. In '000
Payable within one year	36,235	6,655	42,890
Payable after one year but before end of fifth year	30,212	1,984	32,196
	66,447	**8,639**	**75,086**

The hire purchase term is between 3 to 5 years. There is no escalation clause in the hire purchase agreement. Also there is no restriction imposed by the hire purchase agreement.

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6 a) The Company had executed two projects of Sulphur Recovery Units (SRU) of Indian Oil Corporation Limited (IOCL) at their refineries at Mathura and Vadodara in an earlier year on back to back basis for Petrofac International Limited (PIL) who was the main contractor. IOCL had withheld payments from PIL on account of duties and taxes and PIL had in turn withheld Rs.296,214 thousand in an earlier year, which are outstanding as debts at the close of the year. PIL had gone into arbitration against IOCL and lodged claims for recovery of above amount along with interest and also some other claims amounting to Rs.387,034 thousand. These claims have not been accounted for in the books except to the extent stated in Note 12 below. Pending outcome of arbitration, amount withheld by PIL is being carried forward under sundry debtors. The Company has been legally advised that in terms of the contract, it is entitled to receive the above amount and hence, the same is considered good of recovery.

b) The Company had executed a pipeline project at Dahej- Vijaypur for Gas Authority of India Limited (GAIL) in an earlier year. GAIL had withheld Rs. 422,942 thousand as liquidated damages and Rs. 40,297 thousand towards other claims, which the Company is disputing. Also, the Company had filed some other claims with GAIL amounting to Rs. 999,004 thousand. These claims have not been accounted for in the books. GAIL had proposed to the Company to refer the matter to its in house Grievance Settlement Mechanism (GSM). The matter is pending with GSM of GAIL and the amount of Rs.463,239 thousand is being carried forward under sundry debtors. The Company has been legally advised that there is no justification in imposition of liquidated damages and other claims by GAIL and hence the above amount is considered good of recovery.

c) The Company had executed a pipeline project for Petronet MHB Limited in an earlier year. The customer had withheld Rs.4,440 thousand from the running bills, which are being carried forward under sundry debtors. The customer had also not certified the final bill amounting to Rs.64,000 thousand which is being carried forward under work in progress. The Company had raised claims for Rs.517,387 thousand, which are not accounted for in the books. For recovery of the said amounts, which are being disputed by the customer, the Company has initiated Arbitration proceedings. The matter is now pending for appointment of arbitrator as per the order of the Hon'ble Supreme Court of India. The outstanding amounts are considered good of recovery.

d) The Company had executed a contract for Delhi State Industrial Development Corporation Limited (DSIDC) for construction of infrastructure project, which was completed in October 2002. The Customer had deducted Rs. 15,169 thousand from the bills of the Company. The Company had disputed the deductions made by the customer and filed legal suit for recovery. The above amount is being carried forward under sundry debtors and is considered good of recovery.

7 During the previous year, the Company had received a demand from one of its customers in Oman for Rs.72,096 thousand in relation to shipment charges incurred by the customer for importing pipes for the contract between the Company and the customer, which is disputed by the Company and therefore no provision there against has been made in the financial statements. The Company had raised claims on the customer for Rs.349,109 thousand towards idle charges and losses covered under customer's insurance policy, which has not been accepted by the customer. The ultimate outcome of the above matters cannot presently be determined.

8 The Company in the previous year had raised variation orders of Rs. 1,468,000 thousand on Spie Capag-Petrofac International Limited (SCPIL) with whom the Company had entered into a contract for construction of pipelines in Georgia, which is pending acceptance of SCPIL and hence, the Company has not accounted for the same in the books of account. SCPIL had raised debit notes of Rs. 470,000 thousand on the Company for expenses incurred by them and these have not been accounted for by the Company. The Company had disputed these debit notes on the grounds that these do not pertain to the Company and that SCPIL had failed to maintain requisite documents as required in the contract between the Company and SCPIL. An amount of Rs. 356,600 thousand in respect of invoices already raised by the Company was withheld by SCPIL in view of the disputes. This amount is being carried forward under sundry debtors and is considered good of recovery.

SCPIL had served a notice of suspension to the Company vide letter dated 22 February 2005 and a notice of intention to terminate subcontract for default dated 28 March 2005. The Company does not accept the grounds for service of the notice and has issued notice for initiating arbitration proceedings for recovery of its dues and claims from SCPIL. The ultimate outcome of the dispute can not presently be determined

9 The Company had executed Vijaywada-Vishakhapatnam Road Project for National Highways Authority of India (NHAI) wherein it has raised certain claims aggregating to Rs. 377,724 thousand on NHAI for change in specification and other matters. While some of the claims have been decided in favour of the Company by Disputes Redressal Board (DRB) of NHAI, some other claims have been rejected by them, against which, NHAI and the Company respectively have gone to arbitration. Some of the claims are still pending decision by the DRB. Pending final decision, the above claims have not been accounted for in the books.

10 During the previous year, the Company had executed Belgaum- Maharashtra Road Project through North Karnataka Expressway Limited (NKEL) for National Highways Authority of India (NHAI) wherein it has raised certain claims aggregating to Rs. 681,980 thousand on NHAI through NKEL on back to back basis for delay in delivery of right of way (ROW). The claim is pending with NHAI. Pending final decision, the above claim has not been accounted for in the books.

11 Current Tax includes Rs.36,716 thousand (previous year Rs. 42,590 thousand) being Corporate Income Tax paid in the overseas branches on the Income for the year of the Company's respective branch offices. The tax liability of the Company on overall basis calculated as per provisions of Indian Income Tax Act 1961 is lower than the taxes paid in above branch offices. Accordingly, current tax includes Rs.36,716 thousand (previous year Rs. 42,590 thousand) as taxes paid in these branch offices.

12 As stated in Note 6 (a) above, the Company had initiated the arbitration proceedings for recovery of withheld amounts and other claims including interest. The arbitration proceedings are in advanced stages and the Company has been advised legally that it is entitled to the recovery of amount withheld as stated in Note 6 along with interest. Accordingly, the Company, during the year, has taken a credit for interest of Rs. 7,325 thousand (previous year Rs. 65,659 thousands) on conservative estimated basis on the aforesaid withheld amount.

13 The Company in the previous year had made commitment to give donation to Pt. Kanhya Lal Dayawanti Punj Charitable Society amounting to Rs. 55,580 thousand in a phased manner over a period of two years vide a resolution passed in the meeting of Board of Directors dated December 20, 2004. Out of above, the Company has contributed Rs. 7,788 thousand (previous year 3,230 thousand) till the close of the period.

14 The disclosures as per provisions of Clause 38,39 and 41 of Accounting Standard 7 issued by Institute of Chartered Accountants of India are as under:

(Rupees in Thousands)

		As at September 30, 2005	**As at March 31, 2005**
a)	Contract revenue recognised as revenue in the period (Clause 38 (a))	6,515,580	17,035,308
b)	Aggregate amount of costs incurred and recognised profits up to the reporting date on Contracts under progress (Clause 39 (a))	22,683,219	26,033,180
c)	Advance received on Contracts under progress (Clause 39 (b))	751,154	808,339
d)	Retention amounts on Contract under progress Clause 39 (c)	99,857	210,491
e)	Gross amount due from customers for contract work as an asset (Clause 41(a))	5,754,574	4,820,239
f)	Gross amount due to customers for contract work as a liability Clause 41 (b)	-	11,396

15 (a) One of the subsidiaries of the company, Spectra Punjab Limited, had in earlier years laid down optical fiber cable and ducts network in the State of Punjab for providing internet services. Spectra Punjab operations remain suspended presently. However, the holding Company proposes to use its own internet service network to restart the operations of Spectra Punjab Limited. Accordingly the accounts of the subsidiary have been prepared on a going concern basis.

(b) Spectra Punjab Limited is yet to commence the commercial operations of providing Internet Services. Accordingly, incidental expenses for the project up to September 30, 2005 amounting to Rs 2,810 thousand (excluding Rs 1,000 thousand being consideration paid for services under joint venture agreement) is carried forward as pre-operative expenditure, to be capitalized or treated as deferred revenue expenditure in accordance with generally accepted accounting principles at the time of commencement of commercial operations.

16 Current Assets include Rs. 4,225 thousand recoverable pursuant to agreements for sale of 1,28,400 shares of Lakhanpal National Limited entered into on March 27, 1992, which are subject matter of a dispute in the Honorable High Court at Bombay, wherein the Company has been restrained from transferring these shares till the final disposal of the suit. These shares remain in the possession of the Company and the market value thereof at close of the year is Rs. 9,938 thousand (previous period Rs. 6,259 thousand).

17 During the previous year, the Company had entered into agreements to sell its investments in the shares of certain Companies of the Cost of Rs.111,974 thousand and had received advances of Rs. 132,274 thousand representing consideration for the future sale of shares (as defined in the above agreements) in these companies, including all accretions thereto till the date of sale. Through the above agreements to sell, the Company had agreed to give all the powers and rights in these shares to purchasers. The Company had issued an irrevocable power of attorney in favour of purchasers and also authorized these companies to remit the dividend on these share to purchasers. In terms of the Power of Attorney, the Company had also authorized the designated personnel of purchaser to attend and cast vote at all general meetings of these companies in respect of these shares. In order to secure the due performance of its promise to complete the transaction in the manner contemplated in the agreement, the Company had pledged these shares in favour of purchasers. The Company had further agreed that purchasers shall be solely entitled for all accretions of shares in these companies whether by way of rights or preferential shares or otherwise. In terms of the above arrangement, the Company in the previous year had accounted for Rs. 583,524 thousand being the amount received in excess of the carrying value of investments in Joint ventures as on the date of such sale (Including an amount of Rs 20,300 thousand received for transfer of beneficial rights in investments in shares of these entities) as income on transfer of the powers and rights in the underlying shares to purchasers. The balance consideration equivalent to the actual cost of investment in above shares appearing in the books is shown as deposit under Current Liabilities to be adjusted against the sale of shares in the above companies on the date of sale.

18 The Company in an earlier year had entered into an Assets Sale Agreement for sale of its certain fixed assets relating to ISP undertaking. The sale tax liability on such transaction is subject to determination by the relevant authorities for which an application is pending adjudication. The amount of such liability is indeterminable at present. As per agreement with the buyer, any such sale tax liability is to be borne by the buyer. Consequently, aforesaid sale tax liability on such transactions has not been provided for.

19 **EARNING PER SHARE**

Basic Earnings

		As at September 30, 2005	As at March 31, 2005
a)	Calculation of weighted average number of equity shares of Rs. 10 each		
	Number of equity shares at the beginning of the year	24,317,126	20,644,617
	Equity shares at the end of the year.	43,864,662	24,317,127
	Weighted average number of equity shares outstanding during the year.	38,934,492	35,301,822
	(taking into consideration issue of bonus shares in terms of Para 24 of AS-20)		
b)	Net Profit after tax available for equity share holders (Rs.in'000)	35,583	1,006,061
c)	Basic earning per share	0.91	28.50

Diluted Earnings

		As at September 30, 2005	As at March 31, 2005
a)	Calculation of weighted average number of equity shares of Rs. 10 each		
	Number of equity shares at the beginning of the year	24,317,126	20,644,617
	Equity shares at the end of the year.	43,864,662	24,317,127
	Weighted average number of equity shares outstanding during the year.	43,864,662	N/A
	(taking into consideration issue of bonus shares in terms of Para 24 of AS-20)		
b)	Net Profit after tax available for equity share holders (Rs.in'000)	35,583	1,006,061
c)	Dilutive earning per share	0.81	-*

* During the previous year, the Company had issued 917,628 of preference shares convertible into equity shares at a later date. However, the conversion price being not determinable at that time, diluted earning per share could not be computed.

20 Prior period items debited/ (credited) to respective account heads aggregate to Rs. 49,362 thousand (net debit) (previous year Rs. 58,832 thousand (net debit)).

21 During the previous year, the Company had requested the Joint Director General of Foreign Trade to mutate one of the EPCG licenses in favour of the Company from Spectra Net Limited, (as Spectra Net's Internet Service Provider

undertaking had been acquired by the Company with effect from April 01, 2003) which is pending approval. The period to fulfill the export obligation against the abovementioned license has got expired on September 30, 2005. However, Spectra Net, in an earlier year, had applied for extension of time period for fulfilling the export obligation under the above license, which is still pending. Differential amount of custom duty payable in respect of machinery imported under the above license including interest thereon is Rs. 63,208 thousand, (previous period Rs. 59,931 thousand).

22 Deferred Tax Liability (Net)

(Rupees in Thousand)

	Punj Lloyd & subsidiaries		
Deferred Tax Liability (Net)	**Deferred Tax Asset/(Liability) as at April 01, 2005**	**Current Period (Charge)/ Credit**	**Deferred Tax Asset/(Liability) as at September 30, 2005**
Differences in depreciation in block of fixed assets as per Income Tax and Financial Books	(591,843)	28,988	(562,855)
Effect of expenditures not debited to Profit and Loss account but allowable in Income Tax	(43,646)	6,162	(37,484)
Difference in carrying value of Scaffolding as per Income Tax & Financial Books	-	(6,525)	(6,525)
Effect of expenditure debited to Profit and Loss Account in the current year but allowable in following years under Income Tax	15,417	1,503	16,920
Employee Retirement Benefits	156	(29)	127
Provision for Doubtful Debts & Advances	505	6,940	7,445
Foreign Transaction	1,027	1,027	-
Net Deferred Tax Liability (Net)	(618,384)	36,012*	(582,372)

* Net reduction in deferred Tax Liability includes Rs. 34,506 thousand (Previous year Rs. Nil) for earlier years.

23 During the year, the Company has converted 917,628 preference shares of Rs.10 each into 3,098,296 equity shares of Rs.10 each. The Company has capitalized the premium on the conversion by Rs. 21,807 thousand out of Securities Premium Account.

24 Expenses of Rs. 1,500 thousand incurred in connection with the proposed public offering have been adjusted against Securities Premium Account in terms of Section 78 of the Companies Act, 1956.

25 During the period, the Company has issued 16,449,239 bonus shares in the ratio of 3:5 to the existing shareholders on September 30, 2005 in terms of resolution passed by the Board of Directors on September 30, 2005. For this purpose, the Company has capitalized Rs.164,491 thousand out of General Reserve.

26 **RELATED PARTY DISCLOSURES**

The information given below is only in respect of transactions entered into by the Company during the year with related parties:-

Names & Description of Related Parties

I. **Joint Ventures of the Company**

a) **Jointly Controlled Entities**

1 Rajamundry Expressway Limited (upto January 31, 2005)
2 Andhra Expressway Limited (upto January 31, 2005)

3 Thiruvananthpuram Road Development Company Limited
4 PLN Construction Limited (upto October 24, 2004)
5 North Karnataka Expressway Limited (upto March 19, 2005)
6 Asia Drilling Services Limited

b) **Jointly Controlled Operations**

1 Punj Lloyd – Limak JV
2 Punj Lloyd – Progressive Construction JV
3 Persys-Punj Lloyd JV
4 Punj Lloyd-PT Punj Lloyd Indonesia JV

Associates of the Holding Company

1 Bistro Hospitality Private Limited
2 Jacob Ballas Capital India Private Limited (upto December 31, 2004)
3 Vadodara Halol Toll Road Co. Ltd. (upto March 19, 2005)

Associate of a Subsidiary

1 Gaitry Cable Network Pvt. Limited

Associates of a Step down Subsidiary

1 City Vision Pvt. Ltd
2 Shitul Engineering Pvt. Ltd
3 Sunstar Network & Technologies Ltd
4 Dot Com Holding Pvt. Ltd
5 Satellite Vision Pvt. Ltd

Key Managerial Personnel of the Punj Lloyd Group

1	Atul Punj	Chairman & Managing Director
2	V.K. Kaushik	Joint Managing Director and COO
3	Luv Chhabra	Director Finance & Corporate Affairs
5	Mahinder Prakash	Wholetime Director
4	Uday Punj	Wholetime Director
6	P.K.Gupta	Wholetime Director Upto July 19, 2005
7	V.K.Sud	Wholetime Director Upto July 19, 2005
8	Tarwinder Singh	Wholetime Director
9	J B Dewan	Wholetime Director
10	Adil Vadoliwala	General Director
11	Sandeep Garg	Chief Operating Officer
12	V.P.Sharma	Wholetime Director
13	A Rajendra	Wholetime Director
14	Arvind Pasricha	Manager
15	K. Ramchand	Managing Director
16	Ravindra Kansal	Managing Director
17	H.K. Kaul	Wholetime Director w.e.f July 19,2005

Relatives of Key Managerial Personnel

1 S.N.P.Punj
2 Arti Singh (Upto October 31, 2004)
3 Saroj Gupta(Upto October 31, 2004)
4 Paresh Gupta (Upto October 31, 2004)

Enterprises over which relatives of Key managerial Personnel are exercising significant influence.

1 M. Parkash-HUF- A Director’s HUF (Upto October 31, 2004)
2 Punj Business Centre-owned by father of Chairman and Managing Director and a Director.

RELATED PARTY DISCLOSURE

(Rupees in Thousand)

	Joint Ventures		Associates		Key management personnel or their relatives		Enterprises over which relatives of Key Managerial Personnel are exercising significant influence		Total	
INCOME	**Sep-05**	**Mar-05**	**Sep-05**	**Mar-05**	**Sep-05**	**Mar-05**	**Sep-05**	**Mar-05**	**Sep-05**	**Mar-05**
Contract Revenue										
Thiruvananthapuram Road Development Company Limited	25,000	284,256	-	-	-	-	-	-	25,000	284,256
Andhra Expressway Limited	-	215,818	-	-	-	-	-	-	-	215,818
North Karnataka Expressway Limited	-	522,463	-	-	-	-	-	-	-	522,463
Vadodra Halol Toll Road Limited	-	-		12,154	-	-	-	-	-	12,154
V.K. Kaushik	-	-	-	-	622	-	-	-	622	-
EXPENDITURE										
Consultancy/Professional charges										
SNP Punj	-	-	-	-	-	60	-	-	-	60
Managerial Remuneration										
Punj Lloyd Limited										
V.K. Kaushik	-	-	-	-	2,946	3,895	-	-	2,946	3,895
Luv Chhabra	-	-	-	-	2,992	3,759	-	-	2,992	3,759
Uday Punj	-	-	-	-	2,806	3,247	-	-	2,806	3,247
Mahinder Prakash	-	-	-	-	161	1,928	-	-	161	1,928
P.K.Gupta	-	-	-	-	1,140	2,422	-	-	1,140	2,422
V.K.Sud	-	-	-	-	943	2,312	-	-	943	2,312
Tarwinder Singh	-	-	-		1,889	1,882	-	-	1,889	1,882
H.K. Kaul	-	-	-	-	587				587	-
Punj Lloyd Insulations Limited										
J.B.Dewan	-	-	-	-	526	1,083	-	-	526	1,083
Punj Lloyd Kazakhstan LLP										
Adil Vadoliwala	-	-	-	-	461	897	-	-	461	897
Spectra Net Limited										
Arvind Pasricha	-	-	-	-	212	461	-	-	212	461
Pt Punj Lloyd Indoneisa										
Atul Punj	-	-	-	-	6,563	13,500	-	-	6,563	13,500
V P Sharma	-	-	-	-	1,838	2,966	-	-	1,838	2,966

A Rajendra	-	-	-	-	110	1,699	-	-	110	1,699
Rent										
Punj Business Center	-	-	-	-	-	-	11,294	22,827	11,294	22,827
M Prakash HUF	-	-	-	-	-	-		300	-	300
	Joint Ventures		**Associates**		**Key management personnel or their relatives**		**Enterprises over which relatives of Key Managerial Personnel are exercising significant influence**		**Total**	
	Sep-05	**Mar-05**	**Sep-05**	**Mar-05**	**Sep-05**	**Mar-05**	**Sep-05**	**Mar-05**	**Sep-05**	**Mar-05**
Subscription										
S.N Punj	-	-	-	-	-	-	-	10	-	10
Share issue expenses										
Jacob Ballas Capital India Private Limited	-	-	-	34,275	-	-	-	-	-	34,275
Investment Sold during the year										
Rajamundry Expressway Limited	-	108,025	-	-	-	-	-	-	-	108,025
Andhra Expressway Limited	-	108,025	-	-	-	-	-	-	-	108,025
North Karnataka Expressway Limited	-	173,636	-	-	-	-	-	-	-	173,636
Jacob Ballas Capital India Private Limited	-	1,344	-	-	-	-	-	-	-	1,344
Bistro Hospitality Private Limited	-	-	4,018	-	-	-	-	-	4,018	-
OTHERS										
Bank Guarantees Issued during the year										
Thiruvananthapuram Road Development Company Limited	-	25,000	-	-	-	-	-	-	-	25,000
Corporate Guarantees redeemed during the year										
Bistro Hospitality Private Limited	-	-	-	16,000	-	-	-	-	-	16,000
BALANCE OUTSTANDING AS AT September 30, 2005										
Receivable / (payables)										
PLN Construction Limited	-	-	-	-	-	-	-	-	-	-
Thiruvananthapuram Road Development Company Limited	18,701	87,114	-	-	-	-	-	-	18,701	87,114
V.K kaushik	-	-	-	-	(153)	-	-	-	(153)	-
Investments										

Bistro Hospitality Private Limited	-	-	38,654	38,584	-	-	-	-	38,654	38,584
Shitul Engineering (P) Ltd	-	-	582	767	-	-	-	-	582	767
DotCom Holding (P) Ltd	-	-	13	13	-	-	-	-	13	13
Satellite Vision (P) Ltd	-	-	3750	3750	-	-	-	-	3,750	3,750
Bank Guarantees										
	Joint Ventures		**Associates**		**Key management personnel or their relatives**		**Enterprises over which relatives of Key Managerial Personnel are exercising significant influence**		**Total**	
	Sep-05	**Mar-05**	**Sep-05**	**Mar-05**	**Sep-05**	**Mar-05**	**Sep-05**	**Mar-05**	**Sep-05**	**Mar-05**
Punj Lloyd – Progressive Construction JV	154,640	154,640	-	-	-	-	-	-	154,640	154,640
Andhra Expressway Limited	-	59,000	-	-	-	-	-	-	-	59,000
Vodhara Halol Toll Road Limited	-	73,000	-	-	-	-	-	-	-	73,000
Thiruvananthapuram Road Development Company Limited	25,000	25,000	-	-	-	-	-	-	25,000	25,000
Corporate Guarantees										
Bistro Hospitality Private Limited	-	-	68,000	68,000	-	-	-	-	68,000	68,000

27 Details of the Company's share in Joint Ventures included in the Consolidated Financial Statements are as follows:

(Rupees in Thousands)

Particulars	As at September 30,2005	As at March 31,2005
Sources Of Funds		
Reserves & Surplus *	7,889	137,631
Minority Interest		
Loan Funds		
Secured Loans	233,756	201,218
Deferred Tax Liability (Net)		
Total	**241,645**	**338,849**
Application Of Funds		
Fixed Assets		
Gross Block	-	-
Less: Depreciation	-	-
Net Block	-	-
Capital Work In Progress Including Capital Advances	243,171	219,091
Preoperative Expenditure Pending Allocation	89,435	77,068
Investments		-
Current Assets, Loans & Advances		
Sundry Debtors	7,664	24,450
Cash And Bank Balances	9,263	20
Loans and Advances	173	17,629
	17,101	42,098
Less: **Current Liabilities & Provisions**		
Current Liabilities	19,287	78,906
	19,287	78,906
Net Current Assets	(2,186)	(36,808)
Miscellaneous Expenditure	92	92
(To The Extent Not Written Off Or Adjusted)		
Total	**330,512**	**259,443**

* After elimination of Share Capital, Inter Company transactions and balances and adjustment of Accounting policies aggregating Rs.88,866 thousand (previous year Rs.79,406 thousand)

(Rupees in Thousands)

Particulars	As at September 30,2005	As at March 31,2005
Income		
Sales & Contracts Revenue	-	504,899
Other Income	-	862
Waiver Of Funded Interest		
Total	**-**	**505,761**
Expenditure		
Materials Consumed And Cost Of Goods Sold	-	3,981
Project And Administrative Expenses	22	55,269
Financial Charges	-	167,178
Miscellaneous Expenditure Written Off	-	1,640
Depreciation /Amortization	-	153,177
Total	**22**	**381,246**
Profit Before Tax	(22)	124,515
Current Tax		6,750
Deferred Tax		256
Profit After Tax	**(22)**	**117,509**

28 Previous period comparatives

a) The information furnished in Profit & Loss Account for the current period is for 6 months and as against 12 months in the previous year and hence not comparable. Previous year's figures have been regrouped where necessary to conform to this period classification.

b) Figures pertaining to Subsidiaries, Joint Ventures and Associate companies had been reclassified wherever considered necessary to bring them in line with the holding company's financial statements. Further, as indicated Note 1 above, several changes had taken place in the group structure during the previous year. Accordingly, the current year figures are not strictly comparable with previous year figures.

As per our report of even date

For S. R. Batliboi & Co.
Chartered Accountants

per Raj Agrawal	Dinesh Thairani	Luv Chhabra	Atul Punj
Partner	Company Secretary	Director Finance & Corporate Affairs	Chairman & Managing Director

Membership No. 82028
New Delhi
November 26, 2005

CONSOLIDATED FINANCIALS FOR THE YEAR 2004-2005

AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF PUNJ LLOYD LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF PUNJ LLOYD LIMITED, ITS SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

1. We have audited the attached consolidated Balance Sheet of Punj Lloyd Limited (the Company), its subsidiaries, joint ventures and associates (the Punj Lloyd Group) as at March 31, 2005, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We did not audit the financial statements of subsidiaries of the Company, whose financial statements reflect total assets of Rs. 3,833,657 thousand as at March 31, 2005, the total revenues of Rs. 4,615,692 thousand and cash flows amounting to Rs 126,048 thousand for the year then ended. We also did not audit the financial statements of joint ventures of the Company, whose financial statements reflect total assets of Rs. 377,601 thousand (being proportionate share of Punj Lloyd Group) as at March 31, 2005, the total revenues of Rs.505,762 thousand (being proportionate share of Punj Lloyd Group) and cash flows amounting to 1,226 thousand (being proportionate share of Punj Lloyd Group) for the year then ended.

   The financial statements and other financial information of subsidiaries and joint ventures (except for Rajahmundry Expressway Limited, Andhra Expressway Limited and North Karnataka Expressway Limited whose unaudited financial statements reflecting total revenues of Rs. 481,697 thousand (being proportionate share of Punj Lloyd Group) and cash flows amounting to Rs. 18,612 thousand (being proportionate share of Punj Lloyd Group) for the periods upto the date of divestment of stake in these joint ventures by the Company and in case of Thiruvananthpuram Road Development Company Limited whose unaudited financial statement reflecting total assets of Rs. 353,132 thousand (being proportionate share of Punj Lloyd Group) as at March 31, 2005, the total revenues of Rs. Nil (being proportionate share of Punj Lloyd Group) and cash flows amounting to Rs. 17,519 thousand (being proportionate share of Punj Lloyd Group) for the year then ended ,have been included in consolidation as mentioned in the Note No. 1 in Schedule O) have been audited by other auditors, whose reports have been furnished to us and, our opinion, insofar as it relates to the amounts included in respect of these subsidiaries and joint ventures, is based solely on the reports of the other auditors.

4. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21 'Consolidated Financial Statements', Accounting Standard (AS) 23 'Accounting for Investments in Associates in Consolidated Financial Statements' and Accounting Standard (AS) 27 'Financial Reporting of Interests in Joint Ventures', issued by the Institute of Chartered Accountants of India.

5. a) Included in sundry debtors is an amount of Rs.281,100 thousand related to contract work with Spie Capag- Petrofac International Limited (SCPIL) in Georgia branch. Additionally sundry debtors include an amount of Rs.75,500 thousand due from SCPIL for expenses incurred on their behalf. Further, as stated in Note 9 in Schedule 'O' to the financial statements, the terms of the related contract are currently in dispute. Accordingly, the branch auditors were unable to satisfy themselves as to the accuracy of the revenue of Rs 281,100 thousand and the recoverability of the receivables of Rs.356,600 thousand as stated above. Also, as stated in Note 9 in Schedule 'O' to the financial statements, the Company has raised variation orders of Rs. 1,457,000 thousand on SCPIL and SCPIL has raised debit notes of Rs.466,700 thousand on the Company. These variation orders and debit notes are being disputed and have not been agreed between the Company and the customer. The ultimate outcome of the dispute cannot presently be

determined. Because of the significance of this matter, the branch auditors do not express an opinion on the impact of the above uncertainty on the financial statements

b) As stated in Note 7(a) in Schedule 'O' to the financial statements, the Company has taken a credit for interest of Rs.65,659 thousand on the amount withheld by a customer, which is not in accordance with Accounting Standard 9 on Revenue Recognition.

6. Without qualifying our opinion, we draw attention to the following Notes in Schedule 'O' to the financial statements;

   a) Note 7 regarding deductions made/ amounts withheld by some customers aggregating to Rs 804,452 thousand on various accounts which are being carried as sundry debtors. The Company is also carrying Work-in-Progress inventory of Rs 64,000 thousand relating to one of these cases. The ultimate outcome of the above matters cannot presently be determined although the Company is of the view that such amounts are recoverable and hence no provision is required thereagainst.

   b) Note 8 regarding claim made by a customer in Oman branch amounting to Rs 71,669 thousand in respect of shipment charges which are not accounted for, being disputed by the Company. The ultimate outcome of the matter cannot presently be determined and no provision for any liability that may result has been made in the financial statements.

   c) Note 23(a) regarding accounting during the current year of revenue and expenses amounting to Rs 1,050,019 thousand and Rs 994,516 thousand respectively relating to earlier years (based on unaudited financial statements) in respect of an unincorporated joint venture.

Without considering our comments in para 3 above regarding inclusion in consolidation of unaudited financial statements of certain joint ventures and also our comments in para 5(a) above, the impact whereof on the Company's profits/reserves is not presently ascertainable, had the impact of our comments in para 5 (b) above been considered, profit for the year after tax would have been Rs. 963,956 thousand instead of Rs. 1,006,060. thousand and Reserves as at the year end would have been Rs.4,807,421 thousand instead of Rs. 4,849,525 thousand.

Subject to our comments in paragraph 3 and 5 above, based on our audit and on consideration of report of other auditors on separate financial statements and on other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements of Punj Lloyd group give a true and fair view in conformity with the accounting principles generally accepted in India:

a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Punj Lloyd Group as at March 31, 2005;
b) in the case of the Consolidated Profit and Loss Account, of the profit of the Punj Lloyd Group for the year then ended; and
c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Punj Lloyd Group for the year then ended.

For S.R. BATLIBOI & CO.
Chartered Accountants

per **Raj Agrawal**
Partner
Membership No: 82028

Place: New Delhi
Date: September 05,, 2005

CONSOLIDATED BALANCE SHEET OF PUNJ LLOYD LIMITED

(Rupees in Thousands)

PARTICULARS	SCHEDULES	MARCH 31, 2005		MARCH 31, 2004	
SOURCES OF FUNDS					
SHAREHOLDERS FUNDS					
SHARE CAPITAL	A	252,347		206,466	
RESERVES & SURPLUS	B	4,849,525		1,757,271	
			5,101,872		**1,963,737**
MINORITY INTEREST			**16,540**		**18,914**
LOAN FUNDS	C				
SECURED LOANS		5,998,422		9,505,835	
UNSECURED LOANS		1,188,287		360,729	
DEFERRED PAYMENTS		-		**65**	
			7,186,709		**9,866,629**
DEFERRED TAX LIABILITY			618,384		611,677
TOTAL			12,923,505		12,460,957
APPLICATION OF FUNDS					
FIXED ASSETS	D				
GROSS BLOCK		7,413,438		6,991,156	
LESS: DEPRECIATION		2,762,093		2,329,577	
NET BLOCK		4,651,345		4,661,579	
CAPITAL WORK IN PROGRESS INCLUDING CAPITAL ADVANCES		500,006	5,151,351	3,216,899	7,878,478
PREOPERATIVE EXPENDITURE PENDING ALLOCATION	E		**79,857**		**494,285**
INVESTMENTS	F		**258,970**		**93,979**
CURRENT ASSETS, LOANS & ADVANCES	G				
INVENTORIES		5,509,848		2,966,005	
SUNDRY DEBTORS		3,364,416		2,216,433	
CASH AND BANK BALANCES		431,800		540,418	
OTHER CURRENT ASSETS		53,972		10,163	
LOANS AND ADVANCES		1,928,044		1,554,753	
			11,288,080		**7,287,772**
LESS: CURRENT LIABILITIES & PROVISIONS	H				
CURRENT LIABILITIES		3,708,250		3,299,300	
PROVISIONS		146,754		44,065	
			3,855,004		**3,343,365**
NET CURRENT ASSETS			**7,433,076**		**3,944,407**
MISCELLANEOUS EXPENDITURE	I		**251**		**49,808**
(TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)					
TOTAL			**12,923,505**		**12,460,957**

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO CONSOLIDATED ACCOUNTS O

The Schedules referred to above form an integral part of the Consolidated Balance Sheet

As per our report of even date

S.R. Batliboi & Co.
Chartered Accountants

Per Raj Agrawal	**Dinesh Thairani**	**Luv Chhabra**	**Atul Punj**
Partner	Company Secretary	Director Finance & Corporate Affairs	Chairman & Managing Director

Membership No.: 82028

Place: New Delhi
Date: September 5, 2005

CONSOLIDATED PROFIT AND LOSS ACCOUNT OF PUNJ LLOYD LIMITED FOR THE YEAR ENDED MARCH 31, 2005

(In Rupees Thousands)

		MARCH 31, 2005		MARCH 31, 2004	
PARTICULARS	**SCHEDULE**				
INCOME					
SALES & CONTRACTS REVENUE	J		**17,900,098**		**15,943,328**
OTHER INCOME	K		**439,160**		**243,787**
PROFIT ON SALE OF INVESTMENTS IN ASSOCIATES			**150,561**		**-**
PROFIT ON DISPOSAL OF INTEREST IN JOINT VENTURES			**583,524**		**-**
(Refer Note 18 of schedule 'O')					
WAIVER OF FUNDED INTEREST			**130,000**		**-**
(Refer Note 22 of schedule 'O')					
			19,203,343		**16,187,115**
EXPENDITURE					
MATERIALS CONSUMED AND COST OF GOODS SOLD	L		**4,824,058**		**4,732,815**
OPERATING AND ADMINISTRATIVE EXPENSES	M		**10,974,454**		**8,271,494**
FINANCIAL CHARGES	N		**1,333,350**		**1,183,550**
MISCELLANEOUS EXPENDITURE WRITTEN OFF			**48,075**		**22,741**
DEPRECIATION /AMORTIZATION		**872,386**		**703,017**	
LESS : TRANSFERRED FROM REVALUATION RESERVE		**(33,330)**		**(36,685)**	
			839,056		**666,332**
			18,018,993		**14,876,932**
PROFIT BEFORE TAX			**1,184,350**		**1,310,183**
PROVISION FOR TAX					
CURRENT TAX		**179,341**		**192,226**	
DEFERRED TAX		**3,905**		**63,849**	
			183,246		**256,075**
PROFIT AFTER TAX			**1,001,104**		**1,054,108**
ADD: SHARE IN PROFITS OF ASSOCIATES			**2,583**		**6,960**
PROFIT BEFORE MINORITY'S SHARE			**1,003,687**		**1,061,068**
ADD: SHARE OF LOSS TRANSFERRED TO MINORITY			**2,373**		**1,800**
PROFIT FOR THE YEAR			**1,006,060**		**1,062,868**
BALANCE BROUGHT FORWARD FROM PREVIOUS YEAR		**851,531**		**(122,192)**	
ADD: SHARE IN ACCUMULATED PROFITS OF JOINT VENTURES AS ON APRIL 1, 2003		**-**		**13,462**	
LESS: SHARE IN ACCUMULATED LOSSES OF ASSOCIATES AS ON APRIL 1, 2003		**-**		**(131,077)**	
			851,531		**(239,807)**
TRANSFER FROM DEBENTURE REDEMPTION RESERVE			**83,305**		**-**
TRANSFER FROM FOREIGN PROJECT UTILIZED RESERVE			**15,000**		**153,500**
PROFIT AVAILABLE FOR APPROPRIATIONS			**1,955,896**		**976,561**
APPROPRIATIONS					
TRANSFERRED TO GENERAL RESERVE		**22,500**		**65,280**	
TRANSFERRED TO FOREIGN PROJECT RESERVE		**-**		**7,500**	
TRANSFERRED TO DEBENTURE REDEMPTION RESERVE		**-**		**5,025**	
DIVIDEND PAID (Including dividend tax)		**-**		**17,467**	
PROPOSED DIVIDEND		**18,238**		**25,809**	
TAX ON PROPOSED DIVIDEND		**2,558**		**3,949**	
			43,296		**125,030**

		MARCH 31, 2005		MARCH 31, 2004	
SURPLUS CARRIED TO BALANCE SHEET			**1,912,600**		**851,531**
EARNING PER SHARE (Nominal Value per share 10)					
BASIC (In Rupees)			**45.62**		**51.48**
DILUTED (Refer Note 21(ii) of Schedule 'O')					

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO CONSOLIDATED ACCOUNTS O

The Schedules referred to above form an integral part of the Consolidated Profit and Loss Account

As per our report of even date

S.R. Batliboi & Co.
Chartered Accountants

Per Raj Agrawal **Dinesh Thairani** **Luv Chhabra** **Atul Punj**
Partner Company Secretary Director Finance Chairman & Managing
& Corporate Affairs Director

Membership No.: 82028

Place: New Delhi
Date: September 5, 2005

CONSOLIDATED CASH FLOW STATEMENT OF PUNJ LLOYD LIMITED AND ITS SUBSIDIARIES AS AT MARCH 31, 2005

(In Rupees Thousands)

	PARTICULARS	Year ended March 31,2005	Year ended March 31,2004
A	**Cash Flow From Operating Activities**		
	Profit before Tax	**1,184,350**	**1,310,183**
	Adjustment for:		
	Depreciation/Amortisation	839,056	666,332
	Miscellaneous Expenditure written off	48,075	22,741
	Loss on Sale of Fixed Assets(Net)	60,624	3,618
	Profit on sale of investments in Associates	(150,561)	-
	Profit on disposal of interest in Joint Ventures	(583,524)	-
	Profit on sale of Long Term Investment	-	(15,134)
	Interest Income	(105,785)	(13,392)
	Waiver of Funded Interest	(130,000)	-
	Dividend on Long Term Investments	(636)	(1,401)
	Depletion/Diminution in value of Long Term Investments	-	3,799
	Amortisation/Depletion in value of Inventory	8,227	-
	Interest expense	966,548	910,313
	Foreign Exchange Fluctuation (net)	(20,468)	44,371
	Bad Debts/Advances recovered/written off/Liabilities written back (Net)	(108,949)	12,963
	Provision for Doubtful Debts & Advances (Net)	14,304	913
	Operating profit before working capital changes	**2,021,261**	**2,945,306**
	Movement in Working Capital		
	(Increase) / decrease in Sundry Debtors	(1,332,709)	375,059
	(Increase) / decrease in Loans and Advances	(657,125)	1,065,115
	(Increase) / decrease in Other Current Assets	(22,025)	-
	(Increase) / decrease in Inventories	(2,641,652)	(1,946,799)
	Increase / (decrease) in Current Liabilities & Provisions	1,477,576	(304,945)
	(Increase) / decrease in Misc Expenditure Not written off	(92)	(58)
	Cash generated from operations	**(1,154,766)**	**2,133,678**
	Direct Tax refunds /payments (Net)	(226,219)	(307,651)
	Net Cash from/(used in) Operating Activities	**(1,380,985)**	**1,826,027**
B	**Cash flow from/(used in) Investing Activities**		
	Purchase of Fixed Assets	(2,247,180)	(3,068,211)
	Purchase of Investments	(25,908)	(193,431)
	Proceeds from sale of Investments	683,325	92,383
	Proceeds from sale of Fixed Assets	169,896	7,023
	Dividend Received	636	1,401
	Interest Received	84,106	13,449
	Net Cash from/(used in) Investing activities	**(1,335,125)**	**(3,147,386)**
C	**Cash from Financing Activities**		
	Increase/(Decrease) in Share Capital	45,881	-
	Increase/(Decrease) in Securities Premium	2,200,062	-
	Increase/(Decrease) in Working Capital Loans	(305,083)	416,049
	Increase/(Decrease) in Secured Term Loans	824,775	1,798,992
	Redeemption of Debentures	(24,120)	(26,667)
	Increase (Decrease) in Unsecured Loans	853,342	(302,310)
	Increase/ (Decrease) in Deferred Payment	(65)	136
	Interest paid	(944,214)	(961,143)
	Dividend Paid	(25,809)	(17,467)
		-	
	Net Cash from/(used in) Financing activities	**2,624,769**	**907,590**

	PARTICULARS	Year ended March 31,2005	Year ended March 31,2004
	Net increase in cash and cash equivalents(A+B+C)	**(91,343)**	**(413,769)**
	Foreign Currency Translation Reserve	(17,209)	(11,030)
	Cash and cash equivalents at the beginning of period	**540,418**	**965,217**
	Cash and Cash equivalents in respect of a subsidiary acquired during the year	1,983	-
	Cash and Cash equivalents in respect of a joint ventures disposed off during the year	(2,049)	-
	Cash and Cash equivalents at end of period	**431,800**	**540,418**
	Components of Cash and Cash equivalents		
	Cash in Hand	39,098	28,370
	Balances with Scheduled Banks		
	Current Accounts	97,258	161,258
	EEFC Accounts	10,078	30,904
	Fixed Deposits	126,785	128,125
	Balances with Non Scheduled Banks		
	Current Accounts	81,987	159,294
	Fixed Deposits	76,594	32,467

1. The Cash Flow Statement has been prepared under indirect method as set out in Accounting Standard-3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India.
2. Negative figures have been shown in brackets.

As per our report of even date

S.R.Batilboi & Co.
Chartered Accountants

Per Raj Agrawal	**Dinesh Thairani**	**Luv Chhabra**	**Atul Punj**
Partner	Company Secretary	Director Finance & Corporate Affairs	Chairman & Managing Director

Membership No.: 82028

Place: New Delhi
Date: September 5, 2005

(In Rupees Thousands)

SCHEDULE A : SHARE CAPITAL	MARCH 31, 2005		MARCH 31, 2004	
AUTHORIZED				
30,000,000 equity shares of Rs. 10 each	**300,000**		**300,000**	
20,000,000 preference shares of Rs. 10 each	**200,000**		**200,000**	
		500,000		**500,000**
ISSUED, SUBSCRIBED AND PAID UP				
24,317,127(previous year 20,644,800)equity shares of Rs.10 each, fully paid up.		**243,171**		**206,448**
917,628 (previous year NIL) zero percent convertible preference shares of Rs.10 each, fully paid up.		**9,176**		**-**
OF THE ABOVE				
i) 136,700 equity shares were allotted as fully paid up pursuant to a contract without payments being received in cash.				
ii) 12,166,000 equity shares of Rs.10 each fully paid up were issued as bonus shares by capitalisation of profits.				
iii) Preference shares shall be converted at a price to be decided based on future earnings at any time before March 31, 2007.				
Nil (previous year 1,817 equity shares shown as share capital suspense account) equity shares of Rs. 10 each. Issued as fully paid without consideration being received in cash, pursuant to the scheme of merger and arrangement of ISP undertakings		**-**		**18**
TOTAL		**252,347**		**206,466**

(In Rupees Thousand)

SCHEDULE B : RESERVES & SURPLUS	MARCH 31, 2005		MARCH 31, 2004	
CAPITAL RESERVE				
BALANCE AS PER LAST ACCOUNT	**8,930**		**3,812**	
ADD: SHARE IN ACCUMULATED BALANCE OF ASSOCIATES AS ON APRIL 1, 2003	**-**		**5,118**	
ADDITION DURING THE YEAR	**6,514**		**-**	
(Refer Note 1(i) of Schedule 'O')		**15,444**		**8,930**
SECURITIES PREMIUM ACCOUNT				
BALANCE AS PER LAST ACCOUNT	**339,112**		**339,112**	
ADDITIONS DURING THE YEAR	**2,239,122**		**-**	
	2,578,234		**339,112**	
LESS : UTILISED DURING THE YEAR	**39,060**		**-**	
(Refer Note 23 of schedule 'O')		**2,539,174**		**339,112**
ASSET REVALUATION RESERVE				
BALANCE AS PER LAST ACCOUNT	**155,859**		**192,544**	
LESS: ADJUSTMENT ON ACCOUNT OF DEPRECIATION ON REVALUED AMOUNT OF ASSETS	**33,330**		**36,685**	
		122,529		**155,859**
GENERAL RESERVE				
BALANCE AS PER LAST ACCOUNT	**170,540**		**104,935**	
ADD: SHARE IN ACCUMULATED BALANCE OF JOINT VENTURES AS ON APRIL 1, 2003	**-**		**325**	
	170,540		**105,260**	
ADD :TRANSFER FROM PROFIT & LOSS ACCOUNT	**22,500**		**65,280**	
TRANSFERRED TO PROFIT & LOSS ACCOUNT	**-**		**-**	
		193,040		**170,540**
FOREIGN PROJECT UTILIZED RESERVE				
BALANCE AS PER LAST ACCOUNT	**112,500**		**233,500**	
ADD :TRANSFER FROM FOREIGN PROJECT RESERVE	**7,500**		**32,500**	
	120,000		**266,000**	
LESS : TRANSFER TO PROFIT & LOSS ACCOUNT	**15,000**		**153,500**	
		105,000		**112,500**
FOREIGN PROJECT RESERVE				
BALANCE AS PER LAST ACCOUNT	**7,500**		**32,500**	
ADD :TRANSFER FROM PROFIT & LOSS ACCOUNT	**-**		**7,500**	
	7,500		**40,000**	
LESS :TRANSFER TO FOREIGN PROJECT UTILIZED RESERVE	**7,500**		**32,500**	
		-		**7,500**
DEBENTURE REDEMPTION RESERVE				
BALANCE AS PER LAST ACCOUNT	**133,425**		**128,400**	
ADD: TRANSFER FROM PROFIT & LOSS ACCOUNT	**-**		**5,025**	
	133,425		**133,425**	
LESS : TRANSFER TO PROFIT & LOSS ACCOUNT	**83,305**		**-**	
		50,120		**133,425**
FOREIGN CURRENCY TRANSLATION RESERVE		**(88,382)**		**(22,126)**
PROFIT AND LOSS ACCOUNT BALANCE		**1,912,600**		**851,531**
TOTAL		**4,849,525**		**1,757,271**

(In Rupees Thousands)

SCHEDULE C: LOAN FUNDS	MARCH 31, 2005		MARCH 31, 2004	
SECURED LOANS:				
A) ON WORKING CAPITAL LOAN ACCOUNT				
I. FROM BANKS		**2,392,570**		**2,669,334**
Out of the above.				
i) Rs. 56,539 thousand is secured by way of first charge on paripassu basis on current assets (excluding book debts) and second charge on paripassu basis on fixed assets of the project division of the Company and further secured by personal guarantee of Chairman & Managing Director of the Company.				
ii) Rs. 210,724 thousand is secured by way of first charge on paripassu basis on current assets (excluding book debts) and second charge on paripassu basis on fixed assets of the project division of the Company.				
iii) Rs. 644,820 thousand is secured by way of exclusive charge on the receivables of the specific projects financed by the bank, first paripassu charge on the current assets of the project division (excluding receivables) and paripassu second charge on the movable assets of the project division of the Company and further secured by personal guarantee of Chairman & Managing Director of the Company.				
iv) Rs. 63,622 thousand is secured by way of first charge on paripassu basis on current assets (except book debts) and second charge on fixed assets of the project division of the Company and exclusive charge on receivables of specific projects financed by the bank and further secured by personal guarantee of Chairman & Managing Director of the Company.				
v) Rs. 456,508 thousand in respect of a foreign subsidiary is secured by lien over the subsidiary's trade receivables and some part of building, land, inventory, machinery and motor vehicles. The loan is further secured by corporate guarantee of the parent company.				
vi) Rs. 708,136 thousand in respect of a foreign subsidiary is secured by future receivables of the subsidiary. Out of these, loans aggregating Rs. 665,119 thousand are further secured by hypothecation of equipment and machinery. The loans are further secured by corporate guarantee of the parent company.				
vii) Rs.44,479 thousand in respect of certain Indian subsidiaries is secured by hypothecation by way of charge on inventories both on hand and in transit, book debts, other receivables (both present and future) and charge on all the fixed assets of the subsidiaries except those acquired under hire purchase agreements. The loans are further secured by corporate guarantee of the parent company.				
viii) Rs. 6,523 thousand in respect of an Indian subsidiary is secured by hypothecation of raw-materials, work in progress, finished goods and sundry debtors. The loan is further collaterally secured by way of hypothecation of plant and machinery of the subsidiary.				
ix) Rs.201,219 thousand in respect of a joint venture is secured by -				
- a charge on all of the entity's tangible movable assets and all rights, title, interest, property, claims and demands of the entity upon the same.				
- hypothecation / charge over the entities' other properties, present or future.				
- rights, title, interest, benefits, claims and demands whatsoever of the entity in respect of project agreements, claims receivable under insurance contracts, both present and future, annuity, project guarantee under EPC contract and O&M contracts, book debts and other debts, receivables, commissions, revenues, claims and choses-in-action of whatsoever nature, all moneys lying to the credit of their trust and retention account and other accounts including balances in depreciation/sinking fund account or liable to be credited to the trust and retention Account.				
II) FROM OTHERS		**-**		**3,890**
i) Secured by hypothecation by way of charge on current assets (other than receivables) both present and future of the project division of the Company and exclusive charge on receivables of the projects financed by the respective financial institutions.				
ii) Further secured by personal guarantee of Chairman & Managing Director of the Company.				
iii) Further secured by way of second charge on all the fixed assets of the Company.				
B) ON TERM LOAN ACCOUNT				
1) FROM BANKS		**3,222,513**		**6,154,193**
Out of the above,				
i) Rs. 149,740 thousand is secured by way of first charge on paripassu basis on fixed assets of the project division of the Company and further secured by personal guarantee of Chairman & Managing Director of the company				
ii) Rs. 693,010 thousand is secured by way of exclusive charge on the equipment purchased out of the proceeds of loan.				
iii) Rs. 899,988 thousand is secured by way of first paripassu charge on movable fixed assets of the project division of the Company.				

SCHEDULE C: LOAN FUNDS	MARCH 31, 2005		MARCH 31, 2004	
iv) Rs. 162,490 thousand is secured by way of exclusive charge on financed fixed assets and second charge on paripassu basis on current assets of the Company and further secured by personal guarantee of Chairman & Managing Director of the Company.				
v) Rs. 50,000 thousand is secured by way of second paripassu charge on the current assets (excluding receivables) of the project division of the Company and second paripassu charge on the fixed assets of the project division of the Company and further secured by personal guarantee of Chairman & Managing director of the Company.				
vi) Rs. 150,000 thousand is secured by way of subservient charge on the entire current and movable fixed assets of the project division of the Company.				
vii) Rs. 514,955 thousand is secured by way of paripassu first charge on the existing and future movable fixed assets of the project division of the Company, paripassu second charge on current assets of the project division of the Company (excluding receivables of the Company) and further secured by personal guarantee of Chairman & Managing Director of the Company.				
viii) Rs. 599,853 thousand is secured by way of second paripassu charge on the movable fixed assets of the project division of the Company and further secured by personal guarantee of Chairman & Managing Director of the Company.				
ix) Rs. 2,477 thousand in respect of an Indian subsidiary is to be secured by hypothecation of drill equipment of the entity.				

(In Rupees Thousands)

SCHEDULE C: LOAN FUNDS (CONTINUED)	MARCH 31, 2005		MARCH 31, 2004	
SECURED LOANS (CONTINUED):				
II. FROM OTHERS		**272,705**		**380,432**
i) Rs. 84,910 thousand is secured by first and exclusive change by way of hypothecation on certain specific equipments of the company financed through the loan.				
ii) Rs. 138,500 thousand is secured by way of exclusive charge on the land and building for corporate office of the Company being built at Gurgaon.				
iii) Rs. 49,296 thousand in respect of an Indian subsidiary is secured by hypothecation of respective assets The loan is further secured by corporate guarantee of the parent company.				
III. HIRE PURCHASE CREDITORS		**66,447**		**238,619**
(Secured by exclusive charge by way of hypothecation on certain specific equipments of the Company.)				
IV. EXTERNAL COMMERCIAL BORROWINGS				
FROM BANKS		**44,187**		**59,367**
(Secured by exclusive charge on the equipment of the Company financed through the loan.)				
TOTAL		**5,998,422**		**9,505,835**
UNSECURED LOANS:				
i) ON WORKING CAPITAL LOAN ACCOUNT :- FROM BANKS		**332,695**		**121,965**
ii) ON TERM LOAN ACCOUNT :- FROM BANKS		**750,000**		**-**
iii) INTERCORPORATE DEPOSITS		**37,034**		**135,080**
iv) EXTERNAL COMMERCIAL BORROWINGS :- FROM BANK		**41,258**		**52,264**
v) 10% UNSECURED REDEEMABLE NON-CONVERTIBLE DEBENTURES		**12,120**		**24,240**
(Redeemable at par in five equal annual installments starting from the end of third year i.e. 26.11.2001)				
vi) 12% UNSECURED REDEEMABLE NON-CONVERTIBLE DEBENTURES		**14,000**		**26,000**
(repayable in four annual installments starting from 01.07.2002)				
vii) FROM OTHERS		**1,180**		**1,180**
TOTAL		**1,188,287**		**360,729**
DEFERRED PAYMENTS				
INTEREST FREE LOAN UNDER SALES TAX DEFERRED SCHEME		**-**		**65**
		-		**65**

SCHEDULE D : FIXED ASSETS **(In Rupees Thousands)**

PARTICULARS	Gross block						Depreciation						Net block	
	April 1, 2004	Additions due to acquisition of a subsidiary	Other additions	Deletions/Adjustments (Refer Note h below)	Forex translation adjustments	March 31, 2005	April 01, 2004	Additions due to acquisition of a subsidiary	For the Year	Deletions/Adjustments (Refer Note h below)	Forex translation adjustments	March 31, 2005	March 31, 2005	April 01, 2004
TANGIBLES														
Land	156,480	-	4,349	194	(2,450)	**158,185**	-	-	-	-	-	-	**158,185**	**156,480**
Buildings	302,033	-	5,096,178	5,065,628	(4,386)	**328,197**	62,740	-	173,284	162,478	(308)	**73,238**	**254,959**	**239,293**
Leasehold Improvements	3,460	-	-	-	-	**3,460**	3,460	-	-	-	-	**3,460**	-	-
Plant & Machinery	5,819,911	43,821	380,352	321,625	(24,678)	**5,897,781**	1,998,577	13,549	506,984	211,311	(9,951)	**2,297,848**	**3,599,933**	**3,821,334**
Furniture, Fixtures and Office Equipments	323,107	186	116,803	7,549	(2,993)	**429,554**	95,079	21	70,478	3,081	(1,452)	**161,045**	**268,509**	**228,028**
Tools	65,696	-	4,396	49,527	-	**20,565**	13,367	-	3,917	-	-	**17,284**	**3,281**	**52,329**
Vehicles	195,941	-	234,310	2,076	(1,556)	**426,620**	85,760	-	98,967	36,791	(511)	**147,425**	**279,195**	**110,181**
A) Sub Total	**6,866,628**	**44,008**	**5,836,387**	**5,446,600**	**(36,063)**	**7,264,362**	**2,258,983**	**13,570**	**853,630**	**413,661**	**(12,222)**	**2,700,300**	**4,564,062**	**4,607,645**
INTANGIBLES														
Software	121,028	-	67,258	39,236	(3,474)	**145,576**	68,219	-	18,056	27,094	(463)	**58,718**	**86,858**	**52,809**
Technical Know-how	3,500	-	-	-	-	**3,500**	2,375	-	700	-	-	**3,075**	**425**	**1,125**
B) Sub Total	**124,528**	**-**	**67,258**	**39,236**	**(3,474)**	**149,076**	**70,594**		**18,756**	**27,094**	**(463)**	**61,793**	**87,283**	**53,934**
Total Assets (A+B)	**6,991,156**	**44,008**	**5,903,645**	**5,485,836**	**(39,537)**	**7,413,438**	**2,329,577**	**13,570**	**872,386**	**440,754**	**(12,685)**	**2,762,093**	**4,651,345**	**4,661,579**
Capital Work in Progress	-	-	-	-	-	-	-	-	-	-	-	-	**500,006**	**3,216,899**
GRAND TOTAL	**6,991,156**	**44,008**	**5,903,645**	**5,485,836**	**(39,537)**	**7,413,438**	**2,329,577**	**13,570**	**872,386**	**440,754**	**(12,685)**	**2,762,093**	**5,151,351**	**7,878,478**
PREVIOUS PERIOD	**5,990,421**	**-**	**1,077,259**	**76,524**	**-**	**6,991,156**	**1,698,965**	**-**	**703,017**	**66,115**	**-**	**2,329,577**	**4,661,579**	

Notes:

a) Gross block of Fixed Assets includes Rs.364,949 thousand (previous period Rs. 364,949 thousand) on account of revaluation of assets carried out in earlier years. Consequent to the said revaluation, there is an additional charge of depreciation of Rs.33,330 thousand (previous period Rs.28,582 thousand) and an equivalent amount has been withdrawn from revaluation reserve and credited to Profit and Loss Account.

b) Plant and machinery of the cost of Rs. 182,938 thousand (previous period Rs.414,691 thousand) are acquired on hire purchase basis. Accumulated depreciation there on is Rs.144,904 thousand (previous period Rs.356,833 thousand).

c) Additions to plant and machinery includes Rs. 2,494 thousand (previous period Rs. Nil) being increase in the Rupee liability in respect of foreign currency loan.

d) Capital work in progress includes capital advances Rs. 16,301 thousand (previous period Rs. 17,230 thousand).

e) Gross block of assets include Rs. 273,502 thousand (written down value Rs. 134,538 thousand) jointly held with others in respect of an unincorporated Joint Venture.

f) Pursuant to the merger of ISP division, land and buildings of Rs.88,670 thousand (gross block) are vested in the Company, which are yet to be registered in the name of the Company.

g) Land includes leasehold land Rs. 54,702 thousand (previous period Rs.54,702 thousand).

h) Adjustment in gross block and accumulated depreciation include deletion on account of sale of interest in joint ventures amounting to Rs. 4,963,366 thousand and Rs.150,714 thousand respectively.

SCHEDULE : E PREOPERATIVE EXPENDITURE PENDING ALLOCATION ***(In Rupees Thousands)***

	MARCH 31, 2005		**MARCH 31, 2004**	
Opening Balance		494,285		213,393
Add: Expenditure incurred during the year				
Interest on Term Loans	242,091		249,084	
Salaries	58,380		9,415	
Project Development fees	68,590		11,367	
Supervision expenses	1,234		-	
Trust & Retention costs	1,500		-	
Incorporation cost	2,500		-	
Upfront fees	9,481		-	
Arrangers fees	11,229		-	
Commitment fees	476		-	
Vetting of contracts, Documentation & Legal fees	2,849		-	
Other financial charges	9,035		2,312	
Travelling & conveyance	330		1,095	
Security trusteeship	446		-	
Filing Fees	10		-	
Audit Fees	22		-	
Professional and consultancy charges	54		-	
Bank charges	27		169	
Rent	5		113	
Insurance Premium	5,476		6,047	
Other expenses	607		1,310	
Less:	-		-	
Interest Income	(30)	414,312	(20)	280,892
(Gross including TDS Rs. Nil ; previous year Rs. Nil)				
Less: Transferred to fixed assets		(828,740)		-
Balance carried forward		**79,857**		**494,285**

(In Rupees Thousands)

SCHEDULE F : INVESTMENTS	MARCH 31, 2005		MARCH 31, 2004	
LONG TERM				
QUOTED NON TRADE				
JCT ELECTRONICS LTD *		13		-
600 (previous year Nil) Equity Shares of Rs. 10 each, fully paid.				
CONTINENTAL CONSTRUCTION LTD *		34		-
3,000 (previous year NIL) Equity Shares of Rs. 10 each, fully paid.				
MAX INDIA LTD *		9		-
500 (previous year NIL) Equity Shares of Rs. 10 each, fully paid.				
KIRLOSKAR PNEUMATICS CO LTD *		20		-
1,000 (previous year NIL) Equity Shares of Rs. 10 each, fully paid.				
DAEWOO MOTORS I LTD *		366		-
11,000(previous year NIL) Equity Shares of Rs. 10 each, fully paid.				
HINDUSTAN OIL EXPLORATION LTD *		190		-
4,600 (previous year NIL) Equity Shares of Rs. 10 each, fully paid.				
MATSUSHITA LAKHANPAL BATTERY INDIA LTD.		45		45
1,300 (previous year 1,300) of Rs. 10 fully paid.				
BERGER PAINTS LIMITED		2,888		2,888
115,500 (previous year 15,400 equity shares of Rs.10 each) equity shares of Rs. 2 each fully paid.				
(Including 38,500 shares of Rs.2 each received by way of bonus shares)				
UNQUOTED TRADE				
RAJAHMUNDRY EXPRESSWAY LTD		40,689		-
3,697,500 equity shares of Rs. 10 each fully paid				
Of the above,1,885,000 shares are pledged with a bank.				
(Refer Note 1(ii) of Schedule 'O')				
ANDHRA EXPRESSWAY LTD.		42,820		-
3,697,500 of Rs. 10 each fully paid.				
Of the above, 1,885,000 shares are pledged with a bank.				
(Refer Note 1(ii) of Schedule 'O')				
NORTH KARNATAKA EXPRESSWAY LIMITED		75,724		-
7572400 equity shares of Rs.10 equity shares fully paid up.				
(Refer Note 1(ii) of Schedule 'O')				
GOVT SECURITIES				
NATIONAL SAVING CERTIFICATES		-		15

(In Rupees Thousands)

SCHEDULE F : INVESTMENTS	MARCH 31, 2005		MARCH 31, 2004	
INVESTMENT (Contd…..)				
UNQUOTED (NON- TRADE)				
STENCIL APPAREL BRANDS LTD		60		60
6000 (previous year 6000) Equity Shares of Rs. 10 each fully paid.				
RFB LATEX LTD.		5,200		5,200
200,000 (previous year 200,000) equity shares of Rs.10 each fully paid.				
AROOSHI ENTERPRISES (P) LTD.		5,985		1,082
598,500(previous year 108,225) Equity Shares of Rs. 10 each fully paid.				
INVESTMENTS IN ASSOCIATES				
UNQUOTED TRADE				
BISTRO HOSPITALITY (P) LIMITED	32,800		32,800	
3,280,000 (previous year 3,280,000) Equity Shares of Rs.10 each fully paid				
Add: Share in opening accumulated profits	4,105		3,243	
Add: Share in profits for current year	1,256		862	
		38,161		36,905
VADODRA HALOL TOLL ROAD COMPANY LIMITED	-		150,000	
Add: Share in opening accumulated losses	-		(150,000)	
				-
JACOB BALLAS CAPITAL INDIA (P) LIMITED	19,000		20,000	
1,900,000 (previous year 2,000,000) Equity Shares of Rs.10 each fully paid				
Add: Share in opening accumulated profits / (losses)	26,896		20,798	
Add: Share in profits/(loss) for current year	1,435		6,098	
Less: Profits attributable to stake sold during the year	(1,345)		-	
		45,986		46,896
CITY VISION (P) LTD.	823		823	
41,160(previous year 41,160) Equity Shares of Rs. 10 each fully paid.				
Add: Share in opening accumulated profits / (losses)	(823)		(823)	
				-
SHITUL ENGINEERING (P) LTD.	785		785	
7,850(previous year 7,850) Equity Shares of Rs. 100 each fully paid				
Add: Share in opening accumulated profits / (losses)	88			
Add: Share in profits/(loss) for current year	(105)		88	
		767		873
SATELLITE VISION (P) LTD. **		3,750		3,750
150,000 (previous year 150,000) Equity Shares of Rs.10 each fully paid.				
GAITRY CABLE NETWORK PVT. LTD. **		49		49
4900(previous year 4900) equity shares of Rs. 10 each fully paid				
SUNSTAR NETWORK & TECHNOLOGIES LTD.	2,530		2,530	
10,159(previous year 10,159) Equity Shares of Rs. 10 each fully paid.				
Add: Share in opening accumulated profits / (losses)	(2,530)		(2,530)	
		-		-
DOTCOM HOLDINGS (P) LTD.	49		49	
4,900(previous year 4,900) Equity Shares of Rs. 10 each fully paid				
Add: Share in opening accumulated losses	(34)		(32)	
Add: Share in profits/(loss) for current year	(2)	-	(2)	
		13	-	15
LESS: DIMINUTION IN THE VALUE OF INVESTMENTS IN ASSOCIATES	-	(3,799)	-	(3,799)
TOTAL		**258,970**		**93,979**

a) Aggregate Cost of Quoted Investments	3,565	2,932
b) Aggregate Cost of Unquoted Investments	255,405	91,046
c) Aggregate market value of quoted investments	5,836	1,705

* Denotes shares held by a subsidiary as stock which were converted by that entity into investments as on March 31, 2005

** As indicated in Note 1(ix) in Schedule 'O' these associates are not being consolidated in the absence of availability of audited financial statements of these entities.

