

We create infrastructure
keeping 'u' at the core.

Tantia Constructions Limited
Annual Report 2007-08

'You'.



The housewife who lives by the new road will be able to reach the marketplace faster.



The trader will now be able to take the new train route to market his products in the nearest city.



The student will be able to walk across the new bridge and reach his school faster.



The mother will not need to worry about the waterlogging at home because of the refurbished drainage.



The child is able to walk to school unaccompanied due to the creation of a pedestrian underpass.



The young lady will find it safer to commute at night due to better lighting on the roads.

At Tantia Constructions, we work to bring a smile on people's faces.

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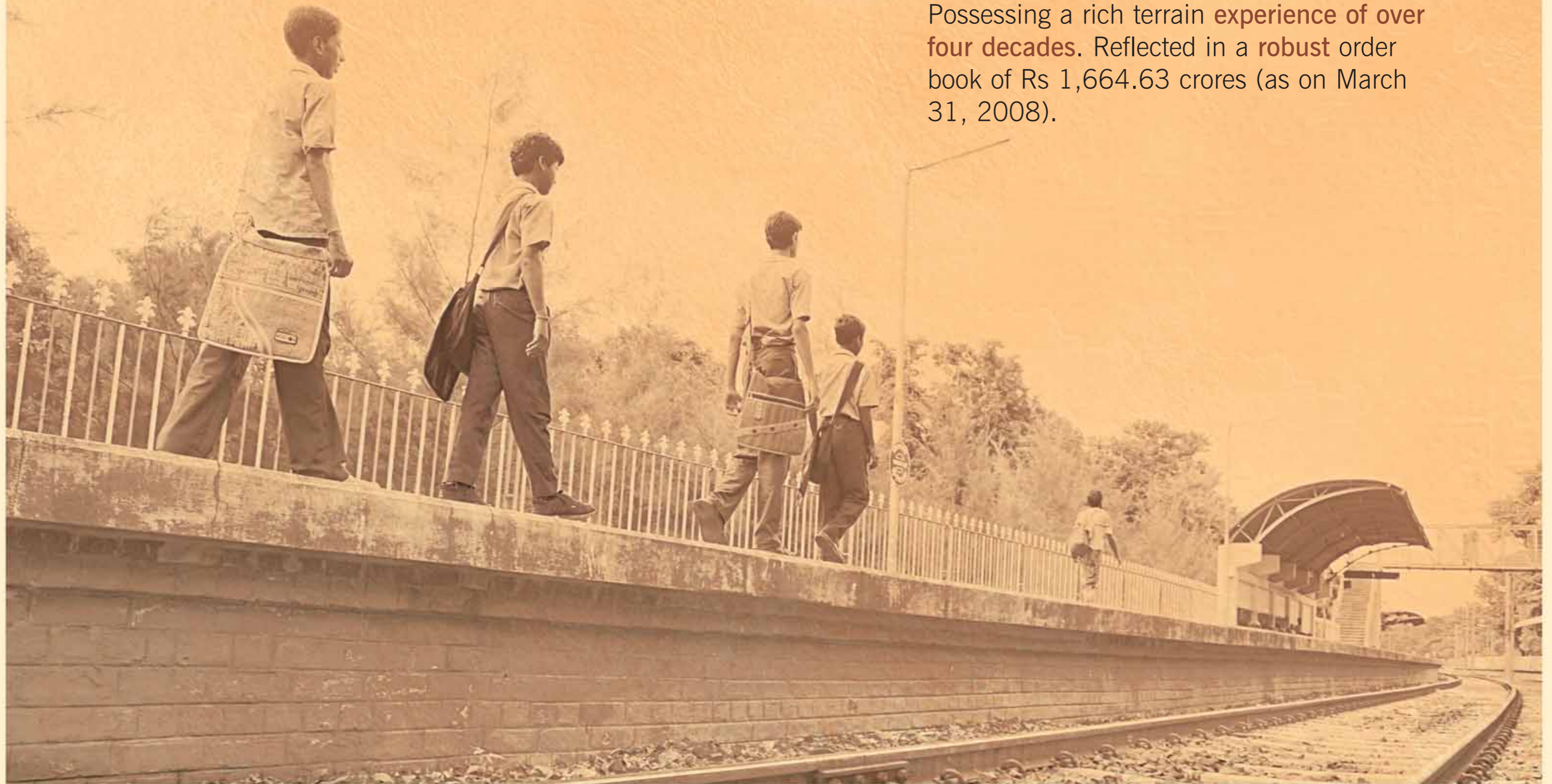
For decades, eastern India was dismissed as remote and under-invested.

This picture is rapidly changing.

With fresh investments being made in the development of **roads, railways** and **airports**.

The one company that is helping to make this a vibrant reality is **Tantia Constructions Limited**. A core infrastructure Company. A pioneer in creating infrastructure in Eastern India. Enjoying a wide and deep footprint across the region.

Possessing a rich terrain **experience of over four decades**. Reflected in a **robust** order book of Rs 1,664.63 crores (as on March 31, 2008).



Vision

- ◆ To become the leading contractor in eastern India.
- ◆ To achieve long-term goodwill through:
 - Profit for shareholders
 - Satisfaction to customers
 - Enthusiasm without ego in self
 - Training to colleagues and co-workers
 - Clarity with vendors and sub-contractors

Mission

- ◆ To excel in the core infrastructure segments of railways, roads, urban development, power transmission, marine and aviation infrastructure.
- ◆ To rise over competitors.
- ◆ To grow to a Rs 10-billion Company by 2010.
- ◆ To contribute 0.25% of profit to free vocational and construction training to the unskilled and unemployed.

Background

- ◆ The Company was set up in 1964 by the late Shri G.P. Tantia to strengthen India's railway infrastructure.
- ◆ It possesses an enviable track-record of having completed every single project since inception.
- ◆ It was one of the first Indian companies to be accredited for ISO 9001:2000 from DNV, the Netherlands (in 2001).

Clients

- ◆ Indian Railways, zonal railways, RITES, IRCON and Kolkata Metro Railway.
- ◆ National Highways Authority of India (NHAI).
- ◆ Central and state public works departments.
- ◆ Public sector undertakings like NEEPCO, NTPC, NHPC, NALCO, SAIL, NBCC and IOC.
- ◆ State PSUs and departments (WBSEB, ASEB and KSHIP).
- ◆ City development PSUs, municipal corporations and development authorities (Kolkata Municipal Corporation, Kolkata Metropolitan Development Authority, Kolkata Environmental Improvement Project, Hooghly River Bridge Commissioners, Housing Infrastructure Development Corporation, Delhi Development Authority and Delhi State Industrial Development Corporation).
- ◆ Airports Authority of India.
- ◆ Balrampur Chini Mills.

Partners

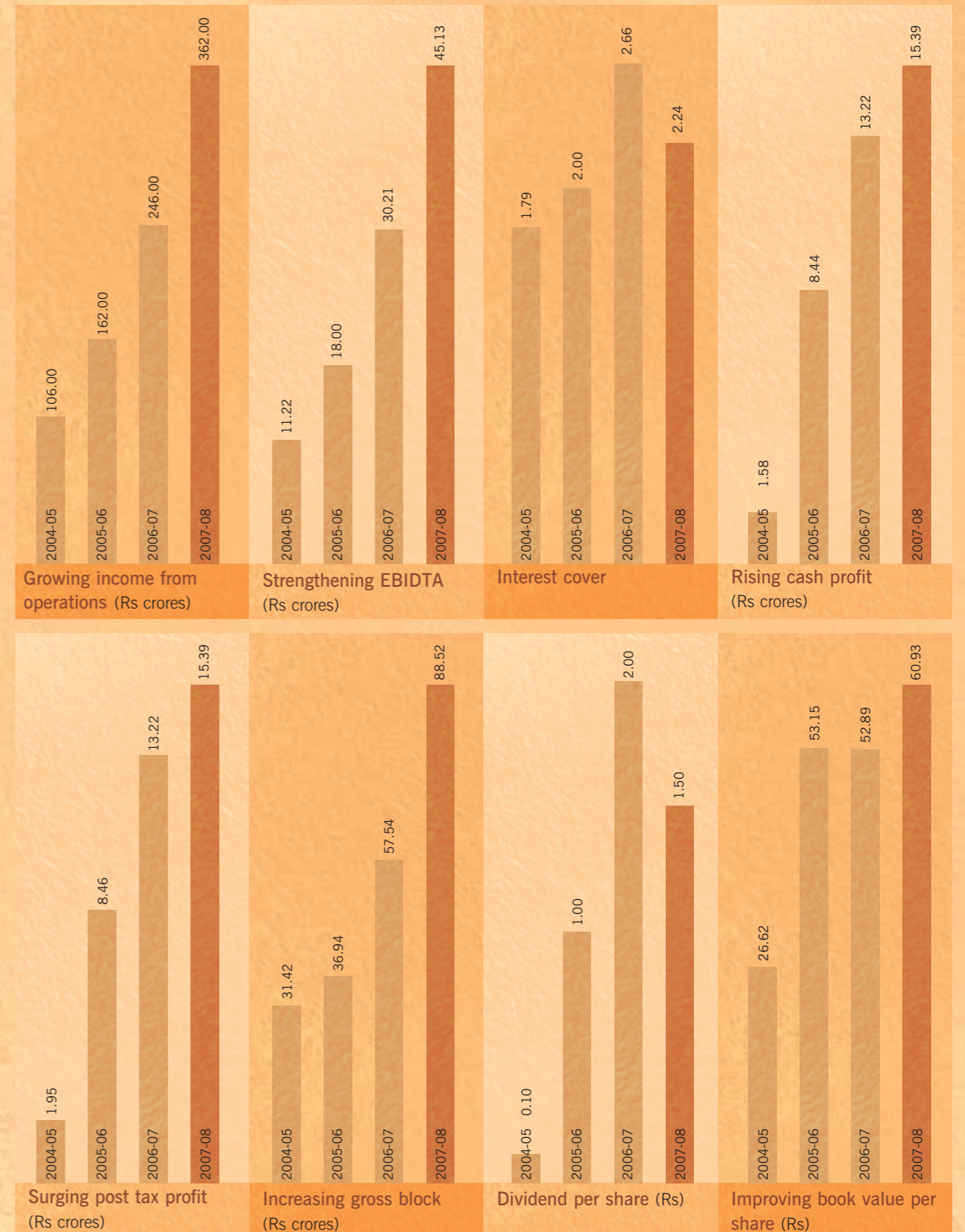
- ◆ Travaux Du Sud Ouest (TSO), France.
- ◆ Road Builder Sdn Bhd, Malaysia.
- ◆ Basic Engineering Limited, Bangladesh.
- ◆ Parisha Trade System Limited, Bangladesh.
- ◆ BSBK Limited, India.
- ◆ Soma Enterprises Limited, India.
- ◆ JMC Projects (India) Limited, India.

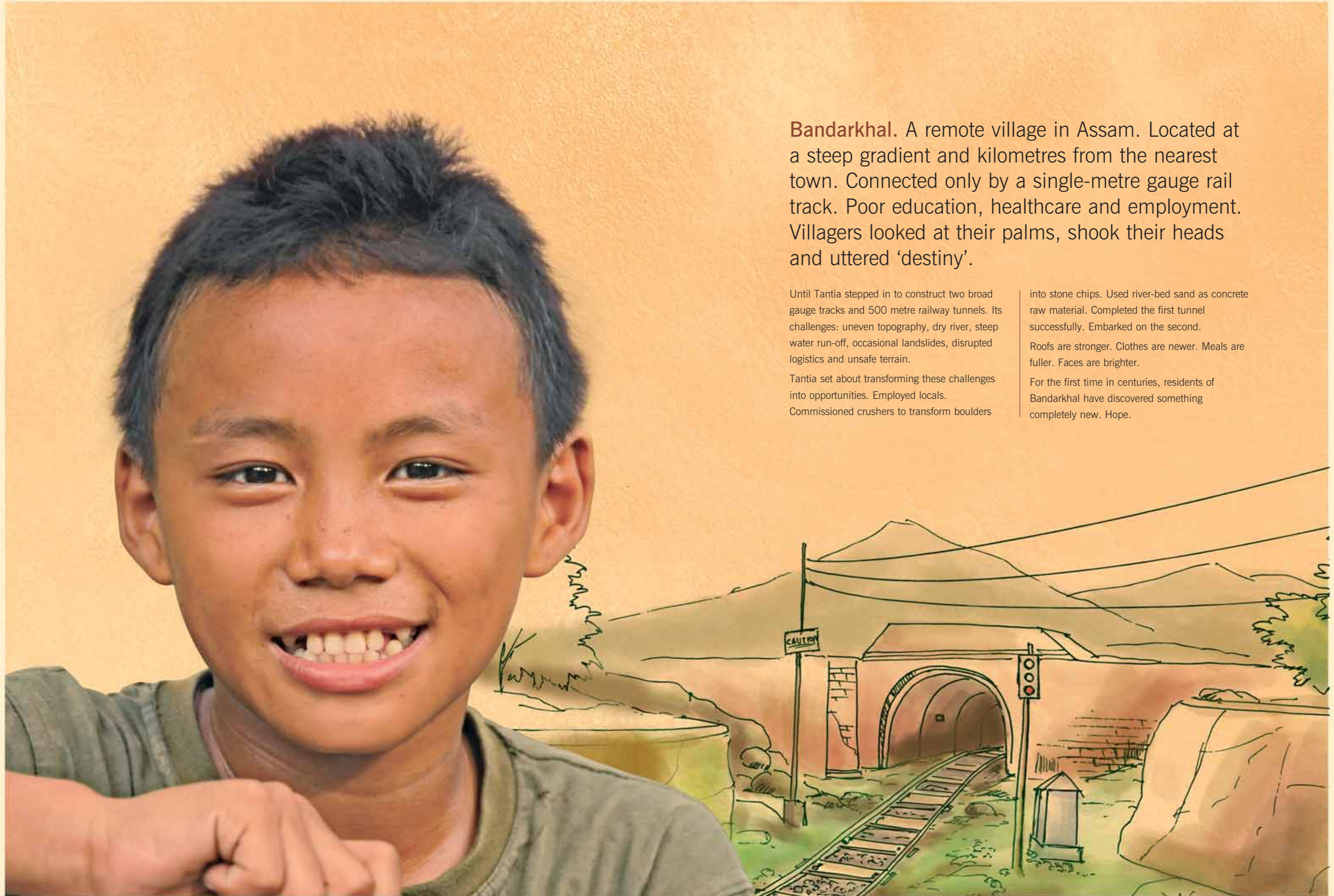
Achievements

- ◆ 32.8% CAGR (four years) in revenues leading to 2007-08.
- ◆ 56.77% CAGR (four years) in profit after tax leading to 2007-08.
- ◆ 107.56% growth in earnings per share from Rs 4.76 in 2003-04 to Rs 9.88 in 2007-08.
- ◆ 92.14% growth in market capitalisation from offer price of Rs 50 per share in 2006 to Rs 108.08 crores as on March 31, 2008 (BSE).
- ◆ Uninterrupted dividend payout for nine years.

Incorporated in	Number of employees (as on March 31, 2008)	Book value of equipment (as on March 31, 2008)
1964	670	Rs 88.51 crores

Key financial highlights





Bandarkhal. A remote village in Assam. Located at a steep gradient and kilometres from the nearest town. Connected only by a single-metre gauge rail track. Poor education, healthcare and employment. Villagers looked at their palms, shook their heads and uttered 'destiny'.

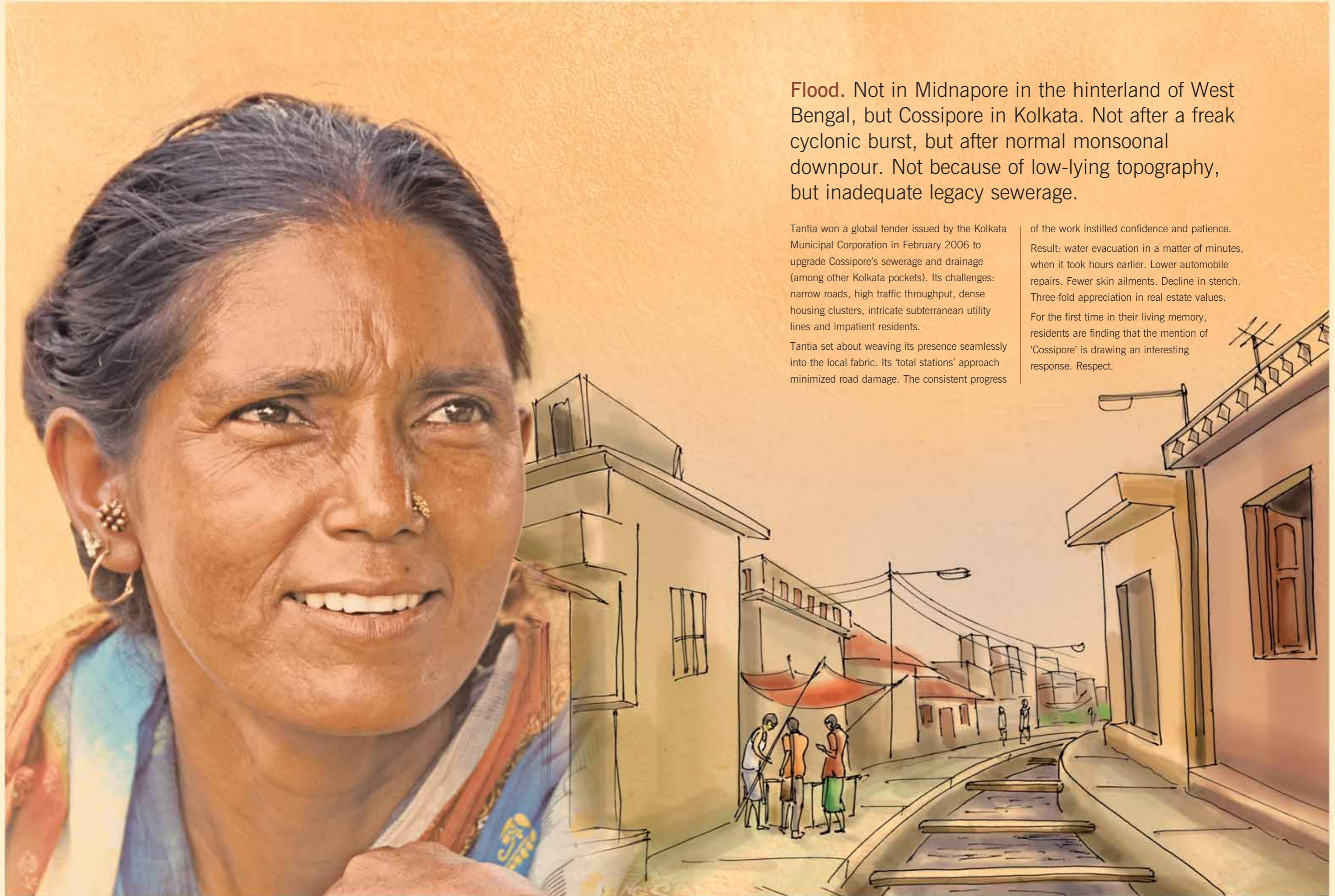
Until Tantia stepped in to construct two broad gauge tracks and 500 metre railway tunnels. Its challenges: uneven topography, dry river, steep water run-off, occasional landslides, disrupted logistics and unsafe terrain.

Tantia set about transforming these challenges into opportunities. Employed locals. Commissioned crushers to transform boulders

into stone chips. Used river-bed sand as concrete raw material. Completed the first tunnel successfully. Embarked on the second.

Roofs are stronger. Clothes are newer. Meals are fuller. Faces are brighter.

For the first time in centuries, residents of Bandarkhal have discovered something completely new. Hope.



Flood. Not in Midnapore in the hinterland of West Bengal, but Cossipore in Kolkata. Not after a freak cyclonic burst, but after normal monsoonal downpour. Not because of low-lying topography, but inadequate legacy sewerage.

Tantia won a global tender issued by the Kolkata Municipal Corporation in February 2006 to upgrade Cossipore's sewerage and drainage (among other Kolkata pockets). Its challenges: narrow roads, high traffic throughput, dense housing clusters, intricate subterranean utility lines and impatient residents.

Tantia set about weaving its presence seamlessly into the local fabric. Its 'total stations' approach minimized road damage. The consistent progress

of the work instilled confidence and patience. Result: water evacuation in a matter of minutes, when it took hours earlier. Lower automobile repairs. Fewer skin ailments. Decline in stench. Three-fold appreciation in real estate values.

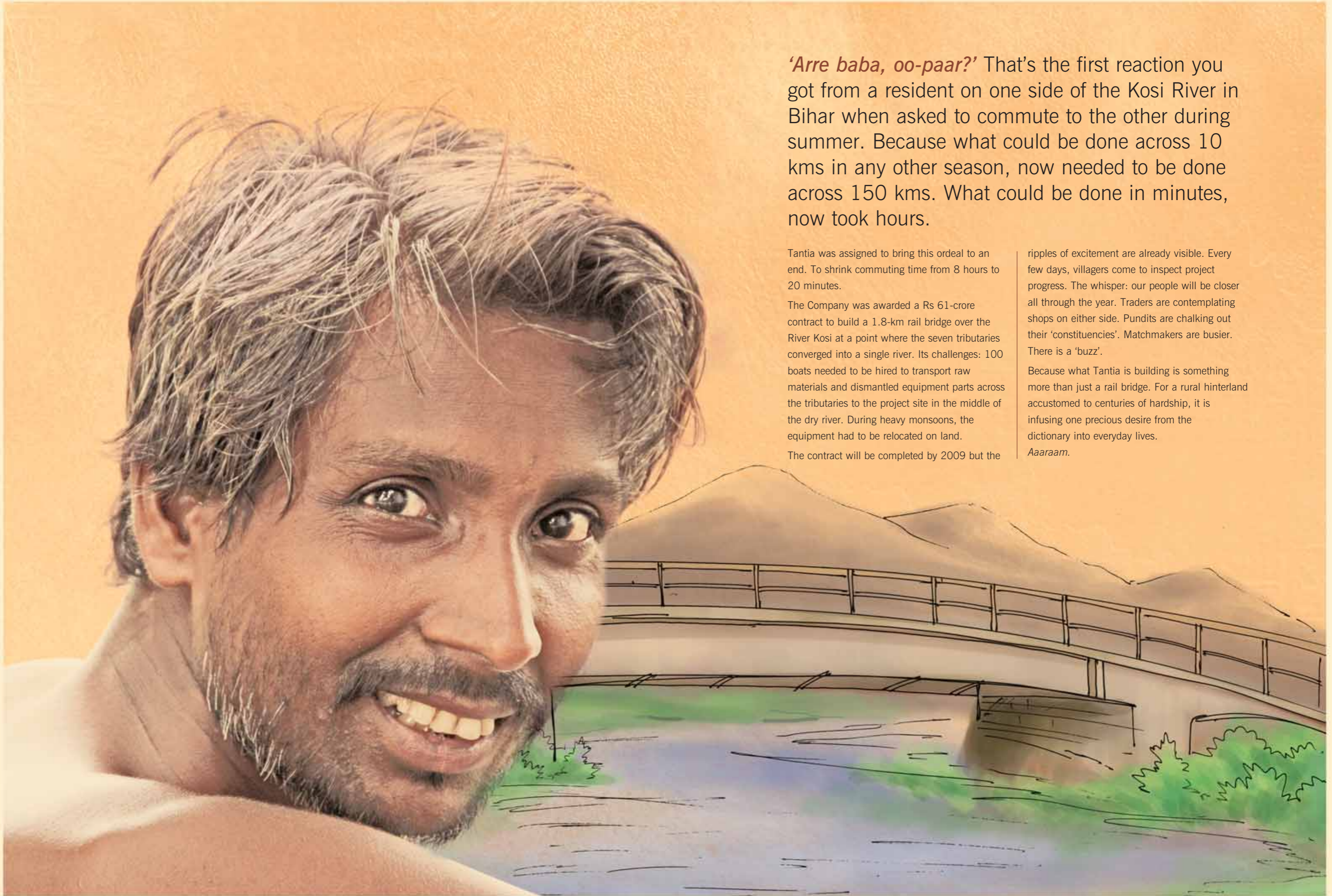
For the first time in their living memory, residents are finding that the mention of 'Cossipore' is drawing an interesting response. Respect.



Aizawl to Thenzawl. Aizawl to Howlong. Aizawl to Lunglei. Aizawl to Salesi. A few years ago, if you intended to commute on these sectors, you would need to take a narrow, un-macadamized dirt-track. Risking your neck and your pocket.

In October 2003, Tantia was awarded a project to construct 157 kms of roadway. A joint venture with Road Builders (Malaysia). Funded by the World Bank. Its challenges: work in ill-connected location without basic facilities and infrastructure. Those vacating their houses needed to be provided with alternative habitation. Tantia worked closely with the villagers. Educated them on the need for an arterial road. Employed from their fold. Respected local sensitivities. The impact has been transformational. Wizedened

old women wept when the road building gradually passed their village onto the next. Young men calculate the fuel savings in shrinking the Lunglai-Aizawl route. Farmers contemplate sending their produce across longer distances. Entrepreneurs entertain the thought of setting up bus services. Drivers think of getting better jobs. Because this road has helped residents do what few economic policies have done in decades. Dream.



'Arre baba, oo-paar?' That's the first reaction you got from a resident on one side of the Kosi River in Bihar when asked to commute to the other during summer. Because what could be done across 10 kms in any other season, now needed to be done across 150 kms. What could be done in minutes, now took hours.

Tantia was assigned to bring this ordeal to an end. To shrink commuting time from 8 hours to 20 minutes.

The Company was awarded a Rs 61-crore contract to build a 1.8-km rail bridge over the River Kosi at a point where the seven tributaries converged into a single river. Its challenges: 100 boats needed to be hired to transport raw materials and dismantled equipment parts across the tributaries to the project site in the middle of the dry river. During heavy monsoons, the equipment had to be relocated on land.

