



DRAFT PROSPECTUS

PBA INFRASTRUCTURE LIMITED

(Formerly known as Prakash Building Associates Limited)

(Incorporated as Prakash Building Associates Limited on 31/07/1974 under Companies Act, 1956. The name of the company was changed to PBA Infrastructure Ltd. w.e.f. 28/03/2001.)

Registered Office

: 611/3, V.N. Purav Marg, Chembur, Mumbai – 400 071
Tel: (022) 5597 3767; Fax: (022) 2522 9699
e-mail: pbaltd@vsnl.net
Contact Person: Mr. Rakesh Kapoor

PUBLIC ISSUE OF 50,00,000 EQUITY SHARES OF RS. 10/- EACH AT A PREMIUM OF RS. 50/- PER SHARE (i. e. AT A PRICE OF RS. 60/- PER SHARE) AGGREGATING TO RS. 3000 LACS.

The issue price of Rs.60/- per equity share is six (6) times of the face value

RISK IN RELATION TO THE FIRST ISSUE TO THE PUBLIC

This being the first issue of Equity Shares of PBA Infrastructure Limited, there has been no formal market for the securities of the Company. The face value of the shares is Rs. 10/- per share and the issue price is six times the face value. The issue price (as has been determined and justified by the Lead Manager and PBA Infrastructure Limited 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 shares are listed. No assurance can be given regarding an active or sustained trading in the shares of the Company nor regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and the Issue including the risks involved. The securities have not been recommended or approved by the Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or the adequacy of this document. **The attention of investors is drawn to the statement of Risk Factors appearing on page nos. vi to ix of this Prospectus.**

ISSUER'S ABSOLUTE RESPONSIBILITY

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

LISTING

The Equity shares of the Company are proposed to be listed on The Stock Exchange, Mumbai (BSE) (The Designated Stock Exchange) and the National Stock Exchange of India Ltd (NSE). The Company has received in-principle approval from BSE and NSE vide their letter nos. _____ dated _____ for listing of the equity share being issued in terms of this prospectus.

LEAD MANAGER TO THE ISSUE

KEYNOTE

CORPORATE SERVICES LTD

307, Regent Chambers,

Nariman Point,

Mumbai - 400 021

Tel.: (022) 2202 5230

Fax: (022) 2283 5467

E-mail: mbd@keynoteindia.net

Website : www.keynoteindia.net

SEBI Regn. No.: INM 000003606

AMBI Regn No: AMBI/040

REGISTRAR TO THE ISSUE



INTIME SPECTRUM REGISTRY LIMITED

C-13, Pannalal Silk Mills Compound,

LBS Road, Bhandup West,

Mumbai – 400 078

Tel.: (022) 5555 5454

Fax: (022) 5555 5353

E-mail: isrl@vsnl.com

Website: www.intimespectrum.com

SEBI Regn. No.: INR 00003761

ISSUE OPENS ON

ISSUE CLOSES ON

INDEX

SECTION	CONTENTS	Page Nos.
	Definitions and Abbreviations	iii
I	RISK FACTORS	
	Certain Conventions; Use of Market Data	iv
	Forward Looking Statements	v
	Risk Factors	vi
PART I		
II	INTRODUCTION	
	Summary	01
	General Information	06
	Capital Structure	10
	Objects of the Issue	14
	Basis for Issue Price	17
	Statement of Tax Benefits	19
III	ABOUT THE COMPANY	
	Industry Overview	33
	Business Overview	43
	History	53
	Management	55
	Promoters	61
PART II		
IV	FINANCIAL INFORMATION	
	Auditors Report	62
	Financial Information of Group Companies	77
	Management's Discussion and Analysis of Financial Condition and Result of Operations	79
V	LEGAL AND OTHER INFORMATION	
	Outstanding Litigations and Defaults	83
	Material Developments	84
	Government Approvals	85
VI	REGULATORY AND STATUTORY DISCLOSURES	
	Authority for the Issue	86
	Prohibition by SEBI	86
	Eligibility for the Issue	86
	Disclaimer Clause	87
	Caution Statement	89
	Filing	89
	Listing	89
	Impersonation	89
	Consents	89
	Expenses of the Issue	90
	Previous Issue of Shares	90
	Redressal of Investor Grievances	91
VII	OFFERING INFORMATION	
	Terms of the Issue	92
	Issue Procedure	94
VIII	OTHER INFORMATION	
	Main Provisions of Articles of Association of the Company	105
	Material Contracts and Documents for Inspections	112
PART III		
	Declarations	114

DEFINITIONS/ABBREVIATIONS

GENERAL TERMS

Act	:	The Companies Act, 1956 & subsequent amendments thereto.
AMCs	:	Asset Management Company
Articles	:	Articles of Association of PBA Infrastructure Limited
Board	:	Board of Directors of PBA Infrastructure Limited
BSE/Designated Stock Exchange	:	The Stock Exchange, Mumbai.
CDSL	:	Central Depository Services (India) Ltd.
Company/PBA	:	PBA Infrastructure Limited
EPS	:	Earning Per Share (EPS = Profit After Tax/No. of equity shares)
FEMA	:	The Foreign Exchange Management Act, 1999
FERA	:	Foreign Exchange Regulation Act, 1973
HUF	:	Hindu Undivided Family
Memorandum	:	Memorandum of Association of PBA Infrastructure Limited
NRE	:	Non-Resident External
NRI	:	Non-Resident Indian.
NSDL	:	National Securities Depository Ltd.
NSE	:	National Stock Exchange of India Limited
IPO/Offer/Issue	:	This Public Issue of 50,00,000 equity shares of Rs. 10/- each for cash at a price of Rs.60/- per share aggregating to Rs. 3000 lacs.
PAN	:	Permanent Account Number
Prospectus	:	This Prospectus dated _____
RBI	:	Reserve Bank of India
ROC	:	Registrar of Companies, Maharashtra, Mumbai
ROCE	:	Return on Capital Employed{ROCE = Profit before Interest and Tax/Capital Employed}*100}
ROE	:	Return on Equity {ROE=Profit After Tax/Equity Capital}*100}
RONW	:	Return on Networth {RONW = Profit After Tax/Networth}*100}
RTA	:	Registrar & Transfer Agent
Retail Individual Investor	:	Means an investor who applies for securities for a value of not more than Rs. 1,00,000/-.
SEBI	:	Securities and Exchange Board of India.

COMPANY/INDUSTRY RELATED TERMS

BOT	:	Build Operate and Transfer
BOLT	:	Build Own Lease and Transfer
BOOT	:	Build Own Operate and Transfer
CIDCO	:	City and Industrial Development Corporation
DPR	:	Detailed Project Report
EMD	:	Earnest Money Deposit
EPC	:	Engineering Procurement and Commissioning
FEED	:	Front End Engineering and Designing
ICB	:	International Competitive Bidding
JNPT	:	Jawarlal Nehru Port Trust
KSHIP	:	Karnataka State Highway Improvement Project
LSTK	:	Lumpsum Turn Key
MCGM	:	Municipal Corporation of Greater Mumbai
MES	:	Military Engineering Service
MIDC	:	Maharashtra Industrial Development Corporation
MMRDA	:	Mumbai Metropolitan Region Development Authority
MoRTH	:	Ministry of Road Transport & Highways
MSRDC	:	Maharashtra State Road Development Corporation Ltd
NHAI	:	National Highway Authority of India
NHDP	:	National Highway Development Programme
PPP	:	Public-Private Partnership
PSU	:	Public Sector Undertaking
PWD	:	Public Works Department
RCC	:	Reinforced Concrete Cement
SPV	:	Special Purpose Vehicle

SECTION I- RISK FACTORS

CERTAIN CONVENTIONS; USE OF MARKET DATA

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

Throughout this Prospectus, all figures have been expressed in Lacs unless otherwise stated All references to "India" contained in this Prospectus are to the Republic of India.

For additional definitions used in this Prospectus, see the section "Definitions and Abbreviations" on page (iii) of this Prospectus. In the section entitled "Main Provisions of Articles of Association" on page 106 of this Prospectus, defined terms have the meaning given to such terms in the Articles of Association of the Company. Industry data used throughout this Prospectus has been obtained from industry publications and other authenticated published data. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe industry data used in this Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports, while believed by us to be reliable, have not been verified by any independent sources,

CURRENCY OF PRESENTATION

In this Prospectus, all references to "Rupees" and "Rs." are to the legal currency of India,

FORWARD-LOOKING STATEMENTS

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

All forward looking statements are subject to risks, uncertainties and assumptions about the company 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;
- ◆ The ability to successfully implement the strategy, growth and expansion plans and technological changes;
- ◆ Changes in the value of the Rupee and other currency changes;
- ◆ Changes in the Indian and international interest rates;
- ◆ Allocations of funds by the Government;
- ◆ Changes in laws and regulations that apply to the customers of the Company and the infrastructure and construction industry;
- ◆ Increasing competition in and the conditions of the customers of the Company and the infrastructure and construction industry; and
- ◆ Changes in political conditions in India.

For further discussion of factors that could cause actual results to differ, please see the section entitled “Risk Factors” beginning on page (vi) of this Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither the Company, the Directors, any member of the Lead Manager team 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 Lead Manager 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

RISK FACTORS ENVISAGED BY MANAGEMENT AND MANAGEMENT'S PROPOSALS TO ADDRESS THE RISKS

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

Unless specified or quantified in the relevant risk factors below, the financial or other implications of any of the risks described in this section cannot be quantified:

A. SPECIFIC TO THE PROJECT

1. The total cost of the project is Rs. 3211.52 lacs. The project is not appraised by any Bank or Financial Institution. Further, the total project cost comprises of an amount of Rs. 1061.52 lacs towards working capital requirements, which is as per the estimates of the Company and has not been appraised by any Bank. The funds received from the issue will be deployed at the sole discretion of the Management

Management's Proposal

The Management has experience in assessing the funds requirements of the Company based on various projects/orders on hand. The details of the working capital are also based on the specific requirements.

2. The Company is envisaging an investment of Rs. 1000.00 lacs in B.O.T./B.O.O.T projects. However, the Company has till date never executed BOT/BOOT projects.

Management's Proposal

The government is trying to encourage private sector participation in road projects through three routes- BOT, annuity and special purpose vehicle (SPV). It is a relatively new approach which enables direct private sector investment in large scale projects such as roads, bridges and power. The company foresees tremendous opportunity in this area. Recently, the company has bid for a project on BOT basis by JNPT worth Rs. 42 crores and is confident that the same would be awarded to the Company. Though the company has not executed BOT/BOOT projects till date, it has vast experience in the construction activity and has successfully implemented various projects.

3. The Company is yet to place orders for the purchase of capital equipments worth Rs. 1000.00 lacs.

Management's Proposal

The company has obtained quotations for the purchase of capital equipments as envisaged in the Cost of Project and shall place the orders for the same at an appropriate time.

4. The expansion is funded substantially from the present IPO. Any delay in the IPO will adversely impact the Company

B. INTERNAL TO THE COMPANY

1. The Company derives the bulk of their revenues from contracts awarded by the central and state governments and their agencies.

Management's Proposal

The company is well versed with the working parameters of the government departments since it has been dealing with them for more than 30 years and has recorded substantial revenue growth over its years of existence.

2. The contracts are awarded following competitive bidding processes, which may adversely impact the operating revenue and profitability of the company.

Management's Proposal

The eligible Qualifier for bidding a contract has to comply with stringent technical and financial factors and should have necessary resources in terms of manpower, capabilities to finance machinery at various locations and relevant work experience. During the bidding process the company faces competition from Domestic and International companies operating at local as well as National level. In the event of a single bidder not meeting the Pre qualification conditions they enter into a Joint Venture with a partner and bid for the contract. The Company has an order book position to the extent of Rs. 521.41 crore on hand. The Company has already bid for the tenders for infrastructural work with the authorities such as NHAI, World Bank aided State Projects etc and has been pre-qualified for various projects.

3. The Company cannot independently handle large value contracts (i.e. above Rs.200 crore). They are generally executed under joint venture construction basis. The successful completion of the large value contract is contingent on the performance of the Joint Venture partner.

Management's Proposal

The Company forms JVs with other firms in order to satisfy the pre-qualification requirements. Generally all the Contracts have to be completed in a time frame of 24 month to 36 months and accordingly the requirement of resources to execute a project in excess of Rs. 200 crores is large. The company has the ability to strategically partner with other players and till date has successfully completed the projects with JV partner. With the present resource raising, the Company's ability to bid for large value contracts will increase substantially and Company would be able to bid for large value contracts independently.

4. The liability of Joint Venture Company can adversely effect the profitability of the Company.

Management's Proposal

The company enters into a joint venture with other Infrastructure development companies to qualify for certain projects on capital adequacy norms and or technical expertise. These Joint Ventures and or Memorandum of Understandings with other companies are structured only for the specific purpose. The company approaches the joint venture very cautiously and enters into JV only after satisfying itself with the delivery capabilities of such partners.

5. The Company's business needs substantial funding in the form of working capital from Banks and Financial Institutions. Any delay in disbursement of money from these institutions could adversely affect the performance of the Company.

Management Proposal

The Company is competent to manage its working capital requirements. Generally, the company gets various advances such as mobilization advance, equipment advance etc which reduces the working capital requirement. Further, the company receives payments against the work completed from the Client which is linked to certification and minimum completion stage and are spread out over the execution period of the contract. Thus the company efficiently manages its cash flows and minimizes its dependence on borrowings from Banks and Financial Institutions.

6. The Company derives its income from only one segment of the infrastructure activity i.e. construction of bridges, roads and highways. Hence the Company faces the risk of concentration.

Management's Proposal

The company is primarily engaged and specializes in Construction of Roads and Highways. The expertise in terms of Manpower and equipments places a substantial advantage to the company in an otherwise fiercely competitive environment. In the past company has constructed Dams and Airports and should the need arise can easily venture into construction of Dams and Airports.

7. Non availability of site for execution of the project can delay the Project and result into losses.

Management's Proposal

At times non availability of working site can lead to delay in execution of the project and the same can adversely affect the profitability of the Company. The responsibility of providing of Site is that of the Client. However, if for reasons beyond the control of the client the site or land acquisition process is not complete, the Client is bound by the contract to pay compensation by way of damages, loss of profit and idling charges to the company.

8. Contingent liability not provided for as on 31/12/2004 (audited accounts) includes guarantees given by banks to the extent of Rs.9395.23 lacs.

Management's Proposal

The nature of infrastructure project requires the submission of bank guarantees to the clients. These guarantees are in the nature of performance guarantees which get released on completion of work in various stages. The Company enjoys the non-fund based limits in the nature of Bank Guarantees to the extent of Rs. 160.00 crore and the Company has never defaulted in fulfilling the commitments.

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

C. EXTERNAL RISK FACTORS

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

Management's Proposal

The Government of India has accorded development of Infrastructure a "thrust area status". The total outlay for development of roads in the 10th plan (2002-2007) is Rs.54,490 crore. This includes Rs.34,790 crores of budgetary support and Rs.24,700 crores of internal and extra-budgetary resources. The Company recognizes the tremendous potential of the infrastructure construction industry in India – specially given the high impetus given by the Government of India to making up deficits in infrastructure rapidly. This gives the company an access to continued growth opportunity.

2. The Company has to face stiff competition from large Indian and Multinational Companies to secure high value contracts.

Management's Proposal

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

3. Political, Economical and Social unrest in the country could adversely affect the business of the Company. Terrorist attacks, civil disturbances and regional conflicts in the country could adversely affect the business of the Company. Natural calamities and adverse weather conditions could have a negative impact on business of the Company.

Management's Proposal

The company has been in construction activity for more than 30 years and has not faced any serious threat of the workings during the years of operations. The company was working in Bhuj when the earthquake hit the area and was successful in completing a Contract of Rs. 80 crores without any major mishap. The Company has also completed Rs 40 crores of work in Jammu & Kashmir and has further bagged order worth Rs. 50.00 crores for Road construction in Jammu and Kashmir.

4. Increase in the prices of major raw material such as cement, steel and diesel may have an adverse impact on the profitability of the business.

Management's Proposal

The majority of contracts are fixed price contracts. The profitability will be adversely affected if the prices of major components like cement, steel and Diesel increase. However, there is an escalation clause in the contract to compensate for such increase in prices.

HIGHLIGHTS

1. PBA Infrastructure is an existing profit making company with an existence of over 3 decades and experienced management team.
2. An ISO 9001:2000 certified Company
3. The company is primarily engaged and specializes in Construction of Roads and Highways.
4. The Company is well equipped to handle large orders and is classified by Public Works Department as Class IA Contractor and is entitled to bid for and accept Works and Orders without any limits.
5. The Company has an order book position to the extent of Rs. 521.41 crore on hand. The Company has already bid for the tenders for infrastructural work with the authorities such as NHAI, World Bank aided State Projects etc and has been pre-qualified for various projects.

NOTES:

1.

Preissue Networth (as on 31/03/2004)	:	Rs. 1737.09 lacs
Preissue Networth (nine months period ended on 31/12/2004)	:	Rs. 2,233.93 lacs
Post Issue Networth	:	Rs. 5233.93
Issue Size	:	Public Issue of 50,00,000 equity shares of Rs. 10/- each for cash at a premium of Rs.50/- per share aggregating to Rs. 3000 lacs.
Cost per share to the promoter	:	Rs.10/-
Net Asset Value per share as on 31/12/2004 (Face Value Rs. 10/- per share)	:	Rs. 26.28

3. The company, its directors, company's associates or group companies have not been prohibited from accessing the capital market under any order or direction passed by SEBI. The promoters, their relatives, issuer, group companies, associate companies are not detained as willful defaulters by RBI/Government authorities and there are no violations of securities laws committed in the past or pending against them.
4. For related party transactions, please refer to the section entitled "Related Party Transactions" beginning on page 74 of this Prospectus,
5. Investors are advised to refer to the paragraph entitled "Basis for Issue Price" beginning on page no. 17 of this prospectus before making an investment in this issue.
6. The lead manager and the Company shall update this Prospectus and keep the shareholders/public informed of any material changes till the listing and trading commencement.

PART I

SECTION II: INTRODUCTION

SUMMARY

The Indian construction industry is riding on a growth wave, and this wave is powered by the large spends on the ongoing infrastructure programmes. The evidence of this growth is visible all over the country in the form of new highways, dams, bridges, power plants and pipelines.

Construction industry plays a major role in the economic growth of a nation and occupies a pivotal position in the nation's development plans. This industry is the second largest GDP contributor to the nation next to agriculture. The industry accounts for nearly 5-6% of the GDP and 38% of Gross Domestic Investments (GDI). Construction industry employs nearly 32 million people and its market size is worth about Rs. 2,48,000 crores. It generates substantial employment and provides growth impetus to other manufacturing sectors like cement, bitumen, iron & steel, chemicals, bricks, paints, tiles etc. On every million spent on the construction industry, it is estimated to generate 3000 skilled labour and 1300 managerial man-days of employment.

The Indian construction industry is highly fragmented. The nature of the business also encourages fragmentation. The business also does not have any economies of scale. In fact, the smaller players may have a better cost-structure due to lower overheads. There is no single location for plant or machinery and each new project starts off at a different location. Moreover, for most projects, there are no long-term relationships between the contractor and the client.

PBA Infrastructure Ltd (formerly known as Prakash Building Associates Ltd) was promoted by Mr. Roshanlal Wadhawan, father of Mr. Ramlal Wadhawan in 1974. The Company is engaged in execution of Civil engineering projects and specializes in construction of Highways, Runways and heavy RCC structures, Bridges and other Infrastructure Projects of NHAI.

PBA's in-house engineering skills have allowed it to maintain the required precision and quality by effectively integrating design with construction expertise. The Company is ably backed and supported by a team of dedicated and motivated professionals. PBA's engineering capabilities are also reinforced by its qualified employees with relevant design and construction expertise.

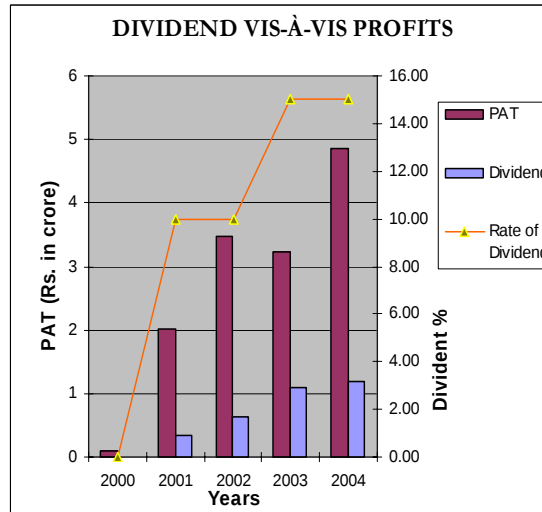
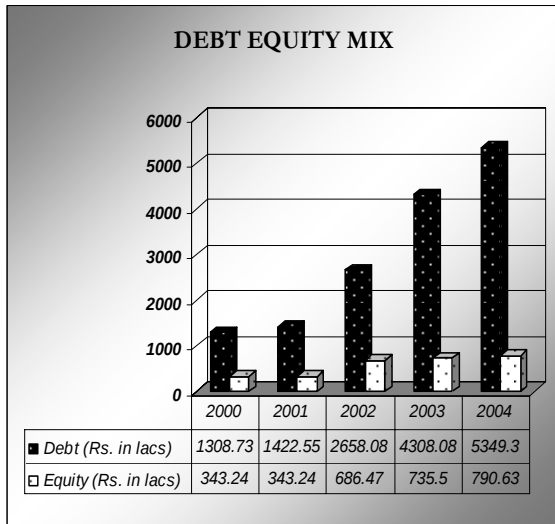
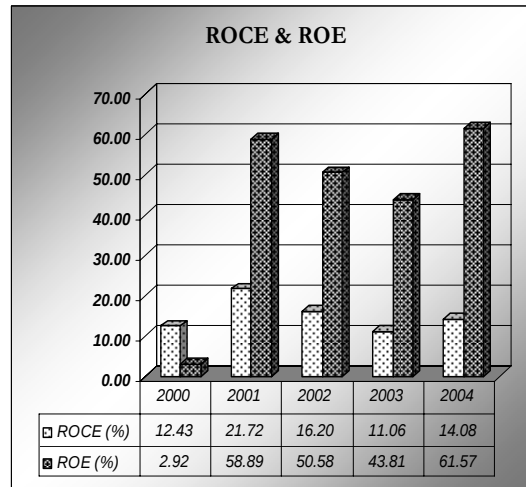
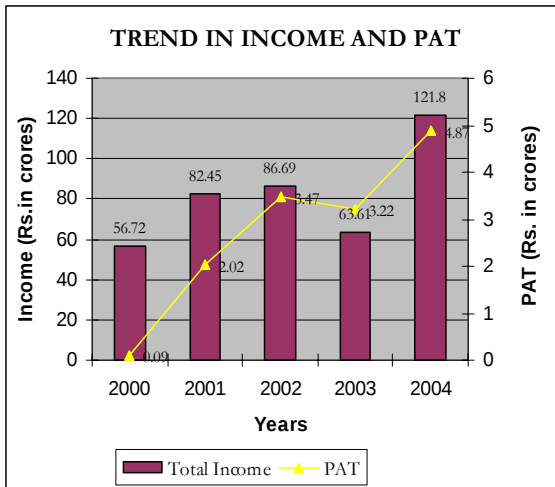
The Company is registered with Public Works Department (PWD), Government of Maharashtra in class – 1A Category and registered with Municipal Corporation of Greater Mumbai (MCGM) as AA Class in Civil Division. The Company has been awarded ISO 9001:2001 Quality Certificate by Transpacifice Certifications Limited, New Delhi, India on 12/04/2005 for the construction of bridges and roads. This certification is valid upto 29/03/2008.

The prestigious clients of PBA include NHAI, Government of Maharashtra and Jammu & Kashmir, Airports Authority of India, JNPT, CIDCO, MMRDA, MSRDC, MES, other State PWD etc.

The value of contracts executed by the Company during last five years exceeds Rs.350 crores, spread across the entire country. The prestigious projects successfully completed include a portion of Mumbai Pune Expressway for MSRDC Ltd and Bachau Bhuj Gandhidham Road Lucknow Bypass, Udaipur Bypass of NHAI.

The Company has an order book position to the extent of Rs. 521.41 crore on hand. The Company has already bid for the tenders for infrastructural work with the authorities such as NHAI, World Bank aided State Projects etc and has been pre-qualified for various projects.

FINANCIAL HIGHLIGHTS



ACCOUNTING RATIOS

Particulars	Year ended 31/03/2000	Year ended 31/03/2001	Year ended 31/03/2002	Year ended 31/03/2003	Year ended 31/03/2004	Nine months ended 31/12/2004
EPS Basic (Rs Per Share)	0.29	5.99	5.07	4.37	6.17	4.41
Return on Networth (RONW)(%)	1.31	21.15	27.86	25.34	28.09	16.79
Net Asset value per Share (NAV) Rs	22.13	28.33	18.19	17.26	21.97	26.28

STATEMENT OF PROFITS AND LOSSES

(Rs. in lacs)

	Year ended 31/03/2000	Year ended 31/03/2001	Year ended 31/03/2002	Year ended 31/03/2003	Year ended 31/03/2004	Nine Months ended 31/12/2004
Income						
Sales :						
a) Of products manufactured by the company (Contract Receipts)	3358.68	5609.67	5918.80	5799.87	11798.70	9057.94
b) Contract Receipts-Joint Venture	-	2527.54	2575.92	315.70	59.22	-
c) Of products traded in by the company	-	-	-	-	-	-
Total	3358.68	8137.21	8494.72	6115.57	11857.92	9057.94
Other Income	14.57	85.98	124.18	189.31	240.98	242.54
Interest	32.34	22.36	50.28	57.08	81.24	27.21
Total (A)	3405.59	8245.55	8669.18	6361.96	12180.14	9327.69
Expenditure						
Work Cost	2573.03	4793.60	4976.04	4751.74	10280.36	7518.46
Expenses-Joint Venture	-	2483.44	2509.47	312.57	56.89	-
Staff Costs	131.77	128.74	151.70	167.08	186.79	163.80
Selling, Administration & Other Expenses	292.22	196.24	256.16	318.16	402.31	377.90
Managerial Remuneration	18.63	22.85	33.25	49.63	53.68	40.27
Interest	245.75	299.02	261.51	264.01	408.76	487.23
Depreciation	132.91	100.47	109.78	145.39	202.43	202.64
Total (B)	3394.31	8024.36	8297.91	6008.58	11591.22	8790.29
Net Profit before tax	11.28	221.19	371.27	353.38	588.92	537.41
Taxation	1.35	15.54	23.32	27.58	43.74	39.15
Deferred Tax	-	-	-	4.12	57.31	123.10
Profit After Tax	9.93	205.65	347.95	321.68	487.87	375.16

STATEMENT OF ASSETS AND LIABILITIES

(Rs. in lacs)

	Year ended 31/03/2000	Year ended 31/03/2001	Year ended 31/03/2002	Year ended 31/03/2003	Year ended 31/03/2004	Nine Months ended 31/12/2004
A Fixed Assets :						
Gross Block	2869.04	2888.65	3610.05	4679.84	5806.03	7615.38
Less : Depreciation	814.18	914.65	1024.43	1169.82	1372.25	1574.88
Net Block	2054.86	1974.00	2585.62	3510.02	4433.78	6040.50
Less : Revaluation Reserve	-	-	-	-	-	-
Net Block after adjustment for Revaluation Reserve	2054.86	1974.00	2585.62	3510.02	4433.78	6040.50
B Current Assets, Loans and Advances :						
Inventories (closing work-in-progress)	786.45	687.44	940.51	1070.46	1891.64	1952.47
Sundry Debtors	129.16	543.86	570.30	1011.59	1365.20	2408.44
Cash and Bank Balances	303.01	390.85	814.54	579.74	976.49	894.55
Loans and Advances	726.59	711.53	1117.99	1411.48	1857.37	2679.78
Other Current Assets	-	-	-	-	-	-
C Liabilities & Provisions :						
Secured Loans	748.34	646.26	798.02	1965.13	3202.14	4435.10
Unsecured Loans	560.39	776.29	1860.06	2342.95	2147.16	2901.69
Deferred Tax Liability	-	-	-	320.65	377.96	501.06
Current Liabilities and Provisions	1905.82	1891.79	2105.24	1672.19	3050.52	3897.45
D Networth Represented by						
1. Share Capital	343.24	343.24	686.47	735.50	790.63	849.92
2. Reserves	442.28	650.10	579.17	546.87	956.07	1390.52
Less : Revaluation Reserve	25.85	21.12	16.88	13.05	9.61	6.51
Reserves (net of Revaluation Reserves)	416.43	628.98	562.29	533.82	946.46	1384.01
Networth (excluding revaluation reserve)	759.67	972.22	1248.76	1269.32	1737.09	2233.93

THE ISSUE

Type of Issue	Type of Instrument	No. of equity shares	Face Value (Rs.)	Issue Price (Rs.)	Consideration
Public Issue	Equity Shares	50,00,000	10/-	60/-	Cash

ISSUE BREAK-UP

Equity Shares offered	50,00,000 Equity Shares
Reserved for allotment to Employees/Directors	5,00,000 Equity Shares
Reserved for allotment to NRI's/FII's	12,50,000 Equity Shares
Reserved for allotment to Banks/Mutual Funds/ Indian Financial Institution	12,50,000 Equity Shares
Net Issue to the public	20,00,000 Equity Shares
Equity shares outstanding prior to the Issue	84,99,200 Equity Shares
Equity shares outstanding after the issue	1,34,99,200 Equity Shares

Use of proceeds:

Please see section entitled "Objects of the Issue" on page no. 14 of this Prospectus

ISSUE PROGRAM

OFFER OPENS ON	
OFFER CLOSES ON	

GENERAL INFORMATION

PBA INFRASTRUCTURE LIMITED

(Formerly known as Prakash Building Associates Limited)

(Incorporated as Prakash Building Associates Limited on 31/07/1974 under Companies Act, 1956. The name of the company was changed to PBA Infrastructure Ltd. w.e.f. 28/03/2001.)

Registered Office	: 611/3, V.N. Purav Marg, Chembur, Mumbai – 400 071 Tel: (022) 5597 3767; Fax: (022) 2522 9699 e-mail: pbaltd@vsnl.net
Registrar of the Company	: Registrar of Companies, Maharashtra, Hakoba Mills Compound, Dattaram Lad Marg, Kalachowki, Mumbai- 400 033.
Registration Number	: 17653

The Board of Directors of the PBA comprises of:

Shri Ramlal R. Wadhawan, aged 63 years, is in the construction activities for last 40 years. Under his able supervision, the Company's turnover rose from Rs. 56.72 Crores in F.Y. 2000 to over Rs. 121 Crores in F.Y. 2004, in the face of stiff competition from various players. His leadership led to improved systems of projects and financial management, investments in the most modern fleet of machineries/equipments for large projects and a relentless pursuit of excellence in the quality of project construction and engineering. He took initiatives to drive the company towards professionalism. He exercises overall control and supervision over various activities of the Company, under the overall policy guidelines of Board of Directors.

Shri Balkrishan Wadhawan, aged 54 years, is in charge of the Project Purchases, Planning and Administration of the corporate office of the Company. He has an experience of over 25 years in civil construction activities. He is directly involved in planning resource management, quality aspect and maintaining the progress of projects.

Shri N.G. Thatte, aged 67 years, is a post graduate degree holder in Engineering from India and France. He has over 40 years experience both on field and in administration at a project site. He has successfully supervised and executed the large projects such as Runway at Bombay Airport, World Bank aided project of Nagpur. Umred-Kanpa Road, Civil works for MCGB Mumbai, World Bank aided project of Jalna Bypass, Nagpur Ring Road., Mumbai Pune Expressway etc.

Shri N. P. Belani, aged 56 years is a Diploma in Civil Engineer from Bombay University. He has an experience of over 33 years in civil construction activities. He has successfully executed projects such as Runways, Highways, Land development, drains and culverts with various departments all over country. He has worked for rigid pavement works with concrete batching plant and also for flexible pavements with modern machinery's like drum mix plants, sensor paver, vibratory roller etc. Mr. Belani is mainly looking after technical aspects of various projects undertaken by the company.

Shri A R Athavale: aged 78 years is an Advocate by profession.

Shri Dharmpal Uppal: aged 79 years was in military services for 8 years. Presently he is running his own business.

Ms. Vrinda A Chapekar: aged 63 years is a PHd in Environmental Science. She was a professor of Environmental Engineering at VJTI, Mumbai. Presently she is rendering Advisory services on issues pertaining to Environmental Engineering.

