

Red Herring Prospectus

Dated: June 1, 2007

Please read Section 60B of the Companies Act, 1956

100% Book Built Issue



Roman Tarmat Limited

(Our Company was incorporated as Jerry Varghese Constructions Private Limited on 3rd January, 1986. The name of our Company was changed to Tarmat Infrastructural & Engineering Private Limited with effect from 12th September 1994. The name of our Company was further changed to Roman Tarmat Private Limited with effect from 17th October 2005 and was converted into a Public Limited Company on 2nd December 2005)

Registered Office: Tank Road, Off. Gen Vaidya Marg, Goregaon (East), Mumbai – 400 063, India

Tel.: +91-22-2840 2130 / 1180 **Fax.:** + 91-22-2840 0322 **Website:** www.romantarmat.com

Corporate Office: Tarmat Chambers, Sector –24, Plot No. 19, Sanpada, Navi Mumbai –400 705, India.

Tel.: 91-22-2783 1334 / 1328; **Fax:** 91-22-2783 3872 **E mail:** ipo@romantarmat.com

Contact Person: Mr. Neeraj Rai Company Secretary & Compliance Officer

PUBLIC ISSUE OF 29,00,000 EQUITY SHARES OF RS 10/- EACH FOR CASH AT A PRICE OF RS [●] PER EQUITY SHARE, AGGREGATING RS [●] LAKHS (THE "ISSUE"). THE ISSUE COMPRISES A RESERVATION OF 1,00,000 EQUITY SHARES OF RS. 10/- EACH AGGREGATING RS. [●] LAKHS FOR ELIGIBLE EMPLOYEES (THE "EMPLOYEE RESERVATION PORTION"), AND NET ISSUE OF 28,00,000 EQUITY SHARES OF RS. 10/- EACH AGGREGATING RS. [●] LAKHS. THE ISSUE WOULD CONSTITUTE 26.46% OF THE FULLY DILUTED POST ISSUE PAID-UP CAPITAL OF THE COMPANY

PRICE BAND: RS 150 TO 175 PER EQUITY SHARE OF FACE VALUE OF RS 10/- EACH

THE ISSUE PRICE IS 15 TIMES THE FACE VALUE AT THE LOWER END OF THE PRICE BAND AND 17.50 TIMES THE FACE VALUE AT THE HIGHER END OF THE PRICE BAND

This Issue is being made through a 100% Book Building Process wherein not more than 50% of the Net Issue to Public shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("QIBs"). 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only and the remainder shall be available for allotment on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. Further, not less than 15% of the Net Issue to Public shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Net Issue to Public 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.

In case of revision in the Price Band, the Bidding/Issue Period shall be extended for 3 additional working days after such revision, subject to the Bidding / Issue Period not exceeding 10 working days. Any revision in the Price Band, and the revised Bidding/Issue Period, if applicable, shall be widely disseminated by notification to the Bombay Stock Exchange Limited and National Stock Exchange, by issuing a press release and by indicating the change on the websites of the Book Running Lead Managers ("BRLMs") and the terminals of the member of the Syndicate.

RISK IN RELATION TO THE FIRST ISSUE

This being the first issue of the Equity Shares of Roman Tarmat Limited ("the Company"), there has been no formal market for the Equity Shares of the Company. The face value of the Equity Shares of the Company is Rs. 10/- per share and the Issue Price of Rs. [●] per share is [●] times of the face value of the Equity Shares of the Company. The Issue Price (as has been determined and justified by the Book Running Lead Managers and the Company as stated herein under the paragraph 'Basis of Issue Price') should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and / or sustained trading in the Equity Shares of the Company or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity related securities involve a degree of risk and investors should not invest any funds in this 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 iii of this Red Herring Prospectus.

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 National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE). The in-principle approvals of NSE and BSE for listing of Equity Shares of the Company have been received pursuant to letters dated January 12, 2007 and January 12, 2007, respectively. NSE shall be the Designated Stock Exchange for the purpose of this Issue.

IPO GRADING

Our Company has not opted for grading of this Issue from any rating agency.

BOOK RUNNING LEAD MANAGERS



ALLIANZ SECURITIES LIMITED
33, Vaswani Mansion, 6th Floor,
Dinshaw Vachha Road, Churchgate,
Mumbai-400020
Phone: +91-22-2287 0580
Fax: +91-22 2287 0581
Email: romantarmat@asfinancial.com
Investor Grievance Email Id :
complaint@almondz.com
Website: www.asfinancial.com
Contact Person: Mr. Sunit Shangle



DARASHAW & COMPANY PRIVATE LIMITED
1204-05, Regent Chambers, 12th Floor,
Nariman Point, Mumbai – 400 021
Phone: +91-22- 6630 6612
Fax: +91-22- 6747 0549
Email: romantarmat@darashaw.com
Investor Grievance Email Id:
romantarmat@darashaw.com
Website: www.darashaw.com
Contact Person: Ms.Manisha Lakhotiya

REGISTRAR TO THE ISSUE



BIGSHARE SERVICES PRIVATE LIMITED
E/2,Ansa Industrial Estate,
Saki Vihar Road, Andheri (E),
Mumbai-400 072.
Phone: +91-22 2847 0652/0653
Fax: +91-22 2847 5207
E-mail: romantarmat@bigshareonline.com
Website: www.bigshareonline.com
Contact Person: Mr. Subodh M Adarkar

BID/ISSUE PROGRAM

BID/ISSUE OPENS ON : June 12, 2007

BID/ISSUE CLOSES ON : June 19, 2007

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SECTION I - GENERAL

DEFINITIONS AND ABBREVIATIONS

DEFINITIONS

| Term | Description |
|---|---|
| “Roman Tarmat Limited” or “RTL” or “the Company” or “Our Company” | Roman Tarmat Limited, a public limited company incorporated under the Companies Act, 1956 with its registered office at Tank Road, Off. Gen Vaidya Marg, Goregaon (East), Mumbai – 400 063, India |
| “We” or “us” or “our” | Unless the context otherwise require, refers to Roman Tarmat Limited |

General / Conventional Terms

| Terms | Description |
|--|--|
| Articles / Articles of Association | Articles of Association of Roman Tarmat Limited |
| Auditors | The statutory auditors of Roman Tarmat Ltd viz., M/s Hegde & Associates, Chartered Accountants 61/2695, Gandhi Nagar, Bandra (E), Mumbai - 400 051 |
| Board of Directors / Board | The Board of Directors of Roman Tarmat Ltd |
| Companies Act | The Companies Act, 1956, as amended from time to time |
| Depositories Act | The Depositories Act, 1996, as amended from time to time |
| Director(s) | Director(s) of Roman Tarmat Limited, unless otherwise specified |
| Equity Shares | Equity Shares of the Company of face value of Rs. 10 each unless otherwise specified in the context thereof |
| GIR Number | General Index Registry Number |
| HUF | Hindu Undivided Family |
| Indian GAAP | Generally Accepted Accounting Principles in India |
| MOA / Memorandum / Memorandum of Association | The Memorandum of Association of Roman Tarmat Limited |
| Non Residents | A person resident outside India, as defined under FEMA. |
| NRIs / Non-Resident Indians | A person resident outside India, as defined under FEMA and who is a citizen of India or a Person of Indian Origin under FEMA (Transfer or Offer of Security by a Person Resident Outside India) Regulations, 2000 |
| Person or Persons | Any individual, sole proprietorship, unincorporated association, unincorporated organization, body corporate, corporation, company, partnership, limited liability company, joint venture, or trust or any other entity or organization validly constituted and/or incorporated in the jurisdiction in which it exists and operates, as the context requires |
| Promoters | Mr. Jerry Varghese, Mrs. Saramma Varghese, Mr. Dilip Varghese and M/s. Tarmat Holdings Private Limited |
| Registered Office | Tank Road, Off. Gen Vaidya Marg, Goregaon (East), Mumbai – 400063, India |
| SEBI | Securities and Exchange Board of India constituted under the SEBI Act, 1992 |
| SEBI Act | Securities and Exchange Board of India Act, 1992, as amended from time to time |
| SEBI Guidelines | SEBI (Disclosure and Investor Protection) Guidelines, 2000 issued by SEBI on January 27, 2000, as amended, including instructions and clarifications issued by SEBI from time to time |
| SEBI Takeover Regulations | Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997, as amended from time to time |
| Stock Exchanges | Bombay Stock Exchange Limited and National Stock Exchange of India Limited |

Issue Related Terms and Abbreviations

| Terms | Description |
|-------------------------------------|--|
| Allianz | Allianz Securities Limited, |
| Allotment / Allocation | Unless the context otherwise requires, the issue and the allotment/ allocation of Equity Shares pursuant to this Issue |
| Allottee | The successful Bidder to whom the Equity Shares are issued |
| Banker(s) / Escrow to the Issue | ICICI Bank Limited, Hongkong and Shanghai Banking Corporation, Standard Chartered Bank and Vijaya Bank |
| Bid | An indication to make an offer during the Bidding / Issue Period by a prospective investor to subscribe to our Equity Shares at a price within the Price Band, including all revisions and modifications thereto. |
| Bid Amount | The highest value of the optional Bids indicated in the Bid-cum-Application Form and payable by the Bidder on submission of the Bid in the Issue. |
| Bid/Issue Closing date | The date after which the Syndicate Members will not accept any Bids for the Issue, which shall be notified in a English National Newspaper, a Hindi National Newspaper and a Marathi Newspaper with wide circulation. |
| Bid/Issue Opening Date | The date on which the Syndicate Members shall start accepting Bids for the Issue, which shall be the date notified in a English National Newspaper, Hindi National Newspaper and a Marathi Newspaper with wide circulation. |
| Bid- cum- Application Form | The form in terms of which the bidder shall make an offer to purchase Equity Shares of our Company, 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 Period/ Issue Period | The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids. |
| Book Building Process | Book Building route as provided in Chapter XI of the SEBI Guidelines, in terms of which the Issue is being made. |
| BRLMs/Book Running LeadManagers | Book Running Lead Managers to the Issue, in this case being Allianz Securities Limited and Darashaw & Company Private Limited |
| CAN/Confirmation of Allocation Note | The note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares after discovery of the Issue Price in accordance with the Book Building Process. |
| Cap Price | The upper end of the Price Band, above which the Issue Price will not be finalized and above which no Bids will be accepted. |
| Cut-off Price | The Issue Price finalized by our Company in consultation with the BRLMs and it shall be any price within the price band. Only Retail Individual Bidders are entitled to bid at Cut-off Price, for a Bid Amount not exceeding Rs.1,00,000. Qualified Institutional Buyers and Non-Institutional Bidders are not entitled to bid at Cut-off Price. |
| Darashaw | Darashaw & Company Private Limited |
| Designated Date | The date on which Escrow Collection Banks transfer the funds from the Escrow Account to the Issue Account, after the Prospectus is filed with the RoC, following which the Board of Directors shall allot Equity Shares to successful bidders |
| Depositories Act | The Depositories Act 1996, as amended from time to time |
| Depository | A body corporate registered under the SEBI (Depositories and Participants) Regulations, 1996, as amended from time to time |
| Depository Participant | A Depository Participant as defined under the Depositories Act. |

| Terms | Description |
|---|---|
| Designated Stock Exchange | The National Stock Exchange of India Limited. |
| Draft Red Herring Prospectus/ Draft RHP/DRHP | Draft Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, which does not have complete particulars on the price at which the Equity Shares are offered and number of Equity Shares in this Issue. It will become a Red Herring Prospectus after filing with the Registrar of Companies, Maharashtra at least three days before the opening of this Issue. It will become a Prospectus after filing with the Registrar of Companies, Maharashtra, after the Pricing Date. |
| Equity Shares | Equity shares of our Company of face value of Rs.10/- each, unless otherwise specified |
| Employees | All or any of the following: (a) a permanent employee of the company as of April 30,2007 and based, working and present in India as on the date of submission of the Bid cum application form. (b) a Director of the Company, whether a whole time director, part time director or otherwise, except any promoters or members of the promoter group, as on the date of the Red Herring Prospectus and based and present in India as on the date of submission of the bid cum application form. |
| Eligible Employees | Permanent Employees of Roman Tarmat Limited who are on payroll of the Company as on April 30, 2007. |
| Employee Reservation portion | The portion of the Issue being a maximum of 1, 00,000 Equity Shares available for allocation to Eligible Employees. |
| Escrow Account | Account opened with the Escrow Collection Bank(s) for the Issue and in whose favour the Bidder will issue cheques or drafts in respect of the Bid Amount when submitting a Bid |
| Escrow Agreement | Agreement entered into amongst the Company, the Registrar, the Escrow Collection Bank(s), the BRLMs and the Syndicate Members for collection of the Bid Amounts and for remitting refunds (if any) of the amounts collected, to the Bidders |
| Escrow Collection Bank(s) | The banks which are clearing members and registered with SEBI as Bankers to the Issue at which the Escrow Account will be opened. |
| First Bidder | The bidder whose name appears first in the Bid cum Application Form or Revision Form |
| Floor Price | The lower end of the Price Band, below which the Issue Price will not be finalized and below which no Bids will be accepted |
| IPO | Initial Public Offering |
| Issue Price | The final price at which the Equity Shares will be allotted in terms of the Red Herring Prospectus, as determined by the Company in consultation with BRLMs on the Pricing Date |
| 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. |
| Margin Amount | The amount paid by the Bidder at the time of submission of his/her Bid, which may be 10% or 100% of the Bid Amount, depending on the category of the Bidder. |
| Mutual Funds | Mutual funds registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996. |
| Mutual Funds Portion | 5% of the QIB portion or 70,000 Equity Shares available for allocation to Mutual Funds only, out of the QIB Portion |
| Net Issue | The Issue of Equity Shares other than Equity Shares included in the Employee Reservation Portion, aggregating 28,00,000 Equity Shares |
| Non-Institutional Portion | The portion of this Net Issue being at least 4, 20,000 Equity Shares of Rs. 10 each, available for allocation to Non Institutional Bidders. |

| Terms | Description |
|---------------------------------------|---|
| Non-Institutional Bidders | All Bidders that are not eligible Qualified Institutional Buyers for this Issue, including affiliates of BRLMs and Syndicate Members, or Retail Individual Bidders and who have bid for an amount more than Rs. 100,000. |
| Pay-in-Date | Bid / Issue Closing Date or the last date specified in the CAN sent to Bidders, as applicable |
| Pay-in-Period | Means:(i) with respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid/ Issue Opening Date and extending until the Bid/Issue Closing Date; and(ii) with respect to QIBs, whose Margin Amount is 10% of the Bid Amount, the period commencing on the Bid/Issue Opening Date and extending until the closure of the Pay-in Date. |
| Price Band | Price band of a minimum price of Rs. 150 per Equity Share (Floor Price) and the maximum price of Rs. 175 per Equity Share (Cap Price), both inclusive and includes revisions thereof |
| Pricing Date | The date on which the Company, in consultation with the BRLMs, finalizes the Issue Price |
| Prospectus | The Prospectus to be filed with the RoC containing, inter alia, the Issue Price that is determined at the end of the Book Building process, the size of the Issue and certain other information |
| Public Issue/Issue | Initial Public Issue of 29,00,000 Equity Shares of Rs 10/- each for cash at a price of Rs. [●] per Equity Share, aggregating Rs [●] Lakhs (The "Issue"). The Issue comprises a reservation of 1,00,000 Equity Shares of Rs. 10/- each aggregating Rs. [●] Lakhs for Eligible Employees (The "Employee Reservation Portion") and Net Issue of 28,00,000 Equity Shares of Rs. 10/- each for cash at a price of [●] per equity share aggregating Rs. [●] Lakhs. The Issue would constitute 26.46% of the fully diluted post issue paid-up capital of the Company |
| Qualified Institutional Buyers orQIBs | Public financial institutions as specified in Section 4A of the Companies Act, FIs registered with SEBI, scheduled commercial banks, mutual funds registered with SEBI, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds (subject to applicable law) 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 that QIBs are required to pay at the time of submitting their Bid. |
| QIB Portion | The portion of the Net Issue being not more than 14,00,000 Equity Shares of Rs. 10/- each available for allocation to QIB bidders |
| Red Herring Prospectus or RHP | 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 issued and the size of Issue. The Red Herring Prospectus will be filed with the RoC at least three days before the Bid/Issue Opening Date and will become a Prospectus after filing with the RoC after pricing date. |
| Refund Account | Account opened with an Escrow Collection Bank, from which refunds of the whole or part of the Bid Amount, if any, shall be made. |
| Registrar/Registrar to the Issue | Bigshare Services Private Limited |
| Retail Individual Bidders | Individual Bidders (including HUFs and NRIs) who have made their bid for Equity Shares for a cumulative amount of not more than Rs. 100,000. |
| Retail Portion | The portion of the Net Issue being 9,80,000 Equity Shares of Rs. 10/- each, available for allocation to Retail Individual Bidder(s) |
| Revision Form | The form used by the Bidders to modify the quantity of Equity Shares or the Bid Amount in any of their Bid-cum-Application Forms or any previous Revision Form(s) |

| Terms | Description |
|--------------------------------------|---|
| Syndicate Agreement | Agreement to be entered into among the Company and Syndicate Member(s) in relation to the collection of Bids in the Issue |
| Syndicate Members | Allianz Securities Limited and Darashaw & Company 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 BRLMs and the Syndicate Members |
| Underwriting Agreement | The Agreement among the Underwriters and the Company to be entered into on or after the Pricing Date. |

Technical and Industry Related Terms

| Terms | Description |
|--------------------|--|
| AAI | Airports Authority of India |
| ATF | Aviation Turbine Fuel |
| Backlog/Order Book | Anticipated revenues from the uncompleted portions of existing contracts (signed contracts for which all the pre-conditions to entry into force have been met, including letters of intent issued by the client prior to execution of final contract) as of a certain date |
| BG | Bank Guarantee |
| BMC | BrihanMumbai Municipal Corporation |
| BOQ | Bill of Quantities |
| BOT | Build Operate Transfer |
| BOOT | Build Own Operate Transfer |
| CFS | Container Freight Station |
| CPWD | Central Public Works Department |
| DSIDC | Delhi State Industrial Development Corporation Limited |
| EMD | Earnest Money Deposit |
| EOI | Expression of Interest |
| EPC | Engineering Procurement and Construction |
| GQ | Golden Quadrilateral |
| GSHP | Gujarat State Highway Project |
| HSD | High Speed Diesel |
| IAD | International Airports Division |
| IGI Airport | Indira Gandhi International Airport |
| JV | Joint Venture |
| KSHIP | Karnataka State Highways Improvement Project |
| LC | Letter of Credit |
| LCC | Low Cost Carriers |
| LDO | Light Diesel Oil |
| LOI | Letter of Intent |
| MES | Military Engineer Service |
| MIDC | Maharashtra Industrial Development Corporation |
| MMRDA | Mumbai Metropolitan Region Development Authority |
| NBCC | National Buildings Construction Corporation Limited |

| Terms | Description |
|----------------|--|
| NCR | National Capital Region |
| NH | National Highways |
| NHAI | National Highways Authority of India |
| NHDP | National Highways Development Programme |
| NOC | No Objection Certification |
| NSEW | North-South East-West Corridor |
| PMGSY | Pradhan Mantri Gram Sadak Yojana |
| PPP | Public Private Partnership |
| PWD | Public Works Department |
| RCC | Reinforced Concrete Cement |
| R&B Department | Roads & Buildings Department |
| R&D | Research and Development |
| RFP | Request for Proposal |
| RMC | Ready Mix Concrete |
| SARDP-NE | Special Accelerated Road Development Programme in the North Eastern Region |
| SEZ | Special Economic Zone |
| SICA | Sick Industrial Companies (Special Provisions) Act 1985 |
| SPV | Special Purpose Vehicle |
| SRP | State Roads Project |

Abbreviations

| Abbreviation | Full Form |
|----------------------------|--|
| AS | Accounting Standards as issued by the Institute of Chartered Accountants of India |
| A/c | Account |
| BSE | Bombay Stock Exchange Limited |
| CDSL | Central Depository Services (India) Limited |
| CIN | Corporate Identity Number |
| DIN | Director Identification Number |
| DRHP | Draft Red Herring Prospectus |
| EPS | Earning Per Share |
| EGM | Extraordinary General Meeting |
| FCNR Account | Foreign Currency Non Resident Account |
| FIPB | Foreign Investment Promotion Board |
| FY / Fiscal/Financial Year | Period of twelve months ended March 31 of that particular year, unless otherwise stated |
| FEMA | Foreign Exchange Management Act, 1999, as amended from time to time, and the regulations framed there under |
| FIIs | Foreign Institutional Investors (as defined under FEMA (Transfer or Offer of Security by a Person Resident outside India) Regulations, 2000) registered with SEBI under applicable laws in India |
| Gol/Government | Government of India |
| HUF | Hindu Undivided Family |
| I.T. Act | Income Tax Act, 1961, as amended from time to time |
| MAPIN | Market Participants and Investors' Integrated Database |
| MoF | Ministry of Finance, Government of India |
| MOU | Memorandum of Understanding |
| NAV | Net Asset Value |
| NPV | Net Present Value |
| NRIs | Non Resident Indians |
| NRE Account | Non Resident External Account |
| NRO Account | Non Resident Ordinary Account |
| NSDL | National Securities Depository Limited |
| NSE | National Stock Exchange of India Limited |
| OCB | Overseas Corporate Bodies |
| p.a. | Per annum |
| PAC | Persons Acting in Concert |
| P/E Ratio | Price/Earnings Ratio |
| PAN | Permanent Account Number |
| PAT | Profit After Tax |
| RBI | The Reserve Bank of India |
| RoC | Registrar of Companies, Maharashtra |

| Abbreviation | Full Form |
|---------------------|---|
| ROE | Return on Equity |
| RONW | Return on Net Worth |
| Rs. | Rupees |
| SCRR | Securities Contracts (Regulation) Rules, 1957, as amended from time to time |
| SCRA | Securities Contract (Regulation) Act, 1956, as amended from time to time |
| STT | Securities Transaction Tax |
| Sec. | Section |
| US | United States of America |
| USD/ US\$/ \$ | United States Dollar |

SECTION II – RISK FACTORS

CERTAIN CONVENTIONS; PRESENTATION OF FINANCIAL AND MARKET DATA

In the Red Herring Prospectus, unless the context otherwise requires, all references to one gender also refers to the other gender. All references to “India” contained in this Red Herring Prospectus are to the Republic of India.

Fiscal year of the Company commences on April 1 and ends on March 31, so all references to a particular “fiscal year” or “Fiscal” are to the twelve-month period ended March 31 of that year, unless otherwise specified. 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.

For additional definitions, see the section titled ‘Definitions and Abbreviations’ on page a of the Red Herring Prospectus.

In the section titled ‘Main Provisions of Articles of Association of the Company’ beginning on page no. 150 of the Red Herring Prospectus, defined terms have the meaning given to such terms in the Articles of Association of the Company. Market data used throughout the Red Herring Prospectus has been obtained from industry publications and internal company reports. 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 the Company believes market data used in this Red Herring Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports, while believed by the Company to be reliable, have not been verified by any independent source.

FORWARD-LOOKING STATEMENTS

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

All forward looking statements are subject to risks, uncertainties and assumptions that could cause actual results to differ materially from those contemplated by the relevant forward looking statement. Important factors that could cause actual results to differ materially from the expectations include, among others: -

- General economic and business conditions in India and other countries
- Regulatory changes relating to the construction industry in India and its ability to respond to them
- Ability to successfully implement Company’s strategy, growth and expansion, technological changes, Company’s exposure to market risks that have an impact on its business activities or investments.
- The monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic and foreign laws, regulations and taxes and changes in competition in industry.
- Changes in the value of the Rupee and other currencies.
- The occurrence of natural disasters or calamities
- Changes in political condition in India

For further discussion of factors that could cause actual results to differ, see the section titled “Risk Factors” beginning on page no. iii of this Red Herring Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither the Company nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, the Company, and the Book Running Lead Managers will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges.

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 risk and uncertainties described below, before making an investment in our equity shares. If any of the following risk actually occurs, our business, results of our 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.

The Red Herring Prospectus also contains forward looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in the Red Herring prospectus.

Unless specified or quantified in the relevant risk factors mentioned below, the Company is not in a position to ascertain the financial and other implication of any of the other risks mentioned below.

INTERNAL RISK FACTORS

1. There are outstanding litigations against our Company.

We are defendants in following legal proceedings incidental to our business and operations. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. In the event of any rulings against us by courts or levy of penalties by any statutory authorities, we may need to make payment to others or book provisions for probable future payments, which could increase our expenses and our current liabilities.

A summary of these cases is as follows:

Rs. in Lakhs

| Type | Total No. | Amount | Remarks |
|-----------------------------------|-----------|------------------|---|
| Cases against the Company: | | | |
| Civil | 1 | Not Quantifiable | The matter shall come up for hearing in the normal course of time. |
| Customs and Trade Tax | 1 | 62.45 | The Appeal is pending before the Deputy Commissioner of Sales Tax and shall come for hearing in due course of time. |

For more information regarding litigations, please refer to section titled "Legal and other information" beginning on Page 111 of this Red Herring Prospectus.

2. Our Company is yet to place orders for capital equipments as specified in the "Objects of the issue" as such we are faced with a risk of delay in the implementation schedule or increase in the cost of capital equipments.

We have yet to place orders for 100% of our total capital equipment requirement which aggregates to Rs. 2289.54 lakhs. There has already been an increase of Rs. 13.53 lakhs in cost of plant & machinery based on the revised quotations received by us and fluctuation in foreign exchange rates. Any further delay in placing the orders for procurement of plant and machinery may delay implementation schedule. Such delays also lead to increase in prices of these equipments and may affect the total cost and in turn adversely affect our financials.

3. Our Company owns a crusher plant situated at survey no.387 at Village Turbhe in district Thane. We have taken the land on lease from CIDCO (The City and Industrial Development Corporation of Maharashtra Limited) for a period of 5 years starting from October 1, 2001. The lease had expired on September 30, 2006 and we have applied for renewal of the lease prior to the expiry period vide our letter no.TIPL/Renv-LIC/AMCP/09/06 dated September 20, 2006. As on date of filing the Red Herring Prospectus we have not received the renewal of the same. In case we do not receive renewal permission, we might have to relocate our crusher plant, which could affect our business operations and in turn financials.

4. We had negative cash flows in the past

We had negative cash flow of Rs. 89.36 lakhs and Rs. 23.95 lakhs during FY 2004-05 and FY 2001-02 respectively.

5. There were floods on July 26, 2005 in the area where the registered office of Our Company is situated in which some of the secretarial, administrative and financial related documents were destroyed. The documents which were destroyed in the natural calamity were share transfer deeds, ROC receipts, fixed assets register and some contract copies. An FIR was registered with Station in charge, Dindhoshi Police Station, Malad (East), Mumbai – 400 097 on July 28, 2005. The information in respect of those missing documents disclosed in this Red Herring Prospectus has been relied on the information provided by the Managing Director of the Company.

6. We have not entered into any definitive agreements to utilise the net proceeds of the Issue and the requirements of funds has not been appraised.

We intend to use the net proceeds of the Issue for the purposes described in the section “Objects of the Issue” on page no. 22. The objects of the issue have not been appraised by any bank or financial institution. We have not entered into any definitive agreements to utilise the net proceeds of the Issue. All the figures included under the section “Objects of the Issue” are based on our own estimates.

Further, we have not obtained any third party appraisals in connection with our capital investments or working capital requirements. These are based on current conditions and are subject to changes in external circumstances or costs, or in other financial condition. Our estimates for capital investments have been based on various quotations received by us from suppliers and our estimated long term working capital requirements may exceed which may require us to reschedule our project expenditure and may have an adverse impact on our business, financial condition and results of operations. We have also not formed any special purpose vehicles or joint ventures or identified any BOT / BOOT project(s). There can be no assurance that we will be able to identify special purpose vehicle or joint ventures in which we wish to or are able to invest.

7. Our Company has never participated in competitive bidding process for BOT/BOOT projects and does not have prior experience of execution of BOT projects.

Our company has primarily been executing projects on contract basis, either item rate or percentage rate contracts. We do not have prior experience of operating and maintaining a project over a pre-defined period (known as the ‘Concession Period’) as is required in a BOT/BOOT project. In future, we intend to participate in BOT/BOOT projects. However due to lack of prior experience of executing BOT/BOOT projects; we may not be able to demonstrate any relevant experience thus limiting our chances of winning large scale projects on BOT/BOOT basis. Further any inability to execute or handle BOT / BOOT project may adversely affect our business operations.

Further, BOT/BOOT projects would also expose our Company to the risk of incorrect forecasts at the bid stage concerning revenues to be derived from the use of the constructed facility and the risks of extended exposure to fluctuating economic conditions. Reduced profitability or losses from BOT projects that do not perform as per forecast could have a material adverse effect on results of our operations.

8. Our Expansion plans are dependent on the Issue proceeds and any delay in obtaining the necessary funds would adversely affect our business plans.

The proposed capital expenditure as specified under “Objects of the Issue” will be entirely funded through the proceeds of the Issue. Any delay / failure in public issue process may disrupt the implementation of these proposed plans which could have a material adverse effect on our financial condition and results of operations.

9. Since substantial amount of our contracts executed are with the Government or Government owned entities, any change in related government policies or regulations may affect the business operations and financial performance

Our Company mainly works on projects undertaken by government and other government owned entities. Contracts awarded by government and government owned entities accounted for approximately 58.17% of our Order Book as of April 30, 2007. Any change in the governments’ focus or the policy framework regarding private sector participation in infrastructure development and/or changes in budgetary allocation may adversely affect the business and results of company’s operations. Further in certain cases, the delay in implementation of budgetary allocations, changes in external budgetary allocation or insufficiency of funds may also result in delay in receipt of payment against running bills account.

10. Our construction contracts are dependent on adequate and timely supply of key raw materials at competitive rates. Inability to procure the same in time and at competitive rates could adversely affect our business operations.

In our business, the timely procurement of material such as cement, steel, diesel, furnace oil, aggregate and bitumen, the quality of material and the price at which it is procured, plays an important role in the successful execution of any project. We have not entered into any long-term supply contracts with our suppliers and for each project the supplier is finalized through the process of negotiation, considering the geographical location of the project and the lead-time in supply of the material. Transportation strikes by, for example, members of various Indian truckers' unions and various legal or regulatory restrictions placed on transportation providers have had in the past, and could have in the future, an adverse effect on our receipt of supplies. In case we are unable to procure the requisite quantities of raw materials well in time and at competitive prices, the performance of our business and results of operations may be adversely affected.

11. The projects in hand as reflected in our order book may be delayed, cancelled or not fully paid off. This may severely affect our cash flows as well as profitability.

Though the projects as reflected in our order book represent business that is considered firm, our order book does not necessarily indicate future earnings of our Company because there may be cancellations or change in scope or adjustment in schedules. In case there are any changes in the project scope and/or schedule, the project may be delayed or may even be cancelled. In addition, even in projects where schedule of milestone payments is pre-decided, it is possible that contracting parties may default on amounts owed. Further, the execution of the project may also be affected due to factors outside our control or the control of our clients resulting in cancellations or changes in project scope and schedule. Due to the possibility of cancellations or changes in project scope and schedule for the above reasons, we cannot predict with certainty when and to what extent projects in hand will be performed. Thus any delay, cancellation or payment default may adversely affect our cash flow position, revenues and/or earnings.

12. We have a high working capital requirement. In case there is insufficient cash flow to meet our requirement of working capital or pay our debts, there may be adverse effect on the results of our operations.

We are at presently enjoying working capital facilities both fund based and non-fund based to the extent of Rs. 1550 lakhs and Rs. 7500 -lakhs respectively. Our business demands substantial fund and non-fund based working capital facilities. In our industry, it is a common practice to provide letters of credit, bank guarantees or performance guarantees in favour of clients to secure obligations under contracts. Any delay in disbursement of funds from the Banks & Financial Institutions may limit our ability to enter into new contracts. In a typical construction contract, the payments from clients are milestone based i.e. the payments are released on achieving certain milestones over the execution period of the contract. Therefore our working capital requirements may increase if, under certain contracts, payment terms do not include advance payments or have payment schedules that shift payments towards the end of a project. Due to various factors including delay in disbursement, if we are unable to finance our working capital needs or arrange other financing when needed, it may adversely affect our performance.

13. The delay or default in collection of our receivables may have adverse impact on our cash-flow position and working capital requirement.

There may be delays associated with the collection of receivables from our clients, including government owned, controlled or funded entities and related parties. As of December 31, 2006 Rs. 193.21 lakhs or 35.10% of our accounts receivable were outstanding for a period of more than six months. Our business involves significant working capital requirements and delayed collection of receivables could adversely affect our liquidity and results of operations. In addition, we may be subject to additional regulatory or other scrutiny associated with commercial transactions with government owned, controlled or funded entities which may result in delayed collection of receivables which could affect our liquidity.

14. The fluctuation in the raw materials and fuel prices, labour cost and other related inputs may have adverse impact on the performance and the profitability of the Company

A significant part of our operating expenses comprise of cost of various construction materials like steel, cement, bitumen, fuel and labour cost. In case of fixed price contracts our ability to pass on the increase in prices of raw material, fuel and other inputs is limited as there is no provision for cost escalation. Also in some cases, the cost

escalation formula as prescribed by the client may not be sufficient to cover the actual cost of escalation. In such cases, the unanticipated increase not accounted in the company's bids may have an adverse effect on the profitability of the company.

15. Covenants with banks may restrict our operations and ability to expand, which may affect our business and results of our operations

Our indebtedness and certain covenants imposed on us by our bankers viz. Vijaya Bank and Standard Chartered Bank require us to obtain consent before effecting any changes in the capital structure, implementing any scheme of expansion or diversification, issuing new securities (equity or debt), effecting mergers and consolidations or changing our management structure at any time during the currency of lenders' credit facilities. Further it also limits our ability to borrow additional money. Although we have not encountered difficulties in obtaining consent from our lenders for our actions in the past, we cannot assure that such consent will be granted in the future.

16. Our contracts are awarded following competitive bidding process as a result; we may be required to lower the prices we charge for our services in response to such competition from major players in our industry, which may materially adversely impact our operating revenue and profitability.

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

17. Our business has experienced growth in the past, which we may not be able to sustain in the future.

Our revenues have grown from Rs. 4585.35 lakhs in fiscal year 2002-03 to Rs. 5,043.36 lakhs in fiscal year 2003-04; Rs. 7729.87 lakhs in fiscal year 2004-05 and Rs. 9093.84 lakhs in fiscal year 2005-06, showing an annual increase of 9.99%, 53.27% and 17.65% respectively and our restated profit after tax has increased from Rs. 136.92 lakhs in fiscal 2002-03 to Rs. 172.99 lakhs in fiscal year 2003-04; Rs. 366.78 lakhs in fiscal year 2004-05 and Rs. 849.62 lakhs in fiscal year 2005-06 showing an increase of 26.34%, 112.02% and 131.64% respectively. We may not be able to sustain such growth in revenues and profits or maintain a similar rate of growth in the future.

Further, we are now intending to expand our operations and also proposing to handle projects under BOT / BOOT basis for which we do not have any past experience. Such a growth strategy will place significant demands on our management as well as our financial, accounting and operating systems. Further, as we scale-up and diversify our operations, we may not be able to execute our projects efficiently, which could result in delays, increased costs and diminished quality and may adversely affect our reputation. Any inability to manage our growth may have an adverse effect on our business and results of operations.

18. Our insurance coverage may not adequately protect us against all material hazards.

Our company has covered itself against certain risks. 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. In addition we have obtained separate insurance coverage for motor vehicle risks.

In case of certain contracts, we are required to take insurance for the projects undertaken by us, which in some cases we have not obtained or such insurance policies have lapsed prior to the completion of the project and we have not renewed the same. 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. Consequently, loss if any arising out of uncovered risks would have to be borne by us and our results of operations and financial performance could be adversely affected.

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

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

20. We are subject to a penalty clause under the construction agreements entered into with our customers, for any delay in the completion and handover of the project.

The industry in which we operate, the execution of contracts is time bound. Even the payments are linked to milestones to be achieved within the prescribed time frame. Our contracts generally carry a clause for levy of penalty in case of failure in meeting the milestones and/or completion of the project within the specified time on account of lapse on part of the company. However, at times due to circumstances beyond the control of the Company, there may be some delays in completing the projects, which may lead to payment of damages, which could affect our business and financial condition.

21. Certain projects may require us to undertake additional work and incur cost, which is more than the contract price specified by the client. Our failure to recover the claims may have an adverse impact on our financial condition and profitability.

In cases where the client enhances the pre-stated scope of work or the work is delayed due to factors beyond our control, we have to incur additional cost on account of labour, raw material etc to execute the additional work under the contract. We may not be reimbursed for the additional cost incurred by us which is in excess of the contract price. The claim may be subject to arbitration and legal proceedings, which may involve cost and time on our part. In case we are not able to recover the claims our earnings could be reduced to that extent.

22. We face stiff competition in our business from Indian and International engineering construction companies.

Infrastructure contracts are generally awarded through competitive bidding process. Our company faces tough competition from both big infrastructure players operating at national and international level as well as local contractors. In case of major projects, the client generally limits the tender to pre-qualified contractors in terms of experience, financial strength, technological capability, quality of work etc. While bidding for large value and complex projects, we may be unable to compete with larger construction companies who has greater financial resources, economies of scale and operating efficiencies. This may adversely affect the volume of our order book and thus results of operations.

Most of the infrastructure contracts are awarded on the basis of competitive price quoted by the bidders. Therefore in addition to the technical competence, competitive pricing also plays a crucial role for winning the bid for the project, which in turn affects the financials. There can be no assurance that we can continue to effectively compete with our competitors in the future, and failure to compete effectively may have an adverse effect on our business, financial condition and results of operations.

23. The successful completion of projects will also depend on our joint venture partners and is therefore contingent on their performance. Any inability on our part to identify suitable partner or any default by joint venture partner may adversely affect our business operations.

While bidding for larger scale projects, we generally form alliance with various companies by entering into joint venture agreements with them to meet pre-qualification criteria like capital adequacy, technical competence etc and also to ensure successful execution of the project. In case, we are not able to identify suitable partner to forge alliance to meet such requirement, we may lose out an opportunity to bid.

Generally in joint venture contracts, liability of joint venture partners is joint and several. In case of contracts which are being executed on joint venture basis, we claim the benefit flowing to joint venture to the extent of our share in profits determined as per the terms of agreement. However, we also bear the risk of becoming liable for non-completion of contract due to default of joint venture partner. This may have an adverse effect on our operations.

24. The contracts procured from Government or Government owned entities may be subject to unilateral termination for convenience, which could adversely affect our performance and profitability.

Usually one of the conditions in the contracts awarded by the Government or Government owned entities may be that the client has the right to terminate the contract for convenience, without assigning any reason, at any time after providing notice to the contractor which may vary from 30 to 90 days. In such a case, our company's performance and profitability can be adversely affected.

25. The projects subcontracted by the company could get delayed on account of the subcontractor's performance resulting in delayed payments to our Company.

We have in the past sub contracted certain works to other contractors and may continue to do so in the future. For the sub contracted projects we generally enter into an agreement with the sub-contractor to define his role and responsibilities. Payment receipts for works sub contracted by us depends on the timely and satisfactory performance of the sub contractor and we do not have any direct control over the same. In case of delay on part of the sub contractor, our payment from the client may also get delayed and we may have to pay a penalty which we may not be able to recover from the sub contractor resulting in adversely affecting our financial condition.

26. Our operations and our work force are exposed to various hazards.

There are certain unanticipated or unforeseen risks that may arise due to adverse weather and geological conditions such as storm, tempest, hurricane, lightning, flood, landslide, rockslide and earthquake, specification changes and other reasons. Additionally, our operations are subject to hazards inherent in providing construction services, such as risk of equipment failure, impact from falling objects, collision, work accidents, fire, or explosion, including hazards that may cause injury and loss of life, severe damage to and destruction of property and equipment, and environmental damage. Although we have taken sufficient insurance coverage to reduce the damage or losses (if any) from such circumstances, we cannot assure you that we will not bear any liability as a result of these hazards.

27. One of our Promoter Group Companies is in the same line of activity similar to ours and may conflict with our interest

Our Promoter Group Company, Tarmat Construction Private Limited is having main objects and business similar to our company and this could be a potential source of conflict of interest. We have however entered into a non-compete agreement with our Promoter Directors and Promoter Group Company whereby Tarmat Construction Private Limited have agreed that they shall not undertake the development and execution of any new civil construction or infrastructure projects, excluding any civil construction or project that are currently in the development or execution stage or for which they have received orders or been awarded contracts. In addition, all permitted future construction activities shall be undertaken by us. For detailed information on non-compete agreement, please refer to section "Our Promoter Group Companies/ joint Venture" appearing on page no. 77 of this Red Herring Prospectus.

28. We have certain contingent liabilities not provided for that may affect our financial condition

Our Company has following contingent liabilities not provided for in the books of accounts under Indian Accounting Standards, which may adversely affect our financial condition.

As per our audited accounts for the year ended December 31, 2006, the company has following outstanding contingent liabilities which are not provided for:

(Rs. in Lakhs)

| Particulars | December 31, 2006 |
|--|-------------------|
| Bank Guarantees | 4586.38 |
| Letter of Credit | 80.48 |
| Estimated amount of claims against the Company not acknowledged as debts | 62.45 |
| Total | 4729.31 |

In the event that any of these contingent liabilities materialize, our financial condition may be adversely affected.

29. Some of our group/associate companies have incurred losses as per their audited financial statements for the three financial years ended March 31, 2006.

(Rs. In lakhs)

| Particulars | Profit / (Loss) After Tax for the Financial Year ended March 31 | | |
|-------------------------------------|---|--------|--------|
| | 2006 | 2005 | 2004 |
| Tarmat Holdings Private Limited. | 12.83 | (0.05) | (0.13) |
| Tarmat Construction Private Limited | (8.04) | (8.81) | 0.09 |
| Tarmat Motels Private Limited | 0.02 | (0.05) | (0.05) |
| Tarmat Quarries Private Limited | 0.02 | (0.05) | 0.06 |

30. We are dependent on a number of key personnel, and the loss of or our inability to attract or retain such persons could adversely affect us.

Our performance depends largely on the efforts and abilities of our senior management and other personnel, including our present officers. We are dependent on other members of our senior management team and the loss of the services of these individuals could adversely affect us. Our performance also depends on our ability to identify, attract and retain talent such as engineers, project managers, and if we are unable to attract or retain such persons as required, our business could be adversely affected.

31. We have in the last 12 months issued Equity Shares at a price that could be lower than the Issue Price.

| Date of Allotment and date on which fully paid up | Number of equity shares of Rs. 10 each | Face Value (Rs.) | Issue Price (Rs.) |
|---|--|------------------|-------------------|
| May 03, 2006 | 4,50,000 | 10 | 100 |
| June 17, 2006 | 5,60,000 | 10 | 100 |
| June 17, 2006 | 1,00,000 | 10 | 125 |
| August 25, 2006 | 3,00,000 | 10 | 125 |

32. We do not have trademark on our logo as on the date of filing this Red Herring Prospectus and failure to get approval may adversely impact us.

Our Promoter viz. Mr. Jerry Verghese has applied for a trademark in his personal name, which is still pending as on the date of filing this Red Herring Prospectus. There can be no guarantee that this application may be allowed. If we fail to successfully obtain or enforce our trademark on our logo, we may need to change our logo. Any such change would require us to incur additional costs and may have an adverse impact on our business, financial condition and results of operations.

33. Post this issue, our Promoter Group will continue to retain majority control in Our Company which will allow them to influence corporate actions even after the completion of the Public Issue.

Members of our promoter group will continue to hold 60.67 % of our post issue equity share capital. As a result the Promoter Group will have the ability to exercise significant influence over all matters requiring shareholder's approval, including election or termination of directors, timing and distribution of dividends, sale of assets and approval of any significant corporate transaction. Such concentration of ownership may also have the effect of delaying, deferring or preventing a change in control of the company, preventing a merger, consolidation, takeover or discouraging a potential acquirer from making a tender offer or otherwise attempting to obtain control of the Company even if it is in the Company's best interest.

Also as long as the Promoters continue to own Equity Shares representing more than 50% of the voting strength in our Company, they will be able to determine the outcome of all matters requiring a simple majority in the shareholders meeting. As significant shareholders, the promoter group may take actions, which may conflict with the company's interests or the interests of the minority shareholders.

34. Your holdings may be diluted by additional issuances of equity or sales by members of our Promoter Group, which may adversely affect the market price of our Equity Shares.

Any future issuances of our Equity Shares may dilute the positions of investors in our Equity Shares, which could adversely affect the market price of our Equity Shares. Additionally, sales of a large number of our Equity Shares by the members of our Promoter Group could adversely affect the market price of our Equity Shares. The perception that any such primary or secondary sale may occur also could adversely affect the market price of our Equity Shares.

35. We have entered into certain related party transactions with entities controlled by our promoters and may continue to do so.

We have entered into transactions with related parties amounting to Rs.24.66 Lakhs as on December 31, 2006. For detailed information on our related party transactions, please refer to section "Related Party Transactions" appearing on page no. 82 of this Red Herring Prospectus.

36. We have made applications for renewal / approval with various regulatory authorities, which are still pending and if any permission are not received, it may affect our business operations. The pending applications are:

- Renewal application for Contract Labour Registration
- Renewal application for Karnataka Pollution Control Board

For details of various government approvals, licenses, registrations please refer to section titled "Government Approvals / Licensing Arrangements" appearing on page no. 114.

37. We avail certain tax benefits under the provisions of Income Tax Act, which if withdrawn, may adversely affect our financial condition and results of operations.

Taxes and other levies imposed by the Central or State Governments in India that affect our industry include VAT, income tax, service tax and other taxes, duties or surcharges introduced from time to time. The central and state tax scheme in India is extensive and subject to change from time to time. Any adverse changes in any of the taxes levied by the central or state governments may affect our competitive position and profitability. Recently, tax credit under Section 80-IA of the Income Tax Act is proposed to be withdrawn as per the provisions of the Finance Bill, 2007. If this provision is accepted, our profit after tax would be adversely affected.

38. In the year 1994 our Company had issued 39, 15,000 bonus shares out of revaluation reserves.

On August 30, 1994 our Company had issued 39, 15,000 bonus shares out of revaluation reserves of Rs. 400 lakhs which were created on account of revaluation of land carried out in the year 1994. For details, please refer to section titled "Capital Structure" appearing on page no. 13 of this Red Herring Prospectus.

39. Our Company has taken unsecured loan from related parties and the same can be recalled at any time

Our Company had taken interest free unsecured loan from our promoter Mr.Jerry Varghese and Mrs.Saramma Varghese. The total amount of loan taken was Rs. 91.02 Lakhs on March 31, 2002 out of which the current outstanding aggregates to Rs. 5.00 Lakhs as on December 31, 2006, which are callable on demand. The recall may affect our financials to that extent.

40. Any delay in obtaining sanction for additional working capital requirements needed for the Objects of the Issue may adversely impact our financial operations.

Our additional working capital requirement is Rs. 5100 lakhs, out of which we propose to partly finance Rs. 2150 lakhs from banks. Any non-availability or delays in the sanction or procurement of these funds could affect the business and its profitability. We may not be successful in obtaining these funds in a timely manner, or on favorable terms or at all. We cannot assure you that our future working capital requirements shall be funded at the current/lower cost. Our inability to get funds on acceptable term could impact our growth and profitability.

EXTERNAL RISK FACTORS

1. Our business could be adversely impacted by economic, political and social developments in India and particularly in the regional markets where we operate

Our performance and growth are dependent on the health of the Indian economy and in particular the economies of the regional markets we serve. These economies could be adversely affected by various factors, such as political and regulatory action including adverse changes in liberalization policies, social disturbances, terrorist attacks and other acts of violence or war, natural calamities, interest rates, commodity and energy prices and various other factors. Any slowdown in these economies could adversely affect our prospective customers, which in turn would adversely impact our business and financial performance and the price of our Equity Shares.

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

Uncertainties in the global financial markets may have an adverse impact on the exchange rate between Rupee vis-à-vis other currencies. The exchange rate between Rupee and other currencies is variable and may continue to remain volatile in future depending upon the foreign exchange reserve position of India. Any depreciation of Rupee against other currencies may have an impact on our project cost as approximately 40% of total plant & machinery that we propose to acquire is in foreign exchange denomination. Further, our loans are denominated in Indian Rupees and we are exposed to fluctuations in domestic interest rates also. Therefore, any adverse fluctuation in exchange rate and interest rates may adversely affect our financial position and result of operations.

3. After this Issue, the price of Equity Shares may be highly volatile, or an active trading market for the Equity Shares may not develop.

The prices of the Equity Shares on the Indian stock exchanges may fluctuate after this Issue as a result of several factors, including: volatility in the Indian and global securities market; our operations and performance; performance of our competitors, and the perception in the market about investments in the construction sector; adverse media reports about us or the Indian construction sector; changes in the estimates of our performance or recommendations by financial analysts; significant developments in India's economic liberalisation and deregulation policies; and significant developments in India's fiscal regulations. There has been no public market for the Equity Shares of the company and the prices of the Equity Shares may fluctuate after this Issue. There can be no assurance that an active trading market for the Equity Shares will develop or be sustained after this Issue, or that the prices at which the Equity Shares are initially traded will correspond to the prices at which the Equity Shares will trade in the market subsequent to this Issue.

4. There is no existing market for the Equity Shares, and we do not know if one will develop to provide you with adequate liquidity. Our stock price may fluctuate after the Issue and as a result, you could lose a significant part or all of your investment.

Prior to the Issue, there has been no public market for our Equity Shares, and an active trading market on the Indian Stock Exchanges may not develop or be sustained after the Issue. The Issue Price of the Equity Shares may bear no relationship to the market price of the Equity Shares after the Issue. The market price of the Equity Shares after the Issue may be subject to significant fluctuations in response to, among other factors, variations in our operating results, market conditions specific to the real estate sector in India, and volatility in the Indian Stock Exchanges and securities markets elsewhere in the world.

5. You will not be able to sell immediately any of the Equity Shares you purchase in this Issue on an Indian stock Exchange

The Equity Shares will be listed on NSE and the BSE. Pursuant to Indian regulations, certain actions must be completed before the Equity shares can be listed and trading may commence. Investors' book entry or demat accounts with depository participants in India are expected to be credited within two working days of the date on which the basis of allotment is approved by the Designated Stock Exchange. Thereafter, upon receipt of final approval of the stock exchanges, trading in the equity shares is expected to commence within seven working days of the date on which the basis of allotment is approved by the Designated Stock Exchange. There can be no assurance that the Equity Shares allocated earlier to investors will be credited to their demat accounts, or that trading will commence, within the time periods specified above.

6. Stability of policies and political situation in the country

Any change in government policy towards infrastructure development or any global, political and economic factors that are outside the control of the company like interest rates, rates of economic growth, liberalization policies of governments, inflation, deflation etc may have an adverse effect on the operations and results of the company. Any political instability could delay the reform process and may diminish investor's confidence in the Indian markets, which in turn would adversely affect the market for our shares.

7. Our operations are sensitive to weather conditions

We have business activities that could be materially and adversely affected by severe weather. Severe weather conditions may require us to evacuate personnel or curtail services and may result in damage to a portion of our equipments or to our facilities, resulting in the suspension of operations, and may further prevent us from delivering materials to our project sites in accordance with contract schedules or generally reduce our productivity. Our operations are also adversely affected by difficult working conditions and extremely high temperatures during summer months and during monsoons, which restrict our ability to carry on construction activities and fully utilise our resources.

We record contract revenues for those stages of a project that we complete, after we receive certification from the client that such stage has been successfully completed. Since revenues are not recognised until we make progress on a contract and receive such a certification from our clients, revenues recorded in the first half of our financial year between April and September are traditionally substantially lower compared to revenues recorded during the second half of our financial year. During periods of curtailed activity due to adverse weather conditions, we may continue to incur operating expenses, but our revenues from operations may be delayed or reduced.

NOTES TO RISK FACTORS

1. The Net worth of our Company as on December 31, 2006 is Rs. 5055.65 lakhs and the size of the Issue is Rs. [●] lakhs.
2. The average cost of acquisition of Equity shares of the Promoters is as per the details given below (including issue of bonus shares). The Book value per share as on March 31, 2006 is Rs. 52.00 per Equity Share and on December 31, 2006 is 62.73 per Equity Share.

| Name of Promoter | Total no. of Equity Shares | Average Cost of Acquisition (Rs.) |
|---------------------------------|----------------------------|-----------------------------------|
| Mr. Jerry Varghese | 3,141,192 | Nil |
| Mrs. Saramma Varghese | 1,051,062 | Nil |
| Mr. Dilip Varghese | 9,18,900 | 1.14 |
| Tarmat Holdings Private Limited | 13,61,328 | 12.03 |

3. Public issue is of 29, 00,000 Equity Shares of Rs. 10 each for cash at a price of Rs. [●] per Equity Share (including a share premium of Rs. [●] per Equity Share) aggregating to Rs. [●] Lakhs. The issue comprises of a Net Issue of 28, 00,000 Equity Shares to the public and a reservation of 1, 00,000 Equity Shares for the Eligible Employees (the "Employee Reservation Portion"). The Issue will constitute 26.46% of the fully diluted post-Issue paid up capital of our Company.
4. This Issue is being made through a 100% Book Building Process wherein not more than 50% of the Net Issue to Public shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("QIBs"). 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only and the remainder shall be available for allotment on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. Further, not less than 15% of the Net Issue to Public shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Net Issue to Public 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.

5. For interest of our Promoters/Directors/Key Managerial Personnel and other ventures promoted by Promoters, please refer to section titled “Risk Factors”, “Our Promoters”, “Information of our Promoter Group Companies/ Joint Ventures”, “Our Management”, “Related Party Transactions” and “Financial Statements of the Company” beginning on page no. iii , 75, 77, 66, 82 and 85 of this Red Herring Prospectus.
6. We have entered into various related party transactions with related parties including various Promoter group companies amounting to Rs. Rs.24.66 Lakhs as on December 31,2006. For related party transaction refer to section titled “Related Party Transactions” beginning on page no. 82 of this Red Herring Prospectus.
7. No loans and advances have been made to any person(s) / Companies in which the Director(s) of the Company are interested except as stated in the Auditors Certificate. For details please refer to section titled “Financial Statements of the Company” on page no. 85 of the Red Herring Prospectus.
8. Any clarification or information relating to the Issue shall be made available by the BRLMs, our company and our Compliance Officer to the investors at large and no selective or additional information would be available for a section of investors in any matter whatsoever. Investor may contact the BRLMs for any complaint pertaining to the Issue.
9. The Investors are advised to refer to the Para on “Basis for Issue Price” on page no. 26 of this Red Herring Prospectus before making any investment in this Issue.
10. Trading in Equity Shares of our Company for all the investors shall be in dematerialized form only.
11. Our Company was incorporated as Jerry Varghese Constructions Private Limited on January 3, 1986. The name of our Company was changed to Tarmat Infrastructural & Engineering Private Limited with effect from September 12, 1994. The name of our Company was further changed to Roman Tarmat Private Limited with effect from October 17, 2005 and was converted into a Public Limited Company on December 2, 2005
12. No part of the Issue proceeds will be paid as consideration to promoters, directors, key managerial personnel, associate or Group Companies.

SECTION III – INTRODUCTION

SUMMARY

This is only a summary and does not contain all the information that you should consider before investing in our Equity Shares. You should read the entire Red Herring Prospectus, including the information contained in the chapters titled “Risk Factors” and “Financial Statements” and related notes beginning on pages iii and 85 of this Red Herring Prospectus before deciding to invest in our Equity Shares.

Construction Industry in India

Construction activity is an integral part of a country’s infrastructure and industrial development. It includes hospitals, schools, townships, offices, houses and other buildings, urban infrastructure (including water supply, sewerage, and drainage), highways, roads, ports, railways, airports, power systems, irrigation and agriculture systems, telecommunications etc.

Global construction spending was nearly \$4.4 trillion in 2005, an increase of 5.2 percent over 2004, with future growth expected at 4% annually over the next four years. (Source: *World Construction Review Outlook 2005-2006*)

A survey of international construction trends undertaken to predict the future development of construction activity worldwide ranks India and China among the top three countries based on three parameters: growth, profitability and openness. The following table summarises the result of the survey:

| Sr. No | Country | National and Metropolitan Construction Markets | | | |
|--------|----------|--|-----------------|-----------|----------------|
| | | Fastest Growing | Most Profitable | Most Open | Combined Score |
| 1 | China | 18 | 5 | 4 | 27 |
| 2 | UAE | 4 | 7 | 5 | 16 |
| 3 | India | 3 | 2 | 4 | 9 |
| 4 | USA | 0 | 3 | 3 | 6 |
| 5 | UK | 0 | 2 | 3 | 5 |
| 6 | Romania | 0 | 0 | 1 | 1 |
| 7 | Malaysia | 0 | 0 | 1 | 1 |
| 8 | Hungary | 0 | 1 | 0 | 1 |
| 9 | Denmark | 0 | 1 | 0 | 1 |
| 10 | Turkey | 1 | 0 | 0 | 1 |

(Source: *World Construction Review Outlook 2005-2006*)

The construction sector in India is the second largest economic activity after agriculture and provides direct or indirect employment to about 32 million people. The sector consumes 40-50 percent of the National Plan outlay and contributes 20 percent of GDP. As per the *World Construction Review Outlook 2005-2006*, construction spending in India grew at the rate of 7.6% in 2005 and is expected to grow at 7% per annum till 2009.

The boom in infrastructure sector would translate into strong order flow for construction companies.

Business Overview

Roman Tarmat Limited, established in the year 1986 by our Promoter Director Mr. Jerry Varghese is an infrastructure construction company engaged in the business of construction of Highways and Runways. Our Company is headquartered at Mumbai with operations spread across the states of Maharashtra, Tamil Nadu, Karnataka, Kerala, Mizoram, Gujarat and Delhi.

Our Company started its operations by taking up road works for Government Departments like Public Works Department (PWD), Maharashtra Industrial Development Corporation (MIDC) and BrihanMumbai Municipal Corporation (BMC). In the year 1988, we bagged our first major contract for construction of roads/ bituminous flexible pavement for the entire Nhava Sheva port and construction of rigid concrete pavement base with RCC beams and columns in container yard and completed the project within the stipulated period of 24 months.

We constructed runways by taking up the work of strengthening of secondary runway 09/27 at Indira Gandhi International airport, New Delhi. We have also completed bituminous overlay of the runway at Vadodara Airport and upgradation of the main runway 09/27 at the Mumbai International Airport.

We have set up a Ready Mix Concrete (RMC) plant at Goregaon Mumbai with an installed capacity of 30 cubic meter / hour to cater to our captive requirements and four automatic stone crushing units to enhance our operational efficiency. Our Company has its own construction equipments like mechanical paver finishers, transit mixers, hydraulic excavators, concrete batching plants, mobile crusher and dumpers.

Our Company has been accredited with "ISO 9001:2000" quality management system certificate for construction of Highways and Airports. We have mainly worked on projects sponsored by Government or Government agencies, including the Central Government, State Governments and Municipalities.

We provide engineering, procurement and construction services for infrastructure projects. Broadly our business activities can be categorized into the following three segments:

- i. Airside Works
- ii. Highways and Roads
- iii. Other Civil Work

Our Strengths:

Experience and track record of Our Company

Our Company has over two decades of experience in the construction industry and has executed many projects in the area of highways and runways. Due to our focus on quality, timely execution of projects and use of technology, we have received repeat orders from our clients like Airport Authority of India and Public Works Department. The experience that we have gained over the years and our understanding of the business, among other factors, enables us to pre-qualify for the bids we participate in.

Track record of profitability

Our Company has a track record of profitability for the last 15 years.

Quality and timely completion of projects

Our company has been completing the assignments within the stipulated time frame and has provided clients with satisfactory performance of our projects. Our ability to execute projects in a timely manner has won us accolades from our clients like Airports Authority of India, Military Engineer Service and National Building Construction Corporation Limited.

Quality Certification

We have received the ISO 9001:2000 quality management system certificate for construction of Highways and Airports, which is valid upto January 8, 2009.

Owned fleet of construction equipment

Our Company owns a fleet of construction equipment including mechanical paver finishers, transit mixers, poclain, concrete pumps, batching plants and dumpers. To cater to our captive requirement we have set up a ready mix concrete plant having an installed capacity of 30 cubic meter / hour at Goregaon, Mumbai. Our Company also owns crushing units stationed at Navi Mumbai as well as mobile crushing units which can be transported to our project sites across India.

We also have two workshops situated at Goregaon, Mumbai and Panvel, Navi Mumbai for repairs and maintenance of equipment and machineries including heavy earth moving equipment. The equipments and machineries are regularly managed, maintained and operated by trained and experienced personnel, thereby minimizing breakdowns and delay in project execution.

Qualified employee base and experienced management team

We have qualified and experienced manpower. Our skilled labour force with experience in the construction industry, gives us the flexibility to adapt to the changing needs of the client and the technical requirements of the projects that we undertake. We also focus to develop expertise and knowledge of our employees to ensure they possess all the requisite skills for the effective execution of the project. Our Management team is well experienced in the construction industry. Mr. Jerry Varghese, Managing Director has more than three decades of experience in the field of construction. In addition, we have three independent directors on our board having experience in the field of finance, banking, civil engineering, administration and infrastructure development.

Our Strategy:

Infrastructure development in India is witnessing growth across various segments due to increased levels of government and private industry investment. We believe Indian construction industry will benefit substantially due to surge in infrastructure investment over the next few years. Going forward, we intend to consolidate our position by continuing to invest in the development of additional infrastructure projects with a focus on construction of highways and runways in locations across India. We intend to achieve this by implementing the following strategies:

Spread our geographical area of operations

Our Company has mainly executed projects in the State of Delhi, Maharashtra, Gujarat, Karnataka, Kerala, Tamil Nadu and Mizoram. In future, our Company intends to spread its area of operations to other States as well, which is one of the effective ways to mitigate the risks associated with infrastructure projects. Our Company is also planning to explore opportunities in other countries like Middle East where investments in infrastructure are taking place at a large scale.

Focus on building strategic alliances to win large-scale projects

Our performance is largely dependent on winning construction projects undertaken by Government, Government agencies and private companies. The pre-qualification criteria for such contracts generally include past experience in projects of similar nature, organizational structure, manpower and machinery, reputation for quality and financial strength. In our business, contractors enter into project-specific joint ventures or form strategic alliances to meet the pre-qualification criteria and to increase their probability of winning the bid. In order to bid for and win high value and large-scale construction projects, our Company intends to establish strategic alliances with other competent players in our industry, who can complement our skills and resources and enhance our technical and financial strength.

Bid for contracts offered on BOT and annuity basis

Government of India is offering several projects across sectors, such as roads, water supply, power and real estate to be completed on a BOT or annuity basis. We intend to bid for projects on BOT / BOOT basis.

Target road construction projects in Special Economic Zones (SEZ) and Container Freight Stations (CFS)

The SEZ policy introduced on 1st April 2000 provides for setting up of SEZs in the public, private, joint sector or by State Governments. There are fourteen functional Special Economic Zones in India, in addition sixty-one other Special Economic Zones are approved and under establishment. We intend to target the road and runway projects wherever proposed in these Special Economic Zones.

Also the port sector is emerging as one of the most attractive opportunities for private sector investments. Deregulation in the ports sector by allowing 100% FDI and attractive terms of BOT/BOOT are drawing a large number of foreign and domestic players in the sector. We intend to target construction of roads, pavements as well as construction of container yards at Ports and Container Freight Stations. Our Company has required expertise to undertake these projects and it has in the past constructed roads/ pavement and Container Yard at the Nhava Sheva Port in Navi Mumbai. We also intend to tap upcoming township projects for construction of roads and civil work.

Focus on execution of projects in a timely manner

Our Company intends to maintain quality standard and ensure timely completion of the projects. We also intend to focus on employing latest technology with experienced manpower to give a quality output in a timely manner.