The contract will be completed by 2009 but the

ripples of excitement are already visible. Every few days, villagers come to inspect project progress. The whisper: our people will be closer all through the year. Traders are contemplating shops on either side. Pundits are chalking out their 'constituencies'. Matchmakers are busier. There is a 'buzz'.

Because what Tantia is building is something more than just a rail bridge. For a rural hinterland accustomed to centuries of hardship, it is infusing one precious desire from the dictionary into everyday lives.

Aaaraam.

Q&A

“All our strategies are aimed at doubling our revenues to Rs 750 crores and growing our order book by another Rs 1,500 crores by 2009-10.”

The management of Tantia Constructions, reviews the performance of the Company during 2007-08

We were proud to report the third straight year of a 47.09% growth in topline to Rs 361.88 crores in 2007-08 and a 16.42% increase in our bottomline to Rs 15.39 crores

How would you rate the performance of the Company in 2007-08?

We were proud to report the third straight year of a near 50% topline growth. We increase revenues by 47.09% to Rs 361.88 crores in 2007-08 and a 16.42% increase in our bottomline to Rs 15.39 crores. Despite rising pressures on key input costs, our EBIDTA margin strengthened from 11.50% to 11.73% on account of high-margin projects, economical raw material mix and the incorporation of cost escalation clauses in our contracts that helped rationalise the impact of the escalated cost. While we will not say that we were overjoyed with the performance, we definitely see it as an important step towards achieving our objective of Rs 600 crores in annual revenues by 2009-10.

What factors would you attribute to the Company's superior performance in 2007-08?

It was an interplay of volume and value. We spread the number of verticals we worked in and our average order size increased to Rs 75 crores during the year under review, enabling us to enhance economies of scale. Besides, we increased the delivery of completed projects from four in 2006-07 to seven in 2007-08, which strengthened our topline.

What made this a reality?

The growth in our topline was attributable to the accelerated turnaround of larger-ticket projects through the following factors:

Strengthened equipment base: In 2007-08, we made an FCCB issue of

USD 7.5 billion that funded the import of capital equipment and reduced our dependence on external hire. Going ahead, this will act as an effective hedge against the imbalance between need and availability, poor equipment quality and technology bottlenecks, leading to time and cost overruns.

Intellectual growth: We empowered our people through aggressive multiple training sessions covering 48% of our engineer base and encouraged them to assume growing responsibilities, which not only motivated the team to perform better but also reduced our hiring costs. Going ahead, this empowerment will transform us from a family-led organisation into a professionally-driven one.

Availability of funds: A strong track record of timely deliveries translated into better negotiations with bankers and financial institutions, because of which funds were available to the Company for on-time execution and completion of projects, resulting in a greater number of completed projects this year.

What challenges did the Company face in 2007-08?

There were challenges from within and without, comprising the following:

Raw material cost hike: There was an unprecedented increase in the cost of cement and steel, our principal raw materials. Wherever we could anticipate the cost escalation, we made adequate

contractual provisions. Besides, our accelerated project turnaround also served as an effective hedge against the increase in raw material costs.

Manpower attrition: There was also an unprecedented increase in people attrition across the country. We did well in controlling this attrition to around only 4%, compared with an industry average of 8-10%. In fact, our ability to maximise our retention was the only reason why we could embark on big-ticket projects during the year under review.

What gives you optimism about the Company's growth?

Our optimism stems from the following macro-economic realities:

Urban infrastructure: The Union Budget, 2008 has raised the allocation under the Jawaharlal Nehru Urban Renewal Mission by 25% from Rs 54.82 billion in 2007-08 to Rs 68.66 billion in 2008-09.

Roadways: Only 24% of the 33,100-kms of roadways under the National Highway Development Programme (NHDP) had been completed, with the Union Budget 2008 hiking the allocation under this scheme from Rs 10,866 crores to Rs 12,966 crores.

Railways: The construction of the eastern and western freight corridors, covering a distance of 2,743 km along the Golden Quadrilateral, is set to begin in 2008-09. The planning of the

Eastern Freight Corridor from Ludhiana to Dankuni near Kolkata, is over and construction will commence in 2008-09. The total cost of the two corridors has been estimated at Rs 28,030 crores, the development of which is part of a Rs 75,000-crore plan to enhance line capacity. Spread across seven years, the National Highway Development Plan will create 310 million tonnes of additional material movement capacity.

We expect that most of these industry developments will translate into enhanced business for us.

How does the Company expect to enhance shareholder value in 2008-09?

We plan to enhance shareholders' value over the foreseeable future through a combination of the following: a wider geographical reach to protect us from unexpected regional troughs, graduation to bigger projects and accelerated project turnaround. We will strengthen our recruitment, increase the ownership of captive equipment and work closely with our bankers to mobilise low-cost debt. In view of these initiatives, we expect to grow our revenues by 30% in 2008-09. Our medium-term objective is to double our revenues to Rs 600 crores and grow our order book size by Rs 1,500 crores by 2009-10, translating into an enhanced value in the hands of all those who own shares in our Company.



Sectoral overview

At Tantia Constructions, we are optimistic. Because of the robust growth coming out of India's various infrastructure sectors. Today. Tomorrow. And for a number of years.

USD 450 billion

Proposed investment in India's infrastructure in the Eleventh Plan. In roads, railways, power, urban infrastructure, aviation and marine infrastructure.



Roads

Even as India possessed the second largest road network in the world, national highways accounted for only 2% of the total road length but carried almost 40% of the total traffic.

Sector overview

The Indian government now spends about Rs 18,000 crores (USD 4 billion) every year on road development [Source: www.arc.unisg.ch], largely through the National Highway Development Project – the largest ever highway project – under the National Highway Authority of India (NHAI).

Nearly 7,962 km of national highways under the NHDP was complete by November 30, 2007, the bulk (around 5,629 km) on the Golden Quadrilateral. The completion ratio for the Golden Quadrilateral was 96.5%, while for the North-South and East-West (NSEW) Corridor project it was a low 23.4%. The NSEW is expected to be completed by December 2009.

As on December 31, 2007, the total cost incurred for the NHDP was Rs 515 billion, the majority of the funding coming from diesel and petrol cess collection. For the phases currently under implementation, the government

has estimated an expenditure to the tune of Rs 1.6 trillion, covering the remaining length to be awarded.

Optimism

The production of the Build Operate and Transfer (BOT) projects under Phase I and II of the NHDP was not more than 10% during the initial years. Later, however, most of the projects were implemented through public-private partnerships, reducing a dependence on the country's exchequer. By March 2008, around 175 contracts for a length of 15,803 km at an estimated cost of USD 16,640 million are expected to be awarded on a BOT basis under the NHDP; Tantia Constructions plans to aggressively bid for some.

Based on the pace of awarding and implementation of Phases I, II, III and V, a CRISIL Research study suggests that the ongoing projects under the NHDP will largely be completed by 2015, indicating a robust order book for companies like Tantia Constructions.

Regional optimism

The Special Accelerated Road Development Programme for the North East (SARDPNE) envisages the two-four-laning of about 3,846 km of national highways as well as the two-laning and improvement of about 4,891 km of state roads. The SARDPNE phase-I is expected to be completed by 2012-13 at an estimated cost of Rs 18,491 crores.

The government also earmarked Rs 50,000 crores for road building in the North East over five years. With 70% assistance from the Asian Development Bank, it plans to upgrade about 1,300 km of existing road under the North East State Road Project (Source: *Edelweiss*).

A rupee spent on road maintenance potentially saves Rs 2-3 in vehicle operating costs.



Railways

India's track length of 63,000 kms (broad, metre and narrow gauges) makes it one of the most extensive railway networks in the world, operating around 12,000 trains, 17.7 million passengers and 1.49 million freight tonnes daily.

Sector overview and optimism

There has been a dramatic turnaround of the Indian Railways from a losing and sluggish public corporation into a surplus-reporting and dynamic organisation in the last few years. This is most visibly reflected in the projected capital investment in a dedicated freight corridor to connect Delhi with Mumbai and Howrah, covering about 2,700 route km, equivalent to around 5,000 track km at an approximate cost of Rs 28,000 crores (USD 6 billion). This will comprise a 1,232-km-long eastern corridor from Ludhiana to Sonnagar in phase-I and the 1,469-km-long western corridor from Jawaharlal Nehru Port area in Mumbai to Dadri/Tughlakabad in phase-II.

There is a credible basis for this expansion. Rail traffic is expected to grow until 2015 at 6% annually on the passenger side and at 8% on the freight side. With the economy reporting a

growth near 9%, the Railways expect to carry 95 million tonnes of incremental traffic annually; its 850 million tonnes of projected freight in 2008-09 is expected to increase to 1,100 MT by 2011-12.

The government is responding to this increase through various initiatives: proposed electrification of 3,500 km of railway network, laying of double tracks over 3,300 km in the Eleventh Plan, conversion of metre gauge and narrow gauge lines into broad gauge, railway connectivity to major ports, special economic zones and transport hubs, modernisation of railway stations in major cities (Delhi, Kolkata and Mumbai) and the construction or expansion of freight terminals.

The Indian Railways expects to attract an investment Rs 1,495 billion over 2008-12 from budgetary and private sources. It has begun negotiations for the second tranche of funding the Rs 15,000-crore (Rs 150 billion)

National Rail Vikas Yojana (NRVY), the project entailing the strengthening of rail infrastructure along the Golden Quadrilateral, linking the four metropolitan cities and its diagonals, connectivity to 12 major ports and the construction of four mega bridges. Correspondingly, the government made the highest ever annual outlay of Rs 37,500 crores for rail improvements.

Railway Safety Fund: Rs 170 billion

Safety entrenchment	7%
Track renewals	45%
Bridges	10%
Signalling	18%
Rolling stock	20%

Investment break-up in Railway Vikas Yojana

Mega bridges (Rs 35 billion)	24%
Hinterland connectivity (Rs 30 billion)	21%
Golden Quadrilateral (Rs 80 billion)	55%



Urban infrastructure

India's under-invested urban infrastructure risks interrupting the country's economic growth. Three of the 10 mega cities in the world are Indian and are expected to grow at 20% by 2015 (UN estimate). Besides, the population of urban India is expected to grow from 29% to 40% by 2030 [Source: Deutsche Bank Report, 2007], warranting urgent investments.

Sector overview and optimism

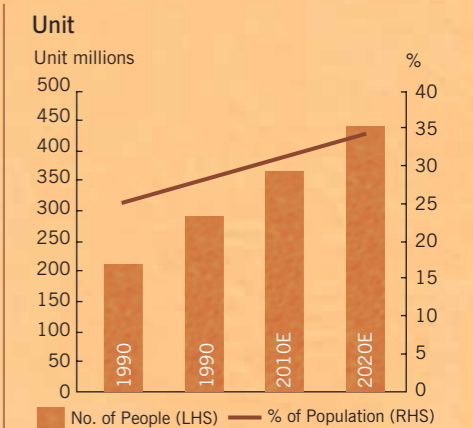
The government embarked on a number of time-bound programmes under the Jawaharlal Nehru Urban Renewal Mission (JNURM) for developing the infrastructure of 63 cities with a population of more than a million. The scheme envisaged an investment of Rs 1 trillion with 50% of the total funds coming from the central government and the remaining 50% from the state governments and urban local bodies over the seven years from 2005-06 (Source: McKinsey). Under this scheme, 538 projects with a total cost of Rs 239.5 billion have already been sanctioned (Source: CRISIL). In this investment, the share of urban transport has been estimated at 51%, water supply at 14%, sewerage at 13%, drainage at 8% and solid-waste management at 3%.

Budget, 2008-09

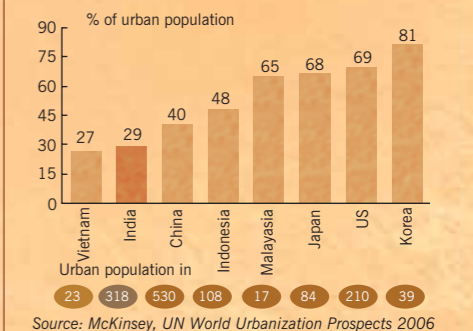
The Union Budget, 2008-09 increased assistance under the JNURM by 25% – from Rs 54.82 billion in 2007-08 to Rs 68.66 billion in 2008-09 – widening opportunities in urban India for infrastructure creators.

Regional optimism

Under the JNURM, the West Bengal government has proposed a Rs 2,700-crores action plan, which includes the extension and widening of arterial roads, widening and strengthening of secondary roads, construction of pedestrian underpasses, bridges, flyovers, elevated roads, traffic and transportation systems, including modern passenger dispersal systems. This has attracted interest from local and foreign infrastructure players.



Urbanization ratios across countries



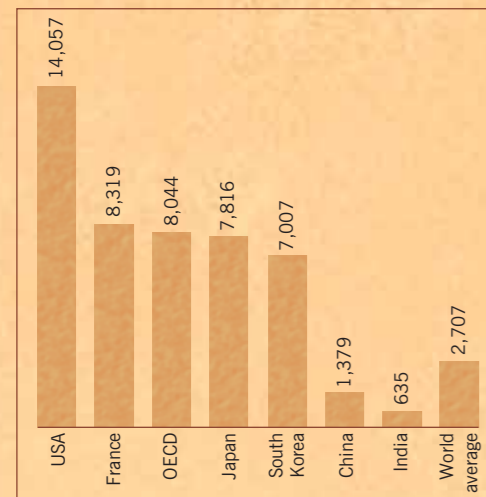


Power

Sector overview

India has an installed power generating capacity of 1,28,582 MW, government entities accounting for nearly 86% (Source: *Credit Suisse*). The country's per capita electricity consumption of 635 units compares poorly with the global average of 2,707 units per year (2006-07).

Per capita power consumption (units per annum)



(Source: JM Financial ASK Securities)

The government estimates that India faces a power deficit of 22,000 MW with peak-hour shortages as high as 14%, at a time when nearly 50% of the households are not even connected to the grid and outside demand calculations. T&D losses in India are at a high 31% against the global benchmark of 15% (Source: *JP Morgan*).

Responding to this scenario, the Government of India launched the Accelerated Power

Development and Reform Programme (APDRP) in the Tenth Plan to renovate and modernise sub-stations, transmission lines, distribution transformers, consumer meters, high-voltage distribution system (HVDS) and computerized billing. Thereafter, the Rajiv Gandhi Grameen Vidyutikaran Yojana in April 2005 laid out an objective to provide electricity across all Indian villages and habitations by 2009. It awarded three UMPPs of 4,000 MW each at Sasan (Madhya Pradesh), Mundra (Gujarat) and Krishnapatnam (Andhra Pradesh).

Optimism

India's energy elasticity with respect to the GDP is 0.95. Per capita electricity consumption (around 635 units/year) is expected to increase to 1,000 units by 2012.

The government plans to achieve a total capacity addition of 78,577 MW in generation in the Eleventh

Plan, 1,82,677 MW in transmission, 2,51,209 MW in distribution and an inter-regional power transfer capacity of over 37,000 MW by the end of the Eleventh Plan.

Budget, 2008-09

- ◆ The government proposed the award of the fourth Ultra Mega Power Project (UMPP) in Tilaiya, Jharkhand.
- ◆ It proposed to allocate Rs 5,500 crores in 2008-09 for the Rajiv Gandhi Grameen Vidyutikaran Yojana.
- ◆ It proposed to provide Rs 800 crores in 2008-09 for the Accelerated Power Development and Reforms Project.

Regional optimism

West Bengal is expected to add an unprecedented 5,420 MW to its installed capacity, ramping it up to 8,320 MW by 2012 (Source: *WBPDC*). The proposed evacuation of the additional power will widen opportunities for T&D players like Tanta.



Aviation

Sector overview

As India's international and domestic passengers grew 15.6% and 32.51% during 2007, the country's aviation infrastructure was strained. This was reflected in congested terminals, flight delays and declining service standards.

To address this, the government invited private sector participation in building new air terminals. For greenfield airports, foreign equity up to 100% was permitted through automatic approvals; for existing airports, foreign equity up to 74% was permitted through automatic approvals and up to 100% through the special permission route from the FIPB (Source: *Economic Survey, 2007-08*).

Optimism

According to an AUTC study, the Asia-Pacific region is poised to attract more than 50% of the world's air traffic by 2010. India's passenger and cargo

traffic is expected to increase by 15% and 11% annually by 2015. The Committee on Infrastructure, chaired by the Prime Minister, projects an investment of USD 9 billion in airport development between 2006 and 2013.

The Airports Authority of India (AAI) undertook an ambitious project to modernise 35 non-metro airports comprising airside works, including the construction of terminal buildings. It is expected that terminal buildings and associated airside work in 24 airports will be completed by end-March 2009, whereas in the remaining 11 airports, it

will be completed by March 2010.

Regional optimism

An Inter-Ministerial Group approved an action plan for the development of the Kolkata airport. The Rs 1,942.51 crores project will involve the construction of an integrated terminal building to annually service 20 million passengers, with airside works to be completed by June 2010 (Source: *Economic Survey, 2007-08*). The government also plans to develop 50 airports and airstrips in the North East by the end of the Eleventh Plan (Source: *Economic Times*).



Marine infrastructure

Sector overview

The 7,517-km coastline in India, touching 13 states and Union Territories, is populated by 12 major ports and 200 non-major or minor ports. The total traffic handled by both the major and minor ports in 2006-07 was estimated at 650 million tonnes, an increase of 14.04% over the previous year, largely catalysed by growing crude oil exploration and production in the country.

Optimism

To accommodate the growing traffic, the Department of Shipping finalized 276 projects in major ports under the National Maritime Development Programme up to 2011-12, entailing an investment of Rs 55,804 crores through public-private partnerships.

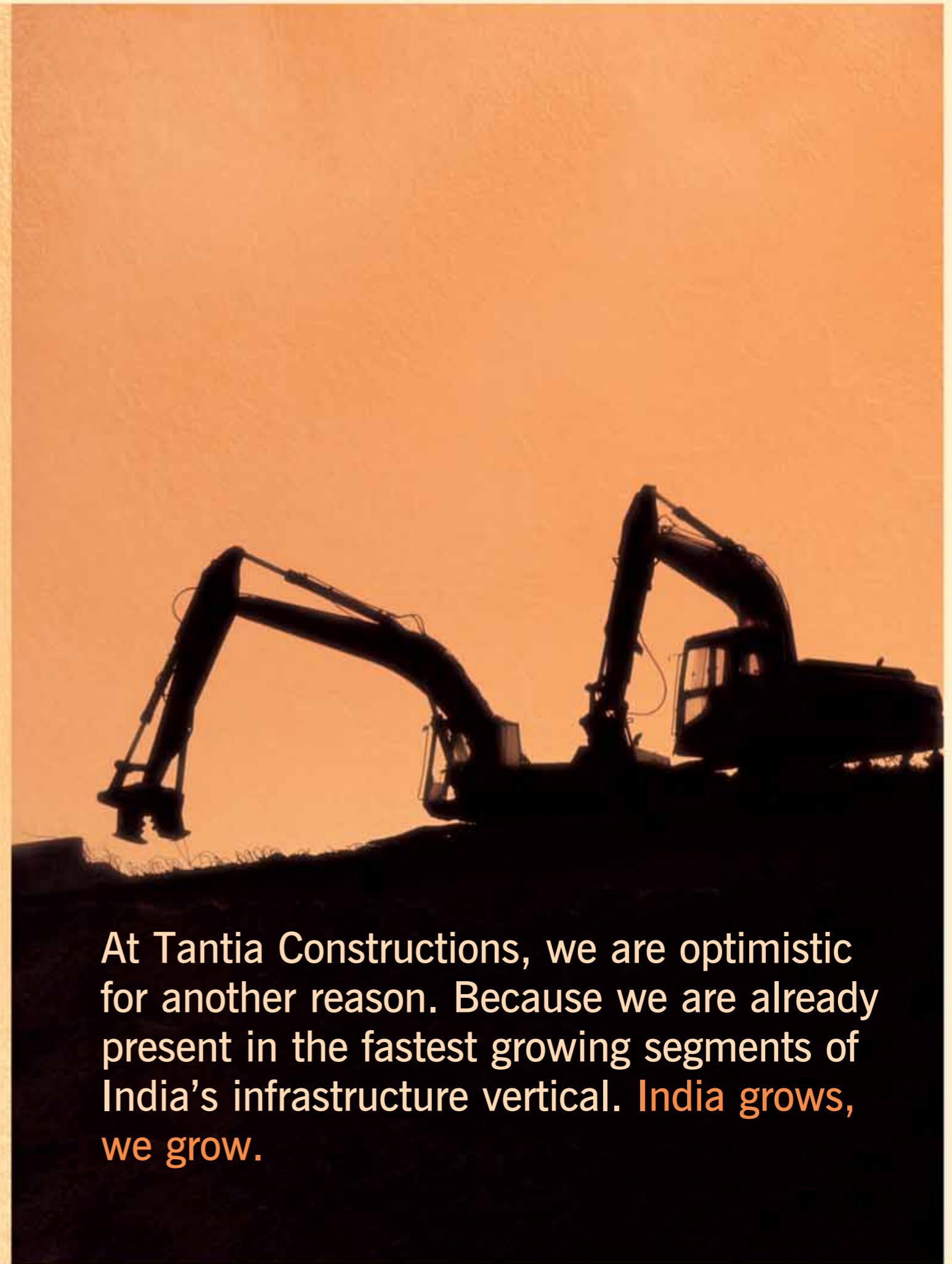
Public investments will primarily address the common user infrastructure

facilities in ports comprising the deepening and maintenance of port channels, construction of breakwaters, internal circulation systems of cargo within the ports, rail and road connectivity from the ports to the hinterland, etc.

Private investments will comprise commercial operations like construction, management and operation of

berths/terminals, etc. The private investment in the programme is expected to be Rs 34,505 crores, budgetary grant Rs 3,609 crores and investments by the ports around Rs 13,772 crores.

The rest of the projected investment is expected to come from the National Highways Authority of India, Indian Railways and other organizations.



At Tantia Constructions, we are optimistic for another reason. Because we are already present in the fastest growing segments of India's infrastructure vertical. **India grows, we grow.**

Business segment: Roads and highways



The largest national infrastructure development programme. Rs 1.6-trillion opportunity. Increasing proportion of BOT projects. Growing budget allocations. Tanta Constructions has been in this business segment for 20 years. The Company has outlined a business plan to grow its presence in this segment.

Segment status within the Company:
Largest

Portfolio:
Double level interchange of expressway, road widening and strengthening, four-laning of roads, flyovers

Revenue, 2007-08:
Rs 162.7 crores

Contribution to the total revenue in 2007-08:
51.25%

Order book as on March 31, 2008:
Rs 853.07 crores

Tantia's roadways presence

The Company ventured into advanced mechanized road construction in compliance with specifications set by the Ministry of Surface Transport in 1990. Since then, TCL has built roadways in diverse terrains – the hills of Mizoram, coastal areas of Kerala, plains of Punjab and the hard plateau of Karnataka – on schedule.

Tantia established its credentials in the field of construction, widening, conversion, maintenance, strengthening and beautification of roadways, road bridges, highways and flyovers. The Company's expertise in the maintenance of road infrastructure will translate into complete solutions for the benefit of the client, community and country.

Extensive knowledge of the local terrain and culture, together with prior experience of undertaking projects on a

pan-India basis, will result in nationwide road-building opportunities.

Our strengths

Quality commitment: Internationally benchmarked quality and safety practices leading to quality consistency. The Company received the ISO 9001:2000 certification from DNV, the Netherlands, in 2001.

End-to-end solutions: Complete project cycle from concept to execution, leading to timely project delivery.

Mechanisation: The use of captively owned equipment (hot mix plants, sensor pavers, tandem rollers, soil compactors, stone crushers, tippers, loaders, excavators, motor- graders, concrete batching plants, transit mixers, concrete pumps, reversible drum mixers, dozers, cranes, weighbridges and a Company-owned diesel pump

station) at project sites and a high mechanisation of project-related operations enabled accelerated project execution.

Troubleshooting: A dedicated claims and contract management team to address project delays arising from delays in land acquisition and design bottlenecks.

Spot inventory: Effective working capital management, coupled with a provision of airlifted delivery for emergency purposes, ensure a steady supply of raw materials, equipment and spare parts across project duration and terrains.

National development: Execution of projects across terrain in Assam and Mizoram prone to heavy rain and landslides, enhancing remote accessibility.

Steel girder fabrication: Tantia is the only Indian company to have fabricated a 100 metre span steel girder onsite, 4,000 metres above sea-level.

Resource mobilisation: Tantia enjoys a strong resource mobilization capability – equipment and individuals – in diverse terrains to deliver timely results.

State of the art equipments: Tantia has invested substantially in the ownership of critical rail infrastructure equipment, leading to cost control and timely project completion.

Well-trained and dedicated manpower: Tantia's strong team helps rationalise time and cost as well as enhance project quality

Superior intellectual capital: The division mainly recruits engineers with diploma and graduate degrees. Personnel competence has been a key growth driver for the division as it

involves engineering skills that can be the differentiating factor to keep competitors at bay. In terms of project execution, it plays a critical role by creating a brand for the Company around engineering innovation.

Customized solutions: Catering to the needs of the wide clientele can be a challenge in itself. The need to understand specific client requirements in quality and engineering specification have been managed professionally. All projects have been executed with a clear emphasis on customization to match demanding client specifications.

Showcase projects

- ◆ Four-laning of the Aluva Angmali section of the National Highway 47 in Kerala.
- ◆ Four-laning of 37.2 km of the NH-1 from Panipat to Karnal.
- ◆ ADB-funded state highway assignments in Mizoram and Karnataka.
- ◆ Four-laning of the 9.5 km Phagwara Bypass.
- ◆ Ropar-Balachur road of 21.55 km.
- ◆ State highways of 68 km in Karnataka.