Mr. P.K.N. Kamath: aged 67 years is a B-Com graduate from Madras University. He has done his Post Graduation Diploma in Banking from National Institute of Bank Management. He joined Canara Bank and was transferred in 1996 to Head Office, Bangalore as General Manager, where he was in charge of planning, development & general administration. He garnered an experience of 30 years in the banking industry. He was nominated as Principal Trustee of Canbank Mutual Fund, a wholly owned subsidiary of Canara Bank from 1996-1998. He was also the member of the local advisor board of Krung Thai Bank from June 1999 to May 2002.

ISSUE MANAGEMENT TEAM

Bankers to the Company

Canara Bank

101, "B" Wing, Dalamal Towers,
Free Press Journal Marg
Nariman Point, Mumbai – 400 021
Tel: (022) 2284 6723/2284 6921
Fax: (022) 2284 4963

Union Bank of India

Mahajan Mills Compound,
L.B.S. Marg,
Vikhroli (W),
Mumbai – 400 079
Tel: (022) 2578 1813
Fax: (022) 2578 3310

Compliance Officer

Mr. Rakesh Kapoor

Compliance Officer
611/3, V.N. Purav Marg,
Chembur,
Mumbai – 400 071
Tel: (022) 5597 3767;
Fax: (022) 2522 9699

Lead Manager To The Issue

KEYNOTE

CORPORATE SERVICES LTD

307, Regent Chambers
Nariman Point,
Mumbai – 400 021
Tel: (022) 22025230, Fax: (022) 22835467
E-mail: mbd@keynoteindia.net
Sebi Regn No: INM 000003606
Contact Person: Ms. Kavita Nachnani

Co-Lead Manager To The Issue

CANARA BANK

Merchant Banking Division,
Varma Chambers,
11 Homji Street, Fort,
Mumbai 400 001.
Tel: (022) 22677405
Fax: (022) 22677404
Email: commbd@canarabank.co.in
Sebi Regn No: MBINM000002558
Contact Person: Mr. P. Sitaram

Registrars to the Issue

INTIME SPECTRUM REGISTRY LIMITED

C-13, Pannalal Silk Mills Compound,
LBS Road, Bhandup West,
Mumbai – 400 078
Tel.: (022) 5555 5454 Fax: (022) 5555 5353
e-mail: isrl@vsnl.com
SEBI Regn. No.: INR 00003761
Contact Person: Mr. Vishwas Attavar

Bankers to the Issue

To be appointed

Brokers to the Issue

All the brokers registered with SEBI will be brokers to the said issue of equity shares.

Auditors to the Company

Mr. Ajay B. Garg
Chartered Accountant
517-518, Shreekanth Chambers,
V.N. Purav Marg, Chembur,
Mumbai – 400 071.
Tel: (022) 5597 8001
Fax: (022) 5597 8002
E-Mail: garg@vsnl.com

CREDIT RATING/DEBENTURE TRUSTEE

This being a Public Issue of Equity Shares, no Credit Rating or appointment of Debenture Trustee is required.

UNDERWRITING/ STANDBY SUPPORT

The present Public Issue is not underwritten

INTER-SE ALLOCATION OF RESPONSIBILITY

The responsibilities and co-ordination for various activities in this Issue to be carried out by the Lead Managers is given below:-

Sr. No.		Activity	Responsibility	Coordinator
A.	i)	Capital Structuring with relative components and formalities such as composition of debt equity, type of instruments, etc.	Keynote & Canara Bank	Keynote
	ii)	Structuring of the issue instrument		
B.	i)	Offer document – draft and design of offer document, due diligence and completion of formalities with Stock Exchange, SEBI and Registrar of Companies.	Keynote	Keynote
	ii)	Selection of Ad agencies, design of statutory advertisement and press releases		
C.	i)	Marketing of the Issue, which will cover, interalia formulating of marketing strategies, preparation of publicity budget, arrangement for Ad Media Centres of holding conferences of Brokers, Investors etc, and Bankers to the Issue.	Keynote & Canara Bank	Keynote
	ii)	Running the book, coordinating the pricing strategy and deciding the allocation, tying up underwriting arrangement, distribution of publicity and issue material including application form, prospectus and brochure, and deciding on the quantum of issue material.		
			Not Applicable	Not Applicable

Sr. No.	Activity	Responsibility	Coordinator
D.	Selection of various agencies connected with the issue such as Registrars to the Issue, Printers and Brokers.	Keynote & Canara Bank	Keynote
E.	Selection of Bankers to the Issue, collection centres	Keynote & Canara Bank	Keynote
F.	Follow up with Bankers to the issue on collections and advising the issuer about closure of the issue based on correct figures	Canara Bank	Canara Bank
G.	Post issue activities will involve submission of statutory reports, essential follow up steps including finalization of basis of allotment, listing of instrument and dispatch of certificates and refunds, coordination with various agencies connected with the work such as registrars to the issue, bankers to the issue and the bank handling the refund business. Even if many of these activities will be handled by other intermediaries, the designated Lead Manager shall be responsible for ensuring that these agencies fulfill their functions and enable to discharge this responsibility through suitable agreement with the issue company.	Canara Bank	Canara Bank

CAPITAL STRUCTURE

Particulars		Nominal Value (Rs.)	Premium (Rs.)	Total Amount (Rs.)
A	AUTHORISED 1,60,00,000 equity shares of Rs. 10/- each	16,00,00,000	-	16,00,00,000
B	ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL 84,99,200 equity shares of Rs. 10/- each	8,49,92,000	-	8,49,92,000
C	PRESENT PUBLIC ISSUE 50,00,000 equity shares of Rs. 10/- each being offered at a price of Rs. 60/- per share aggregating to Rs. 3000 Lacs	5,00,00,000	25,00,00,000	30,00,00,000
D	Out of (C) above i. 5,00,000 equity shares of Rs. 10/- each being issued at a price of Rs. 60/- per share aggregating to Rs. 300.00 lacs are reserved for allotment to Employees/Whole Time Director on competitive basis ii. 12,50,000 equity shares of Rs. 10/- each being issued at a price of Rs. 60/- per share aggregating to Rs.750.00 lacs are reserved for NRIs/FIIs on competitive basis. iii. 12,50,000 equity shares of Rs. 10/- each being issued at a price of Rs. 60/- per share aggregating to Rs. 750.00 lacs are reserved for Banks, Mutual Funds & Indian Financial Institutions on competitive basis.	50,00,000 1,25,00,000 1,25,00,000	2,50,00,000 6,25,00,000 6,25,00,000	3,00,00,000 7,50,00,000 7,50,00,000
E	NET OFFER TO PUBLIC 20,00,000 equity shares of Rs. 10/- each being offered at a price of Rs. 60/- per share aggregating to Rs. 1200 lacs in terms of the Prospectus	2,00,00,000	10,00,00,000	12,00,00,000
F	TOTAL PAID UP CAPITAL AFTER THE PUBLIC ISSUE 1,34,99,200 equity shares of Rs. 10/- each	13,49,92,000	25,00,00,000	13,49,92,000
G	SHARE PREMIUM ACCOUNT Before the Public Issue After the Public Issue		-- 25,00,00,000	

Note:

- i. Undersubscribed portion in any reserved category may be added to any other reserved category
- ii. The unsubscribed portion, if any, after such inter se adjustments amongst the reserved category shall be added back to the net offer to the public.
- iii. In case of undersubscription in the net offer to the public portion, spillover to the extent of undersubscription shall be permitted from the reserved category to the net offer to the public.
- iv. Changes in the authorized capital since inception are as follows:

Date	Authorised Capital Increased From	Authorised Capital Increased to
At Incorporation	-	2,000 equity shares of Rs. 100/- each aggregating to Rs. 2.00 Lacs
15/07/1976	2,000 equity shares of Rs. 100/- each aggregating to Rs 2.00 lacs	8,000 equity shares of Rs. 100/- each aggregating to Rs. 8.00 Lacs
20/07/1985	8,000 equity shares of Rs. 100/- each aggregating to Rs 8.00 lacs	30,000 equity shares of Rs. 100/- each aggregating to Rs. 30.00 Lacs
30/09/1991	30,000 equity shares of Rs. 100/- each aggregating to Rs 30.00 lacs	60,000 equity shares of Rs. 100/- each aggregating to Rs. 60.00 Lacs
12/06/1995	60,000 equity shares of Rs. 100/- each aggregating to Rs 60.00 lacs	1,60,000 equity shares of Rs. 100/- each aggregating to Rs. 160.00 Lacs
04/03/1997	1,60,000 equity shares of Rs. 100/- each aggregating to Rs 160.00 lacs	5,50,000 equity shares of Rs. 100/- each aggregating to Rs. 550.00 Lacs
25/01/2002	5,50,000 equity shares of Rs. 100/- each aggregating to Rs 550.00 lacs	8,00,000 equity shares of Rs. 100/- each aggregating to Rs. 800.00 Lacs
27/09/2004	8,00,000 equity shares of Rs. 100/- each aggregating to Rs 800.00 lacs	10,00,000 equity shares of Rs. 100/- each aggregating to Rs. 1000.00 Lacs
03/06/2005	1,00,00,000 equity shares of Rs. 10/- each aggregating to Rs 1000.00 lacs	1,60,00,000 equity shares of Rs. 10/- each aggregating to Rs. 1600.00 Lacs

Notes to the Capital Structure:

1. Details of present Equity Share Capital of the Company are as follows:

Date of Allotment	Face Value (Rs.)	Issue Price (Rs.)	No. of Shares	Cumulative No. of shares	Nature of allotment	Consideration	% to Post Issue Capital (%)
Upto 31/03/1996	100	-	1,14,412	1,14,412	Allotment to the promoters	Cash	8.48
04/03/1997	100	100	2,28,824	3,43,236	Allotment to the promoters	Bonus	16.95
25/01/2002	100	100	3,43,236	6,86,472	Allotment to the promoters	Bonus	25.43
17/05/2002	100	100	49,026	7,35,498	Allotment to the promoters	Cash	3.63
17/11/2003	100	100	55,130	7,90,628	Allotment to the promoters	Cash	4.08
16/10/2004	100	100	59,292	8,49,920	Allotment to the promoters	Cash	4.39
07/12/2004	Each equity shares of Rs. 100/-each was split into ten equity shares of face value of Rs. 10/- w.e.f. 07/12/2004.						
Total			84,99,200				62.96

2. Promoters holding and lock-in

Name of Promoter	Date of allotment & Fully Paid- up	Consideration	No. of shares	Face Value (Rs.)	Issue Price (Rs.)	% to post issue capital	Lock –in Upto
Mr. Ramlal Wadhawan	17/11/2003	Cash	3,07,500	10	10	2.28	3 years
	17/05/2002	Cash	2,73,350	10	10	2.03	3 years
	25/01/2002	Bonus	19,13,460	10	10	14.17	3 years
SUB-TOTAL			24,94,310			18.48	
Mr. Balkrishnan Wadhawan	17/11/2003	Cash	52,050	10	10	0.39	3 years
	17/05/2002	Cash	46,280	10	10	0.34	3 years
	25/01/2002	Bonus	1,07,200	10	10	0.79	3 years
SUB-TOTAL			20,55,300			1.52	
Total			26,99,840			20.00	

Lock-in period will commence from date of allotment in this issue. Besides this, entire pre-issue share capital, other than that locked in as promoter's contribution for 3 years, will be locked in for a period of one year from the date of allotment in this public issue.

Note:

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

Equity shares of promoters, locked in may be pledged only with banks or financial institution as collateral security for loans granted by such banks or FIs provided the pledge of shares is one of the terms of sanction of loan.

- The promoters' contribution has been brought in from persons defined as promoters under the Guidelines.
- The company has not issued any warrant, option, convertible loan, debenture or any other securities convertible at a later date into equity, which would entitle the holders to acquire further equity shares of the company.
- The Company/Promoters/Directors/Lead Merchant Bankers have not entered into buyback or similar arrangements for purchase of securities issued by the Company.

6. An oversubscription to the extent of 10% of the Issue can be retained for the purpose of rounding off while finalizing the basis of allotment.
7. Allotment shall be on a proportionate basis rounded off to the nearest integer subject to the minimum allotment being equal to the minimum application size. In case of over-subscription the proportionate allotment will be subject to the reservation for Retail Individual Investors as below:-
 - a) A minimum of 50% of the net offer to the public will initially be made available for allotment to retail individual investors.
 - b) The balance net offer to the public shall be made available for allotment to applicants other than retail individual investors.
8. The ten largest shareholders as on the date of filing of the Prospectus with SEBI are as follows:

Sr. No.	Name of the Shareholder	Number of Shares	% of issued Capital
1	Mr. Ramlal Roshanlal Wadhawan	47,38,350	55.75
2	Mr. Balkrishan P. Wadhawan	8,02,280	9.44
3	Mr. Narayan Ganesh Thatte	6,36,720	7.49
4	Mr. Subhashchandra P. Wadhawan	6,03,380	7.10
5	Mrs. Neena Balkrishan Wadhawan	3,04,230	3.58
6	Mr. Vishal Balkrishan Wadhawan	2,72,440	3.21
8	Mr. Deepak Ramlal Wadhawan	2,50,760	2.95
7	Mr. Rajesh Ramlal Wadhawan	2,50,760	2.95
9	Mr. Sunil Ramlal Wadhawan	2,50,760	2.95
10	Mrs. Monica Manoj Talwar	2,50,760	2.95
	TOTAL	83,60,440	98.37

9. The ten largest shareholders as on 10 days prior to the date of filing of the Prospectus with SEBI are as follows:

Sr. No.	Name of the Shareholder	Number of Shares	% of issued Capital
1	Mr. Ramlal Roshanlal Wadhawan	47,38,350	55.75
2	Mr. Balkrishan P. Wadhawan	8,02,280	9.44
3	Mr. Narayan Ganesh Thatte	6,36,720	7.49
4	Mr. Subhashchandra P. Wadhawan	6,03,380	7.10
5	Mrs. Neena Balkrishan Wadhawan	3,04,230	3.58
6	Mr. Vishal Balkrishan Wadhawan	2,72,440	3.21
8	Mr. Deepak Ramlal Wadhawan	2,50,760	2.95
7	Mr. Rajesh Ramlal Wadhawan	2,50,760	2.95
9	Mr. Sunil Ramlal Wadhawan	2,50,760	2.95
10	Mrs. Monica Manoj Talwar	2,50,760	2.95
	TOTAL	83,60,440	98.37

10. The ten largest shareholders two years prior to the date of filing of this Prospectus with SEBI are as follows:

Sr. No.	Name of the Shareholder	Number of Shares	% of issued Capital
1	Mr. Ramlal Roshanlal Wadhawan	4,10,027	55.75
2	Mr. Balkrishan P. Wadhawan	69,426	9.44
3	Mr. Narayan Ganesh Thatte	55,105	7.49
4	Mr. Subhashchandra P. Wadhawan	52,214	7.10
5	Mrs. Neena Balkrishan Wadhawan	26,331	3.58
6	Mr. Vishal Balkrishan Wadhawan	23,579	3.21
8	Mr. Deepak Ramlal Wadhawan	21,702	2.95
7	Mr. Rajesh Ramlal Wadhawan	21,702	2.95
9	Mr. Sunil Ramlal Wadhawan	21,702	2.95
10	Mrs. Monica Manoj Talwar	21,702	2.95
	TOTAL	723490	98.37

11. Total number of shareholders as on date is 11.

12. The shareholding pattern of the promoter group is as detailed below:

Particulars	Present		Post Issue	
	No. of Equity Shares of Rs.10/- each	% of Present Capital	No. of Equity Shares of Rs.10/- each	% of post Issue capital
a) Promoters/Directors	61,77,350	72.68	61,77,350	45.76
b) Immediate relatives of promoter/ Director (Spouse, parent, child, brother, sister)	23,21,850	27.32	23,21,850	17.20
c) Company in which 10% or more of the share capital is held by the promoter his immediate relative firm or HUF in which the promoter or his immediate relative is a member	-	-	-	-
d) Company in which the Company mentioned in (c) above holds 10% or more of the share capital	-	-	-	-
e) HUF in which aggregate share of the promoter and his immediate relatives is equal or more than 10% of the total	-	-	-	-
TOTAL	84,99,200	100.00	84,99,200	62.96

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

Particulars	Pre Issue		Post Issue	
	No. of equity shares	% to present share capital	No. of equity shares	% to Post Issue share capital
Promoter/directors & other persons in promoter group	84,99,200	100.00	84,99,200	62.96
Financial Institutions/ Banks/ Mutual funds	-	-	50,00,000	37.04
Private Corporate Bodies	-	-		
Indian Public	-	-		
NRIS	-	-		
Total	84,99,200	100.00	1,34,99,200	100.00

14. There are no transactions in the securities of the Company during preceding 6 months which were financed directly or indirectly by the promoters, their relatives, their group companies or associates or by the above entities directly or indirectly through other persons.
15. The Equity Shares will be issued and traded on the stock exchange only in dematerialised form. Hence the market lot of the equity shares is 1 (One share).
16. At any given time there shall be only one denomination for the shares of the Company and the disclosures and accounting norms specified by SEBI from time to time shall be complied with.
17. The Company shall not make any further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or public issue or in any other manner during the period commencing from the submission of the Prospectus to SEBI for the Public Issue till the securities referred in the aforesaid have been listed.
18. The Company does not propose to alter the capital structure by way of split or consolidation of the denomination of the shares or the issue of shares on a preferential basis or issue of bonus or rights or further public issue of shares or any other securities within a period of six months from the date of opening of the present Public Issue.

OBJECTS OF THE ISSUE

The objects of the issue includes:

1. Investments in BOT/BOOT projects
2. Purchase of capital equipment
3. To meet the additional margin money working capital requirements of the Company.
4. To meet the issue expenses.

The main object clause and objects incidental or ancillary to the main objects of our Memorandum of Association enables us to undertake existing activities and activities for which the funds are raised through the present issue.

FUNDS REQUIREMENT

(Rs. in lacs)		
Sr. No.	Particulars	Funds requirements
1	Purchase of capital equipments	1000.00
2	Investment in BOT/BOOT projects	1000.00
3	Additional margin money working capital requirements	1061.52
4	Issue expenses	150.00
	Total	3211.52

MEANS OF FINANCE

(Rs in Lacs)		
Sr. No.	Particulars	Funds requirements
1	Public Issue of 50 lac equity shares at a price of Rs. 60/- per share	3000.00
2	Internal Accruals	211.52
	Total	3211.52

Schedule of Implementation / Utilization of Issue Proceeds

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

(Rs. in lacs)				
Sr. No.	Particulars	Year Ending March 31st		
		2006	2007	Total
1	Purchase of Capital equipments	1000.00	-	1000.00
2	Investment in BOT/BOOT projects	550.00	450.00	1000.00
3	Additional working capital requirements	1061.52	-	1061.52
4	Issue Expenses	150.00	-	150.00
	Total	2761.52	450.00	3211.52

Detailed Break Up of Funds Requirements:

1. Purchase of Capital Equipment

Sr. No.	Particulars	Quantity	Amount (Rs. in lacs)	Name & Address of the supplier	Date of quotation
1	Tipplers	33	450	Bafna Motors (Mumbai) Pvt. Ltd. Survey No.126/2, VIII, Pimpalner, NH3, Bhiwandi Bypass, Thane.	21/05/2005
2	Excavators	4	200	Gmmco Limited, Maker Bhavan, No. 2, 18, New Marine Lines, Mumbai – 400 020.	19/05/2005
3	Graders	3	150	Gmmco Limited, Maker Bhavan, No. 2, 18, New Marine Lines, Mumbai – 400 020.	19/05/2005
4	Asphalt Mixing Paver	1	200	SSANGYONG 9, Ring Road, Ground Floor, Lajpat Nagar-IV, New Delhi	21/05/2005
	TOTAL		1000		

The Company has relied on quotations received from various suppliers and the orders for the same are yet to be placed.

2. Investment in BOT/BOOT projects

Government has framed policies and ways to channelize private investment in infrastructure development projects. To ensure a long term partnership between the Government and Private players in the infrastructure development of the country, the government, through the nodal agency NHAI proposes to offer several projects on a Build-Operate-Transfer (BOT) basis and Build-Own-Operate-Transfer (BOOT) basis. The concept is also known as Public Private Partnership (PPP). Among these, National Highways Authority of India has recently invited participation in road projects involving widening of existing two lane to four lane highways /laying of new roads on BOT/BOOT basis. These projects aim at private sector investment in the form of capital infusion with the autonomy to operate and generate revenue over the concession period. Generally these high value projects are implemented through a Special Purpose Vehicle (SPV) a project specific company wherein the company proposes to undertake development of such projects and invest a sum of Rs.10 crores as Capital in the same. The returns on such investments are based on the working of the project specific SPV and is not assured.

3. Investment in Additional Working Capital Requirements

The additional working capital requirement is calculated as follows:

Particulars	(Rs. in lacs)	
	31.03.2005 (Unaudited)	31.03.2006 (Estimated)
Current Assets		
Work in progress	1937.50	2012.50
Sundry Debtors	1651.04	1861.98
Advances / Deposits	1771.00	2121.00
Deposits – Guarantees	900.00	1800.00
Total	6259.54	7795.48
Current Liabilities		
Sundry Creditors	1545.47	1744.88
Advances received	1119.60	1244.60
Liabilities – Others	293.86	343.86
Total	2958.93	3333.34
Working Capital Gap	3300.62	4462.14

Particulars	31.03.2005 (Unaudited)	31.03.2006 (Estimated)
Financed by :		
Banks	1600.00	1600.00
Margin	1700.62	2862.14
Additional Margin Money	-	1061.52

4. Issue Expenses

The Company proposes to get its equity shares listed on BSE and NSE. The management estimates an expense of Rs. 150.00 lacs towards issue expenses. The break-up of issue expenses is given below:

(Rs. in lacs)

Particulars	Amount
Fees to the intermediaries	50.00
Advertising & Marketing expenses	50.00
Printing, Stationary, Dispatch	30.00
Miscellaneous	20.00
Total	150.00

Interim Use of Proceeds

The 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, the Company intends to temporarily invest the funds in high quality interest bearing liquid instruments including deposits with banks. Such investments would be in accordance with the investment policies approved by the Board of Directors from time to time.

In the event of a shortfall in procuring issue proceeds towards Objects of the issue, the extent of additional working capital requirement will be met through corresponding finance from Bank.

BASIS FOR ISSUE PRICE

QUALITATIVE FACTORS

1. PBA Infrastructure is an existing profit making company with an existence of over 3 decades experienced management team.
2. An ISO 9001:2000 certified Company
3. The company is primarily engaged and specializes in Construction of Roads and Highways.
4. The Company is well equipped to handle large orders and is classified by Public Works Department as Class IA Contractor and is entitled to bid for and accept Works and Orders without any limits.
5. The Company has an order book position to the extent of Rs. 521.41 crore on hand. The Company has already bid for the tenders for infrastructural work with the authorities such as NHAI, World Bank aided State Projects etc and has been pre-qualified for various projects.

QUANTITATIVE FACTORS

Information presented in this section is derived from the audited financial statements.

i) Earnings per Share (on Rs. 10/- per share)

Year	EPS (Rs)	Wts
2002-03	4.37	1
2003-04	6.17	2
Nine months period ended 31/12/2004 (Annualized)	5.88	3
Weighted Average EPS		4.99

ii) P/E Ratio

Price per share	Rs. 60/-
P/E (based on pre-issue EPS as on 31/12/2004)	10.20

iii) Return on Networth

Year	RONW (%)	Wts
2002-03	25.34	1
2003-04	28.09	2
Nine months period ended 31/12/2004 (Annualized)	22.39	3
Weighted Average RONW		21.98

iv) Minimum RONW required for maintaining preissue EPS of 4.99 (%)	12.89
--	-------

v) Book Value (Rs.)

Book Value (pre issue) (As on 31/12/2004)	26.28
Book Value (post Issue)	38.77
Issue Price (Rs.)	60.00

vi) Industry P/E Ratio

Highest (Arihant Foundations and Housing Ltd.)	43.00
Lowest (Elnet Technologies Ltd.)	5.10
Average	21.00
Source: Capital Market –Apr 25-May 8, 2005; Segment – Construction Industry	

Comparison with other companies

Name of the company	(Rs in Crore)					
	Equity	Sales	PAT	EPS (Rs.)	BV (Rs.)	P/E
Dhruv Estates	0.98	0.30	0.03	0.3	16.1	71.9
Kamanwala Inds.	2.89	14.01	0.59	2.0	16.50	14.2
Lancor Holdings	3.20	1.97	0.73	2.3	25.4	22.8
Eldeco Housing and Industries	1.97	40.00	5.46	27.7	80.8	2.9
Arihant Found.	5.00	58.46	1.26	2.5	32.3	30.6
Hind Constructions	22.94	1487.34	71.22	31.1	153.9	18.4
Ansai Buildwell	7.43	78.42	1.15	1.6	27.9	23.3
Nag. Constructions	15.90	1188.50	57.27	36.0	204.2	22.4
MSK Projects	12.12	78.20	5.00	4.1	39.6	17.7
Nila Infrastructure	12.32	2.39	0.03	-	12.5	164.3
Patel Engg.	4.86	537.43	35.59	7.3	26.6	26.4
Asahi Infrastr.	3.73	14.43	0.13	0.4	12.4	74.6
Skanska Cement.	4.61	516.20	-46.81	-	100.1	-
Gammon Indai	15.55	1158.13	52.45	6.8	43.8	44.5
Rander Finance	5.00	0.53	0.15	0.3	10.9	10.0
MADhucon Project	5.47	306.06	19.71	36.0	200.3	22.0
Uni.Brew.(Hold)	22.64	2.72	-28.33	-	-23.9	-
Jaiprakash Assoc	176.22	2730.00	168.00	9.5	68.2	19.3
Elnet Techno.	4.00	8.94	2.94	7.4	29.2	6.9
Mahindra Gesco	31.03	91.46	7.85	2.5	41.8	55.7
Orient Beverages	2.16	1.72	0.22	1.0	50.7	11.8
HB Estate Devel	12.87	6.80	-3.47	-	49.1	-
Garnet Const.	5.40	0.56	0.07	0.1	11.1	92.6
Maruti Infra.	10.10	1.87	0.07	0.1	10.1	72.1

Source:

Capital Market –May 23-June 5, 2005; Segment – Construction Industry

Conclusion

The equity shares are being issued at a price of Rs. 60/- per share. The issue price is 6 times the face value of the shares. The pre issue book value of the shares as on 31/12/2004 is Rs. 26.28 per share. The average PE multiple of the industry sector is 21.00. The present issue of shares is at a PE multiple of 10.20 times which is lower than the average PE multiple in the industry. The minimum return on networth required to be earned to maintain the pre-issue EPS of Rs. 4.99 is 12.89% whereas the company has already earned a RONW of 28.39% for the FY ended 31/03/2004.

Taking into account the above qualitative and quantitative factors, the issue price of Rs. 60/- per share is justified.

STATEMENT OF TAX BENEFITS

To
The Board of Directors
PBA Infrastructure limited
611/3, V.N.Purav Marg,
Chembur
Mumbai 400 071

We the auditors of M/s PBA Infrastructure Limited hereby confirm that the attached annexure details the generally available tax benefits to the Company and its shareholders under the Income Tax Act, 1961, subject to the fact that several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws.

Hence the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives the Company may or may not choose to fulfill.

The benefits discussed in the Annexure 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 the professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue. We do not express any opinion or provide any assurance as to whether:

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

The contents of this annexure are based on the information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company and interpretations of the current tax laws. No effect of the proposals contained in Finance Bill, 2005 has been considered in the attached annexures as the same are yet to be enacted.

For Ajay B Garg
Chartered Accountant
Sd/-
A. Garg
Proprietor
Dated : 11th March, 2005
Membership No. 32538

ANNEXURE TO THE STATEMENT OF TAX BENEFITS

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

The Company is mainly engaged in construction of Road, Dams Airports, Bridges and other infrastructure facilities and there are no specific tax incentives available to the Company based on its business activities

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

(i) *Under The Income Tax Act, 1961*

Resident Members

- Under section 10(34) of the Act income earned by way of dividend from domestic company referred to in section 115O of the Act is exempt from income-tax in the hands of the shareholders.
- Under section 10(38) of the Act, long term capital gain arising to the shareholder from transfer of a long term capital asset being an equity share in the company or unit of an equity oriented Mutual fund (i.e. capital asset held for the period of twelve months or more) entered into in a recognized stock exchange in India after the notified date is exempt.
- In accordance with section 10(23D) of the Act, all mutual funds set up by public sector banks or public financial institutions or mutual funds registered under the Securities and Exchange Board of India (SEBI) or authorized by the Reserve Bank of India subject to the conditions specified therein are eligible for exemption from Income-tax on their entire income, including income from investment in the shares of the company.
- Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long term capital gains [not covered under the section 10(38) of the Act] arising on the transfer of shares of the Company will be exempt from capital gains tax if the capital gain are invested within a period of 6 months from the date of transfer in the bonds issued by – National Housing Bank established under Section 3(1) of the National Housing Bank Act, 1987; Small Industries Development Bank of India established under Section 3 of Small Industries Development Bank of India Act, 1989; If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within three years from the date of their acquisition.
- Under Section 54ED of the Act and subject to the conditions and to the extent specified therein, long term capital gains [not covered under Section 10(38) of the Act] arising on the transfer of shares of the Company, will be exempt from capital gains tax if the capital gain is invested in equity shares of Indian Public Company forming part of an eligible public issue within a period of 6 months after the date of such transfer. If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within one year from the date of their acquisition.
- Under Section 54F of the Act and subject to the conditions and to the extent specified therein, long term capital gains [in cases not covered under section 10(38) of the Act] arising to an individual or Hindu Undivided Family (HUF) on transfer of shares of the Company will be exempt from capital gains tax subject to other conditions, if the net sales consideration from such shares are used for purchase of residential house property within a period of one year before or two year after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.
- Under section 111A of the Act, capital gains arising to a shareholder from transfer of short terms capital assets, being an equity share in the company or unit of an equity oriented Mutual fund, entered into in a recognized stock exchange in India [after the date of coming into force of Chapter VII of the Finance (No. 2) Act, 2004] will be subject to tax at the rate of 10% (plus applicable surcharge and educational cess on income-tax).

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

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

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

Tax on income from investment and Long Term Capital Gains:

- A non-resident Indian (i.e. an individual being a citizen of India or person of Indian Origin) has an option to be governed by the provisions of Chapter XIIA of the Act viz. “Special Provisions Relating to certain Incomes of Non-Residents”.
- Under section 115E of the Act, where shares in the company are subscribed for in convertible Foreign Exchange by a non-resident Indian, capital gains arising to the non resident on transfer of shares held for a period exceeding 12 months shall [in cases not covered under section 10(38) of the Act] be concessional tax at a flat rate of 10% (plus applicable surcharge and educational cess on Income-tax) without indexation benefit but with protection against foreign exchange fluctuation under the first proviso to section 48 of the Act.
- Capital gain on transfer of Foreign Exchange Assets, not to be charged in certain cases Under provisions of section 115F of the Act, long term capital gains [not covered under section 10(38) of the Act] arising to a non-resident Indian from the transfer of shares of the company subscribed to in convertible Foreign Exchange shall be exempt from income tax if the net consideration is reinvested in specified assets within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within three years from the date of their acquisition.

Return of Income not to be filed in certain cases

- Under provisions of section 115-G of the Act, it shall not be necessary for a nonresident Indian to furnish his return of income if his only source of income is investment income or long term capital gains or both arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax deductible at source has been deducted there from.

Other Provisions

- Under 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 under section 139 of the Act declaring therein that the provisions of the Chapter shall not apply to him for that assessment year and if he does so the provisions of this Chapter shall not apply to him, instead the other provisions of the Act shall apply. Under the first proviso to section 48 of the Act, in case of a non resident, in computing the capital gains arising from transfer of shares of the company acquired in convertible foreign exchange (as per exchange control regulations), protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case.
- Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long term capital gains [not covered under section 10(38) of the Act] arising on the transfer of shares of the company will be exempt from capital gains tax if the capital gains are invested within a period of 6 months from the date of transfer, in the bonds issued by –
 - National Housing Bank established under section 3(1) of the National Housing Bank Act, 1987;
 - Small Industries Development Bank of India established under section 3, of Small Industries Development Bank of India Act, 1989.

