



(COMPANY IDENTIFICATION NUMBER: L05005AP1987PLC018436)

COMPANY REGISTRATION NUMBER: 55-42339)

The Company was originally incorporated as THAPAR WATERBASE LIMITED on 23rd November 1987 at Calcutta in the State of West Bengal. The company is promoted by Mr. Vikram M Thapar & Karam Chand Thapar & Bros. (Coal Sales) Limited. The Company's name was changed to THE WATERBASE LIMITED on 29th September 1991 and a fresh certificate of incorporation was issued by the Registrar of Companies, Delhi and Haryana on 11th February 1992. For details please refer to page [60] of this Draft Letter of Offer.

Registered Office: THE WATERBASE LIMITED, Ananthapuram Village, T.P. Gudur Mandal,

Nellore – 524 344, Andhra Pradesh, Telephone: 0861 – 2165009,2165021,2165023

E-Mail: waterbasenellore@rediffmail.com, Website:www.waterbaseindia.com

Corporate Office: THE WATERBASE LIMITED, No. 22, Sadasivam Street, Off Lloyds Road,

Gopalapuram, Chennai – 600 086, Tamil Nadu, Telephone: 044 – 28113682,28110684,

Fax: 044 – 28113681; E-Mail: waterbasechennai@rediffmail.com

Contact Person: Ms. Suguna Krishnamurthy, Company Secretary & Compliance Officer

LETTER OF OFFER

ISSUE OF 12867750 EQUITY SHARES OF RS. 10/- EACH FOR CASH AT A PRICE OF RS. 10/-EACH PER EQUITY SHARE AGGREGATING TO AN AMOUNT OF RS. 12,86,77,500/- TO THE EQUITY SHARE HOLDERS ON RIGHTS BASIS IN THE RATIO OF 1 [ONE] EQUITY SHARE FOR EVERY 2 [TWO] EQUITY SHARES HELD ON RECORD DATE I.E.[*****]. THE ISSUE PRICE IS AT PAR WITH THE FACE VALUE.

GENERAL RISKS

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this offer unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Offering. For taking an investment decision, investors must rely on their own examination of the Issuer and the offer including the risks involved. The securities offered in the issue have not been recommended or approved by the Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or the adequacy of this document. **Investors are advised to refer to "Risk Factors" on Page 11 of this Draft Letter of Offer before making an investment in this Offer.**

ISSUERS ABSOLUTE RESPONSIBILITY

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

LISTING

The existing Equity Shares of the Company are listed on the Bombay Stock Exchange (BSE). The Equity shares of the Company have been voluntarily de-listed from the Delhi Stock Exchange, the Hyderabad Stock Exchange, the Ahmedabad Stock Exchange, the Madras Stock Exchange and the Calcutta Stock Exchange. The Equity shares offered through this Offer are proposed to be listed on the BSE. The Designated Stock Exchange for this issue is the BSE. The Company has received in-principle approval from BSE for listing of the Equity shares to be allotted pursuant to the Issue, vide letter ***** dated *****.

LEAD MANAGERS TO THE ISSUE



Indbank Merchant Banking Services Ltd.
1st Floor, Khivraj Complex, No. 480 Anna Salai
Nandanam, Chennai 600 035

REGISTRAR TO THE ISSUE



Data Software Research Company Pvt. Ltd.
19,Pycrofts Garden Road, Off Haddows Rd
Nungambakkam, Chennai 600 006

ISSUE SCHEDULE

ISSUE OPENS ON

LAST DATE FOR RECEIPT OF REQUESTS FOR SPLIT
APPLICATION FORMS

ISSUE CLOSURES ON

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SECTION I

DEFINITIONS AND ABBREVIATIONS

All the terms defined have the meaning set forth below, unless otherwise specified in the context thereof:

Terms	Description
“TWL” “Waterbase” “Waterbase Limited”, “the Company”, “the Issuer Company”, “the Issuer”, “it”, “we”, “us” and “our”	Unless the context otherwise requires, refers to The Waterbase Limited, a Public limited company incorporated under the Companies Act, 1956.
Promoter / Promoters	Mr. Vikramaditya Mohan Thapar or Vikram Thapar and Karam Chand Thapar (Coal Sales) Ltd or KCT (CS) Ltd.
Promoter Group / Promoter Group Companies	<i>As defined in Clause 2 (1) (zb) of the SEBI (ICDR) Regulations, the following entities constitute the Promoter Group Companies</i> Indian City Properties Ltd, Doaba Industrial & Trading Company Pvt. Ltd, Central India Agencies Pvt. Ltd, Punjab Business & Supply Company Ltd., KCT & Bros. (J&K) Ltd., Towerbase Services Pvt. Ltd, Indicon Logistics Ltd, Western Haryana Projects Pvt. Ltd., Thapar Infra Construction India Ltd., Payal Electronics Ltd., KCT Global PTE Ltd., The Silkbase Company Ltd.
1. CONVENTIONAL / GENERAL TERMS	
Articles / Articles of Association	The Articles of Association of the Company
Auditors	Auditors M/s. Mitra Kundu & Basu, Chartered Accountants
Board of Directors	The Board of Directors of the Company or a Committee thereof, duly constituted
Central Excise	The Central Excise Act, 1944, as amended from time to time
Companies Act/Act	The Companies Act, 1956, as amended from time to time
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participant) Regulations, 1996, as amended from time to time
Depository Participant	A depository participant as defined under the Depositories Act
Director(s)	Director(s) of the Company unless otherwise specified.
Employees State Insurance Act / ESIA / ESI	Employees State Insurance Act, 1948 as amended from time to time
Environment Protection Act / EPA	Environment Protection Act, 1986 as amended from time to time
EPS	Earnings Per Share
FEMA	Foreign Exchange Management Act, 1999 as amended from time to time and the rules and regulations framed there under
FIPB	Foreign Investment Promotion Board

Financial Year / FY / Fiscal Year	The period of twelve months ended March 31 of that particular year, unless specifically otherwise stated.
Indian GAAP	Generally Accepted Accounting Principles in India
Industrial Policy	The Industrial Policy and guidelines issued there under by Ministry of Commerce and Industry, Government of India
I.T. Act / IT Act	The Income Tax Act, 1961, as amended from time to time
Memorandum / Memorandum of Association	The Memorandum of Association of the Company
Non Resident	A “person resident outside India”, as defined under FEMA including FIIs
Non Resident Indian / NRI (s)	A “person resident outside India” as defined under FEMA and who is a citizen of India or is a person of Indian Origin as defined under the Foreign Exchange Management (Deposit) Regulations, 2000, as amended from time to time
Person Resident outside India	Shall have the same meaning as ascribed to the term under the FEMA
RBI Act	The Reserve Bank of India Act, 1934, as amended from time to time
Registered Office	Ananthapuram Village T.P. Gudur Mandal, Nellore – 524 344 Andhra Pradesh Telephone: 0861 – 2165009, 2165021, 2165023 Fax: 0861 - 2331614 E-Mail: waterbasenellore@rediffmail.com Website: www.waterbaseindia.com
Registrar of Companies / RoC	Registrar of Companies,
Rupees, INR, Rs. and	The lawful currency of India
Securities Act	The United States Securities Act of 1933, as amended from time to time
SEBI Act	The Securities and Exchange Board of India, 1992
SEBI Regulations / SEBI (ICDR) Regulations, 2009	The SEBI (Issue of Capital and Disclosure Requirements) 2009 and any amendments thereto
SEBI (Prohibition of Insider Trading Regulations), 1992	SEBI (Prohibition of Insider Trading) Regulations, 1992 as amended from time to time, including instructions and clarifications issued by SEBI from time to time.
SEBI Takeover Regulations / Takeover Code	SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as amended from time to time.
Self Certified Syndicate Bank or SCSB	The banks which are registered with SEBI under SEBI (Bankers to the Issue) Regulations
Workmen’s Compensation Act	The Workmen’s Compensation Act, 1923, as amended from time to time
2. ISSUE RELATED TERMS	
Letter of Offer	
Application	Unless the context otherwise requires, the application for allotment of Equity shares in the Issue.

Allottee(s)	The successful applicant(s) eligible for allotment of Equity Share(s) pursuant to the Issue
Allotment / Allotment of Equity Share(s)	Unless the context otherwise requires, the allotment of Equity shares pursuant to the Issue.
Application Supported by Blocked Amount / ASBA	The application (whether physical or electronic) used by an Investor to make an application authorizing the SCSB to block the amount payable on application in their specified bank account.
ASBA Investor	An applicant who is applying through a bank account maintained with SCSBs.
Bankers to the Issue	State Bank of India
Bankers to the Company	State Bank of India, Union Bank of India, State Bank of Hyderabad.
BSE / Bombay Stock Exchange	Bombay Stock Exchange Limited, where the Equity Shares of the Company are presently listed and traded.
CDSL	Central Depository Services (India) Limited
Company Secretary & Compliance Officer	Ms. Suguna Krishnamurthy
Composite Application Form / CAF	The form used by an investor to make an application for allotment of Equity Shares in this Issue.
Consolidated Certificate	In case of holding Equity Shares in physical form, the Company would issue one certificate for the Equity Shares allotted to one folio.
Controlling Branches	Such branches of the SCSBs which coordinate applications under the Issue by the ASBA Investors with the Registrar to the Issue and the Stock Exchanges and a list of which is available at SEBI's website; that is at http://www.sebi.gov.in
Designated Stock Exchange	The designated stock exchange for the Issue shall be The Bombay Stock Exchange Limited.
Draft Letter of Offer / DLOF	This Draft Letter of Offer dated 26.05.2012 filed with SEBI for its observations.
Equity Shareholder(s)	A holder(s) of Equity Shares of the Company as on the Record Date.
Escrow Account	Account opened with the Escrow Collection Bank(s) and in whose favour the Bidder will issue cheques or drafts in respect of the Bid Amount and refunds (if any) of the amount collected to the Bidders.
Issue	The Issue of 12867750 Equity Shares of Rs. 10/- each for cash at a price of Rs. 10/- each per equity share aggregating to an amount of Rs. 12,86,77,500 to the Equity Shareholders on a rights basis in the ratio of 1 [ONE] Equity Share for every 2 [TWO] equity shares held on Record Date i.e. *****
Issue Closing Date	[****]
Issue Opening Date	[****]
Issue Price	Rs. 10/- per Equity Share
Issue Proceeds	The monies received by the Company pursuant to the Equity Shares which are Allotted pursuant to the Issue.

Investor(s)	The Equity Shareholders of the Company on the Record Date i.e. *****, 201*, Renounees and any other persons eligible to subscribe to the Issue.
Lead Manager	Indbank Merchant Banking Services Limited (IBMBS)
Letter of Offer / LOF / Offer Document	Letter of Offer dated **** as filed with the Stock Exchange after incorporating SEBI comments on the Draft Letter of Offer.
Listing Agreement	The Equity Listing Agreement signed between the Company and The Bombay Stock Exchange Limited.
Net Proceeds	The Issue Proceeds less the Issue Expenses. For further information about use of the Issue Proceeds and the Issue Expenses see “Objects of the Issue” on page 46 of this Draft Letter of Offer.
NSDL	National Securities Depository Limited.
Record Date	[****]
Registrar to the Issue	Data Software Research Company Pvt. Ltd.
Renounee(s)	Persons who have acquired Rights Entitlements from Equity Shareholders.
Rights Entitlement	The number of Equity Shares that an Equity Shareholder is entitled to in proportion to his / her shareholding in the Company as on the Record Date i.e.
Stock Exchange	BSE where the Equity Shares of the Company are presently listed
Working Days	Any day, other than Saturday or Sunday, on which commercial banks are open for business.
Self Certified Syndicate Bank or SCSB	The banks which are registered with SEBI under the SEBI (Bankers to an Issue) Regulations, 1994 and offers services of ASBA, including blocking of bank account and a list of which is available on http://www.sebi.gov.in/pmd/scsb.pdf .
3. BUSINESS / INDUSTRY RELATED TERMS AND ABBREVIATIONS	
AGM	Annual General Meeting
AS	Accounting Standards issued by “The Institute of Chartered Accountants of India”.
ASBA	Application Supported by Blocked Amount
ASE	Ahmedabad Stock Exchange
AY	Assessment Year
BPLR	Benchmark Prime Lending Rate
BSE	The Bombay Stock Exchange Limited
CAPEX	Capital Expenditure
CAGR	Compounded Annual Growth Rate
CDSL	Central Depositories (India) Limited
CENVAT	Central Value Added Tax
CERA AUDIT	Central Revenue Audit
CESTAT	The Customs, Excise and Service Tax Appellate Tribunal
CIN	Corporate Identification Number
CV(s)	Commercial Vehicle(s)
DGFT	Director General of Foreign Trade

DIN	Directors Identification Number
DP	Depository Participant
DP ID	Depository Participant Identification Number
EBITDA	Earnings Before Depreciation, Interest, Tax and Amortization
ECS	Electronic Clearing Service
EGM	Extraordinary General Meeting
EPS	Earnings per Share
EURO	Lawful currency of the European Union
FCNR ACCOUNT	Foreign Currency Non Resident Account
FDA	Feed Dispatch Advice
FDI	Foreign Direct Investment
FII	Foreign Institutional Investor [as defined under Securities & Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended from time to time] registered with SEBI under applicable laws in India.
FY / Fiscal	Financial Year / Fiscal Year
GDP	Gross Domestic Product
GOI	Government of India
HACCP	Hazard Analysis and Critical Control Point
HUF	Hindu Undivided Family
ICAI	Institute of Chartered Accountants of India
IT	Information Technology
INR	Indian Rupee, the legal currency of the Republic of India.
IQF	Individual Quick Frozen
KVA	Kilo Volt Ampere
Ltd.	Limited
MCA	Ministry of Corporate Affairs
MOU	Memorandum of Understanding
MPEDA	The Marine Products Exports Development Authority
N.A. / NA	Not Applicable
NAV	Net Asset Value
NEFT	National Electronic Funds Transfer
NRE ACCOUNT	Non Resident (External) Account
NRI	Non Resident Indian
NRO ACCOUNT	Non Resident (Ordinary) Account
NSDL	National Securities Depository Limited
OCBs	Overseas Corporate Body
p.a.	Per Annum
P/E Ratio	Price / Earnings Ratio
PAN	Permanent Account Number
PAT	Profit After Tax
PBT	Profit Before Tax
R & D	Research and Development
RBI	Reserve Bank of India
RoNW	Return on Net Worth
RTGS	Real Time Gross Settlement

SCSB	Self Certified Syndicate Bank
SEBI / BOARD	Securities and Exchange Board of India
Securities Act	U.S. Securities Act of 1933, as amended
USFDA	The United States Food and Drug Administration Department

SECTION II

RISK FACTORS

NOTICE TO OVERSEAS SHAREHOLDERS

The distribution of this Letter of Offer and the issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Draft Letter of Offer may come are required to inform themselves about and observe such restrictions. The Company is making this Issue of Equity Shares on a rights basis to the Equity Shareholders of the Company and will dispatch the Letter of Offer and Composite Application Form ("CAF") to the shareholders who have an Indian address.

No action has been or will be taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that the Draft Letter of Offer has been filed with SEBI for observations. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and this Draft Letter of Offer may not be distributed, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Draft Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, this Draft Letter of Offer must be treated as sent for information only and should not be copied or redistributed. Accordingly, persons receiving a copy of this Draft Letter of Offer should not, in connection with the issue of the Equity Shares or the Rights Entitlements, distribute or send this Draft Letter of Offer in or into the United States or any other jurisdiction where to do so would or might contravene local securities laws or regulations.

If this Draft Letter of Offer is received by any person in any such territory, or by their agent or nominee, they must not seek to subscribe to the Equity Shares or the Rights Entitlements referred to in this Draft Letter of Offer. Neither the delivery of this Draft Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in the Company's affairs from the date hereof or that the information contained herein is correct as at any time subsequent to this date.

NO OFFER IN THE UNITED STATES

The rights and the securities of the Company has not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), or any U.S. state securities laws and may not be offered, sold, resold or otherwise transferred within the United States of America or the territories or possessions thereof (the "United States" or "U.S.") or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act ("Regulation S")), except in a transaction exempt from the registration requirements of the Securities Act. The rights referred to in this Draft Letter of Offer are being offered in India, but not in the United States. The offering to which this Draft Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any Equity Shares or rights for sale in the United States or as a solicitation therein of an offer to buy any of the said Equity Shares or rights. Accordingly, the Letter of Offer and the enclosed CAF should not be forwarded to or transmitted in or into the United States at any time.

Neither the Company nor any person acting on behalf of the Company will accept subscriptions or renunciation from any person, or the agent of any person, who appears to be, or who the Company or any person acting on behalf of the Company has reason to believe is, either a "U.S. person" (as defined in Regulation S) or otherwise in the United States when the buy order is

made. Envelopes containing a CAF should not be postmarked in the United States or otherwise dispatched from the United States or any other jurisdiction where it would be illegal to make an offer under the Letter of Offer, and all persons subscribing for the Equity Shares and wishing to hold such Equity Shares in registered form must provide an address for registration of the Equity Shares in India. The Company is making this issue of Equity Shares on a rights basis to Equity Shareholders of the Company and the Letter of Offer and CAF will be dispatched to Equity Shareholders who have an Indian address. Any person who acquires rights and the Equity Shares will be deemed to have declared, represented, warranted and agreed, (i) that it is not and that at the time of subscribing for the Equity Shares or the Rights Entitlements, it will not be, in the United States when the buy order is made, (ii) it is not a "U.S. person" (as defined in Regulation S), and does not have a registered address (and is not otherwise located) in the United States, and (iii) is authorised to acquire the rights and the Equity Shares in compliance with all applicable laws and regulations.

The Company reserves the right to treat as invalid any CAF which: (i) does not include the certification set out in the CAF to the effect that the subscriber is not a "U.S. person" (as defined in Regulation S), and does not have a registered address (and is not otherwise located) in the United States and is authorized to acquire the rights and the Equity Shares in compliance with all applicable laws and regulations; (ii) appears to the Company or its agents to have been executed in or dispatched from the United States; (iii) where a registered Indian address is not provided; or (iv) where the Company believes that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements; and the Company shall not be bound to allot or issue any Equity Shares or Rights Entitlement in respect of any such CAF.

EUROPEAN ECONOMIC AREA RESTRICTIONS

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), an offer of the Equity Shares to the public may not be made in that Relevant Member State prior to the publication of a prospectus in relation to the Equity Shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that an offer of Equity Shares to the public in that Relevant Member State at any time may be made:

- to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
- to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than Euro 4,30,00,000 and (3) an annual net turnover of more than Euro 5,00,00,000, as shown in its last annual or consolidated accounts; or
- in any other circumstances which do not require the publication by us of a prospectus pursuant to Article 3 of the Prospectus Directive.

Provided that no such offer of Equity Shares shall result in the requirement for the publication by the Company pursuant to Article 3 of the Prospectus Directive. For the purposes of this provision, the expression an "offer to the public" in relation to any Equity Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe the Equity Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant

implementing measure in each Relevant Member State. This European Economic Area selling restriction is in addition to any other selling restriction set out below.

UNITED KINGDOM RESTRICTIONS

This document is only being distributed to and is only directed at (i) persons who are outside the United Kingdom, or (ii) to investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), or (iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). The Equity Shares are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Equity Shares will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

PRESENTATION OF FINANCIAL INFORMATION

Unless stated otherwise, the financial information used in this Letter of Offer is derived from the Company's audited financial statements as of 2007, 2008, 2009, 2010 and 2011 prepared in accordance with Indian GAAP, the Companies Act and SEBI Regulations which are included in this Letter of Offer and set out in the chapter titled "Financial Statements" beginning on page [103] of this Draft Letter of Offer.

The Company's fiscal year commences on April 1 of each year and ends on March 31 of the next year. Unless stated otherwise, all references to a particular fiscal year are to the 12 month period ended March 31 of that year. In the Letter of Offer, and discrepancies in any table between the total and the sum of the amounts listed are due to rounding-off.

CURRENCY OF PRESENTATION

All references to "Rupees", "INR" or "Rs." or "" are to Indian Rupees, the official currency of the Republic of India. In the Letter of Offer, unless the context otherwise requires, all references to "India" are to the Republic of India, all references to the "US" or the "U.S." or the "USA", or the "United States" are to the United States of America, and all references to "UK" or the "U.K." are to the United Kingdom.

FORWARD LOOKING STATEMENTS AND MARKET DATA

Statements included in the Draft Letter of Offer which contain words or phrases such as "will", "aim", "will likely result", "believe", "expect", "will continue", "anticipate", "estimate", "intend", "plan", "contemplate", "seek to", "future", "objective", "goal", "project", "should", "will pursue" and similar expressions or variations of such expressions are "forward looking statements". Actual results may differ materially from those suggested by the forward looking statements due to risks or uncertainties associated with the Company's expectations with respect to, but not limited to:

- General economic and business conditions in the markets in which the Company operate and in the local, regional, national and international economies;
- Changes in laws and regulations relating to the sectors/ areas in which the Company operates;
- Increased competition in the sector/ areas in which the Company operates;

- The Company's ability to successfully implement the growth strategy and expansion plans, and to successfully launch and implement various projects and business plans for which funds are being raised through the Issue;
- The Company's ability to meet the capital expenditure requirements;
- Fluctuations in operating costs;
- Changes in technology;
- Changes in political and social conditions in India or in countries that the Company may enter, the monetary and interest rate policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices;
- The performance of the financial markets in India and globally; and
- Any adverse outcome in the legal proceedings in which the Company is involved.

Neither the Company, Directors, the Lead Manager, nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, the Company, the Lead Manager will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchange for the Equity Shares being offered on a rights basis.

For a further discussion of factors that could cause the Company's actual results to differ, see the sections titled "Risk Factors" beginning on page number [11] of this Draft Letter of Offer respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated.

USE OF MARKET DATA

Unless stated otherwise, macroeconomic and industry data used throughout the Draft Letter of Offer has been obtained from publications prepared by Government sources, industry sources and data generally available in the public domain. Such publications generally state that the information contained therein has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although Company believes that industry data used in the Draft Letter of Offer is reliable; it has not been independently verified.

RISK FACTORS

The investors should consider the following risk factors together with all the information included in the Draft Letter of Offer carefully, in evaluating the Company and its business before making any investment decision. Any projections, forecasts and estimates contained herein are forward looking statements that involve risks and uncertainties. Such statements use forward looking terminology like “may”, “believes”, “will”, “expect”, “anticipate”, “estimate”, “plan” or other similar words. The Company’s actual results could differ from the anticipated in these forward-looking statements as a result of certain factors including those, which are set forth in the “Risk Factor” below.

Materiality:

The Risk Factors have been determined on the basis of their materiality. The following factors have been considered for determining the materiality:

- a) Some events may not be material individually, but may be found material collectively.
- b) Some events may have material impact qualitatively instead of quantitatively.
- c) Some events may not be material at the time of making disclosure in the Draft Letter of Offer but may be having material impacts in the future.

Note: Unless specified or quantified in the relevant risk factors below, Company is not in a position to quantify the financial and other implication of any risks mentioned herein under:

INTERNAL RISK FACTORS

1. Risk arising out of outstanding litigations against the Company and its Group Associate Companies.

The Company and its Group Companies are involved in certain litigations, a summary of which is given hereunder:

Sl. No.	Particulars of Litigations	No. of Cases	Amount in Rs. Lakhs
1.	Litigations filed against the Issuer Company	5	Rs. 2222.03
2.	Litigations filed against the Group Companies	30	Rs.4815.98
3.	Litigations filed by the Issuer Company	28	Rs. 633.37
4.	Litigations filed by the Group Companies	33	Rs.477.37
5.	Litigations filed against/by the Promoters/Directors	-	-

2. The equity shares of the company are listed only on the BSE.

The equity shares of the company were listed on the Bombay Stock Exchange, the Delhi Stock Exchange, the Hyderabad Stock Exchange, the Ahmedabad Stock Exchange, the Madras Stock Exchange and the Calcutta Stock Exchange. Due to the negligible volume of transactions in the regional stock exchanges, the shares of the company were voluntarily delisted from the regional stock exchanges. The shares continue to be listed in the BSE only. However, with the availability of nationwide trading facility at the Bombay Stock Exchange, the investors have wide accessibility for trading in the Equity shares of the company.

3. The Company has incurred losses during the Financial Years ending March 31, 2010, 2008 and 2007.

The Company has reported negative cash flows for the past five financial years and has incurred losses during the financial years ending 2010, 2008 and 2007. The company has made a profit of Rs. 104.62 lakhs during the financial year ended 2009 and Rs. 68.76 Lakhs for the financial year ended 2011. The profit for the FY ended 2011 is basically due to introduction of new species of shrimp called vannamei. The profits of the Company declined during the year 2010 due to low turnover, while the profits for the FY ended 2009 were due to sale of assets. Other conditions influencing the Industry like climate being conducive the company is confident of sustaining this momentum.

4. The object of the issue is to repay the unsecured loan availed from the Promoter Group Company and term loans from banks and hence would not result in the creation of tangible assets.

The Company has availed Unsecured Loans from its Promoter Group Companies and Term Loans from its bankers. As part of the restructuring the company wishes to reduce the debt incurred. The object of the issue is to repay the unsecured loan and interest thereon amounting to Rs. 619 lakhs secured from the Promoter Group Company M/s. Towerbase Ltd and the secured loan of Rs.150 lakhs from Indian City Properties Ltd amounting to Rs.104 lakhs from the State Bank of India and Rs.9 lakhs from the Union Bank of India.

For details please refer to, "Objects of the Issue" on page [46] of this Draft Letter of Offer. The issue proceeds, therefore, shall not result in creation of any tangible asset.

5. Certain Group Companies have incurred and are incurring losses.

The following group Companies have incurred losses in the past and continue to incur losses

- Indicon Logistics Limited
- West Haryana Highways Projects Private Limited
- Thapar Infra Construction Ltd.
- The Silkbase Pvt. Ltd.

For further details please refer to "Financial and Other Information of Group Companies promoted/ Controlled by the Promoters in page [120] of this draft Letter of Offer.

6. The Company has entered into certain related party transactions.

The Company has entered into related party transactions with the promoters, key managerial personal and its group entities. These transactions or any future transactions with the related parties could potentially invite conflicts of interest.

The following are the related party transactions the Company entered into in the last 5 years and up to the period ended 31st December 2011:

		Rs. in lakhs					
Particulars	Nature of Transactions	Period Ended					
		31.12.2011	31.3.2011	31.3.2010	31.3.2009	31.3.2008	31.3.2007
KEY MANAGEMENT PERSONNEL							
Mr. Ashok Nanjapa	Remuneration	13.50	23.40	22.40	21.40	23.20	20.70
Associates							
Gourmet Delhicates sens	Investment in shares	25.00	25.00	Nil	Nil	Nil	Nil
	Sales	5.93	17.46				
	Outstanding	5.45	3.40				
Indian City Properties Ltd	Finance Assistance	205	205	205	205	205	Nil

Towerbase Services Pvt.Ltd	Finance Assistance	575	425	425	Nil	Nil	Nil
	Interest Payable	130.27	102	51			

7. The Company has entered into and will continue to enter into, related party transactions

The Company has in the course of its business entered into transactions with related parties that include its Promoters and companies forming part of its promoter group and may continue to do so in the future. While the Company believes that all such transactions have been conducted on an arm's length basis, there can be no assurance that the Company could not have achieved more favorable terms had such transactions not been entered into with related parties. Furthermore, it is likely that the Company may enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on Company's financial condition and results of operations.

8. The environment sensitive nature of the industry

The Aquaculture industry, till recently was farming a species called "Black Tiger", which is always vulnerable to disease especially the "White Spot Disease". This disease affected the industry to the extent that many farmers refrained from continuing the farming operations. The tsunami added to the woes of the industry. However, the introduction of specific pathogen free Vannamei species has improved the prospects of the shrimp industry. This being a specific pathogen free species, the incidence of disease is expected to be low.

9. The Company is dependent upon the expertise of its Promoters and Key Managerial Personnel for its future performance. Company may be adversely affected if it, for any reason is unable to avail of their expertise.

The Company is dependent on the experience and the continued efforts of its Promoters who have been associated with the Company since inception. The future performance may be affected in the absence of the services of the Promoters. Besides, the key managerial personnel comprises of experienced people from varied backgrounds like engineering, process know-how, marketing etc., who are well qualified in their respective fields and are crucial to the successful functioning of its business.

Company's ability to grow depends largely on its ability to attract, train, motivate and retain such highly skilled personnel. In the event of one or more members of its team being unable or unwilling to continue in their present positions, it may find it difficult to find suitable replacements and as a result its business could be adversely affected.

10. Deployment of issue proceeds is entirely at the discretion of the Issuer and is not subject to any monitoring by any independent agency.

The net proceeds from this Issue are expected to be used as set forth under "Objects of the Issue" on page [46] of this Draft Letter of Offer. The use of the net proceeds is at the Company's sole discretion and is not subject to any monitoring by any independent agency. Accordingly, investors in this Issue have to rely upon the judgment of the management, who will have considerable discretion, with respect to the use of proceeds.

11. The Company is subject to restrictive covenants in certain debt facilities availed from its lenders.

There are restrictive covenants in agreements that the Company has entered into with the bank(s) for borrowings. These restrictive covenants require the Company to seek the prior permission of the said bank(s) for various activities, including amongst others, such as effecting any change in the capital structure, declaration and payment of dividends for any year in case of default on payment of any amount due to the Bank, issuing new securities, changing the

ownership, shareholding pattern, Management etc. Delay or failure to obtain such consents would impact the business operations of the Company.

12. The contingent liabilities could adversely affect the financial condition of the Company.

The Company has given guarantees to Banks, Financial Institutions and also to Government Agencies like Customs Department. The enforcement of the guarantees given will affect the cash flow of the company, thereby affecting performance of the Company. The Company has taken adequate measures to avoid enforcement of such guarantees.

The following guarantees given by banks on behalf of the Company are the contingent liabilities as on 31st December 2011.

Sl. No.	Particulars	Amount (Rs. in Lakhs)
1.	To Commissioner of Customs	86.65
2.	For issue of Anti- dumping Duty	152.83
3.	Loan due to Canara Bank**	--
	Total	239.48

**The Company has availed working capital limits from Canara Bank and as one-time settlement is under discussion, quantification of the interest payable is not possible at this stage.

13. The Company's inability to manage growth may lead to loss of opportunities and may hamper its future growth plans.

While the Company has been generally successful in execution of its business strategy in the past, the same may not hold true in future. Company may be subject to growth-related risks including capacity constraints and pressure on internal systems and controls. Company's inability to deal with such a growth could have a material adverse impact on its business, operations and prospects. In order to manage its current operations and any future growth effectively, it will need to continue to implement and improve its operational, financial and management information systems and to hire, train, motivate, manage and retain its employees. There can be no assurance that it will be able to manage such growth effectively, that its management, personnel or systems will be adequate to support its operations or that it will be able to achieve the increased levels of revenue commensurate with the increased levels of operating expenses associated with such growth. Any failure on its part to scale up infrastructure and management to meet the challenges of rapid growth could cause disruptions to its business and could be detrimental to its long-term business prospects.

14. New Entry of big /organized players into the market.

The entry of new organized players will result in stiff competition. Also the big players will be well equipped with latest technologies. If the Company is not able to face the competition from the new players, it will adversely affect the sales and consequently reduce the market share, which will have an adverse effect on the financial performance of the company.

15. The Company is yet to establish its marketing set up across the country.

At present major activity and market share of the Company is concentrated in the state of Andhra Pradesh. The marketing setup of the Company is gradually expanding to the other states of the country. To establish the business in the new markets it has to incur expenditure on marketing its products. The Company might not be able to establish its products in new

states, which might adversely affect its expansion plans, and reduce its margins and profitability.