Some major road building projects bagged in 2007-08

- ◆ Development of state highways in Bihar under Rashtriya Sam Vikas Yojana Package No. 19B of the Central Public Works Department (Districts: Lakshisarai & Jamui). Contract size: Rs 64.84 crores.
- ◆ Development of state highways in Bihar under Rashtriya Sam Vikas Yojana Package No. 16A of the Central Public Works Department (District: Rohtas). Contract size: Rs 113.45 crores.
- ◆ Development of state highways in

Bihar under Rashtriya Sam Vikas Yojana Package No. 7 of the Central Public Works Department (Districts: Bhabua and Buxar). Contract size: Rs 113.18 crores.

Major projects under execution

- ◆ Improvement and upgradation of PIA-II: Hnuifang–Buangpui of the Aizawl–Thenzawl-Lunglei road of 52-100 km length. Customer: Mizoram PWD. Contract size: Rs 49.81 crores.

Outlook, 2008-09

The Company has created a management tier to address large assignments coming out of state highway development plans in eastern India. Its complement of offices, manpower, equipment, knowledge and vendors will enable it to address the opportunity and grow this business segment.

It will undertake projects under the NHDP, based on the Built Operate and Transfer (BOT) model, creating a separate revenue stream.

The division aims to enhance the share of this business in the total revenue of the Company.

The Company completed the four-laning of the National Highway 1 from Panipat to Karnal in Haryana. It made provisions to work at night, provided guiding lights and ensured that the workers wore safety equipment during working hours. It received client appreciation for successful project execution.

Business segment: Railway infrastructure



New lines. New bridges. Dedicated freight corridors. A record budgetary allocation of Rs 37,000 crores. The investment in India's railways is expected to be Rs 1,495 billion over 2008-12. Tantia enjoys a four-decade experience in the business. Providing end-to-end solutions. Across challenging terrains. The complement is likely to translate into bigger business.

Segment status within the Company:
Second largest

Revenue, 2007-08:
Rs 96.28 crores

Contribution to the total revenue in 2007-08:
22.3%

Order book as on March 31, 2008:
Rs 371.15 crores

Tantia's exposure to the railways segment

Tantia Constructions is one of the oldest railway contractors in India with the experience of having completed assignments across diverse terrains for the Eastern Railway, North Eastern Railway, South Eastern Railway and

North East Frontier Railway. The Company enjoys a pre-qualification for projects up to Rs 450 crores when engaged in international joint ventures. Some of its joint venture partners comprise reputed international names like Road Builder Sdn Berhad, Malaysia.

Tantia's railway exposure has comprised the following:

Core infrastructure	<ul style="list-style-type: none"> ◆ Survey, fixing of alignment and designing of track Embankment and cuttings. ◆ Bridges and tunnels. ◆ Steel girder fabrication and erection.
Track laying	<ul style="list-style-type: none"> ◆ Laying of ballast and concrete sleepers. ◆ Laying of rails and fittings, flash butt welding for long rails. ◆ Signalling and electrification. ◆ Maintenance of railroads and rail infrastructure.
Value-addition	<ul style="list-style-type: none"> ◆ Buildings, railway stations and terminals. ◆ Light rail and mass rapid transport system infrastructure. ◆ BOT/ BOOT projects.

Strengths

Timely project execution skills: Road projects require a significant capital outlay, making it imperative for projects to be completed punctually. Tantia's comprehensive project mapping, planning and implementation skills in quicker project delivery is reflected in the fact that in 2006, the Company completed and handed over 35 projects without any liquidated damages related to time overrun.

Prudent equipment utilization: Tantia enjoys robust equipment allocation flexibility between sites to ensure on-call equipment availability derived from strong vendor outsourcing relationships. As an extension, owned assets are deployed across remote project sites, while hired equipment is deployed across urban locations.

Proactive claims and contract management: Land acquisition and design are critical in road projects. To minimise project delays, Tantia has created a dedicated claims and contract management cell.

Quality mandate: The Company appreciates the quality imperative of its business and has commissioned laboratories across all sites, possessing world-class equipment. As a result, instant quality checks are easily possible throughout the project duration. Besides, various engineering procedures are checked and approved as per client specifications.

Speedy project execution: The Company has created a reputation of liquidating projects within the stipulated timeframe, keeping the client satisfied. The fact that the Company has a vast experience in railway infrastructure also results in better project management skills and adherence to time constraints in particular.

Showcase projects

- ◆ Embankment of 14-km track, bridges, laying and linking of rails in Katwa, West Bengal.
- ◆ A 2.5-km viaduct from Princep Ghat to Majerhat for the Circular Railway, Kolkata.
- ◆ Five bridges in a location in Bihar that was inaccessible by road.
- ◆ Electrification and signalling in Purulia, West Bengal.
- ◆ New Howrah Railway Station and Yatri Niwas in Kolkata, West Bengal.
- ◆ BOT project for the conversion of medium gauge (MG) to broad gauge (BG) from Viramgam to Mehsana in Gujarat.

Major projects bagged during the year

- ◆ Replacement of girder from Bridge No. 2A at Kalinarayanpur and 17A at Dhubulia in Sealdah – Lalgola section Eastern Railway – Rs 18.00 crores.

Major projects currently under execution

- ◆ Supplying, transporting and staking of 42,000 cum of 50 mm nominal size handbroken black/ gray colour stone ballast alongside the formation of banks, as per direction of the engineer at site from Karwandi quarry to the site of work between Piro-Garhani in connection with the new B. G line between RA-SSM – East Central Railway – Rs 2.62 crores.
- ◆ Construction of the sub-structure of a new rail bridge across River Bhagirathi between Azimganj and Jaiganj (Murshidabad) section of Eastern Railway, including earth-work filling on both approaches of the main bridge construction of retaining walls, and one minor bridge – Eastern Railway – Rs 13.43 crores.

- ◆ Construction of the foundation and substructure of rail bridge across River Kosi at Nirmali in Bihar – Eastern Central Railway – Rs 61.78 crores.

Major projects delivered in 2007-08

- ◆ Construction of an elevated structure for a double-line track consisting of super-structure with pre-stressed concrete box structures between Ch. 3189.80 m to Ch. 5614.696 m for the extension of the Kolkata metro railway from Tollygunge to Garia – Rs 17.17 crores.
- ◆ Construction of an elevated structure for a double-line track consisting of super-structure with pre-stressed concrete box structures between Ch. 1688.83 m to Ch. 3189.820 m for the extension of the Kolkata metro railway from Tollygunge to Garia – Rs 13.95 crores.

Outlook, 2008-09

The division envisages a surge in revenues through the procurement and execution of big-ticket railway projects.

Tantia undertook the responsibility of restoring a 14 km rail track in 19 days for Eastern Railway. The Company had to work round-the-clock to restore the flood-submerged rail track on an emergency basis. The Rs 4.5-crore project was successfully completed by employing local labour, who had lost their livelihood due to the floods.

Business segment: Urban infrastructure



National urban renewal. 63 cities. Investment of Rs 1 trillion. 538 sanctioned projects. Tantia provides timely, comprehensive and non-intrusive solutions in urban locations.

Segment status within the Company:
Third largest

Portfolio:
Display halls, tram lines, sewerage and drainage projects, construction of hospital and college buildings

Revenue, 2007-08:
Rs 67.70 crores

Contribution to the total revenue in 2007-08:
21.02%

Order book as on March 31, 2008:
Rs 349.91 crores

Tantia's presence in the urban infrastructure segment

The Company's Urban Infrastructure Division established its credentials through a presence in Kolkata improvement projects, its expertise comprising soil re-engineering, mechanized earthwork, hauling for large-scale land development, allied works of roads and pipelines, electrification and lighting systems. The Company also caters to the robust realty demand for residential, commercial and public utility buildings as well as solutions for mass rapid transport systems.

Tantia Constructions is acknowledged by large municipal corporations for its competence in the timely commissioning and completion of urban projects that minimize public inconvenience during construction tenures. In Kolkata, the Company executed tram-track projects on the

congested Mahatma Gandhi Road and sewerage projects in the narrow lanes and slum areas of Tiljala, Banskroni and Behala. The net effect has been a faster traffic throughput, improved driving conditions and decline in waterlogging.

Strengths

Project mapping: Concept-to-commissioning competence, shrinking project tenure.

Procurement: Strong alliances with reputed raw material manufacturers, reinforced by a three-tier on-site input check (for in-coming, processed and finished products).

Serving society: Undertaking of sanitation and sewerage development projects in 15 Kolkata slums.

Turnkey solutions: Strong 'concept-to-commissioning' capability, shrinking project tenure, especially relevant in congested urban landscapes. The

Company's customized coded project management method, derived especially for urban development projects requiring quick turnarounds, leads to timely delivery.

Quality adherence: In urban development, the delivered product must endure across decades and enhance the Company's brand image. Thus, vendors must use the best of materials. Superior quality is ensured through a three-tier input check at the project site (across in-coming, processed and finished products).

Safety standards: Tantia adopts adequate safety procedures to minimize accidents at the project site. The workers are provided with adequate safety instructions and educated on the need to maintain alertness and a concern for personal safety.

High project commitment: Prudent asset utilization and allocation across different projects with an eye on project

The Company's Urban Infrastructure Division established its credentials through a presence in Kolkata improvement projects, its expertise comprising soil re-engineering, mechanized earthwork, hauling for large-scale land development, allied works of roads and pipelines, electrification and lighting systems.

timeframe has enhanced project commitment.

Showcase projects

- ◆ Development of an industrial estate (including service lines and roads across 50 hectares) at Bawana.
- ◆ Display halls at Pragati Maidan, New Delhi.
- ◆ Construction of 144 housing units in Rohini, New Delhi.
- ◆ A 10-km light rail tram track in Kolkata.
- ◆ ADB-funded Kolkata sewerage and drainage projects.

Some projects bagged in 2007-08

- ◆ Groundwater-based piped water supply schemes in various arsenic-affected blocks of North 24 Parganas. Contract value: Rs 29.53 crores.
- ◆ Construction of three sewerage and drainage project on AJC Bose Road,

Kolkata. Contract value: Rs 170 crores.

- ◆ Tram track improvement from Rashbehari Avenue to Tollygunge, Kolkata. Contract value: Rs 10.18 crores.
- ◆ Construction of a flyover on the Salt Lake Bypass at the Wipro/JK Saha culvert. Contract size: Rs 29.54 crores.

Projects delivered during 2007-08

Construction of sewerage and drainage for Lot I and II, and Borough XV, near AJC Bose Road for Kolkata Environmental Improvement Project (KEIP). Contract value: Rs 170.60 crores.

Outlook, 2008-09

The Company is eyeing urban infrastructure projects in Punjab, Orissa, Delhi and Haryana for the Public Works Department.

Business segment: Aviation infrastructure



Growing privatisation of major Indian airports. 35 non-metro airports to be modernized. 50 airports and airstrips to be developed in the North East in the Eleventh Plan. Tantia possesses a precious experience in this area.

Segment status within the Company:
Fourth largest

Portfolio:
Construction of terminal building and allied works

Revenue, 2007-08:
Rs 21.22 crores

Contribution to the total revenue in 2007-08:
2.96%

Order book as on March 31, 2008:
Rs 49.21 crores

Tantia's presence in aviation infrastructure

Tantia ventured into the aviation infrastructure space in 2005 through the Dibrugarh Airport project. The Company is now attractively positioned to service the aviation boom in the North East.

Tantia's portfolio of services comprises the construction of terminal buildings, addressal systems and control systems, among others. The Company specializes in executing aviation infrastructure projects on a turnkey basis, offering one-stop, customized and complete solutions.

Strengths

Deep understanding of the North East – its terrain, climate, culture and government, following an extensive regional presence.

Showcase projects

◆ Construction of terminal building and

allied works at the Dibrugarh Airport, marking its entry into the relatively unexplored territory of non-metro airports. Contract value: Rs 36.75 crores.

◆ Construction of new terminal building and allied works at the Cooch Behar Airport. Contract Value: Rs 12.46 crores.

Project bagged in 2007-08

The Company bagged the assignment of the construction of a new terminal building along with allied works at the Cooch Behar Airport in West Bengal. Client: Airport Authority of India. Contract value: Rs 12.46 crores.

Outlook to capture the industry optimism

With the North East becoming more tourist friendly, Tantia Constructions will leverage its strong and established brand recall to capitalize on bigger sectoral opportunities.

Business segment: Marine infrastructure



276 major port projects identified up to 2011-12. Proposed investment of Rs 55,804 crores. Investments will enhance national port capability and throughput. Tantia possesses proven capabilities for riverine projects that can be extended to ports.

Segment status within the Company:
Fifth largest

Portfolio:
Construction of jetty, embankments, and hydraulic structures

Revenue, 2007-08:
Rs 4.7 crores

Contribution to the total revenue in 2007-08:
1.96%

Order book as on March 31, 2008:
Rs 25.93 crores

Tantia's presence in marine infrastructure

Tantia Constructions ventured into the marine infrastructure space in 2003. The Company now possesses proven capabilities in building tunnels, jetties and steel girders along rivers.

Strengths

Expertise in difficult projects: In jetty construction, the Company is experienced in taking up projects with a high level of uncertainty and scour levels up to 30 metres deep. In massive coastal embankment, Tantia has executed projects in Bangladesh amid low-and high-tide conditions.

Technology edge: The Company has incorporated intelligent soil re-engineering and modification methods through the deployment of geo-synthetics and suitable mechanical means.

Showcase projects

◆ Around 14-km coastal embankment and hydraulic structures on seashore islands in Bangladesh.

◆ Construction of inland water transport terminal in Pandu, Guwahati (low-level berthing and approach jetty).

◆ Execution of river training and guide

bund protection works across a height of over 30 metres for the River Brahmaputra and the Kopili Hydel project in Assam.

Projects delivered in 2007-08

◆ The Company is currently executing a low-level berthing jetty for the Waterways Authority of India over the River Brahmaputra in Guwahati with 12-metre diameter foundation wells reaching up to 70 metres deep.

Outlook

About 90% of India's international trade by volume and 70% by value are conducted through its ports. India expects to increase its exposure in global merchandise trade from 0.66% in 2000 and 0.82% in 2004 to 1.5% in 2009. This is expected to boost investments in marine infrastructure across the country and translate into attractive construction opportunities for the Company.

Business segment: Power transmission



Power for all by 2012. Record power generation and transmission targets in the Eleventh Plan. Award of 4,000-MW power projects. Growing regional power imbalances. Tantia possesses a robust experience in the turnkey management of power-transmission projects.

Segment status within the Company:
Sixth

Portfolio:
Power transmission and distribution projects

Revenue, 2007-08:
Rs 9.22 crores

Contribution to the total revenue in 2007-08:
0.92%

Order book as on March 31, 2008:
Rs 15.73 crores

Tantia's presence in the power infrastructure segment

The Company entered the T&D solutions segment in 2005 and possesses an expertise in beam foundation, lattice structure erection, conductor stringing and cable-laying systems.

Strengths

Robust project execution skills: The division is well positioned to execute projects with speed and skill due to its core understanding of power project requirements. The Company is also planning to venture into the development of a design department to enhance plant design engineering.

Strong quality focus: In line with the quality consciousness of the Company, the division has prioritized the quality quotient. It has signed agreements with consultants who advise the Company in executing EPC projects.

Proven track record: The track record of the Company in terms of project management and delivery is one of the best in the country. The division seeks to leverage it and stay competitive.

Long-term strategic vision: The division is focusing on creating a niche in the EPC space, driving the evolution of the Company from a construction major to an integrated consultant with design

competence. This will enable the Company to gain prominence in the segment and remain viable over the long-term.

Engineering might: The division expects to leverage its strong capabilities in civil, mechanical and structural engineering to entrench its presence in the country's core infrastructure sector.

Showcase projects

◆ The Company executed a power transmission project in August 2005. Client: Assam Electric Grid Corporation. Contract size: Rs 15 crores.

◆ It laid 33 KV from the Kolkata Leather complex (132 KV substation) to Salt Lake (132 KV substation). Client: West Bengal State Electricity Board. Contract size: Rs 8.20 crores.

Outlook, 2008-09

The Company plans to explore large turnkey opportunities in the power sector. It created a management tier to address this potential.

1 Our business drivers Empowerment

In the construction business, knowledge and execution capabilities are critical to success. This makes it imperative to provide a workplace where employees can add value to themselves and the organization.

Keeping this objective in mind, the Company undertook the following activities:

- ◆ Launched a quarterly magazine called Tantia Vision, celebrating achievements
- ◆ Commenced sessions to enhance vertical communication between staff and senior management to bridge hierarchies.
- ◆ Encouraged employee bonding by organizing several group activities like picnics, quizzes, birthday celebrations, etc.

Recruitment

The Company recruited fresh degree and diploma-holders in civil and mechanical engineering from the AICTE and WBUT-accredited engineering colleges, online placement consultancies and newspaper advertisements. Internal references were used to recruit senior-level executives with a focus on terrain knowledge and organizational culture.

In 2007-08, recruitment was largely skewed towards strengthening the railway and urban infrastructure team, including the recruitment of a retired senior railway official with a rich domain knowledge of several years.

Training

The Company trained engineers in team-building, leadership and communication, as well as technical aspects based on the advice of departmental heads.

Internal training was primarily onsite and project-based where meritorious candidates were sent to external workshops organized by the CII, Building Construction Association, Construction Federation of India, NICMAR and the State Productivity Council. Going ahead, the Company intends to strengthen its training to catalyze empowerment and employee growth.

Retention strategies

To arrest attrition, the Company provided compensation packages that matched industry standards, based on annual performance appraisals across key result areas. All project locations comprised accommodation facilities for employees, equipped with electricity, water supply and basic amenities. Going ahead, the Company plans to issue employee stock option plans to retain meritorious employees and reinforce a sense of ownership. It also expects to

institute a formal feedback mechanism for a faster redressal of issues.

Highlights, 2007-08

- ◆ A recruitment of 120 individuals, enhancing employee strength to 670 (as on March 31, 2008); about 33% of the recruitment took place in the railway infrastructure division.
- ◆ Inclusion of engineers in the commercial aspects of project planning, enhancing awareness of the impact of cost/time overruns in project execution.
- ◆ A 45.32% rise in the outgo on account of salaries and wages, following increased recruitment and higher compensation to match industry standard.

Outlook

The Company will replace its ongoing appraisal system with a quantifiable and gradation-based system customized with finer extra-statutory HR aspects.

	2005-06	2006-07	2007-08
Technical (engineers, diploma holders)	160	200	250
Non-technical professionals (CAs, MBAs, etc.)	160	180	200
Shop floor workers	130	200	220
Total	450	580	670

	2005-06	2006-07	2007-08
Investment in training (Rs)	75,000	1,10,000	1,52,000
As a percentage of total administration cost (%)	25	32	38

2 Our business drivers Financing and controlling

In the business of construction, sustainable success is derived from fiscal discipline and management. Over the years, the Company strengthened this function to mobilize resources (internally and externally) to fund ongoing project management.

During 2007-08, Tantia made a USD 7.5-million FCCB issue to Lehman Brothers, translating into timely capital infusion for onward investment in capital equipment like a batch mixer, concrete batching plant and crawler tower cranes. These investments helped improve project quality and shrink the project tenure.

The Company enjoys long-standing partnerships with banks like the Andhra Bank, Allahabad Bank, IDBI, State Bank of India, Oriental Bank of Commerce and Axis Bank, among

others. The Company's finance and treasury department negotiates with banks for term and working-capital loans. By mobilizing funds for different projects through bank guarantees as well as short-term, medium-term and long-term loans from corporates and financial institutions, the department ensures smooth project funding and seamless management. Besides, the Company has established a credible reputation through the timely payment of principal and interest.

The Company's management accounts

division, besides maintaining the basic financial accounting, prevents project cost overruns through accurate accounting. The implementation of SAP in 2006-07 facilitated the instant availability of project details, leading to informed decision-making.

Going forward, the Company plans to strengthen its industry presence by combining the competencies of its finance and treasury, as well as management accounting divisions to mobilize adequate resources at timely junctures.

3 Our business drivers Raw material management

In the business of construction, an uninterrupted supply of quality raw materials sustains project speed. The Company consumed large quantities of steel, cement, bitumen and emulsion.

The Company protected its steel security through long-term agreements with SAIL and TISCO; for cement it entered into arrangements with Grasim, UltraTech and Century.

The raw material procurement function was centralized, facilitating the benefits of bulk purchase. The schedule of project-specific raw material requirements – quantity, timeliness and quality – was determined at the start of projects.

Strengths

Technological support: Linking of all project sites via V-SAT to the centralized procurement department and godown, implementation of SAP in 2005 across

five locations and eventual implementation at all project sites, leading to informed decision-making in inventory management.

Availability: A minimum material inventory of 15 to 30 days for urban projects and 30 to 60 days for remote locations; a provision for airlifting raw materials to remote locations not connected adequately by roads.

Quality: Investment in quality-control laboratories across all operational sites to check raw material quality and consistency, reinforced by third-party testing. Commissioning of automated crushing units and ready-mix concrete batching plants. Investment in captive

reinforced cement concrete hume pipes, for enhanced quality. Investment in crushing units for remote areas in Bihar, Mizoram, etc.

Cost rationalization: Continuous R&D in design laboratories to develop innovative, superior and economical raw material mix. Faster project completion through competent planning and better training. Inclusion of cost escalation clauses in contracts.

Outlook

The Company will transport concrete over distances, eliminating the need to maintain ready-mix concrete batching plants across project sites.

4 Our business drivers Equipment management

In the business of construction, a captive supply of equipment reduces rental cost, accelerates project speed and enhances delivered quality.

The Company possesses an exhaustive equipment bank (excavators, drilling equipment, cranes, rollers, batching plant and barges), which accounts for a majority of the equipment being used. To address peak requirements, the Company hired equipment from external vendors at affordable rates, enjoying bargaining power on account of volume. The Company maintained a complete spare inventory and recruited experienced mechanical engineers to minimize downtime.

Highlights, 2007-08

◆ Increase in equipment availability to 90% through preventive maintenance during monsoons characterized by project slowdown.

◆ Increase in machine utilization by reducing downtime through superior maintenance.

Key initiatives

◆ The Company has invested in the procurement of sophisticated equipment like Bob-Cat, motor grader and loader from Germany for enhanced mechanization to facilitate faster project execution.

◆ It has invested in sourcing small customized trucks to undertake challenging sewerage development projects (in narrow lanes). At its centralized designing laboratory, the Company conducted R&D to come up with narrow-diameter pipes for the same purpose.

◆ It has invested in sets of launching girders to facilitate safe bridge and flyover construction solutions.

Outlook

With a JV, TCL and Wirthjen India are looking at rebuilding a 10 km, TMC project of 10 crores with a 3 month using milling machine. Tantia will invest in the procurement of micro-tunnelling technology that will enable it to execute challenging underground drainage projects with marginal earth-breaking, one of the few Indian construction players to possess this capability.

5 Our business drivers Business development

In the business of construction, contracts are awarded all the time across the country, making it imperative for service providers to stay in continuous touch with customer agencies to capture emerging opportunities.

A majority of the Company's clients comprise government bodies like zonal railways, CPWDs, state PWDs, etc., necessitating ongoing client liaison. It keeps a proactive tab on upcoming contracts so that necessary preparatory steps (international joint ventures) may be initiated. The Company also leverages its database of tenders published in newspapers and relevant websites, resulting in client accretion.

The cost structure for each tender is determined in view of the local topography and climate through site visit, availability of raw material, manpower (technical and non-technical), local tax structure, etc. The Company engages in financial engineering through a superior leverage of its strengths, equipment bank and activity costing at site-level facilities, resulting in capex and overhead savings.

An insight into the prevailing industry cost structure enables competitive bidding.

In 2007-08, the Company diversified into environment-related activities through groundwater-based piped water supply schemes in the arsenic-affected blocks of North 24-Parganas for the Government of West Bengal.

6 Our business drivers Quality management

In the business of construction where millions benefit from delivered projects, the cost of a quality lapse can be visible and enduring: it can potentially result in business loss and public censure.

Over the years, the Company institutionalized its quality discipline through a three-tier quality control structure, encompassing the project cycle from raw material procurement to in-process inspections to the final product testing.

The Company's quality control team comprised qualified engineers and professionals. Its quality discipline was endorsed by a brand-enhancing base of institutional customers like the Indian Railways, RITES, IRCON, Kolkata Metro Railway, National Highways Authority of India (NHAI), central and state PWDs and the Airports Authority of India, among others. A major portion of its business comprised repeat customers, reinforcing faith in the Company's quality standards.

Key strengths

Certifications: The Company was recertified for ISO 9001:2000 by Det Norske Veritas, the Netherlands, for infrastructure projects in 2006-07. It also adhered to stringent quality norms stipulated by the Indian Standards Organization.

Multi-stage inspections: The incoming raw material used by the Company was subject to sample testing, initially at centralized labs and subsequently at quality control labs at each project site. It only accepted raw materials supported by the manufacturer's quality test certificate. For gaining third-party assurance, the Company hired the services of specialized testing houses like the National Test House, CRR1, Jadavpur University and other

engineering colleges. Slump tests facilitated right consistency in a cement-bitumen mixture for intermediate products like concrete. The finished product was subject to multi-stage quality test following completion.

Backward integration: A captive steel fabrication unit equipped with quality control equipment like degassers ensured superior quality control. Captive fabrication and other on-site activities resulted in timely project completion.

Outlook

The Company will progressively invest in enhanced mechanization in line with international standards, leading to quality consistency and faster project completion.

7 Our business drivers Claims and contract management

In the business of construction, the Company's deliverables are managed by transparent and comprehensive documentation, which not only entails what has to be delivered but by when, where and at what cost. Besides, this documentation discipline must be able to establish the Company's receivables against promised delivery.

The Company is competently placed in this regard; it possesses one of the strongest claims and contract management capabilities in its sector. Its dedicated team from legal and technical backgrounds have the following responsibilities:

- ♦ Timely receipt of debtors.