(In Rupees Thousands)

SCHEDULE G : CURRENT ASSETS, LOANS AND ADVANCES	MARCH 31, 2005		MARCH 31, 2004	
A. CURRENT ASSETS				
i) INVENTORIES:				
RAW MATERIALS	2,450		-	
SPARES, STORES AND CONSUMABLES	676,164		503,217	
SCRAP	18,268		-	
STOCK IN TRADE (EQUIPMENTS)	4,123		11,152	
STOCK OF SHARES	-		640	
WORK IN PROGRESS-PROJECTS	4,808,843		2,450,996	
		5,509,848		**2,966,005**
ii) SUNDRY DEBTORS (Unsecured)				
DEBTS OUTSTANDING FOR A PERIOD EXCEEDING SIX MONTHS				
Considered Good	1,247,829		385,838	
Considered Doubtful	13,944		-	
OTHER DEBTS				
Considered Good	2,116,588		1,830,595	
	3,378,360		2,216,433	
LESS : PROVISION FOR DOUBTFUL DEBTS	13,944		-	
		3,364,416		**2,216,433**
iii) CASH & BANK BALANCES:				
a) CASH IN HAND	39,098		28,370	
b) BALANCES WITH SCHEDULED BANKS				
- IN CURRENT ACCOUNTS	97,257		161,258	
- IN EEFC ACCOUNTS	10,078		30,904	
- IN FIXED DEPOSITS	126,785		128,125	
c) BALANCES WITH NON- SCHEDULED BANKS				
- IN CURRENT ACCOUNTS	81,987		159,294	
- IN FIXED DEPOSITS	76,594		32,467	
		431,800		**540,418**
iv) OTHER CURRENT ASSETS				
a) INTEREST RECEIVABLE ON LOANS AND DEPOSITS	27,508		5,921	
b) INSURANCE CLAIMS RECEIVABLE	22,239		18	
c) RECEIVABLES AGAINST SALE OF INVESTMENTS	4,225		4,224	
B. LOANS AND ADVANCES: (Unsecured)				
Considered good				
a) LOANS TO EMPLOYEES	15,879		15,678	
b) INTERCORPORATE DEPOSITS	35,562		24,812	
c) ADVANCES RECOVERABLE IN CASH OR IN KIND OR FOR VALUE TO BE RECEIVED	1,025,049		1,021,809	
d) ADVANCES FOR PROPOSED INVESTMENTS	229,967		38,920	
e) SECURITY DEPOSITS	25,629		55,116	
f) BALANCE WITH CUSTOM DEPARTMENT	2,428		16,678	
g) ADVANCE INCOME TAX / TAX RECOVERABLE (Net of provisions)	364,852		296,559	
h) SALES TAX RECOVERABLE	228,678		85,181	
		1,928,044		**1,554,753**
ADVANCES RECOVERABLE IN CASH OR IN KIND OR FOR VALUE TO BE RECEIVED	-		913	
LESS: PROVISION FOR DOUBTFUL ADVANCES	-		(913)	
		-		-
TOTAL		**11,288,080**		**7,287,772**

(In Rupees Thousands)

SCHEDULE H : CURRENT LIABILITIES AND PROVISIONS	MARCH 31, 2005		MARCH 31, 2004	
(A) CURRENT LIABILITIES				
ACCEPTANCES	288,659		-	
SUNDRY CREDITORS	2,213,295		1,658,618	
ADVANCE BILLINGS	11,396		468,919	
UNACCRUED REVENUE	42,389		38,791	
SECURITY DEPOSITS	126,970		9,233	
ADVANCES FROM CLIENTS	799,736		670,374	
INTEREST ACCRUED BUT NOT DUE ON LOANS	7,102		5,236	
OTHER LIABILITIES	218,703		448,129	
		3,708,250		**3,299,300**
(B) PROVISIONS				
FOR TAX (NET OF TAXES PAID)	102,372		-	
FOR GRATUITY	6,016		1,468	
FOR LEAVE ENCASHMENT	17,570		12,839	
PROPOSED DIVIDEND (Including Tax on Dividend)	20,796		29,758	
		146,754		**44,065**
TOTAL		**3,855,004**		**3,343,365**

(In Rupees Thousands)

SCHEDULE I : MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)	MARCH 31, 2005		MARCH 31, 2004	
(A) PRELIMINARY EXPENDITURE				
BALANCE AS PER LAST YEAR	1,921		1,964	
LESS: ADJUSTMENTS ON DISPOSAL OF JOINT VENTURES	(1,574)		-	
ADD: ADDITION DURING THE YEAR	92		1	
LESS: WRITTEN OFF DURING THE YEAR	(188)		(44)	
		251		1,921
(B) DEFERRED REVENUE EXPENDITURE				
BALANCE AS PER LAST YEAR	47,887		70,545	
ADDITION DURING THE YEAR			-	
LESS: WRITTEN OFF DURING THE YEAR	(47,887)		(22,658)	
		-		47,887
TOTAL		**251**		**49,808**

(In Rupees Thousands)

SCHEDULE J: SALES & CONTRACTS REVENUE	MARCH 31, 2005		MARCH 31, 2004	
CONTRACTS REVENUE		17,035,307		15,518,233
BONUS INCOME (In respect of Highway Construction & Operation activities)		303,963		-
ANNUITY INCOME (In respect of Highway Construction & Operation activities)		177,614		-
INCOME FROM LEASED ASSETS		7,904		-
INCOME FROM HIRE CHARGES		66,958		111,367
SALES (Net of discounts)				
- EXPORTS	13,955		15,444	
- OTHERS	13,163	27,118	5,058	20,502
INTERNET SERVICES (Net of discounts Rs. 665,850 thousand, previous year Rs. 262,981 thousand)				
		281,234		293,226
TOTAL		**17,900,098**		**15,943,328**

(In Rupees Thousands)

SCHEDULE K : OTHER INCOME	MARCH 31, 2005		MARCH 31, 2004	
RENT		**-**		**7,134**
INTEREST		105,785		13,392
DIVIDEND ON LONG TERM INVESTMENTS		636		1,401
INSURANCE CLAIMS		37,224		44,092
PROFIT ON SALE OF INVESTMENT		-		15,134
UNSPENT LIABILITIES & PROVISIONS WRITTEN BACK		141,916		-
BAD DEBTS RECOVERED		57,606		-
FOREIGN EXCHANGE FLUCTUATION (NET)		20,468		-
OTHERS		75,525		162,320
TOTAL		**439,160**		**243,787**

(In Rupees Thousands)

SCHEDULE L : MATERIALS CONSUMED AND COST OF GOODS SOLD	MARCH 31, 2005		MARCH 31, 2004	
MATERIAL CONSUMED		4,771,846		4,692,712
COST OF GOODS SOLD-EQUIPMENT				
OPENING STOCK	11,152		12,042	
ADD: PURCHASES	1,313		39,213	
	12,465		51,255	
LESS: CLOSING STOCK (Equipments)	4,123		11,152	
		8,342		40,103
AMORTISATION /DEPLETION IN THE VALUE OF INVENTORY		43,870		-
TOTAL		**4,824,058**		**4,732,815**

(In Rupees Thousands)

SCHEDULE M : OPERATING AND ADMINISTRATIVE EXPENSES		MARCH 31, 2005		MARCH 31, 2004	
OPERATING					
CONTRACTOR CHARGES		3,724,209		2,725,463	
SITE/CONNECTIVITY EXPENSES		847,554		425,460	
DIESEL AND FUEL		685,878		852,033	
REPAIR AND MAINTENANCE					
-BUILDINGS		17,928		16,625	
-PLANT AND MACHINARY		75,611		212,770	
-OTHERS		74,346		42,188	
FREIGHT & CARTAGE		530,400		307,871	
HIRE CHARGES		1,068,351		1,053,493	
			7,024,277		**5,635,903**
PERSONNEL EXPENSES					
SALARIES, WAGES AND BONUS		1,909,675		1,120,760	
CONTRIBUTION TO PROVIDENT FUNDS & OTHERS		56,288		50,642	
WORKMEN AND STAFF WELFARE		159,340		105,155	
			2,125,303		**1,276,557**
ADMINISTRATION AND ESTABLISHMENT					
RENT		109,497		62,784	
INSURANCE		106,088		81,513	
DIRECTORS SITTING FEES		100		-	
TRAVELLING AND CONVEYANCE		288,755		184,870	
FEE & TAXES		231,491		351,324	
CONSULTANCY/PROFESSIONAL CHARGES		508,716		391,788	
COMISSION ON INTERNET SERVICES		7,824		6,085	
BAD DEBTS/ADVANCES WRITTEN OFF		38,227		12,963	
DIMINUTION IN VALUE OF INVESTMENTS IN ASSOCIATES		-		3,799	
PROVISION FOR DOUBTFUL DEBTS		14,304		913	
LOSS ON SALE OF FIXED ASSETS (NET)		60,624		3,618	
DONATIONS(Refer Note 13 of Schedule ' O ')		14,155		1,123	
OTHERS		445,093		258,254	
			1,824,874		**1,359,034**
TOTAL			**10,974,454**		**8,271,494**

(In Rupees Thousands)

SCHEDULE N : FINANCIAL CHARGES	MARCH 31, 2005		MARCH 31, 2004	
INTEREST ON:				
TERM LOANS	796,291		597,433	
DEBENTURES	4,044		12,695	
OTHERS	166,213		300,185	
		966,548		910,313
FOREIGN EXCHANGE FLUCTUATION (NET)		-		44,371
BANK/FINANCIAL CHARGES		366,802		228,866
TOTAL		**1,333,350**		**1,183,550**

RELATED PARTY DISCLOSURE *(In Rupees Thousands)*

	Joint Venture		Associates		Key management personnel or their relatives		Enterprises over which relatives of Key Managerial Personnel are exercising significant influence		Total	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
INCOME										
Contract Revenue										
PLN Construction Limited	-	19,130	-	-	-	-	-	-	-	19,130
Thiruvananthapuram Road Development Company Limited	284,256	-	-	-	-	-	-	-	284,256	-
Andhra Expressway Limited	215,818	266,632	-	-	-	-	-	-	215,818	266,632
North Karnataka Expressway Limited	522,463	1,719,045	-	-	-	-	-	-	522,463	1,719,045
Vadodra Halol Toll Road Limited	-	-	12,154	24,587	-	-	-	-	12,154	24,587
Rent										
PLN Construction Limited	-	360	-	-	-	-	-	-	-	360
EXPENDITURE										
PLN Construction Limited	-	29,043	-	-	-	-	-	-	-	29,043
Consultancy/Professional charges										
SNP Punj	-	-	-	-	60	60	-	-	60	60
Arti Jaidev Inder Singh	-	-	-	-	-	60	-	-	-	60
Managerial Remuneration										
Punj Lloyd Limited										
Atul Punj						1,347			-	1,347
V.K. Kaushik	-	-	-	-	3,895	4,926	-	-	3,895	4,926
Luv Chhabra	-	-	-	-	3,759	4,411	-	-	3,759	4,411
Uday Punj	-	-	-	-	3,247	4,477	-	-	3,247	4,477
Mahinder Prakash	-	-	-	-	1,928	2,350	-	-	1,928	2,350
P.K.Gupta	-	-	-	-	2,422	2,591	-	-	2,422	2,591
V.K.Sud	-	-	-	-	2,312	2,534	-	-	2,312	2,534
Tarwinder Singh	-	-	-	-	1,882	-	-	-	1,882	-
Punj Lloyd Insulations Limited										
J.B.Dewan	-	-	-	-	1,083	1,132	-	-	1,083	1,132
Punj Lloyd Kazakhstan LLP										
Adil Vadoliwala	-	-	-	-	897	839	-	-	897	839
Spectra Net Limited										

	Joint Venture		Associates		Key management personnel or their relatives		Enterprises over which relatives of Key Managerial Personnel are exercising significant influence		Total	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Arvind Pasricha	-	-	-	-	461	-	-	-	461	-
Pt Punj Lloyd Indoneisa										
Atul Punj	-	-	-	-	13,500	13,771	-	-	13,500	13,771
V P Sharma	-	-	-	-	2,966	2,848	-	-	2,966	2,848
A Rajendra	-	-	-	-	1,699	1,455	-	-	1,699	1,455
Atna Intvestments Limited										
Rent										
Punj Business Center	-	-	-	-	-	-	22,827	22,659	22,827	22,659
M Prakash HUF	-	-	-	-	-	-	300	432	300	432
Subscription										
S.N Punj	-	-	-	-	-	-	10	-	10	-
Share issue expenses										
Jacob Ballas Capital India Private Limited	-	-	34,275	-	-	-	-	-	34,275	-
Investment Sold during the year										
Rajamundry Expressway Limited	**108,025**	-	-	-	-	-	-	-	108,025	-
Andhra Expressway Limited	**108,025**	-	-	-	-	-	-	-	108,025	-
North Karnataka Expressway Limited	**173,636**	-	-	-	-	-	-	-	173,636	-
Jacob Ballas Capital India Private Limited	**1,344**	-	-	-	-	-	-	-	1,344	-
OTHERS										
Bank Guarantees Issued during the year										
Thiruvananthapuram Road Development Company Limited	25,000	-	-	-	-	-	-	-	25,000	-
Corporate Guarantees Issued during the year										
Bistro Hospitality Private Limited	-	-	-	16,000	-	-	-	-	-	16,000
Corporate Guarantees redeemed during the year										
Bistro Hospitality Private Limited	-	-	16,000	-	-	-	-	-	16,000	-
BALANCE OUTSTANDING AS AT MARCH 31, 2005										
Receivable / (payables)										
PLN Construction Limited		7,800							-	7,800
Thiruvananthapuram Road Development Company Limited	87,114	-	-	-	-	-	-	-	87,114	-

	Joint Venture		Associates		Key management personnel or their relatives		Enterprises over which relatives of Key Managerial Personnel are exercising significant influence		Total	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Andhra Expressway Limited	-	57,689	-	-	-	-	-	-	-	57,689
North Karnataka Expressway Limited	-	89,285	-	-	-	-	-	-	-	89,285
Rajamundry Expressway Limited	-	42	-	-	-	-	-	-	-	42
Vadodra Halol Toll Road Limited	-	-	-	38,912	-	-	-	-	-	38,912
Bistro Hospitality Private Limited	-	-	-	38	-	-	-	-	-	38
Jacob Ballas Capital India Private Limited	-	-	-	-	-	-	-	-	-	-
Investments										
Bistro Hospitality Private Limited	-	-	38,584	36,905	-	-	-	-	38,584	36,905
City Vision (P) Ltd	-	-	-	-	-	-	-	-	-	-
Shitul Engineering (P) Ltd		-	767	873	-	-	-	-	767	873
Sunstar Network & Technologies Ltd		-	-	-	-	-	-	-	-	-
DotCom Holding (P) Ltd	-	-	13	15	-	-	-	-	13	15
Satellite Vision (P) Ltd	-	-	3,750	3,750	-	-	-	-	3,750	3,750
Gaitry Cable Network (P) Limited		-	-	-	-	-	-	-	-	-
Jacob Ballas Capital India Private Limited	-	-	-	45,096	-	-	-	-	-	45,096
Bank Guarantees										
Punj Lloyd - Progressive Construction JV	154,640	154,640	-	-	-	-	-	-	154,640	154,640
Andhra Expressway Limited	59,000	59,000	-	-	-	-	-	-	59,000	59,000
Vadodra Halol Toll Road Limited	73,000	73,000	-	-	-	-	-	-	73,000	73,000
Thiruvananthapuram Road Development Company Limited	25,000	-	-	-	-	-	-	-	25,000	-
Punj Lloyd Limak Turkey	-	142,904	-	-	-	-	-	-	-	142,904
Corporate Guarantees										
Bistro Hospitality Private Limited	-	-	68,000	84,000	-	-	-	-	68,000	84,000

SCHEDULE O :

A. SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO CONSOLIDATED ACCOUNTS

1. **Basis for preparation of accounts**

The Company maintains its accounts on accrual basis following the historical cost convention, except for the revaluation of certain fixed assets, and in accordance with Accounting Standards referred to in section 211(3c) of the Companies Act, 1956 and other requirements of the Act. The accounting policies are consistently applied by the

Company and are consistent with those used in previous year.

2 **Principles of Consolidation**

The Consolidated Financial Statements relate to PUNJ LLOYD LIMITED (hereinafter referred to as the "Company") and its group companies (hereinafter referred to as the "Punj Lloyd group"). In the preparation of these Consolidated Financial Statements, investments in Subsidiaries, Associate companies and Joint Venture entities have been accounted for in accordance with AS 21 (Accounting for Consolidated Financial Statements), AS 23 (Accounting for Investments in Associate Companies) and AS –27 (Financial Reporting of Interests in Joint Ventures) respectively issued by the Institute of Chartered Accountants of India. The Consolidated Financial Statements are prepared on the following basis-

a. Subsidiary companies are consolidated on a line-by-line basis by adding together the book values of the like items of assets, liabilities, income and expenses, after eliminating all significant intra-group balances and intra-group transactions and also unrealized profits or losses, except where cost cannot be recovered.

b. Interests in the assets, liabilities, income and expenses of the Joint Ventures are consolidated using proportionate consolidation method. Intra group balances, transactions and unrealized profits/losses have been eliminated to the extent of Company's proportionate share, except where cost cannot be recovered.

c. The difference of the cost to the Company of its investment in Subsidiaries and Joint Ventures over its proportionate share in the equity of the investee company as at the date of acquisition of stake is recognized in the financial statements as Goodwill or Capital Reserve, as the case may be.

d. Minorities' interest in net profits of consolidated subsidiaries for the year is identified and adjusted against the income in order to arrive at the net income attributable to the shareholders of the Company. Their share of net assets is identified and presented in the Consolidated Balance Sheet separately. Where accumulated losses attributable to the minorities are in excess of their equity, in the absence of the contractual obligation on the minorities, the same is accounted for by the holding company.

e Investments in Associates are accounted for using the equity method. The excess of cost of investment over the proportionate share in equity of the Associate as at the date of acquisition of stake has been identified as Goodwill and included in the carrying value of the Investment in the Associate. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the share of net assets of the Associate. However, the share of losses is accounted for only to the extent of the cost of investment. Subsequent profits of such Associates are not accounted for unless the accumulated losses (not accounted for by the Company) are recouped. For the purpose of equity accounting, consolidated financial statements of Associates have been used.

f As far as possible, the consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Company's separate financial statements. Differences in accounting policies have been disclosed separately.

g The financial statements of the entities used for the purpose of consolidation are drawn up to same reporting date as that of the Company i.e. year ended 31st March 2005.

3 **Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities as at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

4 **Fixed Assets**

Fixed assets are stated at cost, other than some fixed assets which are stated at values as determined by the valuer, less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Financing costs relating to acquisition of fixed assets are also included to the extent they relate to the period till such assets are ready to be put to use.

The carrying amount of fixed assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

5 **Method of Depreciation**

i) In respect of Indian Companies comprised within the group, depreciation on the fixed assets is charged on straight line method, at the rates specified in Schedule XIV of the Companies Act, 1956, (except to the extent stated in Para ii and v below), which are based on the useful lives of the assets. In case of revalued assets, the difference between depreciation on original cost and revalued amount is transferred from revaluation reserve to profit and loss account.

ii) Depreciation on the following fixed assets of Internet Service division is charged on straight line method at the rates, based on useful lives of the assets as estimated by the management, which are equal to or higher than the rates specified by schedule XIV.

Asset Description	Depreciation Rate
Plant and machinery	10%
Networking equipment*	10%
Office equipment	10%
Ducts and optical fiber cables*	4.75%

*Included under Plant & Machinery

iii) Amount added to assets on account of foreign exchange fluctuation is depreciated prospectively over the remaining useful lives of the respective assets.

iv) No amortization is made for leasehold land, which is under perpetual lease.

v) Assets costing less than Rs. 5,000 each are fully depreciated @ 100%.

vi) Depreciation on Company's share of fixed assets of an unincorporated joint venture is provided on straight-line method at the following rates based on their useful lives as estimated by the management of the joint venture.

Asset Description	Depreciation Rate
Buildings	10%
Plant & Machinery	20%
Vehicles	20%
Furniture, fixtures & office equipments	20%

iv) In case of foreign companies comprised within the group, depreciation is being provided for on straight line basis so as to write off the assets over their useful lives, as estimated by the management, which range from 3 to 20 years. (9.32% of total Net Block of fixed assets as at March 31, 2005 and 8.70% of total Depreciation expenditure)

viii) Intangibles

(a) Depreciation is provided on different software used by the Group based on the nature and useful lives of these software, which range from 3 to 6 years.

(b) Depreciation on technical know how capitalized in Internet Service Division of the Company is provided at 20%, based on its expected useful life as assessed by the management.

6. **Preoperative Expenditure pending allocation**

Expenses incurred in relation to construction of capital assets in respect of entities which are yet to commence commercial operations are carried forward to be capitalized at the time of commencement of commercial operations. Other expenses not related to construction of capital assets are carried forward under Deferred Revenue Expenditure, to be written off after the commencement of commercial operations.

7. **Investments**

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost, after providing for any diminution in value, if such diminution is other than temporary in nature.

8. **Valuation of Inventories**

i) Stock in trade (Equipments), Stores, Spares and Consumables are valued at lower of cost and net realizable value. Cost is determined on weighted average basis, except in case of certain Indian subsidiaries where is arrived at on FIFO basis (0.21% of total store & spares inventory)
ii) Work in progress related to projects is valued at net realizable value.
iii) Scrap is valued at net realizable value.
iv) Scaffoldings (included in Stores, Spares and Consumables) are valued at cost less amortization/charge based on their useful life, which is estimated at 10 years.

Net realizable value is the estimated selling price in the ordinary course of business less estimated costs to make the sale.

9. **Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

i) Revenue from long term construction contracts is recognized on the percentage of completion method. Percentage of completion is determined as a proportion of cost incurred to date to the total estimated contract cost. However, profit is not recognized unless there is reasonable progress on the contract. In case the total cost of a contract, based on technical and other estimates, is expected to exceed the corresponding contract value, such expected loss is provided for. The effect of any adjustment arising from revisions to estimates is included in the income statement of the year in which revisions are made.

The revenue on account of extra claims and the expenditure on account of liquidated damages on construction contracts are accounted for at the time of acceptance in principle by the customers due to uncertainties attached thereto. Similarly, insurance claims are accounted for on settlement with insurers.

ii) Revenue from long term construction contracts executed in joint ventures under work sharing arrangements is recognized on the same basis as similar contracts independently executed by the Company. Revenue in joint ventures under profit sharing arrangements is recognized to the extent of the Company's share in joint ventures.

iii) Internet Service revenues comprise of revenues from registration, installation and provision of Internet services. Registration fee and installation charges are recognized on the admission of customer and completion of services respectively. Service revenue from Internet access is recognized pro-rata, calculated on the basis of provision of services or time duration of contract, as may be applicable.

iv) Revenue from sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer.

v) Interest revenue is accounted for on a time proportion basis taking into account the amount outstanding and the rate applicable.

vi) Dividend revenue is recognized when the shareholders' right to receive payment is established by the balance sheet date.

vii) In respect of certain joint ventures of the company engaged in activities of construction of highway on Build, Operate and Transfer (Annuity) basis, revenue is recognised as under-

Annuity income as per the concession agreements entered into by the entities with National Highway Authority of India (NHAI) is accounted on accrual basis.

Bonus income from NHAI as per the concession agreements for completion of the projects before the scheduled dates of completion is accounted for on accrual basis.

10. **Miscellaneous Expenditure to the extent not written off**

i) Preliminary Expenditure

In the case of certain subsidiaries, Preliminary Expenses are being amortized over a period of of 5 years from the date of commencement of commercial operations.

ii) Deferred Revenue Expenditure

a. In respect of a subsidiary of the Company, fees paid to Registrar of Companies for increase in Authorized Share capital prior to year ended 31-03-2001 was considered as Deferred Revenue Expenditure and is being charged off to Profit & Loss account in five equal installments.

b. Deferred revenue expenses incurred during the preoperative period in Internet Service Division and expenditure incurred for restructuring of loans are amortized to revenue over a period of five years from the year in which these are incurred.

11. **Foreign Currency Transactions**

i) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction

ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

iii) Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise except those arising from investments in non-integral foreign operations. Exchange differences arising on account of Fixed assets acquired from outside India are capitalized.

Exchange differences arising on a monetary item that, in substance, forms part of company's net investment in a non-integral foreign operation are accumulated in a foreign currency translation reserve in the financial statements until the disposal of the net investment, at which time they are recognized as income or as expenses

12. **Foreign operations**

The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the company itself.

In translating the financial statements of a non-integral foreign operation for incorporation in financial statements, the assets and liabilities, both monetary and non-monetary, of the non-integral foreign operation are translated at the closing rate (except for shareholder's funds, which is converted at historical rate); income and expense items of the non-integral foreign operations are translated at average exchange rates for the period. All resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of the net investment.

On the disposal of a non-integral foreign operation, the cumulative amount of the exchange differences which have been deferred and which relate to that operation are recognized as income or as expenses in the same period in which the gain or loss on disposal is recognized.

13. **Retirement and Other Employee Benefits**

i) Retirement benefits in the form of provident fund and superannuation / pension schemes are charged to Profit and Loss Account of the year when the contributions to the respective funds are due.

ii) The Company has taken an insurance policy under group gratuity scheme with Life Insurance Corporation of India to cover the gratuity liability of the employees of project division and amount paid/payable in respect of present value of liability for past services is charged to Profit and Loss Account on the basis of actuarial valuation carried out by LIC at the end of the financial year. In respect of employees of ISP division and Indian Subsidiaries, gratuity liability is accrued and provided for on the basis of an actuarial valuation made at the end of each financial year.

iii) Liability for leave encashment is provided for on actuarial valuation done at the end of the financial year except in case of the overseas branches where liability is provided on actual basis for leaves standing to the credit of employees.

iv) In respect of overseas group companies, contributions made towards retirement/employee benefits, in accordance with the relevant applicable local laws, are charged to Profit and Loss Account.

14. **Taxation**

Tax expense / (tax saving) is the aggregate of current year tax and deferred tax charged (or credited) to the Profit and Loss Account for the year.

(i) Current tax is the provision made for income tax liability on the profits for the year in accordance with the applicable Tax laws in respective countries.

(ii) Deferred tax is recognized, on timing differences, being the differences resulting from the recognition of items in the financial statements and in estimating its current income tax provision.

(iii) Deferred tax assets are recognized on brought forward business losses and unabsorbed depreciation only to the extent that there is virtual certainty supported by convincing evidence and on others, to the extent that there is reasonable certainty of their realization.

(iv) Deferred tax assets and liabilities are measured using the tax rates and the tax laws that have been enacted or substantively enacted at the balance sheet date.

(v) Unrecognized deferred tax assets of earlier years are re-assessed and recognized to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realized.

15. **Lease Transactions**

In respect of lease transactions entered into on or after April 1, 2001, finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and are disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalized. If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases, where the lesser effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight line basis over the lease term.

16. **Segment reporting policies**

Identification of segments

The group’s operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the group operate.

Unallocated items

General corporate income and expense items are not allocated to any business segment

17. **Earnings per share**

Basic earnings per share is calculated by dividing the net profit or loss for the year after taxes attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

18. **Provisions**

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

B. NOTES TO THE ACCOUNTS

1 The Punj Lloyd Group comprises of the following entities:-

	Name of the Company	Country of Incorporation	% of voting power held as at March 31, 2005	% of voting power held as at March 31, 2004
a)	**Subsidiaries**			
	Spectra Punj Lloyd Limited	India	98.00	98.00
	Punj Lloyd Insulations Limited	India	100.00	100.00
	Spectra Infrastructure Limited	India	100.00	100.00
	Atna Investments Limited	India	100.00	100.00
	Spectra Punjab Limited	India	100.00	100.00
	PLN Construction Limited (Refer Note (i))	India	100.00	100.00
	Spectra Net Limited	India	73.34	73.34
	Punj Lloyd (Malaysia) SDN,BHD	Malaysia	100.00	100.00
	Punj Lloyd Inc	U.S.A	100.00	100.00
	Punj Lloyd International Limited	British Virgin Islands	100.00	100.00
	Punj Lloyd Kazakhstan LLP	Kazakhstan	100.00	100.00
	Pt Punj Lloyd Indonesia	Indonesia	100.00	100.00

b) Step down Subsidiary

	Spectranet Holdings Limited	India	73.34	73.34

c) Joint Ventures- Jointly controlled Entities / Operations

i) Jointly controlled Entities

	Rajamundry Expressway Ltd (REL)	India	Refer Note No (ii)	50.00
	Andhra Expressway Ltd. (AEL)	India	Refer Note No (ii)	50.00
	North Karnataka Expressway Ltd. (NKEL)	India	Refer Note No (ii)	42.00
	PLN Construction Limited (PLNC)	India	Refer Note No (i)	50.00
	Thiruvananthpuram Road Development Company Limited (Refer Note No (iii))	India	50.00	50.00
	Asia Drilling Services Limited (Joint Venture of Punj Lloyd International Ltd.)	Mauritius	50.00	50.00

ii) Jointly controlled operations

	Punj Lloyd-Progressive Constructions JV	Refer Note No (v)	Refer Note No (iv)	Refer Note No (iv)
	Persys-Punj Lloyd JV	Refer Note No (v)	Refer Note No (iv)	Refer Note No (iv)
	Punj Lloyd-PT Punj Lloyd Indonesia JV	Refer Note No (v)	Refer Note No (iv)	Refer Note No (iv)
	Punj Lloyd – Limak JV	Refer Note No (v)	50.00	(Refer Note No 24(a) given below)

d) **Associates**

i) **Associates of Holding Company**

Bistro Hospitality Pvt. Limited (Refer Note No (vi))	India	40.00	40.00
Jacob Ballas Capital India Private Limited (Refer Note No (vi))	India	Refer Note No (vii)	20.00
Vadodara Halol Toll Road Co. Limited	India	Refer Note No (viii)	44.17

ii) **Associate of a Subsidiary**

Gaitry Cable Network Private Limited (Refer Note No (ix))	India	49.00	49.00

iii) **Associates of a Step down Subsidiary**

City Vision Pvt. Ltd	India	49.00	49.00
Shitul Engineering Pvt. Ltd	India	49.00	49.00
Sunstar Network & Technologies Pvt. Ltd	India	49.98	49.98
Dot Com Holdings Pvt. Ltd	India	49.00	49.00
Satellite Vision Pvt. Ltd (Refer Note No (ix))	India	49.00	49.00

(i) During the year, the Company and Koop International B.V. (KOOP), the two joint venture partners in PLN Construction Limited (hereafter referred to as "PLNC") entered into an agreement to terminate the joint venture. Under the termination agreement, Koop has sold its entire 50% shareholding in PLNC to the Company on October 24, 2004. Consequently, PLNC has become a wholly owned subsidiary of the Company effective that date. The Company has recognized a Capital Reserve amounting to Rs. 6,514 thousand on this transaction.

(ii) As indicated in Note 18 given below, during the year, the Company has divested its stake REL & AEL on January 31, 2005 and in NKEL on March 19, 2005, as a result of which they have ceased to be joint ventures of the Company from such dates. The Group's share of revenues and expenses for the period upto the date of divestment of stake has been accounted for using proportionate consolidation method. The management approved unaudited financial statements of these entities prepared as at the date of divestment of stake by the holding company reflect (to the extent of the proportionate share of the Punj Lloyd Group) total assets of Rs. 5,291,649 thousand, total revenues of Rs. 481,697 thousand and cash flows amounting to Rs. 18,612 thousand for the period upto the date of divestment of such stake.

(iii) Management approved unaudited financial statements of the joint venture entity prepared as at March 31, 2005 have been considered for consolidation purposes. These unaudited financial statements reflect (to the extent of the Group's proportionate share) total assets aggregating Rs.353,132 thousand as at March 31, 2005 and total revenues and cash flows aggregating Rs. Nil and Rs. 17,519 thousand respectively for the year ended March 31, 2005.

(iv) As per the joint venture agreements, the scope & value of work of each partner has been clearly defined and accepted by the clients. The Company's share in Assets, Liabilities, Income and Expenses are duly accounted for in the accounts of the Company in accordance with such division of work. However, joint venture partners are, jointly & severally, liable to clients for any claims in these projects.

(v) Country of Incorporation not applicable, as these are Unincorporated Joint Ventures

(vi) Management approved unaudited financial statements of these entities, have been considered for consolidation purposes. The consolidated Profit & Loss Account includes Profit of Rs. 2,689 thousand (being the proportionate share of the Punj Group) from these entities.

(vii) As a result of partial divestment of stake held by the Company in Jacob Ballas Capital India Private Limited on December 31, 2004, the Company's shareholding in the entity has declined below 20% as a result of which the entity has ceased to be an Associate of the Company effective such date. Consequently in the accompanying financial statements, the Company has only accounted for its share in profits of the Associate upto the date of divestment of stake.

(viii) As a result of sale of the entire shareholding held by the Group in Vadodara Halol Toll Road Company Ltd on March 19, 2005, the entity has ceased to be an Associate of the Group effective such date. As the carrying value of such investment was reduced to NIL as at April 1, 2003 (as a result of recognition of losses upto the level of cost of the investment), the entire proceeds from such sale aggregating Rs 150,000 thousand has been recognized as profit on sale of investments in the accompanying consolidated financial statements.

(ix) In the absence of availability of financial statements of these entities, these have not been consolidated as at March 31, 2005. The Group has provided for diminution in the value of investments to the extent of its cost of investment in these entities aggregating Rs. 3,799 thousand as at March 31, 2005.

2 **Segment Information**

Business Segments

The group's operating businesses are organized and managed separately according to the types of products/services provided. The identified reportable segment is engineering & construction business. The other segments include operation and maintenance of highways on annuity basis, manufacture and sale of ready mix concrete, internet services, equipment hire services, and cable TV operations.. Segmental information is disclosed as under:

(In Rupees Thousand)

	Engineering & Construction		**Others**		**Corporate unallocable expenses**		**Total**	
	2004-05	**2003-04**	**2004-05**	**2003-04**	**2004-05**	**2003-04**	**2004-05**	**2003-04**
External Segment Revenue	17,368,960	15,724,382	934.425	419,030	976,210	248,799	19,279,595	16,289,837
Internal Segments	232	348	76,020	102,374	-	-	76,252	102,722
Segment Revenue	17,368,728	15,621,660	858,405	316,656	429,079	248,799	19,203,343	16,187,115
Segment Results	1,659,787	2,103,132	74,750	269,474	(550,187)	(1,062,423)	1,184,350	1,310,183
Segment Assets	14,409,938	10,710,856	1,989,603	4,901,354	378,968	192,110	16,778,509	15,804,320
Segment Liabilities	3,514,778	2,726,859	215,379	541,536	7,929,939	10,572,189	11,660,096	13,840,584
Capital Expenditure	984,365	687,518	1,663,120	384,780	109,841	4,961	2,757,326	1,077,259
Depreciation/Amortisation	414,064	537,334	413,254	106,019	11,738	22,978	839,056	666,331
Non Cash Expenses	9,694	22,341	7,688	73	1,091	326	33,473	22,740

Reconciliation of Reportable Segments with financial Statements

	Revenues		**Results**		**Assets**		**Liabilities**	
	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04
Total of Reportable Segments	19,203,343	16,187,115	1,184,350	1,310,183	16,778,509	15,804,321	11,660,096	13,840,584
Less : Corporate unallocated: Taxes	-	-	(183,246)	(256,074)	-	-	-	-
Add: Share in profits of associates	-	-	2,583	6,960	-	-	-	-
Add: Share of losses transferred to minority	-	-	2,373	1,800	-	-	-	-
As per Segment	19,203,343	16,187,115	1,006,060	1,062,868	16,778,509	15,804,321	11,660,096	13,840,584
As per Financial Statements	19,203,343	16,187,115	1,006,060	1,062,868	16,778,509	15,804,321	11,660,096	13,840,584

Geographical Segments:

Although the Group's major operating divisions are managed on a worldwide basis, they operate in two principal geographical areas of the world, In India, the home country, and other countries.

The following table presents revenue regarding geographical segments for the year ended March 31, 2005 and year ended March 31, 2004.

(In Rupees Thousand)

	Sales Revenue by Geographical Market	
	2004-05	**2003-04**
India	8,777,407	12,110,625
Other Countries	10,425,936	4,076,490
	19,203,343	**16,187,115**

(In Rupees thousand)

		As at March 31, 2005		As at March 31, 2004	
		Punj Lloyd Limited & Subsidiaries	**Joint Ventures**	**Punj Lloyd Limited & Subsidiaries**	**Joint Ventures**
3	**Capital Commitments**				
	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	48,859	667,920	201,554	743,905
4	**Contingent liabilities to the extent not provided for:**				
(a)	Bank Guarantees given by the Company	549,442	-	1,169,672	25,789
(b)	Liquidated damages deducted by customers not accepted by the Company and pending final settlement (Refer Note 7(b) given below)	447,451	-	23,918	-
c)	Corporate Guarantees given on behalf of associates	68,000	-	84,000	-
(d)	Differential amount of custom duty in respect of machinery imported under EPCG Scheme.	24,706	-	82,712	75,645

(e) i) Sales tax demand on the material components of the works contracts pending with Sales Tax Authorities and High Court amounting to Rs. 129,192 thousand (previous period Rs 125,276 thousand.)*

ii) Sales tax demand for non submission of statutory forms aggregating to Rs. 62,337 thousand (previous period Rs. 62,337 thousand)*

iii) Sales tax demand for disallowance of deduction on purchase aggregating to Rs.3, 645 thousand (previous year Rs.3,645 thousand)*

a) Sales tax liability of Rs. 21,214 thousand (previous period Rs. 21,214 thousand) in respect of Internet Service Division, contested by the Company in view of the similar matter in another case referred to a larger bench by Hon'ble Supreme Court inspite of its own judgement earlier in the case of State of Uttar Pradesh Vs Union of India and Another. *

b) The Company has not acknowledged as debt a claim lodged by one of its suppliers amounting to Rs. 5,082 thousand (previous period Rs. 5,082 thousand)* on account of services rendered in earlier years. The matter is under arbitration. *

*Based on favourable decisions in similar cases/legal opinions taken by the Company/consultations with solicitors, the management believes that the Company has a good chance of success in above mentionedcases and hence, no provision there against is considered necessary.

5 *(In Rupees Thousand)*

	2004-05	2003-04
Details of assets acquired on hire purchase and finance leases		
Gross block at the end of year	182,938	414,691
Written down value at the end of year	38,034	57,858
Details of payments made during the period:		
Principal	172,042	67,090
Interest	46,452	19,832

The break-up of minimum hire purchase payments outstanding as at March 31, 2005 is as under

(In Rupees Thousand)

	As at March 31, 2005		
	Principal	**Interest**	**Total**
Payable within one year	36,235	6,655	42,890
Payable after one year but before end of fifth year	30,212	1,984	32,196
	66,447	**8,639**	**75,086**

(In Rupees Thousand)

	As at March 31,2004		
	Principal	**Interest**	**Total**
Payable within one year	84,846	25,435	110,281
Payable after one year but before end of fifth year	153,644	46,532	200,176
	238,490	**71,967**	**310,457**

6 During the year, the Company has determined and adopted uniform policy across projects with regard to treatment of certain materials, as per the details given hereunder:

a) Unused materials at construction sites closed during the year have been transferred to other sites/ central warehouse at lower of cost and estimated realisable values amounting to Rs. 85,273 thousand as against Nil value in earlier years.

b) The Company has decided to classify scaffolding materials as inventory and value these at cost less amortization charge based on the estimated useful lives, which is determined as ten years by the management. Hitherto, the Company was not following any consistent practice in this regard across projects. Consequent to this change, the Company has decapitalised the fixed assets by Rs. 60,450 thousand (written down value) and recognized the same as inventories and also brought back to books the materials charged off in earlier years aggregating to Rs. 77,713 thousand and amortized the same on the basis stated above.

As a result of the above, profit for the year before tax has gone up by Rs. 94,341 thousand.

7 a) The Company had executed two projects of Sulphur Recovery Units (SRU) of Indian Oil Corporation Limited (IOCL) at their refineries at Mathura and Vadodara in an earlier year on back to back basis for Petrofac International Limited (PIL) who was the main contractor. IOCL had withheld payments from PIL on account of duties and taxes and PIL had in turn withheld Rs.310,716 thousand in an earlier year, which are outstanding as debts at the close of the year. PIL had gone into arbitration against IOCL and lodged claims for recovery of above amount along with interest and also some other claims amounting to Rs.387,034 thousand. These claims have not been accounted for in the books except to the extent stated in Note 12 below. Pending outcome of arbitration, amount withheld by PIL is being carried forward under sundry debtors. The Company has been legally advised that in terms of the contract, it is entitled to receive the above amount and hence, the same is considered good of recovery.

b) The Company had executed a pipeline project at Dahej- Vijaypur for Gas Authority of India Limited (GAIL) in an earlier year. GAIL had withheld Rs. 422,591 thousand as liquidated damages and Rs. 51,535 thousand towards other claims, which the Company is disputing. Also, the Company has filed some other claims with GAIL amounting to Rs. 999,004 thousand. These claims have not been accounted for in the books. GAIL had proposed to the Company to refer the matter to its in house Grievance Settlement Mechanism (GSM). The matter is pending with GSM of GAIL and the amount of Rs.474,126 thousand is being carried forward under sundry debtors. The Company has been legally advised that there is no justification in imposition of liquidated damages and other claims by GAIL and hence the above amount is considered good of recovery.

c) The Company had executed a pipeline project for Petronet MHB Limited in an earlier year. The customer had withheld Rs.4,440 thousand from the running bills, which are being carried forward under sundry debtors. The customer had also not certified the final bill amounting to Rs.64,000 thousand which is being carried forward under work in progress. The Company had raised claims for Rs.517,387 thousand, which are not accounted for in the books. For recovery of the said amounts, which are being disputed by the customer, the Company has initiated Arbitration proceedings. The matter is now pending for appointment of arbitrator as per the order of the Hon'ble Supreme Court of India. The outstanding amounts are considered good of recovery.

d) The Company had executed a contract for Delhi State Industrial Development Corporation Limited (DSIDC) for construction of infrastructure project, which was completed in October 2002. The Customer had deducted Rs. 15,169 thousand from the bills of the Company. The Company had disputed the deductions made by the customer and sent legal notice to the customer for recovery. The above amount is being carried forward under sundry debtors and is considered good of recovery.

8 During the year, the Company has received a demand from one of its customers in Oman for Rs.71,669 thousand in relation to shipment charges incurred by the customer for importing pipes for the contract between the Company and the customer, which is disputed by the Company and therefore no provision there against has been made in the financial statements. The Company has raised claims on the customer for Rs.347,041 thousand towards idle charges and losses covered under customer's insurance policy, which has not been accepted by the customer. The ultimate outcome of the above matters can not presently be determined.

9 The Company has raised variation orders of Rs. 1,457,000 thousand on Spie Capag-Petrofac International Limited (SCPIL) with whom the Company has entered into a contract for construction of pipelines in Georgia, which is pending acceptance of SCPIL and hence, the Company has not accounted for the same in the books of account. SCPIL has raised debit notes of Rs. 466,700 thousand on the Company for expenses incurred by them and these have not been accounted for by the Company. The Company has disputed these debit notes on the grounds that these do not pertain to the Company and that SCPIL has failed to maintain requisite documents as required in the contract between the Company and SCPIL. An amount of Rs. 356,600 thousand in respect of invoices already raised by the Company is withheld by SCPIL in view of the disputes. This amount is being carried forward under sundry debtors and is considered good of recovery

SCPIL has served a notice of suspension to the Company vide letter dated 22 February 2005 and a notice of intention to terminate subcontract for default dated 28th March 2005. The Company does not accept the grounds for service of the notice and has issued notice for initiating arbitration proceedings for recovery of its dues and claims from SCPIL. The ultimate outcome of the dispute can not presently be determined

10 The Company has executed Vijaywada-Vishakhapatnam Road Project for National Highways Authority of India (NHAI) wherein it has raised certain claims aggregating to Rs. 377,724 thousand on NHAI for change in specification and other matters. While some of the claims have been decided in favour of the Company by Disputes Redressal Board (DRB) of NHAI, some other claims have been rejected by them, against which, NHAI and the Company respectively have gone to arbitration. Some of the claims are still pending decision by the DRB. Pending final decision, the above claims have not been accounted for in the books.

11. Current Tax includes Rs.32,061 thousand being Corporate Income Tax paid in the overseas branches on the Income for the year of the Company's respective branch offices. The tax liability of the Company on overall basis calculated as per provisions of Indian Income Tax Act 1961 is lower than the taxes paid in above branch offices. Accordingly, current tax includes Rs.32,061 thousand as taxes paid in these branch offices.

12 As stated in Note 7 (a) above, the Company has initiated the arbitration proceedings for recovery of withheld amounts and other claims including interest. The arbitration proceedings are in advanced stages and the Company has been advised legally that it entitled to the recovery of amount withheld as stated in Note 7 (a)

along with interest. Accordingly, the Company, during the year, has taken a credit for interest of Rs. 65,659 thousand on conservative estimated basis on the aforesaid withheld amount including Rs. 51,071 thousand for earlier years.

13 a) Donations include an amount of Rs.10,000 thousand paid to a political party, Bhartiya Janta Party.

b) The Company has made commitment to give donation to Pt. Kanhya Lal Dayawanti Punj Charitable Society amounting to Rs. 55,580 thousand in a phased manner over a period of two years vide a resolution passed in the meeting of Board of Directors dated December 20, 2004. Out of above, the Company has contributed Rs. 3,230 thousand till the close of the year.

14 The disclosures as per provisions of Clause 38,39 and 41 of Accounting Standard 7 issued by Institute of Chartered Accountants of India are as under:

(In Rupees Thousand)

	2004-05	**2003-04**
Contract revenue recognised as revenue in the period (Clause 38 (a))	17,035,307	15,518,233
Aggregate amount of costs incurred and recognised profits up to the reporting date on Contracts under progress (Clause 39 (a))	26,033,180	21,248,733
Advance received on Contracts under progress (Clause 39 (b))	808,339	564,775
Retention amounts on Contract under progress (Clause 39 (c))	210,491	291,497
Gross amount due from customers for contract work as an asset (Clause 41(a))	4,930,251	2,455,593
Gross amount due to customers for contract work as a liability (Clause 41 (b))	11,396	542,972

15 At an Extraordinary general meeting held on April 25, 2005, the shareholders of the Punj Lloyd Malaysia (a subsidiary incorporated in Malaysia) passed a special resolution for the voluntary winding up of that entity in accordance with the provisions of the Companies Act of that country. Accordingly, adjustments have been made to the values of the assets of that entity so as to adjust their carrying amounts to their estimated realisable amounts and to provide for further liabilities which may arise.

16 (a) One of the subsidiaries of the company, Spectra Punjab Limited, had in earlier years laid down optical fiber cable and ducts network in the State of Punjab for providing internet services. Spectra Punjab operations remain suspended presently. However, the holding Company proposes to use its own internet service network to restart the operations of Spectra Punjab Limited. Accordingly the accounts of the subsidiary have been prepared on a going concern basis.

b) Spectra Punjab Limited is yet to commence the commercial operations of providing Internet Services. Accordingly, incidental expenses for the project up to March 31 2005 amounting to Rs 27,88,812 are being carried forward as pre-operative expenditure, to be capitalized or treated as deferred revenue expenditure in accordance with generally accepted accounting principles at the time of commencement of commercial operations.

17 Current Assets include Rs 4,224 thousand recoverable pursuant to agreements for sale of 1,28,400 shares of Lakhanpal National Limited entered into on March 27, 1992, which are subject matter of a dispute in the Honorable High Court at Bombay, wherein the Company has been restrained from transferring these shares till the final disposal of the suit. These shares remain in the possession of the Company and the market value thereof at close of the year is Rs. 6,259 thousand (previous period Rs.7,278 thousand).

18. During the year, the Company has entered into agreements to sell its investments in the shares of certain Companies of the Cost of Rs.111,974 thousand and has received advances of Rs. 132,274 thousand representing consideration for the future sale of shares (as defined in the above agreements) in these companies, including all accretions thereto till the date of sale. Through the above agreements to sell, the Company has agreed to give all the powers and rights in these shares to purchasers. The Company has issued an irrevocable power of attorney in favour of purchasers and also authorized these companies to remit the dividend on these share to purchasers. In terms of the Power of Attorney, the Company has also authorized the designated personnel of purchaser to attend and cast vote at all general meetings of these companies in respect of these shares. In order to secure the due performance of its promise to complete the transaction in the manner contemplated in the agreement, the Company has pledged these shares in favour of purchasers. The Company has further agreed that purchasers shall be solely entitled for all accretions of shares in these

companies whether by way of rights or preferential shares or otherwise. In terms of the above arrangement, the Company has accounted for Rs. 583,524 thousand being the amount received in excess of the carrying value of investments in Joint ventures as on the date of such sale (Including an amount of Rs 20,300 thousand received for transfer of beneficial rights in investments in shares of these entities) as income on transfer of the powers and rights in the underlying shares to purchasers. The balance consideration equivalent to the actual cost of investment in above shares appearing in the books is shown as deposit under Current Liabilities to be adjusted against the sale of shares in the above companies on the date of sale.

19 Remuneration paid to a Director of the Company is subject to approval of shareholders in the ensuing annual general meeting in terms of Schedule XIII to the Companies Act, 1956.

20 The Company has entered into an Assets Sale Agreement for sale of its certain fixed assets relating to ISP undertaking. The sale tax liability on such transaction is subject to determination by the relevant authorities for which an application is pending adjudication. The amount of such liability is indeterminable at present. As per agreement with the buyer, any such sale tax liability is to be borne by the buyer. Consequently, aforesaid sale tax liability on such transactions has not been provided for.

EARNING PER SHARE

Basic Earnings

Calculation of weighted average number of equity shares of Rs. 10 each		
Number of equity shares at the beginning of the year	20,646,217	20,646,617
Equity shares at the end of the year.	24,317,127	20,646,617
Weighted average number of equity shares outstanding during the year.	22,053,578	20,646,617
Net Profit after tax available for equity share holders(Rupees in thousand)	1,006,025,728	1,062,868,292

ii) **Diluted Earnings**

During the year, the Company has issued 917,628 of preference shares convertible into equity shares at a later date. However, the conversion price being currently not determinable, diluted earning per share cannot be computed.

22 During the year, the Company has reached a settlement with ICICI Bank Limited in respect of the loans and funded interest in respect of its Internet Services Division. As per the settlement, the Company has been given a waiver of Rs. 130,000 thousand in respect of funded interest and the same has been written back.

23 During the year, the Company has incurred expenses of Rs. 39,060 thousand for issue of shares. In terms of Section 78 of the Companies Act, 1956, these expenses have been adjusted against Securities Premium Account.

24 (a) The Company had entered into an unincorporated joint venture on 50:50 sharing basis with Limak Insaat Sanayi A.S. on September 20, 2002 for execution of a pipeline construction contract. The Company's share of income, expenses, assets and liabilities in the joint venture were not incorporated in the Company's financial statements in earlier years. The Company's share of income and expenses for the period September 20, 2002 to March 31, 2005 and assets and liabilities as at March 31, 2005 have now been incorporated in these financial statements as required by Accounting Standard 27 on Financial Reporting for Joint Ventures issued by the Institute of Chartered Accountants of India. The aforesaid revenues and expenses include Rs. 1,050,019 thousand and Rs. 994,516 thousand in respect of the period upto March 31, 2004 as per the unaudited financial statements of the joint venture as at March 31, 2004, prepared by the management of the Joint Venture.

(b) Other prior period items debited/ (credited) to respective account heads aggregate to Rs. 58,832 thousand (net debit) (previous period Rs. 163 thousand (net debit)).

1 During the year, the Company has requested the Joint Director General of Foreign Trade to mutate one of the EPCG licenses in favour of the Company from Spectra Net Limited, (as Spectra Net's Internet Service Provider undertaking had been acquired by the Company with effect from April 01, 2003) which is pending approval. The period to fulfill the export obligation against the abovementioned license has got expired on March 31, 2005. However, Spectra Net, in an earlier year, had applied for extension of time period for fulfilling the export obligation under the above license, which is still pending. Differential amount of custom duty payable in respect of machinery imported under the above license including interest thereon is Rs. 59,931 thousand, (previous period Rs. 53,376 thousand).

Deferred Tax Liability (Net)

(In Rupees Thousand)

	As at 31-3-05	As at 31-3-04
Difference due to accelerated amortization of deferred revenue expenditure under the Income Tax Act	-	16,539
Differences in depreciation in block of fixed assets as per Income Tax and Financial Books	591,843	604,665
Effect of expenditure not debited to Profit and Loss account but allowable in Income Tax	43,646	29,068
Gross Deferred Tax Liabilities	635,489	650,272
Effect of expenditure debited to Profit and Loss Account in the current year but allowable in following years under Income Tax	15,417	3,027
Others	661	92
Unabsorbed Depreciation	-	35,476
Gross Deferred Tax Assets	16,078	38,595
Forex Translation Effect	(1,027)	-
Net Deferred Tax Liability*	618,384	611,677

*Net Deferred Tax Liability includes Rs. 3,828 thousand, being the deferred tax liability acquired on acquisition of a subsidiary during the year.

RELATED PARTY DISCLOSURES UNDER ACCOUNTING STANDARD - 18

The information given below is only in respect of transactions entered into by the Company during the year with related parties:-

Names & Description of Related Parties

i) **Joint Ventures of the Company**

1. Rajamundry Expressway Limited (upto January 31, 2005)
2. Andhra Expressway Limited (upto January 31, 2005)
3. Thiruvananthpuram Road Development Company Limited
4. PLN Construction Limited (upto October 24, 2004)
5. North Karnataka Expressway Limited (upto March 19, 2005)
6. Punj Lloyd - Limak JV
7. Punj Lloyd - Progressive Construction JV
8. Persys-Punj Lloyd JV
9. Punj Lloyd-PT Punj Lloyd Indonesia JV
10. Asia Drilling Services Limited

ii) **Associates of the Holding Company**

1. Bistro Hospitality Private Limited
2. Jacob Ballas Capital India Private Limited (upto December 31, 2004)
3. Vadodara Halol Toll Road Co. Ltd. (upto March 19, 2005)

iii) **Associate of a Subsidiary**

1. Gaitry Cable Network Pvt. Limited

iv) **Associates of a Step down Subsidiary**

1. City Vision Pvt. Ltd
2. Shitul Engineering Pvt. Ltd
3. Sunstar Network & Technologies Ltd
4. Dot Com Holding Pvt. Ltd
5. Satellite Vision Pvt. Ltd

v) **Key Managerial Personnel of the Punj Lloyd Group**

1.	Atul Punj	Chairman & Managing Director
2.	V.K. Kaushik	Jt. Mg. Director and COO
3.	Luv Chhabra	Director Finance & Corporate Affairs
4.	Uday Punj	Wholetime Director
5.	Mahinder Prakash	Wholetime Director
6.	P.K.Gupta	Wholetime Director
7.	V.K.Sud	Wholetime Director
8.	Tarwinder Singh	Wholetime Director (w.e.f August 9, 2004)
9.	J B Dewan	Wholetime Director
10.	Adil Vadoliwala	General Director
11.	Sandeep Garg	Chief Operating Officer
12.	V.P.Sharma	Wholetime Director
13.	A Rajendra	Wholetime Director
14.	Arvind Pasricha	Manager
15.	K. Ramchand	Managing Director
16.	Ravindra Kansal	Managing Director

Other Ventures in respect of Joint Ventures

1 Gammon Infrastructure Projects Limited
2 Koop International B. V.
3 Consolidated Toll Network India Limited
4 Limak Insaat Sanayi A. S.
5 Progressive Construction Limited
6 Persys Sdn Bhd

Relatives of Key Managerial Personnel

1 S.N.P.Punj
2 Arti Singh (Upto October 31, 2004)
3 Saroj Gupta(Upto October 31, 2004)
4 Paresh Gupta (Upto October 31, 2004)

vii) **Enterprises over which relatives of Key managerial Personnel are exercising significant influence**.

1 M. Parkash-HUF- A Director's HUF (Upto October 31, 2004)
2 Punj Business Centre-owned by father of Chairman and Managing Director and a Director.

28 Details of the Company's share in Joint Ventures included in the Consolidated Financial Statements are as follows:

Particulars	As at 31-March-2005	As at 31-March-2004
Sources Of Funds		
Reserves & Surplus *	137,631	10,356
Minority Interest		
Loan Funds		
Secured Loans	201,218	3,142,903
Deferred Tax Liability (Net)		3,573
Total	338,849	3,156,832
Application Of Funds		
Fixed Assets		
Gross Block	-	45,620
Less: Depreciation	-	11,046
Net Block	-	34,574
Capital Work In Progress Including Capital Advances	219,091	3,106,077
Preoperative Expenditure Pending Allocation	77,068	491,529
Investments	-	15
Current Assets, Loans & Advances		
Inventories	-	-
Sundry Debtors	24,450	48,371
Cash And Bank Balances	20	25,845
Other Current Assets	-	18
Loans And Advances	17,629	22,696
	42,098	96,930
Less: **Current Liabilities & Provisions**		
Current Liabilities	78,906	106,342
Provisions		577
	78,906	106,919
Net Current Assets	(36,808)	(9,989)
Miscellaneous Expenditure	92	3,214
(To The Extent Not Written Off Or Adjusted)		
Total	**259,443**	**3,625,420**

* After elimination of Share Capital, Inter Company transactions and balances and adjustment of Accounting policies aggregating Rs.79,406 thousand (Previous Year Rs-468,588 thousand)

	Year ended 31-March-2005	Year ended 31-March-2004
Income		
Sales & Contracts Revenue	504,899	92,584
Other Income	862	85
Waiver Of Funded Interest		
Total	**505,761**	**92,669**
Expenditure		
Materials Consumed And Cost Of Goods Sold	3,981	15,433
Project And Administrative Expenses	55,269	61,846
Financial Charges	167,178	2,475
Miscellaneous Expenditure Written Off	1,640	-
Depreciation /Amortization	153,177	4,402
Total	**381,246**	**84,156**
Profit Before Tax	124,515	8,513
Current Tax	6,750	5,555
Deferred Tax	256	1,159
Profit After Tax	117,509	1,799

Previous period comparatives

a) The statutory accounts of the Parent Company for the previous period were for the 9 months period ended March 31, 2004. However, the previous year figures furnished in the accompanying financial statements are for the 12 months period ended March 31, 2004. These previous year figures have been derived from the consolidated financials prepared by the management as at March 31, 2004, which are audited by another firm of Chartered Accountants.

b) Figures pertaining to Subsidiaries, Joint Ventures and Associate companies have been reclassified wherever considered necessary to bring them in line with the holding company's financial statements. Further, as indicated Note 1 above, several changes have taken place in the group structure during the current year. Accordingly, the current year figures are not strictly comparable with previous year figures.

c) Previous period's figures have been regrouped where necessary to confirm to this year's classifications.

As per our report of even date

S. R. Batliboi & Co.
Chartered Accountants

per **Raj Agarwal**	**Dinesh Thairani**	**Luv Chhabra**	**Atul Punj**
Partner	Company Secretary	Director Finance & Corporate Affairs	Chairman & Managing Director

Membership No. 82028
Place: New Delhi
Date : September 5, 2005

CONSOLIDATED FINANCIALS FOR THE YEAR 2003-2004

AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF PUNJ LLOYD LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF PUNJ LLOYD LIMITED, ITS SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

1. We have audited the attached consolidated Balance Sheet of Punj Lloyd Limited (the Company), its subsidiaries, joint ventures and associates (the Punj Lloyd Group) as at 31st March, 2004 and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These consolidated financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate annual financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We did not audit the financial statements of the 11 Subsidiary Companies, 5 Joint Ventures and 9 Associates, whose annual financial statements in the aggregate, reflect total assets of Rs. 2,875,285 Thousands as at 31st March, 2004 and total revenue of Rs. 2,043,843 Thousands for the year then ended. The financial statements and other information of these entities have been audited by other auditors and we have relied upon such audited financial statements for the purpose of our examination of the consolidated financial statements. The report on these audited annual financial statements have been furnished to us and in our opinion, in so far as it relates to the amounts included in respect of the Subsidiary Companies, and in respect of the interests in the Joint Ventures and Associates, is based solely on the reports of the other auditors.

4. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard - 21 on 'Consolidated Financial Statements', Accounting Standard - 23 on 'Accounting for Investments in Associates in Consolidated Financial Statements' and Accounting Standard - 27 on 'Financial Reporting of Interests in Joint Ventures', issued by the Institute of Chartered Accountants of India.

5. Based on our audit and on consideration of report of other auditors on separate financial statements and on other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements of Punj Lloyd group give a true and fair view in conformity with the accounting principles generally accepted in India:

   a) in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Punj Lloyd Group as at March 31, 2004;
   b) in the case of the Consolidated Profit and Loss Account, of the consolidated profit of the Punj Lloyd Group for the year then ended; and
   c) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the Punj Lloyd Group for the year then ended.

