



**B. L. KASHYAP AND SONS LIMITED**

(Incorporated under the Companies Act, 1956 on May 8, 1989 as B. L. Kashyap and Sons Private Limited. On June 7, 1995 the name of our Company was changed from B. L. Kashyap and Sons Private Limited to B.L. Kashyap and Sons Limited. For details of changes in the name of our Company, please see the section titled "History and Certain Corporate Matters" beginning on page 76).

**Registered Office:** A-12, Kailash Colony, New Delhi 110 048, India.

**Corporate Office:** A-21/B 1, Mohan Cooperative Industrial Estate, Mathura Road, New Delhi 110 044, India.

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**Public Issue of 2,750,000 Equity Shares of Rs. 10 each for cash at a price of Rs. [•] per Equity Share aggregating Rs. [•] million ("Issue"). There will also be a Green Shoe Option of up to 250,000 Equity Shares to be lent by Mr. Vineet Kashyap, one of our Promoters, for cash at a price of Rs. [•] per Equity Share aggregating Rs. [•] million. The Issue and the Green Shoe Option, if exercised in full, will aggregate 3,000,000 Equity Shares amounting to Rs. [•] million. The Issue will constitute 27.22% of the fully diluted post-issue Equity Share capital of our Company assuming that the Green Shoe Option is not exercised and 28.98% assuming that the Green Shoe Option is exercised in full.**

**PRICE BAND: RS. 625 TO RS. 700 PER EQUITY SHARE OF FACE VALUE RS. 10.**

**ISSUE PRICE IS 62.5 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/Issue Period will be extended for three additional working days after revision of the Price Band subject to the Bidding/Issue Period not exceeding 10 days. Any revision in the Price Band and the revised Bidding/Issue Period, if applicable, will be widely disseminated by notification to Bombay Stock Exchange Limited ("BSE") and National Stock Exchange of India Limited ("NSE"), by issuing a press release, and also by indicating the change on the website of the Book Running Lead Manager and at the terminals of the Syndicate. The Issue is being made through the 100% Book Building Process wherein at least 50% of the Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers, out of which 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all Qualified Institutional Buyers, including Mutual Funds, subject to valid Bids being received at or above Issue price. Further, upto 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and upto 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

**RISK IN RELATION TO FIRST ISSUE**

This being the first issue of the 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 (Rupees Ten Only) and the Issue Price is [•] times of the face value. The Issue Price (as determined by the Company in consultation with the Book Running Lead Manager, on the basis of assessment of market demand for the Equity Shares by way of Book Building) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing. We have not opted for grading of the Issue.

**GENERAL RISKS**

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Company and the Issue including the risks involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of this Red Herring Prospectus. Specific attention of the investors is invited to the section titled "Risk Factors" beginning on page x.

**ISSUER'S ABSOLUTE RESPONSIBILITY**

The Issuer having made all reasonable inquiries, accepts responsibility for and confirms that this Red Herring Prospectus contains all information with regard to the Issuer and the Issue, which is material in the context of the Issue, that the information contained in 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 the NSE. We have received in-principle approval from the BSE and the NSE for the listing of our Equity Shares pursuant to letters dated February 1, 2006 and February 3, 2006, respectively. BSE shall be the Designated Stock Exchange.

<b>BOOK RUNNING LEAD MANAGER</b>	<b>REGISTRAR TO THE ISSUE</b>
<p><b>EDELWEISS CAPITAL LIMITED</b> 14<sup>th</sup> floor, Express Towers Nariman Point, Mumbai 400 021 India. Tel: +91 22 2286 4400 Fax: +91 22 2288 2119 e-mail: blk.ipo@edelcap.com Contact Person: Mr. Abhijit Das</p>	<p><b>INTIME SPECTRUM REGISTRY LIMITED</b> C-13, Pannalal Silk Mills Compound LBS Road, Bhandup (West) Mumbai 400 078 India. Tel: +91 22 25960320 Fax: +91 22 5960329 Email: blkashyapipo@intimespectrum.com Contact Person: Mr. Vishwas Attavar</p>

**BID/ISSUE PROGRAMME**

<b>BID/ISSUE OPENS ON: FEBRUARY 20, 2006, MONDAY</b>	<b>BID/ISSUE CLOSURES ON: FEBRUARY 23, 2006, THURSDAY</b>
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**DEFINITIONS AND ABBREVIATIONS**

<b>Term</b>	<b>Description</b>
“B. L. Kashyap and Sons Limited” or “BLK” or “the Company” or “our Company”	B. L. Kashyap and Sons Limited, a public limited company incorporated under the Companies Act, 1956, with its registered office at A-12, Kailash Colony, New Delhi 110 048, India.
“we” or “us” or “our”	Refers to B. L. Kashyap and Sons Limited and, where the context requires, its subsidiaries, namely Soul Space Projects Limited, BLK Furnishers & Contractors Private Limited and Security Information Systems (India) Limited.

**Issue Related Terms**

<b>Term</b>	<b>Description</b>
Allotment	Unless the context otherwise requires, the issue and the allotment/transfer of Equity Shares, pursuant to the Issue.
Allottee	The successful Bidder to whom the Equity Shares are issued.
Articles/Articles of Association	Articles of association of our Company, as amended.
Auditors	M/s. Sood Brij & Associates, Chartered Accountants.
Banker(s) to the Issue	The banks which act as such and with which the Escrow Account will be opened in terms of this Red Herring Prospectus and the Escrow Agreement, being Canara Bank, HDFC Bank Limited, the Hong Kong and Shanghai Banking Corporation Limited and ICICI Bank Limited.
Bid	An indication to make an offer during the Bidding/Issue Period by a Bidder to subscribe to our Equity Shares at a price within the Price Band, including all revisions and modifications thereto.
Bid Amount	The amount equivalent to the highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder pursuant to the Bid in the Issue.
Bid/Issue Closing Date	The date after which the Syndicate Member will not accept any Bids for the Issue, which date shall be notified in a widely circulated English national newspaper, a Hindi national newspaper of wide circulation.
Bid cum Application Form	The form in terms of which the Bidder shall make an offer to subscribe to/purchase the Equity Shares offered for subscription pursuant to this Issue, and which will be considered as the application for Allotment in terms of the Red Herring Prospectus.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form.
Bidding/Issue Period	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date, inclusive of both days, during which the Bidders can submit their Bids.
Bid/Issue Opening Date	The date on which the Syndicate Member shall start accepting Bids for the Issue, which shall be notified in a widely circulated English national newspaper, a Hindi national newspaper of wide circulation.
Board of Directors/Board	The board of directors of our Company or a committee constituted thereof.
Book Building Process	The book-building route as provided in Chapter XI of the SEBI Guidelines, in terms of which the Issue is being made.
BRLM/Book Running Lead Manager	The book running lead manager to the Issue, in this case being Edelweiss Capital 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 Issue Price in accordance with the Book Building Process.
Cap Price	The higher end of the Price Band, as may be revised.

Cut-off Price	Any price within the Price Band finalised by us in consultation with the BRLM.
Depository	A body corporate registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time.
Depositories Act	The Depositories Act, 1996, as amended from time to time.
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 to the Issue Account after the Prospectus is filed with the ROC.
Designated Stock Exchange	Bombay Stock Exchange Limited.
Director(s)	Director(s) of our Company, unless otherwise specified.
Draft Red Herring Prospectus	The Draft Red Herring Prospectus 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 Issue.
Eligible NRI	NRI from such jurisdiction outside India where it is not unlawful to make an offer or invitation under the Issue.
Equity Shares	Equity shares of our Company of face value of Rs. 10 each, unless otherwise specified.
Escrow Account	Account to be opened with an Escrow Collection Bank(s) and in whose favour the Bidder will issue cheques or drafts in respect of the Bid Amount when submitting a Bid.
Escrow Agreement	Agreement to be entered into amongst the Company, the Registrar, the Escrow Collection Bank(s), the BRLM and the Syndicate Member for collection of the Bid Amounts and for remitting refunds, if any, of the amounts collected, to the Bidders on the terms and conditions thereof.
Escrow Collection Bank(s)	The banks, which are clearing members and registered with SEBI as banker to the issue with which the Escrow Account will be opened and in this case being Canara Bank, HDFC Bank Limited, the Hong Kong and Shanghai Banking Corporation Limited and ICICI Bank Limited .
Financial Year/fiscal/FY	Period of twelve months ended March 31 of that particular year, unless otherwise stated.
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form.
Green Shoe Lender	Mr. Vineet Kashyap, one of our Promoters.
Green Shoe Option	An option to the BRLM and our Company, in consultation with the Stabilizing Agent, to allocate Equity Shares in excess of the Equity Shares included in the Issue and operate a post-listing price stabilisation mechanism in accordance with Chapter VIII-A of the SEBI Guidelines, which is granted to a company to be exercised through a stabilising agent.
Green Shoe Option Portion	Up to 250,000 Equity Shares aggregating Rs. [•] million, if exercised in full.
GSO Bank Account	The bank account to be opened by the Stabilising Agent under the Stabilising Agreement, on the terms and conditions thereof.
GSO Demat Account	The demat account to be opened by the Stabilising Agent under the Stabilising Agreement, on the terms and conditions thereof.
I.T. Act	The Income Tax Act, 1961, as amended from time to time.
Indian GAAP	Generally accepted accounting principles in India.
Issue	Public issue of 2,750,000 Equity Shares by the Company at a price of Rs. [•] each for cash aggregating upto Rs. [•] million.
Issue Account	Account opened with the Banker(s) to the Issue to receive monies from the Escrow Account for the Issue on the Designated Date.

**B. L. KASHYAP AND SONS LIMITED**

Issue Price	The final price at which Equity Shares will be allotted in terms of the Red Herring Prospectus, as determined by our Company in consultation with the BRLM, on the Pricing Date and being Rs. [ • ].
Loaned Shares	Upto 250,000 Equity Shares loaned by the Green Shoe Lender pursuant to the terms of the Stabilising Agreement, on the terms and conditions thereof.
Margin Amount	The amount paid by the Bidder at the time of submission of his/her Bid, which may be 10% to 100% of the Bid Amount depending on the category of the Bidder or such additional margin, not exceeding 100% of the Bid Amount, that may be called for by the Company, in consultation with the BRLM.
Memorandum/Memorandum of Association	The memorandum of association of our Company, as amended.
Mutual Funds	A mutual fund registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.
Mutual Funds Portion	5% of the QIB Portion or 68,750 Equity Shares available for allocation to Mutual Funds only, out of the QIB Portion.
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 (but not including NRIs other than Eligible NRIs).
Non-Institutional Portion	The portion of the Issue being upto 412,500 Equity Shares available for allocation to Non-Institutional Bidders.
Non-Resident	Eligible NRIs, FIIs, FVCIs and multilateral and bilateral development financial institutions, who are eligible to Bid in the Issue.
NRI/Non-Resident Indian	A person resident outside India, who is a citizen of India or a person of Indian origin and shall have the same meaning as ascribed to such term in the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000.
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 the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000. OCBs are not allowed to participate in this Issue.
Over Allotment Shares	The Equity Shares allotted pursuant to the Green Shoe Option.
Pay-in Date	The date which shall be a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLM.
Pay-in Period	(i)With respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid/Issue Opening Date; and extending until the Bid/Issue Closing Date; and(ii)With respect to Bidders whose Margin Amount is less than 100% of the Bid Amount, the period commencing on the Bid/Issue Opening Date and up to the date specified in the CAN.
Price Band	The price band of Rs. 625 to Rs. 700, including revisions thereof.
Pricing Date	The date on which we will finalise the Issue Price in consultation with the BRLM.
Promoters	Mr. Vinod Kashyap, Mr. Vineet Kashyap and Mr. Vikram Kashyap.
Prospectus	The prospectus, filed with the ROC containing, among others, Issue Price and the size of the Issue.

Qualified Institutional Buyers or QIBs	Public financial institutions as specified in Section 4A of the Companies Act, FIIs, scheduled commercial banks, Mutual Funds, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million.
QIB Margin Amount	An amount representing at least 10% of the Bid Amount.
QIB Portion	The portion of the Issue being at least 1,375,000 Equity Shares available for allocation to QIB Bidders.
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.
Registered Office	A-12, Kailash Colony, New Delhi 110 048.
Registrar/Registrar to the Issue	Intime Spectrum Registry Limited.
Retail Individual Bidders	Individual Bidders (including HUFs, in the name of <i>karta</i> and Eligible NRIs) who have bid for Equity Shares for an amount less than or equal to Rs. 100,000, in any of the bidding options in the Issue.
Retail Portion	The portion of the Issue, being up to 962,500 Equity Shares, available for allocation to Retail Individual Bidders.
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 document 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 Issue and which will be filed with the ROC at least three days before the Bid/Issue Opening Date.
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended from time to time.
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.
Stabilising Agent	Edelweiss Capital Limited.
Stabilising Agreement	Agreement entered into by us, the Green Shoe Lender and the Stabilising Agent dated December 23, 2005 in relation to the Green Shoe Option.
Stabilisation Period	The period commencing from the date of obtaining trading permission from the Stock Exchanges for the Equity Shares under the Issue, and ending 30 days thereafter, unless terminated earlier by the Stabilising Agent.
Stock Exchanges	BSE and NSE.
Syndicate	The BRLM and the Syndicate Member.
Syndicate Agreement	The agreement to be entered into among the Company and the members of the Syndicate, in relation to the collection of Bids in this Issue.
Syndicate Member	Edelweiss Securities Private Limited
TRS or Transaction Registration Slip	The slip or document issued by the Syndicate Member to the Bidder as proof of registration of the Bid.
Underwriters	The BRLM and the Syndicate Member.
Underwriting Agreement	The agreement among the members of the Syndicate and the Company to be entered into on or after the Pricing Date.

**Abbreviations**

<b>Abbreviation</b>	<b>Full Form</b>
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India.
BSE	Bombay Stock Exchange Limited.
Bn	Billion
BLK Furnishers	BLK Furnishers and Contractors Private Limited
CAGR	Compounded Annual Growth Rate.
CDSL	Central Depository Services (India) Limited.
Companies Act	The Companies Act, 1956, as amended from time to time.
EPS	Earnings per share.
FDI	Foreign Direct Investment.
FEMA	The Foreign Exchange Management Act, 1999, as amended from time to time, and the regulations framed thereunder.
FII	Foreign Institutional Investor (as defined under the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000) registered with SEBI under applicable laws in India.
FIPB	Foreign Investment Promotion Board, Government of India.
FVCI	Foreign Venture Capital Investors (as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000) registered with SEBI under applicable laws in India.
HUF	Hindu Undivided Family.
IPC	Indian Penal Code, 1860.
IT Department	Income Tax Department, Government of India.
Mn	Million
NSDL	National Securities Depository Limited.
NSE	National Stock Exchange of India Limited.
p.a.	per annum.
PAN	The permanent account number allotted under the Income Tax Act, 1961.
P/E Ratio	Price/Earnings Ratio.
RBI	The Reserve Bank of India.
REITS	Real Estate Investment Trust
ROC	The Registrar of Companies, National Capital Territory of Delhi and Haryana located at Paryavaran Bhawan , CGO Complex, Lodi Road, New Delhi.
RoNW	Return on Net Worth.
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, 1992.
Sq. ft.	Square Feet
VCF	Venture capital fund registered with SEBI.

**Industry Related Terms**

<b>Term</b>	<b>Description</b>
GDP	Gross Domestic Product
GCF	Gross Capital Formation
ICRA	Investment Information and Credit Rating Agency of India
NBO	National Buildings Organization
NCAER	National Council of Applied Economic Research
IT/ ITES	Information Technology/Information Technology Enabled Services
ULCA	Urban Land Ceiling Act, 1976
NCR	National Capital Region
DDA	Delhi Development Authority
MCD	Municipal Corporation of Delhi

## **B. L. KASHYAP AND SONS LIMITED**

### **PRESENTATION OF FINANCIAL AND MARKET DATA**

The financial data in this Red Herring Prospectus is derived from our restated unconsolidated financial statements prepared in accordance with Indian GAAP and included in this Red Herring Prospectus. Our fiscal year commences on April 1 and ends on March 31 of the next year, so all references to a particular fiscal year are to the twelve-month period ended March 31 of that year. 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 US GAAP. We have not attempted to explain those differences or quantify their impact on the financial data included herein, and we urge you to consult your own advisors regarding such differences and their impact on our financial data. Accordingly, the degree to which the Indian GAAP financial statements included in this Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Red Herring Prospectus should accordingly be limited.

Throughout this Red Herring Prospectus, all figures have been expressed in millions, unless otherwise stated. Unless the context otherwise requires, all references to one gender also refers to another gender and the word "lac" or "lakhs" or "lakh" means "100 thousand", the word "million (mn)" means "10 lacs", the word "crore" means "10 million" and the word "billion (bn)" means "100 crores". In this Red Herring Prospectus, any discrepancies in any table between total and the sum of the amounts listed are due to rounding off. In the section titled "Industry", some figures have been expressed in billions.

All references to "India" contained in this Red Herring Prospectus are to the Republic of India. All references to "Rupees" or "Rs." are to Indian Rupees, the official currency of the Republic of India. All references to "US\$" or "U.S. Dollars" are to United States Dollars, the official currency of the United States of America.

Industry data used throughout this Red Herring Prospectus has been obtained from industry and company sources including the following publications:

- Tenth Five Year Plan, Planning Commission, Government of India
- World Construction Review Outlook 2004/5 by Davis Langdon & Seah Consulting India Private Limited
- CRIS INFAC - Cris Infac Retail Finance Annual Review – March 2005, Section on Housing Finance; Construction (Infrastructure, industrial investments driving demand) Oct 2005; Construction (Construction investments on an upswing)- April 2005
- Knight Frank Research – India Property Investment Review, Quarter 4, 2005; India Retail Review, Quarter 2, 2005
- Cushman & Wakefield Research – Office Marketbeat New Delhi, 3<sup>rd</sup> Quarter 2005; Office Marketbeat Bangalore, 3<sup>rd</sup> Quarter 2005; Office Marketbeat Pune, 3<sup>rd</sup> Quarter 2005
- Datamonitor – Asia Pacific, Home Furnishings
- Retailing in India, Euromonitor
- KSA Technopak - KSA Technopak, 2005

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 market data used in this Red Herring Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports, while believed by us to be reliable, have not been verified by any independent sources.



## **FORWARD-LOOKING STATEMENTS**

This Red Herring Prospectus contains certain “forward-looking statements”. These forward looking statements generally can be identified by words or phrases such as “aim”, “anticipate”, “believe”, “expect”, “estimate”, “intend”, “objective”, “plan”, “project”, “shall”, “will”, “will continue”, “will pursue” or other words or phrases of similar import. Similarly, statements that describe our objectives, plans or goals are also forward-looking statements for example, under “Objects of the Issue”, “Growth Strategy”. These forward-looking statements may include statements that address activities, events or developments that we anticipate may occur in the future.

Although we believe the expectations expressed in the forward-looking statements are based on reasonable assumptions within the bounds of our knowledge of our business, a number of risks, uncertainties and factors, domestically and internationally, could cause actual results to differ materially from those expressed in any forward-looking statement(s), whether oral or written, made by us or on our behalf.

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

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

Forward-looking statements that we make or that are made by others on our behalf are based on knowledge of our business and the environment in which we operate. Due to risks, uncertainties and factors listed above and other similar factors, actual results may differ from those in the forward-looking statements. Consequently, all of the forward-looking statements made are qualified by these cautionary statements. We cannot assure you that the results or developments anticipated by us will be realized or, even if substantially realized, that they will have the expected consequences to or effects on us or on our business or operations. For further discussion of the factors that could cause our actual results to differ, see the section titled “Risk Factors” on page x.

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

## **RISK FACTORS**

*An investment in Equity Shares involves a high degree of risk. You should carefully consider all of the information in this Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. If any of the following risks actually occur, our business, results of operations and financial condition could suffer, the trading price of our Equity Shares could decline, and you may lose all or part of your investment.*

*These risks are not the only ones that we face. Our business operations could also be affected by additional factors that are not presently known to us or that we currently consider to be immaterial to our operations. Unless otherwise mentioned we are not in a position to quantify the extent of the risks specified herein.*

### **Internal Risks**

***We have a pending income tax proceeding that, if determined against us, may have a material adverse impact on the financial condition of our Company***

The Income Tax Department has imposed a liability of Rs. 72,357,482/- on us in relation to assessment year 2001-02 as against the returned income of Rs. 45,103,370/- as filed by us. The matter is currently pending before the Income Tax Appellate Tribunal, New Delhi. Any liability arising from this case could have a material adverse impact on our Company. For further details of the case mentioned above, see the section titled "Outstanding Litigation and Material Developments" beginning on page 131.

***There are certain criminal proceedings pending against us.***

There are three first information reports filed against our officers in Bangalore, in relation to the death of certain employees as a result of accidents in the course of employment. These cases have been filed against individuals who were in charge of the establishment at the time of the accident. Any criminal liability arising from these cases will accrue to the individuals against whom the cases have been filed. The individuals against whom these first information reports have been filed include Mr. Vidya Shankar, Mr. Pankaj Gupta and Mr. Suheel, amongst other employees. For further details of the cases mentioned above, see the section titled "Outstanding Litigation and Material Developments" beginning on page 131.

***Any failure to accurately estimate the overall risks, revenues or costs in respect of a project, may affect our profits***

Cost overruns, whether due to inefficiency, faulty estimates or other factors, result in lower profit or a loss on a project. A significant number of our contracts are based in part on cost estimates that are subject to a number of assumptions. If our estimates of the overall risks, revenues or costs prove inaccurate or circumstances change, then we may incur a lower profit or a loss on the contract.

Fixed price contracts ("FP Contracts") are fixed unit price contracts and generally require us as the contractor to provide all the resources required to complete a project for a fixed sum or at fixed unit price, except for cost of steel and cement (which represents the major cost of construction material). In these contracts, in the event we are unable to control the costs (other than steel and cement) our profit margins could get affected, or we may suffer a loss.

In certain FP Contracts even the cost of steel and cement may also be factored into the fixed price. In such contracts, an inability to control costs, including that of steel and cement, could affect our profit margins or cause us to suffer a loss.

***We are subject to restrictive covenants under our credit facility that could limit our flexibility in managing the business.***

There are restrictive covenants in agreements we have entered into with certain banks and financial institutions for short-term loans and long-term borrowings. These restrictive covenants require us to seek the prior permission of these banks/financial institutions for various activities, including, amongst others, alteration of our capital structure, raising of fresh capital or any term loans/debentures, incurring major capital expenditure, making any investments either directly or through our subsidiaries, undertaking new projects, undertaking any merger/amalgamation/restructuring, creation of a subsidiary and change in management. Though we have received approvals from all our lenders for this Issue, these restrictive covenants may also affect some of the rights of our shareholders, including the payment of the dividends. For details of these restrictive covenants, see the section titled "Financial Indebtedness" beginning on page 70.

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### ***We may not be able to fully realize the contract value reported in our order-book.***

As of September 30, 2005, our order-book was approximately Rs. 5,791.23 million. We include a construction project in our order-book at such time as a contract is awarded or a firm letter of commitment is obtained. The contract value stated in our order-book may not be realized. For example, if a project reflected in our order-book is terminated, suspended or reduced in scope, it would result in a reduction to our order-book which may materially reduce the revenue and profits.

### ***Some of our subsidiaries and Promoter group companies have made losses during the last three financial years***

Some of our subsidiaries and Promoter group companies have incurred losses within the last three fiscal years, details of which are set forth below:

(Rs. in million)

Subsidiary or Promoter Group Company	Profit after Tax		
	Fiscal 2005	Fiscal 2004	Fiscal 2003
Security Information Systems (India) Limited	(0.96)	(2.51)	1.02
BLK Financial Services Limited	0.01	0.42	(0.30)
BLK Securities Private Limited	(0.03)	(0.13)	(0.05)
Bezel Investment & Finance Private Limited	(0.00)	(0.01)	(0.00)
Ahuja Kashyap Malts Private Limited	(0.00)	(0.00)	(0.00)
Akme Projects Limited	Nil	Nil	N.A.
BLK Furnishers and Contractors	0.07	(0.01)	(0.01)

For more details, see the sections titled "History and Certain Corporate Matters" and "Our Promoters and Promoter Group" beginning on page 76 and 87, respectively.

### ***Loss of key managerial personnel could materially affect our business***

Our business substantially depends on the continued service of our key managerial personnel. The loss of the services of our key managerial personnel could have a material adverse effect on us. Our future success will also depend on our ability to attract and retain highly skilled personnel, such as engineering, project management and senior management professionals. We could experience difficulty from time to time in hiring and retaining the personnel necessary to support our business. If we do not succeed in retaining our current employees and attracting new high quality employees, our reputation may be harmed and our future earnings may be negatively impacted.

### ***Any failure in our IT systems could adversely impact our business.***

Any delay in implementation or any disruptions in the functioning could disrupt our ability to track, record and analyze the work in progress, cause loss of data and disruptions of operations, including, among others, an inability to assess the progress of projects, process financial information or manage creditors / debtors or engage in normal business activities. This could have a material adverse effect on our business.

### ***Post this Issue, our Promoters will continue to hold majority shares in our Company***

Post this Issue, our Promoters will own 71.93% of our fully diluted Equity Share capital, if the Green Shoe Option is not exercised and 70.19% of our fully diluted Equity Share capital, if the Green Shoe Option is exercised in full. For as long as the Promoters continue to own Equity Shares and voting rights representing more than 50% of the voting strength in our Company, they will be able to direct the election of the members of our Board of Directors and determine the outcome of all matters requiring a simple majority in the shareholders meeting.

### ***We are involved in a number of legal proceedings that, if determined against us, could adversely impact our business and financial condition***

In addition to the criminal and income tax proceedings as stated above, following are the pending legal proceedings against us:

There are four claims under Workmen's Compensation Act pending against us before various courts and authorities in India. The aggregate claim against us in these cases is Rs. 400,000/-.

In addition, there are three civil suits and one arbitration matter pending against us before various courts, authorities and tribunal in India. The claim against us in the arbitration proceeding is Rs. 8.06 million. The claims under the civil suits cannot be quantified since no specific amounts have been claimed in the suits.

For more information on the above legal proceedings, see the section titled "Outstanding Litigation and Material Developments" beginning on page 131.

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### ***There are certain legal proceedings against our Directors and our Promoters***

Mr. Varinder Kashyap has filed a suit in the High Court of Delhi against Mr. Vinod Kashyap, Mr. Vineet Kashyap and Mr. Vikram Kashyap and others praying for a decree for partition of the B.L. Kashyap HUF property, an equal share in respect of the properties and for rendition of accounts. On an application by the plaintiff to the court to pass an ex-parte ad interim order restraining the defendants from alienating, encumbering, transferring, parting with possession any of the specified properties, the High Court passed an order on May 25, 2000 and modified on August 1, 2000, till the date of next hearing. The plaintiff has subsequently filed an application for extension of the interim order till the disposal of the suit. Any liability arising from the case may accrue to our Promoters and other persons against whom the case has been filed. For more information regarding legal proceedings against our Directors and Promoters see the section titled "Outstanding Litigation and Material Developments" beginning on page 131. Also see, the section titled "Our Promoters" beginning on page 87 for further details.

### ***There are certain legal proceedings against our Promoter group companies***

The Assessing Officer has imposed a liability of Rs. 3,226,030 on BLK Securities Pvt. Ltd., one of our Promoter group companies, in relation to assessment year 2001-02. The liability has been imposed on account of disallowance of losses on account of commission and brokerage from speculative losses. The matter is currently pending before the Income Tax Appellate Tribunal, Delhi.

For more information regarding legal proceedings against our Promoter group companies, see the section titled "Outstanding Litigation and Material Developments" beginning on page 131.

### ***As per the last audited accounts, the Company has not provided for certain contingent liabilities***

As of September 30, 2005, contingent liability not provided for appearing in our financial statements aggregated to Rs. 250 million. In addition, there are various claims pending before various tribunals and courts, which were not provided for because the amount was indeterminate. In the event the contingent liability materialises, our financial condition may be adversely affected. For details of outstanding litigation, see section the titled "Outstanding Litigation and Material Developments" beginning on page 131.

### ***We are yet to receive consents/renewals of certain statutory approvals required in the ordinary course of our Businesses, and if we are unable to obtain these approvals, our business could be adversely affected.***

We have applied for but are yet to receive licenses under the Contract Labour (Regulation and Abolition) Act, 1970 in respect of construction work undertaken by us at the projects awarded by Pure Earth Infrastructure Limited, Pragma Products Private Limited, Select Infra Structure Private Limited, Gulab Farms Private Limited, Birla Textile Mills and Suzuki Metal India Limited.

We have applied for but are yet to obtain registration under the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 for construction undertaken by us at the projects awarded by Indian Farmers Fertilizer Cooperative Limited ("IFFCO"), Select Infrastructure Private Limited, DLF Universal Limited, Pragma Products Private Limited, Pure Earth Infrastructure Limited, Ess Cee Cee and Associates (I) Private Limited, S.T. Micro Electronics, Birla Textile Mills and HCL Comnet Limited.

We have applied for renewals of licenses under the Contract Labour (Regulation and Abolition) Act, 1970 for construction work undertaken at IFFCO.

If we do not receive, renew or maintain our statutory and regulatory permits and approvals required to operate our business, it may have a material adverse effect on the continuity of our business and may impede our effective operations in the future.

For further details, see the section titled "Government and Other Approvals" beginning on page 134.

### ***Equity Shares have been issued to our Promoter group at par or by way of a bonus issue***

We have allotted a total of 7,272,000 Equity Shares of our company of Rs. 10 each at par or by way of a bonus issue to our Promoter group. For further details please refer to notes to capital structure under the section titled "Capital Structure" beginning on page 17.

### ***Inability to raise funds or to meet our working capital requirements may have an adverse impact on our financial performance***

Our business requires us to raise funds from various sources and we also have substantial working capital requirements. In the event we are unable to raise finances or to meet our working capital requirements on terms acceptable to us, it may have an adverse impact on the cost of executing our projects and our profitability.

### ***Changes in the scope of work may result in disputes which could have a material adverse impact on the profits from that project***

In certain cases, we may be required to perform additional work on a project that is beyond the stated scope of the contract. We may not receive any remuneration for the same, or payments in respect of the same may be delayed or

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inadequate, which may have a material adverse effect on our profits.

Further, in certain contracts we are required to execute extra or change order work as directed by the client even if the scope or price of the work to be performed is not settled at the time of execution of the contract. This process may result in disputes and may result in delayed or inadequate payments, or in payments not being made at all. This could have an adverse effect on our profits.

### ***Failure to adhere to agreed timelines could adversely affect our reputation and/or expose us to financial liability.***

Typically construction contracts are subject to specific completion schedule requirements with liquidated damages chargeable in the event the construction schedules are not adhered to. Failure to adhere to contractually agreed timelines could cause damage to our reputation within the construction industry and client base, and cause us to pay liquidated damages.

### ***Our failure to compete effectively could reduce our market share and profits.***

New project awards are often determined through either a competitive bid basis or a negotiated basis. Bids or negotiated contracts with public or private owners are generally awarded based upon price, but many times other factors, such as shorter project schedules or prior experience with the owner, result in the award of the contract. Within our industry, we compete with many national, regional and local construction firms. Some of these competitors have achieved greater market penetration than we have in the markets in which we compete, and some have greater financial and other resources than we do. As a result, we may need to accept lower contract margins or more fixed price or unit price contracts in order for us to compete against competitors that have the ability to accept awards at lower prices or have a pre-existing relationship with the owner. If we are unable to compete successfully in such markets, our relative market share and profits could be reduced.

### ***Our construction contracts are primarily dependent on adequate and timely supply of raw materials such as cement, steel and bricks at competitive prices.***

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

### ***Our insurance coverage may not adequately protect us against certain operating hazards and this may have a material adverse effect on our business***

Our significant insurance policies are the contractor's all risk policy in respect of a project and workmen's compensation policy to protect against losses caused to workmen through accident. While we believe that the insurance coverage that we maintain would be reasonably adequate to cover all normal risks associated with the operation of our business, there can be no assurance that any claim under the insurance policies maintained by us will be honoured fully, in part or on time. To the extent that we suffer loss or damage that is not covered by insurance or which exceeds our insurance coverage, our results of operations or cash flows may be affected.

### ***Work stoppages and other labour problems could adversely affect our business***

We operate in a labour-intensive industry and hire casual labour in relation to specific projects.. If we are unable to negotiate with the labour unions on acceptable terms, it could result in strikes, work stoppages or increased operating costs as a result of higher than anticipated wages or benefits. In addition, we may not be able to procure required casual labour for our existing or future projects. These factors could adversely affect our business, financial position, results of operations and cash flows.

### ***We do not currently own nor have we leased the premises at which our registered office and branch office at Bangalore is located and do not own the premises at which our corporate office is located.***

We do not currently own or have a lease for the premises at which our registered is located. We have been permitted by B.L.Kashyap (HUF), the owner of the premises, to use and occupy the said premises. B.L.Kashyap (HUF) may require us to vacate the premises with or without sufficient notice, which may adversely affect our business. We further do not own or have a lease for the premises at which our branch office at Bangalore is located. Additionally we do not own the premises at which the corporate office is located.

### ***The 'B.L.Kashyap' trade name or logo has not been registered in our name; our failure to protect our intellectual property rights may adversely affect our business.***

We do not have ownership of the trade name and logo "B.L.Kashyap". We have recently made an application for the registration of the name and logo with the concerned authorities. Any failure to protect our intellectual property rights may adversely affect our business.

### ***Adverse weather conditions can delay the implementation of our projects***

Implementation of our projects may get delayed due to adverse weather conditions, such as heavy rains and flood.

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Though we make adequate provisions for non-execution during certain seasons like monsoon, any unforeseen vagaries of nature and season may result in failure of our meeting the contractual obligations and consequently may adversely affect our business.

### ***The objects of the Issue have not been appraised***

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

### ***We have not placed orders for all the plant and machinery required in terms of our objects for the Issue nor have we identified the land for storage of equipments used for construction work.***

We have not placed orders aggregating Rs. 533.38 million for the plant and machinery to be financed from the proceeds of this Issue. For the estimates where the orders are yet to be placed, we have relied on quotations received by us in the past and on our past experience. We have not yet identified the land for storage of equipments used for construction work for which we propose to raise approximately Rs.150 million from the proceeds of the Issue.

### ***Our inability to follow our business or growth strategy could have an adverse impact on our results of operations***

Our growth and business strategy is dependant on market conditions, our ability to identify and take advantage of opportunities, abilities of our key managerial personnel to guide our policies appropriately and many other factors. In addition, our expansion in new and existing markets may present challenges that differ from those in our current operations. In the event that we are unable to implement our growth plans it could lead to delays and cost overruns and affect our results of operations.

### ***We propose to invest Rs. 200 million of the proceeds of the Issue in our wholly owned subsidiary BLK Furnishers which has made losses in fiscal 2003 & 2004.***

We propose to invest an amount of Rs. 200 million through equity investments in our wholly owned subsidiary BLK Furnishers, which had a Nil income in fiscal 2003 and losses in 2003 and 2004. We seek to utilize the said investments for setting up a factory for the manufacture of kitchen cabinets, doors and door frames, wooden flooring and other related furnishings.

## **External Risk Factors**

### ***We are subject to adverse impact of economic and political conditions***

Global economic and political factors that are beyond our control, influence forecasts and directly affect performance. These factors include interest rates, rates of economic growth, fiscal and monetary policies of governments, inflation, deflation, consumer credit availability, consumer debt levels, tax rates and policy, unemployment trends, terrorist threats and activities, worldwide military and domestic disturbances and conflicts, and other matters that influence consumer confidence, spending and tourism. Increasing volatility in financial markets may cause these factors to change with a greater degree of frequency and magnitude. The taxation system within the country still remains complex. Changes in local taxes and levies can impact our performance adversely.

### ***Terrorist attacks or acts of war may seriously harm our business***

Terrorist attacks may cause damage or disruption to our company, our employees, our facilities and our customers, which could impact our results from operations. Any future terrorist attacks, the national and international responses to terrorist attacks, or other acts of war or hostility may cause greater uncertainty and cause our business to suffer in ways that we currently cannot predict.

### ***An active market for the Equity Shares may not develop which may cause the price of the Equity Shares to fall and may limit your ability to sell the Equity Shares.***

The stock market in general and the market for shares of construction companies in particular, have from time to time experienced considerable price fluctuations. Often, these changes may have been unrelated to the operating performance of the affected companies. In addition, factors such as competition, general regional and national economic conditions, bulk deal in our stocks, and changes in our project mix, and lack of new initiatives to spur growth in sales may have an adverse effect on the market price of our Equity Shares. The Equity Shares are new issues of securities for which there is currently no trading market. No assurance can be given that an active trading market for the Equity Shares will develop or as to the liquidity or sustainability of any such market, the ability of holders of the Equity Shares to sell their Equity Shares or the price at which shareholders will be able to sell their Equity Shares. If an active market for the Equity Shares fails to develop or be sustained, the trading price of the Equity Shares could fall. If an active trading market were to develop, the Equity Shares could trade at prices that may be lower than their initial offering price.

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### ***Future issues or sales of our Equity Shares may significantly affect the trading price of the Equity Shares.***

Future issue of Equity Shares /convertible instruments by us or the disposal of Equity Shares by any of the major shareholders or the perception that such issues or sales may occur may significantly affect trading price of the Equity Shares. Other than the lock-in of pre-issue capital as prescribed under SEBI Guidelines, none of our shareholders are subject to any lock-up arrangements restricting their ability to issue Equity Shares or the Shareholders' ability to dispose of their Equity Shares, and there can be no assurance that any shareholder will not dispose of, encumber, or pledge, its shares. For details of lock in of pre-issue Equity Share capital and Promoters' contribution please see the section titled "Capital Structure" beginning on page 17.

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

Changes in interest rates could significantly affect our financial condition and results of operations. Our loans are denominated in Indian Rupees and we are exposed to fluctuations in domestic interest rates.

The interest rate that we will be able to secure in future debt financing that we may require for capital and other expenditures associated with our future requirements will depend on market conditions prevailing at that time and may differ from the rates of our existing debt. This may adversely impact results of our operations, planned capital expenditures and cash flows.

### ***Natural calamities could have a negative impact on the Indian economy and cause our business to suffer***

India has experienced natural calamities such as earthquakes, a tsunami, floods and drought in the past few years. The extent and severity of these natural disasters determines their impact on the Indian economy. For example, as a result of drought conditions in the country during fiscal 2003, the agriculture sector recorded a negative growth of 5.2%. The erratic progress of the monsoon in 2004 has also adversely affected the sowing operations of certain crops. Further prolonged spells of rainfall below normal levels or other natural calamities could have a negative impact on the Indian economy, adversely affecting our business and results of operations.

#### **Notes:**

- This is a public issue of 2,750,000 Equity Shares of Rs. 10/- each for cash at a price of Rs. [●] per Equity Share aggregating Rs. [●] million. There will also be a Green Shoe Option of upto 250,000 Equity Shares to be lent by Mr. Vineet Kashyap, one of our Promoters, for cash at a price of Rs. [●] per Equity Share aggregating Rs. [●] million. The Issue and the Green Shoe Option, if exercised in full, will aggregate 3,000,000 Equity Shares amounting to Rs. [●] million. The Issue will constitute 27.22% of the fully diluted post-issue Equity Share capital of our Company assuming that the Green Shoe Option is not exercised and 28.98% assuming that the Green Shoe Option is exercised in full.
- The net worth of our Company as of March 31, 2005 was Rs. 163.16 million based on unconsolidated financial statements of our Company.
- The average cost of acquisition of Equity Shares (excluding Equity Shares issued under bonus issue) by our Promoters is Rs. 10 per Equity Share and book value per Equity Share as of March 31, 2005 was Rs. 33.65. For details, please see the section titled "Capital Structure" beginning on page 17.
- Investors are advised to see the section titled "Basis for Issue Price" beginning on page 34.
- In case of oversubscription in the Issue, Allotment will be made on a proportionate basis to QIB Bidders, Retail Individual Bidders and Non-Institutional Bidders. For details please see the section titled "Basis of Allocation" beginning on page 161.
- Under subscription in any category except in the QIB Portion, will be allowed to be met with spill over from any other category.©©
- Investors may contact the BRLM for any complaints, information or clarifications pertaining to the Issue.
- Except the issuance of bonus shares on September 20, 2005 and as disclosed in the section titled "Capital Structure" on page 17, none of the persons listed in our Promoter or Promoter group, or our Directors have purchased or sold any Equity Shares, during a period of six months preceding the date on which this Red Herring Prospectus is filed with SEBI.
- We had entered into certain related party transactions. For details, see the section titled "Related Party Transactions" beginning on page 110.

## SUMMARY

Please read the following summary together with the “Risk Factors” beginning on page x and our financial data in the section titled “Financial Statements” beginning on page 105.

### Industry Overview

The construction sector is an integral part of the economy of a nation and defines a country’s infrastructural and industrial landscape. The construction industry generates substantial employment and provides a growth impetus to other sectors through multiple linkages. The global construction industry is expected to record growth rates exceeding 5% over the next few years.

In India, construction activities account for 6% of the GDP. The construction sector is the third largest employer in the country after agriculture and retail. It also recorded the highest growth rate in generation of jobs in the last two decades, doubling its share in total employment.

India is expected to record the highest rate of growth of spending in the construction industry over the period 2004-08, with growth rate above 10% per annum expected to continue up to 2008.

The construction industry can be broadly divided into three segments – housing, industrial and infrastructure.

The changing demographics, lower interest rate regime, rising disposable incomes, stable property prices and fiscal incentives are the main drivers of the growth in the housing segment. Rapid expansion in retail, IT/ITES and manufacturing sectors is expected to boost construction demand.

The real estate sector in India has assumed growing importance with the liberalization of the economy. The consequent increase in business opportunities and migration of the labour force has, in turn, increased the demand for commercial and housing space, especially rental housing. Developments in the real estate sector are being influenced by the developments in the retail, hospitality and entertainment (e.g., hotels, resorts, cinema theatres) industries, economic services (e.g., hospitals, schools) and information technology (IT)-enabled services (like call centres) etc.

### Business Overview

The Kashyap family has been in the business of construction and allied services since 1978.

Our present activities primarily involve construction services including turnkey projects that comprise civil construction, electrical, plumbing, fire-fighting, air conditioning and other works. We also provide a wide range of furnishing and fit outs through our wholly owned subsidiary “BLK Furnishers and Contractors Private Limited”. We have also established a subsidiary with the name of “Soul Space Projects Limited” for carrying out residential construction activities. We have commenced real estate development through our subsidiary in Pune. We also have a subsidiary “Security Information Systems (India) Limited” which deals in supply, installation, commissioning, servicing of integrated security information systems, building management systems, fire alarm, fire protection system, access control and other security systems.

Broadly, our business activities could be categorized into four segments:

- (i) Commercial Construction
- (ii) Corporate Construction
- (iii) Residential Construction
- (iv) Industrial Construction

We cater to the construction needs of diverse sectors such as hospitals & hospitality, industrial, IT / ITES, malls & multiplexes. We are also involved in construction and turnkey projects catering to residential and corporate office requirements.

Our revenues have grown from Rs. 781 million in fiscal 2001 to Rs. 3131 million in fiscal 2005 at a CAGR of 80.2 % and unconsolidated net profits before taxes have grown from Rs. 26 million in fiscal 2001 to Rs. 112.5 million in fiscal 2005 at a CAGR of 86.3%.

### Our Competitive Strengths

#### We provide a one stop construction solution on “design build” model

We provide a wide range of construction services from erection and civil work to electromechanical and allied services. In addition, we provide interiors and furnishings through our wholly owned subsidiary “BLK Furnishers and Contractors Private Limited”. Consequently, we are able to provide a wide range of services relating to construction and finishing of





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a structure and deliver a fully furnished building to the client. For instance, our ongoing IFFCO project is on design build basis wherein we are providing an office setup in which the client will commence operations on delivery, and are providing the entire civil, electrical, plumbing, fire fighting, air conditioning, intelligent building management systems and all furniture and fit outs. This enables the client to avoid the additional time and cost overruns. We believe that our ability to provide these turnkey solutions gives us an edge over our competitors, increases our flexibility, and also provides higher profit margins than we would have enjoyed had we been unable to offer these additional services. In addition, we benefit from our ability to offer a wide range of services since, when we place bids for contracts, we are able to bid as an entity able to deliver turnkey projects. This, we believe, gives us an advantage over construction companies who are not able to provide these additional services.

### **Our revenue is primarily derived from business emanating from the private sector**

We primarily cater to the private sector including reputed corporates such as International Business Machines (“IBM”) (for Golf Links Software Park Private Limited), Microsoft Corporation (for Golf Links Software Park Private Limited), Oberoi Hotels, Taj Hotels, Hyatt, Fidelity Business Services Private Limited, Cadence Designs Systems (India) Private Limited, Adobe Systems India Private Limited etc. In our experience, contracts in the private sector are largely awarded based on criteria like timely delivery, quality of performance, strength of the execution team, reliability, etc and not just on the basis of the lowest price quoted. We believe that our reputation with the private corporate sector enables us to command a premium position in the construction industry and have led to corporate houses like Cadence Designs Systems (India) Private Limited, Adobe Systems India Private Limited, Hughes Software Systems, HCL Perot Systems Limited and developers like Embassy, Brigade, Mantri, Akme becoming our repeat customers.

Further, it has been our experience that the private sector has normally made payments on time and we receive payments according to the terms selected and agreed upon, which are normally less rigid than the contracts in the public sector. Further, disputes settlement are often mutually settled. The terms of a contract with a private party, in our experience, typically lends itself to more flexibility and are open to discussions while finalizing the project.

In our experience the private sector has offered us more acceptable payment terms, recognition and the flexibility to rectify pricing errors, in the event that we have quoted an inaccurate price, in addition to flexibility of contract and payment terms. We have had negligible bad debts to be written off since inception.

### **Proven performance within contractually stipulated time limits**

We have consistently adhered to performance and time parameters stipulated in respect of construction projects executed by us. This has been made possible due to a capable, efficient, qualified and professional team which has been built over the years.

### **Efficient deployment of manpower, materials and equipment**

Our efficiency in execution, specifically in respect of efficient deployment of manpower, material and equipment enables us to generate higher revenues and helps us to control our inventory costs. The rapid use of equipment controls our inventory costs and also increases the turnover in the respective projects. This also enables us to have lower overheads, increases our profitability and turnover because we are able to use the same equipment/ and manpower at another project at a faster pace.

### **Ownership of modern concreting/shuttering equipment**

We own modern equipment and shuttering materials. It has been our experience that in most cases, the cost of hiring equipment over a period of time is high, and hence we believe that ownership and usage of modern concreting/shuttering equipment results in a cost advantage for us.

### **Experienced Promoters with proven track record**

The Kashyap family entered the business of construction services in the year 1978. Our Promoters, namely, Mr. Vinod Kashyap, Mr. Vineet Kashyap and Mr. Vikram Kashyap are also directors on the Board of our Company, and have been in the business of construction for over 25 years. Our management team led by our Promoter directors has gathered substantial experience and expertise in various aspects of the business of construction. Further, the prevalent organizational hierarchy of our Company enables the management to take quick and efficient decisions to execute construction projects within contracted timelines. We believe that this enables us to meet expected standards of quality and efficiency.

### **Highly experienced, skilled, qualified and dynamic team, and low attrition rates**

We have, over the past number of years, developed and built a team of capable and qualified personnel who oversee

and manage the various facets of our Company's operations. Our team comprises of key management personnel who are veterans in the construction industry, many some of whom have spent over 25 years in the industry. They are experienced in executing quality projects within the contracted time frames. The attrition levels of key managerial personnel have been low. Our senior key managerial personnel have been with our Company for more than 15 years, and we believe that this reflects that we have proven our ability to retain and motivate and re-skill our employees.

### **High standards of integrity and efficiency**

Our management believes in maintaining high standards of integrity and honesty which we believe has resulted in generating business and has also built a reputation for honesty. We use appropriate materials in accordance with the specifications contractually agreed to by us and we meet the contractually agreed specifications for the construction projects executed by us.

### **Business/Growth Strategy**

We are currently focused on commercial, industrial, corporate and residential construction. We primarily service the private sector and have executed projects for reputed corporate houses. We have also executed a variety of end-use structures including hotels, hospitals, office buildings, residential complexes and industrial plant buildings. We would continue to focus on the existing range of construction services that we offer with specific emphasis on the following factors as a business and growth strategy:

- Increasing the scope of work for each order by adding hard and soft finishes and electro mechanical services and associating with larger projects.
- By ensuring association with reputed corporate houses and executing important projects to their satisfaction, which enables us to build our Company's brand name and image in the construction industry.
- To build structures which have cutting edge design and specialty structures.
- Diversify and undertake projects in various industries.
- Quality and timely delivery in the execution of projects across industry segments and geographical locations.
- Extending our activities to other areas such as construction of residential townships and entering real estate development through our subsidiary "Soul Space Projects Limited" in Bangalore, Pune and other sub metro towns and cities.
- Providing a diversified range of services including furniture and furnishings enabling us to bid for projects in a comprehensive manner and to provide a one stop solution to clients.

### **Increasing the scope of work for each order and associating ourselves with larger projects**

It is our constant endeavor to be associated with large projects. For instance, we are focused on construction of residential complexes which have a built up area of over 300,000-400,000 sq. ft. and in respect of which the contract value would typically exceed Rs. 1,000 million. We aim to continue to be associated with large projects in industrial construction like the diesel plant for Maruti Udyog Ltd. which has a contract value of Rs 265 million.

We try to increase the scope of work in each order to add value to the project, for e.g. in the case of the IFFCO headquarters in New Delhi where, besides civil constructions we acted as the principal contractor for the complete construction, interiors and mechanical services.

### **Association with reputed corporates**

We have been associated with reputed corporates including IBM (for Golf Links Software Park Private Limited), Microsoft (for Golf Links Software Park Private Limited), Oberoi Hotels, Taj Hotels, Hyatt, Fidelity Business Services Private Limited, Cadence Design Systems (India) Private Limited, Adobe Systems India Private Limited amongst others. We have also secured repeat business from various corporates for whom we have constructed structures such as Escorts Limited, Hughes Escorts Communications Limited and their group companies, HCL Perot Systems Ltd. and Maruti Udyog Limited and their group companies. Our growth strategy also involves continuing to service reputed corporate clients in the future since we believe it would enhance our brand image and credibility in the construction industry. We are currently executing projects for corporates such as IFFCO, Maruti Udyog Limited and Uppal Housing Private Limited.

### **Building structures which have cutting edge design and structure specialties.**

Our strategy is to build a wide variety of structures which have unique design and structural specialties. We believe that constructing such specialized structures would enhance our range of construction service offerings and assist us in securing specialized construction projects.

## **B. L. KASHYAP AND SONS LIMITED**

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### **Undertaking projects in a variety of sectors**

We have, in the past, catered to a range of industries which has contributed to increasing our technical know how, capabilities and range of service offerings. This has also enabled us to de-risk our business model since we are not significantly dependent on any particular industry or a set of industries for our future revenues. In the absence of growth in any industry, we believe that we have the capability of mobilizing our resources to such industries as may be required thereby ensuring continuity of business. We aim to continue to diversify our activities in various industries.

### **Thrust into real estate**

Our foray into real estate is through our subsidiary “Soul Space Projects Limited” and we plan to initially focus on the residential sector. We believe that we can use the expertise and knowledge gained in the course of executing our various projects in our proposed thrust into the real estate sector. In the initial stages, we plan to primarily cater to markets in Bangalore and Pune. We plan to use our association with Akme Projects Limited, to assist in our foray in Bangalore. We believe that our brand and credibility would aid in the development and marketing of residential complex.

### **Diversified range of furnishings and fit outs**

We aim to provide a range of furnishings such as interiors, aluminum fittings, modular kitchens through our wholly owned subsidiary “BLK Furnishers and Contractors Private Limited”. The furnishings business operated through our subsidiary would also enable us to bid as a one stop solution provider to clients looking for office buildings, residential complexes in a time and cost effective manner. We intend to consolidate and leverage our ability to provide a diversified range of furnishings and fit outs to become the preferred contractor of choice for customers.

### **Our Geographical focus**

We are looking at a pan India presence for our future business model. We have recently commenced construction activities in the western part of India in Pune.

**THE ISSUE**

<b>Issue:</b>	Up to 2,750,000 Equity Shares
Of which:	
QIB Portion:	At least 1,375,000 Equity Shares, being 50% of the Issue, (allocation on proportionate basis), out of which 5% of the QIB Portion or 68,750 Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds only (Mutual Funds Portion), and the balance Equity Shares (shall be available for allocation to all QIB Bidders, including Mutual Funds).
Non-Institutional Portion:	Up to 412,500 Equity Shares, being 15% of the Issue (allocation on proportionate basis).
Retail Portion:	Up to 962,500 Equity Shares, being 35% of the Issue (allocation on proportionate basis).
Green Shoe Option Portion <sup>(1)</sup>	Up to 250,000 Equity Shares.
The Issue and the Green Shoe Portion	Up to 3,000,000 Equity Shares.
Equity Shares outstanding prior to the Issue:	7,352,000 Equity Shares.
Equity Shares outstanding after the Issue (excluding the Green Shoe Option):	10,102,000 Equity Shares.
Equity Shares outstanding after the Issue (including the Green Shoe Option):	10,352,000 Equity Shares.
Objects of the Issue:	Please see the section titled "Objects of the Issue" beginning on page 25.

<sup>(1)</sup> The Green Shoe Option will be exercised at the discretion of the BRLM and the Company only with respect to the Loaned Shares, for which purpose the Green Shoe Lender has agreed to lend upto 250,000 Equity Shares.

**GREEN SHOE OPTION**

We propose to avail of an option for allocating Equity Shares in excess of the Equity Shares included in the Issue in consultation with the BRLM and the Stabilising Agent, in order to operate a post listing price stabilising mechanism, in accordance with the SEBI Guidelines, i.e., the Green Shoe Option. Our shareholders at the extraordinary general meeting held on December 14, 2005 have authorized the Green Shoe Option.

Edelweiss Capital Limited has agreed to act as the stabilizing agent for the purposes of effectuating the Green Shoe Option, as envisaged under Chapter VIII A of the SEBI Guidelines.

Mr. Vineet Kashyap, one of our Promoters has agreed to lend the Loaned Shares to the Stabilising Agent for the purposes of effectuating the Green Shoe Option.

The Stabilising Agent shall be responsible for, *inter alia*, price stabilisation post listing, if required, but there is no obligation to conduct stabilising measures. If commenced, stabilising will be conducted in accordance with applicable laws and regulations and may be discontinued at any time. In any event, the stabilizing activities shall not continue for a period exceeding 30 days from the date of the receipt of permission for trading of the Equity Shares from the Stock Exchanges. For the purposes of the Green Shoe Option, the Stabilising Agent shall borrow the Loaned Shares from the Green Shoe Lender. The Loaned Shares and/or purchased from the market for stabilising purposes will be in dematerialised form only.

We have entered into the Stabilising Agreement with the Green Shoe Lender and the Stabilising Agent for the exercise of the Green Shoe Option on the terms and conditions detailed therein.

The terms of the Stabilising Agreement provide that:

**1. Stabilisation Period**

Stabilisation Period shall mean the period commencing from the date of obtaining trading permission from the Stock Exchanges for the Equity Shares under the Issue, and ending 30 days thereafter, unless terminated earlier by the Stabilising Agent.

2. The primary objective of the Green Shoe Option is stabilisation of the market price of Equity Shares after listing. Towards this end, after listing of Equity Shares, in case the market price of the Equity Shares falls below the Issue Price, then the Stabilising Agent, at its discretion, may purchase Equity Shares from the market with the objective of stabilisation of the market price of the Equity Shares.

**3. Decision regarding Exercise of Green Shoe Option**

- (i) Post the Bid/Issue Closing Date, the BRLM and us, in consultation with the Stabilising Agent, shall take a decision relating to the exercise of the Green Shoe Option.
- (ii) In the event, it is decided that the Green Shoe Option shall be exercised, the Company in consultation with the BRLM, shall make over-allotment of Equity Shares as per the procedure detailed below.

**4. Procedure for Over Allotment and Stabilisation**

- (i) The allotment of the Over Allotment Shares shall be done pro rata with respect to the proportion of Allotment in the Issue to various categories.
- (ii) The monies received from the Bidders for Equity Shares in the Issue against the over allotment shall be kept in the GSO Bank Account distinct and separate from the Issue Account and shall be used only for the purpose of buying shares from the market during the Stabilisation Period for the stabilization of the post listing price of the Equity Shares.
- (iii) Upon such allotment, the Stabilising Agent shall transfer the Over Allotment Shares from the GSO Demat Account to the respective depository accounts of the successful Bidders.
- (iv) For the purpose of purchasing the Equity Shares, the Stabilising Agent shall use the funds lying to the credit of GSO Bank Account.
- (v) The Stabilising Agent shall determine the timing of buying the Equity Shares, the quantity to be bought and the price at which the Equity Shares are to be bought from the market for the purposes of stabilisation of the post listing price of the Equity Shares.
- (vi) The Equity Shares purchased from the market by the Stabilising Agent, if any, shall be credited to the GSO Demat Account and shall be returned to the Green Shoe Lender within two working days from the expiry of the Stabilisation Period.



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- (vii) On the expiry of the Stabilisation Period, in the event the Equity Shares lying to the credit of the GSO Demat Account at the end of the Stabilisation Period but before the transfer to the Green Shoe Lender is less than the Over Allotment Shares, upon being notified by the Stabilising Agent, we shall within five days of the end of the Stabilisation Period allot, new Equity Shares in dematerialized form for the number equal to such shortfall to the credit of the GSO Demat Account. The newly issued Equity Shares shall be returned by the Stabilising Agent to the Green Shoe Lender in lieu of the Over Allotment Shares, within two working days of them being credited into the GSO Demat Account, time being of essence in this regard.
- (viii) Upon the return of Equity Shares to the Green Shoe Lender pursuant to and in accordance with sub-clauses (vi) and (vii) above, the Stabilising Agent shall close the GSO Demat Account.
- (ix) The Equity Shares returned to the Green Shoe Lender shall be subject to remaining lock-in-period, if any, as provided in the SEBI Guidelines.

### **5. GSO Bank Account**

The Stabilising Agent shall remit from the GSO Bank Account to our Company, an amount, in Rupees, equal to the number of Equity Shares allotted by us to the GSO Demat Account at the Issue Price. The amount left in this account, if any, after this remittance and deduction of expenses and net of taxes, if any, shall be transferred to the investor protection fund of the Stock Exchanges in equal parts. Upon transfer of monies as above, the GSO Bank Account shall be closed by the Stabilising Agent.

### **6. Reporting**

During the Stabilisation Period, the Stabilising Agent shall submit a report to the BSE and the NSE on a daily basis. The Stabilising Agent shall also submit a final report to SEBI in the format prescribed in Schedule XXIX of the SEBI Guidelines. This report shall be signed by the Stabilising Agent and us and be accompanied by the depository statement for the GSO Demat Account for the Stabilisation Period indicating the flow of shares into and from the GSO Demat Account. If applicable, the Stabilising Agent shall, along with the report give an undertaking countersigned, if required by the respective depositories of the GSO Demat Account and the Lender regarding confirmation of lock-in on the Equity Shares returned to the Lender in lieu of the Over-Allotment Shares.

### **7. Rights and Obligations of the Stabilising Agent**

- (i) Open a special bank account which shall be the GSO Bank Account under the name of "Special Account for GSO proceeds of B.L. Kashyap & Sons Limited" and deposit the monies received for the Over Allotment Shares, in the GSO Bank Account.
- (ii) Open a special account for securities which shall be the GSO Demat Account under the name of "Special Account for GSO proceeds of B.L. Kashyap & Sons Limited" and credit the Equity Shares bought by the Stabilising Agent, if any, during the Stabilisation Period to the GSO Demat account.
- (iii) Stabilise the market price as per the SEBI Guidelines, only in the event of the market price falling below the Issue Price, including *inter alia* the determination of the price at which such Equity Shares are to be bought and the timing of such purchase.
- (iv) On or prior to the Pricing Date, to request the Green Shoe Lender to lend the Loaned Shares and to transfer funds from the GSO Bank Account to Green Shoe Lender within a period of five working days of close of the Stabilisation Period.
- (v) The Stabilising Agent, at its discretion, would decide the quantity of Equity Shares to be purchased, the purchase price and the timing of purchase. The Stabilising Agent, at its discretion, may spread orders over a period of time or may not purchase any Equity Shares under certain circumstances where it believes purchase of the Equity Shares may not result in stabilisation of market price.
- (vi) Further, the Stabilising Agent does not give any assurance that it would be able to maintain the market price at or above the Issue Price through stabilisation activities.
- (vii) On expiry of the Stabilisation Period, to return the Equity Shares to the Green Shoe Lender either through market purchases as part of stabilising process or through issue of fresh Equity Shares by us.
- (viii) To submit daily reports to the Stock Exchanges during the Stabilisation Period and to submit a final report to SEBI.

## **B. L. KASHYAP AND SONS LIMITED**

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- (ix) To maintain a register of its activities and retain the register for three years.
- (x) To transfer net gains on account of market purchases in the GSO Bank Account net of all expenses and net of taxes, if any, equally, to the investor protection funds of the Stock Exchanges.

### **8. Rights and Obligations of the Company**

- (i) On expiry of the Stabilisation Period, if the Stabilising Agent buys the Equity Shares from the market, to issue the Equity Shares to the GSO Demat Account to the extent of Over Allotment Shares, which have not been bought from the market.
- (ii) If no Equity Shares are bought from the market, then to issue Equity Shares to GSO Demat Account to the entire extent of Over Allotment Shares.

### **9. Rights and obligations of the Green Shoe Lender**

- (i) The Green Shoe Lender undertakes to execute and deliver all necessary documents and give all necessary instructions to procure that all rights, title and interest in the Loaned Shares shall pass to the Stabilising Agent/GSO Demat Account free from all liens, charges and encumbrances.
- (ii) Upon receipt of instructions from the Stabilising Agent on or prior to the Pricing Date, to transfer the Loaned Shares to the GSO Demat Account.
- (iii) The Green Shoe Lender will not recall or create any lien or encumbrance on the Loaned Shares until the completion of the settlement under the stabilisation.

### **10. Fees and Expenses**

- (i) We will pay to Green Shoe Lender a fee of Re. 1.
- (ii) We will pay the Stabilising Agent a fee of Re. 1 plus service tax.

**SUMMARY FINANCIAL AND OPERATING INFORMATION**

The following table sets forth our selected historical financial information derived from audited and restated financial statements for the years ended March 31, 2005, 2004, 2003, 2002 and 2001, and for six month ended September 30, 2005 prepared in accordance with Indian GAAP, the Companies Act and SEBI Guidelines, and as described in the Auditors' Report of M/s. Sood Brij & Associates, Chartered Accountants, included in the section titled "Financial Statements" beginning on page 105 and should be read in conjunction with those financial statements and the notes thereto.