- ♦ Management of large and complex insurance claims.
- ♦ Review of all new claims with a plan of action.
- ♦ Review of claims, plan of action and reserves; a review of the cost of risk, negotiation for a positive change in the reserves and provision of status reports

to the senior management.

- ♦ Strict adherence to all clauses in every government contract to avoid litigation.

The department outlined a target to work closely with customers and recover all receivables over the foreseeable future.

Financial review



2007-08 vs 2006-07

Tantia Constructions reported superior performance during the year under review:

- ♦ Total income increased 46.50% from Rs 262.70 crores in 2006-07 to Rs 384.85 crores in 2007-08.
- ♦ Income from operations grew 47.09% from Rs 246.02 crores in 2006-07 to Rs 361.87 crores in 2007-08.
- ♦ EBIDTA strengthened 49.44% from Rs 30.20 crores in 2006-07 to Rs 45.13 crores in 2007-08.
- ♦ Profit after tax increased 16.42% from Rs 13.22 crores in 2006-07 to Rs 15.39 crores in 2007-08.

Margins

The Company's EBIDTA strengthened from Rs 30.20 crores in 2006-07 to Rs 45.13 crores in 2007-08. EBIDTA margins strengthened by nearly 23 basis points from 11.50% to 11.73%, indicating effective cost management and superior economies of scale. Net profit margin declined from 5.37% to

4%, mainly on account of an increase in financial charges and depreciation. Going ahead, the Company expects to strengthen its margins by undertaking mega power and road projects on a BOT/BOOT basis. It also plans to diversify with a pioneering presence in niche project types like micro-tunneling.

Margins (%)	2007-08	2006-07
EBIDTA margin	11.73	11.50
Net profit margin	4.00	5.37

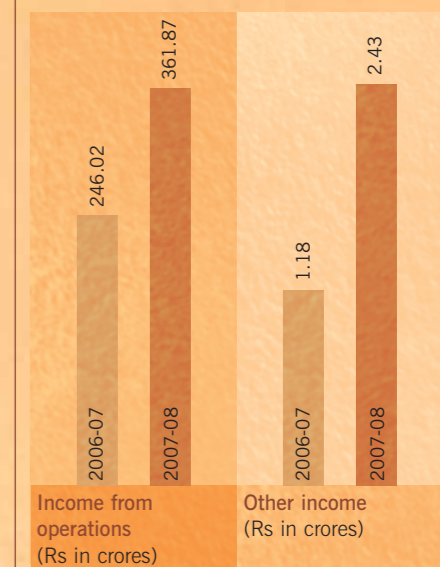
Revenues

Income by segment: The Company's total income improved by 46.51% from Rs 262.70 crores in 2006-07 to Rs 384.85 crores in 2007-08. Of the total, nearly 94.02% was accounted by income from operations, which improved from Rs 246.02 crores to Rs 361.87 crores due to a larger number of projects bagged, accelerated execution and the completion of a number of previous assignments. The non-core business income, comprising interest received on domestic and foreign currency fixed deposits and miscellaneous income, also increased

significantly.

Income by division: The road, railways and urban infrastructure divisions were the major contributors to the turnover, contributing 44.97%, 26.61% and 18.71% respectively.

Income by geography: The Company is undertaking most of its projects in Bihar and Jharkhand, West Bengal, and the North East, contributing 14.6%, 22.4% and 13.13% respectively to revenues in the last ten years.



Expenses

Effective cost management helped manage raw material and contract operating expenses. While these expenses increased in absolute terms by 46.13% from Rs 232.47 crores to Rs 339.72 crores in 2007-08, they declined marginally as a proportion of the Company's total income from 88.50% in 2006-07 to 88.27% in 2007-08. This was a major achievement that helped neutralize increasing raw material costs of key inputs (cement and steel).

(Rs in crores)

	2007-08	2006-07
Material consumption	139.83	74.30
Contract operating expenses	175.97	143.37
Payments to and provisions for employees	10.39	6.86
Administrative and other expenses	13.55	7.97

Material consumption: Material consumption increased in absolute terms from Rs 74.29 crores in 2006-07 to Rs 139.82 crores in 2007-08; as a proportion of total expenses, it increased 920 basis points from 31.95% in 2006-07 to 41.15% in 2007-08. During the period, material consumption expense as a proportion of the turnover (income from operations) also increased nearly 845 basis points from 30.19% to 38.64%. The Company's R&D initiatives evolved the raw material mix without any quality compromise; going ahead, it plans to enter into forward contracts to hedge rising steel prices.

Contract operating expenses: Contract operating expenses increased by 22.74% from Rs 143.37 crores to Rs 175.97 crores in 2007-08, mainly due to an increase in the number of construction projects resulting in a rise in equipment-hiring cost, power and fuel costs and site mobilization expenses. However, contract operating expenses as a percentage of total expenses declined from 61.67% to 51.80%, on account of a larger bank of captive equipment that capped the cost of hire from external suppliers.

Employee expenses: Employee expenses increased from Rs 6.86 crores to Rs 10.39 crores in 2007-08 on account of increased recruitment and restructuring of compensation packages at par with industry standards. The Company created a hierarchy level during the year to address big-ticket projects, recruiting senior officials with several years of domain experience at the helm with juniors to assist them. The Company also contributed significantly towards employee welfare activities and increased its contribution to the employee provident fund. Despite growing scale, employee costs as a proportion of expenses increased only marginally from 2.95% in 2006-07 to 3.05% in 2007-08.

Administrative expenses: Administrative expenses increased from Rs 7.97 crores in 2006-07 to Rs 13.55 crores in 2007-08, mainly on account of a rise in miscellaneous expenses, rent and FCCB issue-related expenses. The FCCB issue of Rs 30 crores was undertaken to facilitate the import of sophisticated equipment. However, administrative

expenses as a proportion of total expenses increased only marginally from 3.43% to 3.99%.

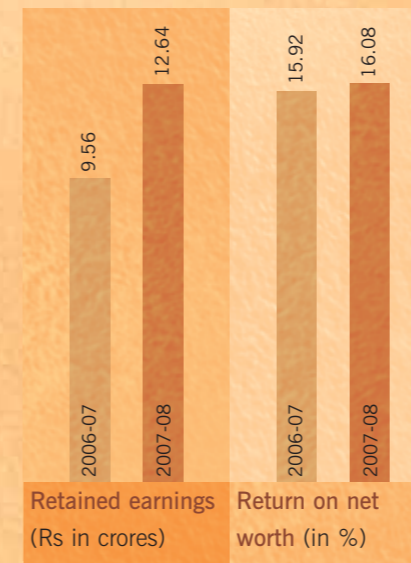
Taxation: Tax burden (current, wealth, deferred and fringe benefit) increased from Rs 2.17 crores in 2006-07 to Rs 4.73 crores in 2007-08. However, the Company's tax rate (calculated as current tax/profit before tax) declined from 11.49% to 11.07%. Also, the tax rate was well below the maximum corporate tax bracket applicable in India due to the benefits available under the Sec 80 I (A).

Own funds

Equity capital: The Company's equity share capital comprised 15,573,600 shares of Rs 10 each (fully paid-up). Preference share capital contributed 0.89% to the total equity base and comprised 140,000 cumulative preference shares (Rs 10 each, fully paid-up). The Company's equity share capital remained unaltered over the previous year. On account of higher post-tax profits, the earnings per share increased from Rs 8.57 to Rs 9.88.

Reserves: Reserves represented the lowest cost of funds for the Company, especially when created out of accruals. Reserves increased from Rs 66.39 crores in 2006-07 to Rs 79.03 crores in 2007-08. Free reserves stood at Rs 35.89 crores at the end of 2007-08, accounting for 45.41% of the total reserves.

An aggressive plough-back policy subsequently resulted in an improved and strengthened net worth. Shareholders' return from the business also increased on account of an increased RONW.



Loan funds and costs

Loans comprised a significant part of the employed capital. While secured loans increased from Rs 120.38 crores in 2006-07 to Rs 222.90 crores in 2007-08, unsecured loans increased from Rs 34.73 crores to Rs 59.13 crores. The Company successfully reduced the average cost of borrowed funds in 2007-08 through continuous negotiations with bankers and lending institutions. Despite an increase in loan funds, the interest cover was maintained at 2.25.

Gross block

The gross block of the Company increased by 53.82% from Rs 57.54 crores in 2006-07 to Rs 88.51 crores in 2007-08 on account of growing investments in a captive equipment bank. The Company boasts of having an equipment bank, the majority of which is less than three years old, indicating the robustness of its asset base. It issued FCCBs worth USD 7.5 billion for importing equipment. As the assets

were acquired towards the later part of the year, their full benefits are expected to accrue from 2008-09 onwards. Gross block additions were mainly responsible for increased depreciation from Rs 3.54 crores in 2006-07 to Rs 5.35 crores in 2007-08.

(In %)

Year	2006-07	2007-08
ROAGB (%)	65.19	61.80

Investments

The responsibility with which the Company managed its short-term surplus determined its long-term direction. Investments by the Company increased from Rs 10.13 crores to Rs 17.78 crores, mainly on account of enhanced joint ventures and unquoted shares of an associate company. Investments as a proportion of the total capital employed during 2007-08 were 4.71% (previous year 4.44%). The Company's investments were strategic in nature and will generate attractive returns.

Working capital

The working capital outlay increased significantly from Rs 187.41 crores in 2006-07 to Rs 295.84 crores in 2007-08 on account of enhanced projects delivered and a growing execution of large projects. Working capital outlay as a proportion of the total capital employed declined by 72 basis points from 78.33% to 77.61%, indicating competent fund management and better terms of trade. The Company maintained a current ratio of 5.69 and quick ratio of 3.90, reflecting reasonable liquidity.

Inventory: The total inventory of the

Company increased from Rs 74.28 crores in 2006-07 to Rs 112.57 crores in 2007-08 to service a growing number of infrastructure projects in remote locations. The Company reduced its inventory position from 110 days of turnover equivalent in 2006-07 to 93 days in 2007-08, indicating faster project execution.

Debtors: Sundry debtors of less than six months increased from Rs 70.36 crores in 2006-07 to Rs 105.30 crores in 2007-08. The phase-wise execution policy acted as an effective safeguard against probable defaults. The receivables cycle declined from 103 days of turnover equivalent in 2006-07 to 93 days in 2007-08, indicating faster recovery from customers (principally government bodies).

Cash and bank balances: Cash and bank balances increased from Rs 37.88 crores in 2006-07 to Rs 41.45 crores in 2007-08, largely due to an increase in current account deposits with scheduled banks, fixed deposits and cash in banks. Cash and bank balances as a proportion of total current assets declined from 15.76% in 2006-07 to 11.55% in 2007-08.

Creditors: The Company was required to source raw material from quality suppliers like ACC and SAIL which required prompt payments. As a result of better negotiations, the Company was able to extend its creditors' cycle as on March 31, 2008.

Risk management

At Tantia, risk management comprises a methodical evaluation and analysis, leading to effective mitigation.

Risks related to the internal environment

Economy risk

A GDP growth of 9% in 2007-08 may not be sustained.

Impact on Tantia

Sluggish infrastructure development, slower order book accretion and dwindling earnings growth.

Risk mitigation

- ◆ Infrastructure investment is directly correlated with economic growth, where every rupee invested generates revenues worth 70 paise for the government. The government continues to invest in the country's infrastructure creation, ensuring that it will continue to fuel economic growth.
- ◆ Going by the most conservative

estimates, the Indian economy is expected to register a growth of over 8% in the coming few years.

- ◆ Investment in the infrastructure and construction sector is expected to exceed USD 450 billion during the Eleventh Five-Year Plan (2007-2012). Subsequently, infrastructure is expected to report a CAGR of 15%, raising the sector's contribution to the GDP from 4.5%-8% by 2012.

Competition risk

With expanding infrastructure creation, competition could intensify.

Impact on Tantia

The Company may lose its existing share of order book accretion to new entrants.

Risk mitigation

- ◆ The Company's services are distinguished for accelerated project execution, rich domain experience and timely delivery.
- ◆ It enjoys strategic alliances with reputed international companies like TSO (France) and Road Builder Sdn (Malaysia), benchmarking project

management and technical skills with global standards.

- ◆ It created a management tier dedicated to the procurement and execution of large projects.
- ◆ It improved the order book size from Rs 686.51 crores in 2004-05 to Rs 1,664.63 crores in 2007-08.

Risks related with operations

Raw material risk

The unavailability of key inputs at the appropriate time could lead to project time over-run.

Impact on Tantia

An inability to execute projects on schedule can increase costs.

Risk mitigation

- ◆ The Company commissioned a captive steel fabrication unit and a hume pipe unit.
- ◆ It maintained inventories ranging from 15 days to a couple of months, depending on the project location.

- ◆ It established captive quarries and stone crushing plants in remote project locations.
- ◆ It directly managed all projects instead of sub-contracting, facilitating an understanding of the exact quantity of raw materials required at any given time.

Input cost risk

The costs of cement and steel, the Company's principal raw materials, increased substantially over the previous year.

Impact on Tantia

The Company's profitability might decline.

Risk mitigation

- ◆ The Company accounts for a reasonable increase in the cost of key inputs in its tender price.
- ◆ It entered into a majority of contracts with a price escalation clause, making it

possible to pass on cost increases.

- ◆ It accelerated project execution through prudent manpower planning, enhanced mechanisation, etc. to minimize the impact of increased costs.

Equipment risk

A high dependence on hired critical equipment could enhance the risk of their probable unavailability, affecting project delivery.

Impact on Tantia

Projects not delivered on schedule could result in the imposition of stiff financial penalties by clients.

Risk mitigation

- ◆ The Company has invested Rs 88.52 crores in the captive ownership of equipment.
- ◆ The Company increased its investments in imported equipment (piling machines, dumpers, tankers, road-rollers, kerb-casting machines,

automatic batching plants, tower cranes, excavators and concrete pumps).

- ◆ In 2007-08, it mobilized a loan of USD 7.5 billion to enhance investments in imported sophisticated equipment. This strengthened the gross block by 53.84% in 2007-08.

Regional concentration risk

An excessive dependence on the eastern and North-eastern regions could be detrimental to project viability in the event of local disturbances.

Impact on Tantia

The Company's project progress may be disrupted by local conditions, impending project delivery.

Risk mitigation

- ◆ The Company initiated a concerted effort to diversify its geographic mix across pan-India projects.
- ◆ The contribution of revenues from the

North East declined in 2007-08, compared with 2006-07.

- ◆ It entered into a full insurance cover for all projects in disturbed regions.

Quality risk

Inferior construction may not sustain the test of time and large-scale public use.

Impact on Tantia

The Company's credibility and business-generating capability could be disastrously impacted.

Risk mitigation

- ◆ The Company follows an institutionalized three-tier quality control structure, encompassing the entire project cycle from raw material procurement to project delivery.
- ◆ It adheres to the stringent ISO quality control norms.

- ◆ It commissions on-site quality control laboratories at each project site to test the incoming material quality.
- ◆ It outsources quality tests to specialized testing houses (National Test House, Jadavpur University and other engineering colleges) for third-party assurance.

Working capital risk

An inefficient management of working capital can affect the ability to make timely payments to labourers and suppliers.

Impact on Tantia

The Company might not be able to adhere to its production schedule, affecting timely project delivery.

Risk mitigation

- ◆ The Company executed only government-sanctioned / World Bank and Asian Development Bank-funded projects, resulting in timely remuneration and project completion.
- ◆ It maintained an adequate cash-and-bank balance to tide over emergency

situations.

- ◆ It financed working capital requirements through short-term loans at economical debt costs or internal accruals. The average cost of capital of the Company also declined during 2007-08 compared with 2006-07

Project execution risk

Inefficient project management could affect project schedules.

Impact on Tantia

The Company's profitability could be affected by inefficient project planning.

Risk mitigation

- ◆ The Company appointed a project manager to streamline its processes and identify project deliverables.
- ◆ It created a blueprint to identify resource requirement and availability, fund flow, vendor and equipment arrangement to ensure smooth project implementation and optimal resource utilization.

- ◆ It created a dedicated project management cell at its corporate office for project cycle co-ordination, ensuring that deliveries matched internal and external client expectations.
- ◆ It forged alliances with distinguished foreign construction companies, resulting in advanced technical know-how and best practices.

Human resource risk

The unavailability of skilled people along with attrition in the existing team could drain the intellectual capital.

Impact on Tantia

Attrition may affect the Company's ability to undertake bigger projects.

Risk mitigation

- ◆ The Company strengthened its recruitment of degree / diploma civil and mechanical engineers from reputed engineering colleges.
- ◆ It restructured the employee remuneration package to benchmark it with industry standards. Going ahead, it plans to issue ESOPs to retain meritorious employees.

- ◆ Its permanent employees were provided with proximate accommodation facilities across all project sites, equipped with 24x7 electricity and water supply.
- ◆ It plans to institutionalize a proper feedback mechanism for a faster redressal of employee-related issues.
- ◆ It reported a retention rate of 96% in 2007-08, considered high as per industry standards.

Management discussion and analysis



The evidence of this growth is visible all over the country in the form of new highways, dams, power plants and pipelines.

The business

Our Company is a leading infrastructure construction company in Eastern India with its head office at Kolkata and regional offices at New Delhi, Guwahati and Aizwal. Tantia Constructions Limited (TCL) was incorporated in the year 1964 by the late G.P Tantia and is a profit-making company since inception as well as dividend-paying since the last ten years. Our Company is operating in a competitive market but its credentials, capability and decades of experience in the construction sector set it apart from its competitors. Today our organisation is one of the leading civil engineering construction companies in Eastern India. Our credentials are reflected in our diverse and successful project portfolio.

The industry

Quality infrastructure, covering the services of transportation - railways, roads, ports, civil aviation; electricity transmission and distribution and communication is one of the most important necessities for unleashing high and sustained growth and alleviating poverty. The Indian infrastructure industry is riding on a growth wave powered by large spends on the ongoing infrastructure programmes. The evidence of this growth is visible all over the country in the form of new highways, dams, power plants and pipelines. It includes hospitals, schools, townships, offices, houses and other buildings; urban infrastructure (including water supply, sewerage, drainage), highways, roads, ports, railways, airports, power systems, irrigation and agriculture systems, telecommunications, etc. Covering as it does such a wide spectrum,

infrastructure and its construction are the two basic inputs for socio-economic development, as it generates substantial employment and provides a growth impetus to other sectors through backward and forward linkages. Construction activity is an integral part of a country's infrastructure and industrial development. Construction is the second largest economic activity in the country. It is the second biggest contributor to the GDP and the second highest employment generator after agriculture.

Railways

The demand for railway services has grown in tandem with economic expansion, quickly outstripping the supply capacity. The Ministry of Railways started an ambitious five-year modernisation plan involving Rs 240 billion. Railways have already planned for dedicated freight corridors on Delhi-Howrah and Delhi-Mumbai routes in the first stage, thereafter it will be extended to other parts of the country. The Railways is implementing priority projects such as the Golden Quadrangle and port connectivity projects under the National Rail Vikas Yojana. Works for all the sanctioned projects under the scheme have been handed over to Rail Vikas Nigam Limited, an SPV. The prestigious Delhi metro rail transport service has also been extended, while other such metro projects are already underway in Hyderabad, Mumbai, Bangalore and other cities.

Roads and bridges

India has emerged as the country with the second largest road network in the

world with a total of 3.3 million kilometres. India has edged out China from the second slot while the US tops the list with a road network of 6.39 million km. According to the National Highway Authority of India (NHAI) data, the country has 3.32 million km of road network, which is the second largest in the world.

The new business models in infrastructure development in India have come of age and there is a growing awareness by the Government that the massive development requirements can only be met through privatisation and joint development with the private sector on a user-charge basis.

Urban infrastructure

Urban infrastructure is another area that is now witnessing increased activity. Urban infrastructure comprises hospitals, schools, townships, offices, housing, and other buildings, transport system, parking lots, flyovers, commercial complexes, entertainment and convention centres, exhibition venues, sports stadium, multiplexes and other infrastructure facilities, including water treatment and supply, sewerage, drainage, waste management, etc.

Power

India has taken giant strides in the field of power since independence. Apart from the perennial power shortages that nag the country, the demand for electricity is constantly going up by 1.5% for every 1% increase in the GDP. Power generation projects, be they in coal, gas or hydro, are extremely capital intensive. The government has laid down targets for the sector – 'power

availability for all' by 2012 and 'access to electricity for all households' by 2012.

Ports

Globally, shipping logistics underwent fundamental changes. Port development is governed by these changes. The basic issues influencing the global port sector are increasing ship sizes, consolidation of shipping lines, global shipping routes and port operators and the emergence of specialized ports. Major ports of India need to explore the challenges and opportunities that have emerged in the context of these trends. Increased globalisation implies that there will be a growing volume of international trade through Indian ports. There are 13 major ports, controlling over 75% of traffic. Thus, the upgradation and expansion of ports with the construction of berths and on-shore facilities will be the key for private sector participation.

Risks and concerns

Even though the boom in the Indian construction sector is expected to sustain, potential risks comprise the following:

◆ **Availability of the right quality and quantity of resources (raw material and finances):** The Company controls its projects directly – as opposed to sub-contracting core infrastructure assignments - enabling it to ascertain when and where materials would be required and in what quantity. It procures key raw materials (steel and cement) directly from leading manufacturers for a more timely access. Moreover, most of the Company's

contracts are protected with input escalation clauses, which protect profitability. Its captive steel fabrication unit on the outskirts of Kolkata helps control quality, cost and delivery schedule.

◆ **Equipment risk:** The Company possesses the capability to deploy resources in a timely manner across remote project sites - often inaccessible by road or rail – through captive ownership (excavators, crushers, pavers, tippers, automatic batching plants, tower cranes, excavators and concrete pumps, among others), project documentation and equipment mapping covering operational characteristics, maintenance schedules, cross-site logistical management and equipment upgradation plans.

◆ **Manpower risk:** Over the years, the Company has accelerated its recruitment of specialized professionals with an increasing regional flavour for a strong regional understanding, leading to a better understanding of local terrains. The Company has strengthened its delegation to enhance authority and responsibility, resulting in development of leaders at every business tier. This approach has been reinforced through training – functional and attitudinal – resulting in low attrition.

◆ **Safety and health risk:** The Company is committed to adequate safety of workers. Its disaster management framework incorporates prevention measures and the best practices to be adopted during the different phases of construction activity, coupled with a

provision for prudent crisis management. Its on-site members are mandated to wear protection equipment while working under the supervision of a safety team.

Your Company counters risk with good governance, reflected in values like transparency, professionalism and accountability.

Quality control

The Company maintains quality control system, which is the result of the tradition of its founders and the priorities placed by the management evolved to meet day-to-day needs, size and operational necessities. It harmonises a code of discipline with systematic flexibility. The Company obtained the ISO 9001 of 2000 certificate in June 2002 and since then, regular internal quality audits are being conducted by qualified professionals both at zonal offices as well as project sites to ensure compliance with international standards.

Financial performance

Your Company posted yet another year of impressive results testifying to the robust corporate strategy of creating multiple growth drivers. The performance is even more satisfying when viewed in the light of the challenging business environment of the construction industry. A comparative study of the financial performance of the Company as compared to the previous year is made here- under.

Income accounting method

Tantia Constructions prepares its financial statement on accrual basis in

accordance with the generally accepted accounting principles of India (Indian GAAP). The Company's business operations fall under the purview of civil construction. Wherever the treatment of accounts has required interpretation, the Company has preferred to be cautious and conservative. It has adopted the percentage completion method for accounting of construction contracts, where the income is recognized for the work done and certified.

Turnover

The turnover of a construction company depends on the orders in hand and projects procured. The turnover of the current year is Rs 36187.97 lacs as compared to the previous year's Rs 24602.49 lacs, resulting in an increase of about 47.09% over the last year. The income from other sources has also increased from Rs 118.27 lacs to Rs 243.21 lacs, resulting in an increase of about 51.37%.

Reserve and surplus

Tantia Construction's reserve and surplus increased from Rs 6639.38 lacs as on 31st March, 2007 to Rs 8177.19 lacs as on 31st March, 2008. The increase is about 23.16% of the reserve and surplus of the last year.

Margins

The Company's operating profit increased about 49.44% from Rs 3020.46 lacs in the last year to Rs 4513.66 lacs in the year under consideration. Moreover, the profit before taxation increased by 28.58% and profit after taxation increased by 16.42%. Now the profit available for

The Company's operating profit increased about 49.44% from Rs 3020.46 lacs in the last year to Rs 4513.66 lacs in the year under consideration.

appropriation in the current year is Rs 3274.15 lacs as compared to Rs 2170.94 lacs in the previous year. This was an increase of about 50.82%.

Expenses

As there is an overall increase in the construction activities, the expenses relating to the activities also increase. The total expenses increase from Rs 23249.27 lacs to Rs 33973.32 lacs, increment of about 46.13 % in relation to the last year.

Loans

Tantia Construction's total loan increased from Rs 15511.78 lacs in the last year to Rs 28204.71 lacs. The secured loan increased from Rs 7689.24 lacs to Rs 12111.35 lacs. The unsecured loan of the Company increased from Rs 3473.52 lacs in the last year to Rs 5913.74 lacs in the current year.

Interest and financial charges

The Company's interest and financial expenses increased from Rs 1134.59 lacs in the previous year to Rs 2008.55 lacs in the year under consideration.

Gross block and net block

The Company's gross block increased from Rs 5754.15 lacs in the last year to Rs 8851.93 lacs in the current year. The Company's principal gross block comprises plant and machinery worth Rs 7984.84 lacs.

Debtors

As a business policy, the Company

executes infrastructure assignments mainly commissioned by government bodies. As a result of the phase-wise completion of assignments triggering the release of contract income and the Company working on the World Bank and the Asian Development Bank-funded projects, its income is secured to a large extent. The Company's sundry debtors exceeding six months, increased from Rs 1370.95 lacs in the last year to Rs 2062.61 lacs in the current year.

Inventories

The Company's inventories increased from Rs 7427.81 lacs in the year 2007 to Rs 11257.52 lacs in the year 2008. One of the reasons for this is the increase in work-in-progress (at estimated cost) due to longer gestation of certain projects.