SUMMARY FINANCIAL DATA

STATEMENT OF RESTATED ASSETS AND LIABILITIES

(Rs in Lakhs)

| Assets | Year Ended 31.12.06 | As at 31.03.06 | As at 31.03.05 | As at 31.03.04 | As at 31.03.03 | As at 31.03.02 |
|--|------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Fixed Assets | | | | | | |
| Gross Block (excl revaluation) | 3409.45 | 3,223.34 | 3,215.16 | 2,987.89 | 2,306.52 | 2,139.46 |
| Less : Accumulated Depreciation | (1070.70) | (950.62) | (807.01) | (657.70) | (532.41) | (439.84) |
| | 2338.75 | 2,272.72 | 2,408.15 | 2,330.19 | 1,774.11 | 1,699.62 |
| Investment | 542.70 | 470.58 | 333.80 | 30.60 | 1.94 | 1.94 |
| Current Assets, Loans & Advances | | | | | | |
| Inventories | 1518.76 | 1,208.13 | 720.38 | 673.64 | 158.25 | 110.09 |
| Debtors | 550.49 | 432.84 | 906.68 | 716.95 | 362.45 | 1,194.45 |
| Cash & Bank | 1408.21 | 688.68 | 498.51 | 587.87 | 408.16 | 176.38 |
| Loans & Advances | 3891.18 | 1,710.86 | 1,062.30 | 827.20 | 724.46 | 553.52 |
| Total Assets | 10250.09 | 6,783.81 | 5,929.82 | 5166.45 | 3429.37 | 3736.00 |
| Liabilities | | | | | | |
| Secured Loans | 1760.10 | 1,486.53 | 1,339.44 | 1,128.89 | 590.28 | 637.57 |
| Unsecured Loans | 5.00 | 14.68 | 41.33 | 51.58 | 58.27 | 91.02 |
| Current Liabilities & Provisions | 3116.92 | 2,068.60 | 2,270.73 | 2107.07 | 1152.76 | 1505.00 |
| Deferred Tax Liabilities | 312.42 | 332.94 | 333.70 | 302.14 | 241.18 | 214.69 |
| Total Liabilities | 5194.44 | 3,902.75 | 3,985.20 | 3589.68 | 2042.49 | 2,448.28 |
| Networth | 5055.65 | 2,881.06 | 1944.62 | 1,576.77 | 1,386.88 | 1,287.72 |
| Represented by | | | | | | |
| Share Capital | 805.92 | 554.10 | 554.10 | 554.10 | 554.10 | 554.10 |
| Reserves & Surplus (excl revaluation reserve) | 4249.73 | 2,176.96 | 1,390.52 | 1,022.67 | 832.78 | 733.62 |
| Share Application Money | - | 150.00 | - | - | - | - |
| Total | 5055.65 | 2,881.06 | 1944.62 | 1,576.77 | 1,386.88 | 1,287.72 |

STATEMENT OF RESTATED PROFIT & LOSSES

(Rs in Lakhs)

| Particulars | Year Ended 31.12.06 | Year Ended 31.03.06 | Year Ended 31.03.05 | Year Ended 31.03.04 | Year Ended 31.03.03 | Year Ended 31.03.02 |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Income | | | | | | |
| Contract Revenue | 7845.12 | 8,283.90 | 7,527.04 | 4,501.23 | 4,105.00 | 9,111.22 |
| Share of Profit from Joint Venture | 72.11 | 195.97 | – | – | – | – |
| Increase/(Decrease) in Work in progress | 423.55 | 201.61 | 23.21 | 226.18 | 25.65 | 59.53 |
| Total Operating Income | 8340.78 | 8,681.48 | 7,550.25 | 4,727.41 | 4,130.65 | 9,170.75 |
| Other Income | 123.70 | 412.36 | 179.62 | 315.95 | 454.70 | 276.26 |
| Total | 8464.48 | 9,093.84 | 7,729.87 | 5,043.36 | 4,585.35 | 9,447.01 |
| Expenditure | | | | | | |
| Raw Material Consumed | 1720.04 | 1,915.25 | 2276.67 | 805.58 | 810.51 | 4,368.91 |
| Construction Expenses | 4936.17 | 5258.81 | 4138.95 | 3151.37 | 2918.16 | 4092.35 |
| Administrative & other Expenses | 643.14 | 612.18 | 626.03 | 521.09 | 433.17 | 424.53 |
| Interest & Finance Charges | 201.56 | 266.25 | 176.56 | 202.89 | 123.71 | 132.36 |
| Depreciation | 120.08 | 143.61 | 149.31 | 125.29 | 92.57 | 83.17 |
| Total | 7620.99 | 8196.10 | 7,367.52 | 4,806.22 | 4,378.12 | 9101.32 |
| Profit before Tax | 843.49 | 897.74 | 362.35 | 237.14 | 207.23 | 345.69 |
| Tax Expense | | | | | | |
| Current Tax, FBT, WT | (89.86) | (82.66) | (77.97) | (24.72) | (43.82) | (96.86) |
| Deferred Tax | 20.52 | 0.76 | – | – | – | – |
| Tax credit u/s 115JAA | 40.44 | 33.78 | – | – | – | – |
| Profit After Tax (As per Audited Accounts) | 814.59 | 849.62 | 284.38 | 212.42 | 163.41 | 248.83 |
| Adjustments : | | | | | | |
| Prior period items and change in Accounting policy | | | | | | |
| Share of Profit from Joint Venture | – | – | 113.96 | 21.53 | – | – |
| Deferred Tax | – | – | (31.56) | (60.96) | (26.49) | (32.68) |
| Total of Adjustment | – | – | 82.40 | (39.43) | (26.49) | (32.68) |
| Profit After Tax, restated | 814.59 | 849.62 | 366.78 | 172.99 | 136.92 | 216.15 |
| Profit & Loss at the beginning of theyear | 1350.58 | 639.14 | 347.28 | 232.39 | 208.23 | 67.08 |
| Balance available for appropriation | 2165.17 | 1,488.76 | 714.06 | 405.38 | 345.15 | 283.23 |
| Appropriation | | | | | | |
| Income tax of earlier year | – | – | 1.08 | 16.90 | (37.77) | – |
| Transferred to General Reserve | – | (75.00) | (75.00) | (75.00) | (75.00) | (75.00) |
| Dividend & Dividend Tax | – | (63.18) | – | – | – | – |
| Balance carried forward, restated | 2165.17 | 1,350.58 | 640.14 | 347.28 | 232.39 | 208.23 |

THE ISSUE

| | |
|--|--|
| Equity Shares offered: | 29,00,000 Equity Shares |
| Out of Issue | |
| Employees Reservation Portion | 1,00,000 Equity Shares |
| Net Issue to Public | 28,00,000 Equity Shares |
| QIB Portion including Mutual Funds* | Not more than 14,00,000 Equity Shares constituting 50% of the Net Issue to the Public (Allocation on proportionate basis) out of which 5% i.e. 70,000 Equity Shares will be available for allocation to Mutual Funds and the remaining QIB portion will be available for allocation to QIBs, including Mutual Funds. |
| Non Institutional Portion* | At least 4,20,000 Equity Shares constituting 15% of the Net Issue to the Public (Allocation on proportionate basis) |
| Retail Portion* | At least 9,80,000 Equity Shares constituting 35% of the Net Issue to the Public (Allocation on proportionate basis) |
| Equity Shares outstanding prior to the Issue | 80,59,200 Equity Shares |
| Equity shares outstanding after the Issue | 1,09,59,200 Equity Shares |
| Objects to the Issue | Please see the section entitled "Objects of the Issue" on page no. 22 of this Red Herring Prospectus. |

* Under subscription, if any, in any of the categories, would be allowed to be met with spill over from any of the other categories including from over subscription at the sole discretion of our company, in consultation with the BRLMs.

The unsubscribed portion in the employee reservation portion, if any, shall be added back to the net issue to the public.

In case of undersubscription in the net issue to the public portion, spill over to the extent of undersubscription shall be permitted from the reserved category to the net public Issue portion.

GENERAL INFORMATION

Roman Tarmat Limited

(Originally incorporated as Jerry Varghese Constructions Private Limited on 3rd January, 1986. The name of our Company was changed to Tarmat Infrastructural & Engineering Private Limited with effect from 12th September 1994. The name of our Company was further changed to Roman Tarmat Private Limited with effect from 17th October 2005 and it was converted into a Public Limited Company on 2nd December 2005.)

Registered Office of the Company:

Tank Road, Off. Gen Vaidya Marg
Goregaon (East), Mumbai – 400 063, India
Tel. No: 91-22-2840 2130 / 1180
Fax. No. 91-22-2840 0322

Corporate Office of the Company:

Tarmat Chambers, Sector –24, Plot No. 19
Sanpada, Navi Mumbai –400 705, India.
Tel.: 91-22-2783 1334 / 1328
Fax: 91-22-2783 3872

Registration Number of the Company

U45203MH1986PLC038535

Address of the Registrar of Companies

The Registrar of Companies Mumbai, Maharashtra
100, Everest, Marine Lines, Mumbai-400002.

Board of Directors

| Name of Director | Designation | Status |
|-----------------------|--------------------|--|
| Mr. R. C. Sinha | Chairman | Non Executive Independent Director |
| Mr. Jerry Varghese | Managing Director | Executive Director |
| Mrs. Saramma Varghese | Executive Director | Executive Director |
| Mr. Dilip Varghese | Director | Non Executive Non Independent Director |
| Mr. A. G. Joshi | Director | Non Executive Independent Director |
| Mr. R.C.Gupta | Director | Non Executive Independent Director |

For further details of our Board of Directors, see “Our Management” on page no. 66 of this Red Herring Prospectus.

Compliance Officer and Company Secretary

Mr. Neeraj Rai

Tarmat Chambers, Sector –24, Plot No. 19
Sanpada, Navi Mumbai –400 705, India.
Tel.: 91-22-2783 1334 / 1328
Fax: 91-22-2783 3872
Email: ipo@romantarmat.com
Website: www.romantarmat.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 / share certificates / credit of securities in respective beneficiary account / refund orders, etc.

BOOK RUNNING LEAD MANAGERS

Allianz Securities Limited

33, Vaswani Mansion, 6th Floor
Dinsha Vachha Road
Churchgate, Mumbai-400020
Tel: +91-22-2287 0580
Fax: +91-22-2287 0581
Email: romantarmat@aslfinancial.com
Website: www.aslfinancial.com
Contact Person: Mr. Sunit Shangle

Darashaw & Company Private Limited1205 – 06, Regent Chambers, 12th Floor

208, Nariman Point

Mumbai – 400021

Tel: +91-22-6630 6612

Fax: +91-22--6747 0549

Email: romantarmat@darashaw.comWebsite: www.darashaw.com

Contact Person: Ms. Manisha Lakhotiya

Statement of *Inter-se* Allocation of Responsibilities for the Issue

Statement of Inter-se allocation of responsibilities for the issue between the Book Running Lead Managers, Allianz Securities Limited (“Allianz”) and Darashaw & Company Private Ltd (“Darashaw”) is set forth below:

Inter-se Allocation of Responsibilities

| No. | Activities | Responsibility | Co-ordinator |
|-----|--|-------------------|--------------|
| 1 | Capital structuring with relative components and formalities such as type of instruments, etc. | Allianz, Darashaw | Darashaw |
| 2 | Due diligence of Company’s operations/ management/ business plans/ legal etc. | Allianz, Darashaw | Allianz |
| 3 | Drafting and design of Red Herring Prospectus, statutory advertisement including memorandum containing salient features of the Prospectus. The BRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalisation of Prospectus and RoC filing. | Allianz, Darashaw | Allianz |
| 4 | Drafting and approval of all publicity material other than statutory advertisement as mentioned in (3) above including corporate advertisement, brochure, etc. | Allianz, Darashaw | Darashaw |
| 5 | Appointment of other intermediaries i.e. Registrar to the Issue, printers, Advertising agency, Escrow bankers and Bankers to the Issue | Allianz, Darashaw | Allianz |
| 6 | Company positioning and pre-marketing exercise | Allianz, Darashaw | Allianz |
| 7 | Formulating the marketing strategy to tap respective investor categories including: | Allianz, Darashaw | Allianz |
| | • Foreign Institutional Investors | | |
| | • Domestic Institutional Investors | | |
| | • Retail Investors/HNIs | | |
| 8 | Marketing of the Issue, which will cover, <i>inter alia</i> , | Allianz, Darashaw | Allianz |
| | • Formulating marketing strategies, preparation of publicity budget; | | |
| | • Finalizing Media and PR strategy; | | |
| | • Finalizing centres for holding conferences for brokers press etc. | | |
| | • Selection of underwriters and finalisation of underwriting agreement | | |
| | • Follow-up on distribution of publicity and issuer material including form, prospectus and deciding on the quantum of the Issue material; and | | |
| | • Finalizing collection centres. | | |
| 9 | Finalizing the list of QIBs, division of QIBs for one to one meetings, road show related activities including preparation of road show presentation and order procurement | Allianz, Darashaw | Allianz |
| 10 | Running the book, deciding pricing and finalising institutional allocation of shares in consultation with the Company | Allianz, Darashaw | Allianz |

| No. | Activities | Responsibility | Co-ordinator |
|-----|--|-------------------|--------------|
| 11 | Post bidding activities including management of Escrow Accounts, co-ordination with Registrar and Banks, Refund to Bidders, etc. The post Issue activities of the Issue will involve essential follow up steps, which must include finalization of listing of instruments and dispatch of certificates and refunds, with the various agencies connected with the work such as Registrars to the Issue, Bankers to the Issue and the bank handling refund business. BRLMs shall be responsible for ensuring that these agencies fulfill their functions and enable him to discharge this responsibility through suitable agreements with the Company. | Allianz, Darashaw | Allianz |

SYNDICATE MEMBERS

ALLIANZ SECURITIES LIMITED

33, Vaswani Mansion, 6th Floor
Dinshaw Vachha Road, Churchgate, Mumbai-400020
Phone: +91-22-2287 0580
Fax: +91-22 2287 0581
Email : romantarmat@aslfinancial.com
Website: www.aslfinancial.com
Contact Person: Mr.Sunit Shangle

DARASHAW & COMPANY PRIVATE LIMITED

1204-05, Regent Chambers, 12th Floor,
Nariman Point, Mumbai – 400 021
Phone: +91-22- 6630 6612
Fax: +91-22- 6747 0549
Email: romantarmat@darashaw.com
Website: www.darashaw.com
Contact Person: Ms.Manisha Lakhotiya

REGISTRAR TO THE ISSUE

Bigshare Services Private Limited

SEBI Regn No. INR000001385
UIN No. 100003467
E-2, Ansa Industrial Estate,
Sakivihar Road, Saki Naka,
Andheri East, MUMBAI 400 072.
Tel: +91-22-2847 3747/3474
Fax: +91-22-2847 5207
Website: www.bigshareonline.com
Email: romantarmat@bigshareonline.com
Contact Person: Mr. Subodh M Adarkar

LEGAL ADVISORS TO THE ISSUE

Rajani Associates

Advocates & Solicitors
F-4 "C" Road, Churchgate
Mumbai- 400 020, India
Tel: +91-22-2202 1010
Fax: +91-22-2202 1011
E-mail: info@rajaniassociates.net

BANKERS TO THE COMPANY

Vijaya Bank

Plot no.5, TPS III, Landmarks
Beasant Road, Opp. Railway station
Vile Parle (W), Mumbai- 400 056
Tel: +91-22-2618 4251
Fax: +91-22-618 2025
Email: customercell@vijayabank.com
Website: www.vijayabank.com

Standard Chartered Bank

Credit Risk Control, Box 725
90, Mahatma Gandhi Road, Fort
Mumbai- 400 001, India
Tel: +91-22-2267 3516 / 22630 0579
Fax: +91-22 2285 5295
Email: abhishek.kumar@in.standardchartered.com
Website: www.standardchartered.com

BANKERS TO THE ISSUE AND ESCROW COLLECTION BANKS**ICICI Bank Ltd**

Capital Markets Division
30, Mumbai Samachar Marg,
Mumbai - 400 001
Phone: +91 22 22655207
Fax: +91 22 2261 1138
Email: sidharth.routray@icicibank.com
Website: www.icicibank.com
Contact Person: Mr. Sidhartha Sankar Routray

Hongkong and Shanghai Banking Corporation Limited

52/60. Mahatma Gandhi Road,
Mumbai-400001
Phone: +91 22 22685584
Fax: +91 22 22623890
Email: srirambalakrishnan@hsbc.co.in
Website: www.hsbc.co.in
Contact person: Mr. Sriram Balakrishnan

Standard Chartered Bank

270, D.N. Road, Fort, Mumbai
Tel : +91 22 22683965
Fax : +91 22 22092213
Email : Rajesh.Malwade@in.standardchartered.com
Website : www.standardchartered.co.in
Contact Person : Mr. Rajesh Malwade

Vijaya Bank

Capital Markets Services Branch, Rohit chambers, Ground floor,
S.A.Brelvi Road, Fort, Mumbai – 400 001
Tel: +91 22 22845311
Fax: +91 22 22845310
E-mail: customercell@vijayabank.com
Website: www.vijayabank.com
Contact Person: Mr. Vishwanath Rai

STATUTORY AUDITORS**M/s. Hegde & Associates**

Chartered Accountants
61/2695, Gandhi Nagar
Bandra (E), Mumbai - 400 051
Tel.No.+91-22-2240 5158
Fax No. +91-22- 2640 8898
Email: kpajmera@hotmail.com

MONITORING AGENCY**Vijaya Bank**

Plot no.5, TPS III, Landmarks,
Beasant road, Opp.Railway station,
Vile Parle (W), Mumbai- 400 056
Tel: +91-22-26184251
Fax: +91-22- 26182025
Email: customercell@vijayabank.com
Website: www.vijayabank.com

IPO Grading

The Company has not opted for the grading of this issue from any credit rating Agency.

Credit Rating

This being an Issue of Equity Shares, Credit rating is not required.

Trustee

This being an Issue of Equity Shares, the appointment of trustees is not required.

Book Building Process

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

The principal parties involved in the Book Building Process are:

- The Company;
- Book Running Lead Managers;
- Syndicate Members who are intermediaries registered with SEBI or registered as brokers with BSE/NSE and are eligible to act as Underwriters. Syndicate Members are appointed by the BRLMs;
- Escrow Collection Bank(s); and
- Registrar to the Issue.

This Issue is being made through a 100% Book Building Process wherein not more than 50% of the Net Issue to Public shall be available for allocation on a proportionate basis to Qualified Institutional Buyers (“QIBs”). 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only and the remainder shall be available for allotment on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. Further, not less than 15% of the Net Issue to Public shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Net Issue to Public 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.

Though the process of Book Building under the SEBI Guidelines is not new, investors are advised to make their own judgment about investment through this process prior to making a Bid or Application in the Issue.

The Company shall comply with guidelines issued by SEBI for this Issue. In this regard, the Company has appointed Book Running Lead Managers to manage the issue and to procure subscription to the Issue.

QIBs are not allowed to withdraw their Bids after the Bid/Issue Closing Date. In addition, QIBs are now required to pay 10% Margin Amount upon submission of their Bid and allocation to QIBs will be on a proportionate basis. Please refer to the section titled “Issue Procedure” appearing on page 128 of this Red Herring Prospectus for more details.

Steps to be taken by the Bidder for bidding:

- Check eligibility for making a bid, see the section titled “Issue Procedure-Who Can Bid?” on page no.128 of this Red Herring Prospectus;
- Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid cum Application Form
- Ensure that the Bid cum Application Form is duly completed as per instructions given in this Red Herring Prospectus and in the Bid cum Application Form and
- Ensure that the Bid – Cum – Application Form is accompanied by the Permanent Account Number or by Form 60 or Form 61 as may be applicable together with necessary documents providing proof of address. For details please refer to the section titled “Issue Procedure” beginning on page no. 128 of this Red Herring Prospectus. Bidders are specifically requested not to submit their General Index Register number instead of Permanent Account Number as the Bid is liable to be rejected on those grounds.

Illustration of Book Building and Price Discovery Process

(Investors should note that this example is solely for illustrative purposes and is not specific to this Issue)

Bidders can bid at any price within the price band. For instance, assume a price band of Rs. 30 to Rs. 34 per share, issue size of 3,000 equity shares and receipt of five 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 bidding centers during the bidding period. The illustrative book as shown below shows the demand for the shares of the company at various prices and is collated from bids from various investors.

| Bid Quantity | Bid Price (Rs.) | Cumulative Quantity | Subscription |
|--------------|-----------------|---------------------|--------------|
| 500 | 34 | 500 | 16.67% |
| 1000 | 33 | 1500 | 50.00% |
| 1500 | 32 | 3000 | 100.00% |
| 2000 | 31 | 5000 | 166.67% |
| 2500 | 30 | 7500 | 250.00% |

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired number of shares is the price at which the book cuts off, i.e., Rs. 32 in the above example. The issuer, in consultation with the Book Running Lead Managers, will finalize the issue price at or below such cut off price, i.e., at or below Rs. 32. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in the respective categories.

Withdrawal of the Issue

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

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 issued through this Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLMs shall be responsible for bringing in the amount devolved in the event that their respective Syndicate Members 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 the Registrar of Companies)

| Name and Address of the Underwriters | Indicative Number of Equity Shares to be Underwritten | Amount Underwritten (Rs. Lakhs) |
|---|---|---------------------------------|
| ALLIANZ SECURITIES LIMITED 33, Vaswani Mansion, 6th Floor Dinshaw Vachha Road, Churchgate, Mumbai-400020 Phone: +91-22-2287 0580 Fax: +91-22 2287 0581 Email : romantarmat@aslfinancial.com | [●] | [●] |
| DARASHAW & COMPANY PRIVATE LIMITED 1204-05, Regent Chambers, 12th Floor, Nariman Point, Mumbai – 400 021 Phone: +91-22- 6630 6612 Fax: +91-22- 6747 0549 Email: romantarmat@darashaw.com | [●] | [●] |
| TOTAL | [●] | [●] |

The above-mentioned amount is indicative underwriting and this would be finalized after pricing and actual allocation. The above Underwriting Agreement is dated [●].

In the opinion of the Board of Directors (based on certificates given to them by the Underwriters), the resources of all the above mentioned 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 Securities and Exchange Board of India Act, 1992 or registered as brokers with the Stock Exchange(s).

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 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

The share capital of our company as on the date of filing of this Red Herring Prospectus with SEBI is set forth below:

(Rs. In Lakhs)

| Particulars | Aggregate Nominal Value | Aggregate value at Issue Price |
|--|-------------------------|--------------------------------|
| (A) Authorized Capital | | |
| 1,20,00,000 Equity Shares of Rs.10/- each | 1200.00 | [•] |
| (B) Issued, Subscribed and Paid-up Capital | | |
| 80,59,200 Equity Shares of Rs.10/- each fully paid up | 805.92 | [•] |
| (C) Present Issue in terms of this Red Herring Prospectus | | |
| 29,00,000 Equity Shares of Rs.10/- each fully paid up | 290.00 | [•] |
| (D) Employees Reservation Portion | | |
| 1,00,000 Equity Shares of Rs.10/- each fully paid up | 10.00 | [•] |
| (E) Net Issue to the Public | | |
| 28,00,000 Equity Shares of Rs.10/- each fully paid up | 280.00 | [•] |
| (F) Paid up capital after the Issue | | |
| 1,09,59,200 Equity Shares of Rs.10/- each fully paid up | 1095.92 | [•] |
| (G) Share Premium Account | | |
| - Before the Issue | 1419.40 | |
| - After the Issue* | [•] | |

* The share premium account shall be determined after the Book Building Process.

DETAILS OF INCREASE IN AUTHORIZED CAPITAL

| Date | No. of Shares | Face Value (Rs.) | Authorised Capital (Rs. in lakhs) | Particulars |
|------------------|---------------|------------------|-----------------------------------|------------------|
| January 03, 1986 | 50,000 | 10/- | 5.00 | On Incorporation |
| January 04, 1986 | 500,000 | 10/- | 50.00 | Increase |
| January 03, 1994 | 1,000,000 | 10/- | 100.00 | Increase |
| August 29, 1994 | 5,000,000 | 10/- | 500.00 | Increase |
| March 24, 1997 | 6,000,000 | 10/- | 600.00 | Increase |
| April 29, 2006 | 12,000,000 | 10/- | 1200.00 | Increase |

NOTES FORMING PART OF THE CAPITAL STRUCTURE:

1. Equity Share Capital History of the Company (Capital Build up)

| Date of Allotment/ Date when fully paid up | No. of Equity Shares | Cumulative No. of Equity Shares | Face Value per share (Rs.) | Issue Price per share (Rs.) | Consideration | Nature of Allotment | Cumulative Paid up Capital (Rs.) | Cumulative Securities Premium (Rs.) |
|---|----------------------|---------------------------------|----------------------------|-----------------------------|-----------------|--|----------------------------------|-------------------------------------|
| January 03, 1986 | 30 | 30 | 10 | 10 | Cash | Subscription to Memorandum | 300 | Nil |
| January 13, 1986 | 2,01,000 | 2,01,030 | 10 | 10 | Cash | Further issue of equity shares to promoters and promoter group | 20,10,300 | Nil |
| December 31, 1990 | 48,970 | 2,50,000 | 10 | 10 | Cash | Further issue of equity shares to promoters | 25,00,000 | Nil |
| December 14, 1993 | 40,000 | 2,90,000 | 10 | 10 | Cash | Further issue of equity shares to promoters and promoter group | 29,00,000 | Nil |
| February 19, 1994 | 5,80,000 | 8,70,000 | 10 | 10 | - | Bonus in the ratio of 2:1 | 87,00,000 | Nil |
| August 30, 1994# | 39,15,000 | 47,85,000 | 10 | 10 | - | Bonus in the ratio of 9:2 | 4,78,50,000 | Nil |
| March 31, 1997 | 7,56,000 | 55,41,000 | 10 | 16.66 | Other than cash | Conversion of debentures* | 5,54,10,000 | 50,40,000 |
| April 30, 2006 | 11,08,200 | 66,49,200 | 10 | 10 | - | Bonus in the ratio of 1:5 | 6,64,92,000 | 50,40,000 |
| May 3, 2006 | 4,50,000 | 70,99,200 | 10 | 100 | Cash | Allotment to Private Corporate bodies and others | 7,09,92,000 | 4,55,40,000 |
| June 17, 2006 | 5,60,000 | 76,59,200 | 10 | 100 | Cash | Allotment to Private Corporate bodies and others | 7,65,92,000 | 9,59,40,000 |
| June 17, 2006 | 1,00,000 | 77,59,200 | 10 | 125 | Cash | Allotment to Private Corporate bodies and others | 7,75,92,000 | 10,74,40,000 |
| August 25,2006 | 3,00,000 | 80,59,200 | 10 | 125 | Cash | Allotment to Private Corporate bodies and others | 8,05,92,000 | 14,19,40,000 |

*Conversion of 1, 26,000 zero interest unsecured fully convertible debentures of Rs.100 each, allotted to Tarmat Holdings Private Limited into 6 equity shares of Rs.10 each.

Issue of 39, 15,000 bonus shares out of Revaluation Reserves

2. Promoters' Contribution and Lock-in

(a) Build-up of Promoter and Promoter Group Shareholding

| Sr. No | Name | Date Of Allotment /Transfer | Date when fully paid up | Nature of Allotment | Consid-eration | No. of shares Issue/ | Face Value | Transfer Price | % of Post issue paid up capital | Lock in period |
|--------|------------------------------|-----------------------------|-------------------------|--|----------------|----------------------|------------|----------------|---------------------------------|----------------|
| 1. | Mr. Jerry Varghese | January 3, 1986 | January 3, 1986 | Subscr-ption | Cash | 10 | 10 | 10 | | 1 year |
| | | January 13, 1986 | January 13, 1986 | Allotment | Cash | 120,000 | 10 | 10 | | 1 year |
| | | December 14, 1993 | December 14, 1993 | Allotment | Cash | 30,000 | 10 | 10 | | 1 year |
| | | December 14, 1993 | December 14, 1993 | Transfer from joint account of Jerry Varghese and Saramma Varghese | Cash | 23,970 | 10 | 10 | | 1 year |
| | | February 19, 1994 | February 19, 1994 | Bonus | - | 347,960 | 10 | - | | 1 year |
| | | August 30, 1994 | August 30, 1994 | Bonus | - | 23,48,730 | 10 | - | | 1 year |
| | | March 4, 1996 | March 4, 1996 | Transfer to M/s Tarmat Holdings Private Limited | Cash | (253,010) | 10 | 10 | | N.A. |
| | | April 30,2006 | April 30,2006 | Bonus | - | 523,532 | 10 | - | | 3 year |
| | Total | | | | | 3,141,192 | | | 28.66% | |
| 2. | Mrs. Saramma Varghese | January 3,1986 | January 3,1986 | Subscription | Cash | 10 | 10 | 10 | | 1 year |
| | | January 13,1986 | January 13,1986 | Allotment | Cash | 40,000 | 10 | 10 | | 1 year |
| | | December 14,1993 | December 14,1993 | Allotment | Cash | 2,500 | 10 | 10 | | 1 year |
| | | December 14,1993 | December 14,1993 | Transfer from M/s Tarmat Constructions Private Limited | Cash | 1,000 | 10 | 10 | | 1 year |
| | | December 14,1993 | December 14,1993 | Transfer from joint account of Saramma Varghese and Jerry Varghese | Cash | 15,000 | 10 | 10 | | 1 year |
| | | February 19,1994 | February 19,1994 | Bonus | - | 117,020 | 10 | - | | 1 year |
| | | August 30,1994 | August 30,1994 | Bonus | - | 7,89,885 | 10 | - | | 1 year |
| | | March 4, 1996 | March 4, 1996 | Transfer to M/s Tarmat Holdings Private Limited | Cash | (89,530) | 10 | 10 | | N.A. |
| | | April 30,2006 | April 30,2006 | Bonus | - | 175,177 | 10 | - | | 3 year |
| | Total | | | | | 1,051,062 | | | 9.59% | |

| Sr. No | Name | Date Of Allotment /Transfer | Date when fully paid up | Nature of Allotment | Consid-eration | No. of shares Issue/ | Face Value | Transfer Price | % of Post issue paid up capital | Lock in period |
|--------|-------------------------------------|-----------------------------|-------------------------|--|-----------------|----------------------|------------|----------------|---------------------------------|----------------|
| 3. | Mr. Dilip Varghese | January 13,1986 | January 13,1986 | Allotment | Cash | 10,000 | 10 | 10 | | 1 year |
| | | February 19,1994 | February 19,1994 | Bonus | - | 20,000 | 10 | - | | 1 year |
| | | August 25,1994 | August 25,1994 | Transfer from George Varghese | Cash | 112,500 | 10 | 10 | | 1 year |
| | | August 30,1994 | August 30,1994 | Bonus | - | 6,41,250 | 10 | - | | 1 year |
| | | March 4, 1996 | March 4, 1996 | Transfer to M/s Tarmat Holdings Private Limited | Cash | (18,000) | 10 | 10 | | N.A |
| | | April 30,2006 | April 30, 2006 | Bonus | - | 153,150 | 10 | - | | 3 year |
| | Total | | | | | 9,18,900 | | | 8.38% | |
| 4. | M/s Tarmat Holdings Private Limited | March 4, 1996 | March 4, 1996 | Transfer from Jerry Varghese | Cash | 21,447 | 10 | 10 | | 1 year |
| | | | | | | 2,31,563 | | | | 3 year |
| | | March 4,1996 | March 4,1996 | Transfer from Saramma Varghese | Cash | 89,530 | 10 | 10 | | 3 year |
| | | March 4,1996 | March 4,1996 | Transfer from Sneha Varghese | Cash | 18,000 | 10 | 10 | | 3 year |
| | | March 4,1996 | March 4,1996 | Transfer from Dilip Varghese | Cash | 18,000 | 10 | 10 | | 3 year |
| | | March 31,1997 | March 31,1997 | Conversion of debentures | Other than cash | 756,000 | 10 | 16.66 | | 3 year |
| | | October 6, 2005 | October 6, 2005 | Transfer to M/s Tarmat Constructions Private Limited | Cash | (100) | 10 | 100 | | N.A. |
| | | April 30,2006 | April 30,2006 | Bonus | - | 226,888 | 10 | - | | 3 year |
| | Total | | | | | 13,61,328 | | | 12.42% | |

| Sr. No | Name | Date Of Allotment /Transfer | Date when fully paid up | Nature of Allotment | Consid-eration | No. of shares Issue/ | Face Value | Transfer Price | % of Post issue paid up capital | Lock in period |
|-----------------------|--|-----------------------------|-------------------------|---|----------------|----------------------|------------|----------------|---------------------------------|----------------|
| Promoter Group | | | | | | | | | | |
| 5. | M/s Tarmat Construction Private Limited | January 13, 1986 | January 13, 1986 | Allotment | Cash | 1,000 | 10 | 10 | | 1 year |
| | | December 14, 1993 | December 14, 1993 | Transfer to Saramma Varghese | Cash | (1,000) | 10 | 10 | | N.A. |
| | | October 6, 2005 | October 6, 2005 | Transfer from M/s Tarmat Holdings Private Limited | Cash | 100 | 10 | 10 | | 1 year |
| | | April 30, 2006 | April 30, 2006 | Bonus | - | 20 | 10 | - | | 1 year |
| | Total | | | | | 120 | | | Negligible | |
| 6. | Ms. Sneha Varghese | January 13, 1986 | January 13, 1986 | Allotment | Cash | 10,000 | 10 | 10 | | 1 year |
| | | February 19, 1994 | February 19, 1994 | Bonus | - | 20,000 | 10 | - | | 1 year |
| | | August 30, 1994 | August 30, 1994 | Bonus | - | 135,000 | 10 | - | | 1 year |
| | | March 4, 1996 | March 4, 1996 | Transfe to M/s Tarmat Holdings Private Limited | Cash | (18,000) | 10 | 10 | | N.A. |
| | | April 30, 2006 | April 30, 2006 | Bonus | - | 29,400 | 10 | - | | 1 year |
| | Total | | | | | 1,76,400 | | | 1.61% | |
| 7. | Mr. George Varghese | January 3, 1986 | January 3, 1986 | Subscription | Cash | 10 | 10 | 10 | | 1 year |
| | | January 13, 1986 | January 13, 1986 | Allotment | Cash | 20,000 | 10 | 10 | | 1 year |
| | | December 14, 1993 | December 14, 1993 | Allotment | Cash | 7,500 | 10 | 10 | | 1 year |
| | | December 14, 1993 | December 14, 1993 | Transfer from joint account of George Varghese and Saramma Varghese | Cash | 10,000 | 10 | 10 | | 1 year |
| | | February 19, 1994 | February 19, 1994 | Bonus | - | 75,020 | 10 | | | 1 year |
| | | August 25, 1994 | August 25, 1994 | Transfer to Dilip Varghese | Cash | (112,500) | 10 | 10 | | N.A. |
| | | August 30, 1994 | August 30, 1994 | Bonus | - | 135 | 10 | | | 1 year |
| | | April 30, 2006 | April 30, 2006 | Bonus | - | 33 | 10 | | | 1 year |
| | Total | | | | | 198 | | | Negligible | |
| | Grand Total | | | | | 66,49,200 | | | 60.67% | |

(b) Lock-in of Minimum Promoters' Contribution

Pursuant to the SEBI Guidelines, an aggregate of 20% of the shareholding of the Company's Promoters shall be locked in for a period of three years from the date of allotment in the Issue. The lock-in details are as under:

| Sr. No | Name of Promoter | No. of Shares | Face Value (Rs.) | % of post issue paid up capital | Lock-in Period |
|--------|-------------------------------------|-------------------|------------------|---------------------------------|----------------|
| 1 | Mr. Jerry Varghese | 5,23,532 | 10 | 4.78% | 3 years |
| 2. | Mrs. Saramma Varghese | 1,75,177 | 10 | 1.60% | 3 years |
| 3. | Mr. Dilip Varghese | 1,53,150 | 10 | 1.40% | 3 years |
| 4 | M/s Tarmat Holdings Private Limited | 13,39,981 | 10 | 12.23% | 3 years |
| | Total | 21,91,840* | | 20.00% | 3 years |

* None of these Equity Shares constitute any bonus issue of shares made out of revaluation reserves or reserves without accrual of cash.

- (i) The Equity Shares to be locked-in for a period of three years have been computed as 20% of Equity Share Capital after the Issue.
 - (ii) In addition to the above, the entire remaining Pre-issue Equity Share Capital of the Company i.e. 58, 67,360 Equity Shares will be locked in for a period of one year from the date of allotment of Equity Shares in this Issue.
 - (iii) The Promoters have vide their letter dated November 27, 2006 given their consent for lock in of shares as stated above. Equity Shares issued last shall be locked in first. The lock-in shall start from the date of allotment in the public issue and the last date of the lock-in shall be reckoned as three years from the date of commencement of commercial production or the date of allotment in the issue, whichever is later.
 - (iv) In terms of clause 4.15 of the SEBI (DIP) Guidelines, locked in Equity Shares held by the Promoters can be pledged with banks or financial institutions as collateral security for loans granted by such banks or financial institutions, provided the pledge of shares is one of the terms of sanction of loan
 - (v) In terms of clause 4.16.1 (b) of the SEBI Guidelines, Equity Shares held by the Promoter may be transferred to and amongst the Promoters / Promoter Group or to a new promoter or persons in control of the Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI (Substantial Acquisition of Shares and Takeover Regulations), 1997 as applicable. Further, in terms of clause 4.16.1 (a) of the SEBI (DIP) Guidelines, locked in Equity Shares held by shareholders other than the Promoters may be transferred to any other person holding 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 Takeover) Regulations, 1997 as applicable.
3. There is no "buyback" or "standby" arrangement for purchase of Equity Shares by the Company, its Directors, its Promoters, or the BRLMs for the Equity Shares offered through this Red Herring Prospectus.
 4. Our Company has not issued any equity shares for consideration other than cash except for bonus issue and shares issued on conversion of Debentures to Tarmat Holdings Pvt. Ltd., as set out in "Capital Structure- Notes forming part of the Capital Structure-Equity Share Capital history of the company".
 5. Our Company has not made any bonus issue out of revaluation reserves or reserves without accrual of cash resources except bonus issue made in 1994.
 6. Any over subscription to the extent of 10% of the net offer to public can be retained for the purpose of rounding off to the nearer multiple of minimum allotment lot.
 7. There are no partly paid up shares of the Company.
 8. The Equity Shares offered through this public issue shall be made fully paid up and the unpaid equity shares may be forfeited within 12 months from the date of allotment of shares in the manner specified as per clause 8.6.2 of the SEBI (Disclosure and Investor Protection) Guidelines.
 9. Investors may note that in case of over-subscription, allotment will be on proportionate basis as detailed in para on "Basis of Allocation" on page no. 144 of this Red Herring Prospectus.

10.

a. Details of top ten shareholders of the Company on the date of filing the Red Herring Prospectus with SEBI are as follows:

| Sr. No. | Name of Shareholders | No. of Equity shares held | % age of holding |
|---------|---|---------------------------|------------------|
| 1. | Jerry Varghese | 31,41,192 | 38.97 |
| 2. | Tarmat Holdings Private Limited | 13,61,328 | 16.89 |
| 3. | Samma Varghese | 10,51,062 | 13.04 |
| 4. | Dilip Varghese | 9,18,900 | 11.40 |
| 5. | Nishwet Management Services Private Limited | 3,00,000 | 3.72 |
| 6. | Manilal Damji | 2,50,000 | 3.10 |
| 7. | Sneha Varghese | 1,76,400 | 2.19 |
| 8. | Yew Investment Private Limited | 1,00,000 | 1.24 |
| 9. | N & D Exports Private Limited | 1,00,000 | 1.24 |
| 10. | Neol Equity Research Private Limited | 1,00,000 | 1.24 |

b. Details of top ten shareholders as on ten days prior to filing this Red Herring Prospectus with SEBI are as follow

| Sr. No. | Name of Shareholders | No. of Equity shares held | % age of holding |
|---------|---|---------------------------|------------------|
| 1. | Jerry Varghese | 31,41,192 | 38.97 |
| 2. | Tarmat Holdings Private Limited | 13,61,328 | 16.89 |
| 3. | Samma Varghese | 10,51,062 | 13.04 |
| 4. | Dilip Varghese | 9,18,900 | 11.40 |
| 5. | Nishwet Management Services Private Limited | 3,00,000 | 3.72 |
| 6. | Manilal Damji | 2,50,000 | 3.10 |
| 7. | Sneha Varghese | 1,76,400 | 2.19 |
| 8. | Yew Investment Private Limited | 1,00,000 | 1.24 |
| 9. | N & D Exports Private Limited | 1,00,000 | 1.24 |
| 10. | Neol Equity Research Private Limited | 1,00,000 | 1.24 |

c. Details of top ten shareholders as of two years prior to filing this Red Herring Prospectus with SEBI were as follows:

| Sr. No. | Name of Shareholders | No. of Equity shares held | %age of holding |
|---------|---------------------------------|---------------------------|-----------------|
| 1. | Jerry Varghese | 26,17,660 | 47.24 |
| 2. | Tarmat Holdings Private Limited | 11,34,540 | 20.48 |
| 3. | Samma Varghese | 8,75,885 | 15.81 |
| 4. | Dilip Varghese | 7,65,750 | 13.82 |
| 5. | Sneha Varghese | 1,47,000 | 2.65 |
| 6. | George Varghese | 165 | Negligible |

11. Details of Pre-Issue shareholding of the Promoter / Promoter Group as on date are as follows:-

| Name of Promoter/ Promoter Group | Total Number of Equity Shares held |
|---|------------------------------------|
| (A). Promoters – Core Promoters | |
| Jerry Varghese | 31,41,192 |
| Tarmat Holdings Private Limited | 13,61,328 |
| Saramma Varghese | 10,51,062 |
| Dilip Varghese | 9,18,900 |
| Sub-Total (A) | 64,72,482 |
| (B). Promoter Group | |
| M/s Tarmat Construction Private Limited | 120 |
| Sneha Varghese | 1,76,400 |
| George Varghese | 198 |
| Sub-Total (B) | 1,76,718 |
| Total (A) + (B) | 66,49,200 |

12. Pre-Issue and Post-Issue Shareholding of our Company

| Particulars | Pre-Issue | | Post –Issue | |
|---|----------------------|--------------------------------|----------------------|-----------------------------------|
| | No. of Equity Shares | % to the present share capital | No. of Equity Shares | % to the post issue share capital |
| Promoter / Core Promoter | 64,72,482 | 80.31% | 64,72,482 | 59.06% |
| Promoter Group | 1,76,718 | 2.19% | 1,76,718 | 1.61% |
| Total Promoter and Promoter Group | 66,49,200 | 82.50% | 66,49,200 | 60.67% |
| Others - Persons Acting in Concert (PACs) | 14,10,000 | 17.50% | 14,10,000 | 12.87% |
| Employees | Nil | Nil | 1,00,000 | 0.91% |
| Public | Nil | Nil | 28,00,000 | 25.55% |
| Total | 80,59,200 | 100.00% | 1,09,59,200 | 100.00% |

13. As on the date of this Red Herring Prospectus, there are no outstanding warrants, options or rights to convert debenture, loans or other financial instruments into Equity Shares of the Company. The Shares locked in by Promoters are not pledged to any one.
14. Our Promoters/ Promoter Group/Directors have not purchased / sold / financed / acquired any shares of the Company during the past 6 months.
15. The Company has not raised any bridge loan against the proceeds of the present issue.
16. There would be no further issue of capital in any manner whether by way of issue of bonus shares, preferential allotment, rights issue, public issue or otherwise during the period commencing from submission of this Red Herring Prospectus with SEBI till the Equity Shares offered through this Red Herring Prospectus have been listed.
17. At present, the Company does not have any intention or proposal to alter its capital structure for a period of six months from the date of opening of the Issue, by way of split/consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into Equity Shares) whether preferential or otherwise except that the Company may issue options to its employees pursuant to any employee Stock Option plan, or if the Company go for acquisitions and joint ventures, the Company may consider raising additional capital to fund such activity or use shares as currency for acquisition and / or participation in such joint venture.
18. The Company has not offered any Employee Stock Option Scheme or Employee Stock Purchase Scheme for its employees.

19. The Company has not issued any bonus shares out of revaluation reserves except for 39,15,000 bonus shares which were issued out of revaluation reserves on August 30, 1994. The revaluation reserve of Rs. 400 lakhs was created on account of revaluation of land carried out in the year 1994. The details of the shares issued to promoters/promoters group are given below:

| Date of Issue | Name of persons to whom shares have been issued | Consideration | No. of shares | Nature of allotment |
|-----------------|---|---------------|------------------|---------------------|
| August 30, 1994 | Jerry Varghese | – | 23,48,730 | Bonus |
| August 30, 1994 | Samma Varghese | – | 7,89,885 | Bonus |
| August 30, 1994 | Dilip Varghese | – | 6,41,250 | Bonus |
| August 30, 1994 | Sneha Varghese | – | 1,35,000 | Bonus |
| August 30, 1994 | George Varghese | – | 135 | Bonus |
| | Total | | 39,15,000 | |

20. At any given point of time, there shall be only one denomination for the Equity Shares of the Company, unless otherwise permitted by law. The Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.
21. A Bidder cannot make a bid for more than the number of Equity Shares offered in this Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.
22. The Company has Twenty Four shareholders as on the date of filing of this Red Herring Prospectus with SEBI.
23. Only Eligible Employees would be eligible to apply in this Issue under the Employee Reservation Portion on competitive basis. Bid/ Application by Eligible Employees can be made also in the “Net Issue to the Public” and such Bids shall not be treated as multiple Bids.
24. Under-subscription, if any, in the Employee Reservation Portion will be added back to the Net Issue. In case of under subscription in the Net Issue, spill-over to the extent of under-subscription shall be permitted from the Employee Reservation Portion.
25. Not more than 50% of the Net Issue shall be allocated to QIBs on a proportionate basis out of which 5% is reserved for Mutual Funds. Further, not less than 15% of the Net Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and the remaining 35% of the Net Issue will be available for allocation to Retail Individual Bidders, subject to valid Bids being received from them at or above the Issue Price. Under-subscription, if any, in the QIBs, Non-Institutional and Retail Individual categories would be allowed to be met with spill over from any other category at the discretion of the Company and the BRLMs.

26. Restrictive Covenants of Lenders

The covenants in borrowings from banks, among other things, require us to obtain the bank’s consent to enter into any scheme of expansion, merger, amalgamation, comprise or reconstruction or sell, lease, transfer (or grant any option to do the same) or all substantial portion of its fixed and other assets, to permit any change in the ownership or control or constitution of the Company and or make any change in the shareholding or the management or majority of directors and make an change to the general nature of the business of the Company, make any material amendments in memorandum and articles of association, use all or part of the facility for investment(s) in capital market, oriented mutual fund schemes including, without limitation, equity/real estate mutual funds

OBJECTS OF THE ISSUE

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

1. Investment in capital equipment
2. Funding long term working capital requirements
3. General Corporate Purposes
4. Meeting the issue expenses

The proceeds of the Issue would be utilized to finance the fund requirements as under:

(Rs. In lakhs)

| Fund Requirement | Amount |
|--|---------------|
| Investment in capital equipment | 2289.54 |
| Funding long term working capital requirements | 1800.00 |
| General Corporate Purposes | [●] |
| Meeting the issue expenses | [●] |
| Total | [●] |

The means of finance to meet the estimated funds requirement for the above stated objects is set forth in the table below:

Rs. In lakhs)

| Means of Finance | Amount |
|-------------------------|---------------|
| Proceeds of the Issue | [●] |

The fund requirement and means of finance is based on internal management estimates and has not been appraised by any bank or financial institution. The entire requirement of the funds is proposed to be met through the IPO. In the event of any shortfall in raising the required amount through the IPO the same will be met from internal accruals or promoters contribution. In case the company realises a surplus amount then the same will be used for general corporate purposes as detailed hereunder.

Details of use of proceeds

1. Investment in Capital Equipment

Our business requires investment in capital equipments on a regular basis. Our company is presently executing projects at various sites, located in different parts of the country where most of our existing capital equipments are being mobilised.

In case we win a major project before the completion of our ongoing projects, we would require additional capital equipment to execute the work. Purchase of capital equipment would help in saving on lease rentals which we would have paid if we took such equipment on hire and it will also give us flexibility in the use of these equipments.

Our company has projected a capital expenditure plan of Rs. 2289.54 lakhs based on our order book as on April 30, 2007 and requirement of future projects as estimated by the management, which will be funded by the issue proceeds.

The details of equipment the Company intends to purchase and their estimated costs, including the estimated costs of associated spares, attachments and other accessories, are specified in the following capital expenditure plan:

| Sr. No | Description of Equipment/Machinery | Name of Supplier | Quantity (Nos) | Rate per Equipment (In Foreign Currency) | Rate per Equipment (Rs. Lakh) | Total Amount (Rs. Lakh) | Date of Quotation |
|--------|--|--|----------------|--|-------------------------------|-------------------------|-------------------|
| 1 | BL-Pegson make Premiertrak 1100 x 650 Tracked Jaw Crushing Plant | Voltas Limited | 1 | £ 2,30,000 | 187.36 | 187.36 | May 7, 2007 |
| 2 | BL-Pegson make secondary Cone Crushing Plant Model: Maxtrak 1000 | Voltas Limited | 1 | £ 2,70,000 | 219.94 | 219.94 | May 7, 2007 |
| 3 | Greaves Bomag Soil Compactor Model BW 212-2(2A) | Greaves Cotton Limited | 4 | | 21.2 | 84.8 | May 8, 2007 |
| 4 | Greaves Bomag Tandem Roller Model BW 151ADH-2 | Greaves Cotton Limited | 4 | | 23.63 | 94.52 | May 8, 2007 |
| 5 | CATERPILLAR 320 CL Hydraulic Excavator | GMMCO Limited | 4 | | 52.5 | 210.00 | May 10, 2007 |
| 6 | CATERPILLAR 120H Motor Grader | GMMCO Limited | 4 | \$155,000 | 63.41 | 253.642 | May 10, 2007 |
| 7 | L&T 752 Tandem Compactor | L&T – Case Equipment Private Limited | 2 | | 22.99 | 45.98 | May 8, 2007 |
| 8 | 2021 Loader, Z-bar | GMMCO Limited | 2 | | | 31.92 | |
| 9 | LPK 1613/36 Tipper | BAFNA Motors (Mumbai) Private Limited | 16 | - | 11.03* | 176.48 | Sept 1, 2006 |
| 10 | Ashok Leyland Taurus 2516 /2 3810MM (150") WB Tipper | Automotive Manufacturers Private Limited | 40 | - | 14.15 | 565.87 | Nov 29, 2006 |
| 11 | Stetter Batching Plant Model CP30 | Schwing Stetter (India) Private Limited | 1 | | 46.79 | 46.79 | May 8, 2007 |
| 12 | Stetter Transit Mixer Model AM6SHN | Schwing Stetter (India) Private Limited | 8 | | 10.5 | 84.00 | May 8, 2007 |
| 13 | Powerscreen make Tracked Screening Plant Model: Chieftain 2100 | Voltas Limited | 1 | £ 1,47,000 | 119.75 | 119.75 | May 7, 2007 |
| 14 | VOGELE SUPER 1800-2 with AB 600 TP 2 screed | WIRTGEN India Private Limited | 1 | Euro 238000 | 131.9 | 131.9 | May 8, 2007 |
| 15 | Apollo DM 50 Stationary Drum Mix Type Asphalt Plant | Apollo Earthmovers Limited | 1 | | 36.59 | 36.59 | May 7, 2007 |
| | Total | | | | | 2289.54 | |

*The rates per equipment mentioned above are not inclusive of excise duty and sales tax.

Conversion rate as on May 9, 2007

1 Pound = Rs. 81.46

1 USD = Rs. 40.91

1 Euro = Rs. 55.42

(Source: Reserve Bank of India Website www.rbi.org.in)

For the above estimates most of the equipment and machinery is yet to be ordered by the company and we have relied upon revised quotations received by us over the past six months and our past experience.

The figures in the Company's capital expenditure plans are based on management estimates and have not been appraised by an independent organization. Our company's capital expenditure plans may change depending on the business plan, nature of projects executed, construction schedule, and change in methodology of execution among others.

2. Funding Long Term Working Capital Requirements

We have been presently sanctioned working capital limits of Rs. 9050 lakhs by our bankers consisting of fund-based limits of Rs. 1550 lakhs and non fund-based limits of Rs. 7500 lakhs. For details of our loans, refer the section titled "Total Indebtedness" beginning on page no. 55 of this Red Herring Prospectus.

| Particulars | December 31, 2006 (Existing Audited) | March 31, 2008 (Estimated) |
|---|---|-------------------------------|
| Current Assets: | | |
| Inventories | 1518.76 | 3250.00 |
| Debtors | 550.49 | 1500.00 |
| Loans & Advances | 3891.18 | 4500.00 |
| Total | 5960.43 | 9250.00 |
| Current Liabilities | 3116..92 | 4150.00 |
| Total Working Capital Requirements | 2843.51 | 5100.00 |
| Financed by: | | |
| Banks | 1594.39 | 2150.00 |
| Own Funds | 1249.12 | 1150.00 |
| Part Proceeds of the Issue | — | 1800.00 |
| Total | 2843.51 | 5100.00 |

Assumptions for Working Capital Requirements

| Particulars | Number of days outstanding |
|--------------------|-------------------------------|
| Inventories | |
| — Raw Material | 90 |
| — Work in Progress | 30 |
| Sundry Debtors | 30 |
| Creditors | 30 |

3. General Corporate Purposes

We intend to continue and strengthen our operations in the construction sector by exploring various options to invest in BOT / BOOT projects. Accordingly, we intend to use a part of the net proceeds from the issue towards such growth plans. We continue to evaluate various opportunities and may bid for new projects. We therefore intend to bid for projects taken on BOT / BOOT basis and investment in various JVs. We cannot assure you that any or all of our bids will be successful. Our management will have the flexibility in utilizing these proceeds under the overall guidance and policies laid down by our Board.

We may have to revise our business plans from time to time and consequently our capital requirements may also change including revision of our capital expenditure programmes.

4. Meeting the Issue Expenses

The Issue expenses include fees payable to BRLMs to the Issue, Registrar to the Issue, Legal Advisors to the Issue, Auditors, Underwriting Commission, Selling Commission, Escrow Bankers' charges, Printing and Stationery, Advertising Expenses and all other incidental and miscellaneous expenses for listing of the Equity Shares on the Stock Exchanges.

The total estimated expenses are Rs. [●] Lakh which is [●] % of the Issue size. All expenses with respect to the Issue will be borne by our company. The details of the expenses are as given below:

(Rs. in lakhs)

| Activity | Expense |
|---|------------|
| Lead Management, underwriting and selling commissions | [●] |
| Advertising and marketing expenses | [●] |
| Printing and Stationery | [●] |
| Others (Registrar's fee, legal fee) | [●] |
| Total estimated issue expenses | [●] |

Schedule of implementation/ utilisation of issue proceeds

| Sr. No | Particulars | 2006-07 | 2007-08 | Total |
|--------|--|------------|------------|------------|
| 1 | Investment in capital equipment | – | 2289.54 | 2289.54 |
| 2 | General Corporate purposes | [●] | [●] | [●] |
| 3 | Funding long term working capital requirements | – | 1800.00 | 1800.00 |
| 4 | Meeting the issue expenses | [●] | Nil | [●] |
| | Total | [●] | [●] | [●] |

Deployment of funds

As per certificate received from Statutory Auditors viz. M/s Hegde & Associates, Chartered Accountants, dated May 10, the total funds deployed upto April 30, 2007 is Rs.143.05 Lakhs. The details are as under:

| Deployment of Funds | Amount (Rs. In Lakhs) |
|------------------------|--------------------------|
| Public Issue Expenses | 143.05 |
| Total | 143.05 |
| Sources of Fund | |
| Internal Accruals | 143.05 |
| Total | 143.05 |

Interim Use of Proceeds

The Company's management, in accordance with the policies established by the Board, will have flexibility in deploying the proceeds received from the Issue. Pending utilization of the proceeds out of the Issue for the purposes described above, we intend to temporarily invest the funds in fixed deposits either with nationalised or scheduled commercial banks, as the case may be. Such investments would be in accordance with the investment policies approved by the Board from time to time.

Monitoring of Utilisation of funds

The appointment of monitoring agency was not required in accordance with Clause 8.17 of SEBI (DIP) Guidelines, 2000. However, we have appointed Vijaya Bank as monitoring agency for the purpose of monitoring the utilisation of issue proceeds. We will disclose the utilization of proceeds under a separate head in our Company's balance sheet for fiscal 2007 clearly specifying the purpose for which such proceeds have been utilized. We, in our balance sheet for fiscal 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 issue proceeds, will be paid by the Company, as consideration to Promoters, Directors, Promoter Group Companies, key managerial personnel except in the usual course of business.

BASIS FOR ISSUE PRICE

The Issue Price will be determined by our Company in consultation with the BRLMs on the basis of assessment of market demand for the offered Equity Shares by the Book Building Process. The face value of the Equity Shares is Rs. 10 and Issue Price is Rs. [*] times the face value.

Investors should read the following summary with the risk factors beginning from page nos. iii and the details about our Company and its financial statements included in this Red Herring Prospectus. The trading price of the Equity Shares of the Company could decline due to these risk factors and you may lose all or part of your investments.

Qualitative Factors:

- Our Company has a track record of profitability for the last 15 years.
- The Management Systems of our Company comply with the requirements of ISO 9001:2000 in respect of construction of highways and airports
- We have over two decades of experience in the construction industry and our management team has experience in their respective fields, which guides us in implementing our growth plans.
- We are currently executing projects amounting to Rs.33688.66 lakhs
- Our company owns a fleet of construction equipment like excavators, dumpers, bulldozers, mechanical paver finishers, fully computerized concrete batching plants, stone crushing plants. We also own a ready mix concrete plant with an installed capacity of 30 cubic meter / hour

Quantitative Factors:

1. Adjusted Earning Per Equity Share

| Period (Financial Year) | Earnings per Share (Rs.) | Weights Used |
|-------------------------|--------------------------|--------------|
| 2003-04 | 2.60 | 1 |
| 2004-05 | 5.52 | 2 |
| 2005-06 | 12.78 | 3 |
| Weighted Average | 8.66 | |

*Diluted EPS (Annualised) after taking into consideration further allotment of shares for the year ended December 31, 2006 Rs. 13.48 per Equity Share.

2. Price Earnings Ratio (P/E Ratio)

- a) Price / Earning Ratio (P/E) based on the higher end of the price band (Rs. 175 per Equity Share) and on the EPS for year ended March 31, 2006 (Rs. 12.78): 13.69
- b) Price / Earning Ratio (P/E) based on the lower end of the price band (Rs. 150 per Equity Share) and on the EPS for year ended March 31, 2006 (Rs. 12.78): 11.74

Industry P/E – Construction

| Sr.No | Particulars | Industry P/E |
|-------|-------------|--------------|
| (i) | Highest | 174.0 |
| (ii) | Lowest | 2.1 |
| (iii) | Average | 88.05 |

(Source: Capital Market dated May 07- May 20, 2007)

3. Return on Networth (RoNW)

| Financial year | RONW (%) | Weights |
|-----------------------|----------|---------|
| 2003-2004 | 10.97 | 1 |
| 2004-2005 | 18.86 | 2 |
| 2005-2006 | 29.49 | 3 |
| Weighted Average RONW | 22.86 | |

Return on networth on expanded equity share capital pursuant to allotment of 3, 00,000 Equity Shares on August 25, 2006 is 16.11% (Un-annualised i.e. considering Profit after Tax for 9 months and present outstanding number of Equity Shares).

4. Minimum return on total increased net worth required to maintain pre-issue EPS of Rs. 12.78 is 14.89% at the lower end of the price band and 14.23% at the upper end of the price band.

5. Net Asset Value per share (NAV)

| Particulars | (Rs.) |
|---|-------|
| a. As on December 31, 2006 | 62.73 |
| As on March 31, 2006 | 51.99 |
| b. After Issue at the lower end of Price band of Rs. 150 per Equity Share | 85.82 |
| After Issue at the upper end of Price band of Rs. 175 per Equity Share | 92.44 |
| c. Issue price | [●] |

NAV on Equity Share of face value of Rs. 10/-.

NAV per share = Paid up share capital + Reserves and surplus – Miscellaneous expenditure not yet written off / Number of Equity Shares of the Company outstanding.

6. Comparison with Industry Peers

The comparable ratios of companies, who are in similar line of business and similar size of operations in terms of total income, are given below:

| Name of Company | Face Value (Rs.) | E.P.S. (Rs.) (TTM) | P/E | Book Value (Rs.) | RONW (%) |
|----------------------|------------------|--------------------|------|------------------|----------|
| Valecha Engineering | 10 | 16.9 | 12.9 | 171.5 | 11.6% |
| Unity Infrastructure | 10 | 29.4 | 13.4 | 211.00 | 35.20% |
| Gayatri Projects | 10 | 26.8 | 9.7 | 122.2 | 20.9% |
| Sadbhav Engineering | 10 | – | – | 115.00 | 12.50% |
| PBA Infrastructure | 10 | 8.9 | 9.9 | 45.70 | 24.00% |
| Roman Tarmat | 10 | 12.78 | [●] | 51.73 | 29.64% |

(Source: Capital Market dated May 07- May 20, 2007)

The face value of the shares of the Company is Rs. 10/- per share and the issue price of Rs. [●] per share is [●] times of the face value of the shares of the Company.

The BRLMs believe that the issue price of Rs. [●] is justified in view of the above qualitative and quantitative factors. See the section titled “Risk Factors” and “Financial Statements” beginning on page no. iii and 85 of this Red Herring Prospectus, including important profitability and return ratios, as set out in the Auditors Report beginning on page no. 85 for further information.

Statement of Tax Benefits

The Board of Directors,
Roman Tarmat Limited
Gen. Vaidhya Marg, Goregaon (E),
Mumbai.

Dear Sirs,

We hereby certify that the enclosed "Annexure" states the tax benefits available to Roman Tarmat Limited (the "Company") and its Shareholders under the provisions of the Income-tax Act, 1961 and other direct tax laws presently in force. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence the ability of the company or its shareholders to derive the tax benefits is dependant upon fulfilling such conditions which based on business imperatives the company faces in the future, the company may or may not choose to fulfill.

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

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

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

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

A shareholder is advised to consider in his/her/its own case the tax implications of an investment in the Equity Shares.

For Hegde & Associates
Chartered Accountants

K.P. Ajmera
Partner
M.No. 36319

Mumbai
Date: May 10, 2007

ANNEXURE

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO ROMAN TARMAT LIMITED (“THE COMPANY”) AND ITS SHAREHOLDERS

1. BENEFITS TO THE COMPANY UNDER THE INCOME TAX ACT, 1961 (“THE ACT”):

The Company will be entitled to deduction under the sections mentioned hereunder from its total income chargeable to Income Tax.

1.1 Dividends exempt under Section 10(34)

Under Section 10(34) of the Act, the Company will be eligible for exemption of income by way of dividend from domestic company referred to in Section 115-O of the Act.

1.2 Income from units of Mutual Funds exempt under Section 10(35)

The Company will be eligible for exemption of income received from units of mutual funds specified under Section 10(23D) of the Act, income received in respect of units from the Administrator of specified undertaking and income received in respect of units from the specified company in accordance with and subject to the provisions of Section 10(35) of the Act.

1.3 Computation of capital gains

1.3.1 Capital assets may be categorized into short term capital assets and long term capital assets based on the period of holding. Shares in a company, listed securities or units of UTI or unit of Mutual Fund specified under Section 10(23D) or a zero coupon bond will be considered as long term capital assets if they are held for a period exceeding 12 months. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as “long term capital gains”. Capital gains arising on sale of these assets held for 12 months or less are considered as “short term capital gains”.

1.3.2 Section 48 of the Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition/improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long term capital gains, it offers a benefit by permitting substitution of cost of acquisition/improvement with the indexed cost of acquisition/improvement, which adjusts the cost of acquisition/improvement by a cost inflation index as prescribed from time to time.

1.3.3 As per the provisions of Section 112 of the Act, long term gains as computed above that are not exempt under section 10(36) or 10(38) of the Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess). However, as per the proviso to Section 112(1), if the tax on long term capital gains resulting on transfer of listed securities or units or zero coupon bond, calculated at the rate of 20 percent with indexation benefit exceeds the tax on long term gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus applicable surcharge and education cess).

1.3.4 As per the provisions of Section 111A of the Act, short-term capital gains on sale of equity shares or units of an equity oriented fund where the transaction of sale is chargeable to Securities Transaction tax (“STT”) shall be subject to tax at a rate of 10 per cent (plus applicable surcharge and education cess).

1.3.5 *Exemption of capital gain from income tax*

- Under Section 10(36) of the Act, long term capital gains arising on eligible equity share in a company (acquired on or after the 1st day of March 2003 and before the 1st day of March 2004) sold through a recognised stock exchange in India will be exempt from tax.
- Under Section 10(38) of the Act, long term capital gains arising out of sale of equity shares or a unit of equity oriented fund will be exempt from tax provided that the transaction of sale of such equity shares or unit is chargeable to STT. However, such income shall be taken into account in computing the book profit tax payable under Section 115JB.
- According to the provisions of Section 54EC of the Act and subject to the conditions specified therein, long term capital gains not exempt under Section 10(38) shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only part of the capital gain is so reinvested, the exemption shall be allowed proportionately. However, if the said bonds are transferred or converted into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.

1.4 Other specified deductions

Subject to fulfillment of conditions, the Company will be eligible, *inter alia*, for the following specified deductions in computing its business income:-

- 1.4.1 Section 35(1)(i) and (iv) of the Act, in respect of any revenue or capital expenditure incurred, other than expenditure on the acquisition of any land, on scientific research related to the business of the Company.
- 1.4.2 Section 35(1) (ii) and (iii) of the Act, in respect of any sum paid to a Scientific Research Association which has as its object, the undertaking of scientific research or to any approved university, college or other institution to be used for scientific research or for research in social sciences or Statistical Research to the extent of a sum equal to one and one fourth times the sum so paid.
- 1.4.3 Subject to compliance with certain conditions laid down in Section 32 of the Act, the Company will be entitled to deduction for depreciation:
 - In respect of tangible assets (being buildings, machinery, plant or furniture) and intangible assets (being know-how, patents, copyrights, trademarks, licenses, franchises or any other business or commercial rights of similar nature acquired on or after 1st day of April, 1998) at the rates prescribed under the Income-tax Rules, 1962;
 - In respect of any new machinery or plant which has been acquired and installed after 31st March 2005 by an assessee engaged in the business of manufacture or production of any article of thing, a further sum of 20% of the actual cost of such machinery or plant;
- 1.4.4 Subject to compliance with certain conditions laid down in Section 80-IA (12) of the Act, the Company will enjoy 100% tax exemption for residual period out of 15/20 years, as the case may be, in respect of profits earned from an undertaking or an enterprise engaged in notified infrastructure facility and which amalgamates with the company.
- 1.4.5 Subject to compliance with certain conditions laid down in section 80-IB(10) of the Act, the Company is eligible for hundred percent deduction of the profits derived from development and building of housing projects approved before 31 March, 2007, by a local authority.
- 1.4.6 Under Section 115 JAA (1A) of the Act, tax credit shall be allowed of any tax paid (MAT) under Section 115 JB of the Act. Credit eligible for carry forward is the difference between MAT paid and the tax computed as per the normal provisions of the Act. Such MAT credit shall not be available for set-off beyond 7 years succeeding the year in which the MAT becomes allowable.