- If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within three years from the date of their acquisition.
- Under section 54AD of the Act and subject to the conditions and to the extent specified therein, long term capital gains [not covered under section 10(38) of the Act] arising on the transfer of shares of the company, will be exempt from capital gains tax if the capital gain is invested in equity shares of Indian Public Company forming part of an eligible public issue, within a period of 6 months after the date of such transfer. If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within one year from the date of their acquisition.
- Under section 54F of the Act and subject to the conditions and to the extent specified therein, long term capital gains [in cases not covered under section 10(38) of the Act] arising to an individual or Hindu Undivided Family (HUF) on transfer of shares of the company will be exempt from capital gains tax subject to other conditions, if the sale proceeds from such shares are used for purchase of residential house property within a period of one year before or two year after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.
- Under section 112 of the Act and other relevant provisions of the Act, long term capital gains [not covered under section 10(38) of the Act] arising on transfer of shares in the company, if shares are held for a period exceeding 12 months shall be taxed at a rate of 20% (plus applicable surcharge) after indexation as provided in the second proviso to section 48. However, indexation will not be available if the investment is made in foreign currency as per the first proviso to section 48 stated above, or it can be taxed at 10% (plus applicable surcharge and the education cess on income-tax) (without indexation), at the option of assessee.
- Under Section 111A of the Act, capital gains arising to a shareholder from transfer of short terms capital assets, being an equity share in the company or unit of an equity oriented Mutual fund, entered into in a recognized stock exchange in India [after the date of coming into force of Chapter VII of the Finance (No. 2) Act, 2004] will be subject to tax at the rate of 10% (plus applicable surcharge and the education cess on income-tax).

Foreign Institutional Investors (FIIs)

- By virtue of section 10(34) of the Act, income earned by way of dividend income from another domestic company referred to in section 115O of the Act, are exempt from tax in the hands of the institutional investor.
- The income realized by FIIs on sale of shares in the company by way of short term capital gains referred to in Section 111A of the Act would be taxed at the rate of 10% (plus applicable surcharge and education cess on income-tax) as per section 115AD of the Act.
- The income by way of short term capital gains (not referred to in section 111A) or long term capital gains [not covered under section 10(38) of the Act] realized by FIIs on sale of shares in the company would be taxed at the following rates as per section 115AD of the Act.
 - Short term capital gains – 30% (plus applicable surcharge and education cess on income tax)
 - Long term capital gains – 10% (without cost indexation plus applicable surcharge and education cess on income-tax) (shares held in a company would be considered as a long term capital asset provided they are held for a period exceeding 12 months).
- Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long term capital gains [not covered under section 10(38) of the Act] arising on the transfer of shares of the company will be exempt from capital gains tax if the capital gains are invested within a period of 6 months after the date of such transfer for a period of 3 years in the bonds issued by –
 - National Housing Bank established under Section 3(1) of the National Housing Bank Act, 1987;
 - Small Industries Development Bank of India established under Section 3 of Small Industries Development Bank of India Act, 1989;

- Under section 54ED of the Act and subject to the conditions and to the extent specified therein, long term capital gains [not covered under section 10(38) of the Act] on the transfer of shares of the company, will be exempt from capital gains tax if the capital gains are invested in shares of an Indian company forming part of an eligible public issue, within a period of 6 months after the date of such transfer for one year.

Venture Capital Companies / Funds

- In terms of section 10(23FB) of the Act and subject to the conditions specified therein, all Venture Capital undertakings referred to in Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 made under the Securities and Exchange Board of India Act, 1992 and notified as such in the Official Gazette and Venture Capital Companies, are eligible for exemption from income tax on all their income, including income from dividend.

Infrastructure Capital Companies / Funds or Co-operative Bank

- In accordance with and subject to the conditions specified in section 10(23G) of the Act income from specified investments made to a power sector company by an Infrastructure Capital Fund or Infrastructure Capital Company or Cooperative Bank on or after first day of June, 1998 is exempt from levy of Income-Tax. However the aforesaid Income would be subjected to Minimum Alternative Tax under section 115JB of the Act.

(ii) 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 Wealth-tax Act will not be applicable.

Notes

- All the above benefits are as per the current tax law and will be available only to the sole/ first named holder in case the shares are held by joint holders.
- In respect of non-residents, taxability of capital gains mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreement, if any between India and the country in which the non-resident has fiscal domicile.
- In view of the individual nature of tax consequence, each investor is advised to consult his/ her own tax adviser with respect to specific tax consequences of his/ her participation in the scheme.

SECTION III: ABOUT THE ISSUER COMPANY

INDUSTRY OVERVIEW

Introduction

The construction industry is an integral part of a country's infrastructure and economic development and an essential contributor to the development process. Construction is one of the oldest industry, which provides infrastructure to all other industries. It renders significant contributions to the economy by enhancing gross domestic product (GDP), income and employment opportunities. It creates the physical foundations of economic development and improves the standard of living of a society. The output of the construction industry becomes the assets of a nation. Investment in the construction industry activates many other industries and it has the maximum linkage effect.

The construction sector is a major employer and absorbs rural labour and unskilled workers (in addition to semi-skilled and skilled workers); provides opportunity for seasonal employment, thereby supplementing worker's income from farming and permits large-scale participation of women workers. The share of the sector in total employment is somewhat higher than the share in terms of value addition. In the US alone 7.5 million people are employed by the construction industry. In the European Union (EU), it is around 9 million. The corresponding figure for India is 32 million.

The sector has registered enormous growth worldwide during the last few decades. Besides, it has been diverse in nature. Industrialized countries invest more in civil work projects whereas developing countries are engaged in the construction of civic, social and developmental infrastructure housing and other structures required for economic growth and improvement in the quality of life.

The size of the world construction market is around \$ 4.2 trillion. Over 100 million workers are engaged in construction trades around the globe. Construction workers constitute 6 to 7 per cent of the world labour force, with the figure climbing to 20 per cent in some countries.

Overview of Indian Construction Industry

Construction has accounted for around 40 per cent of the development investment in India during the past 50 years. Around 16 per cent of the nation's working population depends on construction for its livelihood. The Indian Construction industry employs over 3 crore people and creates assets worth over Rs.20,000 crore. It contributes more than 5 per cent to the nation's GDP and 78 per cent to the gross capital formation.

The share of the Indian construction sector in total gross capital formation (GCF) came down from 60 per cent in 1970-71 to 34 per cent in 1990-91. Thereafter, it increased to 48 per cent in 1993-94 and stood at 44 per cent in 1999-2000. In the 21st century, there has been a decline in the share of the construction sector in GDP and capital formation. The main reason for this has been reduced government spending on physical infrastructure in the last decade owing to its fiscal constraints. Though there has now been an increasing emphasis on involving the private sector in infrastructure development through public-private partnerships and mechanisms like build-operate-transfer (BOT), private sector investment has not reached the expected levels.

The construction industry in India comprises over 200 firms in the corporate sector. In addition, to large firms, there are about 1,20,000 class 'A' contractors registered with various government construction bodies. There are thousands of small firms, which compete for small jobs or work as sub-contractors of prime or other contractors.

There are over 2.5 crore construction workers in the country classified as unskilled, semi-skilled, and skilled constituting masons, carpenters, bar benders, plumbers, electricians, tile layers, glass fitters, metal fabricators, concrete workforce, etc. In addition to those directly involved in the construction process, the industry also accounts for a large proportion of secondary employment created due to forward and backward linkages with ancillary industries such as the urban infrastructure sector, construction materials, industries, real-estate development etc.

Industry structure

The Indian Construction industry has a few generalists and many specialists. Some companies, such as Larsen & Toubro, Gammon and Hindustan Construction operate in several sectors including roads, hydel projects, thermal plants and urban infrastructure. L & T is the only company which has a presence in almost every conceivable business segment, be it roads, hydel and thermal power, power transmission, oil & gas pipelines or urban infrastructure. The guiding philosophy for such firms is that a foothold across various sectors allows them to tap opportunities in any sector that may be coming up.

Most of the Indian contractors have a presence in one or two business segments. This includes large players such as BHEL, Jaiprakash and Punj-Lloyd. An example of extreme specialization would be the transmission line companies – KEC International, Jyoti Structures and Kalpataru Transmission. These companies operate in a single business segment and execute projects all over the world.

Roads form a large part of the order books of most contractors. Except for BHEL and the power transmission line contractors, every company has a number of ongoing road projects.

Till recently, the Indian Construction Companies were largely contractors, executing projects for the client against advances etc. They are now evolving into project-developers. Leading companies, such as L& T, Punj-Lloyd and Gammon are executing several projects on a BOT basis.

As Indian Contractors increase in size and capabilities, they are also moving overseas. Larsen & Toubro, BHEL, EIL, and KEC International are the leading exporters in this segment. L& T got into the export markets only recently. Other larger Indian Companies are also looking at export markets. Major markets for Indian companies include Malaysia, Middle East and East-Africa. The construction industry is labour intensive, which gives Indian Companies an advantage. Moreover, except for some specialized areas, it is not very high-tech. Exim Bank, which funds the bulk of Indian project exports, has seen its volumes soar.

Construction Industry Characteristics

- **Capital Structure:** Construction activities are often funded by the client who may make cash advances as stage payments against a bank guarantee. They are reflected as interest/ non-interest bearing project advances on its balance sheet.
- **Profitability:** Profit margins tend to vary across various segments such as roads, tunnels, dams, bridges, power projects and industrial applications. Large complex jobs such as power projects; nuclear projects enjoy higher margins in relation to road works, which are relatively low-tech jobs. Profitability in the industry therefore tends to vary across segments.
- **Contingent Liabilities:** Due to project based type of work, construction companies often carry substantial contingent liabilities in the form of guarantees in order to comply with specific client requirements.
- **Joint Ventures:** Due to the relatively small size of many construction companies, the diversity of expertise required and the high project values involved bids are increasingly placed in consortia. Examples have been the NHAI road works and large complex hydroelectric projects.
- **Construction Risks:** Profitability on each project is subject to problems on mis-pricing, adverse conditions, geological conditions, management of specification changes and the outcome of claims on competitions. As per AS-7 of the Indian accounting standards, construction companies are required to recognize all losses incurred and foreseeable in the respective accounting period.
- **Credit Risk:** The strength of clients on whom the receivables are being generated is important. In general, programmes with strong counter party credits such as the NHDP programme, power projects floated by NHPC, NPC and other projects on multilateral funding are observed to make regular payments to the contractors. State-funded projects, in general, pose some degree of difficulty for the contractors. Contractors usually secure project advances from clients to keep them committed to the projects. It is also important to understand the political implications of the project being executed.

STATE OF INDIAN ROADS

India has more than three million kilometers of roads, though only 2-3% of these are four-laned. Roads account for about 70% of the freight movement and 85% of the passenger traffic within the country. The bulk of this is on the national highways, which account for less than 2% of the total road network and carry almost 40% of the traffic. As a result, a number of national highways are congested, leading to low traffic speeds and a high incidence of accidents.

India's Road Network	
Road Type	Length (km)
National Highways	58,112
State Highways	137,119
Major District Roads	470,000
Village and Other Roads	2,650,000
Total Length	3,315,231

Source: NHAI

According to the figures of the Ministry of Road Transport & Highways (MoRTH), the road traffic in India is growing at 7-10% per annum while the vehicle population is increasing at the rate of 12%. The estimated number of vehicles on Indian roads is about 25 million. The number of trucks and similar vehicles is about 2.5 million.

According to a report published by the World Bank, Rs.2,000-3,000 crore are lost annually due to poor network and quality constraints. Congestion is also a problem inside the cities, where the area dedicated to roads ranges from 6-10%. The available road space is even lower due to encroachments, poor drainage etc. Apart from these, there is a mix of fast and slow-moving vehicles that restrict the traffic speed.

Therefore, large investments are required to increase and upgrade the Indian road infrastructure. According to a presentation made by the Ministry of Commerce and Industry, the total investment required for roads is to the tune of \$40 billion. Obviously, the government cannot make all these investments on its own. Therefore, various initiatives such as BOT and annuity projects have been designed to encourage private sector participation in roads.

The best-known ongoing project is the Rs.54,000 crore National Highway Development Programme (NHDP). Apart from that, it was announced in the 2003-04 budget that an additional 48 new road projects would be undertaken in the coming years. These projects will have a total length of 10,000 km and an estimated cost of Rs.40,000 crore.

ROADS IN FIVE YEAR PLANS

The aggregate length of roads has increased from 0.4 million km in 1950-51 to 2.10 million km in 1989-90. In the same period, the number of goods vehicles went up from 168,000 to 1.3 million while the number of passenger buses increased from 57,000 to 312,000. Since then, the road sector has further expanded to about 3.32 million km. About 20% of the surfaced roads are estimated to be in good conditions. This compares unfavorably with 30% for countries like Indonesia and Brazil, and 70% for South Korea. India's road network can be divided into three broad categories.

- National Highways (including NHDP stretches)
- State Highways and Major District Roads
- Rural Roads

In 1969, the national highway network was about 24,000 km, which had increased to 33,600 km by 1990. In 2000-01, the length of the highway network had gone up to about 58,000 km. One reason for the large increase was the upgradation of several state highways to national highway status during the 9th Five Year Plan.

NINTH FIVE YEAR PLAN

The total outlay on roads for the 9th Five Year Plan in the state sector was Rs.7,355 crore. Against, this the actual expenditure was only Rs.6,755 crore. Given the state of road infrastructure in the country, this number looks inadequate. As per the estimates of the Planning Commission, the cost of removing various shortcomings and deficiencies in the national highways alone would require an investment of almost Rs.164,000 crore. A bulk of this money would be required in widening the existing roads of two, four and six lanes. Roughly 10% would be required in the construction of expressways.

The outlay in the 9th plan was the highest for the National Capital Territory of New Delhi. Other states with relatively larger outlays for expenditure on roads were Andhra Pradesh, Maharashtra, Tamil Nadu and Karnataka. For details see table below:

(Rs. in crore)

Expenditure On Roads In The 9th Plan (State)		
	Outlay	Expenditure (Estimated)
Delhi	1450	1563
Andhra Pradesh	1296	933
Maharashtra	1197	1095
Tamil Nadu	906	648
Karnataka	744	607
Total (All India)	7355	6735

Source: Planning Commission

While the actual expenditure was somewhat lower than the project outlays in most cases, these five states were the top spenders in the road sector. The large spending on roads in Andhra Pradesh is cited as the reason for the growth of several mid-size construction firms over there.

In terms of physical targets, the 9th plan had envisaged a widening of several stretches of the national highway network along with the construction of bypasses and bridges. The targets included widening of about 1,800 km of national highways, to two lanes and another 950 km to four lanes. For details see table below.

(Rs. in crore)

Achievements In The 9th Plan (State)		
	Target	Achievement
Widening to 2 Lanes (Km)	1791	1955
Widening to 4 Lanes (Km)	944	797
Strengthening Weak 2 Lanes (Km)	3042	3511
Bypasses	59	35
Bridges	633	442

Source: Planning Commission

TENTH FIVE YEAR PLAN (2002-07)

For the 10th Five Year Plan, the total outlay on roads is Rs.9,207 Crore. Here too, New Delhi leads the rest of the country. With an outlay of Rs.2,939 crore, it accounts for more than a quarter of the total for all the states. Maharashtra, Karnataka, Uttar Pradesh and Tamil Nadu have outlays in excess of Rs.700 crore. For details, see table below:

Road Expenditure In 10th Plan (State)	
	Outlay (Rs. in crore)
Delhi	2939
Maharashtra	1869
Karnataka	855
Uttar Pradesh	702
Tamil Nadu	700
Total (All India)	9207

The main objective of the 10th plan with regard to roads is to go for a balanced development of the total network. This would include widening of roads, improvement in riding quality, road safety measures and providing wayside amenities. The top priority for the 10th plan is the completion of the NHDP. While the Golden Quadrilateral will be completed in the current period, the North South and East-West corridors are expected to spill over to the beginning of the next plan. The gross budgetary support, however, will be limited. The shortfall will have to be made up by levying user charges for roads and participation of the private sector.

The total outlay for central sector roads for the 10th plan is Rs.54,490 crore. This includes Rs.34,790 crore of budgetary support and Rs.24,700 crore of internal and extra-budgetary resources.

HIGHLIGHTS OF THE BUDGET 2005-06 ON THE INFRASTRUCTURE SECTOR

The Budget has reiterated that sustainable growth depends upon the availability of efficient infrastructure. It proposes to meet these requirements through a mix of policy, fiscal incentives and public-private partnerships. Specific proposals in the infrastructure sector are as follows:

- ☞ Setting up of a Special Purpose Vehicle ('SPV') with a corpus of Rs. 100 billion to lend long- term funds directly to the eligible projects.
- ☞ A new initiative called 'Bharat Nirman' has been conceived as a business plan, to be implemented over a period of 4 years, for building infrastructure, especially in rural areas. The goals are as follows:
 - To bring an additional 10 million hectares under assured irrigation
 - To connect all villages having a population of 1,000 (or 500 in hilly/tribal areas) with a road
 - To construct 6 million additional houses for the poor
 - To provide drinking water to uncovered rural habitations
 - To electrify villages where such a facility is currently not available
 - To give telephone connectivity to areas which currently do not enjoy this facility
- ☞ Agricultural marketing infrastructure to be strengthened to induce investments from the private and cooperative sectors.
- ☞ Increased budgetary allocation to the Indira Awas Yojana for rural housing.
- ☞ Increased budgetary allocation to the Rajiv Gandhi National Drinking Water Mission to provide clean drinking water and sanitation facilities in uncovered rural habitations.
- ☞ A National Rural Health Mission to be launched for strengthening the existing primary and community health centre system.
- ☞ Cess on petrol and diesel to be increased by 50 paise per litre to fund the NHDP.
- ☞ NHDP phase III to be launched to target selected high-density highways not forming part of the Golden Quadrilateral or the North-South and East-West corridors. A sum of Rs. 14 billion provided for the creation of four lanes over 4,000 kms.

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

NON-NHDP ROADS

The NHAI has been entrusted with the development, maintenance and management of 10,000 km of national highways under the non-NHDP by the MoRTH. NHAI has invited proposals for the Preparation of Detailed Project Report for four-six laning of some of the identified sections of the national highway corridors on the national highway. These stretches lie in Assam, Arunachal Pradesh, Goa, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Mizoram, Nagaland, Pondicherry, Punjab, Sikkim, Tamil Nadu and Tripura. The total length of these stretches is about 1,800 km.

The project is envisaged to be implemented on public-private partnership (PPP) and as such the viability on Build Operate and Transfer (BOT) basis should be kept in mind. In case the project has low viability, it would be taken up on an annuity/ EPC basis.

To encourage the road construction industry in India, the government has also come out with several initiatives. These include:

- Total custom duty exemption on road building equipment not being produced in the country. Twenty one such items have been identified.
- Income-Tax exemption for 10 years from NHDP earnings.
- A grant up to 40% can be given in the Build, Operate and Transfer (BOT) projects.
- The NHAI Bonds have been exempted from capital gains.

INVESTMENT AND FINANCING

The construction industry has two types of financial requirements – fund based and non-fund based. The fund-based requirements comprise the loans or equity that a company needs to raise for capital expenditure or working capital. Non-fund based requirements include the various guarantees that the firm has to furnish at various stages in a project. Non-fund based financing has been more common for Indian Contractors so far. This is because the contractor gets various advances such as a mobilization advance and an equipment advance, and hence doesn't need to raise working capital. However, fund-based financing is expected to become more common as private participation in infrastructure projects increases.

NON-FUND BASED FINANCING

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

Earnest Money Deposit

The Earnest Money Deposit (EMD) Guarantee usually amounts to about 1% of the total project value. This has to be furnished at the time when the contractor is bidding for a particular project. As on now, the Indian Construction industry is highly competitive. Some of the NHAI contracts have been contested by as many as 30 different contractors. As a result, the contractor's bid would be successful only in a fraction of the projects that he had bid for. The bank's commission for providing these guarantees is about 1.5%. The cost of raising the bank guarantees, however, is incurred on all the tenders that are bid for. This results in a squeeze on margins. Thus, if the contractor has a success rate of 20% (at bidding stage), he would have already incurred Rs.11 lakh by the time he gets one contract of Rs.100 crore. For detailed calculations, see table:

Project Financing Cost : Bid Stage		
Project Size		100 Crore
EMD* Guarantee	1% of project cost	1 crore
Bank's Commission	1.5% of EMD	1.5 lakh
Margin Money	10% of EMD	10 lakh
If the success rate is 20%, one in five bids will be successful		
Margin Money	On Five bids	50 lakh
Opportunity Cost	7.5% of margin money	3.75 lakh
Total Commission	On 5 bids	7.5 lakh
Total Finance Cost	At bid stage	11.25 lakh
* Earnest Money Deposit		

Source: ETIG

Performance Guarantee

The Performance Guarantee is usually about 10% of the total contract value. A contractor has to provide a Performance Guarantee to the client. A bank issues a performance guarantee to the client on behalf of the contractor certifying that the contractor will perform i.e. finish the work of the client as per the given terms and conditions of the contract. Failure to perform leads to invocation of the bank guarantee. In big government-funded projects, the government's word on non-performance is taken as final and bank guarantees are invoked. Now-a-days, there is an engineer who acts as an intermediary between the client and the contractor. His words on any performance-related issue is treated as final. An engineer may be from a consultancy group but it does not necessarily have to be that way. If the engineer feels that the work is not going well, he will issue a show cause notice to the contractor urging him to improve performance, failing which, he recommends the client to invoke the bank guarantee.

Mobilisation Advance Guarantee

The Mobilisation Advance Guarantee is usually 10% of the Contract Value. After a contractor has been awarded a project, the client gives the contractor 10-20% (as the case may be – 15% or more if a machinery advance is not provided) of the project value so that he has a reasonable cash flow. A contractor has to provide for a bank guarantee covering the mobilization advance as an assurance that he will use the money to mobilize resources and not forsake the job.

Machinery Advance Guarantee

The Machinery Advance Guarantee is normally 5% of the contract value. A machinery advance guarantee is similar to that of a mobilization advance guarantee. The point to be noted is that a contractor has no say in how much of the money should be given as mobilization advance and how much as machinery advance. A reasonable client, however, acts as it would suit the contractor.

Retention Money Guarantee

At the beginning of the project, as an incentive to encourage performance, a client usually withholds a percentage (about 10%) of the bills as retention money. This goes on until the contractor has finished about 50% of the work. In total, the retention money may be close to 5% of the contract. On completion of this 50%, the client gives the retention money as cash to the contractor to improve his cash flow on being provided with a bank guarantee in the form of a retention money guarantee.

Letter Of Credit For Raw Material & Machinery

A Letter of Credit is given by banks to secure payments. Banks are willing to provide these guarantees on a commission of 1% to 3%. The lowest rate, as usual, goes to the contractor with the best reputation – one whom the bank feels to be a safe customer. The banks are able to earn money by simply underwriting the guarantee for the contractor. For more risky contractors, banks are willing to underwrite the guarantee only if the contractor puts up margin money as security deposit with the bank. The margin money requirement used to be around 15% of the guaranteed sums till a few years back, but now it is down to 10% of the value of guarantee. The bank pays interest on this deposit. The margin money is, however, waived for contractors with a good track record.

Thus, the total financing cost of project, taking into account the EMD, performance, mobilization and machinery advance guarantees, comes out to about Rs.1.8 crore on a Rs.100 crore project. For detailed calculations, see table below. This cost can increase or decrease, depending upon the success rate of the contractor in bidding for new projects.

Project Financing Cost – Construction Stage	
Project Size	Rs.100 Crore
Performance Guarantees – 10%	Rs.10 Crore
Mobilisation Advance Guarantees 10%	Rs.10 Crore
Machinery Advance Guarantees – 5%	Rs.5 Crore
Total Guarantee Requirement	Rs.25 Crore
Margin at 10%	Rs.2.5 Crore
Cost of Margin Money at 7.5%	Rs.18.75 lakh
Commission at 1.5% P.A. on Rs.25 Crore	Rs.37.5 lakh
Total Cost Per Year	Rs.56.25 lakh
Cost for 3 years	Rs.168.75 lakh
Total Financing Cost	11.25* + 168.75 = Rs.180 lakh or 1.8% of the project cost
* From the table Project Financing Cost : Bid Stage	

Source: ETIG

FUND-BASED FINANCING

Fund-based financing is becoming more common with increasing private sector participation in infrastructure projects. A number of different mechanisms exist for raising project finance. These are listed in the order of seniority from the most risky, that require the highest rate of return, to the least risky, requiring lower returns.

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

Preferred equity also represents ownership of the project. However, the sponsors have a priority over the common equity holders in receiving dividends and funds in the event of liquidation.

Convertible debt is convertible to equity under certain conditions, usually at the option of the holder. This debt is generally considered subordinate and senior lenders regard it as pseudo-equity.

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

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

Lease financing can vary in terms of structure and duration, although the lessor always retains the rights to the leased assets. Tax issues and the strength of the collateral are usually the driving forces behind a lease strategy. A lessor may be able to depreciate an asset for tax purposes, or the lessee may be exempt from taxes or expect losses in the early stages of the project.

Banks generally offer short term funding options. These are best described by their use of funds and carry specific conditions that will meet those requirements.

Construction financing as the name suggests, is used for construction purposes and is usually very flexible with respect to draw-downs. When the construction is completed, it is generally replaced by one or more of the longer terms securities described above. The level of security required by the lender will vary. Construction

financing lenders may require a designated long-term investor to commit to paying out the construction finance at a pre-determined time. It is also not unusual for the lender of the construction financing to also be the long term investor who will settle the construction financing.

Bridging finance is similar to construction financing but can be used for other purposes, usually during inception. This form of financing is also generally terminated when longer-term funding is received. As with construction financing, bridge financing may require various levels of security, including a firm commitment on the part of a long-term lender to provide a facility for settling the bridging finance.

Line of Credit funding is obtained and repaid on a regular basis throughout the life of the project. Credit lines are used as a cash management tool and are usually set up with various banks. Because a line of credit will not necessarily be used, the fee structure is based primarily on a commitment fee- a percentage (usually between 1 and 3%) of the total line of credit committed by the investor. A standard short-term interest rate is charged on any amount drawn on the line of credit.

PRIVATE PARTICIPATION

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

Private Participation In NHDP		
Financing Route	Projects	Total Value (Rs. Crore)
BOT	7	3314.0
Annuity	8	2353.7
SPV	4	1025.1
Total	19	6692.8

Source: NHAI

JOINT VENTURES AND FOREIGN PARTICIPATION

One of the key conditions under the NHDP contracts is that the contractor cannot sub contract more than 33% of the value of works, including those to specialized contractors. Since many of these contracts are funded by multilateral agencies, foreign companies can also bid for them. Over the past few years, Indian companies have developed capability to execute road projects and in some cases, there have been upto 30 contractors bidding for a single project.

Other major conditions relate to the applicant's turnover, experience with similar projects in the past, access to equipment and access to credit. Briefly:

- The contractor must have worked on a highway construction projects in the past five years.
- The applicant must have worked on a similar highway project worth 50% of the estimated value of contract.
- The average annual turnover for the past five years should be more than 50% of the estimated value of the contract.
- Apart from these, there are conditions relating to access to equipment and credit, as well as availability of trained personnel.

Many of the smaller Indian firms cannot satisfy these pre-qualification requirements. One of the solutions, in such a case, is to go in for a joint venture (JV) with an existing player that is qualified. Till a few years back, only a handful of Indian firms had experience with road building. However, some of the recent tenders of NHAI have been contested by as many as 30 bidders. Clearly, roads are one red-hot category in construction business right now.

The other reason for JVs could be that the partners bring in different skills that may be required for a project. A long stretch of road may also have several bridges, but there are only a handful of Indian companies specializing in construction of bridges. Moreover these companies may not have a track record as far as roads and highways are concerned. Here again, the JV route is essential.

JVs can also be formed between an Indian and a foreign partner. A foreign firm bidding for an Indian project prefers to have an Indian Partner who has knowledge of the local conditions.

Most of the NHDP projects have been usually handed out in stretches of 50-60 km or so, which are deemed to be manageable. Also, no single contractor has received a very large share of the ongoing projects.

LIFE CYCLE OF A ROAD PROJECT

The total duration of a highway construction project is about 55 months from the identification of the project to the final completion. The major stages in the execution of projects are the engagement of consultants to conduct feasibility studies and prepare project design. Land acquisition can cause significant delays. Land acquisition for road projects is carried out by the PWD. Once the bids are invited and a contractor is appointed, the construction work can start. The actual construction takes accounts of only about 40% of the total project duration.

Most of the road construction projects are large in size. The total size of the NHDP was estimated at Rs.54,000 crore at 1999 prices. The cost of the Mumbai-Pune Expressway was around Rs.1600 crore. In most such cases, the project is broken up into smaller bits, which, according to the client, are more manageable.

For the hundred or so NHDP projects are under implementation, the average project size is Rs.240 crore. The average length of the stretches given out in contracts is about 51 km. If special projects such as bridges were taken out, this would be somewhat greater. The average value of the projects though would come down. The base cost for most road sections averages from Rs.3-4 crore per kilometer.

Contractors for NHDP Projects are selected through a two-stage process. The first stage is a pre-qualification, where the contractor has to satisfy a number of requirements such as relevant experience, financial solvency and technical competence to bid for, the project under consideration. In the second stage, the pre-qualified bidders submit the commercial bids. The selection is done in consultation with the agency funding the project. The selected bidder then executes the project.

One phenomenon seen in the road sector over the past few years has been the entry of foreign players in the business. Foreign companies have come in as consultants as well as contractors. This has been primarily due to the NHDP.

Firstly, the size of the project (Rs.54,000 crore) is such that foreign players would be interested. Secondly, this project is being financed (in part) by multilateral agencies such as the ADB and the World Bank.

Information On Ongoing Projects			
Funding Agency/ Source	Number of Projects	Total Value (Rs Crore)	Average Value (Rs Crore)
NHAI	50	9561.16	191.23
World Bank	15	4496.20	299.75
Asian Development Bank	8	1250.50	168.82
Annuity	8	2353.70	473.43
BOT	7	3314.00	294.21
Total	88	21076	239.50

Source: NHAI

These institutions require global tenders to be taken out for the projects that they finance. This has enabled foreign companies to make an entry into the Indian road sector. Even the larger of the NHAI financed projects go through International Competitive Bidding (ICB) if the sufficient number of domestic companies/ consortia is not interested.

The foreign firms working on NHDP projects are from China, Malaysia, Indonesia, Iran and Russia, which would have labour costs similar to Indian firms.

Also NHDP is classified as an infrastructure project. As a result, the equipment imported for the project is free of duties. The duty-free status is there only for the World Bank and ADB Financed projects.

MAJOR PLAYERS

The three main players in a road construction project are the DPR consultant, the Supervision consultant and the Contractors.

DPR CONSULTANT

The role of the design consultant is to carry out the route survey and feasibility study for the project. The DPR Consultant also prepares the detailed project report and helps in evaluating the bids from various contractors. The studies for various financing options like BOT, annuity or SPV have to be considered at this stage.

The main objective of the consultancy service is to establish the technical, economical, and financial viability of the project and prepare detailed project reports for rehabilitation and upgrading of the existing two-lane national highway (NH) sections to four-lane divided carriageway configuration.

The DPR includes detailed highway design, design of payment and overlay with options for flexible or rigid payments, design of bridges and cross drainage structures. Other components include grade separated structures, design of service roads, quantities of various items, detailed working drawings, detailed cost estimates, economic and financial viability analyses. DPR also covers evaluating environmental action plans as appropriate and preparing documents required for tendering the project on a commercial basis for international/ local competitive bidding. Moreover, since many of the projects, are supposed to be toll roads, the consultant has to keep this in mind while designing. The consultant has to decide on the location of the toll plaza and also needs to plan for wayside amenities.

In case of the non-NHDP roads the consultant has to obtain all types of necessary clearances required for the implementation of the project on the ground from the concerned agencies. The client (NHAI) provides the necessary supporting letters and any official fees as per the demand note issued by such concerned agencies from which the clearances are being sought. Other duties of the consultant include making traffic demand estimates and establish possible traffic growth rates in respect of all categories of vehicles, taking into account the past trends, annual population and real per capital growth rate, elasticity of transport demand in relation to income and estimated annual production increase.

SUPERVISION CONSULTANT

As the name implies, the role of the supervision consultant is to oversee the day-to-day construction activities on the ground. In case the project payments are being released based on achieving certain milestones, the supervision consultant certifies those. The total value of the consulting services in road project does not exceed 2-3% of the project cost.