Cash and bank balances

The Company's cash and bank balances rose from Rs 3787.87 lacs as on 31st March, 2007 to Rs 4145.27 Lacs as on 31st March, 2008.

Human resources

Human resources continue to be the biggest asset of your Company. It has a staff strength of about 460 which comprises professionals from diverse backgrounds like engineering, finance, management, business, supervisors, operators and sub-staff. In addition to the above, about 1200-strong skilled and semi-skilled workforce, is also engaged directly and through sub-contractors on a temporary basis and as per the job requirements. The Company

has created a conducive working environment with prudent knowledge management, leading to enhanced skills and capabilities. Your Company provides challenging career development opportunities and encourages innovative thinking. It monitors employees' performance to enhance individual and organisational performance. The industrial relation atmosphere of the Company continues to remain harmonious and peaceful.

Outlook

Your Company has maintained a steady growth over the years and is gradually increasing its share in the process of building a modern and progressive nation. This is evident from the fact that numerous structures of national importance have been built with a high level of efficiency in quality, speed and cost by the Company. It is also poised to execute national projects with enhanced quality standards, greater safety, health and environment concerns and is making sustained efforts for continuous improvement.

Cautionary statement

Certain statements provided above describing the Company's objectives, projections, estimates, expectations or predictions may be 'forward looking statements' within the meaning of the applicable laws and regulations. Actual results could differ from those expressed or implied.

Directors' Report



The evidence of this growth is visible all over the country in the form of new highways, dams, power plants and pipelines.

Dear Shareholders,

At Tantia, we have realized that it is better to focus on growing the wealth pie for every one of us rather than focusing on how to preserve it only for a few. Profit is just an opinion. The real happiness is cash in the bank. Cutting the coat according to the cloth is the best way to become financially strong. We achieve results from activities that deliver the largest good to the widest number. We are delighted to present our report on the business and operations of the Company for the year ended 31st March, 2008.

Financial results

The salient features of the Company's financial results for the year under review are as follows: (Rs in lacs)

	2008	2007
Income from operations	36187.97	24602.49
Operating profit (before interest, depreciation and tax)	4513.66	3020.46
Interest and financial expenses	2008.55	1134.59
Profit before depreciation and tax	2505.11	1885.86
Depreciation	535.35	353.98
Profit before tax (PBT)	1969.75	1531.89
Provision for tax	217.57	189.98
Profit after tax	1539.30	1322.17
Provision for deferred tax liability for the year	239.24	27.90
Profit brought forward	1734.85	848.76
Profit for appropriation	3274.15	2170.94

Operational performance

Detailed discussion in relation to the operations of the Company has been done in the Management Discussion and Analysis Report, a part of this annual report.

Dividend/bonus

The Board of Directors at the meeting held on 17th June, 2008, recommended a final dividend at a rate of Rs 1.5 per share on the equity share capital after giving dividend at a rate of Rs 1.5 on the cumulative redeemable preference shares, subject to the approval of the shareholders. The distribution tax on both equity dividend and preference dividend is being borne by the Company.

Issue of foreign currency convertible bonds

During the year, the Company has issued 7500 foreign currency convertible bonds at 1% due by 2012, of USD 1000 each aggregating to USD 7.5 million to finance capital expenditure. The bondholders can convert these bonds into shares at an initial conversion price of Rs 140 per share with a fixed rate of conversion of Rs 40.38 per USD at any time on or after 17th July 2007 up-to and prior to the close of business on 5th July 2012 unless previously redeemed, converted or purchased or cancelled or as otherwise provided in the conditions at the conversion price as defined in the conditions. The bonds are also redeemable at the option of the Company on any date after 24 months from the issue date provided no such redemption shall be made unless the aggregate value on each trading day

during a period of not less than 30 trading days is at least 130% of the early redemption amount. Unless previously redeemed, converted or re-purchased and cancelled, the bonds will be redeemed at 137.92% of its principal amount on the maturity date. One bond represents one equity share of the Company.

Voluntary de-listing of equity shares

During the year under review, the Company have applied for voluntary de-listing of equity shares of the Company from the Calcutta Stock Exchange Association Limited (CSE) and the Delhi Stock Exchange Association Limited (DSE), as the shares were thinly traded on these stock exchanges. The Company was in receipt of the said approval as per SEBI (de-listing of securities) guidelines – 2003 from the CSE vide their letter no. CSEA/LD/199/2008 dated 9th April, 2008 with effect from 25th March, 2008 and from DSE, vide their letter no. DSE/LIST/5677/NR/07 dated 28th March, 2008 with effect from 27th March, 2008.

Listing with the National Stock Exchange of India Limited and Singapore Exchange Securities Trading Limited

The equity shares of the Company were admitted for dealing at the National Stock Exchange of Association Limited with effect from 19th February, 2008. The foreign currency convertible bonds of the Company were listed on Singapore Exchange Securities Trading Limited with effect from 9.00 a.m. on

Wednesday, 25th July, 2007.

Order book position as on 31st March, 2008

The total order book position as on 31st March, 2008 is Rs 166463 lacs.

Client relationship

As we work on a number of government-commissioned projects, reflecting national priority, these enable us to capture a growing market share. Your Company has an excellent business relation with existing clients, resulting in repeat orders and extension of quality work and listing among preferred partners. The customer base of the Company is spread all over the country and includes reputed domestic corporates as follows:

- ◆ **Railways**
 - ◆ Zonal railways
 - ◆ Kolkata metro railway, circular railway
 - ◆ IRCON, RITES
- ◆ **Roads and highways**
 - ◆ NHAI
 - ◆ Punjab, Mizoram, Karnataka, WB state PWDs
- ◆ **Urban development**
 - ◆ Hoogly River Bridge Commission
 - ◆ Kolkata Municipal Corporation
 - ◆ Kolkata Municipal Development Association
 - ◆ Delhi State Industrial Development Corporation
 - ◆ Delhi Development Authority
- ◆ **Others**
 - ◆ North Eastern Electric Power Corporation
 - ◆ Housing Industrial Development Corporation

- ◆ Central Public Works Department
- ◆ Indian Oil Corporation

Future outlook

Infrastructure is the backbone of economic development. With India's central and state governments investing aggressively in the country's infrastructure, the future outlook for the construction industry seems to be bright. As a business strategy, in a nutshell, your Company expects to leverage the upturn through the following strategies:

- ◆ Focus on complex projects insulated from competition
- ◆ Focus on BOT/BOOT projects
- ◆ Recruitment and retention of human resource leading to organisational growth, compatible with the growing opportunities

Disclosures

Conservation of energy, technology

absorption and foreign exchange earnings and outgo

a) Conservation of energy:

Even though the Company's core activity at present is civil construction, which is not power intensive, yet the Company is making every effort to conserve the usage of power. Critical natural resources like diesel are consumed efficiently in order to ensure proper utilisation and conservation of energy.

b) Technology absorption:

Though the Company has not undertaken any research and development activity in the year under review, it needs to be absorbed or adapted.

c) Foreign exchange earnings and outgo

(Rs in lacs)

Foreign exchange earnings:	68.71
Foreign exchange outgo:	13627.30

Particulars of employees

The particulars of employees who received an aggregate of Rs 24,00,000 or more per annum or was employed for a part of year with a remuneration of Rs 2,00,000 or more per month as per Section 217 (2A) of the Companies Act, 1956, are as follows:

Name	Designation	Qualification	Age	Joining date	Experience	Gross remuneration (amount in Rs)	Previous employment- Designation
I.P. Tania	Chairman and Managing Director	BE	57	01.04.2007	38 years	4,50,000 per month	Tantia Constructions Limited -Chairman and Managing Director
Rahul Tania	Director (operations)	B.Com	35	01.04.2007	15 years	2,50,000 per month	Tantia Constructions Limited -Director (operations)
B.L. Ajitsaria	Director (business development)	B.Com	55	01.04.2007	36 years	2,50,000 per month	Tantia Constructions Limited -Director (business development)

Directors

As on the date of this report, the Company is having nine Directors out of which three are Whole time Directors viz., Sri I.P.Tantia, the Chairman and Managing Director, Sri Rahul Tania, Director (operations) and Sri B.L.Ajitsaria, Director (business development). Sri Rahul Tania is the son of Sri I.P. Tania while Sri B.L. Ajitsaria is a professional Director. Other six Directors are Independent Directors. Sri Arun Kumar Dokania, one of the Directors, had resigned from the Board of Directors of the Company in the Board meeting held on 30th January, 2008.

Employee relation

Throughout the year under review, a cordial relation was maintained with the employees. Your Directors place on record their sincere appreciation in respect of the services rendered by all the employees of the Company.

Auditors

M/s. S. M. Bengani & Co., chartered accountants and the auditors of the Company retiring at the forthcoming Annual General Meeting, are eligible for re-appointment. The Company has received confirmation that their appointment, if made, will be within the limits prescribed under Section 224 (1B) of the Companies Act, 1956.

Auditors' Report

The auditors in their report have made observations and have referred to the notes appearing in notes to accounts, which the Directors feel are self-explanatory.

Corporate Governance

In today's fast-changing corporate environment and rising awareness among the investors and shareholders, excellence is judged by the standard of corporate management which is guided by the Corporate Governance code. However, it is not merely a guideline but its essence lies in the Company's endeavours to continuously strive for a higher level of transparency and accountability. The Company has always considered the Board of Directors of the Company as a trustee of shareholders.

For fiscal 2008, the compliance report is provided in the Corporate Governance Report section of this Annual Report. The auditors' certificate on compliance with the mandatory recommendations of the Clause 49 of the Listing Agreement with the stock exchange(s) is annexed to this report. We have documented our internal

policies on Corporate Governance. In line with the revised Clause 49 of the Listing Agreement, the management discussion and analysis of the financial position of the Company is provided in this annual report and is incorporated here by reference.

Code of conduct

The Company adopted a code of conduct for the principal executives and the senior management. The said code of conduct is a part of this annual report.

Directors' responsibility statement

Pursuant to the provisions of Section 217 (2AA) of the Companies Act, 1956, the Board of Directors hereby state that:

- a) In the preparation of the annual accounts for the year ended March 31, 2008, the applicable accounting standards were followed along with proper explanations relating to material departures;
- b) We selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at March 31, 2008, and of the profit for the year ended on that date;
- c) We took proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and

detecting fraud and other irregularities and

d) The accounts for the year ended March 31, 2008, were prepared on a going concern basis.

Acknowledgements

Your Directors are pleased to place on record their sincere appreciation and thanks for the valuable co-operation and support received from the Company's bankers, financial institutions, central and state government authorities, clients, consultants, suppliers and members of the Company and look forward to the same in greater measure in the coming years.

The Board of Directors also wish to place on record its deep appreciation for services of the devoted executives, staff and workers of the Company whose hard work, solidarity, co-operation and support lead to the consistent growth of the Company.

For and on behalf of the Board

I. P. Tantia

Chairman and Managing Director

Registered Office

25-27 Netaji Subhas Road
Kolkata 700 001

Dated: 17th June, 2008

Corporate Governance Report



The evidence of this growth is visible all over the country in the form of new highways, dams, power plants and pipelines.

Company's philosophy on Corporate Governance

The Company firmly believes that Corporate Governance is about commitment to values and ethical business conduct. It is how an organisation is managed. This includes its corporate and other structures; its culture, policies and the manner in which it deals with its various stakeholders. Accordingly, timely and accurate disclosure of information regarding the financial situation, performance, ownership and governance of the Company is an important part of Corporate Governance. This improves public understanding of the structure, activities and policies of the organisation. Consequently, the organisation is able to attract investors and enhance the trust and confidence of the stakeholders.

Corporate Governance guidelines

Over the years, the government has developed guidelines to fulfill our corporate responsibilities to various stakeholders. This ensures that the Board will have the necessary authority and practices in place to review and evaluate our operations when required. Further, it allows the Board to make decisions that are independent of the management.

The Board may change these guidelines from time to time to effectively achieve our stated objective.

Board of Directors

Composition and size:

The current policy is to have an appropriate mix of Executive and Independent Directors to maintain the independence of the Board, and to separate the Board functions of governance and management. As on 31st March, 2008, the Board of Directors of the Company comprised nine Directors of whom six are Independent Directors and three are Executive Directors. Two of the Executive Directors are Promoter-

Directors of the Company. The Board believes that the current size is appropriate, based on the Company's present circumstances. The Board periodically evaluates the need for the increase or decrease in its size.

Board meetings:

The Board meetings of the Company are decided in advance and tentative dates of Board meetings, in which quarterly/annual results are to be discussed, forms a part of the Annual Report. The Chairman of the Board and the Company Secretary, draft the

agenda for each meeting, along with the agenda notes and explanatory statements, wherever required, are distributed in advance to the Directors. Every Board member is free to suggest items for inclusion on the agenda. The Board meets at least once in a quarter to review the quarterly results and other agendas.

The Directors of your Company met four times during the year on 18th June, 2007, 30th July, 2007, 30th October, 2007 and 30th January, 2008.

Composition of the Board, number of Board meetings, attendance of Directors, other Directorships and committee position held by the Board of Directors on 31st March, 2008 is given below:

Name of Directors	Status of Director	Number of Board meetings attended [out of 4 meetings held during the year]	Attendance at the last AGM held on 3rd October 2007	Number of companies in which directorships held		Number of committees in which membership held	
				As Chairman	As member	As Chairman	As member
Sri. I. P. Tantia	Chairman & Managing Director	4	Present	None	None	None	None
Sri B.L. Ajitsaria	Executive Director	2	Absent	None	One	None	None
Sri Rahul Tantia	Executive Director	4	Present	None	Three	None	Three
Sri. A.K. Dokania*	Director	3	Absent	None	None	None	Two
Sri H.S. Sinha	Independent Director	3	Absent	None	Two	None	Five
Sri U.S. Agarwal	Independent Director	2	Present	None	Two	One	One
Sri M.P. Agarwalla	Independent Director	2	Absent	One	Twenty	None	None
Sri S.K. Bose	Independent Director	4	Present	None	None	None	None
Sri P.K. Chattaraj	Independent Director	4	Present	None	Three	One	Two
Sri Shaleen Khemani	Independent Director	4	Present	None	Two	None	One

*Resigned as on 30th January, 2008

Note: Private limited companies, foreign companies and companies under Section 25 have been excluded for the purpose of calculating committee position.

None of the Directors of the Company is a member in more than 10 committees and is not a Chairman in more than five committees across all companies in which he is a Director.

Information available to the members of the Board:

The Board has unfettered and complete access to any information within the Company, and to any of our employees. The Board meetings welcome the presence of the Vice-Presidents, General Managers and Managers, who can provide additional insight into the items being discussed.

The information supplied to the Board includes:

- ◆ Quarterly results of the Company
- ◆ Minutes of meetings of different committees
- ◆ General notice of interest
- ◆ Dividend data
- ◆ Quarterly Secretarial Audit Report of the Company
- ◆ Quarterly Limited Review Report of the Company
- ◆ Half-yearly Compliance Report of the Company
- ◆ Material important litigation, demand etc.
- ◆ Details of joint venture, acquisition or collaborations

◆ Implementation on any system development

◆ Work progress between the two Board meetings

◆ Statutory Compliance Report

Audit Committee

Composition and size:

The committee consists of an ideal combination of Executive and Non-Executive Directors. As per Clause 49 of the Listing Agreement with the stock exchange(s), the committee will comprise at least three Directors. Each member will be able to read and understand fundamental financial statements. At least one of the members will be a 'financial expert'. The Board has constituted the Audit Committee in line with the above-mentioned clause. The committee has three Independent Directors along with an Executive Promoter-Director. The Chairman of the committee, Mr U.S. Agarwal is fellow member of the Institute of Chartered Accountants of India, having thirty years of rich experience and expertise in statutory and internal audit. The

members are diligent, knowledgeable, dedicated, interested in the job and willing to devote a substantial amount of time and energy to the responsibilities of the committee, in addition to the Board of Directors' responsibility.

The committee comprises:

1. Sri U.S. Agarwal, (FCA), Non-Executive Independent Director – Chairman
2. Sri H.S. Sinha, Non-Executive Independent Director – member
3. Sri Rahul Tantia, Executive Promoter-Director – member
4. Sri P.K. Chattaraj, Non-Executive Independent Director – member
5. Sri A.K. Dokania, Non-Executive Director – member (resigned as on 30th January, 2008).

Besides the committee members, representatives from various divisions of the Company, internal auditors and Company Secretary who is acting as Secretary to the Audit Committee were also present at the meetings to answer the queries raised by the committee members.

Committee meeting:

The Audit Committee met 4 (four) times during the period on 13th June, 2007, 30th July, 2007, 30th October, 2007 and 30th January, 2008.

Attendance of committee members were as follows:

Member	Position	Meetings attended
Sri U.S. Agarwal	Chairman	2
Sri A.K. Dokania	Member	3
Sri H.S. Sinha	Member	4

Note: Sri Rahul Tantia and Sri P.K. Chattaraj were appointed as members of the committee in the last Audit Committee meeting of the financial year, that is on 30th January, 2008; hence their attendance will form part of the next year's report.

Compensation Committee

The purpose of the Compensation Committee will be to discharge the Board responsibilities of the remuneration of the Executive Directors and the senior management along with the administration and implementation of the different schemes and plans. The committee has the overall responsibility of approving and evaluating performance appraisals for different

grades, the Executive Directors and the senior management's compensation plans and policies.

Composition and size:

The initial Remuneration Committee was subsequently renamed as the Compensation Committee at its meeting held on 1st March, 2007 and the composition of the committee as on 31st March, 2008 is:

1. Sri P.K. Chattaraj, Non-Executive Independent Director — Chairman
2. Sri Rahul Tantia, Executive Director — member
3. Sri H.S. Sinha, Non-Executive Independent Director — member.
4. Sri. Shaleen Khemani, Non-Executive Independent Director — member.

Committee meeting:

The Compensation Committee met once during the period on 20th July, 2007. All the members of the committee were present at the meeting.

Attendance of committee members were as follows:

Member	Meeting held	Meetings attended
Sri P.K. Chattaraj	1	1
Sri H.S. Sinha	1	1
Sri. Rahul Tantia	1	1
Sri Shaleen Khemani	1	1

The remuneration paid to each of the Directors is given in the table below

Director	Remuneration paid/payable for the financial year 2007-08		
	Salary	Sitting fees	Total
Sri I.P. Tantia	5450400		5450400
Sri B.L. Ajitsaria	3144000		3144000
Sri R. Tantia	3046989		3046989
Sri A.K. Dokania		24000	24000
Sri H.S. Sinha		35000	35000
Sri U.S. Agarwal		16000	16000
Sri P.K. Chattaraj		23000	23000
Sri S.K. Bose		20000	20000
Sri M.P. Agarwalla		10000	10000
Sri Shaleen Khemani		23000	23000

Shareholders'/Investors' Grievance Committee

a. Shareholders'/Investors' Grievance Committee comprised:

1. Sri Rahul Tantia, Executive Promoter-Director – Chairman (appointed on 30.01.08)
2. Sri A.K. Dokania, Non-Executive Independent Director – member (resigned on 30.01.08)
3. Sri H.S. Sinha, Non-Executive Independent Director – member
4. Sri M.P. Agarwalla, Non-Executive Independent Director – member (resigned on 30.01.08)
5. Sri Shaleen Khemani, Non-Executive Independent Director – member (appointed on 30.01.08).

The committee looks into the shareholders' and investors' complaints on the transfer/transmission/consolidation/split of shares, non-receipt of the Annual Report/dividend, etc.

b. The Company has a share department under the Company Secretary, who monitors the activities of Registrars & Share Transfer Agents and looks into the matters relating to the shareholders. Share transfer/transmission are approved by the Registrars and Share Transfer Agents and ratified by the Board

c. The Company Secretary Ms. Yogina Kochar is the Compliance Officer in terms of the requirements of the stock exchanges

d. The Company regularly interacts with the shareholders at the AGM wherein details of activities/operations of the Company, its programmes and its future plans are provided for information. The quarterly results are published in the newspapers

e. The number of shareholders' complaints during the last year was – Nil.

f. Number of pending share transfers as on 31st March, 2008 – Nil

g. The corporate email ID for the shareholders grievances as per Clause 49 is cs@tantiagroup.com

Management review and responsibility

1. Formal evaluation of officers:

The Compensation Committee of the Board approves the compensation and benefits for all executive Board members as well as members of the management council. The Manager, HRD, reviews, evaluates and decides the annual compensation of our officers and other employees.

2. Board interaction with clients, employees, institutional investors, the government and the press:

The Chairman, in consultation with the Vice Presidents and Company Secretary, handles all interactions with investors, media, and various governments. The Chairman and Managing Director manages all interactions with clients and the employees.

3. Risk management

We have an integrated approach to managing risks inherent in various aspects of our business. The details of risk management are given as a separate section in this annual report.

4. Management's discussion and analysis

This is given as a separate section in this Annual Report in accordance with the Indian GAAP.

Shareholders

1. Disclosures regarding appointment or reappointment of Directors

According to the Articles of Association, one-third of the Directors retire by rotation and, if eligible, offer themselves for reappointment at the Annual General Meeting of shareholders. As per the Articles of Association, Sri U.S. Agarwal,

Sri H.S. Sinha and Sri Shaleen Khemani will retire in the ensuing Annual General Meeting. The Board has recommended the reappointment of all the retiring Directors.

The detailed resumes of all these Directors are provided in the notice to the Annual General Meeting.

2. Communication to shareholders

The quarterly/annual results and official news releases are generally published in newspapers, both in English and vernacular languages. Quarterly and annual financial statements along with notes are posted on our website (www.tantiagroup.com).

3. Investor grievances and share transfer

We have an Investors'/Shareholders' Grievance Committee to examine and redress shareholders' and investors' complaints. The status on complaints and share transfers is reported to the committee. The details of shares transferred and the nature of complaints are provided in the shareholders' information section of the Annual Report.

For shares transferred in physical form, the Company gives adequate notice to the seller before registering the transfer of shares. The Share Transfer Committee of the Company will meet as often as required to approve share transfers. For matters regarding shares transferred in physical form, share certificates, dividends, change of address, etc., shareholders should communicate with Maheswari Datamatics Private Limited, our Registrar and Share Transfer Agent. Their address is given in the section on Shareholder Information. Shares transacted in electronic form can be performed in a much simpler and faster manner. After confirmation of sale/purchase transaction from the broker, shareholders should approach

the depository participant with a request to debit or credit the account for the transaction. The depository participant will immediately arrange to complete the transaction by updating the account. There is no need for separate communication to the Company to register the share transfer.

4. General Body meetings

Details of the last three Annual General Meetings are given in the following table

Date, time and venue of the last three AGMs

Year	Venue	Date	Time
2006-07	"Bhartiya Bhasha Parisad", 36A Shakespeare Sarani, Kolkata- 700017	03.09.2007	3.00 P.M.
2005-06	"Bhartiya Bhasha Parisad", 36A Shakespeare Sarani, Kolkata- 700017	04.09.2006	3.00 P.M.
2004-05	R.O. 25-27, Netaji Subash Road, Kolkata - 700001	24.09.2005	11.00 A.M.

The following special resolutions were passed by the members during the past three Annual General Meetings:

Annual General Meeting held on 3rd September, 2007

- ◆ To appoint the additional Directors as Directors of the Company
- ◆ To reappoint Mr I.P. Tantia as Chairman and Managing Director and to fix his remuneration
- ◆ To reappoint Mr Rahul Tantia as Director (Operations) and to fix his remuneration
- ◆ To reappoint Mr B.L. Ajitsaria as Director (Business Development) and to fix his remuneration
- ◆ To change the Registrar and Share Transfer Agent of the Company
- ◆ To apply for voluntary delisting of equity shares of the Company from The Calcutta Stock Exchange Association Limited and The Delhi Stock Exchange Association Limited
- ◆ To increase the borrowing limit under Section 293(1)(d) of the Companies Act, 1956

Annual General Meeting held on 04th September, 2006

- ◆ To appoint the Additional Directors as Directors of the Company
- ◆ To increase the borrowing limit under Section 293(1)(d) of the Companies Act, 1956

Annual General Meeting held on 24th September, 2005

- ◆ To increase the authorized capital
- ◆ To issue further shares to the public

5. Postal ballots

For the year ended 31st March, 2008, there are no ordinary or special resolutions that need to be passed by our shareholders through postal ballot.

6. Auditors' certificate on Corporate Governance

As required by Clause 49 of the Listing Agreement, the auditor's certificate is given as an annexure to the Corporate Governance Report.

7. Compliance with non-mandatory requirements of Clause 49 of the Listing Agreement

Clause 49 of the Listing Agreement mandates us to obtain a certificate from either the auditors or practicing company secretaries regarding compliance of conditions of Corporate Governance as stipulated in the Clause 49 and annex the certificate with the Directors' Report, which is sent annually to all our shareholders. We have obtained a certificate to this effect and the same is given as an annexure to the Directors' report.

The said clause further states that the non-mandatory requirements may be implemented as per our discretion.

However, the disclosures of compliance with mandatory requirements and adoption (and compliance)/non-adoption of the non-mandatory requirements shall be made in the section on Corporate Governance in the Annual Report.

We comply with the non-mandatory provisions by incorporating the Compensation Committee. The committee was set up to determine on their behalf and on behalf of the shareholders with agreed terms of reference, the Company's policy on the specific remuneration package for Executive Directors, including pension rights and any compensation payment.

Disclosures

A. The register of contracts containing transactions, in which Directors are interested, is placed before the shareholders at their meeting regularly.

B. There were no strictures or penalties imposed by either the Securities & Exchange Board of India or the stock exchange or any statutory authority for non-compliance of any matter related to capital markets.

C. It is affirmed that no personnel has been denied access to the Audit Committee.

Shareholder Information

1. Date, time and venue of 43rd AGM

24th September, 2008, 3.00 pm,
Bhartiya Bhasha Parisad,
36 A Shakespeare Sarani, Kolkata 700 017.