16. Increasing thrust on R&D / increasing costs.

The Aqua culture industry is sensitive to environment and the Company is dependent on the healthy catch of shrimp. After introduction of the new species namely Vannamei, and the advancements made in shrimp rearing and feeding technologies, the occurrence of diseases has decreased considerably. However, the industry is prone to environmental changes. The company has an in-built research team to constantly test and monitor its operations. The Company has to constantly upgrade its technologies and its products in order to minimize its dependence on environmental factors.

17. The manufacturing facilities of the Company may be affected by natural calamities.

The manufacturing facility of the company is located on the coastal belt of Andhra Pradesh, which is prone to cyclones and floods. Till date none of the manufacturing facilities have been affected by any such occurrence. However, in future, if or other natural calamity hits the Nellore District, or any other manufacturing facilities of the Company or its farmers, it may have an adverse effect on the operations and business.

18. Any fresh issue of shares / convertible securities in future may not always be in the interest of the existing shareholders at the material time.

The Company is growing and may require further equity issuance to satisfy its capital needs. Any future equity offerings by the Company may lead to dilution of its shareholding or may affect the market price of its Equity Shares. However, the actual amount and timing of future capital requirements may differ from the Company's estimates due to a variety of reasons. The Company may need to raise additional capital from time to time, depending on business requirements. Any fresh issue of shares / convertible securities would dilute the stake of existing holders, and such issuance may not be done on terms and conditions, which are favorable to the existing investors or the Company itself. If the Company decides to raise additional funds through the incurrence of debt, the interest obligations would increase, and may be subject to additional covenants, which could limit its ability to access cash flows from the operations.

19. The Company's operations could be seriously affected in case of industrial unrest at this point.

The Company's production facility is located at only one location and the Company has approximately 170 full-time employees as on the date of this draft Letter of Offer. In case of industrial unrest and / or disruption in the day-to-day functioning of its unit it may face disruption in its production and consequent financial losses. However, there have been no past instances of industrial unrest, in the Company. Further, an increase in labour costs may adversely affect its profitability.

20. Under-utilization, if any, of capacity of its present manufacturing facility may adversely affect its business, results of operations and financial capacity.

The utilization of the capacity depends on various factors like the international demand for the product, and also on the global regulations on import of shrimps into their respective countries. Any, change in these laws may adversely affect the demand for shrimps from India and hence the demand for feed may come down resulting in under utilization of the company's manufacturing capacity.

21. The Company's plants can be affected by technical failures. Any such failure could adversely affect the operations of the Company.

The operations of the Company plants can be affected by technical failures including malfunctioning or breakdown of equipment, which could adversely affect the business, financial condition and the operations of the Company.

22. The insurance coverage taken by the Company may not be adequate to protect against certain business risks.

Operating and managing a business involves many risks that may adversely affect the Company's operations, and thus in order to mitigate these risks to a certain extent, the appropriate risk cover is therefore a need. The Company maintains general liability insurance coverage for its employees, assets, stocks, properties etc. The Company believes that its insurance coverage is generally consistent with industry practice. However, to the extent that any uninsured risks materialize or if it fails to effectively cover it for any risks, it could be exposed to substantial costs and losses that would adversely affect results of operations. In addition, the Company cannot be certain that the coverage will be available in sufficient amounts to cover one or more large claims, or that its insurers will not disclaim coverage as to any claims. A successful assertion of one or more large claims against the Company that exceeds its available insurance coverage or that leads to adverse changes in its insurance policies, including premium increases or the imposition of a large deductible or co-insurance requirement, could adversely affect Company's results of operations.

23. If the Company is not able to obtain, renew or maintain the permits and approvals required to operate its business, this may have a material adverse on its business.

The Company requires certain permits and approvals to operate its businesses and/ or manufacturing facilities, including permits required by the environmental regulatory authorities. There can be no assurance that the relevant authorities will issue any such permits or approvals in the time-frame anticipated by the Company or at all. If the Company fails to renew, maintain or obtain the required permits and approvals, and licenses in a timely manner or at all, it would interrupt its operations.

24. Company's ability to pay dividends in the future will depend upon future earnings, financial condition, cash flows, working capital requirements and capital expenditure.

The Company is yet to declare a dividend. The amount of future dividend payments of the Company, if any, will depend upon its future earnings, financial condition, cash flows, working capital requirements and capital expenditures. There can be no assurance that it will be able to pay dividends in future.

25. Sale of Company's Equity Shares by the Promoters/Promoter Group or other significant shareholders may adversely affect the trading price of the Equity Shares.

Any instance of disinvestments of Equity Shares by the Promoters/ Promoter Group or by other significant shareholders, or any future issuance of convertible securities by the Company, may significantly affect the trading price of its Equity Shares. Such issuances of Equity Shares and convertible securities may dilute the positions of investors in the Equity Shares and could adversely affect the market price of the Equity Shares.

26. There are restrictions on daily movements in the price of the Equity Shares, which may adversely affect a shareholders ability to sell, or the price at which it can sell the Equity shares at a particular point in time.

Company is subject to a daily circuit breaker imposed by all stock exchanges in India, which does not allow transactions beyond specified increases or decreases in the price of the Equity Shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on the Company's circuit breakers is set by the stock exchanges based on the historical volatility in the price and trading volume of the Equity Shares. The stock exchanges do not inform the Company of the percentage limit of the circuit breaker in effect from time to time, and may change it without Company's knowledge. This circuit breaker limits the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, no assurance may be given regarding the ability of the investors to sell their Equity Shares or the price at which investor may be able to sell their Equity Shares at any particular time.

27. There is no guarantee that the Rights Equity Shares will be listed on the Stock Exchanges in a timely manner or at all, and any trading closure at Stock Exchange may adversely affect the trading price of the Equity Shares.

In accordance with Indian law and practice, permission for listing of the Rights Equity Shares will not be granted until those Rights Equity Shares have been issued and allotted. Approval will require all other relevant documents authorizing the issuing of Rights Equity Shares to be submitted. There could be a failure or delay in listing the Rights Equity Shares on Stock Exchange. Any failure or delay in obtaining the approval would restrict investor's ability to dispose of their Equity Shares.

28. The Company's future success depends on its ability to satisfy changing customer demands by offering innovative and competitive products.

The Company's competitors can gain significant advantage if they are able to offer products satisfying customer needs earlier or better than the Company is able to, which could adversely impact its sales and results of operations. There can be no assurance that customers will be receptive to Company's products in the future or that market acceptance of its future products will meet its expectations, in which case it may be unable to realize the intended economic benefits of its investments and its results of operations may be adversely affected.

29. The Company has been cost competitive due to lower wage rates as compared to developed countries. However, increase in wage rates would put pressure on Company's operating margins.

The Company's business is a low margin, volume driven business. It has been cost competitive due to lower wage rates as compared to developed countries. However, increase in wage rates would put pressure on its operating margins, which may have an adverse impact on its profit margins.

30. Compliance with safety or emissions standards relating to Company's products or its manufacturing facilities, or other environmental and governmental regulation, may adversely affect Company's business and results of operations.

As the Company is dealing with living organisms, it is subjected to extensive governmental regulations regarding quality of the products, processing stages, safety and levels of pollutants generated by its production facilities. Some of its project operations are subject to environmental laws and regulations including the Environmental Protection Act 1986, the Air (Prevention and Control of Pollution) Act 1981, the Water (Prevention and Control of Pollution)

Act 1974 and other regulations promulgated by the Ministry of Environment and the Pollution Control Boards (PCBs) of the relevant states. Furthermore, the risk remains that legislation may impose requirements in excess of what the current planned design actions can achieve. While the Company is pursuing various technologies in order to meet the required standards, the costs of compliance with these required standards can be significant to its operations and may adversely impact its results of operations. There can be no assurance that compliance with such laws and regulations will not result in completion delays or material increases in its costs or otherwise have an adverse effect on the financial condition and results of operations. The scope and extent of new environmental regulations, including their effect on its operations, cannot be predicted with certainty. The costs and management time required to comply with these requirements could be significant. The measures implemented in order to comply with these new laws and regulations may not be deemed sufficient by governmental authorities and the Company's compliance costs may significantly exceed the estimates. If the Company fails to meet environmental requirements, it may also be subject to administrative, civil and criminal proceedings by governmental authorities, as well as civil proceedings by environmental groups and other individuals, which could result in substantial fines and penalties against it as well as orders that could limit or halt its operations. There can be no assurance that the Company will not become involved in future litigation or other proceedings or be held responsible in any such future litigation or proceedings relating to safety, health and environmental matters in the future, the costs of which could be material. Clean-up and remedial costs, as well as damages, other liabilities and related litigation, could adversely affect the Company's business, financial condition and results of operations.

31. The Company does not own the premises at which the Corporate Office is located

The Company does not currently own the premises at which its Corporate Office is located. The Company has lease arrangements with third parties and pays rent for the occupation of the premises. The lease may be renewed subject to mutual consent of the lessor and the Company. In the event that the lessor requires the Company to vacate the premises, the Company will have to seek a new premises at short notice and for a price that may be higher than what the Company is currently paying, which may affect its ability to conduct its business or increase its operating costs.

Further, the lease deeds, which need to be registered pertaining to certain premises in possession of the Company if not registered under the provisions of the Registration Act, 1908 and have not been sufficiently stamped in accordance with the Indian Stamp Act, 1899. Consequently, the said lease deed may be inadmissible as evidence in a court of law, unless the defects are rectified.

32. The Company has been declared as a "Non Performing Asset" by Canara Bank. The Bank has lodged litigation against the Company.

The Working Capital Limits of the Company are provided by a Consortium of Banks with State Bank of India being the lead bank and Union Bank of India, State Bank of Hyderabad and Canara Bank being the other members of the consortium. The Company has a dispute on certain decisions of the Canara Bank, which was not in line with the consortium decision.

When the Industry was going through bad phase, the Consortium decided that the Company need to be sanctioned a working capital Term loan limit of Rs. 9 Crores. They also stipulated various conditions, which the company met. However, Canara Bank, decided not to adhere to the Consortium decision, which resulted in the Bank declaring the Company as Non Performing Asset. Further, the Bank also filed a suit in the Debt Recovery Tribunal. Meanwhile, the Company has taken up the issue with Canara Bank for a One-Time Settlement.

The Company's account with the other three banks continues to be Standard.

EXTERNAL RISK FACTORS

33. Recent Global economic conditions have been unprecedented and challenging and have had and continue to have an adverse effect on Indian economy and financial markets. These could have a significant adverse impact on the sales and results of operations of the company.

The Indian Shrimp Industry is mainly dependent on exports. The demand for shrimp is often affected by general economic conditions as well as product use trends of the importing countries. There may be periods during which demand for the shrimp's may come down drastically and be insufficient, which will hamper the operation of the Company's production facilities in an economical manner. The occurrence of such condition is beyond the Company's ability to control and, when they occur, they may have a significant impact on the sales and results of operations.

34. The aquaculture industry is subject to significant regulations.

The aquaculture industry is subject to extensive laws and regulations imposed by government authorities including the Ministry of Environment, the State Pollution Control Boards, environmental laws and regulations relating to Air and Water Control, Waste Disposal etc. Possible future developments, including the promulgation of more stringent environmental laws and regulations and timing of the future enforcement proceedings that may be taken by environment authorities could affect the costs and the manner in which the Company conducts its business and could also result in substantial capital expenditure.

In addition, the Company's licenses and permits are subject to renewal. While the Company anticipates that renewals will be given as and when sought, there is no assurance that such renewals will be given as a matter of course and there is no assurance that new conditions will not be imposed in connection therewith.

Environmental laws and regulations require the Company to incur certain costs, which could be substantial, to operate existing facilities, construct and operate new facilities, and mitigate or remove the effect of past operations on the environment. Governmental regulations establishing environmental protection standards are continually evolving, and, therefore, the character, scope, cost and availability of the measures we may be required to take to ensure compliance with evolving laws or regulations cannot be predicted. To the extent that environmental liabilities are greater than the Company's insurance coverage and the Company is unsuccessful in recovering anticipated insurance proceeds under the relevant policies, the results of operations and financial condition could be materially and adversely affected.

35. A slowdown in economic growth in India or financial instability in Indian financial markets could materially and adversely affect the results of operations and financial condition.

The Company's performance and the growth of the business are dependent on the performance of the Indian economy. India's economy could be adversely affected by a general rise in inflation, interest rates and currency exchange rates. A slowdown in the Indian economy could adversely affect the business, including the Company's ability to implement the strategy and expand the operations. The Indian economy is currently in a state of transition and it is difficult to predict the impact of certain fundamental economic changes upon the business. Conditions outside India, such as slow down in the economic growth of other countries or increases in the price of oil, has an impact on the growth of the Indian economy, and

government policy may change in response to such conditions. Any downturn in the macroeconomic environment in India could adversely affect the price of the shares, business and results of operations.

36. Political, economic and social changes in India could adversely affect the business.

The Government has traditionally exercised and continues to exercise a significant influence over many aspects of the economy. The business, and the market price and liquidity of the shares, may be affected by changes in the Government’s policies, including taxation. Social, political, economic or other developments in or affecting India, acts of war and acts of terrorism could also adversely affect Company’s business. Since 1991, successive governments have pursued policies of economic liberalization and financial sector reforms. However, there can be no assurance that such policies will be continued and any significant change in the Government’s policies in the future could affect business and economic conditions in India in general and could also affect Company’s business and industry in particular.

In addition, any political instability in India or geo political stability affecting India will adversely affect the Indian economy and the Indian securities markets in general, which also could affect the trading price of the Equity Shares. India has also witnessed civil disturbances in recent years. While these civil disturbances have not directly affected the operations of the companies, it is possible that future civil unrest, as well as other adverse social, economic and political events in India, could also adversely affect the business of the Company.

PROMINENT NOTES

1. The net worth of the Company as on 31.12.2011 is Rs.5132.13 Lakhs.
2. The Book value per share of the Company as on 31.12.2011 is Rs. 2.07.
3. For details of interests of the Promoters, Directors and Key Managerial Personnel please refer the sections titled “Management & Corporate Governance” in page no [86], “Key Managerial Personnel” in page no [97] and “Promoters of the Company” in page no [98] of this Draft Letter of Offer.
4. The following are the related party transactions entered into by the Company as on 31st December 2011.

		Rs. lakhs					
Particulars	Nature of Transactions	Period Ended					
		31.12.2011	31.3.2011	31.3.2010	31.3.2009	31.3.2008	31.3.2007
<u>KEY MANAGEMENT PERSONNEL</u>							
Mr. Ashok Nanjapa	Remuneration	13.50	23.40	22.40	21.40	23.20	20.70
<u>Associates</u>							
Gourmet Delhicatessens	Investment in shares	25.00	25.00	Nil	Nil	Nil	Nil
	Sales	5.93	17.46				
	Outstandings	5.45	3.40				
Indian City Properties Ltd	Finance Assistance	205	205	205	205	205	Nil
Towerbase Services Pvt.Ltd	Finance Assistance	575	425	425	Nil	Nil	Nil
	Interest Payable	130.27	102	51			

5. There has been no financing arrangement whereby the Promoters, Promoter Group, the Directors of the Company and their relatives have financed the purchase by any other person of securities of the Company other than in the

normal course of business of the financing entity during the period of six months immediately preceding the date of filing of this Draft Letter of Offer with SEBI.

6. There are no relationships with statutory auditors to the Company other than auditing and certification of financial statements.
7. Investors may note that in case of over subscription, the allotment shall be as per the procedure stated under in the paragraph "Basis of Allotment" in the section "Terms and Procedure of the Issue" on page [195] of this Draft Letter of Offer.
8. All information shall be made available by the Lead Manager and the Company to the public and investors at large and no selective or additional information would be available only to a section of the investors in any manner whatsoever.
9. Investors are free to contact the Lead Manager for any complaints/information/clarification pertaining to this Issue. For contact details of the Lead Manager, please refer to the cover page of this Draft Letter of Offer.
10. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the relevant SCSB, along with complete details of the application in the Issue such as name, address of the applicant, Rights Entitlement, number of Equity Shares applied for, ASBA account number and the Designated Branch of the SCSB where the application was submitted by the ASBA investor.
11. The details of the pending investor complaints as on date of this draft Letter of Offer:

Total Number of Investor Complaints received from 1 st April 2011 to 25 th May 2012	8
Total Number of Investor Complaints resolved from 1 st April 2011 to 25 th May 2012	8
Pending investor Complaints from 1 st April 2011 to 25 th May 2012	Nil

12. The Lead Manager and the Company shall update this Draft Letter of Offer and keep the shareholders/public informed of any material changes till the listing and commencement of trading in the issued securities

SECTION III

INTRODUCTION

THE ISSUE

Pursuant to the resolution passed by the shareholders of the Company at the Annual General Meeting held on September 2, 2011, the company is proposing the following Rights Issue to the Equity shareholders of the company with a right to renounce.

The following is the summary of this issue. This summary should be read in conjunction with, and is qualified in its entirety by more detailed information in the chapter titled "Terms and Procedure of the Issue" on page 195 of this Draft Letter of Offer

Rights Equity Shares being Offered	12867750 Rights Equity Shares
Rights Entitlement for Rights Equity Shares	[1] Rights Equity Share for every [2] Equity shares held on the Record Date
Record Date	[**]
Face value per Rights Equity Share	Rs. 10
Issue price per Rights Equity Share	Rs. 10
Issue Size	Rs. 12,86,77,500
Equity shares Outstanding prior to the Issue	[**] Equity shares of Rs. 10/- each
Equity shares Outstanding after the Issue	[**] Equity shares of Rs. 10/- each
Use of Issue Proceeds	See the chapter titled "Objects of the Issue" on page 46 of this Draft Letter of Offer
Terms and Procedure of the Issue	For more information, please refer to the chapter titled "Terms and Procedure of the Issue" on page 195 of this Draft Letter of Offer.

Terms of Payment

The entire Issue Price will be paid on Application

SUMMARY OF FINANCIAL STATEMENTS

The following tables set forth the summary financial information derived from the audited financial statements for the financial year ended March 31, 2007, 2008, 2009, 2010 & 2011 and for the period ended 31.12.2011. The audited financial statements have been prepared in accordance with the Companies Act,1956, the applicable Accounting Standards and SEBI Regulations and are presented in the section titled "Financial Statements" beginning on page 103 of this Draft Letter of Offer. The summary financial information presented below should be read in conjunction with the financial statements, and the notes thereto.

STATEMENT OF ASSETS AND LIABILITIES

Rs. in Lakhs

	PARTICULARS	As at					
		31.12.11	31.03.11	31.03.10	31.03.09	31.03.08	31.03.07
A	Fixed Assets						
	Gross Block	5,269.90	5,275.65	5,251.48	5,232.93	8,051.98	8,047.71
	Less: Depreciation	3,837.04	3,664.70	3,498.32	3,268.39	4,370.86	4,014.33
	Less: Impairment Provision	-	-	-	-	-	-
	Net Block	1,432.86	1,610.96	1,753.16	1,964.54	3,681.12	4,033.38
	Add: Capital WIP including Capital Advances	62.36	51.28	60.45	50.06	76.93	73.26
	Less: Revaluation Reserve	108.45	108.45	110.36	113.42	-	-
	<i>Net Block after adjustment of Revaluation Reserve</i>	<i>1,386.77</i>	<i>1,553.79</i>	<i>1,703.25</i>	<i>1,901.18</i>	<i>3,758.05</i>	<i>4,106.64</i>
B	Investments	39.70	37.70	12.70	12.70	50.82	-
C	Current Assets, Loans & Advances						
	Inventories	3,201.97	2,960.04	4,454.25	4,106.04	4,137.49	3,922.34
	Sundry Debtors	4,106.35	3,324.93	3,048.24	3,807.74	3,730.03	4,247.53
	Cash and Bank Balances	1,218.48	1,033.75	760.61	798.61	290.74	449.59
	Loans and Advances	1,351.37	1,699.29	1,650.43	2,101.67	2,063.60	2,091.30
	Deferred Tax Asset (Net)	354.02	354.02	260.43	3.95	-	26.97
	TOTAL ASSETS (A+B+C)	11,658.66	10,963.52	11,889.91	12,731.89	14,030.73	14,844.37
D	Liabilities and Provisions						
	Secured Loans	1,144.85	1,696.52	1,965.15	2,022.38	3,602.49	3,912.12
	Unsecured Loans	783.48	425.00	425.00	-	-	-
	Current Liabilities and Provisions	4,598.20	4,189.67	4,918.11	5,770.18	6,514.87	6,695.04
	Deferred Tax Liability (Net)	-	-	-	-	25.55	-
	TOTAL LIABILITIES & PROVISIONS	6,526.53	6,311.19	7,308.26	7,792.56	10,142.91	10,607.16
E	Net Worth (A+B+C-D)	5,132.13	4,652.33	4,581.65	4,939.33	3,887.82	4,237.21
F	Represented by						

	I. Equity Share Capital	2,473.55	2,473.55	2,473.55	2,473.55	2,473.55	2,473.55
	Reserves - Securities Premium Account	1,173.49	1,173.49	1,173.49	1,173.49	1,173.49	1,173.49
	General Reserve	1,593.54	1,113.74	1,044.97	1,405.71	240.78	590.17
	Less: Revaluation Reserve	108.45	108.45	110.36	113.42	-	-
	II. Reserves (Net of Revaluation Reserve and P&L A/c)	2,658.58	2,178.78	2,108.10	2,465.78	1,414.27	1,763.66
	<i>TOTAL(I+II) - NET WORTH</i>	<i>5,132.13</i>	<i>4,652.33</i>	<i>4,581.65</i>	<i>4,939.33</i>	<i>3,887.82</i>	<i>4,237.21</i>

STATEMENT OF PROFIT AND LOSS ACCOUNT

Rs. Lakhs

PARTICULARS	As at					
	31.12.11	31.03.11	31.03.10	31.03.09	31.03.08	31.03.07
INCOME						
Sales:						
of Products Manufactured	8,525.43	4,581.13	2,728.33	2,756.38	3,834.79	5,849.95
of Products Traded	-	-	-	560.58	-	-
Total	8,525.43	4,581.13	2,728.33	3,316.96	3,834.79	5,849.95
Other Operational Income	87.73	36.88	34.90	17.67	130.09	102.82
Other Income	33.42	86.55	154.81	95.90	103.42	378.20
(Increase)/Decrease in Inventories	(131.59)	16.23	(59.61)	(31.45)	655.15	(20.12)
TOTAL	8,514.99	4,720.79	2,858.43	3,399.08	4,723.45	6,310.85
Expenditure						
Raw Material Consumed	5,870.41	2,802.59	1,649.77	2,518.06	2,941.45	3,866.79
Staff Cost	405.39	408.05	349.30	388.78	400.47	402.34
Other Manufacturing Expenses	540.69	544.97	365.31	444.07	453.47	574.93
Administration Expense	119.80	149.35	298.19	1,519.99	152.61	174.53
Selling Distribution Expenses	697.72	384.66	230.36	282.35	332.05	871.74
TOTAL	7,634.01	4,289.62	2,892.93	5,153.25	4,280.05	5,890.33
Earnings before Depreciation, Interest and Tax	880.98	431.17	(34.50)	(1,754.17)	443.40	420.52
Impairment Loss						-
Depreciation	177.38	233.79	231.05	270.54	359.28	366.01
Interest	110.73	188.92	175.55	485.22	638.63	553.58
TOTAL	288.11	422.71	406.60	755.76	997.91	919.59
Profit before tax & Extraordinary Items	592.87	8.46	(441.10)	(2,509.93)	(554.51)	(499.07)
Taxation						
Current Tax	101.50	-	-	-	-	-
Earlier Years Tax	11.57	-	-	-	-	-
Deferred Tax	-	(55.11)	(38.47)	(52.78)	(78.12)	(75.57)
Fringe Benefit Tax	-	-	-	15.34	1.63	10.00
TOTAL	113.07	(55.11)	(38.47)	(37.44)	(76.49)	(65.57)
Net Profit before Exceptional Items	479.80	63.57	(402.63)	(2,472.49)	(478.02)	(433.50)
Exceptional Items *	-	5.19	41.89	2,577.11	47.32	233.58
Net Profit After Tax & Exceptional Items	479.80	68.76	(360.74)	104.62	(430.70)	(199.92)
Balance Carried forwarded to Balance Sheet	479.80	68.76	(360.74)	104.62	(430.70)	(199.92)

* In the year 2008-09 Administrative Expenses and Exceptional items include Profit/(Loss) on sale of Fixed Assets

STATEMENT OF CASH FLOWS

Rs Lakhs

	PARTICULARS	As at					
		31.12.11	31.03.11	31.03.10	31.03.09	31.03.08	31.03.07
A.	Cash Flow from Operating Activities						
	Net Profit Before Taxation	581.31	13.65	(399.21)	67.18	(507.19)	(265.49)
	Adjustment for						
	Depreciation	-	233.79	231.05	270.54	359.28	366.01
	Depreciation Reserve on Deleted Assets	(5.04)	(67.41)	(1.11)	(1,373.01)	(2.75)	(42.48)
	General Reserve	177.39	(51.30)	(201.77)	999.71	159.43	1,016.21
	Revaluation Reserve	-	(1.91)	(3.06)	113.42	-	-
	Interest Income	0	6.00	10.30	(11.65)	(18.99)	(18.99)
	Interest Paid	110.73	194.92	185.85	496.87	657.62	572.58
	Operating Profit before working Capital Change	864.39	327.74	(177.95)	563.06	647.40	1,627.84
	Adjustment for						
	Changes in Inventories	(241.93)	1,494.21	(348.21)	31.45	(215.15)	174.20
	Changes in Sundry Debtors	(781.42)	(276.69)	759.50	(77.71)	517.50	(978.35)
	Changes in Loans & Advances	340.91	(87.33)	416.95	(95.02)	11.37	(587.88)
	Changes in Current Liabilities & Provisions	415.54	(728.44)	(441.38)	(967.40)	(189.44)	1,498.38
	Cash Generated from Operating Activities	(266.90)	401.75	386.86	(1,108.68)	124.28	106.35
	Tax Expenses	101.50	(55.11)	(38.47)	(37.44)	(76.49)	(65.57)
	Net Cash Flow from Operating Activities	495.99	784.60	247.38	(508.18)	848.17	1,799.76
B.	Cash Flow from Investing Activities						
	Additions to Fixed Assets (including WIP)	(23.98)	(212.89)	(49.01)	(88.97)	(18.11)	(90.72)
	Additions to Fixed Assets - on Revaluation	-	-	-	(1,060.33)	-	-
	Deletion of Fixed Assets	18.65	195.98	17.01	3,048.30	10.17	91.07
	Deletion of Fixed Assets - on Revaluation	-	-	-	946.90	-	-
	(Increase)/decrease in Investments	(2.00)	(25.00)	-	38.12	(50.82)	40.00
	Interest Received	-	(6.00)	(10.30)	11.65	18.99	18.99
	Net Cash Flow used in Investing activities	(7.33)	(47.91)	(42.30)	2,895.67	(39.77)	59.34
C.	Cash Flow from Financing Activities						
	Increase/(Decrease) in borrowings	(193.20)	(268.63)	(57.23)	(1,382.75)	(309.63)	(1,158.40)
	Interest Payments	(110.73)	(194.92)	(185.85)	(496.87)	(657.62)	(572.58)

	Net Cash Flow used in Financing activities	(303.93)	(463.55)	(243.08)	(1,879.62)	(967.25)	(1,730.98)
	Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	184.73	273.14	(38.00)	507.87	(158.85)	128.12
	Cash and Cash Equivalents (Opening Balance)	1,033.75	760.61	798.61	290.74	449.59	321.47
	Cash and Cash Equivalents (Closing Balance)	1,218.48	1,033.75	760.61	798.61	290.74	449.59

GENERAL INFORMATION

Pursuant to the resolutions passed by Board of Directors of the Company at their meeting held on July 22, 2011 and subsequent resolution by the Shareholders of the Company at the Annual General Meeting of the Company held on September 2, 2011 it has been decided to make the following offer to the Equity Shareholders of the Company, with a right to renounce:

The issue of 12867750 Equity Shares with a face value of Rs.10 each for cash at a price of Rs.10 each aggregating to Rs. 12,86,77,500 by the Company to the Equity Shareholders on rights basis in the ratio of 1 [ONE] Equity Share for every 2 [TWO] Equity Shares held on the record date, i.e., []. The rights equity shares are being issued at the Face value i.e. Rs. 10/- (Ten).**

REGISTERED OFFICE OF THE COMPANY	THE WATERBASE LIMITED Ananthapuram Village T.P. Gudur Mandal, Nellore – 524 344 Andhra Pradesh Telephone: 0861 – 2165009,2165021,2165023 E-Mail: waterbasenellore@rediffmail.com Website:waterbaseindia.com
ADDRESS OF THE PLANT	Ananthapuram Village T.P. Gudur Mandal, Nellore – 524 344 Andhra Pradesh E-Mail: waterbasenellore@rediffmail.com
CORPORATE OFFICE OF THE COMPANY	No. 22, Sadasivam Street Off Lloyds Road, Gopalapuram Chennai – 600 086, Tamil Nadu Telephone: 044 – 28113682,28110684 Fax: 044 - 28113681 E-Mail: waterbasechennai@rediffmail.com
REGISTRATION NUMBER	55-42339
CORPORATE IDENTIFICATION NUMBER	L05005AP1987PLC018436
ADDRESS OF THE REGISTRAR	Data Software Research Company Pvt. Ltd 19, Pycrofts Garden Road, Off. Haddows Road, Nungambakkam, Chennai 600 006. Telephone: 044 – 28212154,28212207 Fax: 044 - 28212133 E-Mail: thewaterbase@dsrc-cid.in

BOARD OF DIRECTORS

The Board of Directors of the Company are:

Sl. No.	Name	Nationality	Designation	Address
1.	Vikramaditya Mohan Thapar DIN: 00030967	Indian	Chairman - Non Executive Promoter Director	E-67, Vasant Marg, Vasant Vihar, New Delhi, 110057, Delhi, India
2.	Anil Kumar Bhandari DIN: 00031194	Indian	Non Executive Independent Director	No. 12, Ali Asker Road, Bangalore, 560052, Karnataka, India
3.	Jyoti Thapar DIN: 00031035	Indian	Non Executive Promoter Director	E-67, Vasant Marg, Vasant Vihar, New Delhi, 110057, Delhi, India
4.	Adarsh Saran DIN: 00031185	Indian	Non Executive Promoter Director	53/4, Hazara Road, Kolkata, 700019 West Bengal, India
5.	Deepak Harischandra Summanwar DIN: 02017830	Indian	Non Executive Independent Director	Deepak Prakash, 8 Nilgiri Lane, off Baner Road, Aundh Pune, 411007, Maharashtra, India
6.	Nakul Kamani DIN: 00891344	Indian	Non Executive Independent Director	Dharamchand Mansion, 4, Inner Circle Road, Jamshedpur, 831001, Jharkhand, India
7.	Ayesha Thapar DIN: 02882399	Indian	Non Executive Promoter Director	E-67, Vasant Marg, Vasant Vihar, New Delhi, 110057, Delhi, India
8.	Ranjit Mehta DIN: 03172264	Indian	Non Executive Independent Director	B 8/12 Vasant Vihar, New Delhi, 110057, Delhi, India

For further details please refer to section "MANAGEMENT & CORPORATE GOVERNANCE" on page [86] of this Draft Letter of Offer

LISTING

The existing Equity Shares of the Company is listed on the Bombay Stock Exchange Limited (BSE). The Equity Shares had been voluntarily de-listed from the following stock exchanges

- Delhi Stock Exchange (DSE) vide their letter DSE/LIST/6411/NR/190 dated October 22, 2003.
- Hyderabad Stock Exchange (HSE) vide their letter HSE:LIST:2003:379 dated September 23, 2003.
- Ahmedabad Stock Exchange (ASE) vide their letter ASE/2003/2801 dated October 24, 2003.