For TAS ASSOCIATES
Chartered Accountants

Mukesh Agrawal
(Partner)
Membership No: 90582

Place: New Delhi
Date: 19th January, 2005

CONSOLIDATED FINANCIAL STATEMENT OF PUNJ LLOYD LIMITED

PARTICULARS	SCHEDULE	AS AT MARCH 31, 2004	
SOURCES OF FUNDS			
SHAREHOLDERS FUNDS			
SHARE CAPITAL	A	206,466,170	
RESERVES & SURPLUS	B	1,757,271,331	
			1,963,737,501
MINORITY INTEREST			**18,913,234**
LOAN FUNDS	C		
SECURED LOANS		9,505,834,606	
UNSECURED LOANS		360,729,149	
DEFERRED PAYMENTS		65,166	
			9,866,628,921
DEFERRED TAX LIABILITY			**611,676,897**
TOTAL			**12,460,956,553**
APPLICATION OF FUNDS			
FIXED ASSETS	D		
GROSS BLOCK		6,991,155,728	
LESS : DEPRECIATION		2,329,576,813	
NET BLOCK		4,661,578,915	
CAPITAL WORK IN PROGRESS INCLUDING CAPITAL ADVANCES		3,216,899,381	
			7,878,478,296
PRE-OPERATIVE EXPENDITURE PENDING ALLOCATION	E		**494,285,098**
INVESTMENTS	F		**93,978,451**
CURRENT ASSETS, LOANS & ADVANCES	G		
CURRENT ASSETS			
INVENTORIES		2,966,004,503	
SUNDRY DEBTORS		2,216,433,200	
CASH AND BANK BALANCES		540,418,286	
OTHER CURRENT ASSETS		10,163,350	
LOANS AND ADVANCES		1,554,751,920	
			7,287,771,259
LESS: CURRENT LIABILITIES	H	3,299,299,746	
PROVISIONS		44,065,018	**3,343,364,764**
NET CURRENT ASSETS			**3,944,406,495**
MISCELLANEOUS EXPENDITURE	I		**49,808,213**
(TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)			
TOTAL			**12,460,956,553**

for TAS ASSOCIATES
CHARTERED ACCOUNTANTS

MUKESH AGRAWAL	DINESH THAIRANI	LUV CHHABRA	ATUL PUNJ
Partner	Company Secretary	Director Finance	Chairman &
M.No. 90582		& Corporate Affairs	Managing Director

NEW DELHI
DATE : January 19 , 2005

CONSOLIDATED PROFIT AND LOSS ACCOUNT OF PUNJ LLOYD LIMITED FOR THE YEAR ENDED 31-MAR-2004

PARTICULARS	SCHEDULE	FOR THE YEAR ENDED MARCH 31 2004	
INCOME			
INCOME FROM OPERATIONS	J	15,943,328,398	
OTHER INCOMES	K	243,786,723	
			16,187,115,121
EXPENDITURE			
MATERIAL AND COST OF GOODS	L		**4,732,815,124**
PROJECT AND ADMINISTRATIVE EXPENSES	M		**8,271,493,629**
FINANCIAL CHARGES	N		**1,183,549,867**
MISCELLANEOUS EXPENDITURE WRITTEN OFF			**22,741,214**
DEPRECIATION / AMORTIZATION		703,016,970	
LESS : TRANSFERRED FROM REVALUATION RESERVE		(36,684,777)	**666,332,193**
			14,876,932,027
PROFIT FOR THE YEAR BEFORE TAX AND EXTRA-ORDINARY ITEMS			**1,310,183,094**
PROVISION FOR TAX			
CURRENT TAX (including Rs.6015183 for earlier years)		192,225,508	
DEFERRED TAX		63,849,234	**256,074,742**
PROFIT AFTER TAX FOR THE YEAR			**1,054,108,352**
ADD: SHARE IN PROFITS OF ASSOCIATES (NET)			**6,959,651**
PROFIT BEFORE MINORITY'S SHARE			**1,061,068,003**
ADD: SHARES OF (PROFIT)/LOSS TRANSFERRED TO MINORITY			**1,800,291**
PROFIT FOR THE YEAR			**1,062,868,293**
PROFIT/(LOSS) BROUGHT FORWARD		(122,192,276)	
LESS: SHARE IN ACCUMULATED LOSSES OF JOINT VENTURES AS ON APRIL 1, 2003		13,461,723	
LESS: SHARE IN ACCUMULATED LOSSES OF ASSOCIATES AS ON APRIL 1, 2003		(131,076,347)	
			(239,806,901)
TRANSFERRED FROM FOREIGN PROJECT UTILISED RESERVE			**153,500,000**
AVAILABLE FOR APPROPRIATIONS			**976,561,392**
APPROPRIATIONS			
TRANSFERRED TO GENERAL RESERVE		65,280,000	
TRANSFERRED TO FOREIGN PROJECT RESERVE		7,500,000	
TRANSFERRED TO DEBENTURE REDEMPTION RESERVE		5,025,000	
DIVIDEND PAID (Including dividend tax)		17,467,436	
PROPOSED DIVIDEND		25,808,610	
TAX ON PROPOSED DIVIDEND		3,949,428	
			125,030,474
SURPLUS, CARRIED TO BALANCE SHEET			**851,530,919**

for TAS ASSOCIATES
CHARTERED ACCOUNTANTS

MUKESH AGRAWAL	DINESH THAIRANI	LUV CHHABRA	ATUL PUNJ
PARTNER	COMPANY SECRETARY	DIRECTOR FINANCE	CHAIRMAN &
M.No. 90582		& CORPORATE AFFAIRS	MANAGING DIRECTOR

M.No. 90582

NEW DELHI
DATE: 19th January , 2005

SCHEDULE A : SHARE CAPITAL	AS AT MARCH 31, 2004	
AUTHORIZED		
30,000,000 equity shares of Rs. 10 each	300,000,000	
20,000,000 preference shares of Rs. 10 each	200,000,000	
		500,000,000
ISSUED, SUBSCRIBED AND PAID UP		
20,644,800 equity shares of Rs.10 each, fully paid up.		**206,448,000**
OF THE ABOVE		
i) 136,700 equity shares were allotted as fully paid up pursuant to a contract without payments being received in cash.		
ii) 12,166,000 equity shares of Rs.10 each fully paid up issued as bonus shares.		
SHARE CAPITAL SUSPENSE ACCOUNT		**18,170**
1,817 Equity shares of Rs. 10 each, to be issued as fully paid without consideration being received in cash, pursuant to the scheme of merger and arrangement of ISP undertaking.		
TOTAL		**206,466,170**

SCHEDULE B: RESERVES & SURPLUS	AS AT MARCH 31, 2004	
CAPITAL RESERVE		
BALANCE AS PER LAST BALANCE SHEET	3,811,711	
ADD: SHARE IN ACCUMULATED BALANCE OF ASSOCIATES AS ON APRIL 1, 2003	5,117,890	
SECURITY PREMIUM ACCOUNT		
BALANCE AS PER LAST YEAR		**339,112,000**
ASSET REVALUATION RESERVE		
BALANCE AS PER LAST YEAR	192,543,987	
LESS: TRANSFERRED TO PROFIT & LOSS ACCOUNT	36,684,777	
		155,859,210
GENERAL RESERVE		
BALANCE AS PER LAST YEAR	104,935,200	
ADD: SHARE IN ACCUMULATED BALANCE OF JOINT VENTURES AS ON APRIL 1, 2003	325,000	
	105,260,200	
TRANSFERRED FROM PROFIT & LOSS ACCOUNT	65,280,000	
		170,540,200
FOREIGN PROJECT UTILIZED RESERVE		
BALANCE AS PER LAST YEAR	233,500,000	
TRANSFERRED FROM FOREIGN PROJECT RESERVE	32,500,000	
	266,000,000	
LESS TRANSFERRED TO PROFIT & LOSS ACCOUNT	153,500,000	
		112,500,000
FOREIGN PROJECT RESERVE		
BALANCE AS PER LAST YEAR	32,500,000	
TRANSFERRED FROM PROFIT & LOSS ACCOUNT	7,500,000	
	40,000,000	
LESS TRANSFERRED TO FOREIGN PROJECT UTILIZED RESERVE	32,500,000	
		7,500,000
DEBENTURE REDEMPTION RESERVE		
BALANCE AS PER LAST YEAR	128,400,000	
TRANSFERRED FROM PROFIT & LOSS ACCOUNT	5,025,000	
		133,425,000
SURPLUS, BEING BALANCE IN PROFIT AND LOSS ACCOUNT		**851,530,919**
EXCHANGE FLUCTUATION RESERVE ACCOUNT		**(22,125,599)**
TOTAL		**1,757,271,331**

SCHEDULE C: LOAN FUNDS	AS AT MARCH 31, 2004
SECURED LOANS:	
A) ON WORKING CAPITAL LOAN ACCOUNT	
I. FROM BANKS	**2,669,333,614**
i) Rs.2,329,410 thousand is secured by -	
- hypothecation by way of charge on current assets (other than receivables) both present and future of the Project division of the Company and exclusive charge on receivables of the projects financed by the respective banks.	
The loans are further secured by -	
- personal guarantees of a Director, Managing Director and another person related to Directors.	
- way of second charge on the fixed assets of the project division of the company.	
(These facilities are availed from multiple banks & therefore the above securities are charged under different combinations with pari passu and / or specified exclusive / first / second charge on receivables / assets).	
ii) Rs. 276,838 thousand in respect of a foreign subsidiary secured by lien over the subsidiary's trade receivable and some part of building, land, machinery and motor vehicles. The loan is further secured by corporate guarantee of the parent company.	
iii) Rs.34,882 thousand in respect of Indian subsidiaries secured by hypothecation by way of charge on inventories both on hand and in transit, book debts, other receivables (both present and future) and charge on all the fixed assets of the entities except those acquired under hire purchase agreements. The loans are further secured by corporate guarantee of the parent company.	
iv) Rs. 28,202 thousand in respect of a foreign subsidiary secured by hypothecation by way of charge on future receivables. The loan is further secured by corporate guarantee of the parent company.	
II) FROM OTHERS	**3,890,092**
i) Secured by hypothecation by way of charge on current assets (other than receivables) other present and future of the Project division of the Company and exclusive charge on receivables of the projects financed by the respective financial institutions.	
ii) Further secured by personal guarantee of Managing Director.	
iii) Further secured by way of second charge on all the fixed assets of the company.	
B) ON TERM LOAN ACCOUNT	
1) FROM BANKS	**6,154,192,711**
i) Rs.2,958,389 thousand is secured by -	
- First and exclusive charge by way of hypothecation on certain specific equipments financed by respective banks.	
- First and exclusive charge by way of mortage of immovable property of company situated at Gurgaon.	
- Exclusive charge on receivables and other current asset of Jaipur bypass project.	
- First charge by way of hypothecation on movable assets of the project division of the company on which no specific charge is given to the banks / financial institution on pari passu basis.	
- Personal guarantee of director / managing director of the company.	
- Second charge on current assets of the company on paripassu basis.	
(These facilities are availed from multiple banks & therefore the above securities are charged under different combinations with pari passu and / or specified exclusive / first / second charge on receivables / assets).	
ii) Rs. 52,900 thousand in respect of an Indian subsidiary secured by first mortgage and hypothecation charge over entire fixed and movable assets both present and future of the entity ranking pari-pasu with other banks / financial institutions excluding those financed under hire purchase arrangement. The loan is further secured by personal guarantee of a director of the entity, corporate guarantee of the holding company and extension of charge.	
iii) Rs.1,541,851 thousand in respect of certain joint ventures secured by -	
- legal mortgage in English form over immovable properties	
- hypothecation / charge over the entities' other properties, present or future	
- rights, title, interest, benefits, claims and demands whatsoever of the entities in respect of project documents, claims receivable under insurance policies related to or in any manner connected with the project, all amounts lying in project accounts/ banks or to be credited therein, all proceeds investment made out of the amounts received and / or lying in the accounts, and all amounts payable to and/or receivable by the entities / their behalf including without limitations any payment from NHAI.	
- floating charges on all other assets of the entities, both present and future, other than assets described above.	
iv) Rs. 1,598,939 thousand in respect of a joint venture is secured by first charge on all present and future tangible movable assets, project documents, insurance policies, annuity, project guarantees under EPC contract and O&M contract, book debts and other debts, receivables, commissioning, revenues, claims of chooses and action and money is lying to the credit of trust and retention account and other accounts including balances in depreciation / sinking fund and the rights, title, interest, benefit, claims of demand thereto.	
v) Rs. 2,113 thousand in respect of a joint venture secured by hypothecation of drill equipment in that entity.	
TOTAL CARRIED OVER	**8,827,416,417**

SCHEDULE C : LOAN FUNDS (CONTINUED)	
	AS AT MARCH 31, 2004
SECURED LOANS (CONTINUED):	
TOTAL BROUGHT FORWARD	**8,827,416,417**
II. FROM OTHERS	**380,432,372**
I) A first exclusive charge by way of hypothecation of certain specific equipments / fixed assets.	
ii) First charge on movable fixed assets of project division both present and future, ranking pari passu with other banks and financial institutions.	
III. EXTERNAL COMMERCIAL BORROWINGS	
FROM BANKS	**59,366,657**
A first exclusive charge by way of hypothecation of certain specific equipments / fixed assets.	
IV) HIRE PURCHASE CREDITORS	**238,619,160**
(Secured by exclusive charge by way of hypothecation on certain specific equipments)	
TOTAL	**9,505,834,606**
UNSECURED LOANS:	
i) SHORT TERM LOAN FROM BANK OF RAJASTHAN LIMITED	**121,964,889**
ii) INTERCORPORATE DEPOSITS	**135,079,921**
iii) EXTERNAL COMMERCIAL BARROWING	**52,264,338**
iv) 10% UNSECURED REDEEMABLE NON-CONVERTIBLE DEBENTURES	**24,240,000**
(Redeemable at par in five equal annual installments starting from the end of third year i.e. 26.11.2001)	
v) 12% UNSECURED REDEEMABLE NON-CONVERTIBLE DEBENTURES	**26,000,000**
vi) FROM DIRECTORS	**1,180,000**
TOTAL	**360,729,149**
DEFERRED PAYMENTS	
INTEREST FREE LOAN UNDER SALES TAX DEFERRED SCHEME	**65,166**
(Repayable on or before March, 2005)	**65,166**

SCHEDULE : D TO THE CONSOLIDATED FINANCIAL STATEMENT										
Particulars	**Gross block As at 31-Mar-03**	**Additions**	**Deletions**	**As at 31-Mar-04**	**Depreciation Upto 31-Mar-03**	**For the year**	**Deletions**	**Forex translation adjustments**	**Upto 31-Mar-04**	**Net block As at 31-Mar-04**
Technical Know-how	3,500,000	-	-	3,500,000	1,675,000	700,000	-	-	2,375,000	1,125,000
Leasehold improvement	3,459,585	-	-	3,459,585	3,459,585	-	-	-	3,459,585	-
Land-freehold	108,047,863	47,065,754	-	155,113,617	-	-	-	-	-	155,113,617
Land-leasehold	1,367,255	-	-	1,367,255	-	-	-	-	-	1,367,255
Building	257,931,303	44,101,951	-	302,033,254	57,335,070	5,426,522	-	(21,651)	62,739,941	239,293,313
Plant & machinery	4,990,493,922	925,939,781	6,878,384	5,909,555,312	1,432,724,168	628,842,451	4,024,873	(1,934,775)	2,055,606,972	3,853,948,343
Electric installation	33,264,497	-	837,906	32,426,591	10,522,242	1,535,443	322,607	-	11,735,078	20,691,513
Furniture, fixture and office equipment	308,643,314	15,814,690	2,394,638	322,063,370	70,878,141	24,910,654	1,064,055	(192,702)	94,532,038	227,531,328
Vehicles	178,957,895	27,429,189	10,446,585	195,940,500	78,387,716	16,250,305	4,737,321	(4,140,746)	85,759,955	110,180,545
Tools	48,794,409	16,907,670	5,835	65,696,244	10,387,278	2,986,302	5,301	(34)	13,368,244	52,328,000
Goodwill	55,961,055	-	55,961,055	-	33,595,763	22,365,292	55,961,055	-	-	-
Project Expenses	-	-	-		-	-	-		-	-
Total	**5,990,421,097**	**1,077,259,036**	**76,524,402**	**6,991,155,728**	**1,698,964,964**	**703,016,969**	**66,115,211**	**(6,289,908)**	**2,329,576,813**	**4,661,578,915**

NOTES

a) Fixed assets including Leased Assets installed and ready for put to use have been certified by the management and relied upon by the auditors being a technical matter.

b) The property at Great Eastern Plaza, New Delhi costing Rs. 89,595 thousand has been acquired under 'Flat Buyers Agreement'. No title/lease deed has been executed and/or registered in this respect.

c) The gross block of fixed assets includes Rs. 364,949 thousands (previous period Rs. 369,175 thousands) on account of revaluation of assets carried out in earlier years. Consequent to the said revaluation there is a additional charge of depreciation of Rs. 28,582 thousand and equivalent amount has been withdrawn from revaluation reserve and credited to Profit & Loss Account.

SCHEDULE : PREOPERATIVE EXPENSES		
PREOPERATIVE EXPENDITURE PENDING ALLOCATION		
Opening Balance		**213,393,052**
Interest on Term Loan	249,084,315	
Other financial charges	2,311,858	
Traveling & Conveyance	1,095,378	
Printing and Stationery	90,633	
Audit Fees	226,800	
Conference Charges	7,350	
D-Mat charges	6,000	
Filing Fees	1,088	
Membership & Subscription	5,000	
Miscellaneous Expenses	12,326	
Professional and consultancy charges	7,558,214	
Rates and Taxes	2,500	
Bank Charges	329	
Insurance Premium	6,034,507	
Other expenses	400	
Donation	656,502	
Depreciation	147,443	
Registration fees	1,016,659	
Directors sitting fees	84,420	
Rent	113,306	
Project monitor fees	472,500	
Repair &maintenance	351,989	
Postage & Telegramme	71,020	
Supervision fees	9,525,600	
Financial charges	168,876	
Salary	1,856,373	
Income from investment-others net of provision	5,501	
Interest Income	(14,840)	
		280,892,046
		494,285,098

SCHEDULE F : INVESTMENTS (at cost)	AS AT MARCH 31, 2004	
OTHER INVESTMENTS		
QUOTED-LONG TERM-NON TRADE		
MATSUSHITA LAKHANPAL BATTERY INDIA LTD		**44,900**
1300 equity shares @ 10 each		
(Market Value Rs. 56.68 per share as at 31-Mar-04)		
STENCIL APPAREL BRANDS LTD		**60,000**
6000 equity shares of Rs. 10 each		
BERGER PAINTS LIMITED		**2,887,500**
15,400 equity shares of Rs.10 each		
UNQUOTED		
GAITRY CABLE NETWORK PVT. LTD.		**49,000**
4900 equity shares of Rs. 10 each fully paid up		
RFB LATEX LTD.		**5,200,000**
200,000 equity shares of Rs.10 each at a premium of Rs.16		
AROOSHI ENTERPRISES (P) LTD.		**1,082,250**
108,225 equity shares of Rs. 10 each		
INVESTMENT IN ASSOCIATES		
VADODRA HALOL TOLL ROAD CO. LTD	150,000,000	
11,500,000 equity shares of Rs. 10 each, fully paid up		
(Including goodwill Rs. Nil)		
Less: Accumulated share in loss of above as on 31-Mar-03	(150,000,000)	
Less: Share in loss for the year	-	-
BISTRO HOSPITALITY (P) LIMITED	32,800,000	
3,280,000 equity shares of Rs.10 each		
(Including goodwill Rs. Nil)		
Add: Accumulated share in profits of above as on 31-Mar-03	3,243,094	
Add: Share in profits for the year	861,737	
		36,904,831
JACOB BALLAS CAPITAL INDIA (P) LIMITED	20,000,000	
2,000,000 equity shares of Rs.10 each		
(Including goodwill Rs. Nil)		
Add: Accumulated share in profits of above as on 31-Dec-02	20,798,448	
Add: Share in profits for the year	6,097,914	
		46,896,362
CITY VISION (P) LTD.	**823,300**	
41160 equity share of Rs. 10 each fully paid up		
(Including goodwill Rs. Nil)		
Add: Shares of opening accumulated profits/(loss)	(823,300)	
Add: Share in profit/(loss) for current year	-	-
SHITUL ENGINEERING (P) LTD.	**785000**	
7850 equity shares of Rs. 100 each		
(Including goodwill Rs. Nil)		
Add: Shares of opening accumulated profits/(loss)	69,832	
Add: Share in profit/(loss) for current year	17,975	**872,807**
SATELLITE VISION (P) LTD.	**3,750,000**	
150000 equity shares of Rs.10 each		
(Including goodwill Rs. Nil)		
Add: Shares of opening accumulated profits/(loss)	-	
Add: Share in profit/(loss) for current year	-	
		3,750,000
SUNSTAR NETWORK & TECHNOLOGIES LTD.	**2529750**	
10159 equity shares of Rs. 10 each		
(Including goodwill Rs. Nil)		
Add: Shares of opening accumulated profits/(loss)	**(2529750)**	
Add: Share in profit/(loss) for current year	-	

SCHEDULE F : INVESTMENTS (at cost)	AS AT MARCH 31, 2004	
		-
DOTCOM HOLDINGS (P) LTD.	**49,000**	
4900 equity share of Rs. 10 each		
(Including goodwill Rs. Nil)		
Add: Shares of opening accumulated profits/(loss)	(31658)	
Add: Share in profit/(loss) for current year	(2,541)	**14,801**
National Saving Certificate		**15,000**
LESS: DIMINUTION IN THE VALUE OF INVESTMENTS		**(3,799,000)**
TOTAL		**93,978,451**

SCHEDULE G : CURRENT ASSETS, LOANS AND ADVANCES		AS AT MARCH 31, 2004	
A.CURRENT ASSETS			
i) INVENTORIES: (As Certified and Verified by the Management)			
SPARES, STORES AND CONSUMABLES		503,217,409	
SCRAP		-	
STOCKIN TRADE (EQUIPMENTS)		11,151,825	
MATERIAL SUPPLIED UNDER CONTRACT (To the extent not billed)		-	
WORK IN PROGRESS - PROJECTS		2,450,995,742	
STOCK OF SHARES		639,527	
			2,966,004,503
ii) SUNDRY DEBTORS (Unsecured)			
DEBTS OUTSTANDING FOR A PERIOD EXCEEDINGS SIX MONTHS		-	
considered goods		385,838,455	
OTHER DEBTS			
considered goods		1,830,594,745	
			2,216,433,200
iii) CASH & BANK BALANCES:			
a. CASH/CHEQUES IN HAND & IN TRANSIT		28,369,599	
b. BALANCES WITH SCHEDULED BANKS			
- IN CURRENT ACCOUNTS		161,257,838	
- IN EEFC ACCOUNTS		30,904,385	
- IN FIXED DEPOSITS		128,125,104	
		320,287,327	
c. BALANCES WITH NON-SCHEDULED BANKS IN CURRENT ACCOUNT			
- IN CURRENT ACCOUNTS		159,294,404	
- IN FIXED DEPOSITS		32,466,956	
		191,761,360	
			540,418,286
iv) OTHER CURRENT ASSETS			
a. INTEREST RECEIVABLE ON LOANS AND DEPOSITS		5,920,955	
b. INSURANCE CLAIMS RECEIVABLE		18,035	
c. RECEIVABLES AGAINST SALE OF INVESTMENTS		4,224,360	
			10,163,350
v) OTHER CURRENT ASSETS (Unsecured)			
Considered good			
a. LOANS TO EMPLOYEES		15,678,241	
b. INTER CORPORATE DEPOSITS		24,812,000	
c. ADVANCES RECOVERABLE IN CASH OR IN KIND OR FOR VALUE TO BE RECEIVED		1,021,809,153	
d. ADVANCE FOR PROPOSED INVESTMENTS		38,920,260	
e. SECURITY DEPOSITS		55,114,978	
f. BALANCE WITH CUSTOM DEPARTMENT		16,678,221	
g. ADVANCE INCOME TAX/TAX RECOVERABLE		296,558,600	
h. SALES TAX RECOVERABLE		85,180,467	
COSIDERED DOUBTFUL			
ADVANCES RECOVERABLE IN CASH OR IN KIND OR FOR VALUE TO BE RECEIVED		913,326	
LESS : PROVISION FOR DOUBTFUL ADVANCES		(913,326)	
			1,554,751,920
TOTAL			**7,287,771,259**

SCHEDULE H : CURRENT LIABILITIES AND PROVISIONS	AS AT MARCH 31, 2004	
(A) CURRENT LIABILITIES		
SUNDRY CREDITORS	1,658,617,960	
ADVANCE BILLINGS	468,918,838	
UNACCRED REVENUES	38,791,161	
SECURITY DEPOSITS	9,232,682	
MOBILIZATION ADVANCE FROM CLIENTS	670,374,466	
INTEREST ACCRUED BUT NOT DUE	5,236,075	
OTHER LIABILITIES	448,128,564	
		3,299,299,746
(B) PROVISIONS		
FOR TAX (Net of Taxes Paid)	-	
FOR GRATUITY	1,467,785	
FOR LEAVE ENCASHMENT	12,839,195	
PROPOSED DIVIDEND (Including Tax on Dividend)	29,758,038	
		44,065,018
TOTAL		**3,343,364,764**

SCHEDULE I : MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)		
	AS AT MARCH 31, 2004	
(A) PRELIMINARY EXPENDITURE		
PRELIMINARY EXPENDITURE	1,963,951	
ADD: ADDITION DURING THE YEAR	1,168	
LESS: WRITTEN OFF DURING THE YEAR	44,127	
		1,920,992
(B) DEFERRED REVENUE EXPENDITURE		
BALANCE AS PER LAST YEAR	70,545,009	
LESS: WRITTEN OFF TO PROFIT & LOSS ACCOUNT	22,657,788	
		47,887,221
TOTAL		**49,808,213**

SCHEDULE J : INCOME FROM OPERATIONS	FOR THE YEAR ENDED MARCH 31, 2004	
CONTRACTS REVENUE	15,518,233,461	
INCOME FROM HIRE CHARGES	111,366,502	
SALES (Net of discounts)		
- EXPORTS	15,443,750	
- OTHERS	5,058,304	
INTERNET SERVICES (Net of discounts Rs. 2,62,981 thousand)	293,226,381	
TOTAL		**15,943,328,398**

SCHEDULE K: OTHER INCOME	FOR THE YEAR ENDED MARCH 31, 2004	
RENT	7,133,665	
INTEREST	13,392,120	
DIVIDEND ON LONG TERM INVESTMENTS	1,401,203	
INSURANCE CLAIMS	44,091,626	
UNSEPENT LIABLITIES & PROVISIONS WRITTEN BACK	314,160	
PROFIT ON SALE OF LONG TERM INVESTMENTS	15,134,171	
OTHERS	162,319,778	
TOTAL		**243,786,723**

SCHEDULE L: MATERIAL CONSUMED AND COST OF GOODS	FOR THE YEAR ENDED MARCH 31, 2004	
MATERIAL CONSUMED		**4,692,711,956**
OPENING STOCK (Equipments)	12,042,100	
ADD: PURCHAES	39,212,893	
	51,254,993	
LESS: CLOSING STOCK (Equipments)	11,151,825	
		40,103,168
TOTAL		**4,732,815,124**

SCHEDULE M: PROJECT AND ADMINISTRATION EXPENSES	FOR THE YEAR ENDED MARCH 31, 2004	
PROJECT		
CONTRACTOR CHARGES	2,725,462,993	
SITE / CONNECTIVITY EXPENSES	425,459,523	
DIESEL AND FUEL	852,032,613	
REPAIR AND MAINTENANCE		
- BUILDINGS	16,625,118	
- PLANT AND MACHINARY	212,770,454	
- OTHERS	42,187,673	
FREIGHT & CARTAGE	307,870,748	
HIRE CHARGES	1,053,493,378	
		5,635,902,500
EMPLOYEES (PAYMENTS AND PROVISIONS)		
SALARIES, WAGES AND BONUS	1,102,374,009	
CONTIBUTIONS TO FUNDS	51,242,439	
WORKMAN AND STAFF WELFARE	122,940,678	
		1,276,557,126
ADMINISTRATION AND ESTABLISHMENT		
RENT	62,784,305	
INSURANCE	81,512,968	
TRAVELLING AND CONVEYANCE EXPENSES	184,869,703	
FEE & TAXES	351,323,829	
CONSULTANCY/PROFESSIONAL CHARGES	391,788,243	
COMMISSION ON INTERNET SERVICES	6,085,471	
BAD DEBTS / ADVANCES WRITTENOFF	12,963,062	
PROVISION FOR DOUBTFULL DEBTS	913,326	
DIMINUTION IN VALUE OF INVESTMENTS IN ASSOCIATES	3,799,000	
LOSS ON SALE OF FIXED ASSETS	3,618,331	
DONATIONS	1,123,035	
OTHERS	258,252,730	
		1,359,034,003
TOTAL		**8,271,493,629**

SCHEDULE N : FINANCIAL CHARGES	FOR THE YEAR ENDED MARCH 31, 2004	
INTEREST ON:		-
TERMLOAN	597,433,127	
DEBENTURES	12,694,921	
OTHERS	300,184,326	**910,312,374**
BANK/FINANCIAL CHARGES		**228,866,448**
FOREIGN EXCHANGE FLUCTUATION		**44,371,045**
TOTAL		**1,183,549,867**

CONSOLIDATED CASH FLOW STATEMENT OF PUNJ LLOYD LIMITED AND ITS SUBSIDIARIES AS AT MARCH 31, 2004

	(In Rupees Thousands)	
		Mar-04
	PARTICULARS	
A	**Cash Flow From Operating Activities**	
	Net Profit before Tax	1,310,183
	Adjustment for:	
	Depreciation/Amortisation(including Goodwill)	666,332
	Miscellaneous Expenditure written off	22,741
	Loss on Sale of Fixed Assets(Net)	3,618
	(Profit)/Loss on sale of Long Term Investments(Net)	(15,134)
	Interest Income	(13,392)
	Dividend on Long Term Investments	(1,401)
	Depletion/Diminution in value of Long Term Investment	3,799
	Financial Charges	910,313
	Foreign Exchnage Fluctuation (net)	44,371
	Bad Debts/written off/Liabilities written back	12,963
	Provision for Doubtful Debts & Advances	913
	Operating profit before working capital changes	**2,945,306**
	Operating profit before working capital changes	
	Movement in Working Capital	
	(Increase) / decrease in Sundry Debtors	375,059
	(Increase) / decrease in Other Receivables	1,065,115
	(Increase) / decrease in Inventories	(1,946,799)
	Increase / (decrease) in Current Liabilities & Provisions	(304,945)
	(Increase) / decrease in Misc Expenditure Not written off	(58)
	Cash generated from operations	**2,133,679**
	Direct Tax refunds /payments (Net)	(307,651)
	Net Cash from Operating Activities	**1,826,027**
B	**Cash flow from Investing Activities**	
	Purchase of Fixed Assets	(3,068,211)
	Purchase of Investments	(193,431)
	Diminution in value of Investments	-
	Proceeds from sale of Investments	92,383
	Proceeds from sale of Fixed Assets	7,023
	Dividend Received	1,401
	Interest Received	13,449
	Net Cash from Investing activities	**(3,147,386)**
C	**Cash from Financing Activities**	
	Increase/(Decrease) in Working Capital Loans	416,049
	Increase/(Decrease) in Secured Term Loans	1,798,992
	Redemption of Debentures	(26,667)
	Increase (Decrease) in Unsecured Loans	(302,310)
	Increase/ (Decrease) in Deferred Payment	136
	Financial Charges	(961,143)
	Dividend Paid	(17,467)
	Net Cash from Financing activities	**907,590**
	Net increase in cash and cash equivalents	**(413,769)**
	Foreign Currency Translation Reserve	(11,030)
	Cash and cash equivalents at the beginning of period	**965,217**
	Cash outflow on account of sale of Indudyog	**-**
	Cash and Cash equivalents at end of period	**540,418**

1. The Cash Flow Statement has been prepared under indirect method as set out in Accounting Standard-3 on Cash Flow Statement passed by the Institute of Chartered Accountants of India.
2. Negative figures have been shown in brackets .

As per our report of even date
for TAS ASSOCIATES
CHARTERED ACCOUNTANTS

MUKESH AGRAWAL	DINESH THAIRANI	LUV CHHABRA	ATUL PUNJ
PARTNER	COMPANY SECRETARY	DIRECTOR FINANCE & CFO	CHAIRMAN AND MANAGING DIRECTOR

M.No 90582
Place ::New Delhi
Date :: January 19th , 2005

Related Party Disclosure

(In Rupees Thousand)

	Joint Ventures	Associates	Key management personnel or their relatives	Total
	2004	**2004**	**2004**	**2004**
INCOME				
Contract Revenue				
PLN Construction Limited	19,130	-	-	19,130
Andhra Expressway Limited	266,632	-	-	266,632
North Karnataka Expressway Limited	1,719,045	-	-	1,719,045
Vadodra Halol Toll Road Limited		24,587	-	24,587
Rent				-
PLN Construction Limited	360	-	-	360
EXPENDITURE				-
Contractors Charges				-
PLN Construction Limited	29,043	-	-	29,043
Consultancy/Professional charges				-
SNP Punj	-	-	60	60
Arti Jaidev Inder Singh	-	-	60	60
Managerial Remuneration	352		44,090	44,441
Rent				-
Punj Business Center	-	-	48,694	48,694
M Prakash HUF & others	-	-	432	432
Balance outstanding as on March 31, 2004				-
PLN Construction Limited	7,800	-	-	7,800
Andhra Expressway Limited	57,689	-	-	57,689
North Karnataka Expressway Limited	89,285	-	-	89,285
Rajamundry Expressway Limited	42	-	-	42
Vadodra Halol Toll Road Limited	-	38,912	-	38,912
Bistro Hospitality Private Limited	-	38	-	38
Advances (+) Liabilities(-)	-	-	(149)	(149)
Bank Guarantees				-
Punj Lloyd - Progressive Construction JV	154,640	-	-	154,640
Andhra Expressway Limited	59,000	-	-	59,000
North Karnataka Expressway Limited	73,000	-	-	73,000

SCHEDULE O: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND CONSOLIDATED NOTES TO ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES

1. Convention

The financial statements have been prepared on historical cost basis (other than certain fixed assets revalued during 1998-99) on going concern assumption and in accordance with mandatory applicable Accounting Standards issued by the Institute of Chartered Accountants of India and relevant provisions of Companies Act, 1956.

2 Principles of Consolidation

The Consolidated Financial Statements relate to PUNJ LLOYD LIMITED (hereinafter referred to as the "Company") and its group companies (hereinafter referred to as the "Punj Lloyd group"). In the preparation of these Consolidated Financial Statements, investments in Subsidiaries, Associate companies and Joint Venture entities have been accounted for in accordance with AS 21 (Accounting for Consolidated Financial Statements), AS 23 (Accounting for Investments in Associate Companies) and AS –27 (Financial Reporting of Interests in Joint Ventures) respectively issued by the Institute of Chartered Accountants of India. The Consolidated Financial Statements are prepared on the following basis-

a Subsidiary companies are consolidated on a line-by-line basis by adding together the book values of the like items of assets, liabilities, income and expenses, after eliminating all significant intra-group balances and intra-group transactions and also unrealised profits or losses, except where cost cannot be recovered.

b. Interests in the assets, liabilities, income and expenses of the Joint Ventures are consolidated using proportionate consolidation method. Intra group balances, transactions and unrealised profits/losses are eliminated to the extent of Company's proportionate share, except where cost cannot be recovered. The Group's share in opening accumulated profits of the Joint Ventures as on 1st April 2003 has been adjusted with the opening balance of Profit & Loss Account.

c The difference of the cost to the Company of its investment in Subsidiaries and Joint Ventures over its proportionate share in the equity of the investee company as at the date of acquisition of stake is recognized in the financial statements as Goodwill or Capital Reserve accordingly, as the case may be.

d Minorities' interests in net profits of consolidated subsidiaries for the year is identified and adjusted against the income in order to arrive at the net income attributable to the shareholders of the Company. Their share of net assets is identified and presented in the Consolidated Balance Sheet separately. Where accumulated losses attributable to the minorities are in excess of their equity, in the absence of the contractual obligation on the minorities, the same is accounted for by the holding company. The Group's share in opening accumulated losses of the Joint Ventures as on 1st April 2003 has been adjusted with the opening balance of Profit & Loss Account.

e Investments in Associates are accounted for using the equity method. The excess of cost of investment over the proportionate share in equity of the Associate as at the date of acquisition of the stake has been identified as Goodwill and included in the carrying value of the Investment in the Associate. The carrying amount of the investment is adjusted thereafter for the post-acquisition change in the share of net assets of the Associate. However, the share of losses is accounted for only to the extent of the cost of investment. Subsequent profits of such Associates are not accounted for unless the accumulated losses (not accounted for by the Company) are recouped. For the purpose of equity accounting, consolidated financial statements of Associates have been used.

f In the case of foreign subsidiaries, revenue items have been consolidated at the average rate prevailing during the year. All assets and liabilities are converted at year end rates except for shareholders' funds, which is converted at historical rate. The gains or losses resulting from such translation are reported as a separate component of Reserves and Surplus under the head 'Foreign Currency Translation Reserve'.

g As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Company's separate financial statements. Differences in accounting policies have been disclosed separately. The differences in accounting policies between the company and subsidiaries are not material.

h The financial statements of the entities used for the purpose of consolidation are drawn up to same reporting date as that of the Company i.e. year ended March 31, 2004.

3 Recognition of Income and Expenditure

i) Revenue/income and cost/expenditure are generally accounted for on accrual, as they are earned or incurred on the completion of performance.

a. In respect of the project division, job revenues are recognized as income on the basis of percentage completion method to the extent billed, as certified by the clients. The revenue on account of extra claims and the expenditure, on account of liquidated damages, on job contracts, due to uncertainties attached, are accounted for at the time of final settlement with the clients.

b. Internet Service revenues comprise of revenues from registration, installation and provision of Internet services. Registration fee and installation charges are recognized on the admission of customer and completion of services respectively. Service revenue from Internet access is recognized on pro-rata, calculated on the basis of the provision of services or time duration of term, as may be applicable in accordance with the terms of contracts.

c. Equipment sales are recognized on the physical dispatch of equipment.

d. In the case of a Subsidiary engaged in Cable TV operations, income from Pay Channels and connectivity charges, including leases, are recognised on accrual basis, on provision of services or time duration of term, as may be applicable in accordance with the terms of contracts. Advertisement revenue is recognized on provision of services on accrual basis as per contracts.

ii) The preliminary expenses and deferred revenue expenses are amortised to revenue over a maximum period of five years from the year in which these were incurred. However deferred revenue expenses pertaining to specific projects, are amortized over the period of five years, or project tenure, whichever is less.

iii) Due to uncertainties attached, Insurance claims are generally accounted for on receipt or settlement with insurer, whichever is earlier.

iv) In respect of a subsidiary of the company, fees paid to Registrar of Companies for increase in Authorised Share capital prior to year ended 31-03-2001 was considered as Deferred Revenue Expenditure and is being charged off to Profit & Loss account in five equal instalments.

v) Deferred revenue expenses incurred during the preoperative period in Internet Service Division and expenditure incurred for restructuring of loans are amortized to revenue over a period of five years from the year in which these are incurred.

4 Retirement and Pension Benefits

i) The Company's contribution to provident fund, gratuity fund and superannuation fund are charged to the Profit and Loss account.

ii) Gratuity and superannuation benefits are accounted for on actuarial basis.

iii) Leave encashment benefit payable to employees is provided for on the basis of actuarial valuation at the close of the accounting year, except for one subsidiary.

iv) In respect of overseas group companies, contributions made towards retirement/employee benefits, in accordance with the relevant applicable local laws, are charged to Profit and Loss Account.

5 Fixed Assets

i) Fixed Assets are capitalized on successful commissioning or on transfer of beneficial ownership, as the case may be
ii) Fixed Assets, mainly in the nature of Furniture & Fixture at site camps, are charged off as expense in the year of purchase considering their nature and complexities
iii) Tools, being in the nature of highly sophisticated equipments, having high values are capitalized
iv) Fixed Assets (other than revalued fixed assets which are recorded at their revalued costs) are stated at cost of acquisition and subsequent improvements (resulting in increase in useful life or performance capacity thereto), less accumulated depreciation. The cost includes taxes, duties, freight and other incidental expenses related to acquisition, installation and commissioning.
v)Fixed assets acquired under a hire purchase agreement are fully capitalized and instalments are segregated into interest, to be charged to revenue, and principal, to be adjusted against creditors for hire purchase.
vi) Capital work in progress is stated at cost.
vii) All direct expenses for the specific purposes of the acquisition of fixed assets (subject to Clause no.12 on borrowing cost), up to the period such assets are put to use, are capitalized and added to the cost of the fixed assets.
viii)All indirect expenses, wherever possible, are allocated directly to the cost of the related asset. However, in those cases where such direct allocation is not possible, the same are apportioned with reference to the total direct capital costs of the different items of fixed assets. Such indirect costs are considered only to the extent related to and incurred during the construction of fixed assets.

6 Method of Depreciation

i) The group (other than foreign subsidiaries) charges depreciation on straight line method at the rates specified in Schedule XIV of the Companies Act, 1956, on single shift basis, including those purchased under hire purchase agreements. Depreciation on the following fixed assets of Internet Service division of the Company is charged on straight-line method, based on useful life of the asset as estimated by the management.

Asset Description	Depreciation Rate
Leasehold improvement	Over the period of lease
Plant and machinery	10%
Networking equipment *	10%
Office equipment	10%
Technical Know how	20%

* included under plant & machinery

ii) No amortization is made for leasehold land.
iii) Assets, whose actual cost does not exceed Rs. 5,000, have been depreciated at the rate of hundred percent except in cases where the aggregate actual cost of individual item of assets costing Rs. 5000 or less constitutes more than 10 percent of the total actual cost of assets.
iv) Depreciation on additions to assets, or on sale/discard of assets, is calculated pro-rata from the date of such addition or up to the date of such sale/discard, as the case may be.
v) The additional annual depreciation charge on account of revaluation of fixed assets is withdrawn from the revaluation reserve and credited to the Profit and Loss Account.
vi) In case of foreign companies comprised within the group, depreciation is being provided for on straight line basis so as to write off the assets over their useful lives, as estimated by the management which range from 3 to 20 years (6.33% of total Depreciation charge)
vii) Intangibles

(a) Goodwill arising on consolidation is depreciated using the straight line method over a period of 5 years.
(b) Depreciation is provided on different softwares used by the Group based on the nature and useful lives of these softwares, which range from 3 to 6 years.

Pre-operative Expenditure pending allocation

Expenses incurred in relation to construction of capital assets in respect of entities which are yet to commence commercial operations are carried forward to be capitalized at the time of commencement of commercial operations. Other expenses not related to construction of capital assets are included under Deferred Revenue Expenditure and are written off after the commencement of commercial operations.

8 Goodwill

Goodwill represents the difference between the Group's share in the net worth of the investee company at each point in time of making the investment and the related cost of acquisition. For this purpose, the Group's share of equity in the investee company is determined on the basis of the latest available financial statements of that company as at date of acquisition.

9 Investments

i) Long term investments are carried at cost less provision, if any, for permanent diminution in value of such investments. Current investments are carried at lower of cost and fair market value.

ii) Investments held in the name of other persons as nominees of the Company are recorded as Investments.

10 Valuation of Inventories

i) All inventories except jobs under execution (including material supplied to clients under the contract to the extent not billed) are valued at the lower of cost or net realizable value. The cost is arrived at by weighted average method and includes taxes, duties, freight and other incidental expenses incurred to bring the inventory into the current situation on the Balance Sheet date, except in case of certain Indian subsidiaries where it is arrived on FIFO basis (0.81% of total store & spare inventory). However, in case of the manufacturing division, stock in process and finished goods also include manufacturing wages and estimated factory overheads, calculated on a specific percentage of the raw material consumed.

ii) Jobs under execution (including material supplied to clients under the contract) to the extent of work done but not billed is suitably adjusted for cost overrun which is arrived at by comparing periodically revised total estimated cost of the project and the actual cost incurred up to the percentage of completion on reporting date.

11 Lease Transactions

In respect of lease transactions effected from April 1, 2001, the assets are capitalized with the corresponding present value of the lease liability. Lease payments are segregated into interest, charged off to revenue and the principal adjusted against lease liability. In case of all operating leases and finance leases effected prior to April 01, 2001, the corresponding lease rentals are charged off to the Profit & Loss Account.

12 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for intended use or sale. All other borrowing costs are recognized as expense for the period in which they are incurred.

13 Foreign Currency Transactions

i) Transactions in foreign currency are, generally, recorded at the exchange rate existing at the time of transactions.

ii) All assets and liabilities denominated in foreign currency are reported using the closing rate and exchange differences there from are recognized as income or expense, and, as the case may be are taken to the Profit & Loss Account as exchange fluctuation.

iii) The financial statement of foreign projects are incorporated as under:

a) Revenue transactions (other than depreciation) are translated at an average exchange rate during the period;

b) Current assets, current liabilities and long-term liabilities are translated at the closing rate;

c) Fixed assets are translated at the original rate at the time of acquisition;

d) Opening and Closing inventories are translated at the rates prevalent at the commencement and close, respectively, of the accounting period;

e) Depreciation is translated at the rate used for the translation of the values of the assets on which the depreciation is calculated.

In compliance of AS-11, exchange difference arising w.e.f 1st July 2003 in respect of fixed assets has been recognised as expenses or income as the case may be. The net difference does not materially affect the reported results.

14 Foreign operations

The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the company itself.

In translating the financial statements of a non-integral foreign operation for incorporation in financial statements, the assets and liabilities, both monetary and non-monetary, of the non-integral foreign operation are translated at the closing rate (except for shareholder's funds, which is converted at historical rate); income and expense items of the non-integral foreign operations are translated at average exchange rates for the period. All resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of the net investment.

On the disposal of a non-integral foreign operation, the cumulative amount of the exchange differences which have been deferred and which relate to that operation are recognized as income or as expenses in the same period in which the gain or loss on disposal is recognized.

15 Taxation

Tax expense / (tax saving) is the aggregate of current year tax and deferred tax charged (or credited) to the Profit and Loss Account for the year.

(i) Current tax is the provision made for income tax liability on the profits for the year in accordance with the applicable Tax laws in respective countries.

(ii) Deferred tax is recognized, on timing differences, being the differences resulting from the recognition of items in the financial statements and in estimating its current income tax provision.

(iii) Deferred tax assets are recognized on brought forward business losses and unabsorbed depreciation only to the extent that there is virtual certainty supported by convincing evidence and on others, to the extent that there is reasonable certainty of their realization.

iv) Deferred tax assets and liabilities are measured using the tax rates and the tax laws that have been enacted or substantively enacted at the balance sheet date.

16 Segment Reporting

The accounting policies of the segments are the same, to the extent applicable, as those described in the preceding paragraphs as significant accounting policies along with the following additional policies:

i) Revenue & expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses, which relate to the company as a whole and are not allocable to a segment on reasonable basis, have been disclosed as ‘Unallocable’.

ii) Segment assets and liabilities represent assets and liabilities in respective segments. Tax related assets, and other assets and liabilities that are not reported or cannot be allocated to a segment on a reasonable basis, have been disclosed as ‘Unallocable’.

iii) Provision for current and deferred tax have been shown as unallocated as the same are not reasonably identifiable, in the opinion of management, to any particular segment.

B. NOTES TO THE ACCOUNTS

1 The Punj Lloyd group Comprises of the following entities:

	Name of the Company	Country of Incorporation	% of voting power held as at March 31, 2004
a)	Subsidiaries		
	Spectra Punj Lloyd Limited	India	98.00
	Punj Lloyd Insulations Limited	India	100.00
	Punj Lloyd (Malaysia) SDN,BHD	Malaysia	100.00
	Punj Lloyd Inc	U.S.A	100.00
	Punj Lloyd International Limited	British Virgin Island	100.00
	Punj Lloyd Kazakhstan LLP	Kazakhstan	100.00
	Spectra Infrastructure Limited	India	100.00
	Atna Investments Limited	India	100.00
	Spectra Punjab Limited	India	100.00
	Pt Punj Lloyd Indonesia	Indonesia	100.00
	Spectra Net Limited	India	74.34
	Indudyog Company Limited	India	Refer Note (1)
b)	Step down Subsidiary		
	-Spectranet Holdings Limited	India	74.34
c)	Joint Ventures- Jointly controlled Entities/Operations		
i)	Jointly controlled Entities		
	Rajamundry Expressway Limited	India	50.00
	Andhra Expressway Limited	India	50.00
	North Karnataka Expressway Limited	India	42.00
	PLN Construction Private Limited	India	50.00
	Asia Drilling Services (Joint Venture of Punj Lloyd International Ltd.)	Mauritius	50.00
ii)	Jointly controlled operations		
	Punj Lloyd-Progressive Constructions JV	Refer Note (2)	Refer Note (3)
	Persys-Punj Lloyd JV	Refer Note (2)	Refer Note (3)
	Punj Lloyd-PT Punj Lloyd Indonesia JV	Refer Note (2)	Refer Note (3)
	Punj Lloyd - Limak JV	Refer Note (2)	50.00
d)	Associates		
i)	Associates of the Holding Company		
	Bistro Hospitality (P) Limited	India	40.00
	Jacob Ballas Capital India Private Limited	India	20.00
	Vadodara Halol Toll Road Co. Limited	India	34.45
ii)	Associate of a Subsidiary		
	Gaitry Cable Network Private Limited (Refer Note (4))	India	49.00
iii)	Associates of a Step down Subsidiary		
	City Vision (P) Ltd	India	49.00
	Shitul Engineering (P) Ltd	India	49.00
	Sunstar Network & Technologies Ltd	India	49.98
	DotCom Holding (P) Ltd	India	49.00
	Satellite Vision (P) Ltd (Refer Note (4))	India	49.00

1. The investment was transferred to the holding company pursuant to the scheme of merger of the ISP division of Spectra Net Ltd. and was subsequently disposed off during the year. Accordingly, the accompanying consolidated financial statements include a line by line consolidation of income and expenses for the period upto the date of divestment of stake by the Company.

2. Country of Incorporation not applicable, as these are unincorporated Joint Ventures

3. As per joint venture agreements, the scope & value of work of each partner has been clearly defined and accepted by the clients. The Company's share in Assets, Liabilities, Income and Expenses are duly accounted for in the accounts of the Company in accordance with such division of work. However, joint venture partners are, jointly & severally, liable to clients for any claims in these projects.

4. Not consolidated in the absence of availability of financial statements of these entities. The total cost of investment in this entity is Rs.3,799 thousands.

2 Capital Commitments

(In Rupees Thousand)

	As at March 31, 2004	
	Punj Lloyd & Subsidiaries	**Joint Venture**
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	201,554	743,905

3 Contingent liabilities to the extent not provided for :

(In Rupees Thousand)

		As at March 31, 2004	
		Punj Lloyd & Subsidiaries	**Joint Venture**
i	Outstanding Bank Guarantees	1,169,672	25,789
ii	Liquidated damages deducted by customers not accepted by the Company and pending final settlement	23,918	-
iii	Corporate Guarantees given on behalf of subsidiaries, joint ventures and associates	84,000	-
iv	Obligation under EPCG scheme for importing of goods at concessional rate of Custom duty,	325,193	2,587
v	Guarantees issued by bankers, financial institutions on behalf of the Company towards companies performance obligations	463,861	-
vi	Sales tax liability amounting to Rs 99,200 thousands contested by the Company in appeal against which the Company has deposited Rs 2,058 thousand and classified as recoverable under loans and advances		
vii	In respect of Internet Service, the Company is selling bandwidth directly to other Internet Service Providers. Service Tax chargeability on such transactions is uncertain as of now. However, the company has an understanding with other ISP's that in case the Govt. takes a different view then the taxes and consequent charges shall be payable by the others ISP's. Consequentially, corresponding receivable and / or payable on account of service tax are not accounted for.		
viii	Penalty of Rs.23,500 thousand levied by DOT on account of misuse of company's network by its customer to be contested by the company. The perception of the company is that penalty is unjustified and the time for filing appeal is falling beyond the date of signing of these accounts.		

4 Sales tax deducted by the clients on works contracts has been shown in the Balance Sheet after adjusting sales tax liability admitted as per return filed / final assessment completed by tax authorities.

5 The Company had entered into agreements for the sale of shares of Lakhanpal National Limited on March 27, 1992, for Rs. 2,560 thousand (market value Rs 7,278 thousand on March 31, 2004), subject to and conditional to all order(s) of the Bombay High Court and any effect given to the said transaction of sale of shares in the books of account are also subject to the said order(s).

6 The Honourable High Court of Delhi vide its order dated 16 August, 2004 has approved the following scheme of arrangement and demerger between Punj Lloyd Ltd. (PLL), Spectra Net Limited (SNL) and Atna Investments Limited (AIL). The salient features of the scheme are set out below

a) Demerger of ISP division of Spectra Net Limited.
b) Merger of ISP division of Spectra Net Limited with Punj Lloyd Limited.
c) Reduction of capital in Atna Investments Limited and Spectra Net Limited (leftover)

In the stand alone financials of the parent Company, the scheme of arrangement and demerger has been accounted for under the purchase method i.e. assets and liabilities of erstwhile ISP division of SNL have been recorded in the books of the Company at book values as determined by the Board of Directors of SNL. The value of assets and liabilities are effective 1st April, 2003.

As part of the scheme of demerger and arrangement, there is reorganisation of share capital of residual undertaking i.e. Spectra Net Limited (after demerger of ISP undertaking) and Atna Investments Limited by way of reduction of share capital of Rs. 62,938 thousand and Rs.133,739 thousand respectively. Upon the said demerger of ISP division and reduction of share capital of residual Spectra Net Limited and Atna Investment Limited, the parent company has recognised goodwill of Rs.748,967 thousand which has been reversed in consolidated financials. The parent company has further accounted for losses aggregating Rs 147,231 thousand being the share of minority interest in accumulated losses of the ISP division in excess of their equity.

7 Pursuant to the scheme of merger of the ISP undertaking of Spectra Net Ltd with the parent company (Refer Note 6 above), Investment in Indudyog Company Limited (the "entity") was transferred to the parent company at its face value. Spectra Net Ltd. had accounted for goodwill amounting to Rs 55,363 thousand on purchase of investment in the said entity in an earlier year. On disposal of investment in the entity by the holding company during the year, the entire unamortized balance of goodwill amounting to Rs 22,145 thousand as at April 1, 2003 has been charged off to the current year Profit & Loss Account.

8 The company has entered into an Assets Sale Agreement for sale of its certain fixed assets relating to ISP undertaking. The sale tax liability on such transaction is subject to determination by the relevant authorities for which an application is pending adjudication. The amount of such liability is indeterminable at present. As per agreement with the buyer, any such sale tax liability is to be borne by the buyer. Consequently aforesaid estimated sale tax liability on such transactions has not been provided for.

9 During the year Spectra Punj Lloyd Ltd. a 100% subsidiary, has changed its accounting policy in respect of Employee Retirement and Pension Benefits from payment basis to actuarial basis. However, there is no material impact on the financial statements due to such change in policy.

10 The depletion in the value of long term investments based on available market prices / book value, has not been provided for, as, in the opinion of the management, the same is not permanent in nature.

11 In March 2002, Punj Lloyd Inc. (the "entity") received an official notice terminating a contract for one of its projects. The entity is in the process of working out the terms of cancellation of the contract. As a result of receiving the termination notice, the entity is in the process of finalizing terms and cost with vendors for cancellation of all outstanding purchase orders issued to vendors under this contract.

As of March 31, 2004, the entity's liability on the cancelled contract is limited to the materials not delivered. The entity has provided for $1,428,000 (Rs.62,532 thousand) in this regard, being the management estimate of the amount payable as final settlement of the contract. However, the estimate may differ from the final settlement. Any such difference will be accounted for on completion of the settlement.

12 As at March 31, 2004, one of the subsidiaries of the Company, Punj Lloyd Inc (the "entity") has significant accumulated losses resulting in erosion of a substantial portion of its net worth. However, the financial statements of that entity have been prepared on the assumption that the entity will continue as a going concern. Its continued existence depends upon the ability of the entity to generate operating profits and positive cash flows and continued support from Parent Company to contribute additional cash to fund negative cash flows when they occur.

13

(a) Spectra Punjab Ltd, a subsidiary company surrendered its license to operate as an Internet Service Provider during 2002-03. The construction and infrastructure setup of the entity was temporarily suspended from March 15,2001 onwards. But the holding Company continues to support the operations of the entity. Management is optimistic that commercial operations of the entity would commence shortly, utilising the existing infrastructure of the holding Company. Accordingly the accounts of that entity have been prepared on a going concern basis.

(b)Spectra Punjab Limited, a subsidiary company, is yet to commence the commercial operations of providing Internet Services. Accordingly, incidental expenses for the project up to 31 March 2004 amounting to Rs.1,756,063 (excluding Rs 1,000,000 being consideration paid for services under joint venture agreement are carried forward as pre-operative expenditure. It is the subsidiary's intention to capitalise a major part of this expenditure when commercial operations begin. At the time of allocation, the amount to be capitalised or treated as deferred revenue expenditure will be determined in accordance with accepted accounting principles

14

(a) Rajamundry Expressway Limited (REL) and Andhra Expressway Limited (AEL), two Joint Ventures of the Company engaged in activities of construction of highways on Build, Own, Transfer (Annuity) basis, had not commenced commercial operations as at March 31, 04. Accordingly in these entities, no Profit & Loss Account has been prepared, but in lieu thereof, a statement of project expenditure (pending capitalisation) has been prepared. Expenses incurred during the year ended March 31, 04 have been included under preoperative expenditure pending allocation, which will be capitalised at the time of commencement of commercial operations. Expenses not related to the construction of project have been included under Miscellaneous Expenditure, to be written off after the commissioning of the project.

(b) REL and AEL (the "entities") have entered into concession agreements dated 30th October, 2001 with National Highways Authority of India (NHAI) for a period of 17 years 6 months ending on 29th November, 2019, during which, the entities have been authorised to construct, operate and maintain the national highway from Km.200/0 to Km 253/0 and Km 253/0 to Km 300/0 respectively in Vijaywada - Visakhapatnam section on NH-5 in the state of Andhra Pradesh on Build, Operate and Transfer basis on the land owned by the Government of India. The cost of such construction is included under Capital Work in Progress, which will be written-off over the remaining period of concession agreements starting from the completion of the construction of national highway.

15 Subsequent to the year end, Punj Lloyd Limited and Koop International B.V. (Koop), the two joint venture partners in respect of PLN Construction Ltd.(a Joint Venture of the Company) have entered into an Agreement to terminate the joint venture. Under this Agreement Koop will sell its entire 50% shareholding to Punj Lloyd Limited, subject to certain terms and conditions.

16 The operations of Pt. Punj Lloyd Indonesia (the "entity") have been affected, and may continue to be affected for the foreseeable future by the economic conditions in Indonesia that may contribute to volatility in currency values and negatively impact economic growth. Economic improvements and sustained recovery are dependent upon several factors such as fiscal and monetary action being undertaken by the Government of that country and other actions that are beyond the control of the entity.

17 EARNING PER SHARE

	Particulars	**2003-2004***
i)	Profit after Tax attributable to Ordinary shareholders (Rs. In thousands)	1,062,868
ii)	Weighted Average number of equity shares (Nos)*	20,646,617
iii)	Nominal value of Ordinary share (Rs.)	10
iii)	Basic/Diluted Earning per share (Rs.)	
	Before extraordinary items	51.48
	After extraordinary items	51.48

*The additional 1817 Equity Shares, issued by virtue of scheme of arrangement & merger, are assumed to have been issued on 1st April, 2003 for the above calculations.

18 Disclosure in compliance with the Accounting Standard on Lease:

Assets taken on operating lease on or after 1st April 2001:

Particulars	Total	Lease payments recognized in Profit & Loss account	Payable not later than one year	Payable later than one year and not later than five years	Payable later than five years
Future lease rental payable	427,676	427,676	Nil	Nil	Nil

General description of Lease arrangements:

a. Assets are generally taken on lease for a period of three years.
b. Lease rental are charged on the basis of agreed equated monthly installments.

19

Deferred Tax Liability (Net)	As at March 31 2004
	(Rs in '000)
Difference due to accelerated amortization of deferred revenue expenditure under the Income Tax Act	16,539
Differences in depreciation in block of fixed assets as per Income Tax and Financial Books	604,665
Effect of expenditures not debited to Profit and Loss account but allowable in Income Tax	29,068

Gross Deferred Tax Liabilities	650,272
Effect of expenditure debited to Profit and Loss Account in the current year but allowable in following years under Income Tax	3,027
Employee Retirement Benefits	92
Unabsorbed Depreciation	35,476
Gross Deferred Tax Assets	38,595
Net Deferred Tax Liability	611,677

20 Segment Information

Business Segments:

The group's operating business are organised & managed separately according to the types of products/services provided. The identified reportable segment is engineering & construction business. The other segments include operation and maintenance of highways on annuity basis, manufacture and sale of ready mix concrete, internet services, equipment hire services, financial services, cable TV operations & agency services. Segmental information is disclosed as under:

(In Rupees Thousand)

	Engineering & Construction	Others	Corporate unallocable expenses	Total
External Segment Revenue	15,659,684	353,646	173,785	16,187,115
Segment Results	546,954	3,907	763,122	1,313,983
Segment Assets	14,405,546	1,543,559	(140,986)	15,808,119
Segment Liabilities	12,682,623	764,685	374,361	13,821,669
Capital Expenditure	239,279	381,006	4,961	625,246
Depreciation/Amortisation	409,905	106,019	150,407	666,331
Non Cash Expenses	22,341	73	326	22,740

Geographical Segments*:

Although the Company's major operating, divisions are managed on a worldwide basis, they operate in two principal geographical areas of the world, in India the home country, and the other countries.

The following table presents revenue regarding geographical segments for the period ended March 31, 2004.

(In Rupees thousand)

	Sales Revenue by Geographical Market
India	11,333,833
Other Countries	3,817,604
	15,151,437

* The Company has common assets for producing goods for Domestic Market and Overseas Markets. Hence separate figures for assets/additions to assets cannot be furnished.

21 RELATED PARTY DISCLOSURES UNDER ACCOUNTING STANDARD - 18

The information given below is only in respect of transactions entered into by the Company during the year with related parties:-

Names & Description of Related Parties

i) Joint Ventures of the Company (including jointly controlled operations)

1 Rajamundry Expressway Limited

2 Andhra Expressway Limited

3 PLN Construction Pvt Limited

4 North Karnataka Expressway Limited
5 Punj Lloyd - Limak JV
6 Punj Lloyd - Progressive Construction JV
7 Persys-Punj Lloyd JV
8 Punj Lloyd-PT Punj Lloyd Indonesia JV
9 Asia Drilling Services Limited (JV of a subsidiary)

ii) Associates of the Company
1 Bistro Hospitality (P) Limited
2 Jacob Ballas Capital India Private Limited
3 Vadodara Halol Toll Road Co. Ltd.

iii) Associate of a subsidiary

Gaitry Cable Network Pvt. Limited

iv) Associate of a Step down subsidiary

1. City Vision Pvt. Ltd.
2. Shitul Engineering Pvt. Ltd.
3. Sunstar Network & Technologies Ltd.
4. Dot Com Holding Pvt. Ltd.
5. Satellite Vision Pvt. Ltd.

v) Key Managerial Personnel of the Punj Lloyd Group

1	Atul Punj	Chairman & Managing Director
2	V.K. Kaushik	Jt. Mg. Director and COO
3	Luv Chhabra	Director Finance & Chief Financial Officer
4	Uday Punj	Whole time Director
5	Mahinder Prakash	Whole time Director
6	P.K.Gupta	Whole time Director
7	V.K.Sud	Whole time Director
8	J B Dewan	Whole time Director
9	Adil Vadoliwala	General Director
10	Sandeep Garg	Chief Operating Officer
11	V.P.Sharma	Whole time Director
12	A Rajendra	Whole time Director
13	Arvind Aasricha	Manager
14	K. Ramchand	Managing Director
15	Ravindra Kansal	Managing Director

v) Relatives of Key Managerial Personnel
1 S.N.P.Punj
2 Arti Singh
3 Saroj Gupta
4 Paresh Gupta
5 M.Parkash-HUF

Enterprises over which relatives of Key Managerial Personnel are exercising significant influence

M.Parkash- HUF - A Director's HUF
Punj Business Centre-owned by father of Chairman and Managing Director and a Director

22 Details of Company's share in Joint Ventures included in the Consolidated Financial Statements are as follows:

(In Rupees Thousand)

Particulars	**As at 31-March-2004**
Sources Of Funds	
Reserves & Surplus *	10,356
Minority Interest	
Loan Funds	
Secured Loans	3,142,903
Deferred Tax Liability (Net)	3,573
Total	3,156,833
Application Of Funds	
Fixed Assets	
Gross Block	45,621
Less : Depreciation	11,046
Net Block	34,574
Capital Work In Progress Including Capital Advances	3,106,077
Preoperative Expenditure Pending Allocation	491,529
Investments	15
Current Assets, Loans & Advances	
Inventories	-
Sundry Debtors	48,371
Cash And Bank Balances	25,845
Other Current Assets	18
Loans And Advances	22,696
	96,930
Less: Current Liabilities & Provisions	
Current Liabilities	106,342
Provisions	577
	106,919
Net Current Assets	(9,989)
Miscellaneous Expenditure	3,214
(To The Extent Not Written Off Or Adjusted)	
Total	3,625,420

Particulars	**Year ended 31-March-2004**
Income	
Sales & Contracts Revenue	92,584
Other Income	85
Waiver Of Funded Interest	
Total	92,669
Expenditure	
Materials Consumed And Cost Of Goods Sold	15,432
Project And Administrative Expenses	61,847
Financial Charges	2,474
Miscellaneous Expenditure Written Off	-
Depreciation /Amortization	4,401
Total	84,155
Profit Before Tax	8,514
Current Tax	5,555
Deferred Tax	1,160
Profit After Tax	1,799

* After elimination of Share Capital, Inter Company transactions and balances and adjustment of Accounting policies aggregating to Rs 468,588 thousand

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(i) Figures pertaining to subsidiaries, Joint Ventures and associate companies have been reclassified wherever considered necessary to bring them in line with the holding company's financial statements.