CONTRACTOR

The contractor is the party that carries out the actual construction work, or the civil works on the site. Usually, the civil works constitute more than 90% of the total value of the project. Some big Indian contractors in the road sector include Larsen & Toubro, Punj-Lloyd, Gammon, Hindustan Construction & Skanska. Almost all the large Indian contractors now get a significant amount of their sales from the road sector. Moreover, most of the big contractors in the roads business have shown high growth rates over the past few years. This can be directly attributed to the large volume of work coming in from NHAI projects. Industry sources point out that as of now, only about half of the NHDP projects have been tendered out. Besides that contracts for the new project for improving an additional 10,000 km of national highways is yet to be given out. Apart from these two projects, several states are working on improving state highways. Taking these into account, Indian contractors have little to fear on the front of new business for many years to come.

BUSINESS OVERVIEW

BUSINESS OPERATION

The Company is engaged in execution of civil engineering projects and specializes in construction of Highways, Dams, Runways, heavy RCC structures, Bridges and other infrastructure projects of various government bodies. The Company receives infrastructure projects from various government departments. This include:

- National Highways Authority of India (NHAI)
- Public Works Department of Government of Maharashtra (PWD)
- Maharashtra State Road Development Corporation Ltd. (MSRDC)
- Maharashtra Industrial Development Corporation (MIDC)
- Municipal Corporation of Greater Mumbai (MCGM)
- Mumbai Metropolitan Region Development Authority (MMRDA)
- Karnataka State Highway Improvement Project (KSHIP)
- Military Engineering Service (MES)
- Airport Authority of India.(AAI)
- City and Industrial Development Corporation of Maharashtra Ltd (CIDCO)
- J&K Government
- Government of Maharashtra
- Jawaharlal Nehru Port Trust. (JNPT)

TYPES OF CONTRACTS

The various types of contracts are Item Rate Contracts, Percentage rate, LSTK/EPC, Front End Engineering and Designing (“FEED”), Annuity and Operations and Maintenance (“O&M”). The nomenclatures have been explained below:

1. Item rate contract:

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

2. Percentage rate:

In this type of contract, the company is required to quote the percentage above or below or at par of the estimated cost mentioned in the tender.

3. BOT / BOOT:

It is a relatively new approach which enables direct private sector investment in large scale projects such as roads, bridges and power. The premise a BOT/BOOT is based on is:

- *Build* - The contractor (or consortium) agrees with a government to invest in a public infrastructure project (such as a road or power station). The company then secures their own financing to construct the project.
- *Own* - The contractor (or consortium) is the owner of the asset during the agreed concessionary period.
- *Operate* - The contractor then owns, maintains and manages the facility for an agreed concessionary period (eg. 20 years) and recoups the investment through charges or tolls (eg. road tolls or electricity sales).
- *Transfer* - After the concessionary period the contractor transfers ownership and operation of the facility to the government or relevant state authority.

However, in BOT the contract between the BOT concessionaire (it means the contractor who has been given the responsibility to operate and maintain the facility for the agreed period) and the utility is at times on a take or a pay basis. This effectively means that even if the user does not utilize the facility during the period of operation and maintenance, a fixed amount of revenue is collected by the concessionaire from the utility/client.

4. Annuity:

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

5. O & M:

Typically an O&M contract is issued for operating and maintaining capital facilities. This could be in any of the sectors such as water, highways, buildings and power. The contract specifies routine maintenance activities to

be undertaken at a predetermined frequency as well as break down maintenance during the contract period. While the contractor is paid for the routine maintenance based on the quoted rates which is largely a function of manpower, consumables and maintenance equipments to be deployed at the site, any breakdown maintenance shall be compensated on cost plus basis.

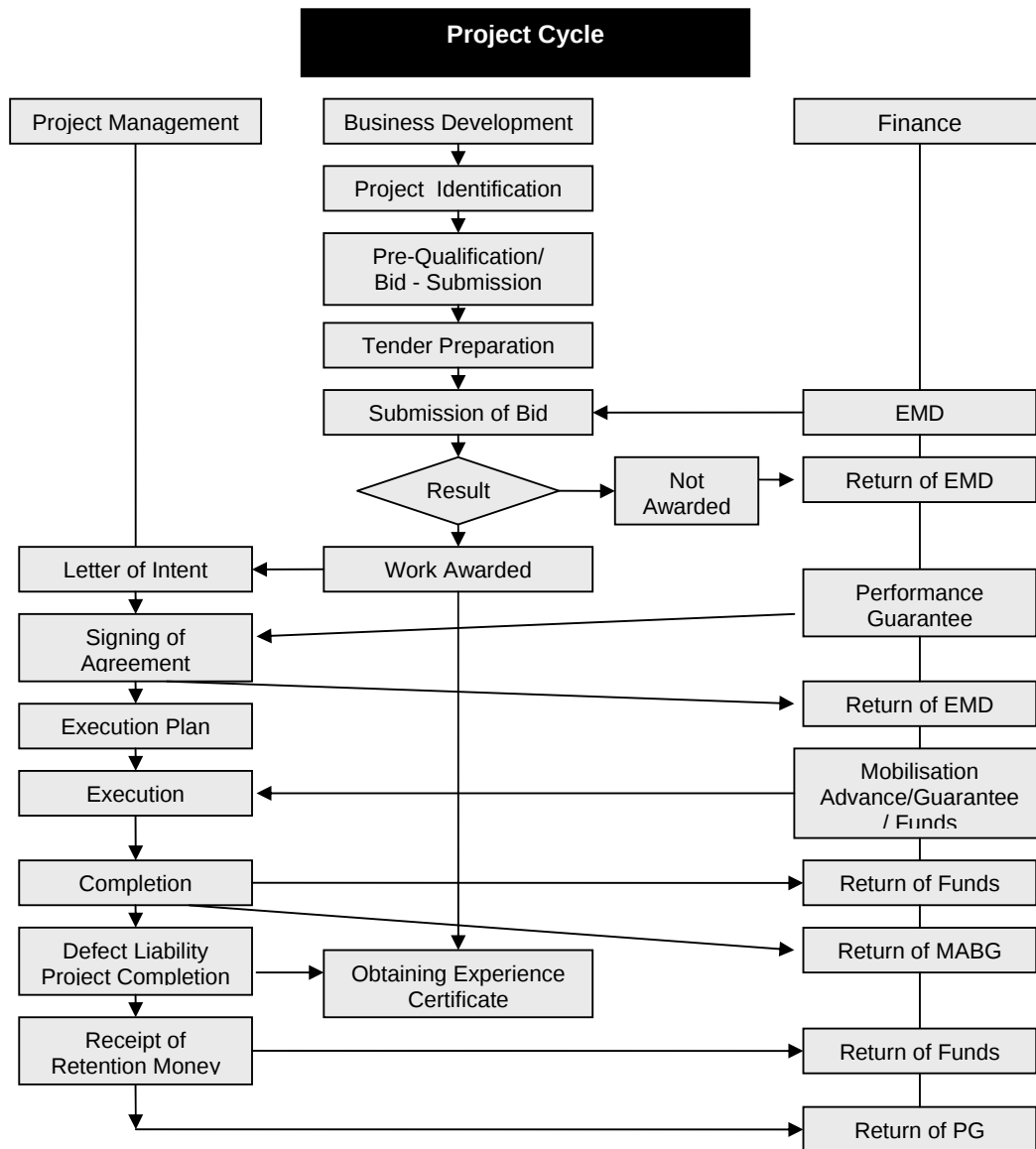
6. FEED

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

7. LSTK / EPC:

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

The contracts that the company undertakes can be classified are the Item Rate Contracts, percentage rate contracts and O&M. PBA is planning to bid for projects under the BOT Scheme in the near future.



The various stages involved in project management are detailed below:-

PHASE I

Awarding the contract

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

PHASE II

Execution of the project

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

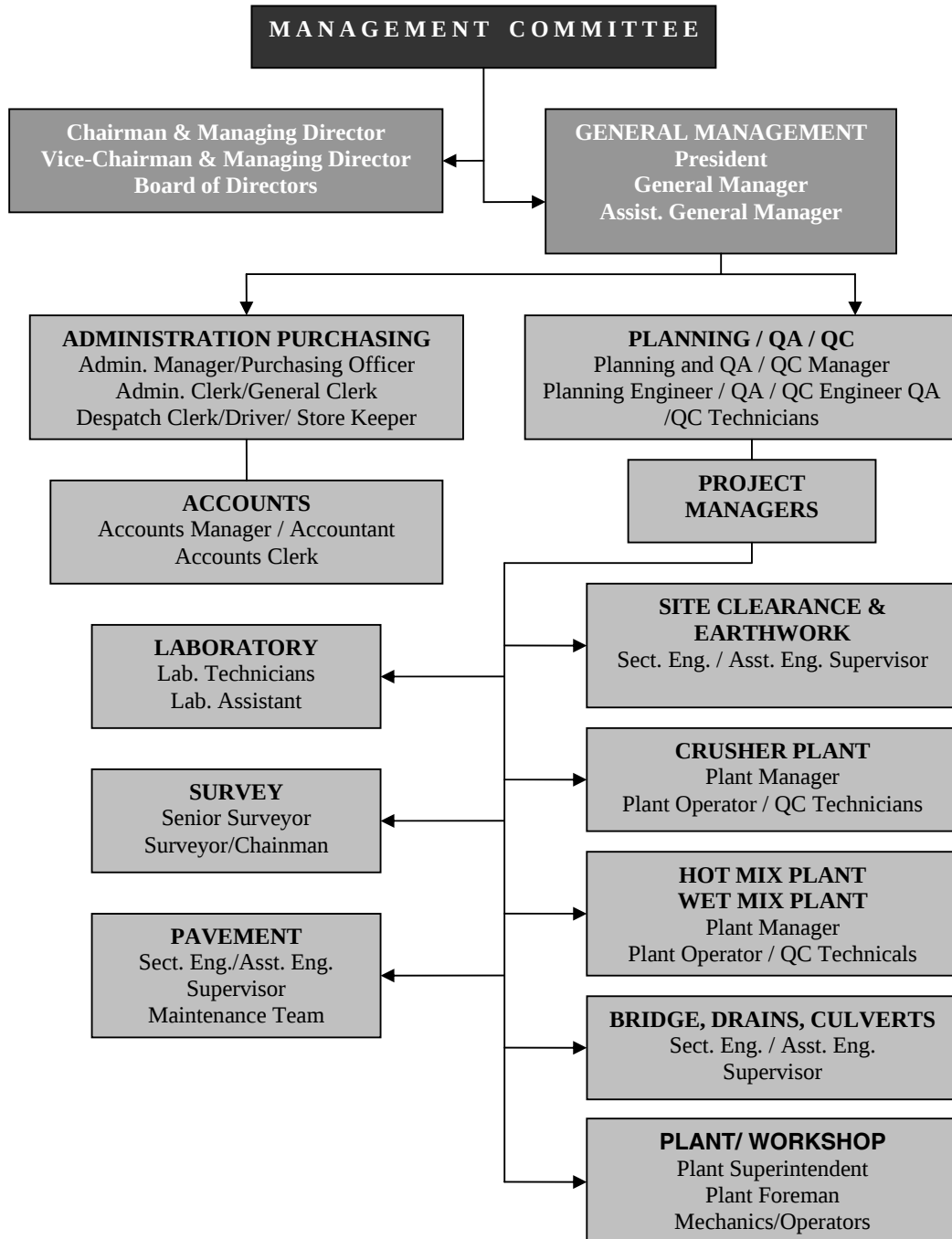
Project closure

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

Defect Liability Period

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

PROJECT MANAGEMENT TEAM



BIDDING PROCESS

Typically a project owner/client conceives of a specific project and follows it up with the appointment of a consultant who prepares a detailed project report. This report addresses various aspects of project implementation commencing from obtaining clearances, right of ways, scope of work, technical parameters, etc., to related costs which define the approximate estimated cost of the project.

At the next level the project owner invites pre-qualifications from prospective bidders to assess and identify contractors who are capable of bidding for the project and subsequently implementing the same, if awarded. The detailed project report data is utilized to define the prequalification criteria by the project owner. For projects across the various infrastructure sectors, the project owner /client normally specify the qualifying criteria, which include:

- ☛ **Technical Capability:** The Company should have the experience of having implemented projects of similar nature, necessary manpower with a relevant profile to suit the project and the experience to execute it. Depending on the project, relevant machinery as specified by the client should be available with the company. This may be owned or outsourced / hired from a third party.
- ☛ **Financial Strength:** This includes the minimum annual turnover, net worth requirement as well as working capital requirements.

The Tender is first bought by the Company from the concerned government department and survey is conducted of that particular site, stated in the tender document. After detailed study of the technical and financial aspect, the Company quotes the various rates in the bill of quantities and complete the financial details required by the tender. The main tender document is then sealed and submitted along with documents such as EMD exemption certificate, PWD registration certificate, list of machineries and plant available to be utilized on the work, details of technical personnel, details of work of similar type and magnitude carried out by the company and any other detail required by the tender.

Two envelopes are submitted. Envelope No. 1 containing technical bid and Envelope No. 2 containing the financial bid. First the envelope no. 1 is opened and if the company qualifies then the name is recommended for the opening of envelope no. 2. Usually the lowest bidder is awarded the contract.

In the event the project allows for association of more than one company to participate in the contract to enable the partners to pool in their resources, thereby meeting the threshold prequalifying criteria, such a method of invitation is known as joint venture participation. Joint Venture participation allows the individual partners of the proposed project to pool in their own resources for pre-qualification as well as submission of the techno-commercial bid. Normally a joint venture memorandum of understanding is signed by the partners, which is in line with the guidelines provided by the client. This Joint Venture agreement could be either project specific or generic.

1. *Project Specific JVs/MOUs* which are in existence till such time as the outcome of pre qualification or if awarded till the completion of the project.
2. *Generic MOUs /JVs-* In these cases the JVs /MOUs are not formed for any specific project rather it is a partnership wherein the JV can submit their prequalification and bid for the projects. No technology transfer is involved and both the parties will be limited to their respective scope of work derived out of their expertise.

Currently the Company has entered into project specific Joint Venture. The projects under implementation under such Joint Venture is given below:

Name of Project	J.V. Partner	Name of the Employer	Value of contract (Rs. in crores)	Company's Share (Rs. in crores)
Construction of segment of Lucknow by-pass connecting NH 28 via NH-56 passing through Lucknow City in the State of U.P.	M/s. Atlanta Infrastructure Limited	N.H.A.I.	210.00	105.00
Strengthening and paving of shoulders of NH-07; Viramgam	M/s. Sadbhav Engg. Ltd.	N.H.A.I.	104.85	52.42
TOTAL			314.85	157.42

Other independent projects under implementation

Name of Project	Name of the Employer	Value of contract (Rs. in crores)
Four laning of NH-7 from Madurai-Kanyakumari Section	N.H.A.I.	110.25
Construction of four laning of National Highway By-pass Srinagar	PW (R&B), Srinagar	60.67
KSHIP Upgradation of road from Bijapur to Krishna Bridge on Bijapur –Lokapur Road	Karnataka State Highways	51.11
Widening & Construction of Eastern Express Highway from Ghatkopar to Godrej Co. Gate, Mumbai	MMRDA, Mumbai	28.70
Improvement of the existing road, construction of missing link & construction of underpass (at Saiwadi Junction) for the corridor from junction of Western Express Highway and N.S. Phadke Marg to Gokhale Bridge (E) from Tipu Sultan Chowk to Sant Namdeo Chowk.	MMRDA, Mumbai	24.48
Widening & construction of AGLR from Sakinaka TO Eastern Express Highway, Mumbai	MMRDA, Mumbai	20.42
Widening & construction of Marol Maroshi Marg (from Aarey Colony to AGLR & extending upto Sahar International Airport), Mumbai	MMRDA, Mumbai	16.44
Extension and strengthening of runway, taxiway, construction of isolation bay and associated works at Coimbatore Airport, Tamilnadu	Airports Authority of India, Coimbatore	16.00
Concreting of Mumbai City Roads in M/West Wards	Municipal Corporation of Mumbai	6.51
Widening and reconstruction of existing bridge along Malad Marve Road, Mumbai	Mumbai City Engineer (Bridges)	5.91
Improvement to the existing road, construction of missing link, construction of underpass for the corridor from junction of W.E.H. and N.S. Phadke Marge to Gokhale Bridge (E) and from Tipu Sultan Chowk to Sant Namdeo Chowk	Mumbai Metropolitan Region Development Authority	23.50
TOTAL		363.99

Major Works completed during last 5 years

Name of Project	Name of the Employer	Value of contract (Rs. in crores)
Construction of Mumbai-Pune Expressway from Kon to Kalamboli (by-passing Panvel town) and Shedung connector	M.S.R.D.C.	105.06
Rehabilitation and upgrading to 4/6 lane sector from Mangalwar to Pratapnagar crossing, Udaipur in the state of Rajasthan	N.H.A.I.	93.00
Widening of four lanes including strengthening NH-8A from Bachhau to Padana in Gujarat	N.H.A.I.	86.08
Resurfacing of Runway of Air Force, Udhampur	Military Engg. Services	17.93
Improvement of Solapur-Beed-Aurangabad-Dhule road	P.W.D. Govt. of Maharashtra	13.74

Development of Five Star Industrial complex of Malad	M.I.D.C., Mahad	12.50
Construction of additional two lanes ring road around Nagpur City-Wardha to Bhandara	World Bank Project, Division Nagpur	11.88

Name of Project	Name of the Employer	Value of contract (Rs. in crores)
Improvement of Solapur-Beed-Aurangabad-Dhule road (km. 140.00 to 175.00)	PWD, Govt. of Maharashtra	11.40
Improvement of Solapur-Beed-Aurangabad-Dhule Road (km. 200.00 to 221.800)	PWD, Govt. of Maharashtra	8.20
Construction of bridge at Laljipada and Box culvert at Malvani on link road & road work between two bridges at Malad (W), Mumbai	M.C.G.M.	6.69
Construction of Diversion road outside Jalna Town (part II) joining Aurangabad road to Jalne Deulgaon Raja Road	PWD, Govt. of Maharashtra	6.00
Improvement of Saoner Khapa Road, Dist Nagpur	PWD, Govt. of Maharashtra	4.06
Improvement of Aurangabad Jalna Watur Partur Sailu Road MSH-6	PWD, Govt. of Maharashtra	2.00
TOTAL		378.54

QUALITY CERTIFICATION

The Company has been awarded ISO 9001:2000 Quality Certificate by Transpacifice Certifications Limited, New Delhi, India on 12/04/2005 for the construction of bridges and roads. This certification is valid upto 29/03/2008.

INFRASTRUCTURE

Location

The registered office of the company is located at 611/3, V.N. Purav Marg, Chembur, Mumbai 400 071 admeasuring 2400 sq ft. The said premises is owned by the company

The company has a branch office at 214-B, Arjun Centre, Govandi, Mumbai.

In addition to the registered office and the branch office, the Company has site offices to facilitate site activities.

Plant & Machinery

The company has acquired latest equipments and machineries, to improve productivity and quality. This allows PBA to execute large road projects within stipulated time frame while maintaining the desired quality. The list of equipments owned by the company is given below:

Item of Equipment	Manufacture & Model	Capacity T/hr etc	Nos. available	Age in years
<u>General</u>				
a. Tippers	Tata, Ashok Leyland	8-14 cum	140 Nos.	1-5 years
b. Kerb laying machine	QIC Kerber, Australia	--	02 Nos.	New
c. Crushing unit with Impactor/Cone crusher/Jaw crusher	Nordberg/Premier, Almedia	50-200 T/hr	10 Nos.	1-5 years
d. Cranes	P&H, TATA	50-75 Tonnes	03 Nos.	5-7 years
e. Pilling Rig	MAIT, Italy- HR130	1.8m dia	01 No.	1 year
<u>Earthwork</u>				
a. Excavator	L&T, Tata, JCB	0.9 – 1.25 m3	12 Nos.	1-4 years
b. Dozer	Hitachi, Bendl	D-80	04 Nos.	2-6 years
c. Vibratory Roller (Soil Type)	Ingersol Rand, Dynapac	20 t	15 Nos.	1-5 years
d. Motor Grader	Caterpillar, Volvo	170 HP	05 Nos.	1-2 years
e. Water Tanker	Ashok Leyland, Tata	12000 ltrs.	08 Nos.	1-5 years
f. JCB Backhoe Loader	Escorts, L&T	0.90 M3 bucket	10 Nos.	1-4 years
<u>Bituminous Construction</u>				
a. Asphalt Batch Mix Plant	Speco Ltd., Korea	160 t/hr	02 Nos.	2 years
b. Sensor Paver Finisher	Bitelli, Italy, Apollo	9.00 m width paving	06 Nos.	2-4 years
c. Ordinary Paver	Apollo	5.00m width	06 Nos.	2-6 years
d. Tandem Vibratory Roller	Ingersol Rand, L&T	20 t	12 Nos.	1-5 years
e. Pneumatic Tyred Roller	Bitekki, Italy Ingersol R	25 t	03 Nos.	1-3 years
f. Front End Loader	HM-2021	3M3 Bucket	04 Nos.	1-4 years
g. Bitumen Sprayer	Apollo, Allwyn	10 t	03 Nos.	1-5 years
h. Drum Mix Plant	Apollo Gujarat	60-100 T/hr	08 Nos.	1-6 years
i. Tandem Roller (Small) for edges and shoulders	Ingersoll Rand	11 T	03 Nos.	1 year
<u>Structures</u>				
a. Concrete Batching Plant	O-Coughi, Italy, Bhai	45-90 cum /hr	05 Nos.	1-4 years
b. Concrete mixers with integral Weigh batching facility	Sundardas	14/10	06 Nos.	1-2 years
c. Front End Loader	Different companies	10/7	15 Nos.	1-2 years
d. Transit Mixers	HM-2021	3.00 cum bucket	02 Nos.	1-5 years
e. Slip Form Paver	BNK, Setter	6.00 cum	18 Nos.	1-4 years
f. Standard Mixers	Gomacco, America	5.5 – 9 m paving	01 Nos.	3 years
g. Joint Cutting Machines	Buildwell	--	06 Nos.	1-4 years
h. Shuttering	Buildwell, Target	--	04Nos.	1-5 years
i. Weigh Bridge	Buildwell	--	06 Nos.	1-6 years
	--	30-50 T	05 Nos.	2-4 years
<u>Granular Base Construction</u>				
a. Wet Mix Plant	Apollo	150 tph	03 Nos.	1-4 years
b. W.M.M. Paver	Apollo	3.5m width paving	04 Nos.	5 years
c. Granular Crushing Plant	Almeida	60 tph	02 Nos.	New
<u>Survey Instruments</u>				
a. Total station	Lawrence & Mayo	--	03 Nos.	New
b. Automatic levels	Different Companies	--	30 Nos.	2 years
c. Transit Theodolite	Different Companies	--	06 Nos.	2 years

Raw materials/Consumables/Bought outs

The major raw materials are aggregate, cement, steel, diesel, and bitumen. The Company follows a centralized purchase system for cement, steel, diesel, and bitumen through its purchase department. In case of steel, diesel and bitumen the requirements are project specific and the Company generally enters into a memorandum of understanding with major steel suppliers to ensure both the availability and timely delivery to meet its project schedule requirements. However as aggregate is a critical raw material and is required in big quantities for the Company puts up capital facility to manufacture the same. Metal, river sand, and block masonry are project specific and sourced at a location nearest to the project site. Most of the raw materials/consumables are easily available. The contract terms may mention escalation clauses which take care of price variations for our raw material requirements.

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

For some of the projects, the Company is required to purchase specific equipments and components, which are key inputs for project implementation. These are called bought outs. This may include but not be limited to metal beam crash barrier, gabions, road marking sign boards and gantry mounted sign boards etc. Majority of the bought outs are technology specific. The Company normally enters into pre tender tie-ups for the same with suppliers. As the project defines the list of bought outs which may vary from project to project, the above mentioned items do not form a comprehensive list of bought outs.

Utilities

The utilities required by the Company are largely water, equipment and site specific infrastructure which are project specific in nature

Key Processes and technology

There are no key processes, technology and collaboration agreements with any parties for technology. Company's clients normally specify proven conventional technologies and methods for their projects, therefore, it does not entail the need for any collaboration agreements for technology to be used. The client specifies the same in the tender conditions. For the company to pre qualify it should have in the past implemented contracts using the similar technology. The Company doesn't require to own this technology however it can access the same, as they are available domestically. However, one can not rule out the possibility of going for collaboration to enable access new technologies in the future.

Based on the project requirements the company is required to tie up from time to time with JV partners who possess experience in implementing projects with alternate technologies specified in the tender document.

Human Resource

Manpower employed by the Company and break-up thereof is given below:

Sr. No.	Particulars	Total Manpower
1	Engineers	20
2	Supervisors	15
3	Administrative Staffs	8
4	Skilled workers	72
5	Unskilled workers	290
	TOTAL	405

COST STRUCTURE

The cost structure is directly related to the scope of work and cannot be generalized.

SWOT ANALYSIS

☛ STRENGTH

1. The promoters/directors/key managerial person of the company and other technical staff are well experienced in the line of activity and have built a dedicated team.
2. The company has acquired tools and equipments/machinery over the years, adequate to undertake execution of large projects anywhere in India.
3. The company is well equipped to speed up the execution of contracts within the time frame schedule.
4. The company has been registered as a Class IA Contractor-No Limits with the PWD Department, which will enable to secure large valued contracts.

☛ WEAKNESS

1. Large value contracts (i.e. above Rs.200 crore) are generally executed under joint venture construction basis.
2. The Company is yet to make a mark in the international market.

☛ OPPORTUNITIES

1. The Government of India has accorded development of Infrastructure a “thrust area status” and more particularly for development of roads and bridges.
2. Setting up of NHAI and proposal to set up Expressway Authority and Central Road Fund will boost the development of roads.
3. International markets

☛ THREATS

1. The company has to face competition from large domestic as well as Multinational Companies to secure high value contracts.
2. Significant portion of infrastructure spending originates from the government. Any change in the government may pose a threat with respect to their commitment towards infrastructure developments
3. The contracts to be secured are mostly through the process of competitive bidding. The success rate in winning a bid is most unpredictable.

HISTORY OF THE COMPANY

PBA Infrastructure was incorporated as Prakash Building Associates Limited on 31/07/1974 under Companies Act, 1956. The name of the company was changed to PBA Infrastructure Ltd. w.e.f. 28/03/2001

The Company is engaged in execution of civil engineering projects and specializes in construction of Highways, Dams, Runways and heavy RCC structures, Bridges and other infrastructure Projects in all parts of India for its various clients.

PBA Infrastructure was promoted by Shri Roshanlal Wadhawan, Shri. Shadilal Chopra and Smt. Vimal Wadhawan the year 1974. Mr. Ramalal Wadhawan, son of Shri Roshanlal Wadhawan joined the company in the year 1998 as a Managing Director. Presently he is the Chairman and the Managing Director of PBA. His leadership led to improved systems of projects and financial management, investments in the most modern fleet of machineries/equipments for mega projects and a relentless pursuit of excellence in the quality of project construction and engineering. He took initiatives to drive the company towards professionalism. He is exercising overall control and supervision over various activities of the company, under the overall policy guidelines of Board of Directors.

MILESTONES ACHIEVED

Date	Event
1976	Awarded Reclamation work of Bandra Kurla Complex for MMRDA by Municipal Corporation of Greater Mumbai and also Reclamation work for CIDCO Ltd.
1977	Construction of Kalwa – Kasheli Bridge for Maharashtra PWD.
1978	Construction of Bhira Tunnel for irrigation Department of Government of Maharashtra.
1979	Awarded the work of construction of 13C & 14C tunnel for Central Railways
1982	Awarded prestigious Civil Works Contract of Panjrapur Filtration Plant by Municipal Corporation of Greater Mumbai.
1983	Awarded the work of Construction of Store-yard at Panjrapur.
1985	Successfully completed the Panjrapur Filtration Plant.
1986	Awarded the work of Construction of School Building at Panvel worth Rs. 25.00 lacs.
1987	Awarded the work of Construction of Core Units and other Services at Koparkhairane worth Rs. 516.00 lacs for CIDCO Ltd. Also awarded the work of Construction underground cable duct for MTNL worth Rs. 185 lacs.
1988	Awarded the work of Strengthening of Main Runway 09/27 at Mumbai Airport by IAA, worth Rs. 260 lacs.
1989	Awarded the work of “construction of Panjrapur Pumping Station by the Municipal Corporation of Greater Mumbai worth Rs. 765 lacs.
1991	Awarded the work of “Concreting of City Roads” for Municipal Corporation of Greater Mumbai worth Rs. 223 lacs. Also awarded the work of improvement to Nagpur-Umred-Kanpa Road Km3/400 to 73/400 for World Bank Project Division worth Rs. 2914 lacs.
1993	Awarded the work of Resurfacing of Lucknow Airport and Strengthening of Ranchi Airport by National Airports Authority worth Rs. 289 lacs and Rs. 594 lacs respectively.
1994	Successfully completed the work of Widening and Strengthening of Panvel-Mahad-Panjim Road worth Rs. 370 lacs. The work of Construction of Bypass outside Jalna City was awarded by Govt. of Maharashtra, Special Projects, PWD at a contract price of Rs. 1137 lacs.
1995	Awarded the work of Construction of Addl. Two lanes of Ring Road at Nagpur City worth Rs. 1190 lacs.
1996	Awarded the work of Construction of Asphalt Pavement outside the Container gate complex by JNPT worth Rs.79 lacs. The work of improvement to Roha-Kolad Road SH-60 also awarded by PWD worth Rs.128 lacs.
1997	Awarded the work of improvements to Jalna Watur Partur Road Km.115 to Km.120 by the PWD worth Rs. 143 lacs. Also awarded the work of improvement to Khultabad-Phulambri Road by PWD worth Rs.678 lacs.
1998	Improvement to Solapur-Dhule Road MSH-1 KM.140/00 TO 221/800 to National Highway standard was awarded by the Executive Engineer, Special Project Division, Beed at a Tendered Cost of Rs. 1160 lacs.
1999	Awarded the work of Widening to Four Lanes of existing two lane of NH8A from Bhachau to Padana in Gujarat by NHA in joint Venture with PC & EC. Also awarded the work of Construction of Mumbai-Pune Road worth Rs. 10515 lacs in joint venture with PC & EC by MSRDC.

Date	Event
2001	Awarded the work of Lucknow Bypass by NHAI worth Rs. 15900 lacs in joint venture with Atlanta Infrastructure Ltd. Also awarded the work of Udaipur-Mangalwar Section by NHAI worth Rs. 14900 lacs in joint venture with Sadbhav Engineering Co.
2003	Awarded the work of Four Laning & Strengthening of existing two lane Km. 203.000 to Km. 233.600 of Madurai-Kanyakumari Section by NHAI worth Rs. 11025 lacs. This was the single major work awarded to the company in its individual capacity. The work of construction of four laning National Highway Bye-Pass Sringar (Package NS-30/J&K) by the Chief Engineer, PW (R&B) Deptt. Srinagar worth Rs. 6066 lacs. Work of Strengthening and paving of shoulders of SH 07- Viramgam – Dhrangadhra and Dhrangadhra – Halvad worth Rs. 10485 lacs was awarded by Govt. of Gujarat, State Road Project Circle, Gandhi Nagar in Joint Venture with Sadbhav Engineering Ltd.
2004	Awarded the work of KSHIP Upgradation of Road from Bijapur to Krishna Bridge – World Bank aided Road Project by Project Director, KSHIP, Bangalore worth Rs. 5835 lacs. Apart from the above we have been awarded 3 major road works by MMRDA for a total sum of Rs. 6700 lacs.
2005	Successfully completed the prestigious Road Project namely Rehabilitation and up-grading of 4/6 lane divided carriage way Udaipur-Mangalwar Section by NHAI in joint venture with Sadbhav Engineering Co. at a completion cost of Rs.18500 lacs including escalation cost.

MAIN OBJECT OF THE COMPANY

The main objects of the company are as follows:

(As set out in the Memorandum and Articles of Association of the Company)

1. To undertake as Engineers and / or Contractors either alone jointly with any other Company or person complete or partial works of all description like erection and construction of building, construction, repairs and maintenance of roads, works of earth filling, work of construction of drainage, sewage, laying of pipe lines, construction of dams, bridges and tunnels etc.
2. To buy, purchase, sale, lease, take on lease, exchange or otherwise acquire lands, buildings and hereditaments of any tenure of description in India or elsewhere and to construct, alter, improve develop offices, flats, houses, factories, warehouses, goodowns, shops, building and other structure and/or to sell, deal in or otherwise dispose off the same.
3. To carry on business at house, land and estate agents and to arrange or undertake the sale and purchase of advertise for sale or purchase, assist in selling or purchasing and find or introduce purchasers or vendors of, and to manage land, building, and other property, whether belongings to the Company or not, and to let out portion of any premises for residential, trade or business purposes, or other private or public purposes, and to collect rent & income and to supply to tenants and occupiers and other establishment, attendance, clubs, public halls, messengers, light, eating rooms, reading rooms, meeting rooms, lavatories, laundry conveniences, electric conveniences, garages, stables and other advantages.