- Madras Stock Exchange (MSE) vide their letter MSE/LD/PSK/731/754/03 dated November 4, 2003 and
- Calcutta Stock Exchange (CSE) vide their letter dated August 31, 2004.

The Equity Shares offered through this Letter of Offer are proposed to be listed on BSE. The Designated Stock Exchange for this issue is the BSE. The Company has received in-principle approvals from BSE for the listing of the Equity Shares to be allotted pursuant to the Issue, vide letter number ***** dated ****.

COMPANY SECRETARY & COMPLIANCE OFFICER

Ms. Suguna Krishnamurthy

Address: No. 22, Sadasivam Street
Off Lloyds Road, Gopalapuram
Chennai – 600 086, Tamil Nadu
Telephone: 044 – 28113682, 28110684
Fax: 044 - 28113681
Mobile: 94484 65658
E-Mail: waterbasechennai@gmail.com

BANKERS TO THE COMPANY

State Bank of India - Overseas Branch

Old No. 21, New No. 86
Rajaji Salai, Chennai – 600 001
Telephone: 91-44-2525 5731
Fax: 91-44-2525 5735
E-Mail: rmiii.04804@sbi.co.in
Website: www.statebankofindia.com
Contact Person: Mr. M. Yoganand , Chief Manager & RM III

Union Bank of India - Overseas Branch

Riaz Garden, 12/13 , Kodambakkam High Road
Nungambakkam, Chennai – 600 034
Telephone: 91-44-2346 0771
Fax: 91-44-2346 0769
E-Mail: overseaschennai@unionbankofindia.com
Website: www.unionbankofindia.co.in
Contact Person: Mr. T. Ranganathan, Chief Manager

State Bank of Hyderabad

Industrial Finance Branch
First Floor, 45 Second Line Beach
Chennai – 600 001
Telephone: 91-44-2534 1469
Fax: 91-44-2535 0059
E-Mail: sbhifbchn@vsnl.net
Website: www.sbhyd.com
Contact Person: Mr. Jeevan Reddy, Chief Manager

ISSUE MANAGEMENT TEAM

LEAD MANAGER TO THE ISSUE

INDBANK MERCHANT BANKING SERVICES LIMITED

1st Floor, Khivraj Complex 1,
No. 480 Anna Salai, Nandanam,
Chennai 600 035
Telephone: 91-44-2431 3094 – 97
Fax: 91-44-2431 3093
E-Mail: mbachennai@indbankonline.com
Website: www.indbankonline.com
Contact Person: Ms. S Rajalakshmi
SEBI Registration Number: INM000001394

REGISTRAR TO THE ISSUE

DATA SOFTWARE RESEARCH COMPANY PRIVATE LIMITED

19, Pycrofts Garden Road, Off. Haddows Road,
Nungambakkam, Chennai 600 006.
Telephone: 044 – 28212154, 28212207.
Fax: 044 – 28212133.
E-Mail: thewaterbase@dsrc-cid.in
Contact Person: S Chandrasekaran, Manager
SEBI Registration Number: INR 000000403

LEGAL ADVISOR TO THE ISSUE

S A RAJAN

Advocate
9/5, Mayor Sathyamurthy Road,
Chetpet, Chennai 600 031
Telephone: 91-44-28362386 / 28362396
Mobile: 91-9840027846
E-Mail: sarajanlaw@gmail.com
Website: www.rajanelaw.com
Contact Person: S A Rajan

AUDITORS

MITRA KUNDU & BASU

Chartered Accountants,
1, Acharya J C Bose Road,
Kolkata 700 020
Telephone: 91- 33- 22827501/22828811/22820370
Fax: 91-33-22823966
E-Mail: mitrakundubasu@yahoo.com
Contact Person: S Das, Membership No: 051391
Firm Registration No: 302061E

BANKERS TO THE ISSUE

STATE BANK OF INDIA – CAPITAL MARKET BRANCH,

Videocon Heritage (Killick House), Ground Floor,
Charanjit Rai Marg, Fort
Mumbai 400 001.

Telephone: 91-22-22094932 / 22094927

Fax: 91-22-22094921 / 22094922

E-Mail: nib.11777@sbi.co.in / sbi11777@yahoo.co.in

Website: www.statebankofindia.com

Contact Person: R K Prasad

SEBI Registration Number: INBI00000038

Note: Investors are advised to contact the Registrar to the Issue/ Compliance Officer in case of any pre issue / post issue related problems such as non-receipt of letters of allotment/Composite Application Form/ Share Certificates/ credit of allotted Equity Shares in the respective beneficiary accounts, refund orders etc.

MONITORING AGENCY

As this being an Issue of Equity Shares for less than Rs.50,000 lacs appointment of monitoring agency in terms of sub-regulation (1) of Regulation 16 of the SEBI (ICDR) Regulations 2009 is not required. The Board of Directors / Committee authorized by the Board of Directors will monitor the use of the proceeds of this Issue as per clause 49 of the Listing Agreement.

SELF CERTIFIED SYNDICATE BANKERS

The list of banks that have been notified by SEBI to act as SCSB for the ASBA Process are provided on <http://www.sebi.gov.in/pmd/scsb.pdf>. For details on designated branches of SCSBs collecting the ASBA Bid cum Application Form, please refer the above mentioned SEBI website.

APPLICATIONS SUPPORTED BY BLOCKED AMOUNT (ASBA): Eligible Equity Shareholders may apply through ASBA process. ASBA can be availed by all the Eligible Equity Shareholders. The Eligible Equity Shareholders are required to fill the ASBA form and submit to their bank which in turn will block the amount in the account as per the authority contained in ASBA form and undertake other tasks as per the specified procedure. On allotment, amount will be unblocked and account will be debited only to the extent required to pay for allotment of shares. Hence there will be no need of refunds etc. ASBA form can be submitted to several banks, the list of such banks are given in the ASBA form and is available on website of SEBI at www.sebi.gov.in.

For more details on the ASBA process, please refer to the details given in ASBA form and also please refer to the section “Terms and Procedure of the Issue” beginning on page [195] of this Draft Letter of Offer.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, Amount Blocked, ASBA account number and the Designated Branch of the SCSB where the CAF was submitted by the ASBA Investors.

STATEMENT OF INTERSE ALLOCATION OF RESPONSIBILITIES AMONGST LEAD MANAGER

Indbank Merchant Banking Services Ltd is the sole Lead Manager to the Issue and all the responsibilities relating to co-ordination and other activities in relation to the Issue shall be performed by them.

CREDIT RATING

This being a Rights Issue of Equity Shares, no credit rating is required.

IPO GRADING

This being a Rights Issue of Equity Shares, IPO Grading is not required.

DEBENTURE TRUSTEES

As this Issue consists of issue of Equity Shares, the appointment of Debenture Trustee is not required.

PROJECT APPRAISAL / APPRAISING AGENCY

The requirement and the proposed utilization of proceeds from the Issue have been estimated by the Company and the same has not been appraised by any bank, financial institution or other independent agency.

BOOK RUNNING PROCESS DETAILS

Not Applicable.

UNDERWRITING

The issue is not underwritten and the company has not entered into any Underwriting Agreement with the Lead Manager.

IMPERSONATION

As a matter of abundant caution, attention of the applicants is specifically drawn to the provisions of subsection (1) of Section 68A of the Companies Act, 1956 which is reproduced below:

“Any person who

(a) makes in a fictitious name an application to a company for acquiring, or subscribing for, any shares therein, or

(b) otherwise induces a company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment of a term which may extend to five years.”

MINIMUM SUBSCRIPTION

If the Company does not receive the minimum subscription of 90% of the Issue on the Issue Closing Date, the Company shall forthwith refund the entire subscription amount received within 15 days from the Issue Closing Date. If such money is not repaid within eight days from the day the Company becomes liable to repay it, the Company and every Director of the Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to repay the money with interest as prescribed under Section 73 of the Companies Act.

ALLOTMENT LETTERS / REFUND ORDERS

The Company will issue and dispatch Allotment advice/ share certificates/demat credit and/or letters of regret along with refund order or credit the Allotted Equity Shares to the respective beneficiary accounts, if any, within a period of fifteen (15) days from the

Issue Closing Date. If such money is not repaid within eight days from the day the Company becomes liable to repay it, (i.e. 15 days after the Issue Closing Date or the date of the refusal by the BSE, whichever is earlier), then the Company and every Director of the Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to repay the money with interest as prescribed under Section 73 of the Companies Act.

In case of those applicants who have opted to receive their Rights Entitlement in physical form, the Company will issue the corresponding share certificates under section 113 of the Companies Act or other applicable provisions if any. Investors are requested to preserve such letters of Allotment, which would be exchanged later for the share certificates. For more information see —Terms and Procedure of the Issue on page [195] of this Draft Letter of Offer.

DECLARATION BY THE BOARD ON CREATION OF SEPARATE ACCOUNT

The Board of Directors declares that funds received against this Issue will be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act, 1956.

PRINCIPAL TERMS OF LOANS AND ASSETS CHARGED AS SECURITY AS ON 31.12.2011

The Company has availed debt facilities from a Consortium of Banks with State Bank of India being the leader of the Consortium. State Bank of Hyderabad, Union Bank of India and Canara Bank are the other members of the Consortium. The details of the facilities availed are detailed below:

Type of Loan: SECURED LOAN

Rs. in Lakhs						
Sl. No.	Name of the Lender	Amount Sanctioned (Rs. in Lakhs)	Principal outstanding as on 31.12.2011	Rate of Interest	Repayment Schedule	Details of Security
A. WORKING CAPITAL LIMITS						
1.	State Bank of India	2098	725	SBI Base Rate* + 6.75%	On Demand	Paripassu Charge on Stocks, Book Debts. Paripassu 1 st charge Land, Buildings, Plant & Machinery.
2.	Union Bank of India	1300	190	16%	On Demand	Paripassu Charge on Stocks, Book Debts. Paripassu 1 st charge Land, Buildings, Plant & Machinery.
3.	State Bank of Hyderabad	903	57	SBI Base Rate* + 6.75%	On Demand	Paripassu Charge on Stocks, Book Debts. Paripassu 1 st charge Land, Buildings, Plant & Machinery.

4.	Canara Bank**	780	799	BPLR + 2%	NA	Paripassu Charge on Stocks, Book Debts. Paripassu 1 st charge Land, Buildings, Plant & Machinery.
5.	Canara Bank – NFB**	540	123			
6.	Indian City Properties Ltd.	205	205	-	On Demand	Paripassu 1 st charge on Land, Buildings, Plant & Machinery.

*The Base Rate of State Bank of India as on 31.3.2012 is 16.75%

** The approvals from Canara Bank are as on 26.06.2007. The Bank has initiated legal proceedings against the Company and the Case is under progress.

The Company has also availed a un-secured loan from M/s. Towerbase Services Pvt. Ltd., a group company. The details of the same are given below:

Type of Loan: UN- SECURED LOAN

Rs. in Lakhs					
Sl. No.	Name of the Lender	Amount Sanctioned	Principal outstanding as on 31.12.2011	Rate of Interest	Repayment Schedule
1.	Towerbase Services Private Ltd.	575	575	12%	On Demand

CAPITAL STRUCTURE

The share capital structure of the company and the related information is detailed below:

Particulars	Aggregate Nominal Value	Aggregate Value at Issue Price
AUTHORISED SHARE CAPITAL	45,00,00,000	45,00,00,000
Equity Capital	5,00,00,000	5,00,00,000
Preference Capital		
Total	50,00,00,000	50,00,00,000
ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL BEFORE THE ISSUE	25,73,55,000	25,73,55,000
PRESENT ISSUE		
12867750 Rights Equity Shares of Rs. 10/- each at a price of Rs. 10 [TEN]/- per Rights Equity Share	12,86,77,500	12,86,77,500
PAID UP EQUITY SHARE CAPITAL AFTER THE ISSUE		
[**] Equity Shares of Rs. 10/- each	38,60,32,500	38,60,32,500
SHARE PREMIUM ACCOUNT		
Before the Issue	11,73,49,276	11,73,49,276
After the Issue	11,73,49,276	11,73,49,276

NOTES TO THE SHARE CAPITAL STRUCTURE

1. SHAREHOLDING – PROMOTER & PROMOTER GROUP

Sr. No.	Name of the Shareholder	Total shares held		Shares pledged or otherwise encumbered		
		Number	As a % of grand total (A)+(B)+(C)	Number	As a percentage	As a % of grand total (A)+(B)+(C) of sub-clause (I)(a)
(I)	(II)	(III)	(IV)	(V)	$\frac{(VI)=(V)}{(III)*100}$	(VII)
1	Inder Mohan Thapar	7500	0.03	-	-	-
2	Adarsh Saran	13800	0.05	-	-	-
3	Vikramditya Mohan Thapar	50000	0.19	-	-	-
4	Jyoti Thapar	73500	0.29	-	-	-
5	Nitasha Thapar	50000	0.19	-	-	-
6	Ayesha Thapar	50000	0.19	-	-	-
7	Varun aditya Thapar	169800	0.66	-	-	-
	TOTAL (A)	414600	1.61	-	-	-
8	Karamchand Thapar & Bros (CS) Ltd	5937906	23.07			
9	Central India Agencies P Ltd	57400	0.22	-	-	-
10	Karamchand Thapar & Bros (J&K) P Ltd	20000	0.08	-	-	-
11	The Doaba Industrial & Trading Co P Ltd	180000	0.70	-	-	-
12	The Punjab Business & Supply Co P Ltd	30000	0.12	-	-	-
13	Indian City Properties Ltd	382470	1.49	-	-	-
14	Towerbase Services Pvt Ltd	1215736	4.72	-	-	-
	TOTAL (B)	1885606	7.33	-	-	-
	TOTAL (A+B)	8238112	32.01	-	-	-

2. Details of Locked-in Shares as on date of filing of this Draft Letter of Offer

Sr. No.	Name of the Shareholder	Number of locked-in shares	Locked-in shares as a percentage of total number of shares (i.e. Grand Total (A)+(B)+(C) indicated in Statement at Para (I)(a) above)
1	Towerbase Services Pvt Ltd	1215736	4.72

3. SHARE CAPITAL HISTORY OF THE COMPANY

Public Issue Date	Date of allotment	Number of equity shares	Nature of allotment	Face value (Rs.)	Issue price (Rs.)	Nature of consideration	Cumulative no. of equity shares	Cumulative share capital (Rs.)	Cumulative share premium account (Rs.)
1991-92	1991-92	6564066	Public	10	10	Cash	6564066	65640660	0
	1992-93	10670934	Public	10	10	Cash	17235000	172350000	0
1994-95	1995	7500500	Public	10	48	Cash	24735500	247355000	285019000
2011-12	18.01.2012	1000000	Preferential	10	10	Cash	25735500	257355000	117349276
		25735500							

4. HISTORY OF PREFERENTIAL ALLOTMENT OF EQUITY SHARES OF THE COMPANY

The Company has recently completed the Preferential allotment of 10,00,000 equity shares to its promoter group company M/s. Towerbase Services Private Limited at a price of Rs. 10/- per share. The Board of Directors of the Company approved the preferential allotment at its meeting held on 22.07.2011 and the approval of the Shareholders was obtained on AGM held on 02.09.2011. The in- Principle approval for the preferential allotment was obtained from the BSE on 10.01.2012 and the shares were allotted to M/s. Towerbase Services Private Limited on 18.01.2012. The trading approval for the preferential allotment was obtained from the BSE on 08.05.2012 and the listing approval on 26.03.2012.

Date of allotment	Number of equity shares	Face value (Rs.)	Issue price (Rs.)	Nature of consideration	Cumulative no. of equity shares	Cumulative share capital (Rs.)	Cumulative share premium account (Rs.)
18.01.2012	1000000	10	10	Cash	25735500	25735500	117349276

- The Promoters and Promoter Group, Directors of the Company and their immediate relatives have not purchased or sold directly or indirectly, any Equity Shares during a period of one year immediately preceding the date of this Draft Letter of Offer except as stated above.
- Intent and Extent of Participation by Promoters / Promoter Group:** The Promoters / Promoter group companies have confirmed, by their letter dated 24th February 2012 that they shall subscribe to the full extent of their Rights Entitlement in the Issue. They would also be subscribing to the unsubscribed portion of the Rights Issue, if any. The allotment of any unsubscribed portion of the Rights Issue shall be in compliance with the applicable laws/ rules in this regard. As a result of subscription to their Rights Entitlement, any unsubscribed portion and consequent allotment, Promoters/ Promoter Group may acquire Rights Equity Shares over and above their Rights Entitlement in this Issue. The subscription and acquisition of such additional Rights Equity Shares by the Promoters/Promoter Group, if any, will not result in change of control of the management of the Company. Allotment to the Promoters/Promoter Group of any unsubscribed portion of the Rights Equity Shares, over and above their Rights Entitlement, if exercised, shall be done in compliance with applicable laws.

7. Shareholding Pattern of the Company

The shareholding pattern of the Company as on date of this Draft Letter of Offer is:

Category Code	Category of Shareholder	Number of shareholders	Total number of shares	Total shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
				As a percentage of (A+B)	As a percentage of (A+B+C)	Number of shares	As a percentage
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(IX) = (VII) / (IV) * 100
(A)	Promoters and Promoter Group						
(1)	Indian						
(a)	Individuals/ Hindu Undivided family	7	414600	1.61	1.61		-
(b)	Central Government/ State Government(s)	-					
(c)	Bodies Corporate	1	5937906	23.07	23.07	-	-
(d)	Financial Institutions/ Banks	-	-	-	-		
(e)	Group Companies	6	1885606	7.33	7.33		
	Sub-Total (A)(1)	14	8238112	32.01	32.01	-	-
(2)	Foreign						
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	-	-	-	-		
(b)	Bodies Corporate	-	-	-	-		
(c)	Institutions	-	-	-	-		
(d)	Any other (Specify)	-	-	-	-		
	Sub-Total (A)(2)					-	-
	Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	14	8238112	32.01	32.01	-	-
(B)	Public Shareholding					NA	NA
(1)	Institutions					NA	NA
(a)	Mutual Funds/ UTI	4	7000	0.03	0.03		
(b)	Financial Institutions/ Banks	2	434	0.00	0.00		
(c)	Central Government/State Government(s)	-	-				
(d)	Venture Capital Funds	-	-				
(e)	Insurance Companies	-	-				

(f)	Foreign Institutional Investors	1	1600	0.01	0.01		
(g)	Foreign Venture Capital Investors	-	-		-		
(h)	Any other (Specify)						
	Sub-Total (B)(1)	7	9034	0.04	0.04		
(2)	Non-Institutions					NA	NA
(a)	Bodies Corporate	327	2910409	11.31	11.31		
(b)	Individuals - i Individual shareholders holding nominal share capital upto Rs.1 lakh. ii. Individual shareholders holding nominal share capital in excess of Rs.1 lakh	19522	5886511	22.87	22.87		
		81	3533097	13.73	13.73		
(c)	Any other (Specify)						
	Non Resident Individuals	43	1881022	7.31	7.31		
	Non Domestic Company	6	3245400				
	Clearing Members	23	31915				
	Sub-Total (B)(2)	20002	17488354	67.95	67.95		
	Total Public Shareholding (B)=(B)(1)+B(2)	20009	17497388	67.99	67.99	NA	NA
	TOTAL (A) + (B)	20023	25735500	100.00	100.00		
(C)	Shares held by Custodians and against which Depository Receipts have been issued	-	-	NA	-	NA	NA
	GRAND TOTAL (A)+(B)+(C)	20023	25735500	NA	100.00		

Details of Shareholders holding more than 1% (One Percent) of the share capital in the Company as on date of this Draft Letter of Offer is as follows:

Sr. No.	Name of the Shareholder	Number of Shares	Shares as a percentage of total number of shares (i.e. Grand Total (A)+(B)+(C) indicated in Statement at Para (I)(a) above)
1	JCT Limited	1450000	5.63
2	Indo Oceanic Investments Ltd	2475000	9.62
3	Nishita Shah	797500	3.10
4	Hitesh Ramji Javeri	730000	2.84
5	Nead Trading & Investments Ltd	520000	2.02
6	Harsha Hitesh Jahaveri	500000	1.94
	TOTAL	6472500	25.15

8. Top Ten (10) Shareholders

a. As on date of filing of this Draft Letter of Offer

Sl. No.	Name of the shareholder	Number of shares	Shares as a percentage of total number of shares
1	Karamchand Thapar & Bros (CS) Ltd.	5937906	23.07
2	Indo Oceanic Investments	2475000	9.62
3	JCT Ltd	1450000	5.63
4	Towerbase Services Pvt. Ltd.	1215736	4.72
5	Nishita Shah	797500	3.10
6	Hitesh Ramji Jhaveri	730000	2.84
7	Nead trading and Investments Ltd	520000	2.02
8	Harsha Hitesh Jhaveri	500000	1.94
9	Indian City Properties Ltd	382470	1.49
10	Religare Securities Ltd	251585	0.98
	TOTAL	14260197	55.41

b. As on Ten Days (10 days – 15.05.2010) prior to the date of filing of the Draft Letter of Offer

Sl. No.	Name of the shareholder	Number of shares	Shares as a percentage of total number of shares
1	Karamchand Thapar & Bros (CS) Ltd.	5937906	23.07
2	Indo Oceanic Investments	2475000	9.62
3	JCT Ltd	1450000	5.63
4	Towerbase Services Pvt. Ltd.	1215736	4.72
5	Nishita Shah	797500	3.10
6	Hitesh Ramji Jhaveri	730000	2.84
7	Nead trading and Investments Ltd	520000	2.02
8	Harsha Hitesh Jhaveri	500000	1.94
9	Indian City Properties Ltd	382470	1.49
10	Religare Securities Ltd	251585	0.98
TOTAL		14260197	55.41

c. As on Two Years (2 years – 25.05.2010) prior to the date of filing of the Draft Letter of Offer

Sl. No.	Name of the shareholder	Number of shares	Shares as a percentage of total number of shares
1	Karamchand Thapar & Bros (CS) Ltd.	5660000	22.88
2	Indo Oceanic Investments	2475000	10.01
3	JCT Ltd	1450000	5.86
4	Cynera Investment & Holdings Ltd	1162000	4.70
5	Nishita Shah	797500	3.22
6	Hitesh Ramji Jhaveri	730000	2.95
7	Nead trading and Investments Ltd	520000	2.10
8	Harsha Hitesh Jhaveri	400000	1.62
9	Indian City Properties Ltd	382470	1.55
10	Anil Thadani	247000	1.00
TOTAL		13823970	55.89

9. POST & PRE ISSUE SHARE HOLDING OF THE COMPANY

Category Code	Category of Shareholder	Pre-Issue		Post-Issue	
		Number of Shares	% of shareholding	Number of Shares	% of shareholding
(A)	Promoters and Promoter Group				
(1)	Indian				
(a)	Individuals/ Hindu Undivided family	414600	1.61	621900	1.61
(b)	Central Government/ State Government(s)				
(c)	Bodies Corporate	5937906	23.07	8906859	23.07
(d)	Financial Institutions/ Banks	-	-	-	-
(e)	Group Companies	1885606	7.33	2828409	7.33

	Sub-Total (A)(1)	8238112	32.01	12357168	32.01
(2)	Foreign				
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	-	-	-	-
(b)	Bodies Corporate	-	-	-	-
(c)	Institutions	-	-	-	-
(d)	Any other (Specify)	-	-	-	-
	Sub-Total (A)(2)				
	Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	8238112	32.01	12357168	32.01
(B)	Public Shareholding				
(1)	Institutions				
(a)	Mutual Funds/ UTI	7000	0.03	10500	0.03
(b)	Financial Institutions/ Banks	434	0.00	651	0.00
(c)	Central Government/State Government(s)	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-
(e)	Insurance Companies	-	-	-	-
(f)	Foreign Institutional Investors	1600	0.01	2400	0.01
(g)	Foreign Venture Capital Investors	-	-	-	-
(h)	Any other (Specify)				
	Sub-Total (B)(1)	9034	0.04	13551	0.04
(2)	Non-Institutions				
(a)	Bodies Corporate	2910409	11.31	4365614	11.31
(b)	Individuals - i Individual shareholders holding nominal share capital upto Rs.1 lakh.	5886511	22.87	8829766	22.87
	ii. Individual shareholders holding nominal share capital in excess of Rs.1 lakh	3533097	13.73	5299646	13.73
(c)	Any other (Specify) Non Resident Individuals	1881022	7.31	2821533	7.31
	Non Domestic Company	3245400		4868100	
	Clearing Members	31915	0.00	47872	0.00
	Sub-Total (B)(2)	17488354	67.95	26232531	67.95
	Total Public Shareholding (B)=(B)(1)+B(2)	17497388	67.99	26246082	67.99
	TOTAL (A) + (B)	25735500	100.00	38603250	100.00
(C)	Shares held by Custodians and against which Depository Receipts have been issued	-	-	-	-
	GRAND TOTAL (A)+(B)+(C)	25735500	100.00	38603250	100.00

10. POST & PRE ISSUE SHARE HOLDING OF THE PROMOTERS

Sr. No.	Name of the Shareholder	Pre Issue		Post Issue	
		Number of Shares	% of shareholding	Number of Shares	% of shareholding
1	Inder Mohan Thapar	7500	0.03	11250	0.03
2	Adarsh Saran	13800	0.05	20700	0.05
3	Vikramditya Mohan Thapar	50000	0.19	75000	0.19
4	Jyoti Thapar	73500	0.29	110250	0.29
5	Nitasha Thapar	50000	0.19	75000	0.19
6	Ayesha Thapar	50000	0.19	75000	0.19
7	Varun aditya Thapar	169800	0.66	254700	0.66
	TOTAL (A)	414600	1.61	621900	1.61
8	Karamchand Thapar & Bros (CS) Ltd	5937906	23.07	8906859	23.07
9	Central India Agencies P Ltd	57400	0.22	86100	0.22
10	Karamchand Thapar & Bros (J&K) P Ltd	20000	0.08	30000	0.08
11	The Doaba Industrial & Trading Co P Ltd	180000	0.70	270000	0.70
12	The Punjab Business & Supply Co P Ltd	30000	0.12	45000	0.12
13	Indian City Properties Ltd	382470	1.49	573705	1.49
14	Towerbase Services Pvt Ltd	1215736	4.72	1823604	4.72
	TOTAL (B)	1885606	7.33	11735268	30.40
	TOTAL (A+B)	8238112	32.01	12357168	32.01

Note: The Shareholding pattern has been prepared assuming full subscription

11. No further issue of capital by way of issue of bonus shares, preferential allotment, rights issue or public issue or in any other manner which will affect the equity capital of the Company, shall be made during the period commencing from the filing of the Draft Letter of Offer with the SEBI to the date on which the Rights Equity Shares issued under the Letter of Offer are listed or application moneys are refunded on account of the failure of the Issue.
12. Equity shares of the Company are being traded in compulsory dematerialized mode. The market lot of the equity shares in dematerialized mode is 1 (one).
13. The Company has no intention to alter the equity capital structure by way of split/consolidation of the denomination of the shares, or issue of shares on a preferential basis or issue of bonus or rights or public issue of shares or any other securities for a period of six months from the date of opening of the Issue.
14. As on date of filing of the Draft Letter of Offer there are no partly paid shares in the Company.
15. All the securities offered through this issue shall be made fully paid up or forfeited by the Company.
16. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law.
17. The Issue will remain open for 15 days. However, the Board will have the right to extend the Issue period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date.
18. The issue being a Rights Issue, provisions of Promoters Contribution and Lock-in are not applicable as per Regulation 34 © of SEBI (ICDR) Regulations, 2009.
19. The Company has not issued any Equity Shares to its employees under Employee Stock Option Scheme / Employee Stock Purchase Schemes.

20. The Company has revalued its fixed asset as under
The Company had lands in the villages of Pynampuram, Muthukur Mandal, Varakavipudi (Ananthapuram), Sivaramapuram , Eduru – II, T P Gudur Mandal in Nellore District. In 2008, as part of the restructuring advised by the Consortium of banks, the company sold a portion of its land. On request from State Bank of India, the Bankers to the Company, land was re-valued by M/s. GEE & BEE Consultancy Services Private Limited. The valuation agency has submitted its report Report No. 108/22.07.08 on 22.07.08 to the Company. Based on the report, the Company revalued its land by Rs. 106.03 (Lakhs). The sale transaction was completed during the financial year 2008-09 for a total consideration of Rs. 3700 Lakhs. The net profit on sale of assets is Rs. 1277 Lakhs, which was reflected in the annual accounts of the company for the financial year ended 31st March 2009.
21. As on date of this Draft Letter of Offer, there are no partly paid up shares in the Company.
22. As on date the Lead Manager and their associates do not hold any equity shares in The Waterbase Limited

SECTION IV

PARTICULARS OF THE ISSUE

OBJECTS OF THE ISSUE

The company had incurred losses during the past years and to sustain itself it had to borrow funds from group companies. The company at a point of time was incurring an interest of six crore per annum. The company decided to restructure its debt profile. As part of restructuring, the company settled a major portion of its secured Long Term loans.

The Rights Issue is being made to raise funds for the following purposes:

- Repayment of part of Term Loans from banks and from M/s Indian City Properties Ltd, a Promoter Group Company.
- Repayment of un-secured Loan due to M/s. Towerbase Limited, a Promoter Group Company.
- Meeting Issue Expenses
- Meeting General Corporate expenses

The summary of the requirement of funds for the Objects of the Issue is as follows:

Rs in lakhs

Sl. No	Objects of the Issue	Amount
1	To repay the unsecured amount including interest borrowed from M/s Towerbase Ltd	619
2	Repayment of Term loan	263
3	To meet expenses of the issue	15
4	General Corporate Expenses (including settlement of dues to Canara Bank – subject to negotiations) and other expenses	390
	TOTAL	1287

No part of the Rights Issue Proceeds will be paid by the Company, as consideration to Promoters, Directors, Company's Key Managerial Personnel or to Group Companies promoted by the Promoter in the normal course of business.

Repayment of Term Loans

The Company has availed Term Loan of Rs. 197.76 lakhs from State Bank of India and Rs. 61.84 lakhs from Union Bank of India and Rs.205 lakhs from M/s Indian City Properties Ltd totaling to Rs.464.60 lakhs. The Company intends to repay Term Loan amounting to Rs.263.00 lakhs out of the Net Proceeds from the Issue, thus improving the Company's Debt Equity Ratio.