(ii) Figures furnished in the Consolidated Profit & Loss Account for the holding company are for the 12 months period ended March 31 2004 as against figures for the 9 months period ended March 31, 2004 furnished in the stand alone financial statements of the parent company.

Being the first year of presentation of Consolidated Financial Statements, as permitted under the transitional provisions of Accounting Standard 21, the comparative figures of previous year have not been given.

for TAS ASSOCIATES
CHARTERED ACCOUNTANTS

MUKESH AGRAWAL	DINESH THAIRANI	LUV CHHABRA	ATUL PUNJ
PARTNER	COMPANY SECRETARY	DIRECTOR FINANCE	CHAIRMAN &
M No. 90582		& CORPORATE AFFAIRS	MANAGING DIRECTOR

Place : NEW DELHI
Date : January 19th , 2005

SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN INDIAN GAAP AND U.S. GAAP

Our financial statements are prepared in conformity with Indian GAAP, which differs in certain significant respects from U.S. GAAP. Such differences involve methods for measuring the amounts shown in the financial statements of the Issuer, as well as additional disclosures required by U.S. GAAP, which we have not made.

The following is a general summary of certain significant differences between Indian GAAP and U.S. GAAP.

The differences identified below are limited to those significant differences that are appropriate to our financial statements. However, they should not be construed as exhaustive as no attempt has been made by our management to quantify the effects of those differences, nor has a complete reconciliation of Indian GAAP to U.S. GAAP been undertaken by our management. Had any such quantification or reconciliation been undertaken by our management, other potential significant accounting and disclosure differences may have come to its attention, which are not identified below. No attempt has been made to identify all disclosure, presentation or classification differences that would affect the manner in which transactions and events are presented in the financial statements and the notes thereto

We have not prepared financial statements in accordance with U.S. GAAP. Accordingly, there can be no assurance that the table below is complete or that the differences described would give rise to the most material differences between Indian and U.S. GAAP. In addition, the Company cannot presently estimate the net effect of applying U.S. GAAP on its results of operations or financial position.

Further, no attempt has been made to identify future differences between Indian GAAP and U.S. GAAP as a result of prescribed changes in accounting standards. Various U.S. GAAP and Indian GAAP pronouncements, including guidance provided by the U.S. Securities and Exchange Commission, have been issued for which the mandatory application date is later than March 31, 2005. Regulatory bodies that promulgate Indian GAAP and U.S. GAAP have significant projects ongoing that could affect future comparisons such as this one. Finally, no attempt has been made to identify future differences between Indian GAAP and U.S. GAAP that may affect the financial information as a result of transactions or events that may occur in the future.

Potential investors should consult their own potential advisors for an understanding of the principal differences between Indian GAAP and U.S. GAAP and how these differences might affect the Financial Statements beginning on page 147 of this Red Herring Prospectus.

S.No.	Particulars	Indian GAAP	US GAAP
1.	Contents of financial statements	Companies are required to present balance sheets and profit and loss accounts for two years along with the relevant accounting policies and notes. Additionally all listed companies (including companies in the process of getting listed are required to present cash flow statements. A statement of stockholder's equity is not presented. There is no standard or requirement for a comprehensive income statement.	Companies are required to present balance sheets, statements of operations, statements of cash flows and statements of changes in stockholders equity for two years along with the relevant accounting policies and notes. Public companies are required to present statements of operations, statements of cash flows and statements of changes in stockholders equity for three years. They need not present the balance sheet for the third year. A statement of comprehensive income (comprising primarily of unrealized gains and losses) is required and is generally presented as part of stockholder's equity.
2.	Changes in accounting policies	The effect of a change in accounting policy must be recorded in the income statement of the period in which the change is made except as specified in certain standards	The effect of a change in accounting policy is generally included (net of taxes) in the current year income statement, after extraordinary items. Pro-forma comparatives reflecting the

S.No.	Particulars	Indian GAAP	US GAAP
		where the change resulting from adoption of the standard has to be adjusted against opening retained earnings.	impact of the change is generally disclosed.
3.	Correction of errors	The effect of correction of errors must be included in the current year income statement with appropriate disclosure as a prior period item.	The correction of material errors usually results in the restatement of relevant prior periods.
4.	Consolidation and Joint Ventures	In accordance with AS 27, "Financial reporting of Interests in joint ventures" the venturer recognizes in its separate and consolidated financial statements its share of jointly controlled assets, any liabilities it has incurred, its share of any liabilities incurred jointly with other venturers in relation to the joint venture, any income from sale or use of its share of output of the joint venture, together with its share of expenses incurred by joint venture and any expenses which it has incurred in respect of interest in joint venture. There is no specific guidance with respect to Variable Interest Entities. For financial statements, disclosure is required for the share of interest in the Joint Venture.	Investment in Joint Ventures is generally accounted for under the equity method of accounting. Companies are required to evaluate if they have any interest in Variable Interest Entities, as defined by the standard. Consolidation of such entities may be required if certain conditions are met.
5.	Business Combinations	Restricts the use of pooling of interest method to circumstances which meet the criteria listed for an amalgamation in the nature of a merger. In all other cases, the purchase method is used.	Business combinations are accounted for by the purchase method only (except as discussed below). Several differences can arise in terms of date of combination, calculation of share value to use for purchase price, especially if the Indian GAAP method is 'amalgamation' or pooling. In the event of combinations of entities under common control, the accounting for the combination is done on a historical cost basis in a manner similar to a pooling of interests for all periods presented.
6.	Goodwill	Goodwill is computed as the excess of the purchase price over the carrying value of the net assets acquired. Goodwill is tested for impairment annually for the following categories of enterprises- a) Enterprises whose equity or debt securities are listed on a recognized stock exchange in India, and enterprises that are in the process of issuing equity or debt	Goodwill is computed as the excess of the purchase price over the fair value of the net assets acquired. Goodwill is not amortized but, tested for impairment annually.

S.No.	Particulars	Indian GAAP	US GAAP
		securities that will be listed on a recognized stock exchange in India as evidenced by the board of directors' resolution in this regard, or b) All other commercial, industrial and business reporting enterprises, whose turnover for the accounting period exceeds Rs. 500,000 thousand.(Applicable for financial years beginning on April 1, 2005 for other than listed companies). In all other cases, Goodwill is capitalized and amortized over its useful life.	
7.	Negative Goodwill (i.e., the excess of the fair value of net assets acquired over the aggregate purchase consideration)	Negative goodwill is computed based on the book value of assets (not the fair value) of assets taken over/acquired and is credited to the capital reserve account, which is a component of shareholders' funds.	Negative goodwill is allocated to reduce proportionately the fair value assigned to non-monetary assets. Any remaining excess is considered to be an extraordinary gain.
8.	Intangible assets	Intangible assets are capitalized if specific criteria are met and are amortized over their useful life, generally not exceeding 10 years. The recoverable amount of an intangible asset that is not available for use or is being amortized over a period exceeding 10 years should be reviewed at least at each financial yearend even if there is no indication that the asset is impaired.	When allocating purchase price of a business combination, companies need identify and allocate such purchase price to intangible assets, based on specific criteria. Intangibles that have an indefinite useful life are required to be tested, at least annually, for impairment. Intangible assets that have finite useful life are required to be amortized over their estimated useful lives.
9.	Construction Contracts	Contract revenue and contract costs of a construction contract should be recognized as revenue and expenses by reference to the stage of completion of the contract, when the outcome of that contract can be estimated reliably, i.e. the percentage-of-completion method. If the outcome of a contract cannot be estimated reliably, revenue should be recognized only to the extent that it is probable the contract costs incurred will be recoverable. Contract costs should be recognized as an expense in the period in which they are incurred, and any expected excess of total contract costs over total revenue for the contract should be recognized as an expense immediately. Requires contracts to be combined when part of a package, or segregated when each contract is part of a separate proposal and when revenues & costs can be clearly identified.	The percentage-of-completion method and the completed-contract method are acceptable methods of accounting. The percentage-of-completion method is recommended when estimates of costs to complete and extent of progress toward completion of long-term contracts are reasonably dependable. Where estimates of costs to completion and the extent of progress towards completion cannot be determined with reasonable certainty, revenue is recognized only when the contract is completed or substantially completed. Losses are recognized when incurred or when the expected contract costs exceed the expected contract revenue, regardless of which accounting method is used. Combining contracts is permitted but not required
10.	Segment	Segmental disclosures are required to be given	Public companies are required to

S.No.	Particulars	Indian GAAP	US GAAP
	Information	by all public companies (listed or in the process of getting listed), banks, financial institutions, entities carrying on insurance business and enterprises having turnover above Rs 50 crores or borrowings above Rs 10 crores. Specific requirements govern the format and content of a reportable segment and the basis of identification of a reportable segment. The information for disclosure is to be prepared in conformity with the accounting standards used for the company as a whole.	report information about operating segments in annual financial statements and selected information about operating segments in interim financial reports issued to shareholders. There are requirements for related disclosures about products and services, geographic areas, and major customers. Operating segments are components of an enterprise about which separate financial information is available that is evaluated regularly by the Chief Operating Decision Maker in deciding how to allocate resources and in assessing performance. Generally, financial information is required to be reported on the basis that it is used internally for evaluating segment performance and deciding how to allocate resources to segments.
11.	Dividends	Dividends are reflected in the financial statements of the year to which they relate even if proposed or approved after the year end.	Dividends are accounted for when approved by the board/shareholders. If the approval is after year end, the dividend is not considered to be a subsequent event that needs to be reflected in the financial statements.
12.	Property, Plant and Equipment	Fixed assets are recorded at the historical costs or revalued amounts. Foreign exchange gains or losses relating to the procurement of property, plant and equipment can be capitalized as part of the asset. Depreciation is recorded over the asset's useful life. Schedule XIV of the Companies Act prescribes minimum rates of depreciation and typically companies use these as the basis for useful life. Interest cost on specified or identifiable borrowings is capitalized to qualifying assets during its construction period.	Revaluation of fixed assets is not permitted under US GAAP. All foreign exchange gains or losses relating to the payables for the procurement of property, plant and equipment are recorded in the income statement. Depreciation is recorded over the asset's useful life. Therefore the useful life may be different from the useful life based on Schedule XIV. The interest cost, if material, eligible for capitalization shall be the interest cost recognized on borrowings and other obligations. The amount capitalized is an allocation of the interest cost incurred during the period required to complete the asset. The interest rate for capitalization purposes is to be based on the rates on the company's outstanding borrowings.
13.	Investment in Marketable Securities	Unrealized appreciation on available for sale securities or trading securities is not recognized. Unrealized depreciation on available for sale securities and trading securities is recognized in the income statement.	Unrealized gains and losses on available for sale securities are recorded as other comprehensive income, which is a component of stockholders' equity. Unrealized gains and losses on trading securities are recognized in the income statement.
14.	Inventory	Measured at cost or net realizable value whichever is lower. Net realizable value is the	Measurement is done at lower of cost or market. Market value is defined as being

S.No.	Particulars	Indian GAAP	US GAAP
		estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale. Reversal (limited to the amount of original write down) is required for a subsequent increase in value of inventory previously written down.	current replacement cost subject to an upper limit of net realizable value (i.e. estimated selling price in the ordinary course of business less reasonably predictable costs of completion and disposal) and a lower limit of net realizable value less a normal profit margin. Reversal of a write down is prohibited, as a write down creates a new cost basis.
15.	Impairment of assets, other than goodwill	Applicable for accounting periods beginning from April 1, 2004 onwards for: a) Enterprises whose equity or debt securities are listed on a recognized stock exchange in India, and enterprises that are in the process of issuing equity or debt securities that will be listed on a recognized stock exchange in India as evidenced by the board of directors' resolution in this regard, or b) All other commercial, industrial and business reporting enterprises, whose turnover for the accounting period exceeds Rs. 500,000 thousand (Applicable for financial years beginning on April 1, 2005 for other than listed companies). If impairment is indicated, the assets must be written down to higher of net selling price and the value in use based on discounted cash flows.	An impairment analysis is performed if impairment indicators exist. An impairment loss shall be recognized only if the carrying amount of a long-lived asset (asset group) is not recoverable and exceeds its fair value. The carrying amount of a long-lived asset (asset group) is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset (asset group). An impairment loss shall be measured as the amount by which the carrying amount of a long-lived asset (asset group) exceeds its fair value (which is determined based on discounted cash flows).
16.	Pension / Gratuity / Post Retirement Benefits	The liability for defined benefit plans like gratuity and pension is determined as per actuarial valuation. There is no defined method of expense determination, the discount rate determination criteria, and guidance for valuation of plan assets and the choice is left to the discretion of actuary. Actuarial gains or losses are recognized immediately in the statement of income.	The liability for defined benefit schemes is determined using the projected unit credit actuarial method. The discount rate for obligations is based on market yields of high quality corporate bonds. The plan assets are measured using fair value or using discounted cash flows if market prices are unavailable. If at the beginning of the year, the actuarial gains or losses exceeds 10% of the greater of the projected benefit obligation or the market-related value of plan assets, then such amount is not recognized immediately, but amortized over the average remaining service period of active employees expected to receive benefits under the plan.
17.	Leases	Leases are classified as finance or operating in accordance with specific criteria. Judgment is required to determine if the criteria are met or not.	The criteria to classify leases as capital or operating include specific quantitative thresholds.
18.	Derivatives and other financial	The accounting for derivative instruments has not clearly emerged	There is specific accounting guidance required for derivative instruments,

S.No.	Particulars	Indian GAAP	US GAAP
	instruments – measurement of derivative instruments and hedging activities	in the Indian context. Currently what is applicable is the Guidance Note on Accounting for Equity Index and Equity Stock Futures and Options are the pronouncements, which address the accounting for derivatives. However, the accounting treatment recommended in the guidance note is applicable to all contracts entered into for Equity Derivative Instruments irrespective of the motive. The impact of derivative instruments are correlated with the movement of the underlying assets and liabilities and accounted pursuant to the principles of hedge accounting. The related amount receivable from and payable to the swap counter parties is included in the other assets or liabilities in the balance sheet. When there is no correlation of movements between derivatives and the underlying asset or liability, or if the underlying asset or liability specifically related to the derivative instrument is matured, sold or terminated, the derivative instrument is closed out or marked to market as an element of non interest income on an outgoing basis. There is no specific guidance with respect to the documentation that must be maintained for hedge accounting.	including certain derivative instruments embedded in other contracts, (collectively referred to as derivatives) and for hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value. If certain conditions are met, a derivative may be specifically designated as (a) a hedge of the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment (fair value hedge), (b) a hedge of the exposure to variable cash flows of a forecasted transaction (cash flow hedge), or (c) a hedge of the foreign currency exposure of a net investment in a foreign operation, an unrecognized firm commitment, an available-for-sale security, or a foreign-currency-denominated forecasted transaction (net investment hedge). The accounting for changes in the fair value of a derivative (that is, gains and losses) depends on the intended use of the derivative and the resulting designation. a) Fair value hedge: the gain or loss is recognized in earnings in the period of change together with the offsetting loss or gain on the hedged item attributable to the risk being hedged. b) Cash Flow hedge and Net investment hedge: the effective portion of the derivative’s gain or loss is initially reported as a component of other comprehensive income and subsequently reclassified into earnings when the forecasted transaction affects earnings. The ineffective portion of the gain or loss is reported in earnings immediately. c) For a derivative not designated as a hedging instrument, the gain or loss is recognized in earnings in the period of change. An entity that elects to apply hedge accounting is required to establish at the

S.No.	Particulars	Indian GAAP	US GAAP
			inception of the hedge the method it will use for assessing the effectiveness of the hedging derivative and the measurement approach for determining the ineffective aspect of the hedge. Those methods must be consistent with the entity's approach to managing risk
19.	Deferred Taxes	Deferred tax asset/liability is classified as long term. The tax rate applied on deferred tax items is the substantively enacted tax rate.	Deferred tax asset/liability is classified as current and long-term depending upon the timing difference and the nature of the underlying asset or liability. The tax rate applied on deferred tax items is the enacted tax rate.
20.	Revenue recognition	Revenues are recognized when all significant risks and rewards of ownership are transferred.	US GAAP has extensive literature on revenue recognition topics and application of these guidelines could result in revenue recognition that is different from Indian GAAP.
21.	Stock based compensation	There is no specific guidance on accounting for employee stock compensation under Indian GAAP. SEBI has issued the Employee Stock Option Scheme and Employee Stock Purchase Scheme Guidelines, 1999, which are effective for listed companies for all stock-option schemes established after 19 June, 1999. In accordance with these guidelines, the excess of the market price/fair valuation of underlying equity shares as of the date of grant of the options over the exercise price of the options, including up-front payments, if any, is to be recognized and amortized on a straight-line basis over the vesting period	Entities have a choice of accounting methods for determining the costs of benefits arising from employees stock compensation plans. They may either follow an intrinsic value method or a fair value method. Under the intrinsic value method, the compensation cost is the difference between the market price of the stock at the measurement date and the price to be contributed by the employee (exercise price). The measurement date is typically the date of the grant, on which date, both the number of shares and the exercise price would be known. This method is widely used in practice. The fair value method is based on the fair value of the option at the grant date. This is estimated using an option-pricing model. If an entity chooses to follow the intrinsic value method, it must make pro-forma disclosures of net income and earnings per share as if the fair value method had been applied. There is a new standard, which requires a fair value method to be used for all options (June 15, 2005 for Public companies and December 15, 2005 for Private companies).
22.	Options to Non-employees	No specific guidance	Complex guidance with respect to measurement date and timing of recognition of expense. All options to non-employees are recognized at

S.No.	Particulars	Indian GAAP	US GAAP
			fair value.
23.	Start up costs and organization costs	No specific guidance. Companies expense start up costs.	Requires costs of start-up activities and organization costs to be expensed as incurred.
24.	Mandatorily redeemable preferred shares	Instruments characterized as preferred shares are recorded as equity, even if they are mandatorily redeemable.	Mandatorily redeemable preferred shares are classified as a liability and any payments related to them, even if characterized as a dividend, are recorded as interest expense.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS AS PER CONSOLIDATED FINANCIAL STATEMENTS

You should read the following discussion of our financial condition and results of operations together with our consolidated Indian GAAP financial statements as of and for the years ended March 31, 2004 and 2005 and as of and for the six months ended September 30, 2005, including the notes thereto and reports thereon, which begin on page 147 of this Red Herring Prospectus.

In 2002, the Company changed its financial year end closing to the 15-month period ended June 30, 2002; subsequently, in 2004, the Company again changed its financial year end closing to the nine-month period ended March 31, 2004. Accordingly, the financial years of the Company for these periods comprised of the fifteen months ended June 30, 2002, the 12 months ended June 30, 2003 and the nine months ended March 31, 2004. In order to facilitate comparison of our financial results in subsequent periods, the consolidated Indian GAAP financial statements included in this Red Herring Prospectus have been prepared as of and for the 12 months ended March 31, 2004 and 2005. In this Red Herring Prospectus, we refer to the financial and other information as of and for the 12 months ended March 31, 2004 and the 12 months ended March 31, 2005 as financial and other information as of and for the "year ended March 31, 2004" and the "year ended March 31, 2005", respectively.

Indian GAAP differs in certain significant respects from U.S. GAAP. For more information on these differences, see "Summary of Significant Differences between Indian GAAP and U.S. GAAP" on page 410 of this Red Herring Prospectus.

Overview

We are one of the largest engineering construction companies in India providing integrated design, engineering, procurement, construction and project management services for energy industry and infrastructure sector projects. We provide engineering and construction services for onshore and offshore pipelines, gas gathering systems, oil and gas tanks and terminals including cryogenic LNG and LPG storage terminals, process facilities in the oil and gas industry including for refineries, petrochemicals and power plant projects. In the infrastructure sector, we have worked on various projects for design and construction of highways, expressways, toll roads, flyovers, bridges and elevated railroads. We have also worked on several projects in the telecommunications sector. In addition, we provide value added engineering services for energy industry and infrastructure projects as well as comprehensive plant and facility maintenance and management services. We also have an ISP division that provides broadband and data communication services for its customers and serves as a primary data center for the outsourcing of our engineering services.

Our operations are spread across the regions of the Middle East, Caspian, Asia Pacific, Africa and South Asia. We have 13 subsidiaries including subsidiaries in Kazakhstan, Indonesia and the British Virgin Islands, and 12 project and marketing offices, including in the United Kingdom, Tunisia, Libya and Saudi Arabia. Punj Lloyd Kazakhstan LLP, our subsidiary in Kazakhstan, spearheads our operations in the Caspian region while our subsidiary in Indonesia, Pt. Punj Lloyd Indonesia Limited is strategic for our operations in the Asia Pacific region. Punj Lloyd Kazakhstan Limited and Pt. Punj Lloyd Indonesia Limited have substantial operational revenues and in the year ended September 30, 2005, these subsidiaries contributed 10.62% and 10.20%, respectively, of our consolidated sales and contracts revenue. Our subsidiary Punj Lloyd Insulations Limited provides insulation solutions for the oil and gas, petrochemicals, fertilizers and related industries and enables us to provide in-house insulation works for cryogenic LNG and LPG terminals and for process facilities. Spectra Punj Lloyd Limited manages the rentals of our large fleet of equipment to third parties during idle periods and also manufactures and supplies ready-mix concrete while PLN Construction Limited provides specialized horizontal directional drilling services for construction projects. Spectra Net Limited, another subsidiary, provides cable television services in the National Capital Region. Two of our subsidiaries, Punj Lloyd Inc., that was set up to manage the supply of materials and equipment for our projects, and Punj Lloyd Malaysia Sdn. Bhd., that was set up for execution of contracts and supply of materials in Malaysia and neighboring regions, are in the process of being wound up.

We have experienced high growth in our business and operations, especially in recent years. We have consistently pursued diversification prospects as a growth and risk management strategy, both geographically as well as in diversified industrial and projects segments. From a pipeline construction company in the 1980s we have diversified into various industries and project segments and have successfully executed EPC and engineering construction contracts for pipelines, tanks and terminals and process facilities in the oil and gas industry and for power plant projects as well as for highways, flyovers, bridges and elevated railroads. In over 17 years of experience in construction projects, we have constructed more than 5,300 kilometers of pipelines and four million cubic meters of storage tanks and terminals, executed 11 refinery modernization and quality improvement projects and have worked or are working on 14 highway, expressway and toll road projects in the infrastructure sector.

We have also expanded our operations from India and other south Asian countries to the Asia Pacific region, the Middle East and the Caspian region, and have developed a multinational and multicultural work force that enables us to mobilize our skilled employee resources depending on the location and the necessary expertise required for projects undertaken by us. We have successfully managed to overcome cultural and language barriers and assimilated best practices from our geographically diverse operations. We expect our growth to place significant demands on us and require us to continuously evolve and improve our operational, financial and internal controls across the organization in order to react quickly to changing business and market conditions and comply with industry standards and procedures.

Our operations commenced in 1985 as the engineering and general construction division of Punj Sons Private Limited when we were awarded the Mumbai-Pune pipeline contract by HPCL. The Company was incorporated in 1989 and we received our first contract for a gas based power plant in 1990. In 1992, we expanded our operations to the Asia Pacific region with pipeline contracts in Indonesia and followed this up in 1992 with our first pipeline and oil well head installation contract in the Middle East region. Our successful execution of projects in South Asia and the Asia Pacific region led to our being awarded major engineering and construction projects in the Middle East. In 1995, we received our first EPC contract in the oil and gas industry. Our business was primarily focused on providing engineering and construction services for pipelines in the oil and gas industry until 1995, when we diversified our operations into other project segments within the energy industry by securing contracts for the construction of oil tanks and process facilities. We further expanded our operations into Malaysia in 1996 where we were awarded a multi-product pipeline contract. In the same year, we were awarded our first pipeline project in swampy and marshy terrain in Kalimantan, Indonesia by PT Bouygues Offshore for Total. Subsequent to this project, the Company received direct and repeat contracts as the prime contractor for similar projects from Total. In 2002, we also received our first EPC contract for shallow water offshore pipelines from PT. Perusahaan Gas Negara which extended from Penaran to Pemping in Indonesia.

In the period between 1997 and 1999 we recorded significant growth in EPC contracts in the energy industry, marking the beginning of our transition from a construction company to an EPC contractor capable of delivering composite solutions for complex tanks and terminals and process facilities for refineries and for cryogenic LNG and LPG terminals. During this phase, we also diversified into industrial and civil infrastructure projects and in 1999 were awarded our first highway construction contract for the four-lane approximately 32 kilometer Vadodara – Halol toll road project. In 2002, we further expanded our international operations with the receipt of the Baku – Tbilisi – Ceyhan crude oil pipeline project from Botas for an international consortium led by BP in Turkey and with the KAM oil pipeline contract for PetroKazakhstan in Kazakhstan. By 2003, our operations were spread across South Asia, the Asia Pacific region, the Middle East and the Caspian region. We also established our high value engineering centre in 2002 to further strengthen our engineering capabilities. In 2004, we also executed the challenging approximately 505 kilometer 42 inches diameter Dahej-Vijaipur pipeline for GAIL within a period of nine months. In 2005, we increased our presence in the offshore pipeline business by securing the Uran Trombay oil pipeline project for ONGC and diversified into the power sector with two contracts for 2 X 250 MW thermal power plant stations for Jindal Power Limited at Raigarh in India as well as a contract for BHEL for 2 X 60 MW thermal power plant stations of PT Merak Energi Indonesia.

In the years ended March 31, 2004 and 2005, our consolidated income was Rs.16,187,115 thousand and Rs.19,203,343 thousand, respectively, representing an annual growth rate of 18.63%. In the six months ended September 30, 2005, our consolidated income was Rs.6,960,424 thousand. In the years ended March 31, 2004 and 2005, we earned a consolidated profit for the year of Rs.1,062,868 thousand and Rs.1,006,060 thousand, respectively, while our consolidated profit for the six months ended September 30, 2005 was Rs.35,583 thousand. Our Backlog as of September 30, 2005 was Rs.29,993,500 thousand. We obtained additional contracts of Rs. 7,137,700 thousand during the period between October 1, 2005 and November 15, 2005.

Factors affecting our results of operations

Our financial condition and results of operations are affected by numerous factors and the following are of particular importance:

Performance of the energy industry. Demand for our engineering construction services for pipelines, tanks and terminals and process facilities is dependent on the level of exploration, production, upgradation and transportation activity and the corresponding capital spending in the energy industry including the hydrocarbon and power industries. Income derived from the energy industry accounted for approximately 77.92% and 77.09% of our consolidated income in the years ended March 31, 2005 and in the six months ended September 30, 2005, respectively. Capital expenditure in the energy industry is influenced by, among other factors, global oil and gas prices, the rate of discovery and development of new oil and gas reserves, global demand for oil and gas and derivative products, local and international political and economic conditions, local demand and availability of supply of power, exploration, extraction, production and transportation costs as well as governmental regulations and policies. The sharp increase in oil and gas prices in recent periods and the heightened exploration, production and transportation activity in the energy industry has resulted in an increased demand for engineering construction services. The substantial shortfall in the supply of power in comparison to its demand in India and other developing countries in South East Asia and the increased focus by governments in unbundling the power sector and creating independent regulators has led to substantial capital investment in this sector. Our ability to capitalize on this increased activity in the energy industry will be key to our results of operations. In addition, we believe that the significant damage caused by weather conditions in southern United States may lead to additional business opportunities as certain international competitors may focus their operations and resources on infrastructure construction and development projects in such areas.

Growth in the infrastructure sector. In the infrastructure sector, we intend to continue to focus primarily on the South Asian region in the medium term, with selective projects internationally depending on the profile of the project and profit potential. Our business is therefore significantly dependent on the general economic condition and infrastructure sector activity in the South Asian region and government policies relating to infrastructure development projects. The Government of India's focus on and sustained increase in budgetary allocation for the infrastructure sector and the development of a structured and comprehensive infrastructure policy that encourages greater private sector participation as well as increased funding by international and multilateral development financial institutions for infrastructure projects in this region have resulted in or is expected to result in several large infrastructure projects in this region. Our ability to benefit from the considerable investments proposed in the infrastructure sector in the medium and long term will be key to our results of operations.

Geographically widespread operations. We have substantial international operations, including operations in South Asia, the Asia Pacific region, the Middle East, the Caspian region and Africa that are conducted through subsidiaries and our foreign project and branch offices, as well as through agreements with foreign joint venture partners. Our foreign operations may be exposed to uncertain political, legal and economic environment, government instability and complex legal systems and laws and regulations. Our ability to operate and compete in other countries may be adversely affected by governmental regulations, including price controls, taxes and other laws relating to the oil and gas industry and the environment. Our ability to manage, evolve and improve our operational, financial and internal controls across the organization and to integrate our widespread operations and derive benefits from our international operations is key to our growth strategy and results of operations.

Competition. We compete against major U.S., European and east Asian engineering and construction companies or their regional operating entities as well smaller regional engineering construction companies. Our competition varies depending on the size, nature and complexity of the project and on the geographical region in which the project is executed. In selecting contractors for major projects, clients generally limit the tender to contractors they have pre-qualified based on several criteria including experience, technological capability, capacity, performance, reputation for quality, safety record, financial strength and bonding capacity and size of previous contracts in similar projects, although price competitiveness of the bid is, the most important selection criterion. Pre-qualification is key to our winning major projects. We are currently qualified to bid for projects up to a certain value and for higher value contracts, we seek alliances with large international engineering and construction conglomerates for obtaining work on sub-contract basis. Depending on various factors, including our prior project experience, geographical presence and familiarity with local working conditions, we are often able to provide more cost effective services than our competitors or offer a superior value proposition. Since a large part of our operations are based out of India, we also benefit from lower overheads to our operations as compared to our competitors outside India.

Fixed price contracts. A substantial portion of our projects are performed on a fixed-price basis. Our expense in executing a fixed-price or lump-sum turnkey contract may vary substantially from the assumptions underlying our bid for several reasons, including unanticipated changes in engineering design of the project, unanticipated increases in the cost of equipment, material or manpower, delays associated with the delivery of equipment and materials to the project site, unforeseen construction conditions, including inability of the client to obtain requisite environmental and other approvals, delays caused by local weather conditions and suppliers' or subcontractors' failure to perform. Equipment, materials and fuel costs constitute a significant part of our operating expenses, and unanticipated increase in such costs if not taken into account in our bid may adversely affect our results of operations. Our ability to pass on increase in overall material prices may be limited under turnkey contracts with limited price variation provisions.

Ability to attract and retain skilled personnel. A significant number of our employees are skilled engineers and we face competitive pressures in recruiting and retaining skilled and professionally qualified staff. The loss of key personnel or any inability to manage the attrition levels in different employee categories may materially and adversely impact our results of operations.

Seasonality and weather conditions. Our business operations may be adversely affected by severe weather, which may require us to evacuate personnel or curtail services and it may result in damage to a portion of our fleet of equipment or facilities resulting in the suspension of operations and may prevent us from delivering materials to our jobsites in accordance with contract schedules or generally reduce our productivity. Our operations are also adversely affected by difficult working conditions and extremely high temperatures during summer months and during monsoon which restrict our ability to carry on construction activities and fully utilize our resources. We record revenues on the percentage of completion method that is based upon the proportion of the cost incurred as of a specific date to the total estimated contract cost. Since revenues are not recognized until there is reasonable progress on a contract, revenues recorded in the first half of our financial year between April and September are traditionally substantially lower compared to revenues recorded during the second half of our financial year. During periods of curtailed activity due to adverse weather conditions, we may continue to incur operating expenses, but our revenues from operations may be delayed or reduced.

Fluctuations in currency exchange rates. Significant portions of our revenues and expenses are denominated in currencies other than Indian rupees, most significantly the U.S. dollar as well as the AED and the Omani Riyal. In addition, we incur expenditure denominated in the currencies of the countries where we operate including for example, the Indonesian Rupiah, Singapore dollars, Kazakh Tenge, and make occasional procurement in other currencies, such as the Euro. In the year ended March 31, 2005 and in the six months ended September 30, 2005, approximately 57.54% and 56.28% of our consolidated income was derived from projects executed outside India. To the extent that our income and expenditure are not denominated in the same currency, exchange rate fluctuations could cause some of our costs to grow higher than the proportionate revenues on a given contract or could also result in some of our costs falling below budget resulting in higher profitability. As of September 30, 2005, we had foreign currency borrowings aggregating U.S.$45,420 thousand (Rs.1,998,457 thousand). Our future capital expenditure may include imported equipment and machinery which may be denominated in currencies other than Indian rupees. Therefore, any decline in the value of the rupee against such other currencies could increase the rupee cost of servicing our debt or purchasing such equipment.

Critical Accounting Policies

The Company maintains its accounts on accrual basis following the historical cost convention, except for the revaluation of certain fixed assets, and in accordance with Accounting Standards referred to in Section 211(3c) and other provisions of the Companies Act. The accounting policies are consistently applied by the Company and are consistent with those used in the previous year.

Principles of Consolidation. In our consolidated financial statements, investments in subsidiaries, associate companies and joint venture entities have been accounted for in accordance with AS 21 (Accounting for Consolidated Financial Statements), AS 23 (Accounting for Investments in Associate Companies) and AS 27 (Financial Reporting of Interests in Joint Ventures), respectively, issued by the Institute of Chartered Accountants of India. Our consolidated financial statements are prepared on the following basis:

- Subsidiary companies are consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating all significant intra-group balances and intra-group transactions and also unrealized profits or losses, except where cost cannot be recovered.
- Interests in the assets, liabilities, income and expenses of the joint ventures are consolidated using proportionate consolidation method. Intra-group balances, transactions and unrealized profits/losses have been eliminated to the extent of the Company's proportionate share, except where cost cannot be recovered.
- The difference of the cost to the Company of its investment in subsidiaries and joint ventures over its proportionate share in the equity of the investee company as at the date of acquisition of stake is recognized in the financial statements as goodwill or capital reserve, as the case may be.

- Minorities' interest in net profits of consolidated subsidiaries for the year is identified and adjusted against the income in order to arrive at the net income attributable to the shareholders of the Company. Their share of net assets is identified and presented in the consolidated balance sheet separately. Where accumulated losses attributable to the minorities are in excess of their equity, in the absence of the contractual obligation on the minorities, the same is accounted for by the holding company.
- Investments in associates are accounted for using the equity method. The excess of cost of investment over the proportionate share in equity of the associate as at the date of acquisition of stake has been identified as goodwill and included in the carrying value of the investment in the associate. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the share of net assets of the associate. However, the share of losses is accounted for only to the extent of the cost of investment. Subsequent profits of such associates are not accounted for unless the accumulated losses (not accounted for by the Company) are recouped. For the purpose of equity accounting, consolidated financial statements of associates have been used.
- As far as possible, the consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Company's separate financial statements. Differences in accounting policies are disclosed separately.

- The financial statements of the entities used for the purpose of consolidation are drawn up to same reporting date as that of the Company i.e. period ended September 30, 2005 and year ended March 31, 2005.

Use of estimates. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities as at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Revenue recognition. We recognize revenue to the extent that it is probable that the economic benefits will flow to the Company and that the revenue can be reliably measured. We recognize revenue as follows:

- Revenue from long term construction contracts, that is, contracts that have execution schedules greater than 12 months, is recognized on the percentage of completion method. Percentage of completion is determined as a proportion of the cost incurred as of a specific date to the total estimated contract cost. However, profit is not recognized unless there is reasonable progress on the contract. In the event that the total cost of a contract, based on technical and other estimates, is expected to exceed the corresponding contract value, such expected loss is provided for. The effect of any adjustment arising from revisions to estimates is included in the income statement of the year in which revisions are made.
- With respect to certain joint ventures of the Company engaged in infrastructure projects on BOT contracts on annuity schemes (where we incur the costs of constructing and maintaining the project and are paid predetermined charges by the client semi-annually or annually), annuity income as per the relevant contracts with the NHAI, as well as bonus income received for completion of projects prior to the scheduled completion dates, are accounted for on accrual basis.
- Revenue from long term construction contracts executed through joint ventures under work sharing arrangements is recognized on the same basis as similar contracts independently executed by the Company. Revenue in joint ventures under profit sharing arrangements is recognized to the extent of the Company's share in such joint ventures.
- Revenue generated on account of additional claims and the expenditure on account of liquidated damages on construction contracts are accounted for at the time of acceptance in principle by the customers due to uncertainties attached thereto.
- Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer.
- Revenues from provision of internet services comprise of revenues from registration, installation and provision of internet services. Registration fee and installation charges are recognized on the admission of the customer and the completion of services respectively. Service revenue from provision of internet access is recognized pro rata, calculated on the basis of provision of services or time duration of contract, as may be applicable.
- Interest revenue is accounted for on a time proportion basis taking into account the amount outstanding and the rate applicable. Dividend revenue is recognized when the shareholders' right to receive payment is established by the balance sheet date. Insurance claims are accounted for on settlement with insurers.

Fixed Assets. Fixed assets are stated at cost, other than some fixed assets which are stated at values as determined by the valuer, less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Financing costs relating to acquisition of fixed assets are also included to the extent they relate to the period till such assets are ready to be put to use.

The carrying amount of fixed assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

Depreciation. Depreciation is charged as follows:

- With respect to Indian companies comprised within the group, depreciation on the fixed assets is charged on straight line method, at the rates specified in Schedule XIV of the Companies Act (except as stated below), which are based on the useful lives of the assets. In case of revalued assets, the difference between depreciation on original cost and revalued amount is transferred from revaluation reserve to profit and loss account.
- Depreciation on the following fixed assets of internet service division is charged on straight line method at the rates, based on useful lives of the assets as estimated by the management, which are equal to or higher than the rates specified by schedule XIV:

Asset Description	Depreciation Rate
Plant and machinery	10%
Networking equipment	10%
Office equipment	10%
Ducts and optical fiber cables*	4.75%

* (included under plant and machinery)

- Amount added to assets on account of foreign exchange fluctuation is depreciated prospectively over the remaining useful lives of the respective assets.
- No amortization is made for leasehold land, which is under perpetual lease.
- Assets costing less than Rs.5,000 each are fully depreciated at the rate of 100%.
- Depreciation on the Company's share of fixed assets of an unincorporated joint venture is provided on straight-line method at the following rates based on their useful lives as estimated by the management of the joint venture:

Asset Description	Depreciation Rate
Buildings	10%
Plant & Machinery	20%
Vehicles	20%
Furniture, fixtures & office equipments	20%

- In case of foreign companies comprised within the group, depreciation is being provided for on straight line basis so as to write off the assets over their useful lives, as estimated by the management, which range from 3 to 20 years (9.32% of total net block of fixed assets as at March 31, 2005 and 8.70% of total depreciation expenditure and 13.83% of total net block of fixed assets and 17.00% of total depreciation in the six month period ended September 30, 2005).

- Intangibles: Depreciation is provided on different software used by the Group based on the nature and useful lives of these software, which range from 3 to 6 years. Depreciation on technical know how capitalized in internet service division of the Company is provided at 20%, based on its expected useful life as assessed by the management.

Preoperative expenditure pending allocation. Expenses incurred in relation to construction of capital assets in respect of entities which are yet to commence commercial operations are carried forward to be capitalized at the time of commencement of commercial operations. Other expenses not related to construction of capital assets are carried forward under deferred revenue expenditure, to be written off after the commencement of commercial operations.

Investments. Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost, after providing for any diminution in value, if such diminution is other than temporary in nature.

Valuation of Inventories. Stock in trade (equipments), stores, spares and consumables are valued at lower of cost and net realizable value. Cost is determined on weighted average basis, except in case of certain Indian subsidiaries where is arrived at on FIFO basis (0.16% of total store and spares inventory as on September 30, 2005). Work in progress related to projects is valued at net realizable value. Scrap is valued at net realizable value. Scaffoldings (included in stores, spares and consumables) are valued at cost less amortization/charge based on their useful life, which is estimated at 10 years. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs to make the sale.

Foreign currency transactions.

- *Initial recognition*: Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.
- *Conversion*: Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.
- *Exchange differences*: Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise except those arising from investments in non-integral foreign operations. Exchange differences arising on account of fixed assets acquired from outside India are capitalized. Exchange differences arising on a monetary item that, in substance, forms part of company's net investment in a non-integral foreign operation are accumulated in a foreign currency translation reserve in the financial statements until the disposal of the net investment, at which time they are recognized as income or as expenses.

Foreign operations. The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the company itself. In translating the financial statements of a non-integral foreign operation for incorporation in financial statements, the assets and liabilities, both monetary and non-monetary, of the non-integral foreign operation are translated at the closing rate (except for shareholder's funds, which is converted at historical rate); income and expense items of the non-integral foreign operations are translated at average exchange rates for the period. All resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of the net investment. On the disposal of a non-integral foreign operation, the cumulative amount of the exchange differences which have been deferred and which relate to that operation are recognized as income or as expenses in the same period in which the gain or loss on disposal is recognized.

Taxation. Tax expense / (tax saving) is the aggregate of current year tax and deferred tax charged (or credited) to the profit and loss account for the year.

- Current tax is the provision made for income tax liability on the profits for the year in accordance with the applicable tax laws in the respective countries.
- Deferred tax is recognized, on timing differences, being the differences resulting from the recognition of items in the financial statements and in estimating its current income tax provision.
- Deferred tax assets are recognized on brought forward business losses and unabsorbed depreciation only to the extent that there is virtual certainty supported by convincing evidence and on others, to the extent that there is reasonable certainty of their realization.
- Deferred tax assets and liabilities are measured using the tax rates and the tax laws that have been enacted or substantively enacted at the balance sheet date.
- Unrecognized deferred tax assets of earlier years are re-assessed and recognized to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realized.

Income

We derive our income from (i) sales and contract revenue that consists of our operating income, (ii) other income that consists of our non-operating income and income from activities related to construction, (iii) profit on sale of investments in associates including sale of equity interest in our joint venture companies and (iv) profit on disposal of interest in joint ventures.

Our sales and contracts revenues include (i) contract revenues from engineering, procurement and construction and plant and facility management services provided for our projects, (ii) bonus income and annuity income derived from our BOT and BOOT contracts in infrastructure projects, (iii) income from the lease of the equipment of Spectra Net Limited, (iv) hire charges from our construction equipment, (v) income from provision of internet services by our ISP division and (vi) income from the sale of spares and consumables used in our construction projects and from equipment by our ISP division.

Our other income include (i) rent received on our properties and facilities that we have leased to third parties, (ii) interest income from our investments and interest received/accrued on delayed payment from our clients on contract revenues, (iii) dividends from long term investments including our joint venture companies, (iv) income from insurance claims settled with the insurer, (v) profits on sale of investments (vi) other miscellaneous income including scrap sales, deputation fees and ISP registration and installation charges. Bad debts recovered, unspent liabilities and provisions written back and gains from foreign exchange fluctuations are recorded as other income.

Our revenues are dependent on energy industry and infrastructure sector projects undertaken by our clients and there can be no assurance regarding whether or when we shall be granted a contract. Accordingly, our income from different industry/project segments and from the different geographic regions may vary from period to period.

The following table sets forth our consolidated income from different industry/project segments in during the years ended March 31, 2004 and 2005 and in the six months ended September 30, 2005:

(In Rupees Thousand)

	As of March 31, 2004		As of March 31, 2005		As of September 30, 2005	
	Amount	**Percent**	**Amount**	**Percent**	**Amount**	**Percent**
Pipelines	8,025,787	50.34	7,593,731	42.42	2,505,061	36.86
Storage tanks and terminals	1,050,515	6.59	1,157,283	6.47	1,463,609	21.54
Process facilities	1,585,235	9.94	5,196,623	29.03	1,269,992	18.69
Infrastructure	4,673,279	29.31	3,578,724	19.99	1,371,406	20.18
Others	608,512	3.81	373,750	2.09	185,431	2.73
Total	**15,943,328**	**100%**	**17,900,113**	**100%**	**6,795,500**	**100%**

The following table shows our consolidated income by geographic region in the years ended March 31, 2004 and 2005 and in the six months ended September 30, 2005:

	As of March 31, 2004		As of March 31, 2005		As of September 30, 2005	
	Amount	**Percent**	**Amount**		**Amount**	**Percent**
	(Rupees in thousand)					
Middle East	588,242	3.69%	1,428,059	7.98%	957,535	14.09%
Asia Pacific Region	3,494,482	21.92%	2,984,570	16.67%	1,783,165	26.24%
South Asia	11,735,238	73.61%	7,599,604	42.46%	2,970,687	43.72%
Caspian Region	125,366	0.79%	5,887,865	32.89%	1,084,112	15.95%
Total	**15,943,328**	**100%**	**17,900,098**	**100%**	**6,795,500**	**100%**

Revenues from our engineering and construction contracts are recognized on the percentage of completion method, which is based upon the proportion of the cost incurred as of a specific date to the total estimated contract cost, and revenues are not recognized until there is reasonable progress on a contract. Accordingly, our revenues from a project are dependent on the completion schedule of the project. Our Backlog comprises anticipated revenues from the uncompleted portion of existing contracts (which are signed contracts for which all pre-conditions to entry into force have been met including letters of intent issued by the client prior to execution of the final contract). The amount of our Backlog does not necessarily indicate future earnings related to the performance of that work. Owing to changes in project scope and schedule, we cannot predict w with certainty when or if the Backlog will be performed and will generate revenues. In addition, even where a project proceeds on schedule, it is possible that contracting parties may default and fail to pay amounts owed. There may also be delays associated with collection of receivables from our clients. Any delay, cancellation or payment default could materially harm our cash flow position and/or revenues.

Our revenues are also dependent on the stage of the project and the nature and level of activity involved during each stage. In addition, our operations are also adversely affected during summer months by difficult working conditions and extremely high temperatures and during monsoon which restricts our ability to carry out construction activities and fully utilize our resources. Accordingly, revenues recorded in the first half of our financial year between April and September are traditionally lower than revenues recorded during the second half of our financial year. During periods of curtailed activity due to adverse weather conditions or otherwise, we may continue to incur operating expenses, but our revenues from operations may be delayed or reduced.

Our revenues are also dependent on the payment terms involved in a project. Our contracts typically stipulate payment terms on the basis of achievement of specified milestones and schedules for the project, but in some contracts, the payment terms could include reduced advance payments, and payment schedules that are back-ended resulting in increased requirement of working capital requirements.

Expenditure

Our expenditure comprises of (i) materials consumed and cost of goods sold (ii) operating and administrative expenses, (iii) financial charges, (iv) depreciation and amortization and (v) miscellaneous expenditure written off.

Materials consumed and costs of goods sold. Materials consumed and costs of goods sold include (i) materials consumed relating to expenditure for construction materials used in our projects such as steel, cement, equipment and materials used for construction of processing facilities, consumable stores, steel plates for construction of tanks, spares for the equipments and (ii) cost of goods sold relating to expenditure for cable routers and various other equipment used in installation of and providing internet and data services through our optic fiber network. Any amortization or depletion in the value of the inventory of these materials and equipment are also recorded under materials consumed and costs of goods sold.

Operating and administrative expenses. Operating and administrative expenses include (i) operating expenses associated with our projects, (ii) personnel expenses and (iii) administration and establishment expenses.

Operating expenses include (i) contractor charges paid to sub-contractors to whom we have contracted a part of our project responsibilities, (ii) site/connectivity expenses incurred for execution of projects and connectivity charges incurred in connection with the provision of internet and data services, (iii) diesel and fuel costs for operating our equipment, (iv) repair and maintenance costs of our equipment and facilities, (v) freight and cartage costs and (vi) hire charges paid for hire of equipment from third parties.

Personnel expenses include (i) salaries, wages and bonus payments to our employees, (ii) contributions made to provident funds and other similar personnel expenses and (iii) expenses relating to workmen and staff welfare.

Administration and establishment expenses include, among other expenses, (i) rent paid for office space and facilities utilized by us, (ii) insurance charges, (iii) traveling and conveyance charges, (iv) fees and taxes paid, (v) consultancy and professional charges paid and (vi) other miscellaneous administrative and establishment expenses such as office expenses, printing and stationary, communication expenses, power and fuel expenses etc. We also record any bad debts or advances that are written off, any provisions made for doubtful debts and any loss on sale of fixed assets during a fiscal period under administration and establishment expenses.

Financial charges include (i) interest payable on term loans, debentures issued and other interest payable on hire purchase arrangements for equipment and (ii) bank and financial charges payable on letters of credit and bank guarantees and bonds issued on our behalf in favor of our clients and other bank charges. We also record any loss arising out of foreign exchange fluctuations during a fiscal period under financial charges incurred by us.

The nature of expenditure incurred by us on a given project is significantly dependent on the nature of the project. For example, for our construction activities, we may consider using varying proportions of manual or mechanized labor depending on the project specifications and conditions, or decide to sub-contract parts of such construction activities, resulting in, for example, a varying proportion of labor, fuel and/or sub-contractor costs. In addition, in EPC projects for process facilities and tanks and terminals, expenditure relating to procurement of equipment and materials constitute a significantly higher proportion of the total expenditure incurred in comparison to pipeline and infrastructure sector projects, where fuel and labor costs constitute a significantly higher proportion of the expenditure.

Results of Operations

As a result of the various factors discussed above that affect our income and expenditure on specific projects, our results of operations may vary from period to period depending on the nature of projects undertaken by us, their completion schedules, the nature of expenditure involved in a particular project and the specific terms of the contract, including payment terms. In addition, profitability margins generally tend to be higher in the energy industry projects in comparison to infrastructure projects and therefore, our intent is to target larger infrastructure projects with higher profitability margins, where there is likely to be lesser competition. In addition, in infrastructure projects undertaken by us on a BOT or BOOT basis, there could be certain flexibility under the applicable accounting policies on the allocation of margins to the various activities including engineering, procurement, construction and financing and the recording of such margins in our financial statements over a period of time.

The following table sets forth certain information with respect to our results of operations for the periods indicated:

(In Rupees Thousand)

	Year ended March 31,		Six months ended September 30,
Particulars	**2004**	**2005**	**2005**
Income			
Sales and contracts revenue	15,943,328	17,900,099	6,795,499
Other income	243,787	439,160	162,740
Profit on sale of investments in associates	-	150,561	2,185
Profit on disposal of interest in joint ventures	-	583,524	-
Waiver of funded interest	-	130,000	-
	16,187,115	**19,203,344**	**6,960,424**
Expenditure			
Materials consumed and cost of goods sold	4,732,815	4,824,058	1,888,608
Operating and administrative expenses	8,271,494	10,963,925	4,263,917
Financial charges	1,183,550	1,333,350	460,292
Miscellaneous expenditure written off	22,741	48,075	-
Depreciation / amortization	703,017	872,386	312,460
Less : Transferred from revaluation reserve	(36,685)	(33,330)	(15,349)
	666,332	839,056	297,111
Total Expenses	**14,876,932**	**18,008,464**	**6,909,928**
Profit before Tax	**1,310,183**	**1,194,880**	50,496
Provision For Tax			
Current tax	192,226	189,870	47,788
Deferred tax	63,849	3,905	(32,601)
Fringe Benefit tax	-	-	5,650
	256,075	**193,775**	**20,837**
Profit after Tax	1,054,108	1,001,105	29,659
Add: Share in profits of aiatesassociates	6,960	2,583	4,983
Profit before Minority's Share	1,061,068	1,003,688	34,642
Add: Share of loss transferred to minority	1,800	2,373	941
Profit for the Year	**1,062,868**	**1,006,061**	**35,583**

Six months ended September 30, 2005

Our results of operations in the six months ended September 30, 2005 were affected by, amongst other factors, the following:

- Our operations are usually adversely affected by difficult working conditions and extremely high temperatures during summer months and during monsoon which restrict our ability to carry on construction activities and fully utilise our resources. Since revenues are not recognized until there is reasonable progress on a contract, revenues recorded in the first half of our financial year between April and September are typically substantially lower compared to revenues recorded in the second half of our financial year. During the six months ended September 30, 2005, we experienced extremely high temperatures and a heavy monsoon which affected construction activity on our projects and consequently we recorded lower revenues.

- We completed several of our projects in the six months ended September 30, 2005. We also commenced work on certain new projects during this period, resulting in an unusual bunching or concentration of projects completed and new projects commenced during this period. Since we record revenues on the percentage of completion method, we did not record margins on some of these new projects where we have commenced work as we did not achieve reasonable progress on these projects prior to September 30, 2005, resulting in lower revenues recorded during this period.

- A significant part of our operating expenses are in the nature of fixed or time costs, and we also incur expenditure on other non-operating costs such as financial charges and depreciation irrespective of the extent of project work executed during such period.

- Because of the reasons discussed above, while we recorded lower revenues in the six months ended September 30, 2005, there was no significant decrease in expenditure incurred by us, resulting in our profit after taxes and net profit being significantly lower in the six months ended September 30, 2005.

Income. We recorded an income of Rs. 6,960,424 thousand in the six months ended September 30, 2005, comprising of Rs.6,795,499 thousand of sales and contracts revenue and Rs.162,740 thousand of other income and profit on sale of investment of an associate company of Rs. 2,185 thousand.

Sales and contracts revenue. Our sales and contracts revenue in the six months ended September 30, 2005 comprised of Rs.6,795,499 thousand of contract revenues from provision of engineering, procurement and construction services on our projects, income from the lease of the equipment of Spectra Net Limited of Rs.1,169 thousand and income from hire charges on our construction equipment of Rs.32,961 thousand. We also recorded income from sale of spares and consumables used in our construction projects and from equipment by our ISP division of Rs.102,242 thousand and from provision of internet services by our ISP division of Rs.143,004 thousand.

Other income. We recorded other income of Rs.162,740 thousand in the six months ended September 30, 2005, including interest received on our fixed deposits/margin deposits of Rs.15,293 thousand, profits in sale of investments of Rs.17,930 thousand and other miscellaneous income including scrap sales, deputation fees and ISP registration and installation charges of Rs.62,783 thousand. We recorded income from unspent liabilities and provisions written back of Rs.58,637 thousand in the six months ended September 30, 2005.

Expenditure. We incurred total expenditure of Rs.6,909,928 thousand in the six months ended September 30, 2005.

Materials consumed and costs of goods sold. We incurred expenditure on materials consumed and costs of goods sold of Rs.1,888,608 thousand of which costs of materials consumed comprised Rs.1,876,146 thousand. We recorded amortization/depletion in the value of our inventory in the six months ended September 30, 2005 of Rs.11,024 thousand, primarily relating to amortization of scaffolding inventory.

Operating and administrative expenses. Our operating and administrative expenses include project related expenses, personnel related expenses and administrative and establishment expenses. We incurred operating and administrative expenses of Rs.4,263,917 thousand in the six months ended September 30, 2005.

We incurred project expenses of Rs.2,694,958 million, including contractor charges paid to sub-contractors of Rs.1,813,555 thousand, site/connectivity charges incurred in connection with the provision of internet and data services of Rs.199,921 thousand, diesel and fuel costs used for operating our construction and other equipment of Rs.212,692 thousand and freight and cartage charges of Rs.155,636 thousand. Hire charges for specialized construction equipment used in our projects comprises a significant part of our project expenses. In the six months ended September 30, 2005, we incurred hire charges of Rs.267,122 thousand.

In the six months ended September 30, 2005, we incurred personnel expenses of Rs.848,356 thousand, including salaries, wages and bonus of Rs.775,046 thousand, contribution to provident funds and other statutory employee welfare funds of Rs.32,317 million and workmen and staff welfare costs of Rs.40,993 million.

We incurred Rs.720,603 thousand of administrative and establishment expenses in the six months ended September 30, 2005, including, among others, consultancy/professional charges of Rs.238,070 thousand, travelling and conveyance expenses of Rs.105,310 thousand, insurance charges of Rs.86,031 thousand, fees and taxes of Rs.79,283 thousand and other miscellaneous administrative and establishment expenses relating to office expenses of Rs.123,707 thousand.

Financial charges. We incurred expenditure on account of financial charges of Rs.460,292 thousand, including interest paid on term loans of Rs.234,253 thousand and other interest including on short term loans of Rs.101,459 thousand. In the six months ended September 30, 2005, we recorded losses on account of foreign exchange fluctuation of Rs.43,239 thousand and paid bank and/or financial charges on letters of credits, performance guarantees and other miscellaneous transactions of Rs.80,409 thousand.

Depreciation/amortization. Depreciation/amortization charges are recorded as adjusted for transfers from revaluation reserves. We recorded depreciation/amortization charges of Rs.297,111 thousand in the six months ended September 30, 2005.

Profit before tax. For the reasons discussed above, profit before taxes in the six months ended September 30, 2005 was Rs.50,496 thousand.

Provision for taxes. Provision for taxes includes current tax liabilities and deferred tax liabilities. Provision for taxes in the six months ended September 30, 2005 was Rs.20,837 thousand.

Profit after taxes. Profit after tax was Rs.29,659 thousand in the six months ended September 30, 2005.

Profit for the year. For the reasons discussed above, our consolidated profit for the six months ended September 30, 2005, as adjusted for share in profits of associate companies and share of loss transferred to the minority interest, was Rs.35,583 thousand.

Year ended March 31, 2005 compared to year ended March 31, 2004

Our results of operations in the year ended March 31, 2004 and 2005 were affected by, amongst other factors, the following:

- There was a significant increase in project activities in the energy industry in most of our international markets during the year ended March 31, 2005. However, the general elections in India and in Indonesia in April 2004 and March 2004, respectively, led to a change in governments and created some degree of political uncertainty. Consequently, the pace of development in the energy industry and infrastructure sector in these regions temporarily slowed down and led to delays in the award of certain contracts by several months. This resulted in materialization of fewer contracts and consequent weaker growth in our revenues during the year ended March 31, 2005. Many of the contracts that were delayed were awarded to us towards the end of the year ended March 31, 2005 and during the year ending March 31, 2006. Our ability to capitalize on our strong Backlog as on September 30, 2005 will be key to our strong growth..
- We experienced significant increase in the average purchase price of steel, cement and other construction materials in the year ended March 31, 2005 as compared to the year ended March 31, 2004.
- We experienced significant unanticipated cost escalation on certain projects resulting from contract variations and delays attributable to our clients. We have raised claims on our clients for such contractual variations; however, these claims have not been recorded as income in our financial statements as they are yet to be finally accepted by our

clients. We expect to record the income on account of these claims in our financial statements in future periods on final acceptance of these claims by our clients.

Income. Our income increased by 18.63% from Rs.16,187,116 thousand in the year ended March 31, 2004 to Rs.19,203,343 thousand in the year ended March 31, 2005, primarily owing to increased construction activities and a significant increase in other income by 434.58% from Rs.243,787 thousand in the year ended March 31, 2004 to Rs.1,303,245 thousand in the year ended March 31, 2005.

Sales and Contracts Revenue. Our sales and contracts revenue increased by 12.28% from Rs.15,943,328 thousand in the year ended March 31, 2004 to Rs.17,900,098 thousand in the year ended March 31, 2005. This increase was primarily due to a 9.8% increase in contract revenues from provision of engineering, procurement and construction services on our projects from Rs.15,518,233 thousand in the year ended March 31, 2004 to Rs.17,035,307 thousand in the year ended March 31, 2005. In the year ended March 31, 2005, we recorded Rs.481,577 thousand as annuity income and bonus income from our BOT projects for NHAI. We did not record any annuity or bonus income in the year ended March 31, 2004. Income from leased assets and income from hire charges decreased significantly by 32.8% from Rs.111,367 thousand in the year ended March 31, 2004 to Rs.74,872 thousand in the year ended March 31, 2005, primarily due to lower rentals from our equipment during idle periods since the equipment was utilized in our projects.

Other income. Other income increased by 80.14% from Rs.243,787 thousand in the year ended March 31, 2004 to Rs.439,160 thousand in the year ended March 31, 2005, primarily because of recovery of old debts which were written off in earlier years, the sale of our equity interest in the following special purpose vehicles set up in joint venture for implementation of BOOT projects: Rajahmundry Expressway Limited, Andhra Expressway Limited, North Karnataka Expressway Limited and the Vadodara Halol Toll Road Company Limited during the year. Consequently, we recorded profits from the sale of long term investments of Rs.734,085 thousand in the year ended March 31, 2005 as compared to Rs.15,134 thousand in the year ended March 31, 2004. Furthermore, during the year ended March 31, 2005, we also transferred the beneficial rights in certain equity shares held by us in the Rajahmundry Expressway Limited, Andhra Expressway Limited and North Karnataka Expressway Limited.

Interest income from our investments and interest accrued on delayed payment by our clients on contract claims increased significantly by 690.06% from Rs.13,392 thousand in the year ended March 31, 2004 to Rs.105,785 thousand in the year ended March 31, 2005, primarily due to interest provisions recorded on delayed payments by one of our clients. Income from dividends decreased by 54.59% from Rs.1,401 thousand in the year ended March 31, 2004 to Rs.636 thousand in the year ended March 31, 2005. In addition, in the years ended March 31, 2004 and 2005, we received Rs.44,092 thousand and Rs.37,224 thousand, respectively, of our outstanding insurance claims.

In the year ended March 31, 2005, we recorded income from unspent liabilities and provisions written back of Rs.141,916 thousand. In the year ended March 31, 2004 we did not record any such income. Unspent liabilities and provisions written back in the year ended March 31, 2005 primarily related to excess provisions made in earlier years. In the year ended March 31, 2005, we also recorded income from bad debts recovered of Rs.57,606 thousand, relating to outstanding debts relating to a tankage project executed for Essar Refineries that we had written off in earlier years. We did not record any such income from bad debts recovered in the year ended March 31, 2004. We also recorded income from gains on foreign exchange fluctuations of Rs.20,468 thousand in the year ended March 31, 2005, while in the year ended March 31, 2004, we incurred a loss of Rs.44,371 thousand which is reflected as financial charges incurred in the year ended March 31, 2004.

Other miscellaneous income including income from scrap sales, deputation fees, registration and installation charges recorded by our ISP division decreased significantly by 53.47% from Rs.162,320 thousand in the year ended March 31, 2004 to Rs.75,525 thousand in the year ended March 31, 2005.

Waiver of funded interest. In the year ended March 31, 2005, we recorded income from waiver of funded interest of an amount of Rs.130,000 thousand relating to interest payments owed by our ISP division to ICICI Bank Limited that was waived by ICICI Bank Limited as part of the settlement of the outstanding debt.

Expenditure. Our expenditure consists of materials consumed and costs of goods sold, operating and administrative expenses, financial charges incurred, depreciation and amortization charges and miscellaneous expenditure written off. Our expenditure increased by 21.05% from Rs.14,876,932 thousand in the year ended March 31, 2004 to Rs.18,008,464 thousand in the year ended March 31, 2005, primarily due to a 32.55% increase in operating and administrative expenses from Rs.8,271,494 thousand in the year ended March 31, 2004 to Rs.10,963,925 thousand in the year ended March 31, 2005.