MANAGEMENT

Sr. No.	Name, Designation Age and Address	Other Directorships	No. of equity shares of Rs. 10 each
1.	Mr. Ramlal R. Wadhawan, Chairman & Managing Director 63 years, “Janki Kutir”, Bungalow No. 9, Vasant Vihar Complex, Dr. C.G. Road, Chembur, Mumbai – 400 074	-	47,38,350
2.	Mr. Balkrishnan P. Wadhawan, Vice Chairman & Joint Managing Director 54 years, B.Com Bungalow No. 4, Vasant Vihar Complex, Dr. C.G. Road, Chembur, Mumbai – 400 074	-	8,02,280
3.	Mr. Narayan G. Thatte Executive Director 67 years, M.Sc. (Engg) 6/13, Chandrashekhar Society, Sahar Road, Andheri (East), Mumbai 400 069.	-	6,36,720
4.	Mr. Narain P. Belani Whole Time Director 56 years, Flat No. 1&2, Prakash Roshan Society, Chembur, Mumbai – 400 071	-	-
5.	Mr. Anant R. Athavale Director 77 years Suruchi Society, Block No. 10, Sant Janabhai Road, Vile Parle (East) Mumbai – 400 057.	-	-
6..	Mr. Dharampal G Uppal Director 78 years C-9&10, Chopra Colony, Opp. Maroli Church, Chembur,Mumbai – 400074	-	-
7.	Ms. Vrinda A. Chapekar Director 62 years 137/26, PCMT, Pune 411 044	-	-
8.	Mr. P.K.N. Kamath Director 67 years 12-C, West View, SV Road Santacruz West, Mumbai 400 054.	-	-

All the four directors viz. Shri. Ramlal Wadhawan, Shri. Balkrishan Wadhawan, Shri. N G Thatte and Shri. N P Belani has been appointed from 01/04/2005 for the period of 5 years.

COMPENSATION OF MANAGEMENT DIRECTORS/WHOLE TIME DIRECTORS

1) Mr. Ramlal Wadhawan

The Company has appointed Mr. Ramlal Wadhawan as Chairman and Managing Director of the company for a period of 5 years w.e.f. 01/04/2005. He will be entitled to the following remuneration, and shall be restricted to such amount that the total remuneration by way of salary, commission and other perquisites/benefits paid in respect of any financial year paid to the Managing Director shall not exceed the limit of 5% or such other limit as may be prescribed from time to time under section 198, 309 and other provisions if applicable, under the Companies Act 1956:-

- a) Salary: Rs. 90,000/- p.m.
- b) Allowances: Conveyance allowance or the reimbursement of actual conveyance incurred, not exceeding Rs. 5000/- p.m.
- c) Medical expenses (for himself and his family) subject to a ceiling of one month's salary in a year or 3 months over a period of 3 years.
- d) Leave Travel Concession (for himself and his family) in accordance with the Rules and Regulations, for the time being and prevalent from time to time, of the Company.

2) Mr. Balkrishan Wadhawan

The Company has appointed Mr. Balkrishan Wadhawan as Vice Chairman & Joint Managing Director of the company for a period of 5 years w.e.f. 01/04/2005. He will be entitled to the following remuneration, and shall be restricted to such amount that the total remuneration by way of salary, commission and other perquisites/benefits paid in respect of any financial year paid to the Managing Director shall not exceed the limit of 5% or such other limit as may be prescribed from time to time under section 198, 309 and other provisions if applicable, under the Companies Act 1956:-

- (a) Salary: Rs. 55,000/- p.m.
- (b) Allowances: Conveyance allowance or the reimbursement of actual conveyance incurred, not exceeding Rs. 4000/- p.m.
- (c) Medical expenses (for himself and his family) subject to a ceiling of one month's salary in a year or 3 months over a period of 3 years.
- (d) Leave Travel Concession (for himself and his family) in accordance with the Rules and Regulations, for the time being and prevalent from time to time, of the Company.

3) Mr. Narain Belani

The Company has appointed Mr. Narain Belani as a Wholetime Director of the company for a period of 5 years w.e.f. 01/04/2005. He will be entitled to the following remuneration, and shall be restricted to such amount that the total remuneration by way of salary, commission and other perquisites/benefits paid in respect of any financial year paid to the Managing Director shall not exceed the limit of 5% or such other limit as may be prescribed from time to time under section 198, 309 and other provisions if applicable, under the Companies Act 1956:-

- (a) Salary: Rs. 55,000/- p.m.
- (b) Allowances: Conveyance allowance or the reimbursement of actual conveyance incurred, not exceeding Rs. 4000/- p.m.
- (c) Medical expenses (for himself and his family) subject to a ceiling of one month's salary in a year or 3 months over a period of 3 years.
- (d) Leave Travel Concession (for himself and his family) in accordance with the Rules and Regulations, for the time being and prevalent from time to time, of the Company.

4) Mr. Narayan Ganesh Thatte

The Company has appointed Mr. Narayan G. Thatte as a Executive Director of the company for a period of 5 years w.e.f. 01/04/2005. He will be entitled to the following remuneration, and shall be restricted to such amount that the total remuneration by way of salary, commission and other perquisites/benefits paid in respect of any financial year paid to the Managing Director shall not exceed the limit of 5% or such other limit as may be prescribed from time to time under section 198, 309 and other provisions if applicable, under the Companies Act 1956:-

Salary: Rs. 55,000/- p.m.

Allowances: Conveyance allowance or the reimbursement of actual conveyance incurred, not exceeding Rs. 4000/- p.m.

Medical expenses (for himself and his family) subject to a ceiling of one month's salary in a year or 3 months over a period of 3 years.

Leave Travel Concession (for himself and his family) in accordance with the Rules and Regulations, for the time being and prevalent from time to time, of the Company.

CORPORATE GOVERNANCE

The Company has complied with SEBI guidelines in respect of Corporate Governance specially with respect to broad basing the Board, constituting various committees. The various committees formed for the purpose of Corporate Governance are listed below:-

Name of the Director	Designation	Status	Name of the Committee in which the director is a Member.
Mr. Ramlal R. Wadhawan	Chairman & Managing Director	Executive Non-Independent	NIL
Mr. Balkrishnan P. Wadhawan,	Managing Director	Executive-Non-Independent	Investor Grievances Committee
Mr, Narayan G. Thatte	Executive Director	Executive Non-Independent	Audit Committee
Mr. Narain P. Belani	Whole Time Director	Executive. Non-Independent	NIL
Mr. Anant R. Athavale	Director	Non-Executive Independent	Audit Committee-Chairman Remuneration Committee Investor Grievances Committee
Mr. Dharampal G Uppal	Director	Non-Executive Independent	Investor Grievances Committee-Chairman Remuneration Committee
Ms. Vrinda A. Chapekar	Director	Non-Executive. Independent	Remuneration Committee-Chairperson Audit Committee

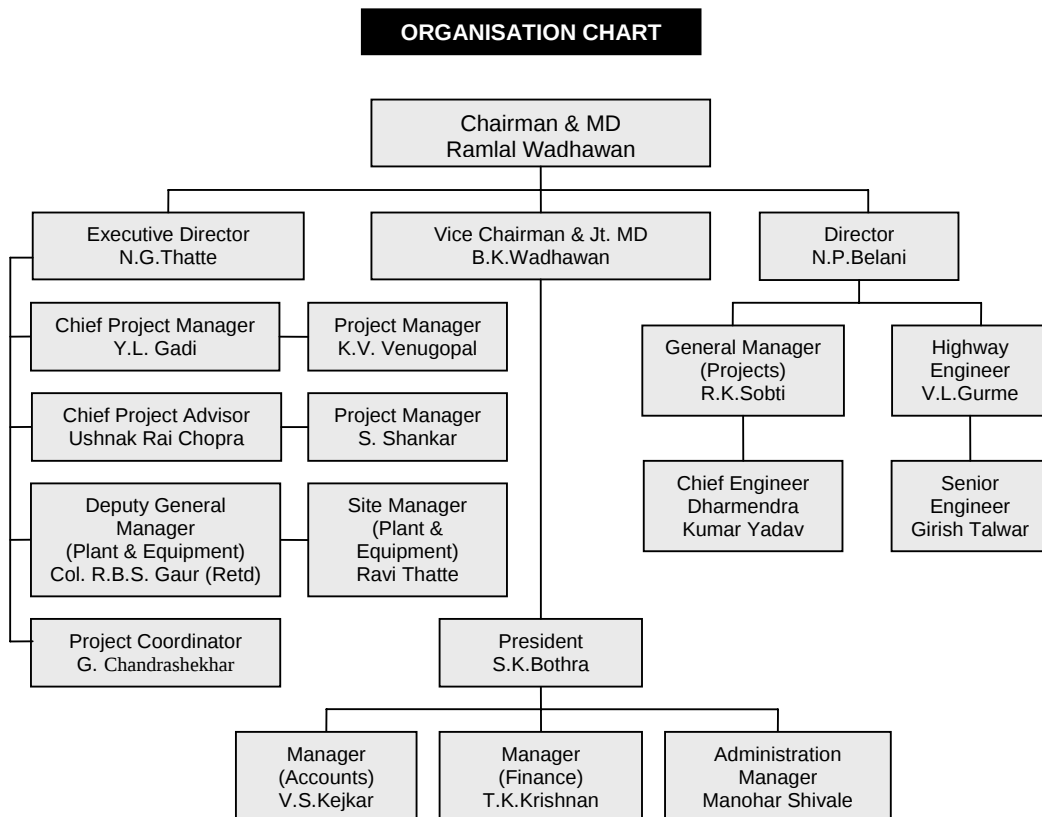
INTEREST OF PROMOTERS/DIRECTORS

All the Directors may be deemed to be interested to the extent of reimbursement of expenses, if any, payable to them under the articles. The Directors may also be deemed to be interested to the extent of the shares, if any, held by them or by the relatives or by firms or companies of which any of them is a partner and a Director/ Member respectively and the shares if any, out of the present Offer that may be subscribed for and allotted to them or their relatives or any Company in which they are Directors / members of firms in which they are partners.

Changes in the directors during the last three years and reasons thereof:

Sr. No.	Name	Date of Appointment/Resignation	Reason for change
1.	Mr. Anant Athavale	29/03/2003	Appointed as the Additional Director of the Company to broadbase.
2.	Mr. Dharampal Uppal	29/03/2003	Appointed as the Additional Director of the Company to broadbase.
3.	Mrs. Vrinda Chapekar	01/07/2004	Appointed as the Additional Director of the Company to broadbase.
4.	Mr. Rajesh Wadhawan	31/05/2005	Resigned
5.	Mr. Deepak Wadhawan	31/05/2005	Resigned
6.	Mr. Sunil Wadhawan	31/05/2005	Resigned
7.	Mr. Vishal Wadhawan	31/05/2005	Resigned
8.	Mr. Subhashchandra Wadhawan	31/05/2005	Resigned
9.	Mr. P.K.N.Kamath	15/06/2005	Appointed as the Additional Director of the Company to broadbase.

MANAGEMENT ORGANISATION STRUCTURE



MANAGERIAL COMPETENCE & KEY MANAGERIAL PERSONNEL

The Company is managed by its Board of Directors, assisted by qualified professionals, with vast experience in the field of construction/engineering/finance/marketing and corporate laws. The brief detail of the key managerial personnel is given below:

<i>Name, Address, Designation</i>	<i>Age (years)</i>	<i>Qualification</i>	<i>Experience in the Company (years)</i>	<i>Total No. of years of Experience and the nature of experience</i>
Mr S.K. Bohtra Bungalow-11,Basant Vihar Complex, Dr.C.G..Road,Chembur, Mumbai-400 071. President	63	M.Com.	4	43 years Finance & Administration
Mr. Y.I. Gadi 5,Kartik Enclave, Diamond point, Sikh Village Road, Secunderabad. Chief Project Engineer	66	B.E.(Civil)	2	42 years Chief Highway Engineer
Mr. K.V. Venugopal Karuvacheri House, Chalakkode, Payyanur, Kannur, Kerala Senior Engineer	43	B.Tech (Engg)	17	18 years Highway & Runway Engineer
Mr. Ravi Thatte Prasad ,Khadkeshwar, Aurangabad Site Manager	32	B.A.	12	12 years Site Management
Mr. Dharmendra Kumar Yadav Village Shankar puram, Post – Shankarpuram, Dist-Munger Bihar Chief Engineer	32	B.E.(CIVIL)	10	10 years Highway Engineer
Mr. R.K. Sobti S- 20/53-15,2 nd Floor, Budh Vihar Colony,The Mal Road, VAranasi CAntt-221002 General Manager (Projects)	62	B.E.(Civil)	4	37 years Project Management
Mr. Ushnak Rai Chopra C-14,Sector-19 ,Noida-201301 Uttar Pradesh Chief Project Advisor	67	B.E.(Civil) Diploma in Management	1	42 years Project Advisor
COL.R.B.S.Gaur (Retd) B-187,Rajaji Puram , Lucknow-226017 Dy.General Manager(Plant & Equip)	65	B.E.(Mech.)	2	40 years Plant & Equipment Engineer
Mr.G.Chandrashekhar Tower No.1,Flat No:1202, Sagar Darshan Towers,Sector -18, Nerul, Navi Mumbai-400 706. Project Co-ordinator	35	B.E.(Civil)	1	14 years Highway Engineer
Mr.S.Shankar No:4 ,Ventateshwarara Nagar, Vikaravandi –Post, Vellupuram –Taluka, Tamilnadu Project Manager	40	B.E.(Civil)	17	17 years Highway Engineer

<i>Name, Address, Designation</i>	<i>Age (years)</i>	<i>Qualification</i>	<i>Experience in the Company (years)</i>	<i>Total No. of years of Experience and the nature of experience</i>
Mr. Girish Talwar B/30, Abhang Apartments, New Ayare Road, Dombivili(East) Senior Engineer	38	D.C.E.	15	15 years Highway & Runway Engineer
Mr. Vinod Laxman Gurme KLS/20/16, Sector-2, Kalamboli, Navi Mumbai Highway Engineer	38	D.C.E	8	8 years Highway Engineer
Mr. V.S.Kejkar N.L.6, Bldg No. 2, Flat No. 4 Sector No. 8 Nerul, Navi Mumbai - 4000706 Manager - Accounts	65	H.S.C.	31	45 Accounting
Mr. T.K. Krishnan 36/1292, Tilak Nagar, Chembur, Mumbai – 400 089 Manager- Finance	64	S.S.C.	41	41 Finance
Mr. Manohar Shivale G-16, 1:1 Geetanjali CHS Sector-4, Sanpada (E) Navi Mumbai Manager -Administration	33	B.Com	7	12 Human Resource Management and Administration

The above persons are on the rolls of the company as permanent employees.

There has been no change in the key managerial personnel in the last one year.

PROMOTERS

	Shri Ramlal R. Wadhawan, aged 63 years, is in the construction activities for last 40 years. Under Mr. Ramlal Wadhawan, the Company's turnover rose to over Rs. 121 Crores, in the face of stiff competition from various players. His leadership led to improved systems of projects and financial management, investments in the most modern fleet of machineries and equipments for mega projects and a relentless pursuit of excellence in the quality of project construction and engineering. He took initiatives to drive the company towards professionalism. He is exercising overall control and supervision over various activities of the company, under the overall policy guidelines of Board of Directors. Residential Address : "Janki Kutir", Bungalow No. 9, Vasant Vihar Complex, Dr. C.G. Road, Chembur, Mumbai – 400 074 PAN : AAAPW1851F Bank A/c no. : SB A/c No. 1864, Canara Bank, Sindhi Socieity Branch, Chembur Voter ID : -- Passport No. : F0228534 Driving License no. : --
	Shri Balkrishan Wadhawan, aged 54 years, is looking after all the Project Purchases, Planning and administration of the corporate office of the Company. He has an experience of over 25 years in civil construction activities. He is directly involved in planning resource management, quality aspect and maintaining the progress of projects. Residential Address : Bungalow No. 4, Vasant Vihar Complex, Dr. C.G. Road, Chembur, Mumbai – 400 074 PAN : AAAPW1802G Bank A/c no. : SB A/c No. 1863, Canara Bank, Sindhi Socieity Branch, Chembur Voter ID : -- Passport No. : E9441090 Driving License no. : RJ-27/DLC/03/5213

The above details of the promoters have been submitted to BSE and NSE.

For related party transactions, please refer to the section entitled "Related Party Transactions" beginning on page 74 of this Prospectus.

CURRENCY OF PRESENTATION

In this Prospectus, all references to "Rupees" and "Rs." are to the legal currency of India,

DIVIDEND POLICY

The company has a policy of rewarding the shareholders with dividend. The company has been consistently pay dividend to its shareholders since the year 2001.

PART II

SECTION IV: FINANCIAL INFORMATION

AUDITORS REPORT

To,
The Board of Directors
PBA infrastructure Limited
Prakash, 611/3,
V.N.Purav Marg, Chembur
Mumbai 400 071

Dear Sirs,

We have examined and found correct the Audited Accounts of PBA Infrastructure Limited for the past five financial years/period ended 31/03/2000, 2001, 2002, 2003, 2004 and nine months period ended on 31st December, 2004 being the last date upto which the accounts of the Company have been made up and audited by us. Subject to paragraph 3(f) of Auditors Report and Notes on Accounts in Schedule IV of the said audited financial statements, at the date of signing this report, we are not aware of any material adjustment which would affect the result shown by these accounts in accordance with the requirement of Part II of Schedule II to the Companies Act, 1956.

In accordance with the requirements of Paragraph B (1) of Part II of Schedule II to the Companies Act 1956 (the Act), the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 (SEBI Guidelines) and our terms of reference with the Company dated 22nd January, 2005 requesting us to make this report for the purpose of the Offering Memorandum as aforesaid, we report that:

- a. The restated profits of the Company for the financial years/period ended 31st March , 2000, 2001, 2002, 2003, 2004 and nine months period ended on 31/12/2004 are as set out in Annexure I to this report. These profits have been arrived at after charging all expenses including depreciation and after making such adjustment and regroupings as in our opinion are appropriate and more fully described in the Significant Accounting Policies and Notes appearing in Annexure III & IV respectively to this report.
- b. The restated assets and liabilities of the Company as at 31st March , 2000, 2001, 2002, 2003, 2004 and nine months period ended on 31/12/2004 are as set out in Annexure II to this report after making such adjustments and regroupings as in our opinion are appropriate and more fully described in the Significant Accounting Policies and Notes appearing in Annexure III & IV respectively to this report.
- c. The restated cash flow statement of the Company as at 31st March , 2000, 2001, 2002, 2003, 2004 and nine months period ended on 31/12/2004 are as shown in Annexure V to this report.
- d. The rates of dividend paid by the Company in respect of the years/period ended 31st March , 2000, 2001, 2002, 2003, 2004 and nine months period ended on 31/12/2004 are as shown in Annexure VI to this report.
- e. We have examined the following financial information relating to the Company and as approved by the Board of Directors for the purpose of inclusion in the Offer document:
 - i. Accounting Ratios as appearing in Annexure VII to this report.
 - ii. Capitalisation Statement as at 31st December, 2004 as appearing in Annexure VIII to this report
 - iii. Statement of tax shelters as appearing in Annexure IX to this report.
 - iv. Details of other income as appearing in Annexure X to this report
 - v. Details of sundry debtors as appearing in Annexure XI to this report
 - vi. Details of loans and advances as appearing in Annexure XII to this report
 - vii. Details of unsecured loans as appearing in Annexure XIII to this report
 - viii. Details of secured loans as appearing in Annexure XIV to this report.
 - ix. Details of related party disclosures as appearing in Annexure XV to this report.

In our opinion the above financial information of the Company read with Significant Accounting Policies and notes on account attached in Annexure III & IV to this report, after making adjustments and re-grouping as considered appropriate has been prepared in accordance with Part II of Schedule II of the Act and the SEBI Guidelines.

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

Thanking you,
For Ajay B Garg
Chartered Accountants
Sd/-
A Garg
Membership No. 32538
Place: Mumbai
Date: 30/05/2005

ANNEXURE – I

STATEMENT OF PROFITS AND LOSSES

	(Rs. in lacs)					
	Year ended 31/03/2000	Year ended 31/03/2001	Year ended 31/03/2002	Year ended 31/03/2003	Year ended 31/03/2004	Nine Months ended 31/12/2004
Income						
Sales :						
d) Of products manufactured by the company (Contract Receipts)	3358.68	5609.67	5918.80	5799.87	11798.70	9057.94
e) Contract Receipts-Joint Venture	-	2527.54	2575.92	315.70	59.22	-
f) Of products traded in by the company	-	-	-	-	-	-
Total	3358.68	8137.21	8494.72	6115.57	11857.92	9057.94
Other Income	14.57	85.98	124.18	189.31	240.98	242.54
Interest	32.34	22.36	50.28	57.08	81.24	27.21
Total (A)	3405.59	8245.55	8669.18	6361.96	12180.14	9327.69
Expenditure						
Work Cost	2573.03	4793.60	4976.04	4751.74	10280.36	7518.46
Expenses-Joint Venture	-	2483.44	2509.47	312.57	56.89	-
Staff Costs	131.77	128.74	151.70	167.08	186.79	163.80
Selling, Administration & Other Expenses	292.22	196.24	256.16	318.16	402.31	377.90
Managerial Remuneration	18.63	22.85	33.25	49.63	53.68	40.27
Interest	245.75	299.02	261.51	264.01	408.76	487.23
Depreciation	132.91	100.47	109.78	145.39	202.43	202.64
Total (B)	3394.31	8024.36	8297.91	6008.58	11591.22	8790.29
Net Profit before tax	11.28	221.19	371.27	353.38	588.92	537.41
Taxation	1.35	15.54	23.32	27.58	43.74	39.15
Deferred Tax	-	-	-	4.12	57.31	123.10
Profit After Tax	9.93	205.65	347.95	321.68	487.87	375.16

ANNEXURE – II

STATEMENT OF ASSETS AND LIABILITIES

		(Rs. in lacs)					
		Year ended 31/03/2000	Year ended 31/03/2001	Year ended 31/03/2002	Year ended 31/03/2003	Year ended 31/03/2004	Nine Months ended 31/12/2004
A	Fixed Assets :						
	Gross Block	2869.04	2888.65	3610.05	4679.84	5806.03	7615.38
	Less : Depreciation	814.18	914.65	1024.43	1169.82	1372.25	1574.88
	Net Block	2054.86	1974.00	2585.62	3510.02	4433.78	6040.50
	Less : Revaluation Reserve	-	-	-	-	-	-
	Net Block after adjustment for Revaluation Reserve	2054.86	1974.00	2585.62	3510.02	4433.78	6040.50
B	Current Assets, Loans and Advances :						
	Inventories (closing work- in-progress)	786.45	687.44	940.51	1070.46	1891.64	1952.47
	Sundry Debtors	129.16	543.86	570.30	1011.59	1365.20	2408.44
	Cash and Bank Balances	303.01	390.85	814.54	579.74	976.49	894.55
	Loans and Advances	726.59	711.53	1117.99	1411.48	1857.37	2679.78
	Other Current Assets	-	-	-	-	-	-
C	Liabilities & Provisions :						
	Secured Loans	748.34	646.26	798.02	1965.13	3202.14	4435.10
	Unsecured Loans	560.39	776.29	1860.06	2342.95	2147.16	2901.69
	Deferred Tax Liability	-	-	-	320.65	377.96	501.06
	Current Liabilities and Provisions	1905.82	1891.79	2105.24	1672.19	3050.52	3897.45
D	Networth Represented by						
	1. Share Capital	343.24	343.24	686.47	735.50	790.63	849.92
	2. Reserves	442.28	650.10	579.17	546.87	956.07	1390.52
	Less : Revaluation Reserve	25.85	21.12	16.88	13.05	9.61	6.51
	Reserves (net of Revaluation Reserves)	416.43	628.98	562.29	533.82	946.46	1384.01
	Networth (excluding revaluation reserve)	759.67	972.22	1248.76	1269.32	1737.09	2233.93

SIGNIFICANT ACCOUNTING POLICIES:**1. Statement of Significant Accounting Policies**

- a. Basis of accounting: The accounts of company are prepared under historical cost convention and in accordance with applicable accounting standards except where otherwise stated. Accounting policies not specifically referred to are consistent with generally accepted accounting practices. Revenue / Income and Costs and Expenditure are generally accounted on accrual basis, as they are earned or incurred.
- b. Fixed Assets and Depreciation:
 - i. All the fixed assets purchased are stated at cost of acquisition except in case of those assets which are revalued.
 - ii. Depreciation: Depreciation of other assets is provided on "Straight line Method", at the rates prescribed by Schedule XIV to the Companies Act, 1956.
- c. Sundry Debtors/Loans and Advances: are stated net of provision for identified doubtful debts/advances.
- d. Valuation of work in progress: The work in progress has been determined by the Management at the estimated realizable cost.
- e. Revenue Recognition: In respect of Construction contracts, revenue is recognized on Percentage completion method based on the Bills submitted, certified and sanctioned by the appropriate authorities. The relevant cost is recognized in accounts in the year of recognition of the revenue. The total costs of contract are estimated, based on technical and other estimates.
- f. Borrowing cost: Borrowing cost is accounted on accrual basis.
- g. Contract Receipts - Joint venture: Proportionate Consolidation method of accounting and reporting is followed in respect of Joint venture entered into by the Company. The Income from such joint venture is recognized on the basis of Bills submitted, certified and sanctioned by the appropriate authorities. The actual expenses for such Project in Joint Venture are accounted on the basis of the Profit sharing ratio.
- h. Earning Per Share: Earning per Share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.
- i. Taxation: Provision for Income tax comprises of current tax and deferred tax charge or release. Deferred tax is recognized, subject to consideration of prudence, on timing differences, being difference between taxable and accounting income/expenditure that originate in one period and are capable of reversal in one or more subsequent period(s). Deferred tax assets are not recognized unless there is "virtual certainty" that sufficient future taxable income will be available against which such deferred tax assets will be realized
- j. Contingencies: Liabilities which are material and whose future outcome cannot be ascertained with reasonable certainty are treated as contingent and disclosed by way of notes to the accounts.
- k. Retirement Benefits:
 - i. The retirement benefit in the form of Provident Fund and Pension Schemes, whether in pursuance of any law or otherwise, is accounted on accrual basis and charged to the profit and loss account of the year.

ANNEXURE IV

Notes on Accounts:

1. Contingent Liability not provided for:

					(Rs. In lacs)	
		Period ended				
	Particulars	31-03-2000	31-03-2001	31-03-2002	31-03-2003	31-12-2004
a)	Estimated amount of capital commitments	0	0	0	0	0
b)	Claims against company not acknowledged as debts					
i	Guarantees given by banks	1,808.71	2,067.68	3,852.10	4,622.00	7,703.87
						9395.23

2. Other additional Quantitative information pursuant to para 3,4-C, and 4-D of part - II of Schedule VI of the Companies Act, 1956 is not ascertainable and amenable and hence not included in the Report.

3. CIF Value of imports

					(Rs. In lacs)	
		Period ended				
	Particulars	31-03-2000	31-03-2001	31-03-2002	31-03-2003	31-12-2004
i.	Capital goods	0	0	0	0	0
ii.	Earnings in foreign exchange	0	0	0	0	0
iii.	Expenditure in foreign currency					
a.	Traveling	2.59	2.99	1.90	3.92	2.35
						1.94

4. Directors remuneration:

					(Rs. In lacs)	
		Period ended				
	Particulars	31-03-2000	31-03-2001	31-03-2002	31-03-2003	31-12-2004
i.	Salary and contribution to Provident fund	22.10	25.59	37.24	55.58	53.68
						39.06

5. Auditors remuneration

					(Rs. In lacs)	
		Period ended				
	Particulars	31-03-2000	31-03-2001	31-03-2002	31-03-2003	31-12-2004
i.	Audit fees	0.93	0.93	1.57	1.62	2.20
						2.20

6. Income tax assessment has been completed upto the assessment year 2002-03.

7. The Deferred Tax liability comprises of tax effect of timing differences on account of:

					(Rs. In lacs)	
			Period ended			
	Particulars		31-03-2002	31-03-2003	31-03-2004	31-12-2004
i.	Deferred tax liabilities:					
	On account of timing difference in depreciation		386.45	4.12	57.30	123.10
ii	Deferred tax assets					
	On account of unabsorbed Depreciation & brought forward losses		69.92	0	0	0
	Net deferred Tax liability debited to profit and loss account		316.53	4.12	57.30	123.10

8. As the company's business activity falls within a single segment, the disclosure requirements of Accounting 17 " Segment Reporting " issued by the Institute of Chartered Accountants of India is not applicable.
9. The balance on all personal accounts are subject to confirmation by the parties and reconciliation, if any.
10. Previous year figures have been shown regrouped / rearranged, where considered necessary.
11. There are no amounts outstanding in respect of unpaid dividend / fixed deposits for more than seven years to be transferred to Investors Education and Protection Fund.