Particulars	Term Loan with State bank of India
Nature of Loan	Secured Loan
Object of the Loan	To up grade Plant & Machinery
Disbursed Amount as of 12.05.2012 (Rs. in lakhs.)	197.76
Outstanding as on 31.03.2012	8.73
Repayment made up to 31.03.2012	-
Rate of Interest on the Loan	17.50

Security	First charge on the assets to be acquired with this loan facility
Repayment Schedule	5 years and 8 months

Particulars	Term Loan with Union Bank of India
Nature of Loan	Term Loan
Object of the Loan	To upgrade Plant & Machinery
Disbursed Amount as of May12 (Rs. in lacs.)	61.84
Outstanding as on 31.03.2012	-
Repayment made upto 31.03.2012	-
Rate of Interest on the Loan	17.50
Security	First charge on the assets to be acquired with this loan facility
Repayment Schedule	5 years and 8 months

Particulars	Term Loan with Indian City Properties Ltd
Nature of Loan	Secured Loan
Object of the Loan	To upgrade Plant & Machinery
Disbursed Amount as of May12 (Rs. in lacs.)	205
Outstanding as on 31.03.2012	205
Repayment made upto 31.03.2012	-
Rate of Interest on the Loan	-
Security	First charge on the assets to be acquired with this loan facility
Repayment Schedule	On demand

Particulars	Term Loan with M/s Towerbase Limited
Nature of Loan	Unsecured Loan
Object of the Loan	For meeting Working Capital Requirements, Up-gradation and Maintenance of Machinery
Nature of Interest Charged	Annual
Disbursed Amount (Rs. in Cr.)	Rs. 575 Lakhs
Outstanding as on 31.03.2012	Rs. 475 Lakhs
Repayment made upto 31.03.2012	Rs. 100 Lakhs (Repayment was made through issue of Preferential Issue of Equity Shares of Waterbase Ltd amounting to Rs. 100 Lakhs).
Rate of Interest on the Loan	12%
Security	NIL
Repayment Schedule	On Demand

Meeting Issue Expenses

The total expenses of Rights Issue are estimated to be approximately Rs. 15 Lakhs, The Rights Issue related expenses include, among others, Issue Management Fees, Registrar Fees, printing & distribution expenses, auditors fees, legal, advertisement expenses etc. The total expenses for the Rights Issue are ***% of the Issue Size. The following table gives break-up of estimated Issue expenses:

Sl. No.	Particulars	Amount (Rs. in Lakhs)	% of Total Expenses	% of Total Issue Size
1.	Fees of Lead Manager, Registrar, Legal Advisor, Auditors etc.	[***]	[***]	[***]
2.	Printing & Stationery, Distribution, Postage etc.	[***]	[***]	[***]
3.	Advertisement & Marketing Expenses	[***]	[***]	[***]
4.	Other Expenses (incl. Filing Fees, Listing Fees, Depository Charges etc.)	[***]	[***]	[***]
5.	Contingencies	[***]	[***]	[***]
	TOTAL	[***]	[***]	[***]

BASIS OF THE ISSUE PRICE

The issue price is fixed at Rs. 10/- (TEN) per share.

The company belongs to an industry which deals with living technology which is susceptible to natural disasters and diseases. Accordingly, the fortunes of the company are also bound to be volatile. However with the introduction of new species called Vannamei, which is Specific Pathogen Free it is hoped that the probability of occurrence of diseases will be minimized.

Hence taking all these factors into account, the issue price has been fixed at the par value of Rs. 10/- per equity share.

The Issue Price has been arrived in consultation between the Company and the Merchant Banker.

STATEMENT OF TAX BENEFITS

To,
The Board of Directors
The Waterbase Limited
Ananthapuram Village
T. P. Gudur Mandal
Nellore - 524344
Andhra Pradesh.

We, Mitra Kundu & Basu, Chartered Accountants, the Statutory Auditor of The Water base Limited having its registered office at Ananthapuram Village, T. P. Gudur Mandal, Nellore – 524344, Andhra Pradesh, hereby certify that under the current tax laws, the following tax benefits inter-alia, will be available to the Company and the members of the Company. However a member is advised to consider in his/her/its own case the tax implications of an investment in the Equity Shares, particularly in view of the fact that certain recently enacted legislation may not have direct legal precedent or may have a different interpretation on the benefits, which an investor can avail. As per the existing provisions of the Income Tax Act, 1961 (henceforth referred to as the I.T. Act) and other laws, as applicable for the time being in force, the following tax benefits and deductions are and will, inter-alia be available to The Waterbase Limited and its shareholders.

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

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

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

Our views expressed are based on the information, explanations and representations obtained from you and our understanding of the business activities and operations of the company. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of the law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. The views are exclusively for the use of The Waterbase Limited and shall not, without our prior written consent, be disclosed to any other person, Mitra Kundu & Basu shall not be liable to The Waterbase Limited for any claims, liabilities or express relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct.

This certificate is provided solely for the purposes of assisting the addressee company in discharging its responsibilities under the securities and Exchange Board of India (Issue of capital and Disclosure Requirements) regulations, 2009.

Special Tax Benefits:

- There are no special benefits available to the Company.
- There are no special benefits available to the shareholders of the Company.

General tax benefits available:

These general tax benefits are available to all Companies or to the Shareholders of any Company, as the case may be, after fulfilling certain conditions as required in the relevant Act.

A. Benefits to the Company

1. Dividends exempt under section 10(34) and 10(35) of the IT Act.

Dividend (whether interim or final) received by the Company from its investment in shares of another domestic Company would be exempted in the hands of the Company as per the provisions of section 10(34) read with section 115-O of the IT Act. In terms of section 10(35) of the IT Act, any income received from units of a Mutual Fund specified under section 10(23D) of the IT Act is exempt from tax, subject to such income not arising from the transfer of units in such Mutual Fund.

2. Computation of capital gains

Capital assets are to be categorized into short-term capital assets and long-term capital assets based on the period of holding. All capital assets except shares held in a Company or any other security listed in a recognized stock exchange in India or units of Unit Trust of India ('UTI') or Mutual Fund units specified under section 10(23D) of the IT Act or zero coupon bonds are considered to be long-term capital assets, if they are held for a period exceeding thirty-six months. Shares held in a Company or any other security listed in a recognized stock exchange in India or Units of UTI or Mutual Fund units specified under section 10(23D) of the IT Act or zero coupon bonds are considered as long-term capital assets, if these are held for a period exceeding twelve months.

As per the provisions of section 10(38) of the IT Act, long term capital gain arising to the Company from transfer of a long term capital asset being an equity share in a Company listed on a recognized stock exchange in India, shall be exempt from tax, if such sale is entered into on or after October 1, 2004, and the transaction is chargeable to Securities Transaction Tax ('STT').

As per the provisions of section 112 of the IT Act, long-term capital gains other than those covered under section 10(38) of the IT Act are subject to tax at a rate of 20% (plus applicable surcharge and cess). However, proviso to section 112(1) specifies that if the long-term capital gains other than those covered under section 10(38) of the IT Act arising on transfer of listed securities or units or zero coupon bond, calculated at the rate of 20% with indexation benefit exceeds the capital gains computed at the rate of 10% without indexation benefit, then such capital gains are chargeable to tax at the rate of 10% without indexation benefit (plus applicable surcharge and education cess).

However, from Assessment Year 2007-2008, such long-term capital gains will be included while computing book profits for the purpose of payment of Minimum Alternate Tax ("MAT") under the provisions of section 115JB of the IT Act.

As per provisions of section 111A of the IT Act, short term capital gains arising from transfer of short term capital asset, being an equity share in a Company or a unit of an equity oriented mutual fund shall be taxable at the rate of 15% (plus applicable surcharge and education cess), if such sale is entered into on or after October 1, 2004 and the transaction is chargeable to STT.

3. Securities Transaction Tax

In terms of STT, transactions for purchase and sale of the securities in the recognized stock exchange by the shareholder will be chargeable to STT. As per the said provisions, any delivery based purchase and sale of equity share in a Company through the recognized stock exchange is liable to securities transaction tax @ 0.125% of the value payable by both buyer and seller individually. The non-delivery based sale transactions are liable to tax @ 0.025% of the value payable by the seller.

4. Exemption of capital gains arising from income tax

As per the provisions of section 54EC of the IT Act and subject to the conditions specified therein capital gains arising to a Company on transfer of a long-term capital asset other than those covered under section 10(38) of the IT Act shall not be chargeable to tax to the extent such capital gains are invested in National Highway Authority of India (NHAI) or Rural Electrification Corporation (REC) notified bonds within six months from the date of transfer. If only part of such capital gain is invested, the exemption shall be proportionately reduced. The IT Act has restricted the maximum investment in such bonds up to 5 million per assessee during any financial year.

5. Where the long-term specified asset is transferred or converted into money at any time within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the long-term specified asset is transferred or converted into money.

6. In accordance with and subject to the provisions of section 32 of the Income tax Act, the Company will be allowed to claim depreciation on specified tangible and intangible assets as per the rates specified. Besides normal depreciation, the Company, in terms of section 32(1)(iia), Subject to Conditions as Stated Therein shall be entitled to claim Additional depreciation @ 20% of actual cost on new plant and machinery for the period of one year after acquired on or after 31st March, 2005.

7. In accordance with and subject to the provisions of section 35D of the Income tax Act, the Company will be entitled to amortize, over a period of five years, all expenditure in connection with the proposed public issue Shares subject to the overall limit specified in the said section.

In accordance with section 35DDA of the Act, the Company is eligible to deduction in respect of expenditure incurred in connection with voluntary retirement of its employees, of an amount equal to 1/5th of such expenses every year for a period of 5 years subject to the conditions specified therein.

8. Under Section 115 JAA (1A) of the Act, tax credit shall be allowed of any tax paid (MAT) under Section 115 JB of the Act. Credit eligible for carry forward is the difference between MAT paid and the tax computed as per the normal provisions of the Act. Such MAT credit shall not be available for set-off beyond 10 years succeeding the year in which the MAT becomes allowable.

9. Unabsorbed depreciation if any, for an Assessment Year (AY) can be carried forward and set off against any source of income in subsequent AYs, as per section 32 of the Act, subject to the (2) of section 72 and sub-section (3) of section 73 of the Act. Carry forward and Set off of Business Loss.

10. Business losses if any, for any AY can be carried forward and set off against business profits for eight subsequent AYs.

11. Section 48 of the Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition/improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long term capital gains, it offers a benefit by permitting substitution of cost of acquisition / improvement with the indexed cost of acquisition/improvement, which adjusts the cost of acquisition / improvement by a cost inflation index as prescribed from time to time.
12. As per section 71 read with section 74, Short-term capital loss arising during a year is allowed to be set-off against short-term as well as long-term capital gains of the said year. Balance loss, if any, should be carried forward and set-off against short-term as well as long-term capital gains for subsequent 8 years.
13. As per section 71 read with section 74, Long-term capital loss arising during a year is allowed to be set-off only against long-term capital gains. Balance loss, if any, should be carried forward and set-off against subsequent year's long-term capital gains for subsequent 8 years.

B. Benefits to the Resident shareholders of the Company under the IT Act

1. Dividends exempt under section 10(34) of the IT Act

Dividend (whether interim or final) received by a resident shareholder from its investment in shares of a domestic Company would be exempt in the hands of the resident shareholder as per the provisions of section 10(34) read with section 115-O of the IT Act.

2. Any income of minor children (Maximum two children) clubbed with the total income of the parent under section 64(1A) of the Income Tax Act 1961, will be exempt from tax to the extent of ` 1500 per minor child under section 10(32) of the Income Tax Act 1961.

3. Computation of capital gains

Capital assets are to be categorized into short-term capital assets and long-term capital assets based on the period of holding. All capital assets [except shares held in a Company or any other security listed in a recognized stock exchange in India or units of UTI or Mutual Fund units specified under section 10(23D) of the IT Act and zero coupon bonds] are considered to be long-term capital assets, if they are held for a period exceeding thirty-six months. Shares held in a Company or any other security listed in a recognized stock exchange in India or units of UTI or Mutual Fund units specified under section 10(23D) of the IT Act and zero coupon bonds are considered as long-term capital assets, if these are held for a period exceeding twelve months.

As per the provisions of section 48 of the IT Act, the amount of capital gain shall be computed by deducting from the sale consideration, the cost of acquisition and expenses incurred in connection with the transfer of a capital asset. However, in respect of long term capital gains arising to a resident shareholder, a benefit is permitted to substitute the cost of acquisition/ improvement with the indexed cost of acquisition/ improvement. The indexed cost of acquisition/ improvement, adjusts the cost of acquisition/ improvement by a cost inflation index, as prescribed from time to time.

As per the provisions of section 10(38) of the IT Act, long term capital gain arising to a resident shareholder from transfer of a long term capital asset being an equity share in a Company listed on a recognized stock exchange in India, shall be exempt

from tax, if such sale is entered into on or after October 1, 2004, and the transaction is chargeable to STT.

As per the provisions of section 112 of the IT Act, long-term capital gains [other than those covered under section 10(38) of the IT Act] are subject to tax at a rate of 20% (plus applicable surcharge and cess). However, proviso to section 112(1) specifies that if the long-term capital gains [other than those covered under section 10(38) of the IT Act] arising on transfer of listed securities or units or zero coupon bond, calculated at the rate of 20% with indexation benefit exceeds the capital gains computed at the rate of 10% without indexation benefit, then such capital gains are chargeable to tax at the rate of 10% without indexation benefit (plus applicable surcharge and education cess).

As per provisions of section 111A of the IT Act, short term capital gains arising from transfer of short term capital asset, being an equity share in a Company or a unit of an equity oriented mutual fund shall be taxable @ 15% (plus applicable surcharge and education cess), if such sale is entered into on or after October 1, 2004 and the transaction is chargeable to STT. Further, short term gains as computed above which are not liable to STT would be subject to tax at a rate of 30% (plus applicable surcharge and cess).

4. Exemption of capital gains arising from income tax

As per the provisions of section 54EC of the IT Act and subject to the conditions specified therein capital gains arising to a resident shareholder on transfer of a long-term capital asset other than those covered under section 10(38) of the IT Act shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only part of such capital gain is invested, the exemption shall be proportionately reduced.

However, if the resident shareholder transfers or converts the notified bonds into money (as stipulated therein) within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable in such year. The bonds specified for this section are bonds issued on or after April 1, 2007 by NHA and REC. The IT Act has restricted the maximum investment in such bonds up to ` 5 million per assessee during any financial year.

Further, as per the provisions of section 54F of the IT Act and subject to conditions specified therein, long-term capital gains other than a capital gains arising on sale of resident house and those covered under section 10(38) of the IT Act arising to an individual or Hindu Undivided Family ('HUF') on transfer of shares of the Company will be exempted from capital gains tax, if the net consideration from such shares are used for either purchase of residential house property within a period of one year before or two years after the date on which the transfer took place, or for construction of residential house property within a period of three years after the date of transfer. If only a part of the net consideration is so reinvested, the exemption shall be proportionately reduced.

However, if the resident shareholder transfers the residential house property within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable in such year.

5. Under section 36(1)(xv) of the Act, the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for deduction from income chargeable under the head "Profit and gains of business or profession" arising from taxable securities transactions.

C. Benefits to the Non-resident shareholders of the Company other than Foreign Institutional Investors and Foreign Venture Capital Investors

1. Dividends exempt under section 10(34) of the IT Act

Dividend (whether interim or final) received by a non-resident shareholder from its investment in shares of a domestic Company would be exempt in the hands of the nonresident shareholder as per the provisions of section 10(34) read with section 115-O of the IT Act.

2. Any income of minor children (Maximum two children) clubbed with the total income of the parent under Section 64(1A) of the Income Tax Act 1961 will be exempt from tax to the extent of ` 1,500 per minor child per year in accordance with the provisions of section 10(32) of the Income Tax Act 1961.

3. Computation of capital gains

Capital assets are to be categorised into short-term capital assets and long-term capital assets based on the period of holding. All capital assets [except shares held in a Company or any other security listed in a recognised stock exchange in India or units of UTI or Mutual Fund units specified under section 10(23D) of the IT Act and zero coupon bonds] are considered to be long-term capital assets, if they are held for a period exceeding thirty-six months. Shares held in a Company or any other security listed in a recognized stock exchange in India or units of UTI or Mutual Fund units specified under section 10(23D) of the IT Act and zero coupon bonds are considered as long-term capital assets, if these are held for a period exceeding twelve months.

As per the provisions of section 48 of the IT Act, the amount of capital gain shall be computed by deducting from the sale the consideration, the cost of acquisition and expenses incurred in connection with the transfer of a capital asset. Under first proviso to section 48 of the IT Act, the taxable capital gains arising on the transfer of capital assets being shares or debentures of an Indian Company need to be computed by converting the cost of acquisition, expenditure in connection with such transfer and full value of the consideration received or accruing as a result of the transfer into the same foreign currency in which the shares were originally purchased.

The resultant gains thereafter need to be reconverted into Indian currency. The conversion needs to be done at the prescribed rates prevailing on dates stipulated. Hence, in computing such gains, the benefit of indexation is not available to non-resident shareholders.

As per the provisions of section 10(38) of the IT Act, long term capital gain arising to a non-resident shareholder from transfer of a long term capital asset being an equity share in a Company listed on a recognized stock exchange in India, shall be exempt from tax, if such sale is entered into on or after October 1, 2004, and the transaction is chargeable to STT.

As per the provisions of section 112 of the IT Act, long-term capital gains (other than those covered under section 10(38) of the IT Act) are subject to tax at a rate of 20% (plus applicable surcharge and cess). However, proviso to section 112(1) specifies that if the long-term capital gains [other than those covered second proviso to section 48 and under section 10(38) of the IT Act] arising on transfer of listed securities or units or zero coupon bond, calculated at the rate of 20% with indexation benefit exceeds the capital gains computed at the rate of 10% without

indexation benefit, then such capital gains are chargeable to tax at the rate of 10% without indexation benefit (plus applicable surcharge and education cess).

As per provisions of section 111A of the IT Act, short term capital gains arising from transfer of short term capital asset, being an equity share in a Company or a unit of an equity oriented mutual fund shall be taxable @ 15% (plus applicable surcharge and education cess), if such sale is entered into on or after October 1, 2004 and the transaction is chargeable to STT.

4. Exemption of capital gain from income-tax

As per the provisions of section 54EC of the IT Act and subject to the conditions specified therein capital gains arising to a non-resident shareholder on transfer of a long-term capital asset (other than those covered under section 10(38) of the IT Act) shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only part of such capital gain is invested, the exemption shall be proportionately reduced.

However, if the non-resident shareholder transfers or converts the notified bonds into money (as stipulated therein) within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable in such year. The bonds specified for this section are bonds issued on or after April 1, 2007 by NHAI and REC. The IT Act has restricted the maximum investment in such bonds up to 5 million per assessee during any financial year.

Further, as per the provisions of section 54F of the IT Act and subject to conditions specified therein, long-term capital gains (other than a capital gains arising on sale of resident house and those covered under section 10(38) of the IT Act) arising to an individual or HUF on transfer of shares of the Company will be exempted from capital gains tax, if the net consideration from such shares are used for either purchase of residential house property (subject to prior approval from Reserve Bank of India) within a period of one year before or two years after the date on which the transfer took place, or for construction of residential house property within a period of three years after the date of transfer.

5. Non resident taxation

Under section 115-I of the IT Act, the non-resident Indian shareholder has an option to be governed by the provisions of Chapter XIIA of the IT Act viz. "Special Provisions Relating to Certain Incomes of Non-Residents" which are as follows:

- a) Under section 115E of the Act, where the total income of a non-resident Indian includes any income from investment or income from long term capital gains of an asset, other than a specified asset, such income shall be taxed at a concessional rate of 20 percent.

Also, where shares in the company are subscribed to in convertible foreign exchange by a non-resident Indian, long term capital gains arising to the non resident Indian shall be taxed at a concessional rate of 10 per cent. The benefit of indexation of cost would not be available.

- b) Under provisions of section 115F of the IT Act, long-term capital gains [in cases not covered under section 10(38) of the IT Act] arising to a non-resident Indian from the transfer of shares of the Company subscribed to in convertible foreign exchange will be exempt from income tax, if the net consideration is reinvested in specified assets within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption will be proportionately reduced. However the amount so exempted will be chargeable to tax subsequently, if the specified assets are

transferred or converted into money within three years from the date of their acquisition.

- c) In accordance with the provisions of Section 115G of the Income Tax Act 1961, Non Resident Indians are not obliged to file a return of income under Section 139(1) of the Income Tax Act 1961 if their only source of income is income from investments or long term capital gains earned on transfer of such investments or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Income Tax Act 1961.
- d) In accordance with the provisions of Section 115H of the Income Tax Act 1961, when a Non Resident Indian become assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer along with his return of income for that year under Section 139 of the Income Tax Act 1961 to the effect that the provisions of Chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are converted into money.
- 6. As per the provisions of section 115 I of the I.T. Act, a Non-Resident Indian may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing his return of income for that year under Section 139 of the Income Tax Act 1961, declaring therein that the provisions of Chapter XII-A shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance with the other provisions of the Income Tax Act 1961.
- 7. Under section 36(1)(xv) of the Act, the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for deduction from income chargeable under the head "Profit and gains of business or profession" arising from taxable securities transactions.

8. Tax Treaty Benefits

Under section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the double tax avoidance agreement (tax treaty) entered between India and the country of fiscal domicile of the non-resident, if any, to the extent they are more beneficial to the non-resident. Thus, a non-resident (including NRIs) can opt to be governed by the provisions of the Act or the applicable tax treaty, whichever are more beneficial.

D. Benefits to Foreign Institutional Investors ('FII')

1. Dividends exempt under section 10(34) of the Act

Dividend (whether interim or final) received by a FII from its investment in shares of a domestic Company would be exempt in the hands of the FII as per the provisions of section 10(34) read with section 115-O of the Act.

2. Long term capital gains exempt under section 10(38) of the Act.

As per the provisions of section 10(38) of the Act, long term capital gain arising to the FII from transfer of a long term capital asset being an equity share in a Company listed on a recognized stock exchange in India, shall be exempt from tax, if such sale is entered into on or after October 1, 2004, and the transaction is chargeable to STT.

3. Capital gains

As per the provisions of section 115AD of the Act, FIIs are taxed on the capital gains income at the following rates:

Rate of tax	
Nature of Income	(%)*
Long-term capital gains	10
Short-term capital gains	30

* Plus applicable surcharge and cess

The benefits of foreign currency fluctuation protection and indexation as provided by section 48 of the Act are not available to a FII.

As per provisions of section 111A of the Act, short term capital gains arising from transfer of short term capital asset, being an equity share in a Company or a unit of an equity oriented mutual fund shall be taxable at the rate of 15% (plus applicable surcharge and education cess), if such sale is entered into on or after October 1, 2004 and is chargeable to STT.

If the income realized from the disposition of equity shares is chargeable to tax in India as 'business income', Business profits in the hands of FII may be subject to tax @ 30%* (other than foreign company)/ 40%* (in case of foreign company). However, the benefit of Double Taxation Avoidance Agreement (DTAA) can be examined in such a case.

4. Under section 36(1)(xv) of the Act, the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for deduction from income chargeable under the head "Profit and gains of business or profession" arising from taxable securities transactions.

5. Tax Treaty Benefits

Under section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the tax treaty to the extent they are more beneficial to the non-resident. Thus, a nonresident, including FIIs can opt to be governed by the provisions of the Act or the applicable tax treaty, whichever are more beneficial.

E. Benefits to the Mutual Funds

1. Dividends exempt under section 10(34) of the Act.

Dividend (whether interim or final) received by a Mutual Fund from its investment in shares of a domestic Company would be exempt in the hands of the Mutual Fund as per the provisions of section 10(34) read with section 115-O of the Act.

2. As per the provisions of section 10(23D) of the Act

Any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 ('SEBI') or regulations made there under, Mutual Funds set up by public sector banks or public financial institutions or Mutual Funds authorised by the Reserve Bank of India, would be exempt from income tax, subject to the prescribed conditions.

F. Benefits to the Venture Capital Companies / Funds

1. Dividends exempt under section 10(34) of the Act. Dividend (whether interim or final) received by a Venture Capital Company ('VCC')/ Venture Capital Funds ('VCF') from its investment in shares of another domestic Company would be exempt in the

hands of the VCC/VCF as per the provisions of section 10(34) read with section 115-O of the Act.

2. In case of a shareholder being a Venture Capital Company/ Fund, as per the provisions of Section 10(23FB) of the Income Tax Act 1961, any income of Venture Capital Companies/ Funds registered with the SEBI, would be exempt from Income Tax, subject to the conditions specified in the said subsection.

G. Benefits under the Wealth Tax Act, 1957

Asset as defined under section 2(ea) of the Wealth-tax Act, 1957 does not include shares in companies and hence, shares are not liable to wealth tax.

Notes

1. In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the double taxation avoidance agreements, if any, between India and the country in which the nonresident has fiscal domicile.
2. In view of the individual nature of tax consequences, each investor is advised to consult his/ her own tax advisor with respect to specific tax consequences of his/ her participation in the scheme.
3. Tax implications of an investment in the Equity Shares, particularly in view of the fact that certain recently enacted legislations may not have direct legal precedent or may have a different interpretation on the benefits which an investor can avail.

For Mitra Kundu & Basu
Chartered Accountants

(S. Das)
Partner
Place: Kolkata
Date: 1st. March,2012
(M. No.051391)

SECTION V

DETAILS OF THE ISSUER COMPANY

INDUSTRY OVERVIEW

Unless otherwise indicated, all of the information in this section is derived from the websites of and publicly available documents from various sources, including but not limited to industry websites and publications.

The information in this section has not been independently verified by us, the Lead Manager or any of the Company's or their respective affiliates or advisors. The information may not be consistent with other information compiled by third parties within or outside India. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry and government publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry and government sources and publications may also base their information on estimates, forecasts and assumptions which may prove to be incorrect. Accordingly, investment decisions should not be based on such information. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in the section titled "Risk Factors" on page [11] of this Draft Letter of Offer

The Indian Economy

The Indian economy is one of the largest in the world with GDP at factor cost at constant (Fiscal 2005) prices in Fiscal 2011 now estimated at Rs.48, 778.42 billion showing a growth rate of 8.5%. During the fourth quarter of Fiscal 2011, India's GDP at factor cost at constant (Fiscal 2005) prices was estimated at Rs.13, 175.54 billion, showing a growth rate of 7.8%. (Source: Ministry of Statistics and Programme Implementation, Press Note May 31, 2011). Per capita GDP at factor cost (at constant prices) in India has grown from Rs. 39,279.45 billion for the year 2009 to an estimated Rs.45,643.88 billion for the year 2011 and is projected to grow further to Rs. 63,025.41 billion in the year 2016. (Source: International Monetary Fund, World Economic Outlook, April 2011).

Aquaculture in India

Aquaculture in India has a long history. There are references to fish culture in Kautilya's Arthashastra (321–300 B.C.) and King Someswara's Manasoltara (1127 A.D.). The traditional practice of fish culture in small ponds in eastern India is known to have existed for hundreds of years. Significant advances were made in the state of West Bengal in the early nineteenth century with the controlled breeding of carp in bundhs (tanks or impoundments where river conditions are simulated).

The Seafood Industry

The Seafood Export Industry in India is over 50 years old. Initially canned shrimp exports were the main focus product and gradually moved into exports of frozen marine products. The export of other varieties of marine products like Fish, Squid, Cuttlefish, Octopus, Crabs, Clams and Mussels commenced in the late 1960's.

The Seafood Industry is comprised mainly of small and medium size family concerns with the presence of a few corporates. The factories are situated in the coastal states of

Gujarat, Maharashtra, Karnataka , Kerala, Tamil Nadu, Andhra Pradesh, Orissa and West Bengal.

Up to the early 90's seafood trade was limited to sea – caught products like Shrimps , fish ,squid, cuttle fish ,crabs and a few other species. In the early 1990's a beginning was made to introduce Shrimp Aquaculture into India. The first Farms were established in Andhra Pradesh using the Monodon Species generally known as the Black Tiger Shrimp which is native to our waters.

The introduction of Aquaculture met with instant success which led to large areas being brought under Shrimp Aquaculture. The Government of India through its initiatives of setting up Hatcheries in Andhra Pradesh and Orissa actively supported the growth of Aquaculture.

Gradually a number Hatcheries, farms and process plants were established which led to increase in the country's export earnings. Importantly this had a major positive impact on the rural economy with large areas of unused and barren lands being brought under Aquaculture.

Unfortunately towards the end of 1994 a deadly Virus Known as the White spot disease hit the Industry which led to instant mortality of Shrimps in the farms. This was a new disease hence there was no immediate cure to prevent its spread. The disease led to closure of Hatcheries, farms and processing units and other allied Industries like Feed Mills. The Government of India as a precautionary measure declared a Crop Holiday which meant that the entire industry came to a halt which in turn had a very adverse impact on all the stake holders.

The Government of India and the industry jointly approached various scientific institutes in India and abroad to find a solution and isolate the virus. Till date the virus is still prevalent and continuous to affect the Black Tiger Shrimp. The disease also affected other Asian Countries which were involved with the same species.

Further, there were a number of environmental agencies which deemed Shrimp Aquaculture as a polluting Industry and the matter was taken to the Supreme Court which ruled in favour of the environmentalist. This led to the withdrawal of the Insurance to the companies engaged in the sector and financial Institutions including NABARD exited the industry. This further dealt a very adverse blow on the already crippled Industry.

In the year 2005 through The Coastal Aquaculture Act, the Government of India established the Coastal Aqua culture Authority to regulate and monitor the Aqua Culture Industry.

All the above had a cascading effect which resulted in closure and exit of a number of players including most of the corporates. The lively hood of the farmers was badly affected and with the withdrawal of Insurance and financial institutions led to bad debts and sickness of the Industry. The problems of disease and crop failures continued and the Industry stagnated till the mid 90's.

During the disease phase which commenced in 1994 some of the Asian countries like Thailand, China and Indonesia actively considered introduction of a disease free species known as the Vannamei shrimps which was native to Latin America.

By the end of the 1990's and beginning of the year 2000 USA became a major importer of Indian Shrimp. Unfortunately, in the year 2005 USA imposed an Anti-dumping Duty on Indian Shrimp which was higher than that which was imposed on other Asian Countries. Our exports lost its competitive edge making exports less lucrative.

The introduction of the Vannamei species in the South Asian Countries commenced in 2002 which saw the revival of Shrimp Aquaculture. However, India continued with the Black Tiger species with very little success.

In 2004 the Tsunami hit the East coast specifically Tamil Nadu which badly affected the Industry which is predominantly situated in the coast. The tsunami also affected the breeding and feeding grounds of the wild shrimps which affected the availability of good Brood stock. It took nearly 2 years for hatcheries to recover from these ill effects.

In the mean time the Vannamei species was in Thailand, China and Indonesia in the year 2002. The Indian Industry continued in its efforts to convince the Government of India to permit the introduction of the Vannamei species.

Finally, in the year 2005 the Government decided to permit Two Hatcheries to import the Vannamei species brood stock on a trial basis. Trials were conducted for a period of four years under the supervision of the concerned government Agencies. The trials were a success and the Government of India in 2010 decided to cautiously permit the introduction of Vannamei into the Indian Aqua Culture Industry.

The Coastal Aqua culture authority was assigned the task to monitor the introduction with all the required bio – security care. A few selected suppliers from USA and Thailand like M/s Oceanic Institute, Hawaii, M/s Vannamei 101 Co. Ltd, Thailand etc. were short listed for supplies of Brood stock from which approved hatcheries were permitted to import.

Further, the Government of India also established Quarantine in Chennai through which all imports of brood stock would pass and after scrutiny was released to the approved hatcheries for seed production. Simultaneously the Coastal Aqua Culture Authority established norms for approval of farms where Vannamei farming could be carried out. This was to ensure that the required Bio security requirements were followed.

The introduction of the new species P.Vannnamei has given a positive strength to the Indian Industry. Asian countries which introduced the Vannamei species has seen a revival of Shrimp Aquaculture. Today Thailand China and Indonesia have fully converted to harvesting of the Vannamei species and their Industry has shown significant growth over the last 10 years.

In India too, the Introduction has been very successful and the farmers were able to harvest successful crops on a year round basis which also ensured improved capacity utilization of the process plants, feed mills and other allied Industries. More and more farmers are showing interest and even those who had stopped cultivating Black Tiger due to its unpredictable survival due to diseases, have started rearing the Vannamei which is pathogen free. It has installed a lot of confidence into the Indian farmers and the exports are expected to improve .

In 2012 the market began on a positive note. Farmed shrimp production in Thailand is forecast to be 720000MT in 2012. In India black tiger production is expected to be

60000-70000MT and Vannamei harvest would be three times as much (Source Courtesy –Info fish –April12)

The Indian Seafood Industry has since grown and is an important player in the global trade with Exports to all the major importing Countries and total exports from India has reached approximately \$3 billion per annum.