Materials consumed and costs of goods sold. Expenditure relating to materials consumed and costs of goods sold increased marginally from Rs.4,732,815 thousand in the year ended March 31, 2004 to Rs.4,824,058 thousand in the year ended March 31, 2005. Costs of materials consumed remained relatively steady at Rs.4,771,846 thousand in the year ended March 31, 2005 as compared to Rs.4,692,712 thousand in the year ended March 31, 2004.

Costs of goods sold in connection with our internet and cable television services decreased substantially by 79.20% from Rs.40,103 thousand in the year ended March 31, 2004 to Rs.8,342 thousand in the year ended March 31, 2005, primarily due to a decrease in the value of closing stock.

We recorded an amortization/depletion in the value of our inventory of Rs.43,870 thousand in the year ended March 31, 2005, relating to our inventory in the ISP division, and the scaffolding material used in our construction work that is amortized over a period of 10 years. We did not record any such amortization/depletion in the value of our inventory in the year ended March 31, 2004.

Project and administrative expenses. Our project and administrative expenses include project related expenses, personnel related expenses and administrative and establishment expenses.

Project expenses increased by 24.63% from Rs.5,635,903 thousand in the year ended March 31, 2004 to Rs.7,024,277 thousand in the year ended March 31, 2005, primarily due to a 36.65% increase in contractor charges from Rs.2,725,463 thousand in the year ended March 31, 2004 to Rs.3,724,209 thousand in the year ended March 31, 2005 and because of substantial increases in site/connectivity charges incurred in connection with the provision of internet and data services as well as freight and cartage costs. Contractor charges increased significantly in the year ended March 31, 2005 owing to an increase in the construction activities on our projects that were sub-contracted to third parties. Site and connectivity charges increased by 99.21% from Rs.425,460 thousand in the year ended March 31, 2004 to Rs.847,554 thousand in the year ended March 31, 2005 due to increased construction site expenses incurred as a result of the nature of projects undertaken and additional bandwidth requirement. Cartage and freight costs also increased significantly by 72.28% from Rs.307,871 thousand in the year ended March 31, 2004 to Rs.530,400 thousand in the year ended March 31, 2005 due to increased cartage and freight costs associated with the nature of projects undertaken by us. Diesel and fuel costs used for operating our construction and other equipment decreased by 19.50% from Rs.852,033 thousand in the year ended March 31, 2004 to Rs.685,878 thousand in the year ended March 31, 2005. Hire charges for specialized construction equipment used in our projects comprises a significant part of our project expenses. Hire charges incurred in the year ended March 31, 2005 remained relatively steady at Rs.1,068,351 thousand as compared to Rs.1,053,493 thousand in the year ended March 31, 2004.

Personnel expenses, which consists of salaries, wages and bonus payments to employees, contributions to providend funds and other funds and expenses incurred in connection with workmen and staff welfare, increased sharply by 66.49% from Rs.1,276,557 thousand in the year ended March 31, 2004 to Rs.2,125,303 thousand in the year ended March 31, 2005. The increase in salaries, wages and bonus paid to our employees was 70.39%, owing to significant recruitment of new personnel outside India for our projects and an increase in recruitment of casual and temporary contract employees for our infrastructure projects which are comparatively more labor intensive.

Administrative and establishment expenses increased significantly by 33.50% from Rs.1,359,034 thousand in the year ended March 31, 2004 to Rs.1,814,345 thousand in the year ended March 31, 2005, primarily due to a sharp 72.37% increase in miscellaneous administrative and establishment expenses relating to office expenses and communication expenses from Rs.258,254 thousand in the year ended March 31, 2004 to Rs.445,093 thousand in the year ended March 31, 2005. Further, there was an increase in consultancy/professional charges by 29.84% from Rs.391,788 thousand in the year ended March 31, 2004 to Rs.508,716 thousand in the year ended March 31, 2005 due to the mix of projects that were under execution. Rent costs also increased significantly by 74.40% from Rs.62,784 thousand in the year ended March 31, 2004 to Rs.109,497 thousand in the year ended March 31, 2005 due to additional leases for our project, marketing and other offices including at overseas locations. Insurance cost also increased by 30.15% from Rs.81,513 thousand in the year ended March 31, 2004 to Rs.106,088 thousand in the year ended March 31, 2005 primarily due to an increase in the insurable value for project works undertaken by us and of our fleet of equipment. Traveling and conveyance costs increased by 56.19% from Rs.184,870 thousand in the year ended March 31, 2004 to Rs.288,755 thousand in the year ended March 31, 2005.

These increases were however partially offset by a significant 37.11% decrease in fees and taxes relating to our projects from Rs.351,324 thousand in the year ended March 31, 2004 to Rs.220,962 thousand in the year ended March 31, 2005.

In the year ended March 31, 2005, we wrote off bad debt and/or advances of Rs.38,227 thousand from earlier years, as compared to Rs.12,963 thousand in the year ended March 31, 2004. We also made provisions for doubtful debts of Rs.14,304 thousand in the year ended March 31, 2005 relating to trade receivables as compared to Rs.913 thousand in the year ended March 31, 2004. In the year ended March 31, 2005, we incurred a loss of Rs.60,624 thousand on account of sale of fixed assets as compared to a loss on account of sale of fixed assets of Rs.3,618 thousand in the year ended March 31, 2004. The loss on account of sale of fixed assets in the year ended March 31, 2005 related primarily to sale of surplus construction equipment used for telecommunications project.

Financial charges. Expenditure on account of financial charges increased by 12.66% from Rs.1,183,550 thousand in the year ended March 31, 2004 to Rs.1,333,350 thousand in the year ended March 31, 2005. Interest charges increased by 16.18% from Rs.910,313 thousand in the year ended March 31, 2004 to Rs.966,548 thousand in the year ended March 31, 2005, primarily due to a 30.50% increase in interest payable on our term loans from Rs.597,433 thousand in the year ended March 31, 2004 to Rs. 779,632 thousand in the year ended March 31, 2005, which was partially offset by a sharp decrease in other interest paid on short term loans from Rs.300,185 thousand in the year ended March 31, 2004 to Rs.182,872 thousand in the year ended March 31, 2005. Interest paid on debentures decreased by 68.14% from Rs.12,696 thousand in the year ended March 31, 2004 to Rs.4,044 thousand in the year ended March 31, 2005. Bank/financial charges paid for letters of credit and performance guarantees and other miscellaneous financial transactions increased significantly by 60.27% from Rs.228,866 thousand in the year ended March 31, 2004 to Rs. 366,802 thousand in the year ended March 31, 2005, primarily owing to increased values of the performance and financial guarantees and bonds provided for our projects and increased bidding activity. In the year ended March 31, 2004, we recorded a loss of Rs.44,371 thousand on account of foreign exchange fluctuations, while we recorded a profit of Rs.20,468 thousand in the year ended March 31, 2005 on this account.

Miscellaneous expenditure written off. In the year ended March 31, 2005, we wrote off certain miscellaneous expenditure of Rs.48,075 thousand primarily on account of restructuring fees of loans of ISP division which were repaid during the year, as compared to miscellaneous expenditure of Rs.22,741 thousand written off in the year ended March 31, 2004.

Depreciation/amortization. Depreciation/amortization charges are recorded as adjusted for transfers from revaluation reserves. Depreciation/amortization charges increased by 25.92% from Rs.666,332 thousand in the year ended March 31, 2004 to Rs.839,056 thousand in the year ended March 31, 2005, primarily due to the acquisition of additional equipment.

Profit before tax. Profit before taxes decreased marginally by 8.80% to Rs.1,194,880 thousand in the year ended March 31, 2005 from Rs.1,310,183 thousand in the year ended March 31, 2004.

Provision for taxes. Provision for taxes includes current tax liabilities and deferred tax liabilities. Provision for taxes decreased by 24.33% to Rs.193,775 thousand in the year ended March 31, 2005 from Rs.256,075 thousand in the year ended March 31, 2004, primarily due to a decrease in our taxable profit.

Profit after taxes. Profit after tax decreased by 5.02% from Rs.1,054,108 thousand in the year ended March 31, 2004 to Rs.1,001,105 thousand in the year ended March 31, 2005.

Profit for the year. For the reasons discussed above, our consolidated profit for the year ended March 31, 2005, as adjusted for share in profits of associate companies and share of loss transferred to the minority interest, decreased marginally to Rs.1,006,061 thousand as compared to our consolidated profit for the year ended March 31, 2004 of Rs.1,062,868 thousand.

Liquidity and Capital Resources

Liquidity

Historically, our primary liquidity requirements have been to finance our working capital needs and our capital expenditures. Our business requires a significant amount of working capital. In many cases, significant amounts of our working capital are required to finance the purchase of materials and the performance of engineering, construction and other work on projects before payment is received from clients. In certain cases, we are contractually obligated to our clients to fund working capital on our projects. To fund these costs we have relied on equity contributions, including issuance of preferred stock, short-term and long-term borrowings including working capital financing and cash flows from operating activities.

Cash Flows

The table below summarizes our cash flows in the years ended March 31, 2004 and 2005 and in the six months ended September 30, 2005:

(In Rupees Thousand)

	Year ended March 31,		Six months ended September 30,
	2004	**2005**	**2005**
Net cash from (used in) operating activities	1,826,027	(1,294,857)	(491,384)
Net cash from (used in) investing activities	(3,147,386)	(1,400,784)	(253,756)
Net cash from (used in) financing activities	907,590	2,604,302	861,602
Net increase (decrease) in cash and cash equivalents	(413,769)	(91,340)	116,461

Operating Activities

Net cash used in operating activities in the six months ended September 30, 2005 was Rs.491,384 thousand although our profit before taxes for the six months ended September 30, 2005 was Rs.50,496 thousand. The difference was primarily attributable to an increase in trade receivables of Rs.1,312 thousand, an increase in loans and advances of Rs.61,471 thousand, thousand and an increase in inventory of Rs.1,030,266 thousand. These were partially offset by a increase in current liabilities and provision of Rs.88,020 thousand and a decrease in other current assets of Rs.3,705 thousand.

Net cash used in operating activities in the year ended March 31, 2005 was Rs.1,294,857 thousand although our profit before taxes for the year ended March 31, 2005 was Rs.1,194,880 thousand. The difference was primarily attributable to an increase in trade receivables of Rs.1,267,050thousand, an increase in loans and advances of Rs.657,125 thousand, an increase in other current assets of Rs.22,025 thousand and an increase in inventory of Rs.2,641,652 thousand. These were partially offset by a decrease in current liabilities and provision of Rs.1,477,576 thousand.

Net cash generated from operating activities in the year ended March 31, 2004 was Rs.1,826,027 thousand although our profit before taxes for the year ended March 31, 2004 was Rs.1,310,180 thousand. The difference was primarily attributable to an increase in inventories of Rs.1,946,779 thousand which was partially offset by a decrease in loans and advances of Rs.1,065,115 thousand and sundry debtors of Rs.375,059 thousand.

Investing Activities

Net cash used in investing activities for the six months ended September 30, 2005 was Rs.253,756 thousand while net cash used in investing activities for the year ended March 31, 2005 was Rs.1,400,784 thousand. Our expenditure for investing activities primarily relates to the purchase of fixed assets comprising property, plant and equipment used in our construction business, and offset in each fiscal by minor disposal of such fixed assets, disposal of investments and interest and dividends received. Net cash used in investing activities for the year ended March 31, 2004 was Rs.3,147,386 thousand. The significant amount of net cash used in investing activities in the year ended March 31, 2004 primarily resulted from capital expenditure relating to additional assets purchased.

Financing Activities

Net cash provided by financing activities in the six months ended September 30, 2005 was Rs.861,602 thousand, comprising Rs.935,877 thousand increase in working capital loans, Rs.127,067 thousand increase in secured term loans and Rs.156,256 thousand increase in unsecured loans, which was partially offset by a decrease in debentures due to their redemption in an amount of Rs.14,000 thousand.

Net cash provided by financing activities in the year ended March 31, 2005 was Rs.2,604,302 thousand, comprising Rs.45,881 thousand increase in our equity share capital and Rs.2,239,122 thousand increase in security premium relating to equity investment by private equity investors, which was partially offset by a decrease in working capital demand loans in an amount of Rs.305,083 thousand as well as interest and dividend payments.

Net cash provided by financing activities in the year ended March 31, 2004 was Rs.907,590 thousand, comprising of Rs.1,798,992 thousand and Rs.416,049 thousand increases in term loan and working capital demand loans, respectively, which were partially offset by interest and dividend payments.

Historical and Planned Capital Expenditures

We need to make investments in capital equipment on a recurring basis. In the year ended March 31, 2005, we invested Rs.7,413,438 thousand in fixed assets including Rs.5,897,780 thousand for plant and machinery. We intend to use Rs.1,500,000 from the net proceeds of the Fresh Issue for purchase of capital equipment. To meet the requirements of its various projects, we have projected a capital expenditure plan on plant and machinery of Rs.2,739,000 thousand and Rs.645,000 thousand based on our backlog as of September 30, 2005 and expected order booking in the years ending March 31, 2006 and 2007, respectively. The Company proposes to finance these expenditures through debt, the net proceeds of the Fresh Issue and internal accruals or any combinations thereof.

Indebtedness

The following table summarizes our secured and unsecured long-term indebtedness as of September 30, 2005.

(In Rupees Thousand)

Indebtedness	Outstanding amount as on September 30, 2005	Payment due during the year ending March 31,				
		2006	2007	2009	2011	After 2011
Secured	3,814,520	516,554	1,722,570	506,545	238,280	-
Unsecured	544,380	141,880	388,760	-	-	-

Most of our financing arrangements are secured by our movable and immovable assets. Many of our financing agreements also include numerous conditions and covenants that require us to obtain lender consents prior to carrying out certain activities and entering into certain transactions. Failure to obtain these consents could have significant consequences on our business and operations. Specifically, we require, and may be unable to obtain, lender consents to incur additional debt, issue equity, change our capital structure, increase or modify our capital expenditure plans, undertake any expansion, provide additional guarantees, change our management structure, or merge with or acquire other companies, whether or not there is any failure by us to comply with the other terms of such agreements. Under certain of these agreements, in an event of default, we are also required to obtain the consent of the relevant lender to pay dividends and the relevant lender also has the right to appoint a director on our Board.

We believe that our relationships with our lenders are good, and we have in the past obtained consents from them to undertake various actions and have informed them of our activities from time to time. Compliance with the various terms is, however, subject to interpretation and we cannot assure you that we have requested or received all consents from our lenders that are required by our financing documents. As a result, it is possible that a lender could assert that we have not complied with all terms under our existing financing documents. Any failure to comply with the requirement to obtain a consent, or other condition or covenant under our financing agreements that is not waived by our lenders or is not otherwise cured by us, may lead to a termination of our credit facilities, acceleration of all amounts due under such facilities and trigger cross default provisions under certain of our other financing agreements, and may adversely affect our ability to conduct our business and operations or implement our business plans.

Foreign currency risk

Changes in currency exchange rates influence our results of operations. Significant portions of our revenues and expenses are denominated in currencies other than Indian rupees, most significantly the U.S. dollar as well as the AED and the Omani Riyal. In addition, we incur expenditures denominated in the currencies of the countries where we operate including for example, the Indonesian Rupiah, Singapore dollars, Kazakh Tenge, and make occasional procurements in other currencies, such as the Euro.

To the extent that our income and expenditure are not denominated in the same currency, exchange rate fluctuations could cause some of our costs to increase more than the proportionate revenues on a given contract. As of September 30, 2005, we had foreign currency borrowings aggregating U.S.$45,420 thousand (Rs.1,998,457 thousand). Further, our future capital expenditures, including any imported equipment and machinery, may be denominated in currencies other than Indian rupees. Therefore, declines in the value of the rupee against such other currencies could increase the rupee cost of servicing our debt or purchasing such equipment.

Interest rate risk

Changes in interest rates could significantly affect our financial condition and results of operations. As on September 30, 2005, Rs.4,598,880 thousand and U.S.$25,330 thousand (Rs.1,114,520 thousand) of our borrowings were at floating rates of interest. If the interest rates for our existing or future borrowings increase significantly, our cost of servicing such debt will increase. This may adversely impact our results of operations, planned capital expenditures and cash flows. Although we enter into hedging arrangements against interest rate risks from time to time, there can be no assurance that these arrangements will successfully protect us from losses due to fluctuations in interest rates.

Equity price risk

Equity price risk arises when we are exposed to changes in the fair value of any traded equity instruments that we may hold due to changes in the equity markets. Our exposure to changes in equity prices is not material to our financial position or results of operations.

Inflation

In recent years, although India has experienced fluctuation in inflation rates, inflation has not had material impact on our business and results of operations. According to Office of the Economic Advisor, Department of Industrial Policy and Promotion, inflation in India was approximately 3.7%, 3.4%, and 5.4% in the fiscal years ended 2002, 2003 and 2004, respectively.

Unusual or Infrequent Events or Transactions

Except as described in this Red Herring Prospectus, there have been no events or transactions to our knowledge which may be described as “unusual” or “infrequent”.

Known trends or uncertainties

Other than as described in the sections entitled “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, to our knowledge there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on revenues or income of our Company from continuing operations.

Future relationship between costs and income

Other than as described in the sections entitled “Risk Factors”, “Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, to our knowledge there are no known factors which will have a material adverse impact on the operation and finances of our Company.

Seasonality of business

Our operations are adversely affected by difficult working conditions and extremely high temperatures during summer months and during monsoon which restrict our ability to carry on construction activities and fully utilize our resources. We record revenues on the percentage of completion method. Since revenues are not recognized until there is reasonable progress on a contract, revenues recorded in the first half of our financial year between April and September are traditionally substantially lower compared to revenues recorded during the second half of our financial year. During periods of curtailed activity due to adverse weather conditions, we may continue to incur operating expenses, but our revenues from operations may be delayed or reduced.

Competitive conditions

For details please refer to the discussions of our competition in the sections entitled "Risk Factors" and "Business" beginning on pages x and 62 in this Red Herring Prospectus.

Significant developments after September 30, 2005 that may affect our future results of operations

Except as stated in this Red Herring Prospectus, to our knowledge no circumstances have arisen since the date of the last financial statements as disclosed in this Red Herring Prospectus which materially and adversely affects or is likely to affect, the operations or profitability of our Company, or the value of our assets or our ability to pay our material liabilities within the next twelve months.

Except as stated in this Red Herring Prospectus, there is no subsequent development after the date of the Auditor's Report which we believe is expected to have a material impact on the reserves, profits, earnings per share and book value of our Company.

MANAGEMENT'S DISCUSSIONS AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS AS PER UNCONSOLIDATED FINANCIAL STATEMENTS

You should read the following discussion of our financial condition and results of operations together with our unconsolidated Indian GAAP financial statements as of and for the fiscal years ended March 31, 2003, 2004 and 2005 and as of and for the six months ended September 30, 2005, including the notes thereto, which appear on page 147 of this Red Herring Prospectus. These unconsolidated financial statements have been restated in accordance with SEBI Guidelines.

In 2002, the Company changed its financial year end closing to the 15-month period ended June 30, 2002; subsequently, in 2004, the Company again changed its financial year end closing to the nine-month period ended March 31, 2004. Accordingly, the financial years of the Company for these periods comprised of the fifteen months ended June 30, 2002, the 12 months ended June 30, 2003 and the nine months ended March 31, 2004. In order to facilitate comparison of our financial results in subsequent periods, the consolidated Indian GAAP financial statements included in this Red Herring Prospectus have been prepared as of and for the 12 months ended March 31, 2004 and 2005. In this Red Herring Prospectus, we refer to the financial and other information as of and for the 12 months ended March 31, 2004 and the 12 months ended March 31, 2005 as financial and other information as of and for the "year ended March 31, 2003", "year ended March 31, 2004" and the "year ended March 31, 2005", respectively.

Indian GAAP differs in certain significant respects from U.S. GAAP. For more information on these differences, see "Summary of Significant Differences between Indian GAAP and U.S. GAAP" on page 410 of this Red Herring Prospectus.

Results of Operations

The following table sets forth certain information with respect to our results of operations for the periods indicated:

(In Rupees Thousand)

	Year ended March 31,			**Six months ended September 30,**
	2003	**2004**	**2005**	**2005**
Income				
Sales and contracts revenue	7,729,533	14,002,402	14,294,285	5.325,899
Other income	35,052	147,019	481,502	202,743
Unspent liabilities written back-ISP division	-	-	18,360	-
Waiver of funded interest	-	-	130,000	-
	7,764,585	**14,149,421**	**14,924,147**	**5,528,643**
Expenditure				
Material consumed and cost of goods sold	2,476,522	3,907,105	3,775,000	1,482,008
Project and administrative expenses				
Project expenses	2,677,940	5,292,957	6,005,875	2,217,077
Personnel expenses	520,268	1,227,776	1,723,635	643,893
Administrative and establishment expenses	657,646	1,042,854	1,460,582	583,293
Selling and distribution expenses	24,620	26,806	18,600	16,709
Financial charges				
Interest	568,556	874,958	737,975	256,944
Bank and financial charges	234,449	233,272	321,793	63,725
Foreign exchange fluctuations	2,785	17,209	1,823	21,240
Miscellaneous expenditure written off	11,907	22,341	46,103	-
Depreciation/Amortization (including amortization of goodwill)	262,598	706,547	717,819	287,870
	7,437,291	**13,351,827**	**14,809,205**	**5,547,487**
Profit before tax and extraordinary items	**327,294**	**797,595**	**114,942**	**(18,845)**
Provision for tax				
Current Tax	65,000	99,597	42,590	36,716

	Year ended March 31,			Six months ended September 30,
	2003	2004	2005	2005
Deferred Tax	52,526	60,236	(9,079)	(33,795)
Fringe Benefit Tax	-	-	-	5,650
	117,526	**159,833**	**33,511**	**8,571**
Profit after tax	**209,768**	**637,762**	**81,431**	**(27,416)**
Restated adjustments (refer reconciliation statement below)	**22,847**	**(12,414)**	**20,560**	**(12,117)**
Profit after restatement	**232,615**	**625,348**	**101,991**	**(39,533)**

Adjustments

The unconsolidated financial information for the years ended March 31, 2003, 2004 and 2005 and for the six months ended September 30, 2005 has been restated in compliance with SEBI Guidelines. In accordance with Indian GAAP, the effects of restatement are shown as a cumulative effect on our adjusted profits after tax rather than as restatements of individual line items in our profit and loss account. Consistent with this presentation, in the comparison of our results of operations from financial period to financial period, we have provided for a discussion of the effects of the restatement on our adjusted profit at the end of each financial period to financial period comparison.

The adjustments to our financial statements, including on account of changes in accounting policies and estimates, are described below:

	Year ended March 31,			Six months ended September 30,
	2003	2004	2005	2006
Profit before restatement adjustment	**209,768**	**637,762**	**81,431**	**(27,416)**
Adjustments:				
Gain on foreign currency transactions	-	(3,600)	-	
Treatment of scaffolding materials	32,239	32,696	(58,153)	
Provision for leave encashment	(1,497)	9,727	-	
Depreciation on gain on foreign currency transactions	-	1	360	180
Fixed assets capitalized related to earlier years	(821)	(1,209)	3,234	
Change in the rate of depreciation on fixed assets	(12,372)	54,020	-	
Prior period items	(25,817)	(103,137)	108,793	64,442
Unspent liabilities written-back	5,460	39,644	(9,774)	(58,637)
Interest on hire purchase	(11,667)	(19,795)	37,719	
Deferred revenue expenditure	-	(36,891)	36,891	
Accounting of insurance claim	3,558	26,730	(30,408)	
Accounting of unincorporated JV in Turkey	13,929	43,060	(52,463)	
Work in progress projects	(20,666)	(122,447)	-	
Provision for doubtful debts	57,606	-	(57,606)	
Interest on claims (auditor qualification)	-	-	(65,659)	(7,325)
Contract revenue	-	-	15,668	(15,668)
Work contract tax	13,572	6,297	(5,395)	2,976
Current tax impact	(30,541)	70,620	74,658	37,484
Deferred tax impact	(136)	(8,130)	22,695	(35,568)
Total	**22,847**	**(12,414)**	**20,560**	**(12,117)**
Profit / (Loss) after restatement	**232,615**	**625,348**	**101,991**	**(39,533)**

- In the financial statements for the years ended March 31, 2003, 2004 and 2005 and for the six months ended September 30, 2005, certain liabilities of earlier financial periods were written back. These liabilities have been appropriately adjusted in the respective financial periods and the profit for the years ended March 31, 2003 and 2004 has been increased by Rs.5,460 thousand and Rs.39,644 thousand, respectively, and the profit for the year ended March 31, 2005 has been decreased by Rs.9,774 thousand. The profit for the six months ended September 30, 2005 has been decreased by Rs.58,637 thousand.

- During the year ended March 31, 2005, we have decided to reclassify scaffolding materials as part of our inventory and value these at cost less amortization charges based on the estimated useful life, which is determined as ten years. Consequent to this change, we have recapitalized the fixed assets and recognized it as inventories and also brought back to our financial records the materials charged off in earlier years and amortized it on this basis. As a result of the above, adjustments for inventory shown as fixed assets or charged to the profit and loss account in earlier years has been made to the restated financial statements for the years ended March 31, 2003, 2004 and 2005. This has effected an increase in the profit in the years ended March 31, 2003 and 2004 by Rs.32,239 thousand and Rs.32,696 thousand, respectively, and a reduction in profit by Rs.58,153 thousand in the year ended March 31, 2005.

- During the year ended March 31, 2004, provision for leave encashment was made on the basis of actuarial valuation in accordance with Accounting Standard 15 issued by the Institute of Chartered Accountants of India, which was earlier accounted for on cash basis. Accordingly, provision for leave encashment has been recomputed and adjustments have been made for provision for leave encashment expenses during the year ended March 31, 2003 and 2004. Consequently, profit for the year ended March 31, 2003 has been decreased by Rs.1,497 thousand while the profit for the year ended March 31, 2004 has been increased by Rs.9,727 thousand.

- During the year ended March 31, 2004 we have restated our foreign currency liability causing foreign fluctuation loss of Rs.3,600 thousand. Consequently, profit for the year ended March 31, 2004 has been decreased by Rs.3,600 thousand.

- Until the year ended March 31, 2004, hire purchase charges were charged evenly throughout the term of the hire purchase. During the year ended March 31, 2005, hire purchase charges have been calculated and charged on the basis of the internal rate of return and accordingly, hire purchase charges have been restated for earlier years. Accordingly, profit for the years ended March 31, 2003 and 2004 decreased by Rs.11,667 thousand and Rs.19,795 thousand, respectively and the profit for the year ended March 31, 2005 increased by Rs.37,719 thousand.

- Deferred revenue expenditure related to restructuring of loans taken from ICICI Bank Limited was charged to the profit and loss account in the year ended March 31, 2005. This deferred revenue expenditure has been reapportioned to the year ended March 31, 2004 resulting in a decrease in profit for the year ended March 31, 2004 by Rs.36,891 thousand and an increase in profit for the year ended March 31, 2005 by Rs.36,891 thousand.

- During the year ended March 31, 2004, we have accounted for gain arising on restatement / settlement of liabilities incurred for acquiring fixed assets as foreign exchange fluctuation gain. These have been restated and adjusted to the cost of the fixed assets. Accordingly, depreciation on the same has been recomputed for the years ended March 31, 2004 and 2005, respectively.

- During the year ended March 31, 2005, certain fixed assets have been capitalized which were acquired and put to use in earlier years. These have been restated and fixed assets have now been capitalized in the year in which these have been put to use. Accordingly, depreciation on these fixed assets has also been charged in the relevant years, resulting in a decrease in profit in the years ended March 31, 2003 and 2004 of Rs.821 thousand and Rs.1,209 thousand, respectively, and an increase in profit of Rs.3,234 thousand in the year ended March 31, 2005.

- Until the year ended March 31, 2003, the Company had wrongly classified certain fixed assets and as a result, these were charged with the wrong rate of depreciation based on the straight line method, at the rates prescribed under Schedule XIV to the Companies Act, 1956. During the year ended March 31, 2004, the Company had reclassified those assets and charged the depreciation with the correct rate of depreciation based on the straight line method, at the rates prescribed under Schedule XIV to the Companies Act, 1956. Accordingly, depreciation has been computed based on the revised rate of depreciation of the fixed assets for earlier years. Due to this change the profit for the year ended March 31, 2003 has been decreased by Rs.12,372 thousand and profit for the year ended March 31, 2004 increased by Rs.54,020 thousand.

- Debts which were considered doubtful and written off in the year ended March 31, 2003 and which have been subsequently recovered in the year ended March 31, 2005, have been adjusted in the restated financial statement of such years when such amounts were originally written off. Accordingly, profit for the year ended March 31, 2003 has been increased by Rs.57,606 thousand and the profit for the year ended March 31, 2005 decreased by Rs.57,606 thousand.

- The auditors of the Company has qualified interest claim recognized by us amounting to Rs.72,984 thousand has been provided for in the restated financial. Due to this the profit for the year ended March 31, 2005 decreased by Rs.65,659 thousand and profit for the six months ended September 30, 2005 decreased by Rs.7,325 thousand.

- The profit and loss account of some years include amounts paid/ provided for or refunded, in respect of shortfall/ excess income tax arising out of assessments, appeals etc. which has now been adjusted in the respective years. Also, income tax (current tax and deferred tax) has been computed on adjustments made as detailed above and has been adjusted in the restated profits and losses for the years ended March 31, 2003, 2004 and 2005 and for the six months ended September 30, 2005.

- Until the year ended March 31, 2003, work in progress on projects were valued on the basis of the percentage completion method at the rates provided in the contract reduced by an estimated percentage towards expected profit. From the year ended March 31, 2004, work in progress projects to the extent of work done but not billed is valued at net realizable value without reducing estimated percentage towards expected profit. Pursuant to this restatement, profit for the year ended March 31, 2003 and 2004 decreased by Rs.20,666 thousand and Rs.122,447 thousand, respectively.

- In the financial statements for the years ended March 31, 2003, 2004 and 2005 and for the six months ended September 30, 2005, we have classified certain items of income/expense as prior period. Pursuant to the restatement, such income/ expense has been appropriately adjusted in the respective periods. As a result, the profit for the years ended March 31, 2003 and 2004 decreased by Rs.25,817 thousand and Rs.103,137 thousand, respectively while the profit for the year ended March 31, 2005 and the six months ended September 30, 2005 increased by Rs.108,793 thousand and Rs.64,442 thousand, respectively.

- We entered into an unincorporated joint venture on 50:50 sharing basis with Limak Insaat Sanayi A.S. on September 20, 2002 for execution of a pipeline construction contract in Turkey. Our share of income, expenses, assets and liabilities in the joint venture were not incorporated in our financials statements in earlier years but were included in our financial statements in the year ended March 31, 2005 as required by Accounting Standard 27 on Financial Reporting for Joint Ventures issued by the Institute of Chartered Accountants of India. Due to this restatement, profit for the years ended March 31, 2003 and 2004 increased by Rs.13,929 thousand and Rs.43,060 thousand, respectively, while the profit for the year ended March 31, 2005 decreased by Rs.52,463 thousand.

- We follow a policy of accounting for insurance claims on settlement with the insurers. Such income has been adjusted in the years in which the claims were lodged. Accordingly, adjustments have been made to the statement of profits and losses, as restated, for the relevant years. Due to this restatement, profit for the years ended March 31, 2003 and 2004 increased by Rs.3,558 thousand and Rs.26,730 thousand, respectively, while profit for the year ended March 31, 2005 decreased by Rs.30,408 thousand.

- We had accounted for extra claims made on our clients at the time of their acceptance in principle of such claims. Such income has been appropriately adjusted in the respective years in which such claims were made. Accordingly, adjustments have been made to the financial statements. Due to this restatement, profit for the years ended March 31, 2005 increased by Rs.15,668 thousand and in the six months ended September 30, 2005, profit decreased by Rs.15,668 thousand.

Six months ended September 30, 2005

Our results of operations in the six months ended September 30, 2005 were affected by, amongst other factors, the following:

- Our operations are usually adversely affected by difficult working conditions and extremely high temperatures during summer months and during monsoon which restrict our ability to carry on construction activities and fully utilise our resources. Since revenues are not recognized until there is reasonable progress on a contract, revenues recorded in the first half of our financial year between April and September are typically substantially lower compared to revenues recorded in the second half of our financial year. During the six months ended September 30, 2005, we experienced extremely high temperatures and a heavy monsoon which affected construction activity on our projects and consequently we recorded lower revenues.

- We completed several of our projects in the six months ended September 30, 2005. We also commenced work on certain new projects during this period, resulting in an unusual bunching or concentration of projects completed and new projects commenced during this period. Since we record revenues on the percentage of completion method, we did not record margins on some of these new projects where we have commenced work as we did not achieve reasonable progress on these projects prior to September 30, 2005, resulting in lower revenues recorded during this period.

- A significant part of our operating expenses are in the nature of fixed or time costs, and we also incur expenditure on other non-operating costs such as financial charges and depreciation irrespective of the extent of project work executed during such period.

- Because of the reasons discussed above, while we recorded lower revenues in the six months ended September 30, 2005, there was no significant decrease in expenditure incurred by us, resulting in our profit after taxes and net profit being significantly lower in the six months ended September 30, 2005.

Income. Our income primarily consists of sales and contracts revenue and other income. We recorded an income of Rs.5,528,642 thousand in the six months ended September 30, 2005, comprising of Rs.5,325,900 thousand of sales and contracts revenue and Rs.202,742 thousand of other income.

Sales and contracts revenue. Our sales and contracts revenue in the six months ended September 30, 2005 comprised of Rs.5,156,629 thousand of contract revenues from provision of engineering, procurement and construction services on our projects and income from hire charges on our construction equipment of Rs.23,671 thousand. We also recorded income from sale of spares and consumables used in our construction projects and from equipment by our ISP division of Rs.2,596 thousandand from provision of internet services by our ISP division of Rs.143,004 thousand.

Other income. We recorded other income of Rs.202,742 thousandin the six months ended September 30, 2005, including rent received on our properties and facilities of Rs.1,064 thousand, profits in sale of investments of Rs.47,758 thousandand other miscellaneous income including scrap sales, deputation fees and ISP registration and installation charges of Rs.62,310 thousand. We recorded income from unspent liabilities and provisions written back of Rs.58,636 thousandin the six months ended September 30, 2005.

Expenditure. We incurred total expenditure of Rs.5,547,487 thousandin the six months ended September 30, 2005.

Materials consumed and costs of goods sold. We incurred expenditure on materials consumed and costs of goods sold of Rs.1,482,009 thousand of which costs of materials consumed comprised Rs.1,469,547 thousand. We recorded amortization/depletion in the value of our inventory in the six months ended September 30, 2005 of Rs.11,024 thousand, primarily relating to amortization of scaffolding inventory.

Operating and administrative expenses. Our operating and administrative expenses include project related expenses, personnel related expenses and administrative and establishment expenses. We incurred operating and administrative expenses of Rs.3,435,699 thousand in the six months ended September 30, 2005.

We incurred project expenses of Rs.2,208,513 thousand, including contractor charges paid to sub-contractors of Rs.1,372,662 thousand, site/connectivity charges incurred in connection with the provision of internet and data services of Rs.196,573 thousand, diesel and fuel costs used for operating our construction and other equipment of Rs.203,604 thousand and freight and cartage charges of Rs.132,260 thousand. Hire charges for specialized construction equipment used in our projects comprises a significant part of our project expenses. In the six months ended September 30, 2005, we incurred hire charges of Rs.266,481 thousand.

In the six months ended September 30, 2005, we incurred personnel expenses of Rs.643,892 thousand, including salaries, wages and bonus of Rs.570,960 thousand, contribution to provident funds and other statutory employee funds of Rs.31,675 thousand and workmen and staff welfare costs of Rs.41,257 thousand.

We incurred Rs.583,294 thousand of administrative and establishment expenses in the six months ended September 30, 2005, including, among others, consultancy/professional charges of Rs.198,485 thousand, travelling and conveyance expenses of Rs.93,650 thousand, insurance charges of Rs.73,340 thousand, fees and taxes of Rs.58,133 thousand and other miscellaneous administrative and establishment expenses relating to office expenses of Rs.102,411 thousand.

Financial charges. We incurred expenditure on account of financial charges of Rs.341,909 thousand, including interest paid on term loans of Rs.177,834 thousand and other interest including on short term loans of Rs.78,504 thousand. In the six months ended September 30, 2005, we recorded losses on account of foreign exchange fluctuation of Rs.21,240 thousand and paid bank and/or financial charges on letters of credits, performance guarantees and other miscellaneous transactions of Rs.63,725 thousand.

Depreciation/amortization. Depreciation/amortization charges are recorded as adjusted for transfers from revaluation reserves. We recorded depreciation/amortization charges of Rs.287,870 thousand in the six months ended September 30, 2005.

Profit (losses) before taxes and extraordinary items. For the reasons discussed above, losses before taxes and extraordinary items in the six months ended September 30, 2005 was Rs.18,845 thousand.

Provision for taxes. Provision for taxes includes current tax liabilities and deferred tax liabilities. Provision for taxes in the six months ended September 30, 2005 was Rs.8,571 thousand.

Profit (losses) after taxes. Losses after taxes were Rs.27,416 thousand in the six months ended September 30, 2005.

Net profit (loss), as restated. Our profit after taxes has been restated on account of, among other things, changes in the accounting policies as well as certain items attributable to prior periods. As a result of these adjustments, our restated loss for the six months ended September 30, 2005 was Rs.39,533 thousand.

Year ended March 31, 2005 compared to year ended March 31, 2004

Income. Our income primarily consists of sales and contracts revenue and other income. Our income increased by 5.47% from Rs.14,149,421 thousand in the year ended March 31, 2004 to Rs.14,924,147 thousand in the year ended March 31, 2005, due to a 2.08% increase in sales and contracts revenue from Rs.14,002,402 thousand in the year ended March 31, 2004 to Rs.14,294,285 thousand in the year ended March 31, 2005 and a 227.51% increase in other income from Rs.147,019 thousand in the year ended March 31, 2004 to Rs.499,862 thousand in the year ended March 31, 2005. We also recorded a waiver of funded interest of Rs.130,000 thousand and unspent liabilities written back of Rs.82,904 thousand in the year ended March 31, 2005, while no income was recorded on such account in the year ended March 31, 2004.

Sales and Contracts Revenue. Our sales and contracts revenue increased marginally by 2.08% from Rs.14,002,402 thousand in the year ended March 31, 2004 to Rs.14,294,285 thousand in the year ended March 31, 2005, primarily owing to an increase of 1.42% in contract revenues from Rs.13,613,822 thousand in the year ended March 31, 2004 to Rs.13,807,217 thousand in the year ended March 31, 2005. Income from hire charges increased significantly by 68.92% from Rs.42,843 thousand in the year ended March 31, 2004 to Rs.72,372 thousand in the year ended March 31, 2005 due to increased rentals of our equipment, while income from management services increased by 251.55% from Rs.32,009 thousand in the year ended March 31, 2004 to Rs.112,527 thousand in the year ended March 31, 2005. Income from sales of spares and consumables remained relatively steady at Rs.20,935 thousand in the years ended March 31, 2004 and 2005. Income from provision of internet and data services decreased marginally from Rs.293,226 thousand in the year ended March 31, 2004 to Rs.281,234 thousand in the year ended March 31, 2005 owing to a decline in international bandwidth charges.

Other income. Other income increased significantly by 240.00% from Rs.147,019 thousand in the year ended March 31, 2004 to Rs.499,862 thousand in the year ended March 31, 2005, primarily due to recovery of debts of Rs.57,606 thousand which were written off in earlier years and the sale of our equity interest in Rajahmundry Expressway Limited, Andhra Expressway Limited and North Karnataka Expressway Limited in the year ended March 31, 2005. Consequently, we recorded profits from the sale of long term investments of Rs.122,891 thousand in the year ended March 31, 2005. We did not record any profits from sale of long term investments in the year ended March 31, 2004. In the year ended March 31, 2005, we also transferred the beneficial rights in certain equity shares held by us in the Rajahmundry Expressway Limited, Andhra Expressway Limited and North Karnataka Expressway Limited. We recorded an income from the sale of the beneficial rights in such investments of Rs.20,300 thousand in the year ended March 31, 2005.

In the year ended March 31, 2005, we recorded income from certain unspent liabilities and provisions written back of Rs.82,904 thousand and also recorded income from bad debts recovered of Rs.57,606 thousand relating to debts that we had written off in earlier years on a tankage project executed for Essar Refineries. We did not record any unspent liabilities and provisions written back or any income from bad debts recovered in the year ended March 31, 2004.

While we recorded interest income from our investments and interest accrued on delayed payment by our clients on contract claims aggregating Rs.9,084 thousand in the year ended March 31, 2004, we recorded interest income of Rs.90,515 thousand in the year ended March 31, 2005, primarily due to interest provisions recorded on delayed payments by one of our clients. Income from dividends increased by 267.86% from Rs.1,394 thousand in the year ended March 31, 2004 to Rs.5,128 thousand in the year ended March 31, 2005.

In the years ended March 31, 2004 and 2005, we received Rs.44,092 thousand and Rs.37,224 thousand, respectively, of our outstanding insurance claims. As of March 31, 2005, we had outstanding insurance claims aggregating to Rs.22,239 thousand.

Unspent liabilities written back – ISP division. In the year ended March 31, 2005, we recorded income from certain unspent liabilities relating to our ISP division that were written back. We did not record any income on such account in the year ended March 31, 2004.

Waiver of funded interest. In the year ended March 31, 2005, we recorded income from waiver of funded interest of an amount of Rs.130,000 thousand relating to interest payments owed by the ISP division to ICICI Bank Limited that was waived by ICICI Bank Limited as part of the settlement of the outstanding debt from ISP division.

Expenditure. Our total expenditure consists of materials consumed and costs of goods sold, project and administrative expenses, financial charges incurred, depreciation and amortization charges, and miscellaneous expenditure written off. Our total expenditure increased by 10.91% from Rs.13,351,826 thousand in the year ended March 31, 2004 to Rs.14,809,205 thousand in the year ended March 31, 2005.

Materials consumed and costs of goods sold. Expenditure relating to materials consumed and costs of goods sold decreased marginally by 3.38% from Rs.3,907,106 thousand in the year ended March 31, 2004 to Rs.3,775,001 thousand in the year ended March 31, 2005. Costs of materials decreased marginally by 4.64% from Rs.3,903,669 thousand in the year ended March 31, 2004 to Rs.3,722,556 thousand in the year ended March 31, 2005.

Costs of goods sold in connection with our internet and cable television services increased by 149.49% from Rs.3,437 thousand in the year ended March 31, 2004 to Rs.8,574 thousand in the year ended March 31, 2005, primarily due to decrease in the value of closing stock.

We recorded an amortization/depletion in the value of our inventory of an amount of Rs.43,870 thousand in the year ended March 31, 2005, relating to our inventory in the ISP division, and the scaffolding materials used in our construction work that are amortized over a period of 10 years. We did not record any such amortization/depletion in the value of our inventory in the year ended March 31, 2004.

Project and administrative expenses. Our project and administrative expenses include project related expenses, personnel related expenses, administrative and establishment expenses and selling and distribution expenses.

Project expenses increased by 13.47% from Rs.5,292,957 thousand in the year ended March 31, 2004 to Rs.6,005,875 thousand in the year ended March 31, 2005, primarily due to an increase in contractor charges by 7.69% from Rs.2,462,878 thousand in the year ended March 31, 2004 to Rs.2,652,317 thousand in the year ended March 31, 2005. Site and connectivity charges increased by 202.56% from Rs.292,977 thousand in the year ended March 31, 2004 to Rs.884,322 thousand in the year ended March 31, 2005, due to increased construction site expenses incurred as a result of the nature of projects undertaken during the year ended March 31, 2005 as well as additional bandwidth purchased. Cartage and freight costs increased by 54.17% from Rs.275,460 thousand in the year ended March 31, 2004 to Rs.452,667 thousand in the year ended March 31, 2005. Diesel and fuel costs used for operating our construction and other equipment decreased by 26.27% from Rs.947,377 thousand in the year ended March 31, 2004 to Rs.698,494 thousand in the year ended March 31, 2005. Hire charges for specialized construction equipment used in our projects comprises a significant part of our project expenses. Hire charges remained relatively steady at Rs.1,157,630 thousand in the year ended March 31, 2005 as compared to Rs.1,196,693 thousand in the year ended March 31, 2004.

Personnel expenses, which consists of salaries, wages and bonus payments to employees, contributions to providend funds and other funds and expenses incurred in connection with workmen and staff welfare, increased by 40.38% from Rs.1,227,776 thousand in the year ended March 31, 2004 to Rs.1,723,635 thousand in the year ended March 31, 2005. This was primarily owing to an increase of 41.76% in salaries, wages and bonus paid to our employees resulting from recruitment of new personnel and an increase of 159.48% in contribution to provident and other funds from Rs.20,778 thousand in the year ended March 31, 2004 to Rs.53,915 thousand in the year ended March 31, 2005, and a 12.21% increase in expenses relating to workmen and staff welfare from Rs.139,663 thousand in the year ended March 31, 2004 to Rs.156,711 thousand in the year ended March 31, 2005.

Administrative and establishment expenses increased significantly by 41.86% from Rs.1,042,698 thousand in the year ended March 31, 2004 to Rs.1,479,182 thousand in the year ended March 31, 2005, primarily due to a substantial increase of 103.73% in consultancy and/or professional charges from Rs.264,595 thousand in the year ended March 31, 2004 to Rs.539,054 thousand in the year ended March 31, 2005. Traveling and conveyance charges increased by 68.16% from Rs.119,808 thousand in the year ended March 31, 2004 to Rs.201,476 thousand in the year ended March 31, 2005 while miscellaneous administration and establishment expenses increased by 75.29% from Rs.183,085 thousand in the year ended March 31, 2004 to Rs.339,526 thousand in the year ended March 31, 2005. Insurance costs increased by 11.53% to Rs.78,354 thousand in the year ended March 31, 2005 from Rs.69,319 thousand in the year ended March 31, 2004, primarily due to an increase in the insurable value for project works undertaken by us and of our fleet of equipment.

These increases were however partially offset by a significant decrease of 57.61% in fees and taxes relating primarily to indirect taxes from Rs.290,361 thousand in the year ended March 31, 2004 to Rs.123,065 thousand in the year ended March 31, 2005.

In the year ended March 31, 2005, we wrote off bad debt and/or advances of Rs.37,408 thousand relating to unrecoverable business advances as compared to Rs.12,963 thousand in the year ended March 31, 2004. We also made provisions for doubtful debts of Rs.8,300 thousand in the year ended March 31, 2005 as compared to Rs.913 thousand in the year ended March 31, 2004. In the year ended March 31, 2005, we incurred a loss of Rs.57,287 thousand on account of sale of fixed assets of surplus telecom construction equipment, as compared to a loss on account of sale of fixed assets of Rs.3,404 thousand in the year ended March 31, 2004. In the year ended March 31, 2004, we recorded loss on sale of long term investments of Rs.40,229 thousand relating to sale of our investments in Indudyog Company Limited and Hindustan Oil Exploration Company Limited. We did not record any such loss in the year ended March 31, 2005.

Selling and distribution expenses, which include primarily advertisement and publicity expenses and expenses incurred in connection with business promotion, decreased by 30.61% from Rs.26,806 thousand in the year ended March 31, 2004 to Rs.18,600 thousand in the year ended March 31, 2005.

Financial charges. Expenditure on account of financial charges include primarily interest charges and bank/financial charges incurred, decreased by 5.67% from Rs.1,125,440 thousand in the year ended March 31, 2004 to Rs.1,061,591 thousand in the year ended March 31, 2005. Interest charges decreased by 15.66% from Rs.874,958 thousand in the year ended March 31, 2004 to Rs.737,975 thousand in the year ended March 31, 2005, primarily due to a 78.25% decrease in interest payable on debentures from Rs.9,2151 thousand in the year ended March 31, 2004 to Rs.2,004 thousand in the year ended March 31, 2005 and a sharp decrease of 45% of other interest charges relating to interest payable on working capital demand loan and other short term loan from Rs.277,029 thousand in the year ended March 31, 2004 to Rs.152,357 thousand in the year ended March 31, 2005. Bank/ financial charges paid for letters of credit and performance guarantees and other miscellaneous financial transactions also increased by 37.95% from Rs.233,272 thousand in the year ended March 31, 2004 to Rs.321,793 thousand in the year ended March 31, 2005. In the year ended March 31, 2004, we recorded a loss of Rs.17,209 thousand on account of foreign exchange fluctuations, while we recorded a loss of Rs.1,823 thousand in the year ended March 31, 2005 on this account.

Miscellaneous expenditure written off. In the year ended March 31, 2005, we wrote off certain miscellaneous expenditure of Rs.46,103 thousand primarily on account of restructuring fees of loans of the ISP division which were repaid during the year, as compared to Rs.22,341 thousand of miscellaneous expenditure written off in the year ended March 31, 2004.

Depreciation/amortization. Depreciation/amortization charges are recorded as adjusted for transfers from revaluation reserves. Depreciation/amortization charges increased by 15.97% from Rs.706,547 thousand in the year ended March 31, 2004 to Rs.717,819 thousand in the year ended March 31, 2005, primarily due to the acquisition of additional assets.

Profit before tax and extraordinary items. For the reasons discussed above, profit before taxes and extraordinary items decreased significantly by 85.59% to Rs.114,943 thousand in the year ended March 31, 2005 from Rs.797,595 thousand in the year ended March 31, 2004.

Provision for taxes. Provision for taxes includes current tax liabilities and deferred tax liabilities. Provision for taxes decreased by 79.03% to Rs.33,511 thousand in the year ended March 31, 2005 from Rs.159,833 thousand in the year ended March 31, 2004, primarily due to a decrease in our taxable profit and reversal of certain deferred tax liabilities. Current tax liabilities decreased by 57.23% from Rs.99,597 thousand in the year ended March 31, 2004 to Rs.42,590 thousand in the year ended March 31, 2005, while deferred tax liabilities increased by 2.53% from Rs.538,255 thousand in the year ended march 31, 2004 to Rs.551,871 thousand in the year ended March 31, 2005.

Profit after taxes. Due to the reasons discussed above, profit after taxes decreased from Rs.637,762 thousand in the year ended March 31, 2004 to Rs.81,432 thousand in the year ended March 31, 2005.

Net profit, as restated. Our profit after tax has been restated on account of, among other things, changes in accounting policies as well as certain items attributable to prior periods. As a result of these adjustments, our restated profit for the year ended March 31, 2005 was Rs.101,991 thousand, as compared to our restated profit for the year ended March 31, 2004 of Rs.625,348 thousand.

Year ended March 31, 2004 compared to Year ended March 31, 2003

Income. Our income increased by 82.22% from Rs.7,764,585 thousand in the year ended March 31, 2004 to Rs.14,149,421 thousand in the year ended March 31, 2004, primarily due to an increase of 81.15% in sales and contracts revenue from Rs.7,729,533 thousand in the year ended March 31, 2003 to Rs.14,002,402 thousand in the year ended March 31, 2004 and an increase in other income from Rs.35,052 thousand in the year ended March 31, 2003 to Rs. 147,019 thousand in the year ended March 31, 2004.

Sales and Contracts Revenue. Our sales and contracts revenue increased by 81.15% from Rs.7,729,533 thousand in the year ended March 31, 2003 to Rs.14,002,402 thousand in the year ended March 31, 2004. This increase was primarily due to a 92.27% increase in contract revenues from engineering construction services on our projects from Rs.7,080,645 thousand in the year ended March 31, 2003 to Rs.13,613,822 thousand in the year ended March 31, 2004. Income from hire charges increased by 201.82% from Rs.14,195 thousand in the year ended March 31, 2003 to Rs.42,843 thousand in the year ended March 31, 2004. While we did not record any income from provision of internet and data services in the year ended March 31, 2003, we received income from provision of internet and data services of Rs.293,226 thousand in the year ended March 31, 2004. These were offset by a decrease in income from management services by 74.67% from Rs.126,415 thousand in the year ended March 31, 2003 to Rs.32,009 thousand in the year ended March 31, 2004. Income from sales of spares and consumables also decreased by 95.96% from Rs.508,278 thousand in the year ended March 31, 2003 from Rs.20,502 thousand in the year ended March 31, 2004.

Other income. Other income increased significantly by 319.43% from Rs. 35,052 thousand in the year ended March 31, 2003 to Rs.147,019 thousand in the year ended March 31, 2004, primarily due to a 727.83% increase in miscellaneous other income from Rs.10,306 thousand in the year ended March 31, 2003 to Rs.85,316 thousand in the year ended March 31, 2004. Income from insurance claims received also increased by 2,768% from Rs.1,537 thousand in the year ended March 31, 2003 to Rs.44,092 thousand in the year ended March 31, 2004.

We recorded interest income from our investments and interest received on delayed payment by our clients on contract claims of Rs.5,158 thousand and Rs.9,084 thousand, in the years ended March 31, 2003 and 2004, respectively. Income from dividends decreased by 78.49% from Rs.6,483 thousand in the year ended March 31, 2003 to Rs.1,394 thousand in the year ended March 31, 2004.

Expenditure. Our total expenditure consists of materials consumed and costs of goods sold, project and administrative expenses, financial charges incurred, depreciation and amortization charges, and miscellaneous expenditure written off. Our total expenditure increased by 78.79% from Rs.7,437,291 thousand in the year ended March 31, 2003 to Rs.13,351,826 thousand in the year ended March 31, 2004.

Materials consumed and costs of goods sold. Expenditure relating to materials consumed and costs of goods sold increased by 57.73% from Rs.2,476,522 thousand in the year ended March 31, 2003 to Rs.3,907,105 thousand in the year ended March 31, 2004. Costs of materials increased by 57.63% from Rs.2,476,523 thousand in the year ended March 31, 2003 to Rs.3,903,669 thousand in the year ended March 31, 2004.

Project and administrative expenses. Our project and administrative expenses include project related expenses, personnel related expenses, administrative and establishment expenses and selling and distribution expenses.

Project expenses increased by 97.65% from Rs.2,677,940 thousand in the year ended March 31, 2003 to Rs. 5,292,957 thousand in the year ended March 31, 2004, primarily due to increase in contractor charges by 48.21% from Rs.1,661,773 thousand in the year ended March 31, 2003 to Rs.2,462,878 thousand in the year ended March 31, 2004. Site and connectivity charges increased by 302.89% from Rs.72,719 thousand in the year ended March 31, 2003 to Rs.292,977 thousand in the year ended March 31, 2004, while cartage and freight costs increased by 148.96% from Rs.110,641 thousand in the year ended March 31, 2003 to Rs. 275,460 thousand in the year ended March 31, 2004. Diesel and fuel costs increased by 441.62% from Rs.174,916 thousand in the year ended March 31, 2003 to Rs.947,377 thousand in the year ended March 31, 2004. Hire charges, which comprises a significant part of our project expenses, increased by 91.60 % from Rs. 624,553 thousand in the year ended March 31, 2003 to Rs.1,196,693 thousand in the year ended March 31, 2004 .

Personnel expenses, which consists of salaries, wages and bonus payments to employees, contributions to providend funds and other funds and expenses incurred in connection with workmen and staff welfare, increased by 135.99% from Rs.520,269 thousand in the year ended March 31, 2003 to Rs.1,227,776 thousand in the year ended March 31, 2004, primarily due to a 127.90% increase in salaries, wages and bonus paid to our employees resulting from recruitment of new personnel and an increase by 129.01% in contribution to provident and other funds from Rs.9,073 thousand in the year ended March 31, 2003 to Rs.20,778 thousand in the year ended March 31, 2004. In addition, workmen and staff welfare cost increased by 225.78 % from Rs. 42,870 thousand in the year ended March 31, 2003 to Rs.139,663 thousand in the year ended March 31, 2004.

Administrative and establishment expenses increased significantly by 56.76% from Rs.657,645 thousand in the year ended March 31, 2003 to Rs.1,042,698 thousand in the year ended March 31, 2004, primarily due to a substantial increase of 212.12% in fees and taxes from Rs.67,077 thousand in the year ended March 31, 2003 to Rs.290,361 thousand in the year ended March 31, 2004. Rent costs increased by 41.15 % from Rs.35,522 thousand in the year ended March 31, 2003 to Rs.50,140 thousand in the year ended March 31, 2004 while traveling and conveyance charges also increased by 48.18% from Rs.80,851 thousand in the year ended March 31, 2003 to Rs.119,808 thousand in the year ended March 31, 2004. Miscellaneous administration and establishment expenses also increased by 105.73% from Rs.88,993 thousand in the year ended March 31, 2003 to Rs.183,085 thousand in the year ended March 31, 2004. While we recorded bad debts / advances written off of Rs.71,820 thousand in the year ended March 31, 2003, in the year ended March 31, 2004, we recorded bad debts/advances of Rs.12,963 thousand in the year ended March 31, 2004.

In the year ended March 31, 2004, we incurred a loss of Rs.40,229 thousand on account of sale of investment relating to Indudyog Company Limited and Hindustan Oil Exploration Company Limited. We did not record any such loss in the year ended March 31, 2003.

Selling and distribution expenses increased by 9% from Rs.24,620 thousand in the year ended March 31, 2003 to Rs.26,806 thousand in the year ended March 31, 2004.

Financial charges. Expenditure on account of financial charges increased by 44.92% from Rs.805,789 thousand in the year ended March 31, 2003 to Rs.1,125,440 thousand in the year ended March 31, 2004. Interest charges increased by 153.89% from Rs.568,556 thousand in the year ended March 31, 2003 to Rs.874,958 thousand in the year ended March 31, 2004, primarily due to a 65.89% increase in interest payable on our term loans from Rs.354,883 thousand in the year ended March 31, 2003 to Rs.588,715 thousand in the year ended March 31, 2004 and a sharp decrease of 34.97% of other interest charges from Rs.205,249 thousand in the year ended March 31, 2003 to Rs.277,029 thousand in the year ended March 31, 2004. Bank/ financial charges paid for letters of credit and performance guarantees and other miscellaneous financial transactions remained steady at Rs.233,272 thousand in the year ended March 31, 2004 as compared to Rs. 234,449 thousand in the year ended March 31, 2003. In the year ended March 31, 2003, we recorded a loss of Rs.2,785 thousand on account of foreign exchange fluctuations while we recorded a loss of Rs.17,209 million in the year ended March 31, 2004 on this account.

Miscellaneous expenditure written off. In the year ended March 31, 2004, we wrote off certain miscellaneous expenditure of Rs.22,341 thousand on account of restructuring fees of loans of ISP division which were repaid during the year, as compared to miscellaneous expenditure of Rs.11,907 thousand written off the year ended March 31, 2003.

Depreciation/amortization. Depreciation/amortization charges are recorded as adjusted for transfers from revaluation reserves. Depreciation/amortization charges increased by 169.06% from Rs.262,598 thousand in the year ended March 31, 2003 to Rs.706,547 million in the year ended March 31, 2004, primarily due to reclassification and merger of ISP division and acquisition of construction equipments.

Profit before tax and extraordinary items. For the reasons discussed above, profit before taxes and extraordinary items increased significantly by 143.69% to Rs.797,595 thousand in the year ended March 31, 2004 from Rs.327,294thousand in the year ended March 31, 2003.

Provision for taxes. Provision for taxes includes current tax liabilities and deferred tax liabilities. Provision for taxes increased by 35.99% to Rs.159,833 thousand in the year ended March 31, 2004 from Rs.117,526 thousand in the year ended March 31, 2003, primarily due to an increase in our taxable profit and increase in the deferred tax liability. Current tax liabilities increased by 53.22% from Rs.65,000 thousand in the year ended March 31, 2003 to Rs.99,597 thousand in the year ended March 31, 2004, while deferred tax liabilities increased by 14.68% from Rs.52,526 thousand in the year ended March 31, 2003 to Rs.60,236 thousand in the year ended March 31, 2004.

Profit after taxes. Due to the reasons discussed above, profit after taxes increased by 204.03% from Rs.209,768 thousand in the year ended March 31, 2003 to Rs.637,762 thousand in the year ended March 31, 2004.

Net Profit, as restated. Our profit after tax has been restated on account of, among other things, changes in accounting policies as well as certain items attributable to prior periods. As a result of these adjustments, our restated profit for the year ended March 31, 2004 was Rs.625,348 thousand, as compared to our restated profit for the year ended March 31, 2003 of Rs.232,615 thousand.

OUTSTANDING LITIGATION

Except as described below, there are no outstanding litigations, suits or civil proceedings or criminal or prosecutions, proceedings or tax liabilities against the Company, and there are no defaults, non payment of statutory dues, overdues to banks/financial institutions, defaults against banks/financial institutions, defaults in dues payable to holders of any debentures, bonds or fixed deposits, and arrears on preference shares issued by the Company, defaults in creation of full security as per terms of issue/other liabilities, proceedings initiated for economic/civil/ and other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (i) of part 1 of Schedule XIII of the Companies Act) that would result in a material adverse effect on our consolidated business taken as a whole. Except as disclosed in this Red Herring Prospectus, no additional litigation has arisen after the date of filing the Draft Red Herring Prospectus.