**Statement of Assets and Liabilities**

*Rs. in Millions*

Particulars	As at					
	March 31, 2001	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	September 30, 2005
<b>FIXED ASSETS</b>						
Net Fixed Assets	36.83	46.57	93.91	102.50	202.57	237.91
Investments	9.67	9.69	9.70	14.74	16.10	15.09
Current Assets, Loans And Advances	228.04	232.23	386.20	549.86	1,116.02	1535.28
<b>TOTAL ASSETS (A)</b>	<b>274.54</b>	<b>288.49</b>	<b>489.81</b>	<b>667.1</b>	<b>1334.69</b>	<b>1788.28</b>
<b>LESS: TOTAL LIABILITIES (B)</b>						
Liabilities And Provisions	(170.38)	(173.95)	(363.43)	( 513.89)	( 1,171.53)	(1491.55)
<b>NET WORTH (A) – (B)</b>	<b>104.16</b>	<b>114.54</b>	<b>126.38</b>	<b>153.21</b>	<b>163.16</b>	<b>296.73</b>
<b>NET WORTH REPRESENTED BY:</b>						
Share Capital	48.48	48.48	48.48	48.48	48.48	72.72
Total Reserves and Surplus	55.82	66.16	77.97	104.77	114.68	225.36
Less Revaluation Reserves	-	-	-	-	-	-
Net Reserve and Surplus	55.82	66.16	77.97	104.77	114.68	225.36
Miscellaneous Expenditure	(0.14)	(0.10)	(0.07)	( 0.04)	Nil	(1.35)
<b>NET WORTH</b>	<b>104.16</b>	<b>114.54</b>	<b>126.38</b>	<b>153.21</b>	<b>163.16</b>	<b>296.73</b>



## B. L. KASHYAP AND SONS LIMITED



### Statement of Profit & Loss Account

*Rs. in Millions*

Particulars	For the year ended					Period ended September30, 2005
	March 31, 2001	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	
<b>INCOME (A)</b>						
<b>SALES/TOTAL INCOME</b>	<b>755.96</b>	<b>757.46</b>	<b>951.44</b>	<b>1,579.47</b>	<b>3,137.66</b>	<b>2078.61</b>
Construction Job Work	750.21	752.87	946.15	1,572.41	3,128.41	2068.74
<b>EXPENDITURE (B)</b>	<b>697.92</b>	<b>710.27</b>	<b>895.98</b>	<b>1,487.88</b>	<b>2,883.13</b>	<b>1847.39</b>
Construction Material	362.94	389.38	460.68	784.67	1,725.35	1121.92
Wages	261.58	250.25	331.91	555.37	933.70	541.14
<b>Profit before Interest, Depreciation and Tax (A) – (B)</b>	<b>58.04</b>	<b>47.19</b>	<b>55.46</b>	<b>91.59</b>	<b>254.53</b>	<b>231.22</b>
Interest & Finance Charges	6.68	8.30	12.37	24.43	27.43	20.34
Depreciation	7.40	7.10	11.11	16.56	27.26	16.77
<b>Net Profit Before Tax</b>	<b>43.96</b>	<b>31.70</b>	<b>32.51</b>	<b>50.86</b>	<b>204.25</b>	<b>204.72</b>
<b>Provision For Taxation</b>						
Current Tax	18.00	10.67	9.15	18.18	70.19	70.33
Deferred Tax			2.86	0.18	12.35	-0.53
<b>Net Profit After Tax</b>	<b>25.96</b>	<b>21.03</b>	<b>20.50</b>	<b>32.50</b>	<b>121.71</b>	<b>134.92</b>

## **B. L. KASHYAP AND SONS LIMITED**

### **GENERAL INFORMATION**

#### **Registered Office and Registrar of Companies**

The registered office of our Company is A-12, Kailash Colony, New Delhi 110 048 and our registration number is 55-36148. Our Company is registered with the following Registrar of Companies:

#### **The Registrar of Companies, NCT of Delhi and Haryana**

Paryavaran Bhawan  
CGO Complex  
Lodi Road  
New Delhi 110 003, India.

#### **Board of Directors**

The following persons constitute our Board of Directors:

1. Mr. Vinod Kashyap, Chairman;
2. Mr. Vineet Kashyap, Managing Director;
3. Mr. Vikram Kashyap, Joint Managing Director;
4. Mr. Justice C. K. Mahajan (Retd.), Independent Director;
5. Mr. H. N. Nanani, Independent Director; and
6. Mr. Naveen Jain, Independent Director.

For further details of our Directors, please see the section titled "Our Management" beginning on page 80.

#### **Company Secretary and Compliance Officer**

##### **Mr. Jitendra Kumar**

A-21/B 1, Mohan Cooperative Industrial Estate  
Mathura Road New Delhi 110 044, India.  
Tel: +91 11 4167 9800  
Fax: +91 11 4167 9815  
E-mail: ipo@blkashyap.com

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

#### **Book Running Lead Manager**

##### **Edelweiss Capital Limited**

14th Floor, Express Towers,  
Nariman Point, Mumbai 400 021, India.  
Tel: +91 22 2286 4400  
Fax: +91 22 2288 2119  
Contact Person: Mr. Abhijit Das  
E-mail: blk.ipo@edelcap.com  
Website: www.edelcap.com

#### **Syndicate Member**

##### **Edelweiss Securities Pvt. Limited**

14th Floor, Express Towers,  
Nariman Point, Mumbai 400 021, India.  
Tel: +91 22 2286 4400  
Fax: +91 22 2288 2119  
Contact Person: Mr. Bakul Mehta  
E-mail: blk.ipo@edelcap.com  
Website: www.edelcap.com

## **B. L. KASHYAP AND SONS LIMITED**

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### **Legal Advisors**

#### **Domestic Legal Counsel to the Issue**

##### **Amarchand & Mangaldas & Suresh A. Shroff & Co.,**

Amarchand Towers

216, Okhla Industrial Estate, Phase – III

New Delhi 110 020, India.

Tel: +91 11 2692 0500

Fax: +91 11 2692 4900

#### **Monitoring Agency**

The Company has appointed Canara Bank as the monitoring agency to monitor the utilization of the proceeds of the Issue.

#### **Registrar to the Issue**

##### **Intime Spectrum Registry Limited**

C-13, Pannalal Silk Mills Compound,

LBS Road, Bhandup (West),

Mumbai 400 078, India.

Tel: +91 22 2596 0320

Fax: +91 22 2596 0329

Contact Person: Mr Vishwas Attavar

E-mail: blkashyapipo@intimespectrum.com

Website: www.intimespectrum.com

#### **Banker to the Issue and Escrow Collection Banks**

##### **Canara Bank:**

Capital Market Services Branch

11 Homji Street,

Varma Chambers Building, Ground Floor,

Fort, Mumbai- 100 001, India

Tel: +91 22 2269 2973

Fax: +91 22 2266 4140

Contact Person: Mr. T.Murlidharan

E-mail: mcity2422@canbank.co.in

Website: www.canbankindia.com

##### **HDFC Bank Limited:**

HDFC Bank House, Senapati Bapat Marg,  
Lower Parel (West), Mumbai- 400 013, India

Tel : + 91 22 0856 9228

Fax : + 91 22 2856 9256

Contact Person: Mr. Clayton Mendonca

E-mail : Clayton.Mendonca@hdfcbank.com

Website: www.hdfcbank.com

##### **Hong Kong and Shanghai Banking Corporation Limited:**

52/60, Mahatma Gandhi Road,

Mumbai – 400 001, India

Tel: +91 22 2268 1673

Fax: +91 22 2273 4388

Contact Person: Mr. Dhiraj Bajaj

E-mail: dhirajbajaj@hsbc.co.in

Website: www.hsbc.co.in



## **B. L. KASHYAP AND SONS LIMITED**

### **ICICI Bank Limited:**

Capital Market Division,  
30, Mumbai Samachar Marg,  
Mumbai – 400 001, India  
Tel : + 91 22 2266 6286 Fax : + 91 22 2261 1138  
Contact Person: Mr. Sidhartha Sankar Routray  
E-Mail: sidhartha.routray@icicibank.com  
Website: www.icicibank.com.

### **Auditors**

#### **M/s. Sood Brij & Associates**

C 72 South Extension, Part II  
New Delhi 110 049, India.  
Tel: +91 11 2625 1986  
Fax: +91 11 2625 2043  
Contact Person: Mr. A. K. Sood  
E-mail: sba@hathway.com

### **Bankers to the Company**

Our Company has several bank accounts across India. Set forth below are the details of the banks in Delhi (place of our Registered Office) and Bangalore with which we have an account:

HDFC Bank Limited  
S-65 Greater Kailash, Part I  
New Delhi, India  
Tel: +91 11 5163 2557  
Fax: +91 11 2923 5213

Canara Bank  
New Delhi South Extension, Part I  
New Delhi, India  
Tel: +91 11 2462 5032  
Fax: +91 11 2461 1586

ICICI Bank Limited  
Shakuntala Apartment  
59 Nehru Place  
New Delhi, India  
Tel: +91 11 2648 1953  
Fax: +91 11 2646 8947

Union Bank of India  
HS-32, Kailash Colony  
New Delhi, India  
Tel: +91 11 2643 2780  
Fax: +91 11 2643 8334

State Bank of India  
Greater Kailash, Part I  
New Delhi, India  
Tel: +91 11 2646 8159  
Fax: +91 11 2646 1350

Vijaya Bank  
Infantry Road  
Bangalore, India  
Tel: +91 80 2286 9180

ICICI Bank  
Salarpuria House  
496, C.M.H. Road  
Indira Nagar  
Bangalore, India  
Tel: +91 80 2520 2516  
Fax: +91 80 2520 2518

### **Statement of Responsibilities for the Issue**

The BRLM shall be responsible for the following activities:

- Capital structuring with the relative components and formalities such as type of instruments etc.
- Due diligence of the Company's operations/management/business plans/legal etc. Drafting and design of the Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus and of statutory and non-statutory advertisement including memorandum containing salient features of the Prospectus and any other publicity material. The BRLM shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, ROC and SEBI including finalisation of the prospectus and filing with the Stock Exchanges/ROC.



## **B. L. KASHYAP AND SONS LIMITED**

- Appointment of other intermediaries viz. Registrar to the Issue, printers, advertising agency and Bankers to the Issue.
- Retail and Non-Institutional marketing strategy, which will cover inter alia:
  - Formulating marketing strategies, preparation of publicity budget;
  - Finalise media and public relations strategy;
  - Finalise centers for holding conferences for press and brokers;
  - Finalise collection centers;
  - Follow-up on distribution of publicity and issue material, including Bid cum Application Forms, Red Herring Prospectus and deciding on the quantum of the Issue material;
- Institutional marketing strategy, which will cover inter alia:
  - Finalize the list and division of investors for one-on-one meetings;
  - Managing the book, co-ordination with Stock Exchanges and pricing and institutional allocation in consultation with the Company;
  - Finalize roadshow presentations.
- 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 Issue 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 Issue and Bankers to the Issue and the banks handling refund business. The BRLM shall be responsible for ensuring that these agencies fulfill their functions and enable them to discharge this responsibility through suitable agreements with the Company.

### **Credit Rating**

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

### **Trustees**

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

### **Grading of the Issue**

We have not opted for grading of the Issue.

### **Book Building Process**

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

The principal parties involved in the Book Building Process are:

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

SEBI, through its guidelines, has permitted issue of securities to the public through 100% Book Building Process, wherein: (i) at least 50% of the Issue shall be allocated on a proportionate basis to QIBs, including upto 5% of the QIB Portion that shall be available for allocation on a proportionate basis to Mutual Funds only and the remainder of the QIB Portion shall be available for Allocation on a proportionate basis to all QIB Bidders, including Mutual Funds; (ii) up to 15% of the Issue shall be available for allocation on a proportionate basis to the Non-Institutional Bidders and (iii) up to 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

QIBs are not allowed to withdraw their Bid(s) after the Bid/Issue Closing Date. For further details please see the section titled "Terms of the Issue" beginning on page 32.



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

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

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

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 BRLM will finalise the issue price at or below such cut off price i.e. at or below Rs. 42. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in respective category.

### Steps to be taken for Bidding:

1. Check eligibility for making a Bid (see section titled "Issue Procedure - Who Can Bid?" beginning on page 146);
2. Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid cum Application Form;
3. If your Bid is for Rs. 50,000 or more, ensure that you have mentioned your PAN and attached copies of your PAN card or PAN allotment letter to the Bid cum Application Form (see section titled "Issue Procedure - 'PAN' or 'GIR' Number" beginning on page 158);
4. Ensure that the Bid cum Application Form is duly completed as per instructions given in the Red Herring Prospectus and in the Bid cum Application Form.

### Withdrawal of the Issue

Our Company, in consultation with the BRLM, reserves the right not to proceed with the Issue at anytime after the Bid /Issue Opening Date but before Allotment, without assigning any reason therefor.

### Bid/Issue Programme

#### Bidding Period/Issue Period

<b>BID/ISSUE OPENS ON</b>	<b>FEBRUARY 20, 2006, MONDAY</b>
<b>BID/ISSUE CLOSES ON</b>	<b>FEBRUARY 23, 2006, THURSDAY</b>

Bids and any revision in Bids shall be accepted **only between 10 a.m. and 3 p.m.** (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form and uploaded till such time as permitted by the BSE and the NSE.

The Company reserves the right to revise the Price Band during the Bidding Period in accordance with SEBI Guidelines. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band.

In case of revision in the Price Band, the Issue Period will be extended for three additional days after revision of Price Band subject to the Bidding Period/Issue Period not exceeding 10 days. Any revision in the Price Band and the revised

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Bidding Period/Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a press release, and also by indicating the change on the web sites of the BRLM and at the terminals of the Syndicate.

### Underwriting Agreement

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

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

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

Name and Address of the Underwriters	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. in million)
<b>Edelweiss Capital Limited</b> 14th Floor, Express Towers, Nariman Point, Mumbai 400 021, India. Tel: +91 22 2286 4400 Fax: +91 22 2288 2119 E-mail: blk.ipo@edelcap.com	2,749,900	[•]
<b>Edelweiss Securities Pvt. Limited</b> 14th Floor, Express Towers, Nariman Point, Mumbai 400 021, India. Tel: +91 22 2286 4400 Fax: +91 22 2288 2119 E-mail: blk.ipo@edelcap.com	100	[•]

*The above-mentioned amount is indicative and this would be finalized after determination of Issue Price and actual allocation of the Equity Shares. The above Underwriting Agreement is dated [•].*

In the opinion of the Board of Directors and the BRLM (based on certificates given to them by the BRLM and the Syndicate Member), 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. The above Underwriting Agreement has been accepted by the Board of Directors and our Company has issued letters of acceptance to the Underwriters.

Allocation among 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.

**CAPITAL STRUCTURE**

Our share capital as at the date of filing of Red Herring Prospectus with SEBI (before and after the Issue) is set forth below.

*(Rs. in million, except share data)*

	<b>Aggregate nominal value</b>	<b>Aggregate Value at Issue Price</b>
<b>A. Authorised Capital <sup>1</sup></b>		
15,000,000 Equity Shares of Rs. 10 each	150.00	
<b>B. Issued, Subscribed and Paid-Up Capital before the Issue</b>		
7,352,000 Equity Shares of Rs 10 each	73.52	
<b>C. Present Issue in terms of this Red Herring Prospectus</b>		
<b>Issue of:</b>		
2,750,000 Equity Shares of Rs. 10 each	27.50	[•]
<b>Of Which:</b>		
QIB Portion of at least 1,375,000 Equity Shares:	13.75#	[•]
Non-Institutional Portion of up to 412,500 Equity Shares:	4.13	[•]
Retail Portion of up to 962,500 Equity Shares:	9.63	[•]
<b>D. Green Shoe Option in terms of this Red Herring Prospectus</b>		
Upto 250,000 Equity Shares of Rs. 10 each fully paid up	2.50	[•]
<b>E. Equity Capital after the Issue</b>		
Excluding Green Shoe Option		
10,102,000 Equity Shares of Rs. 10 each	101.02	[•]
Including Green Shoe Option		
10,352,000 Equity Shares of Rs. 10 each	103.52	[•]
<b>E. Share Premium Account</b>		
Before the Issue	31.20	
After the Issue	[•]	

<sup>1</sup>The authorized equity share capital of our Company was increased from Rs. 0.1 million to Rs. 1 million on December 8, 1989 and Rs. 1 million to Rs. 5 million on January 7, 1994 and from Rs. 5 million to Rs. 15 million on April 8, 1995 and from Rs. 15 million to Rs. 50 million on September 18, 2000, and from Rs. 50 million to Rs. 150 million on September 20, 2005.

# 5% of the QIB Portion, i.e. Rs. 0.69 million (at nominal value) is available for allocation on a proportionate basis to Mutual Funds only, and the balance Equity Shares shall be allocated on a proportionate basis to all QIB Bidders, including Mutual Funds.

The Green Shoe Option will be exercised at the discretion of the BRLM and the Company. The Green Shoe Lender has agreed to lend upto 250,000 Equity Shares to the Stabilizing Agent, in the event that the Green Shoe Option is exercised by the Stabilizing Agent.



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### Notes to the Capital Structure

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

The following is the history of the Equity Share capital of our Company:

Date of Allotment	Number of Equity Shares	Issue price per share (Rs.)	Consideration (cash, bonus, consideration other than cash)	Reasons for allotment	Cumulative Share Premium (Rs.)	Cumulative Share Capital (Rs.)
May 8, 1989	300	10	Cash	Subscription	0	3,000
September 19, 1990	30,000	10	Cash	Preferential allotment	0	3,30,000
March 13, 1995	4,54,500	10	Bonus	Capitalization of reserves	0	4,848,000
September 18, 2000	4,363,200	10	Bonus	Capitalization of reserves	0	48,480,000
September 20, 2005	2,424,000	10	Bonus	Capitalization of reserves	0	72,720,000
October 14, 2005	80,000	400	Cash	Preferential allotment	31,200,000	73,520,000

#### 2. Promoters' Contribution and Lock-in

(a) Details of Promoters' contribution and lock in\*

Set forth below are the details of the build up of the Promoters' shareholding, Promoters' contribution and lock in:

(i) If the Green Shoe Option is not exercised:

Name of the Promoter	Date of Acquisition/Transfer	Consideration	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	% of Post-Issue paid-up Capital	Period of Lock-in	
Mr. Vinod Kashyap	May 8, 1989	Cash	100	10	10	0.00	One year	
	September 19, 1990	Cash	10,000	10	10	0.10	One year	
	March 13, 1995	Bonus (1:15)	151,500	10	10	1.50	One year	
	April 8, 1995	Transferred 100 Equity Shares each to Mrs. Anjoo Kashyap and Mrs. C. D. Kashyap					(0.00)	N.A.
	September 18, 2000	Bonus (1:9)	1,452,600	10	10	14.38	One year	
	September 20, 2005	Bonus (2:1)	133,533	10	10	1.32	One year	
			673,467	10	10	6.67	Three years	
	<b>Sub-Total</b>		<b>1,747,533</b>			<b>17.30</b>	<b>One year</b>	
		<b>673,467</b>			<b>6.67</b>	<b>Three years</b>		
Mr. Vineet Kashyap	May 8, 1989	Cash	100	10	10	0.00	One year	
	September 19, 1990	Cash	10,000	10	10	0.10	One year	
	March 13, 1995	Bonus (1:15)	151,500	10	10	1.50	One year	
	April 8, 1995	Transferred 100 Equity Shares to Mrs. Aradhana Kashyap					(0.00)	N.A.
	September 18, 2000	Bonus (1:9)	1,453,500	10	10	14.39	One year	
	September 20, 2005	Bonus (2:1)	134,032	10	10	1.33	One year	
			673,467	10	10	6.67	Three years	
	<b>Sub-Total</b>		<b>1,749,032</b>			<b>17.31</b>	<b>One year</b>	
		<b>673,467</b>			<b>6.67</b>	<b>Three years</b>		



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Mr. Vikram Kashyap	May 8, 1989	Cash	100	10	10	0.00	One year
	September 19, 1990	Cash	10,000	10	10	0.10	One year
	March 13, 1995	Bonus (1:15)	151,500	10	10	1.50	One year
	April 8, 1995	Transferred 100 Equity Shares to Mrs. Amrita Kashyap				(0.00)	N.A.
	September 18, 2000	Bonus (1:9)	1,453,500	10	10	14.39	One year
	September 20, 2005	Bonus (2:1)	134,033	10	10	1.33	One year
			673,467	10	10	6.66	Three years
	<b>Sub-Total</b>			<b>1,749,034</b>			<b>17.31</b>
			<b>673,466</b>			<b>6.66</b>	<b>Three years</b>
<b>Total Promoters' contribution locked in for three years</b>			<b>2,020,400</b>			<b>20.00</b>	

(ii) If the Green Shoe Option is exercised in full:

Name of the Promoter	Date of Acquisition/Transfer	Consideration	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	% of Post-Issue paid-up Capital	Period of Lock-in
Mr. Vinod Kashyap	May 8, 1989	Cash	100	10	10	0.00	One year
	September 19, 1990	Cash	10,000	10	10	0.10	One year
	March 13, 1995	Bonus (1:15)	151,500	10	10	1.46	One year
	April 8, 1995	Transferred 100 Equity Shares each to Mrs. Anjoo Kashyap and Mrs. C. D. Kashyap				(0.00)	N.A.
	September 18, 2000	Bonus (1:9)	1,452,600	10	10	14.03	One year
	September 20, 2005	Bonus (2:1)	116,867	10	10	1.13	One year
			690,133	10	10	6.67	Three years
	<b>Sub-Total</b>			<b>1,730,867</b>			<b>16.72</b>
			<b>690,133</b>			<b>6.67</b>	<b>Three years</b>
Mr. Vineet Kashyap	May 8, 1989	Cash	100	10	10	0.00	One year
	September 19, 1990	Cash	10,000	10	10	0.10	One year
	March 13, 1995	Bonus (1:15)	151,500	10	10	1.46	One year
	April 8, 1995	Transferred 100 Equity Shares to Mrs. Aradhana Kashyap				(0.00)	N.A.
	September 18, 2000	Bonus (1:9)	1,453,500	10	10	14.04	One year
	September 20, 2005	Bonus (2:1)	117,366	10	10	1.13	One year
			690,134	10	10	6.67	Three years
	<b>Sub-Total</b>			<b>1,732,366</b>			<b>16.73</b>
			<b>690,134</b>			<b>6.67</b>	<b>Three years</b>



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Mr. Vikram Kashyap	May 8, 1989	Cash	100	10	10	0.00	One year
	September 19, 1990	Cash	10,000	10	10	0.10	One year
	March 13, 1995	Bonus (1:15)	151,500	10	10	1.46	One year
	April 8, 1995	Transferred 100 Equity Shares to Mrs. Amrita Kashyap				(0.00)	N.A.
	September 18, 2000	Bonus (1:9)	1,453,500	10	10	14.04	One year
	September 20, 2005	Bonus (2:1)	117,367	10	10	1.13	One year
			690,133	10	10	6.66	Three years
	<b>Sub-Total</b>		<b>1,732,367</b>			<b>16.73</b>	<b>One year</b>
		<b>690,133</b>			<b>6.66</b>	<b>Three years</b>	
<b>Total Promoters' contribution locked in for three years</b>			<b>2,070,400</b>			<b>20.00</b>	

\*Lock-in period shall start from the date of Allotment of the Equity Shares in terms of this Red Herring Prospectus.

All the Equity Shares which have been locked in are not ineligible for computation of Promoters' contribution under Clause 4.6 of the SEBI Guidelines. Our Auditors have vide their letter dated February 4, 2006 certified that the issuance of bonus shares which are being locked-in are not made out of revaluation reserves or reserves without accrual of cash resources

b. Details of pre-Issue Equity Share capital locked in for one year

In terms of Clause 4.14.1 of the SEBI Guidelines, in addition to the lock-in of 20% of post Issue shareholding of the Promoters for three years, as specified above, the entire pre-Issue share capital of our Company shall be locked-in for a period of one year from the date of Allotment in this Issue. The total number of Equity Shares, which are locked-in for one year, is 5,331,600 Equity Shares assuming the Green Shoe Option is not exercised and 5,281,600 Equity Shares assuming that the Green Shoe Option is exercised in full.

In the event the Green Shoe Option is exercised, the Equity Shares held by Mr. Vineet Kashyap, which are lent to the Stabilizing agent shall be exempt from the one year lock-in, for the period between the date when the Equity Shares are lent to the Stabilizing Agent to the date when they are returned to Mr. Vineet Kashyap in accordance with Clause 8A.13 or 8A.15 of the SEBI Guidelines, as the case may be.

The locked in Equity Shares held by the Promoters, as specified above, can be pledged only with banks or financial institutions as collateral security for loans granted by such banks or financial institutions provided that the pledge of shares is one of the terms of sanction of loan.

c. Transferability of locked-in Equity Shares

In terms of Clause 4.16.1(b) of the SEBI Guidelines, the Equity Shares held by our Promoters may be transferred to and amongst the Promoter group or to new promoters or persons in control of our Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable.

In terms of Clause 4.16.1(a) of the SEBI Guidelines, the Equity Shares held by persons, other than our Promoters prior to the Issue, 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.

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

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### 3. Shareholding Pattern of our Company

Shareholding pattern of our Company before and after the Issue is as follows:

Name of Shareholders	Pre-Issue		Post-Issue*			
	Number of Equity Shares	Percentage of equity share capital (%)	Number of Equity Shares (if Green Shoe Option is not Exercised)	Percentage of equity share capital (%)	Number of Equity Shares (if Green Shoe Option is Exercised in full)	Percentage of equity share capital (%)
<b>Promoters</b>						
Mr. Vinod Kashyap	2,421,000	32.93	2,421,000	23.97	2,421,000	23.39
Mr. Vineet Kashyap	2,422,500	32.95	2,422,500	23.98	2,422,500	23.40
Mr. Vikram Kashyap	2,422,500	32.95	2,422,500	23.98	2,422,500	23.40
<b>Sub-total</b>	<b>7,266,000</b>	<b>98.83</b>	<b>7,266,000</b>	<b>71.93</b>	<b>7,266,000</b>	<b>70.19</b>
<b>Promoter Group</b>						
Mrs. Anjoo Kashyap	1,500	0.02	1,500	0.015	1,500	0.015
Mrs. Aradhana Kashyap	1,500	0.02	1,500	0.015	1,500	0.015
Mrs. Amrita Kashyap	1,500	0.02	1,500	0.015	1,500	0.015
Mr. Mohit Kashyap	1,500	0.02	1,500	0.015	1,500	0.015
<b>Sub-total</b>	<b>6,000</b>	<b>0.08</b>	<b>6,000</b>	<b>0.06</b>	<b>6,000</b>	<b>0.06</b>
<b>Other Shareholders</b>						
Crossborder Investments Private Limited	80,000	1.09	80,000	0.79	80,000	0.77
Other public shareholders	Nil	Nil	2,750,000	27.22	3,000,000	28.98
<b>Total</b>	<b>7,352,000</b>	<b>100.00</b>	<b>10,102,000</b>	<b>100.00</b>	<b>10,352,000</b>	<b>100.00</b>

\* The post-Issue shareholding pattern is indicative and would be finalised in the Prospectus.

4. Our Company, our Directors and the BRLM have not entered into any buy-back and/or standby arrangements for purchase of Equity Shares from any person.
5. In the case of over-subscription in all categories, at least 50% of the Issue shall be allocated on a proportionate basis to QIB Bidders, of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion would be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds, upto 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and upto 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Under-subscription, if any, in any category, would be met with spill over from other categories at the discretion of our Company in consultation with the BRLM.
6. The list of shareholders of our Company and the number of Equity Shares held by them is as under:
  - (a) The shareholders\* of our Company as on the date of filing of this Red Herring Prospectus and ten days before the date of filing of this Red Herring Prospectus, are as follows:

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Sr. No.	Name of Shareholders	Number of Equity Shares	Pre- Issue Shareholding(%)
1.	Mr. Vinod Kashyap	2,421,000	32.93
2.	Mr. Vineet Kashyap	2,422,500	32.95
3.	Mr. Vikram Kashyap	2,422,500	32.95
4.	Crossborder Investments Private Limited	80,000	1.08
5.	Mrs. Anjoo Kashyap	1,500	0.02
6.	Mrs. Aradhana Kashyap	1,500	0.02
7.	Mrs. Amrita Kashyap	1,500	0.02
8.	Mr. Mohit Kashyap	1,500	0.02
	<b>Total</b>	<b>7,352,000</b>	<b>100.00</b>

\* There are only eight shareholders in our Company.

- (b) The shareholders\* of our Company two years before the date of filing of this Red Herring Prospectus are as follows:

Sr. No.	Name of Shareholders	Number of Equity Shares	Pre- Issue Shareholding(%)
1.	Mr. Vinod Kashyap	1,614,000	33.29
2.	Mr. Vineet Kashyap	1,615,000	33.31
3.	Mr. Vikram Kashyap	1,615,000	33.31
4.	Mrs. Anjoo Kashyap	1,000	0.02
5.	Mrs. Aradhana Kashyap	1,000	0.02
6.	Mrs. Amrita Kashyap	1,000	0.02
7.	Mr. Mohit Kashyap	1,000	0.02
	<b>Total</b>	<b>4,848,000</b>	<b>100.00</b>

\* There were only seven shareholders in our Company.

7. None of the persons listed in our Promoters or Promoter group, or our Directors or the Directors of our Promoter group have purchased or sold any Equity Shares (excluding any issue of bonus Equity Shares), during a period of six months preceding the date on which the Draft Red Herring Prospectus is filed with SEBI.
8. There are no outstanding warrants, options or rights to convert debentures, loans or other instruments into our Equity Shares.
9. On October 14, 2005, Crossborder Investments Private Limited, a wholly owned subsidiary of Edelweiss Capital Limited, subscribed to 80,000 Equity Shares at the price of Rs. 400/- per Equity Share aggregating Rs. 32 million. We allotted 80,000 Equity Shares to Crossborder Investments Private Limited in lieu of consideration that we had to pay Crossborder Investments Private Limited for us subscribing to its 32,000 10% optionally fully convertible unsecured debentures of Rs. 1,000 each. The convertible debentures were issued on October 4, 2005 for a period of 80 days and were subject to put and call options of the parties. On December 22, 2005, we exercised the put option to redeem the debentures, which was duly honoured by Crossborder Investments Private Limited.
10. A Bidder cannot make a Bid for more than the number of Equity Shares offered through the Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of Bidder.
11. Except our Promoter Directors, none of our other Directors or our key managerial employees hold any Equity Shares.
12. There would be no further issue of Equity Shares, 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 have been listed.
13. We presently do not intend or propose to alter our capital structure for a period of six months from the Bid/Issue Opening Date, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise, except if we enter into acquisitions, joint ventures or other arrangements, we may, subject to necessary approvals, consider raising additional capital to fund such activity or use Equity Shares as currency for acquisition or participation in such joint ventures.
14. 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.



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15. As on February 4, 2006, the total number of holders of our Equity Shares was eight.
16. Our Company has not raised any bridge loans against the proceeds of the Issue.
17. We have not issued any Equity Shares out of revaluation reserves. Except as disclosed in “Capital Structure – Notes to the Capital Structure” on page 17 and “Other Regulatory and Statutory Disclosures – Issues Otherwise than for Cash” beginning on page 138, we have not issued any Equity Shares for consideration other than cash.
18. An over subscription to the extent of 10% of the Issue can be retained for the purposes of rounding to the nearest multiple of 10 while finalizing the basis of Allotment.
19. As per the RBI regulations, OCBs are not allowed to participate in this Issue.
20. As per Chapter VIII A of the SEBI Guidelines, we have availed of the Green Shoe Option for stabilising the post-listing price of the Equity Shares. We have appointed Edelweiss Capital Limited as the stabilising agent. The Green Shoe Option consists of an option to over-allot up to 250,000 Equity Shares at the Issue Price, aggregating Rs. [●] million, representing up to 9.09% of the Issue, exercisable during the Stabilisation Period.

Maximum number of Equity Shares	Up to 250,000 Equity Shares.
The maximum increase in our equity share capital if we are required to utilise the full over-allotment in the Issue	250,000 Equity Shares
Green Shoe Option Portion	Up to 9.09% of the Issue.
Maximum number of Equity Shares that may be borrowed	Upto 250,000 Equity Shares.
Pre-Issue holding of the Green Shoe Lender as of December 26, 2005	2,422,500 Equity Shares representing 32.95% of the pre-Issue share capital of our Company.
Maximum number of Equity Shares that can be lent by the Green Shoe Lender	Upto 250,000 Equity Shares representing 3.40% of the pre-Issue share capital of our Company.
Stabilisation Period	The period commencing from the date of obtaining trading permission from the BSE and the NSE for the Equity Shares under the Issue, and ending 30 days thereafter unless terminated earlier by the Stabilising Agent.
Rights and obligations of the Stabilising Agent	<p>Open a special bank account under the name of “Special Account for GSO proceeds of B. L. Kashyap &amp; Sons Limited” or GSO Bank Account and deposit the money received against the over-allotment in the GSO Bank Account.</p> <p>Open a special account for securities under the name of “Special Account for GSO shares of B. L. Kashyap &amp; Sons Limited” or GSO Demat Account and credit the Equity Shares bought by the Stabilising Agent, if any, during the Stabilisation Period to the GSO Demat account.</p> <p>As per SEBI Guidelines, stabilise the market price of the Equity Shares only in the event of the market price falling below the Issue Price, including determining the price at which Equity Shares to be bought, the timing etc.</p> <p>On exercise of the Green Shoe Option, to request us to issue fresh Equity Shares and to transfer funds from the GSO Bank Account to us for such fresh issue of Equity Shares, within a period of two working days of the close of the Stabilisation Period.</p> <p>On expiry of the Stabilisation Period, to return such number of Equity Shares to the Green Shoe Lender either through market purchases as part of stabilising process or through the issue of fresh Equity Shares by us.</p> <p>To submit daily reports to the Stock Exchanges during the Stabilisation Period and final report to SEBI.</p> <p>To maintain a register of its activities and retain for three years. Net gains on account of market purchases in the GSO Bank Account to be transferred net of all expenses and net of taxes, if any, equally to the Investor Protection Fund of BSE and NSE.</p>

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Our rights and obligations	On expiry of the Stabilisation Period if Stabilising Agent has not bought the entire number of Equity Shares, which have been over allotted, then such balance number of Equity Shares shall be issued by us to the credit of the GSO Demat Account. If no Equity Shares are bought, then to issue the Equity Shares to the entire extent of over-allotment.
Rights and obligations of the Green Shoe Lender	The Green Shoe Lender undertakes to execute and deliver all necessary documents and give all necessary instructions to procure that all the rights, title and interest in the Loaned Shares shall pass to the Stabilising Agent/GSO Demat Account free from all liens, charges and encumbrances. Before the Pricing Date, to transfer Loaned Shares to GSO Demat account. The Green Shoe Lender will not recall or create lien or encumbrance on the Loaned Shares till the completion of the formalities during the Stabilisation Period.

21. Our Company has not granted any options or issued any shares under any employees stock option or employees stock purchase scheme.

**OBJECTS OF THE ISSUE**

The objects of the Issue are to meet our funding requirement as described below and achieve the benefit of listing :

**Funds requirement**

The funds requirement is estimated as under:

<b>Particulars</b>	<b>Amount (Rs. in million)</b>
Plants and machinery	647.60
Investments in our subsidiary, BLK Furnishers.	200.00
Land and building	150.00
Long term working capital*	[•]
Issue expenses*	[•]
<b>Total*</b>	<b>[•]</b>
<b>Means of Finance</b>	
Issue proceeds*	[•]
Internal accruals*	[•]
Term loans	125.00
<b>Total*</b>	<b>[•]</b>

\* To be inserted upon finalization of the Issue Price.

In the event of shortfall of funds, the same will be met through the internal accruals of the Company. Our current internal accruals (being cash in hand and credit balances with banks) as on September 30, 2005 are Rs. 134.52 million, which we believe are sufficient to meet the shortfall of funds, if any .

The main objects stated in our Memorandum of Association enable us to undertake our existing activities and the activities for which funds are being raised by us through this Issue.

We hereby confirm that firm arrangements have been made through verifiable means towards 100% of the stated means of finance, excluding the amount to be raised through the Issue. The following are the details of the loan facilities for which firm arrangements have been made.

<b>S. No.</b>	<b>Lender</b>	<b>Amount (Rs. in million)</b>
1.	ABN AMRO Bank	80.00
2.	ICICI Bank Limited	45.00

For details of the terms of above loans, please see section titled “Financial Indebtedness” beginning on page 91.

**Long term working capital**

We have been presently sanctioned working capital limits of Rs. 1,070 million by our bankers consisting of fund-based limits of Rs. 170 million and non-fund based limits of Rs. 900 million, which comprises of letter of credit issuance limit aggregating Rs. 120 million and bank guarantee issuance limit aggregating Rs. 780 million. For details of our loans see the section titled “Financial Indebtedness” beginning on page 70.

We need additional working capital in consonance with the expanding scope of our business. We have estimated our long term working capital requirements for fiscal 2007, as under:



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Particulars	Rs. in million
	Amount
Raw material and work in progress	554.81
Sundry debtors	1,840.01
Advance to suppliers, retention money	580.13
Margin money	313.92
Other current assets	78.10
<b>Sub total</b>	<b>3,366.97</b>
Less: Sundry creditors	1,212.06
Other current liabilities (other than bank borrowings)	1,154.64
<b>Sub total</b>	<b>2,366.70</b>
<b>Total working capital requirement</b>	<b>1,000.27</b>
Less: Available working capital limit as on September 30, 2005	170.00
<b>Long term working capital requirement</b>	<b>830.27</b>
<b>Funded by</b>	
Margin money for working capital*	[•]
Proceeds of the Issue#	[•]

\*Margin money for working capital would be financed through internal accruals and this amount is the difference between the proceeds from the Issue for this purpose and the long term working capital requirement of Rs. 830.27 million.

# Will be filled in upon finalization of Issue Price.

### Plant & Machinery

We have estimated the requirement of plant & machinery aggregating Rs. 647.60 million. We have obtained quotations for the aforesaid capital expenditure plan (including escalation and contingencies) of which we have currently placed no orders. The plant & machinery proposed to be acquired are ready to use and can be put in operation at any of the working sites after the procurement. The expected date of supply of these plant & machineries is within four months from the date of placement of orders. The detailed break-up of plant & machineries is given below:

S. No.	Description	Supplier	Unit rate (Rs. in million)	Quantity (Nos.)	Amount (Rs. in million)
1	Batching Plant - SMM 40 of Capacity - 30 Cum/Hr	Shirke	4.4	8	35.20
2	Concrete Pump Model BP 350 D with 100 m pipe line	Greaves Cotton	1.77	10	17.70
3	Transit Mixer Model STM 6 of 6 Cum Capacity	Shirke	1.05	15	15.68
4	Truck Chasis - Ashok Leyland Taurus 2516H/4C	Ashok Leyland	1.25	15	18.75
5	Truck Tippers	TATA	1.56	2	3.12
6	Tower Crane - Potain MC 85A Fixed Version (45 mtr boom)	Shirke	7.70	6	46.20
7	Tower Crane - Potain MC 85A Version Traveling type (45mtr boom)	Shirke	8.58	5	42.88
8	Tower Hoist	Construction & Allied Equipments	0.15	15	2.18
9	Concrete mixer (10/7 Cft - 1 bag capacity with tilting drum & mechanical hopper fed arrangement	Construction & Allied Equipments	0.10	40	3.80



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11	Earth Compactor - FP 80 of Plate size 24"X16" Electric Driven	Construction & Allied Equipments	0.03	12	0.32
12	Earth Compactor - FP 80 of Plate size 24"X16" Petrol Driven	Construction & Allied Equipments	0.03	12	0.38
13	Earth Compactor - FP 130 of Plate size 29"X20" Electric Driven	Construction & Allied Equipments	0.04	15	0.54
14	Earth Compactor - FP 130 of Plate size 29"X20" Petrol Driven	Construction & Allied Equipments	0.10	15	1.43
15	Earth Compactor - FP 220 of Plate size 30"X24" _ Electric Driven	Construction & Allied Equipments	0.05	10	0.49
16	Earth Compactor - FP 220 of Plate size 30"X24" _ Petrol Driven	Construction & Allied Equipments	0.12	10	1.20
17	BOB Cat Model S-130 Skid Steer Loader	Ingersoll Rand	1.41	6	8.46
18	Silent DG Sets - 82.5 Kva - Engine \Model - 6BT5.9 G-1	Sudhir Genset	0.61	15	9.15
19	Silent DG Sets - 125 Kva - Engine Model - 6BT5.9 G-2-I	Sudhir Genset	0.75	20	14.92
20	Silent Generator 62.5 Kva	Sudhir Genset	0.45	15	6.75
21	Concrete Block making machine Vikrant - 2000H	Construction Equipment Corporation	0.33	10	3.28
22	Mechanical Bar Cutting Machine - SCM -42	Spartan Engineering Company	0.25	30	7.50
23	Hydraulic Bar Cutting Machine - SCH -32	Spartan Engineering Company	0.16	20	3.20
24	Mechanical Bar bending Machine - SBM -42	Spartan Engineering Company	0.27	30	8.19
25	Mechanical Bar bending Machine - SBM -32	Spartan Engineering Company	0.21	20	4.22
26	Vacuum Dewatering System	Aquarius Technologies	0.68	5	3.38
27	Excavator - JCB 430 Z with 1.7 Cum bucket	Leo Earthmovers Pvt. Ltd.	2.70	1	2.70
28	Excavator - JCB 3D with 0.27 Cum bucket	Leo Earthmovers Pvt. Ltd.	1.86	10	18.60
29	Stone Cutting Machine	MMB Enterprises	0.10	5	0.50
30	Floor Polishing Machine	MMB Enterprises	0.01	10	0.12
31	Adjustable Telescopic Props - 3m	British Scaffolding (I) Limited	0.001	30000	27.00
32	Adjustable Telescopic Props - 4m	British Scaffolding (I) Limited	0.001	20000	21.00
33	Adjustable Telescopic Spans - SO + SI	British Scaffolding (I) Limited	0.002	30000	51.00
34	shuttering Plates	British Scaffolding (I) Limited	0.001	50000	54.75
35	Cup Lock Vertical - 3m	British Scaffolding (I) Limited	0.001	20000	15.00

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36	Cup Lock Vertical - 2.50m	British Scaffolding (I) Limited	0.001	20000	13.00
37	Cup Lock Vertical - 2.00m	British Scaffolding (I) Limited	0.001	20000	10.00
38	Cup Lock Horizontal - 1.50 M	British Scaffolding (I) Limited	0.000	80000	26.00
39	Cup Lock Horizontal - 1.25 M	British Scaffolding (I) Limited	0.000	60000	15.60
40	Drop Head - 38 mm Deep	British Scaffolding (I) Limited	0.000	30000	11.97
41	Lab instrument	Unique instrument	0.20	10	2.00
42	Total Station – Topcon	K.D. Kumar & Co.	0.52	3	1.55
43	Digital Theodolite – Sokkia	K.D. Kumar & Co.	0.18	3	0.55
44	Passenger Lift		0.60	7	4.20
45	Shuttering Material	Various Supplier	-	-	46.69
46	General Office Equipments	Various Supplier	-	-	1.63
47	Computers	Various Suppliers	-	-	1.60
48	Tipper	Pascos	1.58	1	1.58
49	Tipper	Pascos	1.58	1	1.58
50	Monoblock Pump	Kishan Machinery Traders	0.00	1	0.00
51	Steel Cutting Machine	Paramount Electromech	0.07	1	0.07
52	5 HP MonoBlock Pump	Kansal Sanitary Store	0.01	1	0.01
53	Steel Cutting Machine	Paramount Electromech	0.07	1	0.07
54	Welding Machine	Star Engineering Co.	0.03	1	0.03
55	BOB CAT Machine	Ingersol Rand I Ltd	1.17	1	1.17
56	Steel Cutting Machine	Paramount Electromech	0.07	1	0.07
57	Batching Plant	Shirke Constructions Equipment P Ltd	2.97	1	2.97
58	Drill Machine		0.00	1	0.00
59	Trolley for Material Hoist	Super India	0.01	1	0.01
60	Tower Hoist	Mahashkti Construction Equipments	0.14	1	0.14
61	7.5 Hp Mono Block Pump-2 Nos.	Alliance Trade Links	0.03	1	0.03
62	5 HP MonoBlock Pump with starter	Alliance Trade Links	0.02	1	0.02
63	Auto Level Model Lal 2M aluminium	Lawrence & Mayo I P Ltd	0.02	1	0.02
64	2TATA JCB	Telco Construction Equipment Co Ltd	3.36	1	3.36
65	Weighing Machine	Alliance Trade Links	0.01	1	0.01



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66	5HP Summersible Pump	Sathya Sai borewell	0.05	1	0.05
67	Reciprocating Air Compressor HP20330 Ep 500L TM PET	ELGI Equipment Ltd.	0.18	1	0.18
68	Hammering Drill Machine	Patel Trading Corporation	0.01	1	0.01
69	Compression Testing Machine	APT Engineering Co.	0.07	1	0.07
70	Drill Machine for Aluminium	Metro Cash & carry India P Ltd	0.01	1	0.01
71	Vibrator Hozzal 60MM	Asian Engineering Co.	0.01	1	0.01
72	Compression Testing Machine	APT Engineering Co.	0.07	1	0.07
73	Core Cutting Machine	Hilti India P Ltd	0.31	1	0.31
74	Core Cutting Machine	Hilti India P Ltd	0.02	1	0.02
75	12.5 HP Pump Set	Ekoram & Company	0.06	1	0.06
76	Hydro Operated Concrete Block Making Machine	Karthik Engineering	0.19	1	0.19
77	Greaves Concrete Pumps350D	Greaves Cotton Ltd	1.78	1	1.78
78	Greaves Concrete Pumps350D	Greaves Cotton Ltd	1.78	1	1.78
79	Concrete Mixer	Greaves Cotton Ltd	0.91	1	0.91
80	Concrete Mixer	Greaves Cotton Ltd	0.91	1	0.91
81	Batching Plant-Plumeria	Shirke Constructions Equipment P Ltd	3.06	1	3.06
82	Feeder F700z	Lami Sales Corporation	0.40	1	0.40
83	Glue Spreader Machine	G.P. Industries	0.05	1	0.05
84	Greaves Pumps	Greaves Cotton Ltd	1.84	1	1.84
85	Transit Mixer Chasis	Ashok Leyland	2.30	1	2.30
86	Core Cutter Machine	Hilti India P Ltd	0.03	1	0.03
87	Drill Machine & Cutter	Patel Trading Corporation	0.01	1	0.01
88	Hydr Opt Concrete Block	Karthik Engineering	0.20	1	0.20
89	Block Making Machine	Karthik Engineering	0.04	1	0.04
90	Swift	D D Motors	0.44	1	0.44
91	Alto	Marketing Times Automobiles	0.32	1	0.32
92	Indigo	Mirkana Engg P Ltd.	0.56	1	0.56
93	Indica	Mirkana Engg P Ltd.	0.40	1	0.40
94	Toyota Corola	Uttam Toyota	1.07	1	1.07
95	Indica-DLS	Prerana Motors P Ltd	0.40	1	0.40
96	Vitara	V.K.Manufacturing Co Ltd.	1.25	1	1.25
97	Indica-DLS	Prerana Motors P Ltd	0.38	1	0.38
				<b>Total</b>	<b>616.94</b>
		Contingencies			30.76
				<b>Total</b>	<b>647.70</b>

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The schedule related to placement of orders and procurement of remaining plant and machineries is as under:

Particulars	Date of commencement	Date of completion
Placement of orders	April 2005	June 2006
Procurement	May 2005	December 2006

**Land and Building**

We propose to acquire land near Delhi and Bangalore for storage of the equipments used for construction work. We also plan to construct a workshop for repair and maintenance of the construction plant and machinery and other equipment. Since we have a number of projects in and around Delhi and Bangalore, the proposed facility will enable quick turnaround and assist in faster servicing of project sites. We estimate that the total cost of acquisition/construction of the proposed land and building would be approximately Rs. 150 million. However, we are in the process of identifying lands for the same.

**Investments in our wholly owned subsidiary, BLK Furnishers**

BLK Furnishers provides an entire range of services in relation to interiors and furnishing requirements in construction projects in the corporate sector.

Our association with BLK Furnishers enables us to commence bidding for projects on a turnkey basis, wherein we are now able to bid for the entire project including civil construction and furnishings and interiors.

We propose to invest an amount of Rs. 200 million in the subsidiary through equity investments in BLK Furnishers, which would be utilized for setting up a factory for the manufacture of kitchen cabinets, doors and door frames, wooden flooring and other related furnishings. The said funds would be utilized for procurement of plant and machinery for manufacture of the said items, long term working capital and establishment/branding expenses. The schedule of implementation and deployment of funds are as follows:

(Rs. In million)

Particulars	During fiscal 2006	During fiscal 2007	Total
Investments in our subsidiary, BLK Furnishers.	10.00	190.00	200.00

We have not been assured of any dividend benefits accruing from our investments in BLK Furnishers. We confirm that there is no other project of BLK Furnishers for which money is being raised in this Issue.

**Issue Expenses**

We estimate that the Issue expenses will be Rs. [•] million, the detailed break-up of the Issue expenses is given below:

S. No.	Particulars	Rs. In million	
		Amount	% of net proceeds of the Issue
1	Fees of BRLM, Registrar, Legal Advisors, Auditors and other advisors *	[•]	[•]
2	Printing and stationery, distribution, postage, etc.	20	[•]
3	Underwriting commission, brokerage and selling commission*	[•]	[•]
4	Advertisement and marketing expenses	14	[•]
5	Other expenses	10	[•]
6	Contingencies	[•]	[•]
	<b>Total</b>	[•]	[•]

\* Will be filled upon finalization of Issue Price.

**Interim Use of Funds**

The management, in accordance with the policies setup by our Board, will have flexibility in deploying the proceeds received from the Issue. Pending utilization for the purposes described above, we intend to temporarily invest the funds in high quality interest bearing liquid instruments including deposits in banks, for the necessary duration or for reducing working capital requirement. The Issue proceeds would be deposited in an escrow account which would be utilized for the Objects of the Issue and interim investment of funds which would be invested in fixed deposits in a scheduled commercial bank.

**Appraisal**

Our funds requirements and deployment thereof are based on internal management estimates, and have not been appraised by any bank/financial institution. In case of any variations in the actual utilization of funds earmarked for the above activities, increased fund deployment for a particular activity may be met with, in the first instance, by surplus funds, if any available in respect of the other activities for which funds are being raised in this Issue, otherwise by additional debt and/or equity. In addition to the above mentioned requirements, the balance proceeds of this Issue, if any, will be used for, among other things, the purposes mentioned above and/or to reduce our working capital requirement and/or for the repayment of debt.

**Monitoring of Utilisation of Issue Proceeds**

Our Board of Directors and Canara Bank, the monitoring agency appointed by us, will monitor the use of proceeds from this Issue and we will disclose details of the use of the Issue proceeds in a separate head in the balance sheet for fiscal 2006 and 2007. Besides, part of the project cost is funded through term lending from banks who would also monitor the utilization of the Issue proceeds towards the stated objects. We will disclose the utilization of the net proceeds of the Issue under a separate head in our Balance Sheet for Fiscal 2006 and 2007 clearly specifying the purposes for which such proceeds have been utilized. We will also, in our Balance Sheet for Fiscal 2006 and 2007 provide details, if any, in relation to all such proceeds of the Issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of the Issue.

No part of the proceeds of this Issue will be paid as consideration to our Promoters, our Directors, key management employees or companies promoted by our Promoters.

**Deployment of funds in the Projects as on December 31, 2005**

The Company has incurred the following expenditure on the proposed project till December 31, 2005. The same has been certified by M/s Sood, Brij & Associates, Chartered Accountants vide certificate dated January 31, 2006.

We have incurred expenditure on the proposed project up to December 31, 2005 as depicted below:

<b>Deployment of Funds</b>		<b>Rs. in Million</b>
Long term working capital		-
Plant and machinery and other assets		116.73
Issue expenses		2.77
Investments in subsidiary, BLK Furnishers		-
General Corporate Purposes		-
<b>Total</b>		<b>119.50</b>
<b>Sources of Funds</b>		<b>Rs. In Million</b>
Internal accruals		35.70
Term loans		83.80
<b>Total</b>		<b>119.50</b>

The year wise break up of proposed deployment of fund is mentioned hereunder:

*(Rs. in million)*

<b>Particulars</b>	<b>Already Deployed</b>	<b>During fiscal 2006</b>	<b>During fiscal 2007</b>	<b>Total</b>
Land and building	-	10.00	140.00	<b>150.00</b>
Plant and machinery and other assets	116.73	0.87	530.00	<b>647.60</b>
Investments in subsidiary, BLK Furnishers.	-	10.00	190.00	<b>200.00</b>
Long Term Working Capital	-	-	[•]	[•]
Issue Expenses	2.77	[•]	[•]	[•]
<b>Total</b>	<b>119.50</b>	[•]	[•]	[•]

## **TERMS OF THE ISSUE**

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

### **Ranking of Equity Shares**

The Equity Shares being offered under the Issue shall be subject to the provisions of our Memorandum and Articles of Association and shall rank *pari passu* in all respects with the existing Equity Shares including rights in respect of dividend. The Allottees will be entitled to dividend or any other corporate benefits (including dividend), if any, declared by our Company after the date of Allotment.

### **Mode of Payment of Dividend**

We shall pay dividend to our shareholders as per the provisions of the Companies Act.

### **Face Value and Issue Price**

The face value of the Equity Shares is Rs. 10 each and the Issue Price is Rs. [•] each. At any given point of time there shall be only one denomination for the Equity Shares.

### **Rights of the Equity Shareholders**

Subject to applicable laws, the equity shareholders of our Company 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;
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act and the terms of the listing agreements with the Stock Exchanges; and
- Such other rights as may be available to our shareholders under our Memorandum and Articles of Association.

For a detailed description of the main provisions of our Articles of Association dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation/splitting, pledge see the section titled "Main Provisions of Articles of Association of the Company" beginning on page 166.

### **Market Lot and Trading Lot**

In terms of existing SEBI Guidelines, the trading in the Equity Shares shall only be in dematerialised form for all investors and hence, the tradable lot is one Equity Share. In terms of Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialised form in multiples of one Equity Share subject to a minimum Allotment of 10 Equity Shares.

### **Nomination Facility to the Investor**

In accordance with Section 109A of the Companies Act, the sole or First Bidder, along with other joint Bidder(s), may nominate any one person in whom, in the event of death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. A fresh nomination can be made only on the prescribed form available on request at the registered office of our Company or at the registrar and transfer agent of our Company.



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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 our Board, elect either:

- a. to register himself or herself as the holder of the Equity Shares; or
- b. to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, our Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with, within a period of 90 days, our Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Issue will be made only in dematerialised mode, there is no need to make a separate nomination with us. Nominations registered with the respective depository participant of the applicant would prevail. If the investors require to change the nomination, they are requested to inform their respective depository participant.

### **Minimum Subscription**

If we do not receive the minimum subscription of 90% of the Issue to the extent of the amount including devolvement of the members of the Syndicate, if any, within 60 days from the Bid/Issue Closing Date, we shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after we become liable to pay the amount, we shall pay interest as per Section 73 of the Companies Act.

Further, in accordance with Clause 2.2.2A of the SEBI Guidelines we shall ensure that the number of prospective Allottees to whom the Equity Shares will be allotted will be not less than 1,000.

### ***Notice to QIB Bidders: Allotment Reconciliation***

After the Bid/Issue Closing Date, an electronic book will be prepared by the Registrar to the Issue on the basis of Bids received. Based on the electronic book, QIB Bidders will be sent a CAN indicating the number of Equity Shares that are being allocated to them. However, within a few days thereafter but prior to the Board meeting for final allotment of Equity Shares in the Issue, the Registrar to the Issue will also prepare a physical book, which may be different from the electronic book. This is because certain applications in the Non-Institutional Portion and Retail Portion may be rejected due to non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, technical rejections, etc, and these rejected applications may not be reflected in the electronic book but will be reflected in the physical book. As a result, additional Equity Shares may be available for allocation in the QIB Portion provided the QIB Portion is oversubscribed and the Non-Institutional Portion and Retail Portion are not fully subscribed. In such event, QIB Bidders may receive an increased allocation of Equity Shares and such increase in allocation will be reflected in a revised CAN that is sent to QIB Bidders.



**BASIS FOR ISSUE PRICE**

The Price Band for this Issue is Rs. 625/- to Rs. 700/-. The face value of the Equity Shares is Rs. 10/- and the Issue Price is 62.5 times the lower end of the Price Band and 70 times the higher end of the Price Band.

**Qualitative Factors:**

Factors external to us

- Global construction spending to exceed 5% p.a. over the next four years;
- India is expected to record highest rate of growth of spending in the construction industry over the period 2004-08, with growth above 10% expected;
- Significant increase in outlay in the housing segment owing to housing shortage, currently faced;
- Rapid growth in sectors like retail, IT/ ITES and manufacturing sectors to propel construction demand;
- Growing importance of real estate sector because of developments in retail, hospitality, entertainment, industries, economic services and information technology (IT)-enabled services.

Factors internal to us

- One stop construction solution on “design build” model;
- Proven performance within contractually stipulated time limits;
- Experienced Promoters with proven track record;
- Efficient deployment of manpower, materials and equipment;
- Ownership of modern concreting/shuttering equipment;
- Highly experienced, skilled, qualified and dynamic team, and low attrition rates;
- High standards of integrity and efficiency;
- Revenue is primarily derived from business emanating from the private sector.

**Quantitative Factors**

**1. Adjusted Earnings Per Share**

	<b>EPS (Rs.)</b>	<b>Weight</b>
a) 2002-03	4.23	1
b) 2003-04	6.66	2
c) 2004-05	24.85	3
d) Weighted Average EPS	15.35	

**2. Price/Earning Ratio (P/E) in relation to Issue Price of Rs. [ • ] per Equity Share**

<b>Particulars</b>	<b>P/E (no. of times)</b>
a) Based on 2004-05 EPS of Rs. 24.85	[•]
b) Based on weighted average EPS of Rs. 15.35	[•]
c) Construction Industry - P/E*	
i) Highest – Srinivasa Ship	254.90
ii) Lowest – Eldeco Hsg. & Inds.	8.90
iii) Average	26.60

\*Source: Capital Markets Volume XX/24, Jan 30 – Feb 12, 2006

**Accounting Ratios of some of companies in the same Industry group:**

	<b>EPS (Rs.)</b>	<b>P/E</b>	<b>RONW (%)</b>	<b>NAV (Rs.)</b>
Madhucon Project	6.00	56.60	18.40%	38.40
Patel Engg.	7.70	33.80	34.60%	25.90
Simplex Concrete	28.30	35.80	26.30%	229.70

\* Source: Capital Markets Volume XX/24, Jan 30 – Feb 12, 2006



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### 3. Return on Net Worth

	RONW (%)	Weight
a) 2002-03	17.93	1
b) 2003-04	25.71	2
c) 2004-05	79.45	3
<b>Weighted Average</b>	<b>51.28</b>	

Minimum return on total net worth needed after the Issue to maintain pre-Issue EPS of Rs. 24.85 is [•] %.

### 4. Net Asset Value

Particulars	NAV (Rs. per Equity Share)
a) As at March 31, 2005	33.65
As at September 30, 2005	40.81
b) After Issue	[•]
c) Issue Price	[•]

- The face value of our Equity Shares is Rs. 10/- each and the Issue Price is [•] times of the face value of our Equity Shares.
- The BRLM believes that the Issue Price of Rs. [•] per Equity Share is justified in view of the above qualitative and quantitative parameters. Specific attention of the investors is invited to the sections titled "Risk Factors" and "Financial Statements" beginning on page x and 105, respectively.
- The Issue Price of Rs. [•] has been determined by us in consultation with BRLM and on the basis of assessment of market demand for the Equity Shares by way of book building and is justified on the basis of the above factors.

**STATEMENT OF TAX BENEFITS**

**THE STATEMENT OF TAX BENEFITS HAS BEEN CERTIFIED BY OUR AUDITORS, M/S SOOD BRIJ & ASSOCIATES, CHARTERED ACCOUNTANTS:**

As per the present provisions of Income Tax Act, 1961 (hereinafter referred to as "The Act") and other laws as applicable for the time being in force in India, the following tax benefits are available and to the shareholders of the Company, subject to fulfillment of prescribed conditions:

**A. TOTHE COMPANY**

1. Under section 32 of the Act, the Company is entitled to claim depreciation allowance at the prescribed rates on all its tangible and intangible assets acquired and put to use for its business.
2. Under section 10(34) of the Act, dividend income (whether interim or final) received by the company from any other domestic Company (in which the company has invested) is exempt from tax in the hands of the Company.
3. The income received by the Company from distribution made by any mutual fund specified Under section 10 (23D) of the Act in respect of which tax is paid by such mutual fund u/s 115 R of the Act or from the administrator of the specified undertaking or from the specified companies referred to in section 10(35) of the Act is exempt from tax in the hands of the Company.
4. Under section 10(38) of the Act, the long term capital gains arising on transfer of securities, which are chargeable to Securities Transaction Tax, are exempt from tax in the hands of the Company.
5. As per the provisions of section 112(1)(b) of the Act, other long term capital gains arising to the Company are subject to tax at the rate of 20% (plus applicable surcharge and education cess). However, as per the Proviso to that section, the long term capital gains resulting from transfer of listed securities or units [not covered by section 10(36) and 10(38) of the Act], are subject to tax at the rate of 20% on long term capital gains become chargeable to tax as long term capital gains in the year in which such term capital gains worked out after considering indexation benefit (plus applicable surcharge and education cess), which would be restricted to 10% of long term capital gains worked out without considering indexation benefit (plus applicable surcharge and education cess).
6. As per the provisions of section 111A of the Act, short term capital gains arising to the Company from transfer of equity shares in any other company through a recognized stock exchange or from sale of units of any equity oriented mutual fund are subject to tax @ 10% (plus applicable surcharge and education cess), if such a transaction is subjected to Securities Transaction Tax.
7. In accordance with the subject to the conditions specified in section 54 EC and section 54 ED of the Act, the Company would be entitled to exemption from tax on long term capital gain [not covered by section 10(36) and section 10(38) of the Act] if such capital gain is invested in any of the long term specified assets (hereinafter referred to as the "new asset") to the extent and in the manner prescribed in the said sections. If the new asset is transferred or converted into money at any time within a period of three years from the date of its acquisition, the amount of capital gains for which exemption is availed earlier would become chargeable to tax as long term capital gains in the year in which such new asset is transferred or converted into money.

**B. To the Shareholders of the Company****I Resident Shareholders**

1. Under section 10(34) of the Act, dividend (whether interim or final) received from a domestic Company is exempt from tax in the hands of the resident shareholders of the Company.
2. Under section 10(38) of the Act, the long term capital gain arising on transfer of securities, which are chargeable to Securities Transaction Tax, are exempt from tax in the hands of the resident shareholders.
3. As per the provisions of section 112(1)(a) of the Act, other long term capital gains arising to the resident shareholders are subject to tax at the rate of 20% (plus applicable surcharge and education cess). However, as per Proviso to that section, the long term capital gains resulting from transfer of rate of 20% on long term capital gains after considering the indexation benefit (plus applicable surcharge and education cess), which would be restricted to 10% of long term capital gains without considering the indexation benefit (plus applicable surcharge and education cess).
4. As per the provisions of section 111 A of the Act, short term capital gains arising to the resident shareholders from the transfer of equity shares in a company through recognized stock exchange are subject to tax @ 10% (plus applicable surcharge and education cess) if such a transaction is subject to securities transaction tax.



## **B. L. KASHYAP AND SONS LIMITED**

5. As per the provisions of section 88 E of the Act, where the business income of an assessee includes profits and gains from sale of securities liable to securities transaction tax, a rebate is allowable from the amount of income tax, to the extent of securities transaction tax paid on such transactions. The amount of such rebate shall, however, be limited to the amount arrived at by applying the average rate of income tax on such business income.
6. In accordance, with and subject to the conditions specified in section 54 EC and section 54ED of the Act, the resident shareholders would be entitled to exemption from tax on long term capital gains [not covered by section 10(36) and section 10(38) of the Act], if such capital gains are invested in any of the long term specified assets (hereinafter referred to as the “new asset”) to the extent and in the manner prescribed in the said sections. If the new asset is transferred or converted into money at any time within a period of three years from the date of its acquisition, the amount of capital gains for which exemption is availed earlier would become chargeable to tax as long term capital gains in the year in which such new asset is transferred or converted into money.
7. In case of a shareholder being an individual or a Hindu Undivided Family, in accordance with and subject to the conditions and to the extent provided in section 54 F of the Act, the shareholder is entitled to exemption from long term capital gains arising from the sale of shares in the Company [not covered by sections 10(36) and 10(38) of the Act], if the net consideration is invested for purchase or construction of a residential house. If the net consideration is invested within the prescribed period in a residential house, such gains would not be chargeable to tax on a proportionate basis. If, however, new residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains for which the exemption was availed earlier would be taxed as long term capital gains for the year in which such residential house is transferred.

### **II Mutual Funds**

In case of a shareholder being a Mutual Fund, as per the provisions of section 10(23) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made there under, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorized by the Reserve Bank of India are exempt from income tax, subject to the notified conditions.

### **III Venture Capital Companies/ Funds**

In case of a shareholder being a Venture Capital Company/ Fund, any income of Venture Capital Companies/ Funds registered with the Securities and Exchange Board of India, are exempt from income tax, subject to the specified in section 10(23 FB) of the Act

### **IV. Foreign Institutional Investors (FII)**

1. Any income by way of dividends received on the shares of the company is entitled to be exempted u/s 10(34) of the Income Tax Act, 1961.
2. Under Section 10(38) of the Income Tax Act, 1961 long term capital gains arising to the shareholder from transfer of a long term capital asset being an Equity Share in the Company (i.e. equity shares held for the period of more than twelve months) and on which security transaction tax has been charged is exempt.
3. Under Section 115AD(1)(iii) of the Income Tax Act, 1961 income by way of long term capital gain arising from the transfer of shares (otherwise than as mentioned in 2 above) held in the company will be taxable @ 10% (plus applicable surcharge and education cess). It is to be noted that the benefits of indexation are not available to FIIs.
4. Short term capital gains on transfer of securities shall be chargeable @ 30% / 10% (plus applicable surcharge and education cess) as per clause (ii) to Section 115AD of the Income Tax Act, 1961.
5. Long term capital gains as stated in point 3 above on sale of shares of the company shall be exempt from income tax if such gains are invested in bonds/shares specified in section 54EC or section 54ED of the Income Tax Act, 1961 subject to the fulfillment of the conditions specified in the said sections.