Today the country has established world class facilities with state of the Art Equipment to enable them to offer the highest quality of products to the International Market. The Industry has implemented required Quality standards and most of the factories are HACCP compliant and are approved for Exports to European Union countries and Japan who are the main importing countries.

Though shrimp continues to dominate export basket, the Indian Seafood Industry has diversified its product range and its markets. For many years, Japan was India's largest export market but over the last ten years United States of America and Europe have emerged as major destinations for India.

This implausible export growth of the seafood sector over the last few years has been well supported by various initiatives of the Government of India through its Nodal Agency M/s MPDEA.

The Industry is now on its revival path and considering the large areas available for Shrimp Aqua culture in India there is every possibility that over the next few years India could emerge as one of the largest producers of shrimps in the World.

HISTORY AND CORPORATE STRUCTURE

1. HISTORY

The Company was incorporated on 23rd November 1987 at Calcutta as THAPAR WATERBASE LIMITED with its Registered Office at Thapar House, 25 Brabourne Road, Calcutta 110 001 is a part of THAPAR Group of Companies. The registration number of the Company was 43323. The Company obtained its Certificate of Commencement of Business on 10th February 1988. The Corporate Identification Number of the Company is L05005AP1987PLC018436.

The Registered Office of the Company was shifted to Thapar House, 124 Janpath, New Delhi in the year 1990 and subsequently to the factory premises at Ananthapuram Village, T.P. Gudur Mandal, Nellore – 524 344, Andhra Pradesh on 15th September 1994. The Company's name was changed from THAPAR WATERBASE LIMITED to THE WATERBASE LIMITED on 29th September 1991 and a fresh certificate of Incorporation was issued by the Registrar of Companies, Delhi and Haryana on 11th February 1992. The registration number of the Company is 55-42339.

The Company made its first Initial Public Offer in the year 1991 offering 17235000 shares of face value Rs. 10/- . The issue was priced at par i.e. Rs. 10/- . The shares of the Company were listed on the Delhi Stock Exchange, the Calcutta Stock Exchange, Ahmedabad Stock Exchange, the Hyderabad Stock Exchange, the Madras Stock Exchange and the Mumbai Stock Exchange. The second IPO of the Company was during the year 1995, with an issue 7500000 equity shares of face value Rs. 10/-each with a premium of Rs. 38/-.

The Company has recently completed the Preferential allotment of 10,00,000 equity shares to its promoter group company M/s. Towerbase Services Private Limited at a price of Rs. 10/- per share. The Board of Directors of the Company approved the preferential allotment at its meeting held on 22.07.2011 and the approval of the Shareholders was obtained at the AGM held on 02.09.2011. The Company got the in-principle approval from the BSE vide their letter DCS/PREF/BS/PRE/731/11-12 dated January 10, 2012. The Company completed the allotment on January 18, 2012. The listing approval from the BSE for the preferential allotment was obtained vide their letter DCS/PREF/RD/FIP/898/11-12 on 26.03.2012.

The existing Equity Shares of the Company are listed on the Bombay Stock Exchange Limited (BSE). The Equity Shares had been voluntarily de-listed from the following stock exchanges

- Delhi Stock Exchange (DSE) vide their letter DSE/LIST/6411/NR/190 dated October 22, 2003.
- Hyderabad Stock Exchange (HSE) vide their letter HSE:LIST:2003:379 dated September 23, 2003.
- Ahmedabad Stock Exchange (ASE) vide their letter ASE/2003/2801 dated October 24, 2003.
- Madras Stock Exchange (MSE) vide their letter MSE/LD/PSK/731/754/03 dated November 4, 2003 respectively.
- Calcutta Stock Exchange (CSE) vide their letter dated August 31, 2004.

The Equity Shares offered through this Letter of Offer are proposed to be listed on BSE. BSE is the Designated Stock Exchange. The Company has received in-principle approvals

from BSE for the listing of the Equity Shares to be allotted pursuant to the Issue, vide letter number ***** dated ****.

The aqua culture unit is located at Ananthapuram Village, Nellore, Andhra Pradesh. The Company started its commercial operations in the year 1993. Today the factory facilities include Shrimp Feed plant, grow-out farms for crabs/shrimps and a facility for processing both crabs & shrimps. The company has a started a “Ready to Eat Section”, where different ready to eat foods are manufactured.

The company’s a seafood processing unit and is a volume supplier of Shrimps. The products are supplied in raw and cooked form. The Company exports primarily to USA, Japan and EU. The company follows the HACCP plan and is USDA approved for both raw and cooked products. The company’s products have been approved by the European Union. Apart from the above, the company has a shrimp feed mill which produces shrimp feed, which is supplied through the Company’s distribution network.

2. MAIN OBJECTS OF THE COMPANY

The main objects of the Company as set out in the Memorandum and Articles of Association of the Company are:

1. To carry on through farming, cultivation, culturing, manufacturing, harvesting or any other means, the business of hatching, growing, producing, harvesting, processing, storing, refrigerating, cooking, curing, tanning, weaving, fabricating, marketing, selling, importing and exporting of otherwise distributing of crustacean, mollusca, aves, Lepidoptera, reptilian, insectivore and mamalia including but not limited to shrimp, prawns, snails, mussels, crabs, lobsters, oysters, salmonidae, tunas, hilsa, bhetki mackerels, squids, octopus, clam, pigs, deer, mink, dairy animals, fowl, duck, worms, frogs, snakes, crocodiles, alligators and other creatures for commercial, industrial or domestic use or consumption and all products and by-products thereof and in relation to any of such business.
2. To carry on the business of agriculturists, horticulturists, planters, cultivators, farmers, dealers of all produce of soil or water and specially to plant, grow, cultivate, import, export, buy, sell, process, manufacture, blend, refrigerate, store, package and in any other way deal in tea, coffee, tobacco, cinchona, cardamom, rubber, cocoa, jojoba, cereals, food and other seeds all varieties and vegetables, flowers, coconuts, ground nuts, cashew nuts, almonds and other varieties of edible and inedible nuts and all kinds of trees whether ornamental or commercial and whether hard or soft wood, plants and other fibrous material and such other articles that are the produce of land, soil or water and all products and by-products thereof and to prepare, manufacture and render marketable any such produce and to sell, dispose off, purchase and deal in such produce either when it is natural state or it is prepared, manufactured or roasted or otherwise processed and either by wholesale, retail or other such commercial method.
3. To carry on the business of manufacturers, traders and dealers in, processors, packagers and importers and exporters of all types of feeds, manures, pesticides, fungicides, meats, furs, yarn, fabrics, apparel, pelts, hides, pearls and jewellery, feathers, blood, medicines and other chemicals and all other raw materials used in connection with all or any of the businesses aforesaid.

3. CHANGES IN THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE COMPANY

The following are the changes in the Memorandum and Articles of Association of the Company since its inception:

Sl. no.	Particulars of changes	Date of general meeting	Effective date
1.	Name clause		
a	Change in the Name from 'Thapar Water base Limited' to 'The Waterbase Limited'	29.09.1991	11.02.1992
2.	Situation clause		
a	Registered office of Waterbase got shifted from the state of West Bengal to the State of Union Territory of Delhi	27.09.1989	17-10-1990
b	Registered office of Waterbase got shifted from the State of Union Territory of Delhi to the state of Andhra Pradesh	25.01.1994	29-09-1994
3.	Capital Clause		
a	Increase in the Authorized Share Capital from Rs. 25,00,00,000/- comprising of 2,50,00,000 equity shares of Rs. 10/- each to Rs. 50,00,00,000 divided into 5,00,00,000 equity shares of Rs. 10/- per share	04-11-1994	04-11-1994
b	Reclassification of Authorized Capital of Rs.50,00,00,000 comprising of 3,50,00,000 equity shares of Rs. 10/- per share and 15,00,000 preference shares of Rs. 100/- per share	27-09-2010	27-09-2010
c	Reclassification of Authorized Capital of Rs.50,00,00,000 comprising of 450,00,000 equity shares of Rs. 10/- per share and 5,00,000 preference shares of Rs. 100/- per share	02-09-2011	02-09-2011

4. SUBSIDIARY

The Company does not have any subsidiary as on the date of this Draft Letter of Offer.

5. INTELLECTUAL PROPERTY RIGHTS

The Company has the following Intellectual Property:

Trademarks

1. **TIGER CRAZE** registered under the laws of USA vide its Trademark Registration No. 2,918,402
2. **PRIZE CATCH** registered under the laws of USA vide its Trade Mark Registration No. 2,819,142

3. **ULTRA-XL & PRAWN DEVICE** registered under class 31 of the Indian Trade Mark Act vide Trade Mark Registration No. 1278147

Patents

The Company has no registered Patents.

6. PROPERTIES

Details for the various properties used for the corporate operations and undertaking business are mentioned below:

FREE HOLD - Land

Sl. No.	Schedule of the Property / Location	Area	Consideration (Rs. in Lakhs)	Date of Purchase / Document Number	Name of the vendor	Remarks
LAND						
1.	Nellore	57.12	117.05	14.12.89 /344-1989	Magunta Venkatanarayana Reddy	All the Land, Building and Machinery of the company are under Pari-Passu Charge with the consortium banks and M/s. Indian City Properties Ltd. For more details please refer to "Principal Terms of Loans charged as Security" under General Information on page [23]
				14.12.89 /261-1989	Manchikalapati Balaji Singh	
				14.12.89 /343-1989	Pondla Paramdhama Reddy	
				13.12.89 /118-1989	Prudhvi Siva Prasad	
				13.12.89 /227-1989	Juturu Gopala Reddy	
				15.12.89 / 286-1989	Magunta Sivakumar Reddy	
				13.12.89 /114-1989	Magunta Sivakumar Reddy	
				15.12.89 /529-1989	Magunta Sivakumar Reddy	
				16.3.92/ 513-1992	Nelavai Venku Reddy	
				16.03.19 92/514-1992	Vellapalem Sessa Reddy	
				16.03.19 92/520-1992	Isanaka Rajagopal Reddy & Others	

			13.12.19 89/118- 1989	Prudhvi Prasad	Siva	
MACHINERY						
Sl. No.	Name of the Machinery	Consideration	Vendor Name	The Company has necessary Plant & Machinery to manufacture and process its products. The details of the vital machinery has been listed here.		
1.	Feed Plant-Bucket elevator, Screw conveyor, Pellet Mill, Crumbler etc	902	Idah Machinery, Taiwan			
2.	DG Set	95	National Engineering Co			
3.	Cold Store	323	Sabroe Refrigeration			
4.	Shrimp processing machine	623	Frigoscandia Food Products			
5.	IQF machine	129	Koppens Machinery fabrications			
6.	Others	1783				

Note: No director, promoter or promoter group of the Company has any interest, direct or indirect, in the property completed or acquired within the preceding two years.

Revaluation of the Fixed Asset

The Company had lands in the villages of Pynampuram, Muthukur Mandal, Varakavipudi (Ananthapuram), Sivaramapuram , Eduru – II, T P Gudur Mandal in Nellore District. In 2008, as part of the restructuring advised by the Consortium of banks, the company sold a portion of its land. On request from State Bank of India, the Bankers to the Company, land was re-valued by M/s. GEE & BEE Consultancy Services Private Limited. The valuation agency has submitted its report Report No. 108/22.07.08 on 22.07.08 to the Company. Based on the report, the Company revalued its land by Rs. 106.03 (Lakhs). The sale transaction was completed during the financial year 2008-09 for a total consideration of Rs. 3700 Lakhs. The net profit on sale of assets is Rs. 1277 Lakhs, which was reflected in the annual accounts of the company for the financial year ended 31st March 2009.

7. MEMBERS

As on date of this Draft Letter of Offer, the Company has 20,023 members

8. EMPLOYEE AND LABOUR RELATIONS

As on date of this Draft Letter of Offer, the Company has approximately 170 full time employees in its rolls.

Sl. No.	Departments	Number of Employees
1.	Process Plant	15
2.	Farms	1
3.	Feed Plant	35
4.	Crab	8
5.	Engineering Services	17
6.	General Management	5
7.	Finance, Accounts & Secretarial	8
8.	Commercial	14
9.	Personnel & Administration	5
10.	Research & Development	2

11.	Internal Audit	1
12.	Legal	1
13.	Marketing	58
	Total	170

Currently, the employees are not represented by any labour union.

9. SHAREHOLDERS AGREEMENT

The Company has not entered into any Shareholders Agreement

10. SUMMARY OF KEY AGREEMENTS

The Company has not entered into any agreement.

11. STRATEGIC / FINANCIAL PARTNERS

The Company has no Strategic/Financial Partners as on date of this Draft Letter of Offer.

BUSINESS OVERVIEW

The following information is qualified in its entirety by and should be read together with, the more detailed financial and other information included in this Draft Letter of Offer, including information contained in the "Risk Factors" on page [11].

The Company is an integrated aquaculture project, consisting of a feed plant shrimp farm and a shrimp processing plant with equipment selected from manufacturers like Frigoscandia –Seamac, Koppens, APV Baker, Johnsson, Sabroe etc.,

The **Manufacturing Plant** of the Company is situated at
Ananthapuram Village
T.P. Gudur Mandal, Nellore – 524 344
Andhra Pradesh.

The **Corporate Office** of the Company is at
No. 22, Sadasivam Street
Off Lloyds Road, Gopalapuram
Chennai – 600 086, Tamil Nadu.

The Company has Field Offices in the following states apart from Tamil Nadu and Andhra Pradesh.

1. Gujarat
2. Maharashtra
3. Orissa
4. West Bengal

1. COLLABORATION/TIE-UPS/OTHER AGREEMENTS

The Company does not have any collaboration/tie up/ agreements.

2. INFRASTRUCTURE FACILITIES

The infrastructure facilities can be broad classified into

- a) Shrimp Feed Plant
- b) Processing Plant
- c) Research Farms

SHRIMP FEED PLANT

The feed plant produces different types of Shrimp Feed to cater to the growth of the shrimps at its various stages. It also produces different type of feeds for different species of shrimps. The major raw materials and utilities required for the feed plant are listed below:

A. Raw Materials

For manufacture of Shrimp Feed, a few of the important ingredients are:

- a. Soya DOC
- b. Wheat Flour
- c. Fish Meal
- d. Vitamin & Mineral Premix
- e. Fish Oil

A major of the ingredients are sourced locally. Due to quality constraints the company was importing the vitamin & mineral premix and the Fish Oil. However, over a period of time, the Company helped the local manufactures to upgrade their machinery and thereby produce the raw materials according to the international standards. Thus the company was able to save foreign exchange.

PROCESS PLANTS

The Company requirement of shrimps for its process plant is met from its farms and the network of farmers around the factory. The farmers are trained by the company and are provided technical support to ensure quality.

FARMS

Under farm operations, the larvae are transferred to large water bodies known as grow out ponds. The shrimps are allowed to grow to marketable sizes in ponds. The shrimps are fed regularly and adequate aeration is ensured at all times. The salinity is also controlled to optimize the growth and minimize mortality. On sufficient growth, the shrimps are harvested and sent to the processing plant.

Apart from commercial growing, the company also has dedicated farms for Research & Development. The research trails are conducted on various raw material and nutritional aspects of the shrimps.

B. Utilities

a. Power

The Company has been sanctioned 2250 KVA power by the Andhra Pradesh Electricity Board. The Company has also installed 3 DG sets with a capacity of 800 KVA each totaling to 1600 KVA. The total requirement of power is estimated to be 3700 KVA and the company has an installed capacity of 4350 KVA.

b. Land

The company has 60 acres of land at its disposal in Ananthapuram Dist, Nellore. The Feed Plant, Process Plant and the farms at located at the land in Company's disposal. Apart from the above, the area also houses supporting like Girls Hostel, Registered Office of the Company and Officers Quarters.

c. Water

The company's requires about 123 Kl of water per day. The same is met through bore wells.

d. Steam

The Company has a capacity to generate of 4T steam per hour. The Company has also installed a oil fired boiler with a capacity of 2T per hour. The requirement of Oil for the boiler is met through local purchases

e. Technology

During the year 1987, the company had a technical collaboration with M/s. Luxe Enterprises Ltd, Taiwan. The collaboration was for a period of 5 years. M/s. Luxe Enterprises Ltd. Advised the company on the process know-how, design for farms, feed plant, processing unit and also on procurement of various equipments.

The technology has now been absorbed in the early stages of the tie-up and was not renewed. The Company has developed its own technology and continues to enhance its capacity through value additions.

3. ENVIRONMENTAL SAFETY

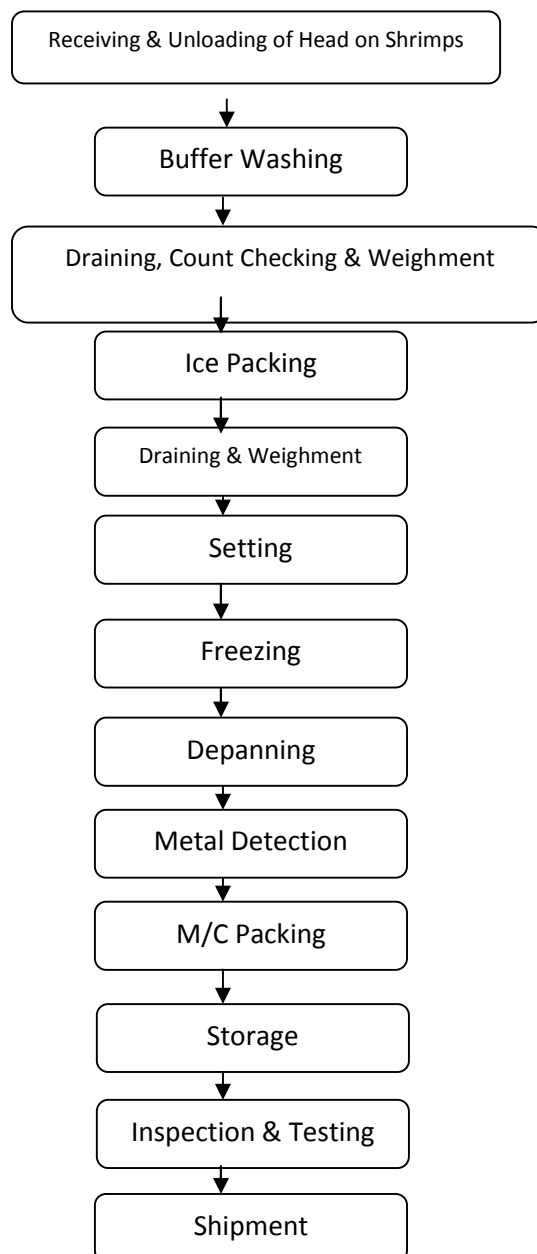
The Company has obtained the required approvals from the Andhra Pradesh Pollution Control Board. The Company has an integrated waste management system.

The waste generated in the form of rejects and removal of shrimp parts is being recycled and is used in the feed plant. The Company has also set up two large water treatment plants, effluent treatment plant and reverse osmosis plant for water purification and water management. Further, the Company has also installed a chimney, in accordance with the emission standards.

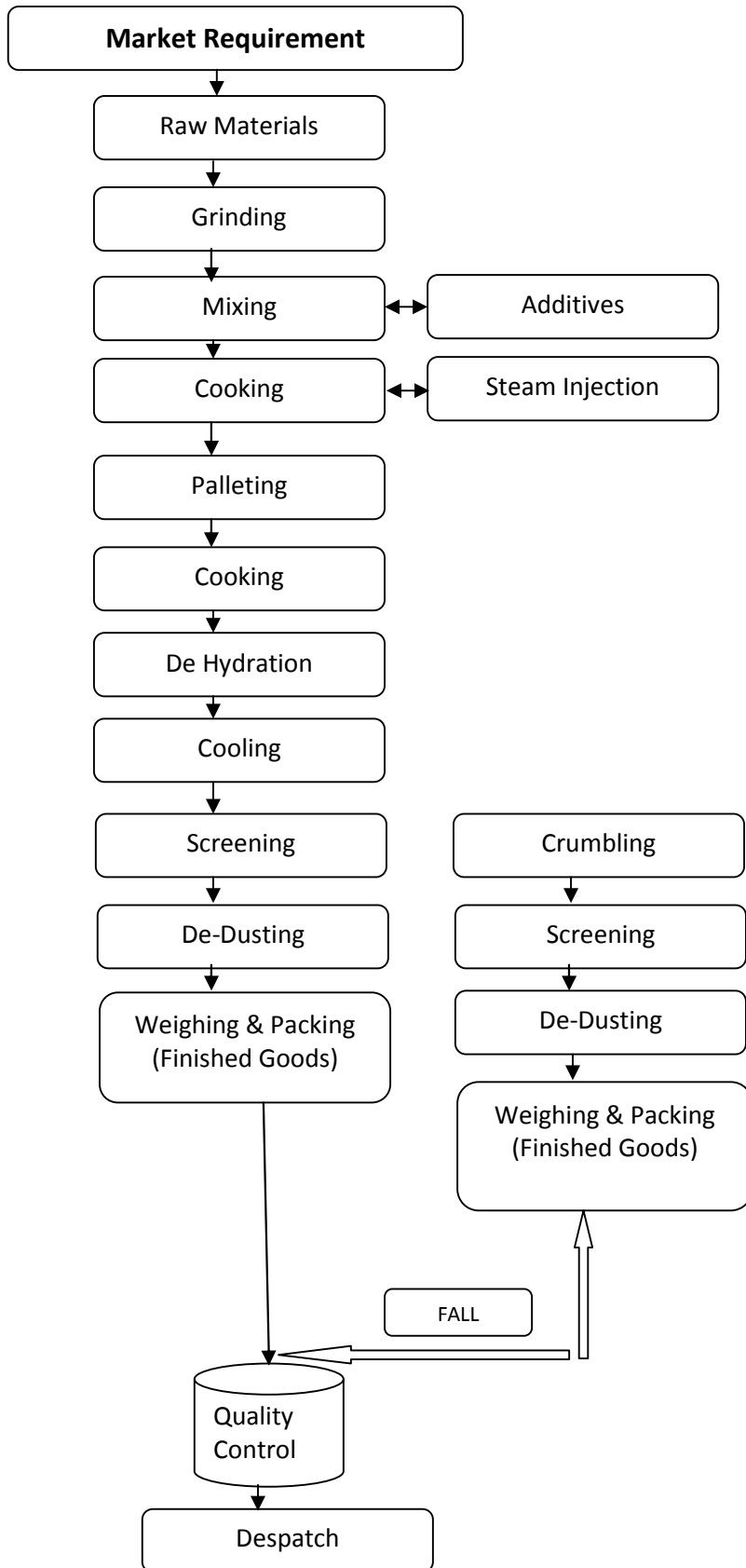
4. MANUFACTURING PROCESS

Manufactured with imported machinery under ISO 9001: 2008 standards.

FLOW CHART - SHRIMP PROCESSING



FEED PROCESSING PLANT



5. QUALITY CONTROL (QC)

The Company is well equipped with full fledged Quality Control Lab team to monitor the quality of raw materials and the finished products. Main objective of QC is to ensure that the Raw Materials conforms with the set standards and the feed produced is of consistent quality. Every consignment of raw material and every batch of feed and processed shrimps is tested and released by QC.

6. RESEARCH AND DEVELOPMENT

The Company gives great emphasis to Research and Development to ensure that farmers are provided with tested quality of inputs to obtain Optimum Food Conversion Ratio (FCR) and help in good farm management. Waterbase has a dedicated Research and Development Farms to study the growth of Shrimps under various conditions.

The Company conducts applied trials on:

- New Ingredients
- Advanced formulations
- Application of Probiotics and additives
- Ascertain ideal feeding cycles

The function of R & D is to evolve new techniques on culture practices, sharing of knowledge and experiences with Aqua culturists. The Company is assisted by nutritionists from across the globe in up gradation of the feed quality to suit the Indian farming conditions.

7. PRODUCTS

a. ORGANIC FEED

The Government of India through MPEDA is planning to develop Indian Aquaculture Industry as a major 'Organic Aquaculture Industry'. Waterbase has been selected as the Indian Partner in implementing the 'Organic Feed Programme'. Our Feed Mill is certified for Organic Feed Production by Naturland, Germany, the only company to produce Organic Feed in India at present.

b. SHRIMP FEED

- Black Tiger Feed
- Scampi Feed
- Vannamei Feed
- Other Customized feed

c. PROCESSED SHRIMP

- Head On - Block Frozen
- Head Less Tail On - Block Frozen
- Peeled Deveined Tail On
- Individually Quick Frozen
- Cooked - Full Range

Waterbase exports shrimps to quality conscious markets of Japan, USA and Europe. The shrimps are exported as Individual Quick Frozen (IQF), Block Frozen and Cooked. It also

supplies value-added products as per the customer needs. The process plant is approved by Food and Drug Administration Department, USA and European Union. The Company's products are processed according to the HACCP guidelines.

b. AQUA FEED PRODUCTS

1. Bay White: Vannamei Shrimp Feed.

Waterbase offers Bay White, a top quality feed for Vannamei shrimps. Waterbase was the first to introduce Vannamei shrimp feeds in India. Bay white has been used in varying culture, soil and climatic conditions and has delivered consistent results.

2. Tiger Bay – XL

Tiger Bay – XL is a new generation formulation. It has been formulated after thorough field studies of the farming conditions in India. It is manufactured in feed plant using high quality raw materials sourced from around the world depending on the quality and availability.

3. WAVE [High quality prawn feed]

4. Ultra – XL [High quality prawn feed]

5. Hi-Gain Booster [Super quality prawn feed]

Hi Grain Booster is a special feed formulated to meet the shrimp's energy demands during stressful culture conditions. It has high levels of highly digestible proteins sourced from high quality fish meal and squid meal. It has been formulated to contain high levels of fat-sourced from high-purity lecithin, sterols and cholesterol. High digestible energy and fat levels work synergistically with proteins. Under stressful culture conditions, this will increase the attractability of the feed, improve feed intake and thereby improve shrimp growth.

6. Magnum – XL [Fresh Water Shrimp Feed]

Magnum-XL is a new generation Premium Scampi Feed, formulated by International Aquaculture Nutrition Experts.

8. MARKETING SET UP

The Company has a distribution network of over 100 distributors, dealers and sub-dealers along the Coastal Belt of India. The distribution network is supported by qualified personnel on the rolls of the Company. These personnel also assist the farmers in techniques and other developments in the industry.

The Company markets a major portion of its production in Nellore, Prakasam Districts and West Godavari Districts of Andhra Pradesh. Feed is sold through the Company's distribution network. The Company has also made arrangements with local labs to analyze water samples and provide inputs for farming techniques to farmers.

9. BUSINESS STRATEGY

The company was incorporated as an integrated shrimp aquaculture company producing seed, feed and exporting the end product to the international market. Over the years due to constant disease problems, the company had to change its focus to producing and supplying feed to the shrimp aquaculture industry. With the introduction of the Vannamei species of shrimp, the potential for the feed business in India is very encouraging. The company proposes to concentrate on increasing its presence in the Feed sector across India.

The company also proposes to build its export market specifically in the United States where its products enjoy good brand equity.

10. COMPETITIVE STRENGTH

The Company was the first company to introduce the Vannamei feed in India. The company anticipated the introduction of Vannamei and provided adequate technical training to its field staff. Thus, the Company could support the farmers when they changed over from the Black Tiger to Vannamei species. Thus, the Company was able to capitalize the first mover advantage. The Company also has R & D facilities, which enables research in-coordination with nutritionists. This has helped the Company to supply high quality feeds to the industry.

11. AWARDS RECEIVED BY THE COMPANY

- Export Performance Award for the year 2000-2001 awarded by the Government of India, Ministry of Commerce. The Company secured First Position in the Aquaculture Sector.
- Export Performance Award for the year 2000-2001 awarded by the Government of India, Ministry of Commerce. The Company stood as Third Overall Top Exporter in the Aqua Feed Industry.
- Waterbase has received Certificate of Appreciation from Darik Enterprises Incorporated [USA] in recognition of its Superior Performance in the areas of Partnership Development, Process Involvement and Quality Control.
- Secured ISO 9001-2008 Registration from Bureau of Indian Standards for Quality Management System
- Export Award 2010-2011 for Development of New Products for Exports awarded by The Marine Products Export Development Authority, Ministry of Commerce & Industry, Government of India.

12. FUTURE PROSPECTS

With the introduction of disease free Vannamei Shrimp species it is anticipated that there will be substantial growth in the industry. The earlier species which was the Black Tiger was prone to diseases which in turn led to constant crop failures. The disease known as the White Spot first hit the industry in 1995 which has still today not been eradicated. Large Numbers of farms, hatcheries and process plants were closed and exited the industry.

With the introduction of Vannamei Shrimp species most of the Farms which were closed have been reopened and new areas are being brought under Shrimp farming. Hatcheries have reopened and process plants are being upgraded with huge capacity expansion in anticipation of growth.

In the early 90s, all the shrimp producing countries in Asia and South East Asia which were farming the Black Tiger Species were affected by the White Spot disease. However, countries like Thailand, Indonesia and China quickly introduced the Vannamei Species which helped in the recovery and growth of the Shrimp industries in these countries.

India delayed the introduction and it was only in 2010 that commercial introduction of Vannamei Species was permitted by the Government of India.

The introduction was permitted after putting a number of Bio-security systems in place including Building of a Shrimp Quarantine in China. The Broad stock for producing of disease free is being imported from approved sources to ensure that farming is done with good stocks. The potential growth of the industry can be assessed by observing the growth that took place in the other Asian / S.E.Asian and other Asian Countries.

The Vannamei Species can be grown under intensive farming conditions and under the present regulations a quantity of approximately 10 MT / HA can be harvested per Crop and in a number of farming areas the formers can harvest up to 2 Crops / Year. The above is against a maximum of 1 MT / HA in the Black Tiger Species

Due to the increased volumes that can be farmed / HA. There will be corresponding increase in the requirement of all inputs like Feed, Seed, Pro-biotics etc. There will be substantial increase in Exports due to higher availability of Raw materials

India has a very large Coast line substantially larger than Thailand. Thailand today produces between 550,000 to 600,000 MT of Shrimps / Annum. This is compared to approximately 100,000 MT by India.

From the above, we can easily assess the growth potential possible in India and It is expected that over the next 5 years, India will be the 2nd Largest producers of Shrimps in the World after China.

The Growth in the Shrimp industry will have positive impact on THE WATERBASE as in would lead to growth in our Shrimp Feed business and our Exports. THE WATERBASE was the first to introduce Feed for the Vannamei Species in India and today has a very dominant share of the Vannamei Species feed Market. The Company has a well established distribution network and is well respected for its Technical excellence.

The Company today is working to full capacity in its feed mill and has invested in additional Machinery to enhance its capacity to meet the demands. Presently Vannamei species has been extensively introduced in Andhra Pradesh and it is expected that once infrastructure is in place it will be introduced in the other states of Orissa, Tamil Nadu, West Bengal, Gujarat and Maharashtra.

The prospects for stable and consistent growth are good subject to the risk associated with living technology.