Against the Company

Sr. No.	Appeal No./ Case No.	Dated	Complainant/ Applicant	Respondents	Name & Address of the Court/ Arbitration Panel	Amount Under Consideration	Nature of Case	Status
1.	**Criminal** 3673/2005	May 30, 2005	Intelligent Inc.	Punj Lloyd Limited and Another	Chief Judicial Magistrate, Rajkot, Gujarat	Rs.550,152	A criminal complaint has been filed under Sections 406 and 420 of the Indian Penal Code for non-payment of Rs.550,152.	The next date of hearing is December 12, 2005.
2.	**Statutory** A No. 653/2004	May 7, 2004	Inspector of Factories	Punj Lloyd Limited	First Class Magistrate, Tuni	Nil	Challan under the Factories Act.	The next date of hearing is November 25, 2005.
3.	35/45/2004	September 22, 2001	Labour Enforcement Officer (Central)	Punj Lloyd Limited	2nd Special II Class Magistrate, Rajahmundry	Rs.6,000	Challan in connection with statutory compliance under the Contract Labour (Regulation and Abolition) Act, 1970.	The next date of hearing is November 25, 2005.
4.	Ref No.: 8/745/T-1/2004/D/621-A	May 2, 2005	–	Atul Punj, V.K. Kaushik, Luv Chhabra and Dinesh Thairani (referred to as applicants)	Regional Director (Northern Region), Ministry of Company Affairs, Kanpur	–	Offence committed by the company under Section 212 of the Companies Act, 1956.	Order compounding the offence and ordering payment of compounding fee of Rs.48, 000 by Atul Punj, V.K. Kaushik, Luv Chhabra and Dinesh Thairani. The compounding fee has been paid by the applicants.
5.	**Labor Matters**							

Sr. No.	Appeal No./ Case No.	Dated	Complainant/ Applicant	Respondents	Name & Address of the Court/ Arbitration Panel	Amount Under Consideration	Nature of Case	Status
	630/2000	November 23, 2000	Khubi Ram	Punj Lloyd Limited	Presiding Officer, Labour Court, Faridabad.	Rs.240,000	Claim for reinstatement with back wages. The Company's defense is that that the claim is not maintainable because the applicant has not completed 240 days.	The next date of hearing is February 8, 2006.
6.	509/2004	February 25, 2005	S.N. Jha	Punj Lloyd Limited	Presiding Officer, Labour Court, Karkardooma, Delhi.	Not quantifiable	Claim for reinstatement. The Company's defense is that the employee was dismissed after conducting a proper enquiry.	The next date of hearing is December 12, 2005.
7.	209/2003	July 15, 2003	Suresh Kumar	Punj Lloyd Limited	Presiding Officer, Labour Court, Karkardooma, Delhi.	Not quantifiable	Claim for reinstatement. The Company's defense is that the worker resigned voluntarily and the claim is not maintainable.	The next date of hearing is January 25, 2005.
8.	321/2002	December 5, 2002	Dabhol Veer Prakalp Kaamgar Sangh	Dabhol Power Company, IDBI and Punj Lloyd Limited	Industrial Tribunal, Kohlapur	Nil	Claims of unfair labor practices under the Maharashtra Recognition of Trade Union and Prevention of Unfair Labour Practices Act. The Company's defense is that no such claim has been made against the Company.	The next date of hearing is December 3, 2005.
9.	MFA No. 2292/2004	July 2, 2004	Muralidharan Nair	New India Assurance Co. and Punj Lloyd Limited	The High Court of Karnataka at Bangalore	Nil	The matter involves a challenge to an award of the Workmen's Compensation Commissioner, disputing the amount of compensation granted. The Company	Disposed off and the manner has been remanded back to the Workmen's Compensation Commissioner for determining the amount

Sr. No.	Appeal No./ Case No.	Dated	Complainant/ Applicant	Respondents	Name & Address of the Court/ Arbitration Panel	Amount Under Consideration	Nature of Case	Status
							contends that the award is as per law. If the amount of compensation is increased, the insurance company will be liable to pay.	afresh.
10.	1609/1995	January 11, 1995	Ram Ratan	Punj Lloyd Limited	Presiding Officer, Labour Court, Karkardooma, Delhi.	Rs.60,000	Claim for reinstatement.	An award of Rs.60,000 has been made in favor of the complainant. The Company proposes to file an appeal against the award by way of a writ petition.
11.	WCA No. 18/2004	August 10, 2004	Surjit Kaur	Punj Lloyd Limited	Commissioner under the Workmen's Compensation Act, at Amritsar.	Rs.550,000	A monetary claim by the wife of a person killed in an accident. The Company's defense is that the claim is barred by limitation and that the deceased was not on the Company's rolls at the time of death.	The next date of hearing in the matter is December 2, 2005.
12.	64/ 2005	September 22, 2005	Mr. P.K. Ramachandran, Mr. M.S. Ramarao, Mr. S. Vasudava Rao, Mr. Satya Brata Rai and Mr. C. Uma	Punj Lloyd Limited	Labour Conciliation Officer, Division 6, Bangalore	Cannot be quantified.	Complaint filed in connection with alleged illegal termination services.	The next date of hearing is November 28, 2005
13.	ID/C-442/05/AU/140	October 24, 2005	Karan Singh	Punj Lloyd Limited	Assistant Labour Commissioner, (South, Delhi)	Cannot be quantified.	Complaint filed in connection with alleged illegal termination services.	The next date of hearing is November 25, 2005.
14.	**Recovery Suits** Arb. Appl. No. 116/2001	April 23, 2001	Technofab	Punj Lloyd Limited	High Court at Delhi	Rs.4,700,000	An arbitration application has been filed by the petitioner for appointment of an arbitrator through the	The next date of hearing is December 8, 2005.

Sr. No.	Appeal No./ Case No.	Dated	Complainant/ Applicant	Respondents	Name & Address of the Court/ Arbitration Panel	Amount Under Consideration	Nature of Case	Status
							Court.	
15.	Suit No. 13/2005	March 30, 2005	Swagat Roadlines	Punj Lloyd Limited	III Additional District Judge, Kakinada	Rs.2,792,700	Money claim.	The next date of hearing is January 18, 2006.
16.	93/2005	July 21, 2005	Abhiram Construction Company	Punj Lloyd Limited	Tis Hazari Court, Delhi	Rs.1,900,000	Money claim.	The next date of hearing is January 13, 2006.
17.	348/1999	December 8, 1999	Federal Bank	Punj Lloyd Limited, Atul Punj and Others	Debt Recovery Tribunal, Delhi	Rs.8,868,245 and Rs.7,844,000	Money claim.	The next date of hearing is December 22, 2005.
18.	161/2005	February 25, 2005	Adhunik Transport Organization Limited	Punj Lloyd Limited and Others	VII Senior Civil Judge, Hyderabad	Rs.758,781	Money claim.	The next date of hearing is November 25, 2005.
19.	OA No. 3566/2002 and WP No. 2253/2003	July 1, 2002	Bank of Baroda	Punj Lloyd Limited and Mafatlal Finance	Debt Recovery Tribunal-II, Mumbai and the High Court of Bombay	Rs.6,611,263	The Debt Recovery Tribunal allowed the Company's claim against Mafatlal Finance Limited for the recovery of Rs.6,611,263. However, the Tribunal directed that the Company was liable to pay Rs.550,996. The Company filed a writ petition before the Bombay High Court and the Court quashed the Tribunal's direction and remanded the matter back to the Debt Recovery Tribunal.	Awaiting notice from the Debt Recovery Tribunal, Mumbai.
20.	CS(OS) No.1477/2003	May 21, 2003	Blow Plast Limited	Punj Lloyd Limited	Tis Hazari Court	Rs.1,770,000	Money claim.	The next date of hearing in the matter is January 1, 2006.
21.	RFA No.66/ 2005	October 20, 2005	Lloyd Insulation Private Limited	Punj Lloyd Limited	Tis Hazari Court, Delhi	4,558	Regular first appeal filed against the order dated August 22, 2005 passed in a suit for recovery filed	The next date of hearing in the matter is December 21, 2005

Sr. No.	Appeal No./ Case No.	Dated	Complainant/ Applicant	Respondents	Name & Address of the Court/ Arbitration Panel	Amount Under Consideration	Nature of Case	Status
							on May 28, 1993 for Rs.145,119, which was decreed on August 22, 2005.	
22.	**Motor Vehicle Claims** 4159/1997	November 27, 1997	Kaushik Mansukhlal Doshi	Punj Lloyd Limited and New India Assurance Co.	MACT, Greater Mumbai	Rs.1,000,000	Claim under the Motor Vehicles Act.	The matter has been fixed for final hearing; however the date has not yet been fixed.
23.	1027/2004	July 15, 2005	Ram Ratan	Akhil Kumar Gupta, Punj Lloyd Limited and Royal Sundaram Alliance Insurance Company Limited	MACT Judge, Patiala House	Rs.2,500,000	Claim under the Motor Vehicles Act.	The next date of hearing is January 1, 2006.
24.	MAC No. 586/2001	July 3, 1995	Anantnarayan	Punj Lloyd Limited and Others	MACT Judge, Patiala House	Rs.500,000	Claim under the Motor Vehicles Act.	The next date of hearing is January 12, 2006.
25.	MAC No. 203/2004	July 14, 2004	Sunita	Punj Lloyd Limited and New India Assurance	District Court, Deoria, Uttar Pradesh	Rs.2,030,000	Claim under the Motor Vehicles Act.	Order reserved.
26.	1366/2005	March 9, 2005	Oriental Insurance Company Limited	Punj Lloyd Limited and R.S. Yadav	High Court, Ahmedabad	Rs.137,000	Appeal by the insurance company against an award of Rs.137,000 by MACT, Jamnagar to the claimant.	Petition admitted. The matter has been fixed for final hearing.
27.	655/2005	August 9, 2005	R. Leelawathi	Punj Lloyd Limited and Another	District Court, MACT, Rajahmundry	Nil	Claim under the Motor Vehicles Act.	Trial pending. No date has been fixed.
28.	929/2004	August 16, 2004	Baleshwar Mahto	Punj Lloyd Limited and Another	District Court, MACT, Rajahmundry	Nil	Claim under the Motor Vehicles Act.	The matter has been fixed for arguments and no date has been assigned.
29.	238/2005	October 6, 2005	Pappu	Zile Singh and others	MACT, Jaipur	Nil	Accident claim.	The next date of hearing in the matter is January 17, 2006.

Sr. No.	Appeal No./ Case No.	Dated	Complainant/ Applicant	Respondents	Name & Address of the Court/ Arbitration Panel	Amount Under Consideration	Nature of Case	Status
30.	239 of 2005	October 6, 2005	Kalu	Zile Singh and others	MACT, Jaipur	Nil	Accident claim.	The next date of hearing in the matter isJanuary 17, 2006.
31.	OP (MV) No.1768 of 2005	September 3, 2005	Radha and others	Punj Lloyd Limited, New India Assurance and others	MACT, Trivandrum	Nil	Accident claim.	The next date of hearing matter is December 7, 2005.
32.	**Writ Petitions** I0111/1999	September 23, 2002	Ishwar Bhai Narottam Bhai Patel	Union of India, Gujarat Gas Company Limited and Punj Lloyd Limited.	High Court, Ahmedabad	Nil	Challenge to the criteria for granting compensation while acquiring right of way.	Dismissed due to non-prosecution.
33.	12648/1995	September 11, 1995	Jindal Strips Limited	State of Haryana, HUDA, Punj Lloyd Limited and others	High Court of Punjab and Haryana	Nil	Challenge to the allotment of plots in Sector 32, Gurgaon and alleging discrimination by the state.	The matter has been fixed for final hearing.
34.	12649/2005	September 11, 1995	Shalimar Paints Limited	State of Haryana, HUDA, Punj Lloyd Limited and others	High Court of Punjab and Haryana	Nil	Challenge to the allotment of plots in Sector 32, Gurgaon and alleging discrimination by the state.	The matter has been fixed for final hearing.
35.	**Arbitra-tion** NA	November 11, 2002	Tata Infotech Limited	Punj Lloyd Limited	Justice N.N. Goswamy	Claim of Rs.31,900,000 and counter-claim of Rs.277,200,000	The matter relates to a dispute in connection with Tata Infotech establishing the Company's ISP project.	The case is fixed for arguments. The next date of hearing is January 13, 2006.
36.	**Others** OS No.502/2003	December 18, 2003	Gorli Trimurthulu and Another	District Collector, Kakinada, Punj Lloyd Limited and Others	Junior Civil Judge, Tuni	Nil	Suit for injunction restraining demolition of the plaintiff's house during construction.	The next date of hearing is December 15, 2005.
37.	OS No.503/2003	December 18, 2003	Gorli Verri Naidu and Another	District Collector, Kakinada, Punj Lloyd Limited	Junior Civil Judge, Tuni	Nil	Suit for injunction restraining demolition of	The next date of hearing is December 15, 2005.

Sr. No.	Appeal No./ Case No.	Dated	Complainant/ Applicant	Respondents	Name & Address of the Court/ Arbitration Panel	Amount Under Consideration	Nature of Case	Status
				and Others			the plaintiff's house during construction.	
38.	Suit No.1886/1990	June 27, 1990	Punj Sons Private Limited	Lakhanpal National Limited, S.N.P. Punj and Punj Lloyd Limited	High Court, Mumbai	Rs.6,400,000	Suit for declaration and permanent injunction challenging a transfer of shares by S.N.P. Punj in the name of Punj Lloyd Limited.	The matter has been fixed for final hearing.
39.	Consumer Complaint No.452/2002	September 6, 2002	Jaconde Overseas Private Limited	Punj Lloyd Limited	National Consumer Disputes Redressal Commission	Rs.9,000,000	Consumer complaint alleging deficient Internet service against the ISP division of Punj Lloyd Limited, which was demerged from Spectra Net Limited.	The next date of hearing is December 6, 2005.
40.	Suit No.1053/ 1999	November 15, 1999	Gayatri Construction	Chetan Engineers, Punj Lloyd Limited	Civil Judge, Vadodara	Nil	Suit for injunction, declaration and damages for Rs. 10,777,034 against Chetan Engineers, No relief sought against PLL.	Next date of hearing is January 4, 2006.
41.	Suit No.723/ 2002	September 17, 2002	Gayatri Construction	Chetan Engineers, Punj Lloyd Limited	Civil Judge, Vadodara	Nil	Suit for recovery of Rs. 48,034,229 against Chetan Engineers, No has been relief sought against PLL The plaintiff has moved an application for consolidation of both the cases in one court.	Date awaited for framing of the issues.
42.	OS 13/2005	November 25, 2004	S.V.Murgude	Joginder Singh, Punj Lloyd Limited, NHAI and Mali Construction	Civil Judge (Senior Division), Hukkeri	Rs.540,000	Suit for damages allegedly caused to the house of the plaintiff by Mali Construction, the Company's sub-contractor.	The plaintiff has filed an application to amend pleadings and notice has been issued to the other parties. Date awaited.

Other Cases against the Company

The following table sets forth the compiled position of all other claims, involving amounts of less than Rs.500,000, as at the date of filing this Red Herring Prospectus:

Sr. No	Nature of the claim	Cases with monetary claims		Cases with no specific monetary claims
		Number	Approx. Amount	Number
1.	Recovery suit-related	Five	Rs.629,095	1
2.	Others	Three	Rs.700,000	Nil

Cases against the Company pertaining to securities laws

There are no cases against the Company pertaining to securities laws.

Significant cases by the Company

Sr. No.	Appeal No./ Case No.	Dated	Complainant/ Applicant	Respondents	Name & Address of the Court/ Arbitration Panel	Amount Under Consideration	Nature of Case	Status
1.	**Negotiable Instruments Act Related**							
	1728/2001	June 21, 2001	Punj Lloyd Limited	Scan Organics Limited	Metropolitan Magistrate, Patiala House Court, New Delhi	Rs.1,643,382	Criminal complaint in connection with dishonor of cheques towards lease rentals.	The next date of hearing in the matter is February 4, 2006.
2.	Criminal Complaint No.773/2001	June 4, 2003	Punj Lloyd Limited	M/s Expo Vision	Patiala House Court	Rs.25,000	Criminal complaint in connection with dishonor of cheques.	The next date of hearing in the matter is February 14, 2006.
3.	Criminal Complaint No. 770/2001	June 4, 2003	Punj Lloyd Limited	M/s Expo Vision	Patiala House Court	Rs.25,000	Criminal complaint in connection with dishonor of cheques.	The next date of hearing in the matter is February 14, 2006.
4.	Criminal Complaint No. 930/2001	July 2, 2003	Punj Lloyd Limited	M/s Surfing Hut	Patiala House Court	Rs.25,000	Criminal complaint in connection with dishonor of cheques.	The next date of hearing in the matter is July 10, 2006.
5.	Criminal Complaint No. 929/2001	July 2, 2003	Punj Lloyd Limited	Anil Gautam	Patiala House Court	Rs.18,228	Criminal complaint in connection with dishonor of cheques.	The next date of hearing in the matter is May 12, 2006.

Sr. No.	Appeal No./ Case No.	Dated	Complainant/ Applicant	Respondents	Name & Address of the Court/ Arbitration Panel	Amount Under Consideration	Nature of Case	Status
6.	Criminal Complaint No. 1350/01/2001	August 30, 2003	Punj Lloyd Limited	M/s Time Sejwal Cable Network	Patiala House Court	Rs.28,495	Criminal complaint in connection with dishonor of cheques.	The next date of hearing in the matter is January 11, 2006.
7.	Criminal Complaint No.457/2001	February 20, 2004	Punj Lloyd Limited	Sixth Sense Informatics Pvt Ltd	Patiala House Court	Rs.778,000	Criminal complaint in connection with dishonor of cheques.	The next date of hearing in the matter is March 23, 2006.
8.	Criminal Complaint No.943/2001	April 28, 2004	Punj Lloyd Limited	XPO Soft Systems	Patiala House Court	Rs.150,000	Criminal complaint in connection with dishonor of cheques.	The next date of hearing in the matter is April 1, 2006.
9.	• 267/2004, May 6, 1998 • 260/2004, January 6, 1999 • 269/2004, February 25, 1999 • 203/01/1999, August 10, 1998 • 203/01/1999, November 15, 1999 • 269/01/2004, October 18, 2000		Punj Lloyd Limited	Prakash Industries Limited and Others	Metropolitan Magistrate, Patiala House Court, New Delhi	Rs.12,410,019	Seven criminal complaints were filed in connection with the dishonor of nine cheques towards lease rentals.	The next date of hearing in these cases is January 25, 2006.
10.	• 45/01/200, February 29, 2000							The next date of hearing is February 18, 2006.
11.	• 910/2004, July 16, 1997 • 928/2004, October 6, 1997 • 894/2004, December 18, 1997 • 898/2004, December 25, 1998 • 895/2004, December 8, 1998 • 4299/2004, March 26, 1999 • 6566/2004, July 8, 1999		Punj Lloyd Limited	VHEL Industries Limited and Others	Metropolitan Magistrate, Patiala House Court, New Delhi	Rs.11,132,220	Nine criminal complaints have been filed in connection with the dishonor of ten cheques towards lease rentals.	The next date of hearing in these cases is February 24, 2006.
12.	• 846/2001, September 29, 1999							The next date of hearing in these cases is January 25, 2006.
13.	• 1488/2001							The next date of hearing in these cases is February 24, 2006.
14.	**Taxation**							

Sr. No.	Appeal No./ Case No.	Dated	Complainant/ Applicant	Respondents	Name & Address of the Court/ Arbitration Panel	Amount Under Consideration	Nature of Case	Status
	565/2005	March 5, 2005	Punj Lloyd Limited	CTO, Amlapuram, Andhra Pradesh	Sales Tax Appellate Tribunal, Hyderabad	Rs.1,489,337	Dispute relating to the sales tax payable on materials component of a works contracts during fiscal 1998-1999.	The next date of hearing is April 15, 2006
15.	566/2005	March 5, 2005	Punj Lloyd Limited	CTO, Amlapuram, Andhra Pradesh	Sales Tax Appellate Tribunal, Hyderabad	Rs.408,191	Dispute relating to the sales tax payable on materials component of a works contracts during fiscal 1999-2000.	The next date of hearing is April 15, 2006
16.	594/2005	July 15, 2005	Punj Lloyd Limited	CTO, Amlapuram, Andhra Pradesh	Sales Tax Appellate Tribunal, Hyderabad	Rs.1,060,235	Dispute relating to the sales tax payable on materials component of a works contracts during fiscal 2000-2001.	The next date of hearing is July 20, 2006
17.	1356/2004	November 8, 2004	Punj Lloyd Limited	Sales Tax Officer, Baroda	Sales Tax Appellate Tribunal, Ahmedabad	Rs.50,021,933	Dispute relating to differential sales tax being levied during fiscal 1998-1999.	Date awaited.
18.	989/2004	July 31, 2004	Punj Lloyd Limited	Sales Tax Officer, Baroda	Sales Tax Appellate Tribunal, Ahmedabad	Rs.12,315,369	Dispute relating to differential sales tax being levied during 1999-2000.	Date awaited.
19.	1218/2003	April 21, 2003	Punj Lloyd Limited	Sales Tax Officer, Ernakulam	Deputy Commissioner Sales Tax (Appeals)	Rs.578,376	Dispute relating to differential sales tax being levied during fiscal 1998-1999.	The next date of hearing is December 20, 2005.
20.	1023/2004	April 30, 2004	Punj Lloyd Limited	Sales Tax Officer, Ernakulam	Deputy Commissioner Sales Tax (Appeals)	Rs.3,066,470	Dispute relating to differential sales tax being levied during fiscal 1999-2000.	The next date of hearing is December 20, 2005.
21.	2437/2003	May 26, 2003	Punj Lloyd Limited	Assistant Commissioner, Commercial Taxes Department, Kota	High Court of Rajasthan	Rs.12,014,862	Dispute relating to the sales tax payable on materials component of a works contracts during fiscal 1999-2000.	The next date of hearing is December 28, 2005.
22.	2438/2003	May 26, 2003	Punj Lloyd Limited	Assistant Commissioner,	High Court of Rajasthan	Rs.105,791,910	Dispute relating to the sales tax	The next date of

Sr. No.	Appeal No./ Case No.	Dated	Complainant/ Applicant	Respondents	Name & Address of the Court/ Arbitration Panel	Amount Under Consideration	Nature of Case	Status
				Commercial Taxes Department, Kota			payable on materials component of a works contracts during fiscal 2000-2001.	hearing is October 22, 2005.
23.	ITA No. 509/Del/2002	December 2004	Commissioner of Income Tax	Indo Pacific Aviation Private Limited	High Court of Delhi	Rs. 1,388,714	The income tax department has filed an appeal against the ITAT's order allowing expenses of Rs. 1,388,221 during fiscal 1999-2000.	The next date of hearing is January 25, 2006
24.	3953/Del/2002/Bench C	September 2002	Commissioner of Income Tax	Indo Pacific Aviation Private Limited	Income Tax Appellate Tribunal, Delhi	Rs.968,416	The income tax department has filed an appeal against the Commissioner of Income Tax's order allowing expenses of Rs. 981,470 during fiscal 1998-1999.	Adjourned.
25.	**Employee Related** 84/2003	April 8, 2003	Punj Lloyd Limited	Nanak Chand	City Magistrate, Mathura, Uttar Pradesh	Nil	Appeal from an order by the City Magistrate.	The next date of hearing is awaited.
26.	**Arbitration Matters** 40/2005	July 16, 2005	Punj Lloyd Limited	U.P. State Bridge Corporation Limited	Justice Jaspal Singh	Rs.11,762,346	Claim for outstanding amount towards payments due with respect to the Peeragarhi flyover project.	The next date of hearing in the matter is December 7, 2005.
27.	99/2005	July 16, 2005	Punj Lloyd Limited	U.P. State Bridge Corporation Limited	Justice Jaspal Singh	Rs.3,069,419	Claim for outstanding amount towards payments due with respect to the Raja Garden flyover project.	The next date of hearing in the matter is December 7, 2005.
28.	15661/2004	March 30, 2004	Punj Lloyd Limited	Petronet MHB Limited	City Civil Judge, Bangalore	Rs.300,000,000	Suit for recovery towards payments due with respect to the MBPL project.	Arbitrator appointed by the High Court The next date of hearing in the matter

Sr. No.	Appeal No./ Case No.	Dated	Complainant/ Applicant	Respondents	Name & Address of the Court/ Arbitration Panel	Amount Under Consideration	Nature of Case	Status
								will be fixed by the arbitrator.
29.	NA	NA	Punj Lloyd Limited	Petronet MHB Limited	NA	Rs.585,827,000	Arbitration for recovery of money.	Arbitrator to be appointed by the High Court of Karnataka
30.	NA	NA	Petrofac International Limited	Indian Oil Corporation Limited, Mathura	Justice S.S. Sodhi	Rs.1,100,000,000	Claim for outstanding amount towards payments due with respect to the sulphur recovery unit projects at Mathuraand Vadodara. The Company has a back-to-back arrangement with Petrofac International Limited for recovery of an amount of Rs.763,409,000.	The matter is fixed for final hearing on January 13, 14, 20 and 21, 2006.
31.	NA	May 6, 2005	Punj Lloyd Limited	Gas Authority of India Limited	Grievance Settlement Machinery, GAIL	Rs.1,473,130,000	Claim for outstanding payments due with respect to the DVPL project. Although the arbitration clause has been invoked, arbitration proceedings have been kept in abeyance since the matter is pending before GAIL's Grievance Settlement Machinery Board.	The outcome of the settlement process through the Grievance Settlement Machinery is awaited.
32.	**Recovery Suits** 2701/1997	July 7, 1997	Punj Lloyd Limited	Danzas Corporation and Evans Equipment Inc.	High Court, Bombay	Rs.2,686,500	Recovery claim for over charge of freight and other charges while importing equipment.	The matter is yet to be listed.

Sr. No.	Appeal No./ Case No.	Dated	Complainant/ Applicant	Respondents	Name & Address of the Court/ Arbitration Panel	Amount Under Consideration	Nature of Case	Status
33.	2702/1997	July 7, 1997	Punj Lloyd Limited	Danzas Corporation and ARB Inc.	High Court, Bombay	Rs.2,313,159	Recovery claim for over charge of freight and other charges while importing equipment.	The matter is yet to be listed.
34.	OMP No.166/2005	May 12, 2005	Punj Lloyd Limited	Valentine Maritime (Mauritius) Limited	High Court, Delhi	Rs.33,238,756 and USD 6,600	Recovery claim towards non-payment of outstanding dues for work done at the GAPL site.	The next date of hearing in the matter is February 15, 2006.
35.	**Others** 5248/2004	July 29, 2004	Punj Lloyd Limited	India Cement, State Bank of India, J&K Bank, Canara Bank and Another	High Court of Delhi	Rs.18,000,000	Suit for injunction against fraudulent encashment of a bank guarantee. The matter is in the process of being settled out of Court.	The next date of hearing in the matter is January 19, 2006.
36.	1247/2005	September 2, 2005	Punj Lloyd Limited	Indian Oil Corporation and UCO Bank	High Court of Delhi	Rs.2,627,280	Suit for injunction against encashment of a bank guarantee.	The next date of hearing in the matter is December 13, 2005.

Against the Company's Subsidiaries

Except as described below, there are no outstanding litigation, suits or criminal prosecutions or civil proceedings or tax liabilities against the Subsidiaries, and there are no defaults, non-payment of statutory dues, overdues to banks/ financial institutions, defaults in dues payable to holders of any debentures, bond or fixed deposits and arrears on preference shares issued by the Subsidiaries (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (i) of part 1 of Schedule XIII of the Companies Act, 1956).

Atna Investments Limited

Sr. No.	Appeal No./ Case No.	Dated	Complainant/ Applicant	Respondents	Name & Address of the Court/ Arbitration Panel	Amount Under Consideration	Nature of Case	Status
43.	20/1993	November 11, 1992	Punj Star Industries Private Limited	Atna Investments Limited	Tis Hazari Court, Delhi	Rs.5,859,072	Suit for recovery of Rs.5,859,071.80, including interest.	The next date of hearing is December 9, 2005.

Spectra Net Limited ("SNL")

Sr. No.	Appeal No./ Case No.	Dated	Complainant/ Applicant	Respondents	Name & Address of the Court/ Arbitration Panel	Amount Under Consideration	Nature of Case	Status
1.	1315/2001	July 9, 2001	Super Cassette Industries Limited	Spectra Net Limited and others	Tis Hazari Court	Rs.500,000	A permanent preemptive injunction and rendition of accounts for infringement of copyright has been sought.	A proposed compromise between Spectra Net Limited and the plaintiff has been filed. The matter is pending final disposal. The last date of hearing in the matter was November 24, 2005. The next date of hearing is awaited.
2.	2166/2002	November 26, 2002	Time Warner Entertainment Co.	Spectra Net Limited and others	High Court of Delhi	Rs.5,000,000	A permanent preemptive injunction and rendition of accounts for infringement of copyright has been sought.	Admission and denial of documents in progress. The next date of hearing in the matter is March 30, 2006.
3.	CS (OS) No.440/ 2005	April 5, 2005	Super Cassette Industries Limited	Spectra Net Limited and others	High Court of Delhi	Rs.2,000,000	A permanent preemptive injunction and rendition of accounts for infringement of copyright has been sought. Damages have also been sought.	Written statement to be filed. The next date of hearing in the matter is November 9, 2005.
4.	CS (OS) No.1111/2005	August 10, 2005	Kaleidoscope Entertainment Private Limited	Spectra Net Limited and others	High Court of Delhi	Rs.2,000,000	A permanent preemptive injunction and rendition of accounts for infringement of copyright has been sought. Damages have also been sought.	Written statement to be filed. The next date of hearing in the matter is March 7, 2006.

Spectra Punj Lloyd Limited ("SPLL")

Sr. No.	Appeal No./ Case No.	Dated	Complainant/ Applicant	Respondents	Name & Address of the Court/ Arbitration Panel	Amount Under Consideration	Nature of Case	Status
1.	Suit No.393/ 2004	April 26, 2004	Econ Engineering Private Limited	Spectra Punj Lloyd Limited	High Court of Delhi	Rs.2,298,000	SPLL had taken on hire certain equipment from the plaintiff for a period of three years. SPLL also had the right to purchase such equipment after the expiry of the hire agreement, which is now being disputed. The plaintiff has filed a suit for recovery, damages and injunction.	The next date of hearing is December 19, 2005.
2.	FIR No.133/ 2005	March 15, 2005	State	Spectra Punj Lloyd Limited	Sessions Court, Gurgaon	Rs.220,000	An FIR has been lodged by the Electricity Department alleging theft of electricity at SPLL's plant in Gurgaon. Bail has been granted.	The next date of hearing is January 19, 2006.

Against the Directors

Except as described below, there are no outstanding litigations, suits or criminal prosecutions or civil proceedings, and there are no defaults, non-payment of statutory dues, overdues to banks/ financial institutions or defaults against banks/ financial institutions by the Directors (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (i) of part 1 of Schedule XIII of the Companies Act).

Cases pending against Atul Punj

Sr. No.	Appeal No./ Case No.	Dated	Complainant/ Applicant	Respondents	Name & Address of the Court/ Arbitration Panel	Amount Under Consideration	Nature of Case	Status
1.	348/1999	December 8, 1999	Federal Bank	Punj Lloyd Limited, Atul Punj and Others	Debt Recovery Tribunal, Delhi	Rs.8,868,245 and Rs.7,844,000	Money claim. Atul Punj has been impleaded as a guarantor.	The next date of hearing is December 22, 2005.
2.	OA No.79/ 1995 (CS No.2108/94)	September 19, 1994	Hong Kong and Shanghai Banking Corporation	Punj Sons Private Limited, S.N.P. Punj, Atul Punj, Uday Punj and Others	Debt Recovery Tribunal, Delhi	Rs.6,318,233	Recovery petition filed by HSBC for the recovery of Rs. 6,318,233 along with interest against Punj Sons Private	The next date of hearing is December 27, 2005.

Sr. No.	Appeal No./ Case No.	Dated	Complainant/ Applicant	Respondents	Name & Address of the Court/ Arbitration Panel	Amount Under Consideration	Nature of Case	Status
							Limited., S.N.P. Punj, Atul Punj and Uday Punj were guarantors for the loan.	
3.	OS 324/2004	March 18, 2004	Rangaswamaiah	Atul Punj, in his capacity as the managing director of Punj Lloyd Limited	2nd Additional Civil Judge, Bangalore Rural District, Bangalore	Rs.75,242	Suit for recovery filed by the plaintiff in Bangalore claiming compensation for the damage to his land after it was used by the Company for establishing a camp office.	The next date of hearing is January 2, 2006.
4.	Ref No.: 8/745/T-1/2004/D/621-A	May 2, 2005	_	Atul Punj, V.K. Kaushik, Luv Chhabra and Dinesh Thairani (referred to as applicants)	Regional Director (Northern Region), Ministry of Company Affairs, Kanpur	_	Offence committed by the company under Section 212 of the Companies Act, 1956.	Order compounding the offence and ordering payment of compounding fee of Rs.48, 000 by Atul Punj, V.K. Kaushik, Luv Chhabra and Dinesh Thairani. The compounding fee has been paid by the applicants.

Cases pending against Uday Punj

Sr. No.	Appeal No./ Case No.	Dated	Complainant/ Applicant	Respondents	Name & Address of the Court/ Arbitration Panel	Amount Under Consideration	Nature of Case	Status
1.	58/1993	January 5, 1993	Punj Star Industries Private Limited	Punj Lloyd Limited, S.N.P. Punj and Uday Punj	High Court, Delhi	Rs.3,022,466	Suit for recovery, including interest on account of an alleged loan taken by the S.N.P. Punj group.	The next date of hearing is December 8, 2005.
2.	OA. No.79/ 1995 (CS No.2108/94)	September 19, 1994	Hong Kong and Shanghai Banking Corporation	Punj Sons Private Limited S.N.P. Punj, Atul Punj, Uday Punj and Others	Debt Recovery Tribunal, Delhi	Rs.6,318,233	Recovery petition filed by HSBC against the recovery of Rs. 6,318,233 along with interest taken on loan by Punj Sons Private	The next date of hearing is December 27, 2005.

Sr. No.	Appeal No./ Case No.	Dated	Complainant/ Applicant	Respondents	Name & Address of the Court/ Arbitration Panel	Amount Under Consideration	Nature of Case	Status
							Limited. S.N.P. Punj, Atul Punj and Uday Punj were guarantors for the loan.	

Against the Promoters

Except as described below and the description of litigation pending against Atul Punj and Uday Punj provided above, there are no outstanding litigation, suits or criminal prosecutions or civil proceedings or disputes against the Promoters and there are no defaults, non-payment of statutory dues, overdues to banks/ financial institutions or defaults against banks/ financial institutions by the Promoters (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (i) of part 1 of Schedule XIII of the Companies Act).

Cases pending against S.N.P. Punj

Sr. No.	Appeal No./ Case No.	Dated	Complainant/ Applicant	Respondents	Name & Address of the Court/ Arbitration Panel	Amount Under Consideration	Nature of Case	Status
1.	58/1993	January 5, 1993	Punj Star Industries Private Limited	Punj Lloyd Limited, S.N.P. Punj and Uday Punj	High Court, Delhi	Rs.3,022,466	Suit for recovery, including interest on account of an alleged loan taken by the S.N.P. Punj group.	The next date of hearing is December 8, 2005.
2.	OA. No.79/ 1995 (CS No.2108/94)	September 19, 1994	Hong Kong and Shanghai Banking Corporation	Punj Sons Private Limited S.N.P. Punj, Atul Punj, Uday Punj and Others	Debt Recovery Tribunal, Delhi	Rs.6,318,233	Recovery petition filed by HSBC against the recovery of Rs. 6,318,233 along with interest taken on loan by Punj Sons Private Limited. S.N.P. Punj, Atul Punj and Uday Punj were guarantors for the loan.	The next date of hearing is December 27, 2005.
3.	Suit No.1886/1990	June 27, 1990	Punj Sons Private Limited	Lakhanpal National Limited, S.N.P. Punj and Punj Lloyd Limited	High Court, Mumbai	Rs.6,400,000	Suit for declaration and permanent injunction challenging a transfer of shares by S.N.P. Punj in the name of Punj Lloyd Limited.	The matter has been fixed for final hearing.
4.	2456/1995	November	R.P. Punj	V.P. Punj,	High Court,	Nil	Partition suit for	The next date

Sr. No.	Appeal No./ Case No.	Dated	Complainant/ Applicant	Respondents	Name & Address of the Court/ Arbitration Panel	Amount Under Consideration	Nature of Case	Status
		6, 1995		S.N.P. Punj and Others	Delhi		certain property.	of hearing is February 6, 2006
5.	1799/1991	June 3, 1991	Pushpanjali Punj	Hong Kong and Shanghai Banking Corporation, V.P. Punj and Others	Tis Hazari Court, Delhi	Nil	Suit for permanent injunction and rendition of accounts. The suit was dismissed and an application for restoration has been moved.	The next date of hearing is January 2, 2006
6.	612-16/2005	August 23, 2005	Pushpanjali Punj	Hong Kong and Shanghai Banking Corporation, V.P. Punj and Others	High Court, Delhi	Nil	Regular first appeal against the order in Suit No. 1799/1991.	The next date of hearing is December 7, 2005
7.	6406/1991	November 11, 1991	Deputy Commissioner of Income Tax	Dayagen, S.N.P. Punj, N.P. Punj, Maya Rani Punj and Others	Tis Hazari Court, Delhi	Not quantifiable.	Complaint under the Income Tax Act.	The next date of hearing is January 23, 2006
8.	17/2005	January 2, 2005	Deputy Commissioner of Income Tax	S.N.P. Punj	High Court, Delhi	Not quantifiable.	Revision petition seeking	Admitted.
9.	LAC 68/2003	March 24, 2004	Union of India	V.P.Punj, S.N.P. Punj (HUF) and Others	Tis Hazari Court, Delhi	To be determined by the Court.	Upon the High Court's orders, the Land Acquisition Collector has made a reference to the Court for apportioning the rights of the respondents in certain compensation awarded.	The next date of hearing in the matter is January 30, 2006.
10.	2798/ 2002	July 22, 2002	Municipal Corporation of Delhi	Vansh Properties Private Limited and S.N.P. Punj	Metropolitan Magistrate, Patiala House, New Delhi	Not quantifiable	Criminal complaint filed by the Municipal Corporation of Delhi with respect to the use of a certain portion of the property for commercial purpose.	The next date of hearing is January 4, 2006.

Against the Promoter Group Companies

Except as described below, there are no outstanding litigation, suits or criminal proceedings or civil prosecutions or tax liabilities against companies promoted by our Promoters, and there are no defaults, non-payment of statutory dues, overdues to banks/ financial institutions, defaults in dues payable to holders of any debentures, bond or fixed deposits and arrears on preference shares issued by the group companies (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (i) of part 1 of Schedule XIII of the Companies Act, 1956).

Cases against Arooshi Enterprises Private Limited ("AEPL")

Sr. No.	Appeal No./ Case No.	Dated	Complainant/ Applicant	Respondents	Name & Address of the Court/ Arbitration Panel	Amount Under Consideration	Nature of Case	Status
1.	CP No.199/ 2005	May 21, 2005	Phattex Overseas (UK) Trading Limited and Others	Arooshi Enterprises Private Limited	High Court, Delhi	USD 22,427	Winding-up petition filed due to the alleged non payment of USD 22,427 by AEPL against the import of natural liquid latex. The Court has issued a show cause notice to Arooshi to file its reply.	The next date of hearing is November 28, 2005.
2.	CP 169/ 2005	May 18, 2005	ISEO, Chemdis Private Limited	Arooshi Enterprises Private Limited	High Court, Delhi	NA	Winding-up petition filed by ISEO. AEPL has not received any notice as yet.	The next date of hearing is February 23, 2005.
3.	(CS) 101/2005	April 22, 2005	Suman Gupta	Arooshi Enterprises Private Limited	District Courts, Gurgaon	Rs.101,185	Suit for recovery of dues. AEPL has filed a counter claim.	The next date of hearing is January 10, 2006.
4.	CP 258/ 2005	August 10, 2005	Lamba Rubber Limited	Arooshi Enterprises Private Limited	High Court, Delhi	Rs.423,735	Winding-up petition filed by M/s. Lamba Rubber Limited for recovery of Rs.423,735.	The next date of hearing in the matter is November 28, 2005.
5.	CP 276/ 2005	September 6, 2005	SDV Air Link India Limited	Arooshi Enterprises Private Limited	High Court, Delhi	Not yet known.	Winding-up petition filed by M/s. SDV Air Link India Limited. AEPL has not received any notice as yet.	The next date of hearing in the matter is November 29, 2005.
6.	785/2005	April 20, 2005	Ashraf Ali	Arooshi Enterprises Private Limited	Labour Officer, Gurgaon	Cannot be quantified.	Industrial dispute against alleged termination.	No date.
7.	1043/2005	April 20, 2005	S.D. Shukla	Arooshi Enterprises Private Limited	Labour Officer, Gurgaon	Cannot be quantified.	Industrial dispute against alleged termination.	No date.
8.	05/2005	May 4, 2005	Arun Kumar	Arooshi Enterprises	Labour Officer, Gurgaon	Rs. 60,577	Claim for gratuity.	The next date of hearing is

Sr. No.	Appeal No./ Case No.	Dated	Complainant/ Applicant	Respondents	Name & Address of the Court/ Arbitration Panel	Amount Under Consideration	Nature of Case	Status
				Private Limited				February 29, 2006.
9.	677/ 2004	December 28, 2004	Ravinder Kumar	Arooshi Enterprises Private Limited	Labour Court, Gurgaon	Cannot be quantified.	Industrial dispute challenging alleged termination.	The next date of hearing is January 3, 2006.

Cases against Indtech Properties Private Limited ("IPPL")

Sr. No.	Appeal No./ Case No.	Dated	Complainant/ Applicant	Respondents	Name & Address of the Court/ Arbitration Panel	Amount Under Consideration	Nature of Case	Status
1.	Labour Matter ID No. 207/2002	November 10, 2002	Sandeep Kumar	Indtech Properties Private Limited	Karkardooma Court	Not ascertained.	A former employee has filed a case against IPPL for illegal termination and back wages.	The next date of hearing in the matter is December 15, 2005.
2.	Labour Matter ID No. 206/2002	November 10, 2002	Illam Singh	Indtech Properties Private Limited	Karkardooma Court	Not ascertained.	A former employee has filed a case against IPPL for illegal termination and back wages.	The next date of hearing in the matter is January 13, 2006.

Cases against Spectra Punj Finance Private Limited

Sr. No	Appeal No./ Case No.	Dated	Complainant/ Applicant	Respondents	Name & Address of the Court/ Arbitration Panel	Amount Under Consideration	Nature of Case	Status
1.	OMP 217/2002	July 23, 2002	Ravi K Kohl	Spectra Punj Finance Private Limited	High Court of Delhi	Not ascertained	Civil contempt application filed in Court.	The plaintiff has agreed to withdraw the application and proceed for arbitration. The Court's order is awaited on the appointment of an arbitrator. The next date of hearing in the matter is February 2, 2006

Cases against D&A Foods Private Limited

Sr. No.	Appeal No./ Case No.	Dated	Complainant/ Applicant	Respondents	Name & Address of the Court/ Arbitration Panel	Amount Under Consideration	Nature of Case	Status
1.	4551/1992	December 8, 1992	Punj Star Industries Private Limited	D&A Foods Private Limited	Tis Hazari Court, Delhi	Rs. 884,560	Suit for recovery of Rs.884,560, including interest.	The next date of hearing is December 9, 2005.

Cases against Vansh Properties Private Limited

Sr. No.	Appeal No./ Case No.	Dated	Complainant/ Applicant	Respondents	Name & Address of the Court/ Arbitration Panel	Amount Under Consideration	Nature of Case	Status
1.	2798/ 2002	July 22, 2002	Municipal Corporation of Delhi	Vansh Properties Private Limited and S.N.P. Punj	Metropolitan Magistrate, Patiala House, New Delhi	Not quantifiable	Criminal complaint filed by the Municipal Corporation of Delhi with respect to the use of a certain portion of the property for commercial purpose.	The next date of hearing is January 4, 2006.

Cases against Jyoti Punj

Sr. No.	Appeal No./ Case No.	Dated	Complainant/ Applicant	Respondents	Name & Address of the Court/ Arbitration Panel	Amount Under Consideration	Nature of Case	Status
1.	421/2003	January 17, 2004	The Inside Story	Director General, ESIC and Others	Civil Judge,, Senior Division, Gurgaon	Rs.135,677	An application has been filed in appeal proceedings under Section 75 of the Employees State Insurance Act to restrain the respondents from recovering the disputed amount.	The next date of hearing is December 19, 2005.

MATERIAL DEVELOPMENTS

In the opinion of the Board of Directors of the Company, there have not arisen, since the date of the last audited financial statements disclosed in this Prospectus, any circumstances that materially or adversely affect or are likely to affect our profitability on a consolidated basis or the value of our consolidated assets or our ability to pay our material liabilities within the next twelve months.

GOVERNMENT AND OTHER APPROVALS

In view of the approvals listed below, we can undertake this Offer and our current business activities and no further major approvals from any governmental or regulatory authority or any other entity are required to undertake the Offer or continue our business activities. The Company has also received approvals from those of its lenders whose financing arrangements required it to obtain approvals in connection with the Offer. Unless otherwise stated, these approvals are all valid as of the date of this Red Herring Prospectus.

Approvals for the Offer

The RBI by its A.P. (DIR Series) Circular No. 16 dated October 4, 2004 granted general permission for the transfer of shares of an Indian company by Non-Residents, to residents, subject to the terms and conditions, including pricing guidelines stipulated in such Circular.

Investors should note that Equity Shares offered by Atul Punj in the Offer for Sale will be allotted only to Indian residents and Eligible NRIs. No approvals of the FIPB or the RBI are required for such Allotment of Equity Shares under this Offer. We will be required to make certain filings with the RBI after the completion of the Offer.

Approvals for the Business

We require various approvals to carry on our business in India and overseas. The approvals that we require include the following:

Within India

Approvals from Tax Authorities

- The Company's Permanent Account Number is AAACP0305Q and its Tax Deduction Account Number under the I.T. Act is DELPO8758B.
- Registration under the Central Sales Tax Act, 1956.
- Registration under the Sales Tax Acts of various states in India for local sales tax. At present the Company has local sales tax registrations in Assam, Andhra Pradesh, Bihar, the National Capital Territory of Delhi, Gujarat, Haryana, Kerala, Karnataka, Madhya Pradesh, Maharashtra, Punjab, Rajasthan, Uttar Pradesh, Tamil Nadu, West Bengal, Uttranchal, Orissa and Chhattisgarh.
- Certificate dated June 15, 2005 granting the Company the Importer Exporter Code (IEC) number 0589029207. The IEC is valid from October 11, 1989.
- Service tax registrations:
    1. Grant of service tax code number AACP0305GST001 through a letter dated July 1, 2004 by the Deputy Commissioner, Service Tax, Delhi.
    2. Grant of centralized registration no. M&R/992/PLL/2003 under Section 69, Finance Act, 1994.

Labor and Environment Related Approvals

- Principal employer registration under the Contract Labor (Regulation and Abolition) Act, 1970.
- Registrations under the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996.
- Registrations under the Inter State Migrant Workers Act, 1979.
- Registration under the Factories Act, 1948.
- Registration No. 11-17165-66 under the Employees' State Insurance Act, 1948, which was granted on April 1, 1989.

- The Company has been granted an exemption under Section 17(1) of the Employees Provident Fund and Miscellaneous Provisions Act, 1952 and a relaxation under paragraph 79 of the Employee Provident Fund Scheme, 1952 with effect from July 1, 2000 through Letter No. E/DL/10589 dated June 20, 2000.

The Company is also required from time to time to obtain various labor and environmental approvals, in connection with specific projects. These include approvals under the Contract Labor (Regulation and Abolition) Act, 1970, Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996, the Inter State Migrant Workers Act, 1979, the Environment Protection Act, 1986, the Water (Prevention and Control of Pollution) Act, 1974, the Air (Prevention and Control of Pollution) Act, 1981, the Hazardous Waste (Management and Handling) Rules, 1989 and the Hazardous Chemicals Rules, 1989.

Department of Company Affairs Approvals

- Approval dated November 2, 2004. of the Central Government under Section 259 of the Companies Act for increase in number of directors from 12 to 15; and

- Approval dated September 17, 2004 under Section 297(1) of the Companies Act for payment of fees to Jacob Ballas Capital India Private Limited.

- Approval dated September 6, 2005 under Section 212 (8) of the Companies Act regarding the non-applicability of Section 212(1) of the Companies Act with respect to 13 subsidiaries for the financial year ended March 31, 2005.

- Certificate of registration from the RoC of a special resolution confirming alteration of the objects clause under Section 18(1) of the Companies Act, dated June 22, 1999.

- Certificate of registration from the RoC of the order of the Company Law Board confirming alteration of the objects clause under Section 18(1), dated June 30, 1995.

Intellectual Property Related Approvals

- Application No. 01244118 dated October 17, 2003 for the service mark "PUNJ LLOYD LTD" in Class 37. The service mark has been accepted for advertisement by an order dated October 29, 2003.

- Trademark Registration No. 522356B dated January 5, 1990 for a trademark in the Punj logo in Class 11. This trademark has been most recently renewed with effect from January 5, 2004 until January 5, 2014 through Renewal Certificate J-1323 dated September 16, 2004.

- Copyright Registration No. A-54563/98 dated February 4, 1998 for the artistic work entitled "Device Mark- Joining the World through Pipeline".

Pursuant to a scheme of arrangement and demurer between Spectra Net Limited, Punj Lloyd Limited and Atna Investments Limited, which was approved by the High Court of Delhi by its order dated August 16, 2004, the Company has certain registered trademarks and pending trademark applications (pending at various stages in the registration process) in connection with the ISP division of Spectra Net Limited, which is now a part of the Company.

Investment Approvals

The Company has, from time to time, received approvals from the Reserve Bank of India for issue of equity shares (on repatriation and non-repatriation basis), transfers of equity shares, foreign inward remittances, providing corporate guarantees and establishment of wholly owned subsidiaries.

The Company has received the following approvals from the Reserve Bank of India in connection with establishment of its wholly owned subsidiaries outside India:

- Approval No. NDWRA19980084, dated July 29, 1998, under the Foreign Exchange Regulation Act, 1973, for the establishment of a wholly owned subsidiary in the British Virgin Islands.

- Approval No. NDWAZ20030010, dated January 21, 2003, for the establishment of a wholly owned subsidiary in Kazakhstan.
- Approval No. NDWRA19980083, dated July 29, 1998, under the Foreign Exchange Regulation Act, 1973, for the establishment of a wholly owned subsidiary in the United States of America.
- Approval No. NDWGX95060, dated August 23, 1996, under the Foreign Exchange Regulation Act, 1973, for the establishment of a wholly owned subsidiary in Malaysia.
- Approval No. NDWRN20020038, dated February 20, 2002, for the establishment of a wholly owned subsidiary in Indonesia.
- Approval No. NDWRN20020039, dated February 20, 2002, under the, for the establishment of a wholly owned subsidiary in Thailand.

The Company has also received certain approvals from the Reserve Bank of India in connection with the restructuring of these investments.

Outside India

From time to time, the Company's subsidiaries outside India, Punj Lloyd (Malaysia) Sdn Bhd., Punj Lloyd Kazakhstan LLP, Punj Lloyd Inc., Punj Lloyd International Limited and PT. Punj Lloyd Indonesia have obtained necessary approvals to conduct their business in the jurisdictions in which they have operations.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Offer

The Company

The Board of Directors has, pursuant to resolution passed at its meeting held on July 19, 2005, authorized the Fresh Issue subject to the approval by the shareholders of the Company under Section 81(1A) of the Companies Act. Pursuant to the authority granted by the Board of Directors of the Company at its meeting held on July 19, 2005, the IPO Committee of the Board approved the Fresh Issue by the Company on September 1, 2005 by circular resolution.

The shareholders have authorized the Fresh Issue by a special resolution in accordance with Section 81(1A) of the Companies Act, passed at the AGM of the Company held on September 29, 2005 at New Delhi.

Selling Shareholders

Atul Punj has appointed Luv Chhabra to act as his duly constituted attorney with respect to any matter in connection with the Offer.

The Selling Shareholders assume no responsibility for any of the statements made by the Company in this Red Herring Prospectus relating to the Company, its business and related disclosures, except statements relating to the Selling Shareholders.

We have also obtained all necessary contractual approvals required for the Offer. For further information, refer "Government and Other Approvals" on page 470 of this Red Herring Prospectus.

Prohibition by SEBI

The Company, the Directors, the Promoters, Directors or the person(s) in control of the Promoters, the Company's Promoter group companies, associates, subsidiaries and affiliates and companies with which the Directors are associated with as directors or promoters have not been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI.

Eligibility for the Offer

The Company is eligible for the Offer as per Clause 2.2.1 of the SEBI Guidelines as explained under:

- The Company has net tangible assets of at least Rs.30,000 thousand in each of the preceding three full years (of 12 months each), of which not more than 50% is held in monetary assets;

- The Company has had a pre-Offer net worth of not less than Rs.10,000 thousand in each of the three preceding full years;

- The Company has had a track record of distributable profits as per Section 205 of Companies Act for at least three out of the immediately preceding five years;

- The proposed Offer size would not exceed five times the pre-Offer net worth as per the audited accounts for the year ended March 31, 2005;

- The Company has not changed its name during the last one year.

The distributable profits as per Section 205 of the Companies Act and net worth for the last five years as per the Company's restated unconsolidated financial statements are as under:

(Rupees thousand)

	For the year ended March 31,					For the six months ended September 30,
	2001	2002	2003	2004	2005	2005
Distributable Profits [(1)]	1,199,113	1,200,695	945,429	1,665,104	1,844,603	1,640,584
Net Worth [(2)]	1,997,667	2,053,384	1,863,640	2,464,281	4,738,923	4,730,714
Net Tangible Assets [(3)]	5,972,616	6,868,111	10,527,762	12,195,834	13,325,442	14,745,168
Monetary Assets [(4)]	77,283	184,576	694,601	317,302	303,391	191,943
Monetary Assets as a % of Net Tangible Assets	**1.29**	**2.69**	**6.60**	**2.60**	**2.28**	**1.30**

[(1)] Distributable profits have been defined in terms of section 205 of the Companies Act.
[(2)] Net worth has been defined as the aggregate of equity share capital and reserves, excluding miscellaneous expenditures, if any.
[(3)] Net tangible assets means the sum of all net assets of the Company excluding intangible assets as defined in Accounting Standard 26 issued by the Institute of Chartered Accountants of India.
[(4)] Monetary assets comprise of cash and bank balances and public deposit accounts with the Government.

Further, the Offer is subject to the fulfillment of the following conditions as required under Clause 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended ("SCRR"):

- A minimum of 2,000,000 Equity Shares (excluding reservations, firm allotments and promoters contribution) are being offered to the public;

- The Net Offer size, which is the Offer Price multiplied by the number of Equity Shares offered to the public, is a minimum of Rs.1,000,000 thousand; and

- The Net Offer is made through the Book Building Process with allocation of 60% of the Net Offer to QIBs as defined under the SEBI Guidelines.

The Company undertakes that the number of Allottees in the Offer shall be at least 1,000. Otherwise, the entire application money shall be refunded forthwith. Further, if at least 60% of the Net Offer cannot be allotted to QIBs, then the entire application money shall be refunded forthwith. In case of delay, if any, in refund, the Company shall pay interest on the application money at the rate of 15% per annum for the period of delay.

The Company, the Promoters, individual members of the Promoter group, the Promoter group companies and associate companies are not defined as willful defaulters by the RBI/Government of India authorities and there are no violations of securities laws committed by them in the past or pending against them. No penalty has been imposed by SEBI and other regulatory bodies against the Company, the Directors, the Promoters and the Promoter group companies.

Disclaimer Clause

AS REQUIRED, A COPY OF THE RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE OFFER IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, CITIGROUP GLOBAL MARKETS INDIA PRIVATE LIMITED, DSP MERRILL LYNCH LIMITED, ICICI SECURITIES LIMITED AND KOTAK MAHINDRA CAPITAL COMPANY LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000 AS FOR THE TIME BEING IN FORCE. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED OFFER.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS, CITIGROUP GLOBAL MARKETS INDIA PRIVATE LIMITED, DSP MERRILL LYNCH LIMITED, ICICI SECURITIES LIMITED AND KOTAK MAHINDRA CAPITAL COMPANY LIMITED HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED NOVEMBER 28, 2005 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 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 FINALISATION OF THE RED HERRING PROSPECTUS PERTAINING TO THE SAID OFFER.

(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 OFFER, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:

THE RED HERRING PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE OFFER;

ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID OFFER AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. OFFERED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND

THE DISCLOSURES MADE IN THE RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED OFFER.

BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID.

WHEN UNDERWRITTEN, WE SHALL SATISFY OURSELVES ABOUT THE WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS."

All legal requirements pertaining to the Offer 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. All legal requirements pertaining to the issue will be complied with at the time of registration of the Prospectus with the RoC in terms of section 56, section 60 and section 60B of the Companies Act.

The filing of the Red Herring Prospectus does not, however, absolve the Company from any liabilities under section 63 and section 68 of the Companies Act or from the requirement of obtaining such statutory and other clearances as may be required for the purpose of the proposed Offer. SEBI further reserves the right to take up at any point of time, with the Book Running Lead Managers, any irregularities or lapses in the Red Herring Prospectus.

Disclaimer from the Company and the BRLMs

Investors should note that Equity Shares offered by Atul Punj in the Offer for Sale will be allotted only to Indian residents and Eligible NRIs.

Investors that bid in the Offer will be required to confirm and will be deemed to have represented to the Company, the Selling Shareholders, the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of the Company and will not offer, sell, pledge or transfer the Equity Shares of the Company to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of the Company. The Company, the Selling Shareholders, the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of the Company.

The Company, the Directors, the Selling Shareholders and the BRLMs accept no responsibility for statements made otherwise than in this Red Herring Prospectus or in the advertisements or any other material issued by or at instance of the above mentioned entities and anyone placing reliance on any other source of information, including our website, www.punjlloyd.com, would be doing so at his or her own risk.

The BRLMs accept no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into among the BRLMs, the Selling Shareholders (acting through their duly constituted attorneys) and the Company dated October 6, 2005 and the Underwriting Agreement to be entered into among the Underwriters, the Selling Shareholders (acting through their duly constituted attorneys) and the Company.

All information shall be made available by the Company and BRLMs to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports or at bidding centers etc.

Neither the Company nor the Syndicate is liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

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, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Mutual Funds, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under the applicable trust law and who are authorized under their constitution to hold and invest in shares, permitted insurance companies and pension funds and to permitted Non-Residents including Eligible NRIs, FIIs and eligible foreign investors. Equity Shares offered by Atul Punj in the Offer for Sale will be allotted only to Indian residents and NRIs. This Red Herring Prospectus does not, however, constitute an invitation to subscribe to Equity Shares offered hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Red Herring Prospectus comes is required to inform himself or herself 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 New Delhi only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Red Herring Prospectus has been filed with SEBI for observations. Accordingly, the Equity Shares, represented thereby may not be offered or sold, directly or indirectly, and this Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the Company's affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been and will not be registered under the U.S. Securities Act 1933, as amended (the "Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S of the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Accordingly, the Equity Shares will be offered and sold only (i) in the United States to "qualified institutional buyers", as defined in Rule 144A of the Securities Act, and (ii) outside the United States in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales occur.

Disclaimer clause of the BSE

As required, a copy of this Red Herring Prospectus has been submitted to the BSE. BSE has given pursuant to its letter dated November 4, 2005 permission to this Company to use the BSE's name in this offer document as one of the stock exchanges on which this Company's securities are proposed to be listed. The BSE has scrutinized this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. BSE does not in any manner:

i. warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or
ii. warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or
iii. take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that this offer document has been cleared or approved by BSE. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Disclaimer clause of the NSE

As required, a copy of this offer document has been submitted to the NSE. NSE has given, pursuant to its letter ref.:NSE/LIST/18283-2, dated November 14, 2005 permission to the Company to use the Exchange's name in this prospectus as one of the stock exchanges on which this Company's securities are proposed to be listed. The NSE has scrutinized the draft offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the Company. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the offer document has been cleared or approved by NSE; nor does it in any matter warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; nor does it warrant that this Company'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 Company, its promoters, its management or any scheme or project of this Company;

Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Filing

A copy of this Red Herring Prospectus has been filed with SEBI at Corporation Finance Department, Ground Floor, Mittal Court, "A" Wing, Nariman Point, Mumbai 400 021.

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, will be delivered for registration to the RoC and a copy of the Prospectus required to be filed under Section 60 of the Companies Act will be delivered for registration with RoC situated at New Delhi.

Listing

Applications have been made to the BSE and the NSE for permission for listing of the Equity Shares being offered through this Red Herring Prospectus.

If the permission to deal in and for an official quotation of the Equity Shares is not granted by any of the Stock Exchanges, 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 becomes liable to repay it (i.e. from the date of refusal or within 15 days from the date of Bid/Offer Closing Date, whichever is earlier), then the Company shall, on and from expiry of 8 days, be liable to repay the money, with interest at the rate of 15% per annum on application money, 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 both the Stock Exchanges mentioned above are taken within seven working days of finalization of the basis of allotment for the Offer.

Consents

Consents in writing of: (a) the Directors, the Company Secretary and Compliance Officer, the auditors, the legal advisors, the Bankers to the Offer; and (b) the Book Running Lead Managers, the Syndicate Members, the Escrow Collection Banks and the Registrar to the Offer to act in their respective capacities, have been obtained and filed along with a copy of the Red Herring Prospectus with the RoC as required under Sections 60 and 60B of the Companies Act and such consents have not been withdrawn up to the time of delivery of this Red Herring Prospectus for registration with the RoC.

S.R. Batliboi & Co., Chartered Accountants, the Company's Auditors 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 in this Red Herring Prospectus, the Company not obtained any expert opinions.

Offer Related Expenses

The expenses of this Offer include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. The estimated expenses of the Offer are as follows:

Activity	Expense (Rs. In Thousands)
Lead management, underwriting and selling commissions	[●] (1)
Advertising and marketing expenses	[●](2)
Printing and stationery	[●](2)
Other (Registrar's fees, legal fees, etc.)	[●](2)
Total estimated Offer expenses	**[●]**

(1) Will be completed after finalization of the Offer Price.
(2) Will be incorporated at the time of filing of the Red Herring Prospectus.

Other than listing fees which will be paid by the Company, all expenses with respect to the Offer will be shared between the Company and the Selling Shareholders on a pro-rata basis, in the ratio of the Equity Shares issued by the Company in the Fresh Issue and the Equity Shares sold by the Selling Shareholders in the Offer for Sale.

Fees Payable to the Book Running Lead Managers and Syndicate Members

The total fees payable to the Book Running Lead Managers and Syndicate Members (including underwriting commission and selling commission) will be as stated in the Engagement Letter with the BRLMs, a copy of which is available for inspection at the corporate office of the Company.

Fees Payable to the Registrar to the Offer

The fees payable to the Registrar to the Offer for processing of application, data entry, printing of CAN/refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the Memorandum of Understanding signed with the Company, a copy of which is available for inspection at the registered office of the Company.

The Registrar to the Offer will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided to the Registrar to the Offer to enable it to send refund orders or allotment advice by registered post/speed post/under certificate of posting.

Particulars regarding Public or Rights Offers during the Last Five Years

We have not made any public or rights issues during the last five years.

Offers otherwise than for Cash

Except as stated in the section entitled "Capital Structure" on page 23 of this Red Herring Prospectus and "History and Corporate Matters" on page 87 of this Red Herring Prospectus, the Company not issued any Equity Shares for consideration otherwise than for cash.

Commission and Brokerage paid on Previous Offers of the Equity Shares

Since this is the initial public offering of the Company's Equity Shares, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since the Company's inception.

Companies under the Same Management

There is no other company under the same management within the meaning of erstwhile Section 370 (1B) of the Companies Act, other than the subsidiaries, joint ventures, associates, Promoters and Promoter group companies, details of which companies are provided in the sections entitled "History and Certain Corporate Matters" and "Promoters and Promoter Group" beginning on pages 87 and 117 of this Red Herring Prospectus.

Promise vs. Performance – Last Offer of Group/Associate Companies

None of the Company's Promoter group or associate companies are listed and hence there is no disclosure relating to "Promise vs. Performance". Spectra Punj Lloyd Limited, a Subsidiary, is a listed company that was acquired by Promoter group companies in 1995 as an existing listed entity. The "Promise vs. Performance" disclosure is therefore not relevant for this company.

Outstanding Debentures or Bonds

The Company does not have any outstanding debentures or bonds.

Outstanding Preference Shares

The Company does not have any outstanding preference shares.

Stock Market Data of our Equity Shares

This being an initial public offering of the Company, the Equity Shares are not listed on any stock exchange.

Other Disclosures

The Promoter group, the directors of the Promoters or the Promoter group companies or the Directors have not purchased or sold any securities of the Company during a period of six months preceding the date on which this Red Herring Prospectus is filed with SEBI.

Mechanism for Redressal of Investor Grievances

The Memorandum of Understanding between the Registrar to the Offer and the Company, will provide for retention of records with the Registrar to the Offer for a period of at least one year from the last date of dispatch of letters of allotment, demat credit, refund orders to enable the investors to approach the Registrar to the Offer for redressal of their grievances.

All grievances relating to the Offer may be addressed to the Registrar to the Offer, giving full details such as name, address of the applicant, application number, number of shares applied for, amount paid on application, Depository Participant, and the bank branch or collection center where the application was submitted.

Disposal of Investor Grievances by the Company

The Company estimates that the average time required by the Company or the Registrar to the Offer for the redressal of routine investor grievances shall be seven days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, the Company will seek to redress these complaints as expeditiously as possible.

The Company has appointed Dinesh Thairani, Company Secretary as the Compliance Officer and he may be contacted in case of any pre-Offer or post-Offer-related problems. He can be contacted at the following address:

Dinesh Thairani
Punj Lloyd House
17-18 Nehru Place
New Delhi 110 019
Tel: +91 11 2620 0492
Fax: +91 11 2620 0111
Email: dthairani@punjlloyd.com

Changes in Auditors

There have been no changes of the auditors in the last three years except as provided below:

Name of Auditor	Date of Appointment	Date of resignation	Reasons for change
TAS Associates	September 18, 1993	September 29, 2004	Did not seek re-appointment.
S.R. Batliboi & Co.	September 29, 2004	-	Appointed

Capitalization of Reserves or Profits

Except as disclosed in this Red Herring Prospectus, the Company has not capitalized its reserves or profits at any time during the last five years.