ANNEXURE – V

CASH FLOW STATEMENT

		(Rs. in lacs)					
		Period ended 31/03/2000	Period ended 31/03/2001	Period ended 31/03/2002	Period ended 31/03/2003	Period ended 31/03/2004	Period ended 31/12/2004
A	Cash Flow arising from Operating Activities						
	(i) Net profit before tax	11.28	221.19	371.27	353.38	588.92	537.41
	Add back						
	Depreciation	132.91	100.47	109.78	145.39	202.43	202.64
	Prior period adjustment	-	(40.00)	-	(37.99)	-	-
	Interest Income	(32.34)	(22.36)	(50.28)	(57.08)	(81.24)	(27.21)
	Interest Expenses	245.75	299.02	261.51	264.01	408.76	487.23
	(ii) Total	346.32	337.13	321.01	314.33	529.95	662.65
	Operating Profit before Working Capital changes (i) + (ii)	357.60	558.32	692.28	667.71	1118.87	1200.06
	Adjustment for						
	Inventories	(553.49)	99.01	(253.07)	(129.95)	(821.18)	(60.83)
	Trade and Other Receivable	(279.17)	(399.64)	(432.90)	(734.78)	(799.50)	(1865.65)
	Trade Payable and other Liabilities	917.94	(14.03)	213.45	(433.05)	1378.33	846.93
	Income Tax Paid	(1.35)	(15.54)	(23.32)	(27.58)	(43.74)	(39.15)
	Dividend tax Paid	-	(3.50)	(7.00)	(14.14)	(15.20)	-
		83.94	(333.20)	(495.84)	(1325.36)	(286.09)	(1118.70)
	Cash generated from operations	441.54	228.12	196.44	(657.65)	832.78	81.36
	Interest Received	32.34	22.36	50.28	57.08	81.24	27.21
	Net cash from Operating activities	473.88	250.48	246.72	(600.57)	914.02	108.58
B	Cash flow from investing activities						
	Purchase on fixed assets (including CWIP)	(1036.50)	(19.61)	(721.40)	(1069.79)	(1126.19)	(1809.35)
	Purchase of Investments	-	-	-	-	-	-
	Net cash from Investing Activities	(1036.50)	(19.61)	(721.40)	(1069.79)	(1126.19)	(1809.35)
C	Cash Flow from Financing Activities						
	Interest paid	(245.75)	(299.02)	(261.51)	(264.01)	(408.76)	(487.23)
	Proceeds from long term borrowings	782.50	113.82	1235.53	1650.00	1041.22	1987.48
	Dividend paid	-	34.32	68.64	110.32	118.59	-

		Period ended 31/03/2000	Period ended 31/03/2001	Period ended 31/03/2002	Period ended 31/03/2003	Period ended 31/03/2004	Period ended 31/12/2004
	Net Cash (used in) / from Financing Activities	536.75	(150.88)	1042.66	1496.31	751.05	1500.25
	Net Increase/(Decrease) in cash and cash equivalents	(72.67)	87.84	423.69	(234.80)	396.75	(81.94)
	Cash (opening balances)	375.68	303.01	390.85	814.54	579.74	976.49
	Cash (closing balances)	303.01	390.85	814.54	579.74	976.49	894.55

ANNEXURE – VI

STATEMENT OF DIVIDEND PAID FOR LAST 5 YEARS

(Rs. in lacs)

	Period ended 31/03/2000	Period ended 31/03/2001	Period ended 31/03/2002	Period ended 31/03/2003	Period ended 31/03/2004	Period ended 31/12/2004
No. of Equity Shares of Rs. 100/- each	3,43,236	3,43,236	6,86,472	7,35,498	7,90,628	84,99,200*
Rate %	0%	10%	10%	15%	15%	0%
Amount of Dividend (Rs. in lacs)	0	34.32	68.64	110.32	118.59	0
Dividend Tax (Rs. in lacs)	-	3.50	7.00	14.14	15.20	0
Total Pay out (Rs. in lacs)	-	37.82	75.64	124.46	133.79	-
Note : * of Rs. 10/- each						

ANNEXURE – VII

STATEMENT OF ACCOUNTING RATIOS

Particulars	Year ended 31/03/2000	Year ended 31/03/2001	Year ended 31/03/2002	Year ended 31/03/2003	Year ended 31/03/2004	Nine months ended 31/12/2004
EPS Basic (Rs Per Share)	0.29	5.99	5.07	4.37	6.17	4.41
Return on Networth (RONW)(%)	1.31	21.15	27.86	25.34	28.09	16.79
Net Asset value per Share (NAV) -Rs	22.13	28.33	18.19	17.26	21.97	26.28

ANNEXURE – VIII

CAPITALISATION STATEMENT

(Rs. in lacs)

Particulars	Year ended 31/03/2004	Nine months ended 31/12/2004	Post Issue
Secured Loans	3202.14	4435.10	
Unsecured Loans	2147.16	2901.69	
Total Debt	5349.30	7336.78	7336.78
Less : Short term debt	-	-	
Total Long Term Debt	5349.30	7336.78	7336.78
Shareholders funds			
Share Capital	790.63	849.92	1349.92
Reserve & Surplus	946.46	1384.01	3884.01
Total shareholders fund	1737.09	2233.93	5233.93
Long term Debt/Equity Ratio (5/8)	3.08	3.28	1.40

ANNEXURE – IX

TAX SHELTER STATEMENT

(Rs. in lacs)

Particulars	Year ended 31/03/2000	Year ended 31/03/2001	Year ended 31/03/2002	Year ended 31/03/2003	Year ended 31/03/2004	Nine months ended 31/12/2004
Tax Rate (including Surcharge & Cess)	39.55%	35.70%	36.75%	35.88%	36.59%	36.59%
(Including surcharge and Education Cess)						
Profit as per Profit & Loss Account	11.28	221.19	371.27	353.38	588.92	537.41
Tax at National Rate	4.46	78.96	136.44	126.79	215.49	196.64
Adjustments	-	-	-	-	-	-
Difference between Tax depreciation and Book Depreciation	54.94	236.40	241.49	358.81	467.09	667.21
Net Adjustments	21.73	84.39	88.75	128.74	170.91	244.13
Tax Saving thereon	17.27	5.43	(47.69)	1.95	(44.58)	47.49

ANNEXURE – X

DETAILS OF OTHER INCOME

(Rs. In lacs)

Particulars	Year ended 31/03/2000	Year ended 31/03/2001	Year ended 31/03/2002	Year ended 31/03/2003	Year ended 31/03/2004	Nine months ended 31/12/2004
Miscellaneous income	3.11	24.00	34.66	39.38	78.75	41.77
Hire charges received	0.50	61.98	89.52	149.93	128.69	162.63
Other income	10.96	-	-	-	33.55	38.14
Total	14.57	85.98	124.18	189.31	240.98	242.54

ANNEXURE – XI

SUNDRY DEBTORS (UNSECURED)

(Rs. in lacs)

Particulars	Year ended 31/03/2000	Year ended 31/03/2001	Year ended 31/03/2002	Year ended 31/03/2003	Year ended 31/03/2004	Nine months ended 31/12/2004
Over six months	26.00	39.17	-	-	135.10	-
Other Debts	103.15	504.68	570.30	1011.59	1230.09	2408.44
	129.15	543.85	570.30	1011.59	1365.19	2408.44
Less : Provision for doubtful debts	-	-	-	-	-	-
Total	129.15	543.85	570.30	1011.59	1365.19	2408.44

ANNEXURE – XII

(Rs. in lacs)

Particulars	Year ended 31/03/2000	Year ended 31/03/2001	Year ended 31/03/2002	Year ended 31/03/2003	Year ended 31/03/2004	Nine months ended 31/12/2004
a. Loans and Advances (Unsecured considered Good)						
Advances recoverable in cash or in kind or of for value to be received.	726.59	711.52	1117.99	1411.48	1857.37	2679.78

ANNEXURE – XIII

STATEMENT OF UNSECURED LOANS

(Rs. in lacs)

	Year ended 31/03/2000	Year ended 31/03/2001	Year ended 31/03/2002	Year ended 31/03/2003	Year ended 31/03/2004	Nine months ended 31/12/2004
a. Fixed Deposits						
From Public	112.01	65.41	138.20	310.52	315.16	351.71
From Others	1.98	97.69	5.50	8.70	9.85	4.49
b. Other loans						
From Directors	16.19	1.38	100.75	28.45	28.15	36.55
From Others	-	-	100.87	47.48	107.89	3.50
Other Contractual Deposits	160.20	541.81	549.46	464.83	760.84	933.02
c. Machinery Advances	270.00	70.00	171.26	751.20	318.58	393.71
d. Mobilization Advances	-	-	794.02	731.77	606.70	1178.70
Total	560.38	776.29	1860.06	2342.95	2147.16	2901.68

ANNEXURE – XIV

STATEMENT OF SECURED LOANS

Particulars	Year ended 31/03/2000	Year ended 31/03/2001	Year ended 31/03/2002	Year ended 31/03/2003	Year ended 31/03/2004	Nine months ended 31/12/2004
Term Loans from various Financial Institutions for acquisition of fixed assets	668.41	448.51	641.26	1445.21	1930.00	2896.33
Working Capital Loans						
- Canara Bank	79.93	197.75	156.76	519.92	1272.14	1538.77

ANNEXURE – XV

RELATED PARTY DISCLOSURES

List of related parties with whom transactions have taken place

1. Key managerial personnels (Directors)

Mr. Ramlal Wadhawan, Mr. B.K. Wadhawan, Mr. N.G. Thatte, Mr. N.P. Belani, Mr. A. Y. Chapekar, Mr. Deepak Wadhawan, Mr. Rajesh Wadhawan, Mr. Sunil Wadhawan, Mr. Vishal Wadhawan, Mr. Subash Chandra Wadhawan

2. Relatives of key managerial personnel

Mrs. Komal Wadhawan, Mrs. Sunita Wadhawan, Mrs. Monica Talwar, Mrs. Neena Wadhawan, Mrs. Neha Wadhawan.

3. Entities & Associates

M.T. Trasnport, Aditya Transport, Sandeep Builders, Shanti Engg. Co.

	(Rs. in lacs)					
	For the period/year ended on					
	31/03/2000	31/03/2001	31/03/2002	31/03/2003	31/03/2004	31/12/2004
1) Key Management Personnel and their relatives						
Fixed deposits received	2.00	2.00	16.14	28.17	18.15	2.00
Fixed deposits paid	-	-	-	-	21.06	-
Interest paid on fixed deposits –Directors	0.10	1.22	4.38	3.52	2.72	2.20
Interest paid on fixed deposits – Others	2.28	6.35	4.85	2.96	5.92	3.76
Fixed deposits at Balance Sheet Date	7.46	9.45	24.61	52.78	49.87	51.87
Rent paid	-	-	-	-	4.00	4.92
Dividend paid	-	37.82	75.65	86.47	133.80	-
Unsecured loan at Balance Sheet Date	16.20	1.38	106.25	37.15	38.00	41.04
Paid for vehicle hire charges	-	3.54	0.96	0.80	0.84	0.72
Directors Remuneration	18.64	22.75	40.19	49.63	49.80	40.27
Salaries	12.35	15.68	5.98	8.70	8.40	5.30
2) With related entities & associates						
<i>Sandeep Builders</i>						
Paid for labour charges	-	-	-	-	-	7.03
<i>Shanti Engg Co.</i>						
Paid for vehicle hire charges	12.66	7.80	8.00	8.00	-	6.85
<i>Aditya Transport Co.</i>						
Paid for transport charges	15.44	10.35	27.57	13.35	18.57	10.14
<i>M.T.Transport charges</i>						
Paid for transport charges	25.47	11.54	34.58	24.85	18.93	17.82

WORKING CAPITAL FACILITIES

The Company has obtained working capital limits from Canara bank and Union Bank of India. The Company has funds based limits of Rs. 1050.00 lacs and non-fund based limits of Rs. 16000.00 lacs for the year 2004-2005 and 2005-2006.

Canara Bank vide its letter no. CSB/19CR/2529/2004 dated 15/10/2004 has sanctioned 80% of the assessed fund and non fund based limits on the following terms and conditions:-

Fund Based Limits: Rs. 840.00 lacs

Non-Fund Based Limits: Rs. 12800.00 lacs

Security

a) Prime Security:

I pari passu charge on entire stock and book debts of the Company from time to time (Value as on 31/07/2004 Rs. 1329.52 Lacs)

b) Collateral Security:

Existing:

i. Plant and Machinery:

BV (FA upto 31/03/2004): Rs. 2503.78 Lacs(residual value)

ii. Residential Bungalow at Chembur in the name of Mr. Ramlal Wadhawan : MV Rs.266.20 lacs (VR dated 28/11/2003).1st Charge on paripassu basis.

iii. Residential Bungalow (admeasuring approx. 2500 sq.ft.) situated at Chembur in the name of Shri Bal Krishan Wadhawan : Market Value approx.Rs. 117.79 lacs(VR dated 28/11/2003): 1st charge on paripassu basis.

iv. Residential Bungalow (admeasuring approx. 3000 sq ft.) situated at Pune in the name of Shri N.G. Thatte : Market Value approx.Rs. 52.70 lacs(VR dated 28/11/2003): 1st charge on pari passu basis.

c) **Personal Guarantee:**

Mr. Ramlal Wadhawan

Mr.Balkrishan Wadhawan

Mr. N. G. Thatte

Mr. Subhashchandra P. Wadhawan

Union Bank of India vide its letter no.VKH/ADV/RKC/179/05 dated 04/03/2005 has sanctioned 20% of the assessed fund and non fund based limits on the following terms and conditions:-

Fund Based Limits: Rs. 210.00 lacs

Non-Fund Based Limits: Rs. 3200.00 lacs

Sub-limit of Rs. 550.00 lacs for bill discounting and of Rs.0.50 lacs for cheque discounting would be available within the overall limit.

Security

1st Pari passu charge on entire Book debts of the company from time to time.

➤ Pari passu charge on the following to be created prior to disbursement of enhanced and new limits.

i. Residential Bungalow at Chembur owned by Shri. Ramlal Wadhawan (Rs.2.66 lacs)

ii. Residential Bungalow at Chembur owned by Shri B. K. Wadhawan(Rs. 1.18 crores).

iii. Bungalow at Pune owned by Shri N.G. Thatte (Rs. 0.53 crore)

iv. Negative line on office premises at G1, G2, G3 Roshan CHS Ltd, Chembur (Rs. 1.20 Crores)

v. Plant and Machinery (residual value Rs. 25.04 crores)

➤ Personal Guarantee of following individual/s

Mr. Ramlal Wadhawan

Mr. Balkrishan Wadhawan

Mr. N. G. Thatte

Mr. Subhashchandra P. Wadhawan

FINANCIAL INFORMATION OF THE GROUP COMPANIES

Name of the Director	Name of the Venture	Nature of Association
Shri Deepak Wadhawan	Sanjeevani Construction Company Prakash Infrastructure Pvt. Ltd.	Partner Director
Shri Vishal Wadhawan	Shanti Engineering and Construction Company	Partner

Brief details of the other ventures promoted by the Directors of the Company are given below:

1. PRAKASH INFRASTRUCTURE PRIVATE LIMITED

Date of Incorporation	: 10/01/1997
Registered Office	: 611/3, V.N. Purav AMrg, Chembur, Mumabi-400 071
Board of Directors	: Mr. Deepak Wadhawan and Mr. Sunil Wadhawan
Nature of Business	: Construction

Brief audited financials of the company are as follows:

(Rs. In Lacs)

Particulars	2001-2002	2002-2003	2003-2004
Operating and other Income	0.00	0.00	0.00
Profit/(Loss) before tax (PBT)	(0.01)	(0.01)	(0.01)
Profit/(Loss) after tax (PAT)	(0.01)	(0.01)	(0.01)
Equity Share Capital	1.08	1.08	1.08
Reserves and Surplus	0.00	0.00	0.00
Earning per share (EPS) (Rs.)	Negative	Negative	Negative
Book Value (Face value of Rs. 10/- per share) (Rs.)	10.00	10.00	10.00

There are no litigations/disputes against Prakash Infrastructure Private Ltd.

2. SANJEEVANI CONSTRUCTION COMPANY

Date of Incorporation	: 01/04/1996
Registered Office	: 611/3, V.N. Purav Marg ,Chembur, Mumabi-400 071
Partners	: Shri Jayprakash Jagtap ,Shri Ashok Bhilare ,Shri Rajesh Wadhawan and Shri Deepak Wadhawan
Nature of Business	: Operating Quarry

Brief audited financials of the company are as follows:

(Rs. In Lacs)

Particulars	2001-2002	2002-2003	2003-2004
Operating and other Income	50.89	32.60	39.66
Profit/(Loss) before tax (PBT)	0.76	0.52	0.63
Profit/(Loss) after tax (PAT)	0.49	0.33	0.63
Partner's Equity Capital	6.94	6.90	7.12

There are no litigations/disputes against Prakash Infrastructure Private Ltd.

3. SHANTI ENGINEERING AND CONSTRUCTION COMPANY

Date of Incorporation : 31/03/1998
Registered Office : B-214 Arjun Centre
2nd Floor Govandi Station Road,,
Govandi(E)
Mumbai-400 088
Partners : Mr. Subhashchandra Wadhawan
,Mrs. Veena Wadhawan, Mr. Suresh
Handa ,Mrs. Neena Wadhawan,and
Mr. Vishal Wadhawan.
Nature of Business : Construction and allied activities

Brief audited financials of the company are as follows:

(Rs. In Lacs)

Particulars	2001-2002	2002-2003	2003-2004
Operating and other Income	10.03	8.13	53.41
Profit/(Loss) before tax (PBT)	0.57	0.14	1.58
Profit/(Loss) after tax (PAT)	0.57	0.14	1.53
Partner's Equity Capital	26.95	15.35	16.34

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULT OF OPERATIONS

OVERVIEW

PBA Infrastructure Ltd. is engaged in execution of Civil engineering projects and specializes in construction of Highways, Dams, Runways and heavy RCC structures, Bridges and other Infrastructure Projects of NHAI.

The Company's in-house engineering skills have allowed it to maintain the required precision and quality by effectively integrating design with Construction Extensive. The Company represents dependability, reliability and excellence in civil engineering and construction. PBA is executing works from Kashmir to Kanyakumari.

FACTORS AFFECTING BUSINESS OPERATIONS

As an infrastructure project company, the business operations of PBA Infrastructure Ltd are affected by three broad set of factors, as follows :

1. Government policy towards infrastructure

With the Public Private Partnership (PPP) framework still being in initial stages of implementation in India, infrastructure spends is still dependent to a large extent on the priority given by the Government towards such projects. The Government's budgetary position (or other financial closure) also plays an important role in determining healthy cash flows and timely completion of the projects.

2. Market price behavior of key materials

The Company's project costs mainly comprise of construction related materials i.e. steel and cement. These being commodities, changes in prices during the execution of the project may alter profitability on contracts, which are not covered by escalation provisions.

3. Company's capabilities to participate and execute

The nature of the Government's tendering process is such that the pre-qualifications obtained in the past play an important role in allowing companies to bid for the new projects. The ability to strategically partner with other players will also determine the success in award of some key projects the company will be/is bidding for. The project management capability will also determine the profitability

Comparison of significant items of income and expenditure of PBA INFRASTRUCTURE LTD. for the past three years is as follows:

	(Rs. in lacs)			
Particulars	31/03/2002	31/03/2003	31/03/2004	9 months ended on 31/12/2004
Income				
Operational Income	8494.72	6115.57	11798.70	9057.94
Other Income	174.46	246.39	322.22	269.76
Total	8669.18	6361.96	12180.14	9327.70
Expenditure				
Work Cost	4976.04	4751.74	10280.36	7518.46
Expenses-JV	2509.47	312.57	56.89	0.00
Salaries, Wages and Other Expenses	151.70	167.08	186.79	163.80
Selling, Administrative and Other Expenses	256.16	318.16	402.31	377.90
Interest	261.51	264.01	408.76	487.23
Managerial Remuneration	33.25	49.63	53.68	40.27
Depreciation	109.78	145.40	202.43	202.64
Total	8297.91	6008.59	11591.22	8790.29
Net profit/(Loss) before tax	371.27	353.37	588.92	537.41
Taxation	23.32	31.70	101.05	162.25
Net Profit/(Loss) after tax	347.95	321.67	487.87	375.16

COMPAIRISON OF FY 2003 WITH FY 2002 – REASON FOR VARIANCE

- **Total Income:**

The Company registered a decline of 26% in the total income for the FY 2003 compared to the previous year on account of a substantial reduction in the contract receipts from Joint Venture. The contract receipts on account of Joint Venture(s), during the year stood at, Rs. 315.70 lacs as compared to Rs.2575.92 lacs in the previous year.

- **Works Cost**

Works Cost mainly comprise of Construction and other materials consumed, Sub-contract expenses, Masonry & other works, Works contract tax, Electricity & water charges, Machinery hire charges and Repairs & Maintenance.

Works cost, as a percentage to total income have increased from 57% in fiscal 2002 to 74% in fiscal 2003. This is mainly due to increase in input cost.

- **Personnel Expenses**

The personnel expenses including managerial remuneration as a percentage to total income increased from 2.14% in fiscal 2002 to 3.40% in fiscal 2003. This was because of the revision in salary of employees undertaken during the year 2003 in order to make Company's pay package at par with the Industry.

- **Administrative and Other Expenses**

The Administrative and other expenses as a percentage to Total Income have increased from 2.95% in fiscal 2002 to 5.00 % in fiscal 2003. This increase in expenses is on account of increase in professionals fees paid, repairs and maintenance, sales promotion expenses and traveling expenses including foreign traveling.

- **Interest and Finance Charges**

Interest and financial as a percentage to total income have increased from 3.01% in fiscal 2002 to 4.15% in fiscal 2003. This is because of increase in the amount of loan funds.

- **Depreciation**

The increase in depreciation as a percentage to total income from 1.27% to 2.29 % in fiscal 2003 is due to addition of fixed assets.

- **Profit after tax**

The profits are marginally lower, as compared to the previous year. This is on account of sharp decline in the operational revenue.

COMPAIRISON OF FY 2004 WITH FY 2003 – REASON FOR VARIANCE

- **Total Income:**

The Company registered an increase of 90% in the total income for the FY 2004 compared to the previous year on account of a substantial increase in the contract receipts which stood at Rs. 11,798.70 lacs as compared to Rs.5,799.88 lacs in the previous year. The increase is on account of healthy order book position and increasing number of orders under execution.

- **Works Cost**

Works cost, as a percentage to total income have increased from 74.68% in fiscal 2003 to 84.40% in fiscal 2004. This is mainly due to increase in input cost.

- **Personnel Expenses**

The personnel expenses including managerial remuneration as a percentage to total income decreased from 3.40% in fiscal 2003 to 1.97% in fiscal 2004. This is because of the sharp increase in total income @ 90% in the FY 2004.

- **Administrative and Other Expenses**

The Administrative and other expenses as a percentage to Total Income have decreased from 5.00 % in fiscal 2003 to 3.30 % in fiscal 2004. This is because of the sharp increase in total income @ 90% in the FY 2004.

- **Interest and Finance Charges:**

Interest and financial as a percentage to total income have decreased from 4.15% in fiscal 2003 to 3.35% in fiscal 2004. This is because of the sharp increase in total income @ 90% in the FY 2004.

- **Depreciation**

The depreciation as a percentage to total income has decreased from 2.29% to 1.66 % in fiscal 2004. In this year there is no substantial addition to the fixed assets when compared to increase in total income.

- **Profit after tax**

The profits increased phenomenally by 51.66% on account of increased revenue in the FY 2004 as compared to the previous year.

COMPAIRISON OF FY 2004 WITH NINE MONTHS PERIOD ENDED 31/12/2004 – REASON FOR VARIANCE

- **Total Income:**

The Company registered a 76.58% of its sales turnover for FY2004 in the nine months period ended 31/12/2004. The contract receipts for the nine months ended stood at, Rs.9057.94 lacs as compared to Rs.11798.70 lacs in the previous year. No revenue was generated from Joint venture contract in the nine months period ended 31/12/2004 as compared to Rs.59.22 lacs generated from Joint Venture contract in FY 2004.

- **Works Cost**

Works cost, as a percentage to total income have increased from 84.16% in FY2004 to 94.24% in nine months ended 31/12/2004.

- **Personnel Expenses**

The personnel expenses including managerial remuneration as a percentage to total income increased from 1.97% in fiscal 2004 to 2.19% in fiscal 2004.

- **Administrative and Other Expenses**

The Administrative and other expenses as a percentage to Total Income have increased from 3.30 % in fiscal 2004 to 4.05% in nine months ended 31/12/2004.

- **Interest and Finance Charges:**

Interest and financial as a percentage to total income have increased from 3.35% in fiscal 2004 to 5.22% in nine months ended 31/12/2004.

- **Depreciation**

The increase in depreciation as a percentage to total income from 1.66 % to 2.17% in nine months ended 31/12/2004. This is due to addition of fixed assets to the extent of Rs 1809.35 lacs.

▪ **Profit after tax**

The profit after tax for the nine months period ended 31/12/2004 is moving in trend with earlier years i.e. it is around 4% of the total income.

INFORMATION REQUIRED AS PER CLAUSE 6.10.5.5 (a) OF SEBI DIP GUIDELINES

♦ **Unusual or infrequent events or transactions**

There have been no unusual or infrequent events or transactions.

♦ **Significant economic changes**

Changes in steel and cement prices for non escalation contracts could adversely impact the profitability of the Company.

♦ **Known trends or uncertainties that have had or are expected to have a material adverse impact on income from operations**

Nil

♦ **Changes in relationship between costs and revenues**

The changes in the prices of major raw material like steel and cement (for non-escalation contracts) has a significant bearing on the revenues of the Company.

♦ **Extent to which material increases in revenues are due to increased volumes, introduction of new projects.**

Increases in revenue are by and large linked to increase in volume of construction activity carried out by the company. The Company registered an increase of 90% in the total income for the FY 2004 compared to the previous year on account of a substantial increase in the contract receipts which stood at Rs. 11,798.70 lacs as compared to Rs.5799.88 lacs in the previous year.

♦ **Total revenue of the industry segment in the which the Company operates.**

The Company is engaged in the execution of civil engineering projects and specializes in construction of Highway, Dams, Runways, Bridges and heavy RCC structures.

♦ **Seasonality of business**

Execution of work on construction sites may be affected by heavy monsoon/extreme weather. Usually the company has experienced lower overall construction progress in the July-September quarters dues to south-west monsoons, which affects most parts of India.

♦ **Dependence on single or few suppliers/customers**

Nil

♦ **Competitive Conditions**

The Company faces stiff competition from domestic as well Multinational companies operating in this segment.

SECTION V: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS, DEFAULTS, MATERIAL DEVELOPMENTS AND ADVERSE EVENTS

The Company either singly or as a part of a Joint Venture enters into Agreements with various Government/Semi Government organizations and others to execute the work. The Company also enters into agreements with sub-contractors for getting its various works executed. Such agreements contain a clause for Arbitration in case of disputes. The Company takes resort to such a clause in case of disputes.

At present the following arbitration cases are in progress. All these cases are of Joint Venture in which PBA is one of the partners:

- PBA-Atlanta JV versus National Highways Authority of India for Lucknow Bypass work.
- PBA-PCC JV versus National Highways Authority of India for Gandhidham work.
- PBA-Atlanta JV versus M/s Ameya Developers Pvt. Ltd. Pune for Lucknow Bypass work.

There are no overdues, defaults to the Financial Institutions/Banks, Re-schedulement of loans to Banks/Financial Institutions by the Company. There are no pending offences of non-payment of statutory dues by the promoters of the Company.

There are no cases of litigation pending against the Company or against any other Company whose outcome could have a materially adverse effect on the position of the Company. There are no pending litigation against the promoters/directors in their personal capacities and also involving violation of statutory regulations or criminal offences. There are no pending proceedings initiated for economic offences against the Directors, Promoters, Companies and firms promoted by the promoters.

There are no outstanding litigation, defaults etc., pertaining to matters likely to affect the operations and finances of the Company including disputed tax liability, prosecution under any enactment in respect of Schedule XIII of the Companies Act, 1956.

There are no litigation outstanding against the promoters/Directors in their personal capacity. The Company, its promoters and other companies with which promoters are associated have neither been suspended by SEBI nor any disciplinary action has been taken by SEBI other than those mentioned above.

There is no prosecution launched by Income Tax Authorities and no liability compounded by the promoters/company/companies/ventures with which the promoters are associated is subsisting.

MATERIAL DEVELOPMENTS

◆ Material developments after the date of the last balance sheet

There are no material developments after the date of last audited balance sheet which will have any adverse impact on the company.

◆ Adverse events

There are no adverse events affecting the operations of the Company occurring within one year prior to the date of filing of the Prospectus with the Registrar of Companies.

GOVERNMENT APPROVALS

The Company has received all the necessary consents, licenses, permissions and approvals from the government and various government agencies required for their present business. The important licenses and approvals procured by the Company are as follows: -

1. Certificate of registration dated 27/06/2002 received from the Govt. of Maharashtra designating PBA Infrastructure as class-I contractor which is valid upto 23/06/2007.
2. Certificate of registration received from the MCGM designating PBA Infrastructure as class-AA contractor which is valid upto 30/06/2005.
3. Certificate of registration of establishment received by the company under Bombay Shops and Establishment Act, 1948 vide their certificate no. 180747 dated 09/03/1998.
4. Works Contract Tax Registration number WC/NIM-00015 dated 10/11/1986 issued by Assistant Commissioner of Sales Tax, Ghatkopar Division, Kokan Bhavan, Navi Mumbai
5. Certificate of Registration bearing number 400071/S/44 dated 26/02/1996 issued under section 22/22A of The Bombay Sales Tax Act, 1999
6. Certificate of Registration bearing number 400071C44 dated 26/02/1996 issued under The Central Sales Tax (Registration and Turnover), Rules 1957.
7. The company has been granted consent dated 10/09/2004 from Maharashtra Pollution Control Board to operate under Section 26 of the Water (Prevention & Control of Pollution) Act 1974, and under section 21 of the Air (Prevention & Control of Pollution) Act 1981 and Authorisation/Renewal of Authorisation under Rule 5 of the Hazardous Wastes (Management & Handling) Rules 1989 and Amendment Rules, 2000 vide consent order no. RONM/NNB/TTC/CC/R/C-105 This consent is valid upto 30/09/2010.

The Company has received all the necessary permissions and approvals from the Government and various non-government agencies for conducting business. No further approvals from any Government Authority are required by the Company to undertake the activities save and except those approvals, which may be required to be taken in the normal course of business from time to time. It must be understood that in granting the above approvals the Government of India and Reserve Bank of India does not undertake any responsibility for the financial soundness of the undertaking or for the correctness of any of the statements made or opinions expressed in this regard.

SECTION VI: REGULATORY AND STATUTORY DISCLOSURES

AUTHORITY FOR THE ISSUE

The shareholders of the company, vide a special resolution passed under section 81 and 81(1A) of the Companies Act, 1956 at the Extraordinary General Meeting held on 03/06/2005, have authorized the issue of equity shares. The Board of Directors of the company (hereinafter referred to as "The Board") pursuant to a resolution passed at the Meeting held on 03/06/2005 have decided to offer 50,00,000 equity shares of Rs. 10/- each at a premium of Rs. 50.00 per equity share aggregating to Rs. 3000 lacs.

PROHIBITION BY SEBI

The Company, its Promoters, Directors or any of the Company's associates or group companies with which the Directors of the Company are associated as Directors or Promoters have not been prohibited from accessing the capital market under any order or direction passed by SEBI.

ELIGIBILITY

In terms of clause 2.2.1 of the SEBI (Disclosure and Investor Protection) Guidelines, 2000 and amendments thereof, PBA INFRASTRUCTURE LTD. is eligible to make a Public Issue of equity shares as explained below:

- Net Tangible Assets of the company are more than Rs. 3 Crores for past three years (of 12 months each) and further not more than 50% of the same is held in monetary assets.
- Networth of the company has been more than Rs. 1 crore in each of the past three years.
- The Company has a track record of distributable profits as per section 205 of the Companies Act, 1956 for atleast three out of immediately preceding five years.
- The proposed Offer size does not exceed five times the pre-offer networth as per the audited accounts for the years ended on 31/03/2004.
- The prospective allottees will not be less than one thousand (1000) in number.

The distributable profits as per Section 205 of the Companies Act, 1956, networth, net tangible assets and monetary assets for the past three years are as follows:

(Rs. in Lacs)			
Particulars	31st March 2002	31st March 2003	31st March 2004
Distributable Profits	347.95	321.67	487.87
Net Tangible Assets	3923.73	5911.10	7473.97
Networth	1248.77	1269.31	1737.09
Monetary Assets	814.54	579.74	976.49
Monetary Assets as a percentage of Net Tangible assets (%)	20.76	9.81	13.07

DISCLAIMER CLAUSE

AS REQUIRED A COPY OF THIS PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THIS PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE, OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE PROSPECTUS. LEAD MANAGER M/S. KEYNOTE CORPORATE SERVICES LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI GUIDELINES FOR DISCLOSURES AND INVESTOR PROTECTION IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY AND THE OFFEROR IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE PROSPECTUS, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER, M/S. KEYNOTE CORPORATE SERVICES LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED 17/06/2005 IN ACCORDANCE WITH SEBI (MERCHANT BANKERS) REGULATION 1992 WHICH READS AS FOLLOWS:

- (i) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE PROSPECTUS PERTAINING TO THE SAID PUBLIC ISSUE.**
- (ii) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE PUBLIC ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY.**

WE CONFIRM THAT:

- (a) THE PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE PUBLIC ISSUE;**
- (b) ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID PUBLIC ISSUE, AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANOTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
- (c) THE DISCLOSURES MADE IN THE PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED PUBLIC ISSUE.**
- (d) BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE PROSPECTUS ARE REGISTERED WITH SEBI AND TILL DATE SUCH REGISTRATION IS VALID.**

THE FILING OF THE PROSPECTUS DOES NOT, HOWEVER ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR SECTION 68 OF THE COMPANIES ACT, 1956, OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED PUBLIC ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE LEAD MANAGER FOR ANY IRREGULARITIES OR LAPSES IN THE PROSPECTUS.

DISCLAIMER IN RESPECT OF JURISDICTION

This Offer is being made in India to persons resident in India (including Indian nationals resident in India who are majors, Hindu Undivided Families, companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), Trusts registered under the Societies Registration Act, 1860, or any other Trust law and who are authorized under their constitution to hold and invest in shares) and to NRIs and FIIs as defined under the Indian laws. This Prospectus does not, however, constitute an offer to sell or an invitation to subscribe to securities issued hereby in any other jurisdiction. Any person into whose possession this Prospectus comes is required to inform himself about and to observe any such restrictions. Any dispute arising out of this Offer will be subject to the jurisdiction of appropriate court(s) in India only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Prospectus has been submitted to the SEBI. Accordingly, the equity shares represented thereby may not be offered or sold, directly or indirectly, and this Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of PBA Infrastructure Ltd. since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

DISCLAIMER CLAUSE OF THE STOCK EXCHANGE, MUMBAI (BSE) (DESIGNATED STOCK EXCHANGE)

The Stock Exchange, Mumbai has given the permission to PBA Infrastructure Limited vide their letter dated _____ to use their name in this Prospectus as the stock exchange on which the equity shares are proposed to be listed. The Stock Exchange, Mumbai has scrutinized this Prospectus for their limited internal purpose of deciding on the matter of granting the aforesaid permission to PBA Infrastructure Limited. The exchange does not in any manner:

- a. warrant, certify or endorse the correctness or completeness of any of the contents of this Prospectus or
- b. warrant that the securities will be listed or will continue to be listed on the Exchange, or
- c. take any responsibility for the financial or other soundness of PBA Infrastructure Limited, its promoters, its management or any scheme or project of PBA Infrastructure Limited.

and it should not, for any reason be deemed or construed that this Prospectus has been cleared or approved by the exchange. Every person who desires to apply for or otherwise acquires any securities of this issuer may do so pursuant to an independent inquiry or any investigation and analysis and shall not have any claim against the exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

DISCLAIMER CLAUSE OF THE NATIONAL STOCK EXCHANGE OF INDIA LIMITED (NSE)

As required, a copy of this Prospectus has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter dated _____ permission to the Issuer to use the Exchange's name in this Prospectus as one of the stock exchanges on which this Company's securities are proposed to be listed. The Exchange has scrutinized this Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE that this Prospectus has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Prospectus nor does it warrant that the Issuer's securities will be listed or will continue to be listed on the Exchange nor does it take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Issuer.