13. INSURANCE/ OTHER POLICY DETAILS

The company has availed the following Insurances from **The New India Assurance Company Limited**

Sl. No.	Policy Number	Policy Type	Policy Date	Expiry Date	Sum Assured (Rs. in Lakhs)	Premium (Rs.)
1.	710200/21/11/02/000007	Marine Cargo open policy	20.05.2011	19.05.2012	20000000	38,054
2.	710200/21/11/02/000008	Marine Cargo open policy	01.06.2011	31.05.2012	100000000	95,135
3.	710200/11/11/01/0000101	Fire Policy	10.06.2011	09.06.2012	15000000	42,024
4.	710200/46/11/01/0000062	Burglary Policy	10.06.2011	09.06.2012	15000000	8,273
5.	710200/11/11/01/0000108	Fire Policy	10.06.2011	09.06.2012	20000000	64,856
6.	710200/46/11/01/0000066	Burglary Policy	10.06.2011	09.06.2012	20000000	11,030
7.	710200/42/11/01/0000041	Group Personal Accident Policy	30.06.2011	29.06.2012	Not Applicable	92,892
8.	710200/34/11/04/0000003	Group Mediciam Policy	30.06.2011	29.06.2012	Not Applicable	4,46,215
9.	710200/11/11/10/0000164	Standard Fire & Spl Perils	15.07.2011	14.07.2012	1007015572	10,32,988
10.	710200/11/11/10/0000165	Standard Fire & Spl Perils	15.07.2011	14.07.2012	95000000	1,28,886
11.	710200/42/11/01/0000053	Group Personal Accident Policy for Top Executives	24.07.2011	23.07.2012	13500000	13,042
12.	710200/36/11/01/0000041	Workman's Compensation	21.08.2011	20.08.2012	Not Applicable	1,98,620
13.	710200/21/11/02/0000013	Marine Cargo (FOB upto Port)	30.09.2011	29.09.2012	20000000	9,928
14.	710200/21/11/03/0000012	Marine Open Cover (Cargo) Policy	29.11.2011	28.11.2012	Open Coverage	Premium will be debited to CD A/C as & when declared
15.	710200/11/11/02/0000002	Fire Declaration Policy	25.11.2011	24.11.2012	195000000	2,00,030

16.	710200/46/11/01/000 00365	Policy for Systems & Office Equipment in Chennai	27.12.2011	26.12.2012	1100000	850
17.	710200/46/11/01/000 00364	Policy for Systems & Office Equipment in Nellore	27.12.2011	26.12.2012	675000	522
18.	710200/11/11/01/000 00722	Fire Policy	20.01.2012	19.01.2013	15000000	48,643
19.	710200/46/11/01/000 00388	Burglary Policy	20.01.2012	19.01.2013	15000000	16,545
20.	710200/48/11/03/002 0000029	Money Insurance - Chennai	30.03.2012	29.03.2012	17000000	1,931
21.	710200/48/11/03/002 00028	Money Insurance – Nellore	30.03.2012	29.03.2012	26000000	2,482
22.	710200/21/10/02/002 00005	Marine Cargo Open Policy	25.03.2011	24.03.2012	10000000	6,895
23.	710200/42/11/01/000 00206	Group Personal Accident Policy	26.03.2012	26.03.2013	2300000	4,570
24.	710200/11/12/01/000 00034	Fire Policy	20.04.2012	19.04.2013	26000000	98,596
25.	710200/46/12/01/000 00017	Burglary Policy	20.04.2012	19.04.2013	26000000	20,450

REGULATIONS AND POLICIES

The following description is a summary of the relevant regulations and policies as prescribed by the central / state governments that are applicable to the Company in India. The information detailed in this chapter has been obtained from publications available in the public domain. The regulations set out below are not exhaustive, and are only intended to provide general information to the investors and are neither designed nor intended to be a substitute for professional legal advice.

LABOUR LEGISLATIONS

Employees Provident Funds and Miscellaneous Provisions Act, 1952

The Employees Provident Funds and Miscellaneous Provisions Act, 1952 (the “PF Act”) is a labour legislation which ensures compulsory provident fund, family pension fund and deposit linked insurance in factories and other establishments for the benefits of the employees. The rate of contribution has been fixed at 12%. Presently an employee at the time of joining the employment and getting wages up to Rs. 6,500 is required to become a member of the employees provident fund organization (the “EPFO”), established in accordance with the provisions of the PF Act. An employee is eligible for membership of fund from the very first date of joining such an establishment.

The PF Act inter alia provides for:

- Grant of exemption from the operation of the schemes framed under the PF Act to an establishment, to a class of employees and to an individual employee, on certain conditions;
- Appointment of an inspector to secure compliance under the PF Act and the schemes framed there under;
- Mode of recovery of monies due from employers.

The funds established under the PF Act vest in and are administered by the Central Board of Trustees constituted under the PF Act and functions within the overall regulatory control of the Central Government.

Payment of Bonus Act, 1965

The Payment of Bonus Act, 1965 (the “Bonus Act”) provides for payment of bonus irrespective of profit and makes payment of minimum bonus compulsory to those employees who draw a salary or wage up to Rs. 3,500 per month and have worked for a minimum period of 30 days in a year. The Bonus Act has created a right in every employee to receive a bonus and it has become an implied term in a contract of employment. Bonus is calculated on the basis of the salary or wage earned by the employee during the accounting year. The minimum bonus to be paid to each employee is either 8.33% of the salary or wage or Rs.100, whichever is higher, and must be paid irrespective of the existence of any allocable surplus or profits. If the allocable surplus or profit exceeds minimum bonus payable, then the employer must pay bonus proportionate to the salary or wage earned during that period, subject to a maximum of 20% of such salary or wage. Contravention of the Bonus Act by a company is punishable with imprisonment up to six months or a fine.

The Factories Act, 1948

The Factories Act is applicable to all ‘factories’ employing more than 10 people and working with the aid of power or employing 20 people and working without the aid of

power. It covers workers employed in the factory premises or precincts directly or through an agency including a contractor, involved in any manufacture. The respective State Governments frame rules for its enforcement in order to ensure that local conditions are reflected. It provides for the health, safety, welfare, service conditions and other aspects of workers in factories.

The Industrial Employment (Standing Orders) Act, 1946

The Industrial Employment Act applies to every industrial establishment where 100 or more workmen are/were employed on any day of the preceding 12 months. It applies to every worker employed in an industrial establishment but excludes workers employed in a managerial or administrative capacity and workers employed in a supervisory capacity and drawing wages more than Rs. 1600 per month. Under the Industrial Employment (Standing Orders) Act, 1946, standing orders are to be framed in order to standardize the service conditions of the workmen in industrial establishments. The standing orders are to be displayed prominently in the establishment in English and the language understood by the workmen near the entrance of the establishment and all departments.

The Payment of Gratuity Act, 1972

The Payment of Gratuity Act provides for payment of gratuity, to an employee, at the time of termination of his / her services. Gratuity is payable to an employee on the termination of his/ her employment after he has rendered continuous service for not less than 5 years: (a) on his/her superannuation, (b) on his/her retirement or resignation, (c) on his/her death or disablement due to accident or disease (in this case the minimum requirement of five years does not apply).

The POGA establishes a scheme for the payment of gratuity to employees engaged in establishments in which 10 or more persons are employed or were employed on any day of the preceding twelve months, and in such other establishments in which 10 or more persons are employed or were employed on any day of the preceding twelve months, as the Central Government may, by notification, specify. The Company provides for payment of gratuity and superannuation to all the permanent employees.

The Payment of Wages Act, 1936

The Payment of Wages Act, aims at ensuring payment of wages in a particular form at regular intervals without unauthorized deductions. It regulates the payment of wages to certain classes of employed persons and provides for the imposition of fines and deductions and lays down wage periods and time and mode of payment of wages. Persons whose wages are Rs. 6,500 or more per month are outside the ambit of the Payment of Wages Act.

The Workmen's Compensation Act, 1923

The Workmen's Compensation Act, aims to provide workmen and their dependents, compensatory payment, in case of accidents arising out of and in course of employment and causing either death or disablement of workmen. It applies to factories, mines, docks, construction establishments, plantations, oilfields and other establishment listed in Schedule II and III of the Workmen's Compensation Act but excludes establishments covered by the Employees' State Insurance Act. Every employee including those

employed through a contractor except casual employees, who is engaged for the purposes of employer's business and who suffers an injury in any accident arising out of and in the course of his employment is entitled to compensation under the Workmen's Compensation Act.

The Contract Labour (Regulation and Abolition) Act, 1970

In the event that any aspect of the activities of the Company is outsourced and carried on by labourers hired on contractual basis, then compliance with the Contract Labour Act becomes necessary. The Contract Labour Act regulates the employment of contract labour in establishments in which ten or more workmen are employed or were employed on any day of the preceding 12 months as contract labour. It governs their conditions and terms of service and provides for abolition of contract labour in certain circumstances. The Contract Labour Act requires the principal employer of the concerned establishment to make an application to the registered officer for registration of the establishment, failing which, contract labour cannot be employed in the establishment.

Likewise, every contractor to whom the Contract Labour Act applies is required to obtain a license and not to undertake or execute any work through contract labour, except under and in accordance with such license. Further, the Contract Labour Act ensures the health and welfare of the contract labourers, by imposing certain obligations on the contractor in relation to establishment of canteens, restrooms, drinking water, washing facilities, first aid, other facilities and payment of wages. However, in the event the contractor fails to provide these amenities, the principal employer is under an obligation to provide these facilities within a prescribed time period. Penalties, including both fines and imprisonment, may be levied for contravention of the provisions of the Contract Labour Act.

ENVIRONMENT LEGISLATIONS

The plant of the Company require approvals under the following environmental legislations. This is because the operation/construction of some of its plant might have an impact on the environment where they are situated in.

Air (Prevention and Control of Pollution) Act, 1981

The Air Act mandates that no person can, without the previous consent of the State Pollution Control Board, establish or operate any industrial plant in an air pollution control area. The Central and State Pollution Control Boards constituted under the Water Act are also to perform functions as per the Air Pollution Act for the prevention and control of air pollution.

Water (Prevention and Control of Pollution) Act 1974

The Water Act provides for the constitution of a Central Pollution Control Board and State Pollution Control Boards. The Water Act debars any person from establishing any industry, operation or process or any treatment and disposal system, which is likely to discharge trade effluent into a stream, well or sewer without taking prior consent of the State and Central Pollution Control Boards.

The Water (Prevention and Control of Pollution) Cess Act, 1977 (the “Water Cess Act”)

The Water Cess Act provides for levy and collection of a cess on water consumed by industries with a view to augment the resources of the Central and State Pollution Control Boards constituted under the Water Act. Under this statute, every person carrying on any industry is required to pay a cess calculated on the basis of the amount of water consumed for any of the purposes specified under the Water Cess Act at such rate not exceeding the rate specified under the Water Cess Act. A rebate of up to 25% on the cess payable is available to those persons who install any plant for the treatment of sewage or trade effluent, provided that they consume water within the quantity prescribed for that category of industries and also comply with the provision relating to restrictions on new outlets and discharges under the Water Act or any standards laid down under the EPA. For the purpose of recording the water consumption, every industry is required to affix meters as prescribed. Penalties for noncompliance with the obligation to furnish a return and evasion of cess include imprisonment of any person for a period up to six months or a fine of Rs.1,000 or both and penalty for non-payment of cess within a specified time includes an amount not exceeding the amount of cess which is in arrears.

Environment Protection Act, 1986

The Environment Protection Act has been enacted for the protection and improvement of the environment. The EPA empowers the Central Government to take measures to protect and improve the environment such as by laying down standards for emission or discharge of pollutants, providing for restrictions regarding areas where industries may operate and so on. The Central Government may make rules for regulating environmental pollution. In addition, the Ministry of Environment and Forests looks into EIA. The Ministry receives proposals for expansion, modernization and setting up of projects and the impact which such projects would have on the environment is assessed by the Ministry before granting clearances for the proposed projects. The issue of management, storage and disposal of hazardous waste is regulated by the Hazardous Waste Management Rules, 1989 made under the Environment Protection Act. Under these rules, the Pollution Control Boards are empowered to grant authorization for collection, treatment, storage and disposal of hazardous waste, either to the occupier or the operator of the facility.

TAX RELATED REGULATIONS

The Income Tax Act, 1961

Income Tax Act, 1961 is applicable to every domestic/ foreign company whose income is taxable under the provisions of this Act or Rules made there under depending upon its “Residential Status” and “Type of Income” involved. U/s 139(1) every Company is required to file its Income Tax Return for every Pervious Year by 30th September of the Assessment Year. Other compliances like those relating to Tax Deduction at Source, Foreign Benefit Tax, Advance Tax, and Minimum Alternative Tax and like are also required to be complied by every Company.

The Value Added Tax Act, 2005

Value Added Tax (VAT) is charged by laws enacted by each State on sale of goods affected in the relevant States. VAT is a multi-point levy on each of the entities in the

supply chain with the facility of set-off of input tax that this is the tax paid at the stage of purchase of goods by a trader and on purchase of raw materials by a manufacturer. Only the value addition in the hands of each of the entities is subject to tax. VAT is not chargeable on the value of services which do not involve a transfer of goods. Periodical returns are required to be filled with the VAT Department of the respective States by the Company.

The Central Sales Tax Act, 1956

In accordance with the Central Sales Tax Act, every dealer registered under the Act shall be required to furnish a return in Form (monthly/quarterly/annually) as required by the State Sale Tax laws of the assessing authority together with treasury challan or bank receipt in token of the payment of taxes due.

The Service Tax

Service Tax is charged on taxable services as defined in Chapter V of Finance Act, 1994, which requires a service provider to taxable services to collect service tax from a service recipient and pay such tax to the Government. In accordance with Rule 6 of Service Tax Rules, the assessee is required to pay Service Tax in TR 6 challan by fifth of the month immediately following the month to which it relates. Further under Rule 7(1) of Service Tax Rules, the Company is required to file a half yearly return in Form ST 3 by twenty fifth of the month immediately following the half year to which the return relates.

The Central Excise Act, 1944

In accordance with the Central Excise Act and Central Excise Rules, every person who produces or manufactures any excisable goods is required to get itself registered with the Jurisdictional Deputy or Assistant Commissioner of Central Excise. Hence this Act is applicable to the Company. Further, the provisions of the Central Excise Rules provide that the manufacturer of final products (other than SSI's) shall submit the duty on goods removed from the factory or warehouse during the month by fifth day of following month. Also a Monthly Return in Form ER1 is required to be submitted to the Superintendent of Central Excise within 10 days after the close of the month.

Customs Act, 1962

The provisions of the Customs Act, 1962 and rules made there under are applicable at the time of import of goods i.e. bringing into India from a place outside India or at the time of export of goods i.e. taken out of India to a place outside India. Any Company requiring to import or export any goods is first required to get it registered and obtain an IEC (Importer Exporter Code).

OTHER REGULATIONS

Indian Boilers Act, 1923 and the Indian Boiler Regulations 1950

The Indian Boilers Act, 1923 and the Indian Boiler Regulations, 1950 came in force with a object to secure uniformity throughout India in all technical matters connected with boiler regulations e.g., standards of construction, maximum pressure, and to insist on the registration and regular inspection of all boilers throughout India.

Shops and Commercial Establishment Acts (SCE Acts)

The SCE Acts regulate the conditions of work and employment in shops and commercial establishments and generally prescribe obligations in respect of inter alia registration, opening and closing hours, daily and weekly working hours, holidays, leave, health and safety measures and wages for overtime work. Each state has passed its own SCE Act to regulate conditions of work in the state. The SCE Act applies to local areas as notified by the government of each state and mandates registration of shops and establishments. The SCE Acts prohibit the employment of children and regulates the employment of young persons and women in shops and establishments. The SCE Acts also contains provisions dealing with payment of wages to employees and leave with pay. There are various regulations that need to be observed to ensure the health and safety of the employees. The SCE Act provides for penalties for the contravention of its various provisions and enhanced penalty in case of previous conviction.

MANAGEMENT AND CORPORATE GOVERNANCE

The Board of Directors of the Company as on date of filing of this Draft Letter of Offer are:

Sl. No	Name, Age, Designation Qualification & DIN	Experi ence	Directorship in other Companies	Date of Appointment / Re-Appointment and Term of Appointment
1.	Vikramaditya Mohan Thapar Age: 65 Designation: Chairman - Non Executive Promoter Director Qualification: CA DIN: 00030967	41	<ol style="list-style-type: none"> 1. Karam Chand Thapar & Bros. (CS) Ltd. 2. The Silkbase Co. Ltd. 3. Indian City Properties Ltd. 4. West Haryana Highway Projects Pvt. Ltd. 5. Indicon Logistics Ltd. 6. Thapar Infra Construction India Ltd. 7. KCT Global PTE Ltd. 	23/11/1987 2/9/2011 Term: Retire by Rotation and are eligible for re-appointment
2.	Anil Kumar Bhandari Age:68 Designation: Non Executive Independent Director Qualification: B A DIN: 00031194	45	<ol style="list-style-type: none"> 1. Indian City Properties Ltd. 2. Kirloskar Electricals Ltd 3. Karnataka Coffee Pvt. Ltd. 4. Bhoruka Part Pvt. Ltd. 	1/7/1988 2/9/2011 Term: Retire by Rotation and are eligible for re-appointment
3.	Jyoti Thapar Age:55 Designation: Non Executive Promoter Director DIN: 00031035	21	<ol style="list-style-type: none"> 1. Gourmet Delicatessens Ltd. 2. Towerbase Services Pvt. Ltd. 	27/7/1989 8/9/2009 Term: Retire by Rotation and are eligible for re-appointment
4.	Adarsh Saran Age:74 Designation: Non Executive Promoter Director Qualification: BSc (Engg) (UK), FIE DIN: 00031185	48	<ol style="list-style-type: none"> 1. Indian City Properties Ltd. 2. Western Haryana Highways Projects Pvt. Ltd. 3. Thapar Infra Constructions Ltd. 	28/10/2002 27/9/2010 Term: Retire by Rotation and are eligible for re-appointment
5.	Deepak Harischandra Summanwar Age: 69 Designation: Non Executive Independent Director Qualification: M Phil, MBA, PGDBM DIN: 02017830	40	<ol style="list-style-type: none"> 1. Peninsula Land Ltd. 2. Great Offshore Ltd. 	28/1/2008 27/9/2010 Term: Retire by Rotation and are eligible for re-appointment

6.	Nakul Kamani Age:58 Designation: Non Executive Independent Director Qualification: B Com DIN: 00891344	31	1. Samarth Engineering Co. Pvt. Ltd. 2. Sparx Technologies Pvt. Ltd. 3. Steel City Press Ltd. 4. Brosco Designs Pvt. Ltd. 5. Rushabh Investment Pvt. Ltd.	22/2/2010 27/9/2010 Term: Retire by Rotation and are eligible for re-appointment
7.	Ayesha Thapar Age:35 Designation: Non Executive Promoter Director Qualification: BA DIN: 02882399	11	1. Indian City Properties Ltd. 2. Handy Waterbase India (P) Ltd. 3. Integrated Realty Private Ltd.	1/2/2010 27/9/2010 Term: Retire by Rotation and are eligible for re-appointment
8.	Ranjit Mehta Age:64 Designation: Non Executive Independent Director Qualification: BA DIN: 03172264	38	Nil	27/10/2010 2/9/2011 Term: Retire by Rotation and are eligible for re-appointment

RELATIONSHIP AMONG THE DIRECTORS

Ms. Jyothi Thapar, Non Executive Promoter Director is the wife of Mr. Vikramaditya Mohan Thapar, the Chairman. Ms. Ayesha Thapar, Non Executive Promoter Director is the daughter of Mr. Vikramaditya Mohan Thapar and Ms. Jyothi Thapar. Mr. Adarsh Saran, Non-Executive Promoter Director is the brother – in – law of Mr. Vikramaditya Mohan Thapar. None of the other Directors are related to each other.

Details of current and past directorship(s) of Directors of the Company for a period of five (5) years (prior to the date of this Draft Letter of Offer) in listed companies whose shares have been/ were suspended from being traded on the stock exchanges having nationwide trading terminals.

None of the directors are/ were associated in any listed company (ies) during the period of five (5) years (prior to the date of this Draft Letter of Offer) whose shares have been/ were suspended from being traded on the stock exchanges having nationwide trading terminal.

Details of current and past directorship(s) in listed companies who have been /were delisted from the stock exchange(s)

None of the directors are / were associated in any listed company (ies) which have been delisted from the stock exchange(s). There is no arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any of the above mentioned Directors was selected as director or member of senior management. Further, except for statutory benefits upon termination of their employment in the Company or upon retirement, no officer of the Company, including the Directors and Key Managerial Persons, are entitled to any benefits upon termination of employment with the company.

Brief Profile of the Directors

Mr. VIKRAMADITYA MOHAN THAPAR

Mr. Vikram M Thapar is the Chairman and Non-Executive Promoter Director of Waterbase. He hails from the noted Thapar Family of industrialists. He is the Chairman and Managing Director of KCT Coal Sales Ltd and plays an active role in all the companies that belong to the KCT Thapar Group. Mr. Vikram is a Chartered Accountant with an experience of 39 years in various industrial sectors. He held the positions of President of the Indian Chamber of Commerce and chairman of India-Japan, India-Indonesia, India-Sweden and India-Netherlands Joint Business Councils. He is Patron Member of the Federation of Indian Chambers of Commerce & Industry (FICCI) and heads FICCI Taskforce on Infrastructure and Coal. He is Life Member of the Delhi Public School Society.

Mr. ANIL KUMAR BHANDARI

Mr. Anil Kumar Bhandari is an independent Non-Executive Director. He is a B.A graduate and also holds Associate Degree in Commercial Aviation Technology. He held the position of Vice Chairman of Coffee Board (1991 – 92) and continues as the Member – Coffee Board. He is the Vice Chairman and Convener of the India International Coffee Festival

Ms. JYOTI THAPAR

Mrs. Jyothi Thapar is the wife of Mr. Vikram Thapar and is associated with the company since 1989.

Mr. ADARSH SARAN

Mr. Adarsh Saran is a Non-Executive and Independent Director in the company. He is also a senior Vice President in KCT Coal Sales Ltd, the promoter of Waterbase. He has an Honors' in Civil and Structural engineering from Loughborough university U.K. He has a working experience of over 52 years since 1960, in various group companies of the Thapar group and has been responsible for executing various contracts, projects and new initiatives including joint ventures.

He is a fellow of the Institute of Engineers of India and a member of the Institute of Directors London. His interests include photography, performing and visual arts and ornithology.

Lt. Gen. DEEPAK HARISHCHANDRA SUMMANWAR

Lt. Gen . Deepak Summanwar is an Independent Non-Executive director of the company. He retired as Additional Chief of Staff Southern Command after having held many senior positions in the army during a career spanning 40 years.

He is an alumni of the Doon School of Dehra Dun, National Defence Academy, Indian Military Academy, Madras University, Solvay Business school and Vrije University in Brussels. He has a M. Sc in Defense Studies from Madras University and a High Command Course from Indore University which is equivalent to M. Phil in Defense Management. He also has completed MBA with specialization in Finance in Solvay Business School, Vrije University, Brussels and a Post Graduate in Business Administration in Marketing from Vrije University, Brussels, Belgium. He has also completed his Diploma in Strategic Management from the All India Management Association and has attended an Independent Director's course conducted by ASSOCHAM in 2007.

During his stint in the Army, he has been part of various decision making processes on national security and multinational deliberations on defense co-operation, terrorism and security situations. He retired from the Army in 2007 as Additional Chief of Staff – Southern Command, Pune. He has been decorated five times in his service for his distinguished and meritorious service to the nation.

Mr. NAKUL KAMANI

Mr. Nakul Kamani is a Non-Executive and Independent Director in the company. He is a B.Com Graduate and attended several Executive Development Programs organized by the IIMs and the XLRI on Marketing Management and Business Management Practices. . He hails from the Kamani family in Jamshedpur. With a back ground of proven business acumen, Mr. Nakul Kamani is an established industrialist.

He has had 30 years of working experience having set up Greenfield projects as diverse as Soft Drinks Bottling plants under the franchise from The Coca Cola Company in India and thereafter in Nepal, as well as Pepsi Cola in India, to Engineering units accredited with ISO 9002 Certification from BVQI. He has successfully and profitably managed these industries over the years. In addition to this he has started trading companies, dealing in Industrial Equipment and Products from the steel and mining industries in India and export of steel to the Far Eastern Countries as well as imports of steel from the erstwhile USSR and the CIS countries

Ms. AYESHA THAPAR

Ms. Ayesha Thapar, daughter of Mr. Vikram M Thapar and Ms. Jyoti Thapar is a Non-Executive Promoter Director of Waterbase. She plays an active role in all the companies that belong to the KCT Thapar Group. She is responsible for managing and investing the Corporate Wealth Portfolios and exploring new business avenues for the renowned business house.

She acquired a Bachelor's Degree in Economics and Mathematics from Wellesley College, Boston University. After graduation, she has been working for over 10 years of experience in both International and the Indian domestic markets, across multiple industries. The areas of work include Internet Marketing, real-estate development, telecommunications, fashion, web design, infrastructure construction and brand management. She managed Tel3.com, a Telecom Voice cover IP firm in the United States before she moved back to India in 2007.

Mr. RANJIT MEHTA

Mr. Ranjit Mehta is a Non-Executive and Independent Director in the company. He is a BA [Honors] Economics graduate and a member of the Institute of Bankers, UK. He has held Senior Positions in HSBC bank in India and at the Bank's Head Office in Hong Kong during the period 1968-1995. After that he held the position of Country Head and CEO in ING Barings from 1996 to 2000 and from 2001 to 2006 held the position of Chairman in PCCW Group.

BORROWING POWERS OF THE DIRECTORS IN THE COMPANY

The Board of Directors have been authorized by the shareholders of the Company by a resolution passed at the EGM dated 27th September 1989 pursuant to Section 293 (1)(d) of the Companies Act 1956 to borrow moneys not exceeding the paid up share capital and free reserves of the company by more than Rs. 5 crores at any time.

INTEREST OF THE DIRECTORS

All the Directors of the company may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board and its committees and reimbursement of expenses. All the directors may also be deemed to be interested to the extent of equity shares, if any, already held by them and /or by their friends /relatives in the Company that may be subscribed for or allotted to them in the present offer and also to the extent of any dividend payable to them and other distributions in respect of the said equity shares. All the directors may also be deemed to be interested to the extent of normal transactions, if any, with the company. The Directors may also be regarded as interested in the equity shares, if any, held or that may be allotted to the companies, firms and trust in which they are interested as directors, members, partners and or trustees.

COMPENSATION TO THE DIRECTORS

The remuneration of the Board of Directors consists only of sitting fees for attending the meeting of the Board of Directors or a Committee thereof:

Details of the sitting fees paid to the Board of Directors during the FY 2010 – 2011

Name of the Director	Amount (Rs.)
Mr. Vikramaditya Mohan Thapar	40000.00
Mr. Anil Kumar Bhandari	40000.00
Ms. Jyoti Thapar	40000.00
Mr. Adarsh Saran	0.00
Mr. Deepak Harischandra Summanwar	40000.00
Mr. Nakul Kamani	30000.00
Mr. Ayesha Thapar	40000.00
Mr. Ranjit Mehta	20000.00

SHAREHOLDING OF THE DIRECTORS IN THE COMPANY

The details of the Shareholding of the Directors in TWL as on date of filing of this Draft Letter of Offer is given below

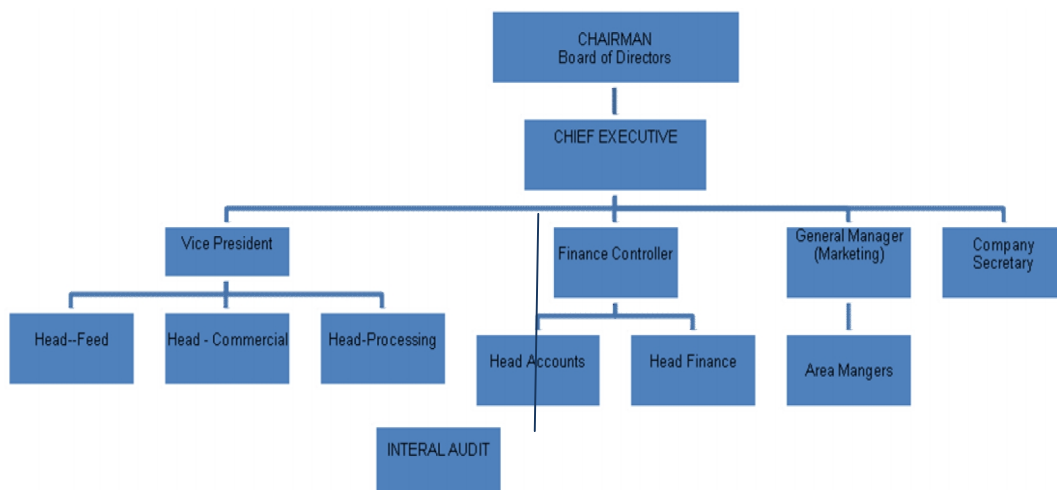
Name of the Director	No. of Equity Shares Held	Percentage of Pre-Issue Holding in the Company (%)
Mr. Vikramaditya Mohan Thapar	50000	0.19
Mr. Anil Kumar Bhandari	0.00	0.00
Ms. Jyoti Thapar	73500	0.29

Mr. Adarsh Saran	13800	0.05
Mr. Deepak Harischandra Summanwar	0.00	0.00
Mr. Nakul Kamani	0.00	0.00
Mr. Ayesha Thapar	50000	0.19
Mr. Ranjit Mehta	0.00	0.00
Total	187300	0.72

CHANGES IN THE DIRECTORS OF THE COMPANY DURING THE PRECEDING THREE (3) YEARS

Sl. No.	Name of the Director	Designation	Nature of change	Effective date of change
1.	Mr. Maneesh Mansingka	Director	Resignation	08-04-2010
2	Ms. Ayesha Thapar	Additional Director	Appointment	01-02-2010
		Director	Appointment [regularized at AGM]	27-09-2010
3	Mr. Nakul Kamani	Additional Director	Appointment	01-02-2010
		Director	Appointment [regularized at AGM]	27-09-2010
4	Mr. Ranjit Mehta	Additional Director	Appointment	22-10-2010
		Director	Appointment [regularized at AGM]	02-09-2011

MANAGEMENT ORGANISATION STRUCTURE



COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS

The Company's philosophy on Corporate Governance envisages working based on transparency, accountability, consistent value systems, delegation across all facets of its operations leading to sharply focused and operationally efficient growth. The business operations are conducted to benefit its stakeholders. Corporate governance is administered through the Board and the Committees of the Board. In compliance with Clause 49 of the Listing Agreement with BSE. The Company has the following Board level Committees:

(i) Audit Committee, (ii) Shareholder's Committee and (iii) Remuneration Committee.

However, the primary responsibility for upholding corporate governance and providing necessary disclosures within the framework of legal provisions and institutional conventions with commitment to enhance shareholder's value vests with the Board.

As a listed entity, the company is in compliance with the applicable provisions of the Listing Agreements pertaining to corporate governance, including appointment of Independent Directors and constitution of Committees.

A brief description of the composition of Board, key committees, their scope, composition and meetings for the current year is as follows:

Composition of the Board of Directors

The present strength of the Board of Directors of the Company consists of 8 Directors. The Chairman of the Board is Non Executive Promoter Director. There are 4 Non Executive Promoter Directors, and 4 Non Executive Independent Directors, with independent judgment in the deliberation and decision of the Board. The composition of the Board is in conformity with Clause 49 of the Listing Agreement entered into with the BSE.