2. Dates of book closure

17th September, 2008 to 24th September, 2008 (both days inclusive).

3. Final dividend

24th September, 2008.

4. Financial calendar

Financial reporting for the quarter ending: (tentative and subject to change)

	Quarter/half year/year ending	Tentative schedule
Unaudited Financial Report	Q.E. 30.06.2008	End July 2008
Limited Review Report	Q.E. 30.06.2008	End-July 2008
Unaudited Financial Report	Q.E. 30.09.2008	End-October 2008
Limited Review Report	Q.E. 30.09.2008	End-October 2008
Unaudited Financial Report	Q.E. 31.12.2008	End-January 2009
Limited Review Report	Q.E. 31.12.2008	End-January 2009
Audited Financial Report	Y.E. 31.03.2009	End-June 2009
Annual General Meeting	Y.E. 31.03.2009	Mid-September 2009

5. Listing on stock exchanges and codes

(a) The Bombay Stock Exchange Limited.

Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai-400 001
Ph: 91-022- 22721233/34
Fax: 91-022- 22721919
Web: www.bseindia.com

(b) National Stock Exchange of India Limited

Exchange Plaza, Bandra Kurla Complex
Bandra (E), Mumbai - 400051
Ph: 91-022- 26598100
Fax: 91-022-26598120
Web: www.nseindia.com

(c) Singapore Exchange Securities Trading Limited

2 Shentonway, # 19-00 SGX Centre
Singapore 068804
Ph: (65) 62368888
Fax: (65) 65356994
Web: www.sgx.com

Stock Code

National Stock Exchange of India Limited	TANTIACONS
The Bombay Stock Exchange Limited	532738
ISIN No. for Dematerialized Shares	INE388G01018

Foreign Currency Convertible Bands

Singapore Exchange Securities Trading Limited

Short name	Abbreviated name	ISIN code
Tantia cb1% 120718S	TANTCB12	XS0310744106

Listing fees for 2008-09 paid for all the above stock exchanges.

6. Details of price movement on stock exchanges

The monthly trade statistics of the equity shares of the Company on the listed stock exchange are as per the following table. The equity shares of the Company were admitted to dealing on the National Stock Exchange of India Limited (NSE) with effect from 19th February, 2008; accordingly, the data given in the following tables are from February onwards for the National Stock Exchange of India Limited.

Market price

MONTH	NSE			BSE		
	HIGH	LOW	VOLUME (Shares)	HIGH	LOW	VOLUME (Shares)
Apr-07	NA	NA	NA	140.95	107.15	1188355
May-07	NA	NA	NA	130.20	111.60	1647566
Jun-07	NA	NA	NA	124.40	101.10	3473243
Jul-07	NA	NA	NA	134.00	110.50	6581857
Aug-07	NA	NA	NA	124.80	102.10	1809185
Sep-07	NA	NA	NA	142.00	117.00	2809344
Oct-07	NA	NA	NA	153.00	123.00	2894084.
Nov-07	NA	NA	NA	145.70	120.00	1419583
Dec-07	NA	NA	NA	174.00	129.80	2952180
Jan-08	NA	NA	NA	189.00	103.00	1995216
Feb-08	154.90	125.50	375466	156.60	110.00	1324551
Mar-08	131.40	73.25	557958	128.90	73.10	775494
TOTAL			933424			28870658

7. Registrars & Transfer Agents

The Company has appointed M/s. Maheswari Datamatics Pvt. Ltd., to act as Registrar and transfer Agent (R & T Agent) w.e.f. 17th March, 2007. Shareholders/Investors are requested to send share transfer related documents directly to our R & T Agent whose address is given below. The Company has a Shareholders'/Investors' Grievance Committee to look into various issues relating to the investors including share transfers.

8. Share Transfer/ Transmission/Consolidation/ Split system

The exercise of share transfer/

transmission/consolidation/split etc. are handled by the Company's R & T Agent M/s Maheswari Datamatics Pvt Ltd. After completing the procedural formalities of share transfer, the share certificates are normally returned to the transferees within a maximum period of 21 days from the date of lodgment. The Registrars and Share Transfer Agents are duly authorized for the purpose. There are no pending share transfers as on 31-03-2008.

9. Investor Grievance Redressal System

The investor grievances are handled by the Company's Registrar and Transfer Agent, M/s. Maheswari Datamatics Pvt Limited, 6, Mangoe Lane, Kolkata 700

001, in consultation with the Shareholders'/ Investors' Grievance Committee of the Company. The Registrars have adequate skilled staff with professional qualifications and advanced computer systems for speedy redress of the investor grievances. The total process of settlement of a complaint right from its receipt to disposal is fully computerized to ensure timely settlement. It normally takes 15 days from the date of receipt of the complaint for disposal of investor grievances. Further, any kind of grievances may be specifically addressed to Ms Yogina Kochar, Company Secretary and sent to the registered office for speedy redressal.

10. Distribution of shareholding:

Range of shareholdings:

No of shares (Share range)	No. of shareholders	Percentage of shareholders	No. of shares	Percentage of shares
1-500	10426	94.05	1165070	7.48
501 – 1000	351	3.17	292543	1.88
1001 – 2000	147	1.33	221173	1.42
2001 – 3000	48	.43	123357	.79
3001 – 4000	25	.22	91127	.59
4001 – 5000	17	.15	77700	.50
5001 – 10000	22	.20	156476	1.00
10000 – & above	50	.45	13445620	86.34
Total	11086	100.00	15576066	100.00

Categories of shareholdings::

Shares held by	Total Shares	Percentage
Indian promoters	7931498	50.93
Foreign promoters	0	0
Persons acting in concert	0	0
Mutual funds and UTI	251349	1.61
Banks, financial institutions, insurance companies, non-government institutions	556816	3.57
FII's	1288412	8.27
Private body corporate	2209797	14.19
Indian public	3305180	21.23
NRI/OCBs	28047	.18
Any other (Foreign Nationals)	1967	.02
Grand total -	15573066	100

11. Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity

During the year, the Company has issued 7500 Foreign Currency Convertible Bonds at 1% due by 2012 at 100%, of USD 1000.00 each, aggregating to USD 7.5 million to finance capital expenditure. The bondholders have an option of converting these bonds into shares at an initial conversion price of Rs 140.00 per share with a fixed rate of conversion of Rs 40.38 per USD at any time on or

after 17th July 2007 up-to and prior to the close of business on 5th July 2012 unless previously redeemed, converted or purchased or cancelled or as otherwise provided in the conditions at the conversion price as defined in the conditions. The bonds are also redeemable at the option of the Company on any date after 24 months from the issue date provided no such redemption shall be made unless the aggregate value on each trading day during a period of not less than 30 trading days is at-least 130% of early redemption amount. Unless previously redeemed, converted or repurchased and cancelled, the bonds will be

redeemed at 137.92% of its principal amount on the maturity date. One bond represents one equity share of the Company.

As on 31st March, 2008, none of the bonds get converted or redeemed.

12. Address for correspondence

Secretarial Department:

Tantia Constructions Limited
25-27, Netaji Subhas Road
Kolkata-700 001.
Tele. No 91-33- 2220-1896/2220-6284; FAX : 91-33-2230-7403
e-mail: cs@tantiagroup.com

Code of Conduct for

Principal Executive and Senior Financial Officers

Philosophy

It is the long-pursued policy and commitment of Tantia Constructions Limited to adhere to the highest standards of integrity – professional and financial – and business ethics in the operation of its business. We believe that the various stakeholders in "trust" have handed this organisation to us and we, as professional managers are the "trustees" of those stakeholders. It is therefore our responsibility to ensure that the organisation is managed in a manner that protects and furthers the interests of our stakeholders. We recognise the society as an important stakeholder in this enterprise and therefore it is part of our responsibility to practise good corporate citizenship. Further, these are essential so that we can conduct our business in accordance with our stated values.

The Government: We at Tantia Constructions Limited, respect the government, laws and institution in the nation where we operate. While participating in the democratic process we remain apolitical.

The Board of Directors of the Company wishes to document a Code of Conduct for all principal executive and senior financial officers.

Applicability

The Code is applicable to the following persons:

- 1) All Directors of the Company, whether Executive or Non-Executive including Nominee Directors;
- 2) All Executives of the Company from the rank of Manager and above;
- 3) All Executives including professionals of the Company, having direct reporting to the Managing Director, Sr. Vice President and Vice Presidents of the Company.

The code

All the persons, referred to as above:

I. Environment, health and safety

1. Shall have respect for the environment, which forms part of everything that we do. As an environment-responsive organisation, we must maximise the way to preserve

the environment through personal commitment to reduce waste in all forms.

2. Shall pledge to protect the environment, health and safety of employees and also the community.

II. Conflict of interest

1. Shall avoid all situations in which their personal interest could conflict with the interest of the Company.

2. Shall disclose to the appropriate authority/body all cases of conflict of interest or potential conflict of interest between the person and the Company.

3. Shall neither directly or indirectly, give any official favours for personal purposes nor spend Company's fund for personal purposes.

4. Shall not directly or indirectly exploit for personal gain, opportunities that are discovered through the use of corporate property, information or position, unless the opportunity is disclosed fully in writing to the Company's Board of Directors and the Board declines to pursue such opportunity.

5. Shall in consideration of employment with the Company, Officers are expected to devote their full attention to the business interests of the Company. Officers are prohibited from engaging in any activity that interferes with their performance or responsibilities to the Company, or is otherwise in conflict with or prejudicial to the Company. Our policies prohibit Officers from accepting simultaneous employment with suppliers, customers, developers or competitors of the Company, or from taking part in any activity that enhances or supports a competitor's position. Additionally, Officers must disclose to the Company's Audit Committee, any interest that they have that may conflict with the business of the Company.

6. Shall first obtain approval from the Company's Audit Committee before accepting a directorship because it is a conflict of interest to serve as a Director of any company that competes with the Company.

III. Corporate business opportunities

1. Shall not pre-empt or seize a corporate business opportunity unless the Board of Directors determine that the Company has no actual or expected interest in the said opportunity.

IV. Confidentiality/publicity

1. Shall respect the confidentiality of data available to them from time to time. Such respect for confidentiality shall also continue after such person ceases to hold office as Director or serve the organisation.

2. Shall not give any statement to the press or any other form of media without

due authorisation from the appropriate authority/body.

V. Legal compliance

1. Shall adhere to the Insider Trading Code of SEBI.

2. Shall take every reasonable step to ensure adherence to the laws of the land.

VI. Leading by example

1. Shall at all times make every reasonable effort to lead by example.

2. Shall practice a conduct of giving highest respect for humans and human values and must promote the same.

3. Shall conduct themselves in the private and personal life in the manner that shall not demean the image or damage the interests of the Company.

VII. Gender-friendly environment

1. Shall practice a conduct that promotes equality of gender, class and caste and should promote the same values and also exercise their duties in a manner that encourages healthy personal and career growth of the employees of the Company.

2. Shall not conduct themselves in such manner as would be construed to be an incident of sexual harassment at the workplace.

3. Shall encourage women employees to report any harassment concerns and be responsive to any complaint of harassment or other unwelcome and offensive conduct.

VIII. Social responsibility

1. Shall in their decisions respect the necessity of protecting the environment

around it, of the country and the global environment and shall promote the same values.

IX. Cost consciousness

1. Shall exercise their responsibilities with utmost cost consciousness within the organisation and shall promote the same.

2. Shall not use any facility of the Company for their personal use except when such facility has been provided for personal use by policy or specific permission.

X. Transparency and auditability

1. Shall be transparent in all their dealings except in cases where the needs of business security dictate otherwise and shall hold themselves accountable to the appropriate authority/body.

XI. Employees' dealings with the people in the organization

We believe that people provide us with the cutting edge. They help us to deliver value for our shareholders, our customers and society at large. Our people are the strength and best assets. We respect the individual right and dignity of all people. We encourage people to care professionally and personally to their highest capabilities, regardless of nationality, cast, religion, colour or sex. All the persons referred to as above:

1. Shall practice and encourage the spirit of productive debate and discussion among the employees and with the Board as the situation may warrant.

2. Shall not show disrespect to their superior officers or to the authority of the Board.

3. Shall not engage in misinformation, disinformation or personal vilification or victimisation of any employee or stakeholder.

4. Shall uphold the values of trust, teamwork, mutuality and collaboration, meritocracy, objectivity, self-respect and human dignity.

5. Shall provide the environment to promote achievement orientation and self esteem. We view merit, as the sole criteria for all the employees' related decision.

XII. Relationship with suppliers and customers

We are committed to our customers to fulfill their present needs and anticipating their needs. We are dedicated to continually improve the quality, usefulness and value of our services that will help our customer to enhance their performance. We must adhere to the following:

1. Shall never consider investing in any customer, supplier, developer or competitor of the Company; he or she must first take care to ensure that these investments do not compromise on their responsibilities to the Company. Our policy requires that Officers first obtain approval from the Companies Audit Committee before making such an investment.

2. Shall under no circumstances may Officers accept any offer, payment, promise to pay, or authorisation to pay

any money, gift, or anything of value from customers, vendors, consultants, etc., that is perceived as intended, directly or indirectly, to influence any business decision, any act or failure to act, any commitment of fraud, or opportunity for the commitment of any fraud. Inexpensive gifts, infrequent business meals and celebratory events, provided that they are not excessive or create an appearance of impropriety, do not violate the policy.

General

1. Shall at all times make an endeavour to attend such meetings/occasions including Board and committee meetings as are required of the person for the benefit, growth and development of the Company.

2. Shall dedicate sufficient time, energy and attention to the Company to ensure diligent performance and be aware of and seek to fulfil his or her duties and responsibilities as set forth in the Company's Memorandum and Articles of Association and Corporate Governance Guidelines.

3. Shall not use abusive or offensive language at the workplace or any such location connected to official business.

4. Shall not illegally withhold any property or documents of the Company and should ensure protection of the same at all times.

5. Shall not knowingly suppress a material fact, which can be detrimental to the interest of the Company, from the appropriate authority/body.

6. Shall not give any directions, which

expose to risk, the health and safety of any person.

7. Shall not make any statement, verify any return or form, containing any particulars, knowing them to be false.

8. Shall not fail to invite the attention of the appropriate authority/body in respect of matters affecting the Company or arising out of professions, any material departure from the generally accepted principles of propriety.

For employees of the Company 'appropriate authority' means the designated reporting authority of the Executive, or the Managing Director of the Company. In case of members of the Board, the appropriate authority shall be the Board of Directors and in exceptional cases, the Chairman or Vice-Chairman of the Board.

No rights created

This Directors' Code set forth guidelines for conduct for the Board of Directors and senior management executives. It is not intended to and does not create any rights in any Director or the senior management executive, client, supplier, customer, shareholder, or any other person or entity.

Commitment to our corporate principle

Individually and collectively, each of our employees across all levels today, reaffirm commitment to those corporate principles that guide us in the conduct of our business and people relationship.

Auditors' Certificate on Corporate Governance

To The Members of
Tantia Constructions Limited

We have examined the compliance of conditions of Corporate Governance by Tantia Constructions Ltd. ("the Company") for the year ended on 31st March, 2008, as stipulated in Clause 49 of the Listing Agreement of the Company with the stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our knowledge and according to the information and explanations given to us, we certify that Company has complied with the conditions of Corporate Governance in total as stipulated in the above mentioned Listing Agreements.

Based on the confirmation received from the Company's Share Transfer Agent and representations made by the management, we report that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Share Transfer & Investor Grievances Committee.

We further state that our report is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For and on behalf of
For **S.M. BENGANI & CO.**
Chartered Accountants

Hira Lal Bengai
Proprietor
M. No. 07867

Dated: 17th June, 2008
Place: Kolkata

CEO certification issued pursuant to clause 49 of the listing agreement

To,
The Board of Directors,
Tantia Constructions Ltd.,

Dear Sir,

We have reviewed financial statements and the cash flow statement of the Company for the year 31st March, 2008 and that to the best of their knowledge and belief; we state that,

- i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- a. There are, to the best of their knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or volatile of the Company's code of conduct.
 - b. We accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and they have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
 - c. We have indicated to the Auditors and the Audit committee
 - i. significant changes in internal control over financial reporting during the year;
 - ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii. instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For **Tantia Constructions Ltd.**

Mr I.P. Tantia
Chairman & Managing Director

Date: 17th June, 2008

Auditor's Report

To
The Members of
Tantia Constructions Limited

1. We have audited the attached balance sheet of **Tantia Constructions Limited** Kolkata as at March 31, 2008, the profit and loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

- c) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
- d) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section 3(c) of Section 211 of the Companies Act, 1956;
- e) On the basis of the written representation received from the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2008 from being appointed as a director in terms of clause (g) of sub section (1) of Section 274 of the Companies Act, 1956;
- f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2008;
 - ii) in the case of the profit and loss account, of the profit for the year ended on that date; and
 - iii) in the case of cash flow statement, of the cash flows for the year ended on that date.

For S.M. Bengani & Co
Chartered Accountants

Room No. 57, 1^{1/2} - floor
187, Rabindra Sarani
Kolkata - 700 007
Dated : June 17, 2008

Hiralal Bengani
Proprietor
Membership No. 07867

Annexure to Auditors Report for the year ended on March 31, 2008

(Referred to in paragraph 3 of our report of even date.)

- i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. We are informed that no material discrepancies were noticed during such verification.
- c) Fixed assets disposed off during the year were not substantial, and therefore, do not affect the going concern assumption.
- ii) a) The inventory has been physically verified by the management during the year. In our opinion the frequency of verification is reasonable.
- b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory and the discrepancies noticed on verification between the physical stock and book records were not material.
- iii) a) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- b) As informed, the Company has not taken any loans, secured or unsecured from Companies, forms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- iv) In our opinion and according to the information and explanation given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. During the course of our audit we have not observed any instances of major weaknesses in the aforesaid internal control procedure and continuing failure on the part of the management to take corrective course of action in this regard.
- v) a) In our opinion and according to the information and explanations given to us, and based on our verification, we are of the opinion that the particulars of contracts or arrangements referred to in register maintained, under section 301 of the Companies Act, 1956, have been entered in the register required to be maintained under that section.
- b) In our opinion and according to the information and explanations given to us, and based on our verification, we report that the transactions made in pursuance of such contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rupees five lakh in respect of any party during the year has been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- vi) The Company has not accepted any deposits under the provisions of Sections 58A and 58AA of the Companies Act, 1956 and the rules framed there under.
- vii) In our opinion, the Company has internal audit system commensurate with the size and nature of its business.
- viii) According to the records produced and information given to us, the Central Government has not prescribed any rules for maintenance of cost records and accounts under Section 209 (i) (d) of the Companies Act, 1956.
- ix) a) The Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom duty, Excise duty, Cess and other material statutory dues as applicable with the appropriate authority.
- b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty, Excise Duty And Cess were in arrears, as at March 31, 2008 for a period of more than six months from the date they became payable.
- c) According to the information and explanations given to us, the following dues of Sales tax, Income tax, Wealth tax, Service tax, Customs duty, Excise duty and Cess (as applicable) have not been deposited by the Company on account of disputes.

Name of the Statute	Nature of Dues	Amount in Rs	Periods to which the amount relates	Forum where dispute is pending
Sales Tax (West Bengal)	Charging of Interest, Purchase Tax & Penalty	69.23	2004-05	Commissioner (Appeals)
Sales Tax (Jharkhand)	Normal Assessment demand	62.27	1995-96 1996-97 1997-98	Deputy Commissioner of Appeals
Entry Tax (Bihar)	Payment of Entry tax	5.03	2007-08	Deputy Commissioner of Appeals

- x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- xi) According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions or bank.
- xii) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The provisions of any special statute applicable to Chit Fund/Nidhi/Mutual Benefit Fund/Societies are not applicable to the Company.
- xiv) In our opinion, the Company is not a dealer in shares, securities and other investments.
- xv) In our opinion and according to the information and explanation given to us, the Company has not given guarantees for loans taken by others, from banks or financial institutions.
- xvi) The Company has not taken any term loan from banks during the year. However, the equipment finance loans taken during the year from the financial institutions have been applied towards the purchase of equipments financed under the loan.
- xvii) According to the information and explanations given to us and an overall examination of the balance sheet and cash flow statement of the Company, there are no funds raised on short term basis that have been used for long term investment.
- xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained

- under section 301 of the Companies Act, 1956.
- xix) In our opinion and according to the information and explanations given to us, the Company has not issued any secured debentures during the period covered by our report.
- xx) The Company has not raised any money by way of any public issue during the period covered by our audit.
- xxi) According to the information and explanation given to us, no fraud on or by the Company has been noticed or reported by the management during the course of our examination of the books and records of the Company.

For S.M. Bengani & Co
Chartered Accountants

Room No. 57, 1^{1/2} - floor
187, Rabindra Sarani
Kolkata - 700 007
Dated : June 17, 2008

Hiralal Bengani
Proprietor
Membership No. 07867

Balance Sheet As at March 31, 2008

(Amount in Rupees)

Schedule	31.03.2008	31.03.2007
SOURCES OF FUNDS		
1 Shareholders' Fund		
a) Share Capital	157,130,660	157,130,660
b) Share Warrant	9,999,990	9,999,990
(Refer Note B(9) of Schedule 23)		
c) Reserves & Surplus	790,389,885	663,938,702
	957,520,535	831,069,352
2 Loan Funds		
a) Secured Loans	2,229,097,380	1,203,826,086
b) Unsecured Loans	591,374,251	347,352,092
	2,820,471,631	1,551,178,178
3 Deferred Tax Liabilities		
Total	34,177,196	10,252,609
	3,812,169,362	2,392,500,139
APPLICATION OF FUNDS		
1 Fixed Assets		
a) Gross Block	885,193,056	575,415,101
b) Less Depreciation	210,001,931	158,395,940
c) Net Block	675,191,125	417,019,161
d) Capital Work-in-Process	572,847	-
2 Investments		
	177,834,876	101,346,232
3 Current Assets, Loans & Advances		
a) Inventories	1,125,752,322	742,781,509
b) Sundry Debtors	1,259,335,627	840,689,112
c) Cash & Bank Balances	414,526,708	378,786,878
d) Other Current Assets	25,463,609	2,666,040
e) Loans & Advances	764,462,348	438,130,891
	3,589,540,614	2,403,054,430
Less: Current Liabilities & Provisions		
a) Liabilities	547,369,041	461,251,085
b) Provisions	83,601,059	67,668,599
	630,970,100	528,919,684
Net Current Assets	2,958,570,514	1,874,134,746
4 Miscellaneous Expenditure to the extent not written off/or adjusted		
Total	-	-
	3,812,169,362	2,392,500,139
Accounting Policies & Notes to Accounts	23	

The Schedules referred to above form an integral part of the Balance Sheet

In terms of our report of even date

For S. M. Bengani & Co.

Chartered Accountants

Hiralal Bengani
Proprietor
Membership No. 07867
187, Rabindra Sarani, Kolkata-700007
Place : Kolkata
Dated : June 17, 2008

I. P. Tantia
Chairman &
Managing Director

B. L. Ajitsaria
Director (Business
Development)

Rahul Tantia
Director
(Operation)

Yogina Kochar
Company
Secretary

Profit and Loss Account For the period ended March 31, 2008

(Amount in Rupees)

Schedule	2007-2008	2006-2007
I INCOME		
Income From Operation	3,618,797,027	2,460,249,128
Increase/Decrease in WIP	205,579,706	154,895,947
Other Income	24,321,673	11,827,113
Total	3,848,698,406	2,626,972,188
II EXPENDITURE		
Material Consumption	1,398,246,457	742,879,192
Contract Operating Expenses	1,759,705,569	1,433,743,168
Payments to & Provisions for Employees	103,901,842	68,590,759
Administrative & Other Expenses	135,478,491	79,713,385
Total	3,397,332,359	2,324,926,504
III PROFIT		
Profit before Interest, Depreciation & Tax	451,366,047	302,045,684
Interest & Financial Expenses	200,854,758	113,459,327
Profit before Depreciation & Tax	250,511,289	188,586,357
Depreciation	53,535,992	35,397,653
Profit before Taxation	196,975,297	153,188,704
- Current Tax	21,756,820	17,632,161
- Deferred Tax	23,924,587	2,790,046
- Wealth Tax	152,496	116,270
- Fringe Benefit Tax	1,490,000	1,250,000
	149,651,394	131,400,227
Profit of Joint Venture (Net of Tax)	4,279,153	817,567
Profit After Tax	153,930,547	132,217,794
Profit brought forward	173,485,365	84,876,170
Profit for Appropriation	327,415,912	217,093,964
IV APPROPRIATION		
General Reserve	11,000,000	7,000,000
Dividend on Cumulative Pref. Share	147,000	147,000
Proposed Dividend on Equity shares	23,359,599	31,146,132
Income Tax on Proposed Dividend	3,972,765	5,315,467
Balance Carried Forward	288,936,548	173,485,365
	327,415,912	217,093,964
V EARNINGS PER SHARE		
Basic (Rs.)	9.88	8.57
Diluted (Rs.)	9.66	8.56
Number of shares for calculating EPS		
Basic	15,573,066	15,334,542
Diluted	17,191,021	15,342,947
Accounting policies & Notes to Accounts	23	

The Schedules referred to above form an integral part of the Balance Sheet

In terms of our report of even date

For S. M. Bengani & Co.