Revaluation of Assets

The Company has not revalued its assets in the last five years.

Interest of Promoters and Directors

Promoters

Atul Punj, S.N.P. Punj, Uday Punj, Cawdor Enterprises Limited and Indtech Construction Private Limited are the Company's Promoters.

- The Company has a consultancy contract with S.N.P. Punj under which the Company pays Rs.5,000 per month as a consultancy fee to S.N.P. Punj; and

- Atul Punj, S.N.P. Punj and Uday Punj are interested parties in the proceeds of the Offer for Sale.

Cawdor Enterprises Limited and Indtech Construction Private Limited are interested parties in any dividend and distributions made by the Company.

The Company also has an agreement with Punj Business Center, a wholly owned proprietorship of S.N.P. Punj, whereby it pays a monthly rent for the space occupied at 17-18, Nehru Place, New Delhi 110 019, the Company's registered and corporate office. The Company's Promoters will be interested parties in any future contracts that the Company may enter into with any Promoter group companies.

Directors

All the Directors of the Company may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or any committee thereof. The Directors may also be regarded as interested in the Equity Shares, if any, held by or that may be subscribed by and allotted to the companies, firms and trusts, in which they are interested as directors, members, partners and/or trustees.

The following Directors are interested to the extent of the contracts / relationship with the Company:

- Atul Punj is a director on the board of Cawdor Enterprises Limited.

Payment or Benefit to Promoters of the Company

Except as stated otherwise in this Red Herring Prospectus, no amount or benefit has been paid or given or is intended to be paid or has been given during the preceding two years by the Company to any of its Promoters except the remuneration rendered to certain individual Promoters as Directors, officers or employees.

Guarantees Provided by Promoters who are Selling Shareholders

Mr. Atul Punj has provided various personal guarantees to third parties to secure the Company's indebtedness. Apart from such guarantees provided on behalf of the Company, Mr. Atul Punj has not provided any guarantees to third parties. For further details of such guarantees, please see the section entitled "Financial Statements" beginning on page 147 of this Red Herring Prospectus. Mr. S.N.P. Punj and Mr. Uday Punj have not provided any guarantees to third parties.

OFFER STRUCTURE

The present Offer of 9,172,937 Equity Shares comprises a Fresh Issue of 8,355,174 Equity Shares of Rs.10 each for cash by the Company and an Offer for Sale of 817,763 Equity Shares of Rs.10 each for cash by the Selling Shareholders, issued at a price of Rs.[•] per Equity Share, aggregating Rs.[•] million, and is being made through the 100% Book Building Process. 100,000 Equity Shares will be reserved in the Offer for subscription by Employees at the Offer Price.

If at least 60% of the Net Offer cannot be allocated to QIBs, then the entire application money shall be refunded forthwith.

	Employees	QIBs	Non Institutional Bidders	Retail Individual Bidders
Number of Equity Shares available for allocation	100,000 Equity Shares	At least 5,443,763 Equity Shares	Up to 907,293 Equity Shares(1)	Up to 2,721,881 Equity Shares(1)
Percentage of Offer Size	Up to 1.09% of the Offer.	At least 60% of the Net Offer.(2) 5% of the QIB Portion shall be available for allocation to Mutual Funds. Mutual Funds participating in the 5% reservation in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. The unsubscribed portion in the Mutual Fund reservation will be available to QIBs.	Up to 10% of the Net Offer to public or Net Offer size less allocation to QIBs and Retail Portion(2)	Up to 30% of the Net Offer to public or Net Offer size less allocation to QIBs and Retail Portion (2)
Basis of Allocation	Proportionate	Proportionate (a) 272,188 Equity Shares shall be allocated on a proportionate basis to Mutual Funds; and (b) 5,171,575 Equity Shares shall be allocated on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above.	Proportionate	Proportionate
Minimum Bid	10 Equity Shares and in multiples of 10 Equity Shares thereafter	Such number of Equity Shares that the Bid Amount exceeds Rs.100,000 and in multiples of 10 Equity Shares	Such number of Equity Shares that the Bid Amount exceeds Rs.100,000 and in multiples of 10 Equity Shares	10 Equity Shares and thereafter in multiples of 10 Equity Shares
Maximum Bid	Not exceeding the size of the Offer, subject to applicable limits.	Not exceeding the size of the Offer subject to regulations as applicable to the Bidders	Not exceeding the size of the Offer subject to regulations applicable to the Bidders	Such number of Equity Shares so as to ensure that the Bid Amount does not exceed Rs.100,000
Allotment Mode	Compulsorily in dematerialized mode	Compulsorily in dematerialized mode	Compulsorily in dematerialized mode	Compulsorily in dematerialized mode
Trading Lot	One Equity Share	One Equity Share	One Equity Share	One Equity Share
Who can Apply(3)	Indian Nationals who are permanent employees and Directors of the Company who are based in India.	Public financial institutions, as defined in section 4A of the Companies Act, scheduled commercial banks, mutual funds, foreign institutional investors registered with SEBI, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, Provident Funds with minimum corpus of Rs.250,000 thousand and Pension	Resident Indian individuals, HUF (in the name of *Karta*), companies, corporate bodies, Eligible NRIs, societies and trusts	Individuals including Eligible NRIs and HUFs (in the name of *Karta*) applying for such number of Equity Shares such that the Bid Amount does not exceed Rs.100,000

	Employees	QIBs	Non Institutional Bidders	Retail Individual Bidders
		Funds with minimum corpus of Rs.250,000 thousand		
Terms of Payment	Margin Amount applicable to Employees at the time of submission of Bid cum Application Form to the Syndicate	Margin Amount applicable to QIB Bidders at the time of submission of Bid cum Application Form to the Syndicate	Margin Amount applicable to Non Institutional Bidders at the time of submission of Bid cum Application Form to the Syndicate	Margin Amount applicable to Retail Individual Bidders at the time of submission of Bid cum Application Form to the Syndicate
Margin Amount	Full Bid Amount on Bidding	At least 10% of the Bid Amount on Bidding	Full Bid Amount on Bidding	Full Bid Amount on Bidding

(1) The unsubscribed portion, if any, out of the Equity Shares under Employee Reservation Portion will be added back to the categories of Non Institutional Bidders and Retail Individual Bidders in the ratio 50:50.

(2) Subject to valid bids being received at or above the Offer Price, undersubscription, if any, in the Non Institutional Bidder and Retail Individual Bidder categories, would be allowed to be met with spill over from other categories or combination of categories, at the discretion of the Company and the Selling Shareholders in consultation with the BRLMs.

(3) In the event that the Bid cum Application Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.

Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in the Retail and Non Institutional categories, would be allowed to be met with spill over from any other category or combination of categories by the Company and the Selling Shareholders, in consultation with the BRLMs. However, if the aggregate demand by Mutual Funds is less than 272,188 Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund reservation will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders in proportion to their Bids.

Withdrawal of the Offer

The Company, in consultation with the BRLMs, reserves the right not to proceed with the Offer at any time after the Bid/Offer Opening Date but before Allotment, without assigning any reason therefor.

Bid/Offer Programme

Bidding/Offer Period

BID/OFFER OPENS ON	**December 13, 2005**
BID/OFFER CLOSES ON	**December 16, 2005**

Bids and any revision in Bids shall be accepted **only between 10 a.m. and 3 p.m**. (Indian Standard Time) during the Bidding/Offer Period as mentioned above at the bidding centers mentioned on the Bid cum Application Form except that on the Bid/Offer Closing Date, the Bids shall be accepted **only between 10 a.m. and 3 p.m.** (Indian Standard Time) and uploaded till such time as permitted by the Stock Exchanges on the Bid/Offer Closing Date.

The Company reserves the right to revise the Price Band during the Bidding/Offer Period in accordance with SEBI Guidelines. The Cap Price should not be more than 20% of the Floor Price. Subject to compliance with the immediately preceding sentence, the Floor Price can move up or down to the extent of 20% of the Floor Price.

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

TERMS OF THE OFFER

The Equity Shares being offered are subject to the provisions of the Companies Act, the Memorandum and Articles, the terms of the Red Herring Prospectus, the Prospectus, the Bid cum Application Form, the Revision Form and other terms and conditions as may be incorporated in the CAN, allotment advice and any other document/certificates that may be executed in respect of the Offer. In addition, the Equity Shares shall also be subject to all applicable laws, guidelines, notifications, rules and regulations relating to the issue of capital and listing of securities issued from time to time by SEBI, Government of India, Stock Exchanges, RBI, RoC and/or other authorities, as in force on the date of the Offer and to the extent applicable.

Authority for the Offer

The Company

The Board of Directors has, pursuant to resolution passed at its meeting held on July 19, 2005, authorized the Fresh Issue subject to the approval by the shareholders of the Company under Section 81(1A) of the Companies Act. Pursuant to the authority granted by the Board of Directors of the Company at its meeting held on July 19, 2005, the IPO Committee of the Board approved the Fresh Issue by the Company on September 1, 2005 by circular resolution.

The shareholders have authorized the Fresh Issue by a special resolution in accordance with Section 81(1A) of the Companies Act, passed at the AGM of the Company held on September 29, 2005 at New Delhi.

Selling Shareholders

Atul Punj has appointed Luv Chhabra to act as his duly constituted attorney with respect to any matter in connection with the Offer.

The Selling Shareholders assume no responsibility for any of the statements made by the Company in this Red Herring Prospectus relating to the Company, its business and related disclosures, except statements relating to the Selling Shareholders.

Mode of Payment of Dividend

The Company shall pay dividend to its shareholders as per provisions of the Companies Act

Ranking of Equity Shares

The Equity Shares being offered shall be subject to the provisions of the Companies Act, the Memorandum and Articles of Association of Punj Lloyd and shall rank *pari passu* in all respects with the existing Equity Shares of the Company including in respect of the rights to receive dividends. See the section entitled "Main Provisions of Articles of Association of the Company" beginning on page 510 of this Red Herring Prospectus for a description of the Articles of Association of the Company. The persons in receipt of Allotment will be entitled to dividends or any other corporate benefits (including dividends), if any, declared by the Company after the date of Allotment.

Face Value and Offer Price

The Equity Shares having a face value of Rs.10 each are being offered in terms of this Red Herring Prospectus at a price of Rs.[•] per Equity Share. At any given point of time, there shall be only one denomination for the Equity Shares.

Rights of the Equity Shareholder

Subject to applicable laws, rules, regulations and guidelines and the Articles of Association, 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 the Memorandum and Articles of Association of the Company.

For a detailed description of the main provisions of the Articles of Association relating to voting rights, dividend, forfeiture and lien and/or consolidation/splitting, see the section entitled "Main Provisions of Articles of Association of the Company" beginning on page 510 of this Red Herring Prospectus.

Market Lot and Trading Lot

As trading in the Equity Shares is compulsorily in dematerialized form, the tradable lot is one Equity Share. Allotment of Equity Shares will be done in electronic form, in multiples of one Equity Share, subject to a minimum allotment of 10 Equity Shares.

Jurisdiction

Exclusive jurisdiction for purposes of this Offer is with the competent courts in Delhi, India.

Nomination Facility to Investor

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Shares. 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 the Equity Shares in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of the Equity Shares by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office of the Company or to the Registrar and transfer agents of the Company.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as holder of Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the allotment/transfer of Equity Shares in the Offer will be made only in dematerialized form, there is no need to make a separate nomination with the Company. Nominations registered with respective depository participant of the applicant would prevail. If the investors require a change in the nomination, they are requested to inform their respective depository participant.

Application by Eligible NRIs/FIIs registered with SEBI and FVCIs registered with SEBI

It is to be distinctly understood that there is no reservation for Eligible NRIs or FIIs registered with SEBI or FVCIs registered with SEBI. Such Eligible NRIs, FIIs registered with SEBI or FVCIs registered with SEBI will be treated on the same basis as other categories for the purpose of allocation.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:

"Any person who:

(a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or

(b) otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name,

shall be punishable with imprisonment for a term which may extend to five years."

Minimum Subscription

If the Company does not receive the minimum subscription of 90% of the Fresh Issue less the Employee Reservation Portion including devolvement of the members of the Syndicate, if any, within 60 days from the Bid/Offer Closing Date, the Company shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after the Company becomes liable to pay the amount, the Company shall pay interest as per Section 73 of Companies Act. The requirement for minimum subscription is not applicable to the Offer for Sale.

The Equity Shares have not been and will not be registered under the U.S. Securities Act 1933, as amended (the "Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S of the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares will be offered and sold only (i) in the United States to "qualified institutional buyers", as defined in Rule 144A of the Securities Act, and (ii) outside the United States in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales occur.

OFFER PROCEDURE

Book Building Procedure

In terms of Rule 19(2)(b) of the SCRR, this being an issue for less than 25% of the post-Offer capital and Clause 2.2.2(a)(i) of the SEBI Guidelines, the Offer is being made through the 100% Book Building Process wherein at least 60% of the Net Offer shall be allocated on a proportionate basis to Qualified Institutional Buyers including up to 5% of the QIB Portion which shall be available for allocation to Mutual Funds only. Further, up to 10% of the Net Offer shall be available for allocation on a proportionate basis to Non Institutional Bidders and up to 30% of the Net Offer shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Offer Price.

Bidders are required to submit their Bids through the Syndicate. The BRLMs reserve the right to reject any QIB Bid procured by any or all members of the Syndicate provided the rejection is at the time of receipt of such Bids and the reason for rejection of the Bid is communicated to the Bidder at the time of rejection of the Bid. In case of Non Institutional Bidders, Retail Individual Bidders and bids under the Employee Reservation Portion, the Company would have a right to reject the Bids only on technical grounds.

Investors should note that Equity Shares would be allotted to all successful Bidders only in dematerialized form. Bidders will not have the option of getting Allotment of the Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialized segment of the Stock Exchanges.

Bid cum Application Form

Bidders shall only use the specified Bid cum Application Form, bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of this Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple Bids. Upon the allocation of Equity Shares, dispatch of the CAN and filing of the Prospectus with the RoC, the Bid cum Application Form shall be considered as the Application Form. Upon completing and submitting the Bid cum Application Form to a member of the Syndicate, the Bidder is deemed to have authorized the Company to make the necessary changes in this Red Herring Prospectus and the Bid cum Application Form as would be required for filing the Prospectus with the RoC and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed color of the Bid cum Application Form for various categories is as follows:

Category	Color of Bid cum Application Form
Indian Public, Eligible NRIs applying on a non-repatriation basis	**White**
Non-residents, including Eligible NRIs, FVCIs and FIIs applying on a repatriation basis	**Blue**
Bidders in the Employee Reservation Portion	**Green**

Who Can Bid?

1. Persons eligible to invest under all applicable laws, rules, regulations and guidelines;
2. Indian nationals resident in India who are majors, in single or joint names (not more than three);
3. 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;
4. Companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in equity shares;

5. Mutual Funds registered with SEBI;
6. Indian financial institutions, scheduled commercial banks, regional rural banks, co-operative banks (subject to RBI regulations and SEBI guidelines and regulations, as applicable);
7. Venture capital funds registered with SEBI;
8. Foreign venture capital investors registered with SEBI, subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Offer;
9. FIIs registered with SEBI, subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Offer;
10. State Industrial Development Corporations;
11. Insurance companies registered with Insurance Regulatory and Development Authority;
12. Provident funds with minimum corpus of Rs.250,000 thousand and who are authorized under their constitution to invest in Equity Shares;
13. Pension funds with minimum corpus of Rs.250,000 thousand and who are authorized under their constitution to invest in Equity Shares;
14. Trusts registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts and who are authorized under their constitution to hold and invest in the Equity Shares;
15. Eligible NRIs subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Offer;
16. Any other QIBs permitted to invest, subject to compliance with all applicable laws, rules, regulations, guidelines and approvals in the Offer;
17. Scientific and/or industrial research organizations in India authorized under their constitution to invest in Equity Shares; and
18. Permanent employees or Directors (whole-time Directors, part-time Directors or otherwise) of the Company, who are Indian Nationals and are based in India. The permanent employees should be on the payroll of Punj Lloyd Limited as of September 30, 2005 and the Directors should be Directors on the date of the Red Herring Prospectus.

As per existing regulations, OCBs cannot Bid in the Offer.

Note:

Bidders should note that the Equity Shares offered by Atul Punj in the Offer for Sale will be allotted only to Indian residents and NRIs.

The BRLMs and the Syndicate Members shall not be entitled to subscribe to this Offer in any manner except towards fulfilling their underwriting obligations.

Bidders should note that:

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law, rules, regulations, guidelines and approvals.

In accordance with 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 by 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. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made. The applications made by the asset management companies or custodians of a Mutual Fund shall clearly indicate the name of the concerned scheme for which the application is being made.

5% of the QIB Portion shall be available for allocation to Mutual Funds. Mutual Funds participating in the 5% reservation in the QIB Portion will also be eligible for allocation in the remaining QIB Portion.

In accordance with the current regulations, the following restrictions are applicable for investments by FIIs:

No single FII can hold more than 10% of the post-Offer paid-up capital of the Company (i.e. 10% of 52,219,836 Equity Shares). In respect of an FII investing in the Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total paid-up capital or 5% of the total paid-up 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 its total paid-up capital.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations 1995, as amended, an FII or its sub account may issue, deal or hold, off shore derivative instruments such as Participatory Notes, equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed in any stock exchange in India only in favor of those entities which are regulated by any relevant regulatory authorities in the countries of their incorporation or establishment subject to compliance of "know your client" requirements. An FII or sub-account shall also ensure that no further downstream issue or transfer of any instrument referred to hereinabove is made to any person other than a regulated entity.

In accordance with the current regulations, the following restrictions are applicable for investments by SEBI registered VCFs and FVCIs:

The SEBI (Venture Capital) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, the holding by any venture capital fund or foreign venture capital investor should not exceed 25% of the corpus of the venture capital fund or of the foreign venture capital investor.

The above information is given for the benefit of the Bidders. The Company and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this 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 10 Equity Shares and in multiples of 10 Equity Shares thereafter, so as to ensure that the Bid Amount payable by the Bidder does not exceed Rs.100,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs.100,000. In case the Bid Amount is over Rs.100,000 due to revision or on exercise of Cut-off option, the Bid would be considered for allocation under the Non Institutional Bidders category. The Cut-off option is an option given only to the Retail Individual Bidders indicating their agreement to bid and purchase at the final Offer Price as determined at the end of the Book Building Process.

For Non Institutional Bidders and QIB Bidders

The Bid must be for a minimum of such number of Equity Shares and in multiples of 10 Equity Shares thereafter, so as to ensure that the Bid Amount exceeds Rs.100,000. A Bid cannot be submitted for more than the size of the Offer. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them under applicable laws, regulations and guidelines. **Under existing SEBI Guidelines, a QIB Bidder cannot withdraw its Bid after the Bid/Offer Closing Date and is required to pay the QIB Margin upon submission of the Bid cum Application Form. Bidders are**

advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Red Herring Prospectus.

In case of revision in Bids, the Non Institutional Bidders who are individuals will have to ensure that the Bid Amount is greater than Rs.100,000 for being considered for allocation in the Non Institutional Bidders category. In case the Bid Amount reduces to Rs.100,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non Institutional Bidders who are eligible for allocation in the Retail Individual Bidder category would be considered for allocation under the Retail Portion. Non Institutional Bidders and QIB Bidders are not allowed the option of bidding at the Cut-off Price.

For Bidders in the Employee Reservation Portion

The Bid must be for a minimum of 10 Equity Shares and in multiples of 10 Equity Shares thereafter. Bidders in the Employee Reservation Portion applying for a maximum Bid in any of the bidding options not exceeding Rs.100,000 may bid at Cut-off Price. The allotment in the Employee Reservation Portion will be on a proportionate basis. However, in case of an oversubscription in the Employee Reservation Portion, the maximum allotment to any Employee will be capped at up to 5,000 Equity Shares.

Information for the Bidders

1. The Company will file the Red Herring Prospectus with the RoC at least three days before the Bid/Offer Opening Date.

2. The members of the Syndicate will circulate copies of the Red Herring Prospectus along with the Bid cum Application Form to potential investors.

3. Any investor (who is eligible to invest in the Equity Shares) who would like to obtain the Red Herring Prospectus along with the Bid cum Application Form can obtain the same from the Registered Office of the Company or from any of the members of the Syndicate.

4. Eligible investors who are interested in subscribing for the Equity Shares should approach any of the BRLMs or Syndicate Members or their authorized agent(s) to register their Bids.

5. The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms should bear the stamp of the members of the Syndicate. Bid cum Application Forms that do not bear the stamp of the members of the Syndicate will be rejected.

Method and Process of Bidding

1. The Company and the BRLMs shall declare the Bid/Offer Opening Date, Bid/Offer Closing Date and Price Band in the Red Herring Prospectus filed with RoC and publish the same in two widely circulated newspapers (one each in English and Hindi). This advertisement shall contain the minimum disclosures as specified under Schedule XX-A of the SEBI Guidelines. The members of the Syndicate shall accept Bids from the Bidders during the Bidding/Offer Period (in accordance with the terms of the Syndicate Agreement).

2. The Bidding/Offer Period shall be a minimum of three working days and shall not exceed seven working days. In case the Price Band is revised, the revised Price Band and the Bidding/Offer Period will be published in two national newspapers (one each in English and Hindi) and also by indicating the change on the website of the BRLM and at the terminals of the members of the Syndicate and the Bidding/Offer Period may be extended, if required, for an additional three working days, subject to the total Bidding/Offer Period not exceeding 10 working days.

3. During the Bidding/Offer Period, investors who are interested in subscribing to the Equity Shares should approach the members of Syndicate or their authorized agents to register their Bid. Every member of the Syndicate shall accept Bids from investors who place orders through them and shall have the right to vet the Bids.

4. Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph entitled "Bids at Different Price Levels" on page 491 of this Red Herring Prospectus) within the

Price Band and specify the demand (i.e., the number of Equity Shares bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Offer Price, the maximum number of Equity Shares bid for by a Bidder at or above the Offer Price will be considered for allocation and the rest of the Bid(s), irrespective of the Bid price, will become automatically invalid.

5. The Bidder cannot bid on another Bid cum Application Form after Bid(s) on one Bid cum Application Form have been submitted to any member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple bidding and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the Allotment of Equity Shares in this Offer. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed in the paragraph "Build up of the Book and Revision of Bids" on page 494 of this Red Herring Prospectus.

6. The members of the Syndicate will enter each option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip or TRS, for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum Application Form.

7. Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph "Terms of Payment and Payment into Escrow Account" on page 492 of this Red Herring Prospectus.

8. During the Bidding/Offer Period, Bidders may approach the members of the Syndicate to submit their Bid. Every member of the Syndicate shall accept bids from all clients/ investors who place orders through them and shall have the right to vet the Bids.

Bids at Different Price Levels

1. The Price Band has been fixed at Rs.600 to Rs.700 per Equity Share, Rs.600 being the Floor Price and Rs.700 being the Cap Price. 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/Offer Period, in which case the Bidding/Offer Period shall be extended further for a period of three additional working days, subject to the total Bidding/Offer Period being a maximum of 10 working days. The cap on the Price Band will 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 also indicating the change on the web site of the BRLMs and at the terminals of the members of the Syndicate.

4 The Company, in consultation with the BRLMs, can finalize the Offer 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 applying for a maximum Bid in any of the bidding options not exceeding up to Rs.100,000 may bid at "Cut-off". Employees applying for a maximum Bid in any of the bidding options not exceeding up to Rs.100,000 may also bid at "Cut-off". However, bidding at "Cut-off" is prohibited for employees bidding for an amount exceeding Rs.100,000, QIB or Non Institutional Bidders and such Bids shall be rejected.

6. Retail Individual Bidders/Bidders in the Employee Reservation Portion who bid at the Cut-Off agree that they shall purchase the Equity Shares at the Offer Price, as finally determined which will be any price within the Price Band. Retail Individual Bidders/ Bidders in the Employee Reservation Portion 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 Allocation Amount payable by the Retail Individual Bidders/ Bidders in the Employee Reservation Portion (i.e., the total number of Equity Shares allocated in the Offer multiplied by the Offer Price), Retail Individual Bidders/ Bidders

in the Employee Reservation Portion shall receive the refund of the excess amounts from the respective Refund Account.

7. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders/ Bidders in the Employee Reservation Portion who had bid at Cut-Off 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.100,000, the Bid will be considered for allocation under the Non Institutional category in terms of this Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Offer Price is higher than the Cap Price prior to revision, the number of Equity Shares bid for shall be adjusted downwards for the purpose of allocation, such that the no additional payment would be required from the Bidder.

8. In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders or Bidders in the Employee Reservation Portion 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 respective Refund Account.

9. In the event of any revision in the Price Band whether upwards or downwards the minimum application size shall remain 10 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.

Escrow Mechanism

The Company and the members of the Syndicate shall open Escrow Accounts with one or more Escrow Collection Banks in whose favor 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. The Escrow Collection Banks will act in terms of the Red Herring Prospectus and the Escrow Agreement. The monies in the Escrow Account shall be maintained by the Escrow Collection Banks for and on behalf of the Bidders. The Escrow Collection Banks shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the monies from the Escrow Account to the Public Offer Account as per the terms of the Escrow Agreement with the Company. Payments of refund to the Bidders shall also be made from the Escrow Accounts as per the terms of the Escrow Agreement and this Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between the Company, the Syndicate, the Escrow Collection Banks and the Registrar to the Offer to facilitate collections from the Bidders.

Terms of Payment and Payment into the Escrow Account

Each Bidder shall, with the submission of the Bid cum Application Form draw a cheque or demand draft for the maximum amount of the Bid in favor of the Escrow Account of the Escrow Collection Bank (for details refer to the paragraph "Payment Instructions" on page 500 of this Red Herring Prospectus) and submit the same to the member of the Syndicate with whom the Bid is being deposited. In case of the QIB Portion, the Margin Amount has to be submitted along with the Bid to the Syndicate. Bid cum Application Forms accompanied by cash/stock invest/money order shall not be accepted. The maximum Bid Amount 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 Banks. The Escrow Collection Banks will hold all monies collected for the benefit of the Bidders until the Designated Date. On the Designated Date, the Escrow Collection Banks shall transfer the funds in respect of those Bidders whose Bids have been accepted from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Offer Account. The balance amounts after the transfer to the Public Offer Account, lying credited with the Escrow Collection Banks shall be held for the benefit of the Bidders who are entitled to a refund in the Refund Account. On the Designated Date and no later than 15 days from the Bid/Offer Closing Date, the Escrow Collection Banks shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for allocation, to the Bidders.

Each category of Bidders (i.e., QIBs, Non Institutional Bidders and Retail Individual Bidders and Bidders in the Employee Reservation Portion would be required to pay their applicable Margin Amount at the time of the submission of the Bid cum Application Form. The details of the Margin Amount payable is mentioned under the section entitled "Offer Structure" on page 482 of this Red Herring Prospectus and will be available with the Syndicate and will be as per the Syndicate Agreement. 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 Offer Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in-Date, which shall be a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLMs. If the payment is not made favoring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled. However, if the applicable Margin Rate for Bidders is 100%, the full Bid Amount has to be paid at the time of submission of the Bid cum Application Form.

Where the Bidder has been allocated lesser number of equity shares than such bidder 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/Offer Closing Date, failing which we shall pay interest at 15% per annum for any delay beyond the period mentioned above.

Electronic Registration of Bids

1. The members of the Syndicate will register the Bids using the on-line facilities of NSE and BSE. There will be at least one on-line connectivity in each city where a stock exchange centre is located in India, and where Bids are accepted.

2. NSE and BSE will offer a screen-based facility for registering Bids for the Offer. This facility will be available on the terminals of the members of the Syndicate and their authorized agents during the Bidding/Offer Period. Members of the Syndicate can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently download the off-line data file into the on-line facilities for book building on a regular basis. On the Bid/Offer Closing Date, members of the Syndicate will upload the Bids until such time as permitted by the Stock Exchanges.

3. The aggregate demand and price for Bids registered on each of the electronic facilities of NSE and BSE will be consolidated on half hourly basis. A graphical representation of consolidated demand and price would be made available at the bidding centers during the Bidding/Offer Period.

4. At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:

    - Name of the investor;
    - Investor Category — Individual, Corporate, Eligible NRI, FII, or QIBs, 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 number and Client Identification number of the demat account of the Bidder.

5. 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 the Company.

6. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

7. The members of the Syndicate have the right to review the Bid. Consequently QIB Bids procured can be rejected by any or all members of the Syndicate provided the rejection is at the time of receipt of such Bids and the reason for rejection of the Bid is communicated to the Bidder at the time of rejection of the Bid. In case of Non Institutional Bidders, Retail Individual Bidders and Bidders in the Employee Reservation Portion, their Bids shall not be rejected

except on the technical grounds listed under "Grounds for Technical Rejections" in the section entitled "Offer Procedure" in this Red Herring Prospectus.

8. It is to be distinctly understood that the permission given by NSE and BSE to use their network and software of the online IPO system should not in any way be deemed or construed that the compliance with various statutory and other requirements by the Company or the BRLMs are cleared or approved by NSE or BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of the Company, the Promoters, the management or any scheme or project of the Company.

9. It is also to be distinctly understood that the approval given by NSE and BSE should not in any way be deemed or construed that this Red Herring Prospectus has been cleared or approved by NSE or BSE; 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 Equity Shares will be listed or will continue to be listed on the NSE and BSE.

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 NSE or BSE mainframe on half hourly basis.

2. During the Bidding/Offer Period, any Bidder who has registered an interest in the Equity Shares at a particular price level is free to revise the Bid within the Price Band using the printed Revision Form that is a part of the Bid cum Application Form.

3. 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. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate.

4. The Bidder can make this revision any number of times during the Bidding/Offer Period. However, for any revisions 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 (or copies thereof).**

5. Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of this Red Herring Prospectus. In case of QIB Bidders, the members of the Syndicate shall collect the payment in the form of cheque or demand draft for the incremental amount in the QIB Margin Amount, if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the QIB Bidders.

6. 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 Bid.**

7. Only bids that are uploaded on the online IPO system of the NSE and BSE shall be considered for allocation/ allotment. In the event of discrepancy of data between the bids registered on the online IPO system and the physical bid cum application form, the decision of the Company in consultation with the BRLMs, based on the physical records of Bid cum Application Forms, shall be final and binding on all concerned.

Price Discovery and Allocation

1. After the Bid/Offer Closing Date, the BRLMs shall analyze the demand generated at various price levels and discuss pricing strategy with the Company.

2. The Company and the Selling Shareholders, in consultation with the BRLMs, shall finalize the "Offer Price" and the number of Equity Shares to be allotted and the allotment to successful Bidders.

3. The allocation to QIBs of at least 60% of the Net Offer would be on a proportionate basis (with a minimum 5% allocation of the QIB Portion reserved for Mutual Funds, and such Mutual Funds can participate in the remaining allocation for QIBs) in consultation with Designated Stock Exchange subject to valid bids being received at or above the Offer Price, in the manner as described in the section titled "Basis of Allotment – Allotment to QIB Bidders" below. The allocation to Non Institutional Bidders and Retail Individual Bidders of up to 10% and up to 30% of the Net Offer, respectively, would be on a proportionate basis, in consultation with the Designated Stock Exchange and subject to valid Bids being received at or above the Offer Price.

4. Under subscription, if any, in the Retail and Non Institutional categories, would be allowed to be met with spill over of demand from any of the other categories or combination of categories, at the sole discretion of the Company and the Selling Shareholders, in consultation with the BRLMs. However, if the aggregate demand by Mutual Funds is less than 272,188 Equity Shares, the balance Equity Shares from the 5% specifically available for allocation to Mutual Funds in the QIB Portion will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders in proportion to their Bids. Any under subscription in the Equity Shares reserved for allocation to Bidders in the Employee Reservation Portion would be treated as part of the Net Offer to the public and allocation in accordance with the Basis of Allocation described in the section "Other Regulatory and Statutory Disclosures" beginning on page 473 of this Red Herring Prospectus.

5. Allocation to Eligible NRIs, FIIs registered with SEBI or FVCIs registered with SEBI will be subject to applicable laws, rules, regulations, guidelines and approvals.

6. The BRLMs and the Company shall notify the members of the Syndicate of the Offer Price and allocations to their respective Bidders where the full Bid Amount has not been collected from the Bidders.

7. The Company and the Selling Shareholders reserve the right to cancel the Offer any time after the Bid/Offer Opening Date without assigning any reason therefore, but before allotment.

8. QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Offer Closing Date.

Signing of Underwriting Agreement and RoC Filing

1. The Company, the Selling Shareholders (acting through their duly constituted attorneys) the BRLMs, and the Syndicate Members shall enter into an Underwriting Agreement on finalization of the Offer Price.

2. After the Underwriting Agreement is signed, the Company will file the Red Herring Prospectus with the RoC, which then would be termed 'Prospectus'. The Prospectus would have details of the Offer Price, size of the Offer, underwriting arrangements and would be complete in all material respects.

Advertisement regarding Offer Price and Prospectus

A statutory advertisement will be issued by us after the filing of the Prospectus with the RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Offer Price. Any material updates between the Red Herring Prospectus and the Prospectus will be included in such statutory advertisement.

Issuance of Confirmation of Allocation Note

1. Upon approval of the basis of allotment by the Designated Stock Exchange, the BRLMs or Registrar to the Offer shall send to the members of the Syndicate a list of their Bidders who have been allocated Equity Shares in the Offer. The

approval of the basis of allocation by the Designated Stock Exchange for QIB Bidders may be done simultaneously with or prior to the approval of the basis of allocation for the Retail and Non-Institutional Bidders. However, investors should note that the Company shall ensure that the date of allotment of the Equity Shares to all investors in this Offer shall be done on the same date.

2. The Members of the Syndicate would then send the CAN to their Bidders who have been allocated Equity Shares in the Offer. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Offer Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid the full Bid Amount into the Escrow Account at the time of submitting the Bid cum Application Form 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 submitting the Bid cum Application Form shall directly receive the CAN from the Registrar to the Offer subject, however, to realization of their cheque or demand draft paid into the Escrow Account. The dispatch of a CAN shall be deemed to be a valid, binding and irrevocable contract for the Bidder to pay the entire Offer Price for all the Equity Shares allotted to such Bidder.

Designated Date and Transfer of Funds to Public Offer Account

After the funds are transferred from the Escrow Account to the Public Offer Account on the Designated Date, the Company will allot/transfer the Equity Shares to the Allottees. Successful Bidders will receive credit for the Equity Shares directly in their Depository Accounts. Equity Shares will be allotted only in the dematerialized form to the Allottees. Successful Bidders will have the option to rematerialize the Equity Shares so allotted/transferred if they so desire as per the provisions of the Companies Act and the Depositories Act.

The Company will ensure the Allotment within 15 days of the Bid/Offer Closing Date. After the funds are transferred from the Escrow Account to the Public Offer Account on the Designated Date, the Company will ensure that credit is given to the successful Bidders' depository accounts within two working days from the date of Allotment.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be Allotted to them pursuant to this Offer.

General Instructions

Do's:

- Check if you are eligible to apply having regard to applicable laws, rules, regulations, guidelines and approvals and the terms of the Red Herring Prospectus;
- Read all the instructions carefully and complete the Resident Bid cum Application Form (white in color) or Non-Resident Bid cum Application Form (blue in color) or Employee Bid Application Form (green in color), as the case may be;
- Ensure that you Bid only within the Price Band;
- Ensure that the details about Depository Participant and beneficiary account are correct as Allotment of Equity Shares will be in dematerialized form only;
- Ensure that the Bids are submitted at the bidding centers only on forms bearing the stamp of a member of the Syndicate;
- Ensure that you have collected a TRS for all your Bid options;
- Submit revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;
- **Investors should 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 such joint names are in the same sequence in which they appear in the Bid cum Application Form.

- Ensure that you mention your PAN allotted under the I.T. Act where the maximum bid for Equity Shares by a Bidder is of a total value of Rs.50,000 or more. In case neither the PAN nor the GIR number has been allotted mention "Not allotted" in the appropriate place.

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 Price or higher than the Cap Price;
- 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;
- 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 (for Non Institutional Bidders or QIB Bidders for whom the Bid Amount exceeds Rs.100,000);
- 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 laws or regulations or under the terms of the Red Herring Prospectus; and
- Do not submit Bids accompanied by stockinvest or postal order or money order.

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 color for Resident Indians and Eligible NRIs applying on non-repatriation basis and blue color for Non-Residents, including Eligible NRIs, FIIs registered with SEBI, foreign venture capital investors registered with SEBI applying on repatriation basis and green color for Bidders in the Employee Reservation Portion).

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. 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 10 Equity Shares and in multiples of 10 thereafter subject to a maximum Bid Amount of Rs.100,000.

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.100,000 and in multiples of 10 Equity Shares thereafter. Bids cannot be made for more than the size of the Offer. 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 and regulations.

5. For Bidders in the Employee Reservation Portion the bid must be for a minimum of 10 Equity Shares and shall be in multiples of 10 Equity Shares thereafter. The Allotment in the Employee Reservation Portion will be on a proportionate basis. However, in case of an oversubscription in the Employee Reservation Portion, the maximum Allotment to any Bidder in the Employee Reservation Portion will be capped at up to 5,000 Equity Shares.

6. In single name or in joint names (not more than three) and in the same order as their Depository Participant details).

7. Thumb impressions and signatures other than in the languages specified in the 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.

Bid by Employees

For the sake of clarity, the term "Employees" shall mean all or any of the following all of whom should be Indian Nationals and are based in India:

(i) a permanent employee of the Company and on the payroll of the Company as of September 30, 2005.

(ii) a Director of the Company, whether a whole-time Director, part time Director or otherwise, who is a Director on the date of the Red Herring Prospectus.

1. Bids by Employees shall be made only in the prescribed Bid cum Application Form or Revision Form (i.e. green color form).
2. Employees should mention their Employee Number at the relevant place in the Bid cum Application Form.
3. The sole/First Bidder should be an Employee as defined above. In case the Bid cum Application Form is submitted in joint names, it should be ensured that the Depository Account is also held in the same joint names and in the same sequence in which they appear in the Bid cum Application Form.
4. Only permanent employees on the payroll of the Company as on the cut-off date i.e. September 30, 2005 and Directors of the Company as of the date of the Red Herring Prospectus would be eligible to apply in this Offer under reservation for Employees on a competitive basis.
5. Employees will have to Bid like any other Bidder. Only those Bids, which are received at or above the Offer Price, would be considered for allotment under this category.
6. If the aggregate demand in this category is less than or equal to 100,000 Equity Shares at or above the Offer Price, full allocation shall be made to the Employees to the extent of their demand. Any under subscription in Equity Shares reserved for Employees would be treated as part of the Net Offer and Allotment in accordance with the description in Basis of Allocation in the section "Other Regulatory and Statutory Disclosures" beginning on page 473 of this Red Herring Prospectus.
7. If the aggregate demand in this category is greater than 100,000 Equity Shares at or above the Offer Price, the allocation shall be made on a proportionate basis subject to maximum Allotment to any Employee of up to 5,000 Equity Shares.
8. Bidding at Cut-off is allowed only for Employees whose Bid Amount is less than or equal to Rs.100,000. Bids made by Employees both under Employee Reservation Portion as well as in the Net Offer shall not be treated as multiple bids.

Bidder's Bank Account Details

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant identification number and beneficiary account number provided by them in the Bid cum Application Form, the Registrar to the Offer will obtain from the Depository the Bidder's bank account details. These bank account details would be printed on the refund order, if any, to be sent to Bidders. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in credit of refunds to Bidders at the Bidder's sole risk.

Bidder's Depository Account Details

IT IS MANDATORY FOR ALL THE BIDDERS TO GET EQUITY SHARES IN DEMATERIALIZED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS

EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND SUCH JOINT NAMES ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant Identification number and beneficiary account number provided by them in the Bid cum Application Form, the Registrar to the Offer 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 and the demographic details given by Bidders in the Bid cum Application Form would not be used for these purposes by the Registrar. Hence, Bidders are advised to update their Demographic Details as provided to their Depository Participants.

By signing the Bid cum Application Form, each Bidder will be deemed to have authorized the Depositories to provide, upon request, to the Registrar to the Offer, 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, the address and other details given by the Bidder in the Bid cum Application Form would be used only to ensure dispatch of CANs/refund orders. Please note that any such delay shall be at the Bidder's sole risk.

In case no corresponding record is available with the Depositories that match three parameters, i.e., name of the Bidder (including the order of names of joint holders), the Depositary Participant's identity (DP ID) and the beneficiary's identity, 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, eligible 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, we reserve 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 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, 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 by provident funds with minimum corpus of Rs.250,000 thousand and pension funds with minimum corpus of Rs.250,000 thousand 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, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

In case of Bids made by Mutual Funds, venture capital funds registered with SEBI and FVCIs registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Bid cum Application form. Failing this, we reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

The Company, in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the Power of Attorney along with the Bid cum Application Form, subject to such terms and conditions as we may deem fit.

Bids by Eligible NRIs

Eligible NRI Bidders to comply with the following:

1. Individual Eligible NRI Bidders can obtain the Bid cum Application Forms from the Company's registered office at Punj Lloyd House, 17-18 Nehru Place, New Delhi 110 019, India, the BRLMs, members of the Syndicate or the Registrar to the Offer.

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 Non-Resident Ordinary (NRO) accounts shall use the Bid cum Application Form meant for resident Indians (white in color).

Bids by Eligible NRIs, FIIs registered with SEBI/ FVCIs registered with SEBI/ Multilateral and Bilateral Development Financial Institutions on a repatriation basis

Bids and revision to 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).

3. By Eligible NRIs -Bids 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 Bidder Portion for the purposes of allocation;

   By FIIs/FVCIs — for a minimum of such number of Equity Shares and in multiples of 10 thereafter that the Bid Amount exceeds Rs.100,000 for further details see "Offer Procedure - Maximum and Minimum Bid Size".

4. In the names of individuals, or in the names of FIIs/ FVCIs or multilateral and bilateral development institutions but not in the names of minors, OCBs, firms or partnerships, foreign nationals excluding Eligible NRIs or their nominees.

5. 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 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.

Payment Instructions

The Company shall open Escrow Accounts 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 Offer.

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:

1. The Bidders for whom the applicable margin is equal to 100%, shall, with the submission of the Bid cum Application form, draw a payment instrument for the Bid Amount in favor of the Escrow Account and submit the same to the members of the Syndicate along with the Bid cum Application Form.

2. In case the Margin Amount paid by the Bidders during the Bidding/Offer Period is less than the Offer Price multiplied by the Equity Shares allotted to the Bidder, the balance amount shall be paid by the Bidders into the Escrow Account within the period specified in the CAN, which shall be subjected to a minimum period of two days from the date of communication of the allotment list to the Syndicate Member(s) by the BRLMs.

3. In case the payment of the Bid Amount has been waived by a member of the Syndicate during the Bidding/Offer Period, on receipt of the CAN, an amount equal to the Offer Price multiplied by the Equity Shares allocated to the Bidder, shall be paid by the Bidders into the Escrow Account within the period specified in the CAN which shall be a minimum period of two days from the date of communications of the allocation list to the members of the Syndicate by the BRLMs.

4. The payment instruments for payment into the Escrow Account should be drawn in favor of:

   (a) In case of resident QIB Bidders: **"**Escrow Account – Punj Lloyd Limited Public Offer – QIB-R"

   (b) In case of non resident QIB Bidders: **"**Escrow Account – Punj Lloyd Limited Public Offer – QIB-NR"

   (c) In case of Resident Retail and Non Institutional Bidders: "Escrow Account —Punj Lloyd Limited Public Offer"

   (d) In case of Employees, "Escrow Account –Punj Lloyd Limited Public Offer – Employees"

   (e) In case of Non Resident Retail and Non Institutional Bidders: "Escrow Account —Punj Lloyd Limited Public Offer -NR"

   - 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 authorized to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of a Non-Resident Ordinary (NRO) Account of Non-Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR Account.

   - In case of Bids by Eligible NRIs applying on non-repatriation basis, the payments must be made through Indian Rupee Drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorized to deal in foreign exchange in India, along with documentary evidence in support of the remittance or out of a Non-Resident Ordinary (NRO) Account of a Non-Resident Bidder bidding on a non-repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR or NRO Account.

   - In case of Bids by FIIs/FVCIs/multilateral and bilateral financial institutions, 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.

5. 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.

6. The monies deposited in the Escrow Account will be held for the benefit of the Bidders till the Designated Date.

7. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Offer Account with the Bankers to the Offer.

8. No later than 15 days from the Bid/Offer Closing Date, the Escrow Collection Bank shall refund all amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation to the Bidders

Payments should be made by cheque or demand draft drawn on any bank (including a Co-operative bank) which is situated at and is a member of, or sub-member of the bankers clearing house, located at the centre where the Bid cum Application Form is submitted. Outstation cheques/bank drafts on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques/bank drafts are liable to be rejected. Cash/money orders/postal orders will not be accepted.

Payment by Stockinvest

In terms of RBI Circular DBOD No. FSC BC 42/24.47.001/2003-04 dated November 5, 2003, the option to use the stockinvest instrument for payment of the Bid money was withdrawn. Accordingly, payment through stockinvest will not be accepted in this Offer.

Submission of Bid cum Application Form

All Bid cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid cum Application Forms. A member of the Syndicate may, at its discretion, waive the requirement of payment at the time of submission of the Bid cum Application Form and the Revision Form in the case of QIB Bidders, provided however that for QIB Bidders the Syndicate Member shall collect the QIB Margin and deposit the same in a specified escrow account.

The collection centre 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

Individuals may make bids in single or joint names (not more than three). In the case of joint Bids, all refund amounts will be made only in favor 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 or her address as per the Demographic Details received from the Depository.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made. The applications made by the asset management companies or custodians of a mutual fund shall clearly indicate the name of the concerned scheme for which the application is being made.

Bids made by Employees both under Employee Reservation Portion as well as in the Net Offer shall not be treated as multiple bids.

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 the Bid is for Rs.50,000 or more, the Bidder or in the case of a Bid in joint names, each of the Bidders, should mention his/her PAN allotted under the I.T. Act. **The copy of the PAN card or PAN allotment letter is required to be submitted with the application form.** Applications without this information and documents will be considered incomplete and are liable to be rejected. **It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN, as the Bid is liable to be rejected on this ground.** In case the sole/First Bidder and joint Bidder(s) is/are not required to obtain PAN, each of the Bidder(s) shall mention "Not Applicable" and in the event that the sole Bidder and/or the joint Bidder(s) have applied for PAN which has not yet been allotted each of the Bidder(s) should mention "Applied for" in the Bid cum Application Form. Further, where the Bidder(s) has mentioned "Applied for" or "Not Applicable", the sole/First Bidder and each of the joint Bidder(s), as the case may be, would be required to submit Form 60 (form of declaration to be filed by a person who does not have a permanent account number and who enters into any transaction specified in Rule 114B of the Income Tax Rules, 1962), or, Form 61 (form of declaration to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income-tax in respect of transactions specified in Rule 114B of the Income Tax Rules, 1962), as may be applicable, duly filled along with a copy of any one of the following documents in support of the address: (a) ration card (b) passport (c) driving 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 Central Board of Direct Taxes, Department of Revenue, Ministry of Finance. All Bidders are requested to furnish, where applicable, the revised Form 60 or Form 61 as the case may be.**

Unique Identification Number ("UIN")

Through its circular MAPIN/Cir-13/2005, with effect from July 1, 2005, SEBI has suspended all fresh registrations for obtaining a Unique Identification Number ("UIN") and the requirement to provide or quote a UIN under the SEBI MAPIN Regulations.

Right to Reject Bids

The BRLMs may reject any QIB Bid procured by any or all members of the Syndicate provided the rejection is at the time of receipt of such Bid and the reason for rejection of the Bid is communicated to the Bidder at the time of rejection of the Bid. In case of Non Institutional Bidders, Retail Individual Bidders and Bidders in the Employee Reservation Portion, the Company will have the right to reject Bids only on technical grounds. Consequent refunds shall be made by cheque or pay order or draft and will be sent to the Bidder's address at the Bidder's risk.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected on technical grounds, including the following:

1. Amount paid does not tally with the amount payable for the highest value of Equity Shares bid for;

2. Bank account details (for refund) are not given;

3. Age of First Bidder not given;

4. Bids by minors;

5. PAN not stated if Bid is for Rs.50,000 or more or GIR number furnished instead of the PAN;

6. Bids for lower number of Equity Shares than specified for that category of investor;

7. Bids at a price less than the floor of the Price Band and higher than the cap of the Price Band;

8. Bids at Cut-off price where the Bid Amount exceeds Rs.100,000;

9. Bids for number of Equity Shares, which are not multiples of 10;

10. Category not ticked;

11. Multiple Bids;

12. In case of Bid under power of attorney or by limited companies, corporate, trust, etc., relevant documents are not submitted;

13. Bid cum Application Form does not have the stamp of a member of the Syndicate;

14. Bid cum Application Form does not have the Bidder's depository account details, including as specified below;

15. Bid cum Application Forms are not submitted by the Bidders within the time prescribed as per the Bid cum Application Form, Bid/Offer Opening Date advertisement and this Red Herring Prospectus and as per the instructions in this Red Herring Prospectus and the Bid cum Application Form;

16. Bids for amounts greater than the maximum permissible amounts prescribed by the applicable regulations;

17. Bids not duly signed by the sole/joint Bidders;

18. Bids by OCBs;

19. Bids accompanied by stockinvest/cash/money order;

20. Bids by U.S. residents or U.S. persons other than "qualified institutional buyers" as defined in Rule 144A of the U.S. Securities Act of 1933;

21. Bids by Employees or Directors of the Company not eligible to apply in the Employee Reservation Portion;

22. In case no corresponding record is available with the Depositories that matches three parameters, i.e., name of the Bidder (including the sequence of names of joint holders), the depository participant's ID (DP ID) and the beneficiary's identity; and

23. Bids by persons who are not eligible to acquire Equity Shares of the Company, in terms of all applicable laws, rules, regulations, guidelines and approvals.

24. Bids that are not accompanied by the applicable Margin Amount.

Basis of Allotment

A. For Retail Individual Bidders

- Bids received from the Retail Individual Bidders at or above the Offer 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 Offer Price.

- The Net Offer size less Allotment to Non-Institutional Bidders and QIB Bidders shall be available for Allotment to Retail Individual Bidders who have bid in the Offer at a price that is equal to or greater than the Offer Price.
- If the aggregate demand in this portion is less than or equal to 2,721,881 Equity Shares at or above the Offer 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 2,721,881 Equity Shares at or above the Offer Price, the allocation shall be made on a proportionate basis up to a minimum of 10 Equity Shares and in multiples of 1 Equity Share 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 Offer 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 Offer Price.
- The Net Offer size less allocation to QIB Bidders and Retail Individual Bidders shall be available for allocation to Non-Institutional Bidders who have bid in the Offer at a price that is equal to or greater than the Offer Price.
- If the aggregate demand in this category is less than or equal to 907,293 Equity Shares at or above the Offer 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 907,293 Equity Shares at or above the Offer Price, allocation shall be made on a proportionate basis up to a minimum of 10 Equity Shares and in multiples of 1 Equity Share 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 Offer 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 Offer Price.
- The QIB Portion shall be available for allocation to QIB Bidders who have bid in the Offer at a price that is equal to or greater than the Offer Price.
- Allotment shall be undertaken in the following manner:

    (a) In the first instance allocation to Mutual Funds for 5% of the QIB Portion shall be determined as follows;

        (i) In the event that Mutual Fund Bids exceeds 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for 5% of the QIB Portion.

        (ii) In the event that the aggregate demand for Mutual Funds is less than 5% of the QIB Portion then all Mutual Funds shall get full allotment to the extent of valid bids received above the Offer Price.

        (iii) Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available to all QIB Bidders as set out in (b) below;

    (b) In the second instance allocation to all QIBs shall be determined as follows:

        (i) In the event that the oversubscription in the QIB Portion, all QIB Bidders who have submitted Bids above the Offer Price shall be allotted Equity Shares on a proportionate basis for up to 95% of the QIB Portion.

(ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.

(iii) Under-subscription below 5% of the QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.

(c) The aggregate allocation to QIB Bidders shall not be less than 5,443,763 Equity Shares.

D. For Employee Reservation Portion

- Bids received from the Employees at or above the Offer Price shall be grouped together to determine the total demand under this category. The allocation to all the successful Employees will be made at the Offer Price.

- If the aggregate demand in this category is less than or equal to 100,000 Equity Shares at or above the Offer Price, full allocation shall be made to the Employees to the extent of their demand.

- If the aggregate demand in this category is greater than 100,000 Equity Shares at or above the Offer Price, the allocation shall be made on a proportionate basis up to a minimum of 10 Equity Shares and in multiples of 1 Equity Share thereafter. For the method of proportionate basis of allocation, refer below.

- Only Employees may apply under the Employee Reservation Portion.

Method of Proportionate Basis of Allocation

Bidders will be categorized according to the number of Equity Shares applied for by them.

(a) The total number of Equity Shares to be allotted to each portion as a whole shall be arrived at on a proportionate basis, being the total number of Equity Shares applied for in that portion (number of Bidders in the portion multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.

(b) Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, being the total number of Equity Shares applied for by each Bidder in that portion multiplied by the inverse of the over-subscription ratio.

(c) If the proportionate Allotment to a Bidder is a number that is more than 10 but is not a multiple of one (which is the market lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower whole number. Allotment to all Bidders in such categories would be arrived at after such rounding off.

(d) In all Bids where the proportionate Allotment is less than 10 Equity Shares per Bidder, the Allotment shall be made as follows:

- Each successful Bidder shall be Allotted a minimum of 10 Equity Shares; and

- The successful Bidders out of the total Bidders for a portion shall be determined by draw of lots in a manner such that the total number of Equity Shares Allotted in that portion is equal to the number of Equity Shares calculated in accordance with (b) above; and

(e) If the Equity Shares allocated on a proportionate basis to any portion are more than the Equity Shares allotted to the Bidders in that portion, the remaining Equity Shares available for Allotment shall be first adjusted against any other portion, where the Equity Shares are not sufficient for proportionate Allotment to the successful Bidders in that portion. The balance Equity Shares, if any, remaining after such adjustment will be added to the portion comprising

Bidders applying for minimum number of Equity Shares.

Equity Shares in Dematerialized Form with NSDL or CDSL

In terms of Section 68B of the Companies Act, the Equity Shares in this Offer shall be allotted only in dematerialized form (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through electronic mode).

In this context, two tripartite agreements have been among the Registrar to the Offer, the Depositories and the Company:

1. An agreement dated November 19, 2005 among NSDL, the Company and the Registrar to the Offer for offering the Depository option to the investors; and
2. An agreement dated November 18, 2005 between CDSL, the Company and the Registrar to the Offer for offering the Depository option to the investors.

Bidders will be allotted Equity Shares only in the dematerialized mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

1. A Bidder applying for Equity Shares must have at least one beneficiary account with either of the depository participants of NSDL or CDSL prior to making the Bid.

2. 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.

3. Equity Shares allotted to a Bidder will be credited in electronic form directly to the beneficiary account (with the depository participant) of the Bidder.

4. Names in the Bid cum Application Form or Revision Form should be identical to those appearing in the account details in the depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the depository account of the Bidder(s).

5. 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.

6. 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.

7. 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 the Equity Shares are proposed to be listed are connected to NSDL and CDSL.

8. The trading of the Equity Shares would be in dematerialized form only and for all investors in the demat segment of the respective stock exchange.

9. Non-transferable allotment, advise or refund orders will be directly sent to the Bidder by the Registrar to the Offer.

Communications

All future communications in connection with Bids made in the Offer should be addressed to the Registrar to the Offer quoting the full name of the sole or First Bidder, Bid cum Application Form number, number of Equity Shares applied for, date of Bid form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

Undertakings by the Company

The Company undertakes as follows:

- that the complaints received in respect of this Offer shall be attended to by us expeditiously;
- that we shall take all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are 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 Offer by us;
- that the refund orders or allotment advice to the Bidders shall be dispatched within specified time; and
- that no further offer of Equity Shares shall be made until 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.

Undertakings by the Selling Shareholders

The Selling Shareholders undertake as follows:

- that the Equity Shares being sold pursuant to the Offer for Sale are free and clear of any liens or encumbrances, and shall be transferred to the successful Bidders within the specified time; and

- that no further offer of Equity Shares shall be made till the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.

Utilization of Offer Proceeds

The Board of Directors of the Company certifies that:

- all monies received out of the Fresh Issue shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
- details of all monies utilized out of Fresh Issue referred above shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the purpose for which such monies have been utilized; and
- details of all unutilized monies out of the Fresh Issue, if any, shall be disclosed under the appropriate separate head in the balance sheet of the Company indicating the form in which such unutilized monies have been invested.

The Board of Directors of the Company also certifies that:

- the utilization of monies received from the Employee Reservation Portion shall be disclosed under an appropriate head in the balance sheet of the Company, indicating the purpose for which such monies have been utilized.

- the details of all unutilized monies out of the funds received from the Employee Reservation Portion shall be disclosed under a separate head in the balance sheet of the Company, indicating the form in which such unutilized monies have been invested.

Disposal of Applications and Application Money

We shall ensure dispatch of allotment advice or refund orders and giving of benefit to the beneficiary account with depository participants and submission of the allotment and listing documents to the Stock Exchanges within two working days of finalization of the basis of allotment of Equity Shares. We shall ensure the dispatch of refund orders, if any, of value up to Rs.1,500, "Under Certificate of Posting", and dispatch of 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 SEBI Guidelines, the Company further undertakes that:

- Allotment/transfer of Equity Shares shall be made only in dematerialized form within 15 days of the Bid/Offer Closing Date; and

- The Company would ensure dispatch of refund orders within 15 days of the Bid/Offer Closing Date.

Delay in Dispatch of Allotment Letters

The Company shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if Allotment is not made, refund orders are not dispatched and/or demat credits are not made to investors within 15 days from the Bid/Offer Closing Date.

The Company will provide adequate funds required to the Registrar to the Offer for dispatch of refund orders or allotment advice.

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.

The Company and the Selling Shareholders shall not have recourse to the Offer proceeds until the approvals for trading of the Equity Shares has been received from the Stock Exchanges.

The Company shall transfer to the Selling Shareholders, the proceeds from the Offer for Sale, on the same being permitted to be released in accordance with applicable laws.

Interest on Refund of Excess Bid Amount

The Company shall pay interest at the rate of 15% per annum on the excess Bid Amount received if refund orders are not dispatched within 15 days from the Bid/Issue Closing Date as per the Guidelines issued by the Government of India, Ministry of Finance pursuant to their letter No.F/8/S/79 dated July 31, 1983, as amended by their letter No. F/14/SE/85 dated September 27, 1985, addressed to the stock exchanges, and as further modified by SEBI's Clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.

Restrictions on Foreign Ownership of Indian Securities

No person shall make a Bid in pursuance of this Offer, unless such person is eligible to acquire Equity Shares of the Company in accordance with applicable laws, rules, regulations, guidelines and approvals.

Investors that Bid in the Offer will be required to confirm and will be deemed to have represented to the Company, the Underwriters, the Selling Shareholders and their respective directors, officers, agents, affiliates and representatives, as applicable, that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of the Company and will not offer, sell, pledge or transfer the Equity Shares of the Company to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of the Company. The Company, the Underwriters, the Selling Shareholders and their respective directors, officers, agents, affiliates and representatives, as applicable, accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of the Company.

MAIN PROVISIONS OF ARTICLES OF ASSOCIATION OF THE COMPANY

Pursuant to Schedule II of the Companies Act and the SEBI Guidelines, the main provisions of the Articles of Association relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares or debentures and/or on their consolidation/splitting are detailed below. Please note that the each provision herein below is numbered as per the corresponding article number in the Articles of Association and defined terms herein have the meaning given to them in the Articles of Association.

DEFINITIONS

- "Associate Sponsors" mean Uday Punj and S.N.P. Punj.
- "Convertible Securities" mean the mandatory convertible preference shares with a par value of Rupees 10/- per share in the share capital of the Company.
- "Dunearn" means Dunearn Investments (Mauritius) Pte. Ltd.
- "Financial Year" means the financial year of the Company, which ends on 31 March of every calendar year.
- "Independent Directors" mean Directors other than Sponsor Directors, who satisfy applicable requirements of law.
- "Investors" mean SCB, Dunearn, Merlion India Fund I Limited, New York Life International Investment Asia Limited and Jacob Ballas Capital India Private Limited and any permitted transferee thereof to whom Shares are transferred in accordance with the provisions of any agreement between the Investors and the Company dated on or prior to the Closing Date, and the term "Investor" shall mean any such person.
- "Investor Directors" means Directors nominated by SCB and Dunearn on the Board of Directors pursuant to Article 107.
- "IPO" means the first bona fide fully underwritten public offering of Shares, whether by means of a Public Issue or a Public Offer for Sale, and listing of the Company's Shares and their admission to trading on a Recognised Stock Exchange, and in which the underwriting and placement is lead managed by the IPO Investment Banks.
- "IPO Closing Date" in relation to an IPO, means the date of allotment or transfer of Shares pursuant to the IPO.
- "IPO Investment Banks" means the internationally recognised investment banking firms with extensive experience of capital markets, who have been appointed as the lead managers for the IPO.
- "Principal Sponsors" means Cawdor Enterprises Limited, Atul Punj, Indtech Construction Private Limited and Spectra Punj Finance Private Limited.
- "Register" means the register of members of the Company required to be kept under Section 150 of the Act.
- "Registrar" means the Registrar of Companies of State in which the Office of the Company is situated.
- "Requirement of Law" means, in relation to any person, any law, statute, treaty, rule, regulation, licence or franchise or determination of an arbitrator or a court or other Governmental Authority or stock exchange, in each case applicable or binding upon such person or any of its property or to which such person or any of its property is subject or pertaining to any or all of the transactions contemplated or referred to herein.
- "SCB" means Standard Chartered Private Equity (Mauritius) II Limited.
- "Secretary" means the secretary of the Company.
- "Shares" mean the equity shares of the Company.

- "Shareholders" mean the holders of Equity Shares.
- "Sponsors" mean the Principal Sponsors and the Associate Sponsors.
- "Sponsor Directors" means Directors nominated by the Sponsors to the Board of Directors.

Share capital

5 The authorised share capital of the Company shall be such amount as may from time to time be determined by the General Meeting. The Company has the power from time to time to increase or reduce its share capital. Any of the existing Shares and new shares to be created may, from time to time, be divided into shares of several classes in such manner as may be provided hereinafter. The shares of each class may have or confer such preferential or other special rights and privileges, and may be issued under such restrictions and conditions whether in regard to Dividend, voting, return of capital or otherwise as may be provided in the Articles. However, any special rights or privileges belonging to holders of any shares issued with preferred or other rights shall not be varied or abrogated or affected except with such sanction as is provided for hereinafter.

Issue of new Shares

6 Further issue of new Shares would be subject to the provisions of Section 81 of the Act and the provisions of these Articles.

(a) Subject to the provisions of the Act and the provisions of these Articles, the Company may issue shares of any kind, including shares with differential voting rights and the resolutions authorising such issue shall prescribe the terms and conditions of the issue.

(b) Subject to the provisions of these Articles, the Shares shall be under the control of the Board who may allot or otherwise dispose of the same to such persons, on such terms and conditions and at such time, either at par or at premium or (subject to the compliance with the provisions of Section 79 of the Act) at a discount and for such consideration and at such time as the Board thinks fit, and with the sanction of the Company in 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. Provided that where at any time it is proposed to increase the subscribed capital of the Company by allotment of further Shares, then subject to the provisions of Section 81(IA) of the Act, the Board shall issue such Shares in the manner set out in Section 81(1) of the Act. Provided that option or right to call for any Shares shall not be given to any person or persons without the sanction of the Company in General Meeting.