Committees of the Board of Directors

The Company has constituted the following committees for compliance with corporate governance requirements:

(a) Audit Committee

The Audit Committee was constituted pursuant to the Board Meeting held on 24th April 2001 and comprises of:

Sl. No.	Member	Designation
1.	Mr. Anil Kumar Bhandari	Chariman – Independent Director
2.	Mr. Vikramaditya Mohan Thapar	Member – Promoter Director
3.	Mr. Deepak Harischandra Summanwar	Member – Independent Director
4.	Mr. Nakul Kamani	Member – Independent Director
5.	Mr. Ranjit Mehta	Member – Independent Director

The scope and function of the Audit Committee is in accordance with Section 292A of the Companies Act and Clause 49 of the Listing Agreement, as amended from time to time, and its terms of reference include the following:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Reviewing with the management, the quarterly / annual financial statements before submission to the Board for approval, with particular reference to:
 - i. Matters required to be specified in the Director's Responsibility Statement to be included in the Board's report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956;
 - ii. Changes, if any, in accounting policies and practices and reasons for the same;
 - iii. Major accounting entries based on the exercise of judgment by management;
 - iv. Significant adjustments to financial statements arising out of audit findings;
 - v. Compliance with the Accounting Standard;
 - vi. Compliance with listing and other legal requirements relating to the financial statements.
3. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
4. Recommending the appointment/removal of statutory auditor, fixing of audit fee, and approval for payment of any other service.
5. Review of the reports of the internal auditor and functioning of the Internal Audit Team.
6. Post Audit Review with the statutory auditors and discussions on findings, suggestions and any areas of concern.
7. Reviewing the Company's financial and risk management policies.
8. The Audit Committee is required to meet at least four times in a year, including once before the finalization of annual accounts and once in every six months. The quorum for the meetings is two directors or one-third of the total number of members, whichever is higher subject to the presence of two independent members.

The Audit Committee held 4 meetings in the financial year 2010 – 2011 and 3 meetings upto the nine months ended December 2011. A brief description of meetings of the Audit Committee is detailed below:

Sl. No.	Date of Meeting	Proceedings of the Meeting
1.	09.05.2011	Review of unaudited quarterly results, Recommendation for approval by Board and Review of internal audit report.
2.	18.07.2011	Review of audited accounts for the FY 2010-11, Re-appointment of statutory auditors, Review of unaudited quarterly results and Review of internal audit report.
3.	04.11.2011	Review of unaudited quarterly results, Recommendation for approval by Board and Review of internal audit report,

(b) Investors Grievance Committee / Share Transfer Committee (Shareholders Committee)

The Shareholders Committee was constituted pursuant to the Board Meeting held on 28.9.1992 and was renamed as Investors Grievance Committee/ Share Transfer Committee pursuant to the Board Meeting held on 29.4.2002. The committee comprises of

Sl. No.	Member	Designation
1.	Mr. Anil Kumar Bhandari	Chairman, Independent Director
2.	Mr. Deepak Harischandra Summanwar	Member, Independent Director

The Investors Grievance Committee/ Share Transfer Committee performs the role/functions as set out in Clause 49 of the Listing Agreement, as amended from time to time, with the Stock Exchanges and its terms of reference include:

1. Approving share transfer and transmissions;
2. Approving issuance of duplicate share certificates as and when required;
3. Investor relations and redressal of shareholders grievances in general and relating to non receipt of dividends, interest, non- receipt of balance sheet, recording change of address etc.;
4. Oversee the performance of Registrar and Transfer Agent; and
5. Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by such committee.

The Investors Grievance Committee/ Share Transfer Committee held 4 meetings in the financial year 2010-2011 and 3 meetings up to the nine months ended December 2011. A brief description of meetings of the Shareholders' Committee is set forth below:

Sl. No.	Date of Meeting	Proceedings of the Meeting
1.	09.05.2011	Approval of share transfers and transmissions, Review of shareholding pattern, Status of investor grievances, Review of compliances with listing agreement.
2.	18.07.2011	Approval of share transfers and transmissions, Review of shareholding pattern, Status of investor grievances, Issue of duplicate share certificates, Review of compliances with listing agreement.
3.	04.11.2011	Approval of share transfers and transmissions, Review of shareholding pattern, Status of investor grievances, Issue of duplicate share certificates, Review of compliances with listing agreement

The Company's registrars Data Software Research Company Private Ltd in coordination with the Company Secretary, Ms. Suguna Krishnamurthy handle the grievances of the investors which are redressed at the earliest.

(c) Remuneration Committee

The Remuneration Committee was constituted pursuant to the Board meeting held on January 23, 2004 and comprises of;

Sl. No.	Member	Designation
1.	Mr. Anil Kumar Bhandari	Chairman, Independent Director
2.	Mr. Deepak Harischandra Summanwar	Member, Independent Director
3.	Mr. Nakul Kamani	Member, Independent Director
4.	Mr. Ranjit Metha	Member, Independent Director

The broad terms of reference of the Remuneration Committee is to determine and approve the remuneration payable to the managerial personnel of the Company within the provisions of the Companies Act, 1956 and any amendments thereto. The Remuneration Committee considers and recommends the approval of the appointment/re-appointment and remuneration payable to the Chief Executive and Manager to the Board of Directors of the Company, which is subject to approval of the Members in the General Meeting.

The Remuneration Committee met on May 9, 2011 to recommend to the Board the re-appointment of Mr. Ashok Nanjapa as Manager and Chief Executive of the company for a period of three years. The same was approved by the shareholders in the AGM conducted on 2nd September 2011 and was also accepted by Mr. Ashok Nanjapa on May 14, 2011 and the broad terms and conditions of re-appointment are as follow:

Mr. Ashok Nanjapa be reappointed as Chief Executive and Manager for a period of three years with effect from April 1, 2011 on a monthly remuneration not exceeding Rs 5 lakhs which will include perquisites such as rent free accommodation, reimbursement of medical expenses, leave travel concession calculated as per the rules of the company. Contribution to Provident fund, gratuity, and encashment of leave at the end of the tenure calculated as per company's rules, will not taken into account in computing the above ceiling as provided in Part II. Section II (2) of Schedule XIII of the Companies Act 1956

(d) Code of Conduct

The Company has formulated a Code of Conduct for its Board of Directors and Key Managerial Personnel. The Board of Directors and the Key Managerial Personnel of TWL confirm their compliance with the Code of Conduct every year as required under Clause 49 of the Listing Agreement. The Code of Conduct is detailed below:

1. Use due care, competence and diligence in performing their duties of office and in exercising their powers attached to that office.
2. Make reasonable efforts to attend Board and Committee meetings regularly
3. Act honestly, fairly and responsibly and use their powers of office, in good faith and in the best interests of the Company and its shareholders
4. Not make improper use of information nor take improper advantage of their position as a Director;
5. Not allow personal interest to conflict with the interests of the Company and to disclose potential conflicts of interest that they may have regarding any matters that may come before the Board.
6. Recognize that their primary responsibility is to the Company's shareholders as a whole and where appropriate, have regard for the interests of all stakeholders of the Company.

7. Be independent in judgment and actions, and to take all reasonable steps to be satisfied as to the soundness of all decisions taken by the Board of Directors;
8. Ensure confidentiality of information relating to the affairs of the Company acquired in the course of their service, except when authorized or legally required to disclose such information.
9. HONEST AND ETHICAL CONDUCT: The Directors/ senior officials shall act in accordance with the highest standards of personal and professional integrity, honesty and ethical conduct. They shall conform to the best-accepted professional standards of conduct.
10. CONFLICT OF INTEREST: The Directors/ senior officials shall avoid conflict of interest with the Company. Any situation that involves, or may reasonably be expected to involve, a conflict of interest with the Company shall be disclosed promptly to the Chairman of the Board.

KEY MANAGERIAL PERSONNEL

The details of the Key Managerial Personnel (KMP) of the Company are as follows:

Mr. ASHOK NANJAPA – CHIEF EXECUTIVE OFFICER

Mr. Ashok Nanjapa, aged 64 holds a Bachelors in Arts and is the Chief Executive Officer since 1st July 1995. Prior to joining this company he was with M/s Steelage Industries Ltd. He holds 4500 shares of the company. His annual cost to the company is Rs. 18 Lakhs.

Mr. S GIRIDHARI – FINANCE CONTROLLER

Mr. S.Giridhari, aged 56 is a qualified Chartered Accountant and is the Finance controller since 26th.March,2001.He has been in this company for the last 11 years and his annual cost to the company is Rs.18.03 lakhs per annum and holds 25 shares of the company. Prior to joining this company he was with M/s Omega Cables Ltd.

Ms. SUGUNA KRISHNAMOORTY, COMPANY SECRETARY & COMPLIANCE OFFICER

Ms. Suguna, aged 54 is a qualified Company Secretary cum Chartered Accountant and is the Company secretary and compliance Officer since 1st December 2002. Prior to joining this company she was with M/s Kaveri Telecom Ltd. Her annual cost to the company is Rs. 4.58 lakhs per annum.

Note

There are no changes in the Key Managerial Personnel during the preceding three years as on date of filing of this Draft Letter of Offer.

All the above mentioned personnel are permanent employees except for Mr. Ashok Nanjapa, Chief Executive Officer of the Company. Mr. Ashok Nanjapa is appointed by the Shareholders on a Contract Basis. The present re-appointment effective from 01.04.2011 is for a period of 3 years and approval from the Central Government under Schedule XIII of the Companies Act, 1956 has been obtained for the same.

Relationship among the KMP

There are no family relationships among the KMP.

Shareholding of the KMP

Except as stated above, none of the KMP holds equity shares in the Company.

Bonus or Profit Sharing for the KMP






There are no agreements entered into between the KMP and the Company for Bonus or Profit Sharing Plan.


Disclosures Regarding Employees Stock Option Scheme / Employee Stock Purchase Scheme

The Company has not issued any Employees Stock Option Scheme / Employees Stock Purchase Scheme, as required by the Regulations or Regulations of SEBI relating to Employee Stock Option Scheme and Employee Stock Purchase Scheme.

PROMOTERS OF THE COMPANY

The Promoters of our Company are

	<p>Mr. Vikramaditya Mohan Thapar</p> <p>Passport No: Z2003920 PAN No: ABNPT6299A Qualification: CA Address: E-67, Vasant Marg, Vasant Vihar, New Delhi, 110057, Delhi, India</p>
	<p>Ms. Jyoti Thapar</p> <p>Passport No: G0867705 PAN No: ABWPT8527E Address: E-67, Vasant Marg, Vasant Vihar, New Delhi, 110057, Delhi, India</p>
	<p>Ms. Ayesha Thapar</p> <p>Passport No: Z2041558 PAN No: ACQPT3748N Qualification: B A Economics Address: E-67, Vasant Marg, Vasant Vihar, New Delhi, 110057, Delhi, India</p>
	<p>Ms. Nithasa Thapar</p> <p>Passport No: H1454091 PAN No: ACQPT6969H Qualification: B A Address: E-67, Vasant Marg, Vasant Vihar, New Delhi, 110057, Delhi, India</p>
	<p>Ms. Varun Aditya Thapar</p> <p>Passport No: G1286737 PAN No: ADOPT2612A Qualification: B A Address: E-67, Vasant Marg, Vasant Vihar, New Delhi, 110057, Delhi, India</p>

	<p>Ms. Adarsh Saran</p> <p>Passport No: F7315386 PAN No: AJFPS5381N Qualification: B.Sc (Engg.) Address: 53/4, Hazara Road, Kolkata, 700019 West Bengal, India</p>
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Brief Profile of our Promoters

For the profiles Mr. Vikramaditya Mohan Thapar, Ms. Jyoti Thapar, Ms. Ayesha Thapar and Mr. Adarsh Saran, please refer to page no. [86] under section “Brief Profile of our Directors” in “Management and Corporate Governance”.

Ms. NITHASA THAPAR

Ms. Nitasha Thapar has graduated in Graphic Design from Tufts University, College of Liberal Arts, Boston, USA. She has also been conferred degree of ‘Associate’ in Applied Science by Parsons School of Design, New School University, USA.

Mr. VARUN ADITYA THAPAR

Mr. Varun Thapar is the Vice Chairman & Executive Director, Karam Chand Thapar & Bros. (Coal Sales) Ltd., son to the Chairman and Managing Director and is currently the youngest member on the Board of KCT.

After completing his schooling from the Modern School in New Delhi, Mr. Thapar graduated from Brown University, USA with a dual degree in European History and Economics. After working with the Exeter Group in Cambridge, MA, he joined the KCT Group in 2008 and has been actively engaged in expanding and diversifying the Group businesses, streamlining business processes and in erecting the IT infrastructure to meet future goals. He is also the Managing Director of Indicon Enterprises Ltd.

Mr. Thapar is a skilled pianist, and believes strongly in social causes, particularly the promotion of education among the economically deprived in India.

Declaration

We confirm that Permanent Account Number and Passport Number of the Promoters have been submitted to BSE at the time of filing the Letter of Offer with them.

There are no litigations, disputes towards tax liabilities or criminal / civil prosecution / complaint against the above-mentioned Promoters other than as mentioned in the chapter “Outstanding Litigations, Defaults, Material Developments and Other Approvals” on page [140] of this Draft Letter of Offer.

They have not disassociated themselves from any company or firm during the three years immediately preceding the date of filing of this draft Letter of Offer

Karamchand Thapar & Bros (Coal Sales) Ltd

The Company was incorporated and obtained its Certificate for Commencement of Business on 1st April 1943 under the Indian Companies Act, 1913 vide incorporation no. 57 of 1943-44 in Suri, West Bengal. The CIN of the company is U51909WB1943PLC011283.

Registered office: Thapar House, 25 Barbourne Road, Kolkata 700 001.

Nature of Business

Karam Chand Thapar & Bros. (Coal Sales) Ltd. Is the flagship company of KCT group of companies and is engaged in the business of coal handling, coal services and logistics, power trading, mining equipment manufacturing and civil works construction. The company has three divisions

- TICIL Division - Is engaged in construction activities
- Bharat Westfalia Division – Is engaged in the manufacture and supply of mining, material handling and general engineering equipment on a turnkey basis
- Coal Sales & Services Division – Is engaged in the logistical operations in the movement of coal

Board of Directors

The Board of Directors of the Company as on date of filing of this draft Letter of Offer is:

Sl. No.	Name	Designation
1.	Mr. Vikram Mohan Thapar	Chairman & Managing Director
2.	Ms. Varun Aditya Thapar	Executive Director
3.	Mr. Himmat Singh	Director
4.	Mr. Anup Singh	Director
5.	Mr. P L Agarwal	Director
6.	Mr. Gopal Krishna Jaidka	Director

The Shareholding pattern of the company as on date of filing of this draft Letter of Offer is:

Sl.No.	Name of the Shareholder	Number of Shares	% of shareholding
1.	Mr. Inder Mohan Thapar	232458	67.37
2.	Mr. Lala Jai Ram Das Nanda	25	0.01
3.	Indian City Properties Ltd	4287	1.24
4.	Mr. Vikram Thapar	88	0.03
5.	Ms. Jyoti Thapar	1282	0.37
6.	Central India Agencies (P) Ltd.	49928	14.47
7.	The Doaba Industrial & Trading Co. Pvt. Ltd.	5352	1.55
8.	Ms. Ayesha Thapar	25	0.01
9.	Ms. Nitasha Thapar	49	0.01
10.	Karam Chand Thapar & Bros (J&K) Pvt. Ltd.	246	0.07
11.	The Punjab Business & Supply Co. Pvt. Ltd.	284	0.08
12.	M/s. Bucyrus DBT Europe GmbH	863	0.25

13.	Mr. Varun Thapar jointly with Ms. Jyoti Thapar	5000	1.45
14.	Ms. Jyoti Thapar jointly with Mr. Vikram Thapar	15000	4.35
15.	Ms. Ayesha Thapar jointly with Ms. Jyoti Thapar	5000	1.45
16.	Ms. Nitasha Thapar jointly with Ms. Jyoti Thapar	5000	1.45
17.	Mr. Vikram Thapar jointly with Ms. Jyoti Thapar	20000	5.80
18.	Life Insurance Corporation of India	101	0.03
19.	National Insurance Co. Ltd.	49	0.01
20.	Olga M Divecha	1	0.00
		345038	100.00

Financial Details

The summary of the audited financial statements is as follows:

Rs. in Lakhs

Particulars	For the Financial Year ended 31st March		
	2011	2010	2009
Equity Share Capital	345.04	345.04	385.84
Reserves	102822.56	98030.71	93332.37
Sales	11998.79	13778.00	19879.42
Other Income	6603.62	7269.05	7313.90
Profit/(Loss) after Tax	4913.46	6220.57	7626.46
Basic Earnings per Share (EPS) Rs.	1424.03	1628.72	1976.57
Net Asset Value (NAV)	0.30	0.26	0.24

NATURAL PERSON IN CONTROL OF THE PROMOTER COMPANY

The Natural Person in Control of the Promoter Company is Mr. Vikram Thapar, who is the Chairman of The Waterbase Limited.

DISASSOCIATION BY THE PROMOTER IN THE LAST THREE YEARS

The Promoter i.e. Karam Chand Thapar & Bros. (Coal Sales) Limited has not disassociated itself from any company or firm during the three years immediately preceding the date of filing of this draft Letter of Offer

INTEREST OF THE PROMOTERS / PROMOTER GROUP

The Promoters / Promoter Group are interested to the extent of their shareholding in the Company and benefits derived from their holding directorship in the Company. Promoters and the Promoter Group may also be interested to the extent of their Rights Entitlement that will be subscribed for as per the terms of this Draft Letter of Offer and also to the extent of any dividend payable to them in respect of the said Equity Shares.

The Promoters / Promoter Group are not interested in any property acquired by the Company within two years from the date of the Draft Letter of Offer. Apart from the above and as stated in the Related Party Transactions given in the Auditor's Report beginning on page [103] of this Draft Letter of Offer, the Promoters / the Promoter Group have no interest in the Company.

PAYMENT / BENEFITS TO PROMOTERS OR PROMOTER GROUP COMPANIES

There is no payment/ benefits to the Promoters or Promoter Group Companies except as stated under the "Interest of the Promoters / Promoter Group".

RELATED PARTY TRANSACTIONS

The details of Related Party Transactions are disclosed in Annexure [XIV] to the Auditor's Report beginning on page [103] of this Draft Letter of Offer.

The Promoters have further confirmed that they have not been declared as willful defaulters by the Reserve Bank of India or any other governmental authority and there are no violations of securities laws committed by them in the past and no proceedings pertaining to such penalties are pending against them.

DIVIDEND POLICY

Under the Companies Act, an Indian company pays dividends upon recommendation by its board of directors and approval by a majority of the shareholders, who have the right to decrease but not to increase the amount of dividend recommended by the board of directors. Under the Companies Act, dividends may be paid out of profits of a company in the year in which the dividend is declared or out of the undistributed profits or reserves of the previous Fiscal Years or out of both.

We do not have a formal dividend policy. Any future dividends declared would be at the discretion of the Board of Directors and would depend on the financial condition, results of operations, capital requirements, contractual obligations, the terms of our credit facilities and other financing arrangements at the time a dividend is considered, and other relevant factors.

SECTION – VI
FINANCIAL INFORMATION OF THE ISSUER COMPANY
AUDITORS REPORT AS REQUIRED BY PART II OF SCHEDULE II TO THE COMPANIES ACT,
1956

To,
The Board of Directors,
The Waterbase Limited,
Ananthapuram Village
T.P. Gudur Mandal,
Nellore – 524 344
Andhra Pradesh,

5th February, 2012

Dear Sirs,

We have examined the restated Financial Information of The Waterbase Ltd. annexed to this report for the purpose of inclusion in the Letter of Offer. The said Financial Information has been prepared by the Company in accordance with the requirements of paragraph B (1) of Part – II to the Companies Act, 1956, the Securities and Exchange Board of India (“SEBI”) - (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time, issued by the Securities and Exchange Board of India in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992 and related clarification and in accordance with the terms of reference received from the Company, requesting us to carry out the engagement to include the same in the Letter of Offer of the Company in connection with its proposed Rights Issue of the Equity Shares in the Company and we report that the Financial Information has been prepared by the Company and approved by the Board of Directors in its meeting held on 22nd. July, 2011.

2 Financial Information as per the Audited Financial Statements

- (a) We have examined the attached ‘Statement of Assets and Liabilities’ of the Company as at 31st March 2011, 31st March 2010, 31st March 2009, 31st March 2008, 31st March 2007 and for the period ended 31st. december,2011 (**Annexure I**), ‘Statement of Profits and Losses’ (**Annexure II**) for each of the years ended on 31st March 2011, 31st March 2010, 31st March 2009, 31st March 2008, 31st March 2007 and for the period ended 31st. December,2011 and ‘Statement of Cash Flows’ for the financial year ended on 31st March 2011, 31st March 2010, 31st March 2009, 31st March 2008, 31st March 2007 and for the period ended 31st. December,2011 (**Annexure III**) together referred to as ‘Summary Statements’.

These Summary Statements have been extracted from the financial statements for each of the years ended on 31st March 2011, 31st March 2010, 31st March 2009, 31st March 2008, 31st March 2007 and for the period ended 31st. December,2011 approved by the Board of Directors for those respective years and for the period. The Financial statements of the Company for the financial year ended 31st March 2011, 31st March 2010, 31st March 2009, 31st March 2008 and 31st March 2007 have been approved by the Board of Directors of the Company, adopted by the shareholders of the Company and audited by us. The financial statements and details included in this report are based on Audited

Accounts of the company for the purpose of disclosure in the Letter of offer being issued by the Company in connection with the Proposed Issue of Equity Shares on a Rights Basis.

(b) Based on our examination of these Summary Statements, we state that:

The 'Summary Statements' have to be read in conjunction with the Significant Accounting Policies and Notes to Accounts given in **Annexure IV**

ii. The profits have been arrived at after charging all expenses including depreciation and after making such adjustment and regroupings as in our opinion are appropriate in the year to which they relate.

iii. The accounts as given in the enclosed statements do not require any restatement since:

1. There have been no adjustments for the changes in accounting policies retrospectively in respective financial years.

2. There have been no adjustments for the material amounts in the respective financial years to which they relate.

3 Other Financial Information

We have examined the following information as at for each of the financial year ended on 31st March 2011, 31st March 2010, 31st March 2009, 31st March 2008, 31st March 2007 and for the period ended 31st.December,2011 of the Company, proposed to be included in the Letter of Offer as approved by the Board of Directors and annexed to this report:

A. Annexure V contains details of Secured Loans

B. Annexure VI contains details of Unsecured Loans

C. Annexure VII contains details of Earning Per Share

D. Annexure VIII contains details of Debtors

E. Annexure IX contains details of Loans and Advances

F. Annexure X contains statement of Investments

G. Annexure XI contains statement of Other Income

H. Annexure XII contains statement of Accounting Ratios

I. Annexure XIII contains statement of Capitalization

J. Annexure XIV contains statement of Related Party Transactions.

K. Annexure XV contains statement of Tax Shelter

4 In our opinion, the 'Financial Information as per Audited Financial Statements' and 'Other Financial Information' mentioned above read with Significant Accounting Policies and Notes to Accounts appearing in Annexure IV as at for each of the years ended 31st March 2011, 31st March 2010, 31st March 2009, 31st March 2008, 31st March 2007 and for the period ended 31st.December,2011 have been prepared in accordance with Part II of schedule II of the Act, SEBI Regulations and Accounting Standards issued by ICAI and Indian GAAPs.

5. This report, in any way, should be neither construed as a re-issuance nor re-dating of any of the previous audit reports by us nor should this be construed as a new opinion on any of the Financial Statements referred to herein.
- 6 This report is intended solely for use by the management and for inclusion in the Letter of Offer, in connection with the proposed Rights Issue of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.
- 7 We confirm that our firm has been subjected to Peer Review Process of Institute of Chartered Accountants of India (ICAI) and firm holds a valid certificate no. 005203 dated 10/02/2011 issued by “Peer Review Board” of ICAI.

Yours Faithfully
For. **Mitra Kundu & Basu**
Chartered Accountants
Firm Regn. No: 302061E

(S. Das)
Partner
Membership No. : 051391

1. STATEMENT OF ASSETS & LIABILITIES

Rs. in Lakhs

	PARTICULARS	As at					
		31.12.11	31.03.11	31.03.10	31.03.09	31.03.08	31.03.07
A	Fixed Assets						
	Gross Block	5,269.90	5,275.65	5,251.48	5,232.93	8,051.98	8,047.71
	Less: Depreciation	3,837.04	3,664.70	3,498.32	3,268.39	4,370.86	4,014.33
	Less: Impairment Provision	-	-	-	-	-	-
	Net Block	1,432.86	1,610.96	1,753.16	1,964.54	3,681.12	4,033.38
	Add: Capital WIP including Capital Advances	62.36	51.28	60.45	50.06	76.93	73.26
	Less: Revaluation Reserve	108.45	108.45	110.36	113.42	-	-
	<i>Net Block after adjustment of Revaluation Reserve</i>	<i>1,386.77</i>	<i>1,553.79</i>	<i>1,703.25</i>	<i>1,901.18</i>	<i>3,758.05</i>	<i>4,106.64</i>
B	Investments	39.70	37.70	12.70	12.70	50.82	-
C	Current Assets, Loans & Advances						
	Inventories	3,201.97	2,960.04	4,454.25	4,106.04	4,137.49	3,922.34
	Sundry Debtors	4,106.35	3,324.93	3,048.24	3,807.74	3,730.03	4,247.53
	Cash and Bank Balances	1,218.48	1,033.75	760.61	798.61	290.74	449.59
	Loans and Advances	1,351.37	1,699.29	1,650.43	2,101.67	2,063.60	2,091.30
	Deferred Tax Asset (Net)	354.02	354.02	260.43	3.95	-	26.97
	TOTAL ASSETS (A+B+C)	11,658.66	10,963.52	11,889.91	12,731.89	14,030.73	14,844.37
D	Liabilities and Provisions						
	Secured Loans	1,144.85	1,696.52	1,965.15	2,022.38	3,602.49	3,912.12
	Unsecured Loans	783.48	425.00	425.00	-	-	-
	Current Liabilities and Provisions	4,598.20	4,189.67	4,918.11	5,770.18	6,514.87	6,695.04
	Deferred Tax Liability (Net)	-	-	-	-	25.55	-
	TOTAL LIABILITIES & PROVISIONS	6,526.53	6,311.19	7,308.26	7,792.56	10,142.91	10,607.16
E	Net Worth (A+B+C-D)	5,132.13	4,652.33	4,581.65	4,939.33	3,887.82	4,237.21
F	Represented by						
	I. Equity Share Capital	2,473.55	2,473.55	2,473.55	2,473.55	2,473.55	2,473.55
	Reserves - Securities Premium Account	1,173.49	1,173.49	1,173.49	1,173.49	1,173.49	1,173.49
	General Reserve	1,593.54	1,113.74	1,044.97	1,405.71	240.78	590.17
	Less: Revaluation Reserve	108.45	108.45	110.36	113.42	-	-
	II. Reserves (Net of Revaluation Reserve and P&L A/c)	2,658.58	2,178.78	2,108.10	2,465.78	1,414.27	1,763.66
	TOTAL(I+II) - NET WORTH	5,132.13	4,652.33	4,581.65	4,939.33	3,887.82	4,237.21

2. STATEMENT OF PROFIT & LOSS

Rs. in Lakhs

PARTICULARS	As at					
	31.12.11	31.03.11	31.03.10	31.03.09	31.03.08	31.03.07
INCOME						
Sales:						
of Products Manufactured	8,525.43	4,581.13	2,728.33	2,756.38	3,834.79	5,849.95
of Products Traded	-	-	-	560.58	-	-
Total	8,525.43	4,581.13	2,728.33	3,316.96	3,834.79	5,849.95
Other Operational Income	87.73	36.88	34.90	17.67	130.09	102.82
Other Income	33.42	86.55	154.81	95.90	103.42	378.20
(Increase)/Decrease in Inventories	(131.59)	16.23	(59.61)	(31.45)	655.15	(20.12)
TOTAL	8,514.99	4,720.79	2,858.43	3,399.08	4,723.45	6,310.85
Expenditure						
Raw Material Consumed	5,870.41	2,802.59	1,649.77	2,518.06	2,941.45	3,866.79
Staff Cost	405.39	408.05	349.30	388.78	400.47	402.34
Other Manufacturing Expenses	540.69	544.97	365.31	444.07	453.47	574.93
Administration Expense	119.80	149.35	298.19	1,519.99	152.61	174.53
Selling Distribution Expenses	697.72	384.66	230.36	282.35	332.05	871.74
TOTAL	7,634.01	4,289.62	2,892.93	5,153.25	4,280.05	5,890.33
Earnings before Depreciation, Interest and Tax	880.98	431.17	(34.50)	(1,754.17)	443.40	420.52
Impairment Loss						-
Depreciation	177.38	233.79	231.05	270.54	359.28	366.01
Interest	110.73	188.92	175.55	485.22	638.63	553.58
TOTAL	288.11	422.71	406.60	755.76	997.91	919.59
Profit before tax & Extraordinary Items	592.87	8.46	(441.10)	(2,509.93)	(554.51)	(499.07)
Taxation						
Current Tax	101.50	-	-	-	-	-
Earlier Years Tax	11.57	-	-	-	-	-
Deferred Tax	-	(55.11)	(38.47)	(52.78)	(78.12)	(75.57)
Fringe Benefit Tax	-	-	-	15.34	1.63	10.00
Wealth Tax	-	-	-	-	-	-
Interest on Dividend Distribution Tax	-	-	-	-	-	-
TOTAL	113.07	(55.11)	(38.47)	(37.44)	(76.49)	(65.57)
Net Profit before Exceptional Items	479.80	63.57	(402.63)	(2,472.49)	(478.02)	(433.50)
Exceptional Items *	-	5.19	41.89	2,577.11	47.32	233.58
Net Profit After Tax & Exceptional Items	479.80	68.76	(360.74)	104.62	(430.70)	(199.92)

Balance Carried forwarded to Balance Sheet	479.80	68.76	(360.74)	104.62	(430.70)	(199.92)
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*** In the year 2008-09 Administrative Expenses and Exceptional items include Profit/(Loss) on sale of Fixed Assets**

3.STATEMENT OF CASH FLOWS

Rs. in Lakhs

	PARTICULARS	As at					
		31.12.11	31.03.11	31.03.10	31.03.09	31.03.08	31.03.07
A.	Cash Flow from Operating Activities						
	Net Profit Before Taxation	581.31	13.65	(399.21)	67.18	(507.19)	(265.49)
	Adjustment for	-					
	Depreciation		233.79	231.05	270.54	359.28	366.01
	Depreciation Reserve on Deleted Assets	(5.04)	(67.41)	(1.11)	(1,373.01)	(2.75)	(42.48)
	General Reserve	177.39	(51.30)	(201.77)	999.71	159.43	1,016.21
	Revaluation Reserve	-	(1.91)	(3.06)	113.42	-	-
	Interest Income	0	6.00	10.30	(11.65)	(18.99)	(18.99)
	Interest Paid	110.73	194.92	185.85	496.87	657.62	572.58
	Operating Profit before working Capital Change	864.39	327.74	(177.95)	563.06	647.40	1,627.84
-	Adjustment for	-					
-	Changes in Inventories	(241.93)	1,494.21	(348.21)	31.45	(215.15)	174.20
	Changes in Sundry Debtors	(781.42)	(276.69)	759.50	(77.71)	517.50	(978.35)
	Changes in Loans & Advances	340.91	(87.33)	416.95	(95.02)	11.37	(587.88)
	Changes in Current Liabilities & Provisions	415.54	(728.44)	(441.38)	(967.40)	(189.44)	1,498.38
	Cash Generated from Operating Activities	(266.90)	401.75	386.86	(1,108.68)	124.28	106.35
	Tax Expenses	101.50	(55.11)	(38.47)	(37.44)	(76.49)	(65.57)
	Net Cash Flow from Operating Activities	495.99	784.60	247.38	(508.18)	848.17	1,799.76
B.	Cash Flow from Investing Activities						
	Additions to Fixed Assets (including WIP)	(23.98)	(212.89)	(49.01)	(88.97)	(18.11)	(90.72)
	Additions to Fixed Assets - on Revaluation		-	-	(1,060.33)	-	-
	Deletion of Fixed Assets	18.65	195.98	17.01	3,048.30	10.17	91.07
	Deletion of Fixed Assets - on Revaluation		-	-	946.90	-	-
	(Increase)/decrease in Investments	(2.00)	(25.00)	-	38.12	(50.82)	40.00
	Interest Received		(6.00)	(10.30)	11.65	18.99	18.99
	Net Cash Flow used in Investing activities	(7.33)	(47.91)	(42.30)	2,895.67	(39.77)	59.34
C.	Cash Flow from Financing Activities						
	Increase/(Decrease) in borrowings	(193.20)	(268.63)	(57.23)	(1,382.75)	(309.63)	(1,158.40)
	Interest Payments	(110.73)	(194.92)	(185.85)	(496.87)	(657.62)	(572.58)
	Net Cash Flow used in Financing activities	(303.93)	(463.55)	(243.08)	(1,879.62)	(967.25)	(1,730.98)
	Net Increase/(Decrease) in	184.73	273.14	(38.00)	507.87	(158.85)	128.12

	Cash and Cash Equivalents (A+B+C)						
	Cash and Cash Equivalents (Opening Balance)	1,033.75	760.61	798.61	290.74	449.59	321.47
	Cash and Cash Equivalents (Closing Balance)	1,218.48	1,033.75	760.61	798.61	290.74	449.59

4. SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

1.1 Accounting Convention

The financial statements have been prepared to comply in all material respects with the standards notified under the Companies (Accounting Standards) Rules, 2006 and the relevant provision of the Companies Act, 1956.