Chartered Accountants

Hiralal Bengani
Proprietor
Membership No. 07867
187, Rabindra Sarani, Kolkata-700007
Place : Kolkata
Dated : June 17, 2008

I. P. Tantia
Chairman &
Managing Director

B. L. Ajitsaria
Director (Business
Development)

Rahul Tantia
Director
(Operation)

Yogina Kochar
Company
Secretary

Schedules forming part of the Balance Sheet As at March 31, 2008

(Amount in Rupees)

	31.03.2008		31.03.2007	
1 SHARE CAPITAL				
Authorized				
29,000,000 Equity Shares (Prev. Yr. 29,000,000) of Rs. 10/- each				
	290,000,000			290,000,000
1,000,000 nos. (Prev.Yr. 1,000,000) of 10.5% Cumulative Preference Shares of Rs. 10/- each	10,000,000	300,000,000	10,000,000	300,000,000
Issued				
15,573,066 nos. of Equity shares (Prev. Yr. 15,573,066 nos.) of Rs. 10/- each	155,730,660		155,730,660	
140,000 nos. of 10.5% Cumulative Preference share (Prev. Yr. 140,000 nos.) of Rs 10/- each fully paid up.	1,400,000	157,130,660	1,400,000	157,130,660
Subscribed and paid up				
15,573,066 Equity shares of Rs. 10/- each fully paid-up (Prev. Yr. 15,573,066 Equity shares of Rs 10/- each fully paid up)		155,730,660		155,730,660
(Note: The above shares include 3,360,000 Equity shares issued as fully paid up Bonus shares by way of capitalization of accumulated General Reserve)				
10.5% 140,000 Cumulative Preference share (Prev. Yr. 140,000) of Rs 10/- each fully paid up (Refer Note : B(5) of Schedule 23)		1,400,000		1,400,000
		157,130,660		157,130,660

2 RESERVES & SURPLUS

General Reserve:				
Opening Balance	59,000,000		52,000,000	
Add : Transfer from Profit & Loss Account	11,000,000	70,000,000	7,000,000	59,000,000
Share Premium Account	431,453,337		450,122,640	
Less: Share Issue Expenses	-	431,453,337	18,669,303	431,453,337
Profit & Loss Account		288,936,548		173,485,365
		790,389,885		663,938,702

3 SECURED LOANS

Loans & Advances From Banks: (Refer Note: B(1) of Schedule 23)				
Working Capital Loan in the form of Cash Credit from Scheduled Banks	1,059,598,068		53,447,718	
Term Loan from Non-Banking Finance Companies	151,537,539		174,801,534	
Term Loan from Scheduled Banks	-	1,211,135,607	540,675,225	768,924,477
Other Loans & Advances:				
Advance against Materials	272,625,397		-	
Advance against Contracts (Partly interest free and Secured against Bank Guarantee)	745,336,376	1,017,961,773	434,901,609	434,901,609
		2,229,097,380		1,203,826,086

Schedules forming part of the Balance Sheet As at March 31, 2008

(Amount in Rupees)

	31.03.2008		31.03.2007	
4 UNSECURED LOANS				
Other Loans & advances				
From Bodies Corporates	288,374,251		347,352,092	
Foreign Currency Convertible Bond (Refer Note: B(7) of Schedule 23)	303,000,000	591,374,251	-	347,352,092
		591,374,251		347,352,092

5 FIXED ASSETS

Sr. No.	Particulars	GROSS BLOCK			DEPRECIATION				NET BLOCK		
		Cost as at April 01, 2007	Additions during the year	Sales / Adj. during the year	Cost as at March 31, 2008	Upto April 01, 2007	For the year	Withdrawn/ written back during the year	Total upto March 31, 2008	As at March 31, 2008	As at March 31, 2007
1	Land & Shed	2,499,835			2,499,835	-			-	2,499,835	2,499,835
2	Plant & Machinery	511,900,690	306,660,004	20,076,384	798,484,310	143,362,260	46,929,956	1,331,133	188,961,083	609,523,227	368,538,430
3	Furniture & Fixtures	1,772,980			1,772,980	657,443	112,225		769,668	1,003,312	1,115,537
4	Vehicles	32,581,522	12,671,975	1,548,200	43,705,297	9,997,262	3,114,382	596,679	12,514,965	31,190,332	22,584,260
5	Office Equipments	1,581,660	386,929		1,968,589	171,931	81,843	2,189	251,585	1,717,004	1,409,729
6	Computer Equipments	6,484,588	1,213,234		7,697,822	2,186,182	1,144,344		3,330,526	4,367,296	4,298,406
7	Testing & Survey Equipments	9,154,439	660,666		9,815,105	1,699,049	441,764		2,140,813	7,674,292	7,455,390
8	Work shop & Office Shed	666,666	9,675,673		10,342,339	221,526	70,398		291,924	10,050,415	445,140
9	Air Conditioner	772,721	134,058		906,779	100,287	41,080		141,367	765,412	672,434
10	Intangible Asset (Sap)	8,000,000			8,000,000		1,600,000		1,600,000	6,400,000	8,000,000
	Grand Total	575,415,101	331,402,539	21,624,584	885,193,056	158,395,940	53,535,992	1,930,001	210,001,931	675,191,125	417,019,161
	Previous Year	369,406,417	205,006,863	6,998,179	567,415,101	126,163,910	35,397,652	3,165,622	158,395,940	409,019,161	243,242,507

	31.03.2008		31.03.2007	
6 INVESTMENTS				
Long Term Investment (at Cost)				
Investment in Associate Company (Unquoted)				
InfraVision Developers (P) Ltd. (495,000 shares of Rs. 10/- each)	4,950,000		4,950,000	
Andromeda Communications (P) Ltd. (1,000 shares of Rs. 10/- each & 6,000 shares of Rs. 492/- each)	2,962,000		410,000	
Investment in shares (Unquoted)				
Universal Realtors (P) Ltd. (40,000 shares of Rs. 10/- each)	400,000		-	
Current Investments (At Cost)				
Investment in shares (Quoted) (At Cost)				
(5,000 nos. of Equity Shares Face Value Rs. 10/- of Andhra Bank)	-		450,000	
Investment in Joint Ventures	169,522,876		95,536,232	
		177,834,876		101,346,232

7 INVENTORIES

(As valued and certified by the management)				
Construction Contract Work-in-progress	660,440,025		454,903,319	
Raw Materials	309,938,449		122,585,174	
Stores & Spares	40,029,187		8,792,655	
Loose tools	115,344,661	1,125,752,322	156,500,361	742,781,509

Schedules forming part of the Balance Sheet As at March 31, 2008

(Amount in Rupees)

	31.03.2008		31.03.2007	
8 SUNDRY DEBTORS				
(Unsecured but considered Good)				
Exceeding Six Months	206,260,878		137,095,092	
Other Debts	1,053,074,749	1,259,335,627	703,594,020	840,689,112

9 CASH AND BANK BALANCES

Cash-in-hand		29,930,569		9,639,367
Balances lying with scheduled banks				
In current Account		120,814,840		155,817,031
In Deposit Account		263,781,299		213,330,480
(Pledged with Bank as Margin money for BG Limit & Lien with Client for EMD)		414,526,708		378,786,878

10 OTHER CURRENT ASSETS

Accrued Interest on Bank deposits		25,463,609		2,666,040
		25,463,609		2,666,040

11 LOANS AND ADVANCES

(Unsecured, considered good)				
Advance to Associate Companies	71,357,185		55,760,000	
Income Tax Advance (including Income Tax Deducted at Source)	103,303,088		45,876,059	
Advances recoverable in cash or in kind or for value to be received	282,539,125		145,166,512	
Security & Earnest Money Deposits	213,604,884		154,168,523	
Works Contract tax receivable	93,658,066	764,462,348	37,159,797	438,130,891

12 CURRENT LIABILITIES

a) Sundry Creditors	478,600,384		414,400,909	
b) Others	68,768,657	547,369,041	46,850,176	461,251,085

13 PROVISIONS

a) Provision for Taxation	46,916,695		29,010,000	
b) Dividend on Preference Shares	147,000		147,000	
c) Proposed Dividend on Equity Shares	23,359,599		31,146,132	
d) Income Tax on Proposed Dividend	3,972,765		5,315,467	
e) Employees Retirement Benefits	9,205,000	83,601,059	2,050,000	67,668,599

Schedules forming part of the Profit and Loss Account For the year ended March 31, 2008

(Amount in Rupees)

	31.03.2008		31.03.2007	
14 INCOME FROM OPERATION				
Contract Receipts	3,406,684,601		2,129,743,406	
Contract Receipt of Joint Venture	197,649,404		329,507,547	
Misc. Business income	14,463,022	3,618,797,027	998,175	2,460,249,128
		3,618,797,027		2,460,249,128

15 INCREASE/DECREASE IN W. I. P.

Closing WIP		660,440,025		454,903,319
Less: Opening WIP		454,860,319		300,007,372
		205,579,706		154,895,947

16 OTHER INCOME

Interest on Fixed Deposits (TDS - Rs. 1,645,281/-, Previous Year Rs. 967,298/-)	14,289,613		7,058,456	
Dividend Received	9,000		10,000	
Miscellaneous Income	3,747,597		3,912,450	
Derivative Income	628,960		-	
Interest on Fixed Deposits (USD)	5,304,718		-	
Interest from others (TDS-Rs. NIL Previous Year Rs. 126,059)	341,785	24,321,673	846,207	11,827,113

17 MATERIALS CONSUMPTION

Raw Materials	1,191,028,764		604,094,065	
Consumable Materials	95,402,742		55,273,463	
Stores & Spares	63,008,562		3,345,245	
Tools & Tackles	39,033,889		40,951,359	
Material Rehandling	9,772,500	1,398,246,457	39,215,060	742,879,192

18 CONTRACT OPERATING EXPENSES

Contract Execution Expenses		1,199,460,280		786,575,206
Contract Operating expenses of J.V.		197,649,404		329,507,547
Carriage Inward		20,755,236		10,980,138
Equipment Maintenance		45,091,474		90,795,455
Other Repairs & Maintenance		5,994,050		3,751,396
Machinery Charges		52,682,326		37,908,487
Power & Fuel		152,646,372		105,070,793
Site Expenses		19,248,358		7,796,420
Works Contract Tax & Other Taxes		45,246,301		39,809,870
Consultancy Fees		16,268,946		13,966,443
Testing Expenses		3,271,989		1,339,782
Site Survey & Inspection Expenses		1,390,833		6,241,631
		1,759,705,569		1,433,743,168

Schedules forming part of the Profit and Loss Account For the year ended March 31, 2008

(Amount in Rupees)

	31.03.2008	31.03.2007
19 PAYMENTS TO AND PROVISIONS FOR EMPLOYEES		
Salary and Bonus	80,829,714	55,550,089
Contribution towards Employees Provident Fund, ESIS and other funds	3,851,494	2,758,742
Staff Welfare Expenses (Fooding Expenses)	11,570,576	9,531,928
Employees Retirement Benefits	7,650,058	750,000
	103,901,842	68,590,759

20 ADMINISTRATIVE & OTHER EXPENSES

Rent	10,586,738	4,952,450
Rates and Taxes	2,884,666	171,470
Service Tax	3,803,047	297,445
Insurance	7,462,049	7,207,232
Printing & Stationery	4,852,222	3,490,429
Directors' Remuneration (Point 7A of Notes to Accounts)	16,650,396	10,421,545
Directors' Fee	151,000	175,000
Auditor's Remuneration		
Audit Fee	140,000	157,304
Tax Audit Fee	25,000	28,090
Out of Pocket Expenses	15,000	-
Certificates	70,766	77,445
Light Vehicle Running Expenses	2,572,295	2,063,803
Internal Audit & Other Certificate Fee	611,534	218,770
Travelling & Conveyance	22,259,673	15,106,886
Loss on Sale of Fixed Assets (Net)	420,450	1,854,457
Advertisement	1,716,486	1,101,103
Computer Maintenance	1,929,187	973,962
Legal Expenses	1,029,230	1,408,769
Security Guard Expenses	3,795,745	2,237,193
Telephone Expenses	6,569,598	5,489,261
SAP – Maintenance	7,565,841	2,204,243
Miscellaneous Expenses	24,875,725	19,846,527
Donation	1,148,337	230,001
FCCB Issue Expenses	11,513,392	-
Foreign Exchange Fluctuation	2,830,114	-
	135,478,491	79,713,385

21 INTEREST & FINANCIAL EXPENSES

To Banks on Working Capital Loan	67,194,108	56,456,621
To Bank on Term Loan	14,014,097	-
To Non-Banking Finance Companies on Equipment Finance Loan	21,198,367	-
To Others	69,885,125	31,389,746
Interest on FCCB	2,084,790	-
Bank Commission & Other Charges	26,478,271	25,612,960
	200,854,758	113,459,327

22 TAXATION

Income Tax for the year	22,317,000	17,400,000
Income Tax for earlier year	(560,180)	232,161
	21,756,820	17,632,161

Schedules forming part of the Accounts For the year ended March 31, 2008

23 ACCOUNTING POLICY AND NOTES TO ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICY

1. Nature of Operations

Tantia Constructions limited ('The Company') is one of the oldest general civil infrastructure solutions providers in India. Incorporated as a private limited Company in 1964 which became public limited Company in 1982, the Company is respected for executing critical infrastructure projects. It began operations in the railways segment and over the years extended to seven core infrastructure segments of railways, roads, urban development, industrial, power, marine and aviation.

2. Basis of Preparation of Financial Statements

The Financial Statements have been prepared and presented under the historical cost convention on the accrual basis of accounting and in accordance with Accounting Principles generally accepted in India (Indian GAAP) and comply with the applicable accounting standards issued by the Institute of Chartered Accountants of India, and the relevant provisions of the Companies Act 1956 except where otherwise stated.

For recognition of Income and Expenses mercantile system of accounting is followed except in case of insurance claims. The accounting policies have been consistently applied by the Company unless otherwise stated.

3. Changes in Accounting Policies

During the year the Company has valued its intangible assets consisting of ERP implementation expenses (SAP) and has classified the same under Fixed Assets. The Company has estimated its useful life as five year and has accordingly amortized the same over the said period under depreciation. During last year such expenses was treated as deferred revenue expenditure and shown under "Miscellaneous Expenses- to the extent not written off or adjusted". Such change in the accounting policy has been made to comply with the provisions of Accounting Standard-26 on "Intangible Assets" issued by The Institute of Chartered Accountants of India.

4. Use of Estimates:

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

5. Inventories

- The stock of raw materials, stores and spares, other construction materials and fuel are valued at cost (weighted average basis) under FIFO method or net realizable value whichever is lower.
- Work-in-progress is valued at cost and reflects the work done but not certified.

6. Depreciation / Amortization

Depreciation on fixed assets acquired upto the year ended on Diwali 2040 S.Y. (Corresponding to November 03, 1983) is provided by applying the rates specified in Schedule-XIV of the Companies Act 1956 and calculated on written down value method.

In respect of the other assets acquired thereafter depreciation is charged on the straight line method at the rates prescribed in Schedule-XIV of the Companies' Act 1956.

Software and implementation costs including users' license fees and other related application software costs are amortized equally over a period of five years.

7. Revenue Recognition

On Construction Contracts:

- The contract revenue is recognized by reference to the stage of completion of the contract activity at the reporting date of the financial statements on the basis of percentage completion method.
- The stage of completion of contracts is measured by reference to the proportion that the contract costs incurred for work performed upto the reporting date bear to the estimated total contract costs for each contract.
- Losses on contracts are fully accounted for as an expense, immediately when it is certain that the total contract costs will exceed the total contract price.
- Price escalation claims and other additional claims including those under arbitration are recognized as revenue when:
 - They are realized or receipts thereof are mutually settled or reasonably ascertained.
 - Negotiations with the client have reached an advanced stage such that client will accept the claim.
 - Amount that is probable, if accepted by the client can be measured reliably by the Company.

8. Fixed Assets

Fixed Assets are stated at cost of acquisition together with any incidental costs for bringing the asset to its working condition for its intended use less accumulated depreciation and impairment losses, if any.

Capital work in progress is stated at amounts spent up to the date of the Balance Sheet.

Schedules forming part of the Accounts For the year ended March 31, 2008

23 ACCOUNTING POLICY AND NOTES TO ACCOUNTS (Contd.)

Intangible assets comprise of License fees and other implementation cost of software acquired for in-house use net off amortization, if any.

9. Foreign Currency Transactions

Transactions in foreign currency are recorded using the exchange rate prevailing at the date of transactions. At the Balance Sheet date monetary assets and liabilities denominated in foreign currency are recorded using the closing exchange rates. All other foreign currency assets and liabilities are stated at the rates ruling at the year end other than those covered by forward contracts, which are stated at the contracted rate. Exchange differences arising on foreign currency transactions are recognized in the Profit & Loss Account.

10. Investment

Long-term investments are stated at cost, provision is made to recognize a decline, other than temporary, in the value of long term investments.

Current investments are carried at cost or market rate whichever is less, on individual investment basis.

11. Employee Benefit (Retirement and Post Employment Benefit)

Contribution to defined benefit schemes such as Provident Fund, ESI, Medical re-imbursment etc. are charged to profit and loss account as incurred. The contributions are made to Government administered Provident Fund and ESI towards which the Company has no further obligations beyond its monthly contributions. Those employees who are not covered under ESI scheme (as stated in the Act) get medical re-imbursment as the HR policy of the Company.

The Company also provides for retirement benefits in the form of gratuity and leave encashment. Such benefits are provided for, based on the valuation as at the balance sheet date made by independent actuaries.

The Company has taken policy of Group Gratuity Scheme from LIC. In respect of Gratuity, the Company provides in its books of account the shortfall in the fund balance as per and independent actuary valuation subject to minimum of the premium claimed by LIC (as on March 31).

Leave encashment of the employees has been provided in the books on the basis of actuary valuation made by an independent actuary as at March 31 each year.

12. Earnings Per Share

Basic earning per share is calculated by dividing the net Profit or Loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earning per share, the net Profit or Loss for the year attributable to the equity share holders and weighted average number of share outstanding if any are adjusted for the effects of all dilutive potential equity shares.

13. Taxation

Tax expenses comprise of current tax, deferred tax and fringe benefit tax.

i) Current tax is determined in respect of taxable income for the year based on applicable tax rates and laws. On the basis of the opinion taken from an Expert the Company is continuing to take benefit of deductions u/s 80IA of the Income Tax Act, 1961 for the eligible projects.

ii) Deferred tax is recognized, subject to consideration of prudence, on timing difference being the difference between taxable income and accounting income that originates in one period and one capable of set off in one or more subsequent year and is measured using tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are reviewed at each balance sheet date to re-assess excess realization.

14. Accounting of Joint Venture contracts

a) The contracts executed in Joint Venture under work sharing arrangement (consortium) are accounted in accordance with the accounting policy followed by the Company as that of an independent contract to the extent work is executed.

b) In joint venture contracts under profit sharing arrangements, services rendered to joint ventures are accounted as income on accrual basis, profit or loss is accounted as when determined by the joint venture and Net Investment in the joint venture is reflected as investments or loans and advances or current liabilities. The proportionate contract receipts of joint ventures are reflected as contract receipts of joint ventures and the same has been shown as expenses of joint venture as a conservative approach.

15. Impairment of Assets

On annual basis the Company makes an assessment of any indicator that may lead to impairment of assets. An asset is treated as impaired when the carrying cost of the asset is exceeds the recoverable value. Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use

Schedules forming part of the Accounts For the year ended March 31, 2008

23 ACCOUNTING POLICY AND NOTES TO ACCOUNTS (Contd.)

of an asset and from its disposal at the end of its useful life. An impairment loss is charged to the profit and loss account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

16. Provision, Contingent Liabilities & Contingent assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes to accounts. Disputed demands in respect of Income Tax, Sales Tax are disclosed as contingent liability. Payments in respect of such demands, if any, are shown as advance, till the final outcome of the matter. Contingent Assets are neither recognized nor disclosed in the financial statements.

B. NOTES OF ACCOUNTS

1. Secured Loans

• From Banks & Financial Institutions:

The Company is having credit facilities under consortium arrangement with banks. The fund and non-fund based facilities have been secured on pari-passu basis among the consortium members primarily by hypothecation of entire stock, book debts and other current assets of the Company both present & future.

These facilities have also been collaterally secured

- By way of 1st Charge on the fixed assets of the Company excluding the equipments, machinery and vehicles that are hypothecated to the Non-Banking Finance Companies.
- Personal Guarantees of the Chairman-cum-Managing Director and the Director (Operations)

• From Non-Banking Finance Companies:

Term Loans taken from the Equipment Finance Companies and NBFCs towards the purchase of equipments, machineries and vehicles have been secured by way of hypothecation of assets financed by them. Amount due within one year Rs. 898.12 Lakhs. (Previous Year: Rs. 727.38 Lakhs)

• From others:

- The mobilization advances received from contractee's have been guaranteed by the Company's bankers. Current Year: Rs. 7,453.36 Lakhs (Previous Year: Rs. 4349.02 Lakhs)
- Material advances received from contractee's are secured by the materials lying with the Contractee's Current Year: Rs. 2,726.25 Lakhs (Previous Year: Nil)

2. Contingent Liabilities

(Rupees in Lakhs)

Sl. No.	Particulars	31.03.2008	31.03.2007
1	Counter guarantees given to Consortium Banks in respect of Contracts in India. Rupees 1,180.59 lakhs (Previous year 1,645.96 lakhs) are also held by banks towards margin money against the guarantees given by them on company's behalf besides the counter guarantee given by the Company for such guarantee. The Company has given the counter guarantee for the total non-fund based limit for Bank guarantee of Rs. 22,500 Lakhs. However, the actual liability is to the extent availed.	20,829.38	13,741.44
2	Claims not acknowledged as debts by the Company.	0.65	0.65
3	Sale tax liability / works contract tax liability for which the Company has preferred an appeal before the appellate authority.	136.53	131.49
4	The Company issued 7,500 1% Foreign Currency Convertible Bond due 2012 at 100%, of USD 1,000 each. These bonds are considered as monetary liability. These bonds are redeemable only if there is no pre-mature conversion. The payment of premium on redemption of Rs. 11.48 Cr. (Previous year - NIL) is therefore contingent in nature as the outcome of which depends on uncertain future events and so not provided for.		

3. Commitment for capital expenditure is Rs. 237 Lakhs (Previous year Rs. 493.41 Lakhs) (net off advances).

Schedules forming part of the Accounts For the year ended March 31, 2008

23 ACCOUNTING POLICY AND NOTES TO ACCOUNTS (Contd.)

4. Disclosure in accordance with Accounting Standard – 7 (Revised 2002) on “Accounting for Construction Contract” issued by The Institute of Chartered Accountants of India is as under:

(Rupees in Lakhs)

Particulars	2007-08	2006-07
Contract Revenue	69,392.50	33,269.92
Contract Costs incurred	61,359.13	30,074.14
Recognized Profits/ Losses	8,033.37	3,195.78
Advances received	10,179.62	4,349.01
Retention Money	1,914.58	1,314.35
Gross amount due from Customer for Contract work	15,692.66	9,642.88
Gross amount due to Customer for Contract work	-	-

5. The Company has issued and allotted on January 08, 2005 10.50 % 140,000 cumulative redeemable preference shares of Rs. 10 each fully paid up. These preference shares may be redeemed :
- (a) At the option of the shareholder (only after one year) with a notice of 90 days to the Company.
- (b) At the option of the Company (only after one year) with a notice of 30 days to the shareholder.
- (c) The maximum period of redemption will be 10 (ten) years.
- No redemption of the preference shares during the year.

6. Out of Rs 3,030.00 Lakhs issue proceeds of 1% Foreign Currency Convertible Bond, during the year, Rs 2,042.06 Lakhs has been utilized for financing capital expenditure in terms of the object of the issue and Rs 115.13 Lakhs for FCCB issue expenses. The amount of foreign exchange fluctuation and FCCB issue expenses have been charged to profit and loss account. The balance amount of Rs. 872.81 Lakhs has been kept in current account and deposit account with State Bank of India, London Branch.

7. During the year the Company has issued 7,500 1% Foreign Currency Convertible Bond due 2012 at 100%, of USD 1,000 each aggregating to USD 7.5 million to finance capital expenditure. The bondholders have an option of converting these bonds into shares at an initial conversion price of Rs. 140.00 per share with a fixed rate of conversion of Rs. 40.38 per USD at any time on or after July 17, 2007 up-to July 05, 2012. The bonds are also redeemable at the option of the Company at-least 130 % of early redemption amount on any date after 24 months from the issue date (July 17, 2007) and upto July 05, 20012. Unless previously redeemed, converted or repurchased and cancelled, the bonds will be redeemed at 137.92% of its principal amount on the maturity date. No conversion, redemption, re-purchases and cancellation has been exercised by either party during the year.

8. Disclosure in relation to Derivative instruments:

The Company entered into a hedging contract for External Commercial Borrowing (FCCB) with a bank which has partially been converted into a Rupee loan at the spot rate on the date of transaction and balance kept as FDR in SBI, London.

9. Terms of Issue of Share Warrants:

Allottees of share warrants, issued on March 01, 2007, have paid 10% of the total consideration of warrants at the time of application. The balance is payable against equity shares of nominal value of Rs. 10/- each at a premium of Rs. 130/- per share on or before August 31, 2008 as per option to be exercised by the warrant holders in suitable tranches. However, no conversion has been made during the year.

10. Managerial Remuneration:

(Rupees in Lakhs)

Sl. No.	Particulars	2007-08	2006-07
1	Salary paid to Chairman & Managing Director & Whole time Directors	96.20	35.04
2	HRA paid to Chairman & Managing Director & Whole time Directors	17.80	17.52
3	Provident Fund - Chairman & Managing Director and Whole time Directors	0.59	0.59
4	Ex-gratia payment to Whole time Director	1.35	-
5	Medical Reimbursement to Chairman & Managing Director & Whole time Directors	0.47	0.09
6	Commission to Chairman & Managing Director	50.09	50.97

Schedules forming part of the Accounts For the year ended March 31, 2008

23 ACCOUNTING POLICY AND NOTES TO ACCOUNTS (Contd.)

Computation of Net Profit in accordance with Section 309(5) of the Companies Act 1956

(Rupees in Lakhs)

	2007-08	2006-07
Profit before Taxation and Exceptional Items	1,969.75	1,531.89
Add:		
Loss on sale of Fixed assets (Net) under Section 349 of the Companies act 1956	4.20	18.54
Depreciation / Amortization provided in books	535.36	353.98
Directors Remuneration / Sitting Fees	117.92	55.00
Less:		
Depreciation as per section 350 of Companies Act 1956 (Including amortization of Intangibles) (Rate specified in Schedule XIV)	535.36	353.98
Profit on sale of Fixed assets (Net) under Section 349 of the Companies act 1956		
Net Profit as per Section 349 of the Companies Act 1956	2,091.88	2,605.43
Managerial Remuneration to MD - Maximum of 5% of Net Profit	104.59	80.27
Remuneration Paid to CMD	54.50	29.30
Commission Payable for the year	50.09	50.97

11. Disclosure in respect of Employee Benefits (In line with the Accounting Standard -15 Revised issued by the Institute of Chartered Accounts of India) :
- Effective April 01, 2007, the Company adopted Accounting Standard – 15 (Revised 2005) on “Employee Benefits”. However, no transitional effect has been given as on April 01, 2007. The net impact of provision amounting to Rs. 71.55 Lakhs has been taken on March 31, 2008.