CAUTION STATEMENT/COMPANY STATEMENT

The Issuer Company and the Lead Manager accepts no responsibility for statements made otherwise than in this Prospectus or in the advertisement or in any other material issued by or at the instance of the issuer and the Lead Manager and any one placing reliance on any other source of information would be doing so at his/her/their own risk.

FILING

A copy of this Prospectus has been filed with SEBI, Mittal Court, "A" Wing, Nariman Point, Mumbai – 400 021 Mumbai, Registrar of Companies, Maharashtra, Kalachowki, Mumbai The Stock Exchange, Mumbai (BSE), P.J Towers, Dalal Street, Mumbai and the National Stock Exchange of India Ltd. (NSE), Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051, , where the equity shares of the company are proposed to be listed.

LISTING

The Equity shares of the company are proposed to be listed on The Stock Exchange, Mumbai (BSE) and the National Stock Exchange of India Ltd. (NSE). The Company has received in-principle approval from BSE and NSE vide their letter nos. _____ dated _____ for listing of the equity share being issued in terms of this Prospectus.

If the permissions to deal in and for an official quotation of the equity shares is not granted by the stock exchange, the Company shall forthwith repay, without interest, all monies received from the applicants. In case of delay interest shall be paid in accordance with the provisions of Section 73 of the Act.

IMPERSONATION

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, which is reproduced below: "Any person who:

- (a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or**
 - (b) otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name,**
- shall be punishable with imprisonment for a term which may extend to five years."**

CONSENTS

Consents in writing of the Directors, the Auditors, Bankers to the Company, Lead Managers to the Public Issue, Registrar to the Public Issue and Bankers to the Public Issue to act in their respective capacities, have been obtained and filed along with a copy of the Prospectus with the Registrar of Companies, Maharashtra, Mumbai under Section 60 of the Companies Act and such consents have not been withdrawn up to the time of delivery of the Prospectus for registration.

EXPERT OPINION

The company has obtained expert opinion on tax benefits available to the company and its shareholders from Mr. Ajay Garg, Chartered Accountants and Statutory Auditors of the Company.

EXPENSES OF THE ISSUE.

The total expenses of the issue are estimated to be around 5 % of the issue size. All expenses with respect to the issue would be met out of the proceeds of the issue. The split of issue expenses is as under: -

Expenses	Amounts in Rs. Lacs	Amount as a % of total issue expenses	Amount as a % of total issue size
Fees to the intermediaries	50.00	33.33	1.67
Advertising & Marketing expenses	50.00	33.33	1.67
Printing, Stationary, Dispatch	30.00	20.00	1.00
Miscellaneous	20.00	13.33	0.67
Total	150.00	100	5.00

Fees payable to Lead Manager

The total fees payable to the Lead Manager will be as per the Memorandum of Understanding signed amongst the company and the Lead Manager, a copy of which is available for inspection at the Registered office of PBA Infrastructure Ltd.

Fees payable to Co- Lead Manager

The total fees payable to the Co-Lead Manager will be as per the Memorandum of Understanding signed amongst the company and the Co-Lead Manager, a copy of which is available for inspection at the Registered office of PBA Infrastructure Ltd

Fees payable To Registrar To The Public Issue

The total fees payable to the Registrar to the Public Issue will be as per the Memorandum of Understanding signed amongst the company and the Registrar to the Public Issue, a copy of which is available for inspection at the registered office of PBA Infrastructure Ltd.

Fees payable To Bankers To The Public Issue

The total fees payable to the Bankers to the Public Issue will be as per the understanding of the Company with the Bankers to the Issue, a copy of which is available for inspection at the registered office of PBA Infrastructure Ltd.

UNDERWRITING COMMISSION

The present Public Issue is not being underwritten and hence no underwriting commission is payable.

BROKERAGE

Brokerage will be paid by the Company at the rate of 1.5% on the offer price of Equity Shares offered to the Public on the basis of allocation made against applications bearing the stamp of the members of any recognized Stock Exchanges in India in the brokers column. Brokerage at the same rate will also be payable to the Bankers to the Public Issue in respect of allotments made against applications procured by them provided the relevant forms of applications bear their respective stamps in the Broker's column.

PREVIOUS ISSUE DETAILS

The company has not made any issue of equity shares to the public prior to the present Public Issue.

Commission and brokerage on previous issues

No sum has been paid or is payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the equity shares since its inception.

Promise v/s Performance

The company has not made any issue of equity shares to the public prior to the present Public Issue.

ISSUE OTHERWISE THAN FOR CASH

The Company has not issued any Equity Shares for a consideration otherwise than for cash.

COMPANIES UNDER THE SAME MANAGEMENT

There are no listed companies under the same management within the meaning of Section 370(1B) of the Act.

OUTSTANDING DEBENTURES, BONDS AND PREFERENCE SHARES

As of date, the company does not have any outstanding Debentures, Bonds or Preference shares.

STOCK MARKET DATA FOR SHARES OF THE COMPANY

The equity shares of the company are not listed on any stock exchange.

INVESTOR GRIEVANCE REDRESSAL SYSTEM

The investor grievances against the Company will be handled by the Registrars and Transfer Agent in consultation with the secretarial department of the Company. To handle the grievances received, the Company has appointed Mr. Rakesh Kapoor, as the Compliance Officer. He will supervise redressal of complaints received from the investors at the office of the Company as well as the Registrars to the Public Issue and ensure timely settlement.

All grievances related to the offer may be addressed to the Registrar to the Public Issue quoting the application No. (Including prefix), Number of equity shares applied for, amount paid on application, date, Bank and branch/ Collection center where application was submitted.

CHANGE IN AUDITORS

There has been no change in the Auditors of the company during the past three years.

CAPITALISATION OF RESERVES OR PROFITS

The Company has issued 2,28,824 equity shares as bonus shares 04/03/1997. Other than this the company has not capitalized its reserves or profits at any time.

REVALUATION OF ASSETS

The company has not revalued its asset since the last five years.

SECTION VII: OFFERING INFORMATION

TERMS OF THE ISSUE

The equity shares being issued are subject to terms of this Prospectus, the terms and conditions contained in the application form, the Memorandum and Articles of Association of the Company, provisions of the Act and letters of allotment/ Equity Share Certificates or other documents and the guidelines issued from time to time by the Govt. of India and Securities & Exchange Board of India.

RANKING OF EQUITY SHARES

The equity shares being offered shall be subject to the Memorandum and Articles of Association of the Company and shall rank pari-passu with the other equity shares of the Company in all respect.

FACE VALUE AND ISSUE PRICE

The Equity Shares with a face value of Rs.10/- each are being offered in terms of this Prospectus at a price of Rs. 60.00 per share. At any point of time, there shall be only one denomination for the Equity Shares of the Company, subject to applicable laws.

RIGHTS OF THE EQUITY SHAREHOLDERS

Subject to the applicable laws, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meeting 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; and
- Such other rights, as may be available to a shareholder of a listed company under the Companies Act and Memorandum and Articles of Association of the Company.

For further details on the main provisions of the Company's Articles of Association dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation/ splitting, see " Main Provisions of Articles of Association of the Company".

MARKET LOT

In terms of existing SEBI Guidelines, the trading in the Equity Shares of the Company shall only be in dematerialised form for all investors. Since trading of the Equity Shares is in dematerialised form/mode, the tradable lot shall be one equity share.

NOMINATION FACILITY TO THE INVESTOR

In accordance with Section 109A of the Companies Act, the sole or first applicant, alongwith other joint applicants, may nominate any one person in whom, in the event of the death of sole applicant or in case of joint applicants, death of all the applicants, as the case may be, the Equity Shares transferred/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.

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 90 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.

MINIMUM SUBSCRIPTION

If the company does not receive the minimum subscription of 90% of the issued amount on the date of closure of the issue, or if the subscription level falls below 90% after the closure of issue on account of cheques having being returned unpaid or withdrawal of applications, the company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after the company becomes liable to pay the amount, the company shall pay interest as per Section 73 of the Companies Act.

ARRANGEMENTS FOR DISPOSAL OF ODD LOTS

The equity shares of the Company will be listed/traded in compulsory demat mode. The market lot of the share will be 1 (One). The Company has not made any arrangements for the disposal of odd lot shares arising out of the issue.

ISSUE PROCEDURE

OPTION TO SUBSCRIBE

in terms of section 68B of the Companies Act, 1956, the equity shares in this offer shall be allotted only in dematerialised form (i.e. not in the form of physical certificates but the fungible and be represented by the statement issued through electronic mode)

HOW TO APPLY

AVAILABILITY OF APPLICATION FORMS AND PROSPECTUS.

Application forms with Memorandum containing salient features of the Prospectus and copies of the Prospectus under Section 56(3) of the Act may be obtained from the Registered Office of the Company, the Lead Managers to the Public Issue, Brokers to the Public Issue and the Bankers to the Public Issue named herein or from their branches as stated on the reverse of the application form.

TERMS OF PAYMENT

a) For Indian Resident Public

The application (**WHITE in colour**) must be for a minimum of 100 equity shares and thereafter in multiples of 100 shares. The entire amount of Rs. 60/- per share is payable on application.

b) For permanent employees of PBA

The application (**BLUE in colour**) must be for a minimum of 100 equity shares and thereafter in multiples of 100 shares. The entire amount of Rs. 60/- per share is payable on application.

c) For Non-Resident Indians (NRI's) / Foreign Financial Institutions (FII's)

The application (**RED in colour**) must be for a minimum of 100 equity shares and thereafter in multiples of 100 shares. The entire amount of Rs. 60/- per share is payable on application.

d) For Mutual Funds/Banks/Financial Institution (FI's)

The application (**GREEN in colour**) must be for a minimum of 10,000 equity shares and thereafter in multiples of 1,000 equity shares. The entire amount of Rs. 60/- per share is payable on application.

NOTE ON CASH PAYMENT (SECTION 269 SS)

Having regard to the provisions of Section 269 (SS) of the Income Tax Act, 1961, subscriptions against applications for securities should not be effected in cash and must be effected only by 'Account Payee' cheques or 'Account Payee' bank drafts, if the amount payable is Rs. 20,000/- or more. In case payment is effected in contravention of this provision, the application is liable to be rejected.

WHO CAN APPLY

1. Indian National Resident of India.
2. Hindu Undivided Families (HUF) through the Karta of the HUF. (Applications by HUF would be given the same treatment as that to applications by individuals)
3. Companies, Bodies Corporate and Societies registered under the applicable laws in India and authorised to invest in the shares.
4. Scientific and/or Industrial Research Organisations, which are authorised to invest in the equity shares.
5. Indian Mutual Funds registered with SEBI.
6. Indian Financial Institutions & Banks.
7. Trusts who are registered under the Societies Registration Act, 1860 or any other Trust Law and are authorised under their constitution to hold and invest in shares subject to provisions of Section 3A of the Bank Nationalisation Act.
8. Commercial Banks and Regional Rural Banks. Co-operative Banks may also apply subject to permission from Reserve Bank of India.

9. Venture Capital Funds registered with SEBI.
10. Foreign Venture Capital Investors registered with SEBI.
11. State Industrial Development Corporation.
12. Provident Funds with minimum corpus of Rs. 25 crore and who are authorised under their constitution to hold and invest in equity shares.
13. Pension Funds with minimum corpus of Rs. 25 crore and who are authorised under their constitution to hold and invest in equity shares.
14. Multilateral and bilateral development financial institutions.
15. Permanent and Regular employees/Working Directors of the Bank.
16. Non Resident Indians (NRIs)/FII's on repatriation basis.

Pursuant to the existing regulations, OCBs are not eligible to participate in the issue.

PROCEDURE FOR APPLICATION

APPLICATION BY RESIDENT INDIAN PUBLIC

1. Application must be made only:
 - a. On the prescribed Application Form (**WHITE** in colour) accompanying this Prospectus and completed in full in **BLOCK LETTERS** in English, except signature(s) in accordance with the instructions contained herein and in the application form and is liable to be rejected if not so made.
 - b. For a minimum of 100 Equity Shares and in multiples of 100 thereafter.
 - c. In single name or joint names (not more than three);
 - d. By Indian Nationals resident in India, and
 - e. In the names of individuals, limited companies or statutory corporations/institutions and NOT in the names of Minors, Foreign Nationals, Non-Residents, trusts, (unless the Trust is registered under the Societies Registration Act, 1860 or any other applicable Trust laws and is authorised under its constitution to hold shares and debentures in a Company), Hindu Undivided Families, partnership firms or their nominees. In case of HUF's application shall be made by the Karta of the HUF.
2. An applicant in the net public category cannot make an application for that number of securities exceeding the number of securities offered to the public. Payment should be made in cash or by cheque/Bank Draft drawn on any bank (including a Co-operative Bank) which is situated at and is a Member or Sub-member of the Banker's Clearing House located at the place where the application is submitted.
3. A separate cheque or Bank draft should accompany each application form. Applicants should write the Share Application Number on the back of the Cheque /draft. Outstation Cheques will not be accepted and applications accompanied by such cheques drawn on outstation banks are liable for rejection. Money Orders/Postal Orders will not be accepted.
4. All Cheques or Bank Drafts must be payable to any of the Bankers to the Public Issue with whom the application is lodged and marked "Name of the Bank A/c- PBA Infrastructure Ltd – Public Issue" and crossed "Account Payee Only" (**e.g. _____ Bank A/c –PBA Infrastructure Ltd – Public Issue**).
5. All application Forms duly completed together with cash/ cheque/bank draft for the amount payable on application must be delivered before the closing of the subscription list to any of the Bankers to the Public Issue named herein or to any of their branches mentioned on the reverse of Application Form, and NOT to the Company or to the Lead Managers to the Public Issue or to the Registrars to the Public Issue.
6. No receipt will be issued for the application money. However, Bankers to the Public Issue and/or their branches receiving the applications will acknowledge receipt by stamping and returning acknowledgment slip at the bottom of each application form.
7. When an application for Equity Shares is for a total value of Rs.50,000/- or more, the applicant or in the case of application in joint names each applicant should mention his/her Permanent Account Number(PAN) allotted under the Income Tax Act, 1961 or where the same has not been allotted, the GIR Number and the IT Circle, Ward, District. In case neither PAN, GIR Number has been allotted mention of "Not Allotted"

must be made in the place provided. Application Form without this information will be considered incomplete and is liable to be rejected.

8. All Cheques/Bank Drafts accompanying the application form should contain the Application Form Number on the reverse of the instrument.
9. The applicant should fill in the details of his/her bank account in the space provided in the application form failing which the application is liable to be rejected.
10. Having regard to the provisions of Section 269 (SS) of the Income Tax Act, 1961, subscriptions against applications for securities should not be effected in cash and must be effected only by 'Account Payee' cheques or 'Account Payee' bank drafts, if the amount payable is Rs. 20,000/- or more. In case payment is effected in contravention of this provision, the application is liable to be rejected.
11. Applicants residing at places where the designated branches of the Banker to the Issue are not located may submit/mail their applications at a their sole risk alongwith Demand Draft payable at Mumbai only payable to **"PBA INFRASTRUCTURE LTD. - Public Issue"**

For further instructions please read Application Form carefully.

APPLICATION BY PERMANENT EMPLOYEES

Reservation on competitive basis has been made in the public issue to the permanent employees including working directors of the company. Reservation on competitive basis shall mean reservation wherein allotment of shares made in proportion to the shares applied for.

1. Application must be made only :
 - a. On the prescribed Application Form (**BLUE** in colour) accompanying this Prospectus and completed in full in BLOCK LETTERS in English, except signature(s) in accordance with the instructions contained herein and in the application form and is liable to be rejected if not so made.
 - b. For a minimum of 100 Equity Shares and in multiples of 100 thereafter.
 - c. In single name or joint names (not more than three);
2. A single applicant in the reserved category can make an application for a number of shares that are being issued to employees in terms of this issue. Payment should be made in cash or by cheque/Bank Draft drawn on any bank (including a Co-operative Bank) which is situated at and is a Member or Sub-member of the Banker's Clearing House located at the place where the application is submitted.
3. A separate cheque or Bank draft shall accompany each application form. Applicants should write the Share Application Number on the back of the Cheque /draft. Outstation Cheques will not be accepted and applications accompanied by such cheques drawn on outstation banks are liable for rejection. Money Orders/Postal Orders will not be accepted.
4. All Cheques or Bank Drafts must be payable to any of the Bankers to the Issue with whom the application is lodged and marked "Name of the Bank A/c- PBA Infrastructure Ltd – Public Issue - Employees" and crossed "Account Payee Only" (**e.g. Name of the Bank A/c – PBA Infrastructure Ltd - Public Issue - Employees**).
5. All application Forms duly completed together with cash/ cheque/bank draft for the amount payable on application must be delivered before the closing of the subscription list to any of the Bankers to the Issue named herein or to any of their branches mentioned on the reverse of Application Form, and NOT to the Company or to the Lead Managers to the Issue or to the Registrars to the Issue.
6. No receipt will be issued for the application money. However, Bankers to the Issue and/or their branches receiving the applications will acknowledge receipt by stamping and returning acknowledgment slip at the bottom of each application form.
7. When an application for Equity Shares is for a total value of Rs.50,000/- or more, the applicant or in the case of application in joint names each applicant should mention his/her Permanent Account Number(PAN)

allotted under the Income Tax Act, 1961 or where the same has not been allotted, the GIR Number and the IT Circle, Ward, District. In case neither PAN, GIR Number has been allotted mention of "Not Allotted" must be made in the place provided. Application Form without this information will be considered incomplete and is liable to be rejected.

8. All Cheques/Bank Drafts accompanying the application form should contain the Application Form Number on the reverse of the instrument.
9. The applicant should fill in the details of his/her bank account in the space provided in the application form failing which the application is liable to be rejected.
10. Having regard to the provisions of Section 269 (SS) of the Income Tax Act, 1961, subscriptions against applications for securities should not be effected in cash and must be effected only by 'Account Payee' cheques or 'Account Payee' bank drafts, if the amount payable is Rs. 20,000/- or more. In case payment is effected in contravention of this provision, the application is liable to be rejected.
11. Applicants residing at places where designated branches of the Banker to the Issue are not located may submit/mail their applications at a their sole risk alongwith Demand Draft payable at Mumbai only payable to **"PBA Infrastructure Ltd - Public Issue - Employees"**

For further instructions please read Application Form carefully.

APPLICATION BY NON RESIDENT INDIANS (NRIs)/FOREIGN INSTITUTIONAL INVESTOR (FIIs)

1. Applications by Non-Resident Indians/FIIs must be made only:
 - a. In the prescribed Application Form (**RED** in colour) and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained herein and in the Application Form. Applications not so made are liable to be rejected.
 - b. For a minimum of 100 Shares and in multiples of 100 thereof.
 - c. In single or joint names (not more than three).
 - d. In the names of individuals, (not in the names of minors or their nominees) of Indian nationality/origin.
2. Under the Foreign Exchange Management Act, 1999 (FEMA) general permission is granted to the companies vide notification no. FEMA/20/2000-RB dated 03/05/2000 to issue and export securities to NRI's/OCB's subject to the terms and conditions stipulated therein. The Companies are required to file the declaration in the prescribed form to the concerned Regional Office of RBI within 30 days from the date of issue of shares for allotment to NRIs with repatriation basis.
3. Application forms properly completed together with cheques/bank drafts for the amount payable on application at the rate of Indian Rs. 60/- or equivalent of Indian Rs.60/- remitted through normal banking channels or funds held in Non-Resident External (NRE) Accounts/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, must be delivered before the close of the subscription list to those branches of the Bankers to the Public Issue at places mentioned against their names in the application forms.
4. NRIs wishing to pay through NR (O) Accounts shall not use the form meant for NRIs and must apply only in the form meant for Resident Indian Public.
5. All cheques/bank drafts should be made payable to the Bankers to the Issue with whom the application forms are lodged. All cheques or bank drafts should be crossed "A/c Payee Only". All cheques/bank drafts should be marked **"Name of the Bank A/C PBA Infrastructure Ltd. - Public Issue - NRIs/FIIs"**. (e.g. **"_____ A/c PBA Infrastructure Ltd. - Public Issue - NRIs/FIIs"** A separate cheque/bank draft must accompany each application form. NRI application forms can be obtained, on request, from the Registered Office of the Company and the Lead Managers to the Issue.

6. Allotment of Equity Shares to Non-Resident Indians shall be subject to the prior approval of the Reserve Bank of India.
7. Applicants are requested to mention the number of application form on the reverse of the instrument to avoid misuse of instrument submitted along with the application for shares. Applicants are advised in their own interest, to indicate the name of the bank and the savings or current a/c no in the application form. In case of refund, the refund order will indicate these details after the name of the payee. The refund order will be sent directly to the payee's address.

For further instructions please read the Application Form carefully.

APPLICATION BY INDIAN FINANCIAL INSTITUTIONS (IFIs) /MUTUAL FUNDS/ BANKS

1. Application by Indian Financial Institutions, Banks & Mutual Funds must be made only :
 - (i) In the prescribed application form (**GREEN** in colour) completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained herein and in the Application Form.
 - (ii) For a minimum of 10,000 equity shares and in multiples of 1,000 thereafter.
 - (iii) Allotment will be made on competitive basis.
 - (iv) Application made otherwise are liable to be rejected.
2. Payment shall be made in cash or by cheque or by bank draft. Cheques or bank drafts should be drawn on any bank (including a Co-operative Bank) which is situated at and is member or sub-member of the Banker's Clearing House located at the centre where the Application Form is submitted. Outstation cheques or bank drafts will not be accepted and application form accompanied by such cheques or bank drafts will be rejected. Money orders/Postal orders will not be accepted.
3. Cheques/bank drafts should be crossed "Account Payee Only" and should be made payable to any of the Bankers to the issue with whom the application is to be lodged and marked "**Name of the Bank A/c PBA Infrastructure Ltd. - Public Issue – IFI's/Banks/MF's**" (e.g. "**_____ A/c PBA Infrastructure Ltd. - Public Issue - IFIs/ Banks/MFs - whichever is applicable** "). A separate cheque or bank draft should accompany each Application Form.
4. All application forms duly completed together with cash/cheque/Bank Draft (Money orders/ Postal orders will NOT be accepted) for the amount payable on application at the rate of Rs.60/- per equity share must be delivered before the close of the Subscription List to any of Bankers to the issue named herein or to any of their branches mentioned in the Application Form and NOT to the Company or Registrars or Lead Managers to the Public Issue.
5. No receipt will be issued for the application money. However, the Bankers to the Public Issue or their branches receiving the applications will acknowledge receipt by stamping and returning to the applicants, the acknowledgment slip at the bottom of each application form.
6. The application form number should be mentioned on the reverse of the instrument through which the payment is made. Applicants are advised, in their own interest, to indicate the name of their bank and the savings / current account number in the application form. In case of refund, the refund order will indicate these details after the name of the payee. The refund order will be sent directly to the payee's address.

In case of Mutual Funds a separate application can be made in respect of each scheme of the Fund registered with SEBI and such application will not be treated as multiple applications provided the applications made by the AMCS/Trustees/ Custodian clearly indicate their intention as to each scheme concerned to which application has been made.

APPLICATIONS WHICH ARE NOT COMPLETE IN EVERY RESPECT OR ARE IN CONTRAVENTION OF ANY PROVISIONS/INSTRUCTIONS CONTAINED IN THIS PROSPECTUS OR IN THE MEMORANDUM CONTAINING SALIENT FEATURES OF PROSPECTUS ARE LIABLE TO BE REJECTED.

GENERAL INFORMATION

- ➔ The applicant seeking allocation of shares in the electronic form must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's ID Number) appearing under the heading "Request for shares in electronic form".
- ➔ An applicant who wishes to apply for shares in the electronic form must have atleast one Beneficiary Account with any of the Depository Participant (DP) of NSDL/CDSL registered with SEBI, prior to the application.
- ➔ Shares allotted to an applicant in the electronic form will be credited directly to the respective Beneficiary Account (with a DP).
- ➔ For subscription in electronic form, names in the share application form should be identical to those appearing in the account details in the Depository. In case of joint holders, the name should necessarily be in the same sequence as they appear in the account details in the Depository.
- ➔ Non-transferable allotment letters/ refund orders will be directly sent to the applicant by the Registrar to the present Public Issue,
- ➔ The applicant is responsible for the correctness of the applicant demographic details given in the share application form vis-à-vis those with his/her DP.
- ➔ It may be noted that electronic shares can be traded only on the stock exchanges having electronic connectivity with NSDL/CDSL.
- ➔ The applicant should note that on the basis of the name of the Applicant, Depository Participant's name, Depository Participants identification number and beneficiary account number provided by them in the Application Form, the Registrar to the Offer may obtain applicant's correspondence address from the said Depository Account of the Applicant. The applicants are advised to update the correct correspondence address in their respective DP A/cs.

INVESTORS SHOULD NOTE THAT TRADING IN SECURITIES OF THE COMPANY SHALL BE IN DEMATERIALISED FORM ONLY.

JOINT APPLICATIONS:

An application may be made in single or in joint names (not more than three). In the case of joint application, refund/pay order (if any), dividend/interest warrants etc., will be made out in the name of the first applicant and all communications will be addressed to the applicant whose name appears first and at his/her address stated in the Application.

MULTIPLE APPLICATIONS:

An applicant should submit only one application (and not more than one) for the total number of Equity shares required. Two or more applications in single and/or joint names will be deemed to be multiple applications if the sole and/or first applicant is one and the same. The Board of Directors reserves the right to reject in its absolute discretion all or any multiple applications without assigning any reason. However employees may apply in the public offer.

In case of applications by Mutual Funds, a separate application must be made in respect of each scheme of an Indian Mutual Fund registered with SEBI and such applications will not be treated as multiple applications, provided that the applications made by the Asset Management Company/Trustees/Custodian clearly indicate their intention as to the scheme for which the application has been made.

Application made by permanent/regular employees of the company both under the reserved category for employees as well as in the net public offer shall not be treated as multiple applications. A separate single cheque/draft must accompany each application form.

APPLICATION UNDER POWER OF ATTORNEY OR BY LIMITED COMPANIES:

In the case of applications under Power of Attorney or by Limited Companies or Corporate Bodies, the relevant power of attorney or the relevant authority as the case may be, or a duly certified copy thereof must be attached to the application form or must be lodged separately at the office of the Registrars to the Issue, simultaneously with the submission of the application form mentioning the serial number of the application form and the bank branch where the application has been submitted, failing which the application is liable to be rejected.

Thumb impression or signature in languages other than the languages specified in the eighth schedule must be attested by Magistrate or Notary Public or a special Executive Magistrate under his official seal.

APPLICATION (S) WILL NOT BE ACCEPTED BY THE LEAD MANAGERS OR REGISTRARS TO THE PUBLIC ISSUE

SECTION 269 SS OF INCOME TAX, 1961

In respect of all the categories eligible to apply in this issue, having regard to the provisions of Sec 269SS of the Income Tax Act, 1961 the subscriptions against these applications should not be effected in cash and must be effected by an Account Payee Cheques/Draft, if the amount payable is Rs. 20000/- or more. In case the payment is effected in contravention of this provision, the applications are liable to be rejected.

DISCLOSURE OF P.A.N. / G.I.R. NUMBER:

Where an application for allotment of securities is for a total value of Rs.50,000/- or more i.e., the total number of securities applied for multiplied by the issue price is Rs.50,000/- or more the applicant or in case of application in joint names, each of the applicants, should mention his / her permanent account number allotted under the Income Tax Act, 1961 or where the same has not been allotted, the GIR Number and the Income Tax Circle / Ward / District. In case where neither the permanent account number nor GIR Number has been allotted, the fact of non-allotment should be mentioned in the application form. Application forms without this information will be considered incomplete and will be liable to be rejected.

PARTICULARS RELATING TO SAVING BANK / CURRENT ACCOUNT NUMBER:

The applicant shall have to mention particulars relating to his saving bank / current account number and the name of the bank with whom such account is held in the respective spaces provided in the application form, to enable the registrars to print the said details in the refund orders after the names of the payee to prevent fraudulent encashment of refund order(s). Application forms without this information will be considered incomplete and will be liable to be rejected.

The Applicant should note that on the basis of the name of the Applicant, Depository Participant's (DP) name, Depository Participants identification number and beneficiary account number provided by them in the Application Form, the Registrar to the Offer will obtain from the Applicant's DP A/c, the Applicant's book account details. The investors are advised to ensure that bank account details are updated in their respective DP A/cs as these bank account details would be printed on the refund order(s), if any.

RIGHTS TO REJECT

Grounds for Technical Rejections

Applicants are advised to note that Applications are liable to be rejected on among others on the following technical grounds:

1. Amount paid doesn't tally with the amount payable for the Equity Shares applied for;
2. Bank account details (for refund) are not given;
3. Age of First Applicant not given;
4. Application by minors;
5. PAN or GIR Number not given if application is for Rs. 50,000 or more;
6. Application for lower number of Equity Shares than specified for that category of investors;
7. Application at a price less than the offer price;
8. Application at a price higher than the stated price;
9. Application for number of Equity Shares, which are not in multiples of 100.
10. Category not ticked;
11. Multiple applications

12. In case of application under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
13. Application Form does not have Applicant's depository account details;
14. Application Forms are not delivered by the applicant within the time prescribed as per the Application Form, Issue Opening Date advertisement and this Prospectus and as per the instructions in this Prospectus and Application Form; or
15. Applications for amounts greater than the maximum permissible amounts prescribed by the regulations.
16. Applications not duly signed by the sole/joint Applicants;
17. Applications by OCBs; or
18. In case no corresponding record is available with the Depositories that matches three parameters namely, names of the applicant (including the sequence of names of joint holders), the depository participant's identity (DP ID) and the beneficiary's identity except for Permanent Employees.

DEMATERIALISATION

As per the provisions of the Depositories Act, 1996, the shares of a body corporate may be held in dematerialized form i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through electronic mode. The Company has entered into a tripartite agreement dated _____ with the National Depository Services Ltd. (NSDL) and Intime Spectrum Registry Ltd. (Registrar and Transfer Agent) for dematerialisation of the equity shares of the company. The Company has also entered into a tripartite agreement dated _____ with the Central Depository Services Limited (CDSL) and Bigshare Services Pvt. Ltd. for dematerialisation of the equity shares of the Company. The ISIN No. granted to the equity shares of the Company is _____.

COMMUNICATION

All future communications in connection with Application made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Applicant, Application Form number, number of Equity Shares applied for, date, bank and branch where the application was submitted and cheque/draft number and issuing bank thereof.

DISPOSAL OF APPLICATIONS AND APPLICATION MONEY:

No receipt will be issued for the application money. However, the bankers/collection centre to the issue and/or their branches receiving the applications will acknowledge the receipt of the applications by stamping and returning to the applicant the acknowledgment receipt at the bottom portion of each application form. The Company will inform the applicants in respect of allotments made or applications rejected by despatch of allotment letter or regret letter and/or pay orders of value over Rs.1500/-, if any, by Registered Post within 10 weeks of the date of closure of the subscription list. Refunds of value not over Rs.1500/- will be dispatched under Certificate of Posting. Such Cheques or Demand Drafts will be payable at par at all centers where the applications were received. Bank Charges, if any, for en-cashing refund pay orders/cheques at any other place will be payable by the applicant.

The Board of Directors reserves, at its sole, absolute and unqualified discretion, the right to reject any application in full or in part without assigning any reason. If an application is rejected in full, the whole of the application money will be refunded to the applicant and in case of Joint applications, to the first named applicant. Where an application is rejected in part, the excess application money will be refunded to the applicant in accordance with the provisions of Section 73 of the Act. In case of any delay in sending the refund orders by more than eight days beyond 10 weeks from the date of closing of the subscription list, interest will be paid at the rates prescribed under Section 73 of the Act, to such applicants. However the Company shall as far as possible despatch the Share Certificates & Refund Orders within 30 days.

The Company undertakes to make available to the Registrars to the issue, adequate funds for allotment letters/share certificates to be sent by registered post.

The sums received in respect of the Public Issue will be kept in separate Bank account(s) and the issuer will not appropriate the funds unless approval of the Designated Stock Exchange i.e. BSE is obtained for allotment and no utilisation shall be made till listing and trading approval is obtained from BSE/NSE where the shares are proposed to be listed.