(c) The Board of Directors shall have the authority to determine the extent of, and the means of satisfying, any future funding needs of the Company.

(d) If the Company wishes to issue any share capital or any other securities convertible into or exchangeable for share capital, it shall do so only in accordance with Sections 81 and 81(1A) of the Act.

Redeemable Preference Shares

8 Subject to the provisions of these Articles, the Company shall have the power to issue preference shares carrying a right of redemption out of profits which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purpose of such redemption or liable to be redeemed at the option of the Company and the Board may subject to the provisions of Section 80 of the Act exercise such powers in such manner as may be provided for in these Articles.

Restrictions on Allotment

10 If the Company offers any of its Shares to the public for subscription,

(a) No allotment thereof shall be made, unless the amount stated in the prospectus as minimum subscription has been subscribed and the sum payable on application thereof has been paid to and received by the Company.

(b) The amount payable on application on each Share shall not be less than 5 (Five) percent of the nominal amount of Shares, and

(c) The Company shall comply with the provisions of sub-section (4) of section 69 of the Act.

SHARE CERTIFICATES

Issue of Share Certificates

17(1) The issue of a share certificate or its duplicate and the issue of new share certificates on consolidation or sub-division or the replacement of share certificates which are surrendered for cancellation due to their being defaced, torn, old, decrepit or worn out or the columns for recording transfer having been utilised or of share certificates which are lost or destroyed shall be in accordance with the provisions of the Companies (Issue of share certificates) Rules, 1960 or any statutory modification or re-enactment thereof. If any share certificate is lost or destroyed, then upon proof thereof to the satisfaction of the Board and on the provision of such indemnity as the Board deems adequate, a new certificate in lieu there of shall be given to the party entitled to such lost or destroyed certificate. Provided that no fee shall be charged for splitting or consolidation of share certificates in marketable lots or for issue of new certificates in replacement of those which are old, decrepit or worn out or where the columns for recording transfers have been fully utilised.

(2) Every member shall be entitled free of charge to one or more certificate in marketable lots under the Seal of the Company for all the Shares of each class registered in his name or, if the Board so approves, to several a certificate for each class of Shares. Unless the conditions of issue of any Shares otherwise provide, the Company shall, within two months from the date of allotment and or surrender to the Company of its letter making the allotment or of its fractional coupons of requisite value (save in the case of issue against letters of acceptance or renunciation or in case of bonus Shares) unless the conditions of issue thereof otherwise provide and within one month of receipt of the application for registration of the transfer, transmission, sub-division, consolidation or renewal of its Shares, complete and have ready for delivery the certificate of such Shares. Every certificate of Shares shall be under the Seal of the Company and shall specify the numbers and distinctive numbers of Shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the Directors may prescribe or approve. In respect of any Share held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivering a certificate to one of the several joint holders named first in the Register shall be sufficient delivery to all such holders.

(3) The provision of this article shall also apply mutatis mutandis to any other securities of the Company.

(4) Notwithstanding the foregoing, the Board shall comply with applicable requirements of law, including any rules, regulations or requirements of any stock exchange or rules made under the Securities Contracts (Regulations) Act, 1956, as amended.

Dematerialized Shares

17A The Company shall cause to be kept a Register and Index of Members in accordance with Sections 150 and 151 of the Act and the Depositories Act 1996 with details of Shares held in material and dematerialized forms in any media as may be permitted by law including in any form of electronic media. The Register and Index of beneficial owners maintained by a Depository under Section 11 of the Depositories Act 1996 shall be deemed to be Register and Index of Members for the purposes of the Act. The Company shall have the power to keep in any state or country outside India, a register of members resident in that state or country.

Calls	18	The Board may, from time to time, subject to the terms on which any Shares may have been issued and subject to the provision of Section 91 of the Act, make such calls, as the Board thinks fit, upon the members in respect of all moneys unpaid on the Shares held by them respectively and not by the conditions of allotment thereof made payable at fixed times, and each member shall pay the amount of every call so made on him to the persons and the times and places appointed by the Board. A call may be made payable by installments and shall be deemed to have been made when the resolution of the Board authorising such call was passed.
Restrictions on powers to make calls	19	No call shall be made payable in the period of one month after the payment date of the immediately preceding call.

FORFEITURE & LIEN

If call or installment not paid notice may be given	27	If any member fails to pay any call or installment of a call on or before the day appointed for the payment of the same, the Board may at any time thereafter during such time as the call or installment remains unpaid, serve a notice on such member requiring him to pay the same, together with any interest that may have accrued and all expenses that may have accrued and all expenses that may have been incurred by the Company by reason of such non payment.
Form of Notice	28	The notice shall name a day (not being less than thirty days from the date of service of the notice) and a place or places on and at which such call or installment and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment on before the time, and at the place appointed, the Shares in respect of which such call was made or installment is payable will be liable to be forfeited.
If notice not complied Shares may be forfeited	29	If the requirement of any such notice as aforesaid is not complied with any Shares in respect of which such notice has been given may, at any time thereafter, before payment of all calls or installments, interest and expenses due in respect thereof be forfeited by a resolution of the Board to that effect.
Notice after forfeiture	30	When any Share shall have been so forfeited, notice of the resolution shall be given to the member in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture with the date thereof, shall forthwith be made in the Register, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or make such entry as aforesaid.
Forfeited Shares to become property of the Company	31	Any Share so forfeited shall be deemed to be the property of the Company, and the Board may sell, or otherwise dispose of the same in such manner as it thinks fit.
Power to annul forfeiture	32	The Board may, at any time before any Shares so forfeited shall have been sold, or otherwise disposed of, annul the forfeiture thereof upon such conditions as it thinks fit.
Liability on forfeiture	33	A person whose Shares have been forfeited shall cease to be a member in respect of such Shares, but shall, notwithstanding such forfeiture, remain liable to pay, and shall, forthwith pay to the Company all calls, or installments, interests and expenses, owing upon or in respect of such Share, at the time of the forfeiture, together with interest thereon, from the time of forfeiture until payment, at 12 percent per annum or such lower rate as the Board may determine, and the Board may enforce the payment thereof, or any part thereof without any deduction or allowance for the value of the Shares at the time of forfeiture, but shall not be under any obligation to do so.
Evidence of forfeiture	34	A duly verified declaration in writing that the declarant is a Director or Secretary of the

		Company, and that certain Shares in the Company have been duly forfeited on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the Shares and such declaration and the receipt of the Company for the consideration given for the Shares on the sale or disposition-thereof shall constitute as good title to such Share. The person to whom any such Share is sold shall be registered as the holder of such Share and shall not be bound to see to the application to purchase money, nor shall his title to such Share shall be affected by any irregularity or invalidity in the proceeding in reference to such forfeiture sale or disposition.
Forfeiture provision to apply to non-payment	35	The provision of the Articles 27 to 31 hereof shall apply in the case of non-payment of any sum which by the terms of a issue of a Share becomes payable at a fixed time whether on account of the nominal value of the Share or by way of premium as if the same had been payable by virtue of a call duly made and notified.
Company's lien on Shares	36	The Company shall have a first and paramount lien upon every Share/debentures (not being a fully paid-up Share/debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for money called or payable at a fixed time in respect of such Shares/debentures whether the time for the payment thereof shall have actually arrived or not and no equitable interest in any Share shall be created except upon the footing and condition that this Article hereof is to have full effect and such lien shall extend to all dividends and bonuses from time to time declared in respect of such Shares/debentures. Fully paid Shares shall be free from all lien and that in the case of partly paid Shares, the Company's lien shall be restricted to money called or payable at a fixed time in respect of such Shares. Unless otherwise agreed, the registration of transfer of a Share shall operate as a waiver of the Company's lien, if any, on such Share, the Directors may at any time declare any Shares/debentures wholly or in part to be exempt from the provisions of this clause.
Board may issue new certificate	40	Where any Share under the powers in that behalf herein contained is sold by the Board and the certificate in respect thereof has not been delivered up to the Company by the former holder of such Share, the Board may issue a new certificate for such Share, distinguishing it in such manner as it may think fit from the certificate not so delivered up.

TRANSFER AND TRANSMISSION

Execution of transfer etc.	41	Save as provided in Section 108 of the Act, no transfer of a Share shall be registered unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee has been delivered to the Company together with the certificate or, if no such certificate is in existence, the letter of allotment of the Share. The instrument of transfer of any Share shall specify the name, address and occupation, if any, of the transferee and the transferor shall be deemed to remain the member in respect of such Shares until the name of the transferee is entered in the Register in respect thereof. Each signature to such transfer shall be duly attested by the signature of one credible witness who shall add his address.
Application for registration of transfer	42	Application for the registration of the transfer of Share may be made either by the transferor, or the transferee, provided that where such application is made by the transferor, no registrations shall in case of a partly paid Share be effected unless the Company gives the notice of the application to the transferee in the manner prescribed by Section 110 of the Act, and subject to the provisions of these Articles the Company shall unless objection is made by the transferee, within two weeks from the date of receipt of the notice, enter in the register the name of the transferee on the conditions as if the application for registration of the transfer was made by the transferee.

Form of transfer	43(1)	The instrument of the transfer shall be in writing in such form as may be prescribed by the Act, and all the provisions of Section 108 of the Act, and of statutory modifications thereof for the time being in force shall be duly complied with in respect of all transfer of Shares and the registration thereof.
	(2)	In the case of Shares or any other securities, where the Company has not issued any certificates and where such Shares or other securities are held in electronic form, the provisions of the Depositories act, 1996, as amended, shall apply.
Restriction on transfer	44	Subject to provisions of Sections 111 and 111A of the Act, 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 shall not be refused solely for the reason that the relevant Shares/debentures are not in marketable lots.
Transfer to minor etc.	45	No transfer shall be made to partnership firm or a person of unsound mind. However, fully paid-up Shares may be transferred in the name of a minor through his guardian.
Transfer be left at office and when to be retained	46	Every instrument of transfer shall be left at the office for registration, accompanied by the certificate of the Share to be transferred or, if no such certificate is in existence, by the letter of allotment of the Share and such other evidence as the Board may require to prove the title of the transferor or his right to transfer the Share, and the transferor shall (subject to the Board's right to decline to register hereinbefore mentioned) be registered as a member in respect of such Share. The Company shall retain every registered instrument of transfer but any instrument of transfer which the Board may refuse to register shall be returned to the person depositing the same.
Notice of refusal to register transfer	47	If the Board refuses, whether pursuant to Article 44 or otherwise to register the transfer of, or the transmission by operation of law of the right to any Share, the Company shall give notice of the refusal in accordance with the provision of section 111(2) of the Act.
Fee on registration of transfer	48	No fee shall be charged by the Company for registration of transfer, transmission, probate, Succession Certificate and letters of administration, certificate of death, or marriage, Power of Attorney or similar other document.
Suspension of registration of transfer	49	Subject to the provision of section 154 of the Act, the registration of transfer may be suspended at such time and for such periods as the Board may from time to time determine. Provided that such registration shall not be suspended for more than thirty days at any one time or for more than forty-five days in the aggregate in any year.
Transmission of registered Shares	50	The executor or administrator of a deceased member not being one of the several joint-holders shall be the only person recognised in the name of such member, and in case of the death of any one or more of the joint-holders of any registered Share, the survivor shall be the only person recognised by the Company as having any title to or interest in such Share, but nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on the Share held by him jointly with any other person. Before recognising any executor or administrator the Board may require him to obtain a grant of probate or letter of administration or other legal representation, as the case may be from a

court in India competent to grant it. Provided, nevertheless, that in any case where the Board in its absolute discretion, thinks fit it shall be lawful for the Board to dispense with the production of probate or letters of administration or such other legal representation upon such terms as to indemnity or otherwise as the Board, in its absolute discretion may, think fit.

As to transfer of Shares in insane minor, deceased, bankrupt, members, transmission Article	51	Any committee or curator points of a lunatic or guardian of a minor member or any person becoming entitled to a Share in consequence of insolvency of any member upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of his title as the Board thinks sufficient, may with the consent of the Board (which the Board shall not be bound to give) be registered as a member in respect of such Share, or may subject to the regulation as a member in respect of such Share, or may subject to the regulation as to transfer, herein contained transfer such Shares.
Election under the Transmission Article	52(a)	If the person so becoming entitled under the transmission Article 50 elects to be registered as the holder of the Share, he shall deliver or send to Company a notice in writing signed by him stating that he so elects.
	(b)	If the person aforesaid shall elect to transfer the Share, he shall testify his election by executing an instrument of transfer of the Share.
	(c)	All the limitations restrictions and provision of these Articles relating to the right to transfer and the registration of instrument of transfer of a Share shall be applicable to any such notice or transfer as aforesaid as if the death, lunacy, bankruptcy or insolvency of the member had not occurred and the notice of transfer was signed by the member.
Rights of person entitled to Shares under the Transmission Article	53	A person so becoming entitled under the transmission Article 50 to Shares by reason of death, lunacy, bankruptcy or insolvency of the holder shall subject to the provisions of Articles 91 and of Section 206 of the Act, be entitled to the same dividends and other advantages as he would be entitled to if he were the registered holder of the Shares. Provided that the Board may at any time give notice requiring any such person to elect either to be registered himself or to transfer the Shares and if the notice is not complied with within ninety days the Board may thereafter withhold payment of all dividends, bonuses, or other moneys payable in respect of the Share, until the requirements of notice have been complied with.

ALTERATION OF CAPITAL

Power to increase capital	54	The Company may, from time to time, by ordinary resolution alter the conditions of its Memorandum of Association to increase its share capital by the creation of new Share of such amount and class as may be specified in the resolution.
Power to subdivide and Consolidate Shares	60	The Company may, from time to time, by ordinary resolution:
	(a)	consolidate all or any of its Shares into shares of larger amount than its existing Shares;
	(b)	sub-divide its existing Shares all or any of them into shares of smaller amount than is fixed by the Memorandum so, however, that in the sub-division the proportion between the amount paid and the amount if any, unpaid on each reduced share shall be the same as it was in the case of the Share from which the reduced share is derived; and
	(c)	cancel any Share which, at the date of passing of the resolution, have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of Shares so cancelled.

Surrender of Shares	61	Subject to the provisions of Section 100 to 105 of the Act, the Board may accept from any member the surrender on such terms and conditions, as shall be agreed of all or any of his Shares.
Conversion of Shares into stock	62	The Company may, from time to time, by ordinary resolution,
	(a)	convert any fully paid-up Shares into stock; and
	(b)	reconvert any stock, into fully paid-up Shares of any denomination.
Transfer of stock	63	The holders of stock may transfer the same or any part thereof in the same manner and also subject to the same regulation under which, the Shares from which, the stock arose might previously to conversion have been transferred, or as near thereto as circumstances admit; and the Board may from time to time fix the minimum amount of stock transferable provided that such minimum shall not exceed the nominal amount of the Shares from which stock arose.

MODIFICATION OF RIGHTS

Power to modify rights	70	The rights attached to any class of Shares (unless otherwise provided by the terms of issue of the Shares of the class) may subject to the provisions of Section 106 and107 of the Act, and whether or not the Company is being wound up, be varied with the consent in writing of the holders of not less than three fourths of the issued Shares of that class, or with sanction of special resolution passed at separate meeting of the holders of the Shares of that class. In every such separate meeting the provisions of these Articles relating to General Meeting shall mutatis mutandis apply, but so that the necessary quorum shall be at least two persons holding, or representing by proxy, at least one third of the issued Shares of that class.

BORROWING POWERS

Power to borrow	71	The Directors may from time to time and at their discretion, raise or borrow any sum or sums of money for the purposes of the company subject to the provisions of Sections 292 of the Act and may secure payment or repayment of such sums in such manner and upon such terms and conditions in all respects as may be prescribed by the Board in particulars by the creation of any mortgage, hypothecation, pledge or charge on and over the Company's stock, book debts and other moveable properties.
Conditions on which moneys may be borrowed by Directors	72	The Board may raise or secure the payment of such sum or sums in such manner and upon such terms and conditions in all respect as they think fit and particular, by the issue of bonds, perpetual or redeemable debentures including convertible debentures or debenture stock or any mortgage, charge or other security on the undertaking of the whole of any part of the property of the Company both present and future including its uncalled capital for the time being or by giving, accepting or endorsing on behalf of the Company any promissory notes, bills of exchange, or other negotiable instruments and no debenture shall carry any voting right whether generally or in respect of particular class or classes of business.
Terms of Issue of Debenture	72(a)	Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at the General Meting, appointment of Directors and otherwise. Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in the General Meeting by a Special Resolution.

GENERAL MEETING

Annual General Meetings	80	In addition to any other meetings, Annual General Meetings of the Company shall be held within such intervals as are specified in Section 166(1) read with Section 210 of the Act and subject to the provisions of Section 166(2) of the Act at such times and places as may be determined by the Board. All other meetings of the Company, shall, except, in the case of the statutory meetings, be called extraordinary General Meetings and shall be convened under the provisions of the next following Article.
Extraordinary General Meetings	81	The Directors may, whenever they think fit, call an Extraordinary General Meeting, and an Extraordinary General Meeting shall also be requisitioned or in default may be called by such requisitionists as provided by Section 169 of the Act. If at any time there are two members and the sufficient number of Directors capable of forming a quorum, any two members and the Company may call an Extraordinary General Meeting in the same manner as that in which an Extraordinary General Meeting may be called by the Directors.
Circulation of members resolutions	82	The Company shall comply with the provision of Section 188 of the Act to giving notice of resolutions and circulating statements on the requisition of members.
Notice of meeting	83	Subject to the provisions of Section 171 and 176(2) of the Act, notice of every meeting of the Company shall be given to such persons and in such manner as provided by section 172 of the Act, where any business consists of "special business" as hereinafter defined in Article 85, there shall be annexed to the notice a statement complying with section 173(2) and (3) of the Act. Any and all matters that any Investor proposes shall be placed on the agenda of meetings of every meeting of the Company.
Accidental omission to give notice	84	The accidental omission to give any such notice to or the non-receipt thereof by any member or other persons to whom it should be given, shall not invalidate the proceedings of the meeting.

PROCEEDINGS AT GENERAL MEETING

Business of meetings	85	The ordinary business of an Annual General Meeting shall be to receive and consider and adopt the Profit and Loss Account, the Balance sheet and the Reports of the Directors and of the Auditors, to elect Directors in the place of those retiring by rotation, to appoint Auditors and fix their remuneration and to declare Dividends. All other business transacted at the Annual General Meeting and all the business at any other General Meeting shall be deemed special business.
Quorum be present when business commences	86	No business shall be transacted at any General Meeting unless a quorum of members is present at the time when the meeting proceeds to business. Save as herein otherwise provided five members present in person shall constitute the quorum.
Dissolution and adjournment of meeting if quorum is not present	87	If within half an hour, from the time appointed for the meeting, a quorum is not present, the Meeting, if convened upon such requisition as aforesaid, shall be dissolved; but in any other case it shall stand adjourned in accordance with provisions of sub-sections (3), (4) and (5) of Section 174 of the Act.
Resolution to be passed by the Company in General Meeting	88	Any act or resolution which under the provisions of these Articles or of the Act, is permitted or required to be done or passed by the Company in General Meeting be sufficiently so done or passed if effected by an Ordinary Resolution as defined in Section 189(1) of the Act, unless either the Act, or these Articles specifically require such act to be done or resolution passed as a Special Resolution as defined in Section 189(2) of the Act.

Chairman of General Meeting	89	The Chairman of the Board shall be entitled to take the chair at every General Meeting. If there be no such Chairman, or if at any Meeting he shall not be present within fifteen minutes after the time appointed for holding the Meeting or unwillingly to act, the members present shall choose another Director as Chairman, and if no Director be present or if all the Directors present decline to take the chair, then the members present shall, on a show of hands or on a poll if properly demanded, elect one of their number being a member entitled to vote, to be the Chairman of Meeting.
Decisions at meetings and the casting vote	90	Every question submitted to a Meeting shall be decided in the first instance by a show of hands and in the case of an equality of votes both on a show of hands and on a poll, the chairman of the Meeting shall have a casting vote in addition to the vote to which he may be entitled as member.
What is to be evidence of the passing of a resolution where poll not demanded	91	At any General Meeting, a resolution put to the vote of the Meeting shall be decided on show of hands, in the first instance if a poll is not demanded in accordance with the provisions of Section 179 of the Act, and unless a poll is so demanded, a declaration by the Chairman that the resolution has or has not been carried, either unanimously, or by a particular majority and an entry to that effect in the book containing the minutes of the proceedings of the Meeting of the Company, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes cast in favour of, or against the resolution.
Poll	92(1)	If a poll be demanded as aforesaid, it shall be taken forthwith on question of adjournment or election of a Chairman of the Meeting and in any other case in such manner and such time not being later than forty eight hours from the time when the demand was made, and at such place as the Chairman of the Meeting directs and subject to as aforesaid, either at once or after an interval or adjournment or otherwise and the result of the poll shall be deemed to be the decision of the Meeting on the resolution on which the poll was demanded.
	(2)	The demand for a poll may be withdrawn at any time by the person or persons who made the demand.
	(3)	Where a poll is to be taken, the Chairman of the Meeting shall appoint two scrutineers, one at least of whom shall be a member (not being an officer or employee of the Company) present at the Meeting provided such a member is available and willing to be appointed to scrutinise the votes on the poll and to report to him thereon.
	(4)	On a poll, a member entitled to more than one vote, or his proxy or other person entitled to vote for him, as the case may be, need not, if he votes, use all of his votes or cast in the same way the entire votes he is entitled to.
	(5)	The demand of poll shall not prevent the continuance of a Meeting for the transaction of any business other than the question on which a poll has been demanded.
Power to adjourn General Meeting	93(1)	The Chairman of a General Meeting may adjourn the same from time to time and from place to place, but no business shall be transacted at any adjournment meeting other than the business left unfinished at the Meeting from which the adjournment took place.
	(2)	When a Meeting is adjourned it shall not be necessary to give any notice of an adjournment or the business to be transacted at an adjourned Meeting, if it is adjourned for less than 30 days.
Votes on show of hand and on poll	94	Subject to the provisions of the Act and particularly of Sections 87, 88 & 92(2) thereof and of these Articles:
	(1)	upon show of hands every member holding Equity Shares and entitled to vote and present in

person (including an attorney or a representative of a body corporate) shall have one vote;

(2) upon poll the voting right of every member holding Equity Shares and entitled to vote and present in person (including a body corporate present as aforesaid) or by attorney or by proxy shall be in same proportion as the capital paid on the Equity Share (whether fully paid or partly paid) held by him bears to the total paid-up equity capital of the Company; and

DIRECTORS

Number of Directors

106 The number of the Directors of the Company shall not be less than three and not more than fourteen.

Election of Directors; and Composition

107(i) Subject to the applicable rules, regulations and compliances of the Recognised Stock Exchange and other applicable laws, Following the IPO Closing Date, (1)(A) two individuals of which one shall be nominated by SCB and one shall be nominated by Dunearn (for so long as the Investors hold in aggregate at least two thirds of the sum of (x) the number of Equity Shares held by the Investors on November 11, 2004; and (y) the number of Equity Shares they would have received upon conversion of all the Convertible Securities held by them on November 11, 2004) shall be Directors; or (B) one individual nominated by SCB (for so long as the Investors hold in aggregate at least one third of the sum of (x) the number of Equity Shares held by the Investors on November 11, 2004; and (y) the number of Equity Shares they would have received upon conversion of all the Convertible Securities issued to them on November 11, 2004) shall be a Director, provided that no such individual shall be an employee of a Competing Business; Provided that in the event, the Investors hold in aggregate less than two thirds of the sum of (x) the number of Equity Shares held by the Investors on the Closing Date; and (y) the number of Equity Shares they would have received upon conversion of all the Convertible Securities held them on the Closing Date, the Company shall, for so long as Dunearn or its Affiliates hold at least 40% of the sum of (x) the number of Shares held by them on January 27, 2005; and (y) the number of Shares they would have received upon conversion of the Convertible Securities held by them on January 27, 2005, permit a representative of Dunearn (the "Dunearn Observer") to attend all meetings of the Board of Directors (whether in person, telephonic or otherwise) in a non-voting, observer capacity and shall provide to the Dunearn Observer, concurrently with the members of the Board of Directors, and in the same manner, notice of such meeting and a copy of all materials provided to such members, provided that Dunearn shall ensure that (1) each Dunearn Observer will act in a fiduciary capacity with respect to the Company in relation to any information from the Company (including from its Directors, officers and agents) that is received by it or to which it is privy in its capacity as a Dunearn Observer, whether in oral or written format and irrespective of whether such information was disseminated in a board meeting or not; and (2) each Dunearn Observer shall comply with any insider trading restrictions applicable to Directors; and (3) the Company shall not bear the costs, fees or expenses incurred by any Dunearn Observer, in connection with any meetings of the Company; and;

(ii) Subject to the appointment of Independent Directors in accordance with Requirements of Law and the appointment of Investor Directors in accordance with this Article 107, the Sponsor Directors shall be Directors.

(iii) Following the IPO Closing Date, any person to whom Shares are transferred by an Investor shall not be bound by the terms and conditions of this Article 107.

Non Rotational Directors

108 Subject to the approval of the Government under the provisions of Section 268 of the Act :

(a) 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), or Industrial Finance Corporation of India (IFCI), The Industrial Credit and Investment Corporation of India (ICICI), The Industrial Reconstruction Bank of India Limited (IRBI) Life Insurance Corporation of India (LIC), Unit Trust of India Limited (UTI), Tourism Finance Corporation of India Limited (TFCI), General Insurance Corporation of India (GIC), National Insurance Company Limited (NIC), The Oriental Fire and General Insurance Company Limited (OFGI)(NA), or a State Financial Corporation or by the Central Government or a State Government more of them by Central Government or State Government by themselves (each of the above is herein-after in this Article referred to as "<u>the Corporation</u>") out of any loans/debenture assistance granted by them to the Company or so long as the Corporation holds or continue to hold Debenture Shares in the Company as a result of underwriting or by direct subscription or private placement or so long as any liability of the Company arising out of any guarantee furnished by the Corporation, such Corporation shall have a right to appoint from time to time, any person or persons as a Directors whole-time which Director/Directors, is/are hereinafter referred to as "<u>Nominees Director's</u>" 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 Directors shall not be liable to retirement by rotation. The Company agrees that if the Board of Directors of the Company has constituted or proposes to constitute any management committee or other committee's 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 Directors 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 hold or continues to holds Debentures/Shares in the Company as a result of underwriting or by direct subscription or private placement liability of the Company arising out of the guarantee is outstanding and the Nominee Director/s so appointed in exercise of the said power, shall ipso facto vacate such office immediately after the moneys owing by the Company to the Corporation are all 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 the guarantee furnished by the Corporation.

The Nominee Director/s appointed under this Article shall be entitled to receive all notices of or attend all General Meetings, Board Meetings and all the Meetings of the Committee of which the Nominee Director/s is/are also members.

The Nominee Director's shall be entitled to the same sitting fees, commission, remuneration and expenses as applicable to Directors.

The Company shall pay the Nominee Director/s sitting fees and expenses which the other Directors of the Company are entitled, but if any other fees, commission, moneys or remuneration in any form is payable to the Directors of the Company, the fees, commission, moneys and remuneration in relation to such nominees Director/s shall accrue to the Corporation and same shall accordingly be paid by the Company directly to the Corporation.

Any expenses that may be incurred by the Corporation on such Nominee Director/s' in connection with their appointment of Directorship shall also be paid or reimbursed by the Company to the Corporation or as the case may be to such Nominee Director/s.

Provided that if any such Nominee Director/s is an officers of the Corporation the sitting fees, in relation to such Nominee/Director/s shall also accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation.

Provided also that in event of the Nominee Director/s being appointed as whole time Director/s, such Nominee Director/s shall exercise such powers and duties as may be approved by the Lenders and have such rights as are usually exercised or available to a whole-time Director, in the Management of the Borrower. Such nominee Director/s shall be entitled to receive such remuneration, fees, commission and moneys as may be approved by the Lenders.

(b) Any Trust Deed for securing debentures or debenture-stocks may if so arranged provide for the appointment from time to time by the Trustees thereof or by the holders of the debentures or debenture-stock of some persons to be the Directors of the Company and may empower such Trustees or holders of debentures or debenture stocks from time to time to remove any Director so appointed. The Director appointed under this Article is herein referred to as "The Debenture Director" and the term" Debenture Director" means the Directors for the time being in office under this Article. The Debenture Director shall not be bound to hold any qualification shares and shall not be liable to retire by rotation or be removed by the Company. The Trust Deed may contain such ancillary provisions as may be arranged between the Company and the Trustees and all such provisions shall have effect notwithstanding any other provisions herein contained.

108(c) Sh. Atul Punj shall be a Sponsor Director and, subject to Section 268 of the Act, shall be a permanent Director and shall not be liable to retire by rotation.

Appointment and replacement of Directors of the Company and proportion of those who are to retire by rotation

109(i) If at any time, a vacancy is created on the Board of Directors by reason of the incapacity, death, removal or resignation of any of the Investor Directors, then SCB or Dunearn, as the case may be, shall nominate an individual who shall be appointed as an additional director, to fill the vacancy until the next Shareholders Meeting.

(ii) SCB or Dunearn, as the case may be, may replace any Investor Director nominated by it respectively, by nominating an individual who shall be appointed as an Investor Director.

(iii) If at any time, a vacancy is created on the Board of Directors by reason of the incapacity, death, removal or resignation of any of the Sponsor Directors, then the Principal Sponsors shall nominate an individual who shall be appointed as an additional director, to fill the vacancy until the next Shareholders Meeting.

(iv) Not less than two-third of total number of Directors of the Company shall:

(a) be persons whose period of office is liable to determination by retirement of Directors by rotation; and

(b) save as otherwise expressly provided in the Act, be appointed by the Company in General Meeting.

Share Qualification of Directors

110 Unless otherwise determined by a Special resolution in a General Meeting of the Company amending this Article a Director of the Company shall not be required to hold any Share as his qualification.

Vacation of office of Director

113 The office of the Director shall ipso-facto become vacant if at any time he commits any of the acts or sustains any of the inabilities set out in Section 283 of the Act.

Resignation of Director

114 A Director at any time resign his office by notice in writing served on the Company, and such resignation shall be effective from the date on which it is received by the Company.

Appointment of

116 A Director of this Company may be or become a Director of any other Company promoted

Director as Director of another company in which the Company is interested		by the Company or in which it may be interested as a vendor, shareholder or otherwise and no such interested Director shall be accountable for any benefits received as a Director or member of such Company.
Conditions under which Directors may contract with Company	117	Subject to the provisions of Section 297 of the Act, neither shall a Director be disqualified from contracting with the Company either as vendor purchaser or otherwise for goods, materials or services of for underwriting the subscription of any Shares in or debentures of the Company nor shall any such contract or arrangement entered into by or on behalf of the Company with a relative of such Director or a firm in which such Director or relative is partner or with any other partner in such firm or with a private company of which such Director is a member or Director, be avoided nor shall any Director so contracting or being such member or so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding office of the fiduciary relation thereof established.
Disclosure of Director's interest	118	Every Director shall comply with the provisions of Section 299 of the Act, regarding his concern or interest in any contract or arrangement entered into or to be entered into by the Company.
Discussing and voting by Director interested	119	Save as permitted by Section 300 of the Act, or any other applicable provision of the Act, no Director shall, as a Director, take any part in the discussion of, or vote on any contract or arrangement in which he is in any way, whether directly or indirectly, concerned or interested, nor shall his presence count for the purpose of forming a quorum at the time of such discussion or vote.

APPOINTMENT, RETIREMENT AND REMOVAL OF DIRECTORS

Additional Director	120	The Board shall have power, at any time and from time to time to appoint any person as an additional Director on the Board, but so that the total number of Directors shall not at any time exceed the maximum number fixed by these Articles. Any Director so appointed shall hold office only up to the date of the Annual General Meeting of the Company and shall then be eligible for re-appointment by such General Meeting.
Alternate Director	121	Each Director shall be entitled to nominate an alternate Director in accordance with the Act and such alternate Director may attend all meetings and exercise all voting rights of the nominating Director where such nominating Director is not in attendance, provided always that in respect of the Investor Directors, the alternate Director shall be a person nominated by SCB, or Dunearn, as the case may be.
Board may fill up casual vacancies	122	If any Director appointed by the Company in General Meeting vacates Office as a Director before his term of office expires in the normal course the resulting causal vacancy may be filled up by the Board at the meeting of the Board, but any person so appointed shall remain in his office so long as the vacating Director would have retained the same if no vacancy had occurred. Provided that the Board may not fill such vacancy by appointing thereto any person who has been removed from the office of Director in accordance with the provisions of Section 284 of the Act.
Rotation and Retirement	123	At each Annual General Meeting of the Company one third of such of the Directors for the time being as are liable to retire by rotation, or if their number is not three then the number nearest to one-third shall retire from office.
Which Director Retires	124	Subject to the provisions of these Articles, the Directors to retire by rotation at every Annual General Meeting shall be those who have been longest in office since their last appointment, but as between person who become Director on the same day those to retire

shall, in default of and subject to any agreement among themselves; be determined by lot.

Vacancies to be filled at the Meeting	125	At the Annual General Meeting at which a Director retires as aforesaid, the Company may fill up the vacancy by appointing the retiring Director, who is eligible for re-election or some other person thereto, if a notice for the purpose has been left at the office of the Company as required by Section 257 of Act.
Appointment of Managing or Whole-time Director	126	The Company by ordinary resolution or the Directors may, subject to the provisions of Section 268 and 269 of the Act and Schedule XIII of the Act, from time to time, appoint one or more of the Directors to be Managing Director or Managing Directors or other whole-time Director of the Company, for a term not exceeding five years at a time and may, from time to time, (subject to the provisions of any contract between him or them and the Company) remove or dismiss him or them from office and appoint another or others in his or their place or places and the remuneration of Managing or Whole-Time Director by way of salary and commission shall be in accordance with the provisions of Schedule XIII of the Act.
Vacation of office by Managing Director(s)	127(a)	Subject to the provisions of Section 255 of the Act, a Managing Director shall not, while he continues to hold that office be subject to retirement by rotation, but he shall be reckoned as a Director for the purpose of determining the retirement of Directors by rotation or in fixing number of Directors but he shall be subject to the same provisions as to resignation, and removal as the other Director and he shall, ipso facto and immediately, cease to be Managing Director if he ceases to hold the office of Director from any cause.
Seniorities of Managing Director(s)	(b)	If at any time the total number of Managing Director is more than one third of the total number of Directors, the Managing Directors who shall not retire shall be determined by and in accordance with their respective seniorities. For the purpose of this Article the seniorities of the Managing Directors shall be determined by the date of the respective appointments as Managing Director by the Board.
Remuneration of Managing Director or Whole-time Director	128	Subject to the provisions of Section 198, 309, 310, 311 and 637A and/or Schedule XIII of the Act a Managing or whole time Director may be paid remuneration either by way of monthly payment or at a specified percentage of the net profit of the Company or partly by one way and partly by the other as may from time to time be determined by a resolution passed by the Company in General Meeting.
Power of Managing or Whole-time Director	129	Subject to the provisions of the Act, and particular to the prohibitions and restrictions contained in Section 292, the Board may, from time to time, entrust to and confer upon a Managing Director or whole-time Director for the time being, such of the powers exercisable under these presents by the Board as it may think fit, and may confer such power for such time, and to be exercised for such objects and purposes, and upon such terms and conditions, and with such restrictions as it think fit, and the Board may, from time to time, revoke , withdraw, alter or vary any such powers.

PROCEEDINGS OF DIRECTORS

Meetings of Directors	130(1)	Meetings of the Board of Directors shall take place at least once in every three month period and at least four such meetings shall be held in a year. Unless otherwise agreed by a majority of the Directors, the meetings of the Board of Directors shall be held in New Delhi.
	(2)	A meeting of the Board of Directors may be called by the Chairman of the Board of Directors or by any Director, in consultation with the Chairman of the Board of Directors, giving notice in writing to the Company Secretary specifying the date, time and agenda for such meeting. The Company Secretary shall upon receipt of such notice give a copy of

such notice to all Directors of such meeting. Not less than 7 days notice shall be given to all Directors; provided, however, that such notice period (i) shall not apply in the case of an adjourned meeting pursuant to Article 132 and (ii) may be reduced with the written consent of all of the Directors. Notice of a meeting of the Board of Directors shall be accompanied by a written agenda specifying the business of such meeting and copies of all papers relevant for such meeting. Any and all matters that any Investor proposes shall be placed on the agenda of meetings of the Board of Directors, Shareholders and committees of the Company.

Board may act notwithstanding vacancy	131	The continuing Directors may act not withstanding vacancy in the Board, but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing Directors or Director may act for the purpose of increasing the number of Directors to that fixed for the quorum or of summoning a General Meeting of the Company, but for no other purpose.
Quorum of Board Meeting	132	Subject to the provisions of section 287 of the Act, all meetings of the Board of Directors shall require a quorum of at least one third of the number of Directors or two Directors, whichever is higher;. If such a quorum is not present within one hour from the time appointed for the meeting, the meeting shall adjourn to such place and time as those Directors who were present shall decide and in respect of which an intimation to all Directors has been given or, if no such decision is reached, at the same place and time three days later, at which meeting the Directors present shall constitute a quorum even though the Directors required at the proceeding meeting are not present.
Chairman	133	Atul Punj is the Chairman of the Board of Directors. In his absence, the Chairman of the Board of Directors shall be selected, from time to time, by a majority vote of the Directors. The Board may appoint a Chairman of its Meetings and determine the period for which he is to hold office. All meetings of the Directors shall be presided over by the Chairman present but if at any Meeting of the Directors the Chairman be not present at the time appointed for holding the same, then in that case, the Managing Director, if present shall be the Chairman of such Meeting and if the Managing Director be also not present, then in that case, the Directors shall choose one of the Director present to preside at the Meeting.
Power of Quorum	134	A Meeting of the Board, at which a quorum be present, shall be competent to exercise all or any of the authorities, power and discretions by or under these Articles or the Act for the time being vested in or exercisable by the Board.
Electronic Participation	135	At such time as the Act allows board meetings to be held by electronic means, the Directors may participate in Board of Directors meetings by such electronic means (including by and in conference, video conference or such other means by which all of the participating Directors may hear each other at the same time), and such participation shall constitute presence for purposes of the quorum provisions of Article 132.
Resolution of questions and the casting vote	136	Subject to the provisions of Section 316, 372 (5) and 386 of the Act, questions arising at any Meeting shall be decided by a majority of votes and in case of an equality of votes the Chairman of the meeting shall have a second or casting vote.
Power to appoint committees and to delegate	137	The Board may, subject to the provisions of the Act from time to time and at any time, delegate any of its powers to a committee consisting of such Director or Directors as it thinks fit, and may, from time to time, revoke such delegation. Any Committee so formed shall, in the exercise of the power so delegated, conform to any regulations that may from time to time be imposed upon it by the Board.
Proceeding of Committee	138	The Meetings and proceedings of any such committee consisting of two or more members shall be governed by the provisions herein contained for regulating the Meetings and proceedings of the Board so far as the same are applicable thereto and are not superceded

by any regulations made by the Board under the last preceding Articles.

When acts of Director or Committee valid notwithstanding defective appointment etc.

139 All acts done by any Meeting of the Directors, or by a committee of Director, or any person acting as a Director, shall not with standing that it may afterwards be discovered that there was some defect in the appointment of any one or more of such Directors of any person acting as aforesaid or that they or any of them were disqualified or had vacated office by virtue of any provision contained in the Act or in these Articles be as valid as if every such Director or person had been duly appointed and was qualified to be a Director and had not vacated such office provided that nothing in this Article shall be deemed to give validity to acts done by a Director after the appointment of such Director has been shown to be invalid or to have been terminated.

Resolution of Board Meeting

140 Save in those cases where a resolution is required by Section 262, 292, 297, 316 and 372 (5) and 386 of the Act or any other provisions of the Act to be passed at a Meeting of the Board, a resolution shall be valid and effectual is, if it had been passed at a Meeting of the Board or committee of the Board, as the case may be, duly called and constituted, if it is passed by circulation in the manner as provided in Section 289 of the Act.

POWERS OF THE BOARD

General Powers of Company vested in the Board

142(a) Subject to the provisions of the Act, the control of the Company shall be vested in the Board who shall be entitled to exercise all such powers, and to do all such acts and things as the Company is authorised to exercise and do, provided that the Board shall not exercise any power or do any act or thing which is directed or required, whether by the Act or any other statute or by the Memorandum of the Company or by these Articles or otherwise, to be exercised or done by the Company in General Meeting. Provided further that in exercising any such power or doing any such act or thing, the Board shall subject to the provisions in that behalf contained in the Act or any other statue or in the Memorandum of the Company or in these Articles or in any regulation not inconsistent therewith and duly made thereunder including regulations made by the Company in General Meeting but no regulation made by the Company in General Meeting shall invalidate an prior act of the Board which would have been valid if that resolution had not been made.

(b) Without prejudice to general powers conferred by the preceding Sub-Article the Directors may from time to time and at any time subject to the restrictions contained in the Act, delegate to Secretary, Officers, Assistants and other employees or other persons and of the powers, authorities and directions for the time being vested in the Board and the Board may, at any time, remove any person so appointed and may annul or vary such delegation.

(c) The Board of Directors shall have ultimate responsibility for management and control of the Company.

(d) The Board of Directors shall be required to take all decisions that it is required to take under the Act.

Power to delegate

143 The Board may subject to the provisions of the Act make such arrangements as it may think fit for the Management of Company's affairs aboard and for such purposes appoint local bodies, attorneys and agents and fix their remuneration and delegate to them such power as the Board may deem requisite or expedient. The company may exercise all the powers of Section 50 of the Act and the official Seal shall be affixed by the authority and in the presence of and the instruments sealed therewith shall be signed by such persons as the Board shall from time to time by writing under the seals appoint. The Company may also exercise the power of section 157 and 158 of the Act with reference to the keeping of Foreign registers.

Directors etc. may hold office or place of profit

145 Without prejudice to the general powers conferred by the last preceding Articles and other powers conferred by these presents but, subject, however to Section 292,293,294, 295, 297 and 314 of the Act, it is hereby expressly declared that the Directors shall have the following powers, that is:

(1) To pay the costs, charges, preliminary and incidental to the promotion, formation, establishment and registration of the Company.

(2) To pay for any property, rights, or privileges acquired by or services rendered to the Company, either wholly or partially in cash or in Shares, bonds, debentures or other securities of the Company and any such Shares may be issued either as fully paid-up or with such amount credited as paid-up thereon as may be agreed upon, and any such bonds debentures or other securities may be either specifically charged upon all or other part of the property of the Company and its uncalled capital or not so charges.

(3) To purchase or otherwise acquire for the Company any property rights or privileges which the Company is authorised to acquire at such price and on such terms and conditions as they think fit

(4) To secure fulfilment of any contracts or engagement entered into by the Company by mortgage or charge of all or any of the property of the Company and or in such other manner as they may think fit.

(5) To appoint, and at their discretion remove or suspend such Managers, Secretaries, experts and other officers, clerks, agents, and servants for permanent, temporary or special services as they may from time to time, think fit and determine their powers and duties and fix their salaries or emoluments and to require security in such instances and to such amounts as they think fit.

(6) To appoint any person (whether incorporated or not) to accept and to hold in trust for the Company any property belonging to the Company or in which it is interested or for other purposes and to execute and do all such deeds and things as may be requisite in relation to any such trust and to provide for the remuneration of such trustee and trustees.

(7) To institute, conduct, defend, compound, refer to arbitration or abandon any legal proceedings by or against the Company or its officers or otherwise concerning the affairs of the Company and also to compound and allow time for payment in satisfaction of any debts, dues and of any claims, or demands by or against the Company and act on behalf of the Company in all matters relating to bankruptcy and insolvency, apply and obtain letters of Administration, provided that the Board shall not except with the consent of the General Meeting remit or give time for the repayment of any debt by a Director.

(8) To refer any claims or demands by or against the Company or to enter in to any contract or agreement for reference to arbitration and to observe, enforce, perform, compound for challenge such awards and to take proceedings for pursuing the same.

(9) To make and give receipts, releases and other discharges for money payable to the Company and for the claims and demands for the Company.

(10) To act as Trustees in composition of the Company's debtors.

(11) To make, vary and repeal bye-laws or regulation of business of the Company and the duties of officers and servants.

(12) Subject to the provisions of the Act, and in particular, subject to Section 309 and 310 of the Act, to give a Director, any officer or any other person whether employed or not by the

Company a commission on the profits of any of the Company a commission on the profits of any particular business or transaction or a share of profits of the Company and such commissions or share of profits shall be treated as part of the working expenses of the Company.

(13) At the time, and from time to time, by power of attorney under the seal of the Company in India or abroad for such purposes and with such powers, authorities and discretion and for such period and subject to such conditions as the Directors may from time to time think fit and any such appointment may be made in favour of any Company or the members. Directors, nominees or managers of any Company or firm or otherwise in favour of fluctuating body of persons whether nominated directly or indirectly by the Directors and any such powers of attorney may contain such powers enabling any such delegates or attorneys as aforesaid to sub-delegate all or any or of the powers, authorities for the time being vested in them.

(14) With the sanction of the Board to execute in the name and on behalf of the Company; in favour of any Director or other person who may incur or be about to incur any personal liability for the benefit of the Company, such mortgages of the Company's property (present and future) as they think fit and any such mortgage may contain a power of sale and any such powers, covenants and provisions as shall be agreed upon or other agreements as may be thought fit.

(15) In conformity with Section 293 (1) (c) and 372A of the Act, to invest and deal with any of the moneys the Company in such manner as they may think fit and from time to time to vary or release such investments.

(16) To enter into all such negotiations and contracts, rescind and vary all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient for and, in relation to any of the matters aforesaid or otherwise for the purpose of the Company.

(17) To act jointly or severally in all or any of the powers conferred on them.

(18) To comply with the requirements of the Act or any other local law which in their opinion shall, in the interests of the Company be necessary or expedient to comply with.

(19) To delegate all or any of the powers, authorities and discretions for the time being vested in them and in particular, form time to time, provide by the appointment of an attorney or attorneys for the Management and transaction of the affairs of the Company in any specified locality in such manners as they may think fit.

(20) To provide for the welfare of employees or ex-employees of the Company and the wives, widows and families or the dependents or connections of such persons by building or contributing to the building of houses, dwelling or chawls or by grants of money, pensions, allowances, bonuses or other payment or by creating and from time to time subscribing or contributing towards places or instructions and recreations, hospitals and dispensaries and all other kinds of medical relief.

(21) Subject to Section 293 (1) (e) of the Act, to subscribe or contribute or otherwise to assist or to grant money to charitable, benevolent, religious, national, social, scientific, literary, educational, medical or other institutions the object or which shall have any moral or other claim for support for aid by the Company either by reasons of locality of operation or of public and general utility or otherwise.

(22) To open and deal with the current accounts, overdrafts accounts and any other accounts with any Bank or Banks for carrying on any business of the Company.

(23) Subject to Section 293 (1) (a) of the Act, to sell or dispose off any of the properties of the Company to any person in consideration of cash payment in lump sum or by installments or in return for any other service rendered to the Company.

(24) To get insured any or all the properties of the Company and any or all the employees and their dependents against any of all risks.

(25) To appoint and nominate any person or persons to act as proxy or proxies for the purpose of attending or voting on behalf of the Company at a meeting of any Company or Association.

(26) Subject to Section 294 of the Act, to appoint purchasing and selling agents for the purchase and the sale of the Company's requirements and products respectively.

(27) Subject to Section 293 (1) (e) of the Act, to give away in charity moneys received from any sources whatsoever or from assets of the Company for any charitable purposes.

(28) Before declaring any dividend to set aside such portion of the profits of the Company as they may think fit to form a fund to provide for the pension, gratuities or compensation or create a provident fund or benefit fund in such manner as the Directors may deem fit.

(29) To realise, compound and allow time for the payment or satisfaction of any debts due to or by the Company and any claims or demands by or against the Company to arbitration and observe and perform the awards.

(30) Subject to Sections 58-A, 292 and 293 of the Act, to borrow or raise or secure the payment of money in such manner as the Company shall think fit and in particular by the issue of debentures or debenture-stock, perpetual or otherwise, charged upon all or any of the Company's property (both present and future) including its uncalled capital and to purchase, redeem or pay off any such securities.

(31) To obtain loans from any financial institutions subject to the provision of Sections 58-A,292 and 293 of the Act.

MANAGEMENT

Appointment of Manager

147 Subject to the provisions of section 197 A and 388 of the Act, and Part I of Schedule XIII of the Act, the Board shall have power to appoint or employ any person to be the Manager of the Company upon such terms and conditions as the Board think fit and the Board may subject to the provisions of Section 292 and 293 of the Act, vest in such Manager such of the power, 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 and at such remuneration subject to section 387 of the Act, as it may think fit.

Director may be appointed as Manager

148 A Director may be appointed as Manager, Subject to Section 314 and 386 of the Act.

Secretary

149 Subject to the provisions of Section 2 (45) and 383A of the Act, the Board of Directors shall from time to time appoint a whole time Secretary to perform such functions or duties, on such remuneration and on such terms and conditions as the Board may think fit. Any secretary so appointed may be removed by the Board. A Director may be appointed as Secretary subject to the provisions of Sections 269, 309, 310 and 314 of the Act.

Act of Director/or Secretary

150 Any provisions of the Act or these Articles requiring to authorising a thing to be done by a Director or Secretary shall not be satisfied by it being done by the same person acting both

as Director and as, or in place of the Secretary.

RESERVES

Reserves

155 The Board may subject to Section 205 (2A) of the Act, from time to time, before recommending any Dividend set apart any such portion of the profits of the Company as it thinks fit as reserves to meet contingencies or for the liquidation of any debentures debts or other liabilities of the Company or for equalization of Dividends or for repairing, improving or maintaining any of the property of the company and for such other purposes of the Company as the Board in its absolute discretion thinks conducive to the interest of the Company and may, subject to the provisions of Section 373 of the Act, invest the several sums so set aside upon such investments (other than Shares in the Company) as it may think fit and may, from time to time, deal with and vary such investments and dispose all or any part thereof for the benefit of the Company and may divide the reserves into such special funds as it thinks fit, with full power to employ the reserve or any part thereof in the business of the Company and that without being bound to keep the same separated from the other Assets. The Board may also carry forward any profits which it may think prudent not to divide without setting them aside as a reserve.

Investment of the money

156 All moneys carried to the reserves shall nevertheless remain and be the profits of the Company applicable. Subject to due provisions being made for actual loss or depreciation, for the payment of Dividends and such moneys of the Company not immediately required for the purposes of the Company may subject to the provisions of Section 372A of the Act, be invested by the Board in or upon such investments or securities as it may select or may be used as working capital be kept at any Bank or deposit or otherwise as the Board may from time to time think proper.

CAPITALISATION OF PROFITS

157(1) The Company in Board Meeting, may resolve:

(a) To capitalise whole or any part of the amount for the time being standing to the credit of any of the Company's reserve account or to the credit of the profit and loss account or otherwise available for the distribution, and

(b) that such sum be accordingly set free for distribution in the manner specified in clause (2) amongst the members who would have been entitled thereto, if distributed by way of Dividend and in the same proportions.

(2) The sum aforesaid shall not be paid in cash but shall be applied subject to the provisions contained in clause (3), either in or towards:

(i) paying up and amounts for the time being unpaid on any Shares held by such members respectively.

(ii) paying up in full, unissued Shares, debentures or debenture stock of Company to be allotted and distributed, credited as fully paid-up, of the to and amongst such members in the proportion aforesaid or

(iii) partly in the way specified in the subclause (i) and partly in that specified in subclause (ii)

(3) A share premium account and capital redemption reserve fund may, for the purposes of this Article, only be applied in the paying up of unissued Shares to be issued to members of the

Company as fully paid bonus Shares.

(4) The Board shall give effect to the resolution passed by the Company in pursuance of this Article.

DIVIDENDS

How profits shall be divisible	160	Subject to the rights of members entitled to a Share (if any) with preferential or special rights attached thereto the profit of the Company which shall from time to time be determined to be divided in respect of any year or other period shall be applied in the payment of dividend on the Equity Shares of the Company, but so that the holder of partly paid-up Share shall be only entitled to such proportion of the distribution upon a fully paid-up Shares proportionately to the amount paid or credited thereon during any portion or portions of the period in respect of which the dividends is paid, but if any Share is issued on terms providing that it shall rank for dividend as from a particular date, such Share shall rank for dividend accordingly. Where capital is paid in advance of calls upon the footing shall not, whilst carrying interest, confer a right to dividend or to participate in profit.
Dividends	161	The profits of the Company, subject to any special rights relating thereto created or authorised to be created by these presents and subject to the provisions of these Articles, shall be divisible among the members in proportion to the amount of capital paid-up on the Shares held by them respectively.
Declaration of Dividends	162	The Company, in Annual General Meeting may declare a dividend to be paid to the members according to their rights and interests in the profits and may, subject to the provisions of Section 207 of the Act, fix the time for payment.
Amount of Dividends	163	No larger Dividend shall be declared than that recommended by the Board but the Company in General Meeting may declare a smaller dividend.
Dividends out of profit	164	No dividend shall be payable except only out of the profits of the Company or out of moneys provided by the Central or State Government for the payments of dividends in pursuance of any guarantee given by such Government and no dividend shall carry interest against the Company.
What to be deemed to be net profits	165	The declaration of the Board as to net profits of the Company shall be conclusive.
Interim Dividend	166	The Directors if in their opinion the position of the Company justifies may from time to time without the sanction of a General Meeting pay interim dividend to one or more classes of Shares to the exclusion of others at rates which may differ from class to class and when declaring such dividends they should satisfy themselves that the preference shares which have prior claim in respect of payment of dividend shall have their entire rates dividend at the time of final preparation of the accounts of the period.
Debts may be deducted	167	No member shall be entitled to receive payment of any dividend or interest in respect of his Share or Shares whilst any money may be due or owing from him as is presently payable to the Company in respect of such Share or Shares or otherwise on account of any debts, liabilities or engagements or the members of the Company, either alone or jointly with any other person or persons and the Directors may deduct from the dividend or interest payable to any member all sums of money so due from him to the Company.

Dividend and call together	168	Any General Meeting declaring a dividend may make a call on the members of such amount as the meeting fixes, but so that the call on each member shall not exceed the dividend payable to him and so that the call be made payable at the same time as the dividend and the dividend may if so arranged between the company and the member, be set off against the call. The making of a call under this Article shall be deemed ordinary business of an Annual General Meeting which declares dividends.
Effect of Transfer	169	A transfer of Share shall not pass the right to any dividend declared thereto before the registration of the transfer by the Company.
Retaining of dividend under transmission clause	170	Subject to Section 205-A of the Act, the Directors may retain the dividends payable upon Shares in respect of which any person is under the transmission Article entitled to become a member or member or which any person under that Article is entitled to transfer until shall person shall become a member in respect thereof or shall duly transfer the same.
Dividend right Share and bonus Share to be kept in abeyance	170A	Notwithstanding any thing contained in any other provision of this Act, pending registration of transfer of Shares.
	(a)	Dividend in relation to such Shares shall be transferred to the special account referred to in Section 205-A of the Act, unless the Company is authorised by the registered holder of such Shares in writing to pay such dividend to the transferee specified in such instrument of transfer; and
	(b)	Any offer of rights Shares under clause (a) of sub-section (1) of Section 81 and any issued of fully paid-up bonus Share in pursuance of sub-section (3) of Section 205 of the Act, shall be kept in abeyance.
Retaining of Dividends	171	The Director may retain any dividend, on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagement in respect of which the lien exists.
Joint Holders	172	Any one of several persons who are members registered jointly in respect of any Share may give effectual receipts for all Dividends, bonuses and other payments in respect of such Shares.
Notice of any Dividend	173	Notice of any Dividend, whether interim or otherwise, shall be given to the person entitled thereto in the manner hereinafter provided.
Payment by Post	174	Unless otherwise directed in accordance with the section 206 of the Act, any Dividend may be paid by cheque or warrant sent through the post to the registered address of the member of person entitle thereto or in the case of joint-holders to the registered address of that one whose name stand first on the register in respect of the joint holding or to such person and at such address of the member or person entitled or such joint holder as the case may be, direct and every cheque or warrant so sent shall be made payable to the order of such other person as the member or person entitled or such joint holders as the case may be, may direct.
Unclaimed Dividends	175	No unclaimed or unpaid Dividend shall be forfeited by the Board and all unclaimed and unpaid Dividend shall be dealt with as per Section 205 A of the Act.
	176	The Company shall not be responsible for the loss of any cheque Dividend warrant or postal order sent by post in respect of Dividends, whether by request or otherwise, at the registered address or the address communicated to the office before hand by the member or for any Dividend lost to the member or person entitled thereto by the forged endorsement of any cheque or warrant or the fraudulent recovery thereof by any other means.

WINDING UP

195(1) Subject to the provisions of the assets in specie in the Act, if the Company shall be wound up the Liquidator may, with the sanction of special resolution of the Company and other sanction required by the Act, divide amongst contributories in specie or in kind the whole or any part of the Assets of the Company whether they shall consist of property of the same kind or not.

(2) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members of different classes of members.

(3) The liquidator may, with the like sanction of a Special Resolution, vest the whole or any part of such Assets in Trustees upon such Trusts for the benefit of the contributories or any of them as the liquidator shall think fit.

INDEMNITY

Indemnity

199 Every Director, Managing Director, Manager, Secretary or Officer of the Company or any person (whether an officer of the Company or not) employed by the Company, and any person appointed by the Company as Auditors shall be indemnified out of the assets of the Company against all liability incurred by him as such Director, Manager, Secretary, Officer or Auditor in defending any proceedings, whether civil or criminal in which judgment is given in his favour, or in which he is acquitted or in connection with any application under Section 633 of the Act in which relief is granted to him by the court.

200 Save and except so far as the provision of these Articles shall be abided by Section 201 of the Act, the Manager, Auditor, Secretary and other officers and servants for the time being of the Company and Trustees (if any) for the time being acting in relation to any of the affairs of the Company and every one of them and every one of their executors and administrators shall be indemnified and secured harmless out of the Assets and profits of the Company from and against actions, costs, charges, losses, damages and expenses which they or any of them, their executors or administrators shall sustain by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty in their respective offices or trusts, except such (if any) as they shall incur or sustain through or by their own wilful neglect or default respectively and none of them shall be answerable for the act, receipts, neglects or defaults of the other or either of them or for joining in any receipt for the sake of conformity or for any Bankers or other person with whom any moneys or effects belonging to the Company shall be deposited or for insufficiency or deficiency of any security upon which any moneys of or belonging to the Company shall be placed or invested or for any other loss, misfortune or damage which may happen in the execution of their respective offices of Trust or in relation thereto unless the same happen by or through their own wilful neglect or default respectively.

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, copies of which have been attached to the copy of this Red Herring Prospectus, delivered to the Registrar of Companies, Delhi and Haryana for registration and also the documents for inspection referred to hereunder, may be inspected at the registered office of the Company situated at Punj Lloyd House, 17-18 Nehru Place, New Delhi 110 019, India from 10.00 am to 4.00 pm on working days from the date of this Red Herring Prospectus until the Bid/Offer Closing Date.

Material Contracts

1. Engagement Letter dated October 6, 2005 for appointment of Citibank Global Markets India Private Limited, DSP Merrill Lynch Limited, ICICI Securities Limited and Kotak Mahindra Capital Company Limited as BRLMs.

2. Memorandum of Understanding dated October 17, 2005 executed by the Company with the Registrar to the Offer.

3. The Escrow Agreement to be entered into among the Company, the Selling Shareholders, the BRLMs, Escrow Collection Banks, and the Registrar to the Offer.

4. The Syndicate Agreement to be entered into among the Company, the Selling Shareholders, the BRLMs and Syndicate Members.

5. The Underwriting Agreement to be entered into among the Company, the Selling shareholders and the BRLMs and Syndicate Members.

Material Documents

1. The Company's Memorandum and Articles of Association, as amended from time to time.
2. The Company's certification of incorporation, amended for a change of name effective July 11, 1989 and a copy of the special resolution passed in the AGM held on July 21, 1992 towards conversion of the Company into a Public Limited Company.
3. Shareholders' resolutions dated September 29, 2005 in relation to this Offer and other related matters.
4. Resolutions of the Board and the IPO Committee dated July 19, 2005 and September 1, 2005 authorizing the Offer.
5. Report of the Auditors, S.R. Batliboi & Co., Chartered Accountants, prepared as per Indian GAAP and mentioned in this Red Herring Prospectus.
6. Copies of annual reports of the Company and its subsidiaries for the past five financial years.
7. Consents of the Auditors, being S.R. Batliboi & Co., Chartered Accountants, for inclusion of their report on accounts in the form and context in which they appear in this Red Herring Prospectus.
8. General powers of attorney executed by the Directors in favor of person(s) for signing and making necessary changes to this Red Herring Prospectus and other related documents.
9. General power of attorney executed by the Selling Shareholders in favor their respective, duly constituted attorneys for signing and making necessary changes to the Red Herring Prospectus and other related documents.
10. Consents of Auditors, Bankers to the Company, BRLMs, Syndicate Members, Registrar to the Offer, Escrow Collection Bank(s), Banker to the Offer, Domestic Legal Counsel to the Company, Domestic Legal Counsel to the BRLMs, International Legal Counsel to the BRLMs, the Directors, Company Secretary and Compliance Officer, as referred to, in their respective capacities.
11. Applications dated October 7, 2005 for in-principle listing approval from the BSE and the NSE, respectively.
12. In-principle listing approval dated November 4, 2005 and November 14, 2005 from the BSE and the NSE, respectively.

13. Agreement between NSDL, the Company and the Registrar to the Offer dated November 18, 2005.

14. Agreement between CDSL, the Company and the Registrar to the Offer dated November 19, 2005.

15. Due diligence certificate dated October 7, 2005 to SEBI from Citigroup Global Markets India Private Limited, DSP Merrill Lynch Limited, ICICI Securities Limited and Kotak Mahindra Capital Company Limited.

16. SEBI observation letter no. CFD/DIL/PB/AC/53877/2005, dated November 14, 2005.

Any of the contracts or 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 the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

All the relevant provisions of the Companies Act and the guidelines issued by the Government of India or the guidelines issued the by Securities and Exchange Board of India, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, the SEBI Act or rules made thereunder or guidelines issued, as the case may be. We further certify that all statements in this Red Herring Prospectus are true and correct.

SIGNED BY ALL THE DIRECTORS OF PUNJ LLOYD LIMITED

Mr. Atul Punj
Mr. V.K. Kaushik
Mr. Luv Chhabra
Mr. Uday Punj
Mr. Tarwinder Singh
Mr. H.K. Kaul
Mr. Karamjit Singh Butalia*
Mr. Manish Kejriwal*
Dr. Naresh Trehan
Mr. Keith Nicholas Henry*
Mr. Rajan Jetley*
Mr. Sandeep Bakhshi*
Mr. Alain Aboudaram*

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Mr. Atul Punj
Chairman and Managing Director

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Mr. Luv Chhabra
Director, Finance and Corporate Affairs

SIGNED BY MR. ATUL PUNJ (AS SELLING SHAREHOLDER)

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Mr. Atul Punj

SIGNED BY MR. S.N.P. PUNJ (AS SELLING SHAREHOLDER) FOR HIMSELF AND ON BEHALF OF MRS. INDU RANI PUNJ (AS SELLING SHAREHOLDER)

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SIGNED BY MR. UDAY PUNJ (AS SELLING SHAREHOLDER) FOR HIMSELF AND ON BEHALF OF MRS. MANGALAM PUNJ (AS SELLING SHAREHOLDER)

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Mr. Uday Punj

Date: November 29, 2005
Place: New Delhi

* Through their respective duly constituted attorneys.