(Rupees in Lakhs)

Sl. No.	Particulars	31.03.2008
I	Defined Contribution Plan –	
	Company has recognized the following amounts in the Profit & Loss Account for the year.	
	Contribution to employees Provident fund -	22.14
	Contribution to Employees State Insurance	1.95
II	Defined Benefit Plan - Gratuity	
	The following table set out the status of the gratuity plan as required under AS 15 (revised 2005)	
	(A) A reconciliation of opening and closing of the present value of the Defined Benefit Obligation (DBO):	
	Opening DBO as on April 01, 2007	64.80
	Current service cost	19.74
	Interest cost	6.30
	Curtailment Cost / (Credit)	-
	Settlement cost / (Credit)	-
	Employee Contribution	-
	Plan Amendments	0.00
	Acquisitions	0.00
	Actuarial (gain) / loss	5.69
	Benefits paid	(3.79)
	Closing DBO as on March 31, 2008	92.74
	(B) A reconciliation of the opening and closing balances of the fair value of Planned Assets:	
	Opening fair value of Planned Assets	(43.70)
	Employer Expenses	29.37
	Contribution by the employer	(9.82)
	Closing fair value of Planned Assets	(63.25)
	(C) A reconciliation of the present value of the Defined Benefit Obligation and the fair value of the Planned Assets to the assets recognized in the balance sheet:	
	Present value of the defined benefit obligation at the end of the period	92.74
	Fair value of the Planned Assets at the end of the year	29.49
	Liability recognized in the balance sheet	(63.25)
	(D) The total expense recognized in the profit and loss accounts:	
	Current service cost	19.74
	Interest cost	6.30
	Expected return on Planned Assets	(2.15)
	Actuarial (gain) / loss	5.48)
	Net gratuity cost	29.37

Schedules forming part of the Accounts For the year ended March 31, 2008

23 ACCOUNTING POLICY AND NOTES TO ACCOUNTS (Contd.)

Effective April 01, 2007, the Company adopted Accounting Standard – 15 (Revised 2005) on “Employee Benefits”. However, no transitional effect has been given as on April 01, 2007. The net impact of provision amounting to Rs. 71.55 Lakhs has been taken on March 31, 2008. (Contd.)

(Rupees in Lakhs)

Sl. No.	Particulars	31.03.2008
	(E) For each major category of plan assets, following is the percentage that each major category constitutes of the fair value of the total Planned Assets:	
	Government of India securities	Not specified
	Corporate bonds	by LICI
	Special deposit schemes	(Fund Manager)
	(F) Actual return on Planned Assets	
	Following are the Principle Actuarial Assumptions used as at the balance sheet date:	
	Discount rate	8.00%
	Expected rates of return on any Planned Assets	8.50%
	Average Salary escalation rate	5.00%
III	Defined Benefit Plan – Leave Encashment	
	The following table set out the status of the leave encashment plan as required under AS 15 (revised 2005)	
	(A) A reconciliation of opening and closing of the present value of the Defined Benefit Obligation (DBO):	
	Opening DBO as on April 01, 2007	0.00
	Current service cost	8.75
	Interest cost	2.30
	Curtailement Cost / (Credit)	0.00
	Settlement cost / (Credit)	0.00
	Employee Contribution	0.00
	Plan Amendments	0.00
	Acquisitions	0.00
	Actuarial (gain) / loss	17.75
	Benefits paid	0.00
	Closing DBO as on March 31, 2008	28.80
	(B) A reconciliation of the opening and closing balances of the fair value of Planned Assets:	
	Opening fair value of Planned Assets	0.00
	Employer Expenses	28.80
	Contribution by the employer	0.00
	Closing fair value of Planned Assets	(28.80)
	(C) A reconciliation of the present value of the defined benefit obligation and the fair value of the Planned Assets to the assets recognized in the balance sheet:	
	Present value of the defined benefit obligation at the end of the period	28.80
	Fair value of the Planned Assets at the end of the year	0.00
	Liability recognized in the balance sheet	(28.80)
	(D) The total expense recognized in the profit and loss accounts:	
	Current service cost	8.75
	Interest cost	2.30
	Expected return on Planned Assets	0.00
	Actuarial (gain) / loss	17.75
	Net gratuity cost	28.80
	(E) For each major category of plan assets, following is the percentage that each major category constitutes of the fair value of the total Planned Assets:	
	Government of India securities	Not specified
	Corporate bonds	by LICI
	Special deposit schemes	(Fund Manager)
	(F) Actual return on Planned Assets	
	Following are the Principle Actuarial Assumptions used as at the balance sheet date:	
	Discount rate	8.00%
	Average Salary escalation rate	5.00%

The estimates of the future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors.

This being first year of implementation of AS 15 (Revised 2005), previous year figures have not been disclosed.

Schedules forming part of the Accounts For the year ended March 31, 2008

23 ACCOUNTING POLICY AND NOTES TO ACCOUNTS (Contd.)

12. Current tax is determined in respect of taxable income for the year based on applicable tax rates and Laws. On the basis of the opinion taken from an Expert, the Company is continuing to take benefit of deductions u/s 80IA of the Income Tax Act, 1961 for the eligible projects.

13. The Company is in the process of identifying the suppliers, who would be covered under the Micro, Small and Medium Enterprises Development Act, 2006. In this process the Company has given notice to its vendors/ suppliers to inform about whether any of them are registered under the said Act. The Company has not yet received any information about such registration from the vendors. Such information will be provided as and when confirmation is received from them.

14. The contract awarded to the Company by the Bihar State Government for development and widening of roads in Patna has been prematurely terminated by the Govt. of Bihar on April 30, 2008. The department had also served notice for the invocation of the Bank guarantees. However, the Company has filed a petition before the Honorable Calcutta High Court and obtained status quo – ante order against such action of the Bihar Government. The loss on such cancellation of contract is not ascertainable at this point of time and accordingly no effect has been taken in the books of accounts.

15. The Company operates under a single segment namely “Core Infrastructure”. Therefore, reporting under AS-17 on “Segment Reporting” issued by The Institute of Chartered Accountants of India has not been made.

16. Disclosure on Related Party Transactions as per AS 18 on “Related party disclosures” issued by The Institute of Chartered Accountants of India:

Related Parties with whom transactions have taken place during the year:-

A Associate Companies and Enterprises over which the key management personnel is able to exercise significant influence:	Negolice Trading (P) Ltd. Infra Vision Developers (P) Ltd. Monobal Vayapar (P) Ltd. Castal Extrusion Private Limited Alvary Systems (P) Ltd. Andromeda Communications (P) Ltd
B Joint Ventures:	RBM Tantia (JV) Tantia BSBK (JV) JMC Tantia (JV) Tantia DBC (JV) Tantia Simplex (JV) Tantia Soma (JV) Tantia Nayak (JV) Tantia TBL (JV) Tantia SPML (JV) Tantia Freyssinet Gilcon (JV)
C Key Management Personnel and Relatives:	Sri I. P. Tantia (Chairman & Managing Director) Sri B. L. Ajitsaria (Director – Business Development) Sri Rahul Tantia (Director - Operations) Sri Siddharth Tantia (Vice President – Corporate Planning) Ms.Rohini Sureka (Asst. Vice President Finance & Accounts)

Particulars of Transactions during the year: (Rupees in Lakhs)

Nature of Transactions	Year	Fellow / Company	Joint Venture	Key Management Personnel	Total
Rendering of Services	2007-08	615.00	1,6404.62	0.00	17,019.62
	2006-07	(0.00)	(31,900.97)	(0.00)	(31,900.97)
Receiving of Services	2007-08	0.00	0.00	0.00	0.00
	2006-07	(3.21)	(0.00)	(0.00)	(3.21)
Remuneration Paid/payable	2007-08	0.00	0.00	136.97	136.97
	2006-07	(0.00)	(0.00)	(57.74)	(57.74)
Purchase of Goods	2007-08	18.31	0.00	0.00	18.31
	2006-07	(0.00)	(0.00)	(0.00)	(0.00)
Rent paid	2007-08	9.00	0.00	0.00	9.00
	2006-07	(2.00)	(0.00)	(0.00)	(2.00)
Re-imbusement of expenses	2007-08	20.90	0.00	0.00	20.90
	2006-07	(7.69)	(0.00)	(0.00)	(7.69)

Schedules forming part of the Accounts For the year ended March 31, 2008

23 ACCOUNTING POLICY AND NOTES TO ACCOUNTS (Contd.)

Particulars of Transactions during the year: (Contd.) (Rupees in Lakhs)

Nature of Transactions	Year	Fellow / Company	Joint Venture	Key Management Personnel	Total
Dividend Paid	2007-08	74.20	0.00	20.15	74.20
	2006-07	(37.10)	(0.00)	(10.07)	(37.10)
Advances given	2007-08	4,785.62	0.00	0.00	4,385.62
	2006-07	(1,297.82)	(0.00)	(0.00)	(1,297.82)
Refund of Advances	2007-08	1,229.65	0.00	0.00	1,229.65
	2006-07	(740.22)	(0.00)	(0.00)	(740.22)
MD Commission	2007-08	0.00	0.00	50.09	50.09
	2006-07	(0.00)	(0.00)	(50.97)	(50.97)
Investment in Joint Ventures	2007-08	0.00	718.09	0.00	718.09
	2006-07	(0.00)	(755.86)	(0.00)	(755.86)
Investment in Shares	2007-08	25.52	0.00	0.00	25.52
	2006-07	(0.10)	(0.00)	(0.00)	(0.10)
Outstanding balances receivable	2007-08	825.98	2,522.05	4.95	3,352.98
	2006-07	(586.09)	(2,162.67)	(6.36)	(2,755.12)
Outstanding balance payable	2007-08	12.93	0.00	6.27	19.21
	2006-07	(0.17)	(0.00)	(5.05)	(5.22)

17. Since the business of the Company is construction activities, quantitative data as required by Part II, para - ii 4c, 4d of Schedule VI of the Companies Act, 1956 is not furnished.

Additional information pursuant to the provisions of part II of Schedule VI to the Companies Act, 1956 (Wherever applicable)

	2007-08		2006-07	
	Rs in Lakhs	% age	Rs in Lakhs	% age
A Value of imports calculated on CIF Basis:				
(i) Capital Goods	228.40	-	22.70	-
B Expenditure in foreign currencies:				
(i) Traveling expenses	1.72	-	11.51	-
(ii) Consultancy Charges	88.88	-	-	-
C Value of imported and indigenous components, embedded goods and spare parts consumed:				
(i) Imported	15.72	0.12%	-	-
(ii) Indigenous	13,292.58	99.88%	7,428.79	100%
D Earnings in foreign currency (on accrual basis)	60.88	-	-	-
Export of goods or services on F.O.B. basis and work bills realized on contracts	7.83	-	-	-

18. Loans & Advances include advances of Rs. 32.29 Lakhs (previous year Rs. 9.05 Lakhs) paid to various parties as advances for purchase of capital items.

19. The earnings per share (basic & diluted), computed as per the requirement under Accounting Standard 20 on "Earnings per Share" issued by The Institute of Chartered Accountants of India is as under:

(Amount in Rupees)

Particulars	2007-08	2006-07
Basic		
Net Profit after tax for the year attributable for equity shareholders	153,930,547	131,400,000
Weighted number of shares for EPS computation	15,573,066	15,335,000
Earnings Per Share	9.88	8.57
Diluted		
Net Profit after tax for the year attributable for equity shareholders	153,930,547	131,400,000
Expenses on FCCB (net of tax)	12,057,508	
Adjusted profit after tax for the year available for equity shareholders	165,988,055	131,400,000
Weighted average number of shares for EPS computation	17,191,021	15,343,000
Diluted Earnings Per Share	9.66	8.56

Schedules forming part of the Accounts For the year ended March 31, 2008

23 ACCOUNTING POLICY AND NOTES TO ACCOUNTS (Contd.)

20. Disclosure on Deferred tax as per AS 22 on "Accounting for Taxes on Income" issued by The Institute of Chartered Accountants of India.

(Rupees in Lakhs)

	31.03.2008	31.03.2007
Deferred Tax Liability		
Fixed Assets as per Accounts	6,751.91	4,170.19
Fixed Assets As Per Income Tax	5,586.74	3,223.14
Deferred Tax Liability (Timing Difference)	1,165.17	947.05
Deferred Tax Asset		
- Provisions for Employee benefits	92.05	20.50
- Other Expenses – Disallowed	6.48	-
- Bonus Provision	61.13	-
Deferred Tax Asset (Timing Difference)	159.66	20.50
Net Deferred Tax Liability	1,005.51	926.55
Tax Impact On Net Liability @ 33.99%	341.77	314.94
Deferred Tax Liability	341.77	314.94

21. Intangible asset, shown under Fixed Assets (Schedule – 5) include the ERP Implementation Expenses (SAP) of Rs. 80.00 Lakhs which has been amortized as depreciation over a period of five years being the estimated life.

This amount was shown under "Miscellaneous Expenses- to the extent not written off or adjusted" in the previous year and has been reclassified as intangible asset to bring it in line with the Accounting Standard-26 on "Intangible Assets" issued by The Institute of Chartered Accountants of India.

The impact of this change is deduction of profit by Rs. 16.00 Lakhs.

22. Joint Venture Disclosure as per Accounting Standard 27 on "Financial reporting on interests in Joint Venture" issued by The Institute of Chartered Accountants of India:

i. Details of Joint Ventures entered into by the Company

(Rupees in Lakhs)

Sl. No.	Name of JV	Description of Interest	% of Share	Investment 31.03.08 Amt. in Rs.	Investment 31.03.07 Amt. in Rs.
1	RBM Tantia (JV)	Jointly Controlled Entity	99.999% *	1,602.33	907.75
2	Tantia BSBK (JV)	Jointly Controlled Operation	50%	0.41	4.44
3	JMC Tantia (JV)	Jointly Controlled Operation	50%	16.87	-11.16
4	Tantia DBC (JV)	Jointly Controlled Operation	75%	2.40	13.98
5	Tantia Simplex (JV)	Jointly Controlled Operation	88.43%	0.06	0.10
6	Tantia Soma (JV)	Jointly Controlled Operation	50%	28.77	3.99
7	IVRCL Tantia (JV)	Jointly Controlled Operation	50%	1.95	1.97
8	Tantia TBL (JV)	Jointly Controlled Operation	50%	23.67	21.82
9	Tantia Freyssinet Gilcon (JV)	Jointly Controlled Operation	50%	14.75	12.27
10	Tantia Nayak (JV)	Jointly Controlled Operation	51%	0	0
11	Tantia SPML (JV)	Jointly Controlled Operation	50%	4.00	0.20
12	INDU Tantia (JV)	Jointly Controlled Operation	47.50%	0	0
13	Satish Tantia (JV)	Jointly Controlled Operation	49%	0	0
	Total Investment in Joint Venture			1,695.21	955.36

*In view of the amended agreement between the JV partners, the profit sharing ratio of the joint venture - RBM-TANTIA – JV has been changed during the current year with effect from April 01, 07. Until March 31, 2007 the profit sharing ratio was 50% for each of the venture partners. However, RBM has opted out from the JV as lead partner restricting its profit and investment to Re.1/- and presently the Company is executing the entire work. According to the revised agreement the Company is responsible for all the remaining assets, liabilities, profits and losses of the joint venture.

Schedules forming part of the Accounts For the year ended March 31, 2008

23 ACCOUNTING POLICY AND NOTES TO ACCOUNTS (Contd.)

ii. Financial interest in the Jointly controlled Entities

(Rupees in Lakhs)

Name of the JV	Year	Assets	Liabilities	Turnover	Other Income	Expenses
RBM Tantia (JV)	2007-08	NA	NA	NA	NA	NA
	2006-07	3,951.60	1,741.88	3,302.87	3.48	2,942.11

Pending finalization of the of the JV partners account, current year's figures are not given.

23. The Company has reviewed the possibility of any impairment of the fixed assets of the Company in terms of the Accounting Standard AS 28 – "Impairment of Assets" issued by The Institute of Chartered Accountants of India as at the balance sheet date and is of the opinion that no such provision for impairment is required.

24. Loans & Advances includes advances given to the Associate Companies as follows:

(Rupees in Lakhs)

Group Companies	Maximum Balance	Balance as on 31.03.08
Negolice Trading (P) Ltd.	857.60	–
Infra Vision Developers (P) Ltd.	813.57	713.57

25. Disclosure pertaining to Accounting Standard 29 – "Provisions, Contingent Liabilities and Contingent Assets" issued by The Institute of Chartered Accountants of India are given below.

(Rupees in Lakhs)

Particulars	Income Tax including FBT	Dividend including Corporate Tax on Dividend (On Preference shares)	Employee benefits
	Amount in Rs.	Amount in Rs.	Amount in Rs.
Balance as on 1.4.2007	3.50	366.09	20.50
Add: Provisions made	11.40	274.77	71.55
Less: Payments	13.25	53.18	0.00
Less: Adjustments	0.00	312.91	0.00
Closing Balance as on 31.03.2008	1.65	274.77	92.05

26. Previous year's figure have been re-grouped and rearranged wherever necessary.

In terms of our report of even date

For **S. M. Bengani & Co.**
Chartered Accountants

Hiralal Bengani
Proprietor
Membership No. 07867

I. P. Tantia
Chairman &
Managing Director

B. L. Ajitsaria
Director (Business
Development)

Rahul Tantia
Director
(Operation)

Yogina Kochar
Company
Secretary

187, Rabindra Sarani, Kolkata-700007

Place : Kolkata

Dated : June 17, 2008

Cash Flow Statement For the year ended March 31, 2008

(Amount in Rupees)

	2007-2008	2006-2007
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax and extra ordinary item	196,975,297	153,188,704
Add/(Less) Adjustment for:		
Depreciation	53,535,992	35,397,653
(Profit)/Loss on sales of Fixed Assets	420,450	1,854,457
(Profit)/Loss on sales of Investment	6,321	–
Dividend Received	(9,000)	–
Derivative Income	(628,960)	–
Foreign Exchange Fluctuation	2,830,114	–
Interest Income	(19,936,116)	(7,904,663)
Interest on Borrowings	200,854,758	113,459,327
Operating Profit before working Capital changes	434,048,856	295,995,478
Add/(Less) (Increase)/decrease in Assets/Liabilities :		
Debtors	(418,646,515)	(312,756,366)
Loans & advances	(326,331,457)	(215,640,292)
Other Current assets	(22,797,569)	(1,461,198)
Inventories	(382,970,813)	(231,160,612)
Advances from customers	583,060,164	240,362,476
Trade payables, Liabilities & Provisions	102,050,420	152,860,140
Cash Generated from Operations	(31,586,914)	(71,800,374)
Direct Taxes paid	(23,399,316)	(18,998,431)
Cash Flow before extraordinary items	(54,986,230)	(90,798,805)
Extra-Ordinary items	–	–
Net Cash From Operating Activities	(54,986,230)	(90,798,805)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Add/(Less) (Increase)/decrease in Assets/Liabilities:		
Additions of Fixed Assets (net)	(331,975,390)	(205,006,863)
Sale/discard of Fixed Assets	19,274,134	1,978,100
Interest Income	19,936,116	7,904,663
Dividend Received	9,000	–
Derivative Income	628,960	–
Proceeds from sale of Investment	443,679	–
Investment in Body Corporate	(2,952,000)	(410,000)
Investment in Associate Company	–	(4,950,000)
Investment in Joint Ventures & others	(69,707,491)	(73,445,621)
Net Cash used in investing Activities	(364,342,993)	(273,929,721)

Cash Flow Statement (Contd.) For the year ended March 31, 2008

(Amount in Rupees)

	2007-2008		2006-2007	
C CASH FLOW FROM FINANCING ACTIVITIES				
Add/(Less) (Increase)/decrease in Assets/Liabilities:				
Share Capital issue	-		122,530,650	
Share Premium Account	-		431,453,337	
Secured Loans	(563,939,220)		319,512,687	
Unsecured Loans	244,022,159		111,995,628	
Interest Paid	(200,854,758)		(113,459,327)	
Share Application Money pending Allotment	-		(562,653,300)	
Misc. Expenditure (Share issue Exp.)	-		(362,653)	
Taxation	-		15,740,000	
Dividend Paid	(23,506,599)		(15,720,066)	
Tax on Dividend	(3,972,765)	(548,251,183)	(2,204,740)	306,832,216
Net Cash from financing Activities.		(548,251,183)		306,832,216
D NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENT (A+B+C)		(967,580,406)		(57,896,310)
E Cash and Cash Equivalent				
	As on March 31, 2008		As on March 31, 2007	
Cash In Hand	29,930,569		9,639,367	
Cash at Bank	384,596,139		369,147,511	
Demand Loan from Schedule Banks	(1,059,598,068)		(53,447,718)	
Foreign Exchange Fluctuation A/c	2,830,114		-	
	(642,241,246)		325,339,160	
	As on March 31, 2008		As on March 31, 2007	
Cash In Hand	9,639,367		5,682,980	
Cash at Bank	369,147,511		332,135,067	
Demand Loan from Schedule Banks	(53,447,718)		45,417,423	
	325,339,160		383,235,470	
Difference		(967,580,406)		(57,896,310)

For S. M. Bengani & Co.
Chartered Accountants

Hiralal Bengani
Proprietor
Membership No. 07867
187, Rabindra Sarani, Kolkata-700007
Place : Kolkata
Dated : June 17, 2008

I. P. Tantia Chairman & Managing Director	B. L. Ajitsaria Director (Business Development)	Rahul Tantia Director (Operation)	Yogina Kochar Company Secretary
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Balance Sheet Abstract

Balance Sheet Abstract & Company's General Business Profile

I. Registration Details

Registration No. 2 6 2 8 4
Balance Sheet as at 3 1 0 3 2 0 0 8
Date Month Year

State Code 2 1
(Refer code list)

II. Capital raised during the year (Amount in Rs. Thousand)

Public Issue	N I L	Rights Issue	N I L
Bonus Issue	N I L	Private Placement	N I L

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousand)

Total Liabilities	4 4 4 3 1 3 9	Total Assets	4 4 4 3 1 3 9
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Sources of Funds

Paid-up Capital	1 5 7 1 3 1
Secured Loans	2 2 2 9 0 9 7
Share Capital Pending Allotment	N I L

Application of Funds

Net Fixed Assets	6 7 5 7 6 4
Net Current Assets	(+) 2 9 5 8 5 7 0
Accumulated Losses	N I L

IV. Performance of Company (Amount in Rs. Thousand)

Turnover	3 6 4 3 1 1 9
+/- Profit / (Loss) Before Tax	+ 1 9 6 9 7 5

(Please tick Appropriate box+for Profit, - for Loss)

Earning per Share in Rs.:

Basic	9 . 8 8
Diluted	9 . 6 6

V. Generic name of three Principal Product/Service of the Company (as per monetary terms)

Item Code no. (ITC Code)	N I L
Service Description	C I V I L C O N S T R U C T I O N

In terms of our report of even date

For S. M. Bengani & Co.
Chartered Accountants

Hiralal Bengani
Proprietor
Membership No. 07867
187, Rabindra Sarani, Kolkata-700007
Place : Kolkata
Dated : June 17, 2008

I. P. Tantia Chairman & Managing Director	B. L. Ajitsaria Director (Business Development)	Rahul Tantia Director (Operation)	Yogina Kochar Company Secretary
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Corporate information

Sri I.P. Tantia

Chairman and Managing Director

Sri B.L. Ajitsaria

Director (Business Development)

Sri Rahul Tantia

Director (Operations)

Sri M.P. Agarwalla

Independent Director

Sri H.S. Sinha

Independent Director

Sri U.S. Agarwal

Independent Director

Sri P.K. Chattaraj

Independent Director

Sri S.K. Bose

Independent Director

Sri Shaleen Khemani

Independent Director

Ms Yogina Kochar

Company Secretary

Principal bankers

Allahabad Bank

Andhra Bank

Axis Bank Ltd.

IDBI Bank Ltd.

Oriental Bank of Commerce

State Bank of India

Statutory Auditors

S.M. Bengani & Co.

Chartered Accountants

187 Rabindra Sarani, Kolkata 700 007

Internal Auditors

Mookherjee Biswas & Pathak

Chartered Accountants

5 & 6 Fancy Lane, 5th Floor

Kolkata 700 001

L B Jha & Co.

Chartered Accountants

GF-1 Gillander House, 8 Netaji Subhas Road

Kolkata 700 001

Singhi & Co.

Chartered Accountants

1B, Old Post Office Street

Kolkata 700 001

Konar Mustaphi & Associates

Chartered Accountants

P-113, C. I. T Road

Kolkata 700 014

Registrar and Share Transfer Agents

Maheshwari Datamatics Private Limited

6 Mangoe Lane, Kolkata 700 001

Registered office

25-27 Netaji Subhas Road, Kolkata 700 001

Corporate office

Block EP, Plot No. Y-6

Salt Lake City, Sector V, Kolkata 700 091

Disclaimer

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements

will be realized, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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