### **C Benefits available under the Wealth Tax Act, 1957**

‘Asset’ as defined under section 2 (ea) of the Wealth Tax Act, 1957, does not include equity shares in companies. Hence, the shares are not liable to Wealth Tax.

### **D Benefits available under the Gift Tax Act, 1958**

Gift tax is not leviable in respect of any gifts made on or after October 1, 1998. Therefore, any gift of shares will not attract gift tax.

**INDUSTRY**

**Industry Overview**

Data in this section has been sourced from the following:

- Tenth Five Year Plan, Planning Commission, Government of India
- World Construction Review Outlook 2004/5 by Davis Langdon & Seah Consulting India Private Limited
- CRIS INFAC - *Cris Infac Retail Finance Annual Review – March 2005, Section on Housing Finance; Construction (Infrastructure, industrial investments driving demand)- Oct 2005; Construction (Construction investments on an upswing)- April 2005*
- Knight Frank Research – *India Property Investment Review, Quarter 4, 2005; India Retail Review, Quarter 2, 2005*
- Cushman & Wakefield Research – *Office Marketbeat New Delhi, 3<sup>rd</sup> Quarter 2005; Office Marketbeat Bangalore, 3<sup>rd</sup> Quarter 2005; Office Marketbeat Pune, 3<sup>rd</sup> Quarter 2005*
- Datamonitor – Asia Pacific, Home Furnishings
- Retailing in India, Euromonitor
- KSA Technopak - KSA Technopak, 2005

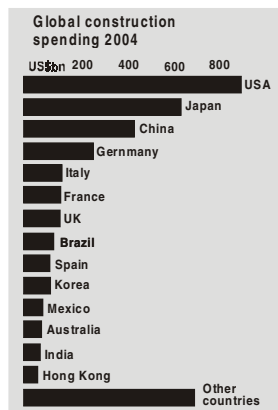
**Construction Industry**

The construction sector forms a pivotal industry in the economy of a nation. It is an integral part and defines a country’s infrastructural and industrial landscape. It includes hospitals, schools, townships, offices, houses and other buildings; industrial construction; urban infrastructure (including water supply, sewerage, drainage); highways, roads, ports, railways, airports; power systems; irrigation and agriculture systems; telecommunications etc. Covering so wide a spectrum, construction forms a basic input for socio-economic development.

At a global level, construction spending reached nearly US\$ 4.2 trillion in 2004, a 4.6% increase over 2003, with future growth rates expected to exceed 5% annually over the next four years. Increased spending on infrastructure and non-residential development is largely driving this growth.

The chart below depicts the amount spent in the construction industry by various countries in 2004.

Chart: Global spending on the construction industry



Source: World Construction Review Outlook 2004/5

Role of the construction sector in the economy

The construction industry generates substantial employment and provides a growth impetus to other sectors through multiple linkages. Hence it is regarded as one of the most important nation building sectors in an economy.

- The construction industry accounts for a sizeable portion of a country’s GDP; it accounts for about 8 per cent of UK’s GDP, 16 per cent of Ireland’s and 11 per cent of Dubai’s. The construction sector was one of the prime drivers of the impressive 16 per cent growth in Dubai’s GDP in 2004.



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In India, construction activities account for 6% of the GDP. The share of the construction sector in total gross fixed capital formation (GCF) stood at 44 per cent in 1999-2000.

- As an economic activity, construction is widely perceived to have the maximum number of linkages, both forward and backward, with other activities. These include cement, steel, bricks/tiles, sand/aggregates, fixtures/fittings, paints and chemicals, construction equipment, petro-products, timber, mineral products, aluminum, glass and plastics.
- The construction sector multiplier effect is estimated at about 1.8 times on core sector industries like steel, cement, aluminum, petroleum, timber, glass, paints and chemicals, construction equipment. A study by rating agency ICRA shows that the construction industry ranks 3rd among the 14 major sectors in terms of direct, indirect and induced effects in all sectors of the economy.
- The construction sector is the third largest employer in the country after agriculture and retail. In 1999-2000, the sector employed 17.62 million workers, a rise of 6 million over 1993-94. It also recorded the highest growth rate in generation of jobs in the last two decades, doubling its share in total employment.

### Construction industry – Growth outlook

China, India, Korea, Thailand and Vietnam are expected to achieve the fastest growth rates in the region, in the medium term. Re-construction following the extensive damage caused by the Indonesian earthquake is likely to stimulate construction spending growth in Sri Lanka, Thailand, India, Indonesia and the Maldives as these countries race to replace damaged infrastructure and repair battered tourist facilities.

A surge of growth in India is leading global construction activity. As can be seen from the chart below, India is expected to record the highest rate of growth of spending in the construction industry over the period 2004-08, with growth above 10% per annum expected to continue to 2008. The main demand in India is being driven by increased spending on infrastructure and industrial projects.



Source: World Construction Review Outlook 2004/5

The World Construction Review Outlook 2004/5 studies steady growth in the construction industry of countries. The following table represents the findings of its study, which further validates the promising growth rates over the medium term, expected from countries like India and China.

Country ranking				
Country	Fastest growing	Most profitable	Most open	Combined score
1 China	7	23	10	40
2 USA	4	0	2	6
3 Iraq	3	2	0	5
4 India	1	1	2	4
5 UK	1	0	3	4
6 Japan	2	0	0	2
7 Nigeria	1	0	1	2
8 Singapore	0	0	2	2
9 Qatar	1	0	0	1
10 South Africa	0	1	0	1

Source: World Construction Review Outlook 2004/5

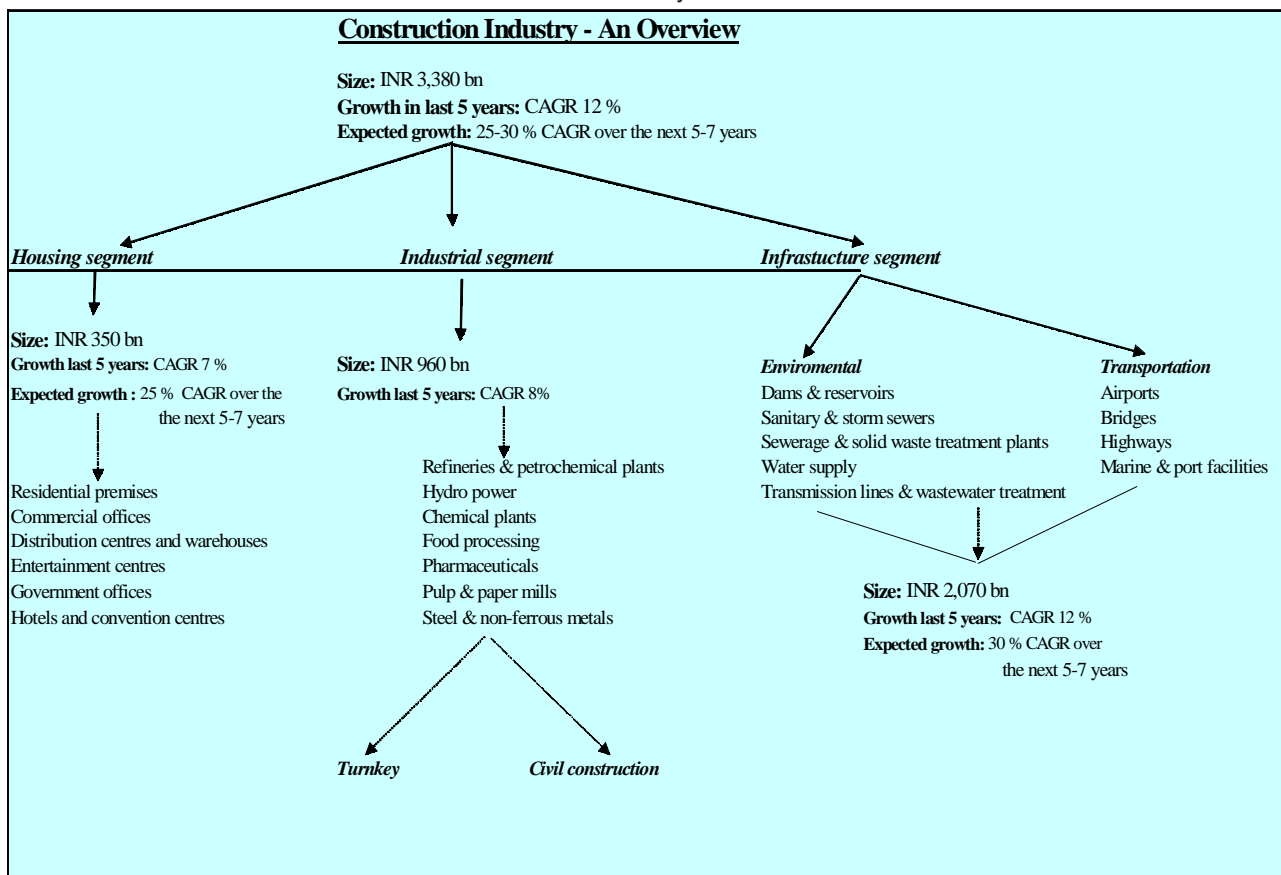
**Components of the construction industry**

The Indian construction industry can be broadly divided into three segments:

1. Housing segment
2. Industrial segment
3. Infrastructure segment

Overall, the construction industry is highly fragmented; the industry’s low capital -intensity and low entry barriers are primarily responsible for this. The fragmentation is, however, limited in the infrastructure and industrial projects segments as compared to the housing sector since the former requires more specialised skill sets.

Given below is an overview of the Indian construction industry-



Source: Edelweiss Research

Each of these segments has been explained in detail below. The following table shows the outlay made during the different Plan periods in each of these segments.



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Table: Plan outlay for various projects

Segment (INR bn)	Ninth Five Year Plan - Actual Spent 1997-2001	Tenth Plan Allocation 2002-07	Growth %
<b>Housing Segment (Estimated)</b>	<b>185.1</b>	<b>231.4</b>	<b>25.0</b>
<b>Industrial segment</b>			
Power	446.9	1434.0	220.9
Petroleum and Natural Gas	703.4	1036.6	47.4
Chemicals and Petro Chemicals	57.1	30.4	-46.7
Fertilizers	54.9	59.0	7.5
<b>Infrastructure</b>			
Railways	506.1	606.0	19.7
Roads Transport and Highways	376.7	597.0	58.5
Drinking Water Supply	80.5	142.0	76.4
Civil Aviation	94.3	129.3	37.1
Shipping	70.5	142.2	101.8
Urban Infrastructure	73.3	121.7	66.1
<b>Total</b>	<b>2,648.7</b>	<b>4,529.5</b>	<b>71.0</b>

E: Estimates Source: Planning commission, CII

### Housing segment

The Indian housing industry is highly fragmented, with the unorganised sector, comprising of small builders and contractors, accounting for over 70% of the housing units constructed. The organised sector comprises of large builders and government or government-affiliated entities.

### Growth

The investment in housing has steadily risen over the Plan period and as can be seen from the table below, the Tenth Five Year Plan envisages a growth of 381% in the total investment made in the housing segment.

Table: Investment in housing during different plan periods

(Rs bn)	Total Investment	% growth
First Plan (1951-56)	11.5	-
Second Plan (1956-61)	13.0	13%
Third Plan (1961-66)	15.5	19%
Fourth Plan (1969-74)	28.0	81%
Fifth Plan (1974-79)	44.4	59%
Sixth Plan (1980-85)	194.9	339%
Seventh Plan (1985-90)	314.6	61%
Eighth Plan (1992-97)	975.0	210%
Ninth Plan (1997-02)	1,510.0	55%
Tenth Plan (2002-07)	7,263.0	381%

Such growth is envisaged owing to the housing shortage, currently faced. The Tenth Five Year Plan on urban development has estimated an additional requirement of about 4.5 million houses each year during the Plan period (2002- 07). The National Buildings Organization (NBO) has estimated urban-housing shortage of 10.8 mn dwelling units. With this level of shortage it is estimated that the urban housing sector alone would require a total investment of Rs. 11,567 bn during the next five years. The total fund requirement, including requirement for rural housing would be Rs. 16, 000 bn. whereas the total availability is Rs. 7,200 bn only from the formal sector.

### Growth drivers in the housing industry

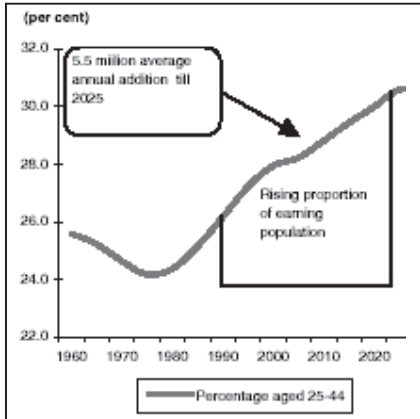
The changing demographics, lower interest rate regime, rising disposable incomes, stable property prices and fiscal incentives are the main drivers of the growth in the housing segment.

- Increasing percentage of population in the age group of 25-44



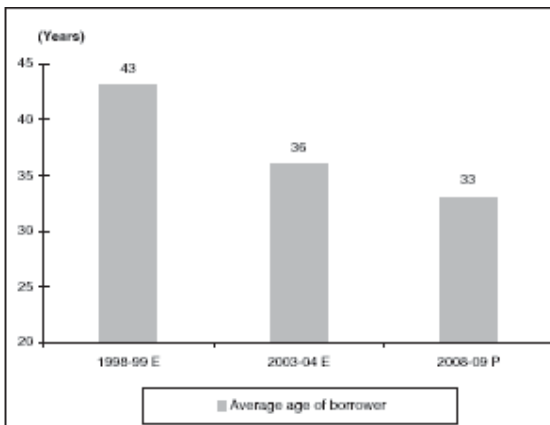
Given the rising income levels and the decreasing age of those buying homes (currently 35-36 years), the population in the 25-44 age group holds the key to the growth in housing demand. At present, about 28 per cent of India's population is in the 25-44 age bracket. This figure is expected to increase to about 30.6 per cent by 2025, an addition of approximately 5.5 million people each year, which could translate to a further 2.75 million new households per year.

Chart: Percentage of population aged 25-44



Source: Cris Infac

Chart: Average age of borrower

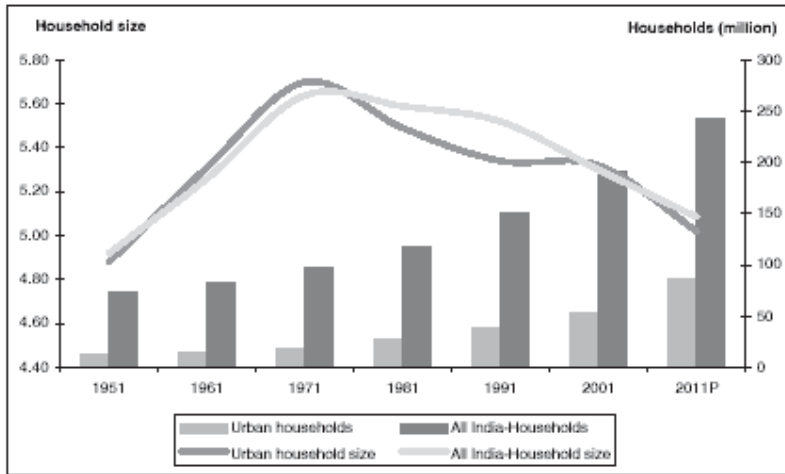


Source: Cris Infac

b) Shrinking household size augments demand for houses

The joint family system in India is gradually giving way to nuclear families. Consequently, the average size of the Indian household has shrunk from about 5.59 persons in 1971 to about 5.30 persons in 2001. Increasing urbanization and migration for employment opportunities are expected to narrow down the size of the average household to about 4.97 persons by 2011. Given India's burgeoning population, the contraction in the size of the average household offers a strong positive outlook for housing demand.

Chart: Declining household size

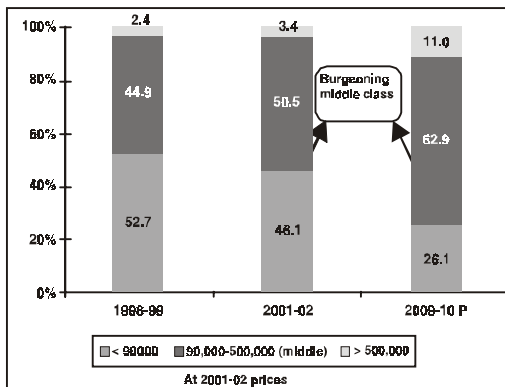


Source: Census 2001, BMTPC and CRIS INFAC

c) Increasing urban middle class population

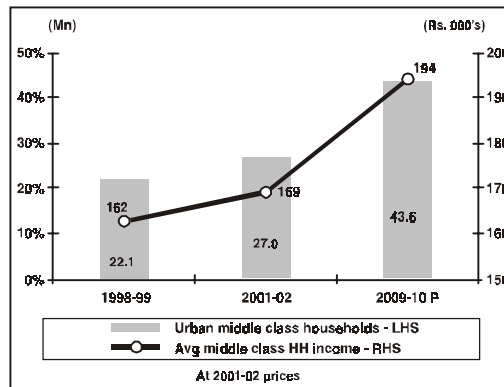
The Indian urban middle class (annual income Rs 90,000-Rs 500,000), which holds the key to consumer spending, has seen its share in total urban households increase from about 45% in 1998-99 to about 51% in 2001-02. Urban middle class households in India are expected to account for about 63% of the total urban households by 2009-10. More importantly, the average income of the urban middle class has increased from Rs 163,000 in 1998-99 to nearly Rs 169,000 in 2001-02, and is expected to increase to Rs 194,000 by 2009-10.

Chart: Growing share of urban middle class



P: Projections  
Source: NCAER & CRIS INFAC

Chart: Rising incomes of urban middle class households



P: Projections  
Source: NCAER & CRIS INFAC

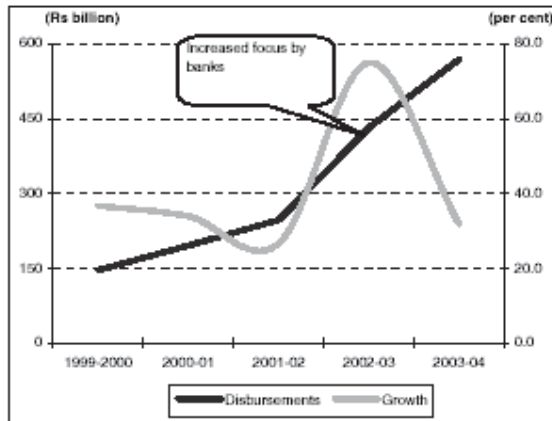
d) Increased acceptability of credit

India has witnessed a psychological shift from aversion to credit and considering credit a social stigma to viewing credit as a means of fulfilling individual and familial aspirations.

The housing finance market has recorded robust growth in the last few years, clocking an annual growth rate of about 40% between 1998-99 and 2003-04 to reach Rs.569 billion in 2003-04 from about Rs.107 billion in 1998-99, as can be seen from the chart below. This was partly stimulated by the declining interest rates on home loans.

The housing finance market is expected to continue its double-digit growth, recording an annual growth rate of 18.8% to reach Rs. 1,347 billion by 2008-09.

Chart: Housing finance market (1999-00 to 2003-04)



Source: CRIS INFAC

e) Shift in consumer preference from rented houses to owned houses

Over the years, there has been a significant decline in the proportion of households staying in rented premises. This can, to some extent, be attributed to rising income levels. In addition, the old Rent Control Act (State Act) offered greater protection to the tenant and low rentals made returns on investments in rental property unattractive. But with fewer properties available on rent today and a rise in rentals, consumers have found it more prudent to invest in property for self-occupancy. Rising aspiration levels and the easy availability of finance are expected to fuel this trend.

Table: Distribution of households by ownership status

(per cent)	Urban areas				
	1961	1971	1981	1991	2001
Owned	46.2	47.1	53.5	63.1	70.1
Rented	53.8	52.9	46.5	36.9	29.9
Total	100.0	100.0	100.0	100.0	100.0
	Rural areas				
Owned	93.6	93.8	93.0	94.5	96.4
Rented	6.4	6.2	7.0	5.5	3.6
Total	100.0	100.0	100.0	100.0	100.0

Source: Census reports and CRIS INFAC estimates

f) Increasing median home size

Rising income levels have increased the aspiration of borrowers to live a better life. This, coupled with easy availability of finance and steady real estate prices, has led to people shift towards larger houses.

Proportion of households by size of dwelling units occupied

(per cent)	Urban			All India <sup>1</sup>		
	1981	1991	2001	1981	1991	2001
< 1 to 1 rooms	45.8	39.5	35.1	45.37	40.52	38.5
2 rooms	27.9	30.4	29.5	28.62	30.58	30.0
3 rooms	12.2	14.8	17.1	12.22	13.85	14.3
4 rooms and above	14.1	15.3	18.3	13.79	15.05	17.2
All sizes	100.0	100.0	100.0	100.0	100.0	100.0

Note

<sup>1</sup>The data excludes the state of Jammu and Kashmir.

Source: Census of India - 2001



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### g) Fiscal incentives

In order to induce demand, the government provides tax incentives to the borrowers that reduce the cost of borrowing, making the option of availing of a loan to purchase/construct a house more economical. Interest payments up to certain levels on housing loans can be claimed as a deduction from the taxable income and annual principal repayment up to a particular level is eligible for a rebate from the tax liability. An exemption of long term capital gains can be availed of in the case of re-investment in a second property.

### Shopping Malls & Commercial Complexes

Almost 80% of real estate developed is residential space and the rest comprises offices, shopping malls, hotels and hospitals.

Rapid expansion in the retail space is taking place in the country and this is reflected in the purchase and development of real estate and the rapid construction of malls. Retail consultancy KSA Technopak estimates that 200 malls will come up between 2005 and 2006. In all 40 mn sq ft of retail space will be added in the next 2 -3 years.

Rapid boom witnessed by India in the IT/ITES sectors has resulted in an acute shortage for quality space for office and commercial structures. It has been estimated that there is a demand for approximately 75-85 mn.sq.ft. of IT space over the next five years. In effect, this will create substantial demand for construction of commercial complexes.

### Industrial construction

Industrial construction projects include construction of manufacturing facilities, civil and structural activities for a number of capital intensive industries like cement, fertilizers, petroleum etc. The total outlay for the industrial segment in the Tenth Five Year Plan is Rs.2560 billion, a growth of 103% from the outlay of Rs.1262.3 in the Ninth Five Year Plan.

The total investments in the key segments of the manufacturing sector are projected to increase from Rs.220 billion per annum (1998-99 to 2004-05) to Rs.734 billion per annum over the next 5 years (2005-06 to 2009-10), propelled by investments in oil and gas, and metals. Other industries such as automobiles, petrochemicals, cement, paper and fertilizers are also expected to record healthy investments during the forecasted period. Assuming civil construction to account for nearly 15% of the total capital cost of the projects, this huge investment is likely to generate construction demand of around Rs.550 billion from industrial projects.

### Infrastructure

Valued at Rs.2,070 bn, the infrastructure segment is the largest within the construction industry and can be broadly divided into environment and transport-related construction activities. While the environment segment includes dams, water supply, sewerage and solid waste treatment plants, the transport segment consists of roads, highways, bridges, ports and railways, airports etc.

The infrastructure segment is expected to witness rapid growth over the next five to seven years as the central and state governments' thrust on the development of urban and rural infrastructure intensifies. Factors like total infrastructure development outlay of INR 1,738 between FY02-07 (Tenth Five Year Plan), high government expenditure and increasing privatisation will continue to stimulate growth in the construction industry.

The sector is likely to receive prospective investments of Rs 3,000 billion over the next two years (2005-06 and 2006-07) — an over 25% increase from the estimated investments in the last two years (2003-04 and 2004-05). Based on the proportion of civil construction related expenses in each sector, it is estimated that these projects have a potential to translate into orders worth Rs. 1,800 billion for the construction industry.

The table below reflects the expected investments in key areas of the infrastructure industry.

Table: Infrastructure investments

Rs billion	Total investments		Construction investments	
	FY04-FY05	FY06-FY07	FY04-FY05	FY06-FY07
<b>Infrastructure</b>	<b>2,298</b>	<b>2,984</b>	<b>1,277</b>	<b>1,827</b>
<i>Key drivers</i>				
Irrigation	348	473	278	379
Hydel	194	203	136	142
Roads	390	733	390	733
Urban infrastructure	358	470	215	282

Source: Cris Infac



## **B. L. KASHYAP AND SONS LIMITED**

### **Real Estate Sector**

Real estate, also called realty, covers residential housing, commercial offices, trading spaces such as theatres, hotels and restaurants, retail outlets, industrial buildings such as factories and government buildings. Real estate involves the purchase, sale, and development of land, residential and non-residential buildings. Almost 80% of real estate developed is residential space and the rest comprises of offices, hotels, malls and entertainment avenues.

The main players in the real estate market are the landlords, developers, builders, real estate agents, tenants, buyers etc. The activities of the real estate sector encompass the housing and construction sectors also.

The real estate sector in India has assumed growing importance with the liberalization of the economy. The consequent increase in business opportunities and migration of the labour force has, in turn, increased the demand for commercial and housing space, especially rental housing. Developments in the real estate sector are being influenced by the developments in the retail, hospitality and entertainment (e.g., hotels, resorts, cinema theatres) industries, economic services (e.g., hospitals, schools) and information technology (IT)-enabled services (like call centres) etc. and vice versa.

### **Key characteristics of the Indian real estate sector**

The Indian real estate market is still in its infancy, largely unorganised and dominated by a large number of small players, with very few corporates or large players having national presence. The Indian real estate market, as compared to the other more developed Asian and Western markets is characterised by smaller size and higher prices.

#### 1. Highly fragmented market dominated by regional players

Rapid growth in the last decade has seen the emergence of larger players that have differentiated themselves through superior execution and branding. The larger players are able to capitalize on their early mover advantage. However, these players continue to operate in local/regional markets. While these players are now initiating efforts to develop a broader presence, their 'home' markets continue to support the majority of their profitability.

#### 2. Local know-how critical success factor in the development phase

One of the key reasons for emergence of local leaders is the criticality of local know how and relationships in ensuring successful and timely development. Each development is dependent on a number of local clearances (e.g., municipal corporation, water, electricity) that requires strong experience and relationships.

#### 3. High transaction costs and significant cash transactions

The sector has been burdened with high transaction cost in the form of stamp duty that varies across the country (state-wise). These transaction costs have resulted in poor liquidity in this market. These transaction costs have led to significant cash transactions to reduce the stamp duty burden.

#### 4. Residential development largely financed through mortgage loans

Most developers use mortgage for their residential projects. Apart from mortgages, the other key sources of funding are through high net worth individuals and large property brokers.

### **Growth outlook**

The real estate sector in India is witnessing a wide spectrum of changes making India a preferred destination for real estate activity. Technology sector and the outsourcing phenomenon coupled with the demographic shift characterized by rising disposable incomes and increased consumer spending has changed the face of the commercial real estate market in India.

It is estimated to grow into a US \$90bn industry from the current US\$ 12bn industry in the next 10 years. By 2010, the industry is expected to grow to US\$45-50bn.

### **The main factors driving this growth are:**

#### 1. Rapid growth of organised retailing

Organised retail in India is at an inflexion point. The share of organized retail in the total retail pie is expected to increase from the current 3% to about 8-10% by 2010. The strong potential of the retailing industry has prompted entrepreneurs to make big investments in malls and expectations of penetration levels have triggered exponential growth in malls.

#### 2. Growing commercial real estate requirements

In the commercial space, the business opportunity is led by the unprecedented outsourcing activity in India. The Indian IT/ITES sectors are in the midst of a significant growth phase and this strength in growth is expected to continue over the next five years. It has been estimated that there is a demand for approximately 75-85 mn.sq.ft. of IT space over the next five years.



## **B. L. KASHYAP AND SONS LIMITED**

### 3. Housing boom to drive demand for real estate

The changing demographics, lower interest rate regime, rising disposable incomes, stable property prices and fiscal incentives are the main drivers of the growth in the housing segment.

### 4. Real estate – an alternative investment class

Commercial real estate has emerged as a desirable investment option. On an average the returns from rental income on an investment in commercial property in metros is around 10.5%, which is the highest in the world.

The growth outlook of the sector has prompted investors to look at real estate as an investment asset. Investment in this sector has been growing steadily over the last four-five years. Apart from conventional investors, it attracts investments from corporates as well as from high networth individuals. The Indian realty sector is also beginning to see enhanced interest from Non-Resident Indians (NRI) aided by the easing of the FDI norms in real estate.

### 5. Government initiatives and FDI

Government initiatives have aided the sector by giving income tax benefits to the consumer, benefits to developers, initiated the rationalisation of stamp duty, repealed the ULCA in 9 states, are moving towards computerisation of land records and have taken initiatives towards permitting REITs apart from other developments. The Government has also initiated the National Urban Renewal Mission, which involves the renewal of urban facilities of satisfactory standards and made a budget allocation of Rs.55 bn.

The government has decided to allow FDI of up to 100% under the automatic route in townships, housing, built-up infrastructure and construction development projects (which would include, but not be restricted to housing, commercial premises, hotels, resorts, hospitals, educational institutions, recreational facilities), subject to fulfillment of certain conditions.

The gradual opening up of the sector for FDI by the Government and support of state governments to realty developments has further aided the sector by bringing in the much-needed investment, apart from professional players equipped with expertise in real estate development. The introduction of new technology and quality real estate assets is expected to have a demonstration effect on the local developers and lead to an improvement in the quality of related infrastructure.

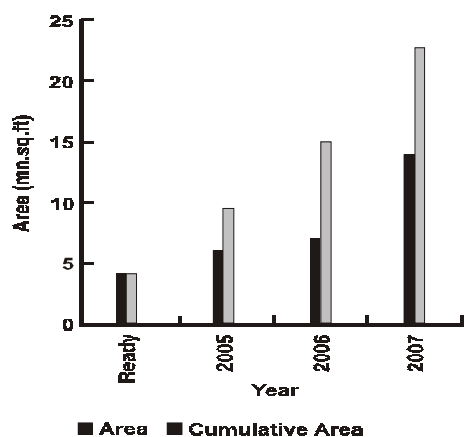
## **Indian Real Estate Scenario**

### **Delhi/NCR**

Delhi/NCR is witnessing a lot of activity in the real estate sector.

There is a huge revamping exercise in the retail sector with traditional markets making way for new, organized retailing formats like departmental stores, hypermarkets, supermarkets and specialty stores. By end-2007, NCR region is expected to witness an influx of about 19.5 mn.sq.ft. of additional mall space. Of the total space being developed in the NCR and its surroundings, Gurgaon and Noida will account for 35% of the additional retail space by 2007. Land auctioning by DDA & MCD in prime residential and upcoming retail locations in Delhi has released new space for mall developments.

### **Estimated new retail space in NCR by 2007**



Total space end-2007 : 23.2 mn.sq.ft.

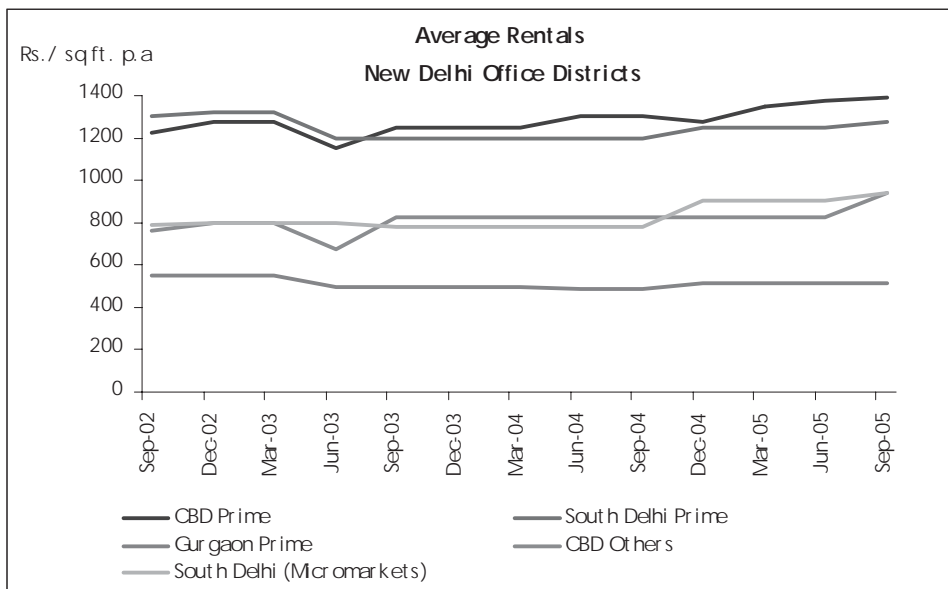
**Current Demand**

North West Delhi is also undergoing considerable change owing to growing retail activity in the region. By the year 2006, locations like Rohini, Pitampura, Shalimar Bagh and Rajouri Garden would witness an influx of over 2.0 mn.sq.ft. of additional retail space. With the Commonwealth Games scheduled to be held in Greater Noida in the year 2010, tremendous construction activity is underway in this micro-market.

The IT/ITES sectors accounts for a majority of the total demand from this sector, followed by the banking and other financial services (BFSI) sector with absorption levels of around 130,000 sq. ft. in the first quarter of 2005 calendar year).

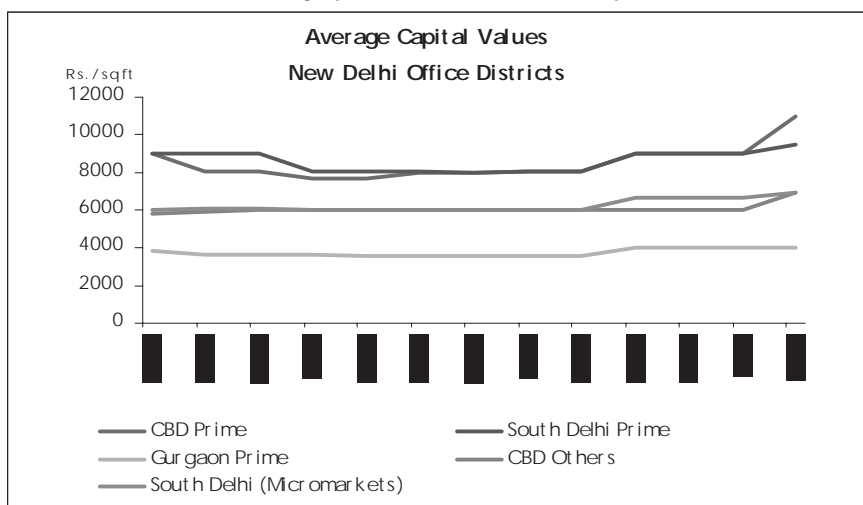
**Property rentals and values**

The anticipated completion of the Delhi Metro by end-2005 is expected to induce fresh demand in the CBD area. Quoted base rents for office space in the CBD ranged between Rs. 58-105 per sq. ft. pm with a few prime buildings breaching this range. Quoted rentals for prime office spaces in Gurgaon ranged between Rs. 28-40 per sq. ft. pm while the base rentals in Noida ranged between Rs. 25-30 per sq. ft. pm.



Source: Cushman & Wakefield

The chart below represents the average capital value of the prominent office districts in New Delhi and as can be seen, the value has remained largely stable over the last two years.



Source: Cushman & Wakefield



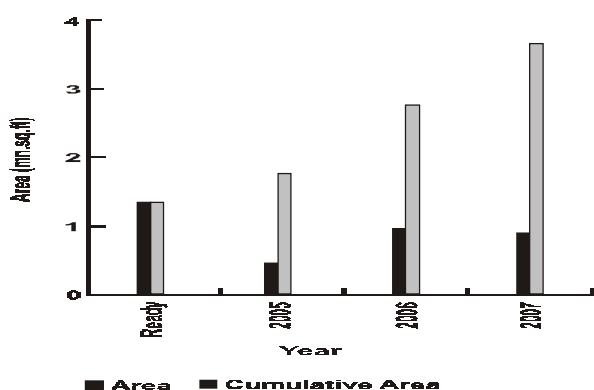
## B. L. KASHYAP AND SONS LIMITED

Among the residential areas, developers are mainly targeting South Delhi i.e. Vasant Vihar, West End, Shanti Niketan and Anand Niketan. Many builders have shifted interest to 'B' grade areas like Panchsheel Park, Defence Colony, Anand Lok etc. Suburban towns like Faridabad, Noida, Ghaziabad – Indirapuram and Gurgaon have witnessed the concentration of new age development.

### Bangalore

Bangalore is witnessing a steady upward trend in the demand for real estate from the commercial, retail and residential fronts. Bangalore is one of the fastest growing cities in the country recording a high annual population growth rate. Most of the new addition to population has resulted from immigration from other parts of the country on account of increased job creation in the city. The new population is characterized by double income, upper class families with high purchasing power. Their discerning tastes have opened avenues for new-age retailing in the city. It is estimated that the total retail stock in Bangalore by end-2007 will be to the tune of about 3.6 mn.sq.ft. The chart below shows the estimated addition in retail space in Bangalore by 2007.

**Estimated new retail space in Bangalore by 2007**



Total space end-2007 : 3.6 mn.sq.ft.

Source: Knight Frank India Research

### Current Demand

Bangalore is the largest single market for office property in the country. The second quarter of 2005 (calendar year) witnessed an overall space absorption of approximately 2.2 million sq. ft., a steep increase as compared to the absorption level recorded in the first quarter (1 million) of 2005 mainly on account of larger. The IT & ITES sector continued to be the most active demand driver for office space in Bangalore. CBD & Off- CBD locations recorded only 3.27% of the total absorption as compared to approximately 10% recorded in the first quarter. The suburban locations accounted approximately 40% of the total absorption this quarter. The peripheral locations continue to attract maximum demand with over to 1.2 million sq. ft. of absorption.

### Developing locations

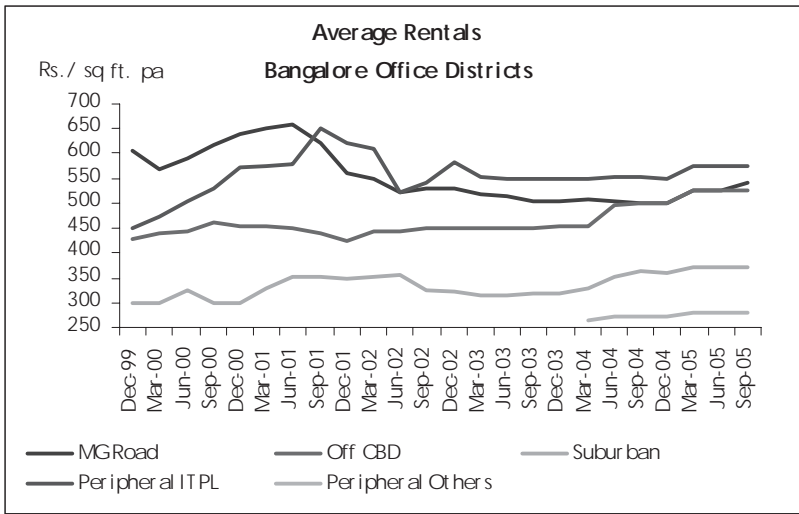
The locations slated to develop the fastest in the near future are Whitefield, Old Madras Road and the eastern quadrant of the Outer Ring Road, where new commercial and retail projects are being planned. With the work on the International airport having started, the real estate activity in the north of the city is expected to become more pronounced. The government is expected to allot lands to the IT industry for their campus developments in this area. The suburban and peripheral locations continue to be the most preferred office destinations. Future retail supply in the suburban & peripheral micro-markets is expected cross 1.0 mn. sq. ft. by 2007.

Demand for prime residential properties has increased and developers are targeting residential areas in the outskirts of Bangalore, such as Whitefield, Sarjapur Road, Kanakpura Road and Bannerghatta Road.

### Property rentals and values

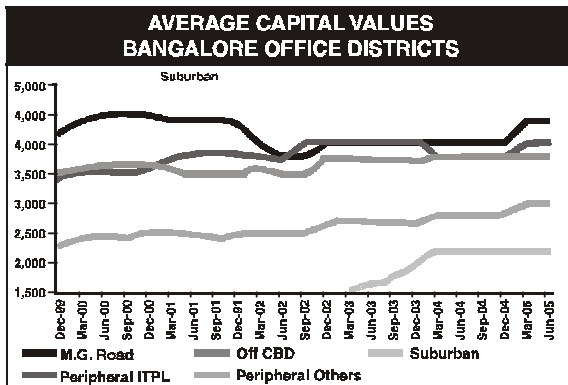
As can be seen from the chart below, average base rents of prime commercial properties in across all micro markets has not witnessed any significant change over the last few months. Minimum base rents in CBD locations are in the range of Rs.42 per sq. ft. pm to Rs.44 per sq. ft. pm, while the base rents at off-CBD locations were recorded in the range of Rs.38 per sq. ft. pm to Rs. 40 per sq. ft. pm. Minimum base rents at suburban locations like Indiranagar and Koramangala have remained stable and range from Rs.28 per sq. ft. pm to Rs.30 per sq. ft. pm. Base rents at peripheral locations like Electronic City and Whitefield (excluding ITPL) continue to be in the range of Rs. 22 per sq. ft. pm to Rs. 25 per sq. ft. pm. The minimum achievable base rents in ITPL have inched up marginally from Rs. 45 per sq. ft. pm to Rs.46 per sq. ft. pm.





Source: Cushman & Wakefield

Capital values across most micro markets have remained largely stable in the recent past as can be seen from the chart below. The capital values in the CBD locations remained with in the range of Rs. 4,000 per sq. ft. to Rs.4,500 per sq. ft. Capital values in peripheral locations of Electronic City & and Whitefield range between Rs. 1,600-2,300 per sq. ft. Capital values for ITPL are reported at Rs.4,200 per sq. ft.



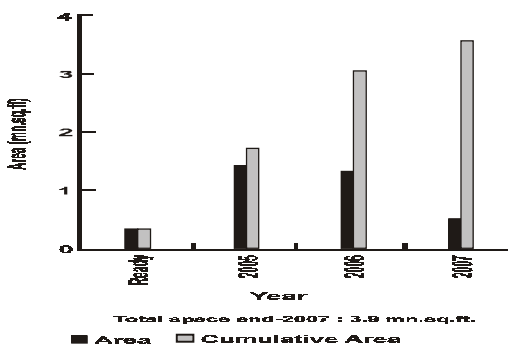
Source: Cushman & Wakefield

**Pune**

Pune is witnessing an increasing demand for real estate, especially with regard to office property.

A fast increasing population base, currently standing at 4.5 million and growing urbanization makes Pune a lucrative market for retailers in the organized retailing sphere. The cumulative retail stock by end-2007 in all these locations is expected to be over 2.5 mn.sq.ft. The chart below shows the estimated addition in retail space in Bangalore by 2007.

**Estimated new retail space in Pune by 2007**



**Current Demand**

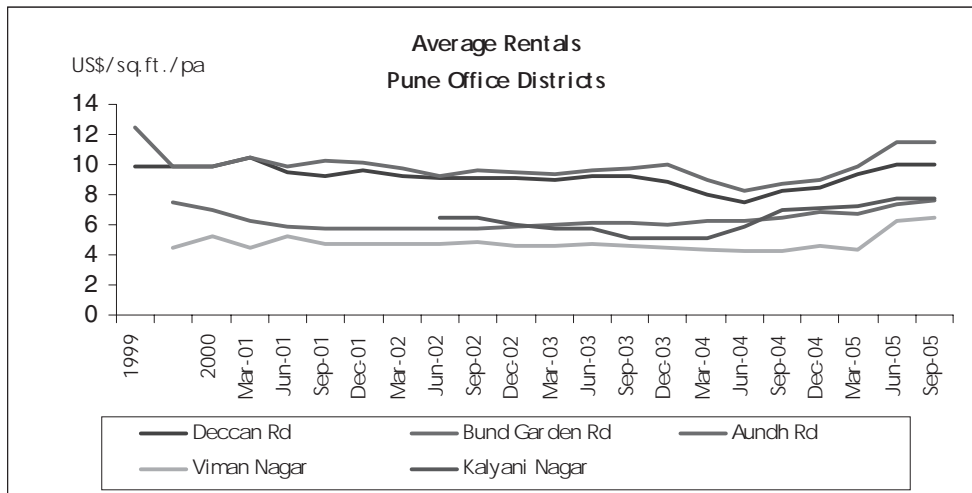
Various sectors such as Telecom, IT/ITeS, Manufacturing and Financial Services sector drove the demand. The absorption by IT/ITeS offices accounted for approximately 28% of the total absorption for office space in Pune. Shivaji Nagar, Senapati Bapat Road and Hadapsar captured the maximum demand for office space.

**Developing locations**

The micromarkets like Magarpatta City, Shivaji Nagar and Senapati Bapat Road have captured significant demand for office space. Magarpatta City captured the highest demand for office space in the second quarter of 2005 (calendar year), accounting for 41% followed by Senapati Bapat Road. These typically captured the demand for large to medium format spaces. Shivaji Nagar, which typically met the demand for small office space formats, accounted for 11% of the total demand in this period.

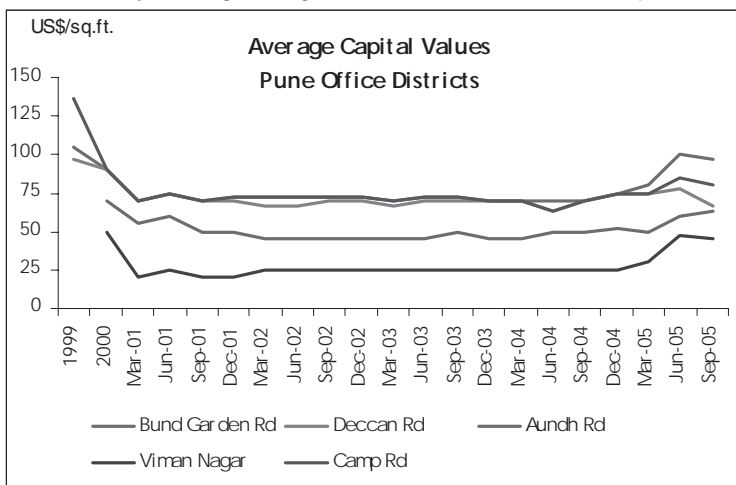
**Property values and rentals**

The rentals in micromarkets like Camp, Bund Garden and Deccan Road have increased. The rentals have also increased marginally in Aundh and Kalyani Nagar. Average Base rents at Camp/Bund Garden Road are reported at about Rs.40 sq. ft. pm. Base rents at suburban location of Aundh are estimated at about Rs. 28 sq. ft. pm, while those at Kalyaninagar and Hadapsar are estimated at Rs. 28 sq. ft. pm and Rs. 25 sq. ft. pm respectively.



Source: Cushman & Wakefield

Capital Values have increased across the micromarkets. The values for prime properties in Camp and Bund Garden Road are estimated in the range of Rs. 3,500-3,800/sq. ft. The average capital values of Grade-A properties in Deccan were 2,900-3,200/sq. ft. Values at suburban micromarket of Aundh are in the range of Rs. 2,400- 2,500/sq. ft.; while those at Kalyani Nagar range between Rs. 2,300-2,400/sq. ft.



Source: Cushman & Wakefield



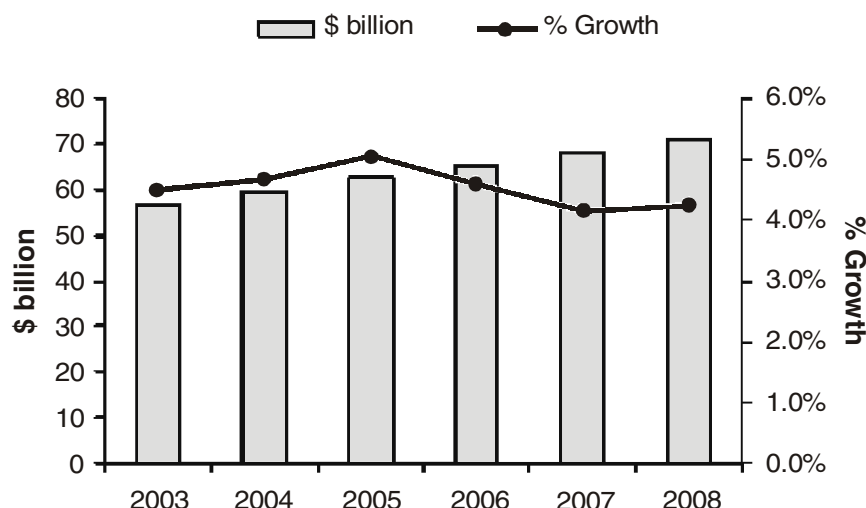
## B. L. KASHYAP AND SONS LIMITED

### Furniture and Furnishing Industry

The home furnishings market consists of the sale, directly or through any retail channel, of furniture, carpets and other floor coverings along with household textiles and soft furnishings.

At a global level, unlike Europe and US, Asia-Pacific has steadily been increasing its share of the global home furnishing market. The Asia-Pacific market grew at a compound annual growth rate (CAGR) of 5.6% to US\$ 56.84 billion during the period 1999 and 2003, which was higher than the growth recorded by the global market. This growth was primarily led by the furniture sector, which stood at US\$ 30.47 billion in 2003.

Chart: Asia Pacific Home Furnishing market value forecast - 2003-2008



The Asia-Pacific home furnishing market is extremely fragmented with very few companies holding a substantial market share. The rest of the market is made up of small local or specialized businesses, which individually only hold a negligible market share. One of the strongest growing areas of the market is the luxury segment, a trend that is likely to continue as incomes rise.

### India Furniture Industry

#### Overview

The furniture industry in India, is valued at Rs.17,500 crores. The industry is broadly divided into two segments, based on the end user catered to, viz. the residential segment and the office segment.

Among the types of furniture used, the office furniture segment is the largest in size and witnesses most of the technological innovation of the production. Consumer expenditure on furniture and furnishings amounted to about Rs 39 billion in 2002 and grew at a rate of 8% per year during 1999-2002, as can be seen from the table below.

(Rs. million)

Consumer Expenditure	1999	2000	2001	2002	2003
Furniture & furnishings	30823	32528	35668	38672	42357

Source: 1999-2002 Euromonitor from Central Statistical Organisation (Government of India), 2003

Euromonitor estimates

The main drivers of this growth are the rising income levels of the average Indian and the increase in size of houses, facilitating higher demand for furniture. Higher incomes are enabling many to spend large amounts on creating an aesthetically pleasing and comfortable home environment. With the rapid growth of incomes, elaborate furniture and furnishings has become a means to demonstrate prosperity and a better lifestyle.

**OUR BUSINESS**

**Introduction**

We are engaged in the business of offering a diversified range of construction and allied services to corporates and other institutional clients within the country.

We cater to the construction needs of diverse sectors such as hospitals & hospitality, industrial, IT / ITES, malls & multiplexes. We are also involved in construction and turnkey projects catering to residential and corporate office requirements.

Our revenues have grown from Rs. 781 million in fiscal 2001 to Rs. 3,131 million in fiscal 2005 at a CAGR of 80.2% and unconsolidated net profits before taxes have grown from Rs. 26 million in fiscal 2001 to Rs. 112.5 million in fiscal 2005 at a CAGR of 86.3%. During the six months ended September 30 2005, we have generated a revenue of Rs. 2,089.22 million with unconsolidated net profits before tax of Rs. 204.72 million.

**Our History**

The Kashyap family has been in the business of construction and allied services since 1978 In 1989, Mr. Vinod Kashyap, Mr. Vineet Kashyap and Mr. Vikram Kashyap, who are our current Promoters, incorporated a private limited company B. L. Kashyap & Sons Private Limited.

B. L. Kashyap & Sons Private Limited was converted into a public limited company in 1995 and our Company came into existence in its current form. We have leveraged on our past experience and that of our Promoters and we currently offer the entire gamut of construction services including civil, finishing, interiors and other allied services. We cater primarily to the northern and southern geographical regions of India. Recently we have taken up construction projects in Pune which marks our foray into western India.

**Business Overview**

Our present activities primarily involve construction services including turnkey projects that comprise civil construction, electrical, plumbing, fire-fighting, air conditioning and other works. We also provide a wide range of furnishing and fit outs through our wholly owned subsidiary BLK Furnishers. We have also established a subsidiary with the name of "Soul Space Projects Limited" for carrying out residential construction activities. It is contemplated that the development, marketing, sale, advertisement of the real estate projects, including both joint and sole development would be carried out through our subsidiary. We have commenced real estate development through our subsidiary in Pune. We also have a subsidiary "Security Information Systems (India) Limited" which deals in supply, installation, commissioning, servicing of integrated security information systems, building management systems, fire alarm, fire protection system, access control and other security systems.

Broadly, our business activities could be categorized into four segments:

- (i) Commercial Construction;
  - (ii) Corporate Construction
  - (iii) Residential Construction
  - (iv) Industrial Construction
- *Commercial construction:* This includes construction activity in the hospitality industry, hospitals and medical centers, the health care industry, the I.T/I.T.E.S. segment, etc.
  - *Corporate construction:* Corporate construction would include construction of corporate offices and buildings wherein we provide services including civil, furnishings and fit outs and allied activities.

Our important corporate construction projects may be summarized as follows:

*In Rs. Million*

Description of Project and Parties	Year of Completion	Approximate Value of Work
Corporate office building for M/s Escorts Ltd., Faridabad.	1993	100.00
Corporate office for Rajasthan Spinning and Weaving Mills Limited (Bhilwara Group) at Noida.	1996	75.00
Commercial complex for M/s Great Eastern Shipping Co. Ltd. at Gurgaon.	1999	70.00
Construction of corporate office for M/s Polyplex Corporation Ltd. at Noida.	2000	80.00



## B. L. KASHYAP AND SONS LIMITED

- *Residential construction:* In the year 2000-01, we ventured into turnkey and residential construction which forms an important part of our services portfolio. Residential construction would include civil, external and internal hard finishes. We also execute turnkey projects including civil, electrical, plumbing, fire-fighting, lifts, external and internal hard finishes, external landscaping.

We provide the entire range of civil construction services for this sector. We execute work on item rates and also give the developer the option of executing the work on a turnkey solution basis, which may include external finishing (i.e. the entire finishing on the outside of the building) and interiors. We also provide furnishings and fit outs through our subsidiary BLK Furnishers. Besides, we also provide modular furniture for kitchens which are included as a part of our offering for the construction of residential complexes.

We have completed multi-storeyed residential complexes situated in the northern and the southern regions of India. The major projects executed by us include the Central Park at Gurgaon and other projects for the Mantri Group, Akme Projects Limited and the Brigade Group at Bangalore. Presently, we are in the process of constructing approximately 1.9 million sq ft. of built up space for a residential housing complex at Bangalore for our Promoter Group Company, Akme Projects Limited and 1.56 million sq. ft. of built up space for Uppal Housing Private Limited at Greater Noida, Uttar Pradesh

*In Rs. million*

Description of Project and Parties	Year of Completion	Approximate Value of Work
Guest house for M/s Goetze (India) Ltd., New Delhi.	1994	60.00
Construction of Brigade Millennium – May Flower Tower at Bangalore	2004	154.60
Construction of residential complex - Tower - A,D & E "Mantri Elegance" at Bangalore for Abhishek Developers	2004	266.70
Construction of Mantri Residency for "Mantri Developers Private Limited at Bangalore.	2004	156.70
Construction of residential complex –Mantri Elite for “Mantri Group” at Bangalore for Abhishek Developers.	2005	170.30
Concrete & Blockwork Package for Embassy Dynasty Developers Private Ltd., Bangalore.	2005	263.15

*Industrial Construction:* Industrial construction would include factory buildings with structural steel work, sheeting, specialized flooring, external and internal finishes. A noteworthy contract in this segment of construction is the malted food product plant in 2001-02 for GlaxoSmithkline Consumer Healthcare Limited group at Sonapat in Haryana, which required specialized construction for “clean room” areas typical to a Food or a Pharmaceutical Plant.

*In Rs. million*

Description of Project and Parties	Year of Completion	Approximate Value of Work
Spinning Mill For M/s Nahar Spinning Mills Ltd., Mandideep, Bhopal (M.P.)	1995	110.00
P.V.D.Project For M/s Rajasthan Spinning & Weaving Mills Ltd., Banswara (Raj.)	1995	100.00
M/s Flex Engineering Limited, at Malanpur	1997	130.00
M/s Flex Engineering Limited, Noida	1997	130.00
Factory for M/s Nahar Spinning Limited, at Mandideep, Bhopal	1997	110.00
Factory for M/s Ginni Filaments Ltd. at Kosi Kalan.	1997	180.00
Factory for erstwhile M/s AlliedSignal India Private Limited at Gurgaon. (Har.)	1999	260.00
Construction of Factory Building for M/s GlaxoSmithkline Consumer Healthcare Ltd. at Sonapat.	2001	366.30
Civil Work for Hindustan Times Limited Building at Greater Noida, U.P.	2004	157.50
Civil Work for Salarpuria Infozone at Bangalore for Quardo Infotechnologies Private Limited	2005	178.40

**Our business profile in major industries**

The following tables depict the work order position for the respective fiscal years:

Sector	FY 03		FY 04		FY 05	
	Built up Area (Sq. ft.)	Order value (In Rs. Million)	Built up Area (Sq. ft.)	Order value (In Rs. Million)	Built up Area (Sq. ft.)	Order value (In Rs. Million)
<b>Institutional / Commercial Construction</b>	<b>2,559,475</b>	<b>1266.0</b>	<b>3,242,572</b>	<b>2056.0</b>	<b>8503,851</b>	<b>4213.0</b>
- Hospitality	216,624	181.0	116,209	145.0	20,829	31.0
- Office / Commercial Space	2,269,597	1044.0	2,872,569	1740.0	6,931,119	3706.0
- Education	33,374	19.0	146,874	101.0	201,903	187.0
- Medical / Hospital	39,880	22.0	-	-	-	-
- Retail / Multiplexes	-	-	106,920	70.0	1,350,000	289.0
<b>Industrial Structures</b>	<b>489,200</b>	<b>261.0</b>	<b>1,459,101</b>	<b>996.0</b>	<b>1,318,995</b>	<b>1105.0</b>
<b>Residential Space</b>	<b>1,369,819</b>	<b>688.0</b>	<b>1,678,715</b>	<b>778.0</b>	<b>2,866,140</b>	<b>2531.0</b>
<b>TOTAL</b>	<b>4,418,494</b>	<b>2215.0</b>	<b>6,380,388</b>	<b>3830.0</b>	<b>12,688,986</b>	<b>7849.0</b>

The geographical distribution of the work order position for the respective fiscal years is given below:

Region	FY 03		FY 04		FY 05	
	Built up Area (Sq. ft.)	Order value (In Rs. Million)	Built up Area (Sq. ft.)	Order value (In Rs. Million)	Built up Area (Sq. ft.)	Order value (In Rs. Million)
South	2,682,671	1204.0	4,007,766	2204.0	8,342,236	5345.0
North	1,735,823	1011.0	2,372,622	1626.0	4,346,750	2503.0
<b>Total</b>	<b>4,418,494</b>	<b>2215.0</b>	<b>6,380,388</b>	<b>3830.0</b>	<b>12,688,986</b>	<b>7849.0</b>

The average order value per project and the number of projects for the respective fiscal years are given below:

Sector	FY 03		FY 04		FY 05	
	No. of projects	Average order value (In Rs. Million)	No. of projects	Average order value (In Rs. Million)	No. of projects	Average order value (In Rs. Million)
<b>Institutional / Commercial Construction</b>	<b>28</b>	<b>117.0</b>	<b>33</b>	<b>213.0</b>	<b>33</b>	<b>500.0</b>
- Hospitality	4	45.0	3	48.0	1	31.0
- Office / Commercial Space	19	55.0	25	70.0	26	143.0
- Education	3	6.0	4	25.0	5	37.0
- Medical / Hospital	2	11.0	-	-	-	-
- Retail / Multiplexes	-	-	1	70.0	1	289.0
<b>Industrial Structures</b>	<b>12</b>	<b>22.0</b>	<b>11</b>	<b>91.0</b>	<b>9</b>	<b>123.0</b>
<b>Residential Space</b>	<b>7</b>	<b>98.0</b>	<b>8</b>	<b>97.0</b>	<b>7</b>	<b>362.0</b>
<b>Total</b>	<b>47</b>	<b>-</b>	<b>52</b>	<b>-</b>	<b>49</b>	<b>-</b>

**Health care - hospitals:**

In this segment, we have provided turnkey solutions including building “Clean Room Areas” used for operation theatres, etc. which involve specialized construction. Besides, we have also done large floor plates (i.e. single floor spaces which are significantly large in horizontal size) and have also done hard finishes. A case in point is the Fortis Hospital at Mohali where we were required by design to achieve a continuous concrete pour for 36 hours of about 750 cubic meters of concrete. We also executed the in-situ (on the project site itself) mosaic floors in 100% white cement, which involved complex logistics of laying, polishing and finishing the same. It also involved specialized processes like antibacterial treatment for floors and ceilings, coving of flooring, dustproof construction etc. These processes were also required in respect of the operation theaters and ICCU’s. The construction of the entire hospital was completed within 18 months and the structure of the hospital was constructed within 10 months. Escorts Heart and Research Centre Hospital in Faridabad is another example of specialized construction techniques applied by us to perform contract works in the health care sector.

Our important projects in the healthcare and hospitality segment may be summarized as below:

*In Rs. million*

<b>Description of Project and Parties</b>	<b>Year of Completion</b>	<b>Approximate value of Work</b>
Housing & Rehabilitation For Escorts Heart & Research Institute, Okhla, New Delhi.(oral confirmation)	1994	30.00
Hospital for Jaipur Golden Charitable Laboratory Trust, Rohini, New Delhi. (oral confirmation)	1999	100.00
Construction of Speciality Cardiac Centre at Mohali (Punjab) for Fortis Healthcare Ltd.	2001	211.00
Expansion of Escorts Hospital & Research Centre Limited at Faridabad	2002	75.00

**Hospitality – hotels:**

We have built high end hotels including woodwork, hard finishes and interiors and provided the entire civil works required for such hotels, including external finishes. The Wildflower Hall for Mashobra Resorts Pvt. Limited, in Kufri, Shimla required specialized construction techniques. In order to maintain and ensure smooth execution we fabricated the steel structure in the plains in the winter months and then transported the structure to the building site to the hills in the summer months. The columns, slabs and beams were a combination of structural steel fabrication and concrete. The steel was fabricated, erected on site, fabricated beams were welded across and then concrete was poured for the slabs. In the end all the exposed structural steel was encased in concrete to give the building a “2 hours fire rating”.

We have also constructed the Hyatt Regency hotel in Goa where we were required to execute the civil works and make innovations on site to execute the work in cornices, wood works, floors, basements etc. We also executed substantial work for the external wood work in respect of canopies, trellises, including making wooden trusses. We have built a Hotel for the Taj Group at Jodhpur in the distinctive style of Rajasthan. Our work included executing the plaster in old Rajasthan cornices, work on the structure, brick masonry, stone pillars, stone “todis” (brackets) and other paint work.

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Our important projects in the hospitality segment may be summarized as follows:

*In Rs. million*

<b>Name of Works</b>	<b>Year of Completion</b>	<b>Approximate Value of Work</b>
Hotel Oberoi At Bhubneshwar for East India Hotels Limited.	1987	100.00
Taj-Jodhpur Hotel for M/s Taj Hotels, Jodhpur (Rajasthan) for Indian Hotels Company Limited.	1999	150.00
Construction of 'Wild Flower Hall' at Shimla (H.P.) for Mashobra Resorts Pvt. Limited	2001	187.60
Construction of 7 Star Hotel Complex ( Hyatt Regency) at Goa for Morepan Hotels Limited.	2002	250.00

### ***I.T./ITES Campuses***

We have constructed I.T./ITES campuses with varying contract specifications, which include structure, finishes, civil work, some which include furnishings, fit outs and external finishing. Further, we also construct external aluminum facades which are now commonly used in residential as well as I.T./I.T.E.S. premises.

An example would be the development of the IT Park at Whitefield near Bangalore for HCL Perot Systems Limited. This building had a typical stone grit wash as a permanent finish and our work included all civil works and hard finishes like flooring, and wall finishing for the interiors of the office building.

Our important projects related to IT/ITES campuses may be summarized as below:

*In Rs. million*

<b>Description of project and parties</b>	<b>Year of completion</b>	<b>Approximate value of work</b>
Construction of Vatika Triangle at Gurgaon for K.J Realtors Private Limited	2003	51.30
Construction of Golf Links Software Park – Block A at Bangalore for Golf Links Software Park Private Limited.	2003	82.00
Construction of Office for M/s Motorola at Bangalore for Bagmane Developers Private Limited	2004	99.70
Concrete / Blockwork Package – GLSP-2 for Golf Link Realtors Private Ltd., at Bangalore.	2004	125.50

### ***Automotive- factories***

We provide a range of construction services including complete floorings, sheds and specialized structural work including design of buildings for projects in relation to factories. Currently, we are in the process of executing a design build project for new diesel plant of Maruti Udyog Limited situated at Manesar Haryana, for about Rs. 1,000 million. Our other projects include factories for Suzuki Limited scooters for Integra Overseas Pvt. Ltd. at Manesar, Haryana. The plants of Yamaha at Surajpur and have also constructed similar structures for the Escorts group of companies, Goetze India Ltd, Shamkeen Spinners Limited, Pasupati Fabrics Limited and others.



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Our important projects in the automotive segment (construction of factories) may be summarized as below:

*In Rs. million*

Description of project and parties	Year of completion	Approximate project cost
Motorcycle Plant For M/s Yamaha Motor India Private Ltd., Faridabad.	1989-90	150.00
Factory for M/s Yamaha Motor India Private Ltd, at Surajpur (Uttar Pradesh).	1997	395.00
Factory for M/s Goetze India Ltd. & Escorts Limited (oral confirmation) at Patiala and Bangalore.	1999	500.00
Industrial Complex for M/s Carraro India Ltd., at Ranjangaon, Pune.	1999	211.50
Two Wheeler Plant (for M/s Suzuki Ltd.) at Gurgaon for Integra Overseas Pvt. Ltd.	2005	227.90

### **Pharmaceutical /food and food related plant buildings**

We have provided complete construction solutions to pharmaceutical and food related companies including Biocon Limited and Britannia Industries Limited. We have constructed nearly the entire process building, storage and mixing facilities, floorings, etc. for Biocon Limited at Bangalore involving composite structure using concrete and structural steel. The other noteworthy project is a biscuit manufacturing facility for Britannia Industries Limited at Rudrapur.

### **Retail/ Multiplex- mixed use buildings**

Multiplex structures are complex to build due to design complexity with respect to positioning of screens, steps, floor levels, screen rooms, sound proofing the rooms, using sound absorption fabrics, laying of fire proof paints, chemicals etc on the walls etc. We have renovated and constructed the PVR Anupam at Saket, a Mall at Raja Garden.

We are constructing the complete structure for building malls for the Select Group which is developing a built up area of 1.3 million sq. ft. in Saket, New Delhi. We have also been engaged by them for certain projects in the core areas for the retail, multiplex, service apartments, office space and hotels which is part of the abovementioned project. We have a similar ongoing contract with the DLF group involving a total built up area of over 1.3 million sq ft. and are also executing a project for construction of a retail mall with a multiplex at Shalimar Garden, New Delhi for the "Business Park Town Planners Group".

### **Top 5 projects completed in north India including turnkey projects**

*In Rs. Million*

S. No.	Description of project	Client name	Year of completion	Approximate Project Cost
1	Factory & Office Complexes at Patiala and Bangalore.	M/s. Goetze India Limited.	1999	500.00
2	Factory Complex (Corporate Office & Industrial Buildings) at Surajpur,	M/s Escorts Yamaha Motor India Private Ltd.	1997	395.00
3	Malted Food Plant at Sonapat.	M/s GlaxoSmithkline Consumer Healthcare Ltd., Gurgaon.	2002	366.30
4	Specialty Cardiac Centre (Hospital) at Mohali.	M/s Fortis Healthcare Ltd., New Delhi.	2002	248.10
5	Office cum production facility at Gurgaon.	M/s AlliedSignal India Pvt. Ltd.	2000	240.00

**Top five projects completed in South India including turnkey projects**

*In Rs. million*

S.	Description of project	Client name	Year of completion	Approximate Project Cost
1	Golf Link Software Park Phase –I, at Bangalore.	M/s Golf Links Software Park Pvt. Ltd.	2003	460.00
2	Construction of Residential Complex called “Mantri Elegance” in –Tower-A, D & E at Bangalore.	M/s Mantri Developers Pvt. Ltd (for Abhishek Developers)	2004	280.70
3	Construction of Golf Link Software Park Phase –II at Bangalore.	M/s Embassy Dynasty Developers Private Limited.	2004	480.00
4	Construction of Embassy Prime C.V. Ramannagar, Bangalore.	Embassy Dynasty Developers Private Limited	2006	263.10
5	Golf Link Software Park Phase – III, at Bangalore.	Embassy Dynasty Developers Private Limited, Bangalore.	2006	221.10

**Types of contracts and the process for execution of contracts**

**Types of contracts**

The construction services provided by us consists of the erection of structures and allied services which include planning and scheduling the manpower, equipment, materials and appointment subcontractors required for the timely completion of a project in accordance with the terms, plans and specifications contained in the construction contracts and allied documentation. We provide these services by using fixed price and cost plus fee contracts and, to a lesser extent, construction management or design-build contracting arrangements. These contract types are discussed below:

**Fixed price contracts** (“FP Contracts”): These are fixed unit price contracts and are generally used in civil construction projects for the government through the competitive bidding process and to a lesser degree in the private sector and generally require us as the contractor to provide all the resources required to complete a project for a fixed sum or at fixed unit price, except for cost of steel and cement (which represents the major cost of construction material). FP Contracts represent a significant portion of our private sector civil construction projects. Design-build/ turnkey projects (i.e. projects where we design the building and build the building in totality) are also generally performed under a FP Contract. A major portion of the contracts entered into by us are FP Contracts. It may however be noted that some of our fixed price contracts have a component of cost plus works, akin to a Cost Plus Contract, for customized fittings or electrical / electromechanical fittings.

**Cost plus fee** (“Cost plus Contract”): These contracts provide for reimbursement of the costs required to complete a project plus a stipulated markup as profit.

**Important considerations reflected in construction contracts**

- **Impact of variation of cost of materials:** Some contracts entered into by us provided that all prices are fixed and no price variations would be paid by the client on what so ever account. In most of the cases the prices of steel, cement does increase in variably and we can not factor the same in while quoting for the work. There could be substantial increase on these two components which may vary by upto 40% of the price of the respective components. However, we try and ensure that our contracts provide that escalations in prices of steel and cement are payable by the client. Presently a majority of our contracts contain this stipulation.
- **Impact of change in the tax rates during currency of contract:** In the past, some contracts did not provide for suitable price adjustment clauses consequent to variations in tax rates in respect of works contract tax/value added tax and service tax during the currency of the contract. In order to mitigate this risk, currently, in most of our contracts, there is a clause providing for price adjustments in the event of additional tax implications as specified above.

**Process for Execution of Contracts**

*Project Identification*

We identify potential projects from a variety of sources, including advertisements by central, state and local governmental



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agencies, through the efforts of our business development personnel and through meetings with other participants in the construction industry such as architects and engineers. After determining the availability of projects, we decide on which projects to pursue based on as the following, among other factors:

- Project size
- Duration
- Availability of personnel
- Current backlog, competitive advantages and disadvantages
- Prior experience
- Reputation of the contracting agency or owner
- Source of project funding
- Geographic location
- Type of contract

### ***Project Bidding***

After deciding which contracts to pursue, we generally have to complete a prequalification process with the applicable agency or customer. The prequalification process generally limits bidders to those companies with operational experience and financial capability to effectively complete the particular project(s) in accordance with the plans, specifications and construction schedule.

### **Our bid estimation process typically involves three phases:**

**Phase I:** Initially, we perform a detailed review of the plans and specifications, summarize the various types of work involved and related estimated quantities, determine the project duration or schedule and highlight the unique and risky aspects of the project. After the initial review, we decide whether or not to continue to pursue the project.

**Phase II:** We perform the second phase of the estimating process which consists of estimating the cost and availability of labor, material, equipment, subcontractors and the project team required to complete the project on time and in accordance with the plans and specifications.

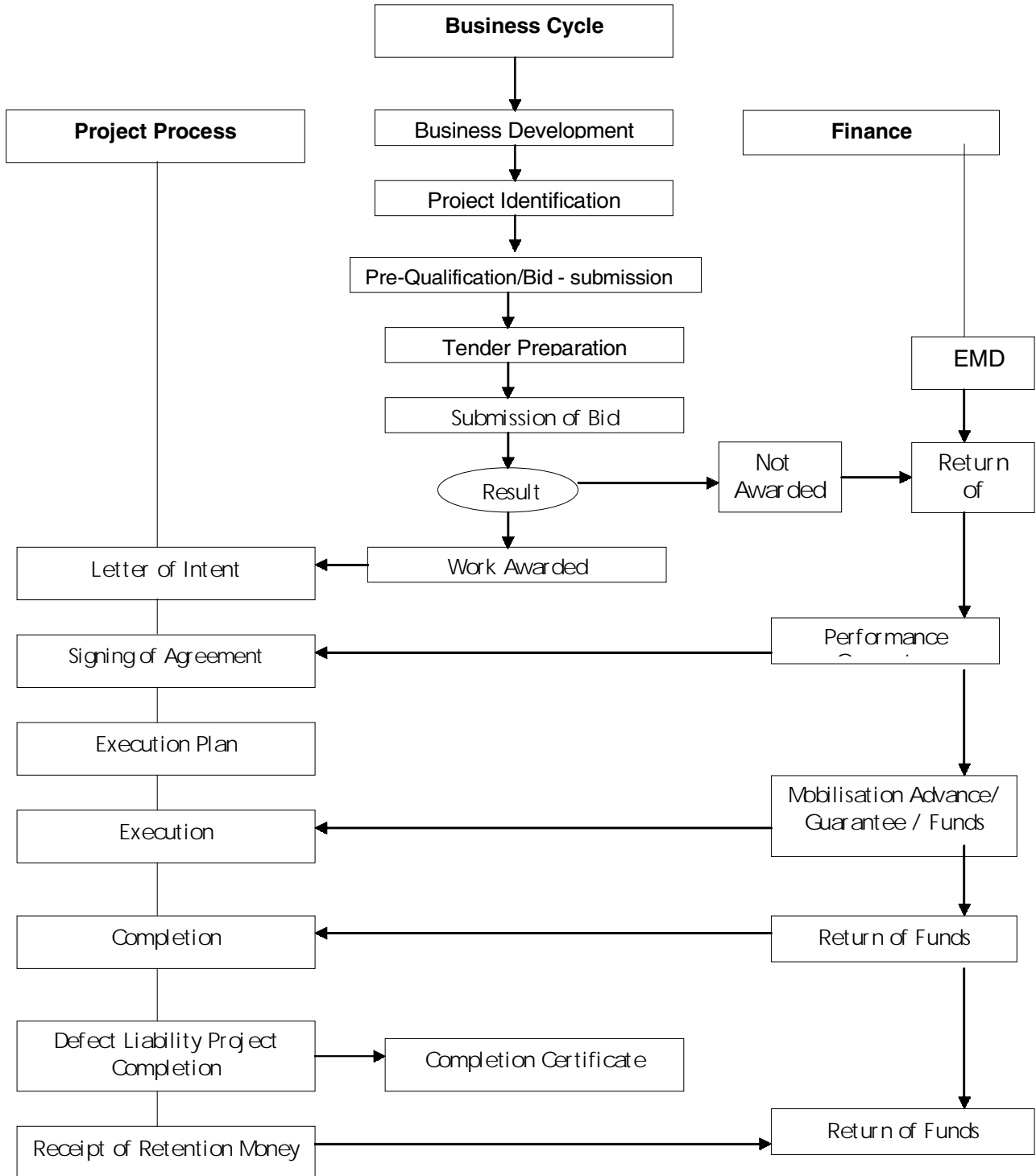
**Phase III:** The final phase consists of a detailed review of the estimate by management including, among other things, assumptions regarding cost, approach, means and methods, productivity and risk. After the final review of the cost estimate, management adds an amount for profit to arrive at the total bid amount.

### **Award of the Contract**

Requests for proposals or negotiated contracts with public or private owners are generally awarded based on a combination of technical capability and price, taking into consideration factors such as project schedule and prior experience.

**Project Planning and Execution**

The various stages in project planning and execution may be represented by means of a flowchart as produced below:





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The important aspects of project planning and execution typically would involve the following aspects:

- *Design Assessment:* Once we get a letter of intent from the client, we arrange a preliminary “kick off” meeting with client, together with the architect, structural consultant, and project manager of owner and other important participants. We study the design concept of the owners, along with advance copies of the relevant drawings and plans and make value engineering assessment, considering our scope of contract and the parameters. We give a formal approval to the architect / structural consultant of the owner for making further drawings. We discuss and assess the ways the methodology to construct and the requirement of plant and equipment versus the design parameters. Detailed plans are worked out at this stage by us for commencing actual work. The layout for the placement of equipment, offices, stores, offices is discussed and agreed upon based on which the work for the project commences. During the currency of the project a detailed weekly assessment is done on the progress of the project and requirement for drawings and design for the same are prepared in order to ensure timely completion of the project.
- *Material Planning:* Based upon the available drawings and time frame, we calculate the requirement of materials under three sub heads: Company Assets (new and available), Basic Materials (OPC, Steel, Aggregates, Stones, Tiles etc.) and Consumables (Shuttering Plywood, Wood, Nails etc.). This consolidated requirement of materials along with tentative schedule is then forwarded to the Procurement Department of our Company for identification and negotiation with vendors. Materials are sourced or procured directly from manufactures, their agents or from reputed sources, quality checked, warehoused at our go-downs or delivered to construction sites as required. Dedicated site teams engaged in primary construction activities, linked together by communications and information technology, are supported by back end teams to ensure timely implementation of the project and quality of the highest standards. The negotiations are done with approved vendors on the material specifications that are provided to us as part of the construction contract. The materials department of our Company is given an indicative price for materials to be purchased and the dates and time when they are required. We identify the requirements, delivery schedules and other details in respect of the materials and monitor its delivery, quality and safety. We ensure that optimum quantities of materials are not kept in stock in order for efficient use of working capital..
- *Manpower Planning* Our Company manages a combination of in-house teams, partnered resources through vendors and outsourced services seamlessly, ensuring smooth implementation of projects irrespective of size, complexity or deadline. The requirement for personnel is determined on the basis of the scope of work and timelines for delivery of the project. A separate plan is made for works to be carried out by sub contractors and specialized agencies. The screening of manpower to be hired for the various facets of construction is a continuous process which is carried out throughout the currency of the project, depending on the stage of the project and hire vendors who have had experience in the required field. We issue work orders to these vendors and sub contractors. We also depute one of our qualified senior personnel to head the project as ‘Project Co-ordinator’ from the head office. Senior site supervisors for all processes, elaborate documentation and reporting, in-organization quality audits, scheduled management visits and periodic reviews ensure quality workmanship, finishing, detailing and on-time completion of projects. The man power planning and arrangements are undertaken by the Project Coordinator in consultation with the ‘Project Manager’ (who is in charge of the construction project on site).
- *Project Scheduling and Monitoring:* Our Company uses authorized software for preparing the project schedules. Detailed diagrams and plans are made in consultation with the entire project team which are evaluated by the Project Director for follows up the same with the project team during the execution. Weekly meetings are held at the project site for reviewing the project with the clients, the Project Mangers and our project team.

During the construction phase of a project, we monitor our progress by comparing actual quantities completed and costs incurred as on date with the project schedule and budgeted amounts periodically, on a monthly basis, and prepare an updated estimate of the materials and cost involved in the remaining contract work and assess the remaining contract value. The “Project Director” designated by the head office has the role of overall supervision and monitoring the project and is ultimately responsible for the monitoring and completion of the project on acceptable parameters.

- *Project Completion:* On the completion of the project we apply for a “completion certificate” from the clients. On receipt of the completion certificate, we apply for a completion/ handing over the building. A detailed handing over list is made in accordance with the contract. The client/ his representative then inspects the building, and gives us a list of defects to be corrected before the formal handing over of the property. We complete the defects as identified by them and a physical verification and certification is done by the client. Subsequently, a formal handing over is done to the client, and in some case a partial handing over is also done so that the client can give

his building to the buyers or such other persons as he may determine for the purposes of executing their fit outs. We submit our final bill with all details, certificates, enclosures etc. as per the terms of the contract once the work is completed. Finally, we clear the project site of all our materials, offices, machinery and equipment..

**RISK MANAGEMENT**

Some of the key factors which expose our business to risk and our assessment and management of the same are provided below:

***Risks arising from increase in cost of materials***

While our business may experience some adverse consequences if shortages of materials develop or if prices for materials, labour (in certain cases) increase excessively, provisions in a majority of our contracts often shift all or a major portion of any adverse impact to the customer. On fixed price contracts, which form a majority of the contracts entered into by us, we attempt to insulate ourselves from the unfavorable effects of inflation by incorporating escalating wage and price assumptions, where appropriate, into our construction bids and by obtaining firm fixed price quotes from major subcontractors and material suppliers at the time of the bid. As stated above, since most of the contracts are FP Contracts, excluding the price payable on account of steel and cement, which are payable by the client on the basis of actual cost, we try to limit our risk exposure to that extent.

Construction and other materials used in our construction activities are generally available locally from multiple sources and, in our experience, have been in adequate supply.

***Risk arising from modifications in our projects***

During the normal course of most projects, the owner and sometimes the contractor, i.e. our Company initiates modifications or changes to the original contract to reflect, among other things, changes in specifications or design, method or manner of performance, facilities, equipment, materials, site conditions and period for completion of the work. Generally, the scope and price of these modifications are documented in a “change order” to the original contract and reviewed, approved and paid in accordance with the normal change order provisions of the contract. Typically, the variations are captured in the construction contract where we describe the percentage of variations permitted and the agreed mechanism for determination of the costs in relation to these variations.

The process for resolving claims vary from one contract to another but, in general, we attempt to resolve claims at the project supervisory level through the normal change order process or with higher levels of management within our organization and the customer’s organization. Once a bill for change orders is raised by us, at such periods as is specified in the contract, the representative of the owner typically certifies these bills, together with certain modifications, on the basis of which we raise a final invoice on the clients for payment of the bill. In our experience, with private clients, in recent years, a small percentage of this bill is paid within a short time and the rest of the bill is usually cleared after another month. Depending upon the terms of the contract, claim resolution may employ a variety of other resolution methods, including mediation, arbitration or litigation. Since inception we have had only one litigation in respect of modification in our projects. For details please see the section titled “Outstanding Litigation and Material Developments” beginning on page 168.

***Risk arising from cost and time overruns***

In any project, if the manpower and material resources are not appropriately allocated, or if immediate requirements for the same are not met, it could lead to time and cost overruns which could impact our results of operations. In order to mitigate this risk, we have a central project monitoring team which has the responsibility of ensuring proper allocation of resources in an optimal manner. This team works directly under the Director Projects.

***Risk arising from accidents***

Our safety and health approach includes safety systems, on and off site training and a behavior-based safety program. Our commitment to zero accidents extends to every aspect of a project, from planning to completion, and from the boardroom to the manpower on site. Every employee has stop-work authority—if it’s not safe, don’t do it.

We also work closely with our subcontractors and construction partners to enable them to adopt and mirror our commitment to safety and health. The result is exceptional safety performance, even in hazardous work environments across locations.

**Properties**

We have taken approximately 60 properties on company lease/ rent for our employees. These rent agreements may be understamped and unregistered. We are in the process of formalizing the arrangements in respect of our regional office



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in Bangalore. Apart from these properties we have no other material lease or rent agreements and do not own any immovable property in respect of any of our project sites.

### **Insurance**

We insure our construction projects, workmen, plant & machinery and other assets. The various kinds of insurance policies we take are as follows:

- Contractor's All Risk Policy broadly covers material damage to the contract works and loss caused in respect of third parties liability. These are individual policies which are specific to each contract and depend on the value of the contract.
- Workmen's Compensation Insurance Policy covers personal injury by accident or disease suffered by employee arising out of and in course of employment of the Company. These are policies for employees in respect of each project undertaken by the Company.
- Plant and Machinery Policy cover individual plants and specified items of machinery.
- Miscellaneous and Special Types of Vehicles Policy are individual policies covering specified vehicles.
- Standard fire and special perils policy on office equipment and other contents of the head office and regional offices, covers damage caused due to fire, lightning, storm, cyclone, flood and inundation, earthquakes (fire and shock), explosion, riot, strike, and terrorism damage.
- Standard burglary insurance on office equipment in the head office and regional offices.
- Insurance of cash in transit – A policy extending a cover of Rs. 1 million covering policy covering transit from Canara Bank, Indiranagar, ICICI Bank, Indiranagar, Vijaya Bank, Infantry Road to various offices and work sites.
- Public liability insurance –A policy extending a cover of Rs. 1 million for a particular construction project, as was required by the terms of the contract.
- Marine Cargo Transit Insurance- A policy extending a cover of Rs. 1 million for transit anywhere in India.
- Keyman Insurance Policy- A policy extending a cover of Rs. 9 million for Mr. Vineet Kashyap, our Managing Director and Promoter.

### **Human Resources and Employee Training**

Our Company has a team of around 250 engineers on its rolls, supported by an additional of approximately 300 odd skilled foremen and supervisors. We advertise in national dailies for employment. Recruitment of personnel in different categories are made through the human resources department of our Company. We train new employees at various project sites and selected employees are then given a larger responsibility and are allocated to a larger project site. We also do campus interviews at regular periods and hire people who are then trained them at our existing sites in various areas of construction. Our emoluments for our staff are performance based. Employees are evaluated on a yearly basis for their performance on specified parameters. We provide employees with benefits as prescribed by law, such as provident fund, gratuity and ESI, accident insurance coverage and medical coverage.

### **Environmental Matters**

Our constructions and operations are subject to governmental, state and municipal laws and regulations relating to the protection of the environment, including requirements for water discharges, air emissions, the use, management and disposal of solid or hazardous materials or wastes and the cleanup of contamination. However, all the necessary approvals and environmental clearances for the construction for the project are to be procured by the owner and undertakings, as may be required, in this connection are to be given by the owner/developer to the environmental or pollution control agencies.

Further as part of our environmental policy, we:

- Communicate and instill an organizational commitment to environmental excellence in all our activities;
- Protect the environment by designing, constructing, and operating projects that avoid or minimize adverse environmental impact;
- Provide technical and economic information and advice to our customers on engineering and construction methods that prevent or minimize pollution;
- Identify potential environmental issues early and work with customers to find and implement solutions; and
- Assist customers in the process of complying with environmental regulations.



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### Information Technology Systems

We are in the process of implementing an ERP package suited for our business requirements. Once the ERP package is implemented, we believe that it would enable us to optimize our resource planning and allocation. Currently, all our senior executives are equipped with laptop computers and are connected through mobile internet facility wherever they travel in the course of their professional duties.

### INTERIORS / FURNISHINGS BUSINESS

The interiors of a place refer to its look and ambience in order to give effect to a designer's plans and ideas in relation to a structure. We operate in the interiors and furnishings business through our wholly owned subsidiary BLK Furnishers.

Depending on the nature of work involved in a project, there are various processes/subheads that the work is may be subdivided into. The major heads are as specified below:

- **Flooring:** Includes stone, granite, tiles, carpets, wooden, vinyl elements depending on the location for installation.
- **Ceiling:** Refers mainly to a false ceiling given under the main slab, and could be in the form of gypsum board, plaster of paris, acoustic tiles, metallic tiles, wood veneers.
- **Partitions & Paneling:** These come in the form of gypsum board, laminates, veneer, glass, fabric, or a combination of these to form what we also know as modular or factory made.
- **Fixed Woodwork:** Includes the door frames, doors, windows and fixed storages.
- **Finishes:** The final paint or polishing that needs to be done on all the elements specified above. The paint could be plain, colored or textured depending on taste specifications and ambience requirements. This forms a critical aspect of the interiors in order to create the appropriate ambience.
- **Loose furniture:** Comprises various tables, chairs, sofas, bed sets. These are made using wood, steel, glass, fabric, leather or any new materials that may be commercially available.
- **Soft furnishings:** Refers to the curtains, which may be venetian/vertical/roller blinds or upholstery.
- **Accenting:** Forms the aesthetic element of a project, and includes pictures, artifacts, trophies, or any such item that can portray the personality of the person/place.
- **Signage:** Refers to the brand or logo of the client.

The last few years have also witnessed a growth in the furniture and furnishings industry. For details please refer to the section titled "Industry" beginning on page 56.

Through our furnishings unit, we have tried to ensure a continuous, timely and reliable supply of furnishings according to the specifications of our customers and we believe we have developed a reputation of timely delivery.

Contracts for furnishing and fit-outs executed through our subsidiary BLK Furnishers in the last few years may be summarized as below:

*In Rs. Million*

<b>Name of works</b>	<b>Year of completion</b>	<b>Approximate value of work</b>
Specialty Cardiac Centre (Hospital) at Mohali for Fortis Healthcare Limited.	2001	110.56
HCL Perot System Ltd. Phase -I, Bangalore.	2003	55.00
Interior Works for Goetze India Ltd. (Office Complex) at New Delhi	2004	65.00
Interior Works for C Block for Biocon Park at Bommasandra, Bangalore for Biocon Limited	2004	80.00
Interior Works for Biocon Park at Bangalore for Biocon Limited	2005	80.00



**Our Competitive Strengths**

*We provide a one stop construction solution on “design build” model*

We provide a wide range of construction services from erection and civil work to electromechanical and allied services. In addition, we provide interiors and furnishings through our wholly owned subsidiary BLK Furnishers. Consequently, we are able to provide a wide range of services relating to construction and finishing of a structure and deliver a fully furnished building to the client. For instance, our ongoing IFFCO project is on design build basis wherein we are providing an office setup in which the client will commence operations on delivery, and are providing the entire civil, electrical, plumbing, fire fighting, air conditioning, intelligent building management systems and all furniture and fit outs. This enables the client to avoid the additional time and cost overruns. We believe that our ability to provide these turnkey solutions gives us an edge over our competitors, increases our flexibility, and also provides higher profit margins than we would have enjoyed had we been unable to offer these additional services. In addition, we benefit from our ability to offer a wide range of services since, when we place bids for contracts, we are able to bid as an entity able to deliver turnkey projects. This, we believe, gives us an advantage over construction companies who are not able to provide these additional services.

*Our revenue is primarily derived from business emanating from the private sector*

We primarily cater to the private sector including reputed corporates such as IBM (for Golf Links Software Park Private Limited), Microsoft Corporation (for Golf Links Software Park Private Limited), Oberoi Hotels, Taj Hotels, Hyatt, Fidelity Business Services Private Limited, Cadence Designs Systems (India) Private Limited, Adobe Systems India Private Limited, etc. In our experience, contracts in the private sector are largely awarded based on criteria like timely delivery, quality of performance, strength of the execution team, reliability, etc and not just on the basis of the lowest price quoted. We believe that our reputation with the private corporate sector enables us to command a premium position in the construction industry and have led to corporate houses like Cadence Designs Systems (India) Private Limited, Adobe Systems India Private Limited, Hughes Software Systems, HCL Perot Systems Limited and developers like Embassy, Brigade, Mantri, Akme becoming our repeat customers.

Further, it has been our experience that the private sector has largely normally made payments on time and we receive payments according to the terms selected and agreed upon, which are normally less rigid than the contracts in the public sector. Further, dispute settlement are often mutually settled. The terms of a contract with a private party, in our experience, typically lends itself to more flexibility are more flexible and are open to discussions may be discussed while finalizing the project.

In our experience the private sector has offered us more acceptable payment terms, recognition and the flexibility to rectify pricing errors, in the event that we have quoted an inaccurate price, in addition to flexibility of contract and payment terms. We have had negligible bad debts to be written off since inception.

The debtors turnover ratio of our Company in fiscal years 2003, 2004 and 2005 are summarized below:

<b>Fiscal Year</b>	<b>Debtors / Sales x 365 (Days)</b>
2003	67.14
2004	54.84
2005	68.62

*Proven performance within contractually stipulated time limits*

We have consistently adhered to performance and time parameters stipulated in respect of construction projects executed by us. This has been made possible due to a capable, efficient, qualified, professional team which has been built over the years. As can be seen below, despite a significant increase in our order book we have had a consistent revenue turnaround cycle.

<b>Fiscal Year</b>	<b>Total Order Book (In Rs. million)</b>	<b>Average turnaround cycle* (no. of days)</b>
2003	212.43	162.22
2004	354.08	162.22
2005	728.00	156.65

\* Sales / order book x 365



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### *Efficient deployment of manpower, materials and equipment*

Our efficiency in execution specifically in respect of efficient deployment of manpower, material and equipment enables us to generate higher revenues and helps us to control our inventory costs. The rapid use of equipment controls our inventory costs and also increases the turnover in the respective projects. This also enables us to have lower overheads, increases our profitability and turnover because we are able to use the same equipment/ and manpower at another project at a faster pace.

### *Ownership of modern concreting/shuttering equipment*

We own modern equipment and shuttering materials. It has been our experience that in most cases, the cost of hiring equipment over a period of time is high, and hence we believe that ownership and usage of modern concreting/shuttering equipment results in a cost advantage for us.

### *Experienced Promoters with proven track record*

The Kashyap family entered the business of construction services in the year 1978. The current Promoters, Vinod Kashyap, Vikram Kashyap and Vineet Kashyap are also directors on the Board of our Company, and have been in the business of construction for over 25 years. Our management team led by our Promoter directors has gathered substantial experience and expertise in various aspects of the business of construction. Further, the prevalent organizational hierarchy of our Company enables the management to take quick and efficient decisions to execute construction projects within contracted timelines. We believe that this enables us to meet expected standards of quality and efficiency.

### *Highly experienced, skilled, qualified and dynamic team, and low attrition rates–*

We have, over the past number of years, developed and built a team of capable and qualified personnel who oversee and manage the various facets of our Company's operations. Our team comprises of key management personnel who are veterans in the construction industry, many some of whom have spent over 25 years in the industry. They are experienced in executing quality projects within the contracted time frames. The attrition levels of key managerial personnel have been low. For details of changes in key managerial personnel over the last three years please see the section titled "Our Management" beginning on page 80.

Our senior key managerial personnel have been with our Company for more than 15 years, and we believe that this reflects that we have proven our ability to retain and motivate and re-skill our employees.

### *High standards of integrity and efficiency*

Our management believes in maintaining high standards of integrity and honesty which we believe has resulted in generating repeat business and has also built a reputation for honesty. We use appropriate materials in accordance with the specifications contractually agreed to by us and we meet the contractually agreed specifications for the construction projects executed by our Company.

### **Business/Growth Strategy**

We are currently focused on commercial, industrial, corporate and residential construction. We primarily service the private sector and have executed projects for reputed corporate houses. We have also executed a variety of end-use structures including hotels, hospitals, office buildings, residential complexes and industrial plant buildings. We would continue to focus on the existing range of construction services that we offer with specific emphasis on the following factors as a business and growth strategy:

- Increasing the scope of work for each order by adding hard and soft finishes and electro mechanical services and associating with larger projects.
- By ensuring association with reputed corporate houses and executing important projects to their satisfaction, which enables us to build our Company's brand name and image in the construction industry.
- To build structures which have cutting edge design and specialty structures.
- Diversify and undertake projects in various industries.
- Quality and timely delivery in the execution of projects across industry segments and geographical locations.
- Extending our activities to other areas such as construction of residential townships and entering real estate development through our subsidiary "Soul Space Projects Limited" in Bangalore, Pune and other sub metro towns and cities.
- Providing a diversified range of services including furniture and furnishings enabling us to bid for projects in a comprehensive manner and to provide a one stop solution to clients.

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### *Increasing the scope of work for each order and associating ourselves with larger projects*

It is our constant endeavor to be associated with larger projects. For instance, we are focused on construction of residential complexes which are of a built up area of over 300,000-400,000 sq. ft. and in respect of which the contract value would typically exceed Rs. 1,000 million. We aim to continue to be associated with large projects in industrial construction like the diesel plant for Maruti Udyog Ltd. having a contract value of Rs 265 million.

We try to increase the scope of work in each order to add value to the project, for e.g. in the case of the IFFCO headquarters in New Delhi where, besides civil constructions we acted as the principal contractor for the complete construction, interiors and mechanical services.

The details of our order book in the last three fiscal years may be summarized as below:

<b>Fiscal Year</b>	<b>FY03</b>	<b>FY04</b>	<b>FY05</b>
Total Order Book (In Rs. million)	2124.6	3540.80	7280.00
Number of Orders	47.00	45.00	50.00
Average Order Size (In Rs. million)	45.19	78.70	146.00

### *Association with reputed corporates*

We have been associated with reputed corporates including IBM (for Golf Links Software Park Private Limited) , Microsoft (for Golf Links Software Park Private Limited), Oberoi Hotels, Taj Hotels, Hyatt, Fidelity Business Services Private Limited, Cadence Designs Systems (India) Private Limited , Adobe Systems India Private Limited amongst others. We have also secured repeat business from various corporates for whom we have constructed structures such as Escorts Limited, Hughes Escorts Communications Limited and their group companies, HCL Perot Systems Ltd. and Maruti Udyog Limited and their group companies. Our growth strategy also involves continuing to service reputed corporate clients in the future since we believe it would enhance our brand image and credibility in the construction industry. We are currently executing projects for corporates such as IFFCO, Maruti Udyog Limited and Uppal Housing Private . Ltd.

### *Building structures which have cutting edge design and structure specialties.*

Our strategy is to build a wide variety of structures which have unique design and structural specialties such as our construction in respect of the plants of Yamaha at Surajpur where we fabricated specially designed trusses and completed special roofing in ferro-cement work. The structure was in the shape of a square of an area of approximately 20 sq. meters, which was built on the ground and subsequently was lifted with the help of winches and erected at a height of about 7.60 meters. We believe that constructing such specialized structures would enhance our range of construction service offerings and assists us in securing specialized construction projects.

### *Undertaking projects in a variety of sectors*

We have, in the past, catered to a range of industries which has contributed to increasing our technical know how, capabilities and range of service offerings. This has also enabled us to de-risk our business model since we are not significantly dependent on any particular industry or a set of industries for our future revenues. In the absence of growth in any industry, we believe that we have the capability of mobilizing our resources to such industries as may be required thereby ensuring continuity of business. We aim to continue to diversify our activities in various industries.

### *Thrust into real estate*

Our foray into real estate is through our subsidiary "Soul Space Projects Limited" and we plan to initially focus on the residential sector. We believe that we can use the expertise and knowledge gained in the course of executing our various projects in our proposed thrust into the real estate sector. In the initial stages, we plan to primarily cater to markets in Bangalore and Pune. We plan to use our association with Akme Projects Limited, to assist in our foray in Bangalore. We believe that our brand and credibility would aid in the development and marketing of residential complex.

### *Diversified range of furnishings and fit outs*

We aim to provide a range of furnishings such as interiors, aluminum fittings, modular kitchens through our wholly owned subsidiary BLK Furnishers. The furnishings business operated through our subsidiary would also enable us to bid as a one stop solution provider to clients looking for office buildings, residential complexes in a time and cost

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effective manner. . We intend to consolidate and leverage our ability to provide a diversified range of furnishings and fit outs to become the preferred contractor of choice for customers.

### *Our Geographical focus*

We are looking at a pan India presence for our future business model. We have recently commenced construction activities in the western part of India in Pune.

### **Balance Order Book as on September 30, 2005**

Our balance order book as on September 30, 2005 amounts to approximately Rs. 5791.23 million. Besides, after September 30, 2005, we have received the following major orders for construction of:

- Commercial/office building for Golf Links Software Park Pvt. Ltd. aggregating Rs. 189.4 million
- Food court at Manyata Embassy Tech Park at Bangalore aggregating Rs. 116 million
- Universal Towers (office building) at Gurgaon for Universal Buildwell Pvt. Ltd. aggregating Rs. 150 million
- Residential housing project for Uppal Housing Private Limited named Plumeria Garden Estate at Greater Noida aggregating Rs. 1,200 million
- Residential housing project for Embassy at Pune aggregating Rs. 456 million.
- Civil works for Citilights Properties Private Limited at Chennai aggregating Rs. 535 million.
- Concrete and block work for Manyata Promoters Private Limited at Bangalore aggregating to Rs. 297.20 million.
- Civil works for Mascot Properties Private Limited at Bangalore aggregating to Rs. 57.57 million.

**FINANCIAL INDEBTEDNESS**

Set forth below is a brief summary of major secured borrowings, as of December 31, 2005, together with a brief description of certain significant terms of such financing agreements.

<b>Name of Lender</b>	<b>Facility &amp; Loan Documentation</b>	<b>Amount Outstanding</b>	<b>Interest Rate</b>	<b>Repayment Schedule</b>	<b>Security Created</b>
<b>TERM LOANS</b>					
Canara Bank <sup>(1)</sup>	Loan of Rs. 50,000,000 vide sanction letter dated March 3, 2005.	Rs. 20,810,000	Prime lending rate + 0.50% p.a.	Principal to be repaid in 36 months (35 installments of Rs. 1,390,000 each and last installment of Rs. 1,350,000) starting one month after the date of first disbursement.	Personal guarantees of our Promoters and corporate guarantees by Ahuja Kashyap Malt Private Limited and Behari Lal Kashyap (HUF).  Book debts not exceeding Rs. 276,536,000 and plant and machinery not exceeding Rs. 95,399,000.  Equitable mortgage of certain of our immovable properties.
Canara Bank <sup>(1)</sup>	Loan of Rs. 50,000,000 vide sanction letter dated September 23, 2005.	Rs. 44,437,503	Prime lending rate + 0.50% p.a.	Principal to be repaid in 36 months (35 installments of Rs. 1,390,000 each and last installment of Rs. 1,350,000) starting one month after the date of first disbursement.	Personal guarantees of our Promoters and corporate guarantees by Ahuja Kashyap Malt Private Limited and Behari Lal Kashyap (HUF).  Plant and machinery for certain specified value.  Equitable mortgage of certain of our immovable properties.
ICICI Bank Limited	Loan for Rs. 45,000,000 vide ICICI letter December 13, 2005	Rs 8,434,530	9% p.a	Repayable by 35 monthly installments.	To be determined
ABM AMRO Bank *	Term loan of Rs. 80,000,000 vide sanction letter dated December 10, 2005.	Rs. 16,003,000	6.78-7% p.a	Repayable by monthly installments.	Hypothecation of specified construction equipment.  Personal guarantee by one of our Directors.

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WORKING CAPITAL					
ICICI Bank Limited <sup>(2)(3)(4)</sup>	Overall limit of Rs. 320,000,000 vide agreement dated July 11, 2005 out of which: Cash credit ("CC"): Rs. 60,000,000 Bank guarantee: Rs. 260,000,000 Letter of credit facilities ("LC"): (100,000,000) <sup>(5)</sup>	CC: Rs. 4,710,547  Bank guarantee: Rs. 117,126,389 LC: Rs. 49,349,310	CC: 9.50% p.a.  Bank guarantee and LC: 0.75%	The said loan is a working capital facility on an ongoing/running basis and shall be repayable on demand.	First pari passu charge on our raw materials, semi finished goods and such other movables.  First pari passu charge on all fixed assets as on March 31, 2004.  Exclusive hypothecation of shuttering and scaffolding purchased with the term loan assistance from the bank.  Equitable mortgage of certain of our immovable properties.  Personal guarantees by our Promoters.
Canara Bank <sup>(6)</sup>	Working capital facility vide sanction letter dated March 3, 2005:  Overdraft Facility: Rs. 110,000,000 Bank Guarantee: Rs. 530,000,000 Letter of Credit: Rs. 110,000,000	Overdraft Facility: Rs. 66,877,857  Bank Guarantee: Rs. 364,472,027  Letter of Credit: Rs. 81,474,247	Prime lending rate	The said loan is a working capital facility on an ongoing/running basis.	Personal guarantees of our Promoters and corporate guarantees by Ahuja Kashyap Malt Private Limited and M/s Behari Lal Kashyap (HUF).  Book debts not exceeding Rs. 276,536,000 and plant and machinery not exceeding Rs. 95,399,000.  Equitable mortgage of certain of our immovable properties.



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\* The said loan is availed by the Company in installments through separate disbursement letters issued by the lender that provides the conditions to be complied with including the interest rate and repayment schedule for each such disbursement.

<sup>(1)</sup> Under the terms of the loan documentation, we have undertaken not to divert funds for acquiring fixed assets and for use of long term requirements without consent of the lender.

<sup>(2)</sup> Under the terms of the loan agreement, the lender reserves the right to withdraw the said banking facilities in the event of any change in circumstances including but not limited to a material change in ownership/shareholding pattern/management of our Company.

<sup>(3)</sup> Under the terms of the loan agreement, we have undertaken not to do any of the following without the prior consent of the lender:

- a. Undertake or permit any merger, de-merger, consolidation, reorganization, scheme of arrangement or compromise with our creditors or shareholders or effect any scheme of amalgamation or reconstruction;
- b. Create any subsidiary or include any company to become our subsidiary;
- c. Create or permit to subsist any encumbrance or any type of preferential arrangement in any form whatsoever on any of our assets or sell, grant lease or otherwise dispose of or deal with any of the assets;
- d. Declare any dividends or any other distribution unless we have paid all the dues in respect of the loan upto the date on which the dividend is proposed to be declared or if any event of default has occurred and is subsisting or would occur as a result of such declaration or payment of dividend or authorization or making of distribution;
- e. Prepay any indebtedness incurred by us;
- f. Pay any commission to our Promoters, Directors, managers or other persons for furnishing guarantees, counter guarantees or indemnities or for undertaking any other liability in connection with any indebtedness incurred by us;
- g. Undertake any new project, diversification or modernization which are material in nature;
- h. Recognize or register any transfer of our shares by our Promoters and their associates;
- i. Make any investments in share capital or otherwise;
- j. Amend or modify our constitutional documents;
- k. Buy back, cancel, reduce, redeem or otherwise acquire any of our share capital now or hereafter outstanding or set aside any funds for the same;
- l. Issue any further share capital whether on a preferential basis or otherwise change our capital structure in any manner;
- m. Avail of any credit facilities or accommodation from any banks or financial institutions or any person;
- n. Engage in any business or activities other than those which we are currently engaged in.

<sup>(4)</sup> Under the terms of the loan agreement, the lender has the right to appoint and remove from time to time, nominee directors on the Board of Directors.

<sup>(5)</sup> Figures in brackets indicate sub- limits.

<sup>(6)</sup> Under the terms of the loan documentation, we have undertaken not to divert funds for acquiring fixed assets and for use of long term requirements without consent of the lender.

## **REGULATIONS AND POLICIES**

Our Company is involved in the construction business. While the construction industry remains largely unregulated, we are subject to a wide range of labour laws that govern the terms of employment and conditions of work of workers employed at construction sites. The following paragraphs detail the major legislations applicable to construction industries to which our Company is subject.

### **Regulation of Foreign Investment**

#### ***FEMA Regulations***

Foreign investment in India is governed primarily by the provisions of the FEMA which relates to regulation primarily by the RBI and the rules, regulations and notifications thereunder, and the policy prescribed by the Department of Industrial Policy and Promotion, Government of India which is regulated by the FIPB.

The RBI, in exercise of its power under the FEMA, has notified the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 ("FEMA Regulations") to prohibit, restrict or regulate, transfer by or issue security to a person resident outside India. As laid down by the FEMA Regulations, no prior consents and approvals is required from the RBI, for FDI under the "automatic route" within the specified sectoral caps. In respect of all industries not specified as FDI under the automatic route, and in respect of investment in excess of the specified sectoral limits under the automatic route, approval may be required from the FIPB and/or the RBI.

#### ***FDI Policy***

At present, investments in companies engaged in construction business fall under the RBI automatic approval route for FDI/NRI investment upto 100%.

### **Construction Business**

#### ***Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996***

The Central Government enacted the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 ("BOCWA") as a comprehensive central legislation governing construction workers. The BOCWA aims at regulating the employment and conditions of service of construction workers and to provide for their safety, financial health among other welfare measures.

Under the BOCWA every employer employing ten or more building workers for building or construction work in the past 12 months must apply for registration of the establishment. The BOCWA vests the responsibility of providing for immediate assistance in case of accidents, old age pension, loans for construction of house, premia for group insurance, financial assistance for education, to meet medical expenses, maternity benefits etc to beneficiaries under the BOCWA on the Building and Other Construction Workers Welfare Board.

The BOWCA also prescribes health and safety measures for the construction workers. For this purpose comprehensive Central Rules i.e. Building and other Construction Workers (Regulation of Service and Conditions of Service) Central Rules, 1998 have been notified by the Central Government.

#### ***Building and Other Construction Workers' Welfare Cess Act, 1996***

The Building and Other Construction Workers Welfare Cess Act, 1996 ("Cess Act") came into force with effect from August 19, 1996 to provide for the levy and collection of cess on the cost of construction incurred by the employer with a view to augmenting the resources of the Building and Other Construction Workers Welfare Board constituted under the BOCWA. Under the Cess Act, cess amount is levied and collected from the employer, within 30 days of completion of construction project, at such rate not exceeding two per cent but not less than one per cent of the cost of the construction.

#### ***Contract Labour (Regulation and Abolition) Act, 1970***

The Contract Labour (Regulation and Abolition) Act, 1970 ("CLRA") has been enacted to regulate the employment of contract labour in certain establishments and to provide for its abolition in certain circumstances. The CLRA applies to every establishment in which 20 or more workmen are employed or were employed on any day of the preceding 12 months as contract labour.

The CLRA vests the responsibility on principal employer of an establishment to make an application to the registered officer in the prescribed manner for registration of the establishment. Likewise, every contractor to whom the CLRA applies is required to obtain a license and not to undertake or execute any work through contract labour except under and in accordance with the license issued.





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To ensure the welfare and health of the contract labour, the CLRA imposes certain obligations on the contractor in relation to establishment of canteens, rest rooms, drinking water, washing facilities, first aid, other facilities and payment of wages. However, in the event the contractor fails to provide these amenities, the principal employer is under an obligation to provide these facilities within a prescribed time period.

### ***Employee State Insurance Act, 1948***

The Employee State Insurance Act, 1948 (“ESIA”) aims to provide benefits for employees or their beneficiaries in case of sickness, maternity, disablement and employment injury and to make provision for the same.

Every factory or establishment to which the ESIA applies is required to be registered in the manner prescribed in the ESIA Act. Under the ESIA every employee (including casual and temporary employees), whether employed directly or through a contractor, who is in receipt of wages upto Rs. 6,500 per month is entitled to be insured.

1. The ESIA contemplates a contribution payable by the principal employer in the first instance and contribution payable by the employee in respect of an employee to the Employee State Insurance Corporation. The ESIA further states that a principal employer, who has paid contribution in respect of an employee employed by or through an immediate employer, shall be entitled to recover the amount of the contribution so paid from the immediate employer, either by deduction from any amount payable to him by the principal employer under any contract, or as a debt payable by the immediate employer.

### ***Payment of Wages Act, 1936***

The object of the Payment of Wages Act, 1936 (“PWA”) is to regulate payment of wages to certain classes of employed persons. The PWA makes every employer responsible for the payment of wages to person employed by him. No deductions can be made from the wages nor can any fine be levied on wages earned by a person employed except as provided under the PWA.

### ***Industrial Employment (Standing Orders) Act, 1946***

The Industrial Employment (Standing Orders) Act, 1946 (“Standing Orders Act”) aims to require employers in industrial establishments which employs 100 or more workmen to define with sufficient precision the conditions of employment of workmen employed and to make them known to such workmen.

The Standing Orders Act requires every employer to which the Standing Orders Act applies to certify and register the draft standing order proposed by him in the prescribed manner. However until the draft standing orders are certified the prescribed standing orders given in the Standing Orders Act must be so followed.

### ***Minimum Wages Act, 1948***

The Minimum Wages Act, 1948 (“MWA”) came into force with an objective to provide for the fixation of a minimum wage payable by the employer to the employee. Under the MWA, every employer is mandated to pay the minimum wages to all employees engaged to do any work skilled, unskilled, manual or clerical (including out-workers) in any employment listed in the schedule to the MWA, in respect of which minimum rates of wages have been fixed or revised under the MWA.

### ***Workmen’s Compensation Act, 1923:***

The Workmen’s Compensation Act, 1923 (“WCA”) has been enacted with the objective to provide for the payment by certain classes of employers to their workmen or their survivors compensation for industrial accidents and occupational diseases resulting in death or disablement.

The WCA makes every employer liable to pay compensation in accordance with the WCA if a personal injury/disablement/ loss of life is caused to a workman (including those employed through a contractor) by accident arising out of and in the course of his employment. In case the employer fails to pay compensation due under the WCA within one month from the date it falls due the commissioner, appointed under the WCA, may direct the employer to pay the compensation amount along with interest and may also impose a penalty.

### ***Payment of Gratuity Act, 1972***

The Payment of Gratuity Act, 1972 (“PGA”) was enacted with the objective to regulate the payment of gratuity, to an employee who has rendered for his long and meritorious service, at the time of termination of his services. Gratuity is payable to an employee on the termination of his employment after he has rendered continuous service for not less than five years:

- a. on his/her superannuation;



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- b. on his/her retirement or resignation;
- c. on his/her death or disablement due to accident or disease (in this case the minimum requirement of five years does not apply).

### ***Payment of Bonus Act, 1965***

The Payment of Bonus Act, 1965 ("PBA") was enacted with the objective of providing of payment of bonus to employees on the basis of profit or on the basis of productivity. The provisions of the PBA ensure that a minimum annual bonus is payable to every employee regardless of whether the employer has made a profit or a loss in the accounting year in which the bonus is payable. Under the PBA every employer is bound to pay to every employee, in respect of the accounting year, a minimum bonus which is 8.33% of the salary or wage earned by the employee during the accounting year or Rs.100, whichever is higher.

### ***Employees' Provident Funds and Miscellaneous Provisions Act, 1952***

Employees' Provident Funds and Miscellaneous Provisions Act, 1952 ("EPFA") was introduced with the object to institute provident fund for the benefit of employees in factories and other establishments.

The EPFA empowers the Central Government to frame the "Employee's Provident Fund Scheme", "Employee's Deposit-linked Insurance Scheme" and the "Employees' Family Pension Scheme" for the establishment of provident funds under the EPFA for the employees. The EPFA also prescribes that contributions to the provident fund are to be made by the employer and the employee.

### ***Delhi Shops and Establishments Act, 1954***

2. The object of Delhi Shops and Establishments Act, 1954 ("DSEA") is to give some minimum benefits and relief to the vast unorganized sector of employees, employed in shops and establishments. In this regard the DSEA regulates the working and employment conditions of the workers employed in shops and establishments including commercial establishments while providing for fixation of working hours, rest intervals, overtime, holidays, leave, termination of service, maintenance of shops and establishments and other rights and obligations of the employers and employees. Previously, every establishment was required to be registered under the Delhi Shops and Establishments Act. However the requirement of registration has been kept in abeyance since November 23, 1989.

### ***Karnataka Shops and Establishments Act, 1961***

The Karnataka Shops and Commercial Establishments Act, 1961 ("KSCEA") provides for the regulation of conditions of work and employment in shops and commercial establishments in the State of Karnataka. The KSCEA makes it mandatory for all establishments to register themselves and renew the registration once every five years.

In this regard the KSCEA regulates the working and employment conditions of the workers employed in shops and establishments including commercial establishments while providing for fixation of working hours, rest intervals, overtime, holidays, leave, termination of service, maintenance of shops and establishments and other rights and obligations of the employers and employees.

### ***The Karnataka Labour Welfare Fund Act, 1965***

The Karnataka Labour Welfare Fund Act, 1965 ("KLWFA") is a state legislation providing for the constitution of a fund for financing and conducting activities to promote welfare of labour in the State of Karnataka. Under the KLWFA, the employee, employer and the State Government have to contribute at the rate of 3:6:3 respectively, per employee per annum.



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### **HISTORY AND CERTAIN CORPORATE MATTERS**

Our Company was incorporated on May 8, 1989 under the Companies Act as “B. L. Kashyap and Sons Private Limited” with the ROC and subsequently converted into a public limited company on June 7, 1995 and the name was changed to “B.L. Kashyap and Sons Limited”.

#### **Acquisition of BLK Furnishers.**

On April 4, 2005, we acquired 11,000 equity shares of Rs. 10 each of BLK Furnishers comprising 100% equity share capital of BLK Furnishers from our Promoters, namely, Mr. Vinod Kashyap, Mr. Vineet Kashyap and Mr. Vikram Kashyap. The consideration paid by us to the sellers of the equity shares was Rs. 4.20 million. For details in relation to BLK Furnishers, please see sub-section titled “Our Subsidiaries and Associate Firm” of this section.

#### **Acquisition of Business from M/s. B.L. Kashyap & Sons (partnership firm)**

Vide an agreement dated November 16, 2005 executed between our Company and M/s. B.L. Kashyap & Sons (partnership firm), we acquired the construction business of the partnership firm on a going-concern basis as of November 15, 2005. The consideration paid by us to the partnership firm was Rs. 2.63 million. In addition, M/s. B.L. Kashyap & Sons (partnership firm) has agreed not to undertake or carry out business of providing construction services or any other related services, which would compete with our business.

#### **Major events:**

A chronology of some key events since the Company was incorporated is set forth below:

<b>Year</b>	<b>Event</b>
1989	Our Company was incorporated as a private limited company.
1995	Our Company was converted into a public limited company.
1996	Turnover for fiscal 1996 was Rs. 285 million.
1999	Turnover for fiscal 1999 crossed Rs. 500 million.
2004	Turnover for fiscal 2004 crossed Rs. 1,500 million.
2005	<ul style="list-style-type: none"> <li>• Turnover for fiscal 2005 crossed Rs. 3,000 million.</li> <li>• Ventured into interiors and furnishing business by acquisition of 100% equity shares of BLK Furnishers.</li> <li>• Acquisition of construction business of M/s. B.L. Kashyap &amp; Sons (partnership firm).</li> </ul>

#### **Our Main Objects**

Some of our main objects as contained in our Memorandum of Association are:

1. To purchase, take on lease or in exchange, hire or otherwise acquire any estates; lands, agricultural lands, buildings, easements or such other interest in any immovable property and to develop and turn to account by laying out, plotting and preparing the same for building purposes constructing building and multistoried buildings, altering, pulling down, decorating, maintaining, furnishing, fitting up and improving buildings and by paving, draining and paving, draining and letting on building lease to planers and others.
2. To buy take or lease or in exchange, hire or otherwise acquire all interest in any immovable property such as houses, buildings, lands, or large areas within outside the limits of Municipal Corporation or other local bodies and to provide roads, drains, water supply, electricity and lights within these areas to divide the same into suitable plots and rent or sell the plots to the people for building, house, bungalows and business premises and to build residential houses and business premises and colonies for workmen according to schemes approved by improvement Boards and Municipal Boards there on and given on rent or sell the same to the public and realise cost in lump sum or on installments or by hire purchase system, or otherwise to start any housing scheme.
3. To prepare, and to build construct reconstruct, alter improve, decorate, furnish; and maintain buildings, houses, office flats, factories, sheds and buildings, warehouse, shops, wharves works and related conveniences of all kinds and consolidate or connect or subdivide immovable properties and ease or otherwise dispose of the same.

#### **Changes in Memorandum of Association**

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

## B. L. KASHYAP AND SONS LIMITED



Date of Amendment	Amendment
December 8, 1989	Increase in the authorized share capital from Rs. 0.10 million to Rs. 1.00 million.
January 7, 1994	Increase in the authorized share capital from Rs. 1.00 million to Rs. 5.00 million.
April 8, 1995	Increase in the authorized share capital from Rs. 5.00 million to Rs. 15.00 million.
May 4, 1999	Amended the objects clause to include undertaking hotel business.
September 18, 2000	Increase in the authorized share capital from Rs. 15.00 million to Rs. 50.00 million.
September 20, 2005	Increase in the authorized share capital from Rs. 50.00 million to Rs. 150.00 million.

### Our Subsidiaries and Associate Firm

Currently, our Company has the following subsidiaries and associate firm as below:

- BLK Furnishers & Contractors Private Limited;
- Security Information Systems (India) Limited;
- Soul Space Projects Limited; and
- SNR Enterprises (partnership firm).

The financial information of our subsidiaries and associate firm presented below are based on the audited accounts of such entities.

#### 1. **BLK Furnishers & Contractors Pvt. Ltd.**

BLK Furnishers was incorporated on July 13, 2000. BLK Furnishers deals in executing furniture and interiors on turnkey projects. Vide an agreement dated November 16, 2005 executed between BLK Furnishers and M/s. BLK Furnishers and Contractors (partnership firm), BLK Furnishers acquired the entire business of the partnership firm on a going-concern basis as of November 15, 2005. The consideration paid by BLK Furnishers to the partnership firm was Rs. 1.62 million. In addition, M/s. BLK Furnishers and Contractors (partnership firm) has agreed not to undertake or carry out any business, which would compete with the business of BLK Furnishers. BLK Furnishers has its registered office at A-12, Kailash Colony, New Delhi 110 048

##### *Shareholding Pattern*

The equity shares of BLK Furnishers are not listed on any stock exchange. As on February 4, 2006, our Company, directly and through nominees, holds 100% equity share capital of Rs. 0.50 million of BLK Furnishers.

##### *Board of Directors*

The board of directors of BLK Furnishers as on February 4, 2006 comprises of Mr. Vinod Kashyap, Mr. Vineet Kashyap and Mr. Vikram Kashyap.

##### *Financial Performance*

The financial results of BLK Furnishers for the last three fiscals are as follows:

*(Rs. in million, unless otherwise stated)*

	Fiscal 2005	Fiscal 2004	Fiscal 2003
Total Income	116.74	34.87	22.26
Profit/(Loss) after tax	2.89	0.80	0.32
Equity share capital (paid up)	0.11	0.11	0.11
Reserves and Surplus (excluding revaluation reserves)	4.97	2.09	1.26
Earnings/(Loss) per share (diluted) (Rs.)	263.00	72.73	29.09
Book Value per share (Rs.)	462.00	200.00	124.55

#### 2. **Security Information Systems (India) Limited (“SISIL”)**

SISIL was incorporated on October 11, 1993 and it obtained its certificate of commencement of business on November 24, 1993. The main business of SISIL is to deal with supply, installation, commissioning, servicing of integrated security information systems, building management systems, fire alarm, fire protection system, access control and other security systems. SISIL has its registered office at A-12, Kailash Colony, New Delhi 110 048.

## B. L. KASHYAP AND SONS LIMITED



### Shareholding Pattern

The equity shares of SISIL are not listed on any stock exchange. Set forth below is the shareholding pattern of SISIL as on February 4, 2006:

Name of Shareholder	Number of Equity Shares	% of Issued Equity Share Capital
B.L.Kashyap & Sons Limited	679,930	99.99
Mr. Vinod Kashyap	10	Negligible
Mr. Vineet Kashyap	10	Negligible
Mr. Vikram Kashyap	10	Negligible
Mrs. Anjoo Kashyap	10	Negligible
Mrs. Aradhana Kashyap	10	Negligible
Mrs. Amrita Kashyap	10	Negligible
Mr. Arun Anand	10	Negligible
<b>Total</b>	<b>680,000</b>	<b>100.00</b>

### Board of Directors

The board of directors of SISIL as on February 4, 2006 comprises of Mr. Vinod Kashyap, Mr. Vineet Kashyap and Mr. Vikram Kashyap.

### Financial Performance

The financial results of SISIL for the last three fiscals are as follows:

(Rs. in million, unless otherwise stated)

	Fiscal 2005	Fiscal 2004	Fiscal 2003
Total Income	12.09	22.46	32.35
Profit/(Loss) after tax	(0.96)	(2.51)	1.02
Equity share capital (paid up)	6.80	6.80	6.80
Reserves and Surplus (excluding revaluation reserves)	(3.72)	(2.76)	(0.21)
Earnings/(Loss) per share (diluted) (Rs.)	(1.40)	(3.69)	1.50
Book Value per share (Rs.)	4.52	5.93	9.68

### 3. Soul Space Projects Limited

Soul Space Projects Limited was incorporated on November 25, 2005 and its application for certificate of commencement of business is currently pending. The main business of Soul Space Projects Limited is real estate development. Soul Space Projects Limited has its registered office at A-12, Kailash Colony, New Delhi 110 048

#### Shareholding Pattern

The equity shares of Soul Space Projects Limited are not listed on any stock exchange. As on February 4, 2006, our Company, directly and through nominees, holds 100% equity share capital of Soul Space Projects Limited.

#### Board of Directors

The board of directors of Soul Space Projects Limited as on February 4, 2006 comprises of Mr. Vinod Kashyap, Mr. Vineet Kashyap and Mr. Vikram Kashyap.

#### Financial Performance

Since Soul Space Projects Limited has been incorporated in the current fiscal (i.e. fiscal 2006), the financial results of Soul Space Projects Limited are not available.

### 4. SNR Enterprises

SNR Enterprises, a partnership firm, was registered under the Indian Partnership Act on September 18, 1990. The main business of SNR Enterprises is to trade in general merchandise including crockery. SNR Enterprises has its registered office at A-12, Kailash Colony, New Delhi 110 048.

## B. L. KASHYAP AND SONS LIMITED

### *Shareholding Pattern*

Our Company and Mr. Vijay Tuli hold 50% each in the capital of SNR Enterprises.

### *Financial Performance*

The financial results of SNR Enterprises for the last three fiscals are as follows:

*(Rs. in million, unless otherwise stated)*

	<b>Fiscal 2005</b>	<b>Fiscal 2004</b>	<b>Fiscal 2003</b>
Total Income	0.40	1.42	0.77
Profit/(Loss) after tax	0.00	0.07	0.03
Partners Capital Account			
- B.L. Kashyap & Sons Limited	(0.02)	(0.02)	(0.05)
- Mr. Vijay Tuli	(0.13)	(0.12)	(0.14)

**OUR MANAGEMENT**

**Board of Directors**

Under our Articles of Association we are required to have not less than three Directors and not more than 12 Directors. We currently have six Directors.

The following table sets out the current details regarding our Board of Directors:

<b>Name, Father's Name, Designation and Occupation</b>	<b>Age</b>	<b>Address</b>	<b>Other Directorships</b>
Mr. Vinod Kashyap s/o Late Mr. B. L. Kashyap Designation: Chairman Occupation: Industrialist	53 years.	B 7 Soami Nagar, New Delhi, India.	<ul style="list-style-type: none"> <li>• Soul Space Projects Limited</li> <li>• BLK Furnishers &amp; Contractors Private Limited</li> <li>• Security Information Systems (India) Limited</li> <li>• BLK Financial Services Limited</li> <li>• Bezel Investments and Finance Private Limited</li> <li>• Ahuja Kashyap Malt Private Limited</li> </ul>
Mr. Vineet Kashyap s/o Late Mr. B. L. Kashyap Designation: Managing Director Occupation: Industrialist	51 years.	223 Sukhdev Vihar, New Delhi, India.	<ul style="list-style-type: none"> <li>• Soul Space Projects Limited</li> <li>• BLK Furnishers &amp; Contractors Private Limited</li> <li>• Security Information Systems (India) Limited</li> <li>• BLK Financial Services Limited</li> <li>• Bezel Investments and Finance Private Limited</li> <li>• Fare India BPO Private Limited</li> </ul>
Mr. Vikram Kashyap s/o Late Mr. B. L. Kashyap Designation: Joint Managing Director Occupation: Industrialist	44 years.	B 22A Friends Colony, New Delhi, India.	<ul style="list-style-type: none"> <li>• Soul Space Projects Limited</li> <li>• BLK Furnishers &amp; Contractors Private Limited</li> <li>• Security Information Systems (India) Limited</li> <li>• BLK Financial Services Limited</li> </ul>
Mr. Justice C. K. Mahajan (Retd.) s/o Mr. Justice D. K. Mahajan (Retd.) Designation: Independent Director Occupation: Judicial Services	62 years	8, Tughlak Road New Delhi, India.*	Nil
Mr. H. N. Nanani s/o Mr. Prakash Nanani Designation: Independent Director Occupation: Business Executive	57 years	A-1, W-43, Greater Kailash, New Delhi, India.**	Nil
Mr. Naveen Jain s/o Mr. M.K. Jain Designation: Independent Director Occupation: Business Executive	47 years	A-124, Brotherhood Apartments, Vikaspuri, H-Block, New Delhi, India.	Nil

\* Permanent Address of Mr. Justice C. K. Mahajan (Retd.)  
Present Address of Mr. Justice C. K. Mahajan (Retd.) is 47, Friends Colony, New Delhi.

\*\* Present Address of Mr. H. N. Nanani  
Permanent Address of Mr. H. N. Nanani is 161-164, Persepolis, 16<sup>th</sup> Floor, Cuffe Parade, Mumbai - 5, MS.



## **B. L. KASHYAP AND SONS LIMITED**

### **Details of Directors**

**Mr. Vinod Kashyap** is the executive Chairman of our Company. He holds a bachelor's degree in arts from Hindu College, University of Delhi. Mr. Kashyap has 33 years of experience in construction industry. Prior to joining us, Mr. Kashyap has worked with Ahuja Kashyap Private Limited for a period of four years from 1973 to 1977 and thereafter was associated with erstwhile M/s B.L.Kashyap & Sons, a partnership firm, as a partner. Mr. Kashyap had subscribed to our Memorandum of Association in 1989 and has been instrumental in the overall growth of our Company.

**Mr. Vineet Kashyap** is the Managing Director of our Company. He holds a bachelor's degree in arts from Hindu College, University of Delhi. Mr. Kashyap has about 30 years of experience in construction industry. Prior to joining us, Mr. Kashyap has worked with Ahuja Kashyap Private Limited for a period of three years from 1976 to 1979 and was responsible for the timely completion of the Escorts/Goetze plant in Bangalore. Thereafter, he joined erstwhile M/s B.L.Kashyap & Sons, a partnership firm, as a partner. Mr. Kashyap had subscribed to our Memorandum of Association in 1989 and, currently, handles our day-to-day operations.

**Mr. Vikram Kashyap** is the Joint Managing Director of our Company. Mr. Kashyap has about over 25 years of experience in construction industry. In 1978, Mr. Kashyap joined erstwhile M/s B.L.Kashyap & Sons, a partnership firm, as a partner. Mr. Kashyap had subscribed to our Memorandum of Association in 1989 and has been instrumental in diversification by our Company and setting up a workshop for executing interiors.

**Mr. Justice C. K. Mahajan (Retd.)** is an independent Director of our Company. He graduated from DAV College, Chandigarh, holds a master's degree in English from Kurukshetra University and a bachelor's degree in law from Punjab University. Justice Mahajan was the lecturer in English at D.A.V. College, Chandigarh from 1968 to 1970. Thereafter, he commenced law practice in the Supreme Court of India and certain state high courts, subordinate courts and other tribunals in Delhi. Justice Mahajan was appointed the Central Government counsel in the Delhi High Court from 1972 till 1977 and thereafter from 1980 upto 1988. He has also been the Joint Secretary of the Delhi High Court Bar Association for two terms. Justice Mahajan was elevated as a Judge of the Delhi High Court on March 2, 1998 and retired on May 31, 2005. Currently, Justice Mahajan is the President of the State Redressal Forum, Goa. In addition, Justice Mahajan has been appointed as arbitrator in several matters. Justice Mahajan joined our Board on December 14, 2005.

**Mr. H. N. Nanani** is an independent Director of our Company. He holds a bachelor's degree in engineering from B.I.T.S – Pilani, Rajasthan. Mr. Nanani has about 34 years of experience in various industries. He has worked with Shriram Fertilizers & Chemicals, Modi Xerox, Spice Corp. Ltd. and Jumbo World Holdings (I) Ltd. in various capacities. Currently, Mr. Nanani is the Chief Executive Officer of Spice Communications Pvt. Ltd., (Punjab & Karnataka). Mr. Nanani has been conferred by various accolades including the Excellence in Career Profession – BITS, Pilani in 1999; the Excellence Award for Export – from Prime Minister of India in 1998; the Head of Assocham Expert Committee – Consumer Affairs in 1995 and the Top Professional Manager of the Year Award by Institute of Marketing Management in 1993. Mr. Nanani joined our Board on December 14, 2005.

**Mr. Naveen Jain** is an independent Director of our Company. He holds a bachelor's degree in commerce from Sri Ram College of Commerce, University of Delhi and is Fellow Member of the Institute of Chartered Accountants of India. Mr. Jain has over 24 years of experience handling operations, finance and control sector of the service industry. He was associated with Ray and Ray, Chartered Accountants, for a period of five years till 1982. Since 1982, he has been associated with the Oberoi Group of Hotels in various roles. Currently, Mr. Jain is the Vice President (Operations Finance & Control) of the Oberoi Group of Hotels. In addition, Mr. Jain is a permanent faculty at Oberoi Centre of Learning and Development and conducts training on finance, cost control and waste management. Mr. Jain is Member of the Editorial Board of Chartered Accountants World; member of finance sub-committee of Hotels Association of India and is the Chairman of CFO World. Mr. Jain joined our Board on December 14, 2005.

Mr. Vinod Kashyap, Mr. Vineet Kashyap and Mr. Vikram Kashyap are related to each other. Apart therefrom, none of our other Directors are related to each other.

### **Borrowing Powers of our Board**

Pursuant to a resolution passed by our shareholders on November 10, 2004, our Board has been authorised to borrow money upon such terms and conditions and with/without security as the Board may think fit, provided that the money or monies to be borrowed together with the monies already borrowed by us (apart from the temporary loans obtained from our bankers in the ordinary course of business) shall not exceed, at any time, a sum of Rs. 1,500 million.

### **Appointment and Term of our Directors**

Set forth are the details of the terms of our Directors:





## B. L. KASHYAP AND SONS LIMITED

Name of Directors	Date of Resolution	Term
Mr. Vinod Kashyap	March 29, 2002	Mr. Vinod Kashyap is a non-retiring director and has been appointed for a period of five years with effect from March 29, 2002.
Mr. Vineet Kashyap	March 29, 2002	Mr. Vineet Kashyap is a non-retiring director and has been appointed for a period of five years with effect from March 29, 2002.
Mr. Vikram Kashyap	March 29, 2002	Mr. Vikram Kashyap has been appointed for a period of five years with effect from March 29, 2002. However, he is liable to retire by rotation.
Mr. Justice C. K. Mahajan (Retd.)	December 14, 2005	Liable to retire by rotation.
Mr. H. N. Nanani	December 14, 2005	Liable to retire by rotation.
Mr. Naveen Jain	December 14, 2005	Liable to retire by rotation.

### Remuneration of our Directors

As of February 4, 2006, each of our whole-time Directors, namely, Mr. Vinod Kashyap, Mr. Vineet Kashyap and Mr. Vikram Kashyap, are entitled to a monthly salary of Rs. 360,000.

We may pay our non-executive Directors a sitting fee of up to Rs. 10,000 for every meeting of our Board, audit committee, investor grievance committee and remuneration committee.

Except for our whole-time Directors who are entitled to statutory benefits upon termination of their employment with our Company, no other Director is entitled to any benefit upon termination of his employment with our Company.

### Corporate Governance

Corporate governance is administered through our Board of Directors and the committees of the Board. However, primary responsibility for upholding high standards of corporate governance and providing necessary disclosures within the framework of legal provisions and institutional conventions with commitment to enhance shareholders' value vests with our Board of Directors.

Pursuant to listing of the Equity Shares, we would be required to enter into listing agreements with the Stock Exchanges. We are in compliance with the applicable provisions of listing agreements pertaining to corporate governance, including appointment of independent Directors and constitution of the audit committee, investor grievance committee and remuneration committee. We currently have three independent Directors on our Board namely Mr. Justice C. K. Mahajan, Mr. H. N. Nanani and Mr. Naveen Jain out of six Directors,

### Audit Committee:

The members of the audit committee of the Board currently consist of Mr. Naveen Jain, chairman, Mr. Justice C. K. Mahajan (Retd.) and Mr. H. N. Nanani. The quorum shall be two members or one-third of the members of the committee, whichever is higher, so long as at least two members are independent Directors. The audit committee shall meet at least four times in a year and not more than four months shall elapse between two meetings.

The responsibilities of the audit committee include:

- Overseeing our financial reporting process and the disclosure of our financial information to ensure that the financial statements are correct, sufficient and credible;
- Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services;
- Reviewing with management the annual financial statements before submission to the Board, focusing primarily on:
  - o Any changes in accounting policies and practices
  - o Major accounting entries based on exercise of judgment by management
  - o Qualifications in draft audit report
  - o Significant adjustments arising out of audit
  - o The going concern assumption

## **B. L. KASHYAP AND SONS LIMITED**

- o Compliance with accounting standards
- o Compliance with stock exchange and legal requirements concerning financial statements
- Any related party transactions i.e. transactions of our Company of material nature, with our Promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of our Company at large;
- Reviewing with the management, external and internal auditors, the adequacy of internal control systems;
- Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- Discussing with internal auditors any significant findings and follow up there on;
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- Discussing with external auditors before the audit commences on the nature and scope of audit and after the audit to ascertain any area of concern;
- Reviewing the company's financial and risk management policies;
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors;
- To monitor the utilisation of funds to be raised pursuant to the Issue.

### *Investor Grievance Committee:*

The investor grievance committee of our Company consists of Mr. Naveen Jain, chairman, and Mr. Justice C. K. Mahajan (Retd.). Our Company Secretary shall act as the secretary to the committee. The terms of reference of the investor grievance committee includes:

- Approving/authenticating all Equity Share transfers/transposition/transmission requests received from shareholders/investors in our Company;
- Resolving all the complaints received from the investors/shareholders; and
- Placing before the Board the status of various complaints received by the committee.

The investor grievance committee shall meet at least once in every quarter of the year.

### *Remuneration Committee:*

The remuneration committee of our Company consists of Mr. Justice C. K. Mahajan (Retd.), chairman, Mr. H. N. Nanani and Mr. Naveen Jain. Our Company Secretary shall act as the secretary to the committee. The remuneration committee shall have powers to decide, inter alia, the following:

- Remuneration payable to our Managing Director/whole time Directors;
- Sitting fee payable to our non executive Directors; and
- Our remuneration policy covering policies on remuneration payable to our senior executives.

The Committee shall meet at least once in every quarter of the year. The quorum for the committee shall be the presence of any two members.

### **Shareholding of our Directors**

Our Articles of Association do not require our Directors to hold any Equity Shares as qualification shares. The following table details the shareholding of our Directors:

<b>Name of Directors</b>	<b>Number of Equity Shares (Pre-Issue)</b>	<b>Shareholding (Pre- Issue) (%)</b>
Mr. Vinod Kashyap	2,421,000	32.93
Mr. Vineet Kashyap	2,422,500	32.95
Mr. Vikram Kashyap	2,422,500	32.95



## B. L. KASHYAP AND SONS LIMITED

### Interest of our Directors

All of our 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 our Articles of Association. The executive Directors are interested to the extent of remuneration paid to them for services rendered as an officer or employee of our Company and the terms of such remuneration are set forth in contracts executed between our executive Directors and our Company.

Mr. Vinod Kashyap, Mr. Vineet Kashyap and Mr. Vikram Kashyap hold Equity Shares and hence they may be deemed to be interested to the extent of their shareholding in our Company. Further, all our Directors, may also be deemed to be interested to the extent of Equity Shares, if any, already held by them or that may be subscribed for and allotted to them, out of the present Issue in terms of this Red Herring Prospectus. All of our Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

Our Company had been incorporated by Mr. Vinod Kashyap, Mr. Vineet Kashyap and Mr. Vikram Kashyap. For this purpose, Mr. Vinod Kashyap, Mr. Vineet Kashyap and Mr. Vikram Kashyap had subscribed to our Memorandum of Association and had subscribed to the initial issue of our equity shares.

Our Directors have no interest in any property acquired by us within two years of the date of filing of this Red Herring Prospectus.

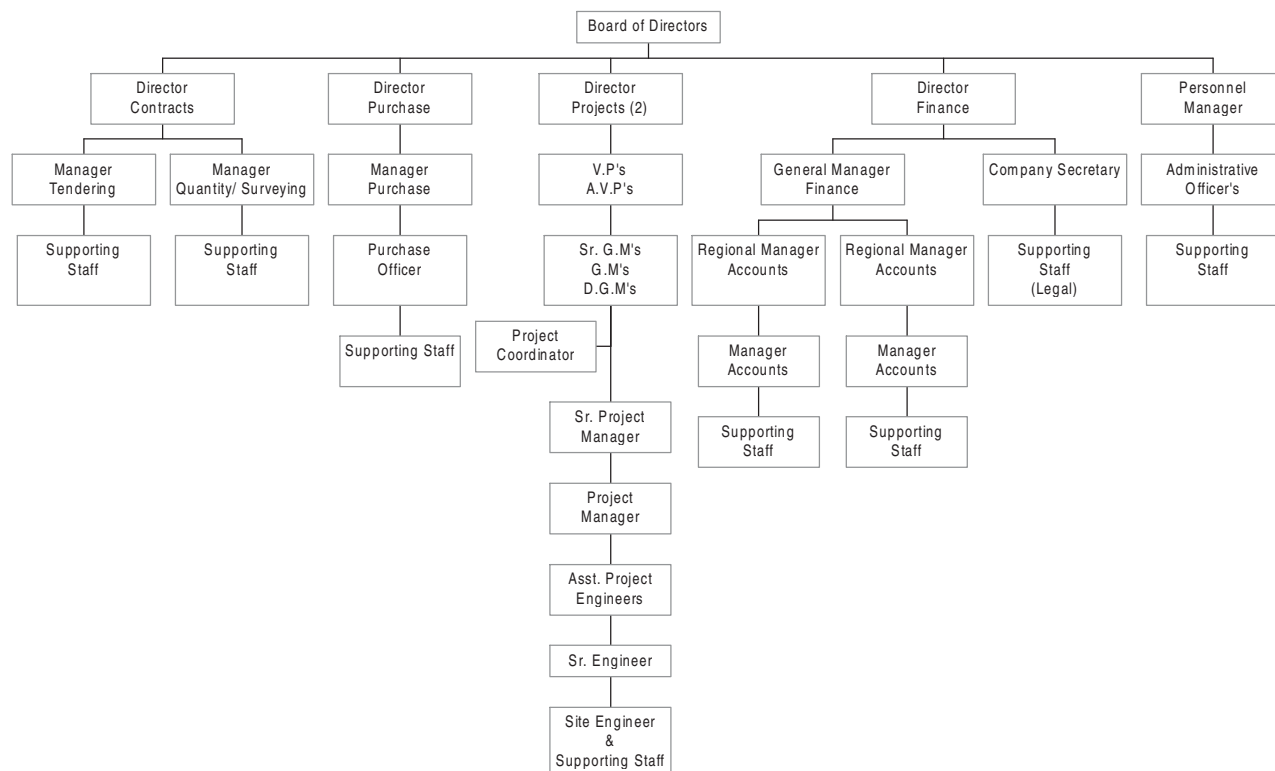
For details of the related party transactions, see section titled "Financial Statements - Related Party Transactions" beginning on page 105.

### Changes in our Board of Directors

The changes in our Board of Directors in the last three years are as follows:

Name	Date of Appointment	Date of Cessation	Reason
Mr. Mohit Kashyap		November 25, 2003	Resignation
Mr. Justice C. K. Mahajan (Retd.)	December 14, 2005		Appointment
Mr. H. N. Nanani	December 14, 2005		Appointment
Mr. Naveen Jain	December 14, 2005		Appointment

### Management Organisation Structure





## **B. L. KASHYAP AND SONS LIMITED**

### **Key Managerial Employees**

In addition to our whole-time Directors, following are our key managerial employees. All our key managerial employees are permanent employees of our Company. None of the following key managerial employees are related to each other or to any of our Directors.

**Mr. Pradeep Sharma**, 51 years, is designated as the Director in our Company. He holds a bachelor's degree in civil engineering. Mr. Sharma has more than 29 years of experience in the construction industry. Prior to joining us, he worked with Eicher Limited. Mr. Sharma has been associated with our Company since inception. He is responsible for our business development, cost estimates, tendering and negotiations for the new projects. For the fiscal 2005, the remuneration paid by us to Mr. Sharma was Rs. 388,727/-.

**Mr. Ravinder Singh**, 51 years, is designated as the Director in our Company. He holds a bachelor's degree in commerce. Mr. Singh has more than 27 years of experience in the construction industry. Mr. Singh has been associated with our Company since inception. He is responsible for our material planning and purchases. For the fiscal 2005, the remuneration paid by us to Mr. Singh was Rs. 501,591/-.

**Mr. Prashant Tyagi**, 41 years, is designated as the Director in our Company. He holds a bachelor's degree in civil engineering. Mr. Tyagi has more than 20 years of experience in the construction industry. Mr. Tyagi has been associated with our Company since inception. He is responsible for execution of our projects and also monitors progress of our works. For the fiscal 2005, the remuneration paid by us to Mr. Tyagi was Rs. 376,194/-.

**Mr. Naveel Singla**, 36 years, is designated as the Director in our Company. He holds a bachelor's degree in civil engineering and has more than 13 years of experience in the construction industry. Prior to joining us, Mr. Singla has worked with Veejay Associates. Mr. Singla joined our Company in 1998. He is responsible for execution of our projects and also monitors progress of our works in southern India. For the fiscal 2005, the remuneration paid by us to Mr. Singla was Rs. 383,529/-.

**Mr. Sandeep Agarwal**, 39 years, is designated as the General Manager (Finance) in our Company. He holds a bachelor's degree in commerce from Delhi University and is a Fellow Member of the Institute of Chartered Accountants of India. Mr. Agarwal has about 14 years of experience in the areas of finance, accounts and taxation. Prior to joining us in August 2005, Mr. Agarwal has worked with VLCC Healthcare Limited and GI Power Corporation Limited (a Goetze group of companies). Since Mr. Agarwal has joined our Company in the current fiscal year, no remuneration was paid to him in fiscal 2005.

**Mr. Surinder Singh**, 46 years, is designated as the General Manager (Projects) in our Company. He holds a bachelor's degree in civil engineer. Mr. Singh has about 23 years of experience in the construction industry. Mr. Singh has been associated with our Company since inception. He is responsible for execution and coordination of our projects. For the fiscal 2005, the remuneration paid by us to Mr. Singh was Rs. 462,860/-.

**Mr. Diwaker Bapuli**, 35 years, is designated as the Senior Project Manager in our Company. He holds a bachelor's degree in civil engineer. Mr. Bapuli has about 18 years of experience in the construction industry. Prior to joining us, Mr. Bapuli worked with Klockner Supreme Pentaplast Limited. Mr. Bapuli joined our Company is the year 1993. He is responsible for project planning and coordination. For the fiscal 2005, the remuneration paid by us to Mr. Bapuli was Rs. 363,861/-.

**Mr. Prashant Khare**, 42 years, is designated as the Senior Project Coordinator in our Company. He holds a bachelor's degree in civil engineer. Mr. Khare has about 18 years of experience in the construction industry. Prior to joining us in 1992, Mr. Khare worked with S.A. Builders. He is responsible for project planning and coordination. For the fiscal 2005, the remuneration paid by us to Mr. Khare was Rs. 377,194/-.

**Mr. Kaushlesh Kumar**, 38 years, is designated as the Senior Project Manager in our Company. He holds a bachelor's degree in civil engineer. Mr. Kaushlesh has about 15 years of experience in the construction industry. Prior to joining us in 1993, Mr. Khare worked with IPS Consultants. He is responsible for project planning and coordination. For the fiscal 2005, the remuneration paid by us to Mr. Kumar was Rs. 345,944/-.

**Mr. Jitendra Kumar**, 34 years, is the Company Secretary of our Company. He holds a bachelor's degree in law, is a qualified company secretary from the Institute of Company Secretaries of India and holds a master's degree in business administration (finance). Mr. Kumar has 12 years of experience in the company secretarial department. Prior to joining us in October 2005, he worked with Anand Nishikawa Company Limited. Since Mr. Kumar has joined our Company in the current fiscal year, no remuneration was paid to him in fiscal 2005.



## **B. L. KASHYAP AND SONS LIMITED**

### **Shareholding of the Key Managerial Employees**

None of our key managerial employees hold any Equity Shares or options convertible into our Equity Shares.

### **Bonus or Profit Sharing Plan for our Key Managerial Employees**

There is no bonus or profit sharing plan for our key managerial employees.

### **Changes in our Key Managerial Employees**

Except as stated below, there has been no change in our key managerial employees during the last three years:

<b>Sr. No</b>	<b>Name</b>	<b>Designation</b>	<b>Date of appointment/resignation</b>	<b>Reason</b>
1	Mr. Sandeep Agarwal	General Manager (Finance)	August 1, 2005	Appointment
2	Mr. Sanjay Mittal	Company Secretary	August 31, 2005	Resignation
3	Mr. Jitendra Kumar	Company Secretary	October 14, 2005	Appointment

### **Payment or benefit to officers of our 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 given to any of our officers except the normal remuneration for services rendered as Directors, officers or employees, since incorporation of our Company.

Except as disclosed in the related party transactions under the section titled "Financial Statements" starting page 127, none of the beneficiaries of loans and advances and sundry debtors are related to the Directors or Key managerial employees of our Company.

### **Employees Share Purchase and Stock Option Scheme**

We do not have any stock option scheme or stock purchase scheme for the employees of our Company

**OUR PROMOTERS AND PROMOTER GROUP****Our Promoters**

Currently, our Promoters are Mr. Vinod Kashyap, Mr. Vineet Kashyap and Mr. Vikram Kashyap.



**Mr. Vinod Kashyap**, 54 years, (passport number: A-4554001, voter identity number: not available, driving license number: P03082002329604) is the Chairman of our Company. He holds a bachelor's degree in arts from Hindu College, University of Delhi. Mr. Kashyap has 33 years of experience in construction industry. Prior to joining us, Mr. Kashyap has worked with Ahuja Kashyap Private Limited for a period of four years from 1973 to 1977 and thereafter was associated with erstwhile M/s B. L. Kashyap & Sons, a partnership firm, as a partner. Mr. Kashyap had subscribed to our Memorandum of Association in 1989 and has been instrumental in the overall growth of our Company.



**Mr. Vineet Kashyap**, 51 years, (passport number: E 3763679, voter identity number: DL/02/009/195653, driving license number: P03022000181002), is the Managing Director of our Company. He holds a degree in arts from Hindu College, University of Delhi. Mr. Kashyap has about 30 years of experience in construction industry. Prior to joining us, Mr. Kashyap has worked with Ahuja Kashyap Private Limited for a period of three years from 1976 to 1979 and was responsible for the timely completion of the Escorts/Goetze plant in Bangalore. Thereafter, he joined erstwhile M/s B. L. Kashyap & Sons, a partnership firm, as a partner. Mr. Kashyap had subscribed to our Memorandum of Association in 1989 and, currently, handles our day-to-day operations.



**Mr. Vikram Kashyap**, 44 years, (passport number: A-0064368, voter identity number: not available, driving license number: P03122001295293) is the Joint Managing Director of our Company. Mr. Kashyap has over 25 years of experience in construction industry. In 1978, Mr. Kashyap joined erstwhile M/s B. L. Kashyap & Sons, a partnership firm, as a partner. Mr. Kashyap had subscribed to our Memorandum of Association in 1989 and has been instrumental in diversification by our Company and setting up a workshop for executing interiors.

For details of terms of appointment of Mr. Vinod Kashyap, Mr. Vineet Kashyap and Mr. Vikram Kashyap as our Directors, please see the section titled "Our Management" beginning on page 80.

**Interest in Promotion of our Company**

Our Company had been incorporated by Mr. Vinod Kashyap, Mr. Vineet Kashyap and Mr. Vikram Kashyap. For this purpose, Mr. Vinod Kashyap, Mr. Vineet Kashyap and Mr. Vikram Kashyap had subscribed to our Memorandum of Association and had subscribed to the initial issue of our Equity Shares.

**Interest of our Promoters and Payment of Benefits to our Promoters**

Except as stated in the section titled "Financial Statements - Related Party Transactions" beginning on page 105, there has been no payment of benefits to our Promoters during the last two years from the date of filing of this Red Herring Prospectus.

**Other Confirmations**

We confirm that the details of the permanent account numbers, bank account numbers and passport numbers of our Promoters, namely, Mr. Vinod Kashyap, Mr. Vineet Kashyap and Mr. Vikram Kashyap will be submitted to the Stock Exchanges at the time of filing this Red Herring Prospectus with the Stock Exchanges.

Further, Mr. Vinod Kashyap, Mr. Vineet Kashyap and Mr. Vikram Kashyap have confirmed that they and their relatives (as per the Companies Act) and associate/group companies as disclosed in this Red Herring Prospectus have not been detained as willful defaulters by the Reserve Bank of India or any other governmental authority and there are no violations of securities laws committed by them in the past or are pending against them.

**Other Information**

Our Promoters are Mr. Vinod Kashyap, Mr. Vineet Kashyap and Mr. Vikram Kashyap. They are related to each other as brothers. The fourth brother, namely, Mr. Varinder Kashyap, does not currently have any business association with our Company or our Promoters. Further, Mr. Varinder Kashyap has at no point of time, been a promoter or a shareholder or a director of our Company. The four brothers had previously set up a partnership firm, known as M/s B.L.Kashyap & Sons, which was subsequently dissolved in 1989. Since then, Mr. Varinder Kashyap has not been associated with our Promoters in their current business undertakings. In addition, Mr. Varinder Kashyap, has filed a suit in the High Court of Delhi against the Promoters and others praying for a decree for partition of the B.L. Kashyap HUF property, an equal



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share in respect of the properties and for rendition of accounts. The promoters/directors of our Company and Mr. Varinder Kashyap are not common defendants in any litigation. For more details on the suit, please see the section titled “Outstanding Litigation and Material Developments” beginning on page 131 of this Red Herring Prospectus.

### Promoter Group

In addition to our Promoters, as specified above, the following individuals, companies and entities shall form part of our Promoter group:

- Mrs. Anjoo Kashyap;
- Mrs. Aradhana Kashyap;
- Mrs. Amrita Kashyap;
- Mr. Mohit Kashyap;
- BLK Financial Services Limited;
- BLK Securities Private Limited;
- Bezel Investments & Finance Private Limited;
- Ahuja Kashyap Malt Private Limited;
- Akme Projects Limited;
- Chrysalis Trading Private Limited;
- Aiyana Trading Private Limited;
- M/s. B.L. Kashyap & Sons (partnership firm);
- M/s. BLK Furnishers and Contractors (partnership firm); and
- B. L. Kashyap (HUF).

The details of our Promoter group companies and partnership firms are as below:

#### 1. **BLK Financial Services Limited (“BLK Financials”)**

BLK Financials was incorporated on September 2, 1994 and obtained the certificate for commencement of business on November 11, 1994. BLK Financials is a member of the NSE and deals in the securities broking and investments. BLK Financials has its registered office at A-12, Kailash Colony, New Delhi 110 048

#### **Shareholding Pattern**

The equity shares of BLK Financials are not listed on any stock exchange. Set forth below is the shareholding pattern of BLK Financials as on February 4, 2006 :

Name of Shareholder	Number of Equity Shares	% of Issued Equity Share Capital
B.L. Kashyap & Sons Limited*	400,000	27.20
Mr. Vinod Kashyap*	450,100	30.60
Mr. Vineet Kashyap*	400,100	27.21
Mr. Vikram Kashyap*	200,100	13.60
Mr. Ravinder Singh*	20,000	1.36
Mrs. Anjoo Kashyap	100	Negligible
Mrs. Aradhana Kashyap	100	Negligible
Mrs. Amrita Kashyap	100	Negligible
Mr. Arun Anand	100	Negligible
<b>Total</b>	<b>1,470,700</b>	<b>100.00</b>

\*Our Company, Mr. Vinod Kashyap, Mr. Vineet Kashyap and Mr. Ravinder Singh have entered into an agreement dated October 20, 2005 with Mr. Vikram Kashyap, Mr. Sunil Khemka and Mrs. Madhu Jain for transfer of certain equity shares of BLK Financials in the order given below. Following the agreement, an application has been filed with the NSE, as required under the terms of membership, for such transfer. Pending the application, the equity shares have not been transferred.

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S. No.	Transferor	Transferee	No. of Equity Shares
1.	B.L. Kashyap & Sons Limited	Mrs. Madhu Jain	200,000
2.	B.L. Kashyap & Sons Limited	Mr. Sunil Khemka	200,000
3.	Mr. Vinod Kashyap	Mrs. Madhu Jain	150,162
4.	Mr. Vinod Kashyap	Mr. Vikram Kashyap	49,919
5.	Mr. Vineet Kashyap	Mr. Sunil Khemka	150,081
6.	Mr. Ravinder Singh	Mr. Sunil Khemka	10,040
7.	Mr. Ravinder Singh	Mrs. Madhu Jain	9,960

Upon receiving the approval and the proposed transfer of the equity shares, the shareholding pattern of BLK Financials shall be as below:

Name of Shareholder	Number of Equity Shares	% of Issued Equity Share Capital
Mr. Vinod Kashyap	250,019	17.00
Mr. Vineet Kashyap	250,019	17.00
Mr. Vikram Kashyap	250,019	17.00
Mr. Sunil Khemka	360,121	24.48
Mrs. Madhu Jain	360,122	24.49
Mrs. Anjoo Kashyap	100	Negligible
Mrs. Aradhana Kashyap	100	Negligible
Mrs. Amrita Kashyap	100	Negligible
Mr. Arun Anand	100	Negligible
<b>Total</b>	<b>1,470,700</b>	<b>100.00</b>

### Control

BLK Financials is jointly controlled by Mr. Vinod Kashyap, Mr. Vineet Kashyap and Mr. Vikram Kashyap.

### Board of Directors

The board of directors of BLK Financials as on February 4, 2006 comprises of Mr. Vinod Kashyap, Mr. Vineet Kashyap and Mr. Vikram Kashyap.

### Financial Performance

The financial results of BLK Financials for the last three fiscals are as follows:

*(Rs. in million, unless otherwise stated)*

	Fiscal 2005	Fiscal 2004	Fiscal 2003
Total Income	3.17	4.10	1.87
Profit/(Loss) after tax	0.01	0.42	(0.30)
Equity share capital (paid up)	1.47	1.47	1.47
Reserves and Surplus (excluding revaluation reserves)	0.26	0.74	0.14
Earnings/(Loss) per share (diluted) (Rs.)	0.01	0.19	(0.20)
Book Value per share (Rs.)	10.17	10.50	10.09

## 2. BLK Securities Private Limited ("BLK Securities")

BLK Securities was incorporated on May 23, 1997. The main business of BLK Securities is to deal in the securities broking and investments. BLK Securities has its registered office at A-12, Kailash Colony, New Delhi 110 048.

### Shareholding Pattern

The equity shares of BLK Securities are not listed on any stock exchange. Set forth below is the shareholding pattern of BLK Securities as on February 4, 2006 :

Name of Shareholder	Number of Equity Shares	% of Issued Equity Share Capital
Mr. Vinod Kashyap	3,600	33.33
Mr. Vineet Kashyap	3,600	33.33
Mr. Vikram Kashyap	3,600	33.34
<b>Total</b>	<b>10,800</b>	<b>100.00</b>





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### Control

BLK Securities is jointly controlled by Mr. Vinod Kashyap, Mr. Vineet Kashyap and Mr. Vikram Kashyap.

### Board of Directors

The board of directors of BLK Securities as on February 4, 2006 comprises of Mr. Vinod Kashyap, Mr. Vineet Kashyap and Mr. Vikram Kashyap.

### Financial Performance

The financial results of BLK Securities for the last three fiscals are as follows:

(Rs. in million, unless otherwise stated)

	Fiscal 2005	Fiscal 2004	Fiscal 2003
Total Income	0.04	0.32	0.13
Profit/(Loss) after tax	(0.03)	(0.13)	(0.05)
Equity share capital (paid up)	0.11	0.11	0.11
Reserves and Surplus (excluding revaluation reserves)	(3.89)	(3.85)	(3.72)
Earnings/(Loss) per share (diluted) (Rs.)	(3.14)	(11.96)	(4.65)
Book Value per share (Rs.)	(349.89)	(346.75)	(334.78)

### 3. Bezel Investment & Finance Private Limited ("Bezel Investments")

Bezel Investments was incorporated on July 11, 1983. The main business of Bezel Investments is to deal in the securities broking and investments. Bezel Investments has its registered office at A-12, Kailash Colony, New Delhi 110 048.

### Shareholding Pattern

The equity shares of Bezel Investments are not listed on any stock exchange. Set forth below is the shareholding pattern of Bezel Investments as on February 4, 2006 :

Name of Shareholder	Number of Equity Shares	% of Issued Equity Share Capital
Mr. Vinod Kashyap	3,301	32.52
Mr. Vineet Kashyap	3,301	32.52
Mr. Vikram Kashyap	3,301	32.52
B L Kashyap & Sons Limited	247	2.44
<b>Total</b>	<b>10,150</b>	<b>100.00</b>

### Control

Bezel Investments is jointly controlled by Mr. Vinod Kashyap, Mr. Vineet Kashyap and Mr. Vikram Kashyap.

### Board of Directors

The board of directors of Bezel Investments as on February 4, 2006 comprises of Mr. Vinod Kashyap, Mr. Vineet Kashyap and Mr. Vikram Kashyap.

### Financial Performance

The financial results of Bezel Investments for the last three fiscals are as follows:

(Rs. in million, unless otherwise stated)

	Fiscal 2005	Fiscal 2004	Fiscal 2003
Total Income	Nil	Nil	Nil
Profit/(Loss) after tax	(0.00)	(0.01)	(0.00)
Equity share capital (paid up)	0.10	0.10	0.10
Reserves and Surplus (excluding revaluation reserves)	(0.04)	(0.04)	(0.04)
Earnings/(Loss) per share (diluted) (Rs.)	Nil	Nil	Nil
Book Value per share (Rs.)	5.58	5.67	6.12



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### 4. Ahuja Kashyap Malts Private Limited ("AKMPL")

AKMPL was incorporated on May 31, 1965. The main business of AKMPL is brewing, distilling, refining, bottling, preserving, etc. AKMPL has its registered office at 124-126, DLF Industrial Area, Mathura Road, Faridabad, Haryana.

#### Shareholding Pattern

The equity shares of AKMPL are not listed on any stock exchange. Set forth below is the shareholding pattern of AKMPL as on February 4, 2006 :

Name of Shareholder	Number of Equity Shares	% of Issued Equity Share Capital
Ahuja Kashyap Pvt. Limited	50,000	55.64
Mrs. C. D. Kashyap	14,800	16.47
Mr. M. M. Ahuja	6,250	6.96
Mrs. Kusum Ahuja	6,250	6.96
Mr. Sharad Ahuja	4,950	5.50
Mr. Vinod Kashyap	4,325	4.81
Ms. Arti Ahuja	2,550	2.83
Mr. Vineet Kashyap	750	0.83
<b>Total</b>	<b>8,9875</b>	<b>100.00</b>

#### Control

AKMPL is jointly controlled by Mr. Vinod Kashyap and Mr. Vineet Kashyap.

#### Board of Directors

The board of directors of AKMPL as on February 4, 2006 comprises of Mr. Vinod Kashyap and Mrs. C. D. Kashyap.

#### Financial Performance

The financial results of AKMPL for the last three fiscals are as follows:

*(Rs. in million, unless otherwise stated)*

	Fiscal 2005	Fiscal 2004	Fiscal 2003
Total Income	Nil	Nil	Nil
Profit/(Loss) after tax	(0.00)	(0.00)	(0.00)
Equity share capital (paid up)	0.90	0.90	0.90
Reserves and Surplus (excluding revaluation reserves)	(5.33)	(5.33)	(5.33)
Earnings/(Loss) per share (diluted) (Rs.)	Nil	Nil	Nil
Book Value per share (Rs.)	(49.35)	(49.31)	(49.31)

### 5. Akme Projects Limited

Akme Projects Limited was incorporated on February 4, 2006 . Akme Projects Limited is in the business of real estate development. Akme Projects Limited has its registered office at A-26/3, Mohan Co-operative Industrial Estate, New Delhi -110 044.

#### Shareholding Pattern

The equity shares of Akme Projects Limited are not listed on any stock exchange. Set forth below is the shareholding pattern of Akme Projects Limited as on February 4, 2006 :

Name of Shareholder	Number of Equity Shares	% of Issued Equity Share Capital
Hariraj Investment & Consultants Pvt. Ltd.	255,000	51.00
Spade Financial Services Limited	122,250	24.45
Mrs. Shruti Choudhari	122,250	24.45
Mr. Aditya Anand	100	0.02
Mr. Vinod Kapur	100	0.02
Mrs. Poonam Kapur	100	0.02
Mr. Tushar Patel	100	0.02
Mrs. Franie Patel	100	0.02
<b>Total</b>	<b>500,000</b>	<b>100.00</b>

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### Control

Akme Projects Limited is controlled by Mr. Anil Nanda through Hariraj Investment & Consultants Pvt. Ltd., in which he is a majority shareholder.

### Board of Directors

The board of directors of Akme Projects Limited as on February 4, 2006 comprises of Mr. Anil Nanda, Mr. Arun Anand, Mrs. Shruti Choudhari, Mr. Prashant Tyagi and Mr. Uday Pasricha.

### Financial Performance

Since Akme Projects Limited has been incorporated in fiscal 2003, the financial results thereof are not available. The financial results of Akme Projects Limited for fiscals 2004 and 2005 are as follows:

(Rs. in million, unless otherwise stated)

	Fiscal 2005	Fiscal 2004
Total Income	Nil	Nil
Profit/(Loss) after tax	Nil	Nil
Equity Share Capital (paid up)	5.00	0.50
Reserves and Surplus (excluding revaluation reserves)	Nil	Nil
Earnings/(Loss) per share (diluted) (Rs.)	Nil	Nil
Book Value per share (Rs.)	10.00	10.00

## 6. Chrysalis Trading Private Limited (“Chrysalis”)

Chrysalis was incorporated on December 16, 2005 as a company engaged in the business of buying , selling, importing and exporting fabrics and textiles. The registered office of Chrysalis is at 223, Sukhdev Vihar, New Delhi.

### Shareholding Pattern

The equity shares of Chrysalis are not listed on any stock exchange. Set forth below is the shareholding pattern of Chrysalis as on February 4, 2006 :

Name of Shareholder	Number of Equity Shares	% of Issued Equity Share Capital
Mr. Vineet Kashyap	2,500	25
Ms. Aradhana Kashyap	2,500	25
Ms. Shruti Choudhari	2,500	25
Mr. Saurav Kashyap	2,500	25
<b>Total</b>	<b>10,000</b>	<b>100.00</b>

### Control

Chrysalis is controlled by Mr. Vineet Kashyap, Ms. Aradhana Kashyap, Ms. Shruti Choudhari and Saurav Kashyap.

### Board of Directors

The board of directors of Chrysalis as on February 4, 2006 comprises of Ms. Aradhana Kashyap, Mrs. Shruti Choudhari and Mr. Saurav Kashyap

### Financial Performance

Since Chrysalis has been incorporated in December 16, 2005, the financial results for the past three years thereof are not available.

## 7. Aiyana Trading Private Limited (“Aiyana”)

Aiyana was incorporated on January 18, 2006 as a company engaged in the business of trading in fabrics and textiles. The registered office of Aiyana is at B-7, Saomi Nagar, New Delhi.

### Shareholding Pattern

The equity shares of Aiyana are not listed on any stock exchange. Set forth below is the shareholding pattern of Aiyana as on February 4, 2006 :



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Name of Shareholder	Number of Equity Shares	% of Issued Equity Share Capital
Mr. Vinod Kashyap	2,500	25
Mrs. Anjoo Kashyap	2,500	25
Ms. Malini Kashyap	2,500	25
Mr. Mohit Kashyap	2,500	25
<b>Total</b>	<b>10,000</b>	<b>100.00</b>

### Control

Aiyana is controlled by Mr. Vinod Kashyap, Mrs. Anjoo Kashyap, Ms. Malini Kashyap and Mr. Mohit Kashyap.

### Board of Directors

The board of directors of Aiyana as on February 4, 2006 comprises of Mrs. Anjoo Kashyap, Ms. Shruti Choudhari and Mr. Saurav Kashyap

### Financial Performance

Since Aiyana has been incorporated in January 18, 2006, the financial results for the past three years thereof are not available.

### 8. M/s. B.L. Kashyap & Sons ("BLK & Sons")

BLK & Sons, a partnership firm, was registered under the Indian Partnership Act on April 1, 1992. Previously, partners of BLK & Sons along with certain other individuals had constituted a partnership firm in the same name and style as M/s. B.L. Kashyap & Sons and the same was dissolved in 1989. Upon dissolution of the old partnership firm, the new partnership firm (i.e. BLK & Sons) was constituted with Mr. Vinod Kashyap, Mr. Vineet Kashyap and Mr. Vikram Kashyap as partners. BLK & Sons has its registered office at A-12, Kailash Colony, New Delhi 110 048.

The main business of BLK & Sons is to undertake construction activities.

### Shareholding Pattern

Each of Mr. Vinod Kashyap, Mr. Vineet Kashyap and Mr. Vikram Kashyap holds equal share in the capital of BLK & Sons.

### Financial Performance

The financial results of BLK & Sons for the last three fiscals are as follows:

(Rs. in million, unless otherwise stated)

	Fiscal 2005	Fiscal 2004	Fiscal 2003
Total Income	19.35	26.80	51.06
Profit/(Loss) after tax	0.95	7.79	2.36
Partners Capital Account			
- Mr. Vinod Kashyap	4.94	5.13	5.82
- Mr. Vineet Kashyap	3.59	4.34	5.06
- Mr. Vikram Kashyap	4.95	4.80	3.20

### 9. M/s. BLK Furnishers and Contractors ("BLKFC")

BLKFC, a partnership firm, was registered under the Indian Partnership Act on August 11, 1998. BLKFC was in the business of manufacturing furniture. Vide an agreement dated November 16, 2005 executed between BLK Furnishers & Contractors Pvt. Ltd. (our subsidiary) and M/s. BLK Furnishers and Contractors (partnership firm), BLK Furnishers & Contractors Pvt. Ltd. acquired the entire business of the partnership firm on a going-concern basis as of November 15, 2005. The consideration paid by BLK Furnishers & Contractors Pvt. Ltd. to the partnership firm was Rs. 1.62 million. In addition, M/s. BLK Furnishers and Contractors (partnership firm) has agreed not to undertake or carry out any business, which would compete with the business of BLK Furnishers & Contractors Pvt. Ltd. BLKFC has its registered office at A-12, Kailash Colony, New Delhi 110 048.

### Shareholding Pattern

Each of Mr. Vinod Kashyap, Mr. Vineet Kashyap and Mr. Vikram Kashyap holds equal share in the capital of BLKFC.

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### Financial Performance

The financial results of BLKFC for the last three fiscals are as follows:

*(Rs. in million, unless otherwise stated)*

	<b>Fiscal 2005</b>	<b>Fiscal 2004</b>	<b>Fiscal 2003</b>
Total Income	2.30	1.10	Nil
Profit/(Loss) after tax	0.07	(0.01)	(0.01)
Partners Capital Account			
- Mr. Vinod Kashyap	0.28	0.27	0.26
- Mr. Vineet Kashyap	0.27	0.25	0.24
- Mr. Vikram Kashyap	0.17	0.15	0.14

### Common Pursuits

None of our Promoter group companies have similar objects/interests that may compete with us or with other Promoter group companies. There is no conflict of interest arising out of common objects in the constitutional documents of our Promoter group companies.

### Related Party Transactions

For details of the related party transactions, see section titled "Financial Statements" beginning on page 105 .

**DIVIDEND POLICY**

The declaration and payment of dividends will be recommended by our Board of Directors and approved by our shareholders, at their discretion, and will depend on a number of factors, including but not limited to our profits, capital requirements and overall financial condition.

The dividends declared by our Company during the last five fiscals have been presented below.

	<b>Fiscal 2001</b>	<b>Fiscal 2002</b>	<b>Fiscal 2003</b>	<b>Fiscal 2004</b>	<b>Fiscal 2005</b>
Face value of Equity Shares	10	10	10	10	10
Dividend (Rs. In million)	5.33	9.70	4.85	4.85	96.96
Dividend Tax (Rs. in million)	0.54	0.99	0.62	0.63	13.60
Dividend per Equity Share (Rs.)	1.10	2.00	1.00	1.00	20.00
Dividend Rate (%)	11	20	10	10	200

The amounts paid as dividends in the past are not necessarily indicative of our dividend policy or dividend amounts, if any, in the future.

Some of our financing documents contain certain restrictive conditions such that dividends may not be paid by us if there are dues owed to the lenders, if there are subsisting events of default or would occur as a result of such declaration or payment of dividend in respect of the specified loan facility or other than out of our current year earnings. Further, as per certain other covenants, we are obligated not to declare or pay any dividend or authorize or make any distribution, payment, delivery of property or cash to our shareholders during the financial year beyond a specified extent. For a description of these and other restrictive covenants in the financing documents, see the section titled "Financial Indebtedness" beginning on page 70.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS ON AN UNCONSOLIDATED BASIS**

The following discussion of our financial condition and results of operations should be read together with the audited financial statements for the FY 2003, 2004, 2005 and the 6 month period ended September 30, 2005 including the Schedules, Annexures and Notes thereto and the Reports thereon, which appear on page 105. These financial statements are prepared in accordance with Indian GAAP, the Companies Act, and the SEBI Guidelines as described in the Auditor's Report of M/s. Sood Brij & Associates, Chartered Accountants dated December 14, 2005 in the section with the title 'Financial Information – as restated'.

### **OVERVIEW**

We are engaged in the business of offering a diversified range of construction and allied services to various corporates within the country. Our present activities primarily involve construction services including turnkey projects that comprise civil construction, electrical, plumbing, fire-fighting, air conditioning and other works.

Broadly, our business activities could be categorized into four segments:

- (i) Commercial Construction;
  - (ii) Corporate Construction
  - (iii) Residential Construction
  - (iv) Industrial Construction
- *Commercial construction:* This activity typically includes construction activity in the hospitality industry, hospitals and medical centers, the health care industry, the I.T/I.T.E.S. segment, etc.
  - *Corporate construction:* Corporate construction would include construction of corporate offices and buildings wherein we provide services including civil, furnishings and fit outs and allied activities.
  - *Residential construction:* In the year 2000-01, we ventured into turnkey and residential construction which currently forms an important part of our services portfolio. Residential construction would include civil, external and internal hard finishes. We also execute turnkey projects including civil, electrical, plumbing, fire-fighting, lifts, external and internal hard finishes, external landscaping.

We provide the entire range of civil construction services for this sector. We execute work on item rates and also give the developer the option of executing the work on a turnkey solution basis, which may include external finishing (i.e. the entire finishing on the outside of the building) and interiors. We also provide furnishings and fit outs through our subsidiary BLK Furnishers. Besides, we also provide modular furniture for kitchens which are included as a part of our offering for the construction of residential complexes.

- *Industrial Construction:* Industrial construction would include factory buildings with structural steel work, sheeting, specialized flooring, external and internal finishes.

### **Significant Accounting Policies**

#### **1. Fixed Assets**

Fixed Assets are shown at cost less accumulated depreciation.

#### **2. Depreciation**

- (a) Depreciation is provided on Written down value method at rates specified in Schedule XIV to the Companies Act, 1956.
- (b) Items of Fixed Assets costing upto Rs.5,000 are depreciated fully in the year of purchase.

#### **3. Borrowing Costs**

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

#### **4. Investments**

Investments are shown at cost. No provision is made for loss/profits in terms of their market value at the year end. Loss/profit, if any, is accounted in Profit & Loss Account in the year of sale.



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### 5. Work-in-Progress

Work-in-progress including materials at sites is valued at cost.

### 6. Revenue & Expenditure Recognition

Job work revenue is accounted on the basis of running bills raised. Revenue Expenditure is accounted on accrual basis as it is incurred.

### 7. Employees Retirement Benefits

The Company has accounted for liability towards gratuity and leave encashment on actuarial valuations. In the past, it was accounted on payment basis.

### Material Developments after September 30, 2005

There have been no material developments after the date of the last balance sheet, i.e. September 30, 2005 except those detailed below:

- We have incorporated a wholly owned subsidiary with the name “Soul Space Projects Ltd.” for our foray into real estate development. Further details about the subsidiary are given under the heading “History and Certain Corporate Matters” beginning on page 76.
- We have entered into various construction contracts, details of which are provided in the section entitled “Our Business” beginning on page 53.
- On October 14, 2005, Crossborder Investments Private Limited, a wholly owned subsidiary of Edelweiss Capital Limited, subscribed to 80,000 Equity Shares at the price of Rs. 400 per Equity Share aggregating Rs. 32 million. We allotted 80,000 Equity Shares to Crossborder Investments Private Limited in lieu of consideration that we had to pay Crossborder Investments Private Limited for us subscribing to its 32,000 10% optionally fully convertible unsecured debentures of Rs. 1,000 each. The convertible debentures were issued on October 4, 2005 for a period of 80 days and were subject to put and call options of the parties. On December 22, 2005, we exercised the put option to redeem the debentures, which was duly honoured by Crossborder Investments Private Limited.

Other than as stated herein our directors hereby state that in their opinion there is no material development after the date of the last financial statements disclosed in this Red Herring Prospectus which is likely to materially and adversely affect or is likely to affect the trading or profitability of our company or the value of our assets, or our ability to pay our liabilities within the next twelve months.

### Operating Results

	FY 2003	FY 2004	FY 2005	Six months ended September 30, 2005*
Sales	946.15	1,572.41	3,128.41	2,068.74
% increase		66.19	98.96	N.A.
Other Income	5.29	7.06	9.25	9.87
% increase		33.46	31.02	N.A.
<b>Total Income</b>	<b>951.44</b>	<b>1,579.47</b>	<b>3,137.66</b>	<b>2,078.61</b>
<b>% Increase</b>				
Contract Cost	872.18	1,458.88	2,851.50	1,814.87
% to Sales	91.67	92.37	90.88	87.72
Financial Expenses	12.37	24.43	27.43	20.34
% to Sales	1.30	1.55	0.87	0.98
Depreciation	11.11	16.56	27.26	16.77
% to Sales	1.17	1.05	0.87	0.81
EBITDA	55.46	91.59	254.53	231.22
% to Sales	5.83	5.80	8.11	11.17
Profit Before Tax	32.51	51.12	204.25	204.72
% to Sales	3.42	3.24	6.51	9.89
Current Tax	9.15	18.18	70.19	70.33
Deferred Tax	2.86	0.18	12.35	(0.53)
Net Profit before Adjustments	20.50	32.49	121.71	134.92
Extra ordinary items / Adjustments	-	-	-	-



## B. L. KASHYAP AND SONS LIMITED



<b>Net Profit after Extra ordinary items / Adjustments</b>	<b>20.50</b>	<b>32.49</b>	<b>121.71</b>	<b>134.92</b>
<b>% to Sales</b>	<b>2.15</b>	<b>2.06</b>	<b>3.88</b>	<b>6.52</b>
<b>% increase</b>		<b>58.49</b>	<b>274.61</b>	<b>N.A.</b>
<b>Inventory</b>	<b>66.03</b>	<b>88.03</b>	<b>171.14</b>	<b>183.75</b>
Work in Progress	66.03	88.03	171.14	183.75
<b>Sundry Debtors</b>	<b>175.02</b>	<b>237.31</b>	<b>589.90</b>	<b>797.96</b>
Outstanding more than 6 months	17.72	25.90	105.69	98.43
Others	157.30	211.41	484.21	699.53
<b>Other Current Assets (cash &amp; bank balances)</b>	<b>61.86</b>	<b>72.05</b>	<b>135.57</b>	<b>134.52</b>
<b>Total Current Assets</b>	<b>386.20</b>	<b>549.86</b>	<b>1,116.02</b>	<b>1,535.28</b>
<b>Loans and Advances</b>	<b>83.29</b>	<b>152.47</b>	<b>219.41</b>	<b>419.05</b>
<b>Current Liabilities &amp; Provisions (if any)</b>	<b>245.71</b>	<b>387.27</b>	<b>951.93</b>	<b>1,229.10</b>
<b>Secured Loans</b>	<b>110.59</b>	<b>115.96</b>	<b>196.00</b>	<b>228.52</b>

\* The results for 6 months ended September 30, 2005 cannot be compared to the previous corresponding period as the Company has not carried out the audit exercise for that period.

During the 6 month ended September 30, 2005, our revenues stood at Rs. 2,078.61 million with profit before tax at Rs. 204.72 million.

Contract cost as a % of sales for the 6 month period ended September 30, 2005 stood at 87.72% which has translated into a higher EBITDA margin at 11.17%. The significant growth in profit before tax is as a result of significant growth in the business and the profitability margins.

### Summary of operating results

#### Order Book Position

*Rs. in million*

	<b>FY 2003</b>	<b>FY 2004</b>	<b>FY 2005</b>
Opening Order Book	715.26	1,294.28	2,259.80
Fresh Orders during the year	1,502.90	2,535.31	5,588.80
Closing Order Book	<b>1,294.28</b>	<b>2,259.80</b>	<b>4,737.50</b>

#### Order Mix (in value terms)

*Rs. in million*

Particulars	FY2003			FY2004			FY2005		
	Opening Order Book	New orders during the year	Closing Order Book	Opening Order Book	New orders during the year	Closing Order Book	Opening Order Book	New orders during the year	Closing Order Book
Institutional/commercial construction	685.20	552.60	583.44	583.44	1,419.37	1,008.45	1,008.45	3204.40	2,113.84
Industrial construction	25.06	157.35	97.14	97.14	882.44	756.06	756.06	348.80	482.16
Residential	5.00	792.95	613.70	613.70	233.50	495.27	495.27	2035.60	2,140.50
<b>Total</b>	<b>715.26</b>	<b>1,502.90</b>	<b>1,294.28</b>	<b>1,294.28</b>	<b>2,535.31</b>	<b>2,259.78</b>	<b>2,259.78</b>	<b>5,588.80</b>	<b>4,736.50</b>



## B. L. KASHYAP AND SONS LIMITED

Our project selection is based on a number of criteria including, amongst others, prevailing market conditions in each segment, return on investment, client credibility, brand visibility.

We have, in the past, derived a significant portion of our revenues from the institutional/commercial construction segment because of faster turnaround time and optimum use of equipment. Our closing order book in institutional/commercial construction from April 1, 2002 to March 31, 2005 have increased at a CAGR of 90%.

Industrial construction gives us consistent returns and enables us to diversify our portfolio. The closing order book of the industrial construction segment has grown at a CAGR of 122% between April 1, 2002 to March 31, 2005.

Construction projects in the Residential segment typically require a longer gestation period than the other segments specified above. The closing order book of the residential construction segment has grown at a CAGR of 87% between April 1, 2002 to March 31, 2005.

### Composition of Revenues

*Sectorwise Break – up of Revenues (major projects)*

Rs. in million

Particulars	FY2003	% of Sales	FY 2004	% of sales	FY 2005	% of Sales
Institutional/commercial construction	654.36	70.81	994.33	63.34	2,264.70	72.07
Industrial construction	85.27	9.24	223.52	14.24	622.70	19.82
Residential	184.25	19.95	351.91	22.42	254.80	8.11
<b>Total</b>	<b>923.88</b>	<b>100.00</b>	<b>1,569.76</b>	<b>100.00</b>	<b>3,142.20</b>	<b>100.00</b>

Top 5 completed Projects (In terms of accrued revenue) during past three years:

Rs. In million

Sr. No	Name of Project	Type of Project	FY		
			2003	2004	2005
1	Abhishek Developers Ltd. - Housing project	Housing	121.04	109.81	-
2	Divisional Engineering, Punjab Urban Developmental Authority	Office building	67.05	-	-
3	Cadence Designs Systems (India) Private Limited.	Office building	63.62	-	-
4	HCL Perot Systems Ltd.	IT/ITES building	54.90	90.91	-
5	Golf Links Realtors Private Limited.	Commercial building	51.45	129.26	-
6	Mahindra Holidays & Resorts Ltd.	Hotel & Hospitality building	-	91.06	-
7	Golf Links Software Park for Golf Links Software Park Private Limited.	Commercial building	-	111.50	201.60
8	Biocon India Ltd.	Industrial construction	-	-	234.90
9	Embassy	Office building	-	-	286.30
10	Integra Overseas Pvt. Ltd.	Industrial construction	-	-	206.50
11	Prestineciti Development	Office building	-	-	124.90
	<b>Total</b>		<b>358.06</b>	<b>532.54</b>	<b>1,054.20</b>
	<b>% to total revenue from top 5 customers</b>		<b>37.63</b>	<b>33.72</b>	<b>33.60</b>

## B. L. KASHYAP AND SONS LIMITED



Top 5 Projects (In terms of orders received) during past three years:

Rs. In million

Sr. No	Name of Project	Type of Project	FY		
			2003	2004	2005
1	Akme Projects Limited	Housing	-	-	1,240.00
2	Akme Projects Limited	Housing	-	-	670.00
3	S T Micro Electronics Limited	Office building	-	-	311.50
4	Select Infrastructure Private Limited.	Retail/Commercial building	-	-	288.90
5	Embassy Prime C. V. Ramanagar, Bangalore for Embassy Dynasty Developers Private Limited.	Office building	-	-	286.30
6	Abhishek Developers Ltd.	Housing	230.85	-	-
7	Freyssnet Prestressed Concrete Company Limited		247.84	-	-
8	International Print-O-Pac Ltd.	Industrial construction	113.56	-	-
9	Golf Links Realtors Private Limited	Commercial building	129.26	-	-
10	IFFCO	Office building	-	500.00	-
11	Biocon Ltd.	Industrial construction	-	720.00	-
12	Mahindra GESCO Developers Limited	Housing	-	210.20	-
13	Prestineciti Development	Office Building	-	249.15	-
14	Brigade Enterprises Pvt. Ltd.	Office Building	-	160.10	-
15	Mahindra Holiday & Resorts Ltd.	Hotel & Hospitality building	125.57		-
	<b>Total</b>		847.08	1839.45	2796.7
	% to total revenue for the Year		56.36%	72.55%	50.04%
	Total Orders Received during the year		1,502.90	2,535.31	5,588.80

### Analysis of Costs

Rs. in million

Particulars	FY		
	2003	2004	2005
Material Costs	460.68	784.67	1,725.35
% to total revenue	48.42	49.68	54.99
Wages	331.91	555.37	933.70
% to total revenue	34.89	35.16	29.76
Other Direct Costs	79.59	118.84	192.45
% of Sales	8.37	7.52	6.13
Total Contract costs	872.18	1,458.88	2,851.50

Material costs as % of total revenues have increased in FY05 as against FY04 whereas wages as a % of total revenues have decreased during the same period since there is less dependence on materials supplied by clients. Hence, these ratios will not be comparable from year to year.

**Analysis of Productivity Parameters**

Rs. in Million

Particulars	FY		
	2003	2004	2005
Fixed assets (gross)	140.88	165.23	290.66
Asset Turnover	6.72	9.52	10.76
Capital Employed	238.09	273.60	364.14
Capital output ratio	4.00	5.77	8.62
EBITDA Margin	5.83	5.80	8.11
% increase		(0.52)	39.89
Net Profit Margins	2.15	2.06	3.88
% increase		(4.53)	88.57

It is our constant endeavour to derive incremental revenues from the existing asset base. Our asset turnover ratio has increased from 6.72 in FY03 to 10.76 in FY05. We have reduced the dependence on external borrowings, we have also been able to grow the business significantly. Correspondingly, we have also increased the efficiency of capital employed which is evident by the increasing capital output ratio; our capital output ratio has increased from 4 in FY03 to 8.62 in FY05. In FY04, the prices of major raw materials witnessed a significant increase which led to a decline in the EBITDA margin by 0.52%. Since FY05, we have hedged ourselves against these increases by clauses incorporated in our contracts. For details, please see the section titled “Our Business” beginning on page 53. Further, we have been choosing co-location projects (projects situated within a limited area) and multiple projects with single client leading to lower overheads and major contract costs. These factors have contributed to an increase in the EBITDA margin by 39.89% to 8.11% in FY05.

**Liquidity and Capital Resources**

*Cash and Working Capital*

**Summary of Cashflows & Working Capital Requirements**

Rs. in Million

Particulars	FY		
	2003	2004	2005
Cash flows from:			
Operating activities	0.32	56.35	133.75
Investing activities	(54.08)	(24.98)	(117.94)
Financing activities	63.23	(21.18)	47.71
<b>Net increase (decrease) in cash</b>	<b>9.47</b>	<b>10.19</b>	<b>63.52</b>
Cash at beginning of year	52.39	61.86	72.05
<b>Cash at end of period</b>	<b>61.86</b>	<b>72.05</b>	<b>135.57</b>

The increase in profitability margins as given under the previous paragraph has also resulted in a corresponding rise in cash generated which is witnessed from the rise to Rs. 63.53 million on March 31, 2005.

**Working Capital**

Particulars	2003	2004	2005
Current Ratio	1.77	1.56	1.48
Net Working Capital	168.26	197.89	362.91

Increasing operational efficiency has also resulted in the current ratio remained at around the same level of 1.5.

**Long Term Debt**

Rs. in Million

Particulars	FY		
	2003	2004	2005
Secured Debt	110.59	115.96	196.00
Unsecured Debt	1.05	4.40	4.98
Total	111.64	120.36	200.98
% increase		7.81	66.98



## **B. L. KASHYAP AND SONS LIMITED**

In line with the increase in our business, the secured debt has increased to Rs. 196 million as on March 31, 2005.

### *Adverse Events*

There has been no adverse event affecting the operations of our Company occurring within one year prior to the date of filing of the Red Herring Prospectus with SEBI.

### *Defaults*

We have not defaulted in meeting any statutory dues, institutional dues or bank dues. We have never accepted fixed deposits from the public and we have not issued debentures since inception.

### *Details of any encumbrances over the property of our company and guarantees given by our company to any other party:*

There are no encumbrances over the property of our Company except as disclosed in the Auditors report included in this Red Herring Prospectus.

### **a. Comparison of Performance and Analysis of Developments for the Financial year ended March 31, 2005 vis-à-vis Financial year ended March 31, 2004**

#### *Major Events during the year*

During the year, we commenced turnkey construction of Akme Harmony, a residential project in Bangalore aggregating Rs. 670 million. We have accepted a turnkey construction order of Akme Ballet, a residential cum commercial construction project at Bangalore, aggregating Rs. 1,240 million.

Further, we took up construction of 1.3 million sq. ft. built up area of retail and commercial space at Saket, New Delhi for the Select Group at a contract value of Rs. 289 million (excluding cost of steel and cement).

#### *Sales*

During the year ended March 31, 2005, the construction industry has witnessed significant growth mainly due to overall infrastructure growth. Consequently, our revenues have increased from Rs. 1,572.41 million in FY04 to Rs. 3,128.41 million in FY05 translating into a growth rate of 98.96%

#### *Other Income*

Other income has increased from Rs. 7.06 million in FY04 to Rs. 9.25 million in FY05.

#### *Expenditure*

##### *Contract Costs*

Contract costs have increased from Rs. 1,458.88 million in FY04 to Rs. 2,851.50 million in FY05. As a % to sales, contract costs have declined marginally from 92.37% in FY04 to 90.88% in FY05, which is a decline of about 1.5% which is mainly attributable to higher economies of scale arising out of, among others, co-location projects (projects situated within a limited area) and multiple projects with single client leading to lower overheads and major contract costs.

##### *Finance charges*

Finance charges have increased marginally in value terms from Rs. 24.43 million in FY04 to Rs. 27.43 million in FY05.

##### *Depreciation*

Depreciation has increased from Rs. 16.56 million in FY04 to Rs. 27.26 million in FY05. As a percentage to sales, depreciation has declined from 1.05% in FY04 to 0.87% in FY05 due to higher operational efficiency and better turnaround of assets.

##### *Profit after tax*

Profit after tax has increased from Rs. 32.49 million in FY04 to Rs. 121.71 million in FY05 registering a growth of 274.61% which is due to substantial increase in turnover and better material and manpower management.

##### *Inventory*

Inventory comprises of work in progress of contracts as at the year end and has increased from Rs. 88.03 million in FY04 to Rs. 171.14 million in FY05.

## **B. L. KASHYAP AND SONS LIMITED**

### *Sundry Debtors:*

Sundry debtors have increased from Rs. 237.31 million in FY04 to Rs. 589.90 million in FY05

### *Loans and Advances*

Loans and advances have increased from Rs. 152.47 million in FY04 to Rs. 219.41 million in FY05.

### *Current Liabilities & Provisions*

Current liabilities have increased from Rs. 387.27 million in FY04 to Rs. 951.93 million in FY05.

### *Secured Loans*

Secured loans comprise of long term borrowings towards financing of assets and funding of our working capital requirements. Secured loans have increased from Rs. 115.96 million as on March 31, 2004 to Rs. 196 million as on March 31, 2005.

## **b. Comparison of Performance and Analysis of Developments for Financial year ended March 31, 2004 vis-à-vis March 31, 2003**

### *Major Events during the year*

During the year, we commenced construction of the production and research facility for Biocon Limited aggregating an area of 0.72 million at a value of Rs. 720 million.

### *Sales*

Our revenues have increased from Rs. 946.15 million in FY03 to Rs. 1,572.41 million in FY04 which translate into a growth rate of over 62%. Better asset turnaround and increase in the number of projects and the average project size (For details of our order size, please see the section titled "Our Business" beginning on page 53) have contributed to the increase in revenues.

### *Other Income*

Other income has increased from Rs. 5.29 million in FY03 to Rs. 7.06 million in FY04.

### *Expenditure*

#### *Contract Costs*

Contract costs include all direct costs such as material, wages, etc. Contract costs have increased from Rs. 872.18 million in FY03 to Rs. 1,458.88 million in FY04. As a percentage to sales, contract costs, have increased from 91.67% in FY03 to 92.37% in FY04.

#### *Finance charges*

Finance charges have increased from Rs. 12.37 million in FY03 to Rs. 24.43 million in FY04 since we had taken higher non fund based facilities in terms of letter of credits and bank guarantees in FY04.

#### *Depreciation*

Depreciation is provided on written down value method, consequently the increase in the depreciation is lower than the growth in sales. Depreciation has increased from Rs. 11.11 million in FY03 to Rs. 16.56 million in FY04.

#### *Profit after tax*

Profit after tax has increased from Rs. 20.50 million in FY03 to Rs. 32.50 million in FY04 at a growth rate of over 58% primarily due to increased turnover. Profit after tax as a % to sales has decreased marginally in FY04 by about 0.1% as compared to FY03.

#### *Inventory*

Inventory has increased from Rs. 66.03 million in FY03 to Rs. 88.03 million in FY04.

#### *Sundry Debtors,*

Sundry debtors have increased from Rs. 175.02 million in FY03 to Rs. 237.31 million in FY04.

#### *Loans and Advances*

Loans and advances have increased from Rs. 83.29 million in FY03 to Rs. 152.47 million in FY04.

## **B. L. KASHYAP AND SONS LIMITED**

### *Current Liabilities & Provisions*

Current liabilities have increased from Rs. 245.71 million in FY03 to Rs. 387.27 million in FY04.

### *Secured Loans*

Secured loans have marginally increased from Rs. 110.59 million in FY03 to Rs. 115.96 million in FY04.

### **Information required as per clause 6.10.5.5(a) of the SEBI Guidelines:**

#### **Unusual or infrequent events or transactions:**

There have been no unusual or infrequent transactions that have taken place during the last three years.

#### **Significant Economic changes that materially affected or are likely to affect income from continuing operations:**

Government policies governing the sector including taxation, FDI, have major bearing on the companies involved in construction and in infrastructure sector. Any major changes in policies of the Government affecting economic growth would have the significant impact on the profitability of our Company.

Except the above, there are no significant economic changes that may materially affect or likely to affect income from continuing operations.

#### **Known trends or uncertainties**

Apart from the risks as disclosed in the section titled "Risk factors" beginning on page x, there are no other known trends or uncertainties that have had or are expected to have a material adverse impact on revenue or income from continuing operations.

#### **Future relationship between costs and revenues**

To our knowledge there are no known relationships between costs and revenues.

#### **Reason for increase in sales/revenue**

The increase in turnover is on account of increase in sales volume.

#### **Total turnover of the Industry in which we operate**

We are operating only in one segment namely construction industry. Relevant published data, as available, for the industry turnover has been included in the heading entitled "Industry" on page no. 38.

#### **New products introduced in FY 2005**

We have not introduced any new products in FY2005.

#### **Seasonality of business**

The business of our Company is not seasonal in nature. However, the construction activities are affected sometimes, due to adverse weather conditions such as heavy rains.

#### **Over dependence on Single supplier/Customer**

We source our raw materials from a number of suppliers and we are not under threat from excessive dependence on any single supplier.

Similarly, our Company is engaged in diversified construction activities including commercial, industrial and residential construction for a number of private sector companies.

#### **Competitive conditions**

We face competition both from larger and well-established players and smaller proprietary firms. We have also been securing repeat business from the private sector companies to whom we have been catering.

**FINANCIAL STATEMENTS**

**FINANCIAL INFORMATION OF THE ISSUER COMPANY,  
B. L. KASHYAP & SONS LIMITED**

**Auditors Report**

The Board of Directors

**B.L.Kashyap & Sons Ltd.**

B-1/A-21, Mohan Cooperative Industrial Estate

Mathura Road

New Delhi.-110044

We have examined and found correct the Audited Accounts of M/s B.L.Kashyap & Sons Ltd. for the past five financial years ended on March 31 2001, 2002, 2003, 2004, 2005 and for six months ended September 30, 2005 being the last date up to which the accounts of the Company have been made up and audited by us. At the date of signing this report, we are not aware of any material adjustment, which would affect the result shown by these accounts drawn up in accordance with the requirements of Part II of Schedule II to the Companies Act, 1956.

In accordance with the requirements of Paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 (the Act), and the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 (SEBI Guidelines) for the purpose of the Offering Memorandum as aforesaid, we report that:

- a. The restated profits of the Company for the financial years ended March 31 2001, 2002, 2003, 2004, 2005 and for six month ended September 30, 2005 are as set out in Annexure I to this report. These profits have been arrived at after charging all expenses including depreciation and after making such adjustment and regroupings as in our opinion are appropriate and more fully described in the Significant Accounting Policies and Notes on Account appearing in Annexure III and IV respectively to this report.
- b. The restated assets and liabilities of the Company as at March 31 2001, 2002, 2003, 2004, 2005 as at September 30, 2005 are as set out in Annexure II to this report after making such adjustments and regroupings as in our opinion are appropriate and more fully described in the Notes on Accounts appearing in Annexure IV to this report.
- c. We have examined the cash flow statement relating to the Company for the year ended 31<sup>st</sup> March 2005 and the period ended September 30, 2005 appearing in Annexure V to this report.
- d. The rates of dividends paid by the Company in respect of the financial years ended March 31 2001, 2002, 2003, 2004, 2005 and as at September 30, 2005 are as shown in Annexure VI to this report.
- e. We have examined the following financial information relating to the Company and as approved by the Board of Directors for the purpose of inclusion in the Offer document:
  1. Performance Ratios as appearing in Annexure VII to this report
  2. Capitalization Statement as at September 30, 2005 as appearing in Annexure VIII to this report
  3. Statement of tax shelters as appearing in Annexure IX to this report
  4. Details of other income as appearing in Annexure X to this report
  5. Details of sundry debtors as appearing in Annexure XI to this report
  6. Details of loans and advances made to persons or Companies in whom/in which Directors are interested as appearing in Annexure XII to this report
  7. Details of unsecured loans as appearing in Annexure XIII to this report
  8. Details of secured loans as appearing in Annexure XIV to this report
  9. Details of transactions with related parties as appearing in Annexure XV to this report
  10. Details of aggregate value and market value of quoted investments as appearing in Annexure XVI to this report





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## **B. L. KASHYAP AND SONS LIMITED**

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11. Details of qualifications appearing in the audit Report as given in Annexure XVII to this report
12. Details of changes in Significant Accounting Policies as given in Annexure XVIII to this report

In our opinion the above financial information of the Company read with Significant Accounting Policies and Notes on Account attached in Annexure III & IV respectively to this report, after making adjustments and regroupings as considered appropriate has been prepared in accordance with paragraph B (1) Part II of Schedule II of the Act and the SEBI Guidelines.

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

**For Sood Brij & Associates**  
**Chartered Accountants**

**A.K.Sood**

**Partner**

Membership No. 14372

Place: New Delhi

Dated : 19<sup>th</sup> December 2005.

## B. L. KASHYAP AND SONS LIMITED



### Annexure – I

#### Statement of Profit & Loss Account

Rs. in Millions

Particulars	For the year ended					Period ended 30-Sep-05
	31-Mar-01	31-Mar-02	31-Mar-03	31-Mar-04	31-Mar-05	
<b>INCOME</b>						
<b>SALES</b>						
Construction Job Work	750.21	752.87	946.15	1,572.41	3,128.41	2068.74
Trade Income						
Other Income	5.75	4.59	5.29	7.06	9.25	9.87
<b>Total</b>	<b>755.96</b>	<b>757.46</b>	<b>951.44</b>	<b>1,579.47</b>	<b>3,137.66</b>	<b>2078.61</b>
<b>EXPENDITURE</b>						
Construction Material	362.94	389.38	460.68	784.67	1,725.35	1121.92
Wages	261.58	250.25	331.91	555.37	933.70	541.14
Personnel Expenses	32.90	30.47	34.87	45.52	58.85	49.14
Other Operating Expenses	40.46	40.13	68.48	102.28	165.19	135.04
Misc. and Deferred Revenue Exp. W/Off	0.04	0.04	0.04	0.04	0.04	0.15
<b>Total</b>	<b>697.92</b>	<b>710.27</b>	<b>895.98</b>	<b>1,487.88</b>	<b>2,883.13</b>	<b>1847.39</b>
Profit before Interest, Depreciation and Tax	58.04	47.19	55.46	91.59	254.53	231.22
Depreciation	7.40	7.10	11.11	16.56	27.26	16.77
Profit before Interest and Tax	50.64	40.09	44.35	75.03	227.27	214.45
Interest & Finance Charges	6.68	8.30	12.37	24.43	27.43	20.34
Profit/(Loss) on sale of Investments/Assets	-	(0.09)	0.53	0.26	4.41	10.61
Net Profit Before Tax	<b>43.96</b>	<b>31.70</b>	<b>32.51</b>	<b>50.86</b>	<b>204.25</b>	<b>204.72</b>
<b>Provision For Taxation</b>						
Current Tax	18.00	10.67	9.15	18.18	70.19	70.33
Deferred Tax			2.86	0.18	12.35	-0.53
Net Profit After Tax	25.96	21.03	20.50	32.50	121.71	134.92
Dividend tax	0.54	0.99	0.62	0.63	13.60	-
Proposed Dividend	5.33	9.70	4.85	4.85	96.96	-
Prior Period Item	0.07	-	-	0.22	1.22	-
Net Profit after Tax after adjusting prior period item	20.02	10.34	15.03	26.80	9.93	134.92

**Annexure – II**

**Statement of Assets and Liabilities**

*Rs. in Millions*

Particulars		As at					
		31-Mar-01	31-Mar-02	31-Mar-03	31-Mar-04	31-Mar-05	30-Sep-05
<b>A</b>	<b>FIXED ASSETS</b>						
	Gross Block	70.05	85.80	140.88	165.23	290.66	342.12
	Less: Depreciation	33.22	39.23	46.97	62.73	88.09	104.21
	Net Block	36.83	46.57	93.91	102.50	202.57	237.91
	Less : Revaluation Reserve	-	-	-	-	-	-
	Net Block after adjustment for Revaluation Reserve	36.83	46.57	93.91	102.50	202.57	237.91
	<b>Total Fixed Assets (A)</b>	<b>36.83</b>	<b>46.57</b>	<b>93.91</b>	<b>102.50</b>	<b>202.57</b>	<b>237.91</b>
<b>B</b>	<b>INVESTMENTS (B)</b>	<b>9.67</b>	<b>9.69</b>	<b>9.70</b>	<b>14.74</b>	<b>16.10</b>	<b>15.09</b>
<b>C</b>	<b>CURRENT ASSETS, LOANS AND ADVANCES</b>						
	Work In Progress	29.22	32.68	66.03	88.03	171.14	183.75
	Sundry Debtors	96.50	88.62	175.02	237.31	589.90	797.96
	Cash and Bank Balances	45.27	52.39	61.86	72.05	135.57	134.52
	Loans and Advance	57.05	58.54	83.29	152.47	219.41	419.05
	<b>Total (C)</b>	<b>228.04</b>	<b>232.23</b>	<b>386.20</b>	<b>549.86</b>	<b>1,116.02</b>	<b>1535.28</b>
<b>D</b>	<b>LIABILITIES AND PROVISIONS</b>						
	Secured Loans	15.90	36.04	110.59	115.96	196.00	228.52
	Unsecured Loans	15.00	-	1.05	4.40	4.98	15.85
	Current Liabilities	113.03	124.71	217.94	351.97	753.11	877.73
	Provisions	26.45	13.20	27.77	35.30	198.82	351.37
	Deferred Tax liability			6.08	6.26	18.62	18.08
	<b>Total (D)</b>	<b>170.38</b>	<b>173.95</b>	<b>363.43</b>	<b>513.89</b>	<b>1,171.53</b>	<b>1491.55</b>
<b>E</b>	<b>NET WORTH (A+B+C-D)</b>	<b>104.16</b>	<b>114.54</b>	<b>126.38</b>	<b>153.21</b>	<b>163.16</b>	<b>296.73</b>
<b>F</b>	<b>REPRESENTED BY:</b>						
	Share Capital	48.48	48.48	48.48	48.48	48.48	72.72
	Total Reserves and Surplus	55.82	66.16	77.97	104.77	114.68	225.36
	Less Revaluation Reserves	-	-	-	-	-	-
	Net Reserve and Surplus	55.82	66.16	77.97	104.77	114.68	225.36
	Miscellaneous Expenditure	0.14	0.10	0.07	0.04	-	1.35
	<b>NET WORTH (A+B-C)</b>	<b>104.16</b>	<b>114.54</b>	<b>126.38</b>	<b>153.21</b>	<b>163.16</b>	<b>296.73</b>

## **B. L. KASHYAP AND SONS LIMITED**

### **Annexure - III**

#### **Significant Accounting Policies:**

The Company follows mercantile basis of accounting. The accounts are prepared on historical cost basis, on going concern and are consistent with generally accepted accounting principles and materially comply with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India. The significant accounting policies followed by the Company are as stated below :

#### **1. Fixed Assets**

Fixed Assets are shown at cost less accumulated depreciation.

#### **2. Depreciation**

(a) Depreciation is provided on Written down value method at rates specified in Schedule XIV to the Companies Act, 1956.

(b) Items of Fixed Assets costing upto Rs.5,000/- are depreciated fully in the year of purchase.

#### **3. Borrowing Costs**

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

#### **4. Investments**

Investments are shown at cost. No provision is made for loss/profits in terms of their market value at the year end. Loss/profit, if any, is accounted in Profit & Loss Account in the year of sale.

#### **5. Work-in-Progress**

Work-in-progress including materials at sites is valued at cost.

#### **6. Revenue & Expenditure Recognition**

Job work revenue is accounted on the basis of running bills raised and approved by the clients. Revenue Expenditure is accounted on accrual basis as it is incurred.

#### **7. Employees Retirement Benefits**

**Retirement Gratuity and Leave Encashment:-** The Company has accounted for liabilities towards Gratuity and Leave Encashment on the basis of actuarial valuation. In the past it was accounted for on payment basis.

#### **8. Miscellaneous Expenditure**

(a) Preliminary Expenses are deferred and are written-off over the period of five years.

(b) Shares issue expenses are written off over the period of five years on equated basis.

#### **9. Deferred Tax**

Deferred tax in accordance with AS-22 is recognized, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originates in one period and are capable of reversal in one or more subsequent periods.

#### **10. Cash Flow Statement**

Cash Flows are reported as per the indirect method as specified in the Accounting Standard (AS-3), 'Cash Flow Statement'.

#### **11. Impairment of Assets**

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable amount. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired.

**Annexure - IV**

**Notes To Account:**

**1. Contingent liability**

- (a) Contingent liability in respect of
- Bank Guarantees Rs.55,32,94,302/- (Previous year Rs. 37,82,30,846/-)
  - Letter of Credit Rs.11,32,15,700/- (Previous year Rs.14,12,02,234/-) with grossed up margins.
  - The Company has given Corporate Guarantee for Rs.25,00,00,000/- to Karnataka Bank in favour of third Party.
- (b) No disputes/ legal cases which may have financial implication are pending against the Company.
2. All borrowing costs have been charged to revenue, hence no cost is attributable to acquisition or construction of qualifying assets.
3. Details of Investments in Partnership Firm :-
- (a) Name of the Partnership Firm - M/s SNR Enterprises  
Name of Partners Profit Sharing Ratio
- (b) Name of the Partner along with Profit sharing ratios - 1. M/s B.L.Kashyap & Sons Limited 50%  
2. Mr. Vijay Tulli 50%
- (c) The Balance in Capital Account of the Company shows credit of Rs.15,785 as on 30<sup>th</sup> September 2005. This has been classified under the head Current Liabilities.
- (d) The Share of Profit/Loss of the Partnership Firm, for the period ended 30<sup>th</sup> September 2005 has not been considered and recognised as the same will be accounted for at the year end.

**4 DEFERRED TAX**

**Amount in Rs.**

<b>Deferred Tax Liability on account of</b>	<b>As At 30-09-2005</b>	<b>As At 31-03-2005</b>
- Depreciation and Carried Forward Loss	1,80,87,470	1,86,17,685
<b>Net Deferred Tax Liability</b>	<b>1,80,87,470</b>	<b>1,86,17,685</b>

In accordance with "Accounting Standard 22" the Company has recognised the deferred tax Assets as at 30<sup>TH</sup> September 2005 amounting to Rs.5,30,215 and charged to Profit & Loss Appropriation Account as compared to earlier year Deferred Tax Liability Rs.1,23,25,928-.

**5. Related Party Disclosure**

**a) List of Related Parties**

**I. Subsidiary Companies :**

- (i) Security Information Systems (I) Ltd.
- (ii) B.L.K. Furnishers & Contractors Pvt. Ltd.

**II. Other Parties with whom the Company has entered into transaction during the year.**

- (i) **Joint Ventures** - Nil -
- (ii) **Associates** **Status**
- (a) B.L.K. Securities Private Limited Private Limited Company
- (b) B.L.K. Financial Services Limited Limited Company
- (c) B.L. Kashyap & Sons Partnership Firm
- (d) B.L.K. Furnishers & Contractors Partnership Firm
- (e) SNR Enterprises Partnership Firm
- (f) Kashyap Enterprises Partnership Firm
- (g) Ahuja Kashyap Malt Pvt. Ltd. Private Limited Company
- (h) Bazel Investments & Finance Pvt. Ltd. Private Limited Company

**(iii) Key Management Personnel**

- a) Mr. Vinod Kashyap Whole-time Director/Chairman
- b) Mr. Vineet Kashyap Managing Director
- c) Mr. Vikram Kashyap Joint Managing Director

**b) Transactions with related parties during the year**

*Rs. In Millions*

Description	Subsidiaries		Associates		Key Management	
	Debit	Credit	Debit	Credit	Debit	Credit
<b>Opening Balance As At 1-4-2005</b>						
Loan & Advances	10.65	-	0.57	-	-	-
Debtors	-	-	-	-	-	-
Creditors	-	-	-	0.31	-	-
Unsecured Loans	-	-	-	-	-	4.98
Remuneration Payable	-	-	-	-	-	0.24
<b>Transaction During the Year</b>						
Purchase of Goods	-	-	-	-	-	-
Sale of Goods	-	-	-	-	-	-
Job Works Dealing	-	-	1.46	1.15	-	-
Brokerage Paid	-	-	0.023	0.023	-	-
Inter Corporate Fund Transfer	15.88	20.72	0.29	0.35	-	-
Equity Contribution	-	-	-	-	-	-
Remuneration Paid	-	-	-	-	4.14	-
Unsecured Loan	-	-	-	-	1.61	4.23
<b>Outstanding Balance as on 30-09-2005</b>						
Loan & Advances	14.01	-	0.57	-	-	-
Debtors	-	-	4.46	-	-	-
Creditors	-	-	-	-	-	-
Unsecured Loans	-	8.20	-	0.056	-	7.60
Remuneration Payable	-	-	-	-	-	2.64

In respect of above parties, there is no provision for doubtful debts as on 30-9-2005 and no amount is written off or written back during the year in respect of debt/loan & advances due from/to them.

**6. Impairment of Assets**

In accordance with the Accounting Standard – 28 on “Impairment Of Assets” issued by the Institute of Chartered Accountants of India, no Asset has been identified for impairment by the Company during the year.

**7. Earning per Share (EPS)**

**Amount in Rs.**

Particulars	For the Period 01.04.05- 30.09.05	For the year 2004-2005
a. Net Profit available for Equity Shareholders	13,49,13,267	12,04,79,604
b. Weighted Average number of Equity Shares used as denominator for calculation EPS	72,72,000	48,48,000
c. Basic and Diluted Earnings per Share of Rs.10 each	18.55	24.85

**8.** Out of Income Tax Demand of Rs.1,43,12,288 for the Assesment Year 2001-2002 Rs.1,31,83,204 were adjusted against refund for the Assessment Year 2003-2004 and balance paid during the Assessment year 2005-2006. The said amount is shown under Advance Tax Paid since the case is pending with ITAT, New Delhi.

**9.** Certain Balances with the customers and suppliers are subject to Confirmation.

**10.** No balance of any SSI unit which requires reporting was outstanding as at 30<sup>th</sup> Sept 2005.

## B. L. KASHYAP AND SONS LIMITED



11. In the opinion of the Board, Current Assets, Loans & Advances have a value on realisation in ordinary course of business at least equal to the amount at the which they are stated in the Balance Sheet and adequate provision for all known liabilities has been made.
12. Additional information pursuant to Para 3 and 4 of Part II of Schedule VI to the Companies Act, 1956, to the extent applicable : (Amount in Rs.)

Expenditure in Foreign Currency on account of	Amount in Rs.	
	For the Period 01.04.05-30.09.05	For the year 2004-2005
a. CIF Value of Imports of Material	Rs.1,56,95,273	Rs.2,34,161
b. Directors' Travel	Rs. 7,21,375	Rs.6,50,125

13. Previous year's figures are of for twelve months ended 31<sup>st</sup> March 2005. Hence these are not comparable with the corresponding figures of current period of six months ended 30<sup>th</sup> September 2005.
14. Previous years figures have been re-grouped wherever considered necessary.

### Annexure V

#### Cash Flow Statement:

*Rs. in Millions*

Particulars	30-Sep-05 (6 months)	31-Mar-05 (12 months)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax and Extraordinary Items	204.72	204.25
<b>Adjustments for:</b>		
Depreciation	16.76	27.26
Other Income	(3.17)	(0.37)
Interest Expenses	20.34	27.43
Loss on Sale of Assets	(10.60)	(4.42)
Miscellaneous expenses written off	0.15	0.04
<b>Operating profits before working capital changes</b>	<b>228.20</b>	<b>254.20</b>
<b>Adjustments for:</b>		
Inventories	(12.60)	(83.12)
Trade & Other Receivables	(407.71)	(419.52)
Trade Payable & Other Liabilities	207.63	389.44
<b>Cash generated from operations</b>	<b>15.52</b>	<b>140.99</b>
Income tax paid	(0.82)	(0.04)
Interest Paid	0.00	(5.97)
Cash Flow Before Extraordinary Items	14.70	134.98
Extraordinary items (Prior Year Adjustment)	0.00	(1.22)
<b>Net cash from Operating Activities (A)</b>	<b>14.70</b>	<b>133.75</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital work in progress		
Purchase of fixed assets (net)	(51.78)	(123.81)
Sale/(Purchase) of Investment	11.31	(0.47)
Other Income	3.17	6.34
Deferred revenue expenditure		
<b>Net cash used for Investing Activities (B)</b>	<b>(37.30)</b>	<b>(117.94)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Issue of Share Capital/Share Premium		
Public Issue Expenses	(1.5)	
Net Proceeds/Repayments of loan term loans	23.05	53.19
Dividend including dividend tax	0.00	(5.48)
<b>Net cash from Financing Activities (C)</b>	<b>21.55</b>	<b>47.71</b>
<b>Net Increase in cash and cash equivalents (A+B+C)</b>	<b>(1.05)</b>	<b>63.53</b>
<b>Cash and Cash equivalents at beginning of the year</b>	<b>135.58</b>	<b>72.05</b>
<b>Cash and Cash equivalents at end of the year</b>	<b>134.52</b>	<b>135.58</b>

Note: Figures in ( ) denotes cash outflow

## B. L. KASHYAP AND SONS LIMITED



### Annexure VI

#### Statement of dividend paid:

*Rs. in Millions*

Particulars	For the year ended					Period ended Sept 30, 2005
	March 31, 2001	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	
<b>On Equity share capital</b>						
Paid up share capital	48.48	48.48	48.48	48.48	48.48	72.72
Face value (Rs.)	10	10	10	10	10	10
Rate of Dividend %	11	20	10	10	200	NIL
Amount of Dividend	5.33	9.70	4.85	4.85	96.96	NIL
Corporate Dividend tax	.54	.99	.62	.63	13.60	NIL

### Annexure VII

#### Performance Ratios:

Particulars	For the year ended					Period ended Sept 30, 2005
	March 31, 2001	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	
Earnings per share (Rs.)	5.35	4.34	4.23	6.66	24.85	18.55
Return On Net Worth* (%)	24.92	18.36	16.22	21.21	74.60	45.47
Net Asset Value/Book value Per share (Rs.)	21.48	23.62	26.07	31.61	33.65	40.81

### Annexure VIII

#### Capitalization Statement:

*Rs. in Millions*

Particulars	Pre Issue	Post Issue
	As at March 31, 2005	As at Sept 30, 2005
<b>Total Debt:</b>	<b>Total Debt:</b>	
Short Term Debt	130.80	162.74
Long Term Debt	70.18	81.63
<b>Shareholders Funds:</b>		
Share Capital	48.48	72.72
Reserves & Surplus	114.68	225.35
Less: Misc. expenditure	-	1.35
Total Shareholders Funds	163.16	296.72
<b>Long Term Debt/ Shareholders fund</b>	<b>0.43:1</b>	<b>0.27:1</b>

Note: Post Issue figures are estimated and given by the Management

- Note :
- (1) Short term debts includes working capital facility from banks and other loans Payable on demand
  - (2) Long term debts includes loans from banks for assets financing repayable over a period of more than one year irrespective of the due dates of payment.



## B. L. KASHYAP AND SONS LIMITED



### Annexure IX

#### Statement of Tax Shelters

Rs. in Millions

Particulars	For the year ended					Period ended 30-Sep-05
	31-Mar-01	31-Mar-02	31-Mar-03	31-Mar-04	31-Mar-05	
Profit before current and deferred taxes, as restated (A)	43.97	31.7	32.51	50.86	204.25	204.72
Tax Rate ,Normal % (E)	39.55%	35.70%	36.75%	35.87%	36.59%	33.66%
Tax Rate, Special % (E)	0.00%	0.00%	0.00%	31.40%	10.45%	11.22%
Tax impact	17.39	11.32	11.95	18.24	74.65	68.78
<b>Adjustments</b>						
<b>Permanent differences</b>						
Other adjustments	2.412	0.05	(0.58)	(0.35)	(0.65)	(0.71)
<b>Total (B)</b>	2.412	0.05	(0.58)	(0.35)	(0.65)	(0.71)
<b>Temporary differences</b>						
Difference between book depreciation and tax depreciation	(1.29)	(2.03)	(7.21)	(0.15)	(14.14)	1.25
Research & Development expenditure	0	0	0	0	0	0
<b>Total (C)</b>	(1.29)	(2.03)	(7.21)	(0.15)	(14.14)	1.25
<b>Net Adjustment (B+C)</b>	1.122	(1.98)	(7.79)	(0.5)	(14.79)	0.54
Tax saving thereon	0.44	(0.71)	(2.86)	(0.18)	(5.41)	0.18
<b>Net tax payable as per income tax returns (D=A-B-C)</b>	17.83	10.61	9.08	18.06	69.24	68.96

#### Notes:

- The figures in the above statement for the period ended on September 30, 2005 are provisional and would be finalized at the year-end.
- The figures of all the other years are as per the Returns of Income filed.

**Note:** In financial year 2003-2004 company has won a computer under a mobile phone scheme which is taxed as a special income under the income tax act. In Financial year 2004-2005 short term capital gain on sale of investments was taxed as a special rates as prescribed in Income Tax Act

### Annexure X

#### Details of Other income

Rs. in Millions

Particulars	For the year ended					Period ended Sept 30, 2005
	31-Mar-01	31-Mar-02	31-Mar-03	31-Mar-04	31-Mar-05	
Interest Income	3.37	2.97	3.80	4.89	5.97	3.10
Miscellaneous income	2.38	1.62	1.49	2.17	3.28	6.77
<b>Total</b>	5.75	4.59	5.29	7.06	9.25	9.87

## B. L. KASHYAP AND SONS LIMITED



### Annexure XI

#### Sundry Debtors:

Rs. in Millions

Particulars	As at					As at Sept 30, 2005
	31-Mar-01	31-Mar-02	31-Mar-03	31-Mar-04	31-Mar-05	
Debtors outstanding for a period exceeding six months	1.35	3.14	17.72	25.90	105.69	98.43
Others	95.15	85.48	157.30	211.41	484.20	699.53
<b>Total</b>	<b>96.50</b>	<b>88.62</b>	<b>175.02</b>	<b>237.31</b>	<b>589.89</b>	<b>797.96</b>

### Annexure XII

#### Loans & Advances

Rs. in Millions

Particulars	As at					
	31-Mar-01	31-Mar-02	31-Mar-03	31-Mar-04	31-Mar-05	30-Sep-05
<b>OTHER ADVANCES</b>	45.20	44.51	68.62	140.80	208.19	400.01
<b>TOTAL (A)</b>	<b>45.20</b>	<b>44.51</b>	<b>68.62</b>	<b>140.80</b>	<b>208.19</b>	<b>400.01</b>
<b>Loans to Companies/Firms in which Directors are interested</b>						
BLK FINANCIAL SERVICES LTD.	2.39	3.19	2.66	1.50	-	4.46
BLK SECURITIES PVT. LTD.	1.63	1.63	1.26	1.26	-	0.00
SECURITY INFORMATION SYSTEM	7.26	8.64	10.16	8.34	10.65	14.01
SNR ENTERPRISES	0.57	0.57	0.57	0.57	0.57	0.57
KASHYAP ENTRPRISES	-	-	0.02	-	-	-
<b>TOTAL (B)</b>	<b>11.85</b>	<b>14.03</b>	<b>14.67</b>	<b>11.67</b>	<b>11.22</b>	<b>19.04</b>
<b>TOTAL (A+B)</b>	<b>57.05</b>	<b>58.54</b>	<b>83.29</b>	<b>152.47</b>	<b>219.41</b>	<b>419.05</b>

### Annexure XIII

#### Unsecured Loans:

Rs. in Millions

Particulars	As at					As at Sept 30, 2005
	31-Mar-01	31-Mar-02	31-Mar-03	31-Mar-04	31-Mar-05	
From Bodies Corporate	0.00	0.00	0.00	0.00	0.00	8.20
Others (Interest free unsecured loan payable at demand)	15.00	-	1.05	4.40	4.98	7.65
<b>Total</b>	<b>15.00</b>	<b>-</b>	<b>1.05</b>	<b>4.40</b>	<b>4.98</b>	<b>15.85</b>

### Annexure XIV

#### Secured Loans:

Rs. in Million

Particulars	As at					As at Sept 30, 2005
	31-Mar-01	31-Mar-02	31-Mar-03	31-Mar-04	31-Mar-05	
Term loan						
Secured against Hypothecation of Machinery	3.27	1.37	26.65	29.60	60.80	74.45
Secured against pledge of Fixed Deposit Receipt	-	-	1.56	6.77	3.53	0.00
Secured against Cars	-	-	-	0.75	5.87	7.17
Working Capital Loan	12.63	34.67	82.38	78.84	125.81	146.89
<b>Total</b>	<b>15.90</b>	<b>36.04</b>	<b>110.59</b>	<b>115.96</b>	<b>196.01</b>	<b>228.51</b>

## B. L. KASHYAP AND SONS LIMITED



### Principal Terms of Sanctioned Loans and Assets Charged as Security

Rs. in Millions

Sr. No.	Lender & Type of Facility / Sanction letter no. and date/ Terms of repayment	Rate of interest	Amt. Outstanding as on Sept 30, 2005	Details of Security
1	Working capital			
	<p>CANARA BANK G-25, SOUTH EXTN PART -1 , NEW DELHI</p> <p>Fund Based Rs. 110 MILLION Non Fund Based 640 MILLIONS</p> <p>Sanction letter no.CR.481 : BLK:05 dated 3/3/2005</p> <p><b>Repayment terms:</b> Repayable on demand and are available for one year.</p> <p><b>ICICI BANK LTD.</b> ICICI BANK TOWERS,NBCC Place Bisham Pitmah Marg, Pragati Vihar , New Delhi -110003</p> <p>Fund Based Rs. 60MILLION_ Non Fund Based 260 MILLIONS</p> <p>Sanction letter no. ICBK/SEG/50/BLKL/20 05-2006</p> <p><b>Repayment terms:</b> Repayable on demand and are available for one year.</p> <p><b>Total -A</b></p>	<p>CC:10.65 %</p> <p>CC: 9.50%</p>	<p>97.67</p> <p>49.22</p> <p><b>146.89</b></p>	<ul style="list-style-type: none"> <li>• First Pari pasu charge on current assets including receivables and Plant &amp; Machinery of the company as on 31/3/2004(Except those specifically charged to banks/financial Institutions for Term Loans)</li> <li>• And also secured by way of First Pari Pasu charge on Eight immovable properties (All immovable properties as per Note -I</li> <li>• Personal guarantees of promoter Directors. Sh.Vinod Kashyap , Sh. Vineet Kashyap and Sh.Vikram Kashyap_of M/s B.L.Kashyap &amp; Sons Ltd. and Corporate Guarantee of M/s Ahuja Kashyap Malt (Pvt) Ltd. and Behari Lal Kashyap (HUF)</li> <li>• First pari-passu charge on current assets including receivables and Plant &amp; Machinery of the company as on 31/3/2004(Except those specifically charged to banks/financial Institutions for Term Loans)</li> <li>• And also secured by way of First Pari Pasu charge on Eight immovable properties (All immovable properties as per Note -I</li> <li>• Personal guarantees of promoter Directors. Sh.Vinod Kashyap , Sh. Vineet Kashyap and Sh.Vikram Kashyap_of M/s B.L.Kashyap &amp; Sons Ltd. and Corporate Guarantee of M/s Ahuja Kashyap Malt (Pvt) Ltd. and Behari Lal Kashyap (HUF)</li> </ul>

**B. L. KASHYAP AND SONS LIMITED**



2	Term Loans			
	<p>CANARA BANK, G-25, SOUTH EXTN. PART –1 NEW DELHI</p> <p><b>ML-5</b></p> <p>Fund Based Rs. 50 MILLION</p> <p>Sanction letter no.CR.481 : BLK:05 dated 3/3/2005</p> <p><b>Repayment terms:</b></p> <p>36 Months</p> <p>CANARA BANK, G-25, SOUTH EXTN. PART –1 NEW DELHI</p> <p><b>ML-6</b></p> <p>Fund Based Rs. 50 MILLION</p> <p>Sanction letter no.N.A. dated 23/09/2003</p> <p><b>Repayment terms:</b></p> <p>36 Month</p> <p><b>Lender: HDFC Bank</b> Specific Assets Finance Loan Agreement No . 615032 dated 7/5/2004 Repayment terms: 30 EMI OF RS. 34730</p> <p>Loan Agreement No . 643280 dated 2/6/04 Repayment terms: 30 EMI OF RS. 13305</p> <p>Loan Agreement No . 668797 dated 18/06/04 Repayment terms: 30 EMI OF RS19168</p> <p>Loan Agreement No . 669636 dated 02/07/04 Repayment terms: 30 EMI OF RS. 21705</p>		<p>28.79</p> <p>25.26</p> <p>0.44</p> <p>0.18</p> <p>0.26</p> <p>0.32</p>	<ul style="list-style-type: none"> <li>First and exclusive charge on the specific Plant &amp; Machinery and securities available for Working Capital Limit</li> </ul> <p>First and exclusive charge on the specific Plant &amp; Machinery and securities available for Working Capital Limit</p> <p>FIRST AND Exclusive charge over Asset</p> <p>FIRST AND Exclusive charge over Asset</p> <p>FIRST AND Exclusive charge over Asset</p> <p>FIRST AND Exclusive charge over Asset</p>

Loan Agreement No . 750535 dated 7/8/2004 Repayment terms: 30 EMI OF RS21705	N.A.	0.34	FIRST AND Exclusive charge over Asset
Loan Agreement No . 750513 dated 7/8/2004 Repayment terms: 30 EMI OF RS. 15975	N.A.	0.25	FIRST AND Exclusive charge over Asset
Loan Agreement No . 873699 dated 7/10/ 2004 Repayment terms: 30 EMI OF RS. 21820	N.A.	0.38	FIRST AND Exclusive charge over Asset
Loan Agreement No . 1119422 dated 13/1/05 Repayment terms: 30 EMI OF RS. 34634	N.A.	0.71	FIRST AND Exclusive charge over Asset
<b><u>ICICI BANK</u></b>			
Loan Agreement No . 4349556 dated 1/10/05 Repayment terms: 36 EMI OF RS.9443	N.A.	0.48	FIRST AND Exclusive charge over Asset
Loan Agreement No . 4349555 dated 1/10/05 Repayment terms: 36 EMI OF RS.6661	N.A.	0.34	FIRST AND Exclusive charge over Asset
Loan Agreement No . 4349559 dated 1/10/05 Repayment terms: 36 EMI OF RS.5323	N.A.	0.27	FIRST AND Exclusive charge over Asset
Loan Agreement No . 4010946 dated 7/1/05 Repayment terms: 35 EMI OF RS.10967	N.A.	0.31	FIRST AND Exclusive charge over Asset
Loan Agreement No . 3540040 dated 7/4/05 Repayment terms: 35 EMI OF RS.7850	N.A.	0.20	FIRST AND Exclusive charge over Asset
Loan Agreement No . 4559699 dated 1/11/05 Repayment terms: 35 EMI OF RS.31920	N.A.	1.00	FIRST AND Exclusive charge over Asset

**B. L. KASHYAP AND SONS LIMITED**



Loan Agreement No . 4156402-03 dated 7/8/ 05 Repayment terms:23 EMI OF RS.30170	N.A.	0.60	FIRST AND Exclusive charge over Asset
<b><u>CITI BANK</u></b>			
Loan Agreement No . N.A dated 01/07/04 Repayment terms: 23 EMI OF RS.51870	N.A.	0.41	FIRST AND Exclusive charge over Asset
Loan Agreement No . N. A. DT.10/01/04 Repayment terms: 23 EMI OF RS.25456	N.A.	0.27	FIRST AND Exclusive charge over Asset
Loan Agreement No . N.A. dated 10/1/04 Repayment terms: 23 EMI OF RS.26334	N.A.	0.28	FIRST AND Exclusive charge over Asset
Loan Agreement No . N.A.dated 3/11/03 Repayment terms: 24 EMI OF RS.17508	N.A.	0.12	FIRST AND Exclusive charge over Asset
<b><u>ABN AMRO BANK</u></b>			
Loan Agreement No . 9124677ated 1/6/04 Repayment terms: 23 EMI OF RS.118218	N.A.	0.81	FIRST AND Exclusive charge over Asset
Loan Agreement No . 9133648ated 16/6/04 Repayment terms: 23 EMI OF RS.72840	N.A.	0.57	FIRST AND Exclusive charge over Asset
Loan Agreement No . 9222015ated 2/9/05 Repayment terms: 35 EMI OF RS.35530	N.A.	1.00	FIRST AND Exclusive charge over Asset
Loan Agreement No . 9201957 DTD2/7/05 Repayment terms: 35 EMI OF RS.47075	N.A.	2.76	FIRST AND Exclusive charge over Asset
Loan Agreement No . 9231179ated 17/10/05 Repayment terms: 35 EMI OF RS.83980	N.A.	2.66	FIRST AND Exclusive charge over Asset

**B. L. KASHYAP AND SONS LIMITED**



Loan Agreement No . 9133662Dated 16/7/04 Repayment terms: 23 EMI OF RS.13942	N.A.	0.11	FIRST AND Exclusive charge over Asset
Loan Agreement No . 9133648ated 16/7/04 Repayment terms: 23 EMI OF RS.72840	N.A.	0.50	FIRST AND Exclusive charge over Asset
Loan Agreement No . 9124677ated 16/7/04 Repayment terms: 23 EMI OF RS.118218	N.A.	0.81	FIRST AND Exclusive charge over Asset
Loan Agreement No . 9121575Dated 16/7/04 Repayment terms: 23 EMI OF RS.73014	N.A.	0.43	FIRST AND Exclusive charge over Asset
Loan Agreement No . 9179404Dated 01/5/04 Repayment terms: 35 EMI OF RS.80228	N.A.	1.37	FIRST AND Exclusive charge over Asset
Loan Agreement No . 9170521ated 17/1/05 Repayment terms: 23 EMI OF RS.72824	N.A.	0.98	FIRST AND Exclusive charge over Asset
Loan Agreement No . 9212086ated 17/8/05 Repayment terms: 23 EMI OF RS.73742	N.A.	1.46	FIRST AND Exclusive charge over Asset
Loan Agreement No . 9212087ated 17/8/05 Repayment terms: 23 EMI OF RS.73742	N.A.	1.46	FIRST AND Exclusive charge over Asset
Loan Agreement No . 9192417Dated 17/5/05 Repayment terms: 23 EMI OF RS.76375	N.A.	1.31	FIRST AND Exclusive charge over Asset
Loan Agreement No . 9192416Dated 17/5/05 Repayment terms: 23 EMI OF RS.76375	N.A.	1.31	FIRST AND Exclusive charge over Asset

## B. L. KASHYAP AND SONS LIMITED



<b>GE CAPITAL</b>			
Loan Agreement No . 2201364Dated 1/11/03 Repayment terms: 35 EMI OF RS.47630	N.A.	0.55	FIRST AND Exclusive charge over Asset
Loan Agreement No . 201668Dated 10/12/03 Repayment terms: 35 EMI OF RS.42622	N.A.	1.06	FIRST AND Exclusive charge over Asset
Loan Agreement No . 201363Dated 1/11/03 Repayment terms: 35 EMI OF RS.47630	N.A.	0.55	FIRST AND Exclusive charge over Asset
<b>ICICIBANK LTD</b>			
Loan Agreement No . 002404204Dated 1/9/ 04 Repayment terms: 23 EMI OF RS72588	N.A.	0.72	FIRST AND Exclusive charge over Asset
<b>Total -B</b>		<b>81.63</b>	
<b>Grand Total ( A + B)</b>		<b>228.52</b>	

**Note : For EMI Based Loans, Rate of Interest is not Applicable.**

### **Annexure – XV**

#### **Related Party Transactions:**

<b>(I) List of Related Parties</b>		
<b>Key Managerial Personnel</b>		<b>Relationships</b>
Vinod Kashyap		Wholetime/Chairman
Vineet kashyap		Managing Director
Vikram Kashyap		Joint Managing Director
<b>Subsidiary Companies</b>		
Security InformationSystems (India) Ltd.		
B.L.K. Furnishers & Contractors Pvt. Ltd		
<b>Companies/Firms in which Directors are substantially interested (Associates)</b>		
B.L.K.Financial Services Ltd.		
B.L.K.Securities Pvt. Ltd.		
B.L.Kashyap & Sons		
B.L.K. Furnishers & Contractors		
SNR Enterprises		
Kashyap Enterprises		
Ahuja Kashyap Malt Pvt. Ltd.		
Bezel Investments & Finance Pvt. Ltd.		



**B. L. KASHYAP AND SONS LIMITED**

**RELATED PARTIES TRANSACTIONS FOR THE SIX MONTHS ENDED 30<sup>TH</sup> SEPT 2005**
*Rs. In Millions*

Description	Subsidiaries		Associates		Key Management	
	Debit	Credit	Debit	Credit	Debit	Credit
<b>Opening Balance As At 1-4-2005</b>						
Loan & Advances	10.65	-	0.57	-	-	-
Debtors	-	-	-	-	-	-
Creditors	-	-	-	0.31	-	-
Unsecured Loans	-	-	-	-	-	4.98
Remuneration Payable	-	-	-	-	-	0.24
<b>Transaction During the Year</b>						
Purchase of Goods	-	-	-	-	-	-
Sale of Goods	-	-	-	-	-	-
Job Works Dealing	-	-	1.46	1.15	-	-
Brokerage Paid	-	-	0.023	0.023	-	-
Inter Corporate Fund Transfer	15.88	20.72	.29	.35	-	-
Equity Contribution	-	-	-	-	-	-
Remuneration Paid	-	-	-	-	4.14	-
Unsecured Loan	-	-	-	-	1.61	4.23
<b>Outstanding Balance as on 30-09-2005</b>						
Loan & Advances	14.01	-	.57	-	-	-
Debtors	-	-	4.46	-	-	-
Creditors	-	-	-	-	-	-
Unsecured Loans	-	8.20	-	0.06	-	7.60
Remuneration Payable	-	-	-	-	-	2.64

**For the year ended March 31, 2005**
*Rs. in Millions*

Nature of Transaction	Name of the related party					
	SUBSIDIARIES		ASSOCIATES		KEY MANAGEMENT	
	DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT
<b>OP BAL.</b>						
Loans & Advances	8.35		3.33			
Debtors						
Creditors				19.77		
Unsecured Loans						3.85
Remuneration Payable						0.25
<b>Transactions During The Year</b>						
Job Work Dealings			23.33	23.27		
Brokrage Paid			0.008	0.008		
Inter Coporate Funds Transfer	3.25	0.94	19.43	2.79		
Remuneration Paid					3.60	
Unsecured Loans					6.92	8.05
<b>Closing Balance</b>						
Loans & Advances	10.66		0.57			
Debtors						
Creditors				0.312		
Unsecured Loans						4.98
Remuneration Payable						0.24

**B. L. KASHYAP AND SONS LIMITED**



**For the year ended March 31, 2004**

Nature of Transaction	Name of the related party					
	SUBSIDIARIES		ASSOCIATES		KEY MANAGEMENT	
	DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT
<b>OP BAL.</b>						
Loans & Advances	10.16		4.50			
Debtors						
Creditors				1.39		
Unsecured Loans					0	
Remuneration Payable						0.31
<b>Transactions During The Year</b>						
Job Work Dealings			2.72	3.03		
Brokerage Paid			0.0056	0.0056		
Inter Corporate Funds Transfer	3.25	5.06	88.19	107.47		
Remuneration Paid					3.72	
Unsecured Loans					2.34	6.19
<b>Closing Balance</b>						
Loans & Advances	8.35		3.31			
Debtors						
Creditors				19.79		
Unsecured Loans						3.85
Remuneration Payable						0.25

**For the year ended March 31, 2003**

Nature of Transaction	Name of the related party					
	SUBSIDIARIES		ASSOCIATES		KEY MANAGEMENT	
	DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT
<b>OP BAL.</b>	8.64		5.39			
Loans & Advances						
Debtors				1.59		
Creditors						
Unsecured Loans						
Remuneration Payable						0.25
<b>Transactions During The Year</b>						
Job Work Dealings			7.77	7.77		
Brokrage Paid			0.0006	0.0006		
Inter Coporate Funds Transfer	4.21	2.69	47.10	47.78		
Remuneration Paid					3.72	
Unsecured Loans					0.85	0.85
<b>Closing Balance</b>						
Loans & Advances	10.16		4.50			
Debtors						
Creditors				1.39		
Unsecured Loans						
Remuneration Payable						0.31

**B. L. KASHYAP AND SONS LIMITED**



**For the year ended March 31, 2002**

Nature of Transaction	Name of the related party					
	SUBSIDIARIES		ASSOCIATES		KEY MANAGEMENT	
	DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT
<b>OP BAL.</b>						
Loans & Advances	7.26		4.59			
Debtors						
Creditors				0.97		
Unsecured Loans						
Remuneration Payable						0.226
<b>Transactions During The Year</b>						
Job Work Dealings	2.22	2.22	8.81	8.81		
Brokrage Paid						
Inter Coporate Funds Transfer	3.11	1.73	41.74	41.57		
Remuneration Paid					3.72	
Unsecured Loans					2.79	2.79
<b>Closing Balance</b>						
Loans & Advances	8.64		5.39			
Debtors						
Creditors				1.59		
Unsecured Loans						
Remuneration Payable						0.25

**For the year ended March 31, 2001**

Nature of Transaction	Name of the related party					
	SUBSIDIARIES		ASSOCIATES		KEY MANAGEMENT	
	DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT
<b>OP BAL.</b>						
Loans & Advances	3.84		4.96			
Debtors						
Creditors						
Unsecured Loans						
Remuneration Payable						0.23
<b>Transactions During The Year</b>						
Job Work Dealings	1.17	1.17	19.45	20.38		
Brokrage Paid						
Inter Coporate Funds Transfer	3.62	0.2	16.96	17.37		
Remuneration Paid					3.72	
Unsecured Loans						
<b>Closing Balance</b>						
Loans & Advances	7.26		4.59			
Debtors						
Creditors				0.97		
Unsecured Loans						
Remuneration Payable						0.23

**Annexure XVI**

**Investments :**

Long-term Investments

*Rs. in Millions*

For the year ended	March 31, 2001	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	Period ended Sept 30, 2005
-NonTrade (Unquoted)	(.086)	(.065)	(.052)	(.016)	0.00	0.00
-In subsidiary company (unquoted)	4.25	4.25	4.25	4.25	4.25	8.37
<b>Total</b>	<b>4.164</b>	<b>4.185</b>	<b>4.198</b>	<b>4.234</b>	<b>4.25</b>	<b>8.37</b>

Non Trade (Quoted)

Bajaj Auto Finance Ltd.	Book Value	<b>0.22</b>	<b>0.22</b>	<b>0.22</b>	<b>0.22</b>	<b>0.22</b>	<b>0.22</b>
	Market value	0.03	0.05	0.05	0.08	0.18	0.39
G R Cables Ltd.	Book Value	<b>0.013</b>	<b>0.013</b>	<b>0.013</b>	<b>0.013</b>	<b>0.013</b>	0.013
	Market value	0.00	0.00	0.00	0.002	0.01	0.01
Goetze India Ltd.	Book Value	<b>0.80</b>	<b>0.80</b>	<b>0.80</b>	<b>4.64</b>	<b>5.10</b>	NIL
	Market value	0.33	0.37	0.30	5.15	11.44	NIL
Northland Sugar Ltd.	Book Value	<b>0.05</b>	<b>0.05</b>	<b>0.05</b>	<b>0.05</b>	<b>0.05</b>	0.05
	Market value	0.01	0.01	0.01	0.01	0.01	0.01
Reliance Capital Ltd.	Book Value	<b>0.16</b>	<b>0.16</b>	<b>0.16</b>	<b>0.16</b>	<b>0.16</b>	0.16
	Market value	0.05	0.05	0.04	0.04	0.17	0.37
Somdatt Finance Corp. Ltd.	Book Value	<b>0.02</b>	<b>0.02</b>	<b>0.02</b>	<b>0.02</b>	<b>0.02</b>	0.02
	Market value	0.02	0.00	0.00	0.002	0.002	0.01
Tata Steel Ltd.	Book Value	<b>0.084</b>	<b>0.084</b>	<b>0.084</b>	<b>0.084</b>	<b>0.084</b>	0.084
	Market value	0.06	0.04	0.06	0.12	0.30	0.32
Shah Alloys Ltd.	Book Value	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>0.29</b>	<b>NIL</b>	<b>NIL</b>
	Market value	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	0.26	<b>NIL</b>	<b>NIL</b>
Allahabad Bank Ltd.	Book Value	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>0.17</b>	<b>0.08</b>	0.08
	Market value	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	0.15	0.24	0.22
Andhra Bank Ltd.	Book Value	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>0.32</b>	<b>0.31</b>	0.31
	Market value	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	0.25	0.54	0.51
Uco Bank Ltd.	Book Value	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>0.12</b>	<b>0.12</b>	0.12
	Market value	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	0.11	0.15	0.15
Vijaya Bank Ltd.	Book Value	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>0.26</b>	<b>0.13</b>	0.13
	Market value	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	0.30	0.16	0.15
Crew B.O.S. Products Ltd.	Book Value	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>0.12</b>	0.06
	Market value	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	0.14	0.17
Hotel Leela Venture Ltd.	Book Value	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>0.073</b>	0.073
	Market value	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	0.15	0.26
IDBI Ltd.	Book Value	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>0.081</b>	0.081
	Market value	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	0.063	0.063
ITC Ltd.	Book Value	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>0.75</b>	0.75
	Market value	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	1.07	1.10
Morgan Stanley Mutual Fud	Book Value	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>0.17</b>	0.17
	Market value	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	0.24	0.30
Petronet LNG Ltd.	Book Value	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>0.034</b>	0.034
	Market value	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	0.042	0.059
Strides Acrolab Ltd.	Book Value	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>0.20</b>	0.20
	Market value	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	0.21	0.29
<b>TOTAL</b>		<b>1.347</b>	<b>1.347</b>	<b>1.347</b>	<b>6.347</b>	<b>7.715</b>	<b>2.57</b>

## B. L. KASHYAP AND SONS LIMITED

Other Non Trade (Unquoted)

B.L.K.Financial Services Ltd.	Book Value	4.00	4.00	4.00	4.00	4.00	4.00
	Market value						
G I Power Corp. Ltd.*	Book Value	0.15	0.15	0.15	0.15	0.15	0.15
	Market value						
Kisan Vikas Patra		0.006	0.005	0.005	0.005	0.006	0.007
<b>TOTAL</b>		<b>4.156</b>	<b>4.155</b>	<b>4.155</b>	<b>4.155</b>	<b>4.153</b>	<b>4.157</b>

\* Formerly known as Goetze India Financial Services Ltd.

### Annexure XVII

There have been no qualifications in the Audit report for the preceding five years.

### Annexure XVIII

#### Changes in the Significant Accounting Policies

There have been no changes in accounting polices during the preceding five years.

**For Sood Brij & Associates**  
**Chartered Accountants**

**A.K.Sood**  
**Partner**  
 Membership No.14372  
 Date: 19<sup>th</sup> December 2005  
 Place: New Delhi

**FINANCIAL INFORMATION OF OUR SUBSIDIARIES**

**BLK FURNISHERS & CONTRACTORS PRIVATE LIMITED**

**Statement of Profit & Loss Account**

*Rs. in Millions*

Particulars	For the year ended					Period ended 30-Sep-05
	31-Mar-01	31-Mar-02	31-Mar-03	31-Mar-04	31-Mar-05	
<b>INCOME</b>						
<b>SALES</b>						
Job Work Receipts	22.04	26.20	22.25	34.87	116.72	13.94
Interest Received	-	-	0.01	-	0.02	0.03
Work in Progress	2.79	2.56	1.58			
<b>Total</b>	<b>24.83</b>	<b>28.76</b>	<b>23.84</b>	<b>34.87</b>	<b>116.74</b>	<b>13.97</b>
<b>EXPENDITURE</b>						
Cost of Material	16.00	16.77	13.68	20.67	70.79	4.69
Wages including welfare	7.39	9.25	7.90	9.93	37.52	4.44
Employees Remuneration & Benefits	0.40	0.66	0.88	1.82	1.69	0.73
Administrative & Others	0.38	1.22	0.81	1.09	2.01	1.18
Depreciation		0.02	0.06	0.06	0.05	0.08
<b>Total</b>	<b>24.17</b>	<b>27.92</b>	<b>23.33</b>	<b>33.57</b>	<b>112.06</b>	<b>11.12</b>
Net Profit Before Tax	0.66	0.84	0.51	1.30	4.68	2.85
<b>Provision For Taxation</b>						
Current Tax	0.26	0.29	0.18	0.50	1.76	1.06
Deferred Tax		-	0.01	-	0.03	
<b>Net Profit After Tax</b>	<b>0.40</b>	<b>0.55</b>	<b>0.34</b>	<b>0.80</b>	<b>2.89</b>	<b>1.79</b>

**Statement of Assets and Liabilities**

*Rs. in Millions*

Particulars	As at					
	31-Mar-01	31-Mar-02	31-Mar-03	31-Mar-04	31-Mar-05	30-Sep-05
<b>A FIXED ASSETS</b>						
Gross Block	0.03	0.32	0.48	0.48	1.06	1.46
Less: Depreciation	-	0.02	0.09	0.15	0.20	0.28
Net Block	0.03	0.30	0.39	0.33	0.86	
<b>Total Fixed Assets (A)</b>	<b>0.03</b>	<b>0.30</b>	<b>0.39</b>	<b>0.33</b>	<b>0.86</b>	<b>1.18</b>
<b>B INVESTMENTS (B)</b>						
<b>C CURRENT ASSETS, LOANS AND ADVANCES</b>						
Work In Progress	2.79	2.56	1.58	2.45	1.99	1.88
Sundry Debtors	1.04	2.31	2.10		6.89	5.77
Cash and Bank Balances	0.16	0.24	1.35	0.51	13.28	2.49
Loans and Advances	1.57	0.86	2.18	30.83	2.78	13.66
<b>Total (C)</b>	<b>5.56</b>	<b>5.97</b>	<b>7.21</b>	<b>33.79</b>	<b>24.94</b>	<b>23.80</b>
<b>D LIABILITIES AND PROVISIONS</b>						
Secured Loans						
Unsecured Loans						
Current Liabilities	4.93	4.66	6.04	31.25	18.43	14.05
Provisions	0.26	0.54	0.17	0.64	2.24	4.01
Deferred Tax liability			0.02	0.03	0.05	0.05
<b>Total (D)</b>	<b>5.19</b>	<b>5.21</b>	<b>6.23</b>	<b>31.92</b>	<b>20.72</b>	<b>18.11</b>
<b>E NET WORTH (A+B+C-D)</b>						
<b>F REPRESENTED BY:</b>						
Share Capital	0.005	0.11	0.11	0.11	0.11	0.11
Total Reserves and Surplus	0.40	0.95	1.26	2.09	4.97	6.76
Miscellaneous Expenditure						
<b>NET WORTH</b>	<b>0.40</b>	<b>1.06</b>	<b>1.37</b>	<b>2.20</b>	<b>5.08</b>	<b>6.87</b>

## **B. L. KASHYAP AND SONS LIMITED**

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### **Significant Accounting Policies**

1. The accounts are prepared on the historical cost basis and on the accounting principles of a going concern.
2. Fixed Assets are shown at cost less accumulated depreciation. Depreciation is provided on Written down Value method at rates specified in Schedule XIV to the Companies Act, 1956.
3. Work-in-progress including materials at sites is valued at cost.
4. Revenue Recognition - Jobwork revenue is accounted on the basis of running bills raised and accepted by clients.
5. Revenue Expenditure is accounted on accrual basis as it is incurred.
6. Deferred tax is recognized, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

**SECURITY INFORMATION SYSTEMS (INDIA) LIMITED**

Statement of Profit & Loss Account

Rs. in Millions

Particulars	For the year ended					Period ended 30-Sep-05
	31-Mar-01	31-Mar-02	31-Mar-03	31-Mar-04	31-Mar-05	
<b>INCOME</b>						
Sales	15.43	14.86	31.22	21.97	10.25	0.24
Other Income	0.48	1.4	1.13	0.49	1.84	0.01
<b>Total</b>	<b>15.91</b>	<b>16.26</b>	<b>32.35</b>	<b>22.46</b>	<b>12.09</b>	<b>0.25</b>
<b>EXPENDITURE</b>						
Cost of Goods sold	10.52	9.03	23.03	17.70	11.65	0.33
Personnel expenses	3.05	3.76	5.46	5.27	2.14	0.39
Administrative & other expenses	1.97	2.63	2.07	1.44	0.60	0.18
Interest and Finance charges	0.40	0.36	0.46	0.34	0.28	-
Preliminary expenses / Deffered Revenue expenses written off	0.26	-	-	-	-	-
Depreciation	0.23	0.22	0.22	0.22	0.22	0.02
<b>Total</b>	<b>16.43</b>	<b>16.00</b>	<b>31.24</b>	<b>24.97</b>	<b>14.89</b>	<b>0.92</b>
Profit/(Loss) for the year	(0.52)	0.26	1.11	(2.51)	(2.80)	(0.67)
Less: Provision for tax						
Current Tax		0.01	0.09			
Deferred Tax					(1.84)	0.21
<b>Net Profit After Tax</b>	<b>(0.52)</b>	<b>0.252</b>	<b>1.02</b>	<b>(2.51)</b>	<b>(0.96)</b>	<b>(0.46)</b>

**SECURITY INFORMATION SYSTEMS (INDIA) LIMITED**

Statement of Assets and Liabilities

Rs. in Millions

Particulars	As at					
	31-Mar-01	31-Mar-02	31-Mar-03	31-Mar-04	31-Mar-05	30-Sep-05
<b>A</b>	<b>FIXED ASSETS</b>					
Gross Block	1.68	1.74	1.90	1.90	1.90	1.90
Less: Depreciation	0.69	0.90	1.12	1.34	1.56	1.57
Net Block	0.99	0.84	0.78	0.56	0.34	0.33
<b>Total Fixed Assets (A)</b>	<b>0.99</b>	<b>0.84</b>	<b>0.78</b>	<b>0.56</b>	<b>0.34</b>	<b>0.33</b>
<b>B</b>	<b>INVESTMENTS (B)</b>					
	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
<b>C</b>	<b>CURRENT ASSETS, LOANS AND ADVANCES</b>					
Stock in trade	4.25	3.79	9.49	6.40	1.24	1.35
Sundry Debtors	14.64	14.67	14.06	15.02	15.47	14.02
Cash and Bank Balances	1.86	2.27	3.60	3.08	2.08	3.32
Loans and Advances	2.24	3.21	3.80	2.05	1.63	1.67
<b>Total (C)</b>	<b>22.99</b>	<b>23.94</b>	<b>30.95</b>	<b>26.55</b>	<b>20.42</b>	<b>20.36</b>
<b>D</b>	<b>LIABILITIES AND PROVISIONS</b>					
Secured Loans	1.84	1.67	2.02	2.41	<b>NIL-</b>	<b>NIL-</b>
Unsecured Loans	6.42	7.82	9.26	8.65	10.65	14.01
Current Liabilities	8.78	8.34	12.40	11.93	8.80	6.02
Provisions	0.42	0.18	0.26	0.08	0.08	0.08
Deferred Tax liability/ Asset		-	-	-	(1.85)	(2.05)
<b>Total (D)</b>	<b>17.46</b>	<b>18.01</b>	<b>23.94</b>	<b>23.07</b>	<b>17.68</b>	<b>18.06</b>



**B. L. KASHYAP AND SONS LIMITED**

E	NET WORTH (A+B+C-D)						
F	<b>REPRESENTED BY:</b>						
	Share Capital	6.8	6.8	6.8	6.8	6.8	6.8
	Share Application Money (pending allotment)	1.20	1.20	1.20	-	-	
	Total Reserves and Surplus		-	-	-	-	
	Less: Miscellaneous Expenditure	(1.48)	(1.23)	(0.21)	(2.76)	(3.72)	(4.17)
	<b>NET WORTH</b>	<b>6.52</b>	<b>6.77</b>	<b>7.79</b>	<b>4.04</b>	<b>3.08</b>	<b>2.63</b>

**Significant Accounting Policies**

1. The Company is following mercantile system of accounting. There is no change in the method of accounting since the last financial year.  
Accounting policies not specifically referred to otherwise are consistence and in consonance with generally accepted accounting principles.
2. Revenue is recognised when there is a reasonable certainty of its ultimate realisation / collection. Revenue in respect of Annual Maintenance Contract is accounted for in the year in which bills are raised. Expenses are accounted on accrual basis.
3. Preliminary Expenses are amortised in 10 equal installment.
4. Stock in trade is valued at cost or market value whichever is lower.
5. Depreciation is provided on straight line method at rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956.
6. The Company does not provide liability towards retirement gratuity of its employees in terms of the Payment of Gratuity Act, 1972. There is no other scheme of retirement benefits.
7. Provision for Income Tax:
  - a) Provision for current Income Tax is made in accordance with the Income Tax laws prevailing for the relevant assessment year
  - b) Deferred Tax for timing difference between tax profit and book profit is accounted for using the tax rate and laws that have been enacted or substantially enacted as on the balance sheet date. Deferred Tax Asset arising on unabsorbed depreciation and carry forward losses are recognised to the extent there is virtual certainty that sufficient future taxable income will be available against which these asset can be realised.

**OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS**

Except as described below, there are no outstanding litigation, suits or criminal or civil prosecutions, proceedings or tax liabilities against our Company, our Directors, our subsidiaries, our Promoters and our Promoter group companies that would have a material adverse effect on our business and there are no defaults, non-payment or overdue of statutory dues, institutional/ bank dues and dues payable to holders of any debentures, bonds and fixed deposits that would have a material adverse effect on our business other than unclaimed liabilities against our Company, our Directors, our subsidiaries, our Promoters or our Promoter group companies as of the date of this Red Herring Prospectus.

**I. Litigation against and Contingent liabilities of our Company**

**A. Contingent liabilities not provided for as of September 30, 2005**

<b>Contingent Liabilities</b>	<b>Amount</b>
Corporate Guarantee for AKME Projects Limited	Rs. 250,000,000

**B. Pending litigation against our Company**

**1. Criminal Cases**

There are three criminal cases pending against us before various courts and authorities in India. The claims cannot be quantified since no specific amounts have been claimed in the complaints. The details of these are as follows.

- a) A first information report (no. 314/05) was filed on September 25, 2005 before the HAL Police Station, Bangalore against certain of our employees, namely, Mr. Vidya Shankar, Mr. Pankaj Guptha and Mr. Suheel under Section 304(A) of the IPC, in relation to the death of Mr. Nissar as a result of an accident in the course of employment. No charge sheet has been filed against our Company as of date.
- b) A first information report (no. 0253) was filed on July 21, 2004 before the HAL Police Station, Bangalore against certain of our Company employees, namely, Mr. VidyaShankar, Mr. Prakash Pathak and others, under Section 304(A) of the IPC, in relation to the death of Mr. Narendra Kumar Singh and Mr. Ananth Sabar. The charge sheet[No. CC 22482/05] has been filed against the accused persons.
- c) A first information report (no. 0525) was filed on November 8, 2004 before the JP Nagar Police Station, Bangalore against our supervisor, engineer and building in-charge under section 304(A) of the IPC in relation to the death of Mr. Umesh Yadav as a result of an accident in the course of employment. The matter is being heard at Chief Judicial Magistrate, 13<sup>th</sup> Court Hall. The next date of hearing is fixed on June 15, 2006.

**2. Income Tax Cases**

The Income Tax Department has imposed a liability of Rs. 72,357,482 on our Company in relation to assessment year 2001-02 as against the returned income of Rs. 45,103,370 by us. We surrendered an amount of Rs. 25,690,600 on finding of, a discrepancy between of the value of the stock and work in progress in the books of account and certain documents found at the site of the project, by the Income Tax Department. The Assessing Officer however stated that no portion of the surrendered amount was reflected in the returned income. The Commissioner of Income Tax (Appeals) ("CIT(A)") partially allowed the appeal vide order dated January 13, 2005 by holding that we have included about 50% of the surrendered income in the return of income. We have filed an appeal against the order of the CIT(A), in February 2005, before the Income Tax Appellate Tribunal on the grounds that there was no justification for the CIT(A) to hold that the surrendered amount has only been included to the extent of 50% against correctly as 100%. The matter is pending before the Income Tax Appellate Tribunal. The next date of hearing is yet to be notified.

**3. Claims under Workmen's Compensation Act**

There are four claims under Workmen's Compensation Act pending against us before various courts and authorities in India. The aggregate claim against us in these cases is Rs. 400,000. The details of these are as follows.

- a) The dependants of Mr. Pyarelal Mehata filed a complaint claiming compensation against us and Royal Sundaram Alliance Insurance Co. Ltd before the Commissioners under the Workmen's Compensation Act, Karmika Bavan, Bangalore in relation to the death of Mr. Mehata who died in an accident in the course of employment. The claim is pending before the Commissioner.



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- b) The dependants of Mr. Rupesh Ram filed a complaint claiming compensation against the Company and Royal Sundaram Alliance Insurance Co. Ltd before the Commissioners under the Workmen's Compensation Act, Karmika Bavan, Bangalore in relation to the death of Mr. Ram who died in an accident in the course of employment. The claim is pending before the Commissioner.
- c) The dependants of Mr. Mukesh Baski filed a complaint claiming compensation against the Company and New India Assurance Company Limited before the Commissioners under the Workmen's Compensation Act, Karmika Bavan, Bangalore, in relation to the death of Mr. Baski who died in an accident in the course of employment. The claim is pending before the Commissioner.
- d) The dependants of Mr. Abdul Rahman filed a complaint (No.LW0000187) claiming compensation amounting to Rs. 400,000 against our Company and Royal Sundaram Alliance Insurance Co. Ltd before the Commissioner for Workmen's Compensation, Pushpa Bhawan, New Delhi, in relation to the death of Mr. Rahman who died in an accident in the course of employment. The next date of hearing is February 12, 2006.

### **4. Other Civil Cases**

In addition, there are three civil suits and one arbitration matter pending against us before various courts, authorities and tribunal in India. The claim against us in the arbitration proceeding is Rs. 8.06 million. The claims under the civil suits cannot be quantified since no specific amounts have been claimed in the complaints. The details of these are as follows.

- a) Mr. Chandan Singh, our employee, lodged a complaint with the office of the Assistant Labour Commissioner, South District alleging illegal termination and withholding of legal dues. We received a notice on January 1, 2003 and replied on April 12, 2003 stating that our Company had not terminated the services of Mr. Singh and that he was transferred to Udhampur Project. Mr. Singh filed a complaint (No. 68/2005) before the Presiding Officer, Labour Court, Karkardooma, Delhi on April 16, 2005 and we have filed the written statements. Mr. Singh is yet to file his rejoinder.
- b) Mr. Ram Kumar Singh filed a complaint (No. 367/2002) against us before the Labour Court, Karkardooma, Delhi alleging wrongful termination of employment. We have filed the written statement on September 12, 2005 and Mr. Singh is yet to file the rejoinder.
- c) Mr. Papaiah, Mr. Bhuvanesh and Mr. Devaraj have instituted a suit (No. O.S. No. 4451/05) in the court of the District Civil and Sessions Judge at Bangalore against us and other defendants alleging fraudulent and illegal intervention into the property of the plaintiffs. The plaintiffs have prayed for a judgment and the grant of a decree of declaration and cancellation of the power of attorney, sale deeds relating to suit schedule land and directing the defendants (including us) to clear and restore the suit schedule property. The application filed by the plaintiffs for the grant of an ex-parte interim injunction for restraining the defendants and anyone claiming on their behalf from causing any type of restraint or disturbances or illegal intervention in the land was dismissed vide order dated January 3, 2006. The next date of hearing for the suit has not yet been notified.
- d) Our Company had undertaken two constructions projects with Flex Engineering Limited pursuant to two agreements dated September 18, 1995 and May 7, 1996. Upon disputes in relation to payment of outstanding amounts under the contracts, we referred the disputes to arbitration proceedings, vide letter dated October 16, 2000, and claimed outstanding amount of Rs. 8.95 million and Rs. 22.01 million, respectively. Mr. K.C.D. Gangwani, was appointed as the sole arbitrator. We have filed our statement of claim and Flex Engineering Limited has filed its reply and a counter claim of Rs. 8.06 million. We are yet to file our rejoinder. We have further applied for an interim award for a sum of Rs. 7.03 million in relation to construction undertaken pursuant to agreement dated May 7, 1996. Due to the demise of Mr. Gangwani, Mr. Madan Gera has been appointed the arbitrator. The next date of hearing is yet to be fixed.

## **II. Material Developments**

Except as stated in the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations on an Unconsolidated Basis" beginning on page 96, in the opinion of our Board, there have not arisen, since the date of the last financial statements disclosed in this Red Herring Prospectus, any circumstances that materially or adversely affect or are likely to affect our profitability taken as a whole or the value of its consolidated assets or our ability to pay material liabilities within the next 12 months.

## **III. Litigation against our Directors**

Our Directors have no outstanding litigation towards tax liabilities, criminal/civil prosecution for any offences (irrespective of whether they are specified under paragraph (i) of Part 1 of Schedule XIII of the Companies Act),



## **B. L. KASHYAP AND SONS LIMITED**

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disputes, defaults, non payment of statutory dues, in their individual capacity or in connection with our Company and other companies with which the Directors are associated, except as below:

Mr. Varinder Kashyap has filed a suit (No. 1102/00) in the High Court of Delhi against Mr. Vinod Kashyap, Mr. Vineet Kashyap and Mr. Vikram Kashyap and others praying for a decree for partition of the B.L. Kashyap HUF property, an equal share in respect of the properties and for rendition of accounts. On an application by the plaintiff to the court to pass an ex-parte as interim order restraining the defendants from alienating, encumbering, transferring, parting with possession any of the specified properties, the High Court passed an order on May 25, 2000 and modified on August 1, 2000, till the date of next hearing. The plaintiff has subsequently filed an application for extension of the interim order till the disposal of the suit. The application is pending and the next date of hearing is yet to be notified.

The promoters/directors of our Company and Mr. Varinder Kashyap are not common defendants in any litigation.

### **IV. Litigation against our Promoter Group Companies**

#### ***BLK Securities Pvt. Ltd.***

The Assessing Officer has imposed a liability of Rs. 3,226,030 on the company, in relation to assessment year 2001-02. The liability has been imposed on account of disallowance of losses on account of commission and brokerage from speculative losses. The Commissioner of Income Tax (Appeals) dismissed the appeal of the company on August 4, 2004. The matter is pending before the Income Tax Appellate Tribunal, Delhi. The next date of hearing is yet to be notified.

**GOVERNMENT AND OTHER APPROVALS**

In view of the approvals listed below, we can undertake this Issue and our current business activities and no further material approvals from any governmental or regulatory authority or any other entity are required to undertake the Issue or continue our business activities. Unless otherwise stated, these approvals are all valid as of the date of this Red Herring Prospectus.

**A. Approvals for the Issue**

We have received the following approvals relating to the Issue:

The Board of Directors has, pursuant to resolutions dated December 14, 2005, authorised the Issue.

The shareholders have, pursuant to a resolution dated December 14, 2005 under Section 81(1A) of the Companies Act, authorised the Issue.

**B. Approvals for our Business**

We have received the following major Government and other approvals pertaining to our business:

**1. Approvals Related to our Construction Business**

a). We have received the following licenses pertaining to our construction business as contractors under the Contract Labour (Regulation and Abolition) Act, 1970:

Description	Reference/License No.	Issue Date	Expiry Date
License for civil construction in Brigade Investments and Project Private Limited, Puttanahalli Village, Uttarahalli Hobli, Bangalore.	ALC-B2/CLA/C-39/2002-03	August 23, 2002	August 22, 2006
License for civil construction in Biocon India Limited, 20 <sup>th</sup> K.M Hosu, Hebhagodi, Bangalore	ALCB-4/CLA/C-86/2003-04	August 13, 2003	August 12, 2006
License for civil construction in Pts Bridge Pristineciti Development, Knights, Bridge Apartment Complex, Kundanahalli, Bangalore	ALC-3/CLA/C:139/2003-04	March 8, 2004	March 7, 2006
License for civil construction in Salarpuria Infozone, Sy. No. 39/P, 41 P, 42/P, Electronic City, Phase 2, Doddathogur Village, Bangalore	ALCB-4/CLA/C-98/ 2004-05	July 29, 204	July 28, 2006
License for civil construction in Golf Links Realtors Private Limited,Embassy Point, 150 Infantry Road, Bangalore	ALCB-4/CLA/C-121/ 2002-03	October 3, 2002	October 2, 2006
License for civil construction in AKME Projects Limited, No. 1146, 12 <sup>th</sup> Main, 1st Cross, HAL 2 <sup>nd</sup> Stage, Indira Nagar, Bangalore	ALC-3/CLA/C-133/ 2004-05	November 18, 2004	November 17, 2006
License for civil construction in M/s Abhyudaya Educational tower, No. 228, West Minister Complex, 13 <sup>th</sup> Cunningham Road, Bangalore	ALC-3/CLA/C-141/ 2004-05	November 29, 2004	November 28, 2006
License for civil construction in Manyata Tech Park, off Hebbal Ring Road, Bangalore	ALC-3/CLA/C-8/2005-06	April 13, 2005	April 12, 2006
License for civil construction in AKME Projects 1146, 1 <sup>st</sup> cross, HAL IInd Stage, Indira Nagar, Bangalore	ALCB-3/CLA/C-47/ 2005-06	May 25, 2005	May 25, 2006
License for civil construction in Blue Heaven Griha Nirman Private Limited, Sy No. 80/1, 81/1, 81/2, Bellandur Village, Bangalore	ALCB-3/CLA/C-78/ 2005-06	June 21, 2005	June 21, 2006

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License for civil construction in Prestige Estates Projects Private Limited	ALCB-3/CLA/C-145/2005-06	September 14, 2005	September 14, 2006
License civil construction work undertaken at M/s DLF Universal Limited, Court Yard, A-4 Saket District Centre, Saket, New Delhi.	CLA/C/209/2005/DLC(S)	September 1, 2005	August 31, 2006
License for civil construction work undertaken at M/S Birla Textile Mills, Sai Road, Bhatouli Khurud, P.O., Baddi, Solan, Himachal Pradesh	LO(02)SLN-1/75	January 7, 2006	December 12, 2007

However, certain applications for licenses as contractors under the Contract Labour (Regulation and Abolition) Act, 1970 are pending. The details of the applications are as below:

- Application dated October 7, 2005 for license as a contractor for construction work undertaken at Pure Earth Infrastructure Limited, 6<sup>th</sup> Floor, Vikrant Tower, 4, Rajendra Place, New Delhi
  - Application dated September 16, 2005 for license as a contractor for construction work undertaken at M/s Pragma Products Private. Limited, Shopin Park North, Plot No.-2, Community Centre, B Block, Shalimarbagh New Delhi.
  - Application dated December 14, 2004 for license as a contractor for construction work undertaken at Select Infra Structure Private Limited, Plot No. A-3, P1B, Saket Place, Saket, New Delhi.
  - Application dated February 24, 2003 for license as a contractor for construction work undertaken at Gulab Farms Private Limited and Sweet Paes Farms Private Limited, Central Park, Sector 42, Gurgaon.
  - Application dated February 23, 2005 for license as a contractor for construction work undertaken at Suzuki Metal India Limited, 26B, IMT Maesar, Sec 3, Gurgaon.
  - Application dated June 23, 2005 for renewal of registration of license, which had been applied for but not issued, expiring on June 30, 2005 for construction work undertaken at IFFCO, Plot No. C-1, District Centre, Saket Place, New Delhi.
- b. We are yet to receive the following approvals pertaining to our construction business under the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996:
- Application dated November 16, 2005 for construction work undertaken at IFFCO, Plot No. C-1, District Centre, Saket, New Delhi.
  - Application dated November 16, 2005 for construction work undertaken at Select Infrastructure Private Limited, Select City Walk, District Centre, Plot No. A-3, Saket, New Delhi.
  - Application dated November 16, 2005 for construction work undertaken at M/s DLF Universal Limited, Court Yard, A-4 Saket District Centre, Saket, New Delhi.
  - Application dated November 16, 2005 for construction work undertaken at M/s Pragma products Private Limited, Shopin Park North, Plot No. 2, Community Centre, Block-B, Shalimar Bagh, New Delhi.
  - Application dated November 16, 2005 for construction work undertaken at M/s Pure Earth Infrastructure Limited, Plot No. 20, Bara Hindu Rao, Manohar Lal Khurana Marg, Delhi.
  - Application dated November 16, 2005 for construction work undertaken at Ess Cee Cee and Associates (India) Private Limited, Plot No. 2, Shivaji Marg, Rajouri Garden, New Delhi
  - Application dated December 12, 2005 for construction work undertaken at S.T. Micro Electronics, Plot No. 1, Greater Noida, Gautambudh Nagar, Uttar Pradesh.
  - Application dated December 12, 2005 for construction work undertaken at HCL Comnet Limited, A-9, sector 3, Noida, Uttar Pradesh.
  - Application dated December 9, 2005 for construction work undertaken at M/S Birla Textile Mills, Sai Road, Bhatouli Khurud, P.O., Baddi, Solan, Himachal Pradesh.

## B. L. KASHYAP AND SONS LIMITED



### 2. Sales Tax Registrations

Description	Reference/Licence No.	Issue Date	Expiry Date
Certificate of registration under the Uttar Pradesh Sales Tax Act, 1948	UPND-0059549	February 1, 1991	Until cancelled.
Certificate of registration under the Central Sales Tax Act, 1956 for Uttar Pradesh.	CSTHD 5060/77	April 15, 1994	Until cancelled.
Certificate of registration under the Rajasthan Sales Tax Act, 1954.	RST/0205/00638/WT	October 5, 1992	Until Cancelled.
Certificate of registration under the Central Sales Tax Act, 1956 for our operations in Rajasthan.	TIN-08240600608 CST No.-0205/00638	October 5, 1992	Until Cancelled.
Certificate of registration under the Himachal Pradesh General Sales Tax Rules, 1970	SOL-III 4530	August 12, 1996	Until Cancelled
Certificate of registration under the Central Sales Tax Act, 1956 for our operations in Himachal Pradesh.	CSTSOL-III-4692	August 12, 1996	Until Cancelled.
Certificate of registration under the Maharashtra Value Added Tax Act, 2002.	411057V0024	October 5, 2005.	Not Applicable.
Certificate of registration under the Central Sales Tax Act, 1956 for our operations in Maharashtra.	411057/C/174	October 5, 2005.	Until Cancelled.
Certificate of registration under the Punjab General Sales Tax Act, 1948.	TIN-03431064537	April 1, 2005.	Not Applicable.
Certificate of registration under the Haryana Value Added Tax, 2003.	TIN No. 06411210144	April 1, 2003	Not Applicable.
Certificate of registration under the Central Sales Tax Act, 1956 for operations in Haryana.	FBD/CST/1210144	July 27, 1994	Until cancelled
Certificate of registration under the Delhi Value Added Tax, 2004.	TIN-07360269643	Not Applicable	Not Applicable
Certificate of registration under the Central Sales Tax Act, 1956 for our operations in Karnataka.	70160351	January 11, 2001	Not applicable.
Certificate of provisional value added tax registration under the Karnataka Value Added Tax Act, 2003	29210018181	April 1, 2003	Not applicable
Certificate of registration under the Central Sales Tax Act, 1956 for our	CST 5136143	June 6, 2001	Not Applicable

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Certificate of registration under the Uttaranchal Sales Tax Act.	DD 0235202	November 9, 2000	Not applicable
Certificate of registration under the Punjab General Sales Tax Act, 1948 for our operations in Chandigarh.	CHA 20557	March 7, 2002.	Until cancelled.
Certificate under Central Sales Tax Act, 1956 for our operations in Chandigarh.	CHA.CST 20357	March 3, 2002.	Until cancelled.

### 3. Other Registrations

Description	Reference/Licence No.	Issue Date	Expiry Date
Service tax registration under section 69 of the Finance Act, 1994, Delhi	DLII/ST/CS/18/BL/04	October 11, 2004	Until holder carries on the activity of construction/repair and alteration.
Service tax registration under section 69 of the Finance Act, 1994, Bangalore	(CCS)(GTA)/AAA CB0205FST001	March 17, 2005	Until holder carries on the activity of construction service/ transport of goods by road.
Registration under the Employees Provident Fund and Miscellaneous Provisions Act, 1962	DL/7227	August 1, 1983	Not Applicable.
Tax Deduction Account Number (TAN)	DELB06344C	May 7, 2004	Not Applicable.
Registration under the Employees State Insurance Act, 1948.	11-21864-102	February 24, 1993	Not Applicable.
Registration under the Employees State Insurance Act, 1948 for establishment in Himachal Pradesh.	HP.14-11-21864-102	October 28, 2005	Not Applicable
Registration under the Employees State Insurance Act, 1948 for establishment in Bangalore.	11-21864-102 (Blore)	July 11, 2001	Not Applicable
Registration under Karnataka Shops and Establishments Act, 1961 for office at F002, 245, Edenhall 80 Road, Indiranagar, Bangalore.	74/CE/307	June 10, 2003	Not Applicable.
Registration under Karnataka Shops and Establishments Act, 1961 for yard at Survey No. 59/1, Doddanakundi village, Mahadevapura, Bangalore.	KRP/CE/1373/2006	January 18, 2006	Not Applicable.



## **OTHER REGULATORY AND STATUTORY DISCLOSURES**

### **Authority for the Issue**

Our Board of Directors has, pursuant to resolutions dated December 14, 2005, authorised the Issue and the Green Shoe Option subject to the approval by the shareholders of our Company under Section 81(1A) of the Companies Act.

Our shareholders have, pursuant to a resolution dated December 14, 2005 under Section 81(1A) of the Companies Act, authorised the Issue and the Green Shoe Option in accordance with law.

We are required to obtain consent of the ICICI Bank Limited for undertaking the Issue pursuant to working capital facility agreement dated July 11, 2005 with the bank. Accordingly, we have received the consent from ICICI Bank Limited vide their letter dated December 22, 2005.

### **Prohibition by SEBI**

Our Company, our Directors, our Promoters, Directors or our subsidiaries, our affiliates and companies with which our Directors are associated with as directors, have not been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI.

### **Eligibility of the Issuer**

We are eligible for the Issue as per Clause 2.2.2 of the SEBI Guidelines as explained under:

Clause 2.2.2 of the SEBI Guidelines states as follows:

“2.2.2 An unlisted company not complying with any of the conditions specified in Clause 2.2.1 may make an initial public offering (IPO) of equity shares or any other security which may be converted into or exchanged with equity shares at a later date, only if it meets both the conditions (a) and (b) given below:

(a) (i) The issue is made through the book-building process, with at least 50% of the issue size being allotted to the Qualified Institutional Buyers (QIBs), failing which the full subscription monies shall be refunded.

Or

(a) (ii) The “project” has at least 15% participation by Financial Institutions/ Scheduled Commercial Banks, of which at least 10% comes from the appraiser(s). In addition to this, at least 10% of the issue size shall be allotted to QIBs, failing which the full subscription monies shall be refunded

And

(b) (i) The minimum post-issue face value capital of the company shall be Rs. 10 crores.

Or

(b) (ii) There shall be a compulsory market-making for at least 2 years from the date of listing of the shares, subject to the following:

(a) Market makers undertake to offer buy and sell quotes for a minimum depth of 300 shares;

(b) Market makers undertake to ensure that the bid-ask spread (difference between quotations for sale and purchase) for their quotes shall not at any time exceed 10%;

(c) The inventory of the market makers on each of such stock exchanges, as of the date of allotment of securities, shall be at least 5% of the proposed issue of the company.)”

We are an unlisted company not complying with the conditions specified in Clause 2.2.1 of the SEBI Guidelines and are, therefore, required to meet both the conditions detailed in Sub-Clauses (a) and (b) of Clause 2.2.2 of the SEBI Guidelines.

- We are complying with Clause 2.2.2(a)(i) of the SEBI Guidelines and at least 50% of the Issue is proposed to be Allotted to QIB Bidders and in the event we fail to do so, the full subscription monies shall be refunded to the Bidders.
- We are also complying with Clause 2.2.2(b)(i) of the SEBI Guidelines and the post-Issue face value capital of the Company shall be Rs. 101.02 million (without the Green Shoe Option), which is more than the minimum requirement of Rs. 10 crore (Rs. 100 million).



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Further, in accordance with Clause 2.2.2A of the SEBI Guidelines, we undertake that the number of allottees, i.e., Persons receiving Allotment in the Issue shall be at least 1,000, otherwise, the entire application money will be refunded forthwith. In case of delay, if any, in refund, our Company shall pay interest on the application money at the rate of 15% per annum for the period of delay.

### **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 RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGER, EDELWEISS CAPITAL LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURES 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 ISSUE.**

**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 AND THE RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGER 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 MANAGER, EDELWEISS CAPITAL LIMITED HAS FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED DECEMBER 26, 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 ISSUE.**
- (II) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:**
  - (A) THE RED HERRING PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**
  - (B) ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
  - (C) THE DISCLOSURES MADE IN THE RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE.**
  - (D) BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID.**
  - (E) WHEN UNDERWRITTEN, WE SHALL SATISFY OURSELVES ABOUT THE WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.**
  - (F) WE CERTIFY THAT WRITTEN CONSENT FROM THE PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SECURITIES AS PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN AND THE SECURITIES PROPOSED TO FORM PART OF THE PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN, WILL NOT BE DISPOSED/SOLD/TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE RED HERRING PROSPECTUS WITH THE SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE RED HERRING PROSPECTUS.**



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**ALL LEGAL REQUIREMENTS PERTAINING TO THE ISSUE WILL BE COMPLIED WITH AT THE TIME OF FILING OF THE RED HERRING PROSPECTUS WITH THE ROC IN TERMS OF SECTION 60B OF THE COMPANIES ACT. 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 REQUIREMENTS OF OBTAINING SUCH STATUTORY AND OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE BOOK RUNNING LEAD MANAGER, ANY IRREGULARITIES OR LAPSES IN THE RED HERRING PROSPECTUS.**

### **Disclaimer from our Company and the BRLM**

Our Company, our Directors and the BRLM accept no responsibility for statements made otherwise than in this Red Herring Prospectus or in the advertisements or any other material issued by or at instance of the above mentioned entities and anyone placing reliance on any other source of information, including our website, [www.blkashyap.com](http://www.blkashyap.com), would be doing so at his or her own risk.

The BRLM accept no responsibility, save to the limited extent as provided in the memorandum of understanding entered into among the BRLM and us dated December 23, 2005 and the Underwriting Agreement to be entered into among the Underwriters and us.

All information shall be made available by us and BRLM to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports or at bidding centres etc.

We shall not be 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 Issue is being made in India to persons resident in India (including Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian Mutual Funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under the applicable trust law and who are authorised under their constitution to hold and invest in shares, permitted insurance companies and pension funds). 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 Issue will be subject to the jurisdiction of appropriate court(s) in New Delhi only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this 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 our affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

### **Disclaimer clause of the BSE**

As required, a copy of this Red Herring Prospectus has been submitted to BSE. BSE has given vide its letter dated February 1, 2006, permission to the Company to use BSE's name in this Red Herring Prospectus as one of the stock exchanges on which our further securities are proposed to be listed. BSE has scrutinised this Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to us. BSE does not in any manner:

- (i) warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus; or
- (ii) warrant that this Company's securities will be listed or will continue to be listed on BSE; 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;



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and it should not for any reason be deemed or construed to mean that this Red Herring Prospectus has been cleared or approved by BSE. Every Person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against BSE whatsoever by reason of any loss which may be suffered by such Person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

### **Disclaimer clause of the NSE**

As required, a copy of this Red Herring Prospectus has been submitted to NSE. NSE has given vide its letters dated February 3, 2006 permission to us to use NSE's name in this Red Herring Prospectus as one of the stock exchanges on which our further securities are proposed to be listed, subject to the Company fulfilling the various criteria for listing including the one related to paid up capital and market capitalization (i.e., the paid up capital shall not be less than Rs 10. crores and the market capitalization shall not be less than Rs 25. crores at the time of listing). The NSE has scrutinised this Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to us. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed to mean that this Red Herring Prospectus has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus; nor does it warrant that our securities will be listed or will continue to be listed on the NSE; 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 of our securities may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against NSE 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 Corporate Finance Department, 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, are being delivered for registration to the ROC and a copy of the Prospectus required to be filed under Section 60 of the Companies Act would be delivered for registration with ROC situated at New Delhi.

### **Listing**

Applications have been made to the BSE and NSE for permission to deal in and for an official quotation of the Equity Shares of our Company. BSE shall be the Designated Stock Exchange with which the basis of allocation will be finalised for the Issue.

If the permission to deal in and for an official quotation of the Equity Shares is not granted by any of the Stock Exchanges, our 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 our Company becomes liable to repay it (i.e., from the date of refusal or within 15 days from the date of Bid/Issue Closing Date, whichever is earlier), then our Company shall, on and from expiry of eight 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.

Our 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 finalisation of the basis of Allotment for the Issue.

### **Consents**

Consents in writing of our Directors, the Company Secretary and Compliance Officer, the auditors, the domestic legal counsel of the Issue, the Bankers to the Issue, Bankers to the Company and the Book Running Lead Manager, the Syndicate Member, the Escrow Collection Bankers and the Registrar to the Issue to act in their respective capacities, have been obtained and filed along with a copy of the Red Herring Prospectus with the 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.

M/s. Sood Brij & Associates, Chartered Accountants, our auditors have given their written consent to the inclusion of

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their report and statement of tax benefits 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 the sections titled “Objects of the Issue”, “Statement of Tax Benefits” and “Financial Statements” beginning on pages 29, 36 and 105 respectively, of the Red Herring Prospectus, we have not obtained any expert opinions.

### Expenses of the Issue

The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. The expenses of the Issue are as follows:

Rs. In million			
S. No.	Particulars	Amount	% of net proceeds of the Issue
1	Fees of BRLM, Registrar, Legal Advisors, Auditors and other advisors	[•]	[•]
2	Printing and stationery, distribution, postage, etc.	20	[•]
3	Underwriting commission, brokerage and selling commission*	[•]	[•]
4	Advertisement and marketing expenses	14	[•]
5	Other expenses	10	[•]
6	Contingencies	[•]	[•]
	<b>Total</b>	[•]	[•]

\* Will be incorporated after finalisation of Issue Price.

### Fees payable to the Book Running Lead Manager and Syndicate Member

The total fees payable by us to the Book Running Lead Manager (including underwriting commission and selling commission) will be as per engagement letter dated November 7, 2005 a copy of which is available for inspection at our Registered Office.

### Fees Payable to the Registrar to the Issue

The fees payable by us to the Registrar to the Issue for processing of application, data entry, printing of CAN/refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the memorandum of understanding signed with our Company dated December 20, 2005.

The Registrar to the Issue will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided by us to the Registrar to the Issue to enable them to send refund orders or Allotment advice by registered post/speed post/under certificate of posting.

### Previous Rights and Public Issues

We have not made any public issue Equity Shares and rights issue either in India or abroad in the five years preceding the date of this Red Herring Prospectus.

### Issues Otherwise than for Cash

Except as disclosed in the section titled “Capital Structure - Notes to the Capital Structure” on page 17, we have not issued any Equity Shares for consideration otherwise than for cash.

### Commission and Brokerage paid on previous Equity Issues by us

Since this is the initial public offer of the Company, 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 our Equity Shares since our inception.

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### **Companies under the Same Management**

Except Bezel Investment & Finance Private Limited, BLK Securities Private Limited and BLK Financial Services Limited, we do not have any other company under the same management within the meaning of erstwhile Section 370(1B) of the Companies Act. For details of BLK Financial Services Limited, please refer to the section titled “Our Promoters and Promoter Group” starting page 87.

### **Promise v/s Performance – Last Issue of Group Companies**

None of our Promoter group companies are listed and consequently we are not required to furnish details of promise v/s performance in respect of the last issues of our Promoter group companies.

### **Outstanding debentures or bonds or redeemable preference shares**

There are no outstanding debentures or bonds or redeemable preference shares issued by us as of the date of this Red Herring Prospectus.

### **Stock market data for our Equity Shares**

This being an initial public offering of our Company, the Equity Shares are not listed on any stock exchange.

### **Mechanism for redressal of investor grievances**

The memorandum of understanding between the Registrar to the Issue and us, will provide for retention of records with the Registrar to the Issue for a period of at least one year from the last date of dispatch of letters of Allotment, demat credit, refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, 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 our Company**

We estimate that the average time required by us or the Registrar to the Issue 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, we will seek to redress these complaints as expeditiously as possible.

We have appointed Mr. Jitendra Kumar, our Company Secretary as the Compliance Officer and he may be contacted in case of any pre-Issue or post-Issue related problems. He can be contacted at the following address:

#### **Mr. Jitendra Kumar**

A-21/B 1, Mohan Cooperative Industrial Estate  
Mathura Road  
New Delhi 110 044, India.  
Tel: +91 11 4167 9800  
Fax: +91 11 4167 9815  
E-mail: [ipo@blkashyap.com](mailto:ipo@blkashyap.com)

### **Changes in Auditors**

We have not changed our auditors during the last three years.

### **Capitalisation of Reserves or Profits**

We have not capitalised our reserves or profits at any time during last five years, except for the bonus issue of Equity Shares. For details of the same, please see “Capital Structure - Notes to the Capital Structure” on page 17.

### **Revaluation of assets**

There has been no revaluation of assets by our Company.

**For details of the terms of the Issue, see the section titled “Terms of the Issue” on page 32 of this Red Herring Prospectus.**

**ISSUE STRUCTURE**

The Issue of up to 2,750,000 Equity Shares at a price of Rs. [ • ] for cash aggregating up to Rs. [ • ] million is being made through the Book Building Process. The Issue will have a Green Shoe Option of up to 250,000 Equity Shares for cash at a price of Rs. [•] per Equity Share aggregating Rs. [ • ] million. The Issue and the Green Shoe Option, if exercised in full, will aggregate up to 3,000,000 Equity Shares amounting to Rs. [ • ] million.

	<b>QIB Bidders</b>	<b>Non-Institutional Bidders</b>	<b>Retail Individual Bidders</b>
Number of Equity Shares in the event the Green Shoe Option is not exercised*	At least 1,375,000 Equity Shares.	Upto 412,500 Equity Shares or Issue less allocation to QIB Bidders and Retail Individual Bidders.	Upto 962,500 Equity Shares or Issue less allocation to QIB Bidders and Non-Institutional Bidders.
Number of Equity Shares in the event the Green Shoe Option is exercised	At least 1,500,000 Equity Shares.	Up to of 450,000 Equity Shares or Issue less allocation to QIB Bidders and Retail Individual Bidders.	Up to 1,050,000 Equity Shares or Issue less allocation to QIB Bidders and Non-Institutional Bidders.
Percentage of Issue size available for Allocation	At least 50% of the Issue or the Issue less allocation to Non-Institutional Bidders and Retail Individual Bidders. However, upto 5% of the QIB Portion shall be available for allocation proportionately to Mutual Funds only.	Upto 15% of the Issue or the Issue less allocation to QIB Bidders and Retail Individual Bidders.	Upto 35% of the Issue or the Issue less allocation to QIB Bidders and Non-Institutional Bidders.
Basis of Allocation if respective category is oversubscribed	Proportionate as follows:  (a) Equity Shares shall be allocated on a proportionate basis to Mutual Funds in the Mutual Funds Portion; (b) 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	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 in multiples of 10 Equity Shares
Maximum Bid	Such number of Equity Shares not exceeding the Issue, subject to applicable limits.	Such number of Equity Shares not exceeding the Issue subject to applicable limits.	Such number of Equity Shares whereby the Bid Amount does not exceed Rs. 100,000.
Mode of Allotment	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.
Allotment lot	10 Equity Shares and in multiples of 1 Equity Shares	10 Equity Shares and in multiples of 1 Equity Shares	10 Equity Shares and in multiples of 1 Equity Shares

Trading Lot	One Equity Share	One Equity Share	One Equity Share
Who can Apply**	Public financial institutions, as specified in Section 4A of the Companies Act: scheduled commercial banks, Mutual Funds, foreign institutional investors registered with SEBI, multilateral and bilateral development financial institutions, and State Industrial Development Corporations, permitted insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million in accordance with applicable law	Resident Indian individuals, Eligible NRIs, HUF (in the name of Karta), companies, bodies corporate, scientific institutions societies and trusts.	Individuals, including Eligible NRIs and HUF (in the name of Karta), such that the Bid Amount does not exceed Rs. 100,000.
Terms of Payment	Margin Amount applicable to QIB Bidders shall be payable at the time of submission of Bid cum Application Form to the BRLM.***	Margin Amount applicable to Non-Institutional Bidders at the time of submission of Bid cum Application Form to the members of the Syndicate.	Margin Amount applicable to Retail Individual Bidders at the time of submission of Bid cum Application Form to the members of the Syndicate.
Margin Amount	At least 10% of the Bid Amount on bidding.	Full Bid Amount on bidding.	Full Bid Amount on bidding.

\* Subject to valid Bids being received at or above the Issue Price. Under-subscription, if any, in any category other than by QIB Bidders, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company, in consultation with the BRLM and the Designated Stock Exchange. However, if the aggregate demand by Mutual Funds is less than 68,750 Equity Shares (assuming QIB Portion is 50% of the Issue size, i.e. 1,375,000 Equity Shares), the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders. In the event that the aggregate demand in the QIB Portion has been met, under-subscription, if any, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company, in consultation with the BRLM and the Designated Stock Exchange. Additional allocation to each of these categories would be made on a pro-rata basis to the extent of Green Shoe Option Portion.

\*\* In case the Bid cum Application Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.

\*\*\* After the Bid/Issue Closing Date, depending on the level of subscription, additional Margin Amount, if any, may be called for from the QIB Bidders.

As per Chapter VIIIA of the SEBI Guidelines, the Green Shoe Option will be utilized for stabilising the post-listing price of the Equity Shares. We have appointed Edelweiss Capital Limited as the Stabilising Agent. The Green Shoe Option consists of the option to over allot up to 250,000 Equity Shares at a price of Rs. [-] per share aggregating Rs. [-] million representing up to 9.09% of the Issue, exercisable during the period commencing from the date of obtaining trading permission from the Stock Exchanges for our Equity Shares and ending 30 days thereafter, unless terminated earlier by the Stabilising Agent. The Green Shoe Option will be exercised at the discretion of the BRLM and the Company with respect to Loaned Shares.



**ISSUE PROCEDURE**

**Book Building Procedure**

The Issue is being made through the 100% Book Building Process wherein atleast 50% of the Issue shall be available for allocation on a proportionate basis to QIBs, of which 5% shall be available for allocation to Mutual Funds only. Further, upto 35% of the Issue shall be available for allocation on a proportionate basis to the Retail Individual Bidders and upto 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders, subject to valid Bids being received at or above the Issue Price.

Bidders are required to submit their Bids through the Syndicate. Further, QIB Bids can be submitted only to the BRLM. Our Company, in consultation with the BRLM, may reject any Bid procured from QIBs, by any or all members of the Syndicate, for reasons to be recorded in writing provided that such rejection shall be made at the time of receiving of the Bid cum Application Form and the reasons therefor shall be disclosed to the respective QIB Bidder. In case of Non-Institutional Bidders and Retail Individual Bidders, our Company would have a right to reject the Bids only on technical grounds.

**Investors should note that the Equity Shares would be allotted to all successful Bidders only in the dematerialised 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 dematerialised 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 authorised our Company to make the necessary changes in this Red Herring Prospectus and the Bid cum Application Form as would be required for filing the Prospectus with the ROC and as would be required by ROC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid cum Application Form for various categories is as follows:

Category	Colour of Bid cum Application Form
Indian public, Eligible NRIs applying on a non-repatriation basis	White
Non-Residents, Eligible NRIs or FIIs applying on a repatriation basis	Blue

**Who can Bid?**

1. Indian nationals resident in India who are majors in single or joint names (not more than three);
2. Hindu undivided families or HUFs in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of Sole or First Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bids by HUFs would be considered at par with those from individuals;
3. Eligible NRIs on a repatriation basis or a non-repatriation basis subject to applicable laws. NRIs, other than Eligible NRIs, are not permitted to participate in this Issue;
4. Companies and corporate bodies registered under the applicable laws in India and authorised to invest in equity shares;
5. Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts/societies and who are authorised under their constitution to hold and invest in equity shares;
6. Scientific and/or industrial research organisations authorised to invest in equity shares;
7. Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to the RBI regulations and the SEBI guidelines and regulations, as applicable);
8. Mutual funds registered with SEBI;

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9. FIs registered with SEBI on a repatriation basis;
10. Multilateral and bilateral development financial institutions;
11. Venture capital funds registered with SEBI;
12. Foreign venture capital investors registered with SEBI;
13. State industrial development corporations;
14. Insurance companies registered with the Insurance Regulatory and Development Authority, India;
15. As permitted by the applicable laws, provident funds with minimum corpus of Rs. 250 million and who are authorised under their constitution to invest in equity shares; and
16. Pension funds with a minimum corpus of Rs. 250 million and who are authorised under their constitution to invest in equity shares.

**Note:** The BRLM and Syndicate Member shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligation. Associates of BRLMs and Syndicate Members may bid and subscribe to Equity Shares in the Issue either in the QIB Portion or in Non Institutional Portion as may be applicable to such investors. Such bidding and subscription may be on their own account or on behalf of their clients. Allotment to all investors including associates of BRLMs and Syndicate Members shall be on a proportionate basis.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law.

### **Maximum and Minimum Bid Size**

- (a) **For Retail Individual Bidders:** The Bid must be for a minimum of 10 Equity Shares and in multiples of 10 Equity Shares thereafter and it must be ensured that the Bid Amount payable by the Bidder does not exceed Rs. 100,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs. 100,000. In case the Bid Amount is over Rs. 100,000 due to revision of the Bid or revision of the Price Band or on exercise of option to bid at Cut-off Price, the Bid would be considered for allocation under the Non Institutional Portion. The option to bid at Cut-off Price is an option given only to the Retail Individual Bidders indicating their agreement to Bid and purchase Equity Shares at the final Issue Price as determined at the end of the Book Building Process.
- (b) **For Non-Institutional Bidders and QIB Bidders:** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 100,000 and in multiples of 10 Equity Shares. A Bid cannot be submitted for more than the Issue size. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. Under existing SEBI guidelines, a QIB Bidder cannot withdraw its Bid after the Bid /Issue Closing Date.

In case of revision in Bids, the Non Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs. 100,000 for being considered for allocation in the Non Institutional Portion. In case the Bid Amount reduces to Rs. 100,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion. Non Institutional Bidders and QIB Bidders are not entitled to the option of bidding at Cut-off Price.

### **Information for the Bidders:**

- (a) Our Company has filed the Red Herring Prospectus with the ROC at least three days before the Bid/Issue Opening Date.
- (b) The members of the Syndicate will circulate copies of the Red Herring Prospectus along with the Bid cum Application Form to potential investors.
- (c) Any investor (who is eligible to invest in our Equity Shares) who would like to obtain the Red Herring Prospectus and/or the Bid cum Application Form can obtain the same from our registered office or from any of the members of the Syndicate.
- (d) The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms should bear the stamp of a member of the Syndicate. Bid cum Application Forms, which do not bear the stamp of a member of the Syndicate will be rejected.

### **Method and Process of Bidding**

- (a) Our Company and the BRLM shall declare the Bid/Issue Opening Date and the Bid/Issue Closing Date at the time of filing the Red Herring Prospectus with ROC and also publish the same in two widely circulated newspapers (one each in English and Hindi). This advertisement shall contain the minimum disclosures as specified under Schedule



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XX-A of the SEBI Guidelines. The Syndicate Member shall accept Bids from the Bidders during the Issue Period in accordance with the terms of the Syndicate Agreement.

- (b) Investors, other than QIB Bidders, who are interested in subscribing to our Equity Shares should approach any of the members of the Syndicate or their authorised agent(s) to register their Bid. QIB Bidders shall register their bids only through a BRLM.
- (c) The Bidding 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 Bidding Period will be published in two national newspapers (one each in English and Hindi) and the Bidding Period may be extended, if required, by an additional three days, subject to the total Bidding Period not exceeding 10 days.
- (d) Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details please see section titled "Issue Procedure - Bids at Different Price Levels" beginning on page 146) within the Price Band and specify the demand (i.e. the number of Equity Shares bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid(s), irrespective of the Bid Price, will become automatically invalid.
- (e) The Bidder cannot bid on another Bid cum Application Form after Bids on one Bid cum Application Form have been submitted to any member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple Bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the section titled "Issue Procedure - Build up of the Book and Revision of Bids" beginning on page 148.
- (f) The Syndicate Member will enter each Bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip ("TRS"), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum Application Form.
- (g) During the Bidding Period, Bidders may approach the members of the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients/investors who place orders through them and shall have the right to vet the Bids, subject to the terms of the Syndicate Agreement and this Red Herring Prospectus.
- (h) Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph titled "Issue Procedure - Terms of Payment and Payment into the Escrow Accounts" beginning on page 150.

### **Bids at different price levels**

- (a) The Price Band has been fixed at Rs. 625/- to Rs. 700/- per Equity Share of Rs. 10/- each, Rs. 625/- 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/-.
- (b) In accordance with the SEBI Guidelines, our Company reserves the right to revise the Price Band during the Bidding Period. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band.
- (c) In case of revision in the Price Band, the Issue Period will be extended for three additional days after revision of Price Band subject to a maximum of 10 days. Any revision in the Price Band and the revised Bidding/Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a public notice in two national newspapers (one each in English and Hindi) and also by indicating the change on the websites of the BRLM and at the terminals of the members of the Syndicate.
- (d) We, in consultation with the BRLM, can finalise the Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation to, the Bidders.
- (e) The Bidder can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. **Retail Individual Bidders may bid at Cut-off Price. However, bidding at Cut-off Price is prohibited for QIB Bidders and Non Institutional Bidders in excess of Rs. 100,000 and such Bids from QIBs and Non Institutional Bidders shall be rejected.**



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- (f) Retail Individual Bidders who bid at Cut-off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at Cut-Off Price shall deposit the Bid Amount based on the Cap Price in the Escrow Account. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders, who Bid at Cut-off Price (i.e. the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), the Retail Individual Bidders, who Bid at Cut-off Price, shall receive the refund of the excess amounts from the Escrow Account or the Refund Account, as the case may be.
- (g) In case of an upward revision in the Price Band announced as above, Retail Individual Bidders, who had bid at Cut-off Price could either (i) revise their Bid or (ii) make additional payment based on the cap of the revised Price Band (such that the total amount i.e. original Bid Amount plus additional payment does not exceed Rs. 100,000 if the Bidder wants to continue to bid at Cut-off Price), with the Syndicate Member to whom the original Bid was submitted. In case the total amount (i.e. original Bid Amount plus additional payment) exceeds Rs. 100,000, the Bid will be considered for allocation under the Non-Institutional Portion in terms of this Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares bid for shall be adjusted downwards for the purpose of allotment, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off Price.
- (h) In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders, who have bid at Cut-off Price, could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Account or the Refund Account, as the case may be.
- (i) The minimum application size shall be in the range of Rs. 5,000 to Rs. 7,000 even in the case of revision in the Price Band if any
- (j) The entire subscription monies are being called for before the Pay-in Date or such other date as may be prescribed in the CAN, and such period shall not exceed a period of 12 months from the date of Allotment.

### **Application in the Issue**

Equity Shares being issued through the Red Herring Prospectus can be applied for in the dematerialized form only.

### **Bids by Mutual Funds**

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Fund Portion. In the event that the demand is greater than 68,750 Equity Shares, proportionate Allocation shall be made to Mutual Funds, to the extent of the Mutual Funds Portion. The remaining demand by Mutual Funds shall, as part of the aggregate demand by QIB Bidders, be made available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Fund Portion.

The Bids made by the asset management companies or custodian of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made.

*As per the current regulations, the following restrictions are applicable for investments by Mutual Funds:*

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up capital carrying voting rights.

### **Bids by Eligible NRIs**

Eligible NRI Bidders to comply with the following:

1. Individual Eligible NRIs can obtain the Bid cum Application Forms from the Registered Office, our corporate office, members of the Syndicate or the Registrar to the Issue.
2. Eligible NRI Bidders may please note that only such Bids as are accompanied by payment in free foreign exchange shall be considered for allotment. Eligible NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the Bid cum Application Form meant for resident Indians (White in color).

The above information is given for the benefit of the Bidders. Our Company and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares bid for do not exceed the applicable limits under laws or regulations.

**Escrow Mechanism**

We shall open Escrow Accounts with the Escrow Collection Banks in whose favour the Bidders shall write 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 would be deposited in the Escrow Account. The Escrow Collection Banks will act in terms of the Red Herring Prospectus and the Escrow Agreement. The monies in the Escrow Account shall be maintained by the Escrow Collection Bank(s) for and on behalf of the Bidders. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the monies from the Escrow Account to the Issue Account and the Refund Account as per the terms of the Escrow Agreement.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between us, the Syndicate, the Escrow Collection Bank(s) and the Registrar to the Issue to facilitate collections from the Bidders.

**Terms of Payment and Payment into the Escrow Accounts**

Each Bidder, shall pay the applicable Margin Amount, with the submission of the Bid cum Application Form by way of a cheque or demand draft in favour of the Escrow Account (for details please see the section titled "Issue Procedure - Payment Instructions" beginning on page 196) and submit the same to the member of the Syndicate to whom the Bid is being submitted. Bid cum Application Forms accompanied by cash shall not be accepted.

The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold the monies for the benefit of the Bidders till the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds equivalent to the size of the Issue from the Escrow Account, as per the terms of the Escrow Agreement, into the Issue Account. The balance amount after transfer to the Issue Account shall be transferred to the Refund Account.

Each category of Bidders i.e. QIB Bidders, Non Institutional Bidders and the Retail Individual Bidders would be required to pay their applicable Margin Amount at the time of the submission of the Bid cum Application Form. The Margin Amount payable by each category of Bidders is mentioned in the section titled "Issue Structure" beginning on page 182. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Amount, any difference between the amount payable by the Bidder for Equity Shares allocated at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in-Date. If the payment is not made favouring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled.

QIB Bidders will be required to deposit the QIB Margin Amount at the time of submitting of their Bids. After the Bid Closing Date, the level of subscription in all categories shall be determined. Based on the level of subscription, additional margin money, if any may be called for from the QIB Bidders. If such additional margin money is not paid into the appropriate Escrow Account within the time and in the manner stipulated above, the Bid of the Bidder is liable to be rejected. Further, we may call for additional Margin Amount over and above the minimum prescribed 10% Margin Amount from certain QIBs at our discretion prior to acceptance of the Bid anytime up to the Bid/Issue Closing Date and shall have the right to reject such bids on technical ground in case of non-receipt of such additional margin.

Where the Bidder has been allocated lesser number of Equity Shares than he or she had bid for, the excess amount paid on bidding or additional Margin Amount as the case may be, if any, after adjustment for allotment, will be refunded to such Bidder within 15 days from the Bid/Issue Closing Date, failing which we shall pay interest at 15% per annum for any delay beyond the periods as mentioned above.

**Electronic registration of Bids**

- (a) The Syndicate Member will register the Bids using the on-line facilities of the BSE and the NSE. There will be at least one on-line connectivity in each city, where a stock exchange is located in India and where Bids are being accepted.
- (b) The BSE and the NSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the Syndicate Member and their authorised agents during the Bidding/Issue Period. The Syndicate Member 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/Issue Closing Date, the Syndicate Member shall upload the Bids till such time as may be permitted by the Stock Exchanges.



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- (c) The aggregate demand and price for Bids registered on the electronic facilities of the BSE and the NSE will be displayed on-line at all bidding centers and at the websites of BSE and NSE. A graphical representation of consolidated demand and price would be made available at the bidding centers during the Bidding Period.
- (d) At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:
- Name of the Bidder;
  - Investor category – individual, corporate, Eligible NRI, FII, or Mutual Fund etc.;
  - Numbers of Equity Shares bid for;
  - Bid price;
  - Bid cum Application Form number;
  - Margin Amount paid upon submission of Bid cum Application Form' and
  - Depository participant identification no. and client identification no. of the beneficiary account of the Bidder.
- (e) A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. **It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate.** The registration of the Bid by the member of the Syndicate does not guarantee that the Equity Shares shall be allocated either by the members of the Syndicate or our Company.
- (f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- (g) In case of QIB Bidders, Our Company, in consultation with the BRLM, has the right to accept the Bid or reject it. However, such rejection should be made at the time of receiving the Bid and only after assigning a reason for such rejection. Additionally, Bids would be liable to be rejected on the technical grounds listed in this Red Herring Prospectus.
- (h) It is to be distinctly understood that the permission given by the BSE and the NSE to use their network and software of the Online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company or the BRLM are cleared or approved by the BSE and the NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, our Promoters, our management or any scheme or project of our Company.
- (i) It is also to be distinctly understood that the approval given by the BSE and the NSE should not in any way be deemed or construed that this Red Herring Prospectus has been cleared or approved by the BSE and the NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus; nor does it warrant that our Equity Shares will be listed or will continue to be listed on the BSE and the NSE.

### **Build up of the book and revision of Bids**

- (a) Bids registered through the members of the Syndicate shall be electronically transmitted to the BSE or the NSE mainframe on a regular basis.
- (b) The book gets built up at various price levels. This information will be available with the BRLM on a regular basis.
- (c) During the Bidding/Issue Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band during the Bidding/Issue Period using the printed Revision Form which is a part of the Bid cum Application Form.
- (d) Revisions can be made in both the desired number of Equity Shares and the Bid price by using the Revision Form. Apart from mentioning the revised options in the revision form, the Bidder must also mention the details of all the options in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being changed in the Revision Form. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate.
- (e) The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or



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she had placed the original Bid. **Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.**

- (f) 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 BRLM shall collect the additional payment in the form of cheque or demand draft for the incremental amount in the QIB Margin Amount, if any, to be paid on account of upward revision of the Bid at the time of one or more revisions by the QIB Bidders.
- (g) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. **It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.**
- (h) Only Bids that are uploaded on the online IPO system of the BSE and NSE shall be considered for Allocation. In case of discrepancy of data between the BSE or the NSE and the members of the Syndicate, the decision of the BRLM, based on the physical records of Bid cum Application Forms, shall be final and binding on all concerned.

### **Price discovery and Allocation**

- (a) After the Bid /Issue Closing Date, the BRLM will analyse the demand generated at various price levels.
- (b) We, in consultation with the BRLM, shall finalise the "Issue Price" and the number of Equity Shares to be allocated in each investor category.
- (c) QIB Bidders will be required to deposit the QIB Margin Amount at the time of submitting of their Bids. After the closure of bidding, the level of subscription in the various categories shall be determined. Based on the level of subscription, additional margin money, if any, shall be called for from the QIB Bidders. The QIB Bidders shall pay such additional margin money within a period of two days from the date of the letter communicating the request for such additional margin money.
- (d) The allocation under the Issue shall be on proportionate basis, in the manner specified in the SEBI Guidelines and this Red Herring Prospectus and in consultation with Designated Stock Exchange. Further, if the Green Shoe Option is exercised, the allotment of the Over Allotment Shares shall be done pro-rata with respect to the proportion of Allotment in the Issue to various categories.
- (e) Undersubscription, if any, in any category, other than the category of QIB Bidders, would be allowed to be met with spill over from any of the other categories at the discretion of our Company in consultation with the BRLM. However, if the aggregate demand by Mutual Funds is less than 68,750 Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders.
- (f) The BRLM, in consultation with us, shall notify the members of the Syndicate of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.
- (g) Allocation to Non-Residents applying on repatriation basis will be subject to the applicable law.
- (h) We reserve the right to cancel the Issue any time after the Bid/Issue Opening Date but before the Allotment without assigning any reasons whatsoever.
- (i) In terms of the SEBI Guidelines, QIBs shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date.

### **Signing of Underwriting Agreement and ROC Filing**

- (a) We, the BRLM and the Syndicate Member shall enter into an Underwriting Agreement on finalisation of the Issue Price.
- (b) After signing the Underwriting Agreement, we would update and file the updated Red Herring Prospectus with ROC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price and Issue size and would be complete in all material respects.

### **Advertisement regarding Issue Price and Prospectus**

After filing of the Prospectus with the ROC, a statutory advertisement will be issued by our Company in a widely circulated English national newspaper, a Hindi national newspaper of wide circulation. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between the date of Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

**Issuance of Letter for Additional Margin Money**

In case of QIB Bidders, who have submitted their Bids with the QIB Margin Amount, additional Margin Amount may be called for by the Company, in consultation with the BRLM. The amount of such additional Margin Amount called for shall depend on the level of subscription in various categories, as determined on the basis of the electronic registration of Bids. The allotment of shares to QIB Bidders shall be finalized by the Company, in consultation with the BRLM and the Designated Stock Exchange.

**Issuance of CAN**

- (a) Upon approval of the basis of allotment by the Designated Stock Exchange, the BRLM or the Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated Equity Shares in the Issue. The approval of the basis of allocation by the Designated Stock Exchange for QIB Bidders may be done simultaneously with or prior to the approval of the basis of allocation for the Retail and Non-Institutional Bidders. However, Bidders should note that the Company shall ensure that the date of Allotment of the Equity Shares to all Bidders, in all categories, shall be done on the same date.
- (b) The BRLM or the members of the Syndicate would then send the CAN to their Bidders who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares Allocated to such Bidder.
- (c) Bidders who have been allocated Equity Shares and who have already paid the Margin Amount for the said Equity Shares into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realisation of their cheque or demand draft paid into the Escrow Account. The dispatch of a CAN shall be deemed as a valid, binding and irrevocable contract for the Bidder.

**Allotment Reconciliation**

After the Bid/Issue Closing Date, an electronic book will be prepared by the Registrar to the Issue on the basis of Bids received. Based on the electronic book, QIB Bidders will be sent a CAN indicating the number of Equity Shares that are being allocated to them. However, within a few days thereafter but prior to the Board meeting for final allotment of Equity Shares in the Issue, the Registrar to the Issue will also prepare a physical book, which may be different from the electronic book. This is because certain applications in the Non-Institutional Portion and Retail Portion may be rejected due to non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, technical rejections, etc, and these rejected applications may not be reflected in the electronic book but will be reflected in the physical book. As a result, additional Equity Shares may be available for allocation in the QIB Portion provided the QIB Portion is oversubscribed and the Non-Institutional Portion and Retail Portion are not fully subscribed. In such event, QIB Bidders may receive an increased allocation of Equity Shares and such increase in allocation will be reflected in a revised CAN that is sent to QIB Bidders.

**Designated Date and Allotment of Equity Shares**

- (a) Our Company will ensure that the Allotment of Equity Shares is done within 15 days of the Bid/Issue Closing Date. After the funds are transferred from the Escrow Account to the Issue Account and the Refund Account on the Designated Date, our Company would ensure the credit to the successful Bidders' depository accounts of the allotted Equity Shares to the allottees within two working days from the date of Allotment.
- (b) As per the SEBI Guidelines, **Equity Shares will be issued and allotted only in the dematerialised form to the allottees**. Allottees will have the option to re-materialise the Equity Shares so allotted, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

***Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated to them pursuant to this Issue.***

**Letters of Allotment or Refund Orders**

We shall give credit to the beneficiary account with Depository Participants within two working days from the date of the Allotment. We shall ensure dispatch of refund orders, if any, of value up to Rs. 1,500 by "Under Certificate of Posting", and shall dispatch refund orders above Rs. 1,500, if any, by registered post or speed post at the sole or First Bidder's sole risk within 15 days of the Bid /Issue Closing Date.

In accordance with the Companies Act, the requirements of the Stock Exchanges and SEBI Guidelines, we undertake that:

- Allotment shall be made only in dematerialised form within 15 days from the Bid/Issue Closing Date;
- Dispatch of refund orders shall be done within 15 days from the Bid/Issue Closing Date; and
- We shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if Allotment is not made, refund orders are not dispatched and/or demat credits are not made to investors within the 15 day time prescribed above.



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### **GENERAL INSTRUCTIONS**

#### **Do's:**

- a) Check if you are eligible to apply.
- b) Read all the instructions carefully and complete the Bid cum Application Form (white or blue in colour) as the case may be.
- c) Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as Equity Shares will be allotted in the dematerialized form only.
- d) Ensure that the Bids are submitted at the bidding centers only on forms bearing the stamp of a member of the Syndicate.
- e) Ensure that you have been given a TRS for all your Bid options.
- f) Submit Revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS.
- g) Where Bid(s) is/are for Rs. 50,000 or more, each of the Bidders, should mention their Permanent Account Number (PAN) allotted under the IT Act. The copies of the PAN card or PAN allotment letter should be submitted with the Bid cum Application Form. If you have mentioned "Applied For" or "Not Applicable", in the Bid cum Application Form in the section dealing with PAN number, ensure that you submit Form 60 or 61, as the case may be, together with permissible documents as address proof.
- h) Ensure that the name(s) given in the Bid cum Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form.
- i) Ensure that the Demographic Details are updated, true and correct, in all respects.
- j) QIB Bidders shall submit their Bids only to the BRLM.

#### **Don'ts:**

- (a) Do not Bid for lower than the minimum Bid size.
- (b) Do not Bid/revise Bid price to less than the lower end of the Price Band or higher than the higher end of the Price Band.
- (c) Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate.
- (d) Do not pay the Bid amount in cash, by money order or by postal order or by stockinvest.
- (e) Do not send Bid cum Application Forms by post; instead submit the same to a member of the Syndicate only.
- (f) Do not Bid at Cut-off Price (for QIB Bidders and Non-Institutional Bidders).
- (g) Do not fill up the Bid cum Application Form such that the Equity Shares bid for exceeds the Issue size and/or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations.
- (h) **Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.**

#### **Bids and Revisions of Bids**

Bids and revisions of Bids must be:

- (a) Made only in the prescribed Bid cum Application Form or Revision Form, as applicable (white or blue colour).
- (b) In single name or in joint names (not more than three, and in the same order as their Depository Participant details).
- (c) 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.
- (d) The Bids from the Retail Individual Bidders must be for a minimum of 10 Equity Shares and in multiples of 10 Equity Shares thereafter subject to a maximum Bid Amount of Rs. 100,000.



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- (e) For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 100,000 and in multiples of 10 Equity Shares. Bids cannot be made for more than the Issue size. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of shares that can be held by them under the applicable laws or regulations.
- (f) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

### **Bidder's depository account details**

**IT IS MANDATORY FOR ALL THE BIDDERS TO GET THE EQUITY SHARES IN DEMATERIALIZED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.**

**Bidders should note that on the basis of name of the Bidders, Depository Participant's name and identification number and beneficiary account number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository demographic details of the Bidders such as address, bank account details for printing on refund orders and occupation ("Demographic Details"). Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form.**

By signing the Bid cum Application Form, the Bidder would be deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

**Refund orders/allocation advices/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 advices/CANs may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk and neither the Escrow Collection Bank(s) nor the BRLM shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.**

In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary account number, then such Bids are liable to be rejected.

### **Bidder's Bank Details**

Bidders should note that on the basis of name of the Bidders, Depository Participant's name and identification number and the beneficiary account number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the details of the Bidder's bank account. **These bank account details would be printed on the refund order, if any, to be sent to Bidders. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant.** Please note that failure to do so could result in delays in credit of refunds to Bidders at the Bidders sole risk and neither the BRLM nor the Company shall have any responsibility and undertake any liability for the same.

### **Bids under Power of Attorney**

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum and articles of association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to reject such Bids.

In case of the Bids made pursuant to a power of attorney by FIIs, FVCIs, VCFs and Mutual Funds, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to reject such Bid.



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We, in our absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form, subject to such terms and conditions that we/the BRLM may deem fit.

We, in our absolute discretion, reserve the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund order/CANs/allocation advice, the Demographic Details given on the Bid cum Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar shall use Demographic Details as given in the Bid cum Application Form instead of those obtained from the depositories.

### **Bids by Insurance Companies**

In case of the Bids made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to reject such Bids.

### **Bids by Provident Funds**

In case of the Bids made by provident funds, subject to applicable law, with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to reject such Bids.

### **Bids by Non-Residents, including Eligible NRIs and FIIs on a repatriation basis**

Bids and revision to the Bids must be made:

1. On the Bid cum Application Form or the Revision Form, as applicable (blue in color), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
2. In a single name or joint names (not more than three and in the same order as their Depository Participant details).
3. Eligible NRIs for a Bid Amount of up to Rs. 100,000 would be considered under the Retail Portion for the purposes of allocation and for a Bid Amount of more than Rs. 100,000 would be considered under Non-Institutional Portion for the purposes of allocation. Other Non-Resident Bidders 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 the section titled "Issue Procedure - Maximum and Minimum Bid Size" beginning on page 146.
4. In the names of individuals, or in the names of FIIs, FVCIs, etc but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding Eligible NRIs) or their nominees.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only, net of bank charges and/or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into U.S. Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their Non-Resident External (NRE) accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. We will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

It is to be distinctly understood that there is no reservation for Non-Residents, including Eligible NRIs and FIIs and all Non-Residents will be treated on the same basis with other categories for the purpose of allocation.

As per the existing policy of the government of India, OCBs cannot participate in this Issue. Further, NRIs, who are not Eligible NRIs, are not permitted to participate in this Issue

### **PAYMENT INSTRUCTIONS**

We shall open Escrow Accounts with the Escrow Collection Bank(s) for the collection of the Bid Amounts payable upon submission of the Bid cum Application Form and for amounts payable pursuant to allocation in the Issue.

Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation as per the following terms:

#### ***Payment into Escrow Account***

- (i) The Bidders for whom the applicable margin is equal to 100% shall, with the submission of the Bid cum Application Form draw a payment instrument for the Bid Amount in favour of the Escrow Account and submit the same to the members of the Syndicate.



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- (ii) QIB Bidders will be required to deposit a QIB Margin Amount at the time of submitting of their Bids. After the closure of bidding, the level of subscription in all categories shall be determined. Based on the level of subscription, additional margin money, if any, shall be called for from the QIB Bidders. The QIB Bidders shall pay such additional margin money within a period of two days from the date of the letter communicating the request for such additional margin money.
- (iii) In case the above Margin Amount paid by the Bidders during the Bidding Period is less than the Issue Price multiplied by the Equity Shares allocated to the Bidder, the balance amount shall be paid by the Bidders into the Escrow Account within the period specified in the CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLM.
- (iv) The payment instruments for payment into the Escrow Account should be drawn in favour of:
- (a) In case of Resident Bidders: **“Escrow Account- BLK Public Issue”**
- (b) In case of Non Resident QIB Bidders: **“Escrow Account- BLK Public Issue-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 NRE accounts or Foreign Currency Non-Resident (FCNR) accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of Non-Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE or FCNR account.
  - In case of Bids by FIIs, the payment should be made out of funds held in Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to a Special Rupee Account.
- (v) Where a Bidder has been allocated a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Refund Account.
- (vi) The monies deposited in the Escrow Account will be held for the benefit of the Bidders till the Designated Date.
- (vii) On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account as per the terms of the Escrow Agreement into the Issue Account.
- (viii) On the Designated Date and not later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Banks shall refund all amounts payable to unsuccessful Bidders and the excess amount paid on Bidding, if any, after adjusting for allocation to the Bidders.

Payments should be made by cheque, or demand draft drawn on any bank (including a co-operative bank), which is situated at, and is a member of or sub member of the banker’s clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/ stockinvest/moneyorders/postal orders will not be accepted.

### **Payment by Stockinvest**

In terms of the Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the option to use the stockinvest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn.

### **SUBMISSION OF BID CUM APPLICATION FORM**

All Bid cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts equivalent to the Margin Amount shall be submitted to the members of the Syndicate at the time of submission of the Bid.

Separate receipts shall not be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection center of the members of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder.

**OTHER INSTRUCTIONS****Joint Bids in case of Individuals**

Bids may be made in single or joint names (not more than three). In case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form. All communication will be addressed to the first Bidder and will be dispatched to his or her address.

**Multiple Bids**

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made.

The Company reserves the right to reject, in our absolute discretion, all or any multiple Bids in any or all categories.

**'PAN' or 'GIR' Number**

Where Bid(s) is/are for Rs. 50,000 or more, the Bidder or in the case of a Bid in joint names, each of the Bidders, should mention his/her PAN allotted under the I.T. Act. **The copy of the PAN card(s) or PAN allotment letter(s) is required to be submitted with the Bid cum Application Form.** Applications without this information and documents will be considered incomplete and are liable to be rejected. **It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN, as the Bid is liable to be rejected on this ground.** In case the sole/ First Bidder and joint Bidder(s) is/are not required to obtain PAN, each of the Bidder(s) shall mention "Not Applicable" and in the event that the sole Bidder and/or the joint Bidder(s) have applied for PAN which has not yet been allotted each of the Bidder(s) should mention "Applied for" in the Bid cum Application Form. Further, where the Bidder(s) has mentioned "Applied for" or "Not Applicable", the sole/First Bidder and each of the joint Bidder(s), as the case may be, would be required to submit Form 60 (form of declaration to be filed by a person who does not have a permanent account number and who enters into any transaction specified in Rule 114B of the Income Tax Rules, 1962), or, Form 61 (form of declaration to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income-tax in respect of transactions specified in Rule 114B of the Income Tax Rules, 1962), as may be applicable, duly filled along with a copy of any one of the following documents in support of the address: (a) ration card (b) passport (c) driving licence (d) identity card issued by any institution (e) copy of the electricity bill or telephone bill showing residential address (f) any document or communication issued by any authority of the Central Government, state government or local bodies showing residential address (g) any other documentary evidence in support of address given in the declaration. **It may be noted that Form 60 and Form 61 have been amended by a notification issued on December 1, 2004 by the Central Board of Direct Taxes, Department of Revenue, Ministry of Finance. All Bidders are requested to furnish, where applicable, the revised Form 60 or Form 61 as the case may be.**

**Unique Identification Number ("UIN")**

With effect from July 1, 2005, SEBI had decided to suspend all fresh registrations for obtaining UIN and the requirement to contain/quote UIN under the SEBI MAPIN Regulations/Circulars vide its circular MAPIN/Cir-13/2005. However, in a recent press release dated December 30, 2005, SEBI has approved certain policy decisions and has now decided to resume registrations for obtaining UINs in a phased manner. The press release states that the cut off limit for obtaining UIN has been raised from the existing limit of trade order value of Rs.100,000 to Rs.500,000 or more. The limit will be reduced progressively. For trade order value of less than Rs.500,000, an option will be available to investors to obtain either the PAN or UIN. These changes are, however, not effective as of the date of the Draft Red Herring Prospectus and SEBI has stated in the press release that the changes will be implemented only after necessary amendments are made to the SEBI MAPIN Regulations.

**Right to reject Bids**

In case of QIB Bidders, the Company, in consultation with the BRLM may reject a bid placed by a qualified QIB for reasons to be recorded in writing, provided that such rejection shall be made at the time of acceptance of the Bid and the reasons therefore shall be disclosed to the QIB Bidders. In case of QIB Bidders, Non-Institutional Bidders and Retail Individual Bidders, we have a right to reject Bids based on technical grounds. Consequent refunds shall be made by cheque or pay order or draft and will be sent to the Bidder's address at the Bidder's risk.



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### Grounds for technical rejections

Bidders are advised to note that Bids are liable to be rejected on, *inter alia*, the following technical grounds:

1. Amount paid does not tally with the amount payable for the highest value of Equity Shares bid for;
2. Age of first Bidder not given;
3. In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no such partnership firm, shall be entitled to apply;
4. NRIs, except Eligible NRIs;
5. Bids by persons not competent to contract under the Indian Contract Act, 1872, including minors and insane persons;
6. **PAN not stated if Bid is for Rs. 50,000 or more or copy of PAN, Form 60 or Form 61, as applicable, or GIR number furnished instead of PAN;**
7. Bids for lower number of Equity Shares than specified for that category of investors;
8. Bids at a price less than lower end of the Price Band;
9. Bids at a price more than the higher end of the Price Band;
10. Bids at Cut-off Price by Non-Institutional Bidders and QIB Bidders;
11. Bids for number of Equity Shares, which are not in multiples of 10;
12. Category not ticked;
13. Multiple Bids as defined in this Red Herring Prospectus;
14. In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
15. Bids accompanied by stockinvest/money order/postal order/cash;
16. Signature of sole and/or joint Bidders missing;
17. Bid cum Application Form does not have the stamp of the BRLM or the Syndicate Member;
18. Bid cum Application Form does not have the Bidder's depository account details;
19. Bid cum Application Form is not delivered by the Bidder within the time prescribed as per the Bid cum Application Form and this Red Herring Prospectus and as per the instructions in this Red Herring Prospectus and the Bid cum Application Form;
20. In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the order of names of joint holders), the depository participant's identity (DP ID) and the beneficiary account number;
21. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations. See the details regarding the same in the section titled "Issue Procedure – Bids at Different Price Levels" beginning on page 148;
22. Bids by OCBs;
23. Bids by U.S. persons as defined in the U.S. Securities Act; 1933 and
24. Bids by QIBs not submitted to the BRLM.

### Equity Shares in dematerialised form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the Equity Shares in this Issue shall be allotted only in a de-materialised form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two agreements have been signed among our Company, the respective Depositories and the Registrar to the Issue:

- a) an agreement dated February 6, 2006 between NSDL, us and Registrar to the Issue;
- b) an agreement dated February 6, 2006 between CDSL, us and Registrar to the Issue.



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All Bidders can seek Allotment only in dematerialised mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

- a) A Bidder applying for Equity Shares must have at least one beneficiary account with the Depository Participants of either NSDL or CDSL prior to making the Bid.
- b) The Bidder must necessarily fill in the details (including the beneficiary account number and Depository Participant's identification number) appearing in the Bid cum Application Form or Revision Form.
- c) Equity Shares allotted to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
- d) Names in the Bid cum Application Form or Revision Form should be identical to those appearing in the account details with the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details with the Depository.
- e) If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid cum Application Form or Revision Form, it is liable to be rejected.
- f) Non-transferable Allotment advice or refund orders will be directly sent to the Bidder by the Registrar to the Issue.
- f) The Bidder is responsible for the correctness of his or her demographic details given in the Bid cum Application Form vis-à-vis those with his or her Depository Participant.
- g) It may be noted that Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.
- h) The trading of the Equity Shares would be in dematerialised form only for all investors in the demat segment of the respective Stock Exchanges.

### **COMMUNICATIONS**

All future communication in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid cum Application Form number, details of Depository Participant, number of Equity Shares applied for, date of Bid cum Application Form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

### **PRE-ISSUE AND POST ISSUE RELATED PROBLEMS**

We have appointed Mr. Jitendra Kumar, as the Compliance Officer and he may be contacted in case of any pre-Issue or post-Issue-related problems. He can be contacted at the following address:

**Mr. Jitendra Kumar**

A-21/B 1, Mohan Cooperative Industrial Estate  
Mathura Road  
New Delhi 110 044, India.  
Tel: +91 11 4167 9800  
Fax: +91 11 4167 9815  
E-mail: ipo@blkashyap.com

### **IMPERSONATION**

**Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, which is reproduced below:**

**“Any person who:**

- (a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or**
- (b) otherwise induces a company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name,**

**shall be punishable with imprisonment for a term which may extend to five years.”**



## **B. L. KASHYAP AND SONS LIMITED**

### **Basis of Allocation**

#### **A. For Retail Individual Bidders**

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all successful Retail Individual Bidders will be made at the Issue Price.
- The Issue size less allocation to Non-Institutional Bidders and QIB Bidders shall be available for allocation to Retail Individual Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the valid Bids in this category is for less than or equal to 962,500 Equity Shares at or above the Issue Price, full allotment shall be made to the Retail Individual Bidders to the extent of their valid Bids.
- If the valid Bids in this category are for more than 962,500 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of 10 Equity Shares and in multiples of 1 Equity Shares thereafter. For the method of proportionate basis of allocation, refer below.

#### **B. For Non-Institutional Bidders**

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Issue size less allocation to QIB Bidders and Retail Individual Bidders shall be available for allocation to Non-Institutional Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the valid Bids in this category is for less than or equal to 412,500 Equity Shares at or above the Issue Price, full allotment shall be made to Non-Institutional Bidders to the extent of their valid Bids.
- In case the valid Bids in this category is for more than 412,500 Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis up to a minimum of 10 Equity Shares and in multiples of 1 Equity Shares thereafter. For the method of proportionate basis of allocation refer below.

#### **C. For QIB Bidders**

- At least 50% of the Issue shall be Allotted to the QIB Bidders, failing which the full subscription monies shall be refunded.
- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all the QIB Bidders will be made at the Issue Price.
- The Issue size less allocation to Non-Institutional Portion and Retail Portion shall be available for proportionate allocation to QIB Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- However, eligible Bids by Mutual Funds only shall first be considered for allocation proportionately in the Mutual Fund Portion. After completing proportionate allocation to Mutual Funds for an amount of upto 68,750 Equity Shares (the Mutual Fund Portion), the remaining demand by Mutual Funds, if any, shall then be considered for allocation proportionately, together with Bids by other QIBs, in the remainder of the QIB Portion (i.e. after excluding the Mutual Fund Portion). For the method of allocation in the QIB Portion please see the paragraph titled "Illustration of Allotment to QIBs" appearing below. If the valid Bids by Mutual Funds is for less than 68,750 Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the QIB Portion and allocated proportionately to the QIB Bidders. For the purposes of this paragraph it has been assumed that the QIB Portion for the purposes of the Issue amounts to 50% of the Issue size, i.e. 1,375,000 Equity Shares.
- Allotment shall be undertaken in the following manner:
  - (a) In the first instance allocation to Mutual Funds for 5% of the QIB Portion shall be determined as follows:
    - (i) In the event that Mutual Fund Bids exceeds 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the QIB Portion.
    - (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Portion then all Mutual Funds shall get full allotment to the extent of valid bids received above the Issue Price.



- (iii) Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available to all QIB Bidders as set out in (b) below;
- (b) In the second instance allocation to all QIBs shall be determined as follows:
  - (i) In the event that the oversubscription in the QIB Portion, all QIB Bidders who have submitted Bids above the Issue Price shall be allotted Equity Shares on a proportionate basis for up to 95% of the QIB Portion.
  - (ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.
  - (iii) Under-subscription below 5% of the QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.
- Except for any shares allocated to QIB Bidders due to undersubscription in the Retail Portion and/or Non Institutional Portion, the aggregate allocation to QIB Bidders shall be made on a proportionate basis of at least 1,375,000 Equity Shares. For the method of proportionate basis of allocation refer below.

**Method of Proportionate basis of allocation in the Issue**

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 category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.
- (b) Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.

In all Bids where the proportionate allotment is less than 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 category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above.

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. All Bidders in such categories would be allotted Equity Shares arrived at after such rounding off.

If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for allotment shall be first adjusted against any other category, where the allotted Equity Shares are not sufficient for proportionate allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares. The basis of allocation on a proportionate basis shall be finalised in consultation with the Designated Stock Exchange.

**Illustration of Allotment to QIBs and Mutual Funds (“MF”)**

**A. Issue details**

Sr. No.	Particulars	Issue details
1	Issue size	200 million Equity Shares
2	Allocation to QIB (50% of the Issue)	100 million Equity Shares
	Of which:	
	a. Reservation For Mutual Funds, (5%)	5 million Equity Shares
	b. Balance for all QIBs including Mutual Funds	95 million Equity Shares
3	Number of QIB applicants	10
4	Number of Equity Shares applied for	500 million Equity Shares

**B. Details Of QIB Bids**

S.No	Type of QIB bidders#	No. of shares bid for (in million)
1	A1	50
2	A2	20
3	A3	130
4	A4	50
5	A5	50
6	MF1	40
7	MF2	40
8	MF3	80
9	MF4	20
10	MF5	20
	<b>TOTAL</b>	<b>500</b>

# A1-A5: (QIB Bidders other than Mutual Funds), MF1-MF5 (QIB Bidders which are Mutual Funds)

**C. Details Of Allotment To QIB Bidders/Applicants**

(Number of equity shares in million)

Type of QIB bidders	Shares bid for	Allocation of 5 million Equity Shares to MF proportionately (please see note 2 below)	Allocation of balance 95 million Equity Shares to QIBs proportionately (please see note 4 below)	Aggregate allocation to MFs
(I)	(II)	(III)	(IV)	(V)
A1	50	0	9.60	0
A2	20	0	3.84	0
A3	130	0	24.95	0
A4	50	0	9.60	0
A5	50	0	9.60	0
MF1	40	1	7.48	8.48
MF2	40	1	7.48	8.48
MF3	80	2	14.97	16.97
MF4	20	0.5	3.74	4.24
MF5	20	0.5	3.74	4.24
	<b>500</b>	<b>5</b>	<b>95</b>	<b>42.42</b>

Please note:

- The illustration presumes compliance with the requirements specified in this Red Herring Prospectus in the section titled "Issue Structure" beginning on page 182.
- Out of 100 million Equity Shares allocated to QIBs, 5 million (i.e. 5%) will be allocated on proportionate basis among five Mutual Fund applicants who applied for 200 shares in the QIB Portion.
- The balance 95 million Equity Shares [i.e. 100 - 5 (available for Mutual Funds only)] will be allocated on proportionate basis among 10 QIB Bidders who applied for 500 Equity Shares (including 5 Mutual Fund applicants who applied for 200 Equity Shares).
- The figures in the fourth column titled "Allocation of balance 95 million Equity Shares to QIBs proportionately" in the above illustration are arrived as under:
  - For QIBs other than Mutual Funds (A1 to A5) = Number of Equity Shares Bid for X 95 /495
  - For Mutual Funds (MF1 to MF5) = [(No. of shares bid for (i.e in column II of the table above) less Equity Shares allotted (i.e., column III of the table above)] X 95/495
  - The numerator and denominator for arriving at allocation of 95 million Equity Shares to the 10 QIBs are reduced by 5 million shares, which have already been allotted to Mutual Funds in the manner specified in column III of the table above.



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### **DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS**

We shall ensure dispatch of allotment advice, refund orders and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the allotment to the Stock Exchanges within 2 (two) working days of date of Allotment. We shall dispatch refund orders, if any, of value up to Rs. 1,500, "Under Certificate of Posting", and shall dispatch refund orders above Rs. 1,500, if any, by registered post or speed post at the sole or First Bidder's sole risk and adequate funds for this purpose shall be made available to the Registrar for this purpose.

We shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed, are taken within 7 (seven) working days of finalisation of the basis of allotment.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Guidelines we further undertake that:

- allotment of Equity Shares shall be made only in dematerialised form within 15 (fifteen) days of the Bid /Issue Closing Date;
- dispatch of refund orders within 15 (fifteen) days of the Bid/Issue Closing Date would be ensured; and
- we shall pay interest at 15% (fifteen) per annum (for any delay beyond the 15 (fifteen)-day time period as mentioned above), if Allotment is not made and refund orders are not dispatched and/or demat credits are not made to investors within the 15 (fifteen)-day time prescribed above as per the guidelines issued by the Government of India, Ministry of Finance pursuant to their letter No. F/8/S/79 dated July 31, 1983, as amended by their letter No. F/14/SE/85 dated September 27, 1985, addressed to the stock exchanges, and as further modified by SEBI's Clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.

Refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

#### **Undertaking by our Company**

We undertake as follows:

- that the complaints received in respect of this Issue shall be attended to by us expeditiously and satisfactorily;
- that all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the stock exchanges where the Equity Shares are proposed to be listed within seven working days of finalisation of the basis of allotment;
- that the funds required for dispatch of refund orders or allotment advice by registered post or speed post shall be made available to the Registrar to the Issue by us;
- that the refund orders or allotment advice to the Eligible NRIs or FIIs shall be dispatched within specified time; and
- that no further issue of Equity Shares shall be made till the Equity Shares offered through this Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.

#### **Utilisation of Issue proceeds**

Our Board of Directors certify that:

- all monies received out of the Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
- details of all monies utilised out of Issue referred above shall be disclosed under an appropriate head in our balance sheet indicating the purpose for which such monies have been utilised;
- details of all unutilised monies out of the Issue, if any shall be disclosed under the appropriate head in our balance sheet indicating the form in which such unutilised monies have been invested;
- we shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

## **RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES**

Foreign investment in Indian securities is regulated through the Industrial Policy of the Government of India notified through press notes and press releases issued from time to time and the FEMA and circulars and notifications issued thereunder. While the policy of the Government prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy of the Government, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures and reporting requirements for making such investment. **As per current foreign investment policies, foreign direct investment in the construction sector is allowed upto 100% under the automatic route.**

By way of Circular No. 53 dated December 17, 2003, the RBI has permitted FIIs to subscribe to shares of an Indian company in a public offer without prior RBI approval, so long as the price of equity shares to be issued is not less than the price at which equity shares are issued to residents. In our Company, as of date the aggregate FII holding cannot exceed 24% of the total issued share capital.

### **Subscription by Non-Residents**

It is to be distinctly understood that there is no reservation for Non-Residents, NRIs and FIIs and all Non-Residents, NRI and FIIs applicants will be treated on the same basis as other categories for the purpose of allocation.

As per the RBI regulations, OCBs cannot participate in this Issue.

The Equity Shares have not been and will not be registered under 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 under 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 are only being offered and sold (i) in the United States to "qualified institutional buyers", as defined in Rule 144A of the Securities Act, and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

*As per the current regulations, the following restrictions are applicable for investments by FIIs:*

No single FII can hold more than 10% of our post-Issue paid-up capital (i.e., 10% of 10,102,000 Equity Shares in case the Green Shoe Option is not exercised or 10,352,000 Equity Shares in case the Green Shoe Option is exercised in full). In respect of an FII investing in our Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital or 5% of total issued capital of our Company in case such sub account is a foreign corporate or an individual.

As of now, the aggregate FII holding in our Company cannot exceed 24% of the total issued capital of our Company. With approval of our Board and that of the shareholders by way of a special resolution, the aggregate FII holding limit can be enhanced up to 100%; however till date no such resolution has been recommended to our shareholders for approval.

*As per 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 VCF or FVCI should not exceed 25% of the corpus of the VCF or FVCI, as the case may be.

The above information is given for the benefit of the Bidders. Our Company and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares bid for do not exceed the applicable limits under laws or regulations.

## **MAIN PROVISIONS OF ARTICLES OF ASSOCIATION OF OUR COMPANY**

Pursuant to Schedule II of the Companies Act and the SEBI Guidelines, the main provisions of the 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 as 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.

### **SHARE CAPITAL**

3. The authorised Share capital of the Company shall be of such amount as mentioned in Clause-V of Memorandum of Association, with a power to increase, reduce or re-classify the Share Capital into several classes and to attach thereto, such preferential, deferred, qualified or special rights, privileges, or conditions as may be determined by or in accordance with the regulations of the Companies Act, 1956 and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by these regulations.
4. The Director may from time to time, with the sanction of the Company in General Meeting by ordinary resolution increase the Share capital of the Company by such sum to be divided into Shares of such amount and of such classes with such rights and privileges attached thereto as the General Meeting shall direct by specifying the same in the resolution and if no directions be given as the Board may determine.
5. The Company may by ordinary resolution:
  - (a) Consolidate and divide all or any of its Share capital into Shares of smaller or larger amount than its existing Shares.
  - (b) Sub-divide its existing Shares or any of them into Shares of smaller amount than is fixed by the Memorandum of Association, subject nevertheless to the provision of the Clause (d) of sub-section (1) of Section 94 of the Act.
  - (c) Cancel any Share, which at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.
6. The Company may, subject to the provisions of Sections 100 to 105 of the Act reduce in any manner, from time to time, by special resolution:
  - (a) its Share capital;
  - (b) any capital redemption reserve fund or any Share premium account.
- 6A. The minimum Paid up Share capital of the Company will be Rs.5,00,000/- (Rupees Five lacs only)

### **SHARES**

7. Subject to the provisions of Section 81 of the Act and these Articles, the Shares in the capital of the Company for the time being shall be under the control of the Board who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of Section 79 of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the Company in the General Meeting to give to any person or persons the option or right to call for any Shares either at par or premium during such time and for such consideration as the Board think fit, and may issue and allot Shares in the capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any Shares which may so be allotted may be issued as fully paid up Shares and if so issued, shall be deemed to be fully paid Shares.

Provided that option or right to call for Shares shall not be given to any person or persons without the sanction of the Company in the General Meeting. Fully paid up Shares may also be allotted to minors through their guardian.

8. An application signed by or on behalf of an applicant for Shares in the Company followed by an allotment of any Shares therein, shall be an acceptance of Shares within the meaning of these Articles and every person who, thus or otherwise agrees to accept in writing the Shares and whose name is entered on the Register shall for the purpose of these Articles, be a shareholder.



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9. If by the conditions of allotments of any Shares, the whole or a part of the amount or issue price thereof shall be payable by installments, every such installment shall, when due, be paid to the Company by the person who, for the time being and from time to time shall be the registered holder of the Shares of his heirs, executors, administrators and legal representatives.
10. Every member or his heirs, executors, assignees or other representatives shall pay to the Company the portion of the capital represented by his Share or Shares which may for the time being remain unpaid thereon, in such amounts at such time or times and in such manner as the Board shall, from time to time, in accordance with the Company's regulations require or fix for the payment thereof and so long as any moneys are due, owing and unpaid to the Company by any member on any account. Howsoever, such member in default shall not be entitled at the option of the Board, to exercise any rights or privileges available to him.
11. If any Shares stand in the name of two or more persons, the one first named in the Register shall as regards receipt of Dividend bonus or service of notice and all or any other matters connected with the Company, except voting at Meetings and the transfer of Shares, be deemed the sole-holder thereof but joint – holder of Shares shall be severally as well as jointly liable for the payment of the installments and calls in respect of such Shares and for all incidents thereof according to the Company's regulations.
12. Where at any time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of Shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further Shares either out of the unissued capital or out of the increased Share capital then:
  - (a) Such further Shares shall be offered to the persons who at the date of the offer, are holders of the equity Shares of the Company, in proportion, as near as circumstances admit, to the capital paid up on these Shares at that date;
  - (b) Such offer shall be made by a notice specifying the number of Shares offered and limiting a time not less than thirty days from the date of the offer and the offer if not accepted, will be deemed to have been declined;
  - (c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the Shares offered to them in sub clause (b) hereof shall contain a statement of this right. Provided that the Board may decline, without assigning any reason to allot any Shares to any person in whose favour any Member may renounce the Shares offered to him;
  - (d) After expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is giving that he declines to accept the Shares offered, the Board may dispose off them in such manner and to such person(s) as they may think, in their sole discretion, fit.
13. Notwithstanding anything contained in Clause 12 thereof, the further Shares aforesaid may be offered to any person (whether or not those persons include the persons referred to in clause (a) of Clause 12 hereof in any manner whatsoever).
  - (a) If a special resolution to that effect is passed by the Company in General Meeting, or
  - (b) Where no such special resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in the General Meeting (including the casting vote, if any, by the chairman) by the Members who, being entitled to do so, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by Members, so entitled and voting and the Central Government is satisfied on an application made by the Board in this behalf that the proposal is most beneficial to the Company.
14. Nothing in clause 12 (c) hereof shall be deemed:
  - (a) To extend the time within which the offer should be accepted; or
  - (b) To authorize any person to exercise the right of renunciation for a second time on the ground that the person in whose favour the renunciation was first made has declined to take the Shares comprised in the renunciation.
15. Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the Debenture issued or loans raised by the Company.
  - (i) To convert such Debentures or loans into Shares in the Company; or
  - (ii) To subscribe for Shares in the Company (whether such option is conferred in these Articles or otherwise)



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Provided that the terms of issue of such Debentures or the terms of such loans include a term providing for such option and such term.

- (a) Either has been approved by the Central Government before the issue of the Debentures or the raising of the loans or is in conformity with rules, if any, made by that Government in this behalf; and
- (b) In the case of Debentures or loans or other than Debentures issued to or loans obtained from Government or any institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the Company in General Meeting before the issue of the Debentures or raising of the loans.

### **UNDERWRITING AND BROKERAGE**

16. Subject to the provisions of Section 76 of the Act, the Company may at any time pay a commission to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditionally) for any Shares in or Debentures of the Company, but so that the commission shall not exceed in the case of Shares, five per cent of the price at which the Shares are issued, and in the case of Debentures, two and a half per cent of the price at which the Debentures are issued. Such commission may be satisfied by payment of cash or by allotment of fully or partly paid Shares or partly in one way and partly in the other.
17. The Company may pay a reasonable sum for brokerage.

### **CALLS**

18. The Board may, from time to time and subject to the terms on which any Shares have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board (and not by circular resolution) make such call as it thinks fit upon the members in respect of all moneys unpaid on the Shares held by them respectively, and each member shall pay the amount of every call so made on him to the person or persons and at the times and places appointed by the Board. A call may be made payable by installments.
19. Fifteen days notice in writing of any call shall be given by the Board specifying the time and place of payment, and the person or persons to whom such call shall be paid.
20. A call shall be deemed to have been made at the time when the resolution authorizing such call was passed at a meeting of the Board.
21. A call may be revoked or postponed at the discretion of the Board.
22. The option or right to call of Shares not be given to any person except with the sanction of the Company in General Meeting.
23. The joint-holders of a Share shall be jointly and severally liable to pay all calls in respect thereof.
24. The Board may, from time to time at its discretion, extend the time fixed for the payment of any call, and may extend such time as to all or any of the members who from residence at a distance or other cause, the Board may deem fairly entitled to such extension, but no member shall be entitled to such extension save as a member of grace and favour.
25. If any member fails to pay any call due from him on the day appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest of the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall from time to time be fixed by the Board, but nothing in this Article shall render it obligatory for the Board to demand or recover any interest from any such member.
26. Any sum, which may be the terms of issue of a Share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the Share or by way of premium, shall for the purposes of these Articles be deemed to be a call duly made and payable, on the date on which by the terms of issue the same becomes payable and in case of non-payment, all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise, shall apply as if such sum had become payable by virtue of a call duly made and notified.
27. On the trial or hearing of any action or suit brought by the Company against any member or his representatives for the recovery of any money claimed to be due to the Company in respect of his Shares, it shall be sufficient to prove that the name of the member, in respect of whose Shares, the money is sought to be recovered appears entered on the Register as the holder, at or subsequently to the date at which the money is sought to be recovered, is alleged to have become due on the Shares in respect of such money is sought to be recovered; that the resolution making the call is duly recorded in the minute book; and that notice of such call was duly given to



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the member or his representatives used in pursuance of these Articles and that it shall not be necessary to prove the appointment of the Directors who made such call, nor that a quorum of Directors was present at the Board at which any call was made nor that the Meeting at which any call was made duly convened or constituted nor any other matters whatsoever, but the proof of the matter aforesaid shall be conclusive evidence of the debt.

28. Neither the receipt by the Company of a portion of any money which shall from time to time be due from any member to the Company in respect of his Shares, either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such money, shall preclude the Company from thereafter proceeding to enforce a forfeiture of such Shares as hereinafter provided.
29. The Board may, if they think fit, subject to the provisions of Section 92 of the Act, agree to and receive from any member willing to advance the same, all or any part of the accounts of his respective Shares beyond the sums actually called up and upon the moneys so paid in advance or upon so much thereof, from time to time and at any time thereafter as exceeds the amount of the calls then made upon and due in respect of the Shares on account of which such advances are made, the Board may pay or allow interest, at such rate as the member paying the sum in advance and the Board agree upon. The Board may agree to repay at any time an amount so advanced or may at any time repay the same upon giving to the member three months' notice in writing. Provided that moneys paid in advance of calls on any Shares may carry interest but shall not confer a right to Dividend or to participate in profit. No member paying any such sum in advance shall be entitled to voting rights in respect of the moneys so paid by him until the same would but for such payment become presently payable. The provision of this Article shall mutatis mutandis apply to the calls on Debentures.

### **LIEN**

30. The Company shall have a first and paramount lien upon all the Shares/Debentures (other than fully paid-up Shares/Debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof, for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such Shares and no equitable interest in any Shares shall be created except upon the footing, and upon the condition that this Article is to have full effect. Any such lien shall extend to all Dividends and bonuses from time to time declared in respect of such Shares. Unless otherwise agreed, the registration of a transfer of Shares shall operate as a waiver of the Company's lien, if any, on such Shares. The Board may at any time declare any Shares wholly or in part to be exempt from the provisions of this clause.
31. For the purpose of enforcing such lien, the Board may sell the Shares subject thereto in such manner as they shall think fit, and for that purpose may cause to be issued a duplicate certificate in respect of such shares and may authorize one of their member to execute a transfer thereof on behalf of and in the name of such member. No sale shall be made until such period as aforesaid shall have arrived, and until notice in writing of the intention to sell shall have been served on such member or his representatives and default shall have been made by him or them in payment, fulfillment, or discharge of such debts, liabilities or engagements for fourteen days after such notice.
32. The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue, if any, shall (subject to a like lien for sums not presently payable as existed upon the Shares before the sale) be paid to the persons entitled to the Shares at the date of the sale.

### **FORFEITURE OF SHARE**

33. If any member fails to pay any call or installment 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 notice on such member requiring him to pay the same, together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non payment.
34. The notice shall name a day (not being less than thirty days from the date 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 at or 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.
35. If the requisitions of any such notice as aforesaid be 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. Such forfeiture shall include all Dividends declared in respect of the forfeited Shares and not actually paid before the forfeiture





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36. When any Shares shall have been so forfeited, notice of the forfeiture shall be given to the member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register but no forfeiture shall be in any manner invalidated, by any omission or neglect to give such notice or to make any such entry as aforesaid.
37. Any Share so forfeited shall be deemed to be the property of the Company, and the Board may sell, re allot or otherwise dispose of the same in such manner as think fit
38. The Board may, at any time before any Share so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as it thinks fit.
39. A person whose Share has been forfeited shall cease to be a member in respect of the forfeited Share, but shall notwithstanding, remain liable to pay, and shall forthwith pay to the Company, all calls, or installment, interest and expenses, owing in respect of such Share at the time of the forfeiture, together with interest thereon, from the time of forfeiture until payment, at such rate as the Board may determine and the Board may enforce the payment thereof, to any party 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.
40. The forfeiture of a Share involves extinction, at the time of the forfeiture, of all interest and all claims and demands against the Company in respect of the Share and all other rights, incidental to the Share except only such of those rights as by these Articles are expressly saved.
41. A duly verified declaration in writing that the declarant is a Director 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 or disposition thereon shall constitute a good title to such Shares; and the person to whom any such Share as sold shall be registered as the member in respect of such Share and shall not be bound to see to the application of the purchase money, nor shall his title to such Share be affected by any irregularity or invalidity in the proceedings in reference to such forfeiture, sale or disposition.
42. Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate or certificates originally issued in respect of the relative Shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting member) stand cancelled and become null and void and of no effect, and the Directors, shall be entitled to issue a duplicate certificate or certificates in respect of the said Shares to the person or persons, entitled thereto.

### **CERTIFICATE OF SHARES**

43. Every member shall be entitled, without payment, to one or more certificates in marketable lots, for all the Shares of each class or denomination registered in his name, or if the Board so approves (of one rupee (Re. 1.00) or any other amount as the Board may determine for every certificate after the first) to several certificates, each for one or more of such Shares and the Company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one month of the receipt of applications of registration of transfer, transmission, sub-division, consolidation or renewal of any of its Shares as the case may be, every certificate of Shares shall be under the Seal of the Company and shall specify the number and distinctive numbers of Shares in respect of which it is issued and amount paid-up thereon and shall in such form as the Board may prescribe or approve, provided that in respect of a Share or Shares held jointly by several persons, the Company shall not be borne to issue more than one certificate and delivery of a certificate and delivery of a certificate of Shares to one of several joint holders shall be sufficient delivery to all such holder.
44. If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deems adequate, being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate. Every certificate under this Article shall be issued without payment of fees if the Board so decides, or on payment of such fees (not exceeding Rs. 2/- for each certificate) as the Board shall prescribe. Provided that no fee shall be charged for issue of a new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement or transfer.



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45. Provided that notwithstanding what is stated above the Board shall comply with such Rules or Regulation or requirements of any stock exchange of the Rules made under the Act or the Rules made under the Securities Contracts (Regulation) Act, 1956 or any other Act, or Rules applicable in this behalf.
46. The provisions of this Article shall mutatis mutandis apply to Debentures of the Company.

### **TRANSFER AND TRANSMISSION OF SHARES**

47. Every holder of Shares in, or Debentures of the Company may at any time nominate, in the manner prescribed under the Act, a person to whom his Shares in or Debentures of the Company shall vest in the event of death of such holder. Where the Shares in, or Debentures of the Company are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in the Shares or Debentures of the Company, as the case may be, held by them shall vest in the event of death of all joint holders.

Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, or in these Articles, in respect of such Shares in or Debentures of the Company, where a nomination made in the prescribed manner purports to confer on any person the right to vest the Shares in, or Debentures of the Company, the nominee shall, on the death of the Shareholders or holder of Debentures of the Company or, as the case may be, on the death of all the joint holders become entitled to all the rights in the Shares or Debentures of the Company to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner under the provisions of the Act.

Where the nominee is a minor, it shall be lawful for the holder of the Shares or holder of Debentures to make the nomination to appoint, in the prescribed manner under the provisions of the Act, any person to become entitled to the Shares in or Debentures of the Company, in the event of his death, during the minority.

48. Any person who becomes a nominee by virtue of the provision of the Article 47, upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either:
  - a) to be registered himself as holder of the Shares or Debentures, as the case may be; or
  - b) to make such transfer of the Shares or Debentures, as the case may be, as the deceased shareholder or debenture holder, as the case may be, could have made.

if the nominee, so becoming entitled, elects himself to be registered as holder of the Shares or Debentures, as the case may be, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects and such notice shall be accompanied with death certificate of the deceased shareholder or debenture holder and the certificate(s) of Shares or Debentures, as the case may be, held by the deceased in the Company.

Subject to the provisions of Section 109B(3) of the Act and these Articles, the Board may register the relevant Shares or Debentures in the name of the nominee of the transferee as if the death of the registered holder of the Shares or Debentures had not occurred and the notice or transfer were a transfer signed by that shareholder or debenture holder, as the case may be.

A nominee on becoming entitled to Shares or Debentures by reason of the death of the holder, or joint holders shall be entitled to the same dividend and other advantages to which he would be entitled if he were the registered holder of the Share or Debenture, except that he shall not before being registered as holder of such Shares or Debentures, be entitled in respect of them to exercise any right conferred on member or Debenture holder in relation to Meetings of the Company.

The Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the Shares or Debentures, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses, interest or other moneys payable or rights accrued or accruing in respect of the relevant Shares or Debentures, until the requirements of the notice have been complied with.

49. Subject to the provisions of Articles 47 to 48, any person becoming entitled to Shares in consequence of the death, lunacy, bankruptcy or insolvency of any member, or by any lawful means other than by a transfer in accordance with these presents, may with the consent of the Board (which it shall not be under any obligation to give) upon producing such evidence that he sustains the character in respects of which he proposes to act under this article of his title, as the holder of the Shares or elect to have some person nominated by him and approved by the Board, registered as such holder, provided nevertheless, that if such person shall elect to have his nominee registered he shall testify the election by executing to his nominee an instrument of transfer in accordance with the provisions herein contained and until he does so, he shall not be freed from any liability in respect of the Shares.



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50. A person entitled to a Share by transmission shall, subject to the right of the Directors to retain such dividends or money as hereinafter provided, be entitled to receive and may give discharge for any dividends or other moneys payable in respect of the Share.
51. An instrument of transfer shall be in writing and all the provisions of Section 108 of the Act and of any statutory modification thereof for the time being, shall be duly complied with in respect of all transfer of Shares and the registration thereof.
52. Every instrument of transfer duly stamped must be accompanied by the certificate of Shares proposed to be transferred and such other evidence as the Board may require to prove the title of the transferor or his right to transfer the Shares.
53. No fee shall be charged for registration of transfer, transmission, probate, succession certificate and letters of administration, certificate of death or marriage, power of attorney or similar other document.
54. Every such instrument of transfer shall be executed both by transferor and the transferee and the transferor shall be deemed to remain the holder of such Share until the name of the transferee shall have been entered in the Register in respect thereof. The Board shall not issue or register a transfer of any Share in favour of a minor (except in cases when they are fully paid up).
55. The Board shall have power on giving seven days previous notice by advertisement in some newspaper circulating in the district in which the Office of the Company is situated to close the transfer books, the Register or Register of Debenture holders at such time or times and for such period or periods, not exceeding thirty days at a time and not exceeding in the aggregate forty-five days in each year, as it may deem expedient.
56. The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of Shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register) to the prejudice of persons having or claiming any equitable right, title or interest to or in the said Shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice, or deferred thereto, in any book of the Company, and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right title or interest, or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some book of the Company; but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto, if the Board shall so think fit.
57. (a) Subject to the provisions of Section 111A of the Act the Board may, at its 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 case the Board shall within one month from the date on which the instrument of transfer was lodged with the Company, send to the transferee and the transferor notice of the refusal to register such transfer provided that registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons, indebted to the Company on any account whatsoever, except when the Company has lien on Shares. The transfer of Shares or Debentures in whatever lot shall not be refused.  
(b) A member intending to sell any Share or Shares shall give notice of his intention to the Board, who shall offer any such Shares to all the members and may thereupon find one or more members willing to purchase the same. This shall be done within one month of receipt of such notice.  
(c) In case there are more than one purchaser's, they shall be entitled to purchase the Shares in proportion to their respective holdings in the Company on the date of such notice.
58. The price payable for the purchase of Shares, unless otherwise agreed, in such case shall be their fair value. This value will be determined by the Board.
59. In the event the Board fails to find a purchaser within the period specified in sub-clause (a) of Article 57, it shall register transfer of such Shares.
60. The right of pre-emption set out in Clauses 57 (b) to (e) of this Article shall not be enforced in case of transmission or transfer of Shares in favour to the heirs of a members or mother, father brother, sister, daughter-in-law of a member but shall apply if the transmission is in favour of third parties.



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61. The Company shall keep at its Office the Register and therein shall firmly and distinctly enter the particulars of every transfer or transmission of Shares. Subject to the provisions of Section 154 of the Act, the Board shall have power to close the Register for such periods, not exceeding forty five days in aggregate in a year and thirty days at any one time, as may seem expedient to them.

### **DEMATERIALISATION OF SECURITIES**

62. The provisions of this Article shall apply notwithstanding anything to the contrary contained in any other Articles.
- a) The Company shall be entitled to dematerialize securities and to offer securities in a dematerialized form pursuant to the Depositories Act, 1996.
  - b) Every holder of or subscriber to securities of the Company shall have the option to receive certificates for such securities or to hold the securities with a Depository. Such a person who is the Beneficial Owner of the securities can at any time opt out of a Depository, if permitted by law, in respect of any securities in the manner provided by the Depositories Act, 1996 and the Company shall, in the manner and within the time prescribed, issue to the Beneficial Owner the required certificates for the securities. If a person opts to hold his securities with the Depository, the Company shall intimate such Depository the details of allotment of the securities, and on receipt of the information, the Depository shall enter in its record the name of the allottee as the Beneficial Owner of the securities.
  - c) All securities held by a Depository shall be dematerialized and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply to a Depository in respect of the securities held by on behalf of the Beneficial Owners.
  - d)
    - (i) Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of securities of the Company on behalf of the Beneficial Owner.
    - (ii) Save as otherwise provided in (a) above, the Depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.
    - (iii) Every person holding securities of the Company and whose name is entered as the Beneficial Owner of securities in the record of the Depository shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of the securities which are held by a Depository and shall be deemed to be a member of the Company.
  - e) Notwithstanding anything contained in the Act or these Articles to the contrary, where securities of the Company are held in a Depository, the records of the Beneficiary Ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or discs.
  - f) Nothing contained in Section 108 of the Act or these Articles, shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as Beneficial Owners in the records of a Depository.
  - g) Notwithstanding anything contained in the Act or these Articles, where securities are dealt with by a Depository, the Company shall intimate the details thereof to the Depository immediately on allotment of such securities.
  - h) Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a Depository.
  - i) The Register and Index of Beneficial Owners maintained by a Depository under the Depositories Act, 1996 shall be deemed to be the Register and Index of Members and Security Holders for the purposes of these Articles.

### **DIVIDENDS**

63. The profits of the Company, subject to any special rights relating thereto created or authorized to be created by these Articles, 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.
64. The Company in General Meeting may declare Dividends to be paid to members according to their respective rights, but no Dividend shall exceed the amount recommended by the Board, but the Company in General Meeting may declare a smaller Dividend.



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65. No Dividend shall be declared or paid otherwise than out of the profits of the financial year arrived at after providing for depreciation in accordance, with the provisions of Section 205 of the Act or out of the profits of the Company for any previous financial year or years arrived at after providing for depreciation in accordance with these provisions and remaining undistributed or out of both, provided that;
- (a) if the Company has not provided for depreciation for any previous financial year or years, it shall, before declaring or paying a Dividend for any financial year, provide for such depreciation out of the profits of the financial year or years.
- (b) if the Company has incurred any loss in any previous financial year or years, the amount of the loss or any amount which is equal to the amount provided for depreciation for that year or those years whichever is less, shall be set off against the profits or the Company in the year for which the Dividend is proposed to be declared or paid or against the profits of the Company for any previous financial year or years arrived at in both cases after providing for depreciation in accordance with the provisions of sub-section (2) of Section 205 of the Act, or against both.
66. The Board may, from time to time, pay to the members such interim Dividend as in their judgment, the position of the Company justifies.
67. Where capital is paid in advance of calls, such capital may carry interest but shall not in respect thereof confer a right to Dividend or participate in profits.
68. All Dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the Shares during any portion or portions of the period in respect of which the Dividend is paid, but if any Share is issued on terms providing that it shall rank for Dividend as from a particular date, such Share shall rank for Dividend accordingly.
69. Anyone of several persons who are registered as joint-holders of any Share may give effectual receipts for all Dividends or bonus and payments on account of Dividends or bonus or other moneys payable in respect of such Shares.
70. No member shall be entitled to receive payments of any interest or Dividend in respect of his Share or Shares, while any money may be due or owing from him to the Company in respect of such Share or Shares or otherwise howsoever, either alone or jointly with any other person or persons and the Board may deduct from the interest or Dividend payable to any member all sums of money so due from him to the Company.
71. A transfer of Share shall not pass the right to any Dividend declared thereon before the registration of the transfer.
72. Unless otherwise directed, any Dividend may be paid by cheque or warrant or by a pay-slip or receipt having the force of a cheque or warrant sent through the post to the registered address of the member or person entitled or in case of joint-holders to that one of them first named in the Register in respect of the joint-holdings. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. The Company shall not be liable or responsible for any cheque or warrant or pay-slip or receipt lost in transmission, or for any Dividend lost to the member or person entitled thereto by the forged endorsement of any cheque or warrant or the forged signature of any pay-slip or receipt or the fraudulent recovery of the Dividend by any other means.
73. Where the Company has declared a Dividend but which has not been paid or the Dividend warrant in respect thereof has not been posted within 42 days from the date of declaration to any shareholder entitled to the payment of the Dividend the Company shall within 7 days from the date of expiry of the said period of 42 days, open a special account in that behalf in any scheduled bank called "Unpaid Dividend of B.L.Kashyap and Sons Limited" and transfer to the said account, the total amount of Dividend which remains unpaid or in relation to which no Dividend warrant has been posted.
74. Any money transferred to the unpaid Dividend account of the Company which remains unpaid or unclaimed for a period of three years from the date of such transfer, shall be transferred by the Company to the general revenue account of the Central Government. A claim to any money so transferred to the general revenue account may be preferred to the Central Government by the shareholders to whom the money is due.

## **CONVERSION OF SHARES INTO STOCK AND RECONVERSION**

81. The Company in General Meeting may convert any paid-up Shares into stock; and when any Shares shall have been converted into stock, the several holders of such stock may thenceforth transfer their respective interest therein, or any part of such interest, in the same manner and subject to the same regulations as, and subject to



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which the Shares from which the stock arose might have been transferred, if no such conversion had taken place or as near thereto as circumstances will admit. The Company may at any time re-convert any stock into paid-up Shares of any denomination.

82. The holders of stock shall, according to the amount of stock held by them have the same rights, privileges and advantages as regards dividends and voting at the Meetings of the Company, and other matters as if they held the Shares from which the stock arose; but no such privileges or advantages (except participation in the dividends and profits of the Company and in the assets of winding-up) shall be conferred by an amount of stock which would not, if existing in Shares, have conferred that privilege or advantage.

### **MEETING OF MEMBERS**

84. The Company shall in each year hold a General Meeting as its Annual General Meeting in addition to any other meetings in that year. All General Meetings other than Annual General Meeting shall be Extraordinary General Meetings. The first Annual General Meeting shall be held within eighteen months from the date of incorporation of the company and the next Annual General Meeting shall be held within six months after the expiry of the financial year in which the first Annual General Meeting was held and thereafter an Annual General Meeting of the Company shall be held within six months after the expiry of each financial year, provided that not more than fifteen months shall elapse between the date of one Annual General Meeting and that of the next. Nothing contained in the foregoing provisions shall be taken as affecting the right conferred upon the Register under the provisions of Section 166(1) of the Act to extend the time within which any Annual General Meeting may be held. Every Annual General Meeting shall be called for on a time during business hours, on a day that is not a public holiday, and shall be held in the Office of the Company or at some other place within the city in which the Office of the Company is situated as the Board may determine and the notices taling the General Meeting shall specify it as the Annual General Meeting. The Company may in anyone Annual General Meeting fix the time for its subsequent Annual General Meeting. Every member of the Company shall be entitled to attend either in person or by proxy and the Auditor of the Company shall be entitled to attend and to be heard at any General Meeting which he attends on any part of the business, concerns him as Auditor. At every Annual General Meeting of the Company there shall be laid on the table the Directors' report (if not already attached in the Audited statement of Accounts), the proxy register with proxies and the register of Directors' share holdings of which the latter register shall remain open and accessible during the continuance of the General Meeting. The Board shall cause to be prepared the annual list of members, summary of the share capital, Balance Sheet and Profit and Loss Account and forward the same to the Registrar of Companies in accordance with Sections 159, 161 and 220 of the Act.
85. The Board may, whenever it thinks fit, call an Extraordinary General Meeting and it shall do so upon a requisition in writing by any member or members holding in the aggregate not less than one-tenth of such of the paid-up capital as at the date carries the right of voting in regard to the matter in respect of which the requisition has been made.
86. Any valid requisition so made by members must state the objects of the Meeting proposed to be called and must be signed by the requisitionists and be deposited at the Office provided that such requisition may consist of several documents in file form each signed by one or more requisitionists.
87. Upon the receipt of any such requisition, the Board shall forthwith call an Extraordinary General Meeting, and if they do not proceed within twenty-one days from the date of the requisition being deposited at the Office to cause a Meeting to be called on a day not later than forty-five days from the date of deposit of the requisition, the requisitionists, or such of their number as represents either a majority in value, of the paid-up share capital of the Company as is referred to in Section 169(4) of the Act, which ever is less, may themselves call the Meeting, but in either case, any Meeting so called shall be held within three months from the date of the delivery of the requisition as aforesaid.
88. Any Meeting called under the foregoing Articles by the requisitionists shall be called in the same manner, as nearly as possible, as that in which General Meetings are to be called by the Board.
89. Twenty-one days' notice at least or a shorter notice thereof subject however to the provisions of Sections 171, 190 and 219 of the Act of every General Meeting, Annual or Extraordinary and by whosoever called, specifying the day, place and hour of Meeting, and the general nature of the business to be transacted thereat, shall be given in the manner hereinafter provided, to such persons as are under these Articles entitled to receive notice from the Company. Provided that in the case of an Annual General Meeting with the consent in writing of all the members entitled to vote thereat and in the case of any other Meeting, with the consent of members holding not less than 95 percent of such part of the paid up Share capital of the Company as gives a right to vote at the Meeting any be convened by a shorter notice. In case of an Annual General Meeting, if any business other than



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- (i) the consideration of the accounts, balance sheets and reports of the board of Directors and Auditors
- (ii) the declaration of Dividend,
- (iii) the appointment of Directors in place of those retiring
- (iv) the appointment of and fixing of remuneration of the Auditors, is proposed to be transacted then in that event there shall be annexed to the notice of the General Meeting a statement setting out all material facts concerning each such item of business including, in particular, the nature of concern or interest, if any, therein of every Director, and the manager (if any).

Where any such item of special business relates to or affects any other Company, the extent of shareholding interest in other company of every Director and the manager, if any, of the Company shall also be set out in the statement if the extent of such Share holding interest is not less than 20 percent of the paid-up share capital of that other company Where any item of business consists of the according of approval to any document by the Meeting, the time and place where the document can be inspected shall be specified in the statement aforesaid.

- 90. The accidental omission to give any such notice as aforesaid to any of the members or the non receipt thereof, shall not invalidate the holding of the General Meeting or any resolution passed at any such General Meeting.
- 91. No General Meeting, Annual or Extraordinary, shall be competent to enter upon discuss or transact any business which has not been mentioned in the notice or notices upon which it was convened.
- 92. Two members present in person shall be quorum for a General Meeting.
- 93. A body corporate being a member shall be deemed to be personally present if it is represented in accordance with Section 187 of the Act.
- 94. If, at the expiration of half an hour from the time appointed for holding a Meeting of the Company, a quorum shall not be present, the General Meeting, if convened by or upon the requisition of members shall stand dissolved, but in any other case the Meeting shall stand adjourned to the same day in the next week or, if that day is a public holiday, until the next succeeding day which is not a public holiday, at the same time and place, or to such other day and at such other time and place in the city or town in which the Office of the Company is for the time being situate as the Board may determine and if at such adjourned Meeting a quorum is not present at the expiration of half an hour from the time appointed for holding the Meeting, the members present shall be quorum and may transact the business for which the Meeting was called.
- 95. The Chairman (if any) of the Board shall be entitled to take the chair at every General Meeting, whether Annual or Extraordinary, if there be no such Chairman of the Board, or if at any Meeting he shall not be present within fifteen minutes of the time appointed for holding such Meeting, or if he shall be unable or unwilling to take the Chair, then the Directors present may choose one of their member to be the Chairman of the General Meeting. If no Director be present or if all the Directors present decline to take the chair, then the Members present shall elect one of their number to be Chairman.
- 96. The Chairman with the consent of the members may adjourn any Meeting from time to time and from place to place in the city in which it is held but, no business shall be transacted at any adjourned Meeting other than the business, left unfinished at the Meeting from which the adjournment took place.
- 97. At any General Meeting a resolution put to vote at the Meeting shall be decided on a show of hands, unless a poll is before or on the declaration of the result of the show of hands, demanded by at least five members having the right to vote on the resolution and present in person or by proxy, or by the Chairman of the Meeting or by any member or members holding not less than one-tenth of the total voting power in respect of the resolution or by any member or members present in person or by proxy and holding Shares in the Company conferring a right to vote on the resolution, being Shares on which an aggregate sum has been paid-up on all the Shares conferring that right and unless a poll is demanded, a declaration by the Chairman that a resolution has on a show of hands, been carried unanimously, or by a particular majority, or lost, and an entry to that effect in the minute book of the Company shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of or against the resolution.
- 98. In the case of an equality of votes, the Chairman shall, both on a show of hands and at a poll (if any), have a casting vote in addition to the vote or votes to which he may be entitled as a member.
- 99. If a poll is demanded as aforesaid, the same shall, subject to Article 89 be taken at such time (not later than forty-eight hours from the time when the demand was made) and place in the city or town in which the Office of the Company is for the time being situate and either by open voting or by ballot, as the Chairman shall direct,



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and either at once or after an interval or adjournment or otherwise, and the result of the poll shall be deemed to be the resolution of the General Meeting at which the poll was demanded. The demand for a poll may be withdrawn at any time by the person or persons who made the demand.

100. Where a poll is to be taken, the Chairman of the Meeting shall appoint two scrutinizers to scrutinize the vote given on the poll and to report thereon to him. One of the scrutinizers so appointed shall always be a member (not being an officer or employee of the Company) present at the Meeting provided such member is available and willing to be appointed. The Chairman shall have power at any time before the result of the poll is declared to remove a scrutinizer from office and fill vacancies in the office of scrutinizer from such removal or from any other cause.
101. Any poll duly demanded on the election of Chairman of a Meeting or on any question of adjournment shall be taken at the Meeting forthwith.
102. The demand for a poll except on the questions of the election of the Chairman and of an adjournment shall not prevent the continuance of a Meeting for the transaction of any business other than the question on which the poll has been demanded.

### **VOTE OF MEMBERS**

103. No member shall be entitled to vote either personally or by proxy, at any General Meeting or meeting of a class of shareholders, either upon a show of hands or upon a poll in respect of any Shares registered in his name on which any calls or other sums presently payable by him have not been paid or, in regard to which the Company has, and has exercised any right of lien.
104. Subject to the provisions of these Articles and without prejudice to any special privileges or restrictions as to voting for the time being attached to any class of Shares for the time being forming part of the capital of the Company, every member not disqualified by the last preceding Article shall be entitled to be present, and to speak and vote at such Meeting, and on a show of hands every member present in person shall have one vote and upon a poll the voting rights of every member present in person or by proxy shall be in proportion to his Shares of the paid-up equity share capital of the Company. Provided, however, if any preference shareholder be present at any Meeting of the Company, save as provided in clause (b) of sub-section (2) of Section 87, he shall have a right to vote only on resolutions placed before the Meeting which directly affect the rights attached to his preference Shares.
105. On a poll taken at Meeting of the Company a member entitled to more than one vote, or his proxy or other person entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes he used or may abstain from voting.
106. A member of unsound mind or in respect of whom an order has been made by any Court having jurisdiction in lunacy may vote whether on a show of hands or on a poll, by his committee or other legal guardian and any such committee or guardian may on poll vote by proxy, if any member be a minor, the vote in respect of his Share or Shares shall be by his guardian, or any of his guardians, if more than one, to be selected in case of dispute by the Chairman of the Meeting.
107. If there be joint holders of any Shares, anyone of such person may vote at any Meeting or may appoint another person (whether a member or not) as his proxy in respect of such Shares, as if he were solely entitled thereto by the proxy so appointed shall not have any right to speak at the Meeting and, if more than one of such joint holders be present at any Meeting that one of the said persons so present whose name stands higher on the Register shall alone be entitled to speak and to vote in respect of such Shares, but the other joint-holder(s) shall be entitled to be present at the Meeting. Several executors or administrators of a deceased member in whose name Shares stand shall for the purpose of these Articles to be deemed joint holders thereof.
108. Subject to the provisions of these Articles, votes may be given either personally or by proxy. A body corporate being a member may vote either by a proxy or by a representative duly authorised in accordance with Section 187 of the Act, and such representative shall be entitled to exercise the same rights and powers (including the rights to vote by proxy) on behalf of the body corporate which he represents as the body could exercise if it were an individual member.
109. Any person entitled under Article 50, to transfer any Share may vote at any General Meeting in respect thereof in the same manner, as if he were the registered holder of such Shares, provided that forty eight hours at least before the time of holding the Meeting or adjourned Meeting, as the case may be at which he proposes to vote he shall satisfy the Directors of his right to transfer such Shares and give such indemnity (if any) as the Directors





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may require or the Directors shall have previously admitted his right to vote at such Meeting in respect thereof.

110. Every proxy (whether a member or not) shall be appointed in writing under the hand of the appointer or his attorney, or if such appointer is a corporation under the common seal of such corporation, or be signed by an officer or any attorney duly authorised by it, and any Committee or guardian may appoint such proxy. The proxy so appointed shall not have any right to speak at the Meeting.
111. An instrument of proxy may appoint a proxy either for the purpose of a particular Meeting specified in the instrument and any adjournment thereof or it may appoint for the purpose of every Meeting of the Company, or of every Meeting to be held before a date specified in the instrument and every adjournment of any such Meeting.
112. A member present by proxy shall be entitled to vote only on a poll.
113. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarized copy of that power or authority shall be deposited at the Office not later than forty eight hours before the time for holding the Meeting at which the person named in the instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid. 'No instrument appointing a proxy shall be valid after the expiration of twelve months from the date of its execution.
114. Every instrument of proxy whether for a specified Meeting or otherwise shall, as nearly as circumstances will admit, be in any of the forms set out in Schedule IX of the Act.
115. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the proxy or any power of attorney under which such proxy was signed, or the transfer of the Share in respect of which the vote is given, provided that no intimation in writing of the death or insanity, revocation or transfer shall have been received at the Office before the Meeting.
116. No objection shall be made to the validity of any vote, except at any Meeting or poll at which such vote shall be tendered, and every vote whether given personally or by proxy, not disallowed at such Meeting or poll shall be deemed valid for all purposes of such Meeting or poll whatsoever.
117. Notwithstanding any thing contained in the foregoing, the Company shall transact such business, as may be specified by the Central Government from time to time, through the means of postal ballot. In case of resolutions to be passed by postal ballot, no Meeting need to be held at a specified time and space requiring physical presence of members to form a quorum. Where a resolution will be passed by postal ballot the Company shall, in addition to the requirements of giving requisite clear days notice, send to all the members the following:
  - a. Draft resolution and relevant explanatory statement clearly explaining the reasons thereof.
  - b. Postal ballot for giving assent or dissent, in writing by members and
  - c. Postage prepaid envelope (by registered post) for communicating assents or dissents on the postal ballot to the Company with a request to the members to send their communications within 30 days from the date of despatch of notice.
118. The Company shall also follow such procedure, for conducting vote by postal ballot and for ascertaining the assent or dissent, as may be prescribed by the Act and the relevant Rules made there under.
119. The Chairman of any Meeting shall be the sole judge of the validity of every vote tendered at such Meeting. The Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.

### **MINUTES**

120. The Board shall respectively cause minutes of all proceedings of General Meetings and of all proceedings at meetings of the Board or of committee of the Board to be duly entered in books to be maintained for that purpose in accordance with Section 193 of the Companies Act, 1956.
121. The minutes of each meeting shall contain:
  - (a) The fair and correct summary of the proceedings thereat
  - (b) Each page of every such book shall be initialed or signed and the last page of the record of proceedings of such meeting in such books shall be dated and signed by the Chairman of the same meeting or in the event of the death or liability of that Chairman within that period, by a Director duly authorised by the Board for the purpose.



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- (c) In no case the minutes of proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise.
- (d) The names of the Directors present at the meeting, in case of meeting of the Board or Committee of Board.
- (e) The names of the Directors, if any, dissenting from or not consenting to the resolution, in the case of each resolution passed at the meeting of Board or Committee of Board.
- (f) All appointments of officers made at any meeting.
- (g) Any such minutes shall be evidence of the proceedings recorded therein.
- (h) The book containing the minutes of proceedings of General Meetings shall be kept at the Office of the Company and shall be open during business hours for such periods not being less in the aggregate than two hours in each day as the Directors determine, to the inspection of any member without charge.

### **CAPITALISATION OF RESERVES**

150. Any General Meeting may resolve that any moneys, investments, or other assets forming part of undivided profits of the Company standing to the credit of the Reserves, or any Capital Redemption Reserve Fund, in the hands of the Company and available for dividend or representing premiums received on the issue of Shares and standing to the credit of the Share Premium Account be capitalized and distributed amongst such of the members as would be entitled to receive the same if distributed by way of dividend slid in the same proportions on the footing that they become entitled thereto as capital and that all or any part of such capitalized fund be applied on behalf of such members in paying up in full any unissued Shares, Debentures of the Company which shall be distributed accordingly or in or towards payment of the uncalled liability on any issued shares, slid that such distribution or payment shall be accepted by such members in full satisfaction of their interest in the said capitalized sum. Provided that any sum standing to the credit of a Share Premium Account or a 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.
151. A General Meeting may resolve that any surplus money arising from the realization of any capital asset of the Company or any investments representing the same, or any other undistributed profits of the Company not subject to charge for income tax, be distributed among the members on the footing that they receive the same as capital.
152. For the purpose of giving effect to any resolution under the two last preceding articles hereof the Board may settle which may arise in regard the distribution as it thinks expedient and in particular may issue fractional certificates, and may fix the value of distribution of any specific assets and may determine that cash payment shall be made to any members upon the footing of the value so fixed in order to adjust the rights of all parties and may vest such cash or specific assets in trustees upon such trusts for the persons entitled to the Board. Where requisite, a proper contract shall be filed in accordance with Section 75 of the Act, and the Board may appoint any person to sign such contract on behalf of the person entitled to the. Dividend or capital fund, and such appointment shall be effective.

### **NOTICE**

153. A notice of documents may be given or served by the Company to any member either personally or by sending it by post to him at his registered address or, if it has no registered address in India, at the address, if any which is supplied by him to the Company for the purpose of giving notice to him.
154. The Company shall comply with the provisions of Sections 51 and 53 of the Companies Act 1956.

### **WINDING UP**

156. a) If the Company shall be wound up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Act, divide amongst the members, in specie or kind or otherwise, the whole of or any part of the assets of the Company, whether they shall consist of property of the same kind or not.
- b) For the purpose, the aforesaid 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 or different classes of members.
- c) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributors as that liquidator shall think fit but so that no member shall be compelled to accept any Shares or such other securities whereon there is any liability.

**MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION**

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by us. These contracts, copies of which have been attached to the copy of the Red Herring Prospectus, delivered to the ROC for registration and also the documents for inspection referred to hereunder, may be inspected at the corporate office of our Company situated at A-21/B 1, Mohan Cooperative Industrial Estate, Mathura Road, New Delhi 110 044, India. from 10.00 am to 4.00 pm on working days from the date of the Red Herring Prospectus until the Bid/Issue Closing Date.

**Material Contracts**

1. Letter of appointment dated November 7, 2005 to Edelweiss Capital Limited from our Company appointing them as the BRLM.
2. Memorandum of understanding dated December 23, 2005 between us and the BRLM.
3. Memorandum of understanding dated December 20, 2005 executed by us with Registrar to the Issue.
4. Stabilising Agreement dated December 23, 2005 between us, the Green Shoe Lender and the Stabilising Agent.
5. Escrow Agreement dated February 7, 2006 between us, the BRLM, Escrow Collection Banks and the Registrar to the Issue.
6. Syndicate Agreement dated February 7, 2006 between us, the BRLM and Syndicate Member.
7. Underwriting Agreement dated [-] between us, the BRLM and the Syndicate Member.

**Material Documents**

1. Our Memorandum and Articles of Association as amended till date.
2. Our certificate of incorporation dated May 8, 1989.
3. Shareholders' resolutions dated December 14, 2005 in relation to this Issue and other related matters.
4. Resolutions of the committee of the Board dated December 26, 2005, February 7, 2006 and [-] approving the Draft Red Herring Prospectus, Red Herring Prospectus and the Prospectus.
5. Resolutions of the general body for appointment and remuneration of our whole-time Directors.
6. Report of the statutory Auditors, M/s. Sood Brij & Associates, Chartered Accountants, prepared as per Indian GAAP and mentioned in this Red Herring Prospectus.
7. Copies of annual reports of our Company and our subsidiaries.
8. Consents of the Auditors, being M/s. Sood Brij & Associates, Chartered Accountants, for inclusion of their report on accounts and statement of tax benefits in the form and context in which they appear in this Red Herring Prospectus.
9. General power of attorney executed by the Directors of us in favour of person(s) for signing and making necessary changes to this Red Herring Prospectus and other related documents.
10. Consents of Auditors, Bankers to the Company, BRLM, Syndicate Member, Registrar to the Issue, Escrow Collection Banks, Bankers to the Issue, domestic legal counsel to the Issue, our Directors, Company Secretary and Compliance Officer, as referred to, in their respective capacities.
11. Applications dated December 26, 2005 for in-principle listing approval from the BSE and NSE, respectively.
12. In-principle listing approval dated February 1, 2006 and February 3, 2006 from the BSE and NSE, respectively.
13. Tripartite agreement between NSDL, us and the Registrar to the Issue dated February 6, 2006.
14. Tripartite agreement between CDSL, us and the Registrar to the Issue dated February 6, 2006.
15. Due diligence certificate dated December 26, 2005 to SEBI from Edelweiss Capital Limited.
16. SEBI observation letter CFD/DIL/ISSUES/PB/PR/59520/2006 dated February 2, 2006.

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 us 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.

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**DECLARATION**

All the relevant provisions of the Companies Act 1956, 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 Securities and Exchange Board of India Act, 1992, 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, 1956, the Securities and Exchange Board of India Act, 1992 or rules made thereunder or guidelines issued, as the case may be. We and the signatories mentioned below further certify that all statements in this Red Herring Prospectus are true and correct.

**SIGNED BY ALL DIRECTORS**

Mr. Vinod Kashyap

Mr. Vineet Kashyap

Mr. Vikram Kashyap

Mr. Justice C. K. Mahajan (Retd.)

Mr. H. N. Nanani

Mr. Naveen Jain

Date : February 7, 2006

Place: New Delhi