2. Benefits available to resident shareholders

2.1 Dividends exempt under Section 10(34)

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

2.2 Computation of capital gains

- 2.2.1 Capital assets may be categorized into short term capital assets and long term capital assets based on the period of holding. Shares in a company, listed securities or units of UTI or unit of Mutual Fund specified under Section 10(23D) of the Act or a zero coupon bond will be considered as long term capital assets if they are held for a period exceeding 12 months. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as "long term capital gains".

Capital gains arising on sale of these assets held for 12 months or less are considered as "short term capital gains".

- 2.2.2 Section 48 of the Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition / improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long term capital gains, it offers a benefit by permitting substitution of cost of acquisition / improvement with the indexed cost of acquisition / improvement, which adjusts the cost of acquisition /improvement by a cost inflation index as prescribed from time to time.
- 2.2.3 As per the provisions of Section 112 of the Act, long term gains as computed above that are not exempt under section 10(38) of the Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess). However, as per the proviso to Section 112(1), if the tax on long term capital gains resulting on transfer of listed securities or units or zero coupon bond, calculated at the rate of 20 percent with indexation benefit exceeds the tax on long term gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus applicable surcharge and education cess).
- 2.2.4 As per the provisions of section 111A of the Act, short-term capital gains on sale of equity shares where the transaction of sale is chargeable to STT shall be subject to tax at a rate of 10 per cent (plus applicable surcharge and education cess).

2.2.5 Exemption of capital gain from income tax

- Under Section 10(38) of the Act, Long term Capital Gains arising out of sale of equity shares or a unit of equity oriented fund will be exempt from tax provided that the transaction of sale of such equity shares or unit is chargeable to STT.
- According to the provisions of Section 54EC of the Act and subject to the conditions specified therein, long term capital gains not exempt under section 10(38) shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only part of the capital gain is so reinvested, the exemption shall be allowed proportionately. In such a case, the cost of such long term specified asset will not qualify for deduction under section 80C of the Act. However, if the said bonds are transferred or converted into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.
- According to the provisions of section 54F of the Act and subject to the conditions specified therein, in the case of an individual or a Hindu Undivided Family ('HUF'), gains arising on transfer of a long term capital asset (not being a residential house) are not chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period in a residential house. If only a part of such net consideration is invested within the prescribed period in a residential house, the exemption shall be allowed proportionately.
- For this purpose, net consideration means full value of the consideration received or accruing as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

2.3 Rebate under section 88E

Section 88E provides that where the total income of a person includes income chargeable under the head "Profits and gains of business or profession" arising from taxable securities transactions, he shall get rebate of STT paid by him in the course of his business. Such rebate is to be allowed from the amount of income tax in respect of such transactions calculated by applying average rate of income tax.

3. Benefits available to Non-Resident Indian shareholders (Other than FIIs and Foreign venture capital investors)

3.1 Dividends exempt under Section 10(34)

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

3.2 Computation of capital gains

3.2.1 Capital assets may be categorized into short term capital assets and long term capital assets based on the period of holding. Shares in a company, listed securities or units of UTI or unit of Mutual Fund specified under Section 10(23D) of the Act or a zero coupon bond will be considered as long term capital assets if they are held for a period exceeding 12 months. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as "long term capital gains".

Capital gains arising on sale of these assets held for 12 months or less are considered as "short term capital gains".

3.2.2 Section 48 of the Act contains special provisions in relation to computation of capital gains on transfer of shares of an Indian company by non-residents. Computation of capital gains arising on transfer of shares in case of non-residents has to be done in the original foreign currency, which was used to acquire the shares. The capital gain (i.e., sale proceeds less cost of acquisition/ improvement) computed in the original foreign currency is then converted into Indian Rupees at the prevailing rate of exchange.

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

3.2.3 In case investment is made in Indian rupees, the long-term capital gain is to be computed after indexing the cost.

According to the provisions of Section 112 of the Act, long term gains as computed above that are not exempt under section 10(38) of the Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess). However, as per the proviso to Section 112(1), if the tax on long term capital gains resulting on transfer of listed securities or units or zero coupon bond, calculated at the rate of 20 percent with indexation benefit exceeds the tax on long-term gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus applicable surcharge and education cess).

3.2.4 As per the provisions of Section 111A of the Act, short-term capital gains on sale of equity shares where the transaction of sale is chargeable to STT shall be subject to tax at a rate of 10 per cent (plus applicable surcharge and education cess).

3.2.5 Options available under the Act where shares have been subscribed to in convertible foreign exchange –

Option of taxation under Chapter XII-A of the Act:

Non-Resident Indians [as defined in Section 115C(e) of the Act], being shareholders of an Indian Company, have the option of being governed by the provisions of Chapter XII-A of the Act, which *inter alia* entitles them to the following benefits in respect of income from shares of an Indian company acquired, purchased or subscribed to in convertible foreign exchange:

- According to the provisions of Section 115D read with Section 115E of the Act and subject to the conditions specified therein, long term capital gains arising on transfer of shares in an Indian company not exempt under Section 10(38), will be subject to tax at the rate of 10 percent (plus applicable surcharge and education cess), without indexation benefit.
- According to the provisions of Section 115F of the Act and subject to the conditions specified therein, gains arising on transfer of a long term capital asset being shares in an Indian company shall not be chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period of six months in any specified asset. If part of such net consideration is invested within the prescribed period of six months in any specified asset the exemption will be allowed on a proportionate basis. For this purpose, net consideration means full value of the consideration received or accruing as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.
- Further, if the specified asset in which the investment has been made is transferred within a period of three years from the date of investment, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such specified asset or savings certificates are transferred.
- As per the provisions of Section 115G of the Act, Non-Resident Indians are not obliged to file a return of income under Section 139(1) of the Act, if their source of income is only investment income and / or long term capital gains defined in Section 115C of the Act, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.
- Under Section 115H of the Act, where the Non-Resident Indian becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer, along with his return of income for that year under Section 139 of the Act to the effect that the provisions of the Chapter XII-A shall continue to apply to him in relation to such investment income derived from any foreign exchange asset being asset of the nature referred to in sub clause (ii), (iii), (iv) & (v) of Section 115C(f) for that year and subsequent assessment years until such assets are converted into money.
- As per the provisions of Section 115-I of the Act, a Non-Resident Indian may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing his return of income for that assessment year under Section 139 of the Act, declaring therein that the provisions of Chapter XII-A shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance with the other provisions of the Act.

3.2.6 Exemption of capital gain from income tax

- Under Section 10(38) of the Act, long term capital gains arising out of sale of equity shares or a unit of equity oriented fund will be exempt from tax provided that the transaction of sale of such equity shares or unit is chargeable to STT.
- According to the provisions of Section 54EC of the Act and subject to the conditions specified therein, capital gains not exempt under Section 10(38) and arising on transfer of a long term capital asset shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only part of the capital gain is so reinvested, the exemption shall be allowed proportionately.
- In such a case, the cost of such long term specified asset will not qualify for deduction under Section 80C of the Act. However, if the said bonds are transferred or converted into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.
- According to the provisions of section 54F of the Act and subject to the conditions specified therein, in the case of an individual, gains arising on transfer of a long term capital asset (not being a residential house) are not chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period in a residential house. If only a part of such net consideration is invested within the prescribed period in a residential house, the exemption shall be allowed proportionately. For this purpose, net consideration means full value of the consideration received or accruing as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

3.3 Rebate under section 88E

Section 88E provides that where the total income of a person includes income chargeable under the head "Profits and gains of business or profession" arising from taxable securities transactions, he shall get rebate of STT paid by him in the course of his business. Such rebate is to be allowed from the amount of income tax in respect of such transactions calculated by applying average rate of income tax.

4. **Benefits available to other Non-resident Shareholders (Other than FIIs and Foreign venture capital investors)**

4.1 Dividends exempt under Section 10(34)

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

4.2 Computation of capital gains

4.2.1 Capital assets may be categorized into short term capital assets and long term capital assets based on the period of holding. Shares in a company, listed securities or units of UTI or unit of Mutual Fund specified under Section 10(23D) of the Act or a zero coupon bond will be considered as long term capital assets if they are held for a period exceeding 12 months. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as "long term capital gains".

Capital gains arising on sale of these assets held for 12 months or less are considered as "short term capital gains".

4.2.2 Section 48 of the Act contains special provisions in relation to computation of capital gains on transfer of shares of an Indian company by non-residents. Computation of capital gains arising on transfer of shares in case of non-residents has to be done in the original foreign currency, which was used to acquire the shares. The capital gain (i.e., sale proceeds less cost of acquisition/ improvement) computed in the original foreign currency is then converted into Indian Rupees at the prevailing rate of exchange.

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

4.2.3 In case investment is made in Indian rupees, the long-term capital gain is to be computed after indexing the cost.

As per the provisions of Section 112 of the Act, long term gains as computed above that are not exempt under section 10(38) of the Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess). However, as per the proviso to Section 112(1), if the tax on long term capital gains resulting on transfer of listed securities or units or zero coupon bond, calculated at the rate of 20 percent with indexation benefit exceeds the tax on long-term gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus applicable surcharge and education cess).

4.2.4 As per the provisions of section 111A of the Act, short-term capital gains on sale of equity shares, where the transaction of sale is chargeable to STT, shall be subject to tax at a rate of 10 per cent (plus applicable surcharge and education cess).

4.2.5 *Exemption of capital gain from income tax*

- Under Section 10(38) of the Act, long term capital gains arising out of sale of equity shares or a unit of equity oriented fund will be exempt from tax provided that the transaction of sale of such equity shares or unit is chargeable to STT.
- According to the provisions of Section 54EC of the Act and subject to the conditions specified therein, long term capital gains not exempt under section 10(38) shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only part of the capital gain is so reinvested, the exemption shall be allowed proportionately. In such a case, the cost of such long term specified asset will not qualify for deduction under Section 80C of the Act. However, if the assessee transfers or converts the notified bonds into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.
- According to the provisions of Section 54F of the Act and subject to the conditions specified therein, in the case of an individual or a HUF, gains arising on transfer of a long term capital asset (not being a residential house) are not chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period in a residential house. If only a part of such net consideration is invested within the prescribed period in a residential house, the exemption shall be allowed proportionately. For this purpose, net consideration means full value of the consideration received or accrued as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

4.3 Rebate under section 88E

Section 88E provides that where the total income of a person includes income chargeable under the head "Profits and gains of business or profession" arising from taxable securities transactions, he shall get rebate of STT paid by him in the course of his business. Such rebate is to be allowed from the amount of income tax in respect of such transactions calculated by applying average rate of income tax.

5. Benefits available to Foreign Institutional Investors ('FIIs')

5.1 Dividends exempt under section 10(34)

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

5.2 Taxability of capital gains

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

5.2.2 The income by way of short term capital gains or long term capital gains [in cases not covered under section 10(38) of the Act] realized by FIIs on sale of shares of the company would be taxed at the following rates as per section 115 AD of the Act-

- Short term capital gains, other than those referred to under section 111A of the Act shall be taxed @ 30% (plus applicable surcharge & education cess).
- Short term capital gains, referred to under section 111A of the Act shall be taxed @ 10% (plus applicable surcharge and education cess)
- Long Term capital gains @ 10% (plus applicable surcharge and education cess) (without cost indexation)
- It may be noted here that the benefits of indexation and foreign currency fluctuation protection as provided by section 48 of the Act are not applicable.

5.2.3 According to the provisions of Section 54EC of the Act and subject to the conditions specified therein, long term capital gains not exempt under Section 10(38) shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only part of the capital gain is so reinvested, the exemption shall be allowed proportionately. However, if the assessee transfers or converts the notified bonds into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.

5.4 Rebate under section 88E

Section 88E provides that where the total income of a person includes income chargeable under the head "Profits and gains of business or profession" arising from taxable securities transactions, he shall get rebate of STT paid by him in the course of his business. Such rebate is to be allowed from the amount of income tax in respect of such transactions calculated by applying average rate of income tax.

6. Benefits available to Mutual Funds

As per the provisions of Section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made there under, Mutual Funds set up by public sector banks or public financial institutions or authorized by the Reserve Bank of India would be exempt from income tax. However, the Mutual Funds shall be liable to pay tax on distributed income to unit holders under Section 115R of the Act.

7. Venture Capital Companies / Funds

In terms of section 10(23FB) of the Act, all Venture capital companies/funds registered with Securities and Exchange of India, subject to the conditions specified, are eligible for exemption from income tax on all their income, including profit on sale of shares of the Company.

8. Tax Treaty benefits

An investor has an option to be governed by the provisions of the Act or the provisions of a Tax Treaty that India has entered into with another country of which the investor is a tax resident, whichever is more beneficial.

9. Benefits available under the Wealth-tax Act, 1957

Shares of the Company held by the shareholder will not be treated as an asset within the meaning of section 2(ea) of Wealth Tax Act, 1957, hence no Wealth Tax will be payable on the market value of shares of the Company held by the shareholder of the Company.

Notes:

1. All the above benefits are as per the current tax law as amended by the Finance Act, 2006.
2. The stated benefits will be available only to the sole / first named holder in case the shares are held by joint holders.
3. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the issue.

SECTION IV – ABOUT THE COMPANY

INDUSTRY OVERVIEW

Construction Industry in India

Construction activity is an integral part of a country's infrastructure and industrial development. It includes hospitals, schools, townships, offices, houses and other buildings, urban infrastructure (including water supply, sewerage, and drainage), highways, roads, ports, railways, airports, power systems, irrigation and agriculture systems, telecommunications etc.

Global construction spending was nearly \$4.4 trillion in 2005, an increase of 5.2 percent over 2004, with future growth expected at 4% annually over the next four years. (Source: *World Construction Review Outlook 2005-2006*)

A survey of international construction trends undertaken to predict the future development of construction activity worldwide ranks India and China among the top three countries based on three parameters: growth, profitability and openness. The following table summarises the result of the survey:

| National and Metropolitan Construction Markets | | | | | |
|--|----------|-----------------|-----------------|-----------|----------------|
| Sr. No | Country | Fastest Growing | Most Profitable | Most Open | Combined Score |
| 1 | China | 18 | 5 | 4 | 27 |
| 2 | UAE | 4 | 7 | 5 | 16 |
| 3 | India | 3 | 2 | 4 | 9 |
| 4 | USA | 0 | 3 | 3 | 6 |
| 5 | UK | 0 | 2 | 3 | 5 |
| 6 | Romania | 0 | 0 | 1 | 1 |
| 7 | Malaysia | 0 | 0 | 1 | 1 |
| 8 | Hungary | 0 | 1 | 0 | 1 |
| 9 | Denmark | 0 | 1 | 0 | 1 |
| 10 | Turkey | 1 | 0 | 0 | 1 |

(Source: *World Construction Review Outlook 2005-2006*)

The construction sector in India is the second largest economic activity after agriculture and provides direct or indirect employment to about 32 million people. The sector consumes 40-50 percent of the National Plan outlay and contributes 20 percent of GDP. As per the World Construction Review Outlook 2005-2006, construction spending in India grew at the rate of 7.6% in 2005 and is expected to grow at 7% per annum till 2009.

The boom in infrastructure sector would translate into strong order flow for construction companies.

The Road Sector in India

Roads occupy an eminent position in India's transportation as they carry nearly 65 per cent of freight and 85 per cent of passenger traffic in the country.

The total road length in India has increased significantly from 0.399 million kms in 1951 to 3.32 million kms at present, which makes it the largest road network in the world as per the Economic Survey 2005-2006

| Types of Road | Length (Km) |
|-------------------------|------------------|
| Expressways | 200 |
| National Highways | 66,590 |
| State Highways | 1,31,899 |
| Major District Roads | 4,67,763 |
| Village and other Roads | 2,650,000 |
| Total | 3,314,790 |

(Source: *NHAI website www.nhai.org accessed on May 09,2007*)

As on March 31,2007, 32% of the National Highways were single lane/intermediate lane, 56% were double lane and 12% had four or more lanes.

The road network though extensive remains inadequate in terms of spread, suffers from a number of deficiencies, has poor riding quality in some segments and is unable to handle high traffic density at many places.

Recognizing the present deficiencies in the road network, the Government of India has sought to address these issues through the Tenth Five Year Plan (2002-2007). The Tenth Plan has stressed the need for improving mobility and accessibility and has provided for an outlay of Rs.59, 490 crores for development of roads. The bulk of this outlay is meant for the development of National Highways and related programmes.

While the National Highways Development Project (NHDP) is expected to improve mobility, the Pradhan Mantri Gram Sadak Yojana (PMGSY) is aimed at providing accessibility, especially to villages.

- **National Highways Development Programme (NHDP)**

The National Highways (NH), with a total length of 66,590 km, serves as the arterial network connecting metropolitan centres and major cities. The development of NH has therefore been accorded high priority in the planning process and The National Highway Development Programme (NHDP) has been taken up with the objective of improving the NH network in a phased manner.

National Highways Authority of India (NHAI) is the implementing agency for NHDP programme. The NHDP has the following components:

- NHDP Phase I: Golden Quadrilateral (GQ)** involves four-laning of 5,846 kms of national highways connecting the four major cities of New Delhi, Kolkata, Chennai and Mumbai
- NHDP Phase II: The North-South and East-West (NSEW) Corridors** involves upgrading the existing two lane highways and four-laning of 7,300 km of national highways, connecting Srinagar to Kanyakumari (North-South) including spur from Salem to Kochi, and Silchar to Porbandar (East-West)
- Port connectivity and other projects:** The port connectivity project envisages four laning of 356 km of National Highways connecting ten major ports.

New Initiatives

- NHDP Phase III** envisages four laning of about 10,000 km of existing National Highways other than NHDP Phase I and II through the BOT mode. The programme consists of stretches of National Highways carrying high volume of traffic, connecting state capitals with the NHDP Phases I and II network and providing connectivity to places of economic, commercial and tourist importance.
- NHDP Phase IV** envisages upgradation of 20,000 kms of highways into two-lane highways, at an indicative cost of Rs.25, 000 crore. This will ensure that their capacity, speed and safety match minimum benchmarks for national highways.
- NHDP Phase V** involves six-laning of the four-lane highways comprising the Golden Quadrilateral (GQ) and certain other high density stretches, through PPPs on BOT basis. These corridors covering 6500 kms have been four-laned under the first phase of NHDP, and the programme for their six-laning will commence in 2006 to be completed by 2012.
- NHDP Phase VI** involves development of 1,000 km of expressways to be developed on BOT basis at an indicative cost of Rs. 15,000 crore. These expressways would be constructed on new alignments
- NHDP Phase VII** involves development of ring roads, bypasses, grade separators and service roads at an indicative cost of Rs. 15,000 crore.
- Special Accelerated Road Development Programme in the North Eastern Region (SARDP-NE)** also called as NHDP-NE is envisaged for improving connectivity in the north- eastern states. The programme involves widening of 3251 km of National Highways connecting state capitals of the North-East and improvement of 4388 km of state roads.

(Source: Mid-Term Appraisal of Tenth Five Year Plan, Economic Survey 2005-06, NHAI website and the Committee on Infrastructure website – www.infrastructure.gov.in)

The following table shows the status of NHDP and other NHAI Projects as on March 31, 2007 :

| Particulars | NHDP | | | | | Port Connec- tivity | Others | Total by NHAI |
|--------------------------------------|---------|-------------------------|-----------------------|--------------------|---------------|---------------------------|--------|---------------------|
| | GQ | NS- EW Ph. I & II | NHDP Phase IIIA | NHDP Phase V | NHDP Total | | | |
| Total Length (km) | 5846 | 7300+ | 4000 | 6500 | 23646 | 380 | 945^ | 24971 |
| Already 4 laned (km) | 5,556** | 1129 | 30 | – | 6715 | 148 | 287 | 7150 |
| Under Implementation (km) | 290 | 5149 | 1767 | 148 | 7354 | 211 | 638 | 8203 |
| Contracts under Implementation (No.) | 33 | 147+ | 27 | 2 | 209 | 7 | 16 | 232 |
| Balance Length for Award (km) | – | 860^ | 2203^ | 6352 | 9415 | 21 | 20 | 9456 |

** Out of 5,556 km, 5238 km includes BC layer and 318 km upto DBM. ^ The difference in length is because of change in length after award of works. +Out of 7300 Km, 981 Km length is in Phase-I and remaining length is in Phase-II. Against 981 km, 853km length was 4 laned and 276 km against phase-II including upto DBM level. Actual length at present excluding 442 km common length with GQ is 7,274 km. However, this may again change after preparation of DPRs. The original approved length of Corridors is 7,300 km.

(Source: NHAI website - www.nhai.org accessed on May 09,2007)

- **Pradhan Mantri Gram Sadak Yojana (PMGSY)**

PMGSY aims to provide connectivity by way of an all weather road to the eligible unconnected Habitations in the rural areas. The projected requirement of the PMGSY has been estimated at Rs.1, 33,000 crore

- **Public Private Participation (PPP) in road sector**

Traditionally road projects were fully financed and controlled by the Government. The implementation of road projects was purely dependent on the availability/allocation of funds out of the budget of the Government. It was assessed at the time of preparation of the Tenth Plan that for National Highways alone Rs. 1, 65,000 crore was required for removal of deficiencies.

Thus government felt the need for alternative means of financing for providing an adequate and sustained support for financing the road projects. With a view to attract private investment in road development, maintenance and operation, National Highways Act (NH Act) 1956 was amended to permit private entrepreneurs to undertake National Highways projects on a BOT basis and recover their investments through tolls.

| Policy Initiatives for Attracting Private Investment |
|--|
|--|

- | |
|---|
| <ul style="list-style-type: none"> ● Government will carry out all preparatory work including land acquisition and utility removal. Right of way (ROW) to be made available to concessionaires free from all encumbrances. ● 100% tax exemption for 5 years and 30% relief for next 5 years, which may be availed of in 20 years. ● Concession period allowed up to 30 years ● Arbitration and Conciliation Act 1996 based on UNICITRAL provisions. ● In BOT projects entrepreneur are allowed to collect and retain tolls ● Duty free import of specified modern high capacity equipment for highway construction. |
|---|

(Source:-NHAI website - www.nhai.org accessed on May 09,,2007)

Civil Aviation Sector in India

Airports being nuclei of economic activity assume a significant role in the national economy. The quality of airport infrastructure, which is a vital component of the overall transportation network, contributes directly to a country's international competitiveness and flow of foreign investment.

Prior to 1990 the Indian aviation sector was characterized by a high degree of Government control. Thereafter, the government initiated liberalizing the industry. The 'Open Skies' policy was introduced with the view to bring in private sector participation, albeit as taxi operators. In 1994, with the repeal of the Air Corporation Act, private carriers were permitted to operate as scheduled carriers.

Policy initiatives have had a marked impact upon airline traffic and the aviation sector has changed at a fast pace in the past few years. The entry of low cost carriers (LCCs), offering no-frills flights, which are 30 to 35 percent cheaper than the regular flights, has changed the profile of the air passengers. The sector has become competitive with the presence of a number of private and public airlines and several consumer-oriented offerings.

- **Airports**

There are 449 airports and airstrips in India of which Airports Authority of India (AAI) owns and manages 126 airports, including 12 international airports (including civil enclaves at Bangalore, Goa and Srinagar), 88 domestic airports and 26 civil enclaves at defence airfields (excluding Bangalore, Goa and Srinagar).

During the year 2005-06, Indian Airports handled 733 Lakh passengers, which was a rise of 23.7% over 2004-05. In the previous year 2004-05, the number of passengers handled was 593 Lac passengers, a rise of 21.5% over 2003-04. During April-December 2005, international and domestic cargo recorded a growth of 11.7 per cent and 6.6 per cent, respectively. This growth is the second highest in the world, next to China, for the second consecutive year.

(Source: Airports Authority of India website: www.airportsindia.org.in and Economic Survey 2005-06)

The following table shows the traffic trends at AAI Airports for the past 3 years:

| Category | FY 2006 | FY 2005 | FY 2004 | % Change in FY '06 | % Change in FY '05 |
|-------------------------------------|----------------|----------------|----------------|--------------------|--------------------|
| Aircraft Movements (in '000) | | | | | |
| International | 190.89 | 163.28 | 136.19 | 16.9% | 19.9% |
| Domestic | 647.42 | 554.32 | 505.20 | 16.8% | 9.7% |
| Total | 838.31 | 717.60 | 641.39 | 16.8% | 11.9% |
| Passengers (in millions) | | | | | |
| International | 22.36 | 19.42 | 16.64 | 15.1% | 16.7% |
| Domestic | 50.98 | 39.86 | 32.14 | 27.9% | 24.0% |
| Total | 73.34 | 59.28 | 48.78 | 23.7% | 21.5% |
| Freight (in'000 tonnes) | | | | | |
| International | 920.15 | 823.61 | 693.22 | 11.7% | 18.8% |
| Domestic | 483.79 | 456.66 | 375.44 | 5.9% | 21.6% |
| Total | 1403.94 | 1280.27 | 1068.66 | 9.7% | 19.8% |

(Source: Airports Authority of India website: www.airportsindia.org.in)

Traffic is concentrated in the top six airports namely Mumbai, Delhi, Chennai, Bangalore, Kolkata and Hyderabad, which together account for 75% of the total passenger traffic in India. Out of the six airports, Delhi and Mumbai together handle almost 50% of the traffic.

- **Market Growth**

The entry of Low Cost Carriers has commoditized air travel, which is leading to a shift in the consumer preferences. New entrants and the competitive response by incumbents are driving rapid market growth.

As per Centre for Asia Pacific Aviation (CAPA), domestic traffic is expected to grow at 25% per annum and international traffic growth is expected at 20% per annum for the foreseeable future.

(Source: Centre for Asia Pacific Aviation, *Monthly Essential India*, June 2006).

Though the entry of low-cost air carriers is a key factor, the boom in air travel is also being attributed to India's economic upswing, increase in disposable income of the middle class, increased FDI in various key industrial sectors, growing popularity of India as a tourist destination and abolition of taxes like the Indian Air Travel Tax, Foreign Travel Tax and reduction in excise duty on Aviation Turbine Fuel (ATF).

CAPA estimates that by FY10, the domestic market would be 50mn – 60 mn passengers, with around 50% of the traffic catered to by LCCs. To cater to this growing demand, airlines are going for fleet expansion at a rapid pace.

Despite this growth, India continues to have gross under penetration of air services. India's average annual air travel is 0.1 trip per person which is a fraction of the global average of 2.0 trips per person signifying the potential of the Indian aviation sector.

- **Airport Infrastructure**

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

The Tenth Plan has laid stress on the provision of world-class infrastructure facilities for efficient, safe and reliable air services. Making provisions for air services to remote and inaccessible areas has also been identified as a priority. The Tenth Plan has also laid emphasis on Private Sector Participation in the development of air transport.

A. Restructuring of Metro Airports

Restructuring of metro airports is one of the major initiatives taken up in the Tenth Plan. The International Airports in Delhi and Mumbai are being modernized and upgraded through private sector participation.

The capital investment required for the modernization of the airports has been estimated at Rs. 7,961 crore for the Delhi Airport and Rs. 6,131 crore for the Mumbai Airport.

B. Setting up Greenfield Airports

Two Greenfield international airports, one each at Bangalore and Hyderabad, are being developed at a cost of Rs. 1,328 crore and Rs. 1,394 crore respectively. Construction work at both the airports has commenced and they are likely to be operational by the year 2008.

'In-principle' approval has already been granted to set up a similar Greenfield airport in Goa. Proposals to set up Greenfield airports in Navi Mumbai, Kannur in Kerala, Ladhawal near Ludhiana and Pakyong near Gangtok in Sikkim are in the pipeline. An international Greenfield airport has already been built and is operational in Kochi.

C. Development of Non-Metro Airports

AAI has also identified around 30 non-metro airports for development. The approximate cost of development of these non-metro airports is estimated to be approx. Rs. 5,000 crore
(Source: Economic Survey 2005-06 and Tenth Plan)

BUSINESS OF OUR COMPANY

Overview

Roman Tarmat Limited, established in the year 1986 by our Promoter Director Mr. Jerry Varghese is an infrastructure construction company engaged in the business of construction of Highways and Runways. Our Company is headquartered at Mumbai with operations spread across the states of Maharashtra, Tamil Nadu, Karnataka, Kerala, Mizoram, Gujarat and Delhi.

Our Company started its operations by taking up road works for Government Departments like Public Works Department (PWD), Maharashtra Industrial Development Corporation (MIDC) and BrihanMumbai Municipal Corporation (BMC). In the year 1988, we bagged our first major contract for construction of roads/ bituminous flexible pavement for the entire Nhava Sheva port and construction of rigid concrete pavement base with RCC beams and columns in container yard and completed the project within the stipulated period of 24 months.

In the year 1993, we ventured into construction of runways by taking up the work of bituminous overlay of the runway at Daman awarded by the Military Engineer Service (MES). In the years 1994 and 1996 we completed the following runway projects:

- Bituminous overlay of the runway at Vadodara Airport which was completed three months ahead of schedule.
- Upgrading the main runway 09/27 at the Mumbai International Airport, which was fitted with CAT-2 lighting system to enable landing of aircraft in foggy weather.

In the year 2003, we ventured into bridge works by securing the project of up gradation of road from Sankeshwar to Yaragatti in Karnataka. We have also undertaken civil works like construction of container yard, compound wall, site levelling, casting of heavy RCC sleepers and laying of tank foundation.

We have set up a Ready Mix Concrete (RMC) plant at Goregaon Mumbai with an installed capacity of 30 cubic meter / hour to cater to our captive requirements and four automatic stone crushing units to enhance our operational efficiency. Our Company has its own construction equipments like mechanical paver finishers, transit mixers, hydraulic excavators, concrete batching plants, mobile crusher and dumpers.

Our Company has been accredited with "ISO 9001:2000" quality management system certificate for construction of Highways and Airports. We have mainly worked on projects sponsored by Government or Government agencies, including the Central Government, State Governments and Municipalities.

Some of our major clients include:

- Airports Authority of India (AAI)
- Karnataka State Highways Improvement Project
- Public Works Department, Mizoram
- Military Engineer Service
- Roads & Buildings Department, Government of Gujarat
- Roads & Buildings Department, Government of Andhra Pradesh

Areas of Operations

We provide engineering, procurement and construction services for infrastructure projects. Broadly our business activities can be categorized into the following three segments:

- i. Airside Works
- ii. Highways and Roads
- iii. Other Civil Work

● Airside Works

We are one of the few construction companies in India operating in the area of construction of runways which requires a strict focus on quality to ensure safe take off and landing of aircrafts. Over the years our Company has developed the expertise of building runways that adhere to the strict quality standards which has enabled us to build runways for major civil airports like the Mumbai and New Delhi Airport as well as military airports.

We are also into construction of taxi tracks, parking bays, shoulders, turn pads and road work for aprons, hangars etc. Some of our major construction projects related to airside works are summarized below:

(Rs. in Lakh)

| Name of Project | Name of Client | Year of Completion | Value of work |
|--|--|--------------------|---------------|
| Bituminous overlay of the runway at Daman Airport | Military Engineer Service (Navy) | 1993 | 75.00 |
| Bituminous overlay of the runway at Vadodara Airport | National Buildings Construction Corporation Limited (NBCC) | 1994 | 200.00 |
| Construction of Taxi Track parallel to main runway, between 'D' Taxi Track and 'B-3' Taxi Track (Phase I) & construction of new taxi link along Taxi Track 'G' between Taxi Track 'B-3' & runway 09/27 at Bombay Airport, Bombay | Airports Authority of India (IAD), Mumbai | 1995 | 635.72 |
| Upgradation of main runway 09/27 at the Mumbai Airport, Mumbai | Airports Authority of India (IAD), Mumbai | 1996 | 1713.16 |
| Resurfacing of runway at Airforce Station, Jamnagar | Military Engineer Service (Airforce) | 1998 | 219.00 |
| Strengthening of secondary runway 09/27 and parallel taxiway at Indira Gandhi International Airport, New Delhi | Airports Authority of India (IAD), New Delhi | 2000 | 1151.65 |
| Special repairs to Runway & Taxi Track at NAS Arakkonam | Military Engineer Service (Navy) | 2004 | 1030.00 |
| Construction of four additional domestic parking bays at CSI Airport, Mumbai | Airports Authority of India, Mumbai | 2005 | 636.88 |
| Construction of four nos. remote parking bays on north of abandoned taxi track B-3 at CSI Airport, Mumbai | Airports Authority of India, Mumbai | 2006 | 1300.00 |
| Construction of Bays No. 43, 44, 46 & 47 at Chennai Airport, Chennai | Airports Authority of India, Chennai | 2006 | 430.79 |
| Upgradation of Airstrip at Nanded –Widening, Extension and Strengthening of Runway and allied works | MIDC, Nanded Division | Ongoing | 1896.81 |
| Construction of shoulders and Turn Pad for the Secondary Runway 12/30 at Chennai Airport | Airports Authority of India, Chennai | Ongoing | 478.41 |
| Extension strengthening of apron and allied works at Trichy Airport | Airports Authority of India | Ongoing | 1915.73 |

- **Highways and Roads**

The activities carried out by our Company in the highways and roads segment include construction, widening, strengthening, rehabilitation and maintenance of roads (both bitumen and concrete), National Highways and State Highways.

Some of our major construction projects related to roads and highways construction are summarized below:

(Rs. in Lakh)

| Name of Project | Name of Client | Year of Completion | Value of work |
|--|--|--------------------|---------------|
| HIGHWAYS | | | |
| Construction of approaches to second bridge across Thane creek on Sion-Panvel road (S.H) between Ch. 4043 to Ch. 4463 m and between Ch. 6300m to 6750m | PWD, Mumbai | 1998 | 858.23 |
| Periodical renewal of Borsad-Padra-Jambusar road length 27 kms | SRP Division, GSHP, Vadodara | 2000 | 710.21 |
| Renewal of Highway Bhuj-Bhachau Section between kms 9/00 to 59/00 package no: RMC/1/2/3 under World Bank Assistance | The Executive Engineer Kachch, Capital Project Bhavan (NH Division), Gandhinagar | 2002 | 1832.93 |
| Rehabilitation of road from Athani to Shedbal - SH 12 | KSHIP, Bangalore | 2004 | 1212.30 |
| Rehabilitation & Maintenance of M-5: Lungsan-Chawngte(47.67 km) roads including culverts | PWD, Mizoram | 2006 | 1413.89 |
| Karnataka State Highways Improvement Project – Upgradation of Road from Sankeshwar to Yaragatti: Contract U-6 | KSHIP, Bangalore | Ongoing | 7723.71 |
| Strengthening and paving of shoulders of SH – 06 and 168:, Olpad – Surat(Km. 8+257 to Km. 19+200) and Magdalla to Sachin (Km. 12+172 to Km. 25+634) | Roads & Buildings Department, Govt. of Gujarat | Ongoing | 4736.88 |
| Rehabilitation & Maintenance of M-9 Khawzawi-Baite (58 Km) and M4: Chekkawn – N. Vanlaiphai (19 km) roads including culverts | PWD, Mizoram | 2006 | 1746.21 |
| ROADS | | | |
| Construction of roads/bituminous flexible pavement for the entire Nhava Sheva port | Mitsui & Co. Ltd | 1992 | 3394.28 |
| Heavy periodic maintenance and making up of deficiencies of Anantpur0/0 to 67/272-Tadipatri-Bhogasamudram road | Roads & Buildings Department, Anantapur | 2001 | 1076.65 |
| Construction of Master Plan Road at relocation of industries project, Udyog Vihar, Delhi | DSIDC, New Delhi | 2002 | 6438.00 |
| Heavy periodic maintenance and making up of deficiencies of Mypadu-Nellore-Bellary-Bombay from km 67-0 to km 101-03 in Nellore District | Government of Andhra Pradesh, R & B Department | 2002 | 990.98 |
| Heavy periodic maintenance and making up of deficiencies of Mypadu-Nellore-Bellary-Bombay from km 35-0 to km 67-0 in Nellore District | Government of Andhra Pradesh, R & B Department | 2002 | 919.51 |
| Construction of integrated road at North Lake Village Amby Valley city | Sahara India Commercial Corporation Limited | Ongoing | 12347.02 |
| B.R.T.S. from RTO to Pirana | Ahmedabad Municipal Corporation | Ongoing | 8589.68 |

- **Other Civil Work**

Our Company also undertakes civil work like construction of container yard, compound walls, casting of heavy RCC sleepers, site levelling and foundation laying for industrial structures.

Some of the projects executed / under execution by our Company in the area of civil works are given below:

(Rs. in Lakh)

| Name of Project | Name of Client | Year of Completion | Value of work |
|--|--------------------------------------|--------------------|---------------|
| Casting and supplying of 750 nos. heavy RCC sleepers 1.25 tonnes each | Mazagaon Dock Ltd | 1991 | 58.33 |
| Construction of rigid concrete pavement base with RCC beams and columns in container yard at Nhava Sheva port | Hyundai Corporation | 1992 | 1400.74 |
| Civil Works for Tank Foundations, Compound Wall & related works for Crude Receipt Facilities Project of KRL at Pothuvypeen | Kochi Refineries Ltd, Kerala | Ongoing | 4270.44 |
| Site Leveling for Cochin 400 KV substation in Kerala | Power Grid Corporation of India Ltd. | Ongoing | 434.40 |

Our Strengths:

Experience and track record of Our Company

Our Company has over two decades of experience in the construction industry and has executed many projects in the area of highways and runways. Due to our focus on quality, timely execution of projects and use of technology, we have received repeat orders from our clients like Airport Authority of India and Public Works Department. The experience that we have gained over the years and our understanding of the business, among other factors, enables us to pre-qualify for the bids we participate in.

Track record of profitability

Our Company has a track record of profitability for the last 15 years.

Quality and timely completion of projects

Our company has been completing the assignments within the stipulated time frame and has provided clients with satisfactory performance of our projects. Our ability to execute projects in a timely manner has won us accolades from our clients like Airports Authority of India, Military Engineer Service and National Building Construction Corporation Limited.

Quality Certification

We have received the ISO 9001:2000 quality management system certificate for construction of Highways and Airports, which is valid upto January 8, 2009.

Owned fleet of construction equipment

Our Company owns a fleet of construction equipment including mechanical paver finishers, transit mixers, poclain, concrete pumps, batching plants and dumpers. To cater to our captive requirement we have set up a ready mix concrete plant having an installed capacity of 30 cubic meter / hour at Goregaon, Mumbai. Our Company also owns crushing units stationed at Navi Mumbai as well as mobile crushing units which can be transported to our project sites across India.

We also have two workshops situated at Goregaon, Mumbai and Panvel, Navi Mumbai for repairs and maintenance of equipment and machineries including heavy earth moving equipment. The equipments and machineries are regularly managed, maintained and operated by trained and experienced personnel, thereby minimizing breakdowns and delay in project execution.

Qualified employee base and experienced management team

We have qualified and experienced manpower. Our skilled labour force with experience in the construction industry, gives us the flexibility to adapt to the changing needs of the client and the technical requirements of the projects that we undertake. We also focus to develop expertise and knowledge of our employees to ensure they possess all the requisite skills for the effective execution of the project. Our Management team is well experienced in the construction industry. Mr. Jerry Varghese, Managing Director has more than three decades of experience in the field of construction. In addition, we have three independent directors on our board having experience in the field of finance, banking, civil engineering, administration and infrastructure development.

Our Strategy:

Infrastructure development in India is witnessing growth across various segments due to increased levels of government and private industry investment. We believe Indian construction industry will benefit substantially due to surge in infrastructure investment over the next few years. Going forward, we intend to consolidate our position by continuing to invest in the development of additional infrastructure projects with a focus on construction of highways and runways in locations across India. We intend to achieve this by implementing the following strategies:

Spread our geographical area of operations

Our Company has mainly executed projects in the State of Delhi, Maharashtra, Gujarat, Karnataka, Kerala, Tamil Nadu and Mizoram. In future, our Company intends to spread its area of operations to other States as well, which is one of the effective ways to mitigate the risks associated with infrastructure projects. Our Company is also planning to explore opportunities in other countries like Middle East where investments in infrastructure are taking place at a large scale.

Focus on building strategic alliances to win large-scale projects

Our performance is largely dependent on winning construction projects undertaken by Government, Government agencies and private companies. The pre-qualification criteria for such contracts generally include past experience in projects of similar nature, organizational structure, manpower and machinery, reputation for quality and financial strength. In our business, contractors enter into project-specific joint ventures or form strategic alliances to meet the pre-qualification criteria and to increase their probability of winning the bid. In order to bid for and win high value and large-scale construction projects, our Company intends to establish strategic alliances with other competent players in our industry, who can complement our skills and resources and enhance our technical and financial strength.

Bid for contracts offered on BOT and annuity basis

Government of India is offering several projects across sectors, such as roads, water supply, power and real estate to be completed on a BOT or annuity basis. We intend to bid for projects on BOT / BOOT basis.

Target road construction projects in Special Economic Zones (SEZ) and Container Freight Stations (CFS),

The SEZ policy introduced on 1st April 2000 provides for setting up of SEZs in the public, private, joint sector or by State Governments. There are fourteen functional Special Economic Zones in India, in addition sixty-one other Special Economic Zones are approved and under establishment. We intend to target the road and runway projects wherever proposed in these Special Economic Zones.

Also the port sector is emerging as one of the most attractive opportunities for private sector investments. Deregulation in the ports sector by allowing 100% FDI and attractive terms of BOT/BOOT are drawing a large number of foreign and domestic players in the sector. We intend to target construction of roads, pavements as well as construction of container yards at Ports and Container Freight Stations. Our Company has required expertise to undertake these projects and it has in the past constructed roads/ pavement and Container Yard at the Nhava Sheva Port in Navi Mumbai. We also intend to tap upcoming township projects for construction of roads and civil work.

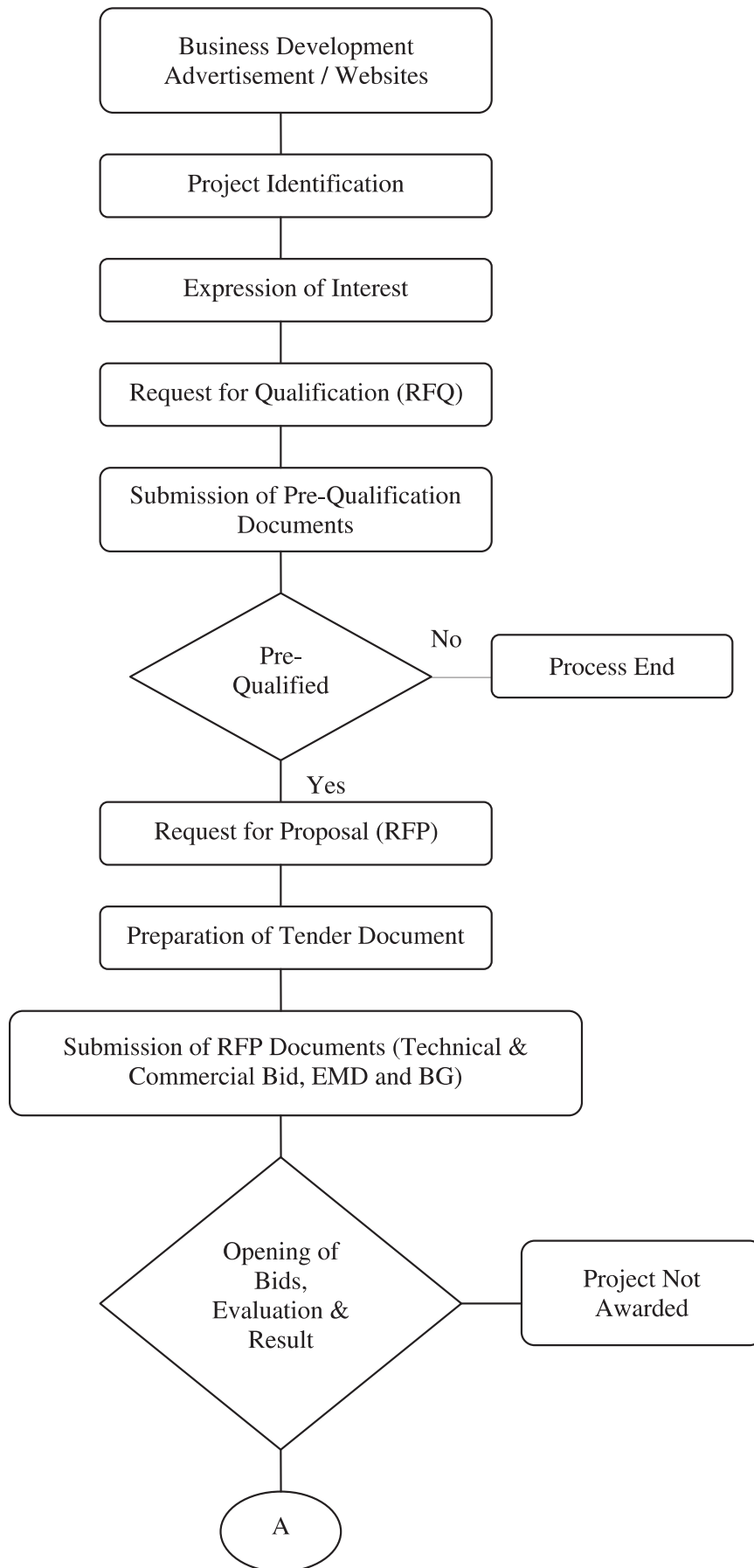
Focus on execution of projects in a timely manner

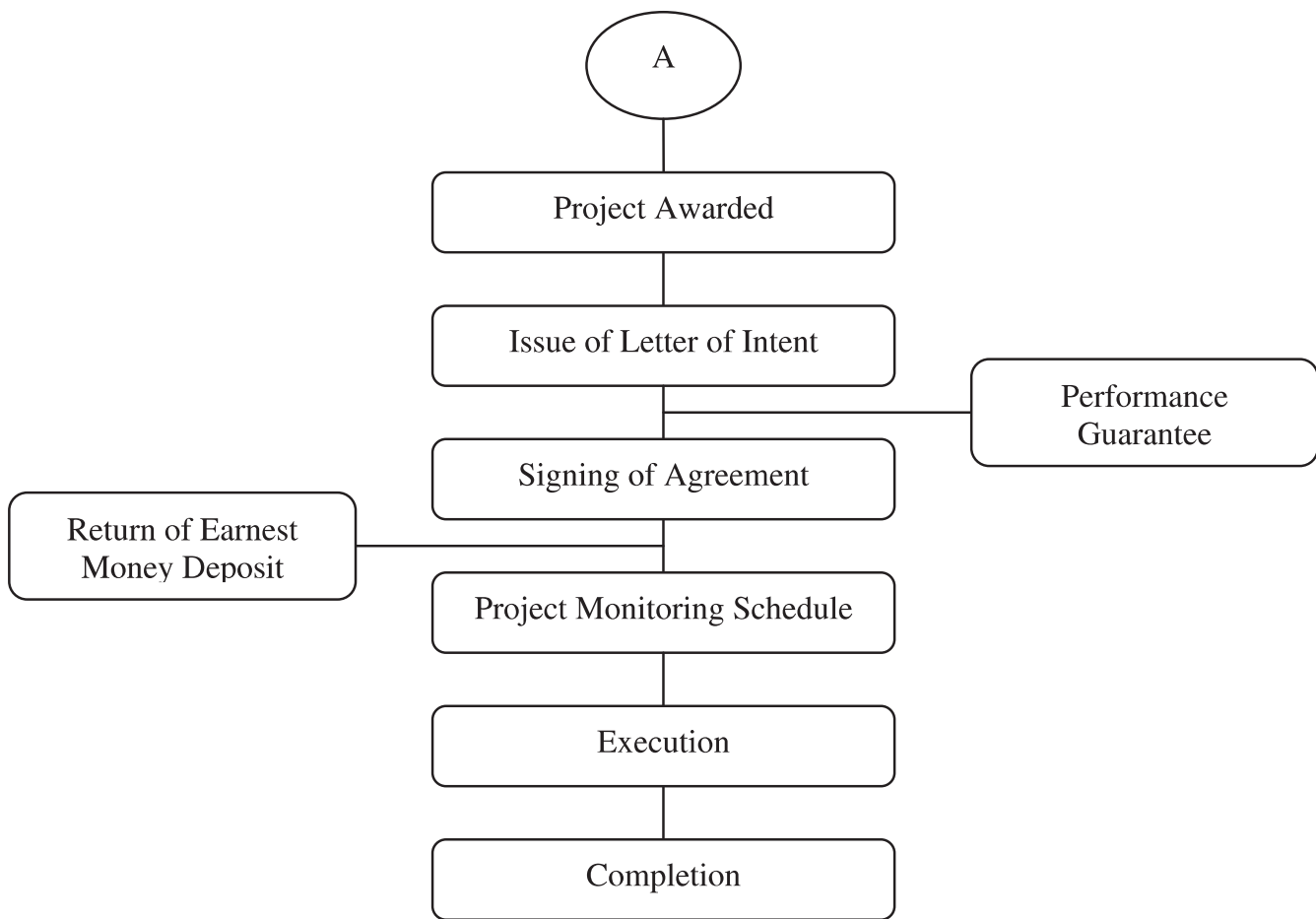
Our Company intends to maintain quality standard and ensure timely completion of the projects. We also intend to focus on employing latest technology with experienced manpower to give a quality output in a timely manner.

Our Business Model

Our Company mainly works on projects sponsored by government or government agency, including the Central Government, State Governments and Municipalities. The construction contracts are generally awarded through a competitive bidding process. The clients typically advertise the project requirements in a leading newspaper and/or on their website and call for an Expression of Interest (EOI). Clients then pre-qualify the bidders based on parameters including past experience in executing projects of similar nature, financial strength (net worth and / or annual turnover) etc. The pre-qualified bidders are then asked to submit a complete techno-commercial proposal which is evaluated based on pre-defined parameters. The commercial proposal of only technically qualified bidders is opened.

The bidder who quotes the lowest (also referred to as L1 bidder) is normally issued a letter of intent (LOI) by the client stating acceptance of the bid by the client and requesting the bidder to furnish performance guarantee as per the conditions of the tender. The project execution begins only after signing of the agreement. The stages involved in the complete project cycle are as under:





Business Development

We generally secure construction contracts by participating in the tendering process. The major source of information of ensuing tenders for construction contracts are newspapers, government gazettes and websites of government and government agencies. Our project department scans through all the major newspapers and websites on a daily basis to identify the projects in the areas of our operation and also keeps constant touch with various government agencies for information on forthcoming projects and likely issue of tender notices.

We identify projects of our interest after reviewing various aspects of projects like ,cost of the project, margins expected, resources required for the project and that available with us, location of the project, reputation of the client, our past experience of dealing with that client (if any) and our likelihood of winning the project.

Once we have identified the projects, we follow the procedure as per the instructions in the advertisement. Generally the procedure involves submission of an Expression of Interest followed by filing pre-qualification documents.

Pre-Qualification

In construction sector, since the projects are of large magnitude, the client normally sets out pre-qualifying criteria for each of the contracts to evaluate the technical capability and financial strength of the contractors. Though there is no fixed set of criteria, the pre-qualification criteria generally include past experience in projects of similar nature, organizational structure, manpower and machinery, reputation for quality and financial strength of the contractors.

Once we pre-qualify for the project, we are required to submit a detailed techno- commercial proposal to the client.

Tender Preparation

The Request for Proposal (RFP) document is issued by the client to only those contractors who pre-qualify for the project. Before submission of our detailed techno-commercial proposal, we carry out an in depth study of the proposed project in terms of the technical and financial parameters, followed by a site visit by our engineers to gather information of site conditions.

We believe a site visit is a pre-requisite to any bid submission as it enables us to understand the important factors like the location of the project, access to the site, the surroundings etc.

We also conduct a market survey of the region in and around the project location to assess the availability and rates of raw material like cement, steel, aggregate, bitumen etc. The quality of raw material to be used is generally specified in the tender. We obtain a manufacturer's certificate, from whom we plan to procure the materials, certifying its quality. However at times we send the materials to engineering colleges to ensure that it meets the specifications as given in the tender. The site visit and market survey allows us to submit a technically and commercially competitive bid for the projects.

The detailed techno-commercial proposal consists of a technical proposal and a commercial proposal. The technical proposal generally consists of details of past experience of the contractor in executing similar project of commensurate size and complexity, key personnel available, the organization structure, a note on the construction methodology including the approach towards design and engineering to be adopted by the bidder. In short, the technical proposal is a complete overview of the method proposed to be adopted for project execution. The bidder is also required to submit Earnest Money Deposit (EMD) along with the technical proposal, which is refunded in case the bidder does not qualify on technical parameters.

The commercial bid of only the technically qualified bidders is opened. The commercial bid depends on the nature of contract i.e. Lump Sum, Item Rate, Percentage Rate, BOT or Annuity. Our company has primarily been executing item rate contracts and percentage rate contracts. In case of an item rate contract we undertake detailed rate analysis based on "Standard Data Book for analysis of rates" issued by Ministry of Road Transport & Highways, to arrive at unit rate for individual item like earthwork, bituminous work and concrete work. The summation of the unit rates is the contract value quoted by the company, which may be above or below the estimated value of the project as given in the tender by the client. In a percentage rate contract, we are required to quote a percentage above or below the estimated value of the project as given by the client in the tender.

The project is normally awarded to the bidder who quotes the lowest price.

Project Execution

The client issues the Letter of Intent (LOI) to the bidder who has quoted the lowest price, signifying the award of contract. The LOI states the acceptance of the bid by the client and requests the bidder to furnish performance guarantee as per the conditions of the tender.

Once, the agreement is signed and the contract is awarded, we commence our pre-construction activities such as mobilizing manpower and equipments and construction of site infrastructure like site camps, temporary office, warehouse, workshops etc.

The client generally provides with 'Good for Construction' design and drawings duly stamped to the contractor to commence the construction activities. In other cases, the contractor is required to submit drawings as per the site conditions, which is reviewed and approved by the client. Once the design and the drawings are finalized in consultation with the client, the next step is the procurement of key construction materials and services required to commence construction. We carry out various tests on aggregates, taken from different source of stone quarries like impact value test, soundness test, water absorption test etc. to assess the strength of the aggregate and its suitability for the project.

The source of raw material to be procured has to be approved by the client. The client generally carries out tests on the samples of material submitted by the contractor in its own laboratories to determine the suitability and approve the source of procurement. The costs associated with such tests are borne by the client.

Based on the project requirements, we prepare a project-monitoring schedule to monitor the progress of the project execution against the milestones stipulated in the tender. Once the execution starts, the progress of work is continuously monitored and corrective measures are immediately implemented if required.

Project execution generally comprises of activities like earthwork and excavation, earthwork embankment, preparation of sub-grade, granular sub-base, weight mix macadam, bituminous work and concreting. Our company owns earthwork equipments such as ready mix fully computerized concrete batching plant, batchmix bituminous plant, excavators, sensor paver finishers, bulldozers, pneumatic tyre roller plant and transit mixers, concrete pump used for concreting among other equipments, which gives us a competitive edge in execution of the projects that we handle.

Project execution is generally carried out as per the execution plan and the work schedule prepared before the commencement of work, unless there is a change in scope of work at the request of the client. The invoices are raised as per the tender conditions (normally on a monthly basis) and sent to the client for certification and release of interim payments.

Project Closure

The move towards completion of any project starts with joint inspection of the project which is carried out with the client to commence the process of handing over the project to the client. We are also required to submit "As Built Drawings" at the time of handing over. Subsequently, the final invoice is raised and submitted for release of the final payment.

The client then prepares the substantial completion certificate and the handing over certificate, which signifies the commencement of the defects liability / operation & maintenance period, if there is any. The client releases the retention money as per the conditions of the contract.

Guarantees

Our company is often required to provide financial and performance guarantees guaranteeing our performance and financial obligations in relation to a project. The amount of guarantee facility available to us depends upon our financial condition and availability of adequate security for the banks and financial institutions who provide us with such guarantees. There have been no instances where our performance guarantees have been invoked by our clients.

Type of Contracts

Our company typically enters into the following types of contracts.

1. Item Rate Contract

In an item rate contract, the company is required to quote the price for individual items of work of the Bill of Quantities (BOQ) items. The schedule of quantities is estimated and furnished by the client. Therefore at the time of execution of the project, if there is any increase in the quantity of actual BOQ items as against the quantity estimated, the difference is paid at the rate we had bid for the project.

In such contracts, the designs, drawings and specifications are provided by the client. The project is to be executed as per the technical specifications provided at the rates quoted for each of the BOQ items.

2. Percentage Rate Contracts

In a percentage rate contract, the company is required to quote a percentage above, below or at par with the estimated cost furnished by the client. In addition to providing with all the information such as designs, drawings and BOQ, the client also provides with the estimated rates for each item of the BOQ. The project is to be executed as per the technical specifications provided at the rates quoted by the contractor. The quote is determined by adding or subtracting the percentage quoted by us above or below the estimated cost furnished by the client.

We are now planning to enter into Build Operate and Transfer (BOT) and Annuity Contracts.

3. Build Operate and Transfer (BOT) Contracts

Though a relatively recent phenomenon, BOT is increasingly gaining importance as the government endeavours to attract private sector participation in the development of large-scale infrastructure projects such as airports, power, roads, bridges and other infrastructure projects. In a BOT contract, the developer is required to construct the assets, operate and maintain it over a pre-defined period (known as "concession period") at his own expense. Typically, in a BOT contract, the developer secures its own financing either in the form of debt or equity to construct the project.

Over the concession period, the developer is allowed to collect revenues from the end users of the asset. The charges could either be fixed through the concession agreement or left to the discretion of the developer. For example, in a truck terminal project executed on a BOT basis, the developer is permitted to collect and keep the user charges (parking charges, dormitory fee, repair & maintenance charges etc.) received from vehicles and other users that use that truck terminal facility during the Concession Period.

At the end of the concession period the asset is transferred back to the client who had commissioned the project.

4. Annuity

In an annuity type of contract, the client makes a regular payment to the contractor over the concession period. The amount to be paid is pre-determined. In an annuity contract, the facility is constructed, maintained and financed by the contractor; however the ownership of the facility lies with the client. The revenues, if applicable is collected by the client, therefore the entire risk of the operation is on the client who is the owner of the project.

Our Order Book

Our order book comprises of un-commenced projects, unfinished and uncertified portions of our commenced projects. Our order book as on April 30, 2007 was Rs.33688.66 Lakhs.

The details of projects currently being executed by us directly and through our joint ventures are as under:

Airside Works

We are currently executing projects relating to airside works amounting to Rs. 5865.94 Lakhs out of which Rs. 4424.41lakhs is outstanding as on April 30, 2007

(Rs. In Lakh)

| Sr. No | Name of Work | Name of Client | Contract Value | Amount Outstanding |
|--|---|--|----------------|--------------------|
| Projects in hand being executed by us | | | | |
| 1. | Construction of shoulders and turn pad for the Secondary Runway 12/30 at Chennai Airport | AAI, Chennai | 478.41 | 48.32 |
| 2. | Upgradation of Airstrip at Nanded – Widening, Extension and Strengthening of Runway and allied works | The Superintending Engineer, MIDC Circle, Aurangabad | 1896.81 | 1378.96 |
| 3. | Extension strengthening of apron and allied works at Trichy Airport | Airports Authority of India | 1915.73 | 1754.65 |
| 4. | Construction of taxiway and further extended upto B-3 taxi track Mumbai International Airport Pvt. Ltd. | Mumbai International Airport Pvt. Ltd. | 546.3 | 213.79 |
| 5. | Extension of Apron and Construction of Additional Parking Bay at Trivandrum Airport, Thiruvananthapuram | Trivandrum Airport, Thiruvananthapuram | 876.96 | 876.96 |
| 6. | Development of area around the approach light system to runway-27 beginning. | Mumbai International Airport Pvt. Ltd. | 89.23 | 89.23 |
| 7. | Construction of road works for cargo area at Airside of Chhatrapati Shivaji Int. Airport | Mumbai International Airport Pvt. Ltd. | 62.5 | 62.5 |

Highways and Roads

We are currently executing projects relating to highways and roads sector amounting to 54614.25 lakh out of which 28026.48 lakh are outstanding as on April 30, 2007

(Rs. In Lakh)

| Sr. No | Name of Work | Name of Client | Contract Value /Our share of Contract | Amount Outstanding |
|--|--|--|---------------------------------------|--------------------|
| HIGHWAYS | | | | |
| Projects in hand being executed by us | | | | |
| 1 | Strengthening of SH – 06, Surat – Olpad (Km. 8/257 to Km. 19/200) and S.H. 168 Magdalla – Navsari (Km. 12/172 to Km. 25/634) and paving of shoulders | Roads & Buildings Department, Govt. of Gujarat | 4736.88 | 2451.31 |
| 2 | Karnataka State Highways Improvement Project – Upgradation of Road from Sankeshwar to Yaragatti: Contract U-6 | KSHIP, Bangalore | 7723.71 | 2812.58 |
| ROA DS | | | | |
| Projects in hand being executed by us | | | | |
| 1 | Construction of integrated road at North lake village, Amby Valley city. | Sahara India Commercial Corporation Limited | 12347.02 | 12285.28 |
| 2 | Formation of new roads, repairs, resurfacing of existing roads to bus park area(SSN College) | Sri Sivasubramaniya Nadar College of Engineering, Kalavakkam | 388.56 | 311.3 |
| 3. | Proposed road work and storm water drain in shop V,VI | Ashok Leyland Limited, Chennai | 235.87 | 213.05 |
| 4 | Filling retaining wall,construction and laying of concrete road | Hiranandani Realtors pvt. Ltd. | 235.00 | 172.82 |
| 5. | B.R.T.S. from RTO to Pirana | Ahmedabad Municipal Corporation | 8589.68 | 8589.68 |

Highways and Road Projects in hand being executed by us in our various Joint Ventures

| Sr. No | Name of Work | Name of Client | Contract Value/Our share of Contract | Amount Outstanding | Name of the Joint Venture Party/Parties |
|--------|---|--|--------------------------------------|--------------------|---|
| 1 | Strengthening and paving of shoulders of SH-25 Fala – Jamnagar (km. 53/981 to km. 78/830 and Jamnagar – Kambhalia (km. 94/106 to km. 144/993) | Roads & Buildings Department, Govt. of Gujarat | 10234.47 | 347.32 | Ketan Construction Limited and Backbone Enterprises Limited |
| 2 | Widening & Strengthening of SH-06 Bharuch – Dahej road (km. 200 to km. 248 + 200) | Roads & Buildings Department, Govt. of Gujarat | 6022.73 | 207.51 | Backbone Enterprises Limited |
| 3 | Repair and rehabilitation of SH 20, Surendranagar to Dhrangadhra Road (Km. 0.00 to Km. 32.40) | Roads & Buildings Department, Govt. of Gujarat | 1121.33 | 70.83 | Ketan Construction Limited |
| 4. | Widening and construction of Western express highway from SN Dubey road jn to Gobar Nallah (Dahisar) (Km.514.00 to 502.35) | MMRDA (MUIP) Mumbai | 2548.69 | 564.8 | Prime Engineers |

Civil Construction

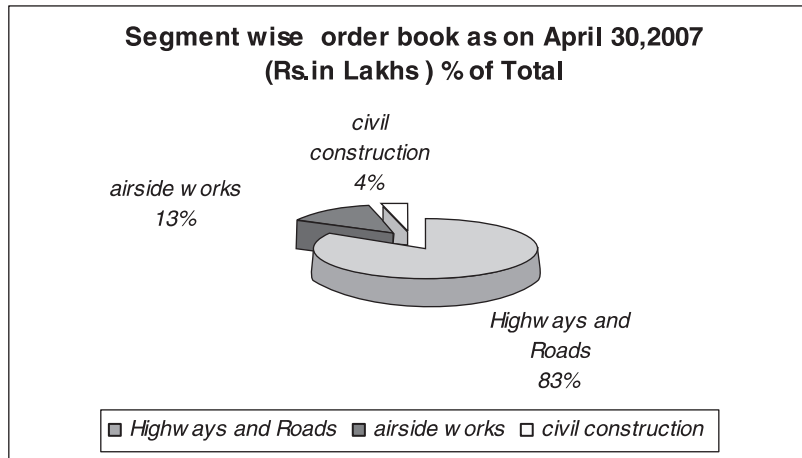
We are currently executing projects relating to civil construction amounting to Rs. 5094.06 lakh out of which Rs. 1237.77 is outstanding as on April 30, 2007

(Rs. In Lakh)

| Sr. No | Name of Work | Name of Client | Contract Value | Amount Outstanding |
|--|--|--------------------------------------|----------------|--------------------|
| Projects in hand being executed by us | | | | |
| 1 | Civil Works for tank foundations, compound wall & related works for Crude Receipt Facilities Project of KRL at Pothuvypeen | Kochi Refineries Ltd, Kerala | 4270.44 | 999.93 |
| 2 | Site Leveling for Cochin 400 KV substation in Kerala | Power Grid Corporation of India Ltd. | 434.30 | 128.74 |
| 3 | Proposed land development work, roadwork, compound wall & fencing and allied works at Sriperumbudur | Ennore Foundries Ltd, Chennai | 389.32 | 109.1 |

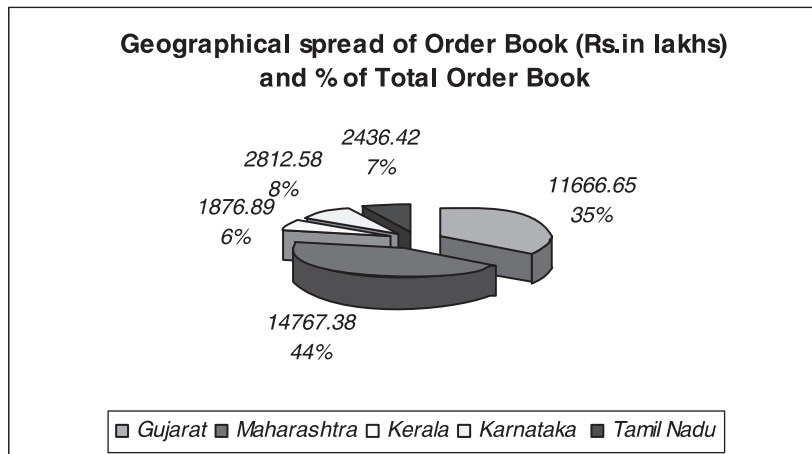
Segment Composition of our Order Book

Approximately 83% of our order book as on April 30,2007 relates to projects in the Highways and Roads sector, 13% relates to airside works and 4% relates to civil construction projects



Geographical Spread of our Order Book

The geographical spread of our order book as on April 30,2007 is reflected in the pie chart below:



Our Infrastructure Facilities

Raw Materials

The major raw materials required for our projects are cement, steel, aggregate, bitumen, LDO (Light Diesel Oil) and HSD (High Speed Diesel) etc. The requirement of these raw materials is project specific and procurement of raw material like cement, steel, bitumen, LDO etc is carried out directly from the respective project sites. As and when we are awarded a project, our engineers make a site visit to assess the availability, rates and prices of key construction materials in that particular region. Thereafter we assess the quantity of material, services and equipment required for the project and call for quotations from the list of local suppliers. The supplier is finalized through the process of negotiation, considering the geographical location of the project and the lead-time in supply of the material. In cases where raw material like bitumen etc is not available near the project site, the requirement is communicated to the corporate office, which arranges for the material from local/international suppliers.

The requirement of aggregate is mainly met from the crushing units owned by us. For projects located in and around Mumbai, the aggregate is procured from our automatic crushing units located at Navi Mumbai. The requirement of aggregate at our various project sites is met from mobile crushing units owned by us.

Our company owns a ready mix concrete plant at Goregaon, Mumbai mainly to cater to our captive requirements. The plant has an installed capacity of 30 cubic meter / hour and is fitted with silo system for storage of cement. The aggregates / metal powder from our crushing units are mixed with sand, cement, and fly ash depending on the desired mix design and quantity to produce Ready Mix Concrete. The process of mixing is done with the help of a Concrete Mixer.

Procurement of capital equipment and spare parts for machinery and equipment is centralized and each project site communicates its requirement to the corporate office which procures the same from suppliers of good repute.

Water

The quantity of water required is project specific and is procured locally by way of boring wells at the site or through the existing water supply network in that area.

Power

The requirement of power for our operations and the sources of supply are as follows:

- Power for projects sites – Power for lighting and operating the machinery/equipment is met through respective state electricity boards’ distribution source where the projects are located and from generator sets.
- Power for Ready Mix Concrete Plant at Mumbai – Power requirement is met from Reliance Energy Limited’s distribution source and from generator sets.
- Power for Corporate Office at Navi Mumbai - Power requirement is met from Maharashtra State Electricity Board’s distribution source and generator sets

Fuel

The requirement of diesel for operating the machinery / equipment and generating sets is met by supplies from the local markets.

Human Resources

As on April 30, 2007 we employed 570 full time employees out of which 80% were employed at our various project sites and the rest were employed at our corporate and registered office.

The following table sets forth information related to full time employees of our company:

| Sr. No. | Category of Employees | No. of Employees |
|------------------|-----------------------|------------------|
| 1. | Managerial Post | 20 |
| 2. | Officers | 35 |
| Technical | | |
| 3. | Project Engineers | 5 |
| 4. | Site Engineer | 40 |
| 5. | Supervisor | 33 |
| 6. | Technicians | 16 |
| Workers | | |
| 7. | Skilled | 96 |
| 8. | Semi skilled | 76 |
| 9. | Unskilled | 75 |
| 10. | Drivers | 112 |
| 11. | Sub Staff | 62 |
| Total | | 570 |

In addition, as on April 30, 2007 we employed a large number of temporary contract labour on our project sites.

Plant and Machinery

Some of the major equipments owned by us are:

- For earth work we own equipments such as poclains, hydraulic excavators, loaders, motor graders
- For structural work we own equipments such as concrete batching plants, transit mixers, concrete pumps, needle vibrators

- For asphalt paving work we own equipments such as mobile crusher, vibratory tandem rollers, pneumatic tyre roller, stone crushing units, dumpers, drum mix plants
- Allied equipments and vehicles like jeeps, cars, trucks, tippers, diesel tanks, wireless communication sets, generators
- Laboratory equipments like survey equipment/dumpy levels, truck mounted CBR testing apparatus, testing apparatus for cement concrete work, testing apparatus for asphalt concrete work.

Our Intellectual Property

As on date we do not own any trademark. Our Promoter Mr. Jerry Varghese has applied for registration of the trademark in his own name, the application for which is still pending for approval with the authorities.

Our Property

The details of our various properties are as under:

| Sr. No. | Location of property | Nature of Title/Interest | Details | Total Area (in sq.m) |
|---|--|--------------------------|--|----------------------|
| Registered Office | | | | |
| 1. | Survey no. 253 (Plot) CTS no. 692 (plot) and Survey no. 256 (plot) CTS no. 653 (plot), Malad (East), Mumbai, Maharashtra | Owned | Date of sale deed: July 16,1993Seller: Mr. Nusli Neville Wadia, Mrs. Maureen Wadia, Mr. Rajesh Kimar Batra, Mr. Subbana Srinivas (First Vendor) and Mr Nusli Wadia, as administrator of the Estate of Edulji Framroze Dinshaw (Second Vendor) collectively the "Vendors" | 6105.00 |
| 2. | Survey no. 261 (plot) CTS no. 692 (plot), 692/7 to 10, Malad (East), Mumbai, Maharashtra | Owned | Date of sale deed: July 16,1993Seller: Mr. Nusli Neville Wadia, Mrs. Maureen Wadia, Mr. Rajesh Kimar Batra, Mr. Subbana Srinivas (First Vendor) and Mr Nusli Wadia, as administrator of the Estate of Edulji Framroze Dinshaw (Second Vendor) collectively the "Vendors" | 5707.00 |
| Accommodation to the employees and rest house facility | | | | |
| 1. | Residential Building on Plot no. 35/6 to 35/8, Sector 24, Vashi, Navi Mumbai, Maharashtra | Lease | Date of lease – February 2, 1993 Period of lease – 55 years Lessor - Shri. Prabhu Hari Mhatre | 418.95 |
| 2. | Residential Building on Plot no. 35/10 to 35/12, Sector 24, Vashi, Navi Mumbai, Maharashtra | Lease | Date of lease – February 2, 1993 Period of lease – 55 years Lessor - Shri. Dinanath Hasu Mhatre | 416.06 |
| Corporate Office | | | | |
| 1. | Plot no. 19, Sector 24, Vashi, Navi Mumbai, Maharashtra | Leased | Date of lease – October 19, 1993 Period of lease – 55 years Lessor - Mr. Jain Bhuramal Nathji | 600.00 |

Purchase of Property

Except as stated in section titled "Objects of the Issue" in this Red Herring Prospectus, on page 22 there is no property which the Company has purchased or acquired or proposes to purchase or acquire which is to be paid wholly, or in part, from the net proceeds of the Issue or the purchase or acquisition of which has not been completed as on the date of filing of this Red Herring Prospectus with SEBI, other than property:

- the contract for the purchase or acquisition whereof was entered into in the ordinary course of the business, the contract not being made in contemplation of this Issue, nor this Issue in contemplation of the contract; or
- in respect of which the purchase money is not material.

Except as stated in the section titled "Related Party Transactions" on page 82 of this Red Herring Prospectus, the Company has not purchased any property in which any Directors, have any direct or indirect interest in any payment made thereof.

Total Indebtedness

| Name of the bank | Type of loan/ Facility | Amount (Rs. in Lakhs) | Rate of Interest/ commission charges | Repayment schedule | Security |
|------------------|---|--------------------------|--|-----------------------|--|
| Vijaya Bank | Cash Credit | 1250.00 | BPLR of the bank from time to time presently being 11.25% p.a. with monthly rests | – | <ul style="list-style-type: none"> Hypothecation of stocks in trade consisting of construction materials lying at various sites as well as godown premises owned / rented by the co. from time to time with 25% margin on stock and 50% margin on book debts not older than 90 days. |
| | Bank Guarantee | 6000.00 | Commission at 1.75% p.a. | – | <ul style="list-style-type: none"> 5% cash margin on performance guarantee and 10% cash margin on other bank guarantees. Extension of charge on other assets of the company and 100% cash margins on disputed bank guarantees. Counter guarantee of the company and extension of charge on other assets of the company. |
| | Foreign Letter of Credit (Sub limit of Inland Letter of Credit) | 200 (75) | Commitment charges @ 0.15% per quarter or part thereof for the validity period of the LC for its full value. Usance charges @ 0.15% for bills upto 10 days sight, @ 0.30% for bills over 10 days usance but upto 3 months sight and @0.30% for the first 3 months and @0.075% per month or part thereof in excess of 3 months subject to a maximum of 6 months from the date of shipment | – | <ul style="list-style-type: none"> 5% cash margin Documents of title to goods in respect of LCs on DP terms and hypothecation of materials to be purchased by the company under LC and resultant receivables and extension of charge on other assets of the company |

Collateral Security

- Mortgage of plot No. 19, Sector 24, Vashi, Navi Mumbai admeasuring 600 sq. mtrs owned by M/s.Roman Tarmat Ltd.
- Mortgage of plot located at Survey No.159-3A,3 Band 3C, Mauje Shirdon, Taluk Panvel, District Raigadh, Maharashtra admeasuring about 42910 sq. mtrs (consisting of factory shed measuring 722 sq. mtrs office premises 62.50 sq. mtrs, staff quarters admeasuring about359 sq. mtrs and compound wall)
- Mortgage of land and residential flats in wing A and wing B with ground (with godown)and 2 upper floors constructed on the plots bearing nos.35/06 to 35/8 and 35/10 to 35/12 in sector 24 of Vashi Navi Mumbai
- Mortgage of non agricultural land situated at Nashik.
- Unencumbered items of plant and machinery of the company.
- Hypothecation of plant and machinery purchased during 1998 by availing SL (now closed)
- Continuing security of hypothecation of plant and machinery purchased during 1998 and held as security to the secured loan of the Company, now closed.
- Security additionally provided- Mortgage of land and building situated at residential/industrial plot situated on the north side of the film city road, Goregaon East at Sy no 253 (pt) CTS no.692 (pt) Sy no 256 (pt) CTS no.653 (pt) at village Malad, Mumbai sub-urban district owned by the applicant company

| | | | | | |
|-------------------------|---|--------|---|---------------------------------------|---|
| Standard Chartered Bank | Term Loan – Asset Backed Finance Facility * | 300.00 | At the rate as negotiated with & agreed by the Bank, presently being 10%, payable monthly in arrears or at the maturity of the tenor whichever is earlier | By way of equated monthly instalments | <ul style="list-style-type: none"> • First and exclusive charge on the new assets financed • Post dated cheques for repayments of interest and principal • Personal guarantee of any one of the Directors of the company (Jerry Varghese / Saramma Varghese) supported by certified true copies of the Wealth Tax / Income Tax returns filed with the authorities |
| | Overdraft | 300.00 | At the rate as negotiated with & agreed by the Bank, payable monthly in arrears | – | <ul style="list-style-type: none"> • 25% margin on stocks and book debts • First & exclusive charges on the assets having valuation of atleast 50% of the facility amount • First charge on the current assets of the specific project approved by the Bank • Personal guarantee of Jerry Varghese & Saramma Varghese supported by certified true copies of the Wealth Tax/ Income Tax returns filed with the authorities |

| | | | | | |
|--|-------------------|---------|--|---|--|
| | Guarantees* | 1000.00 | Commission at the rate as negotiated with & agreed by the Bank | – | <ul style="list-style-type: none"> • 25% margin on stocks and book debts • 10% cash margin • Personal guarantee of Jerry Varghese & Saramma Varghese supported by certified true copies of the Wealth Tax/ Income Tax returns filed with the authorities • First charge on the current assets of the specific project approved by the Bank |
| | Letter of Credit* | 300.00 | At the rate as negotiated with and agreed by the Bank | – | <ul style="list-style-type: none"> • First and exclusive charge on the new assets financed • Personal guarantee of one of the Directors of the Company (Jerry Varghese/Saramma Varghese) supported by certified true copies of the wealth tax/income tax returns filed with the authorities • 10% cash margin on any LC opened |

Hire Purchase Loan on Plant & Machineries

The Company has taken hire purchase loans for plant & machineries from several Non Banking Finance Companies. The loan is repayable on equally monthly instalments for the period between 36 to 60 months. The rate of interest on the said loan ranges between 4.36% to 10.50% per annum. The outstanding balance as on 31st December, 2006 was Rs. 165.71 lacs.

* The Company has not availed these facilities as on the date of filing this Red Herring Prospectus

Competition

We operate in a competitive environment. Our competition depends on a host of factors such as the size, nature and complexity of the project and the geographical location of the project. We mainly compete with domestic players in our area of operation. The major factors which a client considers before awarding a contract generally include service quality, technical capability, performance record and experience, health and safety records and availability of qualified personnel. However price is often the deciding factor in most tender awards.

Our major competitors include IVRCL Limited, Simplex Projects Limited, Atlanta Limited, Larsen & Toubro Limited, Unitech Limited, Nagarjuna Construction Company Limited, KMC Constructions Limited, Afcon Limited, Valecha Engineering Limited, Backbone Enterprises, Unity Infrastructure, Gayatri Projects Limited, Sadbhav Engineering and PBA Infrastructure.

Insurance

Our operations are subject to hazards inherent in providing engineering and construction services, such as risk of equipment failure, work accidents, fire, earthquake, flood and other force majeure events. We may also be subject to claims resulting from defects arising from engineering and construction services provided by us within the warranty periods extended by us, which range from 12 to 18 months from the date of commissioning.

We maintain appropriate and specialised insurance for all construction risks, third party liabilities for projects as required by the client for the duration of the project and the defect liability period. Loss or damage to our materials, property and/or materials used in the project, including contract works, whether permanent or temporary, and materials or equipment whether supplied by us or supplied to us by the client, are generally covered by “Contractors All Risks Policy” (CAR) insurance against material damage to property. Under the Contractors All Risk insurance policy we are also provided cover for price escalation, debris removal and surrounding properties. We maintain Workmen’s Compensation Policy to cover personal injury by accident or disease suffered by employee arising out of and in course of employment of the Company. We also obtain Miscellaneous and Special Types of Vehicles Policy to cover specific vehicles.

The details of the insurance policies are as under:

(Rs. In Lakhs)

| No. | Policy Number | Name of the Insurance Company | Expiry Date | Policy Amount (Rs.in Lakhs) | Premium Amount | Nature of Policy |
|-----|-------------------|-------------------------------|-------------------|-----------------------------|----------------|-------------------------------|
| 1. | 11023722711100012 | Reliance General Insurance | June 4, 2007 | 18.00 | 0.49 | Workmen’s Compensation Policy |
| 2. | 5004/0002419 | ICICI Lombard | November 13, 2007 | 319.00 | 0.64 | CAR Policy |
| | Total | | | 337.00 | 1.13 | |

Health, Safety and Environment

Our company is committed to adequate worker safety and considers it to be a matter of prime importance. Our company follows all safety policies of the Loss Prevention Association of India and insists on health check-ups of all employees. We ensure that all our project sites provide safe and secure working environments during different phases of the project execution. Our on-site members are mandated to wear protection equipment while working under the supervision of a safety team.

Our Company takes all probable measures to reduce the likelihood of accidents that lead to loss of life, loss or damage to property.

OUR JOINT VENTURES

The Company’s existing joint ventures are:

KETAN-BACKBONE-TARMAT Joint Venture

The Joint Venture is currently executing contract GSHP/11: Strengthening and paving of shoulders of SH-25 Falla – Jamnagar (km. 63/981 to km. 78/830 and Jamnagar – Kambhalia km. 94/106 to km. 144/993) for a contract value of Rs. 10234.47 lakhs.

KCL-TARMAT Joint Venture

The Joint Venture has won the contract of “Repair and rehabilitation of SH 20, Surendranagar – Dhrangadhara Road (km 0.00 to 32.40) as Slice A” for a contract value of Rs. 1121.33 lakhs and is currently executing the same.

TARMAT-BEL Joint Venture

The Joint Venture has been awarded Contract No. GSHP/9B – Widening and strengthening of SH-06, Bharuch - Dahej (km 200 to 248+200) for a contract value of Rs. 6022.73 lakh and is currently executing the same.

TARMAT- PRIME Joint Venture

TARMAT-PRIME Joint Venture has been awarded the contract of Widening and Construction of Western Express Highway from S N Dubey road Jn. to Gobar Nallah (Dahisar) (km. 504.00 to 502.35) invited by Mumbai Metropolitan Region Development Authority (MMRDA) for a contract value of Rs.2548.68 Lakhs and is currently executing the same.

TARMAT INFRASTRUCTURE & J.P ENTERPRISES Joint Venture

TARMAT INFRASTRUCTURE & J.P ENTERPRISES Joint Venture has been executing the contract allotted to them by the Pune Municipal Corporation for a contract value of Rs.3755.23 Lakhs in order to construct cement concrete roads in Pune city. The work has been completed by the Joint Venture but the final payment is pending from the client

For details of the aforesaid Joint Ventures, please refer to section titled “Our Promoter Group Companies / Joint Ventures” on page no 77 of this Red Herring Prospectus.

REGULATIONS AND POLICIES

The following description is a summary of the relevant regulations and policies as prescribed by the Government of India. The summary of regulations set out below is not exhaustive, and is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional legal advice.

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

General

Our Company is engaged in the business of infrastructure projects and is mainly into building of roads, bridges, construction and up-gradation of airports and runways, highways and other civil construction. Contracts by our Company are executed in pursuance of tenders issued by the Government, Government agencies, Government companies, private companies, public companies and multinational companies or by orders placed by them. For the purpose of executing the work undertaken by the Company, we may be required to obtain licenses and approvals depending upon the prevailing laws and regulations applicable in the relevant State and depending on the project required to be executed. For details of such approvals please see "Government Approvals" on page 114 of this Red Herring Prospectus.

Regulation for the road sector

The primary central legislations governing the road sector are the National Highway Act, 1956 and the National Highway Authority of India Act, 1988.

National Highways Act, 1956 ("NHA")

Under NHA, the central government is vested with the power to declare a highway as a national highway and also to acquire land for this purpose. The Central Government may by notification, declare its intention to acquire any land when it is satisfied that for a public purpose such land is required for the building, maintenance, management or operation of a national highway. NHA prescribes the procedure for the same. Such procedure relates to declaration of an intention to acquire, entering and inspecting such land, hearing of objections, declaration required to be made for the acquisition and the mode of taking possession.

The Central Government is responsible for the development and maintenance of national highways. However, it may direct that such functions may also be exercised by State Governments. Further, the Central Government has the power to enter into an agreement with any person for the development and maintenance of a part or whole of the highway. Such person would have the right to collect and retain fees at such rates as may be notified by the Central Government.

The National Highways (Collection of Fees by any Person for the use of Section of National Highways / Permanent Bridge/ Temporary Bridge on National Highways) Rules, 1997 provides that the Central Government may enter into agreements with persons for development and maintenance of the whole or part of a national highway / permanent bridge / temporary bridge on national highway. Such person may invest his own funds for development or maintenance and is allowed to collect and retain the fees at agreed rates from different categories of vehicles for an agreed period for the use of the facilities created herein.

The rates of fees and the period of collection are decided by the Central Government and the factors taken into account to decide the same include expenditure involved in building; maintenance, management and operation of the whole or part of such section; interest on the capital invested; reasonable return, the volume of traffic; and the period of such agreement.

Once the period of collection of fees by the person is completed, all rights pertaining to the section, permanent bridge or the temporary bridge on the national highway would be deemed to have been taken over by the Central Government.

National Highways Authority of India ("NHAI Act")

The NHAI Act provides for the constitution of an authority for the development, maintenance and management of national highways. Pursuant to the same the National Highways Authority of India ("**NHAI**") was set up in 1995. Under the NHAI Act, the Central Government carries out development and maintenance of the national highway system through NHAI, an autonomous body. Pursuant to the same, NHAI has the power to enter into and perform any contract necessary for the discharge of its functions under the NHAI Act. The NHAI commenced the National Highway Development Project involving the conversion of 14,279 kilometres of national highways to 4/6-lanes, at a total estimated cost of Rs. 54,000 Crore. This development program is founded on a revenue model comprising tolls and a cess on fuel, to build roads which deliver sustained performance.

In an effort to provide for additional financing of its projects, the NHAI has taken measures to attract private sector participation in development of projects. The NHAI Act prescribes a limit in relation to the value of the contracts that may be entered into by NHAI. However, such contracts can exceed the value so specified with the prior approval of the Central Government. The NHAI provides that the contracts for acquisition, sale or lease of immovable property cannot exceed a term of thirty days.

The Government aims to attract both foreign and domestic private investments in construction and maintenance of National Highways. Projects may be offered on Build Own Transfer ("**BOT**") basis to private agencies. The concession period can be upto a maximum of 30 years, after which the road is transferred back to NHAI by the concessionaries.

The bidding for the projects takes place in two stages as per the process provided below:

- In the pre-qualification stage, NHAI selects certain bidders on the basis of technical and financial expertise, prior experience in implementing similar projects and previous track record; and
- In the second stage, NHAI invites commercial bids from the pre-qualified bidders on the basis of which the right to develop the project is awarded.

Where projects are funded by multilateral funding agencies such as the World Bank or the Asian Development Bank, the selection takes place in consultation and concurrence with the funding organization. For other types of projects, selection is as per standards work procedures. Wide publicity is given to NHAI tenders so as to attract attention of leading contractors and consultants. Notice inviting tenders is posted on the web site of the NHAI and published in leading newspapers.

Private sector participation in the road sector is sought to be promoted through the following initiatives as well:

- the Government ensures that all preparatory work including land acquisition and utility removal is completed before awarding of the project;
- right of way is made available to the concessionaires free from all encumbrances;
- NHAI / Government may provide capital grant up to 40% of project cost to enhance viability on a case to case basis;
- 100% tax exemption for 5 years and 30% relief for next 5 years, which may be availed of in 20 years; and
- Duty free import of specified modern high capacity equipment for highway construction.

The Airports Authority of India Act, 1994 (the “AAI Act”)

The Airports Authority of India is constituted under the Airport Authority of India Act, 1994. The Statute was enacted for the constitution of the Airports Authority of India (the “**Authority**”) and for the transfer and vesting of the undertakings of the International Airports Authority of India and the National Airports Authority of India to and in the Authority for the better administration and cohesive management of airports and civil enclaves from where transport services are operated or are intended to be operated and of all aeronautical communication stations for the purposes of establishing or assisting in the establishment of airports and for matters connected therewith or incidental thereto.

Joint Ventures between the public and private sectors

The Government is seeking greater private sector participation and financing in the modernization and upgrading of existing airport facilities including through BOT, Build Own Lease Transfer (**BOLT**), Build Own Operate (**BOO**), Lease Develop Operate (**LDO**), Joint Ventures (**JV**) and management contracts. Besides the current proposals for Mumbai and Delhi airports, this also includes plans to modernize thirty non-metro airports by inviting private participation.

Environmental and Labor Regulations

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

- Contract Labor (Regulation and Abolition) Act, 1970;
- Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996;
- Factories Act, 1948;
- Payment of Wages Act, 1936;
- Payment of Bonus Act, 1965;
- Employees’ State Insurance Act, 1948;
- Employees’ Provident Funds and Miscellaneous Provisions Act, 1952;
- Payment of Gratuity Act, 1972;
- Shops and Commercial Establishments Acts, where applicable;
- Environment Protection Act, 1986;
- Minimum Wages Act, 1948;
- Hazardous Waste (Management and Handling) Rules, 1989;
- Workmen’s Compensation Act, 1923;
- Environment Protection Act, 1986;
- The Water (Prevention and Control of Pollution) Act, 1974; and

- The Air (Prevention and Control of Pollution) Act, 1981.
- Inter State Migrant Workers Act, 1979.

The following paragraphs detail the major legislations applicable to our business.

LABOUR REGULATIONS

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, the regulation of their conditions and terms of service 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 the principal employer of an establishment to which the CLRA applies to make an application to the registered officer in the prescribed manner for registration of the establishment. In the absence of registration, contract labour cannot be employed in 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.

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. Penalties, including both fines and imprisonment, may be levied for contravention of the provisions of the CLRA.

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. It applies to, *inter alia*, seasonal power using factories employing ten or more persons and non-power using factories employing 20 or more persons. Every factory or establishment to which the ESIA applies is required to be registered in the manner prescribed in the ESIA.

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. 7,500 per month is entitled to be insured. In respect of such employees, both the employer and the employee must make certain contributions to the Employee State Insurance Corporation. Currently, the employee's contribution rate is 1.75% of the wages and that of employer's is 4.75% of the wages paid/payable in respect of the employee in every wage period.

The ESIA 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.

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. It prescribes penalties for non-compliance by employers for payment of the wages thus fixed.

Workmen's Compensation Act, 1923

The Workmen's Compensation Act, 1923 ("**WCA**") has been enacted with the objective to provide for the payment of compensation to workmen by employers for injuries by accident arising out of and in the course of employment, and for 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;
- (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).

The PGA establishes a scheme for the payment of gratuity to employees engaged in every factory, mine, oil field, plantation, port and railway company; every shop or establishment in which ten or more persons are employed or were employed on any day of the preceding twelve months; and in such other establishments in which ten or more persons are employed or were employed on any day of the preceding twelve months, as the central government may, by notification, specify. Penalties are prescribed for non-compliance with statutory provisions.

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. It provides for the institution of provident funds and pension funds for employees in establishments, which employ more than 20 persons, and factories specified in Schedule I of the EPFA. Under the EPFA, the central government has framed the "Employees' Provident Fund Scheme", "Employees Deposit-linked Insurance Scheme" and the "Employees' Family Pension Scheme". The funds constituted under these schemes consist of contributions from both the employer and the employees, in the manner specified in the statute. The EPFA prescribes penalties for avoiding payments required to be made under the above-mentioned schemes.

Factories Act, 1948

The Factories Act, 1948 ("**Factories Act**") aims at regulating labour employed in factories. A "factory" is defined as "any premises...whereon ten or more workers are working or were working on any day of the preceding twelve months, and in any part of which a manufacturing process is being carried on with the aid of power, or is ordinarily so carried on, or whereon twenty or more workers are working, or were working on any day of the preceding twelve months, and in any part of which a manufacturing process is carried on without the aid of power, or is ordinarily so carried on...".

Under the Factories Act, the state government may make rules mandating approval for proposed factories and requiring licensing and registration of factories.

The Factories Act makes detailed provision for ensuring sanitary conditions in the factory and safety of the workers and also lays down permissible working hours, leave etc. In addition, it makes provision for the adoption of worker welfare measures.

The prime responsibility for compliance with the Factories Act and the rules thereunder rests on the "occupier", being the person who has ultimate control over the affairs of the factory. The Factories Act states that save as otherwise provided in the Factories Act and subject to provisions of the Factories Act which impose certain liability on the owner of the factory, in the event there is any contravention of any of the provisions of the Factories Act or the rules made thereunder or of any order in writing given thereunder, the occupier and the manager of the factory shall each be guilty of the offence and punishable with imprisonment or with fine.

The occupier is required to submit a written notice to the chief inspector of factories containing all the details of the factory, the owner, manager and himself, nature of activities and such other prescribed information prior to occupying or using any premises as a factory. The occupier is required to ensure, as far as it is reasonably practicable, the health, safety and welfare of all workers while they are at work in the factory.

Local Shops and Establishments Legislations

Under the provisions of local shops and establishments legislations applicable in the states in which establishments are set up, establishments are required to be registered. Such legislations regulate the working and employment conditions of the workers employed in shops and establishments including commercial establishments and provide 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.

Environmental Legislations

Water (Prevention and Control of Pollution) Act 1974

The Company is required to obtain consent under the Water (Prevention and Control of Pollution) Act 1974 for discharge of sewage and trade effluent.

The Company has been granted consent under Section 26 of the Water (Prevention and Control of Pollution) Act 1974 for discharge of effluent in respect of its Factory by the Maharashtra Pollution Control Board.

Air (Prevention and Control of Pollution) Act 1981

The Company is required to obtain consent under the Air (Prevention and Control of Pollution) Act, 1981 for establishing and operating industrial plant.

The Company has been granted consent under Section 21 of the Air (Prevention and Control of Pollution) Act, 1981 for discharge of effluent in respect of its Factory by the Maharashtra Pollution Control Board.

Hazardous Wastes (Management and Handling) Rules, 1989

The Company is required to obtain consent under the Air (Prevention and Control of Pollution) Act, 1981 for establishing and operating industrial plant.

The Company has been granted consent under Rule 5 of the Hazardous Wastes (Management and Handling) Rules, 1989 for its Factory by the Maharashtra Pollution Control Board.

REGULATIONS REGARDING FOREIGN INVESTMENT

Under the Industrial Policy and FEMA, Foreign Direct Investment ("**FDI**") up to 100% is permitted under the automatic route in projects for construction and maintenance of roads, highways, vehicular bridges, toll roads, vehicular bridges and ports and harbours.

Investment by Foreign Institutional Investors

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

Ownership restrictions of FIIs

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

RBI has, by its circular being A.P. (DIR Series) circular No. 16 dated October 4, 2004, granted general permission for the transfer of shares of an Indian company by non-residents to residents and residents to non-residents, subject to the terms and conditions, including pricing guidelines, specified in the said circular. No approvals of FIPB or RBI are required for such allotment of Equity Shares under this Issue. Our Company will be required to make however make certain filings with RBI after the completion of the Issue.

HISTORY AND CERTAIN CORPORATE MATTERS

Our Company was originally incorporated in the year 1986 in the name of Jerry Varghese Constructions Private Limited. The name of our Company was subsequently changed to Tarmat Infrastructural & Engineering Private Limited with effect from September 12, 1994. The name of our Company was further changed to Roman Tarmat Private Limited with effect from October 17, 2005. Our Company was subsequently converted from Private Limited to Public Limited with effect from December 2, 2005 and the name was changed to Roman Tarmat Limited.

Our registered office is situated at Tank Road, off. Gen Vaidya Marg, Goregaon (East), Mumbai – 400063 and our corporate office is situated at Tarmat Chambers, Sector –24, Plot No. 19, Sanpada, Navi Mumbai –400 705

Some of the important events in the history of our company are as follows:

| Year | Events |
|------|--|
| 1986 | Incorporated as a private limited company in the name of Jerry Varghese Constructions Private Limited |
| 1988 | Awarded the first major work of construction of roads/flexible pavement for the entire Nhava Sheva port and construction of concrete pavement and columns in container yard at Nhava Sheva |
| 1993 | Ventured into construction of runways by taking up work of Daman Airport |
| 1996 | Set up an in-house Ready Mix Concrete Plant for captive consumption Successfully executed the work of upgradation of the main runway 09/27 at the Mumbai International Airport with CAT-2 lighting system |
| 2000 | Successfully completed the work of strengthening of secondary runway 09/27 and parallel taxiway at Indira Gandhi International Airport, New Delhi |
| 2001 | Awarded the work of renewal of Highway Bhuj - Bhachau section between Kms. 9/00 to 59/00 under World Bank Assistance worth Rs. 1832.93 Lakhs |
| 2002 | Successfully executed the work of construction of Master Plan road at relocation of Industries Project, Udyog Vihar, Delhi for DSIDC worth Rs. 6438 Lakhs Expanded our geographical area of operations to North East by taking up two highway projects in the state of Mizoram. |
| 2003 | Ventured into bridge works by taking up the project of upgradation of road from Sankeshwar to Yaragatti: Contract U6 worth Rs. 7723.71 Lakhs |
| 2005 | Conversion to public limited company and name changed to Roman Tarmat Limited |
| 2006 | Accredited with ISO 9001:2000 quality management system certificate for construction of Highways and Airports. |

Main Objects

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

- (a) To carry out in all the respective branches of the business of general construction as contractors and engineers and among other things to lay out, construct, execute, develop, erect, demolish, reconstruct, carry out, equip, repair or remodel, improve work, and do any other work in connection with roadways, roads, highways, runways, tramways, railways, airports, bridges, docks, tar mastic carpets & mates over the surface of flyovers, harbours, wharfs, canals, water-courses, reservoirs, embankments, irrigations, reclamations, sewages, drainage and other sanitary works and develop any other structural or architectural work of any kind of infrastructure projects in India and abroad and to carry on the business of real estates, builders, constructors, developers, contractors, real estate consultants, brokers or otherwise deal in houses, land, building, apartments, structures, residential, office, industrial, institutional or commercial or developers of co-operative housing societies, developers of housing schemes, township, holiday resorts, hotels, motels, sheds or any other property and to purchase or otherwise acquire land, houses, offices, workshops, buildings and premises for the purpose of the aforesaid business and in particular preparing of building sites, constructing, reconstructing, erecting, altering, improving, enlarging, developing, decorating, furnishing and maintaining of structures, flats, houses, factories, shops, offices, warehouse, building for other commercial and educational purpose in India and abroad..

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

Changes in Memorandum of Association

| Date of Shareholders' Approval | Nature of Amendment |
|--------------------------------|--|
| January 04, 1986 | Increase in authorized share capital from Rs. 5 lakh to Rs. 50 lakhs |
| January 03, 1994 | Increase in authorized share capital from Rs. 50 lakhs to Rs. 100 lakhs |
| August 16, 1994 | Name of our Company was changed from Jerry Varghese Constructions Private Limited to Tarmat Infrastructural & Engineering Private Limited |
| August 29, 1994 | Increase in authorized share capital from Rs. 100 lakhs to Rs. 500 lakhs |
| March 24, 1997 | Increase in authorized share capital from Rs. 500 lakhs to Rs. 600 lakhs |
| September 16, 2005 | Name of our company was changed from Tarmat Infrastructural & Engineering Private Limited to Roman Tarmat Private Limited. The main objects clause was amended to include construction of roads, bridges, tarmastic carpets and mats over the surface of flyovers, bridges, etc. and to carry out any type of civil work. |
| October 27, 2005 | Conversion from Private Limited Company to Public Limited Company |
| April 29, 2006 | Increase in authorized share capital from Rs. 600 lakhs to Rs. 1200 lakhs |
| July 24, 2006 | The main objects clause was altered in an Extra-Ordinary General Meeting held by the Company to include various activities relating to real-estate business. |

Subsidiaries of our Company

Our company has no subsidiaries as on date.

Holding Company

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

Shareholder Agreement

Our company has not entered into any shareholders agreement.

Strategic Partners

Our company, as on date does not have any strategic partners.

Financial Partners

At present, Our Company does not have any financial partners.

OUR MANAGEMENT

BOARD OF DIRECTORS

As per the Article 146 of the Articles of Association of the Company, our Company must have a minimum of three and maximum of twelve Directors. At present, we have six Directors out of which three are Independent Directors.

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

| Name, Designation, DIN, Father's/Husband Name, Address, Occupation | Age (years) | Date of Appointment and Term | Other Directorships in Indian Companies |
|--|-------------|--|--|
| <p>Mr. Jerry Varghese <i>Managing Director</i> <i>Non-Independent</i> 00012905 S/o Mr. Eapen Varghese Address: 1- A, Sony Apartment Ground Floor 19 Rebello Road, Bandra West Mumbai – 400050</p> <p>Business</p> | 56 | Since Incorporation Appointed as Managing Director w.e.f. April 1, 2006 for a period of 5 years | <ul style="list-style-type: none"> ▪ Tarmat Construction Pvt. Ltd ▪ Tarmat Holdings Pvt. Ltd ▪ Tarmat Motels Pvt. Ltd ▪ Tarmat Quarries Pvt. Ltd |
| <p>Mrs. Saramma Varghese <i>Executive Non-Independent Director</i> 00012892 W/o Mr. Jerry Varghese Address: 1- A, Sony Apartment Ground Floor, 19 Rebello Road, Bandra West, Mumbai – 400050</p> <p>Business</p> | 51 | Since Incorporation Appointed as Executive Director w.e.f. April 1, 2006 for a period of 5 years | <ul style="list-style-type: none"> ▪ Tarmat Construction Pvt. Ltd. ▪ Tarmat Holdings Pvt. Ltd ▪ Tarmat Motels Pvt. Ltd ▪ Tarmat Quarries Pvt. Ltd |
| <p>Mr. Dilip Varghese <i>Non-Executive</i> <i>Non-Independent Director</i> 01424196 S/o Mr. Jerry Varghese Permanent Address: 1-A, Sony Apartment, Ground Floor, 19 Rebello Road, Bandra West Mumbai – 400050 Current Address: 2512, EAST AVE , ERIE PA- 16503, USA</p> <p>Student</p> | 22 | June 17, 2006 | <ul style="list-style-type: none"> ▪ None |
| <p>Mr. Ramesh Chandra Sinha <i>Non-Executive Independent Director</i> 00051909 S/o Mr. M.B Srivastava Address: 22, Buena Vista General Bhosale Marg Mumbai -400021</p> <p>Service</p> | 68 | July 31,2006 | <ul style="list-style-type: none"> ▪ Maharashtra Airport Development Company Ltd ▪ West Bengal Housing Infrastructure Development Corporation Ltd ▪ Bengal Ambuja Housing Development Ltd ▪ IL&FS Transportation Networks Ltd ▪ Swarna Tollway Private Ltd ▪ Overseas Infrastructure Alliance (India) Private Limited ▪ Indu Projects Limited |

| Name, Designation, DIN, Father's/Husband Name, Address, Occupation | Age (years) | Date of Appointment and Term | Other Directorships in Indian Companies |
|--|-------------|------------------------------|---|
| <p>Mr. Anil Gopal Joshi <i>Non-Executive</i> <i>Independent Director</i> 00019927 S/o Mr. Gopal Narayan Joshi Address: Flat – 404, “Deshpande Durg” Near ICS Colony, Bhosale Nagar Pune – 411007</p> <p>Retired</p> | 62 | July 31,2006 | <ul style="list-style-type: none"> ▪ Aplab Ltd ▪ Unity Infraprojects Ltd ▪ Praj Industries Ltd ▪ Sahil Resorts, Agrifields & Farms Pvt. Ltd |
| <p>Mr. Ramesh Chander Gupta <i>Non-Executive</i> <i>Independent Director</i> 00554094 S/o Dr. Madanlal Gupta Address: 96 Airport ApartmentsVikaspuri New Delhi – 110018</p> <p>Retired</p> | 61 | July 31,2006 | <ul style="list-style-type: none"> ▪ None |

BRIEF DETAILS OF OUR DIRECTORS

Mr. Jerry Varghese

For further details please refer to section titled "Promoters" on page no. 75 of this Red Herring Prospectus.

Mrs. Saramma Varghese

For further details please refer to section titled "Promoters" on page no. 75 of this Red Herring Prospectus.

Mr. Dilip Varghese

For further details please refer to section titled "Promoters" on page no. 75 of this Red Herring Prospectus.

Mr. Ramesh Chandra Sinha

Mr. Ramesh Chandra Sinha aged 68 years is a Non-Executive Independent Director of our Company with effect from July 31, 2006. He holds a Masters Degree in Economics from Lucknow University, has done LLB from Delhi University and Post Graduate Diploma in Urban Development from London University. He has an experience of 45 years wherein he has held senior positions in various organizations. Mr. Sinha started his career as an Indian Administrative Services (IAS) Officer in the year 1962 and worked in various posts like Collector and Dist. Magistrate Aurangabad and Osmanabad, Vice Chairman and Managing Director of Maharashtra State Road Transport Corporation, Director Ministry of Surface Transport, Secretary to government of Maharashtra in Rural Development, Agriculture & Cooperation Department and Planning departments, Joint Secretary in the Ministry of Information & Broadcasting, Vice Chairman and Managing Director of CIDCO Maharashtra. Post retirement from the IAS services he was Director general, National Academy of Construction (NAC), Hyderabad in the rank of special Chief Secretary to the government of Andhra Pradesh and Infrastructure Advisor to the then chief minister Mr. Chandra Babu Naidu followed by Advisor to the Government of Goa. Currently he is serving as the Vice Chairman and Managing Director of Maharashtra Airport Development Company Ltd in the rank and status of Additional Chief Secretary to Government of Maharashtra.

Mr. Anil Gopal Joshi

Mr. Anil Gopal Joshi aged 62 years is a Non-Executive Independent Director of our Company with effect from July 31, 2006. He holds a Post Graduation degree in Science from Bombay University and has done a diploma course in Business Management from Pune University. He has 30 years of experience in the Banking Industry. He served as General Manager (Credit) with the Bank of Maharashtra and Executive Director with Indian Bank. He retired as the Chairman and Managing Director of Dena Bank in the year 2003.

Mr. Ramesh Chander Gupta

Mr. Ramesh Chander Gupta aged 61 years is a Non-Executive Independent Director of our Company with effect from July 31, 2006. He holds a degree in Civil Engineering from IIT Delhi. He has worked with the Airports Authority of India (AAI) for over 33 years and has retired in 2004 as Executive Director Engineering. During his tenure he represented AAI on the World Environment Standing Committee of Airports Council International for three consecutive years from 2002 to 2004. He has also worked with other organizations like Public Works Department, Haryana and Central Public Works Department, New Delhi

Borrowing Powers of our Board

The Board of Directors, vide a resolution pursuant to Section 293(1)(a) and Section 293(1)(d) of the Companies Act, 1956 passed at the Extraordinary General Meeting of the Company held on June 19, 2006 had approved and delegated the borrowing powers to the Board. The current borrowing powers of the Board is up to a sum of Rs.30, 000 Lakhs (Rupees Thirty Thousand Lakhs only) over and above the aggregate of the paid-up share-capital and free reserves of the Company.

Details of Compensation of our Directors

Mr. Jerry Varghese has been appointed as Managing Director pursuant to Board Meeting held on May 3, 2006 as approved by shareholders vide resolution passed in EGM held on June 19, 2006 for a period of five years effective from April 1, 2006 to March 31, 2011. The terms & conditions as to payment of compensation has been amended vide resolution passed in Extraordinary General Meeting held on June 19, 2006, w.e.f April 1, 2006, details of which are as under:

| Particulars | Remuneration |
|-------------------|--|
| Salary | In the range of Rs.1, 00,000 to 2, 00,000 per month (<i>Basic salary and annual increase therein to be decided by the Board within the above ceiling</i>). |
| Special Allowance | As may be decided by the Board from time to time which shall not include Provident fund, Gratuity, Superannuation fund etc. |
| Perquisites: | |

| Particulars | Remuneration |
|--------------------------------------|--|
| Housing | <ul style="list-style-type: none"> The Expenditure by the Company on hiring/leasing furnished accommodation will be subject to 50% of the salary, over and above 10% payable by the Managing Director. In case the accommodation is owned by the Company, 10% of the salary of the Managing Director shall be deducted by the Company. In case no accommodation is provided by the Company, the Managing Director shall be entitled to house rent allowance subject to the ceiling laid down in Housing point I mentioned above |
| Medical Reimbursement | Reimbursement of expenses incurred for self and family subject to a ceiling of one month's salary per year or three month's salary over a period of three years |
| Leave Travel Concession | For self and family subject to maximum of once in a year incurred in accordance with the Rules of the Company. |
| Club Fees | Fees of clubs subject to a maximum to two clubs. No admission and life membership fees will be allowed. |
| Personal Accident Insurance | Personal Accident Insurance of an amount, the annual premium of which does not exceed Rs.4, 000/- per annum. |
| Provident Fund / Superannuating Fund | <ul style="list-style-type: none"> Company's contribution towards Provident Fund as per the Rules of the Company. Company's contribution towards Superannuating Fund as per the Rules of the Company. |
| Gratuity | As per the Rules of the Company. |
| Earned Leave | On full pay and allowance as per the Rules of the Company, but not exceeding one month's leave for every eleven months of service and leave accumulated shall be encashable at the end of the tenure. Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites |
| Car and Telephone | For use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls and use of car for private purpose shall be billed by the Company. |
| Minimum Remuneration | In case the company in any financial year, during the currency of tenure of the Managing Director, the company has no profits or its profits are inadequate, the company will pay him remuneration by way of salary and perquisites in accordance with the limits stipulated in Schedule XIII of the Companies Act, 1956 |

Mrs. Saramma Varghese has been appointed as an Executive Director pursuant to Board Meeting held on May 3, 2006 as approved by shareholders vide resolution passed in EGM held on ——— June 19, 2006 for a period of five years effective from April 1, 2006 to March 31, 2011. The terms & conditions as to payment of compensation has been amended vide resolution passed in Extra-ordinary General Meeting held on June 19,2006, w.e.f April 1, 2006, details of which are as under:

| Particulars | Remuneration |
|-------------------|---|
| Salary | In the range of Rs. 60,000 to 1, 10,000 per month (Basic salary and annual increase therein to be decided by the Board within the above ceiling). |
| Special Allowance | As may be decided by the Board from time to time which shall not attract Provident fund, Gratuity, Superannuation fund etc. |
| Perquisites | |
| Housing | <ul style="list-style-type: none"> The Expenditure by the Company on hiring/leasing furnished accommodation will be subject to 50% of the salary, over and above 10% payable by the Executive Director. In case the accommodation is owned by the Company, 10% of the salary of the Executive Director shall be deducted by the Company. In case no accommodation is provided by the Company, the Executive Director shall be entitled to house rent allowance subject to the ceiling laid down in Housing point I. mentioned above. |

| Particulars | Remuneration |
|--------------------------------------|---|
| Medical Reimbursement | Reimbursement of expenses incurred for self and family subject to a ceiling of one month's salary per year or three month's salary over a period of three years. |
| Leave Travel Concession | Leave Travel Concession for self and family subject to maximum of once in a year incurred in accordance with the Rules of the Company. |
| Club Fees | Fees of clubs subject to a maximum to two clubs. No admission and life membership fees will be allowed |
| Personal Accident Insurance. | Personal Accident Insurance of an amount, the annual premium of which does not exceed Rs. 3,000/- per annum |
| Provident Fund / Superannuating Fund | <ul style="list-style-type: none"> Company's contribution towards Provident Fund as per the Rules of the Company. Company's contribution towards Superannuating Fund as per the Rules of the Company. |
| Gratuity | As per the Rules of the Company. |
| Earned Leave | On full pay and allowance as per the Rules of the Company, but not exceeding one month's leave for every eleven months of service and leave accumulated shall be encashable at the end of the tenure. Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites. |
| Car and telephone | For use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls and use of car for private purpose shall be billed by the Company. |
| Minimum Remuneration | In case the company in any financial year, during the currency of tenure of the Managing Director, the company has no profits or its profits are inadequate, the company will pay him remuneration by way of salary and perquisites in accordance with the limits stipulated in Schedule XIII of the Companies Act, 1956 |

CORPORATE GOVERNANCE

The Company stands committed to good Corporate Governance practices based on the principles such as accountability, transparency in dealings with stakeholders, emphasis on communication and transparent reporting.

Pursuant to listing of Equity Shares of the Company, the Company would be required to enter into listing agreements with the Stock Exchanges. The Company is in compliance with the applicable provisions of listing agreement pertaining to corporate governance, including appointment of Independent Directors and constitution of Committees of Board viz. Audit Committee, Remuneration Committee and Investor Grievance Committee. The Board of Directors of the Company presently comprises of six Directors including three Non-Executive Independent Directors.

Committees of the Board

Audit Committee

The Audit Committee of our Company was constituted on July 31, 2006 and presently comprises of:

| Sr. No | Name of the Director | Designation | Nature of Directorship |
|--------|--------------------------|-------------|------------------------------------|
| 01 | Mr. Anil Gopal Joshi | Chairman | Non-Executive Independent Director |
| 02 | Mr. Ramesh Chandra Sinha | Member | Non-Executive Independent Director |
| 03 | Mr. Ramesh Chander Gupta | Member | Non-Executive Independent Director |

The objective of the audit committee is to comply with the requirements of Clause 49 of the Listing Agreement to be entered into with the Stock Exchanges and Section 292 A of the Companies Act, 1956. The Committee shall have the authority to investigate into any matter in relation to the items specified in Section 292A of the Companies Act, 1956 or referred to it by the Board and for this purpose shall have full access to information contained in the records of the Company and external professional advice, if necessary; to investigate any activity within its terms of reference, to seek information from any employee, to obtain outside legal or other professional advice and to secure attendance of outsiders with relevant expertise, if it considers necessary.

Investor Grievance Committee:

The Investor Grievance Committee of our Company was constituted on July 31, 2006 and presently comprises of

| Sr. No | Name of the Director | Designation | Nature of Directorship |
|---------------|-----------------------------|--------------------|-------------------------------------|
| 01 | Mr. Anil Gopal Joshi | Chairman | Non-Executive Independent Director |
| 02 | Mr. Jerry Varghese | Member | Managing Director |
| 03 | Mrs. Saramma Varghese | Member | Executive Non- Independent Director |

The Investor Grievance Committee would look into all complaints from the investors/shareholders like dematerialization and re-materialization of shares, transfer of shares, non-receipt of balance sheet, etc; place before the Board the status of various complaints received by the committee; oversee the performance of the Registrar and Transfer agents and recommends measures for overall improvement in the quality of investor services.

Remuneration Committee

The remuneration committee of our Company was constituted on July 31, 2006 and presently comprises of the following:

| Sr. No | Name of the Director | Designation | Nature of Directorship |
|---------------|-----------------------------|--------------------|------------------------------------|
| 01 | Mr. Anil Gopal Joshi | Chairman | Non-Executive Independent Director |
| 02 | Mr. Ramesh Chandra Sinha | Member | Non-Executive Independent Director |
| 03 | Mr. Ramesh Chander Gupta | Member | Non-Executive Independent Director |

The objective of remuneration committee is to assess remuneration payable to our Managing Director/whole time Directors; sitting fee payable to our non executive Directors; remuneration policy covering policies on remuneration payable to our senior executives.

IPO Committee

The IPO Committee was constituted on July 31, 2006 and presently comprises of

| Sr. No | Name of the Director | Designation | Nature of Directorship |
|---------------|-----------------------------|--------------------|--|
| 01 | Mr. Jerry Varghese | Member | Managing Director |
| 02 | Mrs. Saramma Varghese | Member | Executive Non-Independent Director |
| 03 | Mr. Dilip Varghese | Member | Non Executive Non-Independent Director |

The objective of the IPO Committee is to take decisions and do all necessary actions on behalf of the Board in relation to the Issue.

Shareholding of the Directors

The Articles of Association do not require the directors to hold any qualification shares. The present shareholding of Directors is detailed below:

| Sr. No. | Name of Directors | Number of Equity Shares held (Pre-issue) | Shareholding (Pre-Issue) % |
|----------------|--------------------------|---|-----------------------------------|
| 1 | Mr. Jerry Varghese | 31,41,192 | 38.97% |
| 2 | Mrs. Saramma Varghese | 10,51,062 | 13.04% |
| 3 | Mr. Dilip Varghese | 9,18,900 | 11.40% |
| 4 | Mr. Anil Gopal Joshi | Nil | Nil |
| 5 | Mr. Ramesh Chander Gupta | Nil | Nil |
| 6 | Mr. Ramesh Chandra Sinha | Nil | Nil |

Interest of our Directors

All the Directors of the Company may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or Committee thereof as well as to the extent of remuneration, reimbursement of expenses payable to them under the Articles of Association. All the Directors may also be deemed to be interested to the extent of equity shares, if any, already held by them and/or their friends and relatives in— the Company or that may be subscribed for and allotted to them, out of the present Issue in terms of the Red Herring Prospectus and also to the extent of any dividend payable to them

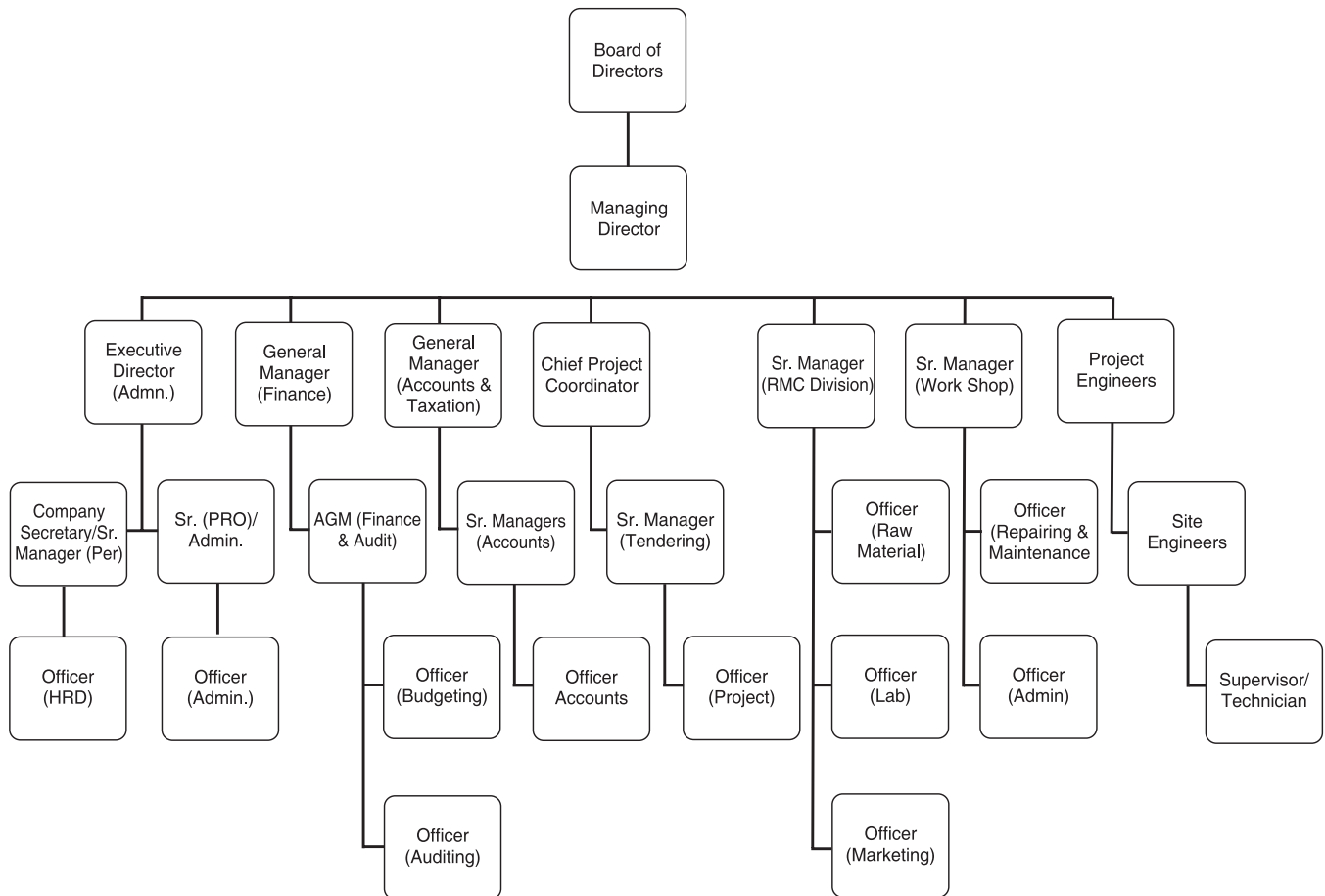
and other distributions in respect of the said equity shares. The Directors may also be regarded as interested in the shares, if any, held by or that may be subscribed by and allotted to the companies, firms and trust, in which they are interested as Directors, Members, partners and/or trustees.

Except as stated in the “Related Party Transactions” appearing on page no. 82 of this Red Herring Prospectus, the Company has not entered into any contract, agreements or arrangements during the preceding two years from the date of the Red Herring Prospectus in which the directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements which are proposed to be made to them.

Changes in our Board of Directors during last three years

| Name | Date of Appointment | Date of Cessation | Reason for change |
|--------------------------|---------------------|-------------------|-------------------|
| Mr. Dilip Varghese | June 17, 2006 | NA | Appointment |
| Mr. Ramesh Chandra Sinha | July 31, 2006 | NA | Appointment |
| Mr. Anil Gopal Joshi | July 31, 2006 | NA | Appointment |
| Mr. Ramesh Chander Gupta | July 31, 2006 | NA | Appointment |
| Mr. George Varghese | Since inception | June 26, 2006 | Resigned |
| Mr. Ramakant Jha | February 17, 2005 | June 26, 2006 | Resigned |
| Mr. Viraf Mahabat | February 17, 2005 | June 17, 2006 | Resigned |

MANAGEMENT ORGANISATION STRUCTURE



Key Managerial Personnel of the Company

| Name | Designation | Age (in years) | Qualification | Previous Employment | Total Exp. (yrs.) | Date of Joining | Remuneration for F.Y.2005-06 Rs. In Lakhs |
|-----------------------------|-------------------------------------|----------------|---------------------------|---|-------------------|-----------------|---|
| Mr. Vijay Kumar V Hiremath, | Project Manager | 42 | Diploma Civil Engineering | KMC Construction Co. Ltd. | 20 | July 10,2006 | 4.80 |
| Mr. R.B. Kittur, | General Manager (Project & Finance) | 48 | B.Com | New Standard Engg. Ltd, Senior Accountant | 28 | October16,1991 | 2.40 |
| Mr. N. V. Natarajan, | Project Manager, Chennai | 36 | B.E (Civil) | T.J.S & Company, Project Manager | 14 | March 23,2003 | 2.70 |
| Mr. K. P. Rai, | Senior Civil Engineer | 39 | B.E. (Civil) | Through out with the Company | 11 | October 10,1995 | 1.86 |
| Mr. Mahendra Brahmabhatt, | Chief Project Co-ordinator | 42 | B.E (Civil) | Atlanta Construction Company, Project Engineer looking after planning & execution of work | 22 | October 6,1993 | 4.80 |
| Mr. Neeraj Rai | Company Secretary | 25 | M. Com, CS | Ankit Consultancy Private Limited, Deputy Manager cum Compliance Officer | 1 | October 8, 2006 | 2.40 |
| Mr. K.N Satyanarayan | Accounting & Taxation G.M | 49 | B. Com, ICWA | Jai Corp Ltd, GM (Accounts) – in charge of accounting and taxation matters of the company | 28 | May 4, 2006 | 4.20 |

Brief Profile of the Key Managerial Personnel

Apart from our Whole Time Directors, the following are key managerial personnel:

Mr. Vijay Kumar V Hiremath

Mr. Vijay Kumar V Hiremath, aged 42 years has done his Diploma in Civil Engineering from Govt. Polytechnic Belgaum, Karnataka and is responsible for upgradation of roads from Sankeshwar to Yeragatti (U6). He has an experience of over two decades in construction, supervision of highways and expressways projects in India and abroad.

Mr. R.B. Kittur

Mr. R.B. Kittur, aged 48 years is a commerce graduate. He is responsible for handling of accounts, taxation, banking, Management information system, sales tax, octroi, secretarial work, legal matters and general administration of the Company. He has an experience of 28 years in the field of accountancy.

Mr. N. V. Natarajan

Mr. N. V. Natarajan, aged 36 years is a Civil Engineer. He was appointed as resident engineer in the year 2003. He has an experience of 14 years in the Industry and is currently incharge of the Chennai project particularly Airport projects of our Company.

Mr. K. P. Rai

Mr. K. P. Rai, aged 39 years has completed his civil engineering from Bangalore University and is appointed as senior civil engineer. He has an experience of 11 years and is currently responsible for execution of projects and tendering.

Mr. Mahendra Brahmabhatt

Mr. Mahendra Brahmabhatt, aged 42 years has completed his Diploma in civil engineering from Gujarat and is appointed as Chief project co-ordinator. He has an experience of 22 years and is currently responsible for Airfield pavement work, tendering, liasoning, project co-ordination and Highway projects.

Mr. Neeraj Rai

Mr. Neeraj Rai aged 25 years has completed his Company Secretary and holds a Masters degree in Commerce. He has a prior experience of approximately one year and is responsible for handling secretarial and company law related works.

Mr. K.N Satyanarayan

Mr. K.N Satyanarayan aged 47 years has completed ICWA, Bachelors in commerce and is appointed as General Manager Accounting and Taxation. He has an experience of 28 years and is responsible for accounting, costing, finance, budgeting and taxation.

None of the Key Managerial Personnel are related to each other. All the above-mentioned key managerial personnel are permanent employees of our Company.

Shareholding of Key Managerial Personnel

None of the Key Managerial Persons hold Equity Shares in our Company

Changes in the Key Managerial Personnel during the last 12 months

| Name | Designation | Date of Change | Reasons |
|-----------------------|---------------------------|------------------|-------------|
| Mr.K.N Satyanarayan | Accounting & Taxation G.M | May 1,2006 | Appointment |
| Mr.V. K. hiremath | Project Manager | July 10,2006 | Appointment |
| Mr.Neeraj Rai | Company Secretary | August 10,2006 | Appointment |
| Mr.D. B. Desai | Chief Engineer | December 31,2005 | Retired |
| Mr. Vinod Kumar Menon | Project Manager | December 31,2005 | Resigned |
| Mr. K. Nagaraj Rao | Project co-ordinator | April 1,2007 | Resigned |

Bonus or Profit sharing plan for the Key Managerial Personnel

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

Employees Share Purchase Scheme / Employee Stock Option Scheme

The Company does not have any stock option scheme or stock purchase scheme for its employees

Details of loans taken by Directors / key managerial personnel

The Directors and key managerial personnel have not taken any loan from the Company

Payment or benefit to officers of the Company

There has been no other benefit or payment given to the employees / key managerial personnel of the Company other than salary.

OUR PROMOTERS

1. Mr Jerry Varghese



Driving License: Z44351

Passport No: F5233314

Permanent Account No.: AAEPV1781D

Savings Account Number: 7390, Vijaya Bank, Vile Parle (w), Branch

Mr. Jerry Varghese aged 56 years is the Managing Director and main promoter of the Company. He has been on the Board of Directors of the Company since incorporation. He is Bachelor of Engineering (Mechanical Engineering) from Mumbai University and has over 30 years of experience in the construction industry. He started his career at the age of 18 years by assisting his father in the business of construction of roads, runways and other related civil engineering works. In the year 1986, Mr. Jerry Varghese founded his own Company by the name of "M/s Jerry Varghese Constructions Private Limited". As the Managing Director of the Company, he is actively involved in taking strategic decisions and overseeing the construction and management of various projects of our Company.

2. Mrs. Saramma Varghese



Driving License: 87/W/12369

Passport No: E0784887

Permanent Account No. : AAEPV1754A

Savings Account Number: 7392, Vijaya Bank, Vile Parle (w), Branch

Mrs. Saramma Varghese aged 51 years is the Executive Director of the Company She has completed her B. Sc. in Chemistry and Zoology from the University of Kerala and has also done her B.Ed. from University of Bombay. Mrs. Varghese has been on the board since the inception of the Company and has been responsible for handling the general administration and human resource functions mainly recruitment, training and general welfare of the employees of our Company.

3. Mr. Dilip Varghese



Driving License: MH 02/2000/36862

Passport No: E0683430

Permanent Account No. : AETPV1863K

Savings account Number: 7391, Vijaya Bank, Vile Parle (w), Branch

Mr. Dilip Varghese aged 22 years is the Non-Executive Non-Independent Director. He was inducted on the Board of Directors of the Company on June 17, 2006. He is currently pursuing an Engineering Degree from The Pennsylvania State University in the U.S.

4. TARMAT HOLDINGS PRIVATE LIMITED

The Company was incorporated on November 1, 1994 in Mumbai under the name of Tarmat Holdings Private Limited. The Company is engaged in Investment activity and deals in investment in shares, debentures, stocks, units, bonds, mortgages, etc.

Shareholding Pattern

The Shareholding Pattern of the Company as on October 31, 2006 is as under:

| Sr. No. | Name of the Shareholder | No. of Equity Shares |
|---------|-------------------------|----------------------|
| 1 | Jerry Varghese | 317051 |
| 2 | Samma Varghese | 317051 |
| | Total | 634102 |

Board of Directors

1. Jerry Varghese, Director
2. Samma Varghese, Director

Brief Audited Financials

(Rs. In Lakhs)

| Particulars | 2006 | 2005 | 2004 |
|---|-------|--------|--------|
| Sales | 12.89 | – | – |
| Other Income | – | – | – |
| Profit After Tax | 12.83 | (0.05) | (0.17) |
| Equity Share Capital | 63.41 | 63.41 | 63.41 |
| Reserves & Surplus (excl revaluation reserves and deferred tax reserve) | 34.12 | 21.30* | 21.35* |
| Earning Per Share (Rs.) | 2.02 | – | – |
| Book Value per Share (Rs.) | 15.37 | 13.35 | 13.36 |
| Net Worth | 97.48 | 84.66 | 84.71 |

* The above figures shown as reserves and surplus are Income from investments over the years in the form of dividend

Tarmat Holdings Private Limited is not listed at any Stock Exchange neither it has any subsidiary. Tarmat Holdings Private Limited has not come out with any public or right issue in the preceding three years. It has not become sick under the SICA and is not under winding up.

It is hereby confirmed that the permanent account number, driving license number and passport number wherever available of all the above Promoters will be submitted to the Stock Exchanges at the time of filing the Red Herring Prospectus with the Stock Exchanges.

Interest of Promoters

Except as stated in the “Related Party Transactions” appearing on page no.82 of this Red Herring Prospectus, promoters are interested to the extent of their shareholding for which they are entitled to receive dividend declared, if any by our Company. Further, since Promoters are also Directors of the Company, they are interested to the extent of their remuneration from our Company as disclosed under the section “Our Management” appearing from page no.66 of this Red Herring Prospectus.

OUR PROMOTER GROUP COMPANIES/JOINT VENTURES

TARMAT CONSTRUCTION PRIVATE LIMITED

The Company was incorporated on May 11, 1984 in Mumbai under the name of Tarmat Construction Private Limited. The Company is engaged in Construction activity.