BASIS OF ALLOTMENT

Allotment will be made in consultation with BSE (The Designated Stock Exchange). In the event of oversubscription, the allotment will be made on a proportionate basis in marketable lots as given below:

- a. Applicants will be categorised according to the number of Shares applied for.
- b. The total number of Shares to be allocated to each category as a whole shall be arrived at on a proportionate basis i.e. the total number of Shares applied for in that category multiplied by the inverse of the oversubscription ratio (number of applicants in the category x number of Shares applied for).
- c. The number of Shares to be allocated to the successful applicants will be arrived at on a proportionate basis (i.e. Total number of Shares applied for into the inverse of the oversubscription ratio).
- d. For applications where the proportionate allotment works out to less than 100 Shares the allotment will be made as follows:
 - (i) each successful applicant shall be allotted 100 Shares; and
 - (ii) the successful applicants out of the total applicants for that category shall be determined by the drawal of lots in such a manner that the total number of Shares allotted in that category is equal to the number of Shares worked out as per (b) above.
- e. If the proportionate allotment to an applicant works out to a number that is not a multiple of 100, the applicant would be allotted Shares by rounding off to the nearest integer subject to a minimum allotment of 100 equity shares.
- f. If the Shares allotted on a proportionate basis to any category is more than the Shares allotted to the applicants in that category, the balance available Shares for allocation shall be first adjusted against any category, where the allotted Shares are not sufficient for proportionate allotment to the successful applicants in that category. The balance Shares, if any, remaining after such adjustment will be added to the category comprising of applicants applying for the minimum number of Shares
- g. If as a result of the process of rounding off to the nearest integer results in the actual allotment being higher than the shares offered, the final allotment may be higher at the sole discretion of the Board of Directors, upto 110% of the size of the offer specified under Para E to the Capital Structure mentioned in the Prospectus.
- h. The above proportionate allotment of shares in an issue that is oversubscribed shall be subject to the reservation for small individual applicants as described below:
 - i) A minimum of 50% of the net offer of shares to the Public shall initially be made available for allotment to retail individual investors as the case may be.
 - ii) The balance net offer of shares to the public shall be made available for allotment to a) individual applicants other than retails individual investors and b) other investors, including Corporate Bodies/ Institutions irrespective of number of shares applied for.
 - iii) The unsubscribed portion of the net offer to any one of the categories specified in (i) or (ii) shall/may be made available for allocation to applicants in the other category, if so required.

‘Retail individual investor’ means an investor who applies for shares of value of not more than Rs. 1,00,000/-

Investors may note that in case of over - subscription allotment shall be on proportionate basis and will be finalized in consultation with BSE. The drawal of lots (where required) to finalize the basis of allotment shall be done in the presence of a public representative on the governing board of the BSE.

The Executive Director / Managing Director of the Designated Stock Exchange in addition to Lead Merchant Banker and Registrar to the Public Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner in accordance with the SEBI Guidelines.

ALLOTMENT / REFUNDS

Refunds, if any, will be made alongwith Allotment Letters / Share Certificates and / or regret letters by Refund Orders drawn on the Bank nominated for this purpose by the Company and will be dispatched within 10 weeks from the date of closure of Issue, by Registered Post. The Company shall ensure dispatch of refund orders of value over Rs.1500/- by Registered Post only and adequate funds for the purpose shall be made available to the Registrar by the issuer company. Such refund orders will be payable at par during their validity period at all centres where the applications are received or such places from where the applications were collected. In case of joint applications, Refund Orders, if any, will be made out in the First applicant's name and all communication will be addressed to the person whose name appears on the Application form.

INTEREST IN CASE OF DELAY IN DESPATCH OF ALLOTMENT LETTERS /REFUND ORDERS

The Company agrees that -

- a. As far as possible allotment of securities offered to the public shall be made within 30 days of the closure of the Public Issue.
- b. The Company further agrees that it shall pay interest @ 15% per annum if the allotment letters/refund orders have not been despatched to the applicants within 30 days from the date of the closure of the issue.

ACCESS TO THE FUNDS:

Subscription received against this issue would be kept in a separate bank account and the Company will not have access to these funds so collected until it has received approval for allotment from BSE and listing and trading permission is received from BSE/NSE where listing is proposed in terms of this Prospectus.

UNDERTAKINGS BY THE ISSUER COMPANY

The Board of Directors of PBA Infrastructure Ltd state that: -

- i) All the complaints in respect of the Public Issue shall be attended to by the Company expeditiously and satisfactorily.
- ii) That the Company shall take necessary steps for completion of the necessary formalities for listing and commencement of trading on BSE and NSE within 7 working days of finalisation of basis of allotment.
- iii) That the Company shall apply in advance for the listing of equity shares.
- iv) That the funds required for despatch of refund orders/ allotment letters/ certificates by registered post shall be made available to the Registrar to the Issue by the Company.
- v) That the certificates of the securities/ refund orders to the non-resident Indians shall be despatched within specified time.
- vi) That no further issue of securities shall be made till the securities offered through this Prospectus are listed or till the application money is refunded on account of non-listing, undersubscription etc.

UTILISATION OF ISSUE PROCEEDS

The Board of Directors of PBA Infrastructure Ltd states that:

- i. All monies received against this Public Issue shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act, 1956.
- ii. Details of all monies utilised out of Public Issue referred to in sub-item(i) shall be disclosed under an appropriate separate head in the Balance Sheet of the company indicating the purpose for which such monies had been utilised; and
- iii. Details of all unutilised monies out of the present Public Issue, if any, referred to in sub-item(i), shall be disclosed under an appropriate separate head in the Balance Sheet of the company indicating the form in which such unutilised monies have been invested.

The Board of Directors of the company further certify that:

- i. the utilization of monies received under reservations shall be disclosed under an appropriate head in the balance sheet of the Company indicating the purpose for which such monies have been utilized;
- ii. the details of all unutilized monies out of the funds received from reservations shall be disclosed under a separate head in the balance sheet of the Company indicating the form in which such unutilized monies have been invested.

The Company shall not have any recourse to the Issue proceeds until the approval for trading the Equity Shares is received from all the Stock Exchanges where listing is sought is received. Pending utilisation of the proceeds of the Issue as specified under the heading “Objects of the Issue”, the net proceeds from the Issue may be invested by the Company in high quality interest bearing liquid instruments including but not limited to deposits with banks for the necessary duration.

SECTION VIII: OTHER INFORMATION

MAIN PROVISIONS OF ARTICLES OF ASSOCIATION

Article 5	Rights of Ordinary Shareholder to further Issue of Capital
	Where it is proposed to increase the subscribed capital of the Company by allotment of further shares, then such further share, shall be offered to persons, who, at the date of the offer, are holders of the Ordinary Shares of the company, in proportion, as nearly as circumstances admit, to the capital paid-up on those shares at that date, and such offer shall be made in accordance with the provisions of Section 81 of the Act, provided that notwithstanding anything hereinbefore contained, the further shares aforesaid may be offered to any persons, whether or not those persons include the persons who, at the date of the offer, are holder of the Ordinary Shares of the Company, in any manner whatsoever.
Article 10	SubDivision Consolidation and cancellation of shares.
	Subject to the provisions of Section 94 of the Act, the Company in General Meeting may from time to time sub-divide or its shares, or any of them, and the resolution whereby any share sub-divided, may determine that, as between the holders of the resulting from such sub-division, one or more of such shares shall have some preference or special advantage as regards dividend, capital or otherwise over or as compared with the others or other. 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 shares capital by the amount of the shares so cancelled.
Article 11	Modification of Rights
	Whenever the capital is divided into different classes of shares all or any of the rights and privileges attached to each class may subject to the provisions of Sections 106 and 107 of the Act, be modified, commuted affected or abrogated or dealt with by agreement between the Company and any person purporting to contract on behalf of that class, provided such agreement is ratified in writing by holders of at least three fourths in nominal value of the issued shares of the class or is confirmed by a resolution passed at a separate General Meeting of the holders of Shares of that class and supported by the votes of the holders of that class and supported by the votes of the class and supported by the votes of the holders of at least three-fourths of those shares, and all the provisions hereinafter contained as to general meetings, shall mutandis apply to every such meeting, so that the quorum thereof shall be members present in person or by proxy and holding three-fourths of the nominal amount of the issued shares of the class. This Article is not to derogate from any power the company would have if this Article were omitted.
Article 16	Share under control of Directors
	Subject to the provisions of these Articles and of the Act, the shares shall be under the control of the Directors, who may allot or otherwise dispose of the same to such person on such terms and conditions and at such times as the Directors think fit and subject to the sanction of the Company in General Meeting wit full power to give any person the option to call for or be allotted shares of any class of the Company either (subject to provisions of Sections 78 and 79 of the Act) at a premium or at par or at a discount and for such time and for such consideration as the Directors think fit. The Board of Directors shall cause to be made the return as to allotment provided for in Section 75 of the Act.
Article 20	Liability of Members
	Every member, or his heirs, executors or administrators shall pay to the Company the portion of the capital represented by his share or shares which may, for the time being remain unpaid thereon, in such amounts at such time or times, and in such manner as the Board, shall from time to time in accordance with the Company's regulations, require or fix for the payment thereof.

Article 21	Share
	Any two or more joint 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 the subject of joint ownership, may be delivered to the person first named such joint owners further certificate the Board shall be entitled, but shall not be bound it prescribe a charge not exceeding rupee one. The Company shall comply with the provisions of Section 113 of the Act.
Article 23	The first named of joint holders deemed sole holder
	If any share stands in the names of two or more persons, the person first named in the register shall as regards receipt of dividends or bonus or service of notice and all or any other matters connected with the Company, except voting at meetings be deemed the sole holder thereof, but the joint holders of the share, shall be severally as well as jointly liable for the payment of all installments and calls due in respect of such shares for all incidents thereof according to the Company's regulations.
Article 28	Directors may make calls
	The Board may, from time to time subject to the terms on which shares may have been issued and subject to the conditions of allotment by a resolution passed at a meeting of the Board (and not by circular resolution) make such call as it thinks fit upon the members in respect of all moneys unpaid on the shares held by them respectively, and each member shall pay the amount of every call made on him to the persons and at the times and places appointed by the Board. A call made payable by installments.
Article 29	Notice of Calls
	Fifteen days notice in writing of any call shall be given by the Company specifying the time and place of payment, and the person or persons, to whom such call shall be paid.
Article 30	Call to date from resolutions
	A call shall be deemed to have been made at the time when the resolution authorizing such call was passed at a meeting of the Board.
Article 31	Calls may be revoked or postponed
	A call may be revoked or postponed at the discretion of the Board.
Article 32	Liability of Joint-holder
	The Joint-holders of a share shall be jointly and severally liable to pay all calls in respect thereof.
Article 33	Directors may extend time
	The Board may, from time to time at its discretion, extend the time fixed for the payment of any call, and may extend such time as to all or any of the members who reside at a distance or other cause, the Board may deem fairly entitled to such extension, but no member shall be entitled to such extension save as a member of grace and favour.
Article 34	Calls to carry Interest
	If any members fails to pay any call due from him on the day appointed for payment thereof or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall from time to time be fixed by the Board, but nothing in this Article shall render it obligatory for the Board to demand or recover any interest from any such member.
Article 39	Lien
	The Company shall have a first and paramount lien upon all the shares (other than fully paid-up shares) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof, for all moneys (whether presently or not) called or payable at a fixed time in respect of such shares and no equitable interest in any shares shall be created except upon the footing, and upon the condition that Article 24 hereof is to have full effect. Any such lien shall extend to all dividends from time to time declared in respect of such shares. Unless otherwise agreed, the registration of a transfer of shares shall operate as a waiver of the Company's lien, if any, on such shares.

Article 42	FORFEITURE OF SHARES
	If call or installment not paid notice may be given
	If any member fails to pay any call or installment on or before the day appointed for the payment of the same, the Board may at any time thereafter during such member requiring him to pay the same, together with any interest that may have been incurred by the Company by reason of such non-payment.
Article 43	Form of Notice
	The notice shall name a day (not being less than fourteen days from the date of the notice) and a place or places on and at which such call or installment and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment at or before the time, and at the place appointed the shares in respect of which such call was made or installment is payable will be liable to be forfeited.
Article 44	If notice not complied with shares may be forfeited
	If the requisitions of any such notice as aforesaid be not complied with any shares in respect of which such notice has been given may, at any time, thereafter, before payment of all calls or installments, interest and expenses, due in respect thereof, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared in respect of forfeited shares and not actually paid before the forfeiture.
Article 45	Notice of forfeiture to a member
	When any shares shall have been so forfeited, notice of the forfeiture shall be given to the member in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture, with the date thereof, shall forthwith be made in any manner invalidated, by any omission or neglect to give such notice or to make any such entry as aforesaid.
Article 46	Forfeited share become property of the Company
	Any share so forfeited shall be deemed to be the property of the Company, and the Board may sell, re-allot or otherwise dispose of the same in such manner as it thinks fit.
Article 47	Power to annual forfeiture
	The Board may, at any time before any share so forfeited shall have been sold, reallocated, or otherwise disposed of; annual the forfeiture thereof upon such condition as it thinks fit.
Article 48	Liability on Forfeiture
	A person whose share has been forfeited shall cease to be a member in respect of the forfeited share, but shall notwithstanding, remain liable to pay, and shall forth with pay to the company, all calls, or installments interest and expenses, owing upon or in respect of such share at the time of the forfeiture, together with interest thereon, from the time of the forfeiture, until payment, at such rate as the Board may determine, and the Board may enforce the payment thereof, or any part thereof, without any deduction or allowance for the value for the shares at the time of forfeiture, but shall not be under any obligation to do so.
Article 49	Effect of Forfeiture
	The forfeiture of a share shall involve extinction, at the time of the forfeiture, of all interest in all claims and demands against the Company in respect of the share and all other rights, incidental to the share except only such of those rights as by these Articles are expressly saved.
Article 54	To be executed by transferor and transferee
	Every such instrument to transfer shall be executed both by the transferor and transferee and attested and the transferor shall be deemed to remain the holder of such share until the name of the transferee shall have been entered in the Register of Members in respect thereof.
Article 56	Directors may refuse to register transfer

	Subject to the provisions of Section 111 of the Act, or any Statutory modification thereof for the time being in force, the Board of Directors may at its own absolute and uncontrolled discretion and by giving reasons decline to register or acknowledge any transfer of shares (notwithstanding the proposed transferee be already a Member) but in such case it shall within one month form the date on which the instrument of transfer was lodged with the Company, send to the transferee and the transferor notice of the refusal to register such transfer, provided that the registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any of the person or persons, indebted to the Company on any account whatsoever, except where the Company has lien on shares.
Article 57	Death of one or more joint holders of shares
	In the case of the death of anyone or more of the persons named in the Register as the joint holders of any share, the survivor or survivors shall be the only person/s recognised by the company as having any title to or interest in such share, but nothing therein contained shall be taken to release the estate of a deceased joint holder from and liability on shares held by him jointly with any other person.
Article 58	Title to shares of deceased member
	The executors or administrators or holders of Succession Certificate or the legal representatives of a deceased member (not being one of two or more joint-holders) shall be the only person recognised by the Company as having any title to the shares registered in the name of such member, and the company shall not be bound to recognise such executors or administrators or holders of a Succession Certificate or the legal representative unless such executors or administratives representatives shall have first obtained probate or letters of Administration or Succession Certificate, and under Article 61 register the name of any person, who claims to be absolutely entitled to the shares standing in the name of a deceased member as a member.
Article 59	No transfer to infant etc.
	No share shall in any circumstances be transferred to any infant, insolvent or persons of unsound mind.
Article 60	Registration of person entitled to shares otherwise then by transfer (The transmission article)
	Subject to the provisions of Articles 57 and 58, any person becoming to shares in consequence of the death lunacy, bankruptcy or insolvency of any member, or the marriage of a female member, or by any lawful means other than by a transfer in accordance with these presents, may with the consent of Board of Directors (which it shall not be under any obligation to give) upon producing such evidence that he sustains the character in respects of which he proposes to act under his Article of his title, as the Board of Directors think sufficient, either be registered himself as the holder of the shares or elect to have some person nominated by him and approved by the Board of Directors, registered as such holder, provided nevertheless that if such person shall elect to have him nominee registered he shall testify the election by executing to his nominee an instrument of transfer in accordance with the provision herein contained and, until he does so, he shall not be freed from any liability in respect of the shares. This Article is referred to in these Articles as the Transmission Article.
Article 61	Person entitled to may receive dividend without being registered as member
	A person entitled to a share by transmission shall, subject to the right of the Directors, to retain such dividends or money as hereinafter provided, be entitled to receive, and any may give discharge for any dividends or other moneys payable in respect of the shares.
Article 66	Dematerialisation of securities
	Either the company or the investor may excercisean option to issue, deal in, hold the securities (including shares) with a Depository in electronic form and the certificates in respect thereof shall be dematerialised, in which event the rights and obligations of the parties concerned and matters connected therewith or incidental thereof, shall be governed by the provisions of the Depositories Act, as amended from time to time or any statutory modification thereto or re-enactment thereof.
	Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its existing securities, dematerialise its securities held in the Depositories and/or offer its fresh securities in a dematerialized form pursuant to the Depositories Act, and the rules framed thereunder, if any.

	Option to receive Securities Certificates or held Securities with Depository
	Every person subscribing to or holding securities of the Company shall have the option to receive security certificates or to hold the securities with a Depository.
	Securities in
	All securities held by a Depository shall be dematerialised and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372 of the Act shall apply to a Depository in respect of the securities held by it on behalf of the Beneficial owner.
	Rights of Depositories and Beneficial Owners
	Notwithstanding anything to the contrary contained in the Act, or these Articles, a Depository shall be deemed to be registered owner for the purpose of effecting transfer of ownership of security on behalf of the Beneficial Owner.
	Save as otherwise provided in (a) above, the Depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the security held by it.
	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 the liabilities in respect of his securities which are held by a Depository.
	Beneficial Owner deemed as absolute owner
	Except as ordered by a Court of competent jurisdiction or as required by law, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share or where the name appears as the Beneficial Owner of shares in the records of the Depository as the absolute owner thereof and accordingly shall not be bound to recognise any benami trust or equitable, contingent future or partial interest in any share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a share other than absolute right thereto in accordance with these Articles, on the part of any other person whether or not it has express or implied notice thereof, but the Board shall be entitled at their sole discretion to register any share in the joint names of any two or more persons or the survivors of them.
	BORROWING POWERS
Article 68	Power to Borrow
	The Board may, from time to time at its discretion subject to the provisions of Section 292 and 370 of the Act, raise or borrow, either from the Directors or from elsewhere and secure the payment of any sum or sums of money for the purposes of the company, provided that the Board shall not without the sanction of the Company in General Meeting borrow any sum of money which together with money borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate for the time being of the paid up capital of the Company and its free reserves, that is to say, reserves not aside for any specific purpose.
	CONVERSION OF SHARES INTO STOCK AND RECONVERSION
Article 75	Shares may be converted into Stock
	The Company in General Meeting may convert any paid-up shares into stock, and when any shares shall have been converted into stock, the several holders of such stock may henceforth transfer their respective interest therein, or any part of such interest, in the same manner and subject to the same regulations as, and subject to which shares from which the stock arise might have been transferred, if no such conversion had taken place or as near thereto as circumstances will admit. The company may at any time reconvert any stock into paid up shares of any denomination.
	Rights of Stockholders
	The holders of stock shall, according to the amount of stock held by them have the same rights, privileges and advantages as regards dividends, voting at meeting of the company and matters as if they held the shares from which the stock arose, but no such privileges or advantage (except participation in the Dividends and profits of the Company and in the assets of winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.
Article 78	Extra Ordinary General Meeting
	The Board may, whenever it think fit, call an Extra-Ordinary General Meeting and it shall do so upon a requisition in writing by any member or members holding in the aggregate not less than one-tenth of such of paid-up capital as at the date carries the right of voting in regard to the matter in respect of which the requisition has been made.
Article 81	Meeting Called by requisitionists

	Any meeting called under the foregoing Articles required by the requisitions shall be called in the same manner, as nearly as possible, as that in which meeting are to be called by the Board.
	VOTE OF MEMBERS
Article 97	No members shall be entitled to vote either personally or by proxy, at any General Meeting or meeting of class of shareholders either upon show of hands or upon a poll in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or, in regard to the which the company has, and has exercised any right of lien.
Article 98	Number of vote which member entitled
	Subject to the provisions of these Articles and without prejudice to any special privileges or restrictions as to voting for the time being attached to any class of shares for the time being forming part of the Capital of the Company every member not disqualified by the last preceeding Article shall be entitled to be present, and to speak and vote at such meeting, and on show of hands every member present in person shall have one vote and upon a poll the voting rights of every member present in person or by proxy shall be in proportion to his shares of the paid-up equity share capital of the company provided, however if any preference shareholder be present at any meeting of the company, save as provided in clause (b) of sub-section (2) of Section 87, he shall have a right to vote only on resolutions placed before the meeting which directly affect the rights attached to his preference shares.
Article 101	Votes of Joint Members
	If there be joint holders of any shares, any one of such person may vote at any meeting or may appoint another person (whether a member or not) as his proxy in respect of such shares, as if he were solely entitled thereto but the proxy so appointed shall not have any right to speak at the meeting and, if more than one such joint holders be present at any meeting, that one of the said persons so present whose name stands higher on the Register shall alone be entitled to speak and to vote in respect of such shares, but the other or others of the joint holders shall be entitled to be present at the meeting, several executors or administrators of a deceased members in whose name shares stand shall for the purpose of these Articles to be deemed joint holders thereof.
	DIRECTORS
Article 113	Number of Directors
	Until otherwise determined by a General Meeting of the Company and subject to the provisions of Section 252 of the Act the number of Directors including Debenture alternate and Corporation Directors, (If any) shall not be less than three nor more than twelve. The company in General Meeting may from time to time increase or reduce the number of Directors within the limits fixed by this Article.
Article 120	Director's power to fill casual vacancies.
	Subject to the provisions of Sections 262, 264 and 284(6) of the Act, the Board shall have power at any time and from time to time to appoint any other qualified person to be a Director to fill a casual vacancy. Any person so appointed shall hold office only up to the date to which the Directors in whose place he is appointed would have held office it has not been vacated by him.
Article 141	MANAGING DIRECTOR
	Subject to the provisions of the Act, and of the Articles, the Board shall have power to appoint from time to time any of its member as Managing Director or Managing Directors of the Company for fixed term not exceeding five years at a time and upon such terms and conditions as the Board thinks fit and subject to the provision of Article 142 the Board may by resolution vest in such Managing Director or Managing Directors such of the powers may be made exercisable for such period or periods, and upon such conditions and subject to such restrictions as it may determine. The remuneration of a Managing Director may be by way of monthly payment, fee for each meeting or participation in profits or any of all these modes, or any other mode not expressly prohibited by the Act.
	DIVIDENDS
Article 162	The Company in General Meeting may declare a dividend
	The profits of the Company subject to any special rights relating thereto created or authorised to be created by these Articles, and subject to the provisions of these Articles, shall be divisible among the members in proportion to the amount of capital paid-up on the shares held by them respectively.

Article 170	No members to receive dividend while indebted to the company's right of reimbursement thereof
	No member shall be entitled to receive payments of any interest or dividend in respect of his share or shares, while any money may be due or owing from him to the Company in respect of such share or shares or otherwise however, either alone or jointly with any other person or persons and the Board may deduct from the interest or dividend payable to any member all sums of money so due from him to the Company.
Article 171	Transfer of share must be registered
	A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.
	RECONSTRUCTION
Article 192	Reconstruction
	On any sale of the undertaking of the company the Board or the liquidators on a winding-up may, if authorised by a Special Resolution accept fully paid or partly paid-up shares, and debentures or securities of any other company whether incorporated in India or in part of the property of the Company and the Board (if the profits of the Company permit) or the Liquidators (in a winding-up) may distribute such shares or securities or any other property of the company amongst the members without realisation or vest the same in trustees for them and any special Resolution may provide for the distribution or appropriation of the cash, shares or other securities, benefits or property otherwise than in accordance with the strict legal right of the member or contributories of the company and for the valuation of any such securities or property at such price and in such manner as the meeting may approve and all holders of shares shall be bound to accept and shall be bound by valuation or distribution so authorised and waive all rights in the course of being wound up, such statutory right (if any) under Section 44 of the Act as are incapable of being varied excluded by these Articles.
	WINDING UP
Article 193	Liquidator may divide assets specie
	The Liquidator on any winding up (whether voluntary, under supervision or compulsory) may, with the sanction of any preference share capital, divide among the contributories in specie part of the assets of the Company and may with the like vest any part of the assets of the Company, in trustees such trusts for the benefit of the contributories as the liquidator, with the like sanction shall think fit.
	SECRECY
Article 195	Secrecy
	Every Director, Manager, Auditor, Treasurer, Trustee, member of a Committee, Officer, Servant, Agent, Accountant or other person employed in the business of the Company shall, if so required by Directors, before entering upon his duties, sign a declaration pledging himself to observe strict secrecy regarding all customers and the state of account with individuals and in matters thereto and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required to do so by the Board or by Court of Law and except so far as be necessary in order to comply with any of the provisions of these presents constituted.

MATERIAL CONTRACTS AND DOCUMENTS

The Contracts referred to in para (A) below which are or may be deemed material, have been entered into by the Company.

The contracts together with the documents referred to in paragraph (B) below, copies of all of which have been attached to the copy of this Prospectus may be inspected at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on any working day from the date of this Prospectus until the closing of the subscription list.

A. MATERIAL CONTRACTS

1. Copy of Memorandum of Understanding dated 03/03/2005 between PBA Infrastructure Ltd. and Keynote Corporate Services Limited, Lead Manager to the Issue.
2. Copy of Memorandum of Understanding dated 13/05/2005 between Intime Spectrum Registry Limited, Registrar to the Issue and PBA Infrastructure Ltd. the Company.
3. Copy of Memorandum of Understanding dated 14/06/2005 between PBA Infrastructure Ltd. and Canara Bank, Co-Lead Manager to the Issue.
4. Copy of Agreements dated 02/05/1990, 01/04/1992, 01/11/1993 and 27/11/2003 in respect of the registered office located at Chembur.
5. Copy of Joint Venture agreement dated 10/11/2003 between M/s Sadbhav Engineering Ltd and PBA Infrastructure Ltd.
6. Copy of Joint Venture agreement dated 06/07/2001 between M/s Sadbhav Engineering Ltd and PBA Infrastructure Ltd.
7. Copy of Joint Venture agreement dated 19/03/2001 between Atlanta Infrastructure Ltd and PBA Infrastructure Ltd.
8. Copy of Power of Attorney dated 21/05/2002 empowering Mr. Ramlal Wadhawan to execute and perform the acts, deeds and things on behalf of PBA Infrastructure Ltd.
9. Copy of an agreement dated 06/06/2005 appointing Mr. Ramlal Wadhawan as a Chairman & Managing Director of the Company.
10. Copy of an agreement dated 06/06/2005 appointing Mr. Balkrishan Wadhawan as a Vice-Chairman and Joint Managing Director of the Company
11. Copy of an agreement dated 06/06/2005 appointing Mr. Narain Belani as a Wholetime Director of the Company.
12. Copy of an agreement dated 06/06/2005 appointing Mr. Narayan G. Thatte as a Wholetime Director of the Company.

B. DOCUMENTS FOR INSPECTION

1. Copy of Memorandum of Articles and Articles of Association of PBA Infrastructure Ltd.
2. Copies of Annual report of PBA Infrastructure Ltd. for the year ended 31/03/2000, 31/03/2001, 31/03/2002, 31/03/2003, 31/03/2004 and audited accounts nine months period ended 31/12/2004.
3. Copy of Special Resolution under section 81, 81(1A) and other relevant provisions of Companies Act, 1956 dated 03/06/2005 passed at the Extra Ordinary General Meeting of the company authorizing present issue of equity shares.
4. Copy of letter dated 14/03/2005 regarding inter-se allocation of responsibilities between Keynote Corporate Services Ltd. and Canara Bank.
5. Copy of certificate dated 30/05/2005 issued by Mr. Ajay Garg, Chartered Accountant & Statutory Auditors of the Company reporting financials of PBA Infrastructure Ltd. in terms of part II schedule II of the Companies Act, 1956 and including capitalization statement, taxation statement, accounting ratios, details of sources and deployment of funds as on 01/06/2005.
6. Copy of letter dated 11/03/2005 received from Mr. Ajay Garg, Chartered Accountant & Statutory Auditors of the Company regarding tax benefits accruing to the company and its shareholders.
7. Copies of Annual report for the year ended 31/03/2002, 31/03/2003, 31/03/2004 and the Memorandum and Articles of Association of Prakash Infrastructure Private Ltd.
8. Copies of Annual report for the year ended 31/03/2002, 31/03/2003, 31/03/2004 and the Partnership Deed of Sanjeevani Construction Company.
9. Copies of Annual report for the year ended 31/03/2002, 31/03/2003, 31/03/2004 and the Partnership Deed of Shanti Engineering and Construction Company.

10. Copy of letter no.CSB/19CR/2529/2004 dated 15/10/2004 from Canara Bank regarding enhancement of working capital limits for the year 2004-05 and 2005-06.
11. Copy of letter no.VKH/ADV/RKC/179/05 dated 04/03/2005 from Union Bank of India regarding the sanction of credit facilities to PBA Infrastructure Ltd.
12. Copy of Certificate of registration dated 27/06/2002 received from the Govt. of Maharashtra designating PBA Infrastructure as class-I contractor which is valid upto 23/06/2007.
13. Copy of Certificate of registration received from the MCGM designating PBA Infrastructure as class-AA contractor which is valid upto 30/06/2005.
14. Copy of ISO 9001:2000 Certificate dated 12/04/2005.
15. Copy of Certificate of registration of establishment received by the company under Bombay Shops and Establishment Act, 1948 vide their certificate no. 180747 dated 09/03/1998.
16. Copy of the consent dated 10/09/2004 received from Maharashtra Pollution Control Board to operate under Section 26 of the Water (Prevention & Control of Pollution) Act 1974, and under section 21 of the Air (Prevention & Control of Pollution) Act 1981 and Authorisation/Renewal of Authorisation under Rule 5 of the Hazardous Wastes (Management & Handling) Rules 1989 and Amendment Rules, 2000 vide consent order no. RONM/NNB/TTC/CC/R/C-105
17. Certificate of Registration bearing number 400071/S/44 dated 26/02/1996 issued under section 22/22A of The Bombay Sales Tax Act, 1999
18. Certificate of Registration bearing number 400071C44 dated 26/02/1996 issued under The Central Sales Tax (Registration and Turnover), Rules 1957.
19. Copy of Works Contract Tax Registration number WC/NIM-00015 dated 10/11/1986 issued by Assistant Commissioner of Sales Tax, Ghatkopar Division, Kokan Bhavan, Navi Mumbai
20. Copy of quotation dated 21/05/2005 received from Bafna Motors (Mumbai) Pvt. Ltd. for the purchase of tippers
21. Copy of quotation dated 19/05/2005 received from Gmmco Limited for the purchase of Excavators.
22. Copy of quotation dated 19/05/2005 received from Gmmco Limited for the purchase of Graders.
23. Copy of quotation dated 21/05/2005 received from SSANGYONG for the purchase of Asphalt Mixing Paver.
24. Copies of undertakings from PBA Infrastructure Ltd.
25. Copies of Consents from the Directors of the Company, Registrar to the Issue, Lead Mangers to the Issue, auditors, Banker to the Company, Bankers to the Issue.
26. Copy of Sebi Observation letter no. _____ dated _____ in respect of the Public Issue of the Company

PART III

DECLARATION

The Board of Directors of the Company jointly & severally declare that all the relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the guidelines issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made thereunder or guidelines issued, as the case may be. The Board of Directors of the Company further certify that all the statements in this Prospectus are true and fair.

Yours Faithfully,
By the order of Board of Directors
PBA INFRASTRUCTURE LTD.

Sd/- _____	Sd/- _____	Sd/- _____	Sd/- _____
Roshanlal Wadhawan (Chairman cum Managing Director)	Balakrishnan Wadhawan (Vice Chairman & Joint Managing Director)	Narayan Thatte (Executive Director)	Narain Belani (Whole Time Director)
Sd/- _____	Sd/- _____	Sd/- _____	Sd/- _____
Anant Athavale (Director)	Dharampal Uppal (Director)	Vrinda Chapekar (Director)	P.K.N.Kamath (Director)

PLACE: **Mumbai**
DATE: