

Prospectus

MSK PROJECTS (INDIA) LIMITED

(Originally incorporated as a Limited company on 20th December, 1994 under part IX of the Companies Act, 1956 and obtained certificate of commencement of business on 27th January, 1995)

Registered Office:

707, Sterling Centre, R. C. Dutt Road, Alkapuri, Baroda-: 390 005

Tel: (0265) 2344756, 2359893 Fax: (0265) 2341642

Email: mskpil@satyam.net.in

Public Issue of 60,00,000 Equity Shares of Rs. 10/- each, for cash at a premium of Rs. 30/-- per share aggregating to Rs. 2400 Lacs.

RISKS IN RELATION TO FIRST OFFER

This being the first Public Issue of the Equity Shares of MSK PROJECTS (INDIA) LIMITED, there has been no formal market for the equity shares of MSK PROJECTS (INDIA) LIMITED. The Issue price (as has been determined and justified by the Lead Manager and the Issuer as stated under "Basis of Issue Price" on Page No. -----) should not be taken to be indicative of the market price of the equity shares after the equity shares are listed. No assurance can be given regarding an active or sustained trading in the equity shares of MSK PROJECTS (INDIA) LIMITED 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 ("Issuer" / "Offerer") and the Issue ("Issue" / "Offer") including the risks involved. The securities have not been recommended or approved by the Securities and Exchange Board of India nor does the Securities and Exchange Board of India guarantee the accuracy or the adequacy of this document.

Investors are advised to refer to the page no.----- for the statement on risk factors pertaining to this offer.

ISSUERS' ABSOLUTE RESPONSIBILITY

The Company and the Offerer, 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 the 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 are proposed to be listed at the Stock Exchanges at Vadodara, National Stock Exchange (NSE) and The Stock Exchange, Mumbai (BSE) (**Designated Stock Exchange**). In principle approval for listing from these stock exchanges have been obtained vide their letter dated 24/11/2003, 11/03/2004 and 15/01/2004 respectively.

LEAD MANAGER TO THE ISSUE	REGISTRARS TO THE ISSUE
CHARTERED CAPITAL AND INVESTMENT LTD. (SEBI Registration No. INM000004018) 711, Mahakant, Opp. V S Hospital, Ellisbridge, Ahmedabad – 380006 TEL: 079 – 2657 7571/2657 5337 FAX: 079 – 2657 5731 Email: ccilad1@sancharnet.in Contact Person: Manoj Kumar Jain	PURVA SHAREREGISTRY (INDIA) PVT. LTD. 33, Printing House, 28-D, Police Court Lane, Behind Old Hanloom House, Fort, Mumbai – 400 001 Phone: 022 – 22617957/ 56348073-74 Fax: 022 -22626407 Email: busicomp@vsnl.com

ISSUE OPENS ON	27th September 2004
ISSUE CLOSES ON	8th October 2004

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DEFINITIONS:

Act	The Companies Act,1956
Application Form	The form in terms of which the investors shall apply for the Equity Shares of the company.
Articles	Articles of Association of MSK Projects (India) Ltd.
BSE	The Stock Exchange, Mumbai
BOD / Board	Board of Directors of MSK Projects (India) Ltd. or a committee thereof
Company, Issuer, the Company	MSK Projects (India) Ltd.
Designated Stock Exchange	The Stock Exchange, Mumbai (BSE)
FEMA	Foreign Exchange Management Act, 1999
Issue/Offer	Public Issue of 60,00,000 Equity Shares of Rs.10/- each at a premium of Rs.30/- per Shares aggregating to Rs. 2400 lacs.
Issue Opening Date	The date on which the issues opens for subscription.
Issue Closing Date	The date on which the issue closes for subscription.
Issue Period	The period between the Issue Opening Date and Issue Closing date
Memorandum	Memorandum of Association of the company i.e. MSK Projects (India) Ltd.
NRI	Non-Resident Indian
NHAI	National Highway Authority of India
NSE	National Stock Exchange, Mumbai
Offer Document/ Prospectus	The offer document filed with ROC containing inter alia the issue price and the number of equity shares to be issued , issue price and other incidental information.
Public Issue Account	Account opened with Bankers to the Issue for collection of Application Money.
Registrars to the Issue	Purva Shareregistry (India) Pvt. Ltd
Retail Individual Investor	The term 'Retail Individual Investor' means an investor who applies for securities of or for value of not more than Rs. 50,000/-.
SEBI	Securities And Exchange Board of India

ABBREVIATIONS:

AGM	Annual General Meeting.
BA	Beneficiary Account
BV / NAV	Book value / Net asset value
CDSL	Central Depository Services (India) Ltd.
CEPS	Cash Earning Per Equity Share
Depository	A Depository registered with SEBI under the SEBI (Depositories & Participant) Regulations, 1996 as amended from time to time.
DP	Depository Participant.
EPS	Earnings Per Share.
FIIs	Foreign Institutional Investors, who are registered with SEBI.
FY	Financial Year
GOI	Government of India.
I.T. Act	Income-tax Act 1961.

MSK	MSK Projects (India) Ltd.
NRI(s)	Non-Resident Indian (s)
NSDL	National Securities Depository Limited
OCB(s)	Overseas Corporate Bodies as defined under Indian laws
PAN	Permanent Account Number
RBI	Reserve Bank of India.
ROC	Registrar of Companies.
RONW	Return on Net Worth
SEBI	Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992 (as amended)
The Act	The Companies act, 1956 (as amended from time to time)

TECHNICAL TERMS/ ABBREVIATIONS:

NHAI	National Highway Authority of India
BOT	Build Operate and Transfer
MPRSNNL	Madhya Pradesh Rajya Setu Nirman Nigam Limited
SPV	Special Purpose Vehicle
ROB	Railway Over Bridge
SBI	State Bank of India
HUDCO	Housing Urban Development Corporation
SIDBI	Small Industrial Development Bank of India
J V	Joint Venture
GSRDC	Gujarat State Road Development Corporation Ltd.

Currency of presentation:

In this Prospectus all reference to “Rs” refer to Rupees, the lawful currency of India, the word “Lacs” or “Lakhs” means “one hundred thousand”. All financial data contained in this Prospectus has been rounded off to the nearest Lacs, excepts stated otherwise. In this Prospectus, any discrepancy in any table and sums of the amount listed are due to rounded off.

RISK FACTORS AND MANAGEMENT PERCEPTIONS THEREOF

Internal to MSK PROJECTS (INDIA) LIMITED

1. The Company is promoted by first generation entrepreneurs.

Management perception:

The Company has been promoted by Mr. Ashok Khurana who is having 30 years of experience in the field of constructions and are supported by a team of Qualified Engineers. The promoters have executed similar project by name of Kishangargh Bypass on National Highway no. 8, on BOT basis and has gained experience in similar line of project.

2. The cost of the project for which funds are being raised has not been appraised by any bank or financial institution.

Management Perception:

Profitability of the total project has not been appraised by any bank or financial institutions.

With a view to sanction the Term Loan With a view to sanction the Term Loan to SPV, State Bank of India (SBI) and Housing and Urban Development Corporation Limited

(HUDCO) have appraised the project namely Hoshangabad- Harda- Khandwa road project and Raisen- Rahatgarh road project respectively

The appraisal of project is for only security purpose of Term Loan, FIs/ Banks have not appraised it for viability or profitability of the project

3. The penalty clause in a work order may affect the Company's profitability in case of delay in execution of contract.

Management Perception:

The Company has a track record of completing projects as per schedule and no penalty has been levied up till now.

4. The Company is doing part of its business of infrastructure Road projects through a special purpose vehicle J.V. namely MSK Projects (India) (JV) Ltd. in joint venture with National Builders, Baroda which may ultimately affect the Company's turnover & profits.

Management Perception:

This joint venture Company in the name MSK Projects (India) (JV) Ltd. was formed for specifically undertaking the three Road projects of Nasirabad-Kekri Road, Bharatpur bypass & Sikar bypass.

It is a statutory requirement of Concession Agreement entered with Rajasthan Government to form SPV for carrying out these projects and after completion of this project JV Company will be wound up. Profitability of this JV company may be affected on account of variations in toll collection which may affect profitability of MSK Project (India) Limited. And quantum of variation in toll collection is yet to be assessed.

5. The company had initially filed its draft prospectus in the year 2000 with SEBI for a public issue of Rs. 840.00 lacs to repay the existing debt, which is taken temporarily for investment in the Infrastructure project. The Company had received SEBI observations vide their letter No PMIMD/AKD/17557/2000 dated November 3, 2000 for its issue but had not preceded with the same

Management Perception

The company deferred its public issue due to bad market conditions prevailing at that time and the said project has been financed through Loans, Subsidy and Internal Accruals.

6. There is a contingent liability of Rs. 1691.83 lacs as on 31st March 2004

Management Perception:

Nature of the contingent liabilities:

- Bank Guarantee of Rs. 1325.09 lacs issued by the Company's bankers for various contracts awarded to the company.
- Bank Guarantee of Rs. 209.41 lacs issued by the bank for facilities granted to the MSK Projects (India) (JV) Limited.
- Letter of Credit of Rs. 43 lacs issued by the company's bankers.
- Payment of Rs. 67.50 lacs shall be payable on partly paid 750000 preference shares issued by MSK Projects (India) (JV) Limited on call.
- Income Tax Demand of Rs. 46.83 lacs for the assessment year 2001-2002 which is in dispute and company is in Appeal before Income tax Authorities.

There is a condition to avail any construction contract to provide minimum 5% of the contract value as Bank Guarantee. Therefore contingent liabilities have arisen in the

normal course of business of the company and the company does not expect that these would have any material adverse effect on its financials and operations, as the bank guarantee & Letter of Credit Limit are secured by sufficient cash margin and charge on immovable property of the company and of directors.

7. Profitability of the company depends upon the Toll collection income which depends on traffic flow and any adverse effect on traffic flow will also effect the toll collection income and profitability of the company.

Management Perception:

Prior to submitting the tender documents for BOT projects, the actual survey of traffic flow is conducted by company by itself apart from data submitted by the authority. Hence the toll collection income and profitability of the company shall not be adversely affected barring abnormal circumstances.

The Company will receive toll collection till concession period (Toll collection period) and then Joint Venture Company will be wound up. The company in no way can hedge the risk on the project as it is a normal business risk for the said nature of the project.

8. The Service Tax on construction activity excluding on Road construction is imposed in the Union Budget announced on 08/07/2004.

Management Perception:

As service tax will be collected from the clients of the company, there will not be any change in the profitability of the company.

9. Company has established 3 special purpose vehicles (SPV) for implementation of road projects. The projects under BOT are subject to audit by Government / Government bodies, which awards the project.

Management Perception:

In order to facilitate audit of project awarded by the Government / Government Bodies, Special Purpose Vehicle (SPV) were set up. List of SPV set up by the company are as under:

Name of SPV	Reason for which SPV set up	Particulars of the Project	Life of Projects
MSK Projects (India) (JV) Ltd.	As per the concession agreement with State Govt. of Rajasthan	1. Strengthen of Nasirabad – Kekri Road 2. Construction of Bharatpur By-pass 3. Construction of Sikar By-pass	66 months from 01/10/1998 111 months from 01/10/1998 120 months from 01/10/1998
MSK Infrastructure & Toll Bridge P. Ltd.	As per the concession agreement with State Govt. of Madhya Pradesh	Construction of Hoshangabad – Harda – Khandwa Road	5440 days from 20/09/2002
MSK Highways Limited	As per the concession agreement with State Govt. of Madhya Pradesh	Construction of Raisen – Rahtagargh Road	5440 days from 07/03/2003

External to MSK PROJECTS (INDIA) LIMITED

10. The Company will face competition in bidding for contracts through tender from other existing companies.

Management perception:

The past performances of the company testify its ability to successfully bid for contracts.

11. 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 Perception:

The Company is engaged in Infrastructure development which is in priority list of Government of India for development of Infrastructure. In the Budget speech of 1998-1999 and 1999-2000 cess has been imposed @ Rs. 1/- per liter on sale of petrol and diesel for road development. Gujarat Government has formed a wholly owned undertaking in the year 1999 namely Gujarat State Road Development Corporation Ltd. (GSRDC) to implement the plans laid down in Gujarat Infrastructure Agenda – Vision 2010 for development of Infrastructure projects particularly of Road sector.

12. Competition from existing and new players could have an impact on the business prospects of the company.

Management Perception:

The Company has over a period of time built up specialist skills, rich experience and reputation for timely work.

Other Notes:

1. Net worth of the Company as on 31st March, 2004 is Rs. 2142.82 lacs.
2. Public issue of 60,00,000 equity shares of Rs. 10 each at a premium of Rs. 30/- per share for cash aggregating Rs. 2400 lacs.
3. Book value of the equity shares of the company as on 31st March 2004 is Rs. 35.09 per equity share.
4. Applicants are advised to refer to the paragraph on "Basis of Issue Price" mentioned in the Prospectus before making an investment decision in respect of this offer.
5. Applicants are advised to refer to "Notes to Account" as appearing on Page - before making an investment decision in respect of this offer.
6. Investors may please note that in the event of over subscription, allotment shall be made on a proportionate basis in consultation with the Designated stock exchange as per the details appearing on page no.-----.
7. Outstanding Borrowings from all sources as on 31/03/2004:

(Rs. In lacs)

a. Banks	
i. Fund Based	753.75
ii. Non Fund Based	1577.50
b. NBFCs	402.06
c. Others	837.02

*(For details of individual borrowings please refer heading of principal terms of Term Loan on page ---)

8. Financials Ratio as on 31st March:

Particulars	2000	2001	2002	2003	2004
Debt / Equity Ratio (A/B)	0.41	0.18	0.02	0.06	0.06

Interest Coverage Ratio (D/C)	3.20	3.83	5.94	5.91	4.14
Debts Service Coverage Ratio (D/A)	0.37	2.24	17.75	6.19	4.05
E.P.S.	1.97	6.14	7.06	9.97	4.96
Cash E.P.S	3.96	7.72	8.92	12.95	9.36
Net Asset Value	19.30	18.87	21.52	30.15	35.09
Return on Net Worth (RONW) (%)	10.46	30.70	32.67	33.06	14.14

* Financial ratios i.e. EPS, CEPS and RONW were increasing till 2002-03 on account of Toll collection income from Kishangargh project, but during the year 2003-04 these ratio have declined due to end of concession period of Kishangargh project.

The basis of the computation of above ratios is:

Long Term Debts:					
Corporation Bank	35.12	28.43	12.91	96.02	136.7
Baroda Peoples	14.08	6.75	2.25	0	0
IDBI bank	330	178.75	13.94	22.38	0
Total Long Term Debts (A)	379.2	213.93	29.1	118.4	136.7

Equity.....(i)	482.99	610.68	610.68	610.68	610.68
Reserve & Surplus(ii)	446.71	549.06	709.37	1234.71	1537.82
Equity + Reserve & Surplus (i+ii).....(B)	929.70	1159.74	1320.05	1845.39	2148.50
Interest (C)	43.29	124.88	86.91	124.02	133.58
Adjusted Net Profit after tax before Interest..... (D)	138.45	478.58	516.41	732.94	553.22

1. Debt / Equity Ratio = Long term debt / Equity
2. Interest Coverage Ratio = Interest payment / profit after tax before interest
3. Debt Service coverage ratio = Profit after tax before interest / interest + repayment of Long Term Loan

9. Free Cash Flow to Company and to equity for the last 5 years as follows:

Free Cash Flow to the Company

	2000	2001	2002	2003	2004
PAT	72.56	374.30	431.50	608.92	303.11
Interest	62.19	150.74	120.87	153.83	179.29
Income Tax on Interest @35%	40.42	97.98	78.57	99.99	116.54
NOPLAT*	112.98	472.28	510.07	708.91	419.65
Add. Depreciation	95.77	88.85	113.60	180.00	266.45
Gross Cash Flow (NOPLAT + Dep.)	208.75	561.13	623.67	888.91	686.10
Gross Investment*	-283.95	828.65	480.55	1272.92	1410.76
Free Cash Flow	-75.20	-267.52	143.12	-384.01	-724.66

*NOPLAT = Net operating profit less adjusted Tax

*Calculation of Gross Investment

	2000	2001	2002	2003	2004
Increase in Fixed Assets	85.61	54.96	328.87	774.78	407.82
Capital Work in progress	0	0	0	0	-25.95
Investment	87.67	0	0	248.53	25.01
Net Current Assets	-456.89	767.99	153.53	251.47	1002.04
Misc. Exp.	-0.34	5.7	-1.85	-1.86	1.84
Gross Investment during year	-283.95	828.65	480.55	1272.92	1410.76

Free Cash Flow to Equity (FCFE) of the Company

	2000	2001	2002	2003	2004
PAT	72.56	374.30	431.50	608.92	303.11
Less : Capital Expenditure - Dep	-85.61	-54.96	-328.87	-774.78	-407.82
Change in Net Current Assets	456.89	-767.99	-153.53	-251.47	-1002.04
Change in Investment	-87.67	0	0	-248.53	-25.01
Principal Payment on Debt	0	0	-140.57	0	0
New Debt	425.77	32.14	0	246.33	815.53
Free Cash Flow to Equity	781.94	-416.51	-191.47	-419.53	-316.23

*FCFE = PAT-(Capital expenditure – Dep.) - Change in WC + New Debt - Debt Repayment - Change in Investment

Referred from: Financial Management -Theory and Practice 6th Edition by Prasanna Chandra

10. Investor may note that trading in the shares of the company shall be done only in dematerialised form.
11. There is a contingent liability of Rs.1691.83 lacs as on 31st March 2004.
12. There are no relationships with the Statutory Auditors to the company other than auditing and certification of financial statement.
13. Company has not declared any dividend during the year 2003 – 2004.
14. Details of related party transactions:

(Rs. In Lacs)

Transaction with Related Parties	Subsidiary Companies		Associate Concern		Key Management		Relative Of Key Management Personnel	
	2003-04	2002-03	2003-04	2002-03	2003-04	2002-03	2003-04	2002-03
Civil Construction Receipt	3823.23	1024.42	792.79	-	-	-	-	-
Reimbursement Of Expenses	3.37	-	-	-	-	-	-	-
Loan Received (Net)		-	9.41	-	3.74	-	1.46	-
Loan Given (Net)		-	190.25	377.93	5.79	-	0.39	-
Mobilisation Advance received	441.07	-	655.00	-	-	-	-	-
Investment in Shares		248.53	25.01	-	-	-	-	-
Rent Paid		-	-	-	-	0.36	0.72	0.72
Rent Received		-	-	15.00				
Remuneration To Directors		-	-	-	8.76	8.76	-	-
Payable as at the end of the year		-	191.99	46.81	10.38	12.27	4.31	3.34
Receivable as at the end of the year	879.69	-	386.46	437.61	-	-	0.07	-

(Source: Audited accounts for the year 2003-04)

HIGHLIGHTS :

- Profit making company engaged in Engineering Construction business and has diversified into Infrastructure projects like Roads, Bridges & railway over Bridge.
- Presently as on 15.06.2004 Company has Project on hand about Rs. 14084.25. lacs
- The Company has executed a Railway Over Bridge (ROB) Project at Kishangadh in Rajasthan. The Company has also executed three Road projects at Nasirabad-Kekri Road, Bharatpur by-pass and Sikar bypass, all in the State of Rajasthan through its special purpose vehicle JV namely MSK Projects (India) (JV) Ltd.

- The company has promoted MSK Infrastructure and Toll Bridge Private Limited a special purpose vehicle for execution of Hoshangabad –Harda-Khandwa Highway Road project.
- The company has promoted MSK Highways Limited a special purpose vehicle for execution of Raisen - Rahatgarh Highway road project.
- Some of the other projects completed by the company include construction assignments for M/s. Indian Petrochemicals Corporation Limited, M/s. G E Plastics India Limited, M/s. Rajasthan Polymers & Resin Limited, M/s. Crompton Greaves Limited, M/s. Phillips India Limited & RIICO, Jaipur.
- No gestation period.
- Listing at Vadodara, National Stock Exchange (NSE) and Mumbai Stock Exchanges (BSE).

NOTE:

1. The networth of the company before the issue as on 31.03.2004 (as per the latest audited balance sheet) is Rs. 2142.82 Lacs and the issue size (excluding promoter's contribution) is Rs. 2400 Lacs.
2. **INVESTORS MAY NOTE THAT IN THE EVENT OF OVER SUBSCRIPTION, THE LEAD MANAGER TO THE ISSUE AND THE REGISTRAR TO THE ISSUE SHALL BE RESPONSIBLE TO ENSURE THAT THE BASIS OF ALLOTMENT IS FINALISED IN A FAIR AND PROPER MANNER.**
3. **INVESTOR MAY CONTACT FOR ANY COMPLAINTS PERTAINING TO THE ISSUE TO: MR. MANOJ KUMAR JAIN, CONTACT PERSON OF M/S CHARTERED CAPITAL AND INVESTMENT LIMITED, LEAD MANAGER TO THE ISSUE AT 711, MAHAKANT, OPP. V S HOSPITAL, ELLISBRIDGE, AHMEDABAD – 380006 TEL: 079 – 2657 7571/2657 5337 FAX: 079 – 2657 5731 EMAIL: ccilad1@sancharnet.in WHO WILL BE OBLIGED TO ATTEND THE SAME WITHIN 7 WORKING DAYS FROM THE DATE OF RECEIPT OF COMPLAINT.**

MSK PROJECTS (INDIA) LIMITED
(Incorporated as a Limited Company on 20th December, 1994 under part IX of the
Companies Act, 1956 and obtained certificate of commencement of business on
27th January, 1995)

Registered Office:

707, Sterling Centre, R. C. Dutt Road, Alkapuri, Baroda - 390 005

Tel.: (0265) 2344756, 2359893 Fax: (0265) 2341642

Email: mskpil@satyam.net.in

PART: I.

I. GENERAL INFORMATION: -

MSK PROJECTS (INDIA) LIMITED (hereinafter referred to as 'the Issuer' or 'the Company') having received its certificate of incorporation on December 20, 1994 is offering for subscription 60,00,000 Equity Shares of Rs. 10 each, for cash at a premium of Rs. 30/- per share (i.e. price of Rs. 40/- per equity share) aggregating Rs. 2400 lacs.

AUTHORITY FOR THE ISSUE

Pursuant to Section 81 (1A) of the Act, the present issue of equity shares has been authorized vide a special resolution passed at the Annual General Meeting of THE COMPANY held on September 30th, 2003. The Board of Directors have approved the issue by a resolution passed at its meeting held on October 7th, 2003.

PROHIBITION BY SEBI

The Company, its directors and companies with which the directors of issuer are associated, as directors or promoters, have not been prohibited from accessing the capital market under any order or direction passed by SEBI. The listing of any securities of the issuer has never been refused at anytime by any of the stock exchanges in India.

ELIGIBILITY FOR THE ISSUE

According to Clause 2.2.1 of the SEBI (Disclosure and Investor Protection) Guidelines, 2000 and amendments thereof, an unlisted company shall make a public issue of any equity share or any security convertible into equity shares at a later date subject to the following:-

- a) The company has net tangible assets worth of above Rs 3 crores in each of the preceding 3 full years (each of 12 months), of which not more than 50% is held in monetary assets;
- b) It has a track record of distributable profits in terms of section 205 of the Companies Act, 1956, for at least (3) out of immediately preceding five (5) years;
- c) It has a pre- issue net worth of not less than Rs. 1 crore in each of the preceding three (3) full years (of 12 months each);
- d) It has not changed its name within the last one year;
- e) The aggregate of the proposed issue and all previous issues made in the same financial year in terms of size (i.e. offer through offer document + firm allotment + promoter's contribution through the offer document) does not exceed five (5) times its pre-issue net worth as per the last available audited accounts.

As per Clause 2.2.2A, the Issuer shall not make an allotment pursuant to a public issue or offer for sale of equity shares or any security convertible into equity shares unless in addition to satisfying the conditions mentioned in Clause 2.2.1, the prospective allottees are not less than one thousand (1000) in number.

The pre-issue net worth, distributable profits and net tangible assets in terms of section 205 of the Companies Act, of the Company for the last 5 completed years are as under:

(Rs. in Lacs)

For the Financial year ending	March 31,2000	March 31,2001	March 31,2002	March 31,2003	March 31, 2004
Net Tangible Assets	2587.30	3075.30	2826.48	4880.61	6580.87
Monetary Assets	-205.43	305.75	194.10	-5.85	1506.96
% of Monetary Assets to Net Tangible Assets	-7.94	9.94	6.87	-0.12	22.90
Distributable Profits	95.16	353.70	429.50	608.92	303.11
Net worth	931.99	1152.19	1314.35	1841.55	2142.82

Calculation of Net Tangible Assets

<u>A) FIXED ASSETS</u>	March 31,2000	March 31,2001	March 31,2002	March 31,2003	March 31,2004
Gross Block	964.99	1019.95	1345.19	2087.82	2476.81
Less : Depreciation	410.07	498.92	608.89	756.74	1004.35
Add : Capital Work In Progress	0	0	0	25.95	0
Net Block (1)	554.92	521.03	736.3	1357.03	1472.46
<u>B. BUILD, OPERATE & TRANSFER PROJECT EXPENSES</u>					
Total cost	1246.88	1201.85	720.08	372.88	25.68
Received From N.H.A.I.	-	-134.57	-	-	-
Written off during the year	-45.03	-347.2	-347.2	-347.2	(25.68)
Net cost (2)	1201.85	720.08	372.88	25.68	0.00
<u>C) INVESTMENTS (3)</u>	165.14	165.15	165.14	413.67	438.68
<u>D) CURRENT ASSETS & LOANS & ADVANCES</u>					
Inventories	254.91	511.72	776.9	1228.32	717.55
Sundry Debtors	0	176.17	142.18	348.6	1039.50
Cash & Bank Balance	187.74	599.11	339.42	531.17	1761.40
Loan & Advances	241.6	406.6	316.37	996.99	1173.97
Sub Total (4)	684.25	1693.6	1574.87	3105.08	4692.42
Gross Tangible Assets (A) (1+2+3+4)	2606.16	3099.86	2849.19	4901.46	6603.56

Less: Miscellaneous Expenses	1.85	7.55	5.7	3.84	5.68
(To the extent written off)					
Less: Goodwil	17.01	17.01	17.01	17.01	17.01
Sub Total (B)	18.86	24.56	22.71	20.85	22.69
Net Tangible Assets (A-B)	2587.30	3075.30	2826.48	4880.61	6580.87

Calculation of Net Worth

Equity Share Capital	482.99	610.68	610.68	610.68	610.68
Share Application Money	4.14	0.00	0.00	0.00	0.00
Reserves & Surplus	446.71	549.06	709.37	1234.71	1537.82
Total	933.84	1159.74	1320.05	1845.39	2148.50
Less: Miscellaneous Expenses (To the extent written off)	1.85	7.55	5.70	3.84	5.68
TOTAL	931.99	1152.19	1314.35	1841.55	2142.82

Source: Audited Annual Accounts of the Company for the respective financial years.

*The defer tax liabilities amounting to Rs. 110.11 lacs which was shown as reserve and surplus has been re-grouped under current liabilities in the year 2002-03 as per guidelines of Institute of Chartered Accountants of India.

The proposed issue size of Rs. 2400 lacs would not exceed five times the pre-issue net worth as on 31st March 2004 which is Rs. 2142.82 Lacs. There has been no other issue in the same financial year. Based on the above data the Lead Manager has certified vide its certificate dated 27/08/2004 that the Company is fulfilling the criteria of eligibility norms for Public Issue by unlisted company as specified in the Guideline 2.2.1 of SEBI (DIP) Guidelines, 2000 and amendments thereof. Therefore, the Board of Directors of the Company has resolved to go for the proposed Public Issue pursuant to the above-mentioned guidelines.

Monetary Assets have been considered as defined by AS-11 issued by Institute of Chartered Accountants of India, which is as follows:

“Monetary items are money held and assets and liabilities to be received or paid in fixed or determinable amounts of money, e.g., cash, receivables, payables.”

Monetary Assets taken as per the above definition are: Cash and Bank, Sundry Debtors, Loans and Advances and Other Current Assets.

‘Net tangible assets’ shall mean the sum of all net assets of the company, excluding ‘intangible assets’, as defined in Accounting Standard 26 (AS 26) issued by the Institute of Chartered Accountants of India.

DISCLAIMER CLAUSE

AS REQUIRED A COPY OF THE DRAFT OFFER DOCUMENT HAS BEEN SUBMITTED TO SEBI, IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT 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 PROJECT FOR WHICH THE OFFER IS PROPOSED TO BE MADE, OR FOR THE CORRECTNESS OF ANY OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE PROSPECTUS. LEAD MANAGER, CHARTERED CAPITAL AND INVESTMENT LIMITED, HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI GUIDELINES FOR DISCLOSURE AND INVESTOR PROTECTION FOR THE TIME BEING IN FORCE. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED OFFER. IT SHOULD ALSO, BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL THE 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, CHARTERED CAPITAL AND INVESTMENT LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED 17/10/2003 IN ACCORDANCE WITH SEBI (MERCHANT BANKERS) REGULATIONS, 1992 WHICH READS AS FOLLOWS:

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

WE CONFIRM THAT

- a) THE PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE OFFER;**
- b) ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE, AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC., ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
- c) THE DISCLOSURES MADE IN THE PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED**

ISSUE.

- d) WE CONFIRM THAT BESIDE OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATION IS VALID;
4. IF UNDERWRITTEN, WE SHALL SATISFY OURSELVES ABOUT THE WORTH OF THE UNDERWRITERS TO FULFILL THEIR UNDERWRITING COMMITMENTS."

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

GENERAL DISCLAIMER

The Issuer and lead manager accepts no responsibility for statements made otherwise than in the Prospectus or in the advertisements or any other material issued by or at the instance of the Issuer and that anyone placing reliance on any other source of information would be doing so at his/her risk.

DISCLAIMER CLAUSE OF THE STOCK EXCHANGE, VADODARA

The Vadodara stock exchange has given vide its letter dated 24/11/2003 permission to the Company to use the Exchange's name in this offer Document as one of the Stock Exchanges on which this Company's securities are proposed to be listed. The exchange has taken on record this Offer Document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the Company based on the assurances, averments, statements and other managerial, administrative, technical and financial information duly seen and examined by the Lead Managers/ Managers/ Advisors and Directors and Managers of the Company. The Exchanges does not in any manner:-

- a. Warrant, certify or endorse the correctness or completeness of any of the contents of this Document; or
- b. Warrant that this company's securities will be listed or will be listed or will continue to be listed on the Exchange; or
- c. Take any responsibility for the financial or other soundness of this company, its promoters, its management or any scheme or project of this company;

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

DISCLAIMER CLAUSE OF THE STOCK EXCHANGE, MUMBAI

The Stock Exchange, Mumbai, (Designated Stock Exchange) has given vide its letter dated 15/01/2004 permission to the company to use Exchange name in this Offer Document as one of the stock exchanges on which the Company securities are proposed to be listed. The BSE has scrutinized this Offer Document for their limited internal purpose of deciding on the

matter of granting the aforesaid permission to the Company. The Exchange does not in any manner

- i) Warrant, certify or endorse the correctness or completeness of any of the contents of this Offer Document,
- ii) Warrant that the Company ' securities will be listed or will continue to be listed on the Exchange, or
- iii) Take any responsibility for the financial or other soundness of the company, its promoters, its management or any scheme or project of the Company

And it should not, for any reason be deemed or construed that this Offer Document has been cleared or approved by the said Exchange. Every person who desires to apply for or otherwise acquires any securities of the Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the said 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 NATIONAL STOCK EXCHANGE, MUMBAI

As required, a copy of this Offer Document has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter ref No. NSE/LIST/64133 dated 11/03/2004 permission to the Company to use the Exchange name in this Prospectus as one of the stock exchanges on which the Company securities are proposed to be listed. The Exchange has scrutinized this draft Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the Company. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the offer document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; nor does it warrant that the Company 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 the Company, its promoters, its management or any scheme or projects of the Company.

Every person who desired to apply for or otherwise acquire any securities of the Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

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 Offer Document does not, however, constitute an offer to sell or an invitation to subscribe to shares issued hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Offer Document comes is required to inform himself about and to observe any such restrictions. Any dispute arising out of this Issue will be subject to

the jurisdiction of appropriate court(s) in 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 Offer Document has been submitted to the SEBI. Accordingly, the Equity Shares, represented thereby may not be offered or sold, directly or indirectly, and this Offer Document may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Offer Document nor any sale hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

FILING

A copy of this Prospectus, along with the documents required to be filed under Section 60 of the Act, has been delivered for registration to the Registrar of Companies, Gujarat at Ahmedabad.

A copy of this Prospectus has been submitted to the Securities and Exchange Board of India (hereinafter referred to as SEBI).

LISTING

Application has been made by the Company to the Stock Exchanges at Vadodara, National Stock Exchange (NSE) and The Stock Exchange Mumbai (BSE) (Designated Stock Exchange), for permission to list the equity shares and for an official quotation of the equity shares of the Company.

In case the permission to deal in and for official quotation of the equity shares is not granted by the above mentioned stock exchanges, the Issuer shall forthwith repay without interest, all monies received from applicants in pursuance of this Prospectus and if such money is not repaid within 8 days after the day from which the Issuer is liable to repay it, the Issuer shall pay interest as prescribed under section 73(2) of the Act.

IMPERSONATION

Attention of the applicant is specifically drawn to sub-section (1) of Section 68A of the Act, which is reproduced below:

"Any person who

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

MINIMUM SUBSCRIPTION

If the Company does not receive minimum subscription of 90% of the amount payable on application on the date of closure of the Issue or the subscription level falls below 90% after the closure of the issue on account of cheques having been returned unpaid or withdrawal of applications, the Company shall forthwith refund the entire amount received. If there is a delay beyond 8 days after the date from which the Company becomes liable to pay the amount, the Company shall pay interest as per Section 73 of the Companies Act 1956.

UTILISATION OF ISSUE PROCEEDS

The sum received in respect of the public issue will be kept in a separate Bank account and the Company will not have access to such funds unless allotment of

shares has been made in consultation with the designated stock exchange and listing approval has been received from the stock exchanges where listing has been sought.

The Board of Directors of the Company certifies that

- i) all monies received out of this Issue to the Public shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Act.
- ii) details of all monies utilized out of the Public Issue referred to in sub-item (i) shall be disclosed under an appropriate separate head in the Annual Report of the Company indicating the purpose for which such monies had been utilized; and
- iii) details of all unutilized monies out of the Public Issue, if any, referred to in sub-item (i) shall be disclosed under an appropriate separate head in the Annual Report of the Company indicating the form in which such unutilized monies have been invested.
- iv) the utilization of monies received under Promoters contribution and from firm allotments and 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.
- v) The details of all unutilized monies out of the funds received under promoters contribution and from firm allotments and 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.

ALLOTMENT LETTERS/REFUND ORDERS

Letter(s) of Allotment together with refund orders of value over Rs.1, 500/-, if any, to allottees and Letter(s) of regret together with refund orders of value over Rs.1, 500/- to non-allottees will be despatched by registered post and refunds of value Rs.1, 500/- and less will be dispatched under certificate of posting at the applicant's sole risk within 10 weeks from the date of closure of the subscription list.

Adequate funds for the above purpose will be made available to the Registrar to the issue to ensure dispatch of refund orders and allotment letters by Registered Post/Certificate of Posting.

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) It shall pay interest @ 15% per annum if the allotment has not been made and the refund orders are not dispatched to the investors within 30 days from the date of closure of the issue.

Dispatch of refund orders/cancelled and demat credit would be completed and allotment and listing documents would be submitted to the Stock Exchange within two working days of the finalisation of the basis of allotment. The listing and trading of the securities offered through this offer document shall commence at the aforesaid stock exchange where they are proposed to be listed within 7 working days of the date of finalisation of the basis of allotment.

GOVERNMENT APPROVALS

The Company can undertake the activities as proposed in the Objects of the Issue. The Company has received all the necessary permissions and approvals from the Government and various Government Agencies for proceeding with the project. No further approvals from any Government authority are required by the Company to undertake the activities.

CORPORATE GOVERNANCE

The SEBI Guidelines in respect of Corporate Governance Shall be applicable to the Company immediately upon listing of its shares on the various Stock Exchanges. The Company undertakes that it shall take necessary steps to comply with all the requirements of the guidelines on corporate governance as would be applicable to it upon listing of its shares. In this regard, the Company will take steps to further broad base its Board of Directors and also set-up the necessary committees as per the requirements of the revised guidelines.

ISSUE PROGRAMME

THIS ISSUE WILL OPEN AT THE COMMENCEMENT OF BANKING HOURS AND WILL CLOSE AT THE CLOSE OF BANKING HOURS ON THE DAYS AS MENTIONED BELOW:

Issue Opens on	27 th September, 2004
Issue closing	8 th October 2004

UNDERTAKING FROM PROMOTERS AND DIRECTORS:

The Company accepts full responsibility for the accuracy for the information given in the prospectus and confirms that to the best of their knowledge and belief, there are no other facts, their omission of which make any statement in the prospectus misleading and they further confirm that they have made all reasonable enquiries to ascertain such facts. The issuer further declares that the stock exchange to which an application for official quotation is proposed to be made do not take any responsibility for the financial soundness of this offer or for the price at which the equity shares are offered or for the correctness of the statement made or opinions expressed in this offer document. The promoters/directors declare and confirm that no information/material likely to have a bearing on the decision of investors in respect of the shares offered in terms of this prospectus has been suppressed, withheld and/or incorporated in the manner that would amount misstatement/misrepresentation, and in the event of its transpiring at any point of time till allotment/refund, as the case may be, that any information/material has been suppressed/with held and/or amounts to a misstatement/misrepresentation, the promoter/directors undertake to refund the entire application monies to all the subscribers within 7 days thereafter without prejudice to the provisions of section 63 of the Companies Act.

ISSUE MANAGEMENT TEAM

LEAD MANAGER TO THE ISSUE CHARTERED CAPITAL AND INVESTMENT LTD. (SEBI Reg. No. INM000004018) 711, MAHAKANT, OPP. V. S. HOSPITAL, ELLISBRIDGE, AHMEDABAD – 380006 TEL: 079 – 2657 7571/2657 5337 FAX: 079 – 2657 5731 Email: ccilad1@sancharnet.in	REGISTRARS TO THE ISSUE PURVA SHAREREGISTRY (INDIA) PVT. LTD. 33, Printing House, 28-D, Police Court Lane, Behind Old Hanloom House, Fort, Mumbai – 400 001 Phone: 022 – 22617957/ 56348073-74 Fax: 022-22626407 Email: busicomp@vsnl.com
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<p>AUDITORS CHANDRAKANT&SEVANTILAL&J.K.SHAH & CO. 301,Lalita Tower,3rd Floor, Near Hotel Rajpath, Behind Railway Station, Station – Akota Road, Baroda – 390 007 Phone: 2353043, 2353470 Fax (0265) 2353471</p>	<p>COMPLIANCE OFFICER C. MOHANAN, Director (Finance) 707, Sterling Centre, R. C. Dutt Road, Alkapuri, BARODA : 390005 Tel No : (0265) 2344756, 2359893 Fax No: (0265) 2341642</p>
<p>BANKERS TO THE COMPANY 1. CORPORATION BANK Alkapuri Branch, Baroda 2. IDBI BANK LIMITED Concorde, R. C. Dutt Road, Alkapuri, BARODA : 390 007</p>	<p>BANKERS TO THE ISSUE 1. CORPORATION BANK Alkapuri Branch, Baroda 2. BANK OF BARODA Capital Market Branch, 101, Payal complex, Sayajiganj Baroda - 390005</p>

CREDIT RATING/DEBENTURE TRUSTEE

This being an Offer of Equity Shares, no credit rating or appointment of Debenture Trustees is required.

UNDERWRITING

The issue is not being underwritten.

COMPANY SECRETARY

The Company is yet to appoint a company secretary.

II. CAPITAL STRUCTURE OF THE COMPANY

	PARTICULARS		NOMINAL VALUE	ISSUE PRICE
A	AUTHORISED			
	1,25,00,000	Equity Shares of Rs.10/- each	12,50,00,000	12,50,00,000
B	ISSUED, SUBSCRIBED & PAID UP			
	61,06,820	Equity Shares of Rs.10/- each	6,10,68,200	6,10,68,200
C	PRESENT ISSUE			
	60,00,000	Equity Shares of Rs.10/- each for cash at a premium of Rs.30/- each	6,00,00,000	24,00,00,00
D	NET OFFER TO PUBLIC			
	60,00,000	Equity Shares of Rs.10/- each for cash at a premium of Rs.30/- each	6,00,00,000	24,00,00,00
E	PAID UP CAPITAL AFTER THE ISSUE			
	1,21,06,820	Equity Shares of Rs.10/- each	12,10,68,200	
F		SHARE PREMIUM ACCOUNT		
		Before the issue		NIL
		After the issue		18,00,00,000

NOTES:

- The authorised share capital of the Company has been increased from Rs. 5.50 crores divided into 55 Lacs equity shares of Rs. 10 each to Rs. 10.50 crores divided into 105 Lacs equity shares of Rs.10 each through an amendment of the Memorandum and Articles of Association by a resolution passed at the Company's Extraordinary General Meeting held on 10th July, 2000 and further increased from Rs. 10.50 crores to 12.50 crores by a resolution passed at the Company's Annual General Meeting held on 30th

September,2003.

2. The Promoters group presently holds 100% of the share capital of the Company. The Promoter Group's holding after the issue shall be 50.44 % of the Post Issue paid up capital.
3. Details of Shares held by Promoter group are as follows: -

Date of Allotment	No. of Shares	Type of Issue	Face Value (Rs)	Issue price (Rs.)	Consideration	% of post issue	Lock in period	Remarks
20.12.1994	932886	Allotted to partners of firm M. S. Khurana on registration & Incorporation as company under part: IX of the Companies Act, 1956.	10	10	Consideration other than cash	7.71	1 year	-
01.01.1995	797060	Allotted to Shareholders of M. S. Khurana (Eng. & Constructors Pvt. Limited)	10	10	Consideration other than cash	6.58	1 year	-
01.01.1995	140165	Allotted to Shareholders of Emsons Construction Pvt. Ltd.	10	10	Consideration other than cash	1.16	1 year	-
01.04.1995	4220	Allotted to partners of Emsons Construction Company.	10	10	Consideration other than cash	0.03	1 year	-
03.09.1996	720897	Bonus Issue	10	-	-	5.95	1 year	Ratio of 5: 13
03.03.1999	1454645	Bonus Issue	10	-	-	12.01	694074 for 3Year 760571 for 1 year	Ratio of 14 : 25
31.03.1999	780000	Allotment of Shares to M/s.. Myraj Consultancy Ltd.	10	10	Cash	6.44	3 year	-
10.07.2000	1235547	Bonus Issue	10	-	-	10.21	1132948 for 3 Year 102599 for 1 year	Ratio of 11 : 43
10.07.2000	41400	Allotment of Shares to individual	10	10	Cash	0.34	1 year	-
Total	6106820					50.44		

4. List of Top 10 Shareholders as on Two years prior to filing with ROC, 10 days prior to filing of Prospectus in ROC & as on date of filing of prospectus with ROC.

Sr. No.	Name of the Top Ten Shareholders	No of shares		
		Two years prior to filing with ROC	Ten days prior to date of filing with ROC	On the date of filing with ROC
1.	ASHOK M. KHURANA	2428104	2428104	2428104
2	MYRAJ CONSULANCY LTD	979534	979534	979534
3	MANJU A. KHURANA	766766	766766	766766
4	AMIT A. KHURANA	1387345	1387345	1387345
5	MSK FINANCE LIMITED	163024	163024	163024
6	ASHOK M. KHURANA (HUF)	86150	86150	86150
7	M. S. KHURANA (HUF)	36186	36186	36186
8	BINDIYA A. KHURANA	40843	40843	40843
9	RASHIKA A. KHURANA	45915	45915	45915
10	C MOHANAN (HUF)	43149	43149	43149
	Total	5977016	5977016	5977016

5. The Shareholding pattern of the company as on 31st March, 2004 as well as after the public issue is as follows:

ENTITY	EXISTING		AFTER PUBLIC ISSUE	
	NO. OF SHARES	% OF HOLDING	NO. OF SHARES	% OF HOLDING
PROMOTERS				
MR. ASHOK M. KHURANA	2428104	39.76	2428104	20.06
MR. ASHOK M. KHURANA (HUF)	86150	1.41	86150	0.71
MRS. MANJU A. KHURANA	766766	12.55	766766	6.33
MR. MOHAN S. CHORANAN	30924	0.51	30924	0.26
MR. C. MOHANAN (HUF)	43149	0.71	43149	0.36
PROMOTER GROUP				
MISS. BINDIYAA. KHURANA	40843	0.67	40843	0.34
MR. AMIT A. KHURANA	1387345	22.72	1387345	11.46
MISS. RASHIKAA. KHURANA	45915	0.75	45915	0.38
M. S. KHURANA (HUF)	36186	0.59	36186	0.30
SUB TOTAL	4865382	79.67		
PROMOTER GROUP:				
CORPORATE BODIES	163568	2.68	163568	1.35
FRIENDS ASSOCIATE & RELATIVES	98336	1.61	98336	0.81
OTHER CORPORATE BODIES	979534	16.04	979534	8.09
SUB TOTAL	1241438	20.33		
IN PUBLIC ISSUE				
Public	-	-	6000000	49.56
TOTAL	6106820	100.00	12106820	100.00

6. Equity shares representing 20 % of the post - issue capital MSK PROJECTS (INDIA) LIMITED will be locked in as under:

Name of the Promoter	Date of allotment	Consideration	No. of Shares	Face Value	Issue price	% of post issued capital*
Mr. Ashok Khurana	10.07.2000	Bonus	494614	10	10	4.09
	03.03.1999	Bonus	694074	10	10	5.73
Manju Khurana	10.07.2000	Bonus	156193	10	10	1.29
Amit Khurana	10.07.2000	Bonus	282607	10	10	2.33
Myraj Consultancy Ltd.	10.07.2000	Bonus	199534	10	10	1.64
	31.03.1999	Cash	780000	10	10	6.44
Total			2607022			21.52

*These shares will be locked in for a period three years from their date of allotment in the present issue. The balance promoters holding of 34,99,798 shall be locked in for a period of one year from the date of allotment in the public issue.

5. There is no buy back or standby arrangement for the purchase of equity shares offered through this Prospectus by the promoters, Directors, or Merchant Bankers.
6. The Company has not raised any bridge loan against the proceeds of this public issue other than those mentioned elsewhere in the Offer Document.
7. A minimum of 50% of the Offer shall initially be available for allotment to individual applicants who have applied for equity shares of or value of not more than Rs. 50000/-. The balance 50% of the net offer of the shares to the public shall initially be made available for allotment to investors, including Corporate Bodies Institutions and individual applicants who apply for value of more than Rs. 50000/-. The unsubscribe portion of the net offer to anyone of the above two categories shall be made available for allotment to applicants in the other category, if so required and allotment shall be made on a proportionate basis as per relevant SEBI guidelines. If the process of rounding of to the nearest multiple of 125 results in the actual allotment being higher than the equity shares available for allotment the Company shall allot additional equity shares up to a maximum of 10% of net public offer.
8. None of the promoters or Directors of the Company have directly or indirectly purchased or sold the securities of the Company during the last 6 months.
9. As the basis of allotment is on proportionate basis, in the process of rounding off to the nearest multiple of 125, the issue size may increase by a maximum of 10% of the present issue.
10. Promoters have brought in minimum contribution of Rs. 25000 per application in case of individual and Rs. 100000 in case of firm / companies.
11. Shares offered through this public issue shall be made fully paid up or may be forfeited within 12 months from the date of allotment.
12. All pre issue equity shares allotted by the company are fully paid -up

III. TERMS OF THE PRESENT ISSUE

The equity shares now being issued are subject to the provisions of the Act, Memorandum and Articles of Association of the Company, terms of this Prospectus, the application form, the guidelines for listing of securities issued by the Stock Exchanges and Government of India and/or other statutory bodies and the guidelines for Disclosure and Investor Protection issued by the Securities and Exchange Board of India ("SEBI Guidelines") and the Depositories Act, 1996, to the extent applicable.

AUTHORITY FOR THE ISSUE

Pursuant to Section 81 (1 A) of the Act, the present issue of equity shares has been authorized

vide a special resolution passed at the Annual General Meeting of the Company held on 30th September, 2003 The Board of Directors have approved the issue by a resolution passed at its meeting held on dated October 7th 2003

FACE VALUE/ISSUE PRICE

Equity shares of face value of Rs. 10/- each are being offered at a price of Rs. 40/- per share (inclusive of share premium of Rs. 30/- per share).

TERMS OF PAYMENT

Application should be for a minimum of 125 equity shares and in multiples of 125 equity shares thereafter.

The entire amount of Rs. 40/- per share is payable in full on application

	Towards Share Capital (Rs.)	Towards Premium (Rs.)	Total Amount Payable (Rs.)
On Application	10.00	30.00	40.00
Total	10.00	30.00	40.00

Where an applicant is allotted lesser number of equity shares than he/ she has applied for, the excess amount paid on application remaining thereafter will be refunded to the applicant

INTEREST IN CASE OF DELAY ON ALLOTMENT/DESPATCH

- a) The Company agrees that, as far as possible, allotment of securities offered to the public shall be made within 30 days of the closure of this Issue.
- b) The Company agrees that it shall pay interest @ 15% per annum if the allotment has not been made and/or the allotment letter/refund orders have not been dispatched to the investors within 30 days after the date of the closure of the issue.

RANKING OF EQUITY SHARES

The Equity shares being offered shall be subject to the provisions of the Memorandum and Articles of Association and shall rank pari passu in all respect with the other existing shares of the company including rights in respect of dividend. The allottees will be entitled to dividend or any other corporate benefits (including dividend), if any declared by the company after the date of allotment.

RIGHTS OF MEMBERS

- a) Right to receive dividend, if declared.
- b) Right to attend general meetings and exercise voting rights, unless prohibited by law.
- c) Right to vote either personally or by proxy.
- d) Right to receive offer for right shares and receive allotment of bonus shares.
- e) Right to receive surplus on liquidation.

PROCEDURE FOR APPLICATION AND MODE OF PAYMENT

The Prospectus and Application Form (including the Abridged Prospectus) may be obtained from the Registered Office of the Company, the Lead Manager, the Registrars to the Issue, Brokers, Bankers to the Issue named herein and from such of their branches as are mentioned on the reverse of the Application Form.

INSTRUCTIONS FOR APPLICANTS

- i) Applications may be made by
- a) Indian nationals resident in India who are majors, in single or joint names (not more than 3).
- b) Hindu Undivided Families in the individual name of the Karta.
- c) Companies, Corporate Bodies and Societies registered under the applicable law in India and authorised to invest in the shares.
- d) Indian Mutual Funds registered with SEBI, Indian Financial Institutions. Commercial Banks, Regional Rural Banks. Co-operative Banks may also apply subject to permission from RBI.
- e) Trusts registered under Societies Registration Act, 1860, or any other Trust law and are authorised under their constitution to hold and invest in shares.
- f) Non-Resident Indians (NRI), and Foreign Institutional Investors (FII's) subject to the applicable RBI guidelines and approvals, if any.

Application not to be made:

Applications in the name of minors, foreign nationals, Trusts not registered under the Societies Registration Act, 1860, or any other Trust laws, partnership firms or their nominees will be treated as invalid, except as above.

A. General Instructions

1. Applications must be made in the prescribed application form and completed in Full in BLOCK LETTERS in English as per the instructions contained herein and in the application form and are liable to be rejected if not so made.
2. The application for equity shares should be for a minimum of 125 equity shares and in multiples of 125 shares thereafter. An applicant can make an application only for a maximum of equity shares that are offered to the public.
3. Thumb impressions and signatures other than in English/ Hindi or any other language specified in the 8th Schedule to the Constitution of India, must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under his/ her official seal.
4. Bank Account Details of Applicant: The name of the applicant's Bank, type of account and account number must be filled in the Application Form. This is required for the applicants' own safety and these details will be printed on the refund orders, if any. Applications without these details would be treated as incomplete and are liable to be rejected.
5. Applications under Power of Attorney: In case of applications under Power of Attorney or by Companies, Bodies Corporate, Societies registered under the applicable laws, trustees of trusts, Provident Funds, Superannuation Funds, Gratuity Funds a certified copy of the Power of Attorney or the relevant authority, as the case may be, must be lodged separately at the office of the Registrar to the Issue simultaneously with the submission of the application form, indicating the serial number of the application form and the name of the Bank and the branch office where the application is submitted.
6. PAN/ GIR Number: Where an application is for a total value of Rs. 50,000 or more, the applicant or in case of application in joint names, each of the applicants should mention his/ her/ their Permanent Account number (PAN) allotted under Income Tax Act, 1961 or where the same has not been allotted, the GIR Number and the IT Circle/ Ward/ District should be mentioned. In case where neither the PAN nor the GIR Number has been allotted, or the applicant is not assessed to Income Tax, the appropriate box provided for the

purpose in the application form must be ticked. Applications without this will be considered incomplete and are liable to be rejected.

7. Joint Applications in the case of individuals: Applications can be in single or joint names (not more than three). In the case of joint applications, all payments will be made out in favour of the first applicant. All communications will be addressed to the first named applicant whose name appears in the Application form at the address mentioned therein.
8. Applications may be made by Hindu Undivided Families (HUF) through the Karta of the (HUF) and will be treated at par with individual applications.
9. Multiple Applications: An applicant should submit only one application form (and not more than one) for the total number of equity shares applied for. Two or more applications in single or joint names will be deemed to be multiple applications if the sole and/ or first applicant is one and the same. In case of application by Mutual Funds, a separate application can 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 application made by the Asset Management Company/ Trustees/ Custodian clearly indicate their intention as to the scheme for which the application has been made. The Company reserves the right to accept or reject, in its absolute discretion, any or all-multiple applications.
10. Applications by NRIs/FIIs: There is no reservation and separate application form for NRIs/FIIs. NRIs/FIIs willing to invest in this issue should follow the relevant RBI Guidelines in this regard.
11. A separate single cheque/draft must accompany each application form.

Note:

12. Applicants are requested to write their names and application serial number on the reverse of the instruments by which the payments are being made to avoid misuse of instruments submitted along with the applications for equity shares.
13. For further instructions, please read the Application Form carefully.

B. PAYMENT INSTRUCTIONS

1. Payment may be made by way of cash or cheque/ demand draft (money/ postal orders will not be accepted) 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 form is submitted, i.e. at designated collection centers.
2. Outstation cheques/demand drafts drawn on Banks not participating in the clearing process will not be accepted.
3. All cheques/ demand drafts accompanying the Application Form must be made payable to the bankers to the issue and marked "A/c MSK Public Issue" and crossed "A/C payee only".
4. The applications shall be made only by way of cash/ cheque/ demand draft. However, if the amount payable on application is Rs. 20,000 or more, such payment must be effected only by way of an account payee cheque/ or Bank draft in terms of section 269SS of the Income-Tax Act, 1961. Otherwise the applications may be rejected and application money shall be refunded without any interest.

FOR FURTHER INSTRUCTIONS REGARDING APPLICATIONS FOR THE EQUITY SHARES, INVESTORS ARE REQUESTED TO READ THE APPLICATION FORM CAREFULLY.

SUBMISSION OF COMPLETED APPLICATION FORMS

All applications duly completed and accompanied by cash/ cheques/ demand drafts shall be submitted at the branches of the Bankers to the issue (listed in the Application Form) before the closure of the Issue. Applications should NOT be sent to the Office of the Company, the Lead Manager to the Issue.

Application Forms along with Bank Drafts payable at Mumbai can also be sent by registered post with acknowledgement due to the **Registrar to the Issue** at address mentioned in the Prospectus/ Application form, so that the same can be received before the closure of the subscription list.

No separate receipts will be issued for the application money. However, the Bankers to the issue or their approved collecting branches receiving the duly completed application form will acknowledge receipt of the application by stamping and returning to the applicant the acknowledgement slip at the bottom of each application form.

Applications shall be deemed to have been received by the Company only when submitted to the Bankers to the issue at their designated branches or on receipt by the Registrar as detailed above and not otherwise.

For further instructions, please read the application form carefully.

JOINT APPLICATION

An application may be made in single or joint names (not more than three) as mentioned elsewhere in the prospectus. In case of a joint application, refund pay order (if any) and dividend/warrants etc. will be made out in favour of the first applicant.

All communication will be addressed to the applicant whose name appears first and will be dispatched to the first applicant's address stated in the Application Form.

MULTIPLE APPLICATIONS

An applicant should submit only one application (and not more than one) for the total number of equity shares required. Applications may be made in single or joint names (not more than three). Two or more applications, in single and or in joint names will be deemed to be multiple applications if the sole and or the first applicant is one and the same.

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

The Company reserves the right to reject in its absolute discretion any or all multiple applications. A Separate single cheque/ draft must accompany each application form

APPLICATION UNDER POWER OF ATTORNEY

In case of applications under power of attorney or by limited companies or body corporates or societies, the relevant power of attorney or the relevant resolution or authority to make the application, as the case may be, together with a certified true copy thereof along with a copy Memorandum and Articles of Association and / or byelaws must be attached to the application form at the time of making the application or lodged for scrutiny separately indicating the serial number of the application form with the Registrars to the issue.

The company in their absolute discretion relax the condition of simultaneously lodging of the power of attorney alongwith the Application Form subject to such terms and conditions as they may deem fit.

DISPOSAL OF APPLICATION AND APPLICATION MONEY

The company reserve, in its own, absolute and uncontrolled discretion and without assigning any reason, the right to accept in whole or in part or reject any application. If an application is rejected in full, the entire application money received will be refunded to the applicant. If the application is rejected in part, excess of the application money received will be refunded to the applicant within 30 (thirty) days from the date of closure of the issue. No interest will be payable on the application money so refunded.

The subscription received in respect of public issue will be kept in separate bank account and the company will not have any access to the funds unless approval of the Designated Stock Exchange i.e. The Stock Exchange Mumbai (BSE) is obtained for the Basis of allotment and Listing approval form the stock exchange, where listing is proposed.

DESPATCH OF REFUND ORDERS

The Company shall ensure dispatch of Refund Orders of value up-to Rs.1,500/- under Certificate of Posting and those over Rs.1,500/- by registered post only and that adequate funds for the purpose will be made available to the Registrars to the Issue.

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

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

GENERAL

Applicants are advised that it is mandatory for them to indicate in the space provided in the application form, details regarding their Savings Bank / Current Account Numbers and the name of the branch of the bank to which they want the proceeds of refund to be credited. Applications not containing such details are liable to be rejected.

Where an application is for allotment of equity shares 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 the case of applicants in joint names, each of the applicants should mention his 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 should be mentioned. In case where neither the permanent account number nor the 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.

Having regard to Provision of Section 269SS of the Income Tax Act, 1961, the subscription against the equity shares application for an amount of Rs.20,000/- or more should not be effected in cash and must be offered only by an A/c. payee cheque / bank draft. In case payment is effected in contravention of the provisions, the application is liable to be rejected and application money will be refunded without interest.

A separate cheque / bank draft must accompany each application form.

BASIS OF ALLOTMENT

In the event of the Public Issue being oversubscribed, the allotment will be on a proportionate basis subject to market lots as explained below:

1. A minimum 50% of the net Issue to the Indian public will be made available for allotment in favour of those retail individual applicant who have applied for equity shares of or for a value not more than Rs. 50000/- . This percentage may be increased in consultation with the Designated Stock Exchange depending on the extent of response to the Issue from investors in this category. In case allotment are made to a lesser extent than 50% because of lower subscription in the above category, the balance equity shares would be added to the higher category and allotment made on a proportionate basis.
The executive Director/ Managing Director of the Stock Exchange Mumbai (BSE) along with the post issue lead manager and the Registrar to the issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner in accordance with the guidelines.
2. The balance of net issue to Indian public shall be made available to investors including corporate bodies/ institutions and individual applicants who have applied for equity shares for a value more than Rs.50000/-.
3. The unsubscribed portion of the net issue to any of the categories specified in (1) or (2) shall be made available for allotment to applicants in the other category, if so required.
4. Applicant will be categorized according to the number of equity shares applied for.
5. The total number of equity share to be allotted to each category as a whole shall be arrived at on a proportionate basis i.e. total number of shares applied for in that category (number of applications in the category multiplied by the number of equity shares applied for) multiplied by the inverse of the oversubscription ratio.
6. Number of equity shares to be allotted to the successful allottees will be arrived at on a proportionate basis i.e. total number of equity shares applied for by each applicant in that category multiplied by the inverse of over subscription ratio.
7. In all the applications where the proportionate allotment works out to less than 125 equity shares per applicant, the allotment shall be made as follows:

- a) Each successful applicant shall be allotted a minimum of 125 shares, and
 - b) The successful applicants out of the total applicants of that category shall be determined by drawal of lots in such a manner that the total number of equity shares allotted in that category is equal to the number of equity shares worked out as per (b) above.
8. Allotment shall be on proportionate basis within the specified categories, rounded off to the nearest integer subject to a minimum allotment being equal to the minimum application size i.e. 125 shares

If the equity shares allotted on a proportionate basis to any category is more than the equity shares allotted to the applicants in that category, the balance available equity shares shall be first adjusted against any other category where the allotted shares are not sufficient for proportionate allotment to the successful applicants in that category. The balance equity shares if any, remaining after such adjustment will be added to the category comprising of applicants applying for minimum number of equity shares.

If the Equity Shares allocated on a proportionate basis to any category is more than the equity shares allotted to the applicants in the category, the balance available equity shares for allotment shall be first adjusted against any other category where the allotted equity shares are not sufficient for proportionate allotment to the successful applicants in that category. The balance equity shares if any, remaining after such adjustment will be added to the category comprising of applicants applying for minimum number of equity shares.

In the event of over subscription, in the process of rounding off to ensure allotment in marketable lots, the Company may make such adjustment in the basis of allotment, as may be necessary, in consultation with SEBI/ stock Exchanges. As the basis of allotment is on proportionate basis, in the process of rounding off to the nearest multiple of 125, the issue size may increase by a maximum of 10% of the net offer to Indian Public.

The term ‘Retail Individual Investor’ means an investor who applies for securities of or for value of not more than Rs. 50,000/-.

DEPOSITORY OPTION TO INVESTORS

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

The Company has applied to NSDL and CDSL for allotment of ISIN No. The agreement will be entered into before the date of issue.

Tripartite agreements have been signed between the Company, the Registrar and CDSL and NSDL as under. The Company intends to pay one-time charges to CDSL and NSDL:

- a. an agreement dated 02/09/2004 between company , NSDL and Registrar, and
- b. an agreement dated 02/09/2004 between company , CDSL and Registrar

Application from any Investor without the following details of his or her depository account is liable to be rejected.

1. A applicant applying for equity shares must have at least one beneficiary account either of the depository participants of NSDL or CDSL prior to making the Application.
2. The applicant must necessarily fill in the details (including the beneficiary account number and depository participants identification number) appearing in the application form.
3. Equity shares allotted to applicant will be credited in electronic form directly to the beneficiary account (with the depository participant) of the applicant.
4. Names in the application form should be identical to those appearing in the account details in the depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the depository account of the Bidder(s).
5. If incomplete or incorrect details are given under the heading applicant depository account details in the application form it is liable to be rejected.
6. The applicant is responsible for the correctness of his or her demographic details given in the application form vis-à-vis those with his or her depository participant.
7. It may be noted that equity shares in electronic form can be traded only on the Stock Exchanges having electronic connectivity with NSDL or CDSL. All the Stock Exchanges where our equity shares are proposed to be listed are connected to NSDL and CDSL.
8. The trading of our equity shares would be in dematerialized form only for all investors.

UNDERTAKING BY THE ISSUER COMPANY

The Issuer Company accepts that:

- a). The complaints received in respect of the Issue shall be attended to by the issuer company expeditiously and satisfactorily.
- b). All steps for completion of the necessary formalities for listing and commencement of trading at all stock exchanges where the securities are to be listed shall be taken within 7 working days of finalisation of basis of allotment.
- c). The funds required for dispatch of refund orders/allotment letters / certificates by registered post shall be made available to the Registrar to the Issue by the issuer company,
- d). No further issue of securities shall be made till the securities offered through this offer document are listed or till the application moneys are refunded on account of non-listing, under subscription, etc.
- e). The certificates of the shares / refund orders to the Non-residents Indians shall be dispatched within specified time.

UTILISATION OF ISSUE PROCEEDS

The Board of Directors of the company states that:

- a) All the monies received against this issue shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73.
- b) Details of all monies unutilized out of the issue referred to in sub-item (a) shall be utilized out of issue referred to in sub-item (a) shall be disclosed under an appropriate separate head in the Balance Sheet of the Company indicating the purpose for which such monies had been utilized; and
- c) Details of all unutilized monies out of the issue of shares, if any, referred to in sub-item (a) shall be disclosed under an appropriate head in the Balance Sheet of the Company indicating the form in which such unutilized monies have been invested.

- d) The utilisation of monies received under promoters' contribution shall be disclosed under an appropriate head in the balance sheet of the company indicating the purpose for which monies have been utilized.
- e) The details of all unutilised monies out of the funds received under promoters' contribution shall be disclosed under a separate head in the balance sheet of the company indicating the form in which such unutilised monies have been invested.

TAX BENEFITS AVAILABLE

M/s CHANDRAKANT & SEVANTILAL & J. K. SHAH & CO., Chartered Accountants, have advised the Company vide their letter dated 08/05/2004 that as per the current provisions of the Income Tax Act, 1961 and the existing laws for the time being in force, the following benefits, inter alia, will be available to the Company and the members as given below: A shareholder is advised to consider on his own case the tax implications of an investment in the shares.

I. Benefit Available to the Company:

1. As per the provisions of Section 32 of the Income Tax Act, 1961, the company is entitled to depreciation on tangible and specified intangible assets as explained in the said section.
2. Under the provisions of Section 35(1) (iv) of the Income Tax Act, 1961 the company is entitled to a deduction of an amount equal to 100% in respect of capital expenditure (other than land) on scientific research related to the business of the company.
3. In terms of provisions of Section 35D of the Income Tax Act, 1961 the company will be entitled to amortisation over a period of five years of certain specified preliminary expenses incurred on the public issue.
4. In accordance with and subject to the provisions of Section 112 of the Income Tax Act, 1961 long term capital gain accruing to the company from the transfer of listed securities will be taxed at a lower rate of 20% on long term capital gains after indexation in accordance with the provisions of Section 48 of the Income Tax Act, 1961 or taxed at 10% on long term capital gains before indexation instead of normal rates of tax applicable to the company.
5. Under the provision of Section 10(34), dividend income referred to in section 115-O received by the company on shares will be exempt from Income Tax.
6. Under Section 80 IA (4), read with sub-section (1) of Section 80IA, the company will be entitled to 100% deduction of the profits and gains derived from the business of (i) developing or (ii) operating and maintaining or (iii) developing, operating and maintaining any Infrastructure facility for any Ten consecutive assessment years, out of Twenty years from the year in which the company begins to operate the said facilities, in accordance with and subject to the conditions mentioned therein.

II Benefits available to the Shareholders of the Company:

1. Under the provisions of section 10(34), dividend referred to in section 115-O received by the shareholders is exempt from income tax.
2. Under the provisions of section 48, the capital gains arising out of long-term capital assets will be computed after indexing the cost of acquisition/improvement and would be charged to tax under section 112 at a concessional rate of 20%, plus the applicable rate of surcharge. Alternatively, as per the provisions of section 112 the tax on long term capital gains would be 10% of the capital gains plus the applicable rate of surcharge in case of securities listed on the recognized stock exchanges in India, without indexing the cost of acquisition.
3. Under Section 54F the long term capital gains are exempt from tax if the net consideration is invested in the purchase or construction of a residential house within

- the period and subject to the fulfillment of the conditions specified in the said section.
4. Under Section 54EC of the IT Act, long term capital gains tax arising on transfer of the shares of the company shall be exempt from capital gains tax to the extent such gains are invested within 6 months from the date of transfer in the purchase of any specified bonds issued by the National Bank for Agriculture and Rural Development (NABARD), the National Highway Authority of India (NHAI), the National Housing Bank (NHB), the Rural Electrification Corporation Limited (REC) and Small Industrial Development Bank of India (SIDBI).
 5. Under Section 54ED of the IT Act, long term capital gains tax arising on transfer of the shares of the company shall be exempt from capital gains tax if the gains are invested within six months from the date of transfer in equity shares forming part of an eligible issue of capital.
 6. Under Section 54F of the IT Act, long term capital gains tax arising on transfer of the shares of the company held by an individual or Hindu Undivided Family shall be exempt from capital gains tax if the net sales consideration is utilised, within a period of one year before, or two years after the date of transfer, in the purchase of new residential house, or for construction of a residential house within three years after the date of takeover.

III) BENEFIT AVAILABLE TO NON RESIDENT INDIANS (NRIs) SHAREHOLDERS

- Under the provisions of section 10(34), dividend income referred to in section 115-O received by the shareholders is exempt from income tax.
- The shareholders of the Company who are NRIs as defined in section 115C have an option of being governed by the provisions of Chapter XII-A of the Act, which entitles them to the following benefits in respect of income from shares of the Company acquired out of convertible foreign exchange.
 - A) Under section 115F, income from long term capital gains shall be charged to tax at the rate of 10% plus the applicable rate of Surcharge.
 - B) The long-term capital gains are exempt from income tax entirely, proportionately, if the entire or a portion of the net consideration is invested in specified assets within six months from the date of transfer in accordance with the provisions of section 115F. The amount so exempt shall be chargeable to tax if the new asset is transferred or converted into money within a period of three years from the date of its acquisition.
 - C) Under section 115G, it shall not be necessary for NRIs to furnish their return of income if their only source of income is investment income or long term capital gains or both as defined in section 115C provided income tax has been deducted at source from such income.
 - D) Under the provisions of section 115H, where an NRI in the previous year becomes assessable as resident in India in respect of total income of any subsequent year, he has an option to be assessed under Chapter XII-A, If he elects to be assessed under Chapter XII-A the provisions of the said Chapter shall continue to apply to him in relation to such income for that assessment year and for subsequent assessment year until the transfer or conversion into money, of such assets.
 - E) If he elects not to be governed by the above mentioned special provisions of Chapter XII-A, he will then be entitled to tax benefits as they are applicable to resident shareholders.
 - F) For computing Capital Gains arising from the transfer of shares acquired in foreign exchange, by virtue of the first proviso to section 48 the cost of

acquisition, expenditure incurred wholly and exclusively in connection with the transfer and full value of the consideration shall be converted into the same foreign currency as was initially utilised in the purchase of the shares and the gains so computed in foreign currency shall be converted into rupees, in accordance with the said proviso.

IV) –BENEFIT AVAILABLE TO FOREIGN INSTITUTIONAL INVESTOR:

1. Under section 10(34), dividend income referred to in section 115-O received by the shareholders is exempted from income-tax.
2. Under section 115AD(1)(ii), income by way of short term capital gains arising from the transfer of shares will be taxable at 30% plus applicable rate of surcharge
3. Under Section 115AD(1)(iii), income by way of long term capital gains arising from the transfer of shares will be taxable at 10% plus the applicable rate of surcharge

V) BENEFIT AVAILABLE TO - MUTUAL FUNDS:

- Under the provisions of section 10(23D), all Mutual Funds registered with Securities and Exchange Board of India, 1992 (15 of 1992) or regulations made there under or such other Mutual Funds set up by a Public Sector Bank or a Public Financial Institution, authorized by the Reserve Bank of India will be exempt from income tax on all their income including income from investment in shares in the Company subject to the conditions specified therein.

Wealth tax Act, 1957

Wealth Tax is not payable on the value of the Equity Shares of the Company.

Gift tax Act

Gifts made including of shares of the Company, after September 30, 1998 do not attract Gift tax.

IV. PARTICULARS OF THE ISSUE

OBJECTS OF THE ISSUE

The present offer of Equity Shares is being made to partially fund the following activities:

- 1 To invest in Built – operation Transfer Project (BOT) of Hosangabad – Harda – Khandwa Road.
- 2 To invest in Built – operate – Transfer (BOT) project of Raisen – Rahatgadhd project.
- 3 To enlist the equity shares of the Company on the stock exchanges

The Main Objects clause of the Memorandum of Association of the Company enables the Company to undertake the activities for which the funds are being raised and also for the activities which the Company has been carrying on till date.

The Hosangabad – Harda – Khandwa road project as well as Raisen – Rahatgarh project will be implemented by the the Company Projects (India) Limited. However, as per the requirements of tender and in order to avail tax benefits under section 80IA(4) separate companies have to be incorporated by the MSK Projects (India) Limited and as per the condition of the tender 78 % Control is required to be held by MSK Projects (India) Limited.

Therefore the Company has promoted a company namely MSK Infrastructure & Toll Bridge P Ltd as subsidiary for implementing Hosangabad – Harda – Khandwa Road project and a Special Purpose Vehicle namely MSK Highways Ltd. for implementing Raisen – Rahatgadhd project.

Funding Requirements & Means of Finance (As estimated by the Company)

Details of the total funds required in both the project are as under:

1. Total Cost of Hosangabad – Harda – Khandwa Road Project

Total funds required will be for period of 5440 days from 20/09/2002 is as under:

Construction cost	8044.00
Professional & Financial Fees	115.00
Preliminary & Pre Op. Exp	24.00
Interest during Const period	100.00
Escrow Deposit	75.00
TOTAL	8358.00

2. Total Cost of Raisen – Rahatgarh Road Project

Total funds required will be for period of 5440 days from 07/03/2003 is as under:

Construction cost	5772.79
Preliminary & Pre Op. Exp	199.57
Interest during Cost period	205.20
Escrow Deposit	77.28
TOTAL	6254.84

Funds raised by the issue will be deployed immediately in the project through above Special Purpose Vehicle.

The proceeds of Public Issue of Rs. 2400.00 lacs will be invested in the Hosangabad – Harda – Khandwa and Raisen – Rahatgarh Road Projects as follows:

Fund Requirements

(Rs. Lacs)

	Amount	Percentage of total cost
1. Investment in Hosangabad – Harda – Khandwa Road Project.	1400.00	16.75%
2. Investment in Raisen – Rahatgarh Road Project.	1000.00	16.00%
TOTAL	2400.00	

Issue proceeds will be invested as under:

Projects	Hosangabad – Harda – Khandwa Road Project	Raisen – Rahatgarh Road Project
Name of Company in which investment to be made	MSK Infrastructure & Toll Bridge P Ltd.	MSK Highways Limited
Total Paid up Equity Capital	600000 equity shares of Rs. 1/- each 99860 equity shares of Rs. 1/- each at a premium of Rs. 694 per shares	733890 of Rs. 100 each 2611000 of Rs. 1/- each
Present Share capital of MSK Projects India Limited	500000 equity shares of Rs. 1/- each 35040 equity shares of Rs. 1/- each @ premium of Rs. 694 per shares	25,01,000 of Rs. 1/- each
% of equity shareholding held by MSK Projects (India) Ltd.	76.45%	3.31%
Proposed Investment in share capital by acquisition of shares	Rs. 450.49 lacs (including premium of Rs. 694 at issue price) and Rs. 1.00 lacs at issue price	Rs. 733.89 lacs (733890 shares @ Rs. 100 per share) and Rs. 1.10 lacs (110000 shares @ Re 1/- per share)

Investment in project	Rs. 948.51 lacs	Rs. 265.01 lacs
Total Investment to be made	Rs. 1400.00 lacs	Rs. 1000.00 lacs
% of equity shareholding to be held by MSK Projects (India) Ltd. after proposed investment	100%	100%

Profitability of the total project has not been appraised by any bank or financial institutions. With a view to sanction the Term Loan to SPV, State Bank of India (SBI) and Housing and Urban Development Corporation Limited (HUDCO) have appraised the project namely Hoshangabad- Harda- Khandwa road project and Raisen- Rahatgarh road project respectively. The appraisal of project is for only security purpose of Term Loan, FIs/ Banks have not appraised it for viability or profitability of the project

MEANS OF FINANCE

Particulars	Rs. In Lacs
Equity Shares of Rs. 10/- each at a premium of Rs. 30/- per share:	2400.00
TOTAL	2400.00

Out of the proceeds of public issue of Rs. 2400 lacs an amount of Rs. 1400 lacs is proposed to utilized for investment in Hoshangabad- Harda- Khandwa road project and Rs. 1000 lacs is proposed to be utilized for investment in Raisen – Rahatgarh road project.

Investment on Projects:

The investment made upto 24th May 2004 in both the projects are as follows (as per certificates dated 24th May 2004 of M/s Mahendra P Shah & Company, Chartered Accountant, Baroda for Hoshangabad- Harda- Khandwa road project, and Mukund & Rohit, Chartered Accountant, Baroda for Raisen – Rahatgarh road project).

(Rs. in Lacs)

Particulars	Hoshangabad- Harda- Khandwa Project	Raisen Rahatgarh Road Project
Construction cost	5874.26	2319.09
Add: Net Current Assets	243.57	139.26
TOTAL	6117.83	2458.35

The above expenditure made on the project till 24.05.2004 has been financed as under:

Particulars	Hoshangabad- Harda- Khandwa Project	Raisen Rahatgarh Road Project
Share Capital including premium	700.03	416.06
Subsidy from MPRSNNL*	3572.10	965.40
Secured Loan from:		
-SIDBI	510.00	
-State Bank of India	570.00	
- HUDCO		704.00
Unsecured loan	765.70	372.89
TOTAL	6117.83	2458.35

Schedule of implementation Expenses to be incurred:

(Amount in lacs)

Schedule of Implementation	24 month from 20/09/2002	24 months from 07/03/2003
Year	Amount	Amount
Sept. 2002 to March 2003	2037.45	NA
April 2003 to March 2004	4300.00	2000.00
April 2004 to August 2004	2020.55	
September 2004 to March 2005		4255.00
Total	8358.00	6255.00

*MPRSNNL means Madhya Pradesh Rajya Setu Nirman Nigam Limited

Subsidy from MPRSNNL: The total subsidy from Madhya Pradesh Rajya Setu Nirman Nigam Limited (MPRSNNL) in case of Hoshangbad- Harda- Khandwa is Rs. 51.03 crore and in Raisen – Rahatgarh road project is Rs. 32.77 crores which is determined by MPRSNNL, while signing concession agreement it self.

The disbursement of subsidy is made in proportionate manner as per concession agreement after verification & certification by statutory auditor of the company and independent consultant, normally within 30 days.

There is no other concession from Government / Quasi- Government / other bodies available to the company.

The principal terms of Term Loans sanctioned by institutions & Banks for the Company (31st March, 2004) are:

(Rs. In lacs)

Name of Bank	Date Sanctioned	Amount Sanctioned	Outstanding Amount as	Rate of Interest	Repayment Schedules	Security
Corporation Bank	March 9th, 2004	200.00	136.70	COBAR + Term premium + 0.50% = 11.50%	Within 36 months from the date of first disbursement in equal monthly installments. (Interest to be paid separately as and when due).	<p>1. All the Fixed Assets of the company (Present & Future) Comprising plant & machineries / construction equipments/ vehicles and other movable. The Said property is given as security for term loan as well as working capital loan</p> <p>2. Equitable mortgage of collateral securities in the shape of three properties belonging to different promoters valued at Rs.75.00 lacs</p>

2. Working Capital Arrangements:

The Company has following working capital facilities:

NAME OF BANK	NATURE OF LIMIT	WORKING CAPITAL SANCTIONED (RS. IN LACS)	INTEREST RATE	WORKING CAPITAL UTILISED TILL MARCH 31 st 2004 (Rs. In Lacs)
Corporation Bank	Overdraft Limited	700.00	COBAR + 0.5 % i.e. 11.00% p.a. at present subject to revision from time to time	617.05
Corporation Bank	Cheques / Drafts Purchase (DBC / BDD)	100.00	COBAR + 0.5 % i.e. 11.00% p.a. at present subject to revision from time to time	NIL
Corporation Bank	Bank Guarantee	1850.00	Commission at the prescribed rates.	1534.50
Corporation Bank	Letter of Credit	100.00	Commission at the prescribed rates.	43.00

The advance will be secured by:

1. All the fixed Assets of the Company (Present & Future) comprising plant & machineries / construction equipments / vehicles and other movables excluding those specifically charged to NBFCs. (Residual value at 31.03.03 Rs. 851.31 lacs)
 2. The entire stock & book - debts of the company.
 3. Personal Guarantee of Ashok M. Khurana, Manju A. Khurana, Amit A. Khurana & C. Mohanan, directors of the company.
 4. Equitable mortgage of (i) Residential Bunglow at Plot No.1 & 5, S. No. 676 Gotri Village, Baroda (ii) Property Survey No. 503 1,2,7,8 Plot No. 88, Basement Building at Neelam Appartment, admeasuring 3150 sq. feet (iii) office premises at National plaza.
 5. Term Deposit of Rs. 36.22 lacs / L.I.C. of Rs. 2.50 Lacs.
- The company has availed loan against plant & machinery & vehicles from Bank & NBFCs. The details of same are given below:

(Rs. In Lacs)

Sr. No.	Name of Lender's	Finance Amount	O/s. As on 31.03.2004	Rate of Interest (in %)	Security
1	Centurian Bank Limited	20.80	13.63	14.92	Hitachi
2	Centurian Bank Limited	5.00	0.17	15.50	Paver Finisher
3	Centurian Bank Limited	12.72	0.23	15.50	Escort JCB
4	Centurian Bank Limited	16.96	9.40	12.50	Drum Mix Plant
5	Centurian Bank Limited	30.60	17.03	12.00	Sansor Paver
6	Centurian Bank Limited	20.89	11.69	12.00	Kothari – Crusher
	Total.....(1)	106.97	52.15		
7	GMAC – TCFC Finance Limited	8.50	7.15	8.5	Opel Chevrolet
	Total.....(2)	8.50	7.15		
8	HDFC Bank Limited	9.29	3.24	9.26	Bolero Camper
9	HDFC Bank Limited	3.25	1.45	9.26	Marshal Royal
10	HDFC Bank Limited	8.24	5.81	8.25	Tempo Trax
	Total.....(3)	20.98	10.50		
11	ICICI Bank Limited	19.40	4.61	11.90	Ashphalt Compactor
12	ICICI Bank Limited	3.25	0.55	12.00	Neo Hydraulic Loader
13	ICICI Bank Limited	12.01	2.05	12.01	Escort JCB
14	ICICI Bank Limited	25.30	7.42	11.90	Escort JCB – 2 Nos
15	ICICI Bank Limited	15.85	6.24	11.64	IR Compactor – IDD 100
16	ICICI Bank Limited	23.35	12.71	9.27	Hitachi
17	ICICI Bank Limited	9.20	6.19	12.40	Mechanical Paver
18	ICICI Bank Limited	28.80	19.39	12.50	Sansor Paver
19	ICICI Bank Limited	20.24	10.70	3.96	Tandom Roller
20	ICICI Bank Limited	5.65	2.70	11.25	Scorpio
21	ICICI Bank Limited	52.50	27.12	12.50	Nawa Crusher
22	ICICI Bank Limited	54.00	18.77	12.50	Kothari Crusher

23	ICICI Bank Limited	22.84	14.36	9.00	Dumpers – Leyland
24	ICICI Bank Limited	39.89	25.43	9.00	Dumpers – Tata
	Total.....(4)	332.46	158.24		
25	Kotak Mahindra Finance Ltd.	40.80	16.85	13.34	Dumpers
26	Kotak Mahindra Finance Ltd.	9.00	0.73	13.34	Shitla – Wet Mix Plant
27	Kotak Mahindra Finance Ltd.	61.20	9.05	13.34	Dumpers
28	Kotak Mahindra Finance Ltd.	12.20	2.04	13.34	Escort JCB
29	Kotak Mahindra Finance Ltd.	34.00	16.26	0.00	IR – Soil Compactor
30	Kotak Mahindra Finance Ltd.	17.40	9.83	0.00	Compactor
31	Kotak Mahindra Finance Ltd.	20.20	11.42	0.00	Compactor
32	Kotak Mahindra Finance Ltd.	36.35	33.44	5.5	Dumpers
33	Kotak Mahindra Finance Ltd.	87.00	74.40	3.82	JCB
	Total.....(5)	318.15	174.03		
	Total..... (1 to 5)	787.07	402.06		

V. COMPANY, MANAGEMENT AND PROJECT:

M/S. MSK PROJECTS (INDIA) LIMITED incorporated on 20th December, 1994 had started construction business in the year 1976 in the name of *MIS. M. S. KHURANA*, a partnership firm. The firm was registered as a public limited company in the name of *MIS. MSK PROJECTS (INDIA) LIMITED* under section 566 of the Companies Act, 1956. The Company has got certificate of commencement of business on 27th January 1995.

The Company entered into the field of Industrial construction with prime motive of servicing reputed clients. The firm has gained experience in various type of works such as mass housing & township, multi - storied buildings. Industrial projects for coal mines, fertilizer plants, petrochemicals, water retaining structures, and have successfully & timely executed them.

The firm during this tenure have independently executed projects for various large scale private / public sector giants like G. E Plastic Limited. Crompton Greaves. Indian Petrochemicals Limited. National Thermal Power Corporation Limited, M/s. Nitco Tiles Pvt. Limited. Gujarat Chemical Port Terminal Limited, Rajasthan Industrial Investment Corporation (RIICO) Ltd., M/s ACP Industries Limited, M/s. Hindustan Lever Limited, M/s. Philips (India) Limited.

The Company has developed today team of qualified, dedicated engineers and a task force capable of taking any challenging assignment in any part of India.

The Company has been undertaking projects for Residential Township on Industrial projects in hitherto inaccessible areas & no job is big or difficult for them to undertake and execute to the satisfaction of the client. In order to consolidate their efforts & for easy administration of the company's projects, the group companies viz. Emsons Construction Pvt. Limited and M/s. M. S. Khurana (Engineering &

Contractors) Pvt. Limited have been amalgamated with the company with effect from 15 January, 1995 pursuant to order of Gujarat high court.

The Company has diversified in the field of Infrastructure development particularly road sector on Build - Operate & Transfer (BOT) basis. Due to huge requirement of funds for upgrading maintenance & speedy development of National Highways, the Government has opened the segment for private sector. The Government and funding Institution, have offered various concessions for private sector to participate road development. The company had completed the Railway Over Bridge (ROB) at Kishangadh before schedule. It has also formed a special purpose vehicle (SPV) for development of roads in joint venture with National Builders because SPV is statutory requirement and will be liquidated at the end of contract period.

PROJECTS ON HAND:

List of work on hand as on 15.06.2004

(Rs. In lacs)

Sr. No.	Name of the project	Name of Client	Contract Amount	Expected Completion Date	Value of Balance work
1	Developing, Strengthening, Widening, Maintaining and Operating Hoshangabad – Harda – Khandwa road Project for Madhya Pradesh Rajya Setu Nirman Nigam Limited (MPRSNNL) Bhopal.	Madhya Pradesh Rajya Setu Nirman Nigam Limited, “AVN Tower”, 192, Zone – I, M.P. Nagar, Bhopal : 462 011.	8100.00	19.09.04	2400.00
2	Reconstruction, Strengthening, Widening & Rehabilitation of Raisen – Rahatgarh Project on BOT Basis for Madhya Pradesh Rajya Setu Nirman Nigam Limited (MPRSNNL), Bhopal.	Madhya Pradesh Rajya Setu Nirman Nigam Limited, “AVN Tower”, 192, Zone – I, M.P. Nagar, Bhopal : 462 011.	5772.00	06.03.05	3800.00
3.	Proposed Addition / alterations and modifications in structures and buildings phase I and II	Bhansali Engineers Polymers Limited 138-143, Ambaji Industrial Estate Abu Road, 307026	165.00	30.12.04	70.00
4	Site Grading works for MSQ upgradation projects of Gujarat Refinery	Indian Oil corporation Limited – Refinery Division, Scope Complex, Core II, 7, Institutional Area Lodi New Delhi - 3	47.25	20.08.04	10.25
	TOTAL.....		14084.25		6280.25

Particulars	Amount (Rs. In Lacs)
Construction cost	5874.26
Add: Net Current Assets	243.57
TOTAL	6117.83

The above expenditure made on the project till 24th May 2004 has been financed as under.

Particulars	Amount
Share Capital including premium	700.03
Subsidy from MPRSNNL	3572.10
Secured Loan from:	
-SIDBI	510.00
-State Bank of India	570.00
Unsecured loan	765.70
TOTAL	6117.83

SPECIAL PURPOSE VEHICLE COMPANY:

MSK HIGHWAYS LIMITED, Previously known as Kshitij Infrastructure Limited a special purpose vehicle is promoted by Shri Ashok Khurana, Smt. Manju Khurana, Shri Amit A. Khurana & MSK Projects (India) Limited for carrying out Infrastructure project of Raisen Rahatgarh Road project in Madhya Pradesh with the help of subsidy from Madhya Pradesh Rajya Setu Nirman Nigam Limited (MPRSNNL). The Company proposes to Invest Rs. 734.99 lacs in the said company's by way of equity capital out of issue proceeds which will make this company as a wholly owned subsidiary of MSK Projects (India) Limited.

The total cost of the project and means of finance is as under:

Cost of Project	(Rs. In lacs)
Construction cost	5772.79
Preliminary & Pre Op. Exp	199.57
Interest during Cost period	205.20
Escrow Deposit	77.28
TOTAL	6254.84

Means of Finance	(Rs. In lacs)
Equity Share Capital	760.00
Unsecured Loan	417.84
Subsidy from MPRSNNL	3277.00
Rupee Term Loans HUDCO	1800.00
TOTAL	6254.84

The total concession period of the project is 5440 days from the date of commencement & commencement date for the project is 7th March 2003. The project is under implementation stage and total expenditure incurred upto 24th May 2004 is as follows:

Particulars	Amount (Rs. In Lacs)
Construction cost	2319.09
Add: Net Current Assets	139.26
TOTAL	2458.35

The above expenditure made on the project till 24th May 2004 has been financed as under:

Particulars	Amount (Rs. In Lacs)
Share Capital	416.06
Subsidy from MPRSNNL	965.40
Secured Loan from -HUDCO	704.00
Unsecured loan	372.89
TOTAL	2458.35

GROUP COMPANIES :

MSK PROJECTS (INDIA) (JV) LIMITED has been promoted by MSK Projected (India) Limited and Khushman Projects and Infrastructure as a special purpose vehicle (SPV) for implementing three following roads projects on B.O.T basis in the state of Rajasthan.

- i) The Company had been awarded following Road Projects on B.O.T. basis in Rajasthan.
- ii) Strengthening widening and improvement of Nasirabad. Kekri Road (S.H. 26) K.M. 1 to K.M. 25.
- iii) Sikar Bye Pass of N.H.No. 11 between K.M. 340/175 K.M. 3561 / 965.
Bharatpur Bye pass from Bharatpur Mathura Raod (K.M. 4/553) to Bharatpur Jaipur Road on National highway No. 11 (KM 59/800).

The financial highlights of the company are

PARTICULARS	(Rs. In Lacs)		
	31.03.2001	31.03.2002	31.03.2003
Income	291.89	394.47	455.20
Depreciation	2.32	2.48	1.96
Exp. On BOT written off	163.60	304.55	304.95
Loss	(83.59)	(204.91)	(132.20)
Cash Accruals	82.33	102.21	174.71
Equity Share Capital	500.00	500.00	500.00
Redeemable Preference Share Capital	165.00	165.00	165.00
Total Paid up Share Capital	665.00	665.00	665.00
MSK Project (India) Ltd. Share Capital	137.93	137.93	137.93
% of shareholding of MSK Project (India) Ltd.	27.59%	27.59%	27.59%

- A. The Joint venture has incurred net loss in the years ended 31st March 2001 and March 02 and March 03 mainly due to write off in the profit and loss account of the proportionate construction cost of the BOT projects, which as an accounting policy is to be written off over the life of the BOT projects in equal annual installments. The company have however earned cash profit in all three years.
- B. The company has been earning lower Toll collection in two of it's projects, namely Bharatpur and Sikar Bypasses. The same has apparently been due to the following reasons:
Bharatpur Bypass and Sikar Bypass have a common problem of, non -enforcement or the notification issued by Govt.; banning commercial Vehicles from passing through Bharatpur city and Sikar City. This would have ensured that the vehicles use the bypass, of the respective cities, constructed by the company. The local authorities have not been enforcing using the bypass and continue to let the vehicles use the road passing through the town. Also initially there was delay in issue of such a notification by the state government beyond the scheduled time for the same as laid down in the project milestones for each of the BOT projects.
- C. For Bharatpur there is an additional problem of the collector of Bharatpur having directed the company not to levy toll on Bharatpur Deeg section, which goes against the provisions of the important covenants of the concession agreement. Consequently the company is not collecting toll for traffic flowing in and out of the by-pass from the Bharatpur -Deeg Section, from 13th May 2000.
Despite the aforesaid, the company has been able to earn cash profits. The matter has been referred to arbitrators for finalizing and recovering the amount of loss. Despite the aforementioned lower toll collection. due to reasons beyond the company's control, the term loan repayments to term lenders continue to be regular.

PRESENT PROMOTERS AND THEIR BACKGROUND:

- The company has been promoted by Mr. Ashok M. Khurana, Mrs. Manju A Khurana, Mr. Amit Khurana and Mr. C. Mohanan S.

MR.ASHOK M.KHURANA (Age 60 years)

- The company has been promoted by SHRI ASHOK KHURANA, aged 60 years, a commerce graduate who has more than 30 years experience in the field of constructions. After completion of education, he has joined hands in the family business of construction which was run by his father in the name of M/s. M. S. KHURANA. In the year 1976 he has started construction activity independently. He has executed various types of projects such as mass housing & townships, multi - storeyed Buildings, Industrial projects for coal mines & fertilizers, overhead & underground water tanks, water retaining structures, fly over bridges etc. He is the mainstay & guiding force of the company.

MRS.MANJU A.KHURANA (Age 52years)

- Smt. Manju A Khurana aged 52 years is a M. A. (Sociology). She is an Executive Director of the company looking after overall administration of office. She has got more than one decade experience in construction line.

MR. C. MOHANAN S. (Age 52 years)

- Shri C. Mohanan S., aged 52 years is a Commerce Graduate. He is also an Executive Director and has got experience of more than 22 years in construction line. He has started his career with Khurana Group since 1970. He is looking after finance and account of the company.





MR. AMIT A. KHURANA (Age 25 Years)

- Shri Amit A. Khurana, aged 25 Years is Business Administration Graduate After completion of his studies, he has joined hands in the family business of construction he is looking after independently execution of project.

COMPANIES UNDER THE SAME MANAGEMENT UNDER SECTION 370 (1 B) OF THE COMPANIES ACT, 1956.

There are no other listed companies under the same management within the meaning of section 370 (1 B) of the Companies Act, 1956.

BOARD OF DIRECTORS:

Sr. No.	Name, Age & Designation	Address	Qualification	Other Directorship	Photograph
1	MR. ASHOK KHURANA (60 Years) S/o. Madhavdas Khurana (Managing Director) Permanent A/c No.: ADKPK9409J Passport No. E4063551 Bank A/c No 1386 Branch Address Corporation Bank, Alkapuri Branch, Baroda	1, Vikram Society, Gotri Road, Baroda.	B. Com.	MSK Projects (India) (JV) Limited MSK Project Highways Limited MSK Infrastructure & Toll Bridge Pvt. Limited	
2.	Mr. Amit A. Khurana (25 Years) S/o. Ashok Khurana (Executive Director) Permanent A/c No.: ADDPK6791N Passport No. E0999859 Bank A/c No 1119 Branch Address Corporation Bank, Alkapuri Branch, Baroda	1, Vikram Society, Gotri Road, Baroda.	B.B.A.	MSK Project Highways Limited MSK Infrastructure & Toll Bridge Pvt. Limited	
3.	MRS. MANJU KHURANA (52 Years) W/o. Ashok Khurana (Executive Director) Permanent A/c No.:ACGPK8850J Passport No. E4063827 Bank A/c No 2129 Branch Address Corporation Bank, Alkapuri Branch, Baroda	1, Vikram Society, Gotri Road, Baroda	M.A. (Sociology)	MSK Projects (India) (JV)Limited MSK Project Highways Limited MSK Infrastructure & Toll Bridge Pvt. Limited	
4.	MR. C. MOHANAN (52 Years) S/o. Shankaran Chorani (Executive Director) Permanent A/c No.: AAVPC7408B Passport No. Nil Bank A/c No 327 Branch Address Corporation Bank, Alkapuri Branch, Baroda	1122, Dutt Nagar, Gotri Road, Baroda	B.Com	NIL	

i. **MANAGEMENT:**

The overall management of the company is vested with the Board of Director and the day to day affairs of the company are managed by Shri Ashok M. Khurana, Managing Director of the company and Shri Amit A. Khurana Executive Director of the company. Mrs. Manju Khurana looks after administration of the company & finance and accounts department is handled by Shri C. Mohanan. The company has in its employment well qualified and experienced technical team of professionals. The management of the Company is assisted by a team of qualified and experienced personnel:

Sr. No.	Position	Name	Age Years	Qualification	Experience
01.	Vice President	Sh. Vasudev Talreja	44	B.Com.	More then 25 years experience in civil and structural works of Industrial / Residential project in Maharashtra, Gujarat, Rajasthan and M.P.
04.	Project Co Ordinator	Sh. P. S. Patel	52	D.C.E.	More than 30 years experience in the field of Civil Construction Works. Executed various Industrial Residential & Road Works Projects for Government, semi government, PSU & Private sectors in the state of Gujarat & Maharashtra. Worked in the quality Control Laboratory and Tendering activities also as a Consulting Engineer with Engineers India Limited.
05.	Resident Construction Manager	Sh. Bhurabhai Kotdia	56	B. E. Civil	More than 25 years experience in the field of civil construction. Worked with Pvt. Sector like Manish Builders, Sapna Builders, Ajmer Cement Pvt. Limited, GIDC – Rajkot, MIDC & Western Railway etc.
06.	Vice President	Sh. C. Surendran	52	B.Com.	More then 20 years experience in civil and structural works of Industrial / projects and completed works for M/s. Kesar Petro Chemical, ATV Projects, Metrochem & Nitco Tiles at Alibaug, MS.
07.	Resident Engineer	Sh. Ashok Meghani	39	A.M.I. Civil	Executed works for PDIL, Petrofiles, Township, IPCL, Industrial Shed, Heavy RCC Structural Like U/G Sump, Housing Scheme, Roads, Pile Foundation, Heavy Foundation, Multystoreyed Building, Water Supply and Sanitary Networks, GACL, Sajjan India Limited, IPCL, ONGC etc.
08.	Resident Engineer	Sh. Ramesh L. Suthar	47	Diploma Civil	More than 25 years experience and worked on the projects for IPCL, GAIL, Modern Threads, ROB at Kishangarh etc.

09.	Resident Engineer	Sh. Raju Vergese	36	Diploma Civil	Projects completed like Hotel Oberoi, Bombay, Bhusawa TPS Project; Punvel ONGC, LOPE & Gas Cracker Project for MGCC IPCL, Nitco Alibaug, ROB at Kishangarh etc.
10.	Resident Engineer	Sh. P.O. Chauhan	36	Diploma Civil	Industrial works of ONGC Hazira, GGIC Nagothane, Hydro Cracker, Vikram Cement, GAIL, G.E. Plastic Project, Light Source Project, Crompton Greaves Ltd.. Denocil.
11.	Resident Engineer	Sh. Somnath Nair	40	Diploma Civil	Petrofils Filament Yarn Project, Petroleum Resin Project IPCL. Admn. & HBT Building, Kesar Petro Products-Chiplun, Admn. Block for Ujjain Mu.Corp. Abu Road, RPRL, C.G. Glass Ltd., Kural, IPCL etc.
13.	Resident Engineer	Sh. Kiran M. Kelkar	32	Diploma in Civil Engg.	More then 13 years experience in the field on civil construction. Worked for GNFC, NVC, GSFC, GAIL, RPRL, CG Glass Limited., IPCL Dahej for their industrial & residential projects.
14.	Sr. Resident Engineer	Sh. Avinash Shastri	50	B. E. Civil	More then 23 Years experience in the field of Civil Construction work like Industrial Housing and Road projects with Private Sector like Nitco, Nagothane, Zalore, Metrochem, C. G., Glass etc.
15.	Engineer	Sh. Bharat G. Patil	26	B. E. (Civil)	More then 1 year experience in the field of civil construction work.
16.	Engineer	Sh. Sandipkumar Singh	34	B.E. (Civil)	More then 3 years experience in the field of civil construction work.
17.	Electrical Engineer	Sh. Ketan Patel	36	B.E. (Civil)	More than 14 years experience. Have worked for Premier Auto Electric, Reactive Polymers Limited, Looking after fabrication workshop.

- **EMPLOYEE TURNOVER RATIO:**

The company has experienced an average employee turnover rate of 2.50% over the last two years.

(The employee turnover ratio is calculated: = employees who left the company / total strength of the employees)

- **CHANGES IN KEY MANAGERIAL PERSONNEL;**

The following Key managerial personal have left the organization over last one year.

Shri P. S. Pradhan	Chief Engineer
Shri Ramesh Wadhvani	Electrical Engineer
Shri Kaushik Shah	Resident Engineer

- **OUTSTANDING LITIGATIONS / DEFAULTS / DISPUTES:**

- Out Standing Litigation:

- **AGAINST THE COMPANY**

There have been no prosecution criminal or civil and no outstanding litigations including disputed tax liabilities lodged against the company.

- **AGAINST THE BOARD OF DIRECTORS, PROMOTERS, OTHER VENTURES OF THE PROMOTERS;**

There has been no prosecution, criminal or civil and no outstanding litigations Including disputed tax liability lodged against anyone of the board of the directors or promoters of the company or other ventures of the promoters.

- **DEFAULTS :**

- **Against the Company:**

There has been no default in meeting statutory dues and other dues and claims against the company.

The Company has no overdue, defaults to Financial Institutions / Banks

Reschedulement of loans to Banks / FI's.

- **Against the Board of the directors, Promoters:**

There has been no default in meeting statutory dues and other dues and claims against the Board of Directors/Promoters. There are no pending litigations against the promoters / directors in their personal capacities 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 litigations / defaults 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 XII of the Companies Act, 1956.

The company, its promoters / Directors and other companies with which promoters are associated has neither been suspended by SEBI nor any disciplinary action has been taken by SEBI Stock Exchanges. There are no prosecution launched by Income - Tax Authorities and no liability compounded by the promoters, Company, Companies / firms with which the promoters are associated is subsisting.

There are no cases of pending litigation / defaults In respect of the firms / companies with which the promoters were associated in the past but are no longer associated.

THE PROJECT

The Company has been awarded by Madhyapradesh Rajya Setu Nirman Nigam Limited a Nigam of Madhya Pradesh Government.

- i. Developing, Strengthening, Widening, Maintaining and operating Hosangabad Harda – Khandwa Road (185.60 Kms) (designed as Sh. No. 26 between Khandwa & Hosangabad, On B.O.T. basis).
- ii. Strengthening, Widening, Upgradation, Preparation and maintenance of existing state highway connecting towns of Raisen and Rahatgarh with KM. Chainage of 47.8 km to 148.1 km. On Built – operate – Transfer (BOT) Basis. The actual length of the read corridor is 101.30 km.

The company has floated two special purpose vehicle viz.

1. MSK Infrastructure & Toll Bridge Pvt. Limited for implementation of Hosangabad Harda Khandwa Road project
2. MSK Highways Limited for Implementation of Raisen Rahatgarh Project respectively.

The salient features of both the projects are given below:

Particulars of Project	Hosangabad – Harda – Khandwa Road Project 2002	Raisen – Rahatgarh Road Project 2003
Commencement year		
Entity Owing the Contract	MSK Infrastructure & Toll Bridge Pvt. Ltd.	MSK Highways Limited
Concession Period	5440 days from the date of commencement	5440 days from the date of commencement
Construction period	24 Months	24 Months
Project Cost....		(Rs. In Crores)
Construction Cost	80.44	57.73
Technical Professional Consultant Fees	01.15	- - -
Preliminary & Pre Operative Exp.	00.24	02.00
Interest During Construction	01.00	02.05
Debt Recovery Reserve	00.75	00.77
TOTAL.....	83.58	62.55
MEANS OF FINANCE		(Rs. In crores)
Promoters Contribution	14.55	11.78
Subsidy From MPRSNNL	51.03	32.77
Loan From State Bank of India	09.50	0.00
SIDBI	08.50	00.00
HUDCO	00.00	18.00
TOTAL.....	83.58	62.55

Till 24/05/2004 company has deployed Rs. 6117.83 lacs in Hosangabad – Harda – Khandwa Road Project and Rs. 2458.35 lacs in Raisen – Rahatgarh Road Project The investment made upto 24th May 2004 as per certificates dated 24th May 2004 of M/s Mahendra P Shah & Company, Chartered Accountant, Baroda for Hoshangbad- Harda- Khandwa road project, and Mukund & Rohit, Chartered Accountant, Baroda for Raisen – Rahatgarh road project).

“The time involved in execution of similar nature of project of construction of roads may depend on length of road, location of road, and contract obligation & work involved there in and no comparison is possible”.

Strength:-			
i.	The Project is one of the Vital link Road in Madhya Pradesh	i.	The project is one of the vital link Corridors in Madhya Pradesh. The toll estimated as on the date is Second highest in all roads for which tenders were floated by MPRSNNL.
ii.	Guaranteed increase in toll collector by 7 % every year.	ii.	Guaranteed increase in toll collection by 9 % every year.
iii.	State support ensuring that no competing facility is put up for a period of eight years, support in terms of requisite Infrastructure facilities, police assistance, assistance in ensuring free flow of traffic on the highways.	iii.	State support ensuring that no competing facility is put up for a period of eight years, support in terms of requisite Infrastructure facilities, police assistance, assistance in ensuring free flow of traffic on the highways.
iv.	The income generated from Infrastructure project is exempted from income tax for 10 years.	iv.	The income generated from Infrastructure project is exempted from income tax for 10 years.

FINANCIAL PERFORMANCE OF THE COMPANY FOR LAST FIVE YEARS:

(Rs. In Lacs)

PARTICULARS	Year Ended 31 st March'				
	2000	2001	2002	2003	2004
Contract Receipt	1683.49	1972.56	1948.60	4307.03	7261.90
Toll Collection	107.22	775.12	799.61	920.67	75.45
Other Income	34.16	85.04	27.08	77.91	96.05
Variation in Work-In-Progress	(22.02)	254.68	247.73	455.84	(539.43)
<u>TOTAL INCOME (I)</u>	1802.85	3087.40	3023.03	5761.45	6893.97
<u>EXPENDITURE</u>					
Material Consumed	783.03	1064.31	900.03	2329.19	3459.27
Site Cost & Other Expenses	717.71	1015.15	1071.97	2060.47	2541.52
Financial & Bank Charges	62.19	150.74	120.87	153.83	179.29
Depreciation	95.77	88.85	113.60	180.00	266.45
Build, Operate & Transfer Project Expenses Written off	45.03	347.20	347.20	347.20	25.68
Preliminary Expenses Written Off	0.34	1.85	1.85	1.85	2.12
Provision for Maintenance of R.O.B.	10.72	-	-	-	-
<u>TOTAL EXPENDITURE</u> <u>(II)</u>	1714.79	2668.10	2555.52	5072.54	6474.33
PROFIT BEFORE TAXATION (I – II)	88.06	419.30	467.50	688.91	419.64
PROVISION FOR TAXATION	15.50	45.00	36.00	53.00	90.00
INCOME TAX FOR PRIOR YEAR	-	-	-	0.46	0.73
DEFERRED TAX	-	-	-	26.53	25.80
PROFIT AFTER TAXATION AS PER AUDITED ACCOUNTS	72.56	374.30	431.50	608.92	303.11

(Rupees in Lacs)

PARTICULARS	Year Ended 31 st March'				
	2000	2001	2002	2003	2004
PROFIT AFTER TAXATION	72.56	374.30	431.50	608.92	303.11
Prior Period Income	22.60	(20.60)	(2.00)	-	-
ADJUSTED PROFIT	95.16	353.70	429.50	608.92	303.11
Carry Forward From Previous Year	110.42	135.80	200.28	304.63	873.56
PROFIT AVAILABLE FOR APPROPRIATION III)	205.58	489.50	629.78	913.55	1178.67
Capitalized During the year on issue of Bonus Shares	-	123.55	-	-	-
General Reserves	-	36.00	40.00	40.00	-
Proposed Final Dividend	57.96	115.97	-	-	-
Interim Dividend	-	-	244.27	-	-
Corporate Dividend Tax	6.38	11.83	24.92	-	-
Deferred Tax adjustment in General Reserve **	5.44	1.87	15.96	-	-
BALANCE CARRIED TO BALANCE-SHEET	135.80	200.28	304.63	873.56	1178.67

INFRASTRUCTURE SCENARIO:

INFRASTRUCTURE DEVELOPMENT:

The infrastructure covers a wide spectrum of services such as transportation (Railways, Roads and Road Transport, Civil aviation, ports and shipping), power generation, transmission and distribution, telecommunications, postal facilities, and urban infrastructure. Provision and maintenance of adequate infrastructure facilities at reasonable cost are absolutely necessary if rapid economic growth is to be achieved and sustained.

Technological and organisational innovations have also made it possible to unbundle difference segments of infrastructure services and reduce the level of public monopoly which was intrinsic to its supply. Furthermore, the traditional organisation framework for the delivery of infrastructure has shown serious weaknesses in the planning and implementation of projects. Non - availability of funds on a timely basis and lack of proper evaluation and implementation of projects have led to major time and cost over - runs.

INDISPENSABLE INFRASTRUCTURE:

Most planners agree that building up in infrastructure facilities is a preliminary step for a

strong economy and transportation is an essential element of such facilities. In fact the transport system available in a country determines the qualitative character of economic development, the trend and pace of the country's growth as well as advancement of civilisation. A well-knit transport network raises the standard of living of the masses, determines the trends of organisation, population shifts and level of employment, helps in breaking the barrier of isolation and promotes exchange of various cultures, national unity and integration.

GOVERNMENT POLICY*:

Policy Initiatives for Attracting Private Investment

- Government will carry out all preparatory work including land acquisition and utility removal. Right of way (ROW) to be made available to concessionaires free from all encumbrances.
- NHAI / GOI to provide capital grant up to 40% of project cost to enhance viability on a case to case basis
- Concession period allowed up to 30 years
- Arbitration and Conciliation Act 1996 based on UNICITRAL provisions.
- In BOT projects entrepreneur are allowed to collect and retain tolls
- NHAI permitted to participate in equity in BOT projects up to 30% of total equity.
- Duty free import of specified modern high capacity equipment for highway construction.

Indian Road Network

(Length in KM)

National Highways	58112*
State Highways	137119
Major District Roads	470000
Village and Other Roads	2650000
Total lengths	3315231

***National Highways are less than 2 % of network but carry 40% of total traffic**

Model Shift

There has been a major shift in transportation mode from Railways towards the Road sector.

- Primary Network - Only 2 to 3 % 4 - Laned, 15% single laned
- Primary/Secondary Network - Severe capacity constraint and lack of mobility
- **Tertiary Network**
 - Connectivity an issue
 - 40 % habitations not connected by all weather roads

Current Status

	Road	Railways
Passenger	85%	15%
Freight	70%	30%

*Sources:<http://www.nhai.org/roadnetwork.htm>

ROADWAYS

After the Independence, urbanisation and rapid modernisation led to establishment of business centers at most of the towns and setting. up Industries at different locations resulted in manifold increase in vehicular traffic. This requires the roads which can provide service through out the year. With ease & comfort the commodities from eatable to construction materials required by the inhabitants are mostly (about 85 Per cent) are transported by these

roads. Thus roads play very important role in the socio - economical development of a country. To ensure that the fruits of development activities may reach to the society, the roads have to last longer and perform better.

"Roads are the veins and arteries of a country through which channels every improvement circulates". A well - developed road transport network leads to industrial and agricultural development, and facilitates the solution of vital economic problems. It creates more employment opportunities. It assists the development of both internal and external trade. It also breaks the isolation of India Villages and brings them into the main stream of national life.

ROAD AND ROAD TRANSPORT:

India has a road network covering 2.7 million kilometers which makes it the third largest road network in the world. However, this network is not adequate for speedy and efficient transportation. Half of this is made up of unsurfaced road. The National Highways which are arterial routes have currently a network of 34,298 Km. Although they carry nearly 40 per cent of the goods and passenger traffic, the national 'It highway network constitutes less then 2 percent of the total road network.

Road transport is the dominant form of transport for people and goods in India. Over 80 percent of passengers and over 60 per cent of freight move by roads. It is estimated that by the year 2000 road traffic will account for 87 and 65 per cent of passenger and goods traffic, respectively. The quality and capacity of national highways have to be enhanced consistent with the traffic expansion and overall economic growth of the country. Traffic movement on the highways is suffering from frequent stopovers and congestion as almost 15 per cent of national highways and 75 per cent of state highways are single lane road.

The main factor which contributes to durability and better performing roads are:

- Materials and appropriate specifications
- Pavement design
- Construction & quality control techniques.

The Road Development Plan 2001-2021: Vision 2021

A Document on Road development Plan: Vision 2021 has been prepared on behalf of Ministry of Road Transport & Highways before preparing the detailed Plan which represent an expression of the intent for highway development in next two decades. The major thrust areas covered relate to mobility in the respect of main roads and accessibility in respect of rural roads to connect all villages in a time bound program. Strategies for capacity augmentation and preservation of assets have been brought out together with measures to mobilise additional resources and capacity building in the Govt. organisation, consultancy sector and contracting industry to meet the challenges facing the highway sector in the years to come. Steps required to meet the needs of higher safety, energy conservation and protection of environment have been dealt with.

SOURCE: Road Development Plan 2003-04 Indian Roads Congress.

DEVELOPMENT AND MANAGEMENT OF ROADS

Responsibility for the development and maintenance of National Highways rests with the Central Got, while all other roads are the responsibility of the concerned State Govts, and the local bodies.

Presently, NHs are being developed, maintained and managed under an agency system. The execution of works and day-to-day management are looked after by the Public Works Department and those in the border areas are developed and maintained by the Border Roads Organisation (BRO). The Ministry of Surface Transport (MOST), Govt, of India, has the overall responsibility including planning, budgeting and standardisation for National Highways.

PROBLEMS

Much of the expansion of the road network has been through building rural roads to provide connectivity to rural areas, although 50% of villages are still to be connected with all - weather roads.

The main road have not kept pace with traffic in terms of quality also. Out of the total 162,920 Km. Length of National and State Highways only 2 percent of their length is four-lane, 34% two-lane, and 64% single lane. As far as NHs are concerned, only 5% of their length, is four-lane, 80% two-lane and the balance 15% continues to be single lane. The deficiencies in the road network is causing huge economic losses due to slow transportation and also contributing to high rate to road accidents.

INVESTMENT NEEDS

Based on growth trends, projections for future requirements of roads have been made by various agencies: the Planning Commission, MOST, Indian Road Congress (IRC). The working group or roads for the Eighth Five Year Plan predicted that freight and passenger traffic are expected to rise further to 800 BTK and 3000 BTK respectively by 2001. With an anticipated growth in GDP at 7% per annum, annual growth of road traffic is expected to be 9 to 10%.

DEVELOPMENT NEEDS

The 20 year Road Development Plan (1981 - 2001) has envisaged a need of 66,000 Km long NHs and 1,45,000 Km, Long SHs network by the year 2001. There is also a need of 10,000 Km long Expressway network by the year 2015. In addition, there is a need to upgrade the road system in the country by widening and strengthening existing highways, reconstruction/widening bridges and provisions of user friendly improvements

Based on the estimates made by MOST and other expert from time, a broad assessment has been made by an expert group for the needs for the development and expansion of the main roads. The details are given below:

STATUTES AND INSTITUTIONAL STRUCTURE

The functions relating to development maintenance and management of National Highways are carried out by the `Central Govt. under the provisions of National Highways Act, 1956. The Act has been amended in June, 1995 to permit private sector participation.

The National Highways Act, 1956 empower the Central Govt. to enter agreement with any person for development and maintenance of National Highways. The person may be an individual, partnership firm, company, joint venture, consortium or any other form of legal

entity, Indian or foreign, capable of financing from own resources or funds raised from financial institutions, banks, open market etc., designing and building the project and operating and maintaining it, collecting fee from users during an agreed period which together with construction period is termed as concession period. Upon expiry of the concession period, the right of the person to collect the fee and his obligation to operate and maintain the project will cease and the facility will stand transferred to the Central Govt.

All policy matters relating to National Highways are decided by the Ministry of Surface Transport.

The Central Govt. has decided that the policy of privatisation of National Highways will be implemented by the National Highways Authority of India (NHAI). In exceptional cases, the Central Govt. may also assign the functions of implementing agency (IA) to the States.

NHAI was established under the National Highways Authority of India Act, 1988 but was operationalised on in February 1995. The Authority is an Autonomous Body with executive responsibility for the development, maintenance and operation of those National Highways and associated facilities vested in it by the Ministry of Surface Transport. It is intended to take over the management of the entire National Highways on agency basis in a phased manner. The Authority has been entrusted with the execution of the highway project under ABD-III as well as OEC-III. In addition, NHAI will also be implementing other externally-aided projects like World Bank-III and maintenance thereof. NHAI will also be responsible for implementation of the policy of privatisation in higher sector.

Apart from the Chairman the Authority has four full time Members namely Member (Technical), Member (Finance & Administration), Member (Private Investment) and Member (Information Technology).

MOST has so far entrusted the following works to NHAI for implementation under BOT Scheme:

- Durg Bypass on NH-6 in Madhya Pradesh
- 6 ROBs in Rajasthan, namely :
 - Kishangarh Bypass - NH-8
 - Ajmer Bypass-2 ROBs NH-8
 - Km 26 of NH12
 - Km. 69 of NH-12 (Newari Bypass)
 - Km. 11.5 of NH-14 (Beawar)
- Moradabad Bypass on NH-24 in Uttar Pradesh
- Akola and Amravati Bypassess on NH 6 in Maharashtra
- 4-laning from KM 343.0 to 381.0 on NH-8 in Gujarat
- Incomplete stretch on the delhi-Ambala section of NH-1

GOVERNMENT SUPPORT

The Government will carry out all preparatory works for the projects identified for private investment and meet the cost of following items:

1. Detailed Feasibility Study.
2. Land for Right-of-way and enroute facilities.
3. Clearance of the Right-of-way land: Relocation of utility services, cutting of trees, resettlement and rehabilitation of the affected establishment.
4. Environment Clearances.

Depending upon the financial viability of projects, the Government may recoup its investment on the above items from the project.

Land required for construction and operation of the facilities will be provided by the Govt. free from encumbrances. Private parties would also be allowed to develop services and rest areas along the roads developed by them. case basis.

PROJECTS ON OFFER (NATIONAL HIGHWAYS)

PROJECT NAME	(US \$ MILLION)	
	DETAILS	ESTD. COST
A- FOUR LANING OF EXISTING NHS :		
DELHI-GURGAON (NH-8)	22 KM	22
JAIPUR-AJMER (NH-8)	147 KM	147
SURAT-MANOR (NH-8) GAPS BETWEEN THE	180 KM	180
VADODARA TO SURAT (NH-8) MUMBAI-PUNE SECTION	30 KM	30
(BALANCE LENGTH) NH4 BANGALORE-NELLORE	50 KM	50
CHILAKALURIPET (NH-5)	350 KM	350
HOSUR-KRISHNAGIRI (NH-45)	60 KM	60
CHINGELPET-VELLUPURAM (NH-45)	48 KM	48
LINKAGES TO PORTS	100 KM	100
TOTAL	1,292 KM	1,292
B BRIDGES & BYPASSES	55 NOS.	489

LIST OF BOT PROJECTS AWARDED SO FAR

Project Name	NH No.	State	Cost in Crores of Rs.	Likely/actual date of completion
*Thane-Bhiwandi Bypass	3 & 4	Maharashtra	103	31/12/2001
**Chaltan Road over Bridge	8	Gujarat	10	
**Udaipur Bypass	8	Rajasthan	24	
Construction of Six Bridges	5	Andhra Pradesh	50	08/06/2001
Colmatore Bypass	47	Tamil Nadu	90	03/12/1999
Durg Bypass	6	Madhya Pradesh	68	05/05/2000
Narmada Bridge	8	Gujarat	113	21/12/2000
**Nardhana ROB	3	Maharashtra	34.21	
**Patelganga Bridge & ROB	17	Maharashtra	33.3	
Hubli-Dharwar Bypass	4	Karnataka	68	05/11/2001
Nellor Bypass	5	Andhra Pradesh	73	Oct., 2000
Koratalaiyar Bridge	5	Tamil Nadu	30	Nov., 2000
Kambatki Ghat Tunnel & Road	4	Maharashtra	37.8	Nov., 1999
Nasirabad ROB	6	Maharashtra	10.45	May, 2001
Wainganga Bridge	6	Maharashtra	32.6	July, 2000

Mahi Bridge	8	Gujarat	42	25/04/2000
ROB at Kishangarh Bypass	8	Rajasthan	16.66	31/12/2009
Bridge Across River Watrak	8	Gujarat	48.2	
Moradabad Bypass	24	Uttar Pradesh	100	
ROB at Dera Bassi	22	Punjab	36.11	

*Original work since completed and opened to traffic widening to four lanes is in progress

**Since completed and opened to traffic

*Sources www.bisnetworld.net

Investor Grievance Redressal System:

Investor grievances will be settled expeditiously and satisfactorily by the Company. The agreement between the Company and Registrar to the Issue (RTI) will provide for retention of record with the RTI for a period of at least one year from the last date of dispatch of allotment advice or refund order to enable the investors to approach the RTI for redressal of their grievances.

All grievances relating to the offer may be addressed to the RTI, Purva Shareregistry (India) P. Ltd., giving full details including name, address of the applicant, number of equity shares applied for, amount paid on application and the bank branch or collection centre where the application was submitted.

Investor may note that Mr. C. Mohanan has been appointed as the Compliance officer and he may be contacted in case of any pre-issue or post issue related problems such as non-receipt of allotment advice, refund orders and demat credit, etc. He can be contacted by phone on 0265- 2359893/ 2344756 Fax No. 2341642 and email: mSKIP@satyam.net.in

Disposal of Investor Grievances:

The average time required by the Company or Registrar to the Issue for the redressal of routine investor grievances is estimated to be seven working days from the date of receipt of the complaint. In case of non-receipt routine complaints and where external agencies are involved. the Company or Registrar will strive to redress these complaints as expeditiously as possible.

BASIS FOR ISSUE PRICE:

Qualitative Factors:

1. The company has earned goodwill for timely completion of Industrial Construction. The clients for whom the company had carried out construction work had never filed any case for non completion of work in time.
2. The company has a management team comprising of Civil Engineers headed by its Managing Director, Shri Ashok Khurana, who has over three decades experience in the Industry.
3. The company has carried out various projects for Indian Petrochemical Corporation Limited (IPCL), Gas Authority of India Limited (GAIL), Rajasthan Industrial Investment Corporation Ltd., (RIICO), Hindustan Lever Limited, Philips (India) Limited etc.
4. The company has diversified in to Infrastructure projects particularly road sector in which the income generation is tax free.

Quantitative factors:

1. The Company is an existing profit making and dividend paying company.

2. Adjusted Earning per shares.

	EPS (Rs.)	WEIGHTS USED
(A) 2001-02	7.07	1.00
(B) 2002-03	9.97	2.00
(C) 2003-04	4.96	3.00
(D) Weighted average for last 3 Years	6.98	

3. Adjusted Cash Earning Per Share.

	EPS (Rs.)	WEIGHTS USED
(A) 2001-02	8.92	1.00
(B) 2002-03	12.95	2.00
(C) 2003-04	9.36	3.00
(D) Weighted average for last 3 Years	10.48	

4. P/ E Ratio in relation to issue price of Rs. 40/- based on AVERAGE CEPS of 10.48 is 3.82

5. Average Return on Net Worth

Sr. No.	Year	RONW%	Weights used	Total weights	Average RONW
A	2001-02	32.67	1	32.67	
B	2002-03	33.06	2	66.12	23.54%
C	2003-04	14.14	3	42.42	

6. Minimum return of post issue net worth required to maintain pre issue EPS of Rs. 6.98 is minimum RONW = 19.73 %.

7. Net Asset value (NAV)

(a) As on 31.03.2004	35.09
(b) After issue	37.86
(c) Issue Price	Rs. 40/-

8. The face value of the share is Rs. 10/- and the issue price i.e. Rs. 40/- is 4 times of the face value.

Comparison of accounting ratio of the company with industry average and accounting ratios of peer group for FY 2004

Construction Industry average PE Ratio is 8.9

(Source: Capital Market July 5-18, 2004)

The Lead Manger believes that the Issue Price of Rs. 40/- is justified in view of the above qualitative and quantitative parameters. The investors may want to peruse the risk factors and the financials of the company including important profitability and return ratios, as set out in the Auditors' Report in part II of the Prospectus to have a more informed view of the investment proposition.

MANAGEMENT DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS OF THE OPERATIONS:

Comparative study of significant items of Income & expenditure for the last two years are as under:

(Rs. In lacs)

PARTICULARS	31.03.2003	31.03.2004
Contract Receipts	4762.87	6722.47
Toll Collection	920.67	75.45
Other Income	77.91	96.05
Total Income	5761.45	6893.97
Total Expenditure	4765.22	6055.11
PBDIT	996.23	838.86
Taxation	53.48	90.00
Interest	153.83	179.29
Depreciation	180.00	266.46
Profit after Tax	608.92	303.11

During the financial year 2003-04 the company has contract receipt of Rs. 6722.47 lacs and toll collection income of Rs. 75.45 lacs in comparison to contract receipt of Rs. 4762.87 lacs and toll collection income of Rs. 920.67 lacs in the financial year 2002-03.

During the financial year 2003-04 the company has earned Net profit of Rs. 303.11 lacs after providing depreciation of Rs. 266.46 lacs and tax provision of Rs. 90.00 lacs in comparison to Rs. 608.92 lacs in the year 2002-03. The reduction in the net profit due to lower toll collection income from Rs. 920.67 lacs to Rs. 75.45 lacs in the year 2003-04 and enhancement of depreciation provision of Rs. 86.46 lacs, interest cost by Rs. 25.46 lacs and taxation provision of Rs. 36.54 lacs.

Due to end of concession period of Kishangarh Railway Over Bridge in the month of April 2003 the toll collection income in the financial year 2003-04 is reduced substantially.

1. Unusual or infrequent events or transactions:

There has been no unusual or infrequent transaction in the company. The company has only diversified into infrastructure projects in addition to its usual lines of business.

2. Significant Economic changes that materially affected or likely to affect income from continuing operations.

Infrastructure sector has been identified as thrust area for Economic development of the nation. Most planners agree that building up infrastructure facilities is a preliminary step for a strong economy and transportation is an essential element of such facilities. In view of the support and encouragement given by Government to Infrastructure sector, the management does not foresee any adverse trade or fiscal policies which would affect the growth of Infrastructure sector.

3. Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations:

The company had in the past seen sluggishness and recession in industrial construction and real estate development which would have affected its sales, revenue and income. However, the management took a timely step by diversifying into thrust area of infrastructure projects which is expected to give a boost to its revenue and income in the coming years.

4. Future changes in relationship between Costs and Revenues, in case of events such as future increase in labour or material costs or prices that will cause a material change are known;

The company is into taking up service contracts wherein the tender price is fixed after taking into account break-up of costs under various heads. Hence any escalation under any of the subheads is taken care of while bidding for the tenders.

5. **Competitive Conditions**
Though the company's business is competitive but with its experience, track record and its reputation for completing all its contracts within time schedule and without any problem with quality of its works, the company is not expected to have any difficulty in meeting this competition and bagging fresh projects. It can be borne out by the fact that the company has in hand contracts worth more than Rs. 19359 lacs and its toll collection from the ROB, Kisangadh project is about Rs.720 lacs annually.

RISK FACTORS AND MANAGEMENT PERCEPTIONS THEREOF

1. The Company is promoted by first generation entrepreneurs.

Management perception:

The Company has been promoted by Mr. Ashok Khurana who is having 30 years of experience in the field of constructions and are supported by a team of Qualified Engineers. The promoters have executed similar project by name of Kishangargh Bypass on National Highway no. 8, on BOT basis and has gained experience in similar line of project.

2. The cost of the project for which funds are being raised has not been appraised by any bank or financial institution.

Management Perception:

Profitability of the total project has not been appraised by any bank or financial institutions.

With a view to sanction the Term Loan to SPV, State Bank of India (SBI) and Housing and Urban Development Corporation Limited (HUDCO) have appraised the project namely Hoshangabad- Harda- Khandwa road project and Raisen- Rahatgarh road project respectively

The appraisal of project is for only security purpose of Term Loan, FIs/ Banks have not appraised it for viability or profitability of the project

3. The penalty clause in a work order may affect the Company's profitability in case of delay in execution of contract.

Management Perception:

The Company has a track record of completing projects as per schedule and no penalty has been levied up till now.

4. The Company is doing part of its business of infrastructure Road projects through a special purpose vehicle J.V. namely MSK Projects (India) (JV) Ltd. in joint venture with National Builders, Baroda which may ultimately affect the Company's turnover & profits.

Management Perception:

This joint venture Company in the name MSK Projects (India) (JV) Ltd. was formed for specifically undertaking the three Road projects of Nasirabad-Kekri Road, Bharatpur bypass & Sikar bypass.

It is a statutory requirement of Concession Agreement entered with Rajasthan Government to form SPV for carrying out these projects and after completion of this project JV Company will be wound up. Profitability of this JV company may be affected on account of variations in toll collection which may affect profitability of MSK Project (India) Limited. And quantum of variation in toll collection is yet to be assessed.

5. The company had initially filed its draft prospectus in the year 2000 with SEBI for a public issue of Rs. 840.00 lacs to repay the existing debt, which is taken temporarily for investment in the Infrastructure project. The Company had received SEBI observations vide their letter No PMIMD/AKD/17557/2000 dated November 3, 2000 for its issue but had not preceded with the same

Management Perception

The company deferred its public issue due to bad market conditions prevailing at that time and the said project has been financed through Loans, Subsidy and Internal Accruals.

6. There is a contingent liability of Rs. 1691.83 lacs as on 31st March 2004

Management Perception:

Nature of the contingent liabilities:

- Bank Guarantee of Rs. 1325.09 lacs issued by the Company's bankers for various contracts awarded to the company.
- Bank Guarantee of Rs. 209.41 lacs issued by the bank for facilities granted to the MSK Projects (India) (JV) Limited.
- Letter of Credit of Rs. 43 lacs issued by the company's bankers.
- Payment of Rs. 67.50 lacs shall be payable on partly paid 750000 preference shares issued by MSK Projects (India) (JV) Limited on call.
- Income Tax Demand of Rs. 46.83 lacs for the assessment year 2001-2002 which is in dispute and company is in Appeal before Income tax Authorities.

There is a condition to avail any construction contract to provide minimum 5% of the contract value as Bank Guarantee. Therefore contingent liabilities have arisen in the normal course of business of the company and the company does not expect that these would have any material adverse effect on its financials and operations, as the bank guarantee & Letter of Credit Limit are secured by sufficient cash margin and charge on immovable property of the company and of directors.

7. Profitability of the company depends upon the Toll collection income which depends on traffic flow and any adverse effect on traffic flow will also effect the toll collection income and profitability of the company.

Management Perception:

Prior to submitting the tender documents for BOT projects, the actual survey of traffic flow is conducted by company by itself apart from data submitted by the authority. Hence the toll collection income and profitability of the company shall not be adversely affected barring abnormal circumstances.

The Company will receive toll collection till concession period (Toll collection period) and then Joint Venture Company will be wound up. The company in no way can hedge the risk on the project as it is a normal business risk for the said nature of the project.

8. The Service Tax on construction activity excluding on Road construction is imposed in the Union Budget announced on 08/07/2004.

Management Perception:

As service tax will be collected from the clients of the company, there will not be any change in the profitability of the company.

9. Company has established 3 special purpose vehicles (SPV) for implementation of road projects. The projects under BOT are subject to audit by Government / Government bodies, which awards the project.

Management Perception:

In order to facilitate audit of project awarded by the Government / Government Bodies, Special Purpose Vehicle (SPV) were set up. List of SPV set up by the company are as under:

Name of SPV	Reason for which SPV set up	Particulars of the Project	Life of Projects
MSK Projects (India) (JV) Ltd.	As per the concession agreement with State Govt. of Rajasthan	4. Strengthen of Nasirabad – Kekri Road	66 months from 01/10/1998
		5. Construction of Bharatpur By-pass	111 months from 01/10/1998
		6. Construction of Sikar By-pass	120 months from 01/10/1998
MSK Infrastructure & Toll Bridge P. Ltd.	As per the concession agreement with State Govt. of Madhya Pradesh	Construction of Hoshangabad – Harda – Khandwa Road	5440 days from 20/09/2002
MSK Highways Limited	As per the concession agreement with State Govt. of Madhya Pradesh	Construction of Raisen – Rahtagargh Road	5440 days from 07/03/2003

External to MSK PROJECTS (INDIA) LIMITED

10. The Company will face competition in bidding for contracts through tender from other existing companies.

Management perception:

The past performances of the company testify its ability to successfully bid for contracts.

11. 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 Perception:

The Company is engaged in Infrastructure development which is in priority list of Government of India for development of Infrastructure. In the Budget speech of 1998-1999 and 1999-2000 cess has been imposed @ Rs. 1/- per liter on sale of petrol and diesel for road development. Gujarat Government has formed a wholly owned undertaking in the year 1999 namely Gujarat State Road Development Corporation Ltd. (GSRDC) to implement the plans laid down in Gujarat Infrastructure Agenda – Vision 2010 for development of Infrastructure projects particularly of Road sector.

12. Competition from existing and new players could have an impact on the business prospects of the company.

Management Perception:

The Company has over a period of time built up specialist skills, rich experience and reputation for timely work.

PART II

A. GENERAL INFORMATION CONSENTS

Consents in writing of the Auditors, Lead Manager, Registrar, Directors, Compliance Officer, Banker to the Company and Bankers to the Issue to act in their respective capacities have been obtained and filed with the Registrar of Companies, along with a copy of this Prospectus as required under Section 60 of the Act and none of them have withdrawn their consents up to the time of delivery of a copy of this Prospectus for registration.

M/s Chandrakant & Sevantilal & J. K. Shah & Co., Chartered Accountants, Baroda the Statutory Auditors of the Company have also given their written consent to their report being included in the form and content in which it appears in this Prospectus and also of the tax benefits accruing to the Company and its members and such consent has not been withdrawn up to the time of delivery of a copy of this Prospectus for registration to the Registrar of Companies, Gujarat.

EXPERT OPINION

Save as otherwise indicated elsewhere in the Prospectus, no other expert opinion has been sought after by the Company.

CHANGE IN DIRECTORS OF THE COMPANY DURING THE LAST THREE YEARS*

There have been no changes in the Board of Directors in the last three years other than as follows

Name	Date of Appointment	Date of Resignation	Reason
Mr. Amit A Khurana	10/08/2001	-	To broad base the Board
Mr. Vikram Khurana	10/08/2001	10/08/2002	Due to preoccupation
Miss Bindia Khurana	10/08/2001	10/08/2002	Due to preoccupation
Miss Rasika Khurana	10/08/2001	10/08/2002	Due to preoccupation
Mr. Sanat Pandya	30/06/2000	10/08/2002	Due to preoccupation
Mr. Sanjay Shah	30/06/2000	10/08/2002	Due to preoccupation

*(As certified by M/s M S Buchasia & Associates, Practicing Company Secretaries dated 30/09/2003)

CHANGE IN AUDITORS OF THE COMPANY DURING THE LAST THREE YEARS

M/s Chandrakant & Sevantilal & J. K. Shah & Co. Chartered Accountants having their office at 301, Lalita Tower, 3rd Floor, Near Hotel Rajpath, Bh. Railway Station Station – Akota Road, BARODA: 390007 are the Statutory auditor of the company There has been no change in the Auditors of the Company during the last three years.

AUTHORITY FOR THE PRESENT OFFER

Pursuant to Section 81 (1A) of the Act, the present issue of equity shares has been authorized vide a special resolution passed at the Annual General Meeting of the Company held on September 30th, 2003. The Board of Directors have approved the issue by a resolution passed at its meeting held on dated October 7th, 2003.

PROCEDURE AND TIME SCHEDULE FOR ALLOTMENT AND ISSUE OF SHARES

The Issuer reserves the right to accept or reject any application in whole or in part at its sole, absolute and uncontrolled discretion. In case an application is rejected in full, the whole of the application money will be refunded to the applicant. In case an application is rejected in part, the excess application money received, after adjustment of the allotment amount, will be refunded to the applicant within 10 weeks of the closing of this Issue provided that the Issuer, as far as possible, will allot the equity shares within 30 days from the date of closure of the Issue and shall pay interest @ 15% p.a. for the delayed period if the allotment is not made and/or the refund orders are not dispatched within 30 days from closure of the Issue.

DISPOSAL OF APPLICATIONS AND APPLICATION MONEY

The Issuer will inform the applicants in respect of the allotments made or applications rejected by dispatch of Acceptance Letters or Letters of Regret together with refund cheques or pay orders, as indicated below, at the applicant's sale risk to the first named/sole applicant within 70 days of the closure of this Issue provided that that the Issuer, as far possible, will allot the equity shares within 30 days from the date of closure of the Issue and shall pay interest, @ 15% p.a. for the delayed period if the allotment is not made and/or the refund orders are not dispatched within 30 days from closure of the Issue.

The Issuer shall ensure despatch of Refund Orders of value up to Rs. 1,500/- Under Certificate of Posting (UCP) and refund orders over the value of Rs. 1,500/- by Registered Post only. The Issuer would also make available adequate funds to the Registrars to the Issue for the purpose of despatch of Refund Orders. The Issuer reserves full, unqualified and absolute right to accept or reject an application either in whole or in part and in either case without assigning reasons.

Refund will be made by cheques / drafts / pay orders or demand drafts drawn on a bank appointed by the Issuer as a Refund Banker and bank charges, if any, for encasing such cheques or pay orders at other centers will be payable by the applicants. Such cheque or pay order or demand draft will however be payable at par at places where the applications are received, subject to RBI guidelines in this regard. No receipt will be issued for Application Money. However, the Bankers to the Issue receiving the applications will acknowledge receipt stamping and returning the detachable acknowledgment slip at the bottom of each Application Form.

If any application is accepted in part, the excess application money will be refunded to the applicant, after making adjustments towards allotment money as mentioned elsewhere, in terms of Section 73 of the Act within 10 weeks from the date of the closure of the Issue.

SCHEDULE AND BASIS OF ALLOTMENT TO CONFIRM

In the event of the Public Issue being oversubscribed, the allotment will be on a proportionate basis subject to market lots as explained below:

1. A minimum 50% of the net Issue to the Indian public will be made available for allotment in favour of those retail individual applicant who have applied for equity shares of or for a value not more than Rs. 50000/- . This percentage may be increased in consultation with the Designated Stock Exchange depending on the extent of response to the Issue from investors in this category. In case allotment are made to a lesser extent than 50% because of lower subscription in the above category, the balance equity shares would be added to the higher category and allotment made on a proportionate basis.

The executive Director/ Managing Director of the Stock Exchange Mumbai (BSE) along with the post issue lead manager and the Registrar to the issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner in accordance with the guidelines.

2. The balance of net issue to Indian public shall be made available to investors including corporate bodies/ institutions and individual applicants who have applied for equity shares for a value more than Rs.50000/-.
3. The unsubscribed portion of the net issue to any of the categories specified in (1) or (2) shall be made available for allotment to applicants in the other category, if so required.
4. Applicant will be categorized according to the number of equity shares applied for.
5. The total number of equity share to be allotted to each category as a whole shall be arrived at on a proportionate basis i.e. total number of shares applied for in that category (number of applications in the category multiplied by the number of equity shares applied for) multiplied by the inverse of the oversubscription ratio.
6. Number of equity shares to be allotted to the successful allottees will be arrived at on a proportionate basis i.e. total number of equity shares applied for by each applicant in that category multiplied by the inverse of over subscription ratio.
7. In all the applications where the proportionate allotment works out to less than 125 equity shares per applicant, the allotment shall be made as follows:
 - a) Each successful applicant shall be allotted a minimum of 125 shares, and
 - b) The successful applicants out of the total applicants of that category shall be determined by drawal of lots in such a manner that the total number of equity shares allotted in that category is equal to the number of equity shares worked out as per (b) above.
8. Allotment shall be on proportionate basis within the specified categories, rounded off to the nearest integer subject to a minimum allotment being equal to the minimum application size i.e. 125 shares

If the equity shares allotted on a proportionate basis to any category is more than the equity shares allotted to the applicants in that category, the balance available equity shares shall be first adjusted against any other category where the allotted shares are not sufficient for proportionate allotment to the successful applicants in that category. The balance equity shares if any, remaining after such adjustment will be added to the category comprising of applicants applying for minimum number of equity shares.

If the Equity Shares allocated on a proportionate basis to any category is more than the equity shares allotted to the applicants in the category, the balance available equity shares for allotment shall be first adjusted against any other category where the allotted equity shares are not sufficient for proportionate allotment to the successful applicants in that category. The balance equity shares if any, remaining after such adjustment will be added to the category comprising of applicants applying for minimum number of equity shares.

In the event of over subscription, in the process of rounding off to ensure allotment in marketable lots, the Company may make such adjustment in the basis of allotment, as may be necessary, in consultation with SEBI/ stock Exchanges. As the basis of allotment is on proportionate basis, in the process of rounding off to the nearest multiple of 125, the issue size may increase by a maximum of 10% of the net offer to Indian Public.

The Company agrees and undertake that - -

The prospective allottees will not less than 1000 in numbers in the public issue.

FORFEITURE

Failure to pay the amount due on allotment on or before the appointed date will render the allottee(s) liable to pay interest thereon @ 18% p.a. on the amount outstanding from the date

so appointed to the date of actual payment. It is to be noted that 30 days will be permitted for payment of allotment monies without interest. Failure to pay the amount as aforesaid shall also render the shares and the amount already paid (including premium) liable to forfeiture in accordance with the Articles. The Board shall be at liberty to reissue the shares so forfeited to any other person(s) on the terms and conditions as they deem fit.

COMPLIANCE OFFICER

C. MOHANAN, Director (Finance)

707, Sterling Center,
R. C. Dutt Road, Alkapuri,
BARODA: 390 005
Tel No: (0265)2344756, 2359893
Fax No: (0265) 2341642

COMPANY INFORMATION

REGISTERED OFFICE OF THE COMPANY

707, Sterling Center,
R. C. QuIt, Alkapuri,
BARODA: 390 005

LEAD MANAGERS TO THE ISSUE

Chartered Capital And Investment Limited

711, Mahakant, Opp. V. S. Hospital,
Ellisbridge, Ahmedabad - 380 006
Ph. 2657 7571/2657 5337/ 2657 8029 Fax: (079) 26575731
Email: ccilad1@sancharnet.in

REGISTRAR TO THE ISSUE

Purva Shareregistry (India) Pvt. Ltd.

33, Printing House,
28-D, Police Court Lane,
Behind Old Hanloom House, Fort,
Mumbai – 400 001
Phone: 022 – 22617957/ 56348073-74 Fax: 022 - 22626407

AUDITORS

CHANDRAKANT & SEVANTILAL & J. K. SHAH & CO.

301, Lalita Tower, 3rd Floor,
Near Hotel Rajpath, Bh. Railway Station
Station – Akota Road,
BARODA: 390007
Tel.: (0265) 2353043/ 2353470
Fax.: (0265) 2353471

BANKERS TO THE COMPANY

1. **CORPORATION BANK**
Alkapuri Branch,
BARODA

2. **IDBI BANK LIMITED**
Concorde,
R. C. Dutt Road,
Alkapuri,
BARODA: 390 007

BANKERS TO THE ISSUE

1. **CORPORATION BANK**
Alkapuri Branch,
BARODA

2. **BANK OF BARODA**
Capital Market Branch,
101, Payal complex, Sayajiganj Baroda - 390005

BROKERS TO THE ISSUE

All members of recognized Stock Exchanges in India can act as Brokers to the Issue.

FINANCIAL INFORMATION

FINANCIAL PERFORMANCE OF THE COMPANY FOR LAST 5 (FIVE) YEARS AUDITORS REPORT

The Board of Directors
MSK PROJECTS (INDIA) LIMITED
707-708, Sterling Center
R.C.Dutt Road
Baroda – 390 005

Dear Sir,

We have examined the books of accounts of MSK PROJECTS (INDIA) LIMITED (“The company”) for the five years ended on 31/03/2000, 31/03/2001, 31/03/2002, 31/03/2003 and 31/03/2004 being the last date to which the accounts have been made up and audited by us for presentation to the members. The accounts have been prepared based on the significant accounting policies and notes on accounts appended herein below. We have also examined and found correct the accounts of the Company for the above years, prepared and approved by the Board of Directors of the Company.

In accordance with the requirement of clause B (1) of Part – II of schedule – II to the companies act, 1956 and the securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 issued by SEBI on January 19, 2000 in pursuance of section 11 of SEBI Act, 1992 (“The SEBI guidelines”). We report the profit and loss accounts and assets and liabilities (Subject to the notes) as below.

The Financial Statement of M/s. MSK Infrastructure & Toll Bridge Private Limited, a subsidiary of M/s. MSK Projects (India) Limited from the date of it becoming its subsidiary has been audited and reported by M/s. Mahendra P Shah & Co.

1. **PROFIT & LOSS ACCOUNT:**

The profit of the company for each of the five financial year ended on 31/03/2000, 31/03/2001, 31/03/2002, 31/03/2003, and 31/03/2004. The profit is arrived at after charging all expenses of management including depreciation and after making such regrouping and adjustment as are, in our opinion appropriate.

(Rupees in Lacs)

(Rupees in Lacks)

PARTICULARS	Year Ended 31 st March'				
	2000	2001	2002	2003	2004
Contract Receipt	1683.49	1972.56	1948.60	4307.03	7261.90
Toll Collection	107.22	775.12	799.61	920.67	75.45
Other Income	34.16	85.04	27.08	77.91	96.05
Variation in Work-In-Progress	(22.02)	254.68	247.73	455.84	(539.43)
<u>TOTAL INCOME (I)</u>	1802.85	3087.40	3023.03	5761.45	6893.97
<u>EXPENDITURE</u>					
Material Consumed	783.03	1064.31	900.03	2329.19	3459.27
Site Cost & Other Expenses	717.71	1015.15	1071.97	2060.47	2541.52
Financial & Bank Charges	62.19	150.74	120.87	153.83	179.29
Depreciation	95.77	88.85	113.60	180.00	266.45
Build, Operate & Transfer Project Expenses Written off	45.03	347.20	347.20	347.20	25.68
Preliminary Expenses Written Off	0.34	1.85	1.85	1.85	2.12
Provision for Maintenance of R.O.B.	10.72	-	-	-	-
<u>TOTAL EXPENDITURE</u> <u>(II)</u>	1714.79	2668.10	2555.52	5072.54	6474.33
PROFIT BEFORE TAXATION (I – II)	88.06	419.30	467.50	688.91	419.64
PROVISION FOR TAXATION	15.50	45.00	36.00	53.00	90.00
INCOME TAX FOR PRIOR YEAR	-	-	-	0.46	0.73
DEFERRED TAX	-	-	-	26.53	25.80
PROFIT AFTER TAXATION AS PER AUDITED ACCOUNTS	72.56	374.30	431.50	608.92	303.11

(Rupees in Lacks)

PARTICULARS	Year Ended 31 st March'				
	2000	2001	2002	2003	2004
PROFIT AFTER TAXATION	72.56	374.30	431.50	608.92	303.11
Prior Period Income	22.60	(20.60)	(2.00)	-	-
ADJUSTED PROFIT	95.16	353.70	429.50	608.92	303.11
Carry Forward From Previous Year	110.42	135.80	200.28	304.63	873.56
PROFIT AVAILABLE FOR APPROPRIATION III)	205.58	489.50	629.78	913.55	1178.67
Capitalized During the year on issue of Bonus Shares	-	123.55	-	-	-
General Reserves	-	36.00	40.00	40.00	-
Proposed Final Dividend	57.96	115.97	-	-	-
Interim Dividend	-	-	244.27	-	-
Corporate Dividend Tax	6.38	11.83	24.92	-	-
Deferred Tax adjustment in General Reserve **	5.44	1.87	15.96	-	-
BALANCE CARRIED TO BALANCE-SHEET	135.80	200.28	304.63	873.56	1178.67

** As per Accounting Standard (AS-22) "Accounting for Taxes on Income" issued by the institute of Chartered Accountants Of India, the Company has adjusted net deferred tax liability till 31st March 2002 as a charge to General Reserve.

2. ASSETS & LIABILITIES:

The assets and liabilities of the Company as at 31st March 2000, 31st March 2001, 31st March 2002, 31st March 2003 and 31st March 2004 being the last dates up to which the accounts of the Company have been made up and audited by us, after making such regroupings/adjustments, as are, in our opinion, appropriate and subject to notes appearing here under are as follows:-

(Rupees in Lakhs)

PARTICULARS	As on 31 st March'				
	2000	2001	2002	2003	2004
<u>A) FIXED ASSETS</u>					
Gross Block	964.99	1019.95	1345.19	2087.82	2476.81
Less : Depreciation	410.07	498.92	608.89	756.74	1004.35
Add : Capital Work In Progress	00.00	00.00	00.00	25.95	-
Net Block	554.92	521.03	736.30	1357.03	1472.46
B. BUILD, OPERATE & TRANSFER PROJECT EXPENSES					
Total cost	1246.88	1201.85	720.08	372.88	25.68
Received From N.H.A.I.	-	(134.57)	-	-	-
Written off during the year	(45.03)	(347.20)	(347.20)	(347.20)	(25.68)
Net cost	1201.85	720.08	372.88	25.68	-
<u>C) INVESTMENTS</u>	165.14	165.15	165.14	413.67	438.68
<u>D) CURRENT ASSETS & LOANS & ADVANCES</u>					
Inventories	254.91	511.72	776.90	1228.32	717.55
Sundry Debtors	0.00	176.17	142.18	348.60	1039.50
Cash & Bank Balance	187.74	599.11	339.42	531.17	1761.40
Loan & Advances	241.60	406.60	316.37	996.99	1173.97
Sub Total (I)	684.25	1693.60	1574.87	3105.08	4692.42
Liabilities & Provisions	634.77	876.13	603.87	1772.50	2332.00
Defer Tax Liabilities	-	-	-	110.11	135.91
Sub Total (II)	634.77	876.13	603.87	1882.61	2467.91
Net Current Assets (I-II)	49.48	817.47	971.00	1222.47	2224.51
<u>E) LOAN FUNDS</u>					
Secured	748.86	596.80	579.92	1038.91	1681.39
Unsecured	290.54	474.74	351.05	138.39	311.44
Total	1039.40	1071.54	930.97	1177.30	1992.83
Net Assets (A + B + C + D – E)	931.99	1152.19	1314.35	1841.55	2142.82
Equity Share Capital	482.99	610.68	610.68	610.68	610.68
Share Application Money	4.14	0.00	0.00	0.00	0.00
Reserves & Surplus	446.71	549.06	709.37	1234.71	1537.82
Total	933.84	1159.74	1320.05	1845.39	2148.50
Less: Miscellaneous Expenses (To the extent not written off)	1.85	7.55	5.70	3.84	5.68
TOTAL	931.99	1152.19	1314.35	1841.55	2142.82

1. Stocks, work in progress are valued and certified by the management.

2. Share Capital of the company is as under:-

	AS AT 31-03-2004	AS AT 31-03-2003
<u>SHARE CAPITAL</u>		
<u>AUTHORISED CAPITAL</u> 1,25,00,000 EQUITY SHARES (PREVIOUS YEAR 1,05,00,000) OF Rs. 10/- EACH	1250.00	1050.00
<u>ISSUED, SUBSCRIBED, AND PAID-UP CAPITAL</u> 6106820 Equity Shares (Previous Year 6106820) of Rs. 10/- Each Fully Paid-Up	610.68	610.68
TOTAL	610.68	610.68
NOTES		
Out of the above the followings shares have been allotted in earlier year as :-		<u>Nos</u>
<u>Fully Paid-up pursuant to a Contract For Consideration Other Than Cash As</u>		
A. Under		
Allotted to the partners of firm M/S. M.S. Khurana, Mumbai on registration & Incorporation as Company under Part IX of the Companies Act 1956.		932886
Allotted to the Share Holders of the following earstwhile companies pursuant to amalgamation scheme sanctioned by the High Court Of Gujarat		
M/S. M.S. KHURANA (ENGINEERS & CONTRACTORS) PVT. LTD		797060
M/S. EMSONS CONSTRUCTION PVT. LTD		140165
Allotted to the Partners of M/S. Emsosn Construction Company for the purchase of the running business		4220
		1874331
B Fully Paid up Bonus shares by Capitalization of balance in profit & loss account during the financial year		
	1996-97	720897
	1998-99	1454645
	2000-01	1235547
		3411089
TOTAL		5285420

	AS AT 31-03-2004	AS AT 31-03-2003
<u>3. SECURED LOAN</u>		
<u>TERM LOAN</u> <u>FROM CORPORATION BANK - BARODA</u>	136.70	96.02

Secured by hypothecation of relavant plant & machinery, equipments, vehicles & guaranteed by the directors of the company		
<u>FROM CENTURIAN BANK LIMITED</u>	52.15	96.20
Secured by hypothecation of relavant Plant & Machineries & guaranteed by One of the Director the company		
<u>FROM GMAC-TCFC FINANCE LIMITED</u>	7.15	1.07
Secured by hypothecation of Jeep		
<u>FROM KOTAK MAHINDRA FINANCE LIMITED</u>	174.03	104.95
Secured by hypothecation of Plant & Mahineries & Vehicles & guaranteed by One of the Director of the Company		
<u>FROM ICICI LIMITED</u>	158.24	266.92
Secured by hypothecation of Plant & Mahineries & guaranteed by one of the director of the company		
<u>FROM HDFC BANK LIMITED</u>	10.50	16.11
Secured by hypothecation of Vehicles and guaranteed by One of the director of the company		
<u>FROM IDBI BANK LIMITED</u>	-	22.38
- The Above Loan is Secured By.		
- Exclusive Charge Over Toll Collections Of Kishangarh Bye Pass Projects		
- Equitable Mortgage Of Land admeasuring 15752 Sq. Mtr situated at R.S. No. 187 Block 185 Moje Sevasi Ta. & Dist. Baroda		
- Equitable Mortgage Of Landed property admeasuring 5 acres and situated at Kharsa No. 15/16, 110/16, Bhopal in the name of Classic Inns Pvt. Limited		
- Personal Guarantee By The Directors Of the Companies.		
<u>OTHER LOAN</u>		
<u>FROM CORPORATION BANK</u>		
<u>SHORT DEMAND LOAN</u>	525.58	192.80
(Secured by fixed deposits of the company and third parties)		
	270.15	221.98
<u>OVERDRAFT ACCOUNT</u>		
(Secured by hypothecation of the entire stocks & book debts of the Company & guaranteed by the Directors of the company)		

<u>FOREIGN CURRENCY DEMAND LOAN</u> (Secured by hypothecation of the entire stocks & book debts of the Company & guaranteed by the Directors of the company).	346.90	-
TOTAL	1681.39	1038.91

Note : The above Term loan / Credit facilities from Corporation Bank, Baroda or further collaterally secured by equitable mortgage created / to be created of Residential Bungalow of the Managing Director situated at Plot No. 5 Gotri, Baroda.

DETAILS OF OTHER INCOME :

PARTICULARS	<u>Year Ended 31st March,</u>				
	2000	2001	2002	2003	2004
INTEREST ON FIXED DEPOSITS	17.64	22.01	18.93	37.81	33.39
INSURANCE CLAIM	-	0.93	0.85	2.03	0.97
INTEREST ON INCOME TAX REFUND	4.96	1.21	3.33	-	2.20
SALES TAX REFUND	-	-	-	24.89	-
INTEREST ON SALES TAX REFUND	-	-	-	12.21	-
INTEREST ON SECURITY DEPOSITS	-	-	-	-	-
PRIOR YEAR INCOME	-	22.60	2.00	-	-
PROFIT ON SALES OF ASSETS	-	-	0.54	-	1.96
MISCELLANIOUS INCOME	0.20	2.58	1.40	0.97	6.41
HIRE-CHARGES	-	35.71	-	-	-
DIVIDEND					
TERMINAL COST FROM NHAI					51.00
TOTAL	34.16	85.04	27.08	77.91	0.12

E.P.S.	1.97	6.14	7.06	9.97	4.96
Cash E.P.S	3.96	7.72	8.92	12.95	9.36
Net Asset Value	19.30	18.87	21.52	30.15	35.09
Return on Net Worth (%)	10.46	30.70	32.67	33.06	14.14

The basis of computation of above ratio are :-

$$(i) \text{ Earning Per Share} = \frac{\text{Adjusted Net Profit}}{\text{Weightage Average Nos Of Equity Shares}}$$

(ii) Cash E.P.S. = $\frac{\text{Adjusted Net Profit} + \text{Depreciation} + \text{Prelim. Exp Written off}}{\text{Weightage Average Nos Of Equity Shares}}$

(iii) Net Assets Value = $\frac{\text{Equity} + \text{Reserve} - \text{Misc Exp. Not Written off}}{\text{Number of Equity Shares at the End of the Year}}$

(iv) Return on Net Worth = $\frac{\text{Adjusted Net Profit} \times 100}{\text{Equity} + \text{Reserve} - \text{Misc Exp. Not Written off}}$

3) **DIVIDENDS :-**

On Equity Share Capital

The company has declared the dividends for the Five Years ended 31 st March					
Year	2000	2001	2002 (Interim)	2003	2004
Percentage	12%	20%	40%	-Nil-	-Nil-

SCHEDULE – “7”

SCHEDULE FORMING PART OF THE ACCOUNTS

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH' 2004

1. **SIGNIFICANT ACCOUNTING POLICIES.**

A-1). **REVENUE RECOGNITION ON CONTRACTS :-**

- a). All revenues and expenses are accounted on accrual basis except to the extent stated otherwise.
- b). Contract Prices are either fixed or subject to price escalation clause. The Revenue is recognized on the basis of percentage of completion method and the stage of completion depends on the nature and type of each contract.
- c). Amount due in respect of the price escalation claim and/or variation in contract work approved by the customers are recognized as revenue only when there are conditions in the contracts for such claims or variations and/or evidence of the acceptability of the same from customers.
- d). Disputed amount under the contract works are recognized as revenue when the same are settled and amounts are received.
- e). Liquidated damages payable, if any, as per the terms of the contract, for the delays, if any, are accounted only when such delay is attributable to the company.

A-2. REVENUE RECOGNITION IN RESPECT OF OWN CONSTRUCTION RESIDENTIAL HOUSES.

- a) The revenues and expenses are accounted only upon completion. Accordingly, the cost of construction, including cost of land and its developments is carried forward as work in progress.
- b) The advance received against proposed sale or agreement to sale are classified as advances and shown under the head “Current Liabilities”.
- c) Sale is accounted when legal documents are executed and possession of the flat is given.

A-3 EXPENDITURE IN RESPECT OF BUILD, OPERATE AND TRANSFER (B.O.T. CONTRACT)

One time significant expenditure incurred on Build, Operate and Transfer Project (BOT Project) which does not represent company’s own assets is classified as “BOT PROJECT EXPENDITURE” and is amortized / written off over the concession period without considering the Cash subsidy received from National Highway Authority Of India as per management Policy.

B. ADVANCES AND PROGRESS PAYMENTS :

- a. Advances received from customers in respect of contracts are treated as liability.
- b. Progress payments received are adjusted against receivables from customers in respect of the contract work performed.
- c. Amount(s) retained by the customers until the satisfactory completion of the contract are recognized in the final statement as receivables. Where such retention has been released by the customers against submission of bank guarantee the amount so released is adjusted against receivables from the customers and value of Bank guarantees is disclosed as contingent liability under bank guarantees outstanding.

C. FIXED ASSETS :

- a. Fixed assets are stated at cost of acquisition as reduced by accumulated depreciation.
- b. All direct expenses attributable to fixed assets are capitalized.

D. DEPRECIATION.

- a. Depreciation is provided on written down value basis as per the rates and method prescribed under Schedule – XIV to the Companies Act, 1956.
- b. Goodwill is not depreciated.

E. BORROWING COST.

Borrowing costs directly attributable to the acquisition or construction of fixed assets are capitalized as part of the cost of the assets, up to the date the assets are put to use. Other borrowing costs are charged to the profit and loss account in the year in which they are incurred.

F. VALUATION OF INVENTORIES.

- a. Inventories are valued at lower of cost and net realizable value. Cost is determined on FIFO basis.
- b. Contract Work in progress is valued at tender rate having regards to unbilled work, outstanding running bills and expected recovery thereof.
- c. Stores and spares are written off in the year of purchase.

G. INVESTMENTS :

Long terms investments are stated at cost. Provision for diminution in the value of investments is made only if such decline is other than temporary in the opinion of the management.

H. CLAIMS, DEMANDS AND CONTINGENCIES :

Disputed and / or contingent liabilities are either provided for / or disclosed depending on management's judgment of the outcome.

I. RETIREMENT BENEFITS :

- a. Gratuity liability is accounted as and when paid.
- b. Leave encashment liabilities is accounted as and when paid.

J. PROVISION FOR CURRENT AND DEFERRED TAX:

- a) Provision for current tax is made on the basis of estimated taxable income for the current accounting year and in accordance with the provisions of the Income tax Act, 1961.
- b). Deferred tax resulting from "timing difference" between book and taxable profit for the year is accounted for using the tax rates and laws that have been enacted or substantially enacted as on the balance sheet date. The deferred tax asset is recognized and carried forward only to the extent that there is a reasonable certainty that the assets will be adjusted in future.

K. Lease

a). Operating Lease :

Lease of assets under which all the risk and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under operating leases are recognized as an expenses on accrual basis in accordance with respective lease agreements.

b). Finance Lease

Assets acquired under leases where company has substantially all the risk and rewards of ownership are classified as finance lease. Assets acquired under finance are capitalized and corresponding lease liability is recorded at an amount equal to the fair value of the leased assets at the inception of the lease. Initial costs incurred in connection with the specific leasing activities directly attributable to activities performed by the company are included as part of the amount recognized as an asset under the lease.

2. CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF :

- a. Guarantee issued by the company's banker on behalf of the company amounting to Rs. 1325.09 Lacs (P.Y. Rs. 777.86 Lacs)
 - b. The company has given a guarantee to the Bank for facilities granted to MSK PROJECTS (INDIA) (JV) LIMITED, a company under the same management, outstanding amount as on 31st March 2004 Rs. 209.41 Lacs (P.Y. Rs. 277.25 Lacs)
 - c. Letter of credit issued by the company's bank on behalf of the company Rs. 43 Lacs (P.Y. Rs.18 Lacs)
 - d. Partly paid up preference shares in MSK PROJECTS (INDIA) (JV) LIMITED Rs. 67.50 Lacs. (P.Y. Rs. 67.50 Lacs)
 - e. Income Tax Demand of Rs. 46.83 Lacs (Against which the company has made pre-deposits of Rs. 35.94 Lacs) being disputed in appeal.
- 3). Incomplete Contract work under Contract Work In Progress at the various sites is estimated by the management having regards to unbilled work, outstanding running bill and expected recovery thereof.
- 4). The company has executed various contracts awarded by Motwani Group of Companies since 1997. The bills for work done were prepared after the particular work was completed. The contract receipts were accounted after the particular work was completed and the balance work executed was shown as work-in-progress considering expected recovery thereof.

From the year ending 31st March 2002 the payments from Motwani Group of Companies due to their financial constrains have been stopped by them and many cheques had also been returned un paid. The company has prepared bills for work done and claimed interest, loss of profits and compensation on account of other events. These bills / documents are submitted to them for there acceptance and there after payment.

The said bills / documents are not accepted by them and even after constant follow up and personal visits by Managing Director / Director there is no response for payment. Ultimately the company was constrained to take legal actions against them. Considering the above facts the amount receivable and the cost incurred on the contracts had been estimated by the management as on 31st March 2002 and shown as work in progress ignoring the bills / documents submitted to them. The same amount is continued to be shown as work-in-progress as on 31st March 2004, after reducing there from amount received / adjusted towards the goods supplied by them, during the year.

In the opinion of the management, no further provision is required for the doubtful debt till the out come of the legal action.

- 5). Security Deposits deducted from contract receipt and mobilization advances received against contracts are subject to confirmation and adjustment, if any, on finalization of account.
- 6). Total present liability for future payment of gratuity as on 31st March 2004 is neither provided nor actuarially determined. This liability will be dealt with on cash basis.
- 7). Leave Encashment Liability, If any, has not been determined, presently, and would be charged when paid.
- 8). The company obtained Build, Operate, & Transfer (BOT Contract) from National Highway Authority of India ("NHAI") for construction of RAILWAY OVER BRIDGE ("ROB") on National Highway- No. 8 (Kishangarh bye pass). In terms of the contract, the company has been entitled to collect toll during the concession period up to 27-04-2003. Hence the Toll Collection shown in the profit & Loss account is for the period from 1st April 2003 To 27th April 2003.

The company had completed the construction of the above Railway Over Bridge (ROB) and was put in to operation and opened to traffic during the earlier year. Having regard to the accounting policies followed by the company, the entire expenditure incurred thereon aggregating to about Rs. 11,12,30,048.81 (after deducting Rs. 1,34,57,620.00 received during the previous year from NHAI for extra work), is treated as "BOT Project expenditure" and proportionate amount of Rs. 25,68,310.35 has been written off during the period without considering the Cash subsidy received from NHAI.

- 9). The company has filed return of income showing undisclosed income aggregating to of Rs.125.70 Lacs for the Block period from 1st April 1996 to 25th July 2002 pursuant to the notice issued under section 158 BC (a) (ii) of the Income Tax 1961. Pending the assessment the company has not given effect to the said disclosure made in the return of income on account of uncertainties involved. The assets and other items, if any, shall accordingly be accounted in the year in which the assessment is completed. Pursuant to the above disclosures in the said return of income, the company has admitted tax liability of Rs. 85.13 Lacs. The company has not provided the said liability. Income tax paid on the said Returned Income has been shown under the head "loans and advances" in the balance sheet.
- 10). The company's quoted investment has diminished by about Rs. 28,000/- Previous Year Rs. (207400/-) as on 31st March 2004. No provision is made therefor in view of long term nature of investment and expected appreciation therein.

- 11) In respect of construction contracts, the company follows the percentage of completion method for recognizing profit / loss but no provision is made for contingencies in respect of contract in progress, consistent with the practice of the company. Accounting Standard 7 on “Accounting for Construction Contracts” issued by the Institute of Chartered Accountants of India requires that an appropriate allowance be made for future unforeseeable factors. In the opinion of the company, such a provision is not required and has no financial effect.
- 12). Due to non-availability of precise information in respect of each contract, the information as required by the Accounting Standard 7 (revised) “Construction Contract” is not disclosed.
- 13). Segment Information for the Year ended 31st March 2004.

	Civil Contract Division		BOT Contract Division		Total	
	2003-04	2002-03	2003-04	2002-03	2003-04	2002-03
Revenue						
Extenal Sales & Other Income	7270.85	4347.06	126.84	920.67	7397.69	5267.73
Inter Segment Sales					0.00	0.00
					0.00	0.00
Total Revenue	7270.85	4347.06	126.84	920.67	7397.69	5267.73
Segment Result	468.91	337.53	96.50	543.08	565.42	880.62
Interest Expense (Net)	173.37	146.48	5.92	7.35	179.29	153.83
Interest on Refund of Taxes	2.20	0.00	0.00		2.20	0.00
Income from Investments	33.51	34.44	0.00	3.44	33.51	37.88
Profit before extra Ordinary Items	259.84	156.61	90.58	532.30	350.42	688.91
Prior Year Expense	0.73	0.46	0.00	0.00	0.73	0.46
Profit Before Taxes	328.33	156.15	90.58	532.30	418.91	688.45
Provision For Taxes	90.00	53.00	0.00	0.00	90.00	53.00
Deferred Tax	25.80	26.53	0.00	0.00	25.80	26.53
Profit After Taxes	212.53	76.62	90.58	532.30	303.11	608.92
Other Information					0.00	0.00
Segment Assets	6615.47	4495.05	388.76	410.26	7004.23	4905.31
Segment Liabilities	4766.97	2839.55	88.76	110.26	4855.73	2949.81
Capital Expenditure	418.68	819.95	0.00	0.00	418.68	819.95
Depreciation	266.46	180.00	0.00	0.00	266.46	180.00
Non-Cash Expenses					0.00	0.00
Other Than Depreciation	2.12	1.85	25.68	347.20	27.80	349.05

- 14). The company has purchased land of Rs. 14.29 Lacs at various site to extract Muhuram & Stone there from to be utilized for the Construction of Road. In the opinion of the management there is no value of such land after its use. Hence the same is written off as Construction Expenses in the year of Purchase.

- 15). During the year, the Company has accounted for deferred tax in accordance with the Accounting Standard 22 – “Accounting for Taxes on Income” issued by the Institute of Chartered Accountants of India.

The Break up of deferred tax balance is as under:-

Deferred Tax Liability	Rs. In Lacs As On 31-03-2004	Rs. In Lacs As On 31-03-2003
Depreciation	135.91	110.11

Net deferred tax liability of Rs. 25.80 Lacs.

16). Transaction with related parties (As certified by the management)

A. Name and Relationship of the related parties :-

I). Subsidiary Companies :-

- MSK Infrastructure & Toll Bridge Private Limited

ii). Associate Concern

- MSK Projects (India) (JV) Limited
- MSK Highways Limited
- MSK Finance Limited
- Super Infrastructure & Toll Bridge Private Limited
- Classic Inns Private Limited
- Madhav Infrastructure & Toll Bridge Private Limited

iii). Key Management Personnel

- Ashok.M..Khurana, Managing Director
- Manju.A.Khurana, Director
- Amit.A.Khurana - Director.
- C. Mohanan - Director

iv). Relative of Key Management Personnel :-

- Rashika.A.Khurana
- Bindiya .A. Khurana
- C. Surendran
- C. Ravindran

Transaction with the related parties during the year:

(Rs. in Lacs)

Transaction with Related Parties	Subsidiary Companies		Associate Concern		Key Management		Relative Of Key Management Personnel	
	2003-04	2002-03	2003-04	2002-03	2003-04	2002-03	2003-04	2002-03
Civil Construction Receipt	3823.23	1024.42	792.79	-	-	-	-	-
Reimbursement Of Expenses	3.37	-	-	-	-	-	-	-
Loan Received (Net)		-	9.41	-	3.74	-	1.46	-
Loan Given (Net)		-	190.25	377.93	5.79	-	0.39	-
Mobilisation Advance received	441.07	-	655.00	-	-	-	-	-
Investment in Shares		248.53	25.01	-	-	-	-	-
Rent Paid		-	-	-	-	0.36	0.72	0.72
Rent Received		-	-	15.00	-	-	-	-
Remuneration To Directors		-	-	-	8.76	8.76	-	-
Payable as at the end of the year		-	191.99	46.81	10.38	12.27	4.31	3.34
Receivable as at the end of the year	879.69	-	386.46	437.61	-	-	0.07	-

17). Sundry debtors include Rs.894.29 Lacs (Previous year Rs. 15 Lacs) due from subsidiary companies.

18). Sundry Debtors and Creditors are subject to confirmation.

19). Earning per share

	2003-04	2002-03
a. Net profit after Tax available for equity shareholders. (Rs. In Lacs)	303.11	608.92
b. Weighted average number of Equity Shares of Rs. 10/- each outstanding during the year (Nos. of Shares)	6106820	6106820
c. Basic / Diluted Earning Per Share (Rs. A / b)	4.96	9.97

20). The company has been legally advised to compute outstanding dues to S.S.I. units after allowing thirty days from the day when the payment gets due as per the terms of payment agreed upon in writing by the company. Based on the information received by the Company from the creditors as regards their S.S.I. status, there are no amounts due to such creditors outstanding for over 30 days as on 31st March 2004.

21). The Company has obtained information from Suppliers in regards to their Small Scale Industrial undertaking status. Based on such information, there is no liability for interest which would be payable under "The Interest on Delayed Payments to Small Scale and Ancillary Industrial Undertaking Act. 1993. Moreover, the company has also not received any claims in respect of interest.

22). In the opinion of the Directors, Current Assets, Loans and Advances have value at which they are stated in the Balance Sheet, if realized in the ordinary course of business. The provision for depreciation and for all known liabilities is adequate and not in excess of the amount reasonably necessary.

23). Remuneration to Directors :

	Managing Director	Director
Salaries	3,00,000 (3,00,000)	5,83,200 (5,83,200)
Contribution to P.F.	Nil (Nil)	7200 (7200)
	3,00,000 (3,00,000)	5,76,000 (5,76,000)

24. Previous year's figures have been regrouped, rearranged and reclassified wherever necessary.
25. The Profit of M/s. MSK Infrastructure & Toll Bridge P Ltd a Subsidiary of M/s. MSK Projects (India) Limited for the period ended on 31st March 2004, and assets and Liabilities of the subsidiary as at 31st March 2004 as set out in Part – I and Part – II respectively of annexure enclosed.
26. Additional information as required by Para 3, 4 and 4-A to 4-D of Part – II of Schedule VI to the Companies Act, 1956.

a). **TURNOVER**

Civil Contracts Receipts / Toll Collection Rs. 73,37,35,007
Rs. 52,27,69,807

- b). Value of Indigenous and Imported Material together with percentage of consumption

Value Percentage

i. Imported Nil Nil
(Nil) (Nil)

ii. Indigenous. (34,59,26,648) 100
(23,29,18,654) 100

- c). C I F Value of Import

Rs. – Nil -
Rs. (-Nil-)

- d). Expenditure in Foreign Currency

Rs. – Nil -
Rs. (-Nil-)

- e). Earning in Foreign Exchange

Rs. – Nil -
Rs. (-Nil-)

- f). Remittance in Foreign Currency

Rs. – Nil -
Rs. (-Nil-)

(Figures in brackets indicate corresponding figures of previous year)

FOR CHANDRAKANT & SEVANTILAL & J.K. SHAH & CO.
CHARTERED ACCOUNTANTS

(H.B.SHAH) PARTNER

PLACE : BARODA

DATE : 07/09/2004

Annexure:

FINANCIAL INFORMATION of MSK Infrastructure & Tol Bridge Private Limited

AUDITORS REPORT

The Board of Directors
MSK INFRASTRUCTURE & TOLL BRIDGE PVT. LIMITED
707-708, Sterling Center
R.C.Dutt Road
Baroda – 390 005

Dear Sir,

We have examined the books of accounts of MSK INFRASTRUCTURE & TOLL BRIDGE PVT. LIMITED (“The Company”) for the two years ended on 31/03/2003 and 31/03/2004 being the last date to which the accounts have been made up and audited by us for presentation to the members. The accounts have been prepared based on the significant accounting policies and notes on accounts appended herein below. We have also examined and found correct the accounts of the Company for the above years, prepared and approved by the Board of Directors of the Company.

In accordance with the requirement of clause B (3) of Part – II of schedule – II to the Companies Act, 1956 and the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 issued by SEBI on January 19, 2000 in pursuance of section 11 of SEBI Act, 1992 (“The SEBI guidelines”). We report the profit and loss accounts and assets and liabilities (Subject to the notes) as below.

ANNEXURE - PART-I

1. **PROFIT & LOSS ACCOUNT:**

The profit of the company for the financial year ended on 31/03/2004. The profit is arrived at after charging all expenses of management including depreciation and after making such regrouping and adjustment as are, in our opinion appropriate.

Rs. In Lacs

Particulars	Year ended on 31 st March, 2004
Toll collection	22.28
Total Income	22.28
Expenditure	
Site Expenses	3.37
Profit Before Tax	18.91
Provision for Taxation	0.00
Profit After Tax	18.91
Balance carried to Balance Sheet	18.91

ANNEXURE PART-2

2. **ASSETS & LIABILITIES:**

The assets and liabilities of the Company as at 31st March 2004 being the last dates up to which the accounts of the Company have been made up and audited by us, after making such regroupings/adjustments, as are, in our opinion, appropriate and subject to notes appearing here under are as follows:-

Rs. In Lacs	
Particulars	As at 31 st March 2004
A. Fixed Assets	
Built Operate and Transfer Project Expenses	5575.49
B. Current Assets and Loans and Advances	
Cash and Bank Balance	345.58
Loans and Advances	2.56
Sub Total1	348.14
Liabilities and Provisions	953.51
Sub Total2	953.51
Net Current Assets (1-2)	(605.37)
C. Loans Funds	
Secured Loan	1080.00
Unsecured Loan	109.39
Total.....	1189.39
Net Assets (A+B-C)	3780.73
Equity share Capital	6.99
Share premium	693.03
Subsidy (MRSNN)	3080.71
Total.....	3780.73

Rs. In Lacs	
As at 31 st March, 2004	
Share Capital	
Authorised Capital	
7,00,000 Equity shares (Previous Yr. 1,00,000) of Rs. 1/- Each.	7.00
Issued, Subscribed, and paid – up capital	
6,99,860 Equity shares (Previous Yr. 1,00,000) of Rs. 1/- each fully paid up.	6.99
Total.....	6.99

Rs. In Lacs	
Secured Loan	As at 31 st March 2004
Term Loan from State Bank of India (Secured by Hypothecation on Toll Collection Escrow A/c. Project Construction Escrow A/c. immovable property at Gotri Road, Baroda, and Fixed Deposit of Rs. 330/- Lakhs of Company on pari passu basis with SIDBI.)	570.00
Term Loan from Small Industrial Development Bank of India (Secured by Hypothecation on Toll Collection Escrow A/c. Project Construction Escrow A/c. immovable property at Gotri Road, Baroda, and Fixed Deposit of Rs. 330/- Lakhs of Company on pari passu basis with SBI.)	510.00

Total.....	1080.00
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NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2004.

I. SIGNIFICANT ACCOUNTING POLICIES:

A. GENERAL :

- a). The accounts have been prepared under historical cost convention adopting the accrual basis.
- b). All revenue and expenses are accounted on accrual basis except to the extent stated otherwise.
- c). **EXPENDITURE IN RESPECT OF BUILD, OPERATE AND TRANSFER (BOT) CONTRACT:**

One time significant expenditure incurred pursuant to a Contract or otherwise which is likely to have benefit in the future year is treated as deferred revenue expenditure and written off over a period of contract or the period over which, the management judgment benefit is likely to accrued after reducing the amount Cash subsidy received from Madhya Pradesh Rajya Setu Nirman Nigam Limited.

d). CASH SUBSIDY:

Cash subsidy received from Madhya Pradesh Rajya Setu Nirman Nigam Limited has been shown in Capital Reserve. The Cash subsidy will be adjusted against deferred Revenue Expenditure after Completion of Construction Period.

B). FIXED ASSETS:

Fixed Assets are –Nil-

c). DEPRECIATION:-

Depreciation is not provided because of non of the fixed assets purchase during the year.

D). INVESTMENT:

Investment are –Nil-

E). INVENTORIES:

Inventories are –Nil-

F). GRATUITY:

Provision for Gratuity has not been made as non of the employee have complete the minimum qualified period of service.

G). CONTINGENT LIABILITY:

Contingent Liabilities are either provided for or disclosed depending on management judgment of the potential outcome.

H). REVENUE RECOGNISION:

Revenue is generally recognized on accrual basis and the same has been adjusted against the Build, operate and Transfer Project Expenditure.

II. NOTES ON ACCOUNTS:-

1. The Company obtained a Build, Operate and Transfer (BOT) Contract from Madhya Pradesh Rajya Setu Nirman Nigam Limited for a Construction of Strengthening, Widening and rehabilitation and maintenance of Hoshangabad-Harda-Khandwa Road. In terms of the Contract, the Company has been entitled to collect the toll during the concession period of 5440 Days (Excluding the period of Contraction)

The company has started Construction of Road during the year and 1ST Phase of the Project from Khandwa To Khirkiya is completed and company has started collecting Toll from 18th February 2004. Having regards to the Accounting Policies Followed by the Company, the entire expenditure incurred there on aggregating to Rs.5575.49 Lacs is deferred revenue expenditure and shall be written off over a period of Contract after the Completion of Construction of Road after reducing the amount of Cash Subsidy received from Madhya Pradesh Rajya Setu Nirman Nigam Limited.

2. All accounts including unsecured loan, current assets and current liabilities are as per books of accounts and subject to confirmation.
3. In the opinion of the Management, Provident Fund and ESI Act are not yet applicable. Hence, no provision has been made for the same.

MAHENDRA .P. SHAH & CO.
CHARTERED ACCOUNTANTS

224, UNIQUE TRADE CENTER
OPP. SURYA HOTEL
SAYAJIGUNJ
VADODARA – 390 005
PHONE NO. 5522649 - 2363889

Financial of MSK Highways Limited

FINANCIAL INFORMATION

AUDITORS REPORT

The Board of Directors
MSK HIGHWAYS LIMITED
707-708, Sterling Center
R.C.Dutt Road
Baroda – 390 005

Dear Sir,

We have examined the books of accounts of MSK HIGHWAYS. LIMITED (“The Company”) for the year ended on 31/03/2004 being the last date to which the accounts have been made up and audited by us for presentation to the members. The accounts have been prepared based on the significant accounting policies and notes on accounts appended herein below. We have also examined and found correct the accounts of the Company for the above year, prepared and approved by the Board of Directors of the Company.

In accordance with the requirement of clause B (5) of Part – II of schedule – II to the companies act, 1956 and the securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 issued by SEBI on January 19, 2000 in pursuance of section 11 of SEBI Act, 1992 (“The SEBI guidelines”). We report the assets and liabilities (Subject to the notes) as below.

1. ASSETS & LIABILITIES:

The assets and liabilities of the Company as at 31st March 2004 being the last dates up to which the accounts of the Company have been made up and audited by us, after making such regroupings/adjustments, as are, in our opinion, appropriate and subject to notes appearing here under are as follows:-

Rs. In Lakhs

Particulars	As at 31st March, 2004
A. Fixed Assets	
Built Operate and Transfer Project Expenses	792.79
B. Current Assets and Loans and Advances	
Cash and Bank Balance	102.57
Loans and Advances	816.02
Sub Total1	918.59
Liabilities and Provisions	11.15
Sub Total2	11.15

Net Current Assets (1-2)	907.44
C. Loans Funds	
Secured Loan	704.00
Unsecured Loan	0.00
Total.....	704.00
Net Assets (A+B-C)	996.23
Equity share Capital	390.36
Share premium	0.00
Subsidy (MRSNN)	637.70
Less : Preliminary and Preoperative Expenses	31.83
Total.....	996.23

Rs. In Lakhs
As at 31st March, 2004

Share Capital	
<u>Authorised Capital</u>	
10,00,000 Equity shares of Rs. 100/- Each.	1000.00
3,00,00,000 Equity shares of Rs. 1/- Each.	300.00
TOTAL.....	<u>1300.00</u>
<u>Issued, Subscribed, and paid – up capital</u>	
7,33,890 Equity shares of Rs. 100/- each.	733.89
26,11,000 Equity shares of Rs. 1/- each.	<u>26.11</u>
	760.00
Less : Calls in arrears	369.64
Total.....	390.36

Rs. In Lakhs

Secured Loan	As at 31st March, 2004
Term Loan from HUDCO (Secured by hypothecation of toll collection escrow account and corporate guarantee of MSK Projects (India) Limited)	704.00
Total.....	704.00

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2004.

2. SIGNIFICANT ACCOUNTING POLICIES:

A. GENERAL :

- a). The accounts have been prepared under historical cost convention adopting the accrual basis.
- b). All revenue and expenses are accounted on accrual basis except to the extent stated otherwise.

c). **EXPENDITURE IN RESPECT OF BUILD, OPERATE AND TRANSFER (BOT) CONTRACT:**

One time significant expenditure incurred pursuant to a Contract or otherwise which is likely to have benefit in the future year is treated as deferred revenue expenditure and written off over a period of contract or the period over which, the management judgment benefit is likely to accrued after reducing the amount Cash subsidy received from Madhya Pradesh Rajya Setu Nirman Nigam Limited.

d). **CASH SUBSIDY:**

Cash subsidy received from Madhya Pradesh Rajya Setu Nirman Nigam Limited has been shown in Capital Reserve. The Cash subsidy will be adjusted against deferred Revenue Expenditure after Completion of Construction Period.

B). **FIXED ASSETS:**

Fixed Assets are –Nil-

c). **DEPRECIATION:-**

Depreciation is not provided because of non of the fixed assets purchase during the year.

D). **INVESTMENT:**

Investment are –Nil-

E). **INVENTORIES:**

Inventories are –Nil-

F). **GRATUITY:**

Provision for Gratuity has not been made as non of the employee have complete the minimum qualified period of service.

G). **MISCELLANIOUS EXPENDITURE**

Preliminary expenses will be written off after completion of Road Construction.

H). **CONTIGENT LIABILITY:**

Contingent Liabilities are either provided for or disclosed depending on management judgment of the potential outcome.

I). **REVENUE RECOGNISION:**

Revenue is generally recognized on accrual basis and the same has been adjusted against the Build, operate and Transfer Project Expenditure.

II. **NOTES ON ACCOUNTS:-**

1. The Company obtained a Build, Operate and Transfer (BOT) Contract from Madhya Pradesh Rajya Setu Nirman Nigam Limited for a Construction of Strengthening, Widening and rehabilitation and maintenance of Raisen – Rahatgarh . In terms of the Contract, the Company has been entitled to collect the toll during the concession period of 5440 Days (Excluding the period of Construction)

The company has started Construction of Road during the year. Having regards to the Accounting Policies Followed by the Company, the entire expenditure incurred there on aggregating to Rs. 792.79 Lacs is deferred revenue expenditure and shall be written off over a period of Contract after the Completion of Construction of Road after reducing the amount of Cash Subsidy received from Madhya Pradesh Rajya Setu Nirman Nigam Limited.

2. All accounts including unsecured loan, current assets and current liabilities are as per books of accounts and subject to confirmation.
3. In the opinion of the Management, Provident Fund and ESI Act are not yet applicable. Hence, no provision has been made for the same.
The profit and loss account of the company has not been prepared, as the company has not commenced any commercial activity.

We further report as prescribed in 6.18.5 (c)(ii) of SEBI DIP Guidelines that MSK Highways Ltd. (other Bodies Corporate) has not commenced any commercial activities and hence it is not possible to comments regarding the what allowance would have fallen to be made in relation to assets and liabilities so dealt with for holders of other shares, if the company had at all material times held the shares to be acquired.

This report is intended solely for your information and for inclusion in the offer document for the proposed public issue of MSK Projects (India) Limited.

Place : Baroda

Date : 25.07.2004

For, Mukund & Rohit.
Chartered Accountants

(Mukund Bakshi)
Partner

C. Statutory and other information

MINIMUM SUBSCRIPTION

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

EXPENSES OF THE ISSUE

The expenses of the present Issue payable by the Company, which include brokerage, fees to the Lead Manager and Registrars to the Issue, printing and publication expenses, listing fees, distribution and other miscellaneous expenses are estimated at Rs. 25 Lacs and will be met by the Company through internal accruals.

FEE PAYABLE TO THE LEAD MANAGER TO THE ISSUE

The total fee payable to the Lead Manager to the Issue will be as per the Memorandum of Understanding signed with the Lead Managers, Chartered Capital And Investment Limited, copies of which are available for inspection at the Registered Office of the Company.

FEE PAYABLE TO THE REGISTRAR TO THE ISSUE

The fee payable to the Registrars to the Issue, as per their offer letter is kept open for inspection at the Registered Office of the Company.

The Registrars will be reimbursed with all relevant out-of pocket expenses such as cost of stationary, communication expenses etc. Adequate funds will be provided to the Registrars to enable them to send refund orders/letters of allotment by registered post.

BROKERAGE

Brokerage will be paid by the Company @ 1.50 % on the issue price of the shares on the basis of allotments made against applications bearing the stamp of a member of any recognised stock exchange in India in the Brokers column in the application form. Brokerage at the same rate will be payable to the Bankers to the Issue in respect of allotments made against applications provided the relevant application forms bear their respective stamps in the brokers column.

In case of tampering or over stamping of brokers/agents codes on the application form the issuer's decision to pay brokerage in this respect will be final and no further correspondence would be entertained in this regard.

PREVIOUS PUBLIC/ RIGHTS ISSUE

The Company has not issued shares to the Public in the past.

ISSUE OF SHARES AND DEBENTURES OTHERWISE THAN FOR CASH

The Company has not issued shares and debentures otherwise than in cash except as mentioned elsewhere in the Prospectus

PREVIOUS COMMISSION AND BROKERAGE

The Company has not paid commission and/or brokerage in the past.

OUTSTANDING DEBENTURES AND REDEEMABLE PREFERENCE SHARES

There are no outstanding Debentures / Redeemable Preference Shares issued by the Company.

OPTION TO SUBSCRIBE

Except as otherwise stated in the Prospectus, the Company has not entered into nor does it, propose to enter into any contract or arrangement whereby any option or preferential right of any kind has been or is proposed to be given to any person to subscribe for any shares in or debentures of the Company.

INVESTORS MAY KINDLY NOTE THAT TRADING IN THE SHARES OF THE COMPANY ON THE STOCK EXCHANGES SHALL BE IN DEMATERIALISED FORM ONLY FOR ALL THE INVESTORS.

REVALUATION OF ASSETS

The Company has not revalued its assets.

CLASSES OF SHARES

The authorised share capital of the Company is Rs 12,50,00,000 (Rupees Twelve crores Fifty lacs only) divided into 1,25,00,000 Equity Shares of Rs.10/- each. There is no other class of shares of the Company.

CAPITALISATION OF PROFITS

The Company has made following bonus issues since inception

Timing of the Bonus Issue	No. of Bonus Shares issued (Rs.)	Amount capitalized from the undistributed profits (Rs.)	Bonus ratio
03/09/1996	7,20,897	72,08,970	05: 13
03/03/1999	14,54,645	1,45,46,450	14: 25
10/07/2000	12,35,547	1,23,55,470	11 : 43

PURCHASE OF PROPERTY:

Save as elsewhere stated in this Prospectus and save in respect of the property purchased or acquired or to be purchased or acquired under the contracts referred to under the heading "Material Contracts" there is no property which the company has purchased or acquired or proposes to purchase or acquire which is to be paid for wholly or partly out of the proceeds of the present issue or the purchase or acquisition of which has not been completed on the date of the issue of this Prospectus, other than property:

- a. the contract for the purchase or acquisition whereof was entered into in the ordinary course of the Company's business, such contract not being made in contemplation of the issue nor the issue in consequence of the contract;
- b. in respect of which the amount is not material.

The company has not purchased any property in which any of its Promoters and / or Directors, have any direct or indirect interest in any payment made thereof.

INTEREST OF DIRECTORS AND PROMOTERS

The promoters and directors do not have any interest / business dealings with the Company other than the following:

All the Directors of the Company may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board and of Committees thereof, reimbursement of expenses as well as to the extent of other remuneration, if any, payable to them under the Articles.

All the Directors may also be deemed to be interested to the extent of equity shares, if any, already held by them and / or their friends and relatives in the Company, or that may be subscribed for and allotted to them, out of the present issue in terms of this Prospectus and also to the extent of any dividend payable to them and other distributions in respect of the said equity shares.

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

The promoters may also be deemed to be interested to the extent of purchase of property as described above.

PAYMENT OR BENEFIT TO PROMOTERS & OFFICERS

Except as stated elsewhere in this Prospectus, no amount or benefit has been paid or given since the inception of the Company or indicated to be paid or given to the promoter or any officer of the Company, save as normal remuneration for services rendered as directors, officers or employees of the Company, and other expenses incurred in the normal course of business.

APPOINTMENT OF MANAGING DIRECTOR AND WHOLETIME DIRECTOR

In accordance with the provisions of sections 269,309, 310, 314 read with Schedule XIII and all other applicable provisions, if any, of the Act, and with the approval of the shareholders at their Annual General Meeting, Mr. ASHOK KHURANA was appointed as the Managing Director, Mrs. MANJU KHURANA was appointed as the Executive Director, Mr. C. Mohanan as executive director and also Mr. Amit Khurana as Executive Director w.e.f. 01/10/2003 for a period of five years on the following terms and conditions and remuneration:

SHRI ASHOK KHURANA

- 1) Period: 5 year's w.e.f. 1st October 2003
- 2) Remuneration:
 - a) Salary: Rs. 25000/- p.m. including Dearness and other allowances.
 - b) Commission: 1% of the Net Profit of the company subject to a ceiling of 50% of the salary.
 - c) Perquisites: Perquisites may be allowed in addition to salary and / or commission or both but perquisites shall be restricted to an amount equal to the annual salary.

Unless the context otherwise requires, perquisites are classified into three categories A, Band C follows:

Category A :

This will comprise House Rent Allowance, leave travel concession, medical reimbursement, fees of clubs and personal accident insurance. The se may be provided for as under:

- 1) Housing - I : The expenditure by company on hiring unfurnished accommodation for the appointee will be subject to following ceilings:
60 % (Sixty Percent) of the salary, over and above 10 % payable by the appointee.
Housing -II : In case the accommodation is owned by the company, 10 % of the salary of the appointee shall be deducted by the company.
Housing - III : In case no accommodation is provided by the company, appointee shall be entitled to House rent allowance subject to ceilings laid down in Housing - I.
- 2) Medical Reimbursement: Expenses incurred for self and family subject to ceiling of one month's salary in a year of three months salary over a period of three years.
- 3) Leave Travel Concession: For self and family, once in a year in accordance with the rules of the company.
- 4) Club Fees: Fees of clubs subject to maximum of two clubs. This will not include admission and life membership fees.
- 5) Personal Accident Insurance: Premium not to exceed Rs. 4000/- p.a.

Category: B

1. Contribution to Provident Fund, Superannuation fund, Annuity Fund will not be included in computation of the ceiling on perquisites to the extent these either singly

or put together are not taxable under. The Income Tax Act. Gratuity payable should not exceed half a month salary for each completed year of services.

2. Encashment of leave at the end of tenure will not be included in the computation of the ceiling of the perquisites.

Category: C

Provision of car for use on company's business and telephone at residence will not be considered as perquisites. Personal long distance call and use of the car for the private purpose shall be billed by the company to the individual appointee concerned.

SMT. MANJU A. KHURANA

- 1) Period: 5 years w.e.f. 1st October, 2003
- 2) Remuneration:
 - a) Salary: Rs. 10000/- p.m. including Dearness and other allowances.
 - b) Commission: 1 % of the Net Profit of the company subject to a ceiling of 50% of the salary.
 - c) Perquisites: Perquisites may be allowed in addition to salary and / or commission or both but perquisites shall be restricted to an amount equal to the annual salary. Unless the context otherwise requires, perquisites are classified into three categories A, Band C follows:

Category A :

This will comprise House Rent Allowance, leave travel concession, medical reimbursement, fees of clubs and personal accident insurance. The same may be provided for as under:

- 2) Housing - I : The expenditure by company on hiring unfurnished accommodation for the appointee will be subject to following ceilings: 60 % (Sixty Percent) of the salary, over and above 10 % payable by the appointee.
Housing -II : In case the accommodation is owned by the company, 10 % of the salary of the appointee shall be deducted by the company.
Housing - III : In case no accommodation is provided by the company, appointee shall be entitled to House rent allowance subject to ceilings laid down in Housing - I.
- 3) Medical Reimbursement: Expenses incurred for self and family subject to ceiling of one month's salary in a year of three months salary over a period of three years.
- 4) Leave Travel Concession: For self and family, once in a year in accordance with the rules of the company.
- 5) Club Fees: Fees of clubs subject to maximum of two clubs. This will not include admission and life membership fees.
- 6) Personal Accident Insurance : Premium not to exceed Rs. 4000/- p.a.

Category: B

1. Contribution to Provident Fund, Superannuation fund, Annuity Fund will not be included in computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under. The Income Tax Act. Gratuity payable should not exceed half a month salary for each completed year of services.
2. Encashment of leave at the end of tenure will not be included in the computation of the ceiling of the perquisites.

Category: C

Provision of car for use on company's business and telephone at residence will not be considered as perquisites. Personal long distance call and use of the car for the private purpose shall be billed by the company to the individual appointee concerned.

SHRI C. MOHANAN

- 1) Period: 5 years w.e.f. 1st October, 2003
- 2) Remuneration:
 - a) Salary: Rs. 14000/- p.m. including Dearness and other allowances.
 - b) Commission: 1 % of the Net Profit of the company subject to a ceiling of 50 % of the salary.
 - c) Perquisites: Perquisites may be allowed in addition to salary and / or commission or both but perquisites shall be restricted to an amount equal to the annual salary. Unless the context otherwise requires, perquisites are classified into three categories A, Band C follows:

Category A :

This will comprise House Rent Allowance, leave travel concession, medical reimbursement, fees of clubs and personal accident insurance. The same may be provided for as under:

- 3) Housing - I : The expenditure by company on hiring unfurnished accommodation for the appointee will be subject to following ceilings: 60 % (Sixty Percent) of the salary, over and above 10 % payable by the appointee.
Housing -II : In case the accommodation is owned by the company, 10 % of the salary of the appointee shall be deducted by the company.
Housing - III : In case no accommodation is provided by the company, appointee shall be entitled to House rent allowance subject to ceilings laid down in Housing - I.
- 4) Medical Reimbursement: Expenses incurred for self and family subject to ceiling of one month's salary in a year of three months salary over a period of three years.
- 5) Leave Travel Concession: For self and family, once in a year in accordance with the rules of the company.
- 6) Club Fees: Fees of clubs subject to maximum of two clubs. This will not include admission and life membership fees.
- 7) Personal Accident Insurance: Premium not to exceed Rs. 4000/- p.a.

Category: B

1. Contribution to Provident Fund, Superannuation fund, Annuity Fund will not be included in computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under. The Income Tax Act. Gratuity payable should not exceed half a month salary for each completed year of services.
2. Encashment of leave at the end of tenure will not be included in the computation of the ceiling of the perquisites.

Category: C

Provision of car for use on company's business and telephone at residence will not be considered as perquisites. Personal long distance call and use of the car for the private purpose shall be billed by the company to the individual appointee concerned.

SHRI AMIT A.KHURANA

- 1) Period: 5 years w.e.f. 1st October, 2003
- 2) Remuneration:
 - a) Salary: Rs. 20000/- p.m. including Dearness and other allowances.
 - b) Commission: 1 % of the Net Profit of the company subject to a ceiling of 50 % of the salary.
 - c) Perquisites: Perquisites may be allowed in addition to salary and / or commission or both but perquisites shall be restricted to an amount equal to the annual salary. Unless the context otherwise requires, perquisites are

classified into three categories A, Band C follows:

Category A :

This will comprise House Rent Allowance, leave travel concession, medical reimbursement, fees of clubs and personal accident insurance. The se may be provided for as under:

- 3) Housing - I : The expenditure by company on hiring unfurnished accommodation for the appointee will be subject to following ceilings: 60 % (Sixty Percent) of the salary, over and above 10 % payable by the appointee.
Housing -II : In case the accommodation is owned by the company, 10 % of the salary of the appointee shall be deducted by the company.
Housing - III : In case no accommodation is provided by the company, appointee shall be entitled to House rent allowance subject to ceilings laid down in Housing - I.
- 4) Medical Reimbursement: Expenses incurred for self and family subject to ceiling of one month's salary in a year of three months salary over a period of three years.
- 5) Leave Travel Concession: For self and family, once in a year in accordance with the rules of the company.
- 6) Club Fees: Fees of clubs subject to maximum of two clubs. This will not include admission and life membership fees.
- 7) Personal Accident Insurance: Premium not to exceed Rs. 4000/- p.a.

Category: B

1. Contribution to Provident Fund, Superannuation fund, Annuity Fund will not be included in computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under. The Income Tax Act. Gratuity payable should not exceed half a month salary for each completed year of services.
2. Encashment of leave at the end of tenure will not be included in the computation of the ceiling of the perquisites.

Category: C

Provision of car for use on company's business and telephone at residence will not be considered as perquisites. Personal long distance call and use of the car for the private purpose shall be billed by the company to the individual appointee concerned.

MAIN PROVISIONS OF ARTICLES OF ASSOCIATION

CLAUSE NO. : 4

INCREASE OF CAPITAL BY THE COMPANY AT HOW CARRIED INTO EFFECT:

The Company may in General Meeting, from time to time by ordinary resolution, increase its capital by creation of new shares which may be unclassified and may be classified at the time of issue in one or more classes and of such amount or amounts as may be deemed expedient. The new shares shall be issued upon such terms and conditions with such rights and privileges annexed thereto as the resolution shall prescribe and in particular, such shares may be issued with a preferential or qualified right to dividends and in the distribution of asset of the company and with a right of voting at General Meeting of the Company in conformity with Sections 87 and 88 of Act. Whenever the Capital of the Company has been increased under the provisions of this Article, the Directors shall comply with the provisions of Section 97 of the Act.

CLAUSE NO. : 8

REDUCTION OF CAPITAL:

The Company may (Subject to the previsions of Section 78, 80 and 100 to 105, both inclusive

and other applicable provisions, if any of Act) from time to time by special resolution reduce (a) the share capital (b) any capital redemption reserve account or (c) any share premium account in any manner for the time being, authorised by law and in particular capital may be paid off on the footing that it may be called up again or otherwise. This Article is not to derogate from any power company would have, if it were omitted.

CLAUSE NO. : 9

CONSOLIDATION DIVISION, SUB DIVISION AND CANCELLATION OF SHARES:

Subject to the provisions of Section: 94 of the Act, the Company in General Meeting may from time to time by an ordinary resolution after conditions of its Memorandum as follows:

- a) Consolidate and divide all or any of its share capital into shares of large amount than its existing shares.
- b) Sub - divide its shares or any of them into shares of smaller amount than fixed by the Memorandum, so however, that in the sub division the proportion between the amount paid and the amount, if any, unpaid on such reduce shares shall be the same as it was in the case of the share from which the reduced share is derived.
- c) Cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled. A cancellation of shares in pursuance of this sub clause shall not be deemed to be reduction of share capital within the meaning of the Act..

Whenever the Company shall do anyone or more of the things provided for in the foregoing sub - clauses (a), (b) and (c), the Company shall within thirty days thereafter give notice thereof to the Registrar as required by Section 95 of the Act, specifying, as the case may be, the shares consolidated, divided, sub - divided or cancelled.

CLAUSE NO. : 10

MODIFICATION OF RIGHTS:

Whenever the capital, by reason of the issue of the preference shares or otherwise is dividend into difference 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, abrogated, dealt with or varied with the consent in writing of the holders of not less than three - fourth of the issued capital of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of shares of that class and all the provisions hereinafter contained as to general meeting shall mutatis mutandis apply to every such meeting. This Article is not to derogate from any power the Company would have if this Article was omitted. The rights conferred upon the holders of the shares (including preference shares if any) of any class issued with preferred or other rights or privileges shall unless otherwise expressly provided by the terms of the issue of shares of that class, be deemed not to be modified, commuted, affected, abrogated dealt with or varied by the creation of issue of further shares ranking pari passu therewith.

CLAUSE NO. : 12

FURTHER ISSUE OF SHARES:

- 1) Where at any time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the company by allotment of further shares whether out of un - issued share capital or out of increased share capital then:
 - a) Such further shares shall be offered to the persons who at the date of the offer, are holders of the equity shares of the Company, in proportion, as nearly as circumstances admit, to the capital paid up on those shares at that date.

- b) Such offer shall be made by a notice specifying the number of shares offered and limiting a time not being less than thirty days from the date of the offer and the offer is not accepted, will be deemed to have been declined.
 - c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to them in favour of any other person and the notice referred to in sub clause (b) hereof shall contain a statement of this right. PROVIDED THAT the Directors may decline, without assigning any reason, to allot any shares to any person in whose favour any member may renounce the shares offered to him.
 - d) After the expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose off them in such manner and to such person(s) as they may think, in their sole discretion fit.
- 2) Notwithstanding anything contained in sub - clause (1) thereof, the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (a) sub - clause (1) hereof) in any manner what so ever.
- a) If a special resolution to that effect is passed by the Company in General Meeting; or
 - b) Where no such special resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in that general meeting (including the casting vote, if any, of the Chairman) by members who, being entitled so to do, vote in person or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the Company.
- 3) Nothing is sub-clause (c) of clause (1) hereof shall be deemed;
- a) To extend the time within which the offer should be accepted; or
 - b) To authorise any person to exercise the right of renunciation for a second time on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.
- 4) Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the debenture issued or loans raised by the Company:
- i) To convert such debentures or loans into shares in the Company; or
 - ii) To subscribe for shares in the Company (whether such option is conferred in these Articles or otherwise).

PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:

- a) Either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity, with the Rules, if any, made by that Government in this behalf; and
- b) In the case of debentures or loans or other than debentures issued to or loans obtained from Government or any institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the Company in General Meeting before the issue of the debentures or the raising of the loans.

FORFEITURE OF SHARES: CLAUSE NO.: 44

IF MONEY PAYABLE ON SHARE NOT PAID NOTICE TO BE GIVEN: -

If any member fails to pay the whole or any part of any call or any installment of a call on or before the day appointed for the payment of the same or any such extension thereof, the Board of Director may, at any lime thereafter, during such time as the call for installment remains unpaid, give notice to his requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.

CLAUSE NO.: 46

FORM OF NOTICE:

The notice shall name a day (not being less than one month from the day of the notice) and a place or places on and at which such call or installment and such interest thereon at such rate not exceeding eighteen per cent per annum as the Directors may determine and expenses as aforesaid are to be paid. The notice shall also state that in the event of the non - payment at or before the time and at the place appointed, shares in respect of which the call was made or installment is payable will be liable to be forfeited.

CLAUSE NO.: 47

IN DEFAULT OF PAYMENT SHARES TO BE FORFEITED:

If the requirements of any such notice as aforesaid are not complied with any share or shares in respect of which such notice has been given may at any time thereafter before payment of all calls or installments, interests and expenses due in respect thereof, be forfeited by a resolution of the Board of Directors to that effect. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited shares and not actually paid before the forfeiture.

CLAUSE NO. : 48

NOTICE OF FORFEITURE TO A MEMBER:

When any share shall have been so forfeited, notice of the forfeiture shall be given to the member in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register of Members, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make any such entry as aforesaid.

CLAUSE NO. : 49

FORFEITED SHARE TO BE THE PROPERTY OF THE COMPANY AND MAY BE SOLD:

Any share so forfeited, shall be deemed to be the property of the Company and may be sold, re-allotted or otherwise disposed off, either to the original holder or to any other person, upon such terms and in such manner as the Board of Directors shall think fit.

CLAUSE NO.: 50

MEMBER STILL LIABLE TO PAY MONEY OWING AT THE TIME OF FORFEITURE AND INTEREST:

Any member whose shares have been forfeited shall notwithstanding the forfeiture be liable to pay and shall forthwith pay to the Company on demand all calls, installments, interest and expenses owing upon or in respect of such shares at the time of the forfeiture with interest thereon from the time of the forfeiture until payment, at such rate not exceeding eighteen per cent per annum as the Board of Directors may determine and the Board of Directors may enforce the payment of such moneys or any part thereof, if it thinks fit, but shall not be under any obligation to do so.

CLAUSE NO.: 51

EFFECT OF FORFEITURE:

The forfeiture of a share shall involve the extinction at the time of the forfeiture of all interest

in and all claims and demand 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.

CLAUSE NO.: 52

POWER TO ANNUAL FORFEITURE:

The board of Directors may at any time before any share so forfeited shall have been sold, re-allotted or otherwise disposed off, annual the forfeiture thereof upon such conditions as it thinks fit.

CLAUSE NO. : 22

SHARE CERTIFICATE:

- A) Every member or allottee of shares shall be entitled, without payment to receive one certificate for all the shares of the same class registered in his name. The share certificates shall be issued in marketable lots only without payment. Every share certificate shall specify the name of the person in whose favour it is issued, the share certificate number and the distinctive number(s) of the shares to which it relates and the amount paid up thereon. Such certificate shall be issued only in pursuance of a resolution passed by the Board and on surrender to the Company of its letter of allotment or its fractional coupons of requisite value, save in cases of issue against letters of acceptance or of renunciation or in cases of issue of bonus shares PROVIDED THAT if the letter of allotment is lost or destroyed, the Board may impose such reasonable terms, if any, as it thinks fit, as to evidence and indemnity and the payment of out of pocket expenses incurred by the Company" in investigating the evidence. If any member shall require additional certificates he shall pay for each additional certificate (not being in the marketable lot) such sum not exceeding One Rupee, as the Directors shall determine. The Certificates if title too shall be issued under the seal of the Company and shall be signed in conformity with the provisions of the Companies (Issue of Share Certificates) Rules, 1960 or any statutory modification or re-enactment thereof for the time being in force. Printing of blank forms to be used for issue of share certificates and maintenance of books and documents relating to issue of Share Certificate shall be in accordance with the provisions of the aforesaid rules. Such certificates of title to shares shall be delivered within two months after the allotment and within one month after the application for the registration of the transfer of any such shares unless the conditions of issue of share provide otherwise.
- B) Any two or more joint allottees or holders of shares shall, for the purpose of this Article, be treated as a single member and the certificate of any share which may be the subject of joint ownership, may be delivered to anyone of such joint owners on behalf of all of them.

CLAUSE NO.: 41

COMPANY TO HAVE LIEN ON SHARES:

The Company shall have a first and paramount lien upon all 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 payable or not), called or payable at a fixed time in respect of such shares and no equitable interests in any share shall be created except upon the footing and condition that this Article is to have full legal effect.

CLAUSE NO. : 42

AS TO ENFORCING LIEN BY SALE:

The Company may sell, in such manner as the Board thinks fit, any shares on which the Company has a lien for the purpose of enforcing the same PROVIDED THAT no sale shall

be made:

- a) Unless a sum in respect of which the lien exists is presently payable or;
- b) Until the expiration of thirteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency.
For the purpose of such sale, the Board may cause to be issued a duplicate certificate in respect of such shares and may authorise one of their members to execute a transfer thereof on behalf of and in the name of such members.
- c) The purchaser shall not be bound to see the application of the purchase money nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

TRANSFER & TRANSMISSION OF SHARES:

CLAUSE NO.: 57

NO TRANSFER TO MINOR:

The Board shall not issue or register a transfer of any shares for a minor (except in case when they are fully paid) or insolvent or person of unsound mind.

CLAUSE NO.: 58 FORM OF TRANSFER:

The Instrument of transfer of any share shall be in the prescribed form under the Companies (Central Government) General Rules and Forms, 1956 and in accordance with the requirements of Section: 108 of the Act.

CLAUSE NO.: 59

APPLICATION FOR TRANSFER:

- A) An application *for* registration of a transfer of the shares in the Company may be either by the transferor or the transferee.
- B) Where the application is made by the transferor and relates to partly paid shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice.
- C) For the purpose of clause (b) above notice to the transferee shall be deemed to have been duly given if it is dispatched by prepaid registered post to the transferee at the address given in the instrument of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered in the ordinary course of post.

CLAUSE NO.: 60

EXECUTION OF TRANSFER:

The instrument to transfer of any share shall be duly stamped and executed by or on behalf of both the transferor and the transferee and shall be attested. 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.

PROVIDED THAT registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except where the Company has lien on shares.

CLAUSE NO.: 61

TRANSFER BY LEGAL REPRESENTATIVES:

A transfer of share in the Company of a deceased member thereof made by his legal representative shall, although the legal representative is not himself a member be as valid as if he had been a member at the time of the execution of the instrument of transfer.

CLAUSE NO.: 62

REGISTER OF MEMBERS WHEN CLOSED:

The Board of Directors shall have power on giving not less than seven days previous notice by advertisement in some newspaper circulating in the district in which the registered office of the Company is situated to close the Register of Members and *I* or the Register of Debenture Holders at such time or times and for such period or periods not exceeding thirty days at a time and not exceeding in the aggregate forty five days in each year as it may seem expedient to the Board.

CLAUSE NO.: 63

DIRECTORS MAY REFUSE TO REGISTER TRANSFERS:

Subject to the provisions of Section 111 of the Act or any statutory modification thereof and subject to the provisions of Section 22A of the Securities Contracts (Regulation) Act, 1956 as in force from time to time, the Directors may at any time in their own absolute and uncontrolled discretion decline to register or acknowledge any transfer of any share giving reasons there for and in particular may so decline in any case in which the Company has a lien upon the shares desired to be transferred or any call or installment regarding any of them remain unpaid or unless the transferee is not approved by the Directors and such refusal shall not be affected by the fact that, the proposed transferee is already a member, the registration of transfer shall be conclusive evidence of the approval of the Director of the transferee.

CLAUSE NO.: 64

DIRECTORS MAY REFUSE ANY APPLICATION FOR SPLIT OR CONSOLIDATION OF CERTIFICATE (S):

Subject to the power of the Directors stated in Article 63 and the provisions of this clause, transfer of Shares/ Debentures, in whatever lot should not be refused. However, the Company may refuse to split a Share Certificate/ Debenture Certificate into several scrip of very small denominations or to consider a proposal *for* transfer of Share/ Debentures comprised in a Share Certificate/ Debenture Certificate to several parties, involving such splitting if on the face of its such splitting/ transfer appears to be unreasonable or without a genuine need or a marketable lot.

CLAUSE NO. : 65

NOTICE OF REFUSAL TO BE GIVEN TO TRANSFEROR AND TRANSFEREE:

If the Company refused to register the transfer of any shares or debentures or transmission of any right therein, the Company shall within one month from the date on which the instrument of transfer or intimation of transmission was delivered with the Company send notice of refusal to the transferee and the transferor or to the person giving the intimation of the transmission as the case may be giving reasons for such refusal and thereupon the provisions of section 111 of the Act and statutory modification or re-enactment thereof for the time being in force shall apply.

CLAUSE NO.: 66

DEATH OF ONE OR MORE JOINT HOLDERS OF SHARES:

In case of the death of anyone or more of the persons names in the Register of Members as the Joint holders of any share, the survivor or survivors shall be the only persons recognized by the Company as having any title or interest in such share, but nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on shares held by him with any other person.

CLAUSE NO. : 67

TITLES TO SHARE OF DECEASED MEMBER:

The executors or administrators of a deceased member or holders of a Succession Certificate or the legal representatives in respect of the shares of a deceased member (not being one of two or more joint holders) shall be the only persons recognized by the Company as having any title to the shares registered in the name of such members and the Company shall not be

bound to recognize such executors or administrators or holders of a succession certificate or the legal representatives unless such executors or administrators or legal representatives shall have first obtained Probate or Letters of Administration or Succession Certificate as the case may be from a duly constituted Court in the Union of India provided that in any case where the Board of Directors in its absolute discretion thinks fit, the Board upon such terms as to indemnity or otherwise as the Directors may deem proper dispense with production of Probate or Letters of Administration or Succession Certificate and register under Article 73 shares standing in the name of a deceased member, as a member.

CLAUSE NO.: 68

REGISTRATION OF PERSONS ENTITLED TO SHARES OTHERWISE THEN BY TRANSFER:

(Transmission clause):

Subject to the provisions of Article 66, any person becoming entitled to any share in consequence of the death, lunacy, bankruptcy or insolvency of any member or by any lawful means other than by the transfer in accordance with these Articles, may with the consent of the Board of Directors (which it shall not be under obligation to give) upon producing such evidence that he sustains the character in respect of which he proposes to act under these Articles or of his title, as the Board of Directors shall require and upon giving such indemnity as the Directors shall require either be registered as member in respect of such shares or elect to have some person nominated by him and approved by the Board of Directors registered as members in respect of such shares. PROVIDED NEVERTHELESS the if such person shall elect to have his nominee registered, he shall testify his election by executing in favour of his nominee an instrument of transfer in accordance with the provisions herein contained and until he does so, he shall not be free from any liability in respect of such shares, this clause is herein referred to as "THE TRANSMISSION CLAUSE".

CLAUSE NO.: 69

REFUSAL TO REGISTER NOMINEE:

Subject to the provisions of the Act and these Articles, the Directors shall have the same right to refuse to register a person entitled by transmission to any share of his nominee as if he were the transferee named in an ordinary transfer presented for registration.

CLAUSE NO.: 70

PERSON ENTITLED MAY RECEIVE DIVIDEND WITHOUT BEING REGISTERED AS MEMBER:

A person entitled to a share transmission shall subject to the right of the Directors to retain such dividends or money as is herein after provided be entitled to receive and may give a discharge for any dividends or other moneys payable in respect of the share.

CLAUSE NO.: 71

NO FEE ON TRANSFER OR TRANSMISSION:

No fee shall be charged for registration of transfer, Probate, Succession Certificate and Letters of administration, Certificate of Death or Marriage, Power of Attorney or similar other documents.

CLAUSE NO.: 72

TRANSFER TO BE PRESENTED WITH EVIDENCE OF TITLE:

Every instrument of transfer shall be presented to the Company duly stamped for registration accompanied by such evidence as the Board may require to prove the title of the transferor, his right to transfer the shares and generally under and subject to such conditions and regulations as the Board may, from time to time, prescribe and every registered instrument of

transfer shall remain in the custody of the Company until destroyed by order of the Board.

CLAUSE NO.: 73

THE COMPANY NOT UABLE FOR DISCHARGE OF A NOTICE PROHIBITING REGISTRATION OF A TRANSFER:

The Company shall incur no liability or responsibility whatever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof as shown or appearing in the Register of Members to the prejudice of persons having or claiming any equitable right, title or interest to or in the said shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer and may have entered such notice or referred thereto in any book of the Company and the Company shall not be bound or required to regard or attend to give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting to do so, though it may have been entered or referred to in some book of the Company, but the Company shall nevertheless, be at liberty to regard and attend to any such notice and give effect thereto if the Board of Directors shall so think fit.

CLAUSE NO.: 98

QUORUM:

Five members entitled to vote and present in person shall be quorum for General Meeting and no business shall be transacted at the general meeting unless the quorum requisite be present at the commencement of the meeting. A body corporate being a member shall be deemed to be personally present if it is represented in accordance with Section 187 of the Act. The President of India or the Governor of a State being a member of the Company shall be deemed to be personally present if he is presented in accordance with Section 187 A of the Act.

VOTES OF MEMBERS:

CLAUSE NO.: 113

RESTRICTION ON EXERCISE OF VOTING RIGHTS OF MEMBERS WHO HAVE NOT PAID CALLS:

No member shall exercise any voting rights in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has exercised any right of lien.

CLAUSE NO. : 114

NUMBER OF VOTES TO WHICH MEMBER ENTITLED:

Subject to the provisions of Article 112 every member of the Company, holding any equity share capital and otherwise entitled to vote shall, on a show of hands when present in person (or being a body corporate present by a representative duly authorised) have one vote and on a poll, when present in person (including a body corporate by a duly authorised representative) or by an agent duly authorised under a Power of Attorney or by proxy, his voting right shall be in proportion to his share of the paid - up equity share capital of the Company. Provided however, if any preference share - holder 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 before the meeting which directly affect the rights attached to his preference shares. A member is not prohibited from exercising his voting rights on the ground that he has not held his shares or interest in the Company for any specified period proceeding the date on which the vote is taken.

CLAUSE NO. : 117

REPRESENTATION OF BODY CORPOARTE:

A) A body corporate (whether a Company within the meaning of the Act or not) may, if

it is a member or creditor of the Company (including a holder of debentures) authorise such person as it thinks fit by a resolution of its Board of Directors or other Governing Body, to act as its representative at any meeting of the Company or any class of members of the Company or at any meeting of the creditors of the Company or debenture holders of the Company. A person authorised by resolution as aforesaid shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the body corporate, which he represents as that body, could exercise if it were an individual member, creditor or holder of debentures of the Company. The production of a copy of the resolution referred above, certified by Director or the Secretary of such body corporate before the commencement of the meeting shall be accepted by the Company as sufficient evidence of the validity of the said representative's appointment and his right to vote thereat.

- B) Where the President of India or the Governor of a State is a member of the Company, the President or as the case may be, the Governor may appoint such person as he thinks fit to act as his representative at any meeting of the Company or at any meeting of any class of members of the Company and such a person shall be entitled to exercise the same rights and powers, including the right to vote by proxy, as the President or as the case may be, the Governor could exercise as a member of the Company.

CLAUSE NO.: 118

VOTE IN RESPECT OF DECEASED OR INSOLVENT MEMBERS:

Any person entitled under the transmission Article to transfer any share may vote any General Meeting in respect thereof in the same manner as if he was the registered holder of such shares provided that at least forty - eight hours before the time of holding the meeting or adjourned meeting, as the case may be, at which he proposes to vote, he shall satisfy the Directors of the rights to transfer such shares and give such indemnity (if any) as the Directors may require unless the Directors shall have previously admitted his right to vote at such meeting in respect thereof.

CLAUSE NO.: 120

RIGHTS OF MEMBERS TO USE VOTES DIFFERENTLY:

On a poll taken at a meeting of the Company a member entitled to more than one vote or his proxy or other persons entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes he uses.

CLAUSE NO. : 123

NO PROXY TO VOTE ON SHOW OF HANDS:

No Proxy shall be entitled to vote by a show of hands.

CLAUSE NO.: 124

INSTRUMENT OF PROXY WHEN TO BE DEPOSITED:

The instrument appointing a proxy and the Power of Attorney of Authority (if any) under which it is signed or a notarially certified copy of that Power of Attorney or Authority, shall be deposited at the Registered Office of the Company forty - eight hours before the time for holding the meeting at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid.

CLAUSE NO. : 125 FORM OF PROXY:

Every instrument of proxy whether for a specified meeting or otherwise shall as nearly as circumstances will admit be in the form set out in Schedule: IX to the Act and signed by the appointer or his attorney duly authorised in writing or if the appointer is a body corporate be under its seal or be signed by any officer or attorney duly authorised by it.

CLAUSE NO.: 126

VALIDITY OF VOTES GIVEN BY PROXY NOTWITHSTANDING REVOCATION

OF AUTHORITY:

A vote given in accordance with the terms of instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or of any Power of Attorney under which such proxy was signed or the transfer of the share in respect of which the vote is given, provided that no intimation in writing of the death, insanity, revocation or transfer shall have been received by the Company at the Registered Office before the commencement of the meeting or adjourned meeting at which the proxy is used provided nevertheless that the Chairman of any meeting shall be entitled to require such evidence as he may in his discretion think fit of the due execution of an instrument of proxy and of the same not have been revoked.

CLAUSE NO.: 127**TIME FOR OBJECTION TO VOTE:**

No objection shall be made to the qualification of any vote or to the validity of a vote except at the meeting or adjourned meeting at which the vote objected to is given or tendered and every vote, whether given personally or by proxy, not disallowed at such meeting shall be valid for all purposes and such objection made in due time shall be referred to the Chairman of the meeting.

CLAUSE NO.: 128**CHAIRMAN OF ANY MEETING TO BE THE JUDGE OF VALIDITY OF ANY VOTE:**

The Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting. The Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll. The decision of the Chairman shall be final and conclusive.

PROCEEDINGS OF DIRECTORS:**CLAUSE NO. : 82****POWER OF BORROW:**

Subject to the provisions of Section 58A, 292 and 293 of the Act and of these Articles the Board of Directors may from time to time at its discretion by a resolution passed at a meeting of the Board, borrow, accept, deposits from members either in advance of calls or otherwise and generally raise or borrow or secure the payment of any such sum or sums of money for the purpose of the Company from any source. PROVIDED THAT, where the moneys to be borrowed together with the moneys already borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceeds the aggregate of the paid up capital of the Company and its free reserves (not being reserves set apart for any specific purpose) the Board of Directors shall not borrow such money without the sanction of the Company in general meeting. No debt incurred by the Company in excess of the limit imposed by this Article shall be valid or effectual unless the lender proves that he advanced the loan in good faith and without knowledge that the limit imposed by this Article had been exceeded.

CLAUSE NO. : 169**POWER OF BOARD MEETING:**

A meeting of the Board of Directors for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions which by or under the Act or these Articles or the regulations for the time being of the Company are vested in or exercisable by the Board of Directors generally.

CLAUSE NO. : 174

GENERAL POWERS OF MANAGEMENT VESTED IN DIRECTORS: The business of the Company shall be managed by the Directors who may exercise all such powers of the

Company and do all such acts and things as are not by the Act or any other Act or by the Memorandum or by the Articles of Company required to be exercised by the Company in General Meeting. Subject nevertheless to any regulation of these Articles or the provisions of the Act or any other Act and to such regulation being not inconsistent with the aforesaid regulations or provisions as may be prescribed by the Company in General Meeting but no regulations made by the Company in General Meeting shall invalidate any prior act of the Directors which would have been valid if that regulation had not been made, provided that the Board of Directors shall not except with the consent of the Company in General Meeting;

- a) sell, lease or otherwise dispose off the whole or substantially the whole of the undertaking of the Company or where the Company owns more than one undertaking, of the whole or substantially the whole of any such undertaking;
- b) remit or give time for the payment of any debt due by a Director.
- c) invest, otherwise than in trust securities, the amount of compensation received by the Company in respect of the compulsory acquisition, of any such undertaking as is referred to in clause (a) or of any premises or properties used for any such undertaking and without which it cannot be carried on or can be carried on only with difficulty or only after a considerable time;
- d) borrow moneys, where moneys to be borrowed, together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose; or
- e) contribute to charitable and other funds not directly relating to the business of the Company or the welfare of its employees any amounts the aggregate of which will, in any financial year, exceed fifty thousand rupees or five percent of its average net profits as determined in accordance with the provisions of Section 349 and 350 of the Act during the three financial years immediately proceeding, which is greater, provided that the Company in General Meeting or the Board of Directors shall not contribute any amounts to any political party or for any political purpose to any individual or body:
 - i) Provided that in respect of the matter referred to in clauses (d) and (e) such consent shall be obtained by a resolution of the Company which shall specify the total amount upto which moneys may be borrowed by the Board under clause (d) or as the case may be, total amount which may be contributed to charitable or other funds in any financial year under clause (e).
 - ii) Provided further that the expression "temporary loans" in clause (d) above shall means loans repayable on demand or within six months from the date of the loan such as short term cash credit arrangements, the discounting of bills and the issue of other short term loans of a seasonal character, but does not include loans raised for the purpose of financing expenditure of a capital nature.

CLAUSE NO.: 176

CERTAIN POWERS OF THE BOARD:

Without prejudice to the general powers conferred by the last preceding Article and so as not in any way to limit or restrict those powers and without prejudice to the other powers conferred by these Articles but subject to the restrictions contained in the last preceding \ Articles, it is hereby declared that the Directors shall have the following powers, that is to say, power:

- 1) To pay the costs, charges and expenses preliminary and incidental to the formation,

- promotion, establishment and registration of the Company.
- 2) To pay and charge to the Capital Account of the Company any commission or interest, lawfully payable thereout under the provisions of Sections 76 and 208 of the Act.
 - 3) Subject to Section 292 and 297 and other applicable provisions of the Act, to purchase or otherwise acquire for the Company any property, rights or privileges which the Company is authorised to acquire at or for such price or consideration and generally on such terms and condition as they may think fit in any such purchase or other acquisition, accept such title as the Director may believe or may be advised to be reasonably satisfactory.
 - 4) At their discretion and subject to the provisions of the Act, to pay for any property, rights or privileges by or services rendered to the Company, either wholly or partially in cash or in shares, bonds, debentures, mortgages or other securities of the Company and any such shares may be issued either as fully paid up or with such amount credited as paid up thereon as may be agreed upon and any such bonds, debentures mortgages or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged.
 - 5) To secure the fulfillment of any contracts or engagements entered into by the Company by mortgage or charge of all or any of the property of the Company and its uncalled capital for the time being or in such manner as they may think fit.
 - 6) To accept from any member, so far as may be permissible by law, a surrender of his shares or any part thereof, on such terms and conditions as shall be agreed.
 - 7) To appoint any person to accept and hold in trust for the Company property belonging to the Company or in which it is interested or for any other purposes and to execute and to do all such deeds and things as may be required in relation to any such trust and to provide for the remuneration of such trustee or trustees.
 - 8) To institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its officer or otherwise concerning the affairs of the Company and also to compound and allow time for payment on satisfaction of any debts due and of any claim or demands by or against the Company and to refer any difference to arbitration and observe the terms of any awards made therein either according to Indian Law or according to foreign law and either in India or abroad and observe and perform or challenge any award made therein.
 - 9) To act on behalf of the Company in all matters relating to bankruptcy, insolvency, winding up and liquidation of companies.
 - 10) To make and give receipts, release and other discharge for moneys payable to the Company and for the claims and demands of the Company.
 - 11) Subject to the provisions of Section 291 (1), 295, 370 and 372 and other applicable provisions of the Act and these Articles, to invest and deal with any moneys of the Company not immediately required for the purpose thereof, upon such security (not being the shares of this Company) or without security and in such manner as they may think fit and from time to time to vary or realize such investment. Save as provided in Section 49 of the Act, all investments, shall be made and held in the Company's own name.
 - 12) To execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability whether as principal or surety, for the benefit of the Company, such mortgage of the Company's property (present and future) as they think fit and any such mortgage may contain a power of sale and other powers, provisions, covenants and agreements as shall be agreed upon.

- 13) To open bank accounts and to determine from time to time who shall be entitled to sign, on the Company's behalf, bills, notes, receipt, acceptances, endorsements, cheques, dividend warrants, release, contracts and documents and to give the necessary authority for such purpose.
- 14) To distribute by way of bonus amongst the staff of the Company a share or shares in the profits of the Company and do give to any Director, officer or other person employed by the Company a commission on the profits of any particular business or transaction and to charge such bonus or commission as a part of working expenses of the Company.
- 15) To provide for the welfare of Directors or Ex-Directors or employees or ex-employees of the Company and the wives, widows and families of the dependents or connections of such persons by building or contributing to the building of houses, dwellings or chawls or by grants of money, pension, gratuities, allowances, bonus or other payments or by creating and from time to time, subscribing or contributing to provident and other associations, institutions any by providing or subscribing or contributing towards places of instructions and recreation, hospitals, dispensaries, medical and other attendance and other assistance as the Board shall think fit and subject to the provisions of Section 293(1) (e) of the Act, to subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or other institutions or objects which shall have any moral or other claim to support or aid by the Company either by reason of locality of operation or the public and general utility or otherwise.
- 16) Before recommending any dividend, to set aside, out of the profits of the Company, such sums as they may think proper for depreciation or the depreciation fund or to an insurance fund or as reserve fund or sinking fund or any special or other fund or funds or account or accounts to meet contingencies or to repay redeemable preference shares, debentures or debenture - stock or for special dividends or of equalizing dividends for repairing, improving, extending and maintaining any part of the property of the Company and such other purposes (including the purposes referred to in the preceding clause) as the Board may, in their absolute discretion think conducive to the interest of the Company and subject to Section 292 of the Act, to invest the several sums so set aside or so much thereof as required to be invested, upon such investments (other than share of this Company) as they may think fit and from time to time to deal with and vary such investments and dispose off and apply and expend all or any part thereof the benefit of the Company, in such manner and for such purposes as the Board in their absolute discretion think conducive to the interest of the Company notwithstanding that the matters to which the Board apply or upon which they expend the same or any part thereof or upon which the capital moneys of the Company might rightly be applied or expended and to divide the General Reserve or Reserve Fund into such Special funds as the Board may think fit with full power to transfer the whole or any portion of a Reserve Fund or division of Reserve Fund to another Reserve fund and / or division of a Reserve Fund and with full power to employ the assets constituting all or any of the above funds including the depreciation fund in the business of the Company or in purchase or repayment of redeemable preference shares, debentures or debenture - stock and without being bound to keep the same separate from the other assets and without being bound to pay interest on the same with power however to the Board at their discretion to pay or allow to the credit of such funds interest at such rate as the Board may think proper.
- 17) To appoint and at their discretion remove or suspend such general managers, managers, secretaries, assistants, supervisors, scientists, technicians, engineers,

- consultants, legal, medical or economic advisers, research workers, labourers, clerks, agents and servants for permanent, temporary or special services as they may from time to time think fit and to determine their powers and duties and to fix their salaries or emoluments or remuneration and to acquire security in such instances and to such amounts as they may think fit and also from time to time provide for the management and transactions of the affairs of the Company in any specified locality in India or elsewhere in such manner as they think fit.
- 18) From time to time and at any time to establish any Local Board for managing any of the affairs of the Company in any specified locality in India or elsewhere and to appoint any person to be members of such Local Boards or managers or agencies and to fix their remuneration.
 - 19) Subject to Section 292 of the Act, from time to time and at any time, to delegate to any persons so appointed any of the powers, authorities and discretions for the time being vested in the Board, other than their powers to make calls or to make loans or borrow moneys and to authorise the members for the time being of such Local Board or any of them to fill up any vacancies therein and to act notwithstanding vacancies and such appointment or delegation may be made on such terms subject to such conditions as the Board may think fit and the Board may at any time remove any person so appointed and may annul or vary any such delegation.
 - 20) At any time and from time to time by Power of Attorney under the Seal of the Company, to appoint any person or persons to be the Attorney or Attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these presents and excluding the power to make calls and excluding also, except in their limits authorised by the Board, the power to make loans and borrow moneys) and for such period and subject to such conditions as the Board may from time to time think fit and any such appointments may (if the Board thinks fit be made in favour of the members of any Local Board established as aforesaid or in favour of any company or the shareholders, Directors, nominees or managers of any company or firm or otherwise in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board and any such Power of Attorney may contain such powers for the protection of convenience of persons dealing with such Attorneys as the Board may think fit and may contain powers enabling any such delegated attorneys as aforesaid to sub - delegate all or any of the powers, authorities and discretion for the time being vested in them.
 - 21) Subject to Section 294,297,300 and other applicable provisions of the Act, for or in relation to any of the matters aforesaid or otherwise for the purposes of the Company, to enter into all such negotiations and contract and rescind and vary all such contracts and execute and do all such acts, deeds and thing in the name and on behalf of the Company as they may consider expedient.
 - 22) From time to time to make, vary and repeal byelaws for the regulations of the business of the Company, its officers and servants.
 - 23) To purchase or otherwise acquire any lands, buildings, machinery, premises, hereditaments, property, effects, assets, rights, credits, royalties, business and goodwill of any joint stock company carrying on the business which the Company is authorized to carry on in any part of India.
 - 24) To purchase, take on lease for any term or terms of years or otherwise acquire any factories or any land or lands, with or without buildings and out - houses thereon, situate in any part of India, at such price or rent and under and subject to such terms and conditions as the Directors may think fit and in any such purchase, lease or other

- acquisition to accept such title as the Directors may be Heave or may be advised to be reasonable satisfactory.
- 25) To insure and keep insured against loss or damage by fire or otherwise for such period and to such extent as it may think proper all or any part of the buildings, machinery, goods, stores, produce and other movable property of the Company, either separately or co-jointly, also to insure all or any portion of the goods, produce machinery and other articles imported or exported by the Company and to sell, assign surrender or discontinue any policies of assurance effected in pursuance of this power.
 - 26) To purchase or otherwise acquire or obtain license for the use of and to sell, exchange or grant license for the use of any trade mark, patent, invention or technical know-how.
 - 27) To sell from time to time any articles, materials, machinery, plants stores and other articles and things belonging to the Company as the Borcrd may think proper and to manufacture, prepare and sell waste and bye - products.
 - 28) From time to time to extend the business and undertaking of the. Company by adding, altering or enlarging all or any of the buildings, factories, workshops, premises, plant and machinery, for the time being the property of or in the possession of the Company or by erecting new or additional building and to expend such sum of money for the purpose aforesaid or any them as may be thought necessary or expedient.
 - 29) To undertake on behalf of the Company any payment of all rents and the performance of the covenants, conditions and agreements contained in or reserved by any lease that may be granted or assigned to or otherwise acquired by the Company and to purchase the reversion or reversions and otherwise to acquire the free hold simple of all or any of the hands of the Company for the time being held under lease or for an estate less than free hold estate.
 - 30) To improve, manage, develop, exchange, lease, sell, resell and repurchase, dispose off, deal or otherwise turn to account, any property (movable or immovable) or any rights or privileges belonging to or at the disposal of the Company or in which the Company is interested.
 - 31) To let, sell or otherwise dispose off, subject to the provisions of Section 293 of the Act and of the other Articles any property of the Company, either absolutely to conditionally and in such manner and upon such terms and conditions in all respects as it thinks fit _ and to accept payment of satisfaction for the same in cash or t otherwise as it thinks fit.

DIRECTORS:

CLAUSE NO.: 130

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 shall not be less than three and not more than twelve.

CLAUSE NO.: 133

NOMINEE DIRECTORS:

Notwithstanding anything to the contrary contained in the these Articles, so long as any moneys remain owing by the Company to the Industrial Credit and Investment Corporation of India Limited (ICICI) or to any other Finance Corporation or Credit Corporation or to any other Finance Company or Body out of any loans granted by them to the Company or so long as ICICI or any other Financing Corporation or Credit Corporation or any other Financing Company or Body (each of which ICICI or any other Finance Corporation or Credit Corporation or any other Financing Company or Body is hereinafter in this Article referred to

as "the Corporation") continue to hold debentures in the Company as a result of underwriting or by direct subscription or private placement or so long as the Corporation holds *shares* in the Company as a result of underwriting or direct subscription or so long as any liability of the Company arising out of any guarantee furnished by the Corporation on behalf of the Company remains outstanding, the Corporation shall have a right to appoint from time or time any person or persons as a Director or Directors, Whole-time or non-Whole-time (which Director or Directors is/are hereinafter referred to as "Nominee Director/s") on the Board of the Company and to the company and to remove from such office any person or persons so appointed and to appoint any person or persons in his or their place/so The Board of Directors of the Company shall have no power to remove from office the Nominee Director/s. At the option of the Corporation, such Nominee Director/s shall not be required to hold any share qualification in the Company. Also at the option of the Corporation such Nominee Director/s shall not be liable to retirement by rotation of Directors. Subject as aforesaid, the Nominee Director/s shall be entitled to the same rights and privileges and be subject to the same obligations as any other Director of the Company.

The Nominee Director/s so appointed shall hold the said office so long as any moneys remain owing by the Company to the Corporation or so long as the Corporation holds debentures in the Company as a result of direct subscription or private placement or so long as the Corporation holds shares in the Company as a result of underwriting or direct subscription or the liability of the Company arising out of any guarantee is outstanding and the Nominee Director/s so appointed in exercise of the said power shall ipso facto vacate such office immediately the moneys owing by the Company to the Corporation is paid off or on the Corporation ceasing to hold debentures / shares in the Company or on the satisfaction of the liability of the Company arising out of any guarantee furnished by the Corporation.

The Nominee Director/s appointed under this Article shall be entitled to receive all notice of and attend all General Meetings, Board Meetings and of the Meetings of the committee of which the Director/s is / are member/s as also the minutes of such meetings. The Corporation shall also be entitled to receive all such notice and minutes.

The Company shall pay to the Nominee Director/s sitting fees and expenses to which the other Director/s of the Company are entitled, but if any other fees, commission, moneys or remuneration in any form is payable to the Directors of the Company, the fees, commission, moneys and remuneration in relation to such Nominee Director/s shall accrue to the Corporation and same shall accordingly be paid by the Company directly to the Corporation. Any expenses that may be incurred by the Corporation or by such Nominee Director/s in connection with their appointment as Directorship, shall also be paid or reimbursed by the Company to the Corporation or as the case may be to such Nominee Director/s.

Provided that if any such Nominee Directors/ is an Officer of the corporation, the sitting fees in relation to such Nominee Director/s shall also accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation.

Provided further that if such Nominee Director/s is an officer of the Reserve Bank of India the sitting fees in relation to such Nominee Director/s shall also accrue to IDBI and the same shall accordingly be paid by the Company directly to IDBI. Limit on number of retiring Directors.

Provided also that in the event of the Nominee Director/s being appointed as Whole - time Director/s, such Nominee Director/s shall exercise such powers and duties as may be approved by the Corporation and have such rights as are usually exercised or available to a Whole - time Director in the management of the affairs of the Borrower, Such Nominee Director/s shall be entitled to receive such remuneration, fees, commission and moneys as may be approved by the Lenders.

CLAUSE NO.: 138

QUALIFICATION SHARES:

A Director need not hold any qualification shares.

CLAUSE NO.: 139

REMUNERATION OF DIRECTORS:

The remuneration of a Director for his service shall be such sum as may be fixed by the Board of Directors subject to a ceiling as may be prescribed by the Central Government from time to time for each meeting of the Board or a Committee thereof attended by him. The Directors subject to the sanction of the Central Government (if any required) may be paid such further remuneration as the Company in General Meeting shall, from time to time, determined and such further remuneration shall be divided among the Directors in such proportion and manner as the Board may from time to time determine and in default of such determination shall be divided among the Directors equally.

Subject to the provisions of the Act, a Director who is either in the whole time employment of the Company or a Managing Director may be paid remuneration as provided in Section 198, 309, 310 and 311 of the Act and Schedule: XIII of the Act either by way of monthly payment or at a specified percentage of the net profits of the Company or partly by one way and partly by the other.

Subject to the provisions of the Act, a Directors who is neither in the Whole - time employment of the Company nor a Managing Director may be paid remuneration as provided in Sections 198, 309, 310 and 311 of the Act and Schedule: XIII of the Act either:

- (i) by way of a monthly, quarterly or annual payment with the approval of the Central Government; or.
- (ii) by way of commission if the Company by special resolution authorize such payment.

A Director may receive remuneration by way of fee for each meeting of the Board or a committee thereof attended by him as prescribed by Central Government.

CLAUSE NO. : 149

ROTATION OF DIRECTORS:

Not less than two thirds this of the total number of Directors shall (a) be persons whose period of the office is liable to termination by retirement of Directors by rotation and (b) Directors be appointed by the Company in General Meeting.

CLAUSE NO.: 180

SECRETARY:

The Directors may from time to time appoint and at their discretion, remove any individual (hereinafter called 'the Secretary') to perform any functions, which by the Act are to be performed by the Secretary and to execute any other ministerial or administrative duties, which may from time to time be assigned to the Secretary by the Directors. The Directors may also at any time appoint some person (who need not be the Secretary) to keep the registers required to be kept by the Company. The appointment of Secretary shall be made according to the provisions of the Companies (Secretary's Qualification) Rules, 1975.

CLAUSE NO.: 182

DIVIDEND:.

DIVISION OF PROFITS

- a) Subject to the rights of persons, if any entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid but if and so long as nothing is paid upon any shares in the Company, dividends may be declared and paid according to the amounts of the shares.

- b) No amount paid or credited as paid on a share in advance of calls shall be treated for the purpose of this regulation as paid on the shares.

CLAUSE NO. : 183

THE COMPANY IN GENERAL MEETING MAY DECLARE DIVIDENDS:

The Company in General Meeting may declare dividends, to be paid to members according to their respective rights and interest in the profits and may fix the time for payment and the Company shall comply with the provisions of Section 207 of the Act, but no dividends shall exceed the amount recommended by the Board of Directors but the Company may declare a smaller dividend in General Meeting.

CLAUSE NO. : 185

INTERIM DIVIDEND:

The Board of Directors may from time to time pay to the members such interim dividends as in their judgment the position of the Company justifies.

CLAUSE NO. : 187

CAPITAL PAID UP IN ADVANCE AT INTEREST NOT TO EARN DIVIDEND:

Where the capital is paid in advance of the calls upon the footing that the same shall carry interest such capital shall not, whilst carrying interest, confer a right to, dividend or to participate in profits.

CLAUSE NO.: 188

DIVIDENDS IN PROPORTION TO AMOUNT PAID UP :

All dividends shall be apportioned and paid proportionately to, the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid but if any share is issued on terms, providing that it shall rank for dividends as from a particular date, such share shall rank for dividend accordingly.

CLAUSE NO.: 189

NO MEMBER TO RECEIVE DIVIDEND WHILST INDEBTED TO THE COMPANY AND THE COMPANY'S RIGHT OF REIMBURSEMENT THEREOF:

No member shall be entitled to receive payment of any interest or dividend or bonus in respect 'Of his share or shares, whilst any money may be due or owing from him to the Company in respect of such share or shares (or otherwise however either or jointly with any other person or persons) and the Board of Directors may deduct from the interest or dividend to any member all such sums of money so due from him to the Company.

CLAUSE NO. : 190

EFFECT OF TRANSFER OF SHARES:

A transfer of shares shall not pass the right to any dividend declared therein before the registration of the transfer.

CLAUSE NO.: 195

DIVIDEND TO BE PAID WITHIN FORTY TWO DAYS:

The Company shall pay the dividend or send the warrant in respect thereof to shareholders entitled the payment of dividend, within 30 days from the date of the declaration unless:

- (a) When the dividend could not be paid by reason of the operation of any law.
- (b) Where a shareholder has given directions regarding the payment of the dividend and those directions cannot be complied with.
- (c) Where there is a dispute, regarding the right to receive the dividend,
- (d) Where the dividend has been lawfully adjusted by the Company against any 'sum due to it from shareholder; or
- (e) Where for any other, reason, the failure to pay the, dividend or to post the warrant within the period aforesaid was not due to any default on the part of the Company.

CLAUSE NO.: 198**DIVIDEND IN CASH:**

No dividend shall be payable except in cash, provided that nothing in this Article shall be deemed prohibit the capitalization of the profit or reserves of the Company for the purpose of issuing duly, paid up bonus shares or paying up any amount for the time being unpaid on any shares held by members of the Company.

CLAUSE NO.: 200**CAPITALIZATION:**

- 1) The Company in General Meeting may, up on the recommendation of the Board, resolve:
 - (a) that it is desirable to capitalize any part of the amount for the time being standing to the credit of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution; and
 - (b) that such sum be accordingly set free for distribution in the manner specified in clause (2) amongst the members who would have be-en entitled thereto, if distributed by way of dividend and in the same proportions.
- 2) The sum aforesaid -shall not be paid in cash but shall be applied, subject to the provision contained in clause (3) either in or towards -
 - i) Paying up, any amount for the time being unpaid on any shares held by such members respectively;
 - ii) Paying up in full un-issued shares of the Company to be allocated and distributed, credited as fully paid up to and amongst members in the proportions aforesaid; or
 - iii) Partly in the way specified in such clause (i) and partly in that specification sub - clause (ii).
- 3) A share premium account and a capital redemption reserve 'account may, for the purpose of this regulation, only be applied in the paying up of un-issued – shares to be issued to members at the Company as fully paid bonus shares.
- 4) 'The Board shall give effect to the resolution passed by the. Company in pursuance of this regulation.

INDEMNITY :**CLAUSE NO : 219****DIRECTORS AND OTHER'S RIGHT TO INDEMNITY :**

Subject to the provisions of Section 201 of the Act, every Director or officer or servant of the Company or any person (whether an officer of the Company or not) employed by the Company as auditor, shall be indemnified by the Company against and it shall be the duty of the Directors" out of the funds of the Company, to pay all costs, charges, losses and damages which any such person may incur or become liable to by reason of any contract entered into or any act, deed, matter orthi9gdone, concurred in or omitted to be done by him in any way in or about the execution or discharge of his duties or supposed duties (except such, if any, as he shall incur or sustain through or by his own wrongful act, neglect or default) including expenses arid in particular and so as not to limit the generality of the foregoing provisions against all liabilities incurred by him as such Director, Officer or Auditor or other Officer 'Of the Company in defending any proceedings whether civil or criminal in which judgment is given in his favour or in which he is , acquitted or in connection with any application under Section 633 of the Act in which, relief granted to him by the Court.

CLAUSE NO. 220

DIRECTOR OFFICER NOT RESPONSIBLE FOR ACTS OF OTHERS:

Subject to the provisions of Section 201 of the Act, no Director, Auditor or other Officer of the Company shall be liable for the acts, receipts neglects or defaults of any other Director or Officer or for joining in any receipt or other act for conformity or for any loss or expenses happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested or for any loss or damages arising from the insolvency or tortuous act of any person, firm or company to or with whom any moneys, securities or effects shall be entrusted or deposited or any loss occasioned by any error or judgment, omission, default or oversight on his part or for any other loss, damage or misfortune whatever shall happen in relation to execution of the duties of his office or in relation thereto unless the same shall happen through his own dishonesty.

WINDING UP :

CLAUSE NO. 216

DISTRIBUTION OF ASSETS :

If the Company shall be wound up and the assets available for distributing among the members as such shall be insufficient to repay the whole of the paid up capital, such assets shall be distributed so that as nearly as may be the losses shall be borne by the members in the proportion to the capital paid up or which ought to have been paid up at the commencement of winding up, on the shares held by them respectively and if in the winding up, the assets available for distribution among the members shall be more than sufficient to repay the whole of the capital paid up at the commencement of winding up, the excess shall be distributed amongst members in proportion to the capital at the commencement of the winding up, paid up or which ought to have been paid up on the shares held by them respectively. But this Article is to be without prejudice to the rights of the holders of shares issued upon special terms and conditions.

SECRECY CLAUSE:

CLAUSE NO.: 221

SECRECY CLAUSE:

Every Director, Manager, Auditor, Treasurer, Trustee, Member of a Committee, Officer, Servant, Agent, Accountant or other person employed in the business of the Company shall, if so required by the Director before entering upon his duties, sign a declaration pledging himself to observe a strict secrecy respecting all transactions and affairs of the Company with the customers and the state of the accounts with individuals and in matter there to 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 Directors or by law or by the person to whom such matters relate and except so far as may be necessary in order to comply with any of provisions in these presents contained.

CLAUSE NO.: 222

NO MEMBER TO ENTER THE PREMISES OF THE COMPANY WITHOUT PERMISSION :

No member or other person (not being a Director) shall be entitled to visit or inspect any property or premises of the Company without the permission of the Board of Directors or Managing Director or to inquire discovery of or any information respecting any details of the Company's trading or any matter which is or may be in the nature of a trade secret, mystery of trade, secret process or, any other matter which relate to the conduct of the business of the Company and which in the opinion of the Directors, it would be inexpedient in the interest of the Company to disclose.

D. MATERIAL CONTRACTS AND DOCUMENTS

The following contracts mentioned in Para A below (not being contracts entered into the ordinary course of business carried on by the Company) are or may be deemed to be material contracts. Copies of these contracts along with documents referred to in Para (B) below have been attached to the copy of this Prospectus delivered to the Registrar of Companies, Gujarat, Dadra & Nagar Haveli for registration and may be inspected at the Registered Office of the Company between 10.30 AM and 3.30 PM on any working day until the closing of the Issue.

A) MATERIAL CONTRACTS

1. Copy of Memorandums of Understanding signed with M/s Chartered Capital And Investment Limited, Lead Manager to the Issue dated 10/10/2003
2. Copy of Memorandum of Understanding signed with M/s. Purva Shareregistry (India) Pvt. Limited, Registrars to the issue dated 10/10/2003.
3. Agreement dated 02/09/2004 between the Company, M/s. Purva Shareregistry (India) Pvt. Limited Registrar and National Securities Depository Limited /Central Depository Services (India) Limited for dematerialization of shares.

(B) DOCUMENTS FOR INSPECTION:

1. Memorandum and Articles of the Company as amended up to date.
2. Certificate of Incorporation of the Company dated December 20th, 1994.
3. Resolution passed under Section 81 (1 A) of the Act, at the AGM of the Company held on 30/09/2003
4. Copy of Board Resolution dated 07/10/2003 authorizing the Board for Public Issue
5. Consents from the Directors, Compliance Officer, Auditor, Lead Manager, Registrar, Bankers to the Issue and Bankers to the Company, to act in their respective capacities.
6. Auditors Report dated 08/05/2004 and letter dated 10/05/2004 from M/s. CHANDRAKANT SEVENTILAL & J. K. SHAH & CO., Chartered Accountant, certifying the availability of tax benefits as mentioned in this Prospectus.
7. Copies of the Annual Accounts of the last 5 accounting years of the Company.
8. Copies of initial listing application made to the Stock Exchanges Mumbai (BSE), National Stock Exchange (NSE) and Stock Exchange, Vadodara.
9. Letters from Stock Exchange, Mumbai, National Stock Exchange and Vadodara Stock Exchange for permission to use their names in the Prospectus.
10. Copies of the Resolution appointing Mr. ASHOK M. KHURANA as Managing Director and Mrs. Manju Khurana, Mr Amit Khurana and Mr. C. Mohanan as Executive Directors of the Company.
11. Copies of Chartered Accountants certificates dated 24/05/2004 from M/s Mahendra P Shah & Company and M/s Mukund & Rohit relating to investment made in the projects up to 24/05/2004 and their consent to include the same in prospectus.
12. Copy of Auditors report on Financial Statement of MSK Projects (India) Limited for last 5 years and their consent to include the same in prospectus.
13. Audit Report of MSK Infrastructure & Tol Bridge P Ltd. Dated 25/07/2004 by M/s Mahendra P Shah & Co., Chartered Accountants and their consent to include the same in prospectus.
14. Audit Report of MSK Highways Limited dated 25/07/2004 by M/s Mukund & Rohit, Chartered Accountants and their consent to include the same in prospectus.

15. Engineering procurement and construction contract dated 10/11/2002 between MSK Infrastructure & Toll Bridge P Ltd. and MSK Projects (India) Limited.
16. Engineering procurement and construction contract dated 21/05/2003 between MSK Highways Ltd. and MSK Projects (India) Limited.
17. SEBI Observations letter No. CFD/DIL/V/ISSUE/15477/2004 dated 16th July 2004 of this Prospectus.
18. Reply of the Observation letter by the Lead Manager Chartered Capital And Investment Limited dated 02/09/2004 to SEBI.
19. Copy of Due Diligence certificate dated 06/09/2004 submitted to SEBI by Lead Manager Chartered Capital And Investment Limited

PART III

DECLARATION

We declare that all the relevant provisions of the Companies Act, 1956 and the guidelines issued by the Government 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 or Securities and Exchange board of India Act, 1992 or rules made there under or guidelines issued, as the case may be.

We, the directors of the Company declare and confirm that no information / material likely to have a bearing on the decision of the investors in respect of the equity shares offered in terms of the prospectus has been suppressed/withheld and/or incorporated in the manner that would amount to misstatement /misrepresentation and in the event of it transpiring at any point of time till allotment/refund as the case may be that any information / material has been suppressed/ withheld and or amounts to misstatement /misrepresentation we undertake to refund the entire application money to all the subscribers within seven days thereafter without prejudice to the provisions of the section 63 of the Act

The Issuer accepts no responsibility for statements made otherwise than in the Prospectus or in the advertisements or any other material issued by or at the instance of the Issuer and that anyone placing reliance on any other source of information would be doing so at his/ her own risk

Signed by the Directors:

MR. ASHOK KHURANA

MR. AMIT A KHURANA

MR. MANJU KHURANA

MR C. MOHANAN

Place: BARODA

DATE: 13/09/2004