Shareholding Pattern

The Shareholding Pattern of the Company as on October 31, 2006 is as under:

| Sr.No. | Name of the Shareholder | No. of Equity Shares |
|--------|-------------------------|----------------------|
| 1 | Jerry Varghese | 6000 |
| 2 | SarammaVarghese | 4000 |
| | Total | 10000 |

Board of Directors

1. Jerry Varghese, Director
2. Saramma Varghese, Director

Brief Audited Financials

(Rs. In Lakhs)

| Particulars | 2006 | 2005 | 2004 |
|---|--------|--------|--------|
| Sales | 21.27 | 11.21 | 33.44 |
| Other Income | 0.05 | 1.17 | 1.43 |
| Profit After Tax | (8.04) | (8.81) | 0.09 |
| Equity Share Capital | 1.00 | 1.00 | 1.00 |
| Reserves & Surplus (excl revaluation reserves and deferred tax reserve) | 59.86 | 67.89 | 76.71 |
| Earning Per Share (Rs.) | - | - | 0.86 |
| Book Value/ Share (Rs.) | 608.56 | 688.95 | 777.06 |
| Net Worth | 60.86 | 68.89 | 77.71 |

Tarmat Construction Private Limited is not listed at any Stock Exchange neither it has any subsidiary. Tarmat Construction Private Limited has not come out any public or right issue in the preceding three years. It has not become sick under the SICA and is not under winding up.

Tarmat Construction Private Limited has entered into a non-compete agreement with our Company, whereby Tarmat Construction Private Limited have agreed that they shall not undertake the development and execution of any new civil construction or infrastructure projects, excluding any civil construction or project that are currently in the development or execution stage or for which they have received orders or been awarded contracts. In addition, all permitted future construction activities shall be undertaken by us. The salient features of non-compete agreement are as under:

| | |
|-------------------|--|
| Date of Agreement | November 30, 2006 |
| Main Terms | <p><i>Non-Competition:</i> Tarmat Construction Private Limited (TCPL) will not bid for or undertake any project relating to civil construction or infrastructure development or any activity relating to construction in any geographic area; and shall not engage in any business which competes with the Business of Roman Tarmat Limited or operate or perform any advisory or consulting services for or participate in any partnership, company, joint venture, corporation, trust, unincorporated organisation or any other body corporate or legal entity, government or other department or agency thereof which competes with the Business;</p> <p>TCPL do or attempt to do any act, thing, matter or deed which may impair or harm and/or adversely affect or otherwise injure the goodwill of the Company or the Confidential Information of Roman Tarmat Limited.</p> <p>Non compete shall not include:</p> <ol style="list-style-type: none"> a. any existing project already undertaken by Tarmat Construction prior to execution of this Agreement and which is pending completion; b. Any project which has been bid for and awarded to Tarmat Construction prior to execution of this Agreement. |

| | |
|-------------------|---|
| | <p>Non-Hire:Tarmat Construction shall not, at any time during the Term of this Agreement directly or indirectly, either by itself or through any firm or company or person, induce or influence or seek to induce or influence, any person who is engaged as an employee, agent, consultant or otherwise by the Company to terminate their employment/ engagement with the Company or any of its or affiliates.</p> <p>Non-Solicitation:Tarmat Construction shall not, at any time during the Term of this Agreement directly or indirectly, either by himself or through any firm or company or person, attempt in any manner to solicit from any client/customer, business of the type carried on by the Company, or persuade any person, firm or entity which is a client/customer, present or future, of the Company to cease doing business or to reduce the amount of business which any such client/customer has customarily done or might propose doing with the Company whether or not the relationship between the Company and such client/customer was originally established in whole or in part through its efforts.</p> |
| Indemnification | Tarmat Construction agrees that it shall indemnify and hold the Company harmless from and against, and shall pay to the Company the full amount of, any loss, claim, damage, liability or expense (including attorney's fees and other dispute resolution costs) resulting to the Company, either directly or indirectly from any and all liabilities, losses, costs, damages, attorney's fees and expenses which the Company may sustain by reason of the breach of any of the warranties and representations or the breach of any covenant or other agreement made by Tarmat Construction. Tarmat Construction agrees that it shall indemnify and hold the Company harmless from and against, and shall pay to the Company the full amount of, any loss, claim, damage, liability or expense (including attorney's fees and other dispute resolution costs) resulting to the Company, either directly or indirectly from any and all liabilities, losses, costs, damages, attorney's fees and expenses which the Company may sustain by reason of the breach of any of the warranties and representations or the breach of any covenant or other agreement made by Tarmat Construction. |
| Term of Agreement | The Agreement shall be for perpetuity |

TARMAT QUARRIES PRIVATE LIMITED

The Company was incorporated on November 1, 1994 in Mumbai under the name of Tarmat Quarries Private Limited. The Company is a mining Company and the main objects of the company permits it to carry on crushing, winning, getting, quarry, smelt, calcine, refine, dress, beneficiate, amalgamate, manipulate, wash and convert into merchantable, sell, buy, import, exporter deal in all types of ore, smelt and mineral substance of all kinds including manganese, barytes, iron ore, mica, coal, lime stones and all other minerals and melts.

Shareholding Pattern

The Shareholding Pattern of the Company as on October 31, 2006 is as under:

| Sr. No. | Name of the Shareholder | No. of Equity Shares |
|---------|-------------------------|----------------------|
| 1 | Jerry Varghese | 5000 |
| 2 | Saramma Varghese | 5000 |
| | Total | 10000 |

Board of Directors

1. Jerry Varghese, Director
2. Saramma Varghese, Director

Brief Audited Financials

(Rs. In Lakhs)

| Particulars | 2006 | 2005 | 2004 |
|---|-------|--------|-------|
| Sales | 0.07 | – | – |
| Other Income | – | – | 0.80 |
| Profit After Tax | 0.02 | (0.05) | 0.23 |
| Equity Share Capital | 1.00 | 1.00 | 1.00 |
| Reserves & Surplus (excl revaluation reserves and deferred tax reserve) | 0.50* | 0.48* | 0.54* |
| Earning Per Share (Rs.) | 0.19 | – | 2.31 |
| Book Value/ Share (Rs.) | 13.97 | 13.78 | 15.40 |
| Net Worth | 1.40 | 1.38 | 1.54 |

*The above figures shown as reserves and surplus are Income from investments over the years in the form of dividend

Tarmat Quarries Private Limited is not listed at any Stock Exchange neither it has any subsidiary. Tarmat Quarries Private Limited has not come out any public or right issue in the preceding three years. It has not become sick under the SICA and is not under winding up.

TARMAT MOTELS PRIVATE LIMITED

The Company was incorporated on October 24, 1994 in Mumbai under the name of Tarmat Motels Private Limited. The Company is engaged in the business of hospitality.

Shareholding Pattern

The Shareholding Pattern of the Company as on October 31, 2006 is as under:

| Sr. No. | Name of the Shareholder | No. of Equity Shares |
|----------------|--------------------------------|-----------------------------|
| 1 | Jerry Varghese | 5000 |
| 2 | Saramma Varghese | 5000 |
| | Total | 10000 |

Board of Directors

1. Jerry Varghese, Director
2. Saramma Varghese, Director

Brief Audited Financials

(Rs. In Lakhs)

| Particulars | 2006 | 2005 | 2004 |
|---|-------------|-------------|-------------|
| Sales | 0.07 | – | – |
| Other Income | – | – | – |
| Profit After Tax | 0.02 | (0.05) | (0.05) |
| Equity Share Capital | 1.00 | 1.00 | 1.00 |
| Reserves & Surplus (excl revaluation reserves and deferred tax reserve) | – | – | – |
| Earning Per Share (Rs.) | 0.16 | – | – |
| Book Value/ Share (Rs.) | 5.02 | 4.86 | 5.41 |
| Net Worth | 0.50 | 0.49 | 0.54 |

Tarmat Motels Private Limited is not listed at any Stock Exchange neither it has any subsidiary. Tarmat Motels Private Limited has not come out any public or right issue in the preceding three years. It has not become sick under the SICA and is not under winding up.

JOINT VENTURES

The Company's existing joint ventures are:

KETAN-BACKBONE-TARMAT Joint Venture

KETAN-BAKBONE-TARMAT Joint Venture has been formed on June 1st 2002 in the ratio of 50:25:25 for the purpose of preparing and submitting the bid documents for the Gujarat State Highways project (under Assistance from World Bank) – Phase II-B and executing the project if the contract is awarded to the Joint Venture by the employer. The parties to the Joint Venture are M/s Ketan Constructions Limited, Backbone Enterprises and Tarmat Infrastructural & Engineering Private Limited. This is an unincorporated joint venture in the nature of Association of Persons

The Joint Venture is currently executing contract GSHP/11: Strengthening and paving of shoulders of SH-25 Falla – Jamnagar (km. 63/981 to km. 78/830 and Jamnagar – Kambhalia km. 94/106 to km. 144/993) for a contract value of Rs. 10234.47 lakhs

Financial Performance (Audited)**(Rs. In Lakhs)**

| Sr. No | Particulars | For the Year Ended | | |
|--------|-------------------|-----------------------------|-----------------------------|-----------------------------|
| | | 31 st March 2006 | 31 st March 2005 | 31 st March 2004 |
| 1 | Sales | 3882.89 | 3940.78 | 285.19 |
| 2 | Other Income | 271.80 | 276.15 | 19.96 |
| 3 | Profit After Tax | 271.58 | 276.15 | 19.92 |
| 4 | Sources of Funds* | 191.70 | 912.48 | 1571.62 |

* Sources of funds indicate Joint Venture member's capital, secured loans and deposits

KCL-TARMAT Joint Venture

KCL-TARMAT Joint Venture has been formed on January 3rd 2004 in the ratio of 60:40 for the purpose of jointly preparing tender documents and submitting bids for two projects namely "Repair and rehabilitation of SH 20, Surendranagar – Dhrangadhara Road (km 0.00 to 32.40) as Slice A" and "Repair and rehabilitation of SH 17, Surendranagar –Viramgam Road (km 62.00 to 107.80) as Slice B" to the Superintending Engineer, State Road Project Circle and in case of award jointly performing the contract concluded with the employer. The parties to the Joint Venture are Ketan Construction Limited and Tarmat Infrastructural & Engineering Private Limited. This is an unincorporated joint venture in the nature of Association of Persons

The Joint Venture has won the contract of "Repair and rehabilitation of SH 20, Surendranagar – Dhrangadhara Road (km 0.00 to 32.40) as Slice A" for a contract value of Rs. 1121.33 lakhs and is currently executing the same.

Financial Performance (Audited)**(Rs. In Lakhs)**

| Sr. No | Particulars | For the Year Ended | | |
|--------|-------------------|-----------------------------|-----------------------------|------------------------------|
| | | 31 st March 2006 | 31 st March 2005 | 31 st March 2004# |
| 1 | Sales | 266.29 | 677.97 | – |
| 2 | Other Income | 18.64 | 47.46 | – |
| 3 | Profit After Tax | 18.53 | 47.46 | – |
| 4 | Sources of Funds* | 65.99 | 97.51 | – |

* Sources of funds indicate Joint Venture member's capital and secured loans

This joint venture was incorporated on January 3, 2004 and there was no work done till March 31, 2004.

TARMAT-BEL Joint Venture

TARMAT-BEL Joint Venture has been formed on May 7th 2004 for the purpose of jointly participating and executing the works for two projects namely "Contract No. GSHP/9A – Widening and strengthening of SH 06, Vadodara-Padra-Jambusar (km 8+268 to km 53+000)" and "Contract No. GSHP/9B – Widening and strengthening of SH-06, Bharuch - Dahej (km 200 to 248+200)" invited by The Secretary, Roads & Buildings Department, Government of Gujarat. The parties to the Joint Venture are Tarmat Infrastructural & Engineering Private Limited and M/s Backbone Enterprises Limited. This is an unincorporated joint venture in the nature of Association of Persons

As per the terms and conditions of the Joint Venture agreement, in case both the contracts are awarded to the JV, Tarmat and BEL will share the work in the ratio of 75:25 and in case one of the projects is awarded to the JV, Tarmat and BEL will share the work in the ratio of 50:50.

The Joint Venture has been awarded Contract No. GSHP/9B – Widening and strengthening of SH-06, Bharuch - Dahej (km 200 to 248+200) for a contract value of Rs. 6022.73 lakh and is currently executing the same.

Financial Performance (Audited)**(Rs. In Lakhs)**

| Sr. No | Particulars | For the Year Ended | | |
|--------|-------------------|-----------------------------|-----------------------------|-----------------------------|
| | | 31 st March 2006 | 31 st March 2005 | 31 st March 2004 |
| 1 | Sales | 4029.06 | 460.59 | – |
| 2 | Other Income | 241.74 | 27.85 | – |
| 3 | Profit After Tax | 241.33 | 27.85 | (0.04) |
| 4 | Sources of Funds* | 414.07 | 1080.30 | 29.98 |

* Sources of funds indicate Joint Venture member's capital, secured loans, sundry creditors and deposits

TARMAT- PRIME Joint Venture

TARMAT-PRIME Joint Venture has been established on April 16th 2004 in the ratio of 80:20 for the purpose of jointly submitting the bids and executing the contract of Widening and Construction of Western Express Highway from S N Dubey road Jn. To Gobar Nallah (Dahisar) (km. 504.00 to 502.35) invited by Mumbai Metropolitan Region Development Authority (MMRDA) under Mumbai Urban infrastructure Project (MUIP) Package No. 10. The Joint Venture is currently executing the contract and the contract value is Rs. 2548.68 lakh. The parties to the Joint Venture are M/s Tarmat Infrastructural & Engineering Private Limited and M/s Prime Engineers. This is an unincorporated joint venture in the nature of Association of Persons

Financial Performance**(Rs. In Lakhs)**

| Sr. No | Particulars | For the Year Ended | | |
|--------|-------------------|-----------------------------|-----------------------------|-----------------------------|
| | | 31 st March 2006 | 31 st March 2005 | 31 st March 2004 |
| 1 | Sales | 833.50 | 331.04 | – |
| 2 | Other Income | 122.94 | – | – |
| 3 | Profit After Tax | -# | -# | -# |
| 4 | Sources of Funds* | 279.03 | 164.44 | – |

* Sources of funds indicate Joint Venture member's capital and sundry creditors

The above figures are shown nil as there were no profits on account of expenses that were incurred

TARMAT INFRASTRUCTURE & J.P ENTERPRISES Joint Venture

TARMAT INFRASTRUCTURE & J.P ENTERPRISES Joint Venture has been formed on March 16th 2004 in the ratio of 50: 50 to execute the contract allotted to them by the Pune Municipal Corporation. The name of work is Construction of cement concrete roads in Pune city along four stretches viz. Pune nagar road – Gunjan talkies to ramwadi jakat naka, karve road – karve statue to varje jakat naka, engineering college to maria mata mandir gate, RTO chowk to Sancheti Bridge and the contract amount is Rs. 3755.23 lakh.

The parties to the Joint Venture are M/s Tarmat Infrastructural & Engineering Private Limited and J.P.Enterprises. This is an unincorporated joint venture in the nature of Association of Persons

The work has been completed by the Joint Venture but the final payment is pending from the client

Financial Performance (Audited)**(Rs. In Lakhs)**

| Sr. No | Particulars | For the Year Ended | | |
|--------|-------------------|-----------------------------|-----------------------------|-----------------------------|
| | | 31 st March 2006 | 31 st March 2005 | 31 st March 2004 |
| 1 | Sales | 389.85 | 1506.49 | 1737.54 |
| 2 | Other Income | – | – | – |
| 3 | Profit After Tax | -# | 24.03 | -# |
| 4 | Sources of Funds* | 890.22 | 1524.19 | 38.92 |

* Sources of funds indicate Joint Venture member's capital, secured loans, unsecured loans and sundry creditors

The above figures are shown nil as there were no profits on account of expenses that were incurred

Other than the joint ventures mentioned in this prospectus, the company has not entered into any technical collaboration

RELATED PARTY TRANSACTIONS

Details of Related Party Transactions

Information on Related Party Disclosures as per Accounting Standard 18 (AS-18) on Related Party Disclosures is given below:

I. Key Management Personnel

| Sr. No | 2005-06 | 2004-05 | 2003-04 | 2002-03 | 2001-02 |
|--------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| 1 | Mr. Jerry Varghese | Mr. Jerry Varghese | Mr. Jerry Varghese | Mr. Jerry Varghese | Mr. Jerry Varghese |
| 2 | Mrs. Saramma Varghese | Mrs. Saramma Varghese | Mrs. Saramma Varghese | Mrs. Saramma Varghese | Mrs. Saramma Varghese |
| 3 | Mr. George Varghese | Mr. George Varghese | Mr. George Varghese | Mr. George Varghese | Mr. George Varghese |
| 4 | Mr. Ramakant Jha | Mr. Ramakant Jha | | | |
| 5 | Mr. Viraf A Mahabat | Mr. Viraf A Mahabat | | | |

II. Relative of Key Management Personnel

| Sr. No | 2005-06 | 2004-05 | 2003-04 | 2002-03 | 2001-02 |
|--------|----------------------|----------------------|----------------------|----------------------|----------------------|
| 1 | Mr. Dilip Varghese | Mr. Dilip Varghese | Mr. Dilip Varghese | Mr. Dilip Varghese | Mr. Dilip Varghese |
| 2 | Miss. Sneha Varghese | Miss. Sneha Varghese | Miss. Sneha Varghese | Miss. Sneha Varghese | Miss. Sneha Varghese |

III. Enterprise controlled/owned by Key Management personnel and their relative

| Sr. No | 2005-06 | 2004-05 | 2003-04 | 2002-03 | 2001-02 |
|--------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| 1 | Tarmat Constructions Pvt Ltd | Tarmat Constructions Pvt Ltd | Tarmat Constructions Pvt Ltd | Tarmat Constructions Pvt Ltd | Tarmat Constructions Pvt Ltd |
| 2 | Tarmat Holdings Pvt Ltd | Tarmat Holdings Pvt Ltd | Tarmat Holdings Pvt Ltd | Tarmat Holdings Pvt Ltd | Tarmat Holdings Pvt Ltd |
| 3 | Tarmat Motels Pvt Ltd | Tarmat Motels Pvt Ltd | Tarmat Motels Pvt Ltd | Tarmat Motels Pvt Ltd | Tarmat Motels Pvt Ltd |
| 4 | Tarmat Quarries Pvt Ltd | Tarmat Quarries Pvt Ltd | Tarmat Quarries Pvt Ltd | Tarmat Quarries Pvt Ltd | Tarmat Quarries Pvt Ltd |

Nature of Transaction Key Management Personnel Relative of Key Management Personnel Enterprise controlled by Key Management personnel/relatives thereof

| Particulars | Dec-06 | 2005-06 | 2004-05 | 2003-04 | 2002-03 | 2001-02 | Dec-06 | 2005-06 | 2004-05 | 2003-04 | 2002-03 | 2001-02 | Dec-06 | 2005-06 | 2004-05 | 2003-04 | 2002-03 | 2001-02 |
|--|--------|---------|---------|---------|---------|---------|--------|---------|---------|---------|---------|---------|--------|---------|---------|---------|---------|---------|
| Managerial Remuneration Jerry Varghese | 7.68 | 6.00 | 6.50 | 6.50 | 6.00 | 6.00 | | | | | | | | | | | | |
| Managerial Remuneration Saramma Varghese | 7.30 | | | | | | | | | | | | | | | | | |
| Managerial Remuneration George Varghese | 0.26 | 1.56 | 0.49 | 0.36 | 0.36 | 0.36 | | | | | | | | | | | | |
| Unsecured Loans received Jerry Varghese | | | | 3.12 | | 13.09 | | | | | | | | | | | | |
| Unsecured Loans received Saramma Varghese | | | | | | 4.37 | | | | | | | | | | | | |
| Unsecured Loans received Sneha Varghese | | | | | | | | | 15 | | | | | | | | | |
| Repayment of Unsecured Loans Jerry Varghese | 9.68 | 10.85 | 10.25 | 5.12 | 29.15 | | | 12.54 | | 4.83 | 3.60 | | | | | | | |
| Repayment of Unsecured Loans Saramma Varghese | | 3.26 | 5.24 | 5.12 | 2.35 | | | | | | | | | | | | | |
| Repayment of Unsecured Loans George Varghese | | | | | 2.43 | | | | | | | | | | | | | |
| Repayment of Unsecured Loans Sneha Varghese | | | | | | | | 0.15 | | | 3.60 | | | | | | | |
| Repayment of Unsecured Loans Dilip Varghese | | | | | | | | 12.39 | | 4.83 | | | | | | | | |
| Advabce/Deposit Recovered Tarmat Construction Pvt. | | | | | | | | | | | | | | 14.64 | | | | |
| Payment towards Material Supply - Tarmat | | | | | | | | | | | | | | 12.30 | | | | |
| Dividend Paid – Jerry Varghese | | 26.18 | | | | | | | | | | | | | | | | |
| Dividend Paid - Saramma Varghese | | 8.76 | | | | | | | | | | | | | | | | |
| Dividend Paid – Dilip Varghese | | | | | | | | 7.66 | | | | | | | | | | |
| Dividend Paid – Sneha Varghese | | | | | | | | 1.47 | | | | | | | | | | |
| Dividend Paid – Tarmat Holdings Pvt. Ltd. | | | | | | | | | | | | | | 11.35 | | | | |

DIVIDEND POLICY

The declaration and payment of dividend will be recommended by the Board of Directors and the shareholders of the Company, in their discretion, and will depend on a number of factors, including but not limited to the profits, capital requirements and overall financial condition. The details of dividend declare by our Company during the last 5 years are as under:

(Rs. In Lakhs)

| FY Ended March 31 | Dividend Rate % | Amount |
|--------------------------|------------------------|---------------|
| 2001-2002 | Nil | – |
| 2002-2003 | Nil | – |
| 2003-2004 | Nil | – |
| 2004-2005 | Nil | |
| 2005-2006 | 10% | 55.41 |

SECTION V – FINANCIAL STATEMENTS OF THE COMPANY

AUDITORS’ REPORT

**The Board of Directors,
Roman Tarmat Ltd.
Mumbai.**

We have examined the following financial information of Roman Tarmat Limited (“the Company”) as attached to this report stamped and initialed by us for identification and as approved by the Board of Directors which has been prepared in accordance with Paragraph B-1 of Schedule II of the Companies Act, 1956 (“the Act”) and the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines 2000 (“the Guidelines”) issued by the Securities and Exchange Board of India (“SEBI”) on January 19, 2000, as amended from time to time, in pursuance to Section 11 of the Securities and Exchange Board of India Act, 1992 and related clarifications and in accordance with the terms of reference received from the company vide their letter dated 31st October 2006, requesting us to carryout the work, proposed to be included in the Red Herring Prospectus of the Company in connection with its proposed Initial Public Issue.

| | | |
|----------------------|---|--|
| Annexure I | : | Statement of restated Assets and Liabilities as at 31 st December 2006, 31 st March 2006, 31 st March 2005, 31 st March 2004, 31 st March 2003, and 31 st March 2002. |
| Annexure II | : | Statement of restated Profit and Loss Account for the period ended 31 st December 2006, and for the year ended 31 st March 2006, 31 st March 2005, 31 st March 2004, 31 st March 2003, 31 st March 2002. |
| Annexure III | : | Significant Accounting Policies and Notes on Accounts as per the audited accounts. |
| Annexure IV | : | Statement of rate of dividend for the last five years. |
| Annexure V | : | Statement of Accounting Ratios. |
| Annexure VI | : | Capitalization Statement. |
| Annexure VII | : | Statement of Tax Shelter. |
| Annexure VIII | : | Statement of Other Income. |
| Annexure IX | : | Statement showing Age-wise analysis of Sundry Debtors. |
| Annexure X | : | Details of Loans and advances. |
| Annexure XI | : | Statement of Secured loans |
| Annexure XII | : | Statement of Unsecured loans. |
| Annexure XIII | : | Details of Related Party Transactions. |
| Annexure XIV | : | Details of investments. |
| Annexure XV | : | Statement of Cash Flows for the period ended 31 st December 2006, and for the year ended 2005-06, 2004-05, 2003-04, 2002-03 and 2001-02 |

Based on examination of the above statements with the respective audited financial statements and on the basis of information and explanations given to us, we report as under:

- (i) The Statements referred to as Annexure I to XV read with the respective Significant Accounting Policies and read together with the notes thereon and after making such adjustments, regroupings and disclosures as were, in our opinion, appropriate and required have been prepared out of audited financial statements for the years.
- (ii) We confirm the calculations of (a) Accounting ratios in Annexure V; (b) Long-term Debt / Equity ratios mentioned in Annexure V; and (c) Tax Shelter Statement in Annexure VII.

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

**For Hegde & Associates
Chartered Accountants**

K.P. Ajmera
(Partner)
Membership No. 36319

Place: Mumbai
Date: April 30, 2007

Annexure – I

STATEMENT OF RESTATED ASSETS AND LIABILITIES

(Rs in Lakhs)

| Assets | As at 31.12.06 | As at 31.03.06 | As at 31.03.05 | As at 31.03.04 | As at 31.03.03 | As at 31.03.02 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Fixed Assets | | | | | | |
| Gross Block (excl revaluation) | 3409.45 | 3,223.34 | 3,215.16 | 2,987.89 | 2,306.52 | 2,139.46 |
| Less : Accumulated Depreciation | (1070.70) | (950.62) | (807.01) | (657.70) | (532.41) | (439.84) |
| | 2338.75 | 2,272.72 | 2,408.15 | 2,330.19 | 1,774.11 | 1,699.62 |
| Investment | 542.70 | 470.58 | 333.80 | 30.60 | 1.94 | 1.94 |
| Current Assets, Loans & Advances | | | | | | |
| Inventories | 1518.76 | 1,208.13 | 720.38 | 673.64 | 158.25 | 110.09 |
| Debtors | 550.49 | 432.84 | 906.68 | 716.95 | 362.45 | 1,194.45 |
| Cash & Bank | 1408.21 | 688.68 | 498.51 | 587.87 | 408.16 | 176.38 |
| Loans & Advances | 3891.18 | 1,710.86 | 1,062.30 | 827.20 | 724.46 | 553.52 |
| Total Assets | 10250.09 | 6,783.81 | 5,929.82 | 5166.45 | 3429.37 | 3736.00 |
| Liabilities | | | | | | |
| Secured Loans | 1760.10 | 1,486.53 | 1,339.44 | 1,128.89 | 590.28 | 637.57 |
| Unsecured Loans | 5.00 | 14.68 | 41.33 | 51.58 | 58.27 | 91.02 |
| Current Liabilities & Provisions | 3116.92 | 2,068.60 | 2,270.73 | 2107.07 | 1152.76 | 1505.00 |
| Deferred Tax Liabilities | 312.42 | 332.94 | 333.70 | 302.14 | 241.18 | 214.69 |
| Total Liabilities | 5194.44 | 3,902.75 | 3,985.20 | 3589.68 | 2042.49 | 2,448.28 |
| Networth | 5055.65 | 2,881.06 | 1944.62 | 1,576.77 | 1,386.88 | 1,287.72 |
| Represented by | | | | | | |
| Share Capital | 805.92 | 554.10 | 554.10 | 554.10 | 554.10 | 554.10 |
| Reserves & Surplus (excl revaluation reserve) | 4249.73 | 2,176.96 | 1,390.52 | 1,022.67 | 832.78 | 733.62 |
| Share Application Money | – | 150.00 | – | – | – | – |
| Total | 5055.65 | 2,881.06 | 1944.62 | 1,576.77 | 1,386.88 | 1,287.72 |

Annexure – II

STATEMENT OF RESTATED PROFIT & LOSSES

(Rs in Lakhs)

| Assets | Year Ended 31.12.06 | Year Ended 31.03.06 | Year Ended 31.03.05 | Year Ended 31.03.04 | Year Ended 31.03.03 | Year Ended 31.03.02 |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Income | | | | | | |
| Contract Revenue | 7845.12 | 8,283.90 | 7,527.04 | 4,501.23 | 4,105.00 | 9,111.22 |
| Share of Profit from Joint Venture | 72.11 | 195.97 | – | – | – | – |
| Increase/(Decrease) in Work in progress | 423.55 | 201.61 | 23.21 | 226.18 | 25.65 | 59.53 |
| Total Operating Income | 8340.78 | 8,681.48 | 7,550.25 | 4,727.41 | 4,130.65 | 9,170.75 |
| Other Income | 123.70 | 412.36 | 179.62 | 315.95 | 454.70 | 276.26 |
| Total | 8464.48 | 9,093.84 | 7,729.87 | 5,043.36 | 4,585.35 | 9,447.01 |
| Expenditure | | | | | | |
| Raw Material Consumed | 1720.04 | 1,915.25 | 2276.67 | 805.58 | 810.51 | 4,368.91 |
| Construction Expenses | 4936.17 | 5258.81 | 4138.95 | 3151.37 | 2918.16 | 4092.35 |
| Administrative & other Expenses | 643.14 | 612.18 | 626.03 | 521.09 | 433.17 | 424.53 |
| Interest & Finance Charges | 201.56 | 266.25 | 176.56 | 202.89 | 123.71 | 132.36 |
| Depreciation | 120.08 | 143.61 | 149.31 | 125.29 | 92.57 | 83.17 |
| Total | 7620.99 | 8196.10 | 7,367.52 | 4,806.22 | 4,378.12 | 9101.32 |
| Profit before Tax | 843.49 | 897.74 | 362.35 | 237.14 | 207.23 | 345.69 |
| Tax Expense | | | | | | |
| Current Tax, FBT, WT | (89.86) | (82.66) | (77.97) | (24.72) | (43.82) | (96.86) |
| Deferred Tax | 20.52 | 0.76 | – | – | – | – |
| Tax credit u/s 115JAA | 40.44 | 33.78 | – | – | – | – |
| Profit After Tax (As per Audited Accounts) | 814.59 | 849.62 | 284.38 | 212.42 | 163.41 | 248.83 |
| Adjustments : | | | | | | |
| Prior period items and change in Accounting policy | | | | | | |
| Share of Profit from Joint Venture | – | – | 113.96 | 21.53 | – | – |
| Deferred Tax | – | – | (31.56) | (60.96) | (26.49) | (32.68) |
| Total of Adjustment | – | – | 82.40 | (39.43) | (26.49) | (32.68) |
| Profit After Tax, restated | 814.59 | 849.62 | 366.78 | 172.99 | 136.92 | 216.15 |
| Profit & Loss at the beginning of theyear | 1350.58 | 639.14 | 347.28 | 232.39 | 208.23 | 67.08 |
| Balance available for appropriation | 2165.17 | 1,488.76 | 714.06 | 405.38 | 345.15 | 283.23 |
| Appropriation | | | | | | |
| Income tax of earlier year | – | – | 1.08 | 16.90 | (37.77) | – |
| Transferred to General Reserve | – | (75.00) | (75.00) | (75.00) | (75.00) | (75.00) |
| Dividend & Dividend Tax | – | (63.18) | – | – | – | – |
| Balance carried forward, restated | 2165.17 | 1,350.58 | 640.14 | 347.28 | 232.39 | 208.23 |

Annexure-III

SIGNIFICANT ACCOUNTING POLICIES

Background

Roman Tarmat Ltd is an infrastructure construction company originally incorporated in the year 1986 in the name of Jerry Varghese Constructions Private Limited. The name of the Company was subsequently changed to Tarmat Infrastructural & Engineering Private Limited with effect from 12th September 1994. The name of the Company was further changed to Roman Tarmat Private Limited with effect from 17th October 2005. The Company was subsequently converted from Private Limited to Public Limited with effect from 02nd December 2005 and the name was changed to Roman Tarmat Limited.

We provide engineering, procurement and construction services for infrastructure projects. Broadly our business activities can be categorized into the following three segments:

1. Airside works
2. Highways and Roads
3. Other civil works

Our company mainly works on projects sponsored by government or government agencies, clients including the Central government, State government and municipalities. Some of our major clients include AAI, CPWD, MES, KSHIP, PWD and others.

SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

- (i) The financial statements have been prepared in compliance with all material aspects of the Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI) and the relevant provisions of the Companies Act, 1956.
- (ii) Financial statements are based on historical cost and are prepared on accrual basis, except where impairment is made and revaluation is carried out.
- (iii) Accounting policies have been consistently applied by the Company and except for the following accounting policies referred below, are consistent with those used in the previous year
 - a. Deferred Taxation and
 - b. Accounting for Joint Venture Contracts

2. Use of Estimate

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

3. Revenue Recognition

- (i) Income from construction contracts is recognized on the basis of work certified in accordance with percentage completion method. All other income and expenditure are recognized and accounted for on an accrual basis. Losses on contracts are fully accounted for as and when incurred.
- (ii) Hire Charges is accounted for as per terms of the lease agreement.

4. Fixed Assets

Fixed Assets are stated at cost net of Modvat/Cenvat less accumulated depreciation.

The cost of an asset comprises of purchase price and any directly attributable cost of bringing the assets to its present condition for intended use.

5. Depreciation

The company is following Depreciation as per Straight-line method at the rate and in the manner specified in Schedule XIV to the Companies Act, 1956.

6. Inventories

Construction raw materials are valued at the lower of cost or net realisable value on FIFO basis. Work in progress on construction contracts reflect the value of material inputs and expenses including appropriate overheads incurred on such contracts, at cost.

7. Investment:

Current Investment is measured at the lower of cost or market value. Long Term Investment is measured at Cost.

8. Borrowing Costs:

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

9. Current Tax and Deferred Tax:

- (i) Provision for current tax is made after taking into consideration benefits admissible under the provision of the Income Tax Act, 1961.
- (ii) Deferred tax resulting from timing difference between the book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date.

10. Accounting for Joint Venture Contracts:

- (a) Contracts executed in joint venture under work sharing arrangement (consortium) are accounted in accordance with the accounting policy followed by the company as that of an independent contract to the extent work is executed.
- (b) In respect of contracts executed in integrated joint venture under profit sharing arrangement (assessed as AOP under Income Tax laws), the services rendered to the joint venture are accounted as income on accrual basis. The profit/loss is accounted for, as and when it is determined by the joint venture and the net investment in the joint venture is reflected as investments.

11. Foreign Exchange Transaction

- (a) Transaction denominated in foreign currencies is normally recorded at the exchange rate prevailing at the time of the transaction.
- (b) Monetary items denominated in foreign currency as at the balance sheet date are translated at the year-end exchange rate.
- (c) Premium on forward cover contracts in respect of import of raw material is charged to profit & loss account over the period of contracts except in respect of liability for acquiring fixed assets, in which case the difference are adjusted in carrying cost of the same.

12. Employee Retirement Benefits

The company provides for gratuity, a defined benefit plan in accordance with the rules of the company based on an actuarial valuation carried out at the balance sheet date, by an independent actuary. Contribution payable to the Employees benefits is charged to Profit & Loss Account on as incurred.

13. Intangible Assets

In compliance with AS- 26, Deferred Revenue Expenditure is charged off when incurred.

14. Impairment of Assets

The company assesses at each balance sheet date whether there is any indication that an assets may be impaired. If any such indication exists, the company estimates the recoverable amount of the assets. If such recoverable amount of the assets or the recoverable amount of the cash generating unit to which the asset belong is less than its carrying amount, the carrying amount is reduced to its recoverable amount. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

15. Earning per share

Basic EPS is computed using the weighted average number of equity shares outstanding during the year. Diluted EPS is computed using the weighted average number of equity and diluted equity equivalent shares outstanding during the year except where the results would be anti-dilutive.

16. Provision, Contingent Liabilities and contingent assets

Provision involving substantial degree of estimation in measurement is recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

NOTES ON ADJUSTMENTS FOR RESTATED FINANCIAL STATEMENTS:**1. Adjustments on account of change in accounting policies**

There are no changes in the accounting policies during the reporting periods except for the following:

A. Deferred Taxation

Accounting Standard 22, ('AS-22') 'Accounting for taxes on Income' Issued by the ICAI was applied by the Company in preparing the accounts for the year ended March 31, 2006 and subsequent years. For the purpose of this statement, AS-22 has been applied for the years ended March 31, 2002 onwards. Accordingly, the deferred tax asset/liability has been recomputed.

Balance in Profit & Loss account as at April 1, 2001 has been approximately adjusted for deferred tax asset/liability as on that date as though the same has become applicable for the first time from that date.

The break up of Deferred Tax Assets/Liability is as under

(Rs. in lakhs)

| Particulars | 31.12.2006 | 31.03.2006 | 31.03.2005 | 31.03.2004 | 31.03.2003 | 31.03.2002 |
|---|------------|------------|------------|------------|------------|------------|
| Deferred Tax Liability Difference between book and tax depreciation | 312.42 | 332.94 | 333.70 | 302.14 | 241.18 | 214.69 |
| Deferred Tax Assets Unabsorbed depreciation & Expenses disallowed u/s 43B | Nil | Nil | Nil | Nil | Nil | Nil |
| Net Deferred Tax Liability | 312.42 | 332.94 | 333.70 | 302.14 | 241.18 | 214.69 |

B. Income from joint venture

Accounting standard 27, ('AS-27') 'Financial reporting of interest in joint venture' Issued by the ICAI was applied by the Company in preparing the accounts for the year ended March 31, 2006 and subsequent years. For the purpose of this statement, AS-27 has been applied for the years ended March 31, 2002 onwards. Accordingly, the share of profit or loss of the company accrued from the joint venture was recognized to the respective year.

Financial reporting of interest in joint venture:

| Sr. No. | Joint Venture | Proportion of interest in JV |
|---------|----------------|------------------------------|
| 1 | KCL-Tarmat | 40% |
| 2 | Tarmat –BEL | 50% |
| 3 | KCL-BEL-Tarmat | 25% |
| 4 | Tarmat – Prime | 80% |
| 5 | Tarmat – JP | 50% |

STATEMENT OF IMPACT ON PROFIT & LOSS DUE TO RESTATEMENT AND OTHER MATERIAL ADJUSTMENTS MADE TO ADDED TO AUDITED FINANCIAL STATEMENT

(Rs. In lakhs)

| Particulars | 31-12.06 | 31.03.06 | 31.03.05 | 31.03.04 | 31.03.03 | 31.03.02 |
|----------------------------------|----------|----------|----------|----------|----------|----------|
| Net PAT as per audited P&L | 814.59 | 849.62 | 284.38 | 212.41 | 163.41 | 247.83 |
| Add/ (Less) adjustment for | | | | | | |
| Deferred Tax (Expenses)/Income | – | – | 113.96 | 21.53 | – | – |
| Share in Profit of Joint Venture | – | – | (31.56) | (60.96) | (26.49) | (32.68) |
| Total Adjustment | – | – | 82.40 | (39.43) | (26.49) | (32.68) |
| Adjusted Net Profit after Tax | 814.59 | 849.62 | 366.78 | 172.99 | 136.92 | 216.15 |

2. Earning per Share

| As at | 31.12.06 | 31.03. 2006 | 31.03.05 | 31.03.04 | 31.03.03 | 31.03.02 |
|---|----------|-------------|----------|----------|----------|----------|
| Net Profit attributable to Equity Shareholders as restated (Rs. In Lakhs) | 814.59 | 849.62 | 366.78 | 172.99 | 136.92 | 216.15 |
| Weighted average number of Equity Shares outstanding during the year | 80.59 | 66.49 | 66.49 | 66.49 | 66.49 | 66.49 |
| Nominal value of Equity Share (Rs.) | 10/- | 10/- | 10/- | 10/- | 10/- | 10/- |
| Basic & Diluted Earning per share (Rs.) | 13.48* | 12.78 | 5.52 | 2.60 | 2.06 | 3.25 |

* Annualised

3. Segment information

(a) Primary Segment

The business segment has been considered as the primary segment. The company is engaged in only one reportable segment viz Construction.

(b) Secondary Segment

The company operates in India and hence there are no geographical segments.

4. Impairment of assets

On assessment of the impairment of fixed assets of the company as at 31st March – 2006, 2005, 2004, 2003, 2002 and as at 30th June 2006 as required by Accounting standard 28 “Impairment of Assets” issued by ICAI, the company is of the view that no provision for impairment of fixed assets is required.

5. The Gross block of fixed assets includes an amount of Rs. 8.50 lakhs on account of revaluation done in the past. While preparing restated account the said amount has been deducted from the gross block of fixed assets and consequently reserve & surplus were also be deducted by Rs. 8.50 lakhs to the extant of revaluation reserve.

6. Details of Contingent Liabilities, Guarantees and Capital Commitment

(Rs. in lakhs)

| Particulars | 31.12.06 | 31.03.06 | 31.03.05 | 31.03.04 | 31.03.03 | 31.03.02 |
|--|----------------|----------------|----------------|----------------|----------------|---------------|
| Letter of credit | 80.48 | 96.21 | – | – | – | – |
| Estimated amount of claims against the Company not acknowledged as debts | 62.45 | 62.45 | 62.45 | – | – | – |
| Bank Guarantee | *4586.38 | 2957.02 | 2726.62 | 1436.08 | 1436.08 | 266.69 |
| Total | 4729.31 | 3115.68 | 2789.07 | 1436.08 | 1436.08 | 266.69 |

*BG: Stan Chartered : Rs 29.49 lakhs

Vijaya Bank: Rs 4556.89 lakhs

Total Rs 4586.38 lakhs

Annexure IV
STATEMENT OF RATE OF DIVIDEND FOR THE LAST FIVE YEARS

| Year ended | 31.12.06 | 31.03.06 | 31.03.05 | 31.03.04 | 31.03.03 | 31.03.02 |
|------------|----------|----------|----------|----------|----------|----------|
| Dividend | Nil | 10% | Nil | Nil | Nil | Nil |

Annexure V
STATEMENT OF ACCOUNTING RATIOS

| Ratios Particulars | 31.12.2006 | 31.03.2006 | 31.03.2005 | 31.03.2004 | 31.03.2003 | 31.03.2002 |
|---|------------|------------|------------|------------|------------|------------|
| Basic & Diluted EPS (Rs.) | 13.48* | 12.78 | 5.52 | 2.60 | 2.06 | 3.25 |
| Return on Net Worth (%) | 21.48%* | 29.49% | 18.86% | 10.97% | 9.87% | 16.79% |
| Net Asset Value per Share (Rs.) | 62.73 | 52.00 | 35.10 | 28.46 | 25.03 | 23.24 |
| Weighted average number of equity shares outstanding during the year used for computing Basic and Diluted EPS | 8059200 | 6649200 | 6649200 | 6649200 | 6649200 | 6649200 |
| Total number of shares outstanding at the end of year | 8059200 | 5541000 | 5541000 | 5541000 | 5541000 | 5541000 |

* Annualised

The ratios have been computed as below:

- I. Earnings per share (Rs.): Net profit attributable to equity shareholders/weighted average number of equity shares outstanding as at the end of the year. Earnings per share are calculated in accordance with Accounting Standard 29 "Earnings per Share", issued by the Institute of Chartered Accountants of India. In terms of para 24 of AS-20, the number of equity shares outstanding before the issue of bonus shares is adjusted for the change in the number of equity shares issued as bonus shares as if the shares were issued at the beginning of the earliest reporting period.
- II. Return on Net Worth (•): Net profit after tax/Net Worth as at the end of the year
- III. Net Asset Value (Rs.): Net worth at the end of the year/Number of equity Shares outstanding at the end of the year
- IV. Net Profit, as appearing in the statement of restated profits and losses, has been considered for the purpose of computing the above ratios.

Annexure VI
CAPITALISATION STATEMENT

(Rs. in lakhs)

| Particulars | Pre-Issue as at 31st December 2006 | Post – Issue |
|--|------------------------------------|--------------|
| Borrowings: | | |
| Short Term Debts | 1599.39 | (*) |
| Long Term Debts | 165.71 | (*) |
| Total Debts | 1765.10 | (*) |
| Shareholders Funds | | |
| Share Capital | 805.92 | (*) |
| Reserves (Excluding Revaluation Reserve) | 4249.73 | (*) |
| Total Shareholders funds | 5055.65 | (*) |
| Total Capitalization | 6820.75 | (*) |
| Long Term Debt/Equity Ratio | 0.03:1 | (*) |
| Total Debt/ Equity Ratio | 0.35:1 | (*) |

* Information pertaining to post issue capitalization statement can be ascertained only after the conclusion of the book building process.

- Notes:** (A) Short term debts includes cash credit limits and unsecured loan repayable on demand.
 (B) Long Term Debts includes Hire purchase loan from Banks and other institutions.
 (C) Long Term Debt/Equity Ratio = Total long-term debt/Total Shareholders funds
 (D) Total Debt/Equity Ratio = Total debt/ Total Shareholders funds

Annexure VII

STATEMENT OF TAX SHELTER

(Rs. in lakhs)

| | 31.12.06 | 31.03.06 | 31.03.05 | 31.03.04 | 31.03.03 | 31.03.02 |
|-----------------------------------|----------|----------|----------|----------|----------|----------|
| Net Profit/(Loss) before Tax | 843.49 | 897.74 | 362.35 | 237.14 | 207.23 | 345.69 |
| Tax rate - Normal | 33.66% | 33.66% | 36.59% | 35.88% | 36.75% | 35.70% |
| Tax rate - MAT | 11.22% | 8.42% | 7.84% | 7.69% | 7.88% | 7.65% |
| Tax at Normal Tax Rates (A) | 283.92 | 302.18 | 132.58 | 85.09 | 76.16 | 123.41 |
| Adjustments: | | | | | | |
| Permanent Difference (B) | | | | | | |
| Benefits u/s 80IA | (630.00) | (601.88) | - | - | - | - |
| Exempted income | (72.50) | (195.98) | (0.58) | (0.43) | - | - |
| Other items disallowed | 22.05 | 19.16 | - | - | - | - |
| Total Permanent Difference | (702.50) | (775.81) | 18.58 | (0.43) | - | - |
| Temporary Difference (C) | | | | | | |
| Depreciation as per Books | 120.08 | 143.61 | 149.31 | 125.29 | 92.57 | 83.17 |
| Depreciation as per Income Tax | (136.92) | (141.36) | (298.60) | (295.17) | (180.56) | (157.54) |
| Expenses disallowed u/s 43B | 12.70 | - | 0.11 | - | - | - |
| Total Timing Difference | (4.14) | 2.25 | (149.18) | (169.88) | (87.99) | (74.37) |
| Net Adjustments D=(B)+(C) | (706.64) | (773.56) | (130.60) | (170.31) | (87.99) | (74.37) |
| Tax Saving thereon (E) | (237.86) | (260.38) | (47.82) | (61.11) | (32.34) | (26.55) |
| Tax on taxable income F = (A)-(E) | 46.06 | 41.80 | 84.76 | 23.98 | 43.82 | 96.86 |
| Tax at MAT rate (G) | 86.50 | 75.57 | - | - | - | - |
| Tax Credit u/s 115JAA (G)-(F) | 40.44 | 33.78 | - | - | - | - |

Annexure VIII

STATEMENT OF OTHER INCOME

(Rs. In lakhs)

| Particulars | 31.12.06 | 31.03.2006 | 31.03.2005 | 31.03.2004 | 31.03.2003 | 31.03.2002 |
|-----------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Interest received from Bank | 21.08 | 30.80 | 25.83 | 35.19 | 19.56 | 12.72 |
| Hire Charges Received | 73.89 | 293.78 | 131.26 | 272.62 | 413.33 | 241.93 |
| Dividend | 0.39 | 0.19 | 0.58 | 0.43 | 0.21 | 0.06 |
| Sundry Credit Balance W/off | - | - | - | 0.11 | 0.32 | 0.12 |
| Miscellaneous | 15.74 | 70.79 | 7.95 | 7.60 | 21.28 | 21.43 |
| Rent Received | 12.60 | 16.80 | 14.00 | - | - | - |
| Total | 123.70 | 412.36 | 179.62 | 315.95 | 454.70 | 276.26 |

Annexure IX**STATEMENT SHOWING AGE-WISE ANALYSIS OF SUNDRY DEBTORS****(Rs. in lakhs)**

| Particulars | 31.12.06 | 31.03.06 | 31.03.05 | 31.03.04 | 31.03.03 | 31.03.02 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Debts outstanding for a period exceeding six months | | | | | | |
| :Considered good | 193.21 | 131.83 | 57.16 | 127.81 | 68.78 | 69.41 |
| Considered doubtful | NIL | Nil | Nil | Nil | Nil | Nil |
| Other Debts:Considered good | 357.28 | 301.01 | 849.52 | 589.14 | 293.67 | 1125.04 |
| Total | 550.49 | 432.84 | 906.68 | 716.95 | 362.45 | 1194.45 |

Sundry Debtors- Related Party Transactions.

There are no dues receivables from related parties during the above stated period.

Annexure X**DETAILS OF LOANS AND ADVANCES****(Rs. in lakhs)**

| Particulars | 31.12.06 | 31.03.06 | 31.03.05 | 31.03.04 | 31.03.03 | 31.03.02 |
|------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Advances | 2334.81 | 539.72 | 252.68 | 168.78 | 39.51 | 43.72 |
| Interest accrued but not due | 20.66 | 21.94 | 54.21 | 34.14 | 35.93 | 21.91 |
| Deposits | 842.92 | 704.84 | 601.62 | 436.11 | 385.11 | 166.23 |
| Advance Tax & TDS | 618.57 | 410.58 | 153.78 | 188.17 | 263.91 | 321.66 |
| Tax Credit u/s 115 JAA | 74.22 | 33.78 | – | – | – | – |
| Total | 3891.18 | 1710.86 | 1062.29 | 827.20 | 724.46 | 553.52 |

Loans & Advances- Related Party Transactions.

There are no loans & advances including deposits given to promoters, directors or relatives of promoters / directors of the Company during the above stated period.

Annexure XI**STATEMENT OF SECURED LOANS****A) Secured Loans****(Rs. in lakhs)**

| Particulars | 31.12.06 | 31.03.06 | 31.03.05 | 31.03.04 | 31.03.03 | 31.03.02 |
|-------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Secured Loans | | | | | | |
| Working Capital Limits* | 1456.39 | 1011.76 | 755.33 | 392.52 | 392.44 | 328.33 |
| Loan on Hire Purchase | 165.71 | 328.16 | 584.11 | 736.36 | 179.68 | 247.53 |
| Overdraft against FDR | 138.00 | 146.61 | – | – | – | – |
| Term Loan | – | – | – | – | 18.16 | 61.72 |
| Total | 1760.10 | 1486.53 | 1339.44 | 1128.88 | 590.28 | 637.58 |

* Vijaya Bank : Rs 1311.26 Lacs

* Standard Chartered Bank : Rs 145.13 Lacs

i) Working Capital

- (a) Vijaya Bank vide their letter no: MC: A:47:2005-06 dated 27.05.2006 has provided working Capital facilities, details of which are as follows:

| Facility | Working Capital facility |
|--------------------------------|--|
| Cash Credit | Rs. 1250 Lacs |
| BG Limit | Rs. 6000 Lacs |
| FLC(DA/DP) Limit | Rs. 200 Lacs |
| Primary Security | Hypothecation of Stock consisting of construction materials lying at various sites as well as Godown premises owned/rented by the co. In relation to Bank Guarantee 5% cash margin on performance guarantee and 10% cash margin on other BGs. In relation to foreign LC 5% cash margin is required. |
| Collateral Security | Equitable mortgage of plot no. 19 at sector 24 of Vashi, Navi Mumbai, Plot 3A, 3B, 3C, Shirdon, Panvel, residential flats in sector 24 of Vashi, non-agriculture land at Nashik. Land & building at Film city road, Goregaon (E). Equitable Mortgage of un-encumbered items of Plant & Machineries of the company. |
| Guarantor | Personal guarantee of Directors Mr. Jerry Varghese and Mrs. Saramma Varghese. |
| Outstanding as on 31.12.06(CC) | Rs. 1311.26 lacs |

- (b) Standard Chartered Bank, Mumbai vide their letter no: ABF/W/10 dated 11.10.2006 has provided Term Loan/Overdraft facilities, details of which are as follows:

| Facility | Term Loan/Overdraft facility |
|---------------------------------|---|
| Term Loan | Rs 300 Lacs |
| Overdraft | Rs. 300 Lacs |
| BG Limit | Rs. 1000 Lacs |
| Primary Security | Term Loan- First & Exclusive charge on the new assets financed. Overdraft- First & exclusive charge on the assets having valuation of at least 50% of the amount and first charge on the current assets of the specific project approved by the bank. In relation to Bank Guarantees 10% cash margin. |
| Guarantor | Personal guarantee of Directors Mr. Jerry Varghese and Mrs. Saramma Varghese. |
| Outstanding as on 31.12.06 (OD) | Rs.145.13 Lacs |

(ii) Hire Purchase Loan on Plant & Machineries

The Company has taken hire purchase loans for plant & machineries from several Non Banking Finance Companies. The loan is repayable on equally monthly instalments for the period between 36 to 60 months. The rate of interest on the said loan ranges between 4.36% to 10.50% per annum. The outstanding balance as on 31st December, 2006 was Rs. 165.71 lacs.

(iii) Overdraft against FDR

The Company has taken overdraft facility against Fixed Deposit Receipts from Vijaya Bank and the outstanding balance as on 31st December, 2006 was Rs 138.00 Lacs.

Annexure XII**-STATEMENT OF UNSECURED LOANS**

The company has taken unsecured loan from the promoter director Mr. Jerry Varghese and Mrs. Saramma Varghese. The balance outstanding as on 31st Dec 2006 was Rs. 5.00 lacs. The loans are interest free and repayable on demand.

(Rs. in Lakhs)

| Particulars | 31.12.06 | 31.03.06 | 31.03.05 | 31.03.04 | 31.03.03 | 31.03.02 |
|--------------------------|----------|----------|----------|----------|----------|----------|
| From Directors | 5.00 | 14.68 | 28.79 | 39.04 | 41.05 | 70.20 |
| From Shareholders | - | - | 12.54 | 12.54 | 17.22 | 20.82 |
| Total | 5.00 | 14.68 | 41.33 | 51.58 | 58.27 | 91.02 |

Unsecured Loans, related party transactions:**(Rs. in Lakhs)**

| Particulars | 31.12.06 | 31.03.06 | 31.03.05 | 31.03.04 | 31.03.03 | 31.03.02 |
|-------------------------|----------|----------|----------|----------|----------|----------|
| Jerry Varghese | 5.00 | 13.50 | 24.35 | 29.35 | 26.23 | 50.61 |
| Saramma Varghese | - | 1.18 | 4.44 | 9.69 | 14.82 | 17.17 |
| George Varghese | | | | | | 2.42 |
| Dilip Varghese | | | 12.39 | 12.39 | 17.22 | 17.22 |
| Sneha Varghese | | | 0.15 | 0.15 | | 3.60 |
| Total | 5.00 | 14.68 | 41.33 | 51.58 | 58.27 | 91.02 |

Annexure – XIII**DETAILS OF RELATED PARTY TRANSACTIONS**

Information on Related Party Disclosures as per Accounting Standard 18 (AS-18) on Related Party Disclosures is given below:

I. Key Management Personnel

| Sr. No | 2005-06 | 2004-05 | 2003-04 | 2002-03 | 2001-02 |
|--------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| 1 | Mr. Jerry Varghese | Mr. Jerry Varghese | Mr. Jerry Varghese | Mr. Jerry Varghese | Mr. Jerry Varghese |
| 2 | Mrs. Saramma Varghese | Mrs. Saramma Varghese | Mrs. Saramma Varghese | Mrs. Saramma Varghese | Mrs. Saramma Varghese |
| 3 | Mr. George Varghese | Mr. George Varghese | Mr. George Varghese | Mr. George Varghese | Mr. George Varghese |
| 4 | Mr. Ramakant Jha | Mr. Ramakant Jha | | | |
| 5 | Mr. Viraf A Mahabat | Mr. Viraf A Mahabat | | | |

II. Relative of Key Management Personnel

| Sr. No | 2005-06 | 2004-05 | 2003-04 | 2002-03 | 2001-02 |
|--------|----------------------|----------------------|----------------------|----------------------|----------------------|
| 1 | Mr. Dilip Varghese | Mr. Dilip Varghese | Mr. Dilip Varghese | Mr. Dilip Varghese | Mr. Dilip Varghese |
| 2 | Miss. Sneha Varghese | Miss. Sneha Varghese | Miss. Sneha Varghese | Miss. Sneha Varghese | Miss. Sneha Varghese |

III. Enterprise controlled/owned by Key Management personnel and their relative

| Sr. No | 2005-06 | 2004-05 | 2003-04 | 2002-03 | 2001-02 |
|--------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| 1 | Tarmat Constructions Pvt Ltd | Tarmat Constructions Pvt Ltd | Tarmat Constructions Pvt Ltd | Tarmat Constructions Pvt Ltd | Tarmat Constructions Pvt Ltd |
| 2 | Tarmat Holdings Pvt Ltd | Tarmat Holdings Pvt Ltd | Tarmat Holdings Pvt Ltd | Tarmat Holdings Pvt Ltd | Tarmat Holdings Pvt Ltd |
| 3 | Tarmat Motels Pvt Ltd | Tarmat Motels Pvt Ltd | Tarmat Motels Pvt Ltd | Tarmat Motels Pvt Ltd | Tarmat Motels Pvt Ltd |
| 4 | Tarmat Quarries Pvt Ltd | Tarmat Quarries Pvt Ltd | Tarmat Quarries Pvt Ltd | Tarmat Quarries Pvt Ltd | Tarmat Quarries Pvt Ltd |

Nature of Transaction Key Management Personnel Relative of Key Management Personnel Enterprise controlled by Key Management personnel/relatives thereof

| Particulars | Dec-06 | 2005-06 | 2004-05 | 2003-04 | 2002-03 | 2001-02 | Dec-06 | 2005-06 | 2004-05 | 2003-04 | 2002-03 | 2001-02 | Dec-06 | 2005-06 | 2004-05 | 2003-04 | 2002-03 | 2001-02 |
|--|--------|---------|---------|---------|---------|---------|--------|---------|---------|---------|---------|---------|--------|---------|---------|---------|---------|---------|
| Managerial Remuneration Jerry Varghese | 7.68 | 6.00 | 6.50 | 6.50 | 6.00 | 6.00 | | | | | | | | | | | | |
| Managerial Remuneration Saramma Varghese | 7.30 | | | | | | | | | | | | | | | | | |
| Managerial Remuneration George Varghese | 0.26 | 1.56 | 0.49 | 0.36 | 0.36 | 0.36 | | | | | | | | | | | | |
| Unsecured Loans received Jerry Varghese | | | | 3.12 | | 13.09 | | | | | | | | | | | | |
| Unsecured Loans received Saramma Varghese | | | | | | 4.37 | | | | | | | | | | | | |
| Unsecured Loans received Sneha Varghese | | | | | | | | | 15 | | | | | | | | | |
| Repayment of Unsecured Loans Jerry Varghese | 9.68 | 10.85 | 10.25 | 5.12 | 29.15 | | | 12.54 | | 4.83 | 3.60 | | | | | | | |
| Repayment of Unsecured Loans Saramma Varghese | | 3.26 | 5.24 | 5.12 | 2.35 | | | | | | | | | | | | | |
| Repayment of Unsecured Loans George Varghese | | | | | 2.43 | | | | | | | | | | | | | |
| Repayment of Unsecured Loans Sneha Varghese | | | | | | | | 0.15 | | | 3.60 | | | | | | | |
| Repayment of Unsecured Loans Dilip Varghese | | | | | | | | 12.39 | | 4.83 | | | | | | | | |
| Advabce/Deposit Recovered Tarmat Construction Pvt. | | | | | | | | | | | | | | 14.64 | | | | |
| Payment towards Material Supply - Tarmat | | | | | | | | | | | | | | 12.30 | | | | |
| Dividend Paid – Jerry Varghese | | 26.18 | | | | | | | | | | | | | | | | |
| Dividend Paid - Saramma Varghese | | 8.76 | | | | | | | | | | | | | | | | |
| Dividend Paid – Dilip Varghese | | | | | | | | 7.66 | | | | | | | | | | |
| Dividend Paid – Sneha Varghese | | | | | | | | 1.47 | | | | | | | | | | |
| Dividend Paid – Tarmat Holdings Pvt. Ltd. | | | | | | | | | | | | | | 11.35 | | | | |

Annexure XIV

DETAILS OF INVESTMENTS

(Rs. in Lakhs)

| Particulars | 31.12.06 | 31.03.06 | 31.03.05 | 31.03.04 | 31.03.03 | 31.03.02 |
|--|---------------|---------------|---------------|--------------|-------------|-------------|
| -Equity Shares in Vijaya Bank (Market Value of Quoted Investment as on 29.12.06 is Rs 9.15 Lacs) | 1.94 | 1.94 | 1.94 | 1.94 | 1.94 | 1.94 |
| Investment in Joint Ventures | 540.76 | 468.64 | 331.86 | 28.66 | 1.94 | 1.94 |
| Total | 542.70 | 470.58 | 333.80 | 30.60 | 1.94 | 1.94 |

Annexure – XV

CASH FLOW STATEMENT (RESTATED)

(Rs. In lakhs)

| Particulars | 31.12.06 | 31.03.06 | 31.03.05 | 31.03.04 | 31.03.03 | 31.03.02 |
|---|-----------------|---------------|-----------------|-----------------|---------------|---------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | | | | | |
| Net Profit before Taxation & Extra-ordinary Items | 843.49 | 897.74 | 476.31 | 258.67 | 207.23 | 345.69 |
| Adjustments for : | | | | | | |
| Depreciation | 120.08 | 143.61 | 149.31 | 125.29 | 92.57 | 83.17 |
| Interest,Hire Charges, Dividend and rent received | (107.96) | (341.57) | (156.38) | (308.24) | (433.10) | (254.71) |
| Interest & Finance charges paid | 201.56 | 266.25 | 176.56 | 202.89 | 123.71 | 132.36 |
| Profit/(Loss) on sale of assets | – | | | | | |
| Operating Profit before working capital changes | 1057.17 | 966.03 | 645.80 | 278.61 | (9.59) | 306.51 |
| Adjustment for changes in working capital : | | | | | | |
| Inventories | (310.62) | (487.76) | (46.73) | (515.39) | (48.16) | (69.64) |
| Debtors | (117.65) | 473.84 | (189.73) | (354.50) | 832.00 | (781.23) |
| Other Current Assets & Loans & Advances | (2180.33) | (648.57) | (235.09) | (102.74) | (170.94) | 82.82 |
| Current Liabilities & Provisions | 1048.30 | (202.12) | 163.62 | 954.32 | (352.22) | 617.07 |
| Movement in working capital limits | 436.01 | 403.04 | 362.80 | 0.08 | 64.11 | 77.14 |
| Cash generated from operation | (67.12) | 504.46 | 700.67 | 260.38 | 315.20 | 232.67 |
| Less : Income Tax | (49.41) | (48.87) | (76.88) | (7.82) | (81.59) | (96.86) |
| Net Cash from/(used in) operating activities | (116.53) | 455.59 | 623.79 | 252.56 | 233.61 | 135.81 |
| CASH FLOW FROM INVESTING ACTIVITIES | | | | | | |
| Changes in Fixed Assets | (186.11) | (8.18) | (227.27) | (681.37) | (167.06) | (245.20) |
| Interest, Hire Charges, Dividend and rent received | 107.96 | 341.57 | 156.38 | 308.24 | 433.10 | 254.71 |
| Increase in Investment | (72.11) | (136.78) | (303.20) | (28.66) | – | – |
| Net Cash from/(used in) Investing Activities | (150.92) | 196.61 | (374.09) | (401.79) | 266.04 | 9.51 |
| CASH FLOW FROM FINANCING ACTIVITIES | | | | | | |

| | | | | | | |
|---|----------------|-----------------|-----------------|---------------|-----------------|-----------------|
| Increase/(Decrease in Borrowings) | (172.13) | (282.60) | (162.50) | 531.83 | (144.16) | (36.91) |
| Increase in Share Capital | 141.00 | – | – | – | – | – |
| Increase In share premium | 1369.00 | – | – | – | – | – |
| Increase/(Decrease) in Share Application money | (150.00) | 150.00 | – | – | – | – |
| Interest & Finance charges paid | (201.56) | (266.25) | (176.56) | (202.89) | (123.71) | (132.36) |
| Dividend & Dividend Tax paid | (63.18) | | | | | |
| Net Cash from.(used in) Financing Activities | 986.98 | (462.03) | (339.06) | 328.94 | (267.87) | (169.27) |
| Net Increase/(Decrease) in Cash & Cash Equivalent | 719.53 | 190.17 | (89.36) | 179.71 | 231.78 | (23.95) |
| Cash & Cash Equivalent at the beginning of the year | 688.68 | 498.51 | 587.87 | 408.16 | 176.38 | 200.33 |
| Cash & Cash Equivalent at the end of the year | 1408.21 | 688.68 | 498.51 | 587.87 | 408.16 | 176.38 |

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Construction Industry in India

Construction activity is an integral part of a country's infrastructure and industrial development. It includes hospitals, schools, townships, offices, houses and other buildings, urban infrastructure (including water supply, sewerage, drainage), highways, roads, ports, railways, airports, power systems, irrigation and agriculture systems, telecommunications etc. Besides, the construction industry generates substantial employment and provides a growth impetus to other sectors through backward and forward linkages.

The construction sector in India which accounts for 5 per cent of the gross domestic product is the second largest economic activity after agriculture and provides direct or indirect employment to about 32 million people. The sector consumes 40-50 percent of the National Plan outlay and contributes 20 percent of GDP. As per the World Construction Review Outlook 2005-2006, construction spending in India grew at the rate of 7.6% in 2005 and is expected to grow at 7% per annum till 2009.

The boom in infrastructure sector would translate into strong order flow for construction companies.

Global construction spending was nearly \$4.4 trillion in 2005, an increase of 5.2 percent over 2004, with future growth expected at 4% annually over the next four years. (Source: World Construction Review Outlook 2005-2006)

Overview of our Company

Roman Tarmat Limited, established in the year 1986 by our Promoter Director Mr. Jerry Varghese is an infrastructure construction company engaged in the business of construction of Highways and Runways. Our Company is headquartered at Mumbai with operations spread across the states of Maharashtra, Tamil Nadu, Karnataka, Kerala, Mizoram, Gujarat and Delhi.

Our Company started its operations by taking up road works for Government Departments like Public Works Department (PWD), Maharashtra Industrial Development Corporation (MIDC) and BrihanMumbai Municipal Corporation (BMC). In the year 1988, we bagged our first major contract for construction of roads/ bituminous flexible pavement for the entire Nhava Sheva port and construction of rigid concrete pavement base with RCC beams and columns in container yard and completed the project as per the stipulated period of 24 months.

Our Company is equipped with an extensive fleet of construction equipment, including mechanical paver finishers, transit mixers, hydraulic excavators, concrete batching plants, mobile crusher and dumpers all of which are owned by the Company.

Our Company has been accredited with "ISO 9001:2000" quality management system certificate for construction of Highways and Airports. We have mainly worked on projects sponsored by Government or Government agencies, including the Central Government, State Governments and Municipalities.

We provide engineering, procurement and construction services for infrastructure projects. Broadly our business activities can be categorized into the three segments viz. Airside Works, Highways and Roads and Other Civil Work.

Factors affecting results of our operations

Our financial condition and results of operations are affected by the following factors:

Growth in the infrastructure / construction sector

Our business is significantly dependent on the general economic condition and infrastructure / construction sector activity in India and Government policies relating to infrastructure development projects. The Government of India's focus on and sustained increase in budgetary allocation for the infrastructure sector and the development of a structured and comprehensive infrastructure policy that encourages greater private sector participation as well as increased funding by international and multilateral development financial institutions for infrastructure projects in this region have resulted in or is expected to result in several large infrastructure projects in this region. Our ability to benefit from the considerable investments proposed in the infrastructure sector in the medium and long term will be key to our results of operations.

Regulatory environment

Our operations may be exposed to uncertain political, legal and economic environment, government instability and complex legal systems and laws and regulations regionally. Our ability to manage, evolve and improve our operational, financial and internal controls across the organization and to integrate our widespread operations and derive benefits from our operations is key to our growth strategy and results of operations.

Competition

We compete against major engineering and construction companies as well smaller regional construction companies. Our competition varies depending on the size, nature and complexity of the project and on the geographical region in which the project is executed.

Our capabilities to participate and execute

The nature of the Government's tendering process is such that the pre qualifications obtained in the past play an important role in allowing companies to bid for the new projects. The ability to tie up strategically with other players will also determine the success in award of some key projects the company will be / is bidding for. The project management capability will also determine the profitability.

Collection of receivables from our clients

There may be delays associated with the collection of receivables from our clients which are mainly government sector. Our operations involve significant working capital requirements and delayed collection of receivables could adversely affect our liquidity and results of operations. We expect to engage in annuity projects in the future. Such projects will involve our taking on the long term risk that the client may default on its annuity payment to us. There can be no assurance that any such development would not adversely affect our business.

Variability of payment terms

Our revenues are dependent on the payment terms involved in a project. Our contracts typically stipulate payment terms on the basis of achievement of specified milestones and schedules for the project.

Market price behaviour of key materials

Our project cost mainly comprises of construction related materials i.e. steel and cement. These being commodities, changes in prices during the execution of the project may alter profitability on contracts, which are not covered by escalation provisions.

Seasonality and weather conditions.

Our business operations may be adversely affected by severe weather, which may require us to evacuate personnel or curtail services and it may result in damage to a portion of our fleet of equipment or facilities resulting in the suspension of operations and may prevent us from delivering materials to our jobsites in accordance with contract schedules or generally reduce our productivity. Our operations are also adversely affected by difficult working conditions and extremely high temperatures during summer months and during monsoon which restrict our ability to carry on construction activities and fully utilize our resources.

Our Results of Operations

As a result of the various factors discussed above that affect our income and expenditure on specific projects, our results of operations may vary from period to period depending on the nature of projects undertaken by us, their completion schedules, the nature of expenditure involved in a particular project and the specific terms of the contract, including payment terms.

Analysis of Revenues

Our revenues, referred to in our financial statements as total income, mainly comprise of income from operations and other income.

The income from operations consists of contract revenue from engineering, procurement and construction (EPC) services that we provide to our clients as well as share of profit received by us through our various joint ventures.

Our other sources of income are a) interest received from bank b) hire charges received from or let out equipments c) dividend income d) rent receipts and other miscellaneous income.

The table given below provides details of our total income, as restated, for the nine month period ended December 31, 2006 and for fiscal years 2006, 2005, 2004, 2003 and 2002:

(Rs. in Lakhs)

| Particulars | Nine months ended 31.12.06 | Year ended 31.03.06 | Year ended 31.03.05 | Year ended 31.03.04 | Year ended 31.03.03 | Year ended 31.03.02 |
|---|-------------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Operating Income | | | | | | |
| Contract Revenue | 7845.12 | 8283.90 | 7527.04 | 4501.23 | 4105.01 | 9111.22 |
| <i>Contract Revenue as a % of Total Income</i> | 92.68% | 91.09% | 95.96% | 88.87% | 89.52% | 96.45% |
| Share of profit from Joint Ventures* | 72.11 | 195.97 | 113.96 | 21.53 | – | – |
| <i>Share of profit from Joint Ventures as a % of Total Income</i> | 0.85% | 2.16% | 1.45% | 0.43% | – | – |
| Total | 7917.23 | 8479.87 | 7641.00 | 4522.76 | 4105.01 | 9111.22 |

| Particulars | Nine months ended 31.12.06 | Year ended 31.03.06 | Year ended 31.03.05 | Year ended 31.03.04 | Year ended 31.03.03 | Year ended 31.03.02 |
|--|-------------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Increase/(decrease) in Work in Process | 423.55 | 201.61 | 23.21 | 226.18 | 25.65 | 59.53 |
| Total Operating Income | 8340.78 | 8681.48 | 7664.21 | 4748.94 | 4130.66 | 9170.75 |
| <i>Total Operating Income as a % of Total Income</i> | 98.54% | 95.47% | 97.71% | 93.76% | 90.08% | 97.08% |
| Other Income | 123.70 | 412.36 | 179.62 | 315.95 | 454.70 | 276.26 |
| <i>Other Income as a % of Total Income</i> | 1.46% | 4.53% | 2.29% | 6.24% | 9.92% | 2.92% |
| Total Income | 8464.48 | 9093.84 | 7843.83 | 5064.89 | 4585.36 | 9447.01 |

* Share of Profit from Joint Ventures for the years 2005 and 2004 has been accounted as prior period item in the restated financials

Segment wise Contract Receipts

Our contract receipts are derived mainly from three business segments viz. Roads & Highways, Airside works and other civil works. The break up of segment wise contract receipts for last five years is given as under:

(Rs. In lakhs)

| Particulars | Year ended 31.03.06 | Year ended 31.03.05 | Year ended 31.03.04 | Year ended 31.03.03 | Year ended 31.03.02 |
|-------------------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Highways & Roads | 5852.86 | 5832.24 | 3169.13 | 3378.03 | 8629.21 |
| <i>% of Total Contract Receipts</i> | 71% | 77% | 70% | 82% | 95% |
| Airside Works | 2099.13 | 1379.94 | 586.91 | 105.10 | 257.94 |
| <i>% of Total Contract Receipts</i> | 25% | 18% | 13% | 3% | 3% |
| Civil Construction | 331.91 | 314.86 | 745.19 | 621.88 | 224.07 |
| <i>% of Total Contract Receipts</i> | 4% | 4% | 17% | 15% | 2% |
| Total Contract Receipt | 8283.90 | 7527.04 | 4501.23 | 4105.01 | 9111.22 |

As is evident from the above table, over the period of five years i.e. FY 2001-02 to FY 2005-06, while our dependence on highways and road sector has reduced from 95% to 71%, we have diversified and developed competencies in executing Airside works. The contribution of airside works towards total contract receipts has increased from 3% in FY 2001-02 to 25% in FY 2005-06.

Analysis of Expenditure

Our expenditure mainly comprises of cost of construction, administrative & other expenses, interest & finance charges and depreciation.

Cost of construction comprises of a) cost of raw material consumed like cement, steel, bitumen, aggregate etc and b) construction expenses which mainly include transportation charges, labour charges, machinery maintenance charges and sub-contract expenses. Sub-contracting charges include charges paid to sub-contractors to whom we have contracted a part of our project responsibilities, including the materials and the labour elements associated with the subcontracted portion of the project.

Raw material consumption and other construction expenses incurred in a year depend largely on the stage of execution of contracts. Typically the initial stage of execution of a contract is more labour intensive as it involves activities like digging, filling, levelling etc. Accordingly proportion of expenses relating to labour charges, machinery, electricity etc is more. However in subsequent stages of execution, which involves laying of road, usage of raw material like cement, steel, bitumen, aggregate is more and hence raw material consumption and therefore raw materials cost is higher.

Administrative expenses include salaries, wages and other payments made to employees, diesel and fuel costs, insurance charges, travelling costs, fees and taxes, auditors' remuneration and other miscellaneous expenses.

Interest and finance charges include a) interest paid on working capital loan, term loan and hire purchase loan for plant & machinery taken from banks and Non Banking Finance Companies b) charges paid on letters of credit, bank guarantees and other miscellaneous bank charges.

Depreciation is charged as per straight line method at the rate and in the manner specified in Schedule XIV of the Companies Act 1956

The table given below provides details of major items of expenditure, as restated, for the nine month period ended December 31, 2006 and for fiscal years 2006, 2005, 2004, 2003 and 2002:

(Rs. In Lakhs)

| Particulars | Nine months ended 31.12.06 | Year ended 31.03.06 | Year ended 31.03.05 | Year ended 31.03.04 | Year ended 31.03.03 | Year ended 31.03.02 |
|---|-------------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Total Income | 8464.48 | 9093.84 | 7843.83 | 5064.89 | 4585.36* | 9447.01 |
| Raw Materials Consumed | 1720.04 | 1915.25 | 2276.67 | 805.58 | 810.51 | 4368.91 |
| <i>As a % of Total Income</i> | 20.32% | 21.06% | 29.02% | 15.91% | 17.68% | 46.25% |
| Construction Expenses | 4936.17 | 5258.81 | 4138.95 | 3151.37 | 2918.16 | 4092.35 |
| <i>As a % of Total Income</i> | 58.32% | 57.83% | 52.77% | 62.22% | 63.64% | 43.32% |
| Total Cost of Construction | 6656.21 | 7174.06 | 6415.62 | 3956.95 | 3728.67 | 8461.26 |
| <i>As a % of Total Income</i> | 78.64% | 78.89% | 81.79% | 78.12% | 81.32% | 89.57% |
| Administrative & Other Expenses | 643.14 | 612.18 | 626.03 | 521.09 | 433.17 | 424.53 |
| <i>Administration & Other Expenses as a % of Total Income</i> | 7.60% | 6.73% | 7.98% | 10.29% | 9.45% | 4.49% |
| Interest & Finance Charges | 201.56 | 266.25 | 176.56 | 202.89 | 123.71 | 132.36 |
| <i>Interest & Finance Charges as a % of Total Income</i> | 2.38% | 2.93% | 2.25% | 4.01% | 2.70% | 1.40% |
| Depreciation | 120.08 | 143.61 | 149.31 | 125.29 | 92.57 | 83.17 |
| <i>Depreciation as a % of Total Income</i> | 1.42% | 1.58% | 1.90% | 2.47% | 2.02% | 0.88% |
| Profit Before Tax | 843.49 | 897.74 | 476.31 | 258.67 | 207.24 | 345.69 |
| <i>Profit Before Tax as a % of Total Income</i> | 9.97% | 9.87% | 6.07% | 5.11% | 4.52% | 3.66% |
| Profit After Tax (restated) | 814.59 | 849.62 | 366.78 | 172.99 | 136.93 | 216.15 |
| <i>Profit After Tax as a % of Total Income</i> | 9.62% | 9.34% | 4.68% | 3.42% | 2.99% | 2.29% |

*Our total income decreased from Rs. 9447.01 lakhs in fiscal year 2001-02 to Rs. 4585.36 lakhs in fiscal year 2002-03, which is a decrease of 51%. This was due to the completion of major projects like Construction of Master Plan Road at relocation of industries project by Delhi State Industrial Development Corporation (Rs.6438 lakhs) and Renewal of Highway Bhuj-Bhacchau (Rs.1832.93 lakhs) under World Bank Assistance, of which the major portion of revenue was booked in fiscal year 2001-02. Although our company received orders worth Rs.10883.81 lakhs during fiscal year 2002-03, these orders were received towards the end of the fiscal year and hence major billing could not be done on these projects.

Comparison of Performance and Analysis of Income Statement:

Nine months period ended December 31, 2006

During the Nine-month period ended December 31, 2006, in addition to our on-going projects, we won and commenced work on several projects, including:

- Construction of Integrated Roads at North Lake Village, Aamby Valley City at Pune.
- Extension, Strengthening of Apron and Allied Works at Trichy Airport.

- Construction of Taxiway parallel to secondary runway 14-32 beginning from 32 end up to main runway and further extended up to B-3 taxi track at CSI Airport, Mumbai
- Sri Sivasubramaniya Nadar College of Engineering at Kalavakkam Proposed Land Development (Phase-II), Formation of New Roads Repairs, Re-Surfacing of Existing Road and Road to Bus Park Area, At Chennai.
- Storm water drain and road work in shop V, VI and Spare parts warehouse and RCC Stormwater drain & culvert- East Land General Builders work and Road Work at Chennai.
- Filling, Retaining wall, Construction and laying of Concrete Road, Hiranandani Realtors Pvt. Ltd at Chennai.

Total Income:

For the nine months period ended December 31, 2006, our total income comprising of income from operations and other income was Rs. 8464.48 lakhs as compared to Rs. 9,093.84 lakhs for fiscal year 2005-06.

Operating Income:

For the nine months period ended December 31, 2006, our operating income was Rs. 8,340.78 lakhs as compared to Rs. 8681.48 lakhs for fiscal year 2005-06.

Other Income:

For the nine months period ended December 31, 2006, our other income was Rs. 123.70 lakhs as compared to Rs. 412.36 lakhs for fiscal year 2005-06.

Expenditure:

For the nine months period ended December 31, 2006, our expenditure was Rs. 7574.74 lakhs as compared to Rs. 8196.10 lakhs for fiscal year 2005-06.

Cost of Raw Material Consumed

For the nine months period ended December 31, 2006, our cost of raw material was Rs. 1,720.04 lakhs as compared to Rs.1915.25 lakhs for fiscal year 2005-06.

Construction Expenses:

For the nine months period ended December 31, 2006, our construction expenses were Rs. 4936.16 lakhs as compared to Rs.5258.81 lakhs for fiscal year 2005-06.

Administrative and Other Expenses:

For the nine months period ended December 31, 2006, our administrative and other expenses were Rs. 643.14 lakhs as compared to Rs. 612.18 lakhs for fiscal year 2005-06.

Profit before Tax

For the nine months period ended December 31, 2006, our profit before tax was Rs. 843.49 lakhs as compared to Rs. 897.74 lakhs for fiscal year 2005-06.

Profit after Tax:

For the nine months period ended December 31, 2006, our restated profit after tax was Rs. 814.59 lakhs as compared to Rs. 849.62 lakhs for fiscal year 2005-06.

FINANCIAL STATUS

Net Worth

As on December 31, 2006 the paid-up share capital of the company increased by Rs. 251.82 lakhs and stood at Rs. 805.92 lakhs as against Rs 554.10 lakhs on March 31, 2006. This increase in paid up share capital was on account of issues of bonus shares and allotment of shares to private corporate bodies and others. The retained earnings increased by Rs. 2119.02 lakhs as compared to March 31, 2006.

Borrowings

As on December 31, 2006, the secured loans increased by about 18.40% and stood at Rs. 1760.10 lakhs as against Rs. 1486.53 lakhs on March 31, 2006 due to additional working capital facilities availed from banks. As on December 31, 2006 the unsecured loans decreased by about 65.94% and stood at Rs. 5.00 lakhs as against Rs 14.68 lakhs on March 31, 2006 due to repayment of unsecured loans taken from directors and shareholders.

Current Assets

The Company's current assets primarily consist of receivables, inventories, cash & bank balance and loans & advances. The current Ratio as on December 31, 2006 improved and stood at 2.36 as compared to 1.95 at the end of previous year.

As on December 31, 2006 though receivables in absolute terms have increased from Rs. 550.49 lakhs to Rs. 432.84 lakhs as at March 31, 2006, the average collection period of receivables has slightly increased from 18.81 days in fiscal year 2005-06 to 18.95 days as on December 31, 2006.

As on December 31, 2006, inventories increased from Rs. 1518.76 lakhs to Rs. 1208.13 lakhs as on March 31, 2006. This was on account of increase in closing work in progress from Rs. 570.21 lakhs to Rs. 993.76 lakhs which is the result of increased order book position.

As on December 31, 2006 loans and advances increased by 127.44% to Rs 3891.18 lakhs as compared to Rs. 1710.86 lakhs as on March 31, 2006. This was mainly due to mobilisation advances given to sub-contractors and retention money kept with the Government clients as per terms of contract.

Fixed Assets

During the period up to 31st December 2006, the Company made net additional investment of Rs. 186.11 lakhs in fixed assets.

Fiscal Year Ended March 31, 2006 compared with Fiscal Year Ended March 31, 2005

During the twelve-month period ended March 31, 2006, in addition to our on-going projects, we won and commenced work on several projects, including:

- Upgradation of Airstrip at Nanded –Widening, Extension and Strengthening of Runway and allied works
- Construction of shoulders and Turn Pad for the Secondary Runway 12/30 at Chennai Airport
- Construction of Bays No. 43, 44, 46 & 47 at Chennai Airport, Chennai
- Civil Works for Tank Foundations, Compound Wall & related works for Crude Receipt Facilities Project of Kochi Refineries Limited at Pothuvypeen

Total Income:

Our total income comprising of income from operations and other income, increased by 17.65% from Rs.7729.87 lakhs in fiscal year 2004-05 as compared to Rs. 9093.84 lakhs in fiscal year 2005-06. This was primarily due to increased construction activity and increase in other income.

Operating Income:

Our operating income increased from Rs. 7550.25 lakhs in fiscal year 2004- 05 to Rs. 8681.48 lakhs in fiscal year 2005-06, which is an increase of 14.98%. This was due to progressive billing in Karnataka State Highways Improvement Project (Contract U-6), our project in Mizoram i.e. Rehabilitation & Maintenance of M-5, acquisitions of new projects and recognition of revenue from projects undertaken on Joint Venture.

Other Income:

Our other income increased from Rs. 179.62 lakhs in fiscal year 2004-05 to Rs. 412.36 lakhs in fiscal year 2005-06, which is an increase of 129.57%

Expenditure:

Our expenditure includes the cost of construction, administrative & other expenses, interest & financial charges and depreciation. The total expenditure during fiscal year 2005-06 was Rs 8196.10 lakhs as compared to Rs 7367.52 lakhs during fiscal year 2004-05 which is an increase of 11.25%. This increase was mainly on account of construction expenses and interest and finance charges, details of which are as under:

Cost of Construction:

Our cost of construction comprises of the cost of raw material consumption by way of cement, steel, bitumen etc and construction expenses which mainly includes transportation charges, labour charges, machinery maintenance charges and sub-contract expenses. Raw material consumption and other construction expenses incurred in a year largely depend on the stage of execution of contracts.

Details of cost of construction incurred in fiscal year 2005-06 are as under:

Cost of Raw Materials Consumed:

Our cost of raw materials consumption decreased from Rs.2276.67 lakhs in fiscal year 2004-05 to Rs.1915.25 lakhs in fiscal year 2005-06, which is a decrease of 15.87%. The decrease was due to nature and stage of execution of the projects resulting in lower utilization of raw materials as compared to other overheads.

Construction Expenses:

Our construction expenses increased from Rs.4138.95 lakhs in fiscal year 2004-05 to Rs. 5258.81 lakhs in fiscal year 2005-06, which is an increase of 27.06 %. The increase was mainly on account of sub-contract expenses and labour charges.

Thus the total construction cost incurred during fiscal year 2005-06 has increased by 11.82% from Rs.6415.62 lakhs in fiscal year 2004-05 to Rs.7174.06 lakhs, which is commensurate with increase in contract receipts. Further total construction cost incurred as a percentage of contract receipts and increase in closing work in progress in fiscal year 2005-06 is 84.54% as compared to 84.97% in fiscal year 2004-05.

Administrative and Other Expenses:

Our Administrative cost and other expenses have decreased from Rs. 626.03 lakhs in fiscal year 2004-05 to Rs. 612.18 lakhs in fiscal year 2005-06, which is a marginal decrease of 2.21%.

Other Expenses:

Our finance expenses increased by 50.80%, from Rs. 176.56 lakhs in fiscal year 2004-05 to Rs. 266.25 lakhs in fiscal year 2005-06. The increase in finance charges is mainly attributed to our increased working capital borrowing from banks and financial institutions in terms of cash credit, Letter of credit and bank guarantees.

Depreciation charges decreased from Rs. 149.31 lakhs in fiscal year 2004-05 to Rs. 143.61 lakhs in fiscal year 2005-06, which is decrease of 3.82%.

Profit before Tax

Our profit before tax increased from Rs. 362.35 lakhs in fiscal year 2004-05 to Rs. 897.74 lakhs in fiscal year 2005-06, which is an increase of 147.75%.

Profit after Tax:

The restated profit after tax increased from Rs. 366.78 lakhs in fiscal year 2004-05 to Rs. 849.62 lakhs in fiscal year 2005-06, which is an increase of 131.64%. This is mainly attributed to the recognition of share of profit from the joint ventures undertaken by our company, increase in other income and income tax benefits claimed under section 80-IA, which resulted in reduction in our effective tax rate.

FINANCIAL STATUS**Net Worth**

As on 31st March 2006, the amount of Equity Share Capital remained unchanged. Retained earnings increased by Rs. 786.44 lakhs as compared to 31st March 2005. Also the company received application money amounting to Rs. 150 lakhs during the year 2005-06 which was pending allotment as on 31st March 2006.

Borrowings

As on 31st March 2006, the secured loans increased by about 10.98% and stood at Rs. 1,486.53 lakhs as against Rs. 1339.44 lakhs as on 31st March 2005 due to additional working capital facilities availed from our bankers. As on 31st March 2006 the unsecured loans decreased by about 64.48 % and stood at Rs.14.68 lakhs as against Rs 41.33 lakhs on 31st March 2005 due to repayment of unsecured loans taken from directors and shareholders.

Current Assets

The Current Ratio as at 31st March 2006 improved and stood at 1.31 as compared to 1.13 at end of previous year.

As on 31st March 2006 receivables decreased by 52.26% to Rs.432.84 lakhs as compared to Rs. 906.68 lakhs during the previous year due to efforts taken by the management to expedite collections and improve liquidity which is reflected in the reduction of average collection period from 43 days to 19 days.

As on 31st March 2006, inventories increased by 67.71% to Rs. 1208.13 lakhs as compared to Rs. 720.38 lakhs as on 31st March 2005. The raw material inventory increased from Rs. 351.77 lakhs as on 31st March 2005 to Rs. 637.93 lakhs as on 31st March 2006. This was mainly on account of continuous increase in prices of raw materials like cement and steel because of which the company maintained a raw material inventory equal to 120 days of its raw material consumption as compared to 56 days in the previous year to secure against future price increase.

As on 31st March 2006 loans and advances increased by 61.05% to Rs 1710.86 lakhs as compared to Rs. 1062.29 lakhs as on 31st March 2005 due to increase in advance tax from Rs. 153.78 lakhs in fiscal year 2004-05 to Rs. 410.58 lakhs in fiscal year 2005-06. Further advances increased from Rs.252.68 lakhs in fiscal year 2004-05 to Rs.539.72 lakhs in fiscal year 2005-06 due to mobilisation advances extended to sub-contractors and retention money retained by Government clients.

Fixed Assets

During the fiscal year 2005-06, the Company made additional investment of Rs. 8.18 lakhs in fixed assets. Funding of the capital expenditure was made mainly through hire purchase loans.

Fiscal Year Ended March 31, 2005 compared with Fiscal Year Ended March 31, 2004

During the twelve-month period ended March 31, 2005, in addition to our ongoing projects, we won and commenced work on several projects, including:

- Widening and construction of Western express highway from SN Dubey road to Gobar Nallah (Dahisar) (Km.514.00 to 502.35)
- Construction of four additional domestic parking bays at CSI Airport, Mumbai
- Construction of four nos. remote parking bays on north of abandoned taxi track B-3 at CSI Airport, Mumbai

Total Income:

Our total income increased from Rs.5043.36 lakhs in fiscal year 2003-04 to Rs. 7729.87 lakhs in fiscal year 2004-05, which is an increase of 53.27%. This was mainly due to increase in contract receipts from the new projects as mentioned above as well as execution of major portion of on-going projects like Karnataka State Highways Improvement Project (Contract U-6), Mizoram Project i.e. Rehabilitation & Maintenance of M-5 and Vadodara Project i.e. Strengthening of SH-06-Surat-Olpad. Further during this year, our company bagged orders worth Rs.1936.88 lakhs related to airside works and accordingly our revenues from airside works segment during the year increased to Rs. 1379.94 lakhs as compared to Rs. 586.91 lakhs in fiscal year 2003-04. In percentage terms, contract receipts from airside works during this year constituted 18% of total contract receipts as compared 13% in fiscal year 2003-04. We also generated revenue from sale of surplus RMC.

Operating Income:

Our operating income increased from Rs. 4727.21 lakhs in fiscal year 2003-04 to Rs. 7550.25 lakhs in fiscal year 2004-05, which is an increase of 59.71%. This was due to commencement of new projects as mentioned above and execution of major portion of projects in hand.

Other Income:

Our other income in fiscal year 2004-05 was Rs.179.62 lakhs as compared to Rs. 315.95 lakhs in fiscal year 2003-04, which is a decrease of 43.15%

Expenditure:

Our expenditure on account of cost of construction, administrative and other expenses, interest and finance charges and depreciation increased from Rs.4806.22 lakhs in fiscal year 2003-04 to Rs.7367.52 lakhs in fiscal year 2004-05 which is an increase of 53.29%. The increase in the expenditure was mainly on account of increase in construction cost and administrative expenses.

Cost of Construction:

Cost of Raw Material Consumed

Our cost of raw material increased from Rs.805.58 lakhs in fiscal year 2003-04 to Rs.2276.67 lakhs in fiscal year 2004-05, which is an increase of 182.61%. The increase in raw material cost was due to nature and stage of execution of the ongoing projects resulting in more utilization of raw materials and also new projects undertaken by us.

Construction Expenses:

Our construction expenses increased from Rs.3151.37 lakhs in fiscal year 2003-04 to Rs. 4138.95 lakhs in fiscal year 2004-05, which is an increase of 31.34 %. The increase was on account of transportation charges, sub-contract payment and labour charges.

Thus the total construction cost incurred during fiscal year 2004-05 has increased by 62% from Rs.3956.95 lakhs in fiscal year 2003-04 to Rs.6415.62 lakhs, which is due to the increase in contract receipts. Further total construction cost incurred as a percentage of contract receipts and increase in closing work in progress in fiscal year 2004-05 is 84.97% as compared to 83.70% in fiscal year 2003-04.

Administrative and Other Expenses:

Our Administrative and other expenses have increased from Rs. 521.09 in fiscal year 2003-04 to Rs. 626.03 lakhs in fiscal year 2004-05, which is a increase of 20.13%. This increase is due to salaries and wages of the new employees employed at our new projects and increase in the work contract tax.

Other Expenses:

Our finance expenses decreased from Rs. 202.89 lakhs in fiscal year 2003-04 to Rs. 176.56 lakhs in fiscal 2004-05, which is a decrease of 12.98%.

Depreciation charges increased from Rs. 125.29 lakhs in fiscal year 2003-04 to Rs. 149.31 lakhs in fiscal 2004-05, which is increase of 19.17%.

Profit Before Tax

For the reasons discussed above, profit before tax increased from Rs. 237.14 lakhs in fiscal year 2003-04 to Rs. 362.35 lakhs in fiscal year 2004-05, which is an increase of 52.80%.

Profit after Tax:

For the reasons discussed above, restated profit after tax increased from Rs. 172.99 lakhs in fiscal year 2003-04 to Rs. 366.78 lakhs in fiscal year 2004-05, which is an increase of 112.02%.

FINANCIAL STATUS**Net Worth**

As on 31st March 2005, the amount of Equity Share Capital remained unchanged. However, retained earning increased by Rs. 367.85 lakhs compared to 31st March 2004.

Borrowings

As on 31st March 2005, the secured loans increased by about 18.65% and stood at Rs. 1339.44 lakhs as against Rs. 1128.89 lakhs as on 31st March 2004 due to increase in working capital limits availed from our bankers. As on 31st March 2005 the unsecured loans decreased by about 19.87% and stood at Rs. 41.33 lakhs as against Rs 51.58 lakhs on 31st March 2004.

Current Assets

The Current Ratio as at 31st March 2005 improved and stood at 1.13 as compared to 1.37 at end of previous year.

As on 31st March 2005 receivables increased by 26.46% to Rs. 906.68 lakhs as compared to Rs. 716.95 lakhs as on 31st March 2004.

As on 31st March 2005, inventories increased by 6.94% to Rs. 720.38 lakhs as compared to Rs. 673.64 lakhs as on 31st March 2005.

As on 31st March 2005 loans and advances increased by 28.42% to Rs 1062.29 lakhs as compared to Rs. 827.20 lakhs as on 31st March 2004 due to increase in advances paid to sub-contractors.

Fixed Assets

During the fiscal year 2004-05, the Company made net additional investment of Rs. 227.27 lakhs in fixed assets. Funding of the capital expenditure was made mainly through hire purchase loan

Year Ended March 31, 2004 compared with Fiscal Year Ended March 31, 2003

During the twelve-month period ended March 31, 2004, in addition to other on-going projects, we were awarded the following major project for a contract value of Rs. 4736.88 lakhs

Strengthening of SH – 06, Surat – Olpad (Km. 8/257 to Km. 19/200) and S.H. 168 Magdalla – Navsari (Km. 12/172 to Km. 25/634) and paving of shoulders

Total Income:

Our total income increased from Rs. 4585.35 lakhs in fiscal year 2002-03 to Rs. 5043.36 lakhs in fiscal year 2003-04, which is an increase of 9.99%. This is due to the fact that apart from the on-going projects, we were not able to bag any major projects other than mentioned above.

Operating Income:

Our operating income increased from Rs. 4130.65 lakhs in fiscal year 2002-03 to Rs. 4727.41 lakhs in fiscal year 2003-04, which is an increase of 14.45%.

Other Income:

Our other income in fiscal year 2003-04 was Rs.315.95 lakhs as compared to Rs. 454.70 lakhs in fiscal year 2002-03, which is a decrease of 30.51%

Expenditure:

Our expenditure on account of cost of construction, administrative and other expenses, interest and finance charges and depreciation increased from Rs.4378.12 lakhs in fiscal year 2003-04 to Rs.4806.22 lakhs which is an increase of 9.78%. The increase in the expenditure is mainly attributed to increase in administrative and other charges, interest and finance charges and depreciation as explained under:

Cost of Construction:**Cost of Raw Material Consumed**

Our cost of raw material decreased from Rs.810.51 lakhs in fiscal year 2002-03 to Rs.805.58 lakhs in fiscal year 2003-04, which is a decrease of 0.61%. This was because our company had not received any major projects in the fiscal year 2003-04 due to which material consumption was approximately the same as last year.

Construction Expenses:

Our construction expenses increased from Rs.2918.16 lakhs in fiscal year 2002-03 to Rs. 3151.37 lakhs in fiscal year 2003-04, which is an increase of 7.99 %. The increase was due to increase in labour charges, transport charges, machinery hire and maintenance charges etc. which is commensurate with the increase in contract receipts.

Thus the total construction cost incurred during fiscal year 2003-04 has increased by 6.12% from Rs.3728.67 lakhs in fiscal year 2002-03 to Rs.3956.95 lakhs. Further total construction cost incurred as a percentage of contract receipts and increase in closing work in progress in fiscal year 2003-04 is 83.70% as compared to 90.27% in fiscal year 2002-03.

Administrative and Other Expenses:

Our cost of Administrative and other expenses has increased from Rs. 433.17 in fiscal year 2002-03 to Rs. 521.09 lakhs in fiscal year 2003-04, which is increase of 20.30%. This increase was due to increase in staff welfare expenses and rent, rates and taxes.

Other Expenses:

Our finance expenses increased from Rs. 123.71 lakhs in fiscal year 2002-03 to Rs. 202.89 lakh in fiscal year 2003-04, which is an increase of 64.00%. The increase in finance charges is mainly attributed to our increased borrowing availed from banks/NBFCs to finance hire purchase of equipments.

Accordingly depreciation charges increased from Rs. 92.57 lakhs in fiscal 2002-03 to Rs. 125.29 lakhs in fiscal year 2003-04, which is an increase of 35.35%.

Profit before Tax

Our profit before tax increased from Rs. 207.23 lakhs in fiscal year 2002-03 to Rs. 237.14 lakhs in fiscal year 2003-04, which is an increase of 14.43%. The increase was due to the reasons discussed above

Profit after Tax:

For the reasons discussed above our restated profit after tax increased from Rs. 136.92 lakhs in fiscal year 2002-03 to Rs. 172.99 lakhs in fiscal year 2003-04, which is an increase of 26.34%.

FINANCIAL STATUS**Net Worth**

As on 31st March 2004, the amount of Equity Share Capital remained unchanged. However, retained earning increased by Rs. 189.89 lakhs as compared to 31st March 2003.

Borrowings

As on 31st March 2004, the secured loans increased by about 91.24 % and stood at Rs. 1128.89 lakhs as against Rs. 590.28 lakhs on 31st March 2003. This was on account of additional hire purchase loans availed by the company. However, as on 31st March 2004 the unsecured loans decreased by about 11.48 % and stood at Rs. 51.58 lakhs as against Rs 58.27 lakhs on 31st March 2003.

Current Assets

The Current Ratio as at 31st March 2004 decreased and stood at 1.37 as compared to 1.57 at end of previous year.

As on 31st March 2004 receivables increased by 97.80 % to Rs. 716.95 lakhs as compared to Rs. 362.45 lakhs as at 31st March 2003.

As on 31st March 2004, inventories increased by 325.68% to Rs. 673.64 lakhs as compared to Rs. 158.25 lakhs as on 31st March 2003.

As on 31st March 2004 loans and advances increased by 14.18 % to Rs 827.20 lakhs as compared to Rs. 724.46 lakhs as on 31st March 2003.

Fixed Assets

During the fiscal year 2003-04, the Company made net additional investment of Rs. 681.37 lakhs in fixed assets.

Other Matters

Unusual or infrequent events or transactions

There are no unusual or infrequent events or transactions that have significantly affected our business.

Significant economic changes that materially affected or are likely to affect income from continuing operations

There are no significant economic changes that materially affected Company's operations or are likely to affect income from continuing operations except for changes in steel and cement prices (for non-escalation contracts).

Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations.

There are no known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations except as described in the section titled "Risk Factors" on page no. iii and in "Management Discussion and Analysis of Financial Condition and Results of Operations" in this Red Herring Prospectus, to Company's knowledge.

Future changes in relationship between costs and revenues

Other than as described in the section titled "Risk Factors" and "Managements Discussion and Analysis of Financial Conditions and Results of Operation" in this Red Herring Prospectus, to our knowledge there are no future relationship between cost and income that have or had or expected to have a material adverse impact on our operations and finances.

Increases in net sales or revenue and Introduction of new products or services or increased sales prices

Increases in revenues are by and large linked to increases in volume of construction activity carried out by the Company.

Total turnover of each major industry segment in which the Company operated

The Company operates in only one Industry Segment i.e. Construction Industry.

Status of any publicly announced New Products or Business Segment

The Company has not announced any new products or business segment.

Seasonality of Business

Execution of work on construction sites may be affected by heavy monsoons / extreme weather. Usually, the company has experienced lower overall construction progress in July-September quarters due to southwest monsoons, which affects most parts of India.

Dependence on a single or few suppliers or customers

We are not dependent on any single or few suppliers or customers.

Competitive conditions

We will face competition from existing players in construction industry in India.

SECTION VI – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS/DEFAULTS AND MATERIAL DEVELOPMENTS

Except as described below, there are no outstanding litigations/pending litigation, suits or criminal or civil prosecutions or tax liabilities by or against the Company, its directors, Promoters or companies promoted by its promoters (or Promoter Group) that would have a material impact on the business of the Company and there are no defaults, non payment of statutory dues to, financial institutions/bank dues and dues payable to holders of debentures, bonds and fixed deposits and arrears of preference shares default in creating full security as per the terms of issue / other liabilities, proceedings initiated for economic / civil and other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (i) of part 1 of schedule XIII of the Companies Act, 1956) that would result in material adverse effect on our consolidated business taken as a whole, that would have a material adverse effect on the business other than unclaimed liabilities by the Company or its directors, its Promoters or companies promoted by its promoters (or Promoter Group). Further, the directors, promoters or companies promoted by the promoters have not been declared as willful defaulter by Reserve Bank of India, and also have not been debarred from dealing in securities and/or accessing the capital markets by SEBI and no disciplinary action has been taken against them by SEBI or any stock exchanges.

OUTSTANDING LITIGATIONS INVOLVING THE COMPANY

A. LITIGATIONS FILED AGAINST THE COMPANY

(Rs. In lakhs)

| Sr. No. | Type of Matter | Parties | Brief Description of the Matter | Status | Amount |
|---------|----------------|--|--|--|------------------|
| 1. | Sales Tax | Deputy Commissioner of Sales Tax, Mumbai | The Sale Tax Officer has passed an assessment order dated August 13, 2004, under Section 35 of Bombay Sales Tax Act, 1956 and made a demand for the payment of Rs. 62,45,042/-. The Company has filed an Appeal on October 8, 2004 before the Deputy Commissioner of Sales Tax, Mumbai against the Order of Assessment. The Appeal was admitted for hearing on part payment of Rs. 12,00,000/- and necessary instructions were passed to Sale Tax Officer B-155 regarding stay on the recovery proceedings by Admission Memo-Cum Stay Order dated January 1, 2005. | The Appeal is pending before the Deputy Commissioner of Sales Tax and shall come for hearing in due course of time. | Rs.62.45 |
| 2 | Property | Brihanmumbai Municipal Corporation | The Company was served a notice on February 24, 2004 under Section 314 of the BMC Act, 1888 by the Municipal Commissioner stating that the concerned parcel of land has been acquired by the Municipal Corporation. The Company contended that the land is of the Company and a structure was erected there prior to 1962. An Order was passed on September 26, 2005 and was carried in appeal to the Supreme Court. The Supreme Court referred the matter back to the High Court for fresh disposal and in the meantime has ordered that status quo shall be maintained till the matter is taken up by the High Court. The matter came up for hearing before the Division Bench. The Bench continued the ad-interim order for | Notice of motion was allowed in our favour. Thereafter BMC preferred appeal challenging the order in the bombay high court. There was delay in filing the appeal by BMC and the application for condonation of delay itself was dismissed by the Bombay High Court. Thereafter as no written statement was | Not Quantifiable |

(Rs. In lakhs)

| Sr. No. | Type of Matter | Parties | Brief Description of the Matter | Status | Amount |
|---------|----------------|---------|---|--|--------|
| | | | a period of eight weeks from February 6, 2006 and said that the Petitioner can file a suit for appropriate declaration and interim order. The Company was given time till April 19, 2006 to file the rejoinder and BMC has been directed to file written statement upto June 9, 2006. | filed by the BMC, the city civil court passed an order of "no written statement filed ("nws")" against the BMC. The counsel of the BMC requested to set aside the order of nws and to allow BMC to file a written statement (ws) on record. This was an oral application by the BMC counsel. However the court directed the BMC to take appropriate proceedings. | |

B. FILED BY THE COMPANY**B.1 Litigations involving Civil Offence**

There is no proceeding initiated by the Company for civil offence.

B.2 Litigations involving Criminal Offence

There is no proceeding initiated by the Company for Criminal Offence.

B.3 Litigations involving Economic Legislations

There is no proceeding initiated by the Company for economic legislations.

C. OUTSTANDING LITIGATION INVOLVING DIRECTORS AND PROMOTERS**C.1 Litigations involving Civil Legislations**

There are no litigations against directors or Promoter involving violations of statutory regulations or civil legislations.

C.2 Litigations involving Criminal Legislations

There is no litigations against directors or Promoter involving violations of or alleging criminal offence, nor any pending proceedings has been initiated for economic offence against the Directors.

D. OUTSTANDING LITIGATION INVOLVING PROMOTER GROUP COMPANIES**D.1 Litigations involving Economic Legislations**

There is no pending proceeding initiated for economic offence against the Promoter Group or against its directors.

E. DETAILS OF THE PAST CASES

There have been no penalties imposed by the concerned authorities on the Company or its Directors, or Promoters or Promoter Group.

F. DEFAULT IN LOAN DOCUMENTS

There has been no default under any of the loan documents for non-payment of statutory dues, proceeding initiated for economic offence and/or disciplinary action taken by any statutory authority.

G. LIST OF CREDITORS WHOM THE COMPANY OWES A SUM EXCEEDING 1 LAKHS AND WHICH IS OUTSTANDING MORE THAN 30 DAYS.

There are no creditor who are small scale industries who the Company owes a sum exceeding Rs. 1 lakhs and which is outstanding for more than 30 days.

H. MATERIAL DEVELOPMENTS SINCE THE LAST BALANCE SHEET DATE

In the opinion of the Board of Directors of the Company, there has not arisen, since the date of the last financial statements disclosed in this Red Herring Prospectus any circumstance, that shall materially or adversely affect the profitability of the Company or value of its consolidated assets or its ability to pay its material liability within the next twelve months other than as disclosed in the Prospectus.

I. CONTINGENT LIABILITY AGAINST THE COMPANY

As on December 31, 2006 (as per audited accounts) the contingent liability outstanding against the Company is provided in the table below:

| (Rs. in Lakhs) | |
|---|--------------------------|
| Particulars | December 31, 2006 |
| Bank Guarantees | 4586.38 |
| Letter of Credit | 80.48 |
| Estimated amount of claims against the Company not acknowledged as debts* | 62.45 |
| Total | 4729.31 |

***Note:** *The Company has received a notice of demand dated August 9, 2004 from the Assistant Commissioner of Sales Tax raising a demand of Rs.62.45 lakhs for the period 2000-2001. The Company has filed an appeal against this notice dated October 8, 2004 wherein the above demand has been challenged before the Deputy Commissioner and therefore this amount of Rs.62.45 lacs has been shown as contingent*

GOVERNMENT APPROVALS/LICENSING ARRANGEMENTS

We have received all the necessary licenses, permissions and approvals from the Central and State Governments and other government agencies/certification bodies required for our business and no further approvals are required by us for carrying on the present business activities of the Company. It must, however, be distinctly understood that in granting the above approvals, the Government and other authorities do not take any responsibility for the financial soundness of the Company or for the correctness of any of the statements or any commitments made or opinions expressed.

In view of the approvals listed below, we can undertake this Issue and our current business activities and no further major approvals from any governmental or regulatory authority or any other entity are required to undertake the Issue or continue our business activities except as mentioned below.

The Company has also received approvals from those of its lenders whose financing arrangements required it to obtain approvals in connection with the Issue.

Unless otherwise stated, these approvals are all valid as of the date of this Red Herring Prospectus.

| Sr. No. | Brief Particulars | Certificate | Valid upto |
|---------|---|--|---|
| 1. | Maharashtra Pollution Control Board The Company has obtained consent from the Maharashtra Pollution Control Board under Section 26 of the Water (Prevention and Control of Pollution) Act, 1974, Section 21 of Air (Prevention and Control of Pollution) Act, 1981 and Authorization / Renewal of Authorization under Rule 5 of Hazardous Wastes (Management and Handling) Rules, 1989. | 272-CC-424 | March 31, 2015 |
| 2. | Certificate form PWD, Maharashtra Government The Company has obtained a certificate from PWD, Maharashtra government and is required to regularly bid and get projects from the Maharashtra government, semi government bodies, local bodies and registered Co-operative society as per the conditions of the certificate. The Company also has to provide annual work summary of work completed and also in progress as on April 30 every year to the PWD. | PD/TC/EMD/1266 bearing Serial No. 56// 2002-2003 | August 29, 2007 |
| 3. | Certificate from MIDC The Company has applied for exemption from the deposit to be given along with the tender for MIDC. | 11/2003 | August 29, 2007 |
| 4. | Factory Licence The Company has obtained the factory Licence for the factory situated at Filmcity Road, Goregaon, East, Mumbai. | Registration No. Mumbai sub-urban/ 39-398.9-20500/T-708 and Licence No. 083110 | December 31, 2010 |
| 5. | BMC Trade Licence The Company has obtained BMC Trade License which has | No. 090701 | September 30, 2007 |
| 6. | Karnataka Sales Tax Licence Registration certificate dated October 17, 2001, was issued by the Office of the Assistant Commissioner of Commercial Taxes, Bangalore. TIN No. 29780326376 | KST No. 90313380 | Valid till cancelled |
| 7. | Central Sales Tax Licence The Company has obtained the licence for Civil Contract and Job Work. | CST No. 90363383 | Valid till cancelled |
| 8. | Contract Labour Registration The license is given by Government of India, Ministry of Labour and Employment, Chennai for work of constructing of the secondary runaway 12/30 at the Chennai Airport. | L/43/2006 | Expired, The Company has applied for renewal. |
| 9. | ISO 9001:2000 The Company has obtained the ISO 9001:2000 System Certification for Construction of Highways and Airports. | SG06/0688 | January 8, 2009 |

| Sr. No. | Brief Particulars | Certificate | Valid upto |
|----------------|--|--|-------------------------------|
| 10. | Employees Provident Funds The Company has obtained registration under the Employees Provident Funds & Miscellaneous Provisions Act, 1952 and is required to implement the provisions of the Employees Provident Fund Scheme, Family Pension Scheme and deposit Linked Insurance Scheme w.e.f. April 1, 1999. | MH/91679-31-56052-101 | Valid till cancelled |
| 11. | Employees' State Insurance Scheme The Company has been provided with the ESIC Code Number and makes a monthly contribution towards the Employee State Insurance Scheme | 31-56052/101 | Valid till cancelled |
| 12. | Central Sales Tax (Registration & Turnover) Certificate , Anantpur The registration certificate dated August 24, 2000 was issued under the provisions of 7(1) and 7(2) of the Central Sales Tax Act, 1956, by the Assistant Commercial Officer, Anantpur. | CST No. KNL /11/1/2786 | Valid till cancelled |
| 13. | Certificate of Registration Commercial Tax Department The Company is registered as a dealer under Section 12(1)/(2) of the Andhra Pradesh General Sales Tax Act, 1957, issued by the Assistant Commercial Tax Officer, Anantpur | KNL/11/1/3613 | Valid till cancelled |
| 14. | Military Engineer Service The Company was informed of the renewal of the enlistment in revised classification in MSE as Class 'SS' (Super specia unlimited tendering limit) for category of work – Highways and Pavements. The index number "29" continues to be allotted to the Company | Letter number 66546/SS-29/E8 | December 2010 |
| 15. | State Level Registration Certificate – Chennai The Company was registered by the Superintendent Engineer (H & RW) Chennai, as Class I (Rs. 25 lakhs and above) contracting firm with state level registration in Chennai Circle Register. The Company is eligible to take up government works in Highways and Rural Works Department in State Level of Tamil Nadu. | 11411/2000/D2 | ExpiredTo be renewed annually |
| 16. | Central Sales Tax (Registration & Turnover) Certificate, Mumbai The registration certificate dated March 13, 1996 was issued under the provisions of Central Sales Tax (Registration and Turnover) Rules, 1957 by sales tax officer Mumbai. | Certificate No. 400063/C/1563 bearing No. 163472 | Valid till cancelled |
| 17. | Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975 The Company has been enrolled under Maharashtra State Tax on Profession Trades, Callings and Employments Act, 1975. The Company is required to pay tax at the rate of Rs. 250/- per annum on or before September 30 of every year | 1/1/33/18/369 | Valid till cancelled |
| 18. | Bombay Shops and Establishment Certificate The Company has obtained certificate under Bombay Shops and Establishment Act, provided by Office of Inspector under Bombay Shops and Establishment Act | PN-II/003511 | Valid till December 2007. |
| 19. | Letter from Brihan Mumbai Mahanagar Palika The Company was issued Provisional Registration Certificate to supply of Ready Mix concrete to various MCGM works for the period 2005-2006 for entire Greater Mumbai. | Dy. Ch. Eng./2531/Rds/Es of 29 Nov 2005 | September 30,2007 |
| 20. | Certificate of Registration – Tamil Nadu Value Added Tax, 2006 The Company has obtained Certificate of Registration under Tamil Nadu Value Added Tax Act, 2006, Rule 5(1) (a), by Comm. Tax Officer, dated February 2, 2007, for its place of business at Chennai. | 33170963208 | Valid till cancelled |

| Sr. No. | Brief Particulars | Certificate | Valid upto |
|----------------|--|--------------------------|-----------------------|
| 21. | Certificate of Registration – Kerala Value Added Tax Act, 2003 The Company has obtained Certificate of Registration under Kerala Value Added Tax Act, 2003 from the Commercial Tax officer, Ernakulam dated June 22, 2006. | 32072080972 | Valid till cancelled |
| 22. | Certificate of Registration – Karnataka Value Added Tax, 2003 The Company has obtained Certificate of Registration under Karnataka Value Added Tax Act, 2003. The Company has been registered as a dealer under Section 22 of Karnataka Value Added Tax Act, 2003, for its place of business at Guruchampa Nivas near Laxmi Padagatti Circle Vidyanagar, Gokak. | 29240745713 | Valid till cancelled |
| 23. | Central Sales Tax (Registration & Turnover) Certificate , Chennai The registration certificate dated February 2, 2007 under Section 7(1) and 7(2) of the Central Sales Tax Act, 1956, was issued by the Assistant Commercial Tax Officer. | GST No. 891217 /2.2.2007 | Valid till cancelled |
| 24. | Contract Labour Registration, Trichy The Company has received licence under Section 12 (1) of the Contract Labour (Regulation and Abolition) Act, 1970 The licence is given by Assistant Labour Commissioner (Central), Madurai for construction of extension, strengthening of apron and allied works at Trichy Airport. | L/24/2007 | March 1, 2008 |
| 25. | Contract Labour Registration, Ennore, Chennai The Company has received licence under Section 12 (1) of the Contract Labour (Regulation and Abolition) Act, 1970. The licence is given by the officer of the Licensing Officer, for doing the work of road work, culvert and storm water drain in east end in the establishment of Ashok Leyland Ltd. at Ennore, Chennai. | 10/2007 | December 31, 2007 |
| 26. | Contract Labour Registration, Adayar, Chennai The Company has received licence under Section 12 (1) of the Contract Labour (Regulation and Abolition) Act, 1970. The licence is given by the officer of the Licensing Officer, for doing the work of construction and lying of concrete road, Hiranandani Realtors Pvt. Ltd. | 654/06 | December 31, 2007 |
| 27. | Certificate of Registration, Building & Other Construction Work (Regulation of Employment and Conditions of Services) Act, 1996 The Company has received registration under sub-section (3) of Section 7 of Building and Other Construction Work (Regulation of employment and Conditions of Services) Act, 1996, in respect of construction of extension, strengthening of apron and allied works at Trichy Airport, Trichy. The Act provides for constitution of Workers welfare Board at State Level and one of the major functions of the Board is to set up welfare fund for the workers. The corpus for the fund is to be raised by levy of cess on the cost of construction with token contribution from the workers, etc. The Central Government has notified the cess rate as 1% of cost of construction. | 57/(08)/2007-A/M | One time registration |
| 28. | Pollution Control Certificate – Factory The Company was vide letter dated September 9, 2001 issued by the by the Regional Officer is granted consent for the manufacture of crushed Product aggregates –245 tons/day and hot mix asphalt –100 tons/day for the factory located at Plot No.387, TTC INDL area, Turbhe, Dist. Thane. | RONM/NNB /TTC/CC/R/C-77 | September 30, 2008 |

| Sr. No. | Brief Particulars | Certificate | Valid upto |
|---------|--|---------------------------------------|---|
| 29. | <p>Karnataka Pollution Control Board Pollution The Company has obtained consent from the Karnataka Pollution Control Board for plant site at survey No. 73/1A/1 & 73/1A/2, Dhupal Village, Gokak Taluq, Belgaum District under Section 26 of the Water (Prevention and Control of Pollution) Act, 1974, Section 21 of Air (Prevention and Control of Pollution) Act, 1981 and Authorization / Renewal of Authorization under Rule 5 of Hazardous Wastes (Management and Handling) Rules, 1989.</p> | 33/KSPCB/EO (BGM)/IND/WAP 2005-06/718 | <i>Expired</i> The Company has applied for renewal. |

SECTION VII – OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue of Equity Shares in the Issue by the Company has been authorised by the resolution of the Board of Directors passed at their meeting held on 3rd May, 2006 subject to the approval of shareholders through a special resolution to be passed pursuant to Section 81(1A) of the Companies Act, 1956. The shareholders approved the issue at the Extra Ordinary General Meeting of the Company held on 19th June 2006.

Prohibition by SEBI

Neither the Company, nor its Promoters, its directors, any of its Group Companies, and the companies or entities with which directors of the Company are associated, as directors or promoters, have been prohibited from accessing or operating in the capital market or restrained from buying, selling or dealing in securities under any order or directions passed by SEBI.

None of the Promoters, their relatives, the Company or the Promoter Group Companies are detained as wilful defaulters by RBI/ government authorities and there are no proceedings relating to violations of securities laws pending against them and there are no violations of securities laws committed by them in the past.

The Listing of any securities of the Issuer has never been refused at anytime by any of the Stock Exchanges in India.

Eligibility for the Issue

The Company is eligible for the Issue as per Clause 2.2.1 of the SEBI Guidelines as explained under:

- We have a net tangible assets of at least Rs. 300 lakhs in each of the 3 preceding full years (of 12 months each) of which not more than 50% is held in monetary assets.
- We have a track record of Distributable Profits as per Section 205 of the Companies Act, 1956, for at least three out of immediately preceding five years.
- We have a pre-issue Net Worth of at least Rs. 100 lakhs in each of the preceding 3 full years (of 12 months each).
- The proposed issue size does not exceed five (5) times the pre-issue net worth of the Company as per the audited accounts for the year ended March 31, 2006

The net tangible assets, monetary assets, distributable profits and net worth as derived from the restated financial statements prepared in accordance with SEBI Guidelines and Indian GAAP included in this Red Herring Prospectus under the section titled “Financial Statement of the Company” on page no 85 of this Red Herring Prospectus, for the last five financial years ended March 31, 2006 is set forth below:

(Rs in Lakhs)

| Financial Year | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 |
|-----------------------|---------|---------|---------|---------|---------|
| Net Tangible Assets | 2231.00 | 2276.61 | 3059.38 | 3659.09 | 4715.21 |
| Monetary Assets | 176.38 | 408.16 | 587.87 | 498.51 | 688.68 |
| Distributable Profits | 216.15 | 136.92 | 172.99 | 366.78 | 849.62 |
| Net Worth | 1287.72 | 1386.88 | 1576.77 | 1944.62 | 2881.06 |

- (1) Net tangible assets is defined as the sum of fixed assets (including capital work in progress and excluding revaluation reserves), current assets (excluding deferred tax assets) less current liabilities (excluding deferred tax liabilities and long term liabilities).
- (2) Monetary assets include cash on hand and bank. Detailed figures are given in the section titled “Financial Statements” on page 85 of this Red Herring Prospectus.
- (3) The distributable profits of the company as per section 205 of the Companies Act has been calculated from the restated Financial Statements.
- (4) Net Worth includes equity share capital and reserves (net off miscellaneous expenditure not written off)

SEBI DISCLAIMER CLAUSE

AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD

MANAGERS, ALLIANZ SECURITIES LIMITED AND DARASHAW & COMPANY PRIVATE LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES 2000, IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGERS IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS M/S ALLIANZ SECURITIES LIMITED AND DARASHAW & COMPANY PRIVATE LIMITED HAS FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED DECEMBER 1, 2006 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992 WHICH READS AS FOLLOWS:

- (1) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE;
- (2) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, IT'S 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.
- (3) WE CONFIRM THAT:
 - A. THE DRAFT 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;
 - C. THE DISCLOSURES MADE IN THE DRAFT 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 DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID; AND
 - E. WE HAVE CERTIFIED OURSELVES ABOUT THE WORTH OF UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.
- (4) WE CERTIFY THAT A WRITTEN CONSENT FROM THE SHAREHOLDERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SECURITIES AS A PART OF PROMOTERS CONTRIBUTION SUBJECT TO LOCK-IN, WILL NOT BE DISPOSED/SOLD/TRANFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING OF THE DRAFT RED HERRING PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF THE LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.

ALL LEGAL REQUIREMENTS PERTAINING TO THE ISSUE WILL BE COMPLIED WITH AT THE TIME OF FILING OF THE RED HERRING PROSPECTUS WITH THE REGISTRAR OF COMPANIES,-MUMBAI, MAHARASHTRA IN TERMS OF SECTION 60B OF THE COMPANIES ACT, 1956.

THE FILING OF THE DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTIONS 63 OR 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI, FURTHER, RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE BOOK RUNNING LEAD MANAGERS (MERCHANT BANKERS), ANY IRREGULARITIES OR LAPSES IN THE DRAFT RED HERRING PROSPECTUS.

DISCLAIMER FROM THE ISSUER AND THE BOOK RUNNING LEAD MANAGERS

The Company, its Directors and the Book Running Lead Managers accept no responsibility for statements made otherwise than in this Red Herring Prospectus or in the advertisement or any other material issued by or at its instance and that anyone placing reliance on any other source of information, including website of the Company, www.romantarmat.com would be doing so at his or her own risk.

The BRLMs accept no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into between the Book Running Lead Managers Allianz Securities Limited and the Company dated November 30, 2006, and

between Darashaw & Company Private Limited and the Company dated November 30, 2006 and the Underwriting agreement to be entered into between the Underwriters and the Company.

All information shall be made available by the BRLMs and the Company to the public and investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever including road show presentations, research or sales reports or at collection centres or elsewhere.

Neither the Company nor BRLMs or Syndicate Members shall be liable to the Bidders for any failure in downloading the bids due to faults in any software/ hardware system or otherwise.

CAUTION

Investors that bid in this Issue will be required to confirm and will be deemed to have represented to the Company and the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approval to acquire Equity Shares and will not offer, sell, pledge or transfer the Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approval to acquire Equity Shares. The Company and the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares.

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, Hindu Undivided Families, Companies, Corporate Bodies and Societies registered under the applicable laws in India and authorized to invest in shares, Indian Mutual Funds registered with SEBI, Indian Financial Institutions, Commercial Banks, Regional Rural Banks, Co-operative Banks (subject to RBI permission), Trusts registered under the Societies Registration Act, 1860, as amended from time to time, or any other Trust law and who are authorized under their constitution to hold and invest in shares, permitted insurance companies and pension funds and to NRIs on non-repatriable basis and FIIs registered with SEBI. This Red Herring Prospectus does not, however, constitute an Issue to sell or an invitation to subscribe to shares issued hereby in any other jurisdiction to any person to whom it is unlawful to make an issue or invitation in such jurisdiction. Any person into whose possession this Red Herring Prospectus comes into is required to inform himself about and to observe any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Mumbai only.

No action has been or will be taken to permit a public offering in any jurisdiction where permission would be required for that purpose, except that this Red Herring Prospectus has been filed with SEBI for observations and SEBI has given its observations and the final Red Herring Prospectus has been filed with RoC as per the provisions of the Act. Accordingly, the Equity Shares, represented thereby may not be offered or sold, directly or indirectly, and this Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been and will not be registered under the US Securities Act ("the Securities Act") or any state securities laws in the United States and may not be issued 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 issued and sold (i) in the United States to "qualified institutional buyers", as defined in Rule 144A of the Securities Act in reliance on Rule 144A under 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 issues and sales occur.

DISCLAIMER CLAUSE OF THE NATIONAL STOCK EXCHANGE OF INDIA LIMITED (NSE, the Designated Stock Exchange)

As required, a copy of this Offer Document has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter ref: NSE/LIST/36761-C dated January 12, 2007, permission to the Issuer to use the Exchange's name in this Offer Document as one of the Stock Exchanges on which this Issuer's securities are proposed to be listed. The Exchange has scrutinised this Draft Offer Document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Offer Document 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 Offer Document; nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoter, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription or acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

DISCLAIMER CLAUSE OF BOMBAY STOCK EXCHANGE LIMITED (BSE)

Bombay Stock Exchange Limited ("the Exchange") has given vide its letter dated January 12,2007 permission to this Company to use the Exchange's name in this offer document as one of the Stock Exchanges on which this Company's securities are proposed to be listed. The Exchange has scrutinized this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:-

- i. warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or
- ii. warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or
- iii. take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that this offer document has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

FILING

A copy of this Red Herring Prospectus has been filed with SEBI at Corporation Finance Department, SEBI Bhavan, Plot No. C-4A, G Block, Bandra Kurla Complex, Bandra (East), Mumbai- 400 051.

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, is being delivered for registration to the ROC and a copy of the Prospectus required to be filed under Section 60 of the Companies Act will be delivered for registration to the RoC situated at the Registrar of Companies, Maharashtra, 100, Everest, Marine Lines, Mumbai-400002

LISTING

The initial listing applications have been made to Bombay Stock Exchange Limited. (BSE) and The National Stock Exchange of India Limited (NSE) for permission to list the Equity Shares and for an official quotation of the Equity Shares of the Company. The National Stock Exchange of India Limited (NSE) will be the Designated Stock Exchange.

In case the permission for listing of the Equity Shares and for official quotation of the Equity Shares is not granted by any of the above mentioned Stock Exchanges, the Company shall forthwith repay, without interest, all monies received from the applicants in pursuance of this Red Herring Prospectus and if such money is not repaid within eight days after the day from which the Issuer becomes liable to repay it, then the Company and every director of the Company who is an officer in default shall, on and from the expiry of 8 days, be jointly and severally liable to repay the money with interest prescribed under Section 73 of the Companies Act 1956.

The Company with the assistance of the Book Running Lead Managers shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at both the Stock Exchanges mentioned above are taken within seven working days of finalization and adoption of the basis of allotment for the Issue.

CONSENTS

Consents in writing of Directors, the Company Secretary, Compliance Officer, the Auditors, Bankers to the Company, Monitoring Agency, Book Running Lead Managers to the Issue, Registrars to the Issue and Legal advisors, Syndicate Members, Underwriters to the Issue, to act in their respective capacities, have been obtained and shall be filed along with a copy of the Red Herring Prospectus with the Registrar of Companies, as required under Sections 60 of the Companies Act, 1956 and such consents have not been withdrawn up to the time of delivery of a copy of this Red Herring Prospectus, for registration with the Registrar of Companies, 100 Everest Building, Marine Lines, Mumbai – 400 002.

M/s Hegde & Associates, Statutory Auditors, have also given their consent to the inclusion of their report as appearing hereinafter in the form and context in which it appears in this Red Herring Prospectus and also tax benefits accruing to the Company and to the members of the Company and such consent and report have not been withdrawn up to the time of delivery of this Red Herring Prospectus for registration with the Registrar of Companies, 100 Everest Building, Marine Lines, Mumbai – 400 002.

EXPERT OPINION

No opinion of any expert has been obtained by the Company, except that of M/s Hegde & Associates Chartered Accountants., Statutory Auditors of the Company and M/s.Rajani Associates, Legal Advisors to the Issue.

PUBLIC ISSUE EXPENSES

The expenses for this Issue includes issue management fees, selling commission, underwriting commission, distribution expenses, legal fees, fees to advisors, stationery costs, advertising expenses and listing fees payable to the Stock Exchanges, among others. The total expenses for this Issue are estimated at approximately [●], details of which are as under:

(Rs. In Lakhs)

| Activity | Amount | % Total Issue Size | % Total Issue Expenses |
|---|--------|--------------------|------------------------|
| Issue Management Fee* | | [●] | [●] |
| Registrars fees ** | | [●] | [●] |
| Fee for Legal Counsel | | | |
| Printing and Distribution of Issue Stationery ** | | [●] | [●] |
| Advertising and Marketing expenses ** | | [●] | [●] |
| Other expenses(stamp duty, initial listing fees, depository fees, charges for using the book building software of the exchanges and other related expenses)** | | [●] | [●] |
| Total | | [●] | [●] |

* Will be incorporated after finalisation of Issue Price

** Will be incorporated at the time of filing of the Red Herring Prospectus.

Fees Payable to the BRLMs, Underwriting, Brokerage and Selling Commission

The total fees payable to the BRLMs including brokerage and selling commission for the Issue will be as per the engagement letter(s) dated November 30, 2006 is available for inspection at the Registered Office of the Company.

Fees Payable to the Registrar

The total fees payable to the Registrar to the Issue will be as per the Memorandum of Understanding executed between the Company and the Registrar dated July 11, 2006, copy of which is available for inspection at the Registered Office of the Company.

Adequate funds will be provided to the Registrar to the Issue to enable them to send refund order(s) or allotment advice by registered post or speed post or under certificate of posting.

Previous Public and Rights Issues

The Company has not made any public or rights issue since its inception, except as stated in the title "Capital Structure" on page no.13 of this Red Herring Prospectus.

Previous Issues of Shares Otherwise than for Cash

The Company has not issued shares for consideration other than for Cash, except as stated in the title "Capital Structure" on page 13 of this Red Herring Prospectus

Commission and Brokerage paid on Previous Issues

Since this is the initial public issue 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 Equity Shares of the Company since its incorporation

Companies under the Same Management

There are no companies under the same management within the meaning of Section 370 (1B) of the Companies Act, 1956 which has made any capital issues during the last three years

Promise v/s Performance

(A) Last issue made by the Issuer Company

The Company has not made any issue of Equity Shares to the public prior to the present Public Issue.

(B) Last issue of group/ associate companies

The Promoters of the Company does not have any listed venture and consequently the Company is not required to furnish details of promise v/s performance in respect of the last issues of its Promoter companies.

Option to Subscribe

Equity Shares being issued through this Red Herring Prospectus can be applied for in Dematerialized form only.

Outstanding Debentures, Bonds, Redeemable Preference Shares or other Instruments

The Company since its incorporation has not issued any Redeemable Preference shares and debentures, bonds or other instruments except for issue of 1, 26,000 zero interest unsecured fully convertible debentures of Rs. 100 each allotted to Tarmat Holdings Private Limited on 28th March 1995. These debentures were converted into 6 equity shares of Rs. 10/- each on 31st March 1997.

Stock Market Data for Equity Shares of the Company

This being the Initial Public Issue of Roman Tarmat Limited, the Equity Shares of the Company are not listed on any stock exchange.

Mechanism for Redressal of Investor Grievances

The Company has appointed **Bigshare Services Private Limited**, as the Registrar to the Issue, to handle the investor grievances in co-ordination with Compliance Officer of the Company. All grievances relating to the present issue may be addressed to the registrar with a copy to the Compliance Officer, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and Bidder/Bank branch where the application was submitted. The Company will monitor the work of the Registrar to ensure that the grievances are settled expeditiously and satisfactorily.

Disposal of Investor Grievances

Bigshare Services Private Limited, the Registrars to the Issue, will handle investor grievances pertaining to the Issue. A fortnightly status report of the complaints received and redressed by them would be forwarded to the Company. The Company would also be coordinating with Registrar to the Issue in attending to the grievances of the investors. The Company assures that the Board of Directors, in respect of the complaints, if any, to be received, shall adhere to the following schedules:

| Sr. No. | Nature of Complaint | Time Taken |
|---------|---|--|
| 1. | Non-receipt of refund | Within 7 days of receipt of complaint, subject to production of satisfactory evidence. |
| 2. | Change of Address notification | Within 7 days of receipt of Information |
| 3. | Any other complaint in relation to Public Issue | Within 7 days of receipt of complaint with all relevant details |

The Company has appointed Neeraj Rai, as Compliance Officer who would directly deal with SEBI with respect to implementation /compliance of various laws, regulations and other directives issued by SEBI and matters related to investor Complaints. The investor may contact the Compliance Officer in case of any pre issue/post issue related problems. The Compliance Officer can be contacted at the following address:

Roman Tarmat Limited

Tarmat Chambers, Sector -24
Plot No. 19, Sanpada
Navi Mumbai -400 705
Phone No: 91-22-2783 1334 / 1328
Fax No: 91-22-2783 3872
E-mail : ipo@romantarmat.com

CHANGES IN AUDITORS

There has been no change in the Auditors of the Company during the last three years

Capitalization of Reserves or Profits (during the last five years)

The Company has not capitalized its profits or reserves at any time except as stated in the section titled "Financial Information" on page no.85 of this Red Herring Prospectus.

Revaluation of Assets (during the last five years)

The Company has not revalued its assets during the last five years.

SECTION VIII – ISSUE RELATED INFORMATION

TERMS OF THE ISSUE

The Equity Shares being issued are subject to the provisions of the Companies Act, our Company's Memorandum and Articles of Association, the terms of this Red Herring Prospectus, Red Herring Prospectus, Prospectus, 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, Stock Exchanges, FIPB, 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 issued shall be subject to the provisions of Memorandum and Articles of Association of our Company and shall rank *pari passu* in all respects with the existing Equity Shares of our Company including rights in respect of dividend. The allottees will be entitled to dividend or any other corporate benefits, if any, declared by our Company after the date of allotment.

Mode of payment of Dividend

Our Company shall pay dividend to its shareholders as per the provisions of the Companies Act, 1956, if recommended by our board and declared at its general meeting.

FACE VALUE AND ISSUE PRICE

The Equity Shares with a face value of Rs. 10/- each are being issued in terms of this Red Herring Prospectus at a Issue Price of Rs. [•] per Equity Share. At any given point of time there shall be only one denomination for the Equity Shares.

Compliance with SEBI Guidelines

The Company shall comply with all disclosures and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholders

Subject to applicable laws, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public Company under the Companies Act and Memorandum and Articles of Association of our Company.

For a detailed description of the main provisions of Articles of Association of our Company dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation/splitting, refer to the section on "Main Provisions of Articles of Association of the Company" on page no. 150 of this Red Herring Prospectus.

MARKET LOT AND TRADING LOT

In terms of Section 68B of the Companies Act, the Equity Shares of the Company shall be allotted only in dematerialised form. As per existing SEBI Guidelines, the trading of Equity Shares of our Company shall only be in dematerialised form.

Since trading of Equity Shares of the Company is compulsorily in dematerialized mode, the tradable lot is one Equity Share.

Allotment through this Issue will be done only in electronic form in multiples of one Equity Shares subject to a minimum Allotment of 40 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, may nominate any one Person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A Person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the

nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any Person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/ transfer/ alienation of Equity Share(s) by the Person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the registered office of our Company or at the Registrar or Transfer Agents of our Company.

In accordance with Section 109B of the Companies Act, any Person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

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

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

MINIMUM SUBSCRIPTION

If our Company does not receive the minimum subscription of 90% of the Issue to the public to the extent of the amount, including devolvement of Underwriters, within 60 days from the Bid Closing Date, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after our Company become liable to pay the amount (i.e., 60 days from the Bid Closing Date), our Company shall pay interest prescribed under Section 73 of the Companies Act.

Arrangements for disposal of odd lots

Since the market lot for Equity Shares of the Company will be one, no arrangements for disposal of odd lots are required.

JURISDICTION

Exclusive jurisdiction for the purpose of this Issue is with competent courts/authorities in Mumbai, Maharashtra, India.

WITHDRAWAL OF THE ISSUE

The Company, in consultation with the BRLMs, reserves the right not to proceed with the Issue at anytime after the Bid Opening Date, without assigning any reason thereof.

ISSUE STRUCTURE

PUBLIC ISSUE OF 29,00,000 EQUITY SHARES OF RS 10/- EACH FOR CASH AT A PRICE OF RS [•] PER EQUITY SHARE, AGGREGATING RS [•] LAKHS (THE “ISSUE”). THE ISSUE COMPRISES A RESERVATION OF 1, 00,000 EQUITY SHARES OF RS. 10/- EACH AGGREGATING RS. [•] LAKHS FOR ELIGIBLE EMPLOYEES (THE “EMPLOYEE RESERVATION PORTION”), AND NET ISSUE OF 28, 00,000 EQUITY SHARES OF RS. 10/- EACH AGGREGATING RS. [•] LAKHS. THE ISSUE WOULD CONSTITUTE 26.46% OF THE FULLY DILUTED POST ISSUE PAID-UP CAPITAL OF THE COMPANY

PRICE BAND: Rs. 150 to Rs. 175 PER EQUITY SHARE OF FACE VALUE Rs. 10

THE ISSUE PRICE IS 15 TIMES OF THE FACE VALUE AT THE LOWER END OF THE PRICE BAND AND 17.5 TIMES OF THE FACE VALUE AT THE HIGHER END OF THE PRICE BAND

| | QIBs | Non-Institutional Bidders | Retail individual Bidders | Employee Reservation Portion |
|---|---|---|---|---|
| Number of Equity Shares* | Not more than 14, 00,000 Equity Shares or Net Issue less allocation to Non-Institutional Bidders and Retail Individual Bidders. | Minimum of 4, 20,000 Equity Shares or Net Issue less allocation to QIB Bidders and Retail Individual Bidders. | Minimum of 9,80,000 Equity Shares or Net Issue less allocation to QIB Bidders and Non-Institutional Bidders | Upto 1,00,000 Equity Shares |
| Percentage of Issue Size Available for allocation | Not more than 50% of the Net Issue or Net Issue less allocation to Non-Institutional Bidders and Retail Individual Bidders with 5% compulsory allocation to mutual funds. | Not less than 15% of Net Issue or Net Issue less allocation to QIB Bidders and Retail Individual Bidders | Not less than 35% of Net Issue or Net Issue less allocation to QIB Bidders and Non -Institutional Bidders | Upto 3.45% of Issue size |
| Basis of Allocation if respective category is over subscribed | Proportionate | Proportionate | Proportionate | Proportionate |
| Minimum Bid | Such number of Equity Shares that the Bid Amount exceeds Rs. 1,00,000 and in multiples of 40 Equity Shares thereafter. | Such number of Equity Shares that the Bid Amount exceeds Rs. 1,00,000 and in multiples of 40 Equity Shares thereafter | 40 Equity shares and in multiples of 40 Equity Share thereafter | 40 Equity shares and in multiples of 40 Equity Share thereafter |
| Maximum Bid | Such number of Equity Shares not exceeding the Net Issue, subject to applicable limits. | Such number of Equity Shares not exceeding the Net Issue, subject to applicable limits. | Such number of Equity Shares whereby the Bid amount does not exceed Rs. 1,00,000 | Not exceeding 1,00,000 equity shares |
| Mode of Allotment | Compulsorily in dematerialised mode | Compulsorily in dematerialised mode | Compulsorily in dematerialised mode | Compulsorily in dematerialised mode |
| Trading Lot | One | One | One | One |

| | QIBs | Non-Institutional Bidders | Retail individual Bidders | Employee Reservation Portion |
|------------------|---|---|---|---|
| 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, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI 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 laws. | Resident Indian individuals, HUF (in the name of Karta), companies, corporate bodies, NRIs, scientific institutions, societies and trusts | Individuals (including NRIs and HUFs) applying for Equity Shares such that the Bid amount does not exceed Rs. 100,000 in value. | Eligible Employees |
| Terms of Payment | Margin Money applicable to QIBs at the time of submission of Bid cum Application Form to the Syndicate Members. | Margin Money applicable to Non institutional Bidders at the time of submission of Bid cum Application Form to the Syndicate Members. | Margin Money applicable to Retail Individual Bidders at the time of submission of Bid cum | Application Form to the Syndicate Members. Margin Money applicable to eligible employee shall be payable at the time of submission of Bid cum Application Form to the Syndicate Members |
| Margin Amount | 10% of the bid amount | Full Bid amount on Bidding | Full Bid amount on Bidding | 100% of the Bid amount on Bidding |

* Subject to valid bids being received at or above the Issue Price.

**Under-subscription, if any, in any category would be met with spill over from other categories at the sole discretion of the Company, in consultation with the BRLMs.

*** 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.

ISSUE PROCEDURE

Book Building Procedure

The Issue is being made through the 100% Book Building Process wherein upto 50% of the Net Issue shall be allotted on a proportionate basis to QIBs, of which 5% shall be reserved for Mutual Funds. Further, not less than 35% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders and not less than 15% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders, subject to valid Bids being received at or above the Issue Price.

Bidders are required to submit their Bids through the Syndicate Members Only. In case of QIB bidders, the Company, in consultation with the BRLMs, may reject any Bids procured by any or all members of the Syndicate, at the time of acceptance of Bid-cum-Application Form provided that the reasons for rejecting the same shall be disclosed to the Bidders in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, the Company would have a right to reject the Bids only on technical grounds.

Investors should note that Equity Shares would be allotted to all successful Bidders only in dematerialized form. Bidders will not have the option of getting allotment of the Equity Shares in physical form. The Equity Shares on allotment shall be traded only in the dematerialized segment of the Stock Exchanges.

Bid-cum-Application Form

Bidders shall only use the specified Bid-cum-Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of this Red Herring Prospectus. The Bidder shall have the option to make maximum of three Bids in the Bid-cum-Application Form and such options shall not be considered as multiple Bids. Upon the allotment of Equity Shares, dispatch of the CAN and filing of the Prospectus with the RoC, the Bid-cum-Application Form shall be considered as the Application Form. Upon completing and submitting the Bid-cum-Application Form to a member of the Syndicate, the Bidder is deemed to have authorized the Company to make the necessary changes in this Red Herring Prospectus and the Bid-cum-Application Form as would be required for filing the Prospectus with the RoC and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid-cum-Application Form for various categories is as follows:

| Category | Colour of Bid-cum-Application Form |
|--|------------------------------------|
| Indian Nationals or NRIs applying on a non-repatriation basis | White |
| NRIs or FIIs or Foreign Venture Capital Funds registered with SEBI, Multilateral and Bilateral Development Financial Institutions applying on a repatriation basis | Blue |
| Eligible Employees of the Company. | Pink |

Who Can Bid?

- Indian nationals resident in India who are majors, in single or joint names (not more than three);
- 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;
- Companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in Equity shares;
- Indian mutual funds registered with SEBI;
- Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI regulations and SEBI Guidelines and Regulations, as applicable);
- Venture capital funds registered with SEBI;
- Foreign venture capital investors registered with SEBI, subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the issue;
- State Industrial Development Corporations;
- Insurance companies registered with the Insurance Regulatory and Development Authority;
- Provident funds with minimum corpus of Rs. 2500 Lakhs and who are authorized under their constitution to invest in Equity Shares;

- Pension funds with minimum corpus of Rs. 2500 Lakhs and who are authorized under their constitution to invest in Equity Shares;
- Multilateral and bilateral development financial institutions;
- Trusts/Societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts/Societies and who are authorized under their constitution to hold and invest in equity shares;
- Eligible Non-residents including NRIs and FIIs on a repatriation basis or a non- repatriation basis subject to applicable local laws; and
- Scientific and/or industrial research organizations authorized under their constitution to invest in equity shares.

As per existing regulations, OCBs are prohibited from investing in this Issue.

Note: The BRLMs and Syndicate Members shall be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations if any. However, associates and affiliates of BRLMs and Syndicate Member may subscribe for equity shares in the issue, including the QIBs and Non-Institutional portion where the allocation is on 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.

Bids by Mutual Funds

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 share capital carrying voting rights. These limits would have to be adhered to by the mutual funds for investment in the Equity Shares.

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.

Bids by Eligible NRIs

NRI Bidders to comply with the following:

1. Individual NRI Bidders can obtain the Bid cum Application Forms from Registered Office of the Company, members of the Syndicate or the Registrar to the Issue.
2. NRI Bidders may please note that only such Bids as are accompanied by payment in free foreign exchange shall be considered for allotment. NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the Bid cum Application Form meant for resident Indians (White in color). All instruments accompanying bids shall be payable in Mumbai only.

Bids by FIIs

As per the current regulations, the following restrictions are applicable for investments by FIIs:

No single FII can hold more than 10% of post-issue paid-up capital of the Company (i.e., 10% of 1,095,920 Equity Shares). In respect of an FII investing in Equity Shares of the Company on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of total issued capital or 5% of our total issued capital of the Company in case such sub-account is a foreign corporate or an individual. Under the current foreign investment policy applicable to us foreign equity participation up to 100% is permissible under the automatic route.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of Regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended, an FII or its sub account may issue, deal or hold, off shore derivative instruments such as Participatory Notes, equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed in any stock exchange in India only in favour of those entities which are regulated by any relevant regulatory authorities in the countries of their incorporation or establishment subject to compliance of "know your client" requirements. An FII or sub-account shall also ensure that no further downstream issue or transfer of any instrument referred to hereinabove is made to any person other than a regulated entity

Bids by SEBI registered VCF and FVCI

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 investment by any VCF or FVCI should not exceed the prescribed investment limit as the case may be.

It is to be distinctly understood that there is no reservation for Non Residents, NRIs, FII and Foreign Venture Capital Funds and all Non Residents, NRI, FII and Foreign Venture Capital Funds applicants will be treated on the same basis with other categories for the purpose of allocation.

The above information is given for the benefit of the Bidders. The Company and the BRLMs are not liable for any amendments or modifications or changes in the applicable laws or regulations, which may occur after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares bid for do not exceed the applicable limits under laws or regulations.

Bids by non-residents including NRIs, FIIs and Foreign Venture capital Funds registered with SEBI on a repatriation basis.

Bids and Revision to Bids must be made:

- On the prescribed Bid cum Application Form or Revision Form, as applicable (blue in colour) and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
- In a single name or joint names (not more than three)
- NRIs for a Bid Amount of up to Rs. 1,00,000 would be considered under the Retail Bidders portion for the purposes of allocation and Bids for a Bid amount of more than Rs. 1,00,000 would be considered under the Non-Institutional Bidders portion for the purposes of allocation; by FIIs or Foreign Venture Capital Fund and Bilateral Development Financial Institution for a minimum of such number of Equity Shares and in multiples of 40 Equity Shares thereafter that the Bid Amount exceeds Rs. 1,00,000; for further details see "Maximum and Minimum Bid Size" at page no. 130 of this Red Herring Prospectus.
- In the names of individuals, or in the names of FIIs or in the names of Foreign Venture Capital Funds, Multilateral and Bilateral Development Financial Institutions but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.
- Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into U.S. Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be despatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid-cum-Application Form. The Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

Maximum and Minimum Bid size

For Retail Bidders: The Bid must be for minimum of 40 Equity Shares and in multiples of 40 Equity Shares thereafter subject to maximum bid amount of Rs. 1,00,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs. 1,00,000. In case the Bid Amount is over Rs. 1, 00,000 due to revision or revision of the Price Band or on exercise of Cut-off option, the Bid would be considered for allotment under the Non-Institutional Bidders category. The Cut-off option is an option given only to the Retail Individual Bidders indicating their agreement to bid and purchase at the final Issue Price as determined at the end of the Book Building Process.

For Others (Non-Institutional Bidders and QIBs) Bidders: The Bid must be for a minimum of such number of Equity Shares in multiples of 40 Equity Shares such that the Bid Amount payable by the Bidder exceeds Rs. 1,00,000 and in multiples of 40 Equity Shares thereafter. A Bid cannot be submitted for more than the Issue size. However, the maximum Bid by a QIB should not exceed the investment limits prescribed for them by applicable laws. Under the 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. 1, 00,000, for being considered for allocation in the Non Institutional Portion. In case the Bid Amount reduces to Rs. 1, 00,000 or less due to a revision in Bids or revision of Price Band, the same would be considered for allocation under the Retail Portion. Non Institutional Bidders and QIBs are not allowed to Bid at 'Cut-off'.

For Bidders in the Employee Reservation Portion

The Bid must be for a minimum of 40 Equity Shares and in multiples of 40 Equity Shares thereafter. The maximum Bid in this portion cannot exceed 1, 00,000 Equity Shares. Bidders in the Employee Reservation Portion applying for a maximum Bid in any of the Bidding Options not exceeding Rs.1, 00,000 may bid at Cut-off price. The allotment in the employee reservation portion will be on 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 or regulation or as specified in this Red Herring Prospectus.

Information for the Bidders

- a) The Company will file this 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 this Red Herring Prospectus along with the Bid-cum-Application Form to their potential investors.
- c) Any investor (who is eligible to invest in the Equity Shares) desirous of obtaining a copy of this Red Herring Prospectus along with the Bid-cum- Application Form can obtain the same from the registered office of the Company or from the BRLMs, or from a member of the Syndicate.
- d) Eligible investors who are interested in subscribing for the Equity Shares should approach any of the BRLMs or Syndicate Member or their authorized agent(s) to register their Bids.
- e) The Bids should be compulsorily submitted on the prescribed Bid-cum-Application Form only. Bid-cum-Application Forms should bear the stamp of a member of the Syndicate. The Bid-cum-Application Forms, which do not bear the stamp of a member of the Syndicate, will be rejected.

Method and Process of bidding

1. The Company and the BRLMs shall declare the Bid/Issue Opening Date and 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, subject to the provisions of Section 66 of the Companies Act and shall be in the format prescribed in Schedule XX-A of SEBI DIP Guidelines, as amended vide SEBI Circular no. SEBI / CFD / DIL / DIP / 14 / 2005 / 25 / 1 dated January 25, 2005. The members of the Syndicate shall accept Bids from the Bidders during the Issue Period in accordance with the terms of the Syndicate Agreement.
2. Investors who are interested in subscribing for Equity Shares of the Company should approach any of the members of the Syndicate or their authorized agent(s) to register their Bid.
3. The Bidding Period shall be a minimum of three working days and not exceeding seven working days. In case the Price Band is revised, the revised Price Band and the Bidding Period will be informed to the Stock Exchanges and published in two widely circulated 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 ten working days.
4. During the Bidding Period, the Bidders may approach 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.
5. Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph titled "Bids at Different Price Levels" on page no. 131 of this Red Herring Prospectus) within the Price Band and specify the demand (i.e., the number of Equity Shares bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the 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.
6. 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 bidding and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed in the paragraph "Build up of the Book and Revision of Bids" on page no. 134 of this Red Herring Prospectus.
7. The members of the Syndicate 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.
8. Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph "Terms of Payment and Payment into the Escrow Account" on page no. 132 of this Red Herring Prospectus.

Bids at Different Price Levels

The Price Band has been fixed at Rs. 150 to Rs. 175 per Equity Share of Rs. 10/- each, Rs. 150 being the lower end of the Price Band and Rs. 175 being the higher end of the Price Band. The Bidders can bid at any price with in the Price Band, in multiples of Re. 1 (One).

The Company, in consultation with the BRLMs, can revise the Price Band during the Bidding Period, in which case the Bidding Period shall be extended further for a period of three additional days, subject to the total Bidding Period not exceeding ten working days. The cap on the Price Band should not be more than 20% of the Floor of the Price-band. Subject to compliance

with the immediately preceding sentence, the floor of Price Band can move up or down to the extent of 20% of the Floor Price disclosed in this Red Herring Prospectus.

Any revision in the Price Band and the revised Bidding Period/Issue Period, if applicable, will be widely disseminated by informing the stock exchanges, by issuing a public notice in two widely circulated newspapers (one each in English and Hindi) and also indicating the change on the relevant website of the BRLMs, Company and the terminals of the members of the Syndicate.

The Company, in consultation with the BRLMs, can finalise the Issue Price within the Price Band, in accordance with this clause, without the prior approval of, or intimation to, the Bidders.

The Bidder can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. **Retail Individual Bidders applying for a maximum Bid in any of the bidding options not exceeding Rs. 1, 00,000 may bid at “Cut-off”. However, bidding at “Cut-off” is prohibited for QIB or Non Institutional Bidders and such Bids from QIBs and Non Institutional Bidders shall be rejected.**

Retail Individual Bidders who bid at the Cut-off agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at Cut-off 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 (i.e. the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), Retail Individual Bidders, who bid at Cut off Price, shall receive the refund of the excess amounts from the Escrow Account.

In case of an upward revision in the Price Band announced as above, Retail Individual Bidders, who had bid at Cut-off could either (i) revise their Bid or (ii) make additional payment based on the higher end of the revised Price Band (such that the total amount i.e. original Bid Amount plus additional payment does not exceed Rs. 1,00,000 for retail individual bidders if the bidder wants to continue to bid at Cut-off Price), with the member of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e. original Bid Amount plus additional payment) exceeds Rs.1, 00,000, the Bid will be considered for allocation under the Non-Institutional category 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 higher end of the Price Band prior to revision, the number of Equity Shares bid for shall be adjusted downward for the purpose of allocation, such that no additional payment would be required from the Bidder and the Bidders shall be deemed to have approved such revised Bid at Cut-off Price.

In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have bid at Cut-off could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Account.

In the event of any revision in the Price Band, whether upwards or downwards, the Minimum Application Size shall be within the range of Rs. 5,000 to Rs.7, 000. The Company in consultation with the BRLMs shall accordingly stipulate the minimum application size (in terms of number of shares) falling within the aforesaid range.

Application in the Issue

Equity Shares being issued through this Red Herring Prospectus can be applied for in the dematerialized form only.

Escrow Mechanism

1. The Company and members of the Syndicate shall open Escrow Accounts with one or more Escrow Collection Banks in whose favour the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the bid. Cheques or demand drafts received for the full Bid amount from Bidders in a certain category would be deposited in the Escrow Account for the Issue. The Escrow Collection Banks will act in terms of the Red Herring Prospectus and an Escrow Agreement. The monies in the Escrow Account of the Company shall be maintained by the Escrow Collection Bank(s) for and on behalf of the Bidders. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the monies from the Escrow Account to the Public Issue Account with the Bankers to the Issue as per the terms of the Escrow Agreement. Payment of refund to the Bidders shall also be made from the Refund Account as per the terms of the Escrow Agreement and this Red Herring Prospectus.
2. The Bidders may note that the Escrow Mechanism is not prescribed by SEBI and the same has been established as an arrangement between the Company, the Syndicate, Escrow Collection Bank(s) and the Registrars to the Issue to facilitate collections from the Bidders.

Terms of Payment and Payment into the Escrow Collection Account

Each Bidder, shall provide the applicable Margin Amount, with the submission of the Bid-cum-Application Form by drawing a cheque, demand draft for the maximum amount of his/ her Bid in favour of the Escrow Account of the Escrow Collection Bank(s) (for details refer to the paragraph “Payment Instructions” on page no. 139 of this Red Herring Prospectus) and submit the same to the member of the Syndicate to whom the Bid is being submitted. Bid-cum-Application Forms accompanied by cash shall not be accepted. The maximum bid price has to be paid at the time of submission of the Bid-cum-Application Form based on the highest bidding option of the Bidder.

The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold the monies for the benefit of the Bidders till such time as the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds whose bids have been accepted from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Banker(s) to the Issue. The balance amount after transfer to the Public Issue Account shall be held in the Refund Account for the benefit of the Bidders who are entitled to refunds. On the Designated Date, and no later than 15 days from the Bid / Issue Closing Date, the Escrow Collection Bank(s) shall refund all amount payable to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for allocation to the Bidders.

Each category of Bidders (i.e. QIBs, Non Institutional Bidders, 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 Money payable by each category of Bidders is mentioned under the heading "Issue Structure" on page no.126 of this Red Herring Prospectus. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Amount, any difference between the amount payable by the Bidder for Equity Shares allocated at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in-Date which shall be a minimum period of two (2) days from the date of communication of the allocation list to the members of the Syndicate by the BRLMs.

If the payment is not made favoring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled. However, if the members of the Syndicate do not waive such payment, the full amount of payment has to be made at the time of submission of the Bid-cum-Application Form.

Where the Bidder has been allocated lesser number of Equity Shares than he or she had applied for, the excess amount paid on bidding, if any, after adjustment for allocation, will be refunded to such Bidder within 15 days from the Bid Closing Date/ Issue Closing Date, failing which the Company shall pay interest @15% per annum for any delay beyond the periods mentioned above.

Electronic Registration of Bids

- (a) The members of the Syndicate will register the Bids using the on-line facilities of NSE and BSE. There will be at least one NSE/BSE on-line connectivity to each city where a Stock Exchange is located in India and the Bids are accepted.
- (b) NSE and BSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the members of the Syndicate and their authorized agents during the Bidding Period. Members of the Syndicate can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently download the off-line data file into the on-line facilities for book building on an half hourly basis. On the Bid Closing Date, the Syndicate Member shall upload the Bids till such time as may be permitted by the Stock Exchanges.
- (c) The aggregate demand and price for bids registered on the electronic facilities of NSE and BSE will be uploaded on a half hourly basis, consolidated and displayed on-line at all bidding centers. 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 investor (Investors should ensure that the name given in the bid cum application form is exactly the same as the name in which the Depository Account is held. In case the Bid-cum-Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid-cum-Application Form.)
 - Investor Category –Individual, Corporate, NRI, FII, or Mutual Fund, etc.
 - Numbers of Equity Shares bid for.
 - Bid price.
 - Bid-cum-Application Form number.
 - Whether Margin Amount is made upon submission of Bid-cum-Application Form.
 - Depository Participant Identification No. and Client Identification No. of the Demat 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 members of the Syndicate does not guarantee that the Equity Shares shall be allocated either by the members of the Syndicate or the Company.
- (f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- (g) The BRLMs/ member of the Syndicate also has the right to accept the Bid or reject it in case of QIBs; however, such rejection should be made at the time of receiving the bid and only after assigning a reason for such rejection in writing. In

case of Non-Institutional Bidders and Retail Individual Bidders, Bids would not be rejected except on the technical grounds listed on page no. 141 of this Red Herring Prospectus.

- (h) It is to be distinctly understood that the permission given by NSE and BSE to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by the Company or BRLMs are cleared or approved by NSE and BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of the Company, its Promoters, its management or any scheme or project of the Company.
- (i) It is also to be distinctly understood that the approval given by BSE and/or NSE should not in any way be deemed or construed that this Red Herring Prospectus has been cleared or approved by BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the BSE and NSE.

Build Up of the Book and Revision of Bids

- (a) Bids registered by various Bidders through the members of the Syndicate shall be electronically transmitted to the NSE or BSE mainframe on a regular basis.
- (b) The book gets build up at various price levels. This information will be available with the BRLMs on a regular basis.
- (c) During the Bidding Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the price band using the printed Revision Form, which is a part of the Bid-cum-Application Form.
- (d) Revisions can be made in both the desired numbers 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 unchanged. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate.
- (e) 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 the Red Herring Prospectus. In case of QIB Bidders, the members of the Syndicate shall collect the payment in the form of cheque or demand draft for the incremental amount in the QIB Margin Amount, if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the QIB Bidders.
- (f) The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or she has placed the original Bid. Bidders are advised to retain copies of the blank Revision Forms and the revised Bid must be made only in such Revision Form or copies thereof.
- (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 NSE and BSE shall be considered for allocation/ allotment. In case of discrepancy of data between BSE or NSE and members of the Syndicate, the decision of the BRLMs based on the physical records of Bid-cum-Application Form shall be final and binding to all concerned.

Price Discovery and Allocation

- (a) After the Bid/Issue Closing Date, the BRLMs shall analyze the demand generated at various price levels and discuss pricing strategy with the Company.
- (b) The Company, in consultation with the BRLMs shall finalise the "Issue Price", the number of Equity Shares to be allotted in each category to Bidders.
- (c) The allocation for QIBs would be upto 50% of the Issue Size would be proportionate basis. The allocation to Non-Institutional Bidders and Retail Individual Bidders of not less than 15% and not less than 35% of the Issue Size, respectively, would be on proportionate basis in the manner specified in the SEBI guidelines and this Red Herring Prospectus, in consultation with the Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.
- (d) Under-subscription, if any, in any category would be allowed to be met with spill over from any of the other categories at the discretion of the Company, in consultation with the BRLMs However, if the aggregate demand by Mutual Funds is less than 70,000 Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be

added to the QIB Portion and be allotted proportionately to the QIB Bidders. In the event that the aggregate demand in the QIB portion has been met, under-subscription, if any, would be allowed to be met with spillover from any other category or combination of categories at the discretion of Company, in consultation with the BRLMs and the Designated Stock Exchange.

- (e) Allocation to NRIs, FIIs, foreign venture capital funds, multi-lateral and bilateral development financial institutions registered with SEBI applying on repatriation basis will be subject to the applicable laws, rules, regulations, guidelines and approvals.
- (f) The BRLMs, in consultation with the Company shall notify the Syndicate Members of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.
- (g) The Company reserves the right to cancel the Issue any time after the Bid/Issue Opening Date without assigning reasons whatsoever but before allotment. In terms of SEBI DIP guidelines, QIB bidders shall not be allowed to withdraw their bid after the bid / issue closing date.

Notice to QIBs: Allotment Reconciliation

After the Bid/Issue Closing Date, an electronic book will be prepared by the Registrar on the basis of Bids uploaded on the BSE/NSE system. Based on the electronic book, QIBs may be sent a CAN, indicating the number of Equity Shares that may be allocated to them. This CAN is subject to the basis of final Allotment, which will be approved by the Designated Stock Exchange and reflected in the reconciled book prepared by the Registrar. Subject to SEBI Guidelines, certain Bid applications may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciliation and basis of Allotment as approved by the Designated Stock Exchange. As a result, a revised CAN may be sent to QIBs, and the allocation of Equity Shares in such revised CAN may be different from that specified in the earlier CAN. QIBs should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN, for any increased allocation of Equity Shares. The CAN will constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the QIB to pay the entire Issue Price for all the Equity Shares allocated to such QIB. The revised CAN, if issued, will supersede in entirety the earlier CAN.

Issuance of Confirmation of Allocation Note

- a) Upon approval of the basis of Allotment by the Designated Stock Exchange, the BRLMs 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, the investor should note that the Company shall ensure that the date of Allotment of the Equity Shares to all investors in this Issue shall be done on the same date.
- b) The Members of the Syndicate would then send the CAN to their Bidders who have been allocated Equity Shares in the Issue. The despatch of a CAN shall be deemed to be a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid the full Bid Amount into the Escrow Account on or prior to the time of bidding shall pay in full amount into the Escrow Account on or prior to the Pay-in Date specified in the CAN.
- c) ***Bidders who have been allocated Equity Shares and who have already paid the full Bid Amount into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrars to the Issue subject, however, to realization of their cheque or demand draft paid into the Escrow Account. The despatch of a CAN shall be deemed to be a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for allotment to such Bidder.***
- (d) The Issuance of CAN is subject to “Notice to QIBs: Allotment Reconciliation” as set forth under the chapter “Issue Procedure” of this Red Herring Prospectus.

Signing of Underwriting Agreement and ROC Filing

- (a) The Company, the BRLMs, and the Syndicate Members shall enter into an Underwriting Agreement on finalisation of the Issue Price and allocation(s) to the Bidders.
- (b) After signing the Underwriting Agreement, the Company will 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, Issue Size, underwriting arrangements and would be complete in all material respects.

Filing of the Prospectus with ROC

The Company will file a copy of the Prospectus with the Registrar of Companies, Mumbai, situated at The Registrar of Companies, Maharashtra, 100, Everest, Marine Lines, Mumbai-400002. in terms of Section 56, Section 60 and Section 60B of the Companies Act, 1956.

Announcement of Pre-Issue Advertisement

Subject to section 66 of the Companies Act, the Company shall after receiving final observation, if any, on the Draft Red Herring Prospectus filed with SEBI, publish an advertisement, in the form prescribed by the SEBI DIP guidelines in widely circulated newspapers (one each in English, Hindi and Marathi).

Advertisement regarding Issue Price and Prospectus

A statutory advertisement will be issued by the Company after filing of the Prospectus with the RoC. This advertisement in addition to the information that has to be set out in the statutory advertisement shall indicate the Issue Price. Any material updates between the date of the Red Herring Prospectus and the Prospectus will be included in such statutory advertisement.

Designated Date and Allotment of Equity Shares

1. The 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 Public Issue Account on the Designated Date, the Company would allot the Equity Shares to the allottees. The Company would ensure the credit to the successful Bidders depository account. Allotment of the Equity Shares to the allottees shall be completed within two working days of the date of finalization of the basis of allotment. In case, the Company fails to make allotment or transfer within 15 days of the Bid/Issue Closing Date, interest would be paid to the investors at the rate of 15% per annum.
2. **In accordance with the SEBI DIP Guidelines, Equity Shares will be issued and allotment shall be made only in the dematerialised form to the allottees.** Allottees will have the option to re-materialise the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated to them pursuant to this Issue.

General Instructions

Do's:

- a) Check if you are eligible to apply;
- b) Read all the instructions carefully and complete the resident Bid-cum-Application Form (white in colour) or Non-Resident Bid-cum-Application Form (blue in colour)
- c) Ensure that the details about Depository Participant and Beneficiary Account are correct, as Allotment of Equity Shares will be in the dematerialized form only. Ensure that the Bids are submitted at the Bidding Centers only on forms bearing stamp of the Syndicate Member;
- d) 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.
- e) Ensure that you have been given a TRS for all your Bid options;
- f) Submit Revised Bids to the same Syndicate Member through whom the original Bid was placed and obtain a revised TRS;
- g) Ensure that the Bid is within the Price Band.
- h) Ensure that you mention your Permanent Account Number (PAN) allotted under the I.T. Act where the maximum Bid for Equity Shares by a Bidder is for a total value of Rs. 50,000 or more and attach a copy of the PAN Card and also submit a photocopy of the PAN card(s) or a communication from the Income Tax authority indicating allotment of PAN along with the application for the purpose of verification of the number, with the Bid cum Application Form. In case you do not have a PAN, ensure that you provide a declaration in Form 60 or 61 as the case may be together with the permissible documents as address proof
- i) Ensure that demographic details (as defined herein below) are updated true and correct in all respects.
- j) Ensure that Bids are submitted at bidding centres only on forms bearing stamp of a member of Syndicate

Don'ts:

- a. Do not Bid if you are prohibited from doing so under the law of your local jurisdiction;
- b. Do not Bid for lower than minimum Bid size;
- c. Do not Bid or revise the Bid to less than the lower end of the Price Band or higher than the higher end of the Price Band;

- d. Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate;
- e. Do not pay Bid amount in cash;
- f. Do not Bid at cut off price (for QIB Bidders, Non-Institutional Bidders);
- g. Do not bid where bid amount exceeds Rs. 1,00,000 (for Retail Individual Bidders)
- h. Do not fill up the Bid cum Application Form for an amount that exceeds the Issue size and / or investment limit or maximum number of Equity Shares that can be held by a Bidder under the applicable laws / regulations or maximum amount permissible under the applicable regulations.
- i. Do not send Bid cum Application Form by post; instead submit the same to a member of the Syndicate only.
- j. Do not submit bid accompanying with Stock Invest.
- k. Do not provide your GIR number instead of your PAN as bid is liable to be rejected on those ground.
- l. Do not submit the Bid without the QIB Margin Amount, in case of a Bid by QIB.

Instructions for completing the Bid cum Application Form

Bidders can obtain Bid cum Application Forms and/or revision Forms from the members of Syndicate

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 colour for Resident Indians, Blue colour for NRI or FII or foreign venture capital fund registered with SEBI applying on repatriation basis.
- (b) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid-cum-Application Form or in the Revision Form. Incomplete Bid-cum-Application Forms or Revision Forms are liable to be rejected.
- (c) The Bids from the Retail Individual Bidders must be for a minimum of 40 Equity Shares and in multiples of 40 Equity Shares thereafter subject to a maximum of Rs. 1, 00,000.
- (d) For non institutional and QIB Bidders, Bids must be for a minimum of such number of Equity Shares that the Bid amount exceeds Rs. 1,00,000 and in multiples of 40 Equity Shares thereafter. Bids cannot be made for more than the size of the Issue. Bidders are advised to ensure that a single bid from them should not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable laws or regulations.
- (e) In single name or in joint names (not more than three, and in the same order as their Depository Participant details).
- (f) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Bids by Eligible Employees

1. For the purpose of the Employee Reservation Portion, Eligible Employee means permanent employees of our company who are on the pay-roll of our Company as on April 30,2007.
 - a) Bids under Employee Reservation Portion by Eligible Employees shall be made only in the prescribed Bid cum Application Form or Revision Form (i.e. Pink colour Form).
 - b) Eligible Employees, as defined above, should mention the Employee Number at the relevant place in the Bid cum Application Form.
 - c) The sole/ first bidder should be Eligible Employees as defined above.
 - d) Only Eligible Employees would be eligible to apply in this Issue under the Employee Reservation Portion.
 - e) Bids by Eligible Employees will have to bid like any other Bidder. Only those bids, which are received at or above the Issue Price, would be considered for allocation under this category.
 - f) Bidding at cut-off is allowed only for employees whose bid amount is less than or equal to Rs. 1,00,000.
 - g) Bids made by the employees under both employee reservation portion as well as in the net issue shall not be treated as multiple bids.
 - h) If the aggregate demand in this category is less than or equal to 1, 00,000 Equity Shares at or above the issue Price, full allocation shall be made to the Eligible Employees to the extent of their demand.

- i) Any under subscription in Equity Shares reserved for Employees would be treated as part of the Net issue and allocation to be made in accordance with the description in Basis of Allocation as described in page no. 145 of this Red Herring Prospectus.
- j) If the aggregate demand in this category is greater than 1, 00,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis.

Bidder's Bank Details

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the Bidders bank account details. These bank account details would be printed on the refund order, if any, to be sent to Bidders or used for sending the refund through Direct Credit to or ECS. 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 BRLMs nor the Company shall have any responsibility and undertake any liability for the same.

Bidder's Depository Account Details

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN THE DEMATERIALIZED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT'S IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID-CUM-APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID-CUM-APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository demographic details of the Bidders such as address, bank account details for printing on refund orders or giving credit through ECS or Direct Credit and occupation (hereinafter referred to as Demographic Details). Hence, Bidders should carefully fill in their Depository Account details in the Bid-cum-Application Form.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the refund orders/ CANs/Allocation Advice and printing of Bank particulars on the refund order and the Demographic Details given by Bidders in the Bid-cum-Application Form would not be used any other purposes by the Registrars to the Issue.

Hence, Bidders are advised to update their Demographic Details as provided to their Depository Participants and ensure that they are true and correct.

By signing the Bid-cum-Application Form, 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 Advice/ CANs would be mailed at the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/ allocation advice/ CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Bidders 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. Please note that any such delay shall be at the Bidders sole risk and neither the Company, Escrow Collection Bank(s) nor the BRLMs 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's identity, then such Bids are liable to be rejected.

Bids under Power of Attorney

In case of bids made pursuant to a power of attorney or by limited companies, 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 Article of Association and/or Bye Laws must be lodged along with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any bid in whole or in part, in either case, without assigning any reason thereof.

In case of Bids made pursuant to a Power of Attorney by FII's, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be submitted with the

Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case without assigning any reason thereof.

In case of Bids made by insurance companies registered with Insurance Regulatory and Development Authority, a certified copy of the certificate of registration issued by Insurance Regulatory and Development Authority must be submitted with the Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case without assigning any reason thereof.

In case of Bids made by provident fund with the minimum corpus of Rs. 2500 lakhs and pension fund with the minimum corpus of Rs. 2500 lakhs, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged with the Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case without assigning any reason thereof.

In case of Bids made by Mutual Fund registered with SEBI, venture capital fund registered with SEBI and foreign venture capital investor registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.

The Company, in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid-cum-Application Form, subject to such terms and conditions as the Company and the BRLMs may deem fit.

The Company in its absolute discretion, reserve the right to permit the holder of the power of attorney to request the Registrar to the Issue 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 to the Issue shall use Demographic Details as given on the Bid cum Application Form instead of those obtained from the Depositories.

Payment Instructions

The Company shall open an Escrow Account of the Company with the Escrow Collection Banks for the collection of the Bid Amounts payable upon submission of the Bid cum Application Form. The BRLMs and Syndicate Member(s) shall also open Escrow Accounts of the Syndicate with one or more of the Escrow Collection Banks for the collection of the margin 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 to the Issue

1. The Bidders for whom the applicable Margin Amount 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 of the Company and submit the same to the member of the Syndicate.
2. ***In case the above Margin Amount paid by the Bidders during the Bidding Period is less than the Issue Price multiplied by the Equity Shares allocated to the Bidder, the balance amount shall be paid by the Bidders into the Escrow Account of the Company within the period specified in the CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLMs.***
3. The payment instruments for payment into the Escrow Account of the Company should be drawn in favour of:
 - (a) In case of resident QIB Bidders: **“Escrow Account – Roman Public Issue – QIB - R”**
 - (b) In case of Resident Retail Individual and Non-Institutional Bidders – **“Escrow Account – RomanPublic Issue – R”**
 - (c) In case of Non-Resident QIB Bidders: **“Escrow Account – Roman Public Issue – QIB –NR”**
 - (d) In case of Non-Resident Retail Individual and Non-Institutional Bidders applying on a repatriation basis – **“Escrow Account – Roman Public Issue – NR”**
 - (e) In case of Eligible Employees of the Company: **“Escrow Account- Roman Public Issue -Employees”**

- In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of a Non-Resident Ordinary Account of a Non-Resident bidder bidding on a repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR Account.

-In case of Bids by FIIs/FVCIs registered with the SEBI/multilateral and bilateral financial institutions, the payment should be made out of funds held in a Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting the Special Rupee Account.

4. Where a Bidder has been allocated a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Refund Account of the Company.
5. The monies deposited in the Escrow Account of the Company will be held for the benefit of the Bidders till the Designated Date.
6. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account of the Company as per the terms of the Escrow Agreement into the Public Issue Account with the Bankers to the Issue.
7. On the Designated Date and no later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Bank shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation to the Bidders.
8. Payments should be made by cheque, or demand drafts drawn on any Bank (including a Co-operative Bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the center where the Bid cum Application Form is submitted. Outstation cheque/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/ Money Orders/ Postal Orders will not be accepted.

Payment by Stock-invest

In terms of Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.00/2003-2004 dated November 5, 2003, the option to use the stock-invest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn. Hence, payment through stock-invest would not be accepted in this Issue.

Submission of Bid-cum-Application Form

All Bid-cum-Application Forms or Revision Forms duly completed and accompanied by Account Payee cheques or drafts shall be submitted to the Members of the Syndicate at the time of submitting the Bid-cum-Application Form.

No separate receipts shall be issued for the money payable on submission of Bid-cum-Application Form or Revision Form. However, the collection centre of the Members of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid-cum-Application Form for the records of the Bidder.

OTHER INSTRUCTIONS

Joint Bids in the case of Individuals

Individuals may make bid in single or joint names (not more than three). In the case of joint Bids, all refunds will be made out in favour of the Bidder whose name appears first in the Bid-cum-Application Form or Revision Form ("First Bidder"). All communications will be addressed to the First Bidder and will be dispatched to his or her address as per the Demographic Details received from the Depository.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same. In this regard, illustrations of certain procedures which may be followed by the Registrar to the Issue to detect multiple applications are provided below:

1. All applications with the same name and age will be accumulated and taken to a separate process file as probable multiple master.
2. In this master, a check will be carried out for the same PAN / GIR numbers. In cases where the PAN/GIR numbers are different, the same will be deleted from this master.
3. Then the addresses of all these applications from the address master will be strung. This involves putting the addresses in a single line after deleting non-alpha and non-numeric characters i.e. commas, full stops, hash etc. Sometimes, the name, the first line of address and pin code will be converted into a string for each application received and a photo match will be carried out amongst all the applications processed. A print-out of the addresses will be taken to check for common names.
4. The applications will be scanned for similar DP ID and Client ID numbers. In case applications bear the same numbers, these will be treated as multiple applications.

5. After consolidation of all the masters as described above, a print out of the same will be taken and the applications physically verified to tally signatures as also father's / husband's names. On completion of this, the applications will be identified as multiple applications.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

Bidders in the Employee Reservation portion can also bid in the Net Issue to the Public and such Bids shall not be treated as multiple Bids.

The Company in consultation with the BRLM reserves the right to reject, in their absolute discretion, all or any multiple Bids in any or all categories.

Permanent Account Number (PAN)

Where Bid(s) is/are for Rs. 50,000 or more, the Bidder or in the case of an Bid in joint names, each of the Bidders, should mention his/her Permanent Account Number (PAN) allotted under the I.T. Act. **The copy of the PAN card or PAN allotment letter 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 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), or, Form 61 (form of declaration to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income tax in respect of transactions specified in rule 114B), as may be applicable, duly filled along with a copy of any one of the following documents in support of the address: (a) Ration Card (b) Passport (c) Driving License (d) Identity Card issued by any institution (e) Copy of the electricity bill or telephone bill showing residential address (f) Any document or communication issued by any authority of the Central Government, State Government or local bodies showing residential address (g) Any other documentary evidence in support of address given in the declaration. **It may be noted that Form 60 and Form 61 have been amended vide a notification issued on December 1, 2004 by the Ministry of Finance, Department of Revenue, Central Board of Direct Taxes. All Bidders are requested to furnish, where applicable, the revised Form 60 or 61, as the case may be.**

Unique Identification Number – MAPIN

With effect from July 1, 2005, SEBI had decided to suspend all fresh registrations for obtaining Unique Identification Number (UIN) and the requirement to contain/ quote UIN under the SEBI (Central Database of Market Participants) Regulations, 2003 by its circular bearing number 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 UIN's 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 this 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. Therefore, MAPIN is not required to be quoted with the Bids.

Right to Reject Bids

In case of QIB Bidders, the Company in consultation with the BRLMs 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 submission of the Bid and the reasons therefore shall be disclosed to the QIB Bidders. In case of Non-Institutional Bidders and Retail Individual Bidders, the Company would have a right to reject bids based on technical grounds. Consequent refunds shall be made by cheque or pay order or draft and will be sent to the bidder's address at the Bidder's risk.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected inter-alia on the following technical grounds:

1. Amount paid doesn't 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, the shares may be registered in the name of individual partners and no firm as such shall be entitled to apply.
4. Bids by Persons not competent to contract under the Indian Contract Act, 1872, including minors, insane Persons;

5. PAN photocopy/ PAN Communication/ Form 60 or Form 61 declaration along with documentary evidence in support of address given in the declaration, not given if Bid is for Rs. 50,000 or more;
6. Bids for lower number of Equity Shares than specified for that category of investors;
7. Bids at a price less than the lower end of the Price Band;
8. Bids at a price more than the higher end of the Price Band;
9. Bids at cut-off price by Non-Institutional and QIB Bidders;
10. Bids for number of Equity Shares, which are not in multiples of 40;
11. Category not ticked;
12. Multiple bids as defined in this Red Herring Prospectus;
13. In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
14. Bids accompanied by Stock invest/money order/ postal order/ cash;
15. Bids not duly signed by the sole/joint Bidders;
16. Bid-cum-Application Form does not have the stamp of the Syndicate Member;
17. Bid-cum-Application Form does not have Bidder's depository account details;
18. Bid-cum-Application Forms are not submitted by the Bidders within the time prescribed as per the Bid-cum-Application Form, Bid/Issue Opening Date advertisement and this Red Herring Prospectus and as per the instructions in this Red Herring Prospectus and the Bid-cum-Application Form; or
19. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations.
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's identity;
21. Bids by OCBs;
22. Bids by US persons other than "Qualified Institutional Buyers" as defined in Rule 144A of the Securities Act or other than in reliance Regulation S under the Securities Act; and
23. Bids by NRIs not disclosing their residential status;
24. If GIR number is mentioned instead of PAN number.
25. Bank account details (for refund) are not given.
26. Bids by QIBs not submitted through members of the Syndicate;
27. Bids by employees or directors of the Company who are not eligible to apply in the Employee Reservation Portion;
28. Bids by any persons outside India if not in compliance with applicable foreign and Indian laws, or by any persons who are not eligible to acquire Equity Shares of the Company, in terms of all applicable laws, rules, regulations, guidelines and approvals.

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 dematerialised 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 tripartite agreements have been signed among the Company, the Depositories and the Registrar,

1. An Agreement dated January 9, 2007 among NSDL, the Company and Registrars to the Issue.
2. An Agreement dated October 30, 2006 among CDSL, the Company and Registrars to the Issue.

All Bidders can seek allotment only in Dematerialized mode. Bids from any Bidder without the following details of his or her depository account are liable to be rejected:

1. A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of NSDL or CDSL prior to making the Bid.
2. The Bidder must necessarily fill in the details (including the beneficiary account number and Depository Participant's Identification number) appearing in the Bid cum Application Form or Revision Form.

3. Equity Shares allotted to a Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
4. Names in the Bid-cum-Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the depository account of the Bidder(s).
5. Non Transferable allotment advice or refund orders will be directly sent to the Bidders by the registrar to the Issue.
6. 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.
7. 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.
8. It may be noted that Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL or CDSL. All the stock exchanges where Equity Shares are proposed to be listed are connected to NSDL and CDSL.
9. The trading of Equity Shares of the Company would only be in dematerialized form for all investors in the demat segment of the respective Stock exchanges.

COMMUNICATIONS

All future communications 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 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

The Company has appointed Mr. Neeraj Rai 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. Neeraj Rai

Roman Tarmat Limited

Tarmat Chambers, Sector -24

Plot No. 19, Sanpada

Navi Mumbai -400 705

Phone No: 91-22-2783 1334 / 1328

Fax No: 91-22-2783 3872

E-mail : ipo@romantarmat.com

Procedure and Time Schedule for Allotment

The Issue will be conducted through a "100% book building process" pursuant to which the Underwriters will accept bids for the Equity Shares during the Bidding Period. The Bidding Period will commence on [•] and expire on [•]. Following the expiration of the Bidding Period, our Company, in consultation with the BRLMs, will determine the issue price, and, in consultation with the BRLMs, the basis of allotment and entitlement to allotment based on the bids received and subject to the confirmation by the BSE/NSE. Successful bidders will be provided with a confirmation of their allocation and will be required to pay any unpaid amount for the Equity Shares within a prescribed time. The Prospectus will be filed with SEBI and the Registrar of Companies and will be made available to investors. SEBI Guidelines require our Company to complete the allotment to successful bidders within 15 days of the expiration of the Bidding Period. The Equity Shares will then be credited and allotted to the investors' demat accounts maintained with the relevant depository participant. Upon approval by the Stock Exchanges, the Equity Shares will be listed and trading will commence.

Disposal of Applications and Applications Money and Interest in case of Delay

The Company shall ensure despatch of allotment advice, refund orders (except for Bidders who receive refunds through Electronic Transfer of Fund) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the allotment to the Stock Exchanges within two working days of date of finalisation of basis of allotment of Equity Shares. The Company shall dispatch refund orders above Rs. 1500/-, if any, by registered post or speed post at the sole or first bidder's sole risk, except for Bidders who have opted to receive refunds through the ECS facility or RTGS or Direct Credit.

The Company shall despatch refund orders, as per the procedure mentioned under section "Dispatch of Refund Orders" on page no. 148 of this Red Herring Prospectus, at the sole or First Bidder's sole risk.

The Company will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue.

The Company shall use its best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed are taken within seven working days of finalization of the basis of allotment.

In accordance with the Companies Act, the requirements of the stock exchanges and SEBI Guidelines, the Company further undertakes that:

- i) Allotment of Equity Shares shall be made only in dematerialized form within 15 days of the Bid/Issue Closing Date;
- ii) Dispatch of refund orders will be done within 15 days from the Bid /Issue Closing Date; and
- iii) The Company shall pay interest at 15% per annum (for any delay beyond the 15 days time period as mentioned above), if allotment is not made, refund orders / credit intimation are not dispatched and in case where refund is made through electronic mode, the refund instructions have not been given to the clearing system in the disclosed manner and / or demat credits are not made to investors within the 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.

The Company will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrars to the Issue.

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 except where the refund or portion thereof is made in electronic manner as described above. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

IMPERSONATION

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the 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.”

Basis of Allocation

1. For Retail Individual Bidders

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to all the successful Retail individual Bidders will be made at the Issue Price.
- The Net Issue size less allocation to Non-Institutional Bidders and QIBs shall be available for allocation to Retail Individual Bidders who have bid in the Issue at a price, which is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 9,80,000 Equity Shares at or above the Issue Price, full allocation shall be made to the Retail Individual Bidders to the extent of their valid bids.
- If the aggregate demand in this category is greater than 9,80,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of 40 Equity Shares. For the method of proportionate basis of allocation, refer below.

2. For Non Institutional Bidders

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Issue size less allocation to QIBs and Retail Portion shall be available for allocation to Non- Institutional Bidders who have bid in the Issue at a price, which is equal to or greater than the Issue Price.

- If the aggregate demand in this category is less than or equal to 4,20,000 Equity Shares at or above the Issue Price, full allocation shall be made to Non-Institutional Bidders to the extent of their demand.
- In case the aggregate demand in this category is greater than 4,20,000 Equity Shares at or above the Issue Price; allocation shall be made on a proportionate basis up to a minimum of 40 Equity Shares. For the method of proportionate basis of allotment refer below.

3. For QIB Bidders

- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to all the QIBs will be made at the issue price.
- The Issue size less allocation to Non-Institutional portion and Retail Portion shall be available for allocation to QIB Bidders who have bid in the Issue at a price, which is equal to or greater than the Issue Price.
- The allotment shall be undertaken in the following manner –
 - a) In the first instance, allocation to mutual funds for upto 5% of the QIB portion shall be determined as follows-
 - i) In the event that bids from mutual funds exceed 5% of the QIB portion, allocation to mutual funds shall be done on a proportionate basis upto 5% of the QIB portion.
 - ii) In the event that the aggregate demand from mutual funds is less than 5% of 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 as (b) below;
 - b) In the second instance, allocation to all QIBs shall be determined as follows –
 - i) In the event that the over subscription in the QIB portion, all QIB Bidders who have submitted Bids above the Issue Price shall be allotted Equity Shares on a proportionate basis for upto 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.

For Employee Reservation Portion

- Bids received from the eligible Employees at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to all the successful Employees will be made at the Issue Price.
- If the aggregate demand in this portion is less than or equal to 1, 00,000 Equity Shares at or above the Issue Price, full allocation shall be made to Employees to the extent of their demand.
- If the aggregate demand in this portion is greater than 1, 00,000 Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis. For the method of proportionate basis of allocation, refer below.
- Only eligible Employees shall apply under the Employee reservation portion.

Undersubscription, if any, in any category would be allowed to be met with spillover from any other category at the sole discretion of our company and the BRLMs

Method of Proportionate Basis of Allocation

In the event of the issue being over-subscribed, the Company shall finalise the basis of allotment to Retail Individual Bidders and Non-Institutional Bidders in consultation with the Designated Stock Exchange. The Executive Director or Managing Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLMs and the Registrars to the issue shall be responsible for ensuring that the basis of allotment is finalized in a fair and proper manner. Allotment to the Bidders shall be made in the marketable lots on a proportionate basis as explained below.

- (a) Bidders will be categorized according to the number of Equity Shares applied for by them.
- (b) The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, being 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.
- (c) Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, being the total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.

- (d) If the proportionate allotment to a Bidder is a number that is more than 40 but is not a multiple of one (which is the market lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower whole number. Allotment to all Bidders in such categories would be arrived at after such rounding off.
- (e) In all Bids where the proportionate allotment is less than 40 Equity Shares per Bidder, the allotment shall be made as follows:
- The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above; and
 - Each successful Bidder shall be allotted a minimum of 40 Equity Shares.
- (f) 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 Equity Shares are not sufficient for proportionate allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

Illustration of Allotment to QIBs and Mutual Funds (“MF”)

A. Issue details

| Sr. No. | Particulars | Issue details |
|---------|--|---------------------------|
| 1 | Issue size | 100 lakhs Equity Shares |
| 2 | Allocation to QIB (minimum 10% of the Issue) | 50 lakhs Equity Shares |
| | Of which: | |
| | a. Reservation For Mutual Funds, (5%) | 2.50 lakhs Equity Shares |
| | b. Balance for all QIBs including Mutual Funds | 47.50 lakhs Equity Shares |
| 3 | Number of QIB applicants | 10 |
| 4 | Number of Equity Shares applied for | 250 lakhs Equity Shares |

B. Details of QIB Bids

| Sr. No. | Type of QIB bidders# | No. of shares bid for (inLakhs) |
|---------|----------------------|---------------------------------|
| 1 | A1 | 25 |
| 2 | A2 | 10 |
| 3 | A3 | 65 |
| 4 | A4 | 25 |
| 5 | A5 | 25 |
| 6 | MF1 | 20 |
| 7 | MF2 | 20 |
| 8 | MF3 | 40 |
| 9 | MF4 | 10 |
| 10 | MF5 | 10 |
| | TOTAL | 250 |

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 lakhs)

| Type of QIBbidders | Shares bidfor | Allocation of 5 /1lakh Equity Shares to MFproportionately (please see note2 below) | Allocation of balance 180 lakhs Equity Shares toQIBs proportionately (please see note 4below) | Aggregate allocation to MFs |
|--------------------|---------------|--|---|-----------------------------|
| (I) | (II) | (III) | (IV) | (V) |
| A1 | 25 | 0 | 4.80 | 0 |
| A2 | 10 | 0 | 1.92 | 0 |
| A3 | 65 | 0 | 12.48 | 0 |
| A4 | 25 | 0 | 4.80 | 0 |
| A5 | 25 | 0 | 4.80 | 0 |
| MF1 | 20 | 0.50 | 3.74 | 4.24 |
| MF2 | 20 | 0.50 | 3.74 | 4.24 |
| MF3 | 40 | 1.0 | 7.48 | 8.48 |
| MF4 | 10 | 0.25 | 1.87 | 2.12 |
| MF5 | 10 | 0.25 | 1.87 | 2.12 |
| | 250 | 2.50 | 47.50 | 21.20 |

Please note:

- The illustration presumes compliance with the requirements specified in this Red Herring Prospectus in the section titled "Issue Structure" beginning on page no. 126 of this Red Herring Prospectus.
- Out of 50 lakhs Equity Shares allocated to QIBs, 2.50 lakh (i.e. 5%) will be allocated on proportionate basis among five Mutual Fund applicants who applied for 100 lakh shares in the QIB Portion.
- The balance 47.50 lakhs Equity Shares [i.e. 50 – 2.5 (available for Mutual Funds only)] will be allocated on proportionate basis among 10 QIB Bidders who applied for 250 lakh Equity Shares (including 5 Mutual Fund applicants who applied for 100 lakh Equity Shares).
- The figures in the fourth column titled "Allocation of balance 95 lakhs 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 47.5/247.5
 - 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 47.5/247.5
 - The numerator and denominator for arriving at allocation of 47.5 lakhs Equity Shares to the 10 QIBs are reduced by 2.5 lakh shares, which have already been allotted to Mutual Funds in the manner specified in column III of the table above.

Letters of Allotment or Refund Orders

The Company shall give credit of Equity Shares to the beneficiary account with depository participants within 2 working days of finalisation of the basis of allotment of Equity Shares. Applicants having bank accounts at any of the 15 centres where clearing houses are managed by the Reserve Bank of India (RBI) will get refunds through Electronic Credit Service (ECS) only, except where applicant is otherwise disclosed as eligible to get refunds through direct credit or Real Time Gross Settlement (RTGS). In case of other applicants, the Company shall dispatch refund orders, if any, of value upto Rs. 1,500 by "Under Certificate of Posting", and will dispatch refund orders above Rs. 1,500, if any, by registered post only at the sole or first Bidder's sole risk within 15 days of the Bid / Issue Closing date and adequate funds for the purpose shall be made available to the Registrars by the Company. Applicants to whom refunds are made through Electronic transfer of funds will be sent a letter through "Under Certificate of Posting" within 15 days of closure of issue, intimating them about the mode of credit of refund, the bank where refunds shall be credited along with the amount and the expected date of electronic credit of refund.

The Company shall ensure dispatch of refund orders / refund advice, if any, by “Under Certificate of Posting” or registered post or speed post or Electronic Clearing Service or Direct Credit or RTGS, as applicable, only at the First Bidder’s sole risk within 15 days of the Bid / Issue Closing Date, and adequate funds for making refunds to unsuccessful applicants as per the mode (s) disclosed shall be made available to the Registrars by the Company.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI guidelines, the Company undertakes that:

- Allotment shall be made only in dematerialized form within 15 days from the Bid/Issue Closing Date;

- **Dispatch of refund orders**

Refunds will be done within 15 days from the Bid / Issue Closing Date at the sole or First Bidder’s sole risk. The Company will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrars to the Issue; and

- **Interest in case of delay in dispatch of allotment letters / refund orders**

The Company shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if allotment is not made, refund orders have not been dispatched to the applicants or if, in case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner within 15 days from Bid / Issue closing date.

Save and except refunds effected through the electronic mode i.e. ECS, direct credit or RTGS, refunds will be made by cheques, pay-orders or demand drafts drawn on the Refund Bank and payable at par at places where Bids are received. The Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

The Company will provide adequate funds to the Registrars to the Issue for making refunds to unsuccessful applicants as per the mode disclosed under “Dispatch of Refund Order” appearing on page no.148 of this Red Herring Prospectus.

DISPATCH OF REFUND ORDERS

The payment of refund, if any, would be done through various modes in the following order of preference –

1. ECS – Payment of refund would be done through ECS for applicants having an account at any of the following fifteen centers - Ahmedabad, Bangalore, Bhubneshwar, Kolkatta, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Thiruvanthapuram. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR Code as appearing on a cheques leaf from the Depositories. The payment of refunds is mandatory through this mode for applicants having a bank account at any of the above-mentioned fifteen centers, except where the applicant, being eligible, opts to receive refund through direct credit or RTGS.
2. Direct Credit – Applicants having bank accounts with the Refund Banker, shall be eligible to receive funds through direct credit. Charges, if any, levied by the Refund Bankers for the same would be borne by the Company.
3. RTGS – Applicants having a bank account at any of the above-mentioned fifteen centers and whose refund amount exceeds Rs. Ten Lakhs, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC Code in the Bid-cum-Application form. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the refund banks for the same would be borne by the Company. Charges, if any, levied by the applicants’ bank receiving the credit would be borne by the applicant.

Please note that only applicants having a bank account at any of the 15 centres where clearing houses for ECS are managed by the RBI are eligible to receive refunds through the modes detailed in 1, 2 & 3 hereinabove. For all the other applicants, including applicants who have not updated their bank particulars along with the nine digit MICR code, the refund orders would be dispatched “Under Certificate of Posting” for refund orders of value upto Rs. 1,500 and through Speed Post / Registered Post for refund orders of Rs. 1,500 and above.

UNDERTAKING BY THE COMPANY

The Company undertake as follows:

- (a) that the complaints received in respect of this Issue shall be attended to by us expeditiously and satisfactorily;
- (b) 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;
- (c) that the funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed under the heading “Dispatch of Refund Orders” on page no. 148 of this Red Herring Prospectus shall be made available to the Registrar to the Issue by the Company;

- (d) that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of closure of Issue, giving details of the bank where refunds shall be credited alongwith the amount and expected date of electronic credit of refund;
- (e) that the refund orders or allotment advice to the Eligible NRIs or FIIs shall be dispatched within specified time; and
- (f) that no further Issue of Equity Shares shall be made until the Equity Shares Issued through this Red Herring Prospectus are listed or until the Bid Money's are refunded on account of non-listing, under-subscription etc.

UTILISATION OF ISSUE PROCEEDS

The Board of Directors of the Company certifies that:

- (a) 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;
- (b) details of all monies utilised out of the Issue referred above shall be disclosed under an appropriate separate head in its balance sheet indicating the purpose for which such monies have been utilised;
- (c) details of all unutilised monies out of the Fresh Issue, if any, shall be disclosed under the appropriate separate head in its balance sheet indicating the form in which such unutilised monies have been invested.

The Company 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, 1991 of the Gol and FEMA. While the Industrial Policy 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 of India, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment.

Subscription by Non-Residents

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 or the requirements of the Investment Company Act.

Accordingly, the Equity Shares are only being offered and sold (i) in the United States to entities that are both "qualified institutional buyers", as defined in Rule 144A of the Securities Act and "qualified purchasers" as defined under the Investment Company 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, OCBs cannot participate in this Issue.

The above information is given for the benefit of the Bidders. The Company, the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares bid for do not exceed the applicable limits under laws or regulations.

SECTION IX - MAIN PROVISIONS OF ARTICLES OF ASSOCIATION OF THE COMPANY

Capitalised terms used in this section have the meaning given to such terms in the Articles of the Company.

Pursuant to Schedule II of the Companies Act, 1956 and the SEBI (DIP) Guidelines, the main provisions of the Articles of Association of the Company relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of equity shares and or their consolidation/splitting are detailed below.

CAPITAL

Authorised Share Capital

Article 3 provides that, “the Authorised Share Capital of the Company is Rs. 12,00,00,000/- (Rs. Twelve crores only) divided into 1,20,00,000/- (One Crore and Twenty lakhs) Equity Shares of Rs. 10/- (Rs. Ten) each, with the rights, privileges and conditions attached thereto as are provided in the Articles of Association of the Company for the time being in force capable of being increased or reduced in accordance with the Company’s regulation and legislative provisions for the time being in force in that behalf and also with the power to increase and reduce the said capital of the Company and to divide the said capital of the Company and to divide the said shares in the capital for the time being into several classes and to attach thereto respectively the said preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of the Company for the time being and to vary, modify or abrogate such rights privileges or conditions in such manner as may be permitted by law or provided by Articles of Association for the time being of the Company.”

Power to issue shares with Non-voting and disproportionate Right

Article 3A.1 provides that, “notwithstanding anything contained in any other Articles, but subject to the provision of the Companies Act, 1956 or any statutory modification or re-enactment thereof, the company may from time to time and at any time issue to any person(s) as it may deem proper. Share, whether Equity, preference or any other class or any other financial Instrument or Securities, by whatever name called, with non-voting and the shares instrument/ Securities so issued may carry rights as to voting, dividend, capital or otherwise which may be disproportionate to the rights attached to the other Shares or Securities of the Company.”

Article 3A.2 provides that, “the Board of directors of the Company shall exercise the powers contained in this Articles only after necessary provision for the purpose is incorporated in this companies Act, 1956 or any statutory modification or re-enactment thereof and in such manner and after complying with the condition prescribed in such provision and otherwise.”

Provisions in case of Redeemable preference shares

Article 4 provides that, “in the issue of Redeemable Preference Shares under the provision of Articles 3, the following provisions shall take effect:

- (a) No such shares shall be redeemed except out of profits which would otherwise be available for dividend or out of proceeds of a fresh issue of shares made for the purposes of the redemption;
- (b) No such shares shall be redeemable unless they are fully paid;
- (c) The premium, if any payable on redemption shall have been provided for out of the profits of the Company or out of the Company’s Share Premium Account before the shares are redeemed;
- (d) Where any such shares are redeemed otherwise than out of the proceed of a fresh issue, there shall, out of profits which would otherwise have been available for dividend, be transferred to a Reserve Account, to be called “The Capital Redemption Reserve Account a sum equal to the nominal amount of the shares redeemed, and the provisions of the Act relating to the reduction of the share capital of a Company shall, except as provided by Section 80 of the Act, apply as if the capital Redemption Reserve Account were paid up share capital of the Company;
- (e) Subject to the provisions of Section 80 of the Act, the redemption of preference Shares may be effected in accordance with the terms and conditions of their use and failing that, in such manner as the Board of Directors may think fit and the Company may issue shares upto the nominal amount of the shares redeemed or to be redeemed as it those shares had never been issued;
- (f) Whenever the Company shall redeem any Redeemable Preference Shares the Company shall, within thirty days thereafter, give notice thereof to the Registrar of the Companies as required by Section 95 of the Act.”

Increase in Capital

Article 5 provides that, “the Company may by Ordinary Resolution in General Meeting from time to time alter the conditions of its Memorandum as follows, that is to say, it may:

- (a) increase its share capital by such amount as it thinks expedient by issuing new shares of such amount as may be deemed expedient and the new shares shall be issued on such terms and conditions and with such rights and privileges annexed thereto, as the general Meeting resolving upon the creation thereof, shall direct and if no direction be given, as the Board

of Directors shall determine and in particular such shares may be issued with a preferential right to dividends and in the distribution of the assets of the Company;

- (b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- (c) convert all or any of its fully paid up shares into stock and reconvert that stock into fully paid up shares of any denomination;
- (d) sub divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum so however, that in the sub division of the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived;
- (e) cancel shares which, at the date of passing of the resolution in that behalf, have not been taken or agreed to be taken by any person and diminish the amount of its shares so cancelled. A cancellation of shares in pursuance of this Clause shall not be deemed to be a reduction of share capital within the meaning of the Act.”

Capital of two kinds only

Article 7 provides that, “neither the original nor any increased capital shall be of more than two kinds, namely (a) Equity Share Capital and (b) Preference Share Capital as defined in Section 85 of the Act. “

Further Issue of Capital

Article 8 (1) provides that, “where at any time after the expiry of two years from the information of a Company or at any time after the expiry of one year from the allotment of shares 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 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 nearly as circumstances admit, to the capital paid up on those shares at those shares at that date;
- (b) The offer aforesaid shall be made by notice specifying the number of shares offered and limiting a time not being less than 15 days from the date of the offer, within which 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 him or any of them in favour of other person and the notice referred to in sub-clause (b) hereof shall contain a statement of this right.
- (d) After the expiry of the time specified in the notice aforesaid or in receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered; the Board of Directors may dispose of them in such manner as they think most beneficial to the Company.

Article 8 (2), provides that, “notwithstanding anything contained in sub-clause (1), the further shares aforesaid may be offered to any person including employees of the Company (employees stock option) (whether or not those persons include the persons referred to in sub-clause (1) (a) 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 that General Meeting (including the casting vote, if any, of the Chairman) by members, who being entitled to do, vote in person, or by proxy, exceed the votes, if any cast against the proposal by members so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in that behalf that the proposal, is most beneficial to the Company.”

Article 8 (3) provides that, “nothing in Clause (c) of sub-clause (1) hereof shall be deemed;

- (a) To extend the time within which the offer should be accepted; or
- (b) To authorise 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.”

Article 8 (4) provides that, “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 this Articles or otherwise).

PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such loans include a term providing for such option and such terms:

- (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 the 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.”

Reduction of capital

Article 10 provides that, “the Company may from time to time by Special Resolution subject to confirmation by the Court and subject to the provisions of Sections 78, 80 and 100 to 105 of the Act, reduce its Share Capital, and Capital Redemption Reserve Account and Share Premium Account in any way and in particular without prejudice to the generality of the foregoing power by:

- (a) Extinguishing or reducing the liability on any of its shares in respect of the Share Capital not paid up; or
- (b) Canceling, either with or without extinguishing or reducing liability on any of its shares, any paid up Share Capital which is lost or is unrepresented by available assets; or
- (c) Paying off, either with or without extinguishing or reducing liability on any of its shares, any paid up Share Capital which is in excess of the wants of the Company, and capital may be paid off upon the footing that it may be called up again or otherwise and paid up capital may be cancelled as aforesaid without reducing the nominal amount of shares by the like amount to the intent that the unpaid and uncallable capital shall be increased by the like amount.”

MODIFICATION OF RIGHTS

Buy Back Of Company s shares

Article 11 provides that, “subject to the provisions of Section 77A, 77AA, 77B and other applicable provisions of the Act, the Company may buy back, from the existing holders of shares, giving right to subscribe for the share of the Company, on a proportionate basis and/or from the open market and/or from the lots smaller than market lots of the shares (odd lots) and/or by purchasing the shares issued to the employees or as may hereafter be notified by the Central Government or any other regulatory authority, from time to time from out of its free reserves or shares premium account of the Company or out of the proceeds of any issue made by the company specifically for the purpose, or from such other sources as may be prescribed by law from time to time; provided that the aggregate of the shares so bought back be within the limits, if any, as specified in law.”

Sub-division, Consolidation and Cancellation of shares

Article 12 provides that, “subject to the provision of Section 94 of the Act, the Company in General Meeting may, from time to time, sub-divide, or consolidate its shares, or any of them and the resolution whereby any shares is sub-divided, may determine that, as between the holders of the shares resulting from such sub-division, one or more of such shares shall have the same preference or special advantage as regards dividend, capital or otherwise over or as compared with the other or others subject as aforesaid, the Company in General Meeting may also cancel shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.”

Power to modify rights

Article 13 provides that, “whenever, the Share Capital is divided into different classes of shares, the rights attached to the shares of any class may subject to the provisions of Sections 106 and 107 of the Act be varied with :

- (a) the consent in writing of the holders of not less than three-fourth of the issued share of that class; or
- (b) the sanction of a Special Resolution passed at a separate meeting of the holders of the issued shares of that class;

and all the provisions hereafter contained as to General Meetings (including the provisions relating to quorum at such meetings) shall mutatis mutandis apply to every such meeting.”

SHARES

Dematerialization of shares

Article 15 provides that, “the Company shall be entitled to dematerialise its existing shares, dematerialise its shares held in depositories and/or to offer its fresh shares in dematerialized form pursuant to the Depositories Act, 1996 and the rules framed there under, if any.”

Shares at the disposal of the Director

Article 16 provides that, “subject to the provisions of Section 81 of the Act and these Articles, the shares in the capital of the Company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of Section 79 of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the Company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital of the Company on payment in full or part of any property sold and transferred or for any

service rendered to the Company in the conduct of its business and any shares which may so be deemed to be fully paid shares. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the Company in the General Meeting.”

Acceptance of Shares

Article 20 provides that, “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 acceptable of shares within the meaning of these Articles and every person who thus or otherwise accepts any shares and whose name is on the Register shall for the purpose of these Articles be a Member.”

Deposit and calls etc. to be a debt payable immediately

Article 21 provides that, “the money (if any) which the Directors shall on allotment of any shares being made by them require or direct to be paid by way of deposit, call or otherwise in respect of any shares, shall immediately on the inscription of the name of the allottee in the Register of Members as the name of the holder of such shares become a debt due to and recoverable by the Company from the allottee thereof and shall be paid by him accordingly.”

Liability of members

Article 23 provides that, “Every member or his heirs, executors and administrators’ shall pay to the Company the proportion 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.”

Joint Holders

Article 24 provides that, “where two or more persons are registered as the holders of any shares they shall be deemed to hold the same as joint tenants with benefit of survivorship subject to the following provisions:

- (a) The Joint-holders of a share shall be liable severally as well as jointly in respect of all payments which ought to be made in respect of such share.
- (b) On the death of any one of such joint-holders the survivor or survivors shall be the only person or persons recognized by the Company as having any title to such share but the Directors may require such evidence of death as they deem fit.
- (c) Any one of the joint-holders may give effectual receipts for any dividend payable to such joint-holders.

Only the person whose name stands first in Register as one of the Joint holders of any share shall be entitled to delivery of the certificates relating to such share or to receive notice from the Company and delivery of such Certificate or any notice give, to such person shall be deemed delivered or notice as the case may be, to all the joint holders.”

Trust not recognized

Article 25 provides that, “Except as required by law no person shall be recognized by the Company as holding any share upon any trust, and the Company shall not be bound by or be compelled in any way to recognize (event when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of share, or (except only as these regulations or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.”

Securities in depositories to be in fungible form

Article 27 provides that, “All securities held by a depository shall be dematerialized and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C ad 372A of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners”.

Rights of depositories ad beneficial owners

Article 28 provides that:

- (a) “Notwithstanding anything to the contrary contained in the Act of these Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner.
- (b) Save as otherwise provided in (a) above, the depository and the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.
- (c) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all liabilities in respect of his securities which are held by a depository. “

Service of Document

Article 29 provides that "Notwithstanding anything in the Act or these Articles to the Contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs."

Register and Index of beneficial owner

Article 30 provides that, "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 purpose of these Articles."

SHARE CERTIFICATES

Limitation of time for issue of certificates

Article 32 provides that,

- (a) "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 Directors so approve (upon paying such fee as the Directors may from time to time determine) 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 application 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 number and distinctive numbers of shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the directors may prescribe and approve, provided that in respect of a share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate and delivery of a certificate of shares to one or several joint holders shall be a sufficient delivery to all such holder.
- (b) Any two or more allottees of a share shall, for the purpose of this Article, be treated as single member, and the certificate of any share, which may be subject of joint ownership, may be delivered to any one of such joint owners on behalf of all of them. For any further certificate the Board shall be entitled, but shall not be bound, to prescribe a charge not exceeding Rupee One. The Company shall comply with the provisions of the Section 113 of the Act.
- (c) A Director may sign a Share Certificate by affixing his signature thereon by means of Any machine, equipment or any other mechanical means such as, engraving in metal or lithography, but not by means of rubber stamp, provided that the director shall be responsible for the safe custody of such machine, equipment or other material used for the purpose."

Allotment of Securities dealt with in a depository

Article 33 provides that, "Notwithstanding anything in the Act or these Articles, where securities are dealt with in a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities."

Renewal of Share certificates

Article 35 provides that,

- (a) "No Certificates of any share or shares shall be issued either in exchange for those which are sub-divided or consolidated or in replacement of those which are defaced, torn or old, decrepit, worn out or where the cages on the reserve for recording transfer have been duty utilized, unless the certificate in lieu of which it is issued is surrendered to the Company. The Company shall be entitled to charge fees, no exceeding Rupees Two per Certificate, issued on splitting or consolidation of Share Certificates or any replacements of Share Certificates that are defaced or torn as the Board think fit.
- (b) When a new Share Certificates has been issued in pursuance of Clause (a) of this Article, it shall state on the face of it's against the stub of counterfoil to the effect that it is "issued in lieu of Share Certificate No. Sub-divided / replaced / on consolidation of Shares. "

Issue of New Certificate in place of one defaced, lost or destroyed

Article 35 (c) provides that, "If any certificates 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, 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 deem 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 the articles shall be issued without payment of fees if the Directors so decide, or on payment of such fees (Not exceeding Rs. /- 2 for each certificate) as the director shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which ore old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer. Proved that not withstanding what is stated above the directors shall comply with such rules or regulation or requirements of any Stock Exchange or the rules made under the Act or rules made under Securities Contracts (Regulation) Act, 1956 or any other Act, or rules applicable thereof in this behalf. The provision of this Articles shall mutates mutandis apply to debenture of the Company.

- (d) When a new share certificate has been issued in pursuance of Clause (c) of this Article, it shall state on the face of it and against the stub or counterfoil to the effect that it is "a duplicate issued in lieu of Share. Certificate No. the word "duplicate" shall be stamped or punched in bold letters across the face of the share certificate".
- (e) When a new share certificate has been issued in pursuance of Clause (a) or Clause (c) of this Article, particulars of every such share certificate shall be entered in the Register of Renewed and Duplicate Certificates indicating against the name or names of the person or persons to whom the certificate is issued, the number and the date of issue of the share certificate in lieu of which the new certificate is issued, and the necessary changing indicated in the Register of Members by suitable cross references in the "Remarks" column.
- (f) All blank forms to be used for issue of share certificates shall be printed and the printing shall be done only on the authority of a resolution of the Board. The blank forms shall be consecutively machine-numbered and the forms and the block, engravings, facsimiles and hues relating to the printing of such forms shall be kept in the custody of the secretary or such other person as the board may be appoint for he purpose; and the secretary or he other person aforesaid shall be responsible for rendering an account of these forms to the Board.
- (g) The managing Director of the Company for the time being or, if the Company has no managing Director, every Director of Company shall be responsible for the maintenance, preservation and safe custody all books and documents relating the issue of share certificates reference to in sub-clause (f).
- (h) All book referred to in the sub-clause (g) shall be preserved in good order permanently."

Underwriting and Brokerage

Article 36 provides that:

- 1) "The Company may at any time pay a commission to any person in consideration of:
 - (a) his subscribing or agreeing to subscribe, whether absolutely or conditionally, for any shares in, any debentures or Company; or
 - (b) his proceeding or agreeing to procure subscription whether absolute or conditional for any share in, or debenture of the Company.

If the following conditions are fulfilled, namely:

- (i) The Commission paid or agreed to be paid does not exceed in the case of Shares, five percent of the price at which the shares are issued and in the case debenture two and a half percent of the price at which the debenture are issued.
 - (ii) The amount or rate percent of the commission paid or agreed to paid is in the case of shares or debenture offer to the public for subscription, disclosed in the prospectus, and in the case of shares or debenture not offered to the public for subscription, disclosed in the statement in lieu of prospectus, or in a statement I the form prescribed in the Act signed in like mannered as the statement in lieu of Prospectus before the payment of commission with the Registrar of the Companies and, where a circular or notice, not begin a prospectus inviting subscription for the shares or debenture is issued also disclosed in that circular or notice, and
 - (iii) The number of shares or debentures which persons have agreed for a commission to subscribe absolutely or conditionally is disclosed in the manner aforesaid.
- 2) Save as aforesaid and save as provide in Section 79 of the Act, the company shall not allot any shares or debenture or apply any of its money or directly or indirectly in payment of any commission, discount or allowance to any person in consideration of:
 - (a) his subscribing or agreeing to subscribe whether absolutely or conditionally, for any shares in or debentures of the Company; or
 - (b) his procuring or agreeing to procure subscription whether absolutely or conditionally, for any shares in or debentures of the Company.

Whether the Shares, debentures or money by so allotted or applied being added to the purchase money of any property acquired by the Company, or the contract price of any work to be executed by the Company, or the money be paid out of the nominal purchase money or contract price or otherwise.

- 3) Nothing in this clause shall affect the power of the Company to pay such brokerage as it is lawful for the Company to pay.
- 4) A vendor to, promoter of or other person who receives payment in shares, debentures or money from the Company shall have and shall be deemed always to have had power to apply any part of the shares, debentures or money so received in payment of any commission the payment of which if made directly by the company would have been legal under this clause.
- 5) The Commission may be paid or satisfied subject to the provisions of the Act and these presents in cash or in shares or in debentures of the Company."

Brokerage

Article 38 provides that, “the Company may pay a reasonable sum by way of brokerage on any issue of shares and debentures.”

Payment of Interest

Article 39 provides that, “where any shares are issued for the purpose of raising money to defray the expenses of the construction of any work or building or the provision of any plant which cannot be made profitable for a lengthy period, the Company may with the previous sanction of the Central Government.

- (a) Pay interest on so much for that Share Capital as is for the time being paid up for the period and subject to the conditions and restrictions mentioned in sub-section (2) to (7) of Section 208 of the Act; and
- (b) Charge the sum so paid by way of interest to capital as part of the cost of construction of the work or building or the provisions of the plant.”

TRANSFER AND TRANSMISSION OF SHARES

Register of transfer etc

Article 40 provides that, “The Company shall keep a book called “The Register of Transfers” and therein shall fairly and distinctly enter the particulars of every transfer or transmission of any shares.”

Execution of transfer etc.

Article 41 provides that, “No transfer shall be registered unless a proper instrument of transfer has been delivered to the Company. The instrument of transfer of any share shall be duly stamped and be executed by or on behalf of the transfer and by or on behalf of the transferee and shall specify the name, address and occupation, if any of the transferee and the transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the Register in respect thereof. Shares of different classes shall not be included in the same instrument of transfer.”

For the Transfer

Article 42 provides that, “The instrument of transfer shall be in writing and all provisions of Section 108 of the Companies Act, 1956 and statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof.”

The Board may refuse to register transfer

Article 43 provides that, “subject to the provisions of Section 111A, these Articles and other applicable provisions of the Act or any other law for the time being in force the Board may refuse whether in pursuance of any power of the company under these Articles of otherwise to register the transfer of, or transmission by operation of law of the right to any shares or interest of a member in or debentures of the company. The company shall within one month from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to Company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be, giving reasons for such refusal, Provided that the 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 where the Company has a lien on shares.”

Transfer of Shares

Article 44 provides that,

1. “An application for registration of transfer of share may be made either by the transferor or transferee.
2. Where the application is made by the transferor and relates to partly paid shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice.
3. For the purpose of sub-clause (2) hereof notice to the transferee shall be deemed to have been duly given if it is dispatched by prepaid registered post to the transferee at the address given in the instrument of transfer and shall be deemed to have been duly delivered at the time at which it would have been duly delivered in the ordinary course of post.
4. It shall be lawful for the Company to refuse to register a transfer of any shares, unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by on or behalf of the transferee and specifying the name, address and occupation, if any, of the transferee has been delivered to the Company alongwith the certificate relating to the shares or if no such certificate is in existence along with the letter of allotment of shares provided that where on an application in writing made to the Company by the transferee and bearing the stamp required for an instrument of transfer, it is provided to the satisfaction of the Board of Directors that the instrument of transfer signed by or on behalf of the transferor and by or on behalf of the transferee has been lost the Company may register the transfer on such terms as to indemnity as the Board may think fit.

5. If the Company refuses to register any such transfer or transmission of right, the Company shall within one month from the date on which the instrument of transfer or the intimation of such transmission as the case may be was delivered to the Company send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission as the case may be giving reasons for such refusal.

Nothing in sub-clause (4) hereof shall prejudice any power of the Company hereunder to refuse to register the transfer of or the transmission by operation of law of the right to any shares in or debentures of the Company.

The Company shall comply with the provisions of Section 108 of the Act.

Right to dividend, right shares and bonus shares to be held in abeyance pending registration of transfer of shares

Article 45 provides that, "Where any instrument of transfer of shares has been delivered to the company for registration and the transfer of such shares has not been registered by the Company, it shall notwithstanding anything contained in any other provision of these Articles shall;

- (a) transfer the dividend in relation to such shares to the Special Account referred to in Section 205-A of the Act, unless the Company is authorized by the registered holder of such shares in writing to pay such dividend to the transferee specified in such instrument of transfer, and
- (b) keep in abeyance in relation to such shares any offer of rights shares under clause (a) of sub-section (1) of Section 81 and any issue of fully paid-up shares in pursuance of sub-section (3) of Section 205."

Transfer to be left at office as evidence of title given

Article 46 provides that, "Every instrument, of transfer duly executed and stamped shall be left at the office for registration accompanied by the certificate of the shares to be transferred and such other evidence as the Company may require to prove the title of the transferor or his right to transfer the shares."

When transfer to be retained

Article 47 provides that, "All instruments of transfer which shall be registered shall be retained by the Company but any instrument of transfer which the Directors may decline to register shall, on demand, be returned to the person depositing the same. The Directors may cause to be destroyed all transfer deeds lying with the Company after such periods as they may determine."

Transfer of Securities

Article 48 provides that, "Nothing contained in Section 10B of the Act or these Articles shall apply to transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository."

Nomination of shares and / or debenture

Article 49 provides that,

1. "Every holder of Shares in, or debenture 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 his death.
2. Where the shares in, or debentures of the Company are held by more than one person(s) jointly, the joint holders may together nominate, in the manner prescribed under the Act, a person to whom all the rights in the shares or debentures of the Company shall vest in the event of death of all the joint holders.
3. Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of the shares or debentures where a nomination made in the manner ore-scribed under the Act, 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 shareholder or the debenture holder concerned or on the death of the joint holders become entitled to all the rights in relation to such shares or debentures to the exclusion of all other persons, unless the nomination is varied or cancelled in the manner prescribed under the Act.
4. Where the nominee is a minor, the holder of the shares or debentures concerned, can make the nomination to appoint in the manner prescribed under the Act, any person to become entitled to the shares or debentures concerned in the vent of his death during the minority."

Closure of transfer Books

Article 50 provides that, "The Directors may after giving not less than seven days previous notice advertisement as required by Section 154 of the Act close the Register of Members or the Register of Debenture holders for any period or periods not exceeding in the aggregate 45 days in each year but not exceeding thirty days at any one time."

Transmission of shares

Article 51 provides that, "The Executors or administrators of a deceased share holder (whether European, Hindu, Mohamedan, Parsi and otherwise) or the holder of a succession certificate shall be the only persons to be recognized by the Company as having any title to his share except in case of joint holders in which case the surviving holder or holders or the executors or administrators of the last surviving holder shall be the only persons entitled to be so recognized but nothing herein contained shall release the estate of a deceased joint holder from any liability in respect of any shares held jointly by him. The Company shall not be bound to recognize such executor or administrator of the holder of a succession certificate unless he shall have obtained Probate or Letters of Administration or a Succession Certificate or other legal representation as the case may be from a duly constituted competent court in India or from any court or authority authorized by any Act of the Legislature of India or by any order or notification of the President of India to grant such Probate, Letters of Administration, Succession Certificate or other legal representation. Provided nevertheless that it shall be lawful for the Directors in their absolute discretion to dispense with the production of Probate or Letters of Administration or Succession Certificate or other legal representation upon such terms as to indemnity or otherwise as the Directors may deem fit."

Transmission clause

Article 52 provides that, "Any person becoming entitled to shares in consequence of the death, lunacy or insolvency of any member upon producing proper evidence of the grant of Probate or Letters of Administration or Succession Certificate or such other evidence that he sustains the character in respect of which he proposes to act under this clause or of his title, as the Directors think sufficient, may with the consent of the Directors (which they shall not be under any obligation to give) be registered as a member in respect of such share or may subject to the regulation as to transfer herein before contained, transfer such shares. This Clause is herein referred to as "The Transmission Clause."

Directors right to refuse to register

Article 53 provides that, "The Directors shall subject to the provisions of Article 39 hereof have the same right to refuse register a person entitled by transmission to any shares or his nominee, as if he were the transferee named in an ordinary transfer presented for registration."

Board may require evidence of transmission

Article 54 provides that, "Every transmission of share shall be verified in such manner as the Directors may require and the Company may refuse to register any such transmission until the same be so verified or until and unless an indemnity be given to the Company with regard to such registration which the Directors in their discretion shall consider sufficient; Provided nevertheless that there shall not be any obligations on the Company or the Directors to accept an indemnity."

No Fee on transfer or transmission

Article 55 provides that, "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."

Calls

Article 60 provides that, "Subject to Section 91 of the Act, the Directors may, from time to time by resolution passed at a meeting of the Directors and not by a circular resolution, make such calls as they may think fit, upon the members in respect of all moneys unpaid on the shares held by them respectively, whether on account of the nominal value of the shares or by way of premium, and not by the conditions of allotment thereof made payable at fixed times and each member shall pay the amount of every call so made on him to the persons and at the times and places appointed by the Directors. A call may be made payable by installments."

Payment in anticipation of calls may carry Interest

Article 70 provides that, "The Directors may, if they think fit, subject to the provisions of Section 92 of the Act, agree to and receive from any members willing to advance the same whole or any part of the moneys due upon the shares held by him beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate, as the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividends. The Directors may at any time repay the amount so advanced.

The member shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable.

The provisions of these Articles shall mutatis mutandis apply to the calls on debentures of the Company."

FORFEITURE

If calls or installment not paid notice may be given

Article 72 provides that, "If any member fails to pay any call or installment of a call on or before the date appointed for the payment of the same, the Directors may at any time thereafter, during such time as the call or installment remains unpaid, serve a notice on such member requiring him to pay the same together with any interest that may be accrued and all expenses that may have been incurred by Company by reason of such non-payment."

Form of Notice

Article 73 provides that, "The notice shall name a day (not being earlier than the expiry of fourteen days from the date of service of the notice) and a place, on and at which such call or installment and such interest expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment on or before the time and at the place appointed, the shares in respect of which the call was made for installment is payable, will be liable to be forfeited."

Effect of Forfeiture

Article 79 provides that, "The forfeiture shall involve the extinction of all interest in, and also all claims and demands made against the company in respect of the share and all other rights incident to the share except only such of those rights as by these Articles are expressly saved."

Certificate of Forfeiture

Article 80 provides that, "A duly verified declaration in writing that the declared is a Director the Manager or Secretary of the Company and that a share in the Company has been duly forfeited on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all person entitled to the share."

Company's lien on shares/ debenture

Article 84 provides that, "The Company shall have first and paramount lien upon all shares/debentures (other than fully paid up fully paid shares/debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all money (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any shares shall be created except upon the footing and condition that this Article will have full effect and such lien shall extend to all dividends from time to time declared and payable in respect of such shares /debentures. Unless otherwise, agreed, the registration of a transfer of shares shall operate as a waiver of the Company's lien, if any, on such shares. The Directors may at any time declare any share/debentures wholly or in part to be exempt from the provisions of this clause."

As to enforcing lien by sale

Article 85 provides that, "For the purpose of enforcing such lien the Board of Directors may sell the shares subject thereto in such manner as they think fit but no sale shall be made unless a sum in respect of which the lien exists is presently payable and until notice in writing of the intention to sell shall have been served on such member or the person or persons entitled by transmission to the shares and default shall have been made by him or them in the payment of sum payable as aforesaid for seven days after the date of such notice."

Application of proceeds of sale

Article 86 provides that, "The net proceeds of any such sale, after payment of the cost of such sale, shall be applied in or towards satisfaction of all moneys called and payable in respect of such shares and the residue (if any) paid to such member or to the person (if any) entitled by transmission to the shares so sold."

MEETINGS

Annual General Meeting

Article 93 provides that,

1.

- (a) "The Company in each year holds in addition to any other meetings, a general meeting as its Annual General Meeting and shall specify the meeting as Annual General Meeting in the notice calling the same.
- (b) Annual General Meeting shall be held by the Company within six months after the expiry of each financial year; and
- (c) Not more than fifteen months shall elapse between the date of one Annual General Meeting and that of the next;

Unless the Registrar of Companies have for any special reason extended the time for holding any Annual General Meeting.

2. Every Annual General Meeting shall be called for at a time during the business hours on a day that is not a public holiday and shall be held either at the Registered Office of the Company or at some other place within the City, Town or Village in which the Registered Office is situated.”

Summary of Annual General Meeting

The Company may be in any one general meeting fix the place for its any annual general meetings. Every member of the Company shall be entitled to attend either in person or by proxy and the Auditor of the Company shall have the right to attend and to be heard at any general meeting of the Company, which he attends on any part of the business which concerns him as Auditor. At every annual general meeting of the Company, there shall be laid on the table, the Director’s report, the audited statements of accounts and auditor’s report (if any, not already incorporated in the audited statements of accounts). The proxy registered with the Company and Registered of Director’s share holdings of which latter register shall remain open and accessible during the continuance of the meeting. The board shall cause to prepare the Annual list of members, summary of Share Capital, Balance Sheet and Profit and Loss Account and forward the same to the Registrar in accordance with Section 159, 161 and 220 of the Act.

Extra Ordinary General Meeting

Article 96 provides that, “All meetings of the company other than the Annual General Meeting shall be called ‘Extra-ordinary General Meeting’”.

Directors May Call

Article 97 provides that, “The Directors may whenever they think fit, convene an Extraordinary General Meeting.”

Calling of Extraordinary General Meeting on requisition

Article 98 provides that,

1. “The Directors shall on the requisition of such number of members of the Company as is specified in sub-clause (4) hereof forthwith proceed duly to call an Extra-ordinary General Meeting of the Company and in the case of such requisition the following provisions shall have effect.
2. The requisition shall set out the matters for the consideration of which the meeting is to be called, shall be signed by the requisitionists and shall be deposited at the Registered Office of the Company.
3. The requisition may consist of several documents in the like form each signed by one or more requisitionists.
4. The number of members entitled to requisition a meeting in regard to any matter shall be such number as hold at the date of deposit of the requisition, not less than one tenth of such of the paid up Capital of the Company as at that date carries the right of voting in regard to that matter.
5. Where two or more distinct matters are specified in the requisition, the provisions of sub-clause 94 hereof shall apply separately in regard to each such matter and the requisition shall accordingly be valid only in respect of those matters in regard to which the condition specified in that sub clause is fulfilled.
6. If the Directors do not, within twenty one days from the date of the deposit of a valid requisition in regard to any matter, proceed duly to call a meeting for the consideration of those matters on a day not later than forty five days from the date of the deposit of requisition, the meeting may be called by the requisitionists themselves or by such of the requisitionists as represent either a majority in value of the paid up share capital held by all of them or not less than one tenth of such of the paid up share capital of the Company as at the deposit of the requisition carries the right of voting in regard to the matter referred to in the requisition whichever is less but any meeting so convened shall not be held after the expiry of three months from the date of the deposit of the requisition provided however that nothing herein contained shall be deemed to prevent a meeting duly commenced before the expiry of the said period of three months from adjourning to some other day after the expiry of that period.
7. In the case of a meeting at which resolution is to be proposed as a Special Resolution, the Directors shall be deemed not to have duly convened the meeting if they do not give such notice thereof as is required to be given for a special resolution under section 189(2) of the Act.
8. Any meeting convened under this Article by the requisitionists or any of them shall be convened in the same manner as nearly as possible as that in which meetings are to be convened by the Directors.
9. Where two or more persons hold any shares in the Company jointly, a requisition or a notice calling a meeting signed by one or more only of them shall for the purpose of this clause have the same force and effect as it had been signed by all of them.
10. Any reasonable expenses incurred by the requisitionists, by reason of the failure of the Directors duly to call a meeting shall be repaid to the requisitionists by the company and any sum so repaid shall be retained by the Company out of any sums due or to become due from the Company by way of fees or other remuneration for their services to such of the Directors as were in default.”

Length of notice for calling meeting

Article 99 provides that,

1. "Any General Meeting of the Company whether Annual General Meeting or Extraordinary General Meeting may be called by giving not less than twenty one days notice in writing.
2. A General Meeting may be called after giving shorter notice than that specified in sub-clause (1) hereof if consent is accorded thereto;
 - (i) In the case an Annual General Meeting by all the members entitled to vote thereat; and
 - (ii) In the case of any other meeting, by members of the Company holding not less than ninety-five per cent of such part of the paid up Share Capital of the Company as gives a right to vote at the meeting,

Provided that where any members of the Company are entitled to vote only on some resolutions to be moved at the meeting and not on the others, those members shall be taken into account for the purposes of this sub-clause in respect of the former resolution or resolutions and not in respect of the later."

Quorum

Article 104 provides that, "Five members entitled to vote and present in person shall be a quorum for a General Meeting. When more than one of the joint holders of a share is present, not more than one of them shall be counted for ascertaining the quorum. Several executors or administrators of a deceased person in whose sole name shares stand shall for the purposes of this clause be deemed joint holders thereof."

Presence of Quorum

Article 105 provides that, "No business shall be transacted at any General Meeting unless the quorum requisite is present at the commencement of the business."

Chairman of General Meeting

Article 106 provides that, "The Chairman of the Board of Directors shall be entitled to take the chair at every General Meeting. If there be no such Chairman of it at any meeting he shall not be present within fifteen minutes after the time appointed for holding such meeting or being present declines to take chair, the Director present may choose one of their member to be Chairman and in default of their doing so, the members present shall choose one of the Directors to be Chairman, and, if no Director present be willing to take the Chair, shall on show of hands elect one of their member to be Chairman of the meeting. If a poll is demanded on the election of the Chairman, it shall be taken forthwith in accordance with the provisions of the Act, and the Chairman elected on a show of hands shall exercise all the powers of the Chairman under the said provisions.

If some other persons is elected Chairman as a result of the, Poll, he shall be the Chairman for the rest of the meeting."

VOTING RIGHTS

Members paying any moneys in advance not to be entitled to vote in respect thereof

Article 127 provides that, "A member paying the whole or the part of the amount remaining un paid on any shares held by him, although no part of that amount has been called up shall not be entitled to any voting rights in respect of the moneys so paid by him until the same, would but for such payment, become presently payable."

Restrictions on exercise or voting right of entitled

Article 128 provides that, "No member shall exercise any voting right in respect of any shares registered in his name, on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has and has exercised any right of lien."

Number of votes to which members entitled

Article 129 provides that, "subject to the provisions of these Articles and with prejudice to any privileges or restrictions as to voting for the time being attached to any class 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 shall have one vote and upon a poll the voting rights of every member present in persons or by proxy shall be in proportion of his paid up share capital of the company."

Voting right of preference Shareholders

Article 130 provides that, "Subject to the provision of the Section 87 of the Companies Act, 1956, the holder of the Preference Share shall have in respect of such preference shares held by them, the right to vote only on resolutions placed before the company in General Meeting which directly affect the rights attached to such Preference Shares."

Voting right of new preference shares

Article 131 provides that,

- 1) "Subject to the provision of the Article 126 and 127 every member of the company holding Preference Share Capital, be entitled to vote on every resolution placed before the company at any meeting, if the dividend due on such capital or any part of such dividend as remained unpaid-
 - (i) in the case of Cumulative Preference Shares, in respect of an aggregate period of not less than two years proceeding the date of commencement of the meeting; and
 - (ii) in the case of Non – cumulative Preference Share either in respect of a period of not less then two years ending with the expiry of the financial year immediately preceding the commencement of the meeting or in respect of any aggregate period of not less then three years comprised in the six years ending with the expiry of the financial year aforesaid.
- 2) For the purpose of sub-clause (1) hereof, dividend shall be deemed to be due on Preference shares in respect of any periods whether a dividend has been declared by the company on such shares for such period or not –
 - (a) on the last day specified for payment of such dividend for such period, in any instrument executed by the company in that behalf; or
 - (b) in case no day is so specified on the day immediately following such period.
- 3) Where the holder of any Preference Share has a right to vote on any resolution in accordance with the provisions of the sub-clause (1) hereof his voting right on a poll, as the holder of such share, shall subject in the provisions of Section 89 and sub-section (2) of Section 92 of the Act, be in the same proportion as the capital paid up in respect of the Preference Share bears total paid up Equity Capital of the Company.

Voting of proxy show of hands

Article 132 provides that, "No member not personally present shall be entitled to vote on a show of hands unless such member is a company or a corporation present by proxy or by a representative duly authorized under Section 187 of the Act in which case, such proxy of representative may vote on a show of hands as if he were a member of the Company."

Proxy Permitted

Article 133 provides that, "Votes may be given either personally or by proxy or in the case of a Company or other corporation, by a representative duly authorized as aforesaid."

Instrument of Proxy

Article 134 provides that, "The instrument appointing a proxy shall be in writing and signed by the appointer or his attorney duly authorized in writing or if the appointer is a body corporate, be under its seal or be signed by an officer or attorney duly authorized by it."

Member entitled to appoint a proxy

Article 135 provides that, "Every notice convening a meeting of the Company shall state that a member entitled to attend and vote instead of himself and that a proxy need not be a member of the Company."

Instrument proxy to be deposited at offices

Article 136 provides that, "The instrument appointing a proxy and the Power of Attorney or other authority (if any) under which it is signed of a notarially certified copy of that Power of Attorney or authority shall be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes vote and in default the instrument of proxy shall not be treated as valid."

When vote by proxy valid through authority is revoked

Article 137 provides that, "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 the revocation of the proxy or the transfer of the share in respect of which the vote is given provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used."

Form of Proxy

Article 138 provides that, "Every instrument of proxy whether for a specified meeting or otherwise shall, as nearly as circumstances will admit, be in the prescribed form under Schedule IX of the Act, or in such other form as the Directors may approve from time to time."

Members entitled to inspect the proxies

Article 139 provides that, "Every member entitled to vote at meeting of the Company or on resolution to be moved thereat, shall be entitled during the period beginning twenty-four hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting to inspect the proxies lodged, at any time during the business hours of the Company provided not less than three days notice in writing of the intention so to inspect is given to the Company."

Proxy

Article 144 provides that,

- (a) "Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person (whether a member or not) as his proxy to attend and vote instead of himself, but a proxy so appointed shall not have any right to speak at the meeting.
- (b) A proxy shall not be entitled to vote except on a poll."

DIRECTORS

Directors

Article 146 provides that, "Until otherwise determined by the Company in a General Meeting and subject to the provisions of Sections 252 of the Act, the number of Directors (excluding Debentures Directors and Director appointed under articles 164 hereof and Alternate Directors shall not be less than three or more than Twelve."

First Directors

Article 147 provides that, " The following Persons are the first Director of the Company are: -

1. Mr. Jerry Eapen Varghese
2. Mrs. Saramma Jerry Varghese
3. Mr. George M. Varghese

Mr. Jerry Eapen Varghese shall be the permanent Director and Chairman of the Board of and shall have the right to appoint any, and/or nominee other person as Director and Chairman in his place and such appointment shall be made in writing."

Increase in the number of Directors to require Government sanction

Article 148 provides that, "The Company shall not increase the number of its Directors beyond the maximum limit fixed by these presents without the approval of the Central Government."

Power for Directors to appoint additional Directors

Article 149 provides that, "The Directors shall have power at any time and from time to time to appoint other person as a Director either to fill casual vacancy or as an addition to the Board, but so that the total number of Director shall not at any time exceed the maximum number fixed. Any Director appointed to fill a casual vacancy shall hold office only upto date up to which the Director in whose place he is appointed would have and held office if had not been vacated. Any Director appointed as an additional Director shall hold office only up to the date of next Annual General Meeting of the Company but shall be eligible for re-election at such meeting."

Consent of Candidate for Directorship to be filed with the Company and consent to act as Director to be filed with the Registrar

Article 150 provides that,

- 1) "Every person (other than a Director retiring by rotation or otherwise or a person who has left at the office of the Company a notice under Section 257 of the Act signifying his candidature for the office of a Director) who is proposed as a candidate for the office of a Director shall sign and file with the Company his consent in writing to act as such Director, if appointed.
- 2) A person other than a Director re-appointed after retirement by rotation or immediately on the expiry of his term of office of an additional or alternate Director or a person filing a casual vacancy in the office of a Director under Section 262 of the Act, appointed as a director or reappointed as an additional or alternate Director immediately on the expiry of his term of office shall not act as a director of the Company unless he has within thirty days of his appointment signed and filled with the Registrar his consent in writhing to act as such Director."

Qualification of Directors

Article 151 provides that, "It shall not be necessary for a Director to hold any shares in the Company to qualify for the office of a Director."

Remuneration of Director

Article 152 provides that,

- (a) "Subject to the provisions of section 310 of the Act, each Director shall entitled to be paid out of the funds of the Company by way of remuneration for his services, such sum not exceeding the amount prescribed under that section from time to times as applicable for each meeting of the Board or Committee of the Board, attended by him as may be decided by the Board from time to time.
- (b) In addition to the remuneration payable as above, the Board of Directors may allow and pay to any Director who is not a bonafide resident of the where a meeting is held and who shall come to such place for the purpose attending the meeting such sum as the board may consider fair compensation for traveling, hotel and other expenses properly incurred by him.
 - i. In attending and returning from meetings of the Company; or
 - ii. In connecting with the business of the Company."

Special Remuneration

Article 153 provides that, "If Director be called upon to go or reside out of his usual place of business on the Company's business or otherwise perform extra services or special exertions or efforts, the Board may arrange with such Director for such special remuneration for such extra services or special exertions or efforts either by a fixed sum or otherwise as may be determined by the Board subject to the provisions the Act, and such remuneration above provided."

Increases in remuneration of a Director require Government consent

Article 154 provides that, "Any provision or any amendment of any provision relating to the remuneration of any Director which purports to increase or has the effect of increasing, whether directly or indirectly, the amount thereof, shall not except as otherwise provided in Section 310 of the Act, have any effect unless approved by the Central Government and the amendment shall become void if and so far as it is disapproved by the Central Government."

Managing Director

Article 169 provides that,

- 1) "Subject to the provisions of Section 269 of the Act the Directors may from time to time subject to the provisions of the Act and to the approval of the Central Government, appoint one or more of their body to be the Managing Director or Managing Directors or Whole-time Director or Whole-time Directors of the Company for a time not exceeding five years at a time and may from time to time subject to the provisions of any contract between the Company and him or them remove or dismiss him or them from office and appoint another or other in his or their place or place.
- 2) The Managing Director or Managing Directors or Whole-time Director or Whole-time Directors, while he or they continued or continue to hold that office, shall not be subject to retirement by rotation and shall not be taken into account in determining the retirement by rotation of Directors or the number of Director to retire, but he or they shall be subject to the same provisions as to resignations or removal of the other Directors of the Company and he or they shall ipso facto and immediately cease to be a Managing Director or Managing Directors or Whole-time Director or Whole-time Directors if he or they ceases or cease to hold the office of a Director or Directors for any case.
- 3) Subject to the provisions of the Act, the remuneration of a Managing Director or Managing Directors or Whole-time Director or Whole-time Directors shall subject to the provisions of any contract between the Company and him or them, be from time to time fixed by the Directors and subject to the provisions of the Act, may be by way of fixed salary or commission and/or in any other mode and may be in addition to the remuneration for attendance of the Board Meetings and any other remuneration which may be provided under any other Articles.
- 4) The Directors may from time to time subject to the provisions of the Act entrust to or confer upon the Managing Director or Managing Directors or Whole-time Director or Whole-time Directors for the time being such of the powers exercisable by the Directors under these presents or by law, as they may think fit, and may confer such powers for such time and to be exercised for such objects and purposes and upon such terms and conditions and with such restrictions, as they think expedient, and they may confer such powers either collaterally with or to the exclusion of or in substitution for all or any of the powers of the Directors in that behalf and may from time to time revoke withdraw alter or vary all or any of such powers."

Quorum for Meeting

Article 183 provides that,

- (a) "The quorum for a meeting of Director shall be one-third of the total strength of Directors (any fraction contained in that one-third being rounded off as one) or two Directors whichever is higher provided that where at any time the number of interested Directors exceeds or is two-third of the total strength, the number of the remaining Directors that to say, the number of the remaining Directors who are not interested present at the meeting being not less than two shall be the quorum during such time.

(b) For the purpose of sub-clause (a)

- (i) 'total strength' means the total strength of the Board of Directors of the Company as determined in pursuance of the Act, after deducting therefrom the number of the Directors if any, whose places may be vacant at the time; and
- (ii) 'interested Directors' means any Director whose presence, cannot by reason of Section 300 of the Act, count for the purpose of forming a quorum at a meeting of the Board, at the time of the discussion or vote or any matter."

Decision Questions

Article 184 provides that, "Questions arising at any meeting shall be decided by a majority of votes and in case of an equality of votes, the Chairman shall have a second or casting vote."

Power to appoint Committee and delegate

Article 187 provides that, "The Directors may subject to the provisions of the act and these Articles, delegate any or their powers to a Committee or Committees consisting of such member or members of their body as they think fit and may from time to time revoke such delegation. Any Committees so formed shall, in the exercise of the powers so delegated conform to any regulations that any from time to time be imposed upon it by the Directors. The meeting and proceedings of any such committee consisting of two or more members, shall be governed by the provisions herein contained for regulating the meeting and proceeding of the Directors, so far as the same are applicable thereto and are not superseded by any regulations made by the Directors under this Article."

General Power of the Board

Article 191 provides that,

- 1) "Subject to the provisions of the Act and these Articles the directors of the Company shall be entitled to exercise all such powers and to do all such acts and things as the Company is authorised to exercise and do. Provided that the Directors shall not exercise any power or do any act or thing which is directed or required, whether by the Act or any other Act or by the Memorandum or Article of Association of the Company or these presents or otherwise to be exercised or done by the Company in General Meeting. Provided further that in exercising any such power or doing any such act or thing the directors shall be subject to the provisions contained in this behalf in the Act or in any other act or in the Memorandum or Articles of Association of the Company or in any regulations not in consistent therewith and duly made thereunder, including, regulations made by the company in General Meeting.
- 2) No regulation made by the Company in General Meeting shall invalidate any prior act of the Directors which would have been valid if that regulation had not been made."

Restrictions on powers of Directors

Article 193 provides that,

- 1. "The Board of Directors of the Company shall not except with the consent of the Company in General Meeting-
 - (a) sell, lease or otherwise dispose of the whole or substantially the whole of undertaking of the Company or where the Company owns more than one undertaking, of the whole or substantially the whole of any such undertaking;
 - (b) remit or give time for the payment of any debt due by a Director.
 - (c) invest, otherwise than in trust securities the amount of compensation received by the company in respect of the compulsory acquisition of any such undertaking as is referred to in sub-clause (a) hereof or of any premises or properties used for any such undertaking and without which such undertaking cannot be carried on or can be carried on only with difficulty or only after a considerable time;
 - (d) contribute to charitable and other funds not directly relating to the business of the Company or the welfare of its employees any amounts the aggregate of which will in any financial year exceed Rs. 50,000/- or five percent of its average net profits as determined in accordance with the provisions of Section 349 and 350 of the Act during the three financial years immediately preceding whichever is greater.
- 2. Any resolution passed by the Company permitting any transaction referred to clause (a) of sub-clause (1) hereof may attach such conditions to the permission as may be specified in the resolution, including conditions regarding the use, disposal or investment of the sale proceeds which may result from such transaction.
- 3. Every resolution passed by the company in General Meeting in exercise of power referred to in clause (d) of sub-clause (1) hereof shall specify the total amount upto which moneys may be contributed by the Board of Directors to the charitable and other funds in any financial year."

BORROWING POWERS

Power to Borrow

Article 194 provides that, "Subject to the provisions of Section 58A, 58AA, 292 and 293 of the Act and of these Articles, the Board may, from time to time at its discretion, by a resolution passed at a meeting of the Board, accept deposits from Members, either in advance of calls or otherwise, and generally raise or borrow or secure the payment of any sum of money for the purposes of the company from any source. Provided, however where the moneys to be borrowed together with the moneys already borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate of the paid-up capital of the Company and its free reserves (not being reserves set apart for any specific purpose) the Board shall not borrow such moneys without the consent of the Company in General Meeting.

The payment or repayment of moneys borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respects as the Board may think fit, and in particular by resolution passed at a meeting of the Board (and not by circular resolution) by the issue of debentures of the Company, charged upon all or any part of the property of the company (both present and future) including its uncalled capital of the time being, and debentures, and other securities may be made assignable free from any equities between the company and the person to whom the same may be issued.

Terms of Issue of Debenture

Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they or any part of them shall be convertible into shares of any denomination, and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares and attending (but not voting at) General Meeting appointment of Directors and otherwise. Debentures with the right to conversion or allotment of shares shall be issued only with the consent of the Company in General Meeting by a Special Resolution.

The Board shall cause a proper register to be kept in accordance with the provision of Section 143 of the Act of all mortgages, debentures and charges specially affecting the property of the Company, and shall cause the requirements of Sections 118, 125 and 127 to 144 (both inclusive) of the Act in that behalf to be duly complied with so far as they fall to be complied with by the Board.

The Company shall, if at any time it issues debentures, keep a Register and Index of Debenture holders in accordance with Section 152 of the Act. The Company shall have the power to keep in any state or country outside India a branch Register of Debenture-holders resident in that State or Country."

DIVIDENDS

Dividends

Article 229 provides that,

- (a) "Subject to the provisions of the Act and these Presents and subject to the right of persons entitled to shares with special rights as to dividend, the profits of the Company which it shall from time to time determine to distribute as dividends, shall be divisible amongst the members in proportion to the capital paid up or credited as paid up on the shares held by them respectively.
- (b) No amount paid or credited as paid on a share in advance of calls shall be treated for the purpose of this Clause as paid on the share.
- (c) 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 term providing that it shall rank for dividend as from a particular date, such share shall rank for dividend accordingly."

Declaration of dividends

Article 230 provides that, "The Company in General Meeting may declare a dividend to be paid to the members according to their rights and interests in the profits and may fix the time for payment."

Restrictions on amount of dividend

Article 231 provides that, "No larger dividend shall be declared that is recommended by the Directors but the Company in General Meeting may declare a smaller dividend."

Dividend out of Profits only and not to carry

Article 232 provides that, "No dividend shall be payable except out of the profits of the Company and no dividend shall carry interest as against the Company."

Declaration of Directors as to net profit conclusive

Article 233 provides that, "The declaration of the Directors as to the amount of the net profits of the Company shall be conclusive."

Interim Dividend

Article 234 provides that, "The Directors may from time to time pay to the members such interim dividends, as in their judgment the position of the Company justifies."

Debts may be deducted

Article 235 provides that, "The Directors may retain any dividends on which the Company has a lien and may apply the same in or towards the satisfaction of the debts, liabilities or engagements in respect of which the lien exists."

Dividend and call together

Article 236 provides that, "Any General Meeting declaring a dividend may make a call on the member of such amount as the meeting fixes but so that call on each member shall not exceed the dividend payable to him and so that the call may be made payable at the same time as the dividend and the dividend may, if so arranged between the Company and the member, be set off against the call. The making of a call under this clause shall be deemed ordinary business of an Ordinary General meeting which declares a dividend."

Effect of transfer

Article 237 provides that, "A transfer of share shall not pass the right to any dividend declared thereon before the registration of the transfer."

Retention in certain cases

Article 238 provides that, "The Directors may retain the dividends payable upon shares in respect of which any person is under the Transmission Clause of this article is entitled to becomes a member or which any person under that Clause is entitled to transfer until such person shall become a member in respect thereof or shall duly transfer the same."

Payment by post

Article 239 provides that, "No dividend shall be payable except in cash. A dividend payable in cash may be paid by cheque or warrant sent through the post directed to the registered address of the member entitled to the payment of the dividend or in the case of joint holders to the registered address of that one of the joint holders which is the first named in the Register of Members or to such person and to such address as the member or the joint holders may in writing direct, and every cheque or warrant so sent shall be made payable to the order of the person to whom it is sent. The Company shall not be responsible or liable for any cheque or warrant lost in transmission or for any dividend lost to the member or person entitled thereto by forged endorsement or any cheque or warrant or the fraudulent recovery by any other means."

Notices of dividend

Article 240 provides that, "Notice of the declaration of any dividend whether interim or otherwise shall be given to the holder of registered shares in the manner hereinafter provided."

Dividend to be paid within thirty two days

Article 241 provides that, "The Company shall transfer the whole amount of dividend payable to separate bank account within 5 days of declaration and shall pay the dividend or post the cheque or warrant in respect thereof to the shareholder entitle to the payment thereof within thirty days from the date of the declaration of dividend unless -

- (a) where the dividend could not be paid by reason of the operation of any law;
- (b) where member has given directions to the Company regarding the payment of the dividend and these directions cannot be complied with;
- (c) where there is a dispute regarding the right to receive the dividend;
- (d) where the dividend has been lawfully adjusted by the Company against any sum due to it from the member; or
- (e) where for any reason, the failure to pay the dividend or to post the warrant within the aforesaid period was not due to any default on the part of the Company.

CAPITALISATION

Power to Capitalise

Article 243 provides that,

1. "Any General Meeting may upon the recommendation of the Directors, resolve that any moneys, investments or other assets forming part of the undivided profits of the Company standing to the credit of any of the Company's Reserve Accounts or to the credit of the Profit and Loss Account or any capital Redemption Reserve Account or in the hands of the Company and available for dividend or representing premiums received on the issue of Share Premium Account be capitalized and distributed amongst such of the members as would be entitled to receive the same if the same proportion on the footing that they become entitled thereto as capital and that all or any part of such capitalized funds shall not be paid in cash put shall be applied subject to the provisions contained in clause (2) hereof on behalf of such member either in or towards -

- (a) Paying up any amounts for the time being remaining unpaid on any share held by such members respectively; or
 - (b) Paying up in full the un-issued shares of debentures of the Company to be allotted and distributed, credited as fully paid up to and amongst such members in the proportions aforesaid; or
 - (c) Partly in the way specified in sub-clause (a) and partly in that specified in sub-clause (b);
- and that such distribution or payment shall be accepted by such members in full satisfaction of their interest in the capitalized sum.
2. (a) any moneys, investments or other assets representing premium received on the issue of shares and standing to the credit of Shares Premium Account;
 - (b) If the Company shall have redeemed any Redeemable Preference Shares, all or any part of any Capital Redemption Fund arising from the redemption of such shares;

may be resolution of the company be applied only in paying up in full or in part any new share or any shares then remaining un-issued to be issued to such member of the Company as the General Meeting may resolve up to an amount equal to the nominal amount of the shares so issued.
 3. Any General Meeting may resolve that any surplus money's arising from the realization of any capital assets 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.
 4. Whether such a resolution under this Article shall have been passed, the Board shall –
 - (a) make all appropriations and applications of the undivided profit resolved to be capitalized thereby and all allotments and issues of fully paid shares or debentures, if any, and
 - (b) generally do all acts and things required to give effect thereto.
 5. The Board shall have full power:
 - (a) To make such provisions by the issue of fractional certificate or by payment in cash or otherwise as it thinks fit, for the case of shares or debentures becoming distributable in fractions and that fraction of less value than Re.1 may be disregarded and also;
 - (b) To authorize, any person to enter on behalf of all the members entitled thereto, in to an agreement with the Company providing for the allotment to them respectively credited as fully paid up, of any further shares or debentures to which they may be entitled upon such capitalization, or (as the case may require) for the payment of the Company on their behalf by the application thereto of their respective proportions of the profits resolved to be capitalized, or the amounts or any part of the amounts remaining unpaid on their existing shares and may vest any such cash or specific assets in trustees upon the trust for the person entitled to he dividend or capitalized fund as may seem expedient to the Board.
 6. Any agreement made under such authority shall be effective and binding on all such members.”

REGISTERS

Article 249 provides that,

- (1) “Register of investments made by the Company but not held in its own name, as required by Section 49(7) of the Act and shall keep it open for inspection of any member or debentures holder of the Company without charge;
- (2) Register of charge as required by Section 143 of the Act and shall keep it open for inspection of any creditor or member of the Company without fee and to the inspection of any other person on payment of fee of such as may be prescribed by the Central Government of each inspection;
- (3) Register and Index of Members under Sections 150 and 151 of the Act and shall keep the same open for inspection of any member or debenture holder without fee and of any other person on payment of a fee of such sum as may be prescribed by the central Government for each inspections;
- (4) Register and Index of Debenture holders under Section 152 of the Act and shall keep it open for inspection of any member or debenture holder without fee and of any other person on payment of a fee of such sum as may be prescribed by the Central Government for each inspection;
- (5) Foreign Register if thought fit as required by Section 157 of the Act and it, shall be open to inspection and may be closed and extracts may be taken therefrom the copies thereof may be required in the same manner, mutatis mutanids, as is applicable to the Principal Register;
- (6) Register of Contracts in which Directors are interested as required by Section 301 of the Act and shall keep it open for inspection of any member of the Company without charge;
- (7) Register of Directors, Managing Directors, Whole-time Directors, Manger and Secretary, as required by Section 303 of the act shall keep it open for inspection of any member of the Company without charge and of any other person on payment of a fee of such sum as may be prescribed by the Central Government for such inspection;

- (8) Register as to the holdings by Directors of shares and debentures in the Company as required by Section 307 of the Act and shall keep it open for inspection of any member or debenture holder of the Company on any working day during the period beginning 14 days before the date the Company's Annual General Meeting and ending 3 days after the date of its conclusions;
- (9) Register of Loans made by the Company to other Companies under the same management as required by Section 372 (6) of the act.
- (10) Register of investments made by the Company in shares or debentures of bodies corporate as required by Section 372 (6) of the Act."

WINDING UP

Distribution in specie on winding up

Article 252 provides that, "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 in kind the whole or any part of the assets of the Company whether they shall consist of the property of the same kind or not."

Value

Article 253 provides that, "For the purpose aforesaid the Liquidator may set such value as he deems fair upon every property to be divided as aforesaid and any determine how much divisions can be carried out as between the members or different classes of members."

Vesting in Trustees

Article 254 provides that, "The Liquidator may with the like sanction vest the whole or any part of such assets in trustees upon such trust for the whole or any part of such assets in trustees upon such trust for the benefit of the contributories as the Liquidator with the like sanction shall think fit, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability."

INDEMNITY

Indemnity

Article 255 provides that, "Subject to the provision of the Companies Act, 1956 every Director, Manager, Managing Director, Whole-time Director or other officer of the Company or any person (whether an officer of the Company or not) employed by the Company as Auditor shall be indemnified out of the funds of the Company against all liability incurred by him as such Director, Manager, Managing Director, Whole-time Director, Officer or Auditor in which judgment is given in his favour or in which he is acquired or in connection with any application under Section 633 of the Act in which relief is granted to him by the Court."

Individual responsibility of Directors

Article 256 provides that, " Subject to the provisions of the Companies Act, 1956 no Director, Auditor or other officer of the Company shall be liable for the Acts, receipts, neglects or defaults of any other Director or officer or for joining in any receipt of other act for conformity or for any loss or expenses happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the Directors for on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortuous act of any person firm or company to or with whom any moneys, securities or effects shall be entrusted or deposited or for any loss occasioned by any error of judgment, omission, default or oversight on his part or for any other loss, damage, or misfortune whatever which shall happening relation to the execution of the duties of his office or in relation thereto unless the same shall happen through his own dishonesty."

SECRECY CLAUSES

Secrecy

Article 257 provides that,

- (a) "Every Director, Manager, Auditor, Treasurer, Trustees, Member of a Committee, Officer, Servant, Agent, Accountant or other person employed in the business of the Company shall, if so required by the Directors, before entering upon his duties sign a declaration pledging himself to observe a strict secrecy respecting all transaction and affairs of the Company with the customers and the state of accounts with individuals and in matters relating thereto, and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required so to do by the Directors or by law or by the person to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions in these presents contained.
- (b) No member shall be entitled to visit or inspect any works of the Company without the permission of the Directors or to require discovery of or any information respecting any details of the Company's trading or any matter which is or may be in the nature of a trade secret, mystery of trade or secret process or any other matter which may relate to the conduct of the business of the Company and which in the opinion of the Company to disclose."

SECTION X – OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by the Company) which are or may be deemed material have been entered or to be entered into by the Company. These contracts, copies of which have been attached to the copy of the Red Herring Prospectus, have been delivered to the Registrar of Companies, Maharashtra, Mumbai for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of the Company, from 10.00 a.m. to 4.00 p.m. on any working day from the date of the Red Herring Prospectus until the date of closing of the Issue.

Material Contracts

1. Memorandum of Understanding dated November 30, 2006 signed between the Company, Allianz Securities Limited and Darashaw & Company Private Limited, the Book Running Lead Managers to the Issue.
2. Memorandum of Understanding dated July 11, 2006, signed between the Company and Bigshare Services Private Limited, the Registrar to the Issue.
3. Copy of the Tri-partite Agreement dated January 9, 2007 between NSDL, the Company and Bigshare Services Private Limited.
4. Copy of the Tri-partite Agreement dated October 30, 2006 between CDSL, the Company and Bigshare Services Private Limited.

Documents for Inspection

1. Memorandum and Articles of Association of Roman Tarmat Limited., as amended from time to time.
2. Certificate of Incorporation of Roman Tarmat Limited dated January 3, 1986
3. Copy of resolution passed at general meeting dated June 19, 2006 u/s 81 (1A) authorizing the Issue of Equity Shares.
4. Initial listing applications dated December 4, 2006 filed with NSE and BSE.
5. Copies of letters dated January 12, 2007 from BSE & NSE regarding In-principle approval.
6. Copies of Annual Reports of the Company for the last 5 accounting periods i.e. FY 2002, FY 2003, FY 2004, FY 2005, FY 2006 and audited results for the period ended December 31, 2006.
7. Copy of Tax Benefits Certificate issued by Statutory Auditors of the Company M/s Hegde & Associates., Chartered Accountants, dated May 10,2007
8. Copy of Auditors Reports issued by Statutory Auditors of the Company M/s Hegde & Associates, Chartered Accountants regarding Re-stated financials of the Company for the last 5 financial years and 9 months period ending December 31, 2006 dated April 30,2007.
9. Sanction letter No.REF: VPL: CM:660:05 dated November 8, 2005 from Vijaya Bank and Sanction Letter No. ABF/W/10 dated October 11, 2006 from Standard Chartered Bank for sanction of working capital facility.
10. No objection Certificate from the Bankers to the Company in respect of proposed public issue of the company dated August 25, 2006 and November 24, 2006 from Vijaya Bank and Standard Chartered Bank respectively.
11. Consent letters from Directors, Book Running Lead Managers to the Issue, Bankers to the Company, Escrow Bankers to the Issue, Statutory Auditors, Legal Advisors to the Issue, Registrar to the Issue, Company Secretary & Compliance Officer, Monitoring Agency to act in their respective capacities and for inclusion of their names in the Red Herring Prospectus.
12. Copies of Annual Reports of Promoter Group Companies
13. Due Diligence Certificate dated December 1, 2006 issued by Book Running Lead Managers to the Issue viz. Allianz Securities Limited and Darashaw & Company Private Limited.
14. A copy of Non Compete agreement dated November 30, 2006 executed between Roman Tarmat Limited and Tarmat Construction Private Limited.
15. A copy of the SEBI Final observation letter no. CFD/DIL/ISSUES/PB/MKS/88987 dated March 14, 2007 received from SEBI, Mumbai in respect of the Public Issue of Roman Tarmat Limited.

DECLARATION

All the relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the guidelines issued 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, the Securities and Exchange Board of India Act, 1992 or rules made thereunder or guidelines issued, as the case may be. The Company further certifies that all statements in this Red Herring Prospectus are true and correct.

SIGNED BY ALL THE DIRECTORS OF ROMAN TARMAT LIMITED

Jerry Varghese
Managing Director

Samma Varghese
Director

Dilip Varghese*
Director

Anil Gopal Joshi
Director

Ramesh Chandra Sinha
Director

Ramesh Chander Gupta#
Director

K.N. Satyanarayan
General Manager

Date: June 1, 2007

Place: Mumbai

Through duly constituted Attorney Mr. Jerry Varghese, Managing Director

* Through duly constituted Attorney Mrs. Samma Varghese, Director