The financial statements are prepared under the historical cost convention, in accordance with then generally accepted accounting principles, on an accrual basis, except otherwise stated.

1.2 Use of Estimates

The preparation of financial statements are based on management estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures relating to contingent liabilities and assets as at the Balance Sheet date and the reported amounts of revenues and expenses during the year. Differences between the actual results and estimation are recognized in the year in which the results are known / materialized.

1.3 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The Company follows the mercantile system of accounting and recognizes income and expenditure on accrual basis except in case of significant uncertainties. Export sales include benefits extended by the Government and domestic sales are net of taxes.

1.4 Fixed Assets

Fixed Assets are stated at cost of acquisition / revaluation less accumulated depreciation and impairment losses. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Financing cost relating to construction of assets are also included to the extent they relate to the period till such assets are ready to be put to use. Financing cost not relating to construction of assets are charged to the income statements.

1.5 Depreciation

Depreciation on fixed assets has been provided on straight line method as per the rates prescribed in Schedule XIV of the Companies Act, 1956, as amended.

1.6 Inventories

Inventories are valued as follows:

(a) Raw Materials, components, stores and spares -

Lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis and includes relevant cost of bringing those materials at their present location and condition.

(b) Work-in-Progress and Finished Goods -

Lower of cost and net realizable value. Cost includes direct materials, labour and a portion of manufacturing overheads based on normal operating capacity or actual production whichever is less.

1.7 Foreign Currency

(a) Initial Recognition:

Foreign currency transactions are recorded in the reporting currency by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency, at the date of transaction.

(b) Conversion:

Foreign currency monetary items are reported using the closing rate.

(c) Exchange Differences:

Exchange differences arising on the settlement of monetary items of the Company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or expenses in the year in which they arise.

1.8 Investments

Long-term investments are carried at cost less provision, if any for permanent diminution in value of such investments.

1.9 Employee Benefits

(i) In the case of defined contribution plans such as Provident Fund etc., the Company's contribution to these plans is charged to statement of Profit and Loss.

(ii) Liability for defined benefit plans is provided on the basis of valuations as at the Balance Sheet date, carried out by an actuary using the Projected Unit Credit Method. Actuarial gains and losses arising on such valuation are recognized immediately in the Statement of Profit and Loss.

1.10 Taxes On Income

Taxes On income for the current period are determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961. Deferred tax is recognized for all timing differences between the taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

1.11 Impairment of Fixed Assets

The carrying amounts of Assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An asset / cash generating unit is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to Statement of Profit & Loss in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

1.12 Borrowing Cost

Borrowing cost incurred on construction or acquiring a qualifying asset, which takes a substantial period of time for construction, is capitalized as cost of that asset. All other borrowing cost is recognized as an expense in the period in which they are incurred.

1.13 **Segment Reporting**

The Company is engaged in the nature of an integrated system of functioning and thus considered to constitute one single primary segment. However, information about secondary segment that is geographical revenue by geographical markets is being recorded.

1.14 **Provision**

A provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

1.15 **Events Occurring after Balance Sheet Date**

Material events occurring after the date of balance sheet are recognized and are dealt with appropriately in accordance with generally accepted accounting principles and as provided in Accounting Standard – 4 issued by the Institute of Chartered Accountants of India.

2. **Notes to Accounts**

Contingent liabilities

(to the extent not provided for as on
31st.Dec.2011 in Rs. Lakhs)

(i) Claims against Company not acknowledged as debt **Rs.802.17**

Interest on dues to Canara Bank has not been provided as the settlement is under
(ii) Negotiation and hence not quantifiable at this stage.

5. STATEMENT OF SECURED LOANS

Rs. in Lakhs

PARTICULARS	As at					
	31.12.11	31.03.11	31.03.10	31.03.09	31.03.08	31.03.07
PARTLY COVERTABLE DEBENTURES-15%						
PUBLIC	-	-	-	-	45.16	62.11
PROMOTERS	-	-	-	-	163.22	163.22
STOCK HOLDING CORPORATION	-	-	-	-	-	3.33
Sub Total	-	-	-	-	208.38	228.66
TERM LOANS:						
Secured:						
Indian City Properties Private Limited	205.00	205.00	205.00	205.00	205.00	-
IFCI	-	-	-	-	-	281.29
Asset Reconstruction Company India Limited	-	-	-	-	-	100.00
Union Bank of India	-	-	-	50.34	94.51	-
Sub Total	205.00	205.00	205.00	255.34	299.51	381.29
WORKING CAPITAL LOANS :						
State Bank of India						
Packing Credit/Cash Credit Working Capital Demand Loan/FCNR	-	499.61	498.53	514.56	1,129.53	731.09
	-	-	-	-	-	453.00
Sub Total	-	499.61	498.53	514.56	1,129.53	1,184.09
Canara Bank						
Packing Credit/Cash Credit Working Capital Demand Loan	615.12	615.12	615.12	583.64	608.28	514.30
	324.73	324.73	324.73	324.73	324.73	360.00
Sub Total	939.85	939.85	939.85	908.37	933.01	874.30
Union Bank of India						
Packing Credit/Cash Credit Working Capital Demand Loan	-	24.21	150.90	171.07	195.34	309.43
	-	-	17.79	-	288.00	288.00
Sub Total	-	24.21	168.69	171.07	483.34	597.43
State Bank of Hyderabad						
Packing Credit/Cash Credit Working Capital Demand Loan	-	27.52	153.08	167.79	342.85	426.74
	-	-	-	-	145.84	145.65
Sub Total	-	27.52	153.08	167.79	488.69	572.39
Interest Accrued and due	-	0.33	-	5.25	60.03	73.96
TOTAL	1,144.85	1,696.52	1,965.15	2,022.38	3,602.49	3,912.12

6.STATEMENT OF UNSECURED LOANS

Rs. in Lakhs

PARTICULARS	As at					
	31.12.11	31.03.11	31.03.10	31.03.09	31.03.08	31.03.07
Unsecured Loan						
(Towerbase Services Private Limited - A Group Company)	425.00	425.00	425.00	-	-	-
(Interest Payable @ 12% P A)						
(Towerbase Services Private Limited - A Group Company)	150.00	-	-	-	-	-
(Interest Payable @ 12% P A)						
Interest Accrued and Due	208.48	-	-	-	-	-
TOTAL	783.48	425.00	425.00	-	-	-

7.STATEMENT OF EARNINGS PER SHARE

Rs. in Lakhs

	PARTICULARS	Unit	As at					
			31.12.11	31.03.11	31.03.10	31.03.09	31.03.08	31.03.07
A	Net Profit							
	Attributable to Equity Shareholders	Rs.in Lacs	479.80	68.76	(360.74)	104.62	(430.70)	(199.92)
B	Share Capital - Equity							
	Weighted average No. of Shares	Nos	2,47,35,500	2,47,35,500	2,47,35,500	2,47,35,500	2,47,35,500	2,47,35,500
	Outstanding during the period							
C	Earnings Per Share (A/B)	Rs.	1.94	0.28	(1.46)	0.42	(1.74)	(0.81)

8.STATEMENT OF DEBTORS

Rs. in Lakhs

PARTICULARS	As at					
	31.12.11	31.03.11	31.03.10	31.03.09	31.03.08	31.03.07
(Unsecured, Considered doubtful)						
- Outstanding for the period less than Six Months	-	-	-	-	-	-
- Outstanding for the period more than Six Months	-	-	-	-	-	-
(Unsecured, Considered Good)						
- Outstanding for the period less than Six Months	2,496.59	1,276.99	812.89	1,099.79	954.14	1,715.47
- Outstanding for the period more than Six Months	1,609.76	2,047.94	2,235.35	2,707.95	2,775.89	2,532.06
TOTAL	4,106.35	3,324.93	3,048.24	3,807.74	3,730.03	4,247.53

9. STATEMENT OF LOANS AND ADVANCES

Rs. in Lakhs

PARTICULARS	As at					
	31.12.11	31.03.11	31.03.10	31.03.09	31.03.08	31.03.07
Advances to be received in Cash or Kind of for the value to be received						
- Considered Good	1,293.23	1,550.30	1,500.96	1,938.19	1,993.69	2,020.26
- Considered Doubtful	6.65	8.25	11.01	14.22	14.22	16.97
Deposits with Excise and Sales Tax etc	35.37	32.55	28.51	28.51	26.09	26.09
Advance Payments - Fringe Benefit Tax	-	46.54	46.54	49.87	29.60	27.98
Advance Tax - TDS	16.12	61.65	63.41	70.88	-	-
TOTAL	1,351.37	1,699.29	1,650.43	2,101.67	2,063.60	2,091.30

10. STATEMENT OF INVESTMENTS

Rs. in Lakhs

PARTICULARS	As at					
	31.12.11	31.03.11	31.03.10	31.03.09	31.03.08	31.03.07
Trade - Unquoted						
- Shares in Moana Technologies Private Limited (Equity Shares of Rs.100/- each fully paid)	12.70	12.70	12.70	12.70	50.82	-
- Gourmet Delicatessens Limited (Equity Shares of Rs.10/- each fully paid)	25.00	25.00	-	-	-	-
- Union KBC Tax Saver Fund	2.00	-	-	-	-	-
TOTAL	39.70	37.70	12.70	12.70	50.82	-

11. STATEMENT OF OTHER INCOME

Rs. in Lakhs

PARTICULARS	As at					
	31.12.11	31.03.11	31.03.10	31.03.09	31.03.08	31.03.07
Interest on Margin Money Deposits with Banks	4.98	26.70	46.33	52.17	19.02	16.65
Consultancy Income	5.01	2.11	4.53	35.77	22.25	-
Anti Dumping Duty Refund with Interest	5.79	45.19	91.24	-	-	-
Profit on Sale of Investment	-	-	-	-	-	360.00
Misc Income	-	-	-	-	62.15	-
Scrap Sales	16.39	12.55	12.71	7.96	-	1.55
Sea Freight Assistance	1.25	-	-	-	-	-
TOTAL	33.42	86.55	154.81	95.90	103.42	378.20

12. STATEMENT OF ACCOUNTING RATIOS

PARTICULARS	Unit	As at					
		31.12.11	31.03.11	31.03.10	31.03.09	31.03.08	31.03.07
A EARNING PER SHARE :							
Profit after Tax	Rs. in Lacs	479.80	68.76	(360.74)	104.62	(430.70)	(199.92)
Weighted Average No of Shares	Nos	2,47,35,500	2,47,35,500	2,47,35,500	2,47,35,500	2,47,35,500	2,47,35,500
EPS	Rs	1.94	0.28	(1.46)	0.42	(1.74)	(0.81)
B RETURN ON NET WORTH :							
Profit after Tax	Rs. in Lacs	479.80	68.76	(360.74)	104.62	(430.70)	(199.92)
Net Worth	Nos	5,132.13	4,652.33	4,581.65	4,939.33	3,887.82	4,237.21
Return on Net worth	%	9.35	1.48	(7.87)	2.12	(11.08)	(4.72)
C NET ASSETS VALUE PER SHARE :							
Net Worth	Rs. in Lacs	5,132.13	4,652.33	4,581.65	4,939.33	3,887.82	4,237.21
Nos of Shares	Nos	2,47,35,500	2,47,35,500	2,47,35,500	2,47,35,500	2,47,35,500	2,47,35,500
Net Asset Value Per Share	Rs.	20.75	18.81	18.52	19.97	15.72	17.13

13. STATEMENT OF CAPITALISATION

PARTICULARS	Pre - Issue	Pre - Issue	Post - Issue
	31.03.11	31.12.11	
A Debt:			
Working Capital Loan	1,491.52	908.89	908.89
Long Term Debt	630.00	988.48	988.48
Total Debt (A)	2,121.52	1,897.37	1,897.37
B Share Holder's Fund:			
Equity Share Capital	2,473.55	2,473.55	3,710.33
Reserves & Surplus	2,287.23	2,767.04	2,767.04
Total Equity (B)	4,760.78	2,721.75	6,477.37
Debt/Equity Shareholder's Fund (A/B) - in Times	0.45	0.70	0.29

14. STATEMENT OF RELATED PARTY TRANSACTIONS

Rs. in Lakhs

Particulars	Nature of Transactions	Period Ended					
		31.12.2011	31.3.2011	31.3.2010	31.3.2009	31.3.2008	31.3.2007
KEY MANAGEMENT PERSONNEL							
Mr. Ashok Nanjapa	Remuneration	13.50	23.40	22.40	21.40	23.20	20.70
Associates							
Gourmet Delicatessens	Investment in shares	25.00	25.00	Nil	Nil	Nil	Nil
	Sales	5.93	17.46				
	Outstandings	5.45	3.40				
Indian City Properties Ltd	Finance Assistance	205	205	205	205	205	Nil
Towerbase Services Pvt.Ltd	Finance Assistance	575	425	425	Nil	Nil	Nil
	Interest Payable	130.27	102	51			

15. STATEMENT OF TAX SHELTER

PARTICULARS

FOR THE YEAR ENDED

	<u>31.03.2011</u>	<u>31.03.2010</u>	<u>31.03.2009</u>	<u>31.03.2008</u>	<u>31.03.2007</u>
PROFIT (LOSS) BEFORE TAX AS PER BOOKS (A)	13,65,431	(3,99,21,158)	67,18,051	(5,54,51,440)	(4,99,07,367)
TAX RATES	33.22%	33.99%	33.99%	33.99%	33.66%
TAX AT NORMAL RATE OF PROFIT	0	0	0	0	0
ADJUSTMENTS :-					
PERMANENT DIFFERENCES					
DISALLOWANCES	0	0	0	0	0
PENALTY/ INTEREST ON STATUTORY DUES	0	0	0	0	0
DONATIONS	0	0	0	0	0
LESS: DEDUCTION U/S.80IB/IC	0	0	0	0	0
TOTAL PERMANENT DIFFERENCE (B)	0	0	0	0	0

TIMMING DIFFERENCES					
DEPRECIATION - AS PER COMPANIES ACT	2,33,78,823	2,31,04,974	2,70,53,837	3,59,28,007	3,66,00,967
DEPRECIATION AS PER INCOME TAX ACT	(91,71,089)	(87,54,460)	(1,03,73,638)	(1,36,53,253)	(1,48,57,449)
DIFFERENCE OF DEPRECIATION	1,42,07,734	1,43,50,514	1,66,80,199	2,22,74,754	2,17,43,518
DISALLOWANCES /ALLOWANCES U/S.43B	18,86,506	(2,22,896)	22,69,032	18,13,025	29,05,310
LOSS ON SALE OF FIXED ASSETS	8,24,907	-	13,74,72,502	2,91,487	18,73,387
PROFIT ON SALE OF FIXED ASSETS	(5,18,880)	(41,88,656)	(25,77,11,250)	-	(3,60,00,000)
ANY OTHER DISALLOWANCES				-	34,363.0
TOTAL TIMING DIFFERENCES (C)	1,64,00,267	99,38,962	(10,12,89,517)	2,43,79,266	(94,43,422)
NET ADJUSTMENTS (B + C)	1,64,00,267	99,38,962	(10,12,89,517)	2,43,79,266	(94,43,422)
TOTAL IMPACT THEREON INCLUDING LTC.GAIN	6,62,856	11,66,888			35516199
PROFIT & LOSS AS PER I.TAX RETURNS (D-A-B+C)	1,84,28,554	(2,88,15,308)	(9,45,71,466)	(3,10,72,174)	(2,38,34,590)
BROUGHT FORWARD LOSSES ADJUSTED (E)	1,77,65,698			-	-
TAXABLE INCOME / (LOSS) (D +E)	6,62,856	0	0	0	0
TAXABLE INCOME / (LOSS) AS PER MAT	13,65,431	0	67,18,051	0	0
TAX AS PER INCOME TAX RETURN	2,53,151	0	6,91,959	0	0
INTEREST U/S.234 AS RETURNED	0	0	-	0	0
TOTAL TAX AS PER RETURN	2,53,151	0	6,91,959	0	0

**FINANCIAL AND OTHER INFORMATION OF GROUP COMPANIES OF THE
PROMOTER/CONTROLLED BY THE PROMOTERS**

1. Indian City Properties Limited

Brief About the Company

The Company was incorporated on 12th January 1939 under the Indian Companies Act, 1913 vide incorporation no. 9551/272 of 1938-1939 in Kolkatta. The CIN of the company is U70101WB1939PLC009551. The Company is a subsidiary of Karam Chand Thapar & Bros (Coal Sales) Ltd.

Registered Office: “Thapar House”, 25 Brabourne Road, Kolkata 700 001.

Nature of Business

The Company is engaged in the development of real estate premium projects.

Board of Directors

The Board of Directors of the Company as on date of filing of this draft Letter of Offer is:

Sl. No.	Name	Designation
1.	Mr. Vikram Mohan Thapar	Chairman & Managing Director
2.	Ms. Ayesha Thapar	Executive Director
3.	Mr. Adarsh Saran	Director
4.	Mr. Anil Kumar Bhandari	Director
5.	Mr. Virendra Kumar Arora	Director
6.	Mr. Kalyan Banerjee	Director

Shareholding Pattern of the Company as on date of this draft LOO is

Sl.No.	Name of the Shareholder	Number of Shares	% of shareholding
1.	Mr. Vikramaditya Mohan Thapar	1100	1.66
2.	Ms. Ayesha Thapar	10	0.02
3.	Karam Chand Thapar & Bros (Coal Sales) Ltd	48667	73.64
4.	Central India Agencies Pvt. Ltd.	9506	14.38
5.	Towerbase Services Pvt. Ltd.	1210	1.83
6.	Mr. A K Poddar & Mr. N K Poddar	10	0.02
7.	Mr. B M Thapar	10	0.02
8.	Mr. Brij Nath Khandelwal	10	0.02
9.	Ram Kumar Agarwal	2010	3.04
10.	Mr. Lalit Ku. Bhargava	550	0.83
11.	United India Insurance Co. Ltd.	3000	4.54
		66083	100.00
PREFERENCE SHARE HOLDERS			
1.	Karam Chand Thapar & Bros (Coal Sales) Ltd	2600000	100.00
	Total	2600000	100.00

Financial Details

The summary of the audited financial statements is as follows:

Rs. in Lakhs

Particulars	For the Financial Year ended 31st March		
	2011	2010	2009
Equity Share Capital	2666.08	2666.08	2666.08
Reserves	8008.40	6859.70	5392.37
Sales	2850.25	2632.51	2525.65
Other Income	274.79	430.78	827.08
Profit/(Loss) after Tax	1148.70	1467.64	1930.73
Basic Earnings per Share (EPS) Rs.	1738.27	2220.44	2921.68
Net Asset Value (NAV)	0.16	0.14	0.12

2. Doaba Industrial and Trading Company Private Limited

Brief About the Company

The Company was incorporated on 08th July 1942 under the Indian Companies Act, 1913 as Doaba Essences and Gas Company Private Limited in Himachal Pradesh. The name of the Company was changed to Doaba Industrial and Trading Company Private Limited on 26th December 1964 and fresh Certificate of Incorporation vide incorporation no. 687 – P/9497 was issued 30th December 1964. The CIN of the company is U74900HR1942PTC000443.

Registered Office: E/4, Industrial Area, Yamuna Nagar 135 001, Haryana

Nature of Business

The Company is engaged in the business of manufacturing of exercise books, operation of Printing press and undertaking stevedoring works.

Board of Directors

The Board of Directors of the Company as on date of filing of this draft Letter of Offer is:

Sl. No.	Name	Designation
1.	Mr. Shashi Kant Mahajan	Director
2.	Mr. Sumeet Chhabra	Director
3.	Mr. Ashok Narain Pathak	Director
4.	Mr. Virender Kumar Arora	Director

The Shareholding pattern of the company as on date of filing of this draft Letter of Offer is:

Sl.No.	Name of the Shareholder	Number of Shares	% of shareholding
1.	Mr. V K Arora	7	0.14
2.	Mr. S K Mahajan	5	0.10
3.	Mr. Rajinder Lal Dosaj	25	0.50
4.	Ms. Pushpa Rani	11	0.22
5.	Mr. Raj Mohan Buckshee	5	0.10
6.	Mr. Joginder Pal Sharma	18	0.36

7.	Mr. Trilok Chand Sharma	10	0.20
8.	Mr. Ramesh Kr. Sharma	5	0.10
9.	Mr. Ram Prakash Awal	5	0.10
10.	Mr. Rajan Mehra	10	0.20
11.	Mr. Sudersan Lal Dosaj	8	0.16
12.	Karam Chand Thapar & Bros. (Coal Sales) Limited	1853	37.06
13.	The Punjab Business & Supply Co. Pvt. Ltd.	1038	20.76
14.	Payal Electronics Pvt. Ltd.	2000	40.00
		5000	100.00

Financial Details

The summary of the audited financial statements is as follows:

Rs. in Lakhs

Particulars	For the Financial Year ended 31st March		
	2011	2010	2009
Equity Share Capital	5.00	5.00	5.00
Reserves	284.79	279.59	258.44
Sales	443.52	420.54	387.25
Other Income	26.88	47.63	33.29
Profit/(Loss) after Tax	5.20	21.14	26.40
Basic Earnings per Share (EPS) Rs.	104.01	422.89	528.06
Net Asset Value (NAV)	0.06	0.06	0.05

3. Central India Agencies Private Limited

Brief About the Company

The Company was incorporated on 15th May 1945 under the Indian Companies Act, 1913 in Rampur, Uttar Pradesh. The CIN of the company is U51909CH1994PTC014213.

Registered Office: 89, Industrial Area, Phase I, Chandigarh.

Nature of Business

The Company is engaged in the investment, trading and stevedoring activities.

Board of Directors

The Board of Directors of the Company as on date of filing of this draft Letter of Offer is:

Sl. No.	Name	Designation
1.	Mr. Ashok Narain Pathak	Director
2.	Mr. Naresh Kumar Sharma	Director

The Shareholding pattern of the company as on date of filing of this draft Letter of Offer is:

Sl. No.	Name of the Shareholder	Number of Shares	% of shareholding
1.	Mr. N K Sharma	1	0.00
2.	Mr. A N Pathak	1	0.00
3.	Mr. M M Thapar	545	0.11
4.	Mr. Anil Kumar Thapar	545	0.11
5.	Mr. Har Mohan Sohal	5	0.00
6.	Mr. Hari Lal Verma	1	0.00
7.	Mr. Amir Ahmed Khan	1	0.00
8.	Ms. Pushpa Rani	1050	0.21
9.	Ms. Kumudi Devi Talwar	20	0.00
10.	Ms. Shanti Kaur	525	0.11
11.	Mr. Mohal Lal Oberoi	5	0.00
12.	Mr. Prithvi Raj Manaktala	3	0.00
13.	The Punjab Business & Supply Co. Pvt. Ltd.	88000	17.66
14.	Karam Chand Thapar & Bros. (Coal Sales) Ltd.	167510	33.62
15.	Payal Electronics Pvt. Ltd.	150000	30.11
16.	The Doaba Industrial & Trading Co. Pvt. Ltd.	90000	18.06
		498212	100.00

Financial Details

The summary of the audited financial statements is as follows:

Rs. in Lakhs

Particulars	For the Financial Year ended 31st March		
	2011	2010	2009
Equity Share Capital	25.00	25.00	25.00
Reserves	275.92	252.57	409.83
Sales	31.81	33.36	35.91
Other Income	0.00	0.00	0.00
Profit/(Loss) after Tax	29.90	31.63	34.48
Basic Earnings per Share (EPS) Rs.	5.98	6.33	6.90
Net Asset Value (NAV)	0.00	0.00	0.00

4. Punjab Business and Supply Company Limited

Brief About the Company

The Company was incorporated on 20th July 1942 under the Indian Companies Act, 1913 vide incorporation no. 447 of 1942-43 in Punjab. The CIN of the company is U74999HR1942PTC000447

Registered Office: E/4, Industrial Area, Yamuna Nagar 135 001, Haryana.

Nature of Business

The Company is engaged in business of Waster Paper Processing, Trading and manufacturing & supply of paper sizing, chemicals, rosin and alum.

Board of Directors

The Board of Directors of the Company as on date of filing of this draft Letter of Offer is:

Sl. No.	Name	Designation
1.	Mr. Shashi Kant Mahajan	Director
2.	Mr. Sumeet Chhabra	Executive Director
3.	Mr. Ashok Narain Pathak	Director
4.	Mr. Virender Kumar Arora	Director

The Shareholding pattern of the company as on date of filing of this draft Letter of Offer is:

Sl. No.	Name of the Shareholder	Number of Shares	% of shareholding
1.	Mr. V K Arora	5	0.04
2.	Mr. S K Mahajan	5	0.04
3.	Mr. A D Singh	5	0.04
4.	Ms. Pushpa Rani	8	0.06
5.	Mr. Joginder Pal Sharma	10	0.07
6.	Mr. Trilok Chand Sharma	10	0.07
7.	Mr. Ramesh Kumar Sharma	10	0.07
8.	Mr. Ram Prakash Agarwal	5	0.04
9.	Ms. Jyoti Thapar	410	2.93
10.	Mr. Rajinder Lal Dosaj	7	0.05
11.	Mr. Sudershan Lal Dosaj	8	0.06
12.	Karam Chand Thapar & Bros. (Coal Sales) Limited	5439	38.85
13.	The Doaba Industrial & Trading Co. Private Ltd.	1578	11.27
14.	Payal Electronics Pvt. Ltd.	6500	46.43
		14000	100.00

Financial Details

The summary of the audited financial statements is as follows:

Rs. in Lakhs

Particulars	For the Financial Year ended 31st March		
	2011	2010	2009
Equity Share Capital	14.00	14.00	14.00
Reserves	501.88	438.61	372.85
Sales	763.07	773.86	779.59
Other Income	54.88	52.21	83.46
Profit/(Loss) after Tax	63.27	65.76	35.93
Basic Earnings per Share (EPS) Rs.	451.92	469.70	256.62
Net Asset Value (NAV)	0.04	0.03	0.03

5. KCT & Bros (J&K) Limited

Brief About the Company

The Company was incorporated on 4th October, 1941 under the Indian Companies Act, 1913 vide incorporation no. 2953 of 1941-42 – No. 58 of 1997-97 in Srinagar. The CIN of the company is U51109JK1941PTC000058.

Registered Office: Karam Chand Thapar & Bros (J&K) Pvt. Ltd., Shalamar Road, Jammu Tawi

Nature of Business

The Company is engaged in the business of paper trading and manufacturing of exercise books.

Board of Directors

The Board of Directors of the Company as on date of filing of this draft Letter of Offer is:

Sl. No.	Name	Designation
1.	Mr. Shashi Kant Mahajan	Director
2.	Mr. Kewal Krishan Thusu	Director
3.	Mr. Ashok Narain Pathak	Director
4.	Mr. Virender Kumar Arora	Director

The Shareholding pattern of the company as on date of filing of this draft Letter of Offer is:

Sl.No.	Name of the Shareholder	Number of Shares	% of shareholding
1.	Mr. Inder Mohan Thapar	2500	58.80
2.	Mr. Ravi Kant Mahajan	2	0.05
3.	Mr. Janki Nath Raina	1	0.02
4.	Punjab Business & Supply Co. Pvt. Ltd.	1	0.02
5.	Karam Chand Thapar & Bros. (Coal Sales) Limited	1748	41.11
		4252	100.00

Financial Details

The summary of the audited financial statements is as follows:

Rs. in Lakhs

Particulars	For the Financial Year ended 31st March		
	2011	2010	2009
Equity Share Capital	4.25	4.25	4.25
Reserves	264.39	247.67	229.11
Sales	765.18	690.45	575.76
Other Income	0.00	0.70	0.00
Profit/(Loss) after Tax	14.19	15.85	13.18
Basic Earnings per Share (EPS) (Rs.)	333.83	372.77	309.99
Net Asset Value (NAV)	0.06	0.06	0.05

6. Towerbase Services Private Limited

The company was incorporated as Towerbase Services Private Limited in New Delhi on 4th February 2002. The CIN of the Company is U74999DL2002PTC114102.

The Registered Office of the Company is located at : 78/3 Janpath, New Delhi 110 001. The Corporate Office of the Company is situated in “Thapar House”, 3rd Floor, 124 Janpath, New Delhi 110 001.

Nature of Business

The Company is engaged in the business of providing management services.

Board of Directors

The Board of Directors of the Company as on date of filing of this draft Letter of Offer is:

Sl. No.	Name	Designation
1.	Ms. Jyoti Thapar	Director
2.	Ms. Nitasha Thapar	Executive Director
3.	Mr. Akshay Goyal	Director
4.	Mr. Ravi Raj Khanna	Director

The Shareholding pattern of the company as on date of filing of this draft Letter of Offer is:

Sl. No.	Name of the Shareholder	Number of Shares	% of shareholding
1.	Mr. Vikram Thapar	5514600	26
2.	Ms. Jyoti Thapar	5514600	26
3.	Mr. Varun Aditya Thapar	3393600	16
4.	Ms. Ayesha Thapar	3393600	16
5.	Ms. Nitasha Thapar	3393600	16
	Total	21210000	100.00

Financial Details

The summary of the audited financial statements is as follows:

Particulars	Rs. in Lakhs		
	For the Financial Year ended 31st March		
	2011	2010	2009
Equity Share Capital	212.10	2.10	2.10
Reserves	2701.65	2303.88	1742.60
Sales	1762.20	1673.72	1714.97
Other Income	249.15	74.43	286.33
Profit/(Loss) after Tax	855.102	561.28	839.44
Basic Earnings per Share (EPS) Rs.	40.32	26.46	399.73
Net Asset Value (NAV)	0.14	0.11	0.08

7. Indicon Logistics Limited

Brief About the Company

The Company was incorporated on 19th November, 2009 under the Indian Companies Act, 1913 in West Bengal. The CIN of the company is U282992WB2009PLC139572. The Company is a wholly owned subsidiary of Karam Chand Thapar & Bros. (Coal Sales) Limited.

Registered Office: Thapar House, 25 Brabourne Road, Kolkata 700 001.

Nature of Business

The Company is engaged in the business of manufacturing, selling & leasing of containers.

Board of Directors

The Board of Directors of the Company as on date of filing of this draft Letter of Offer is:

Sl. No.	Name	Designation
1.	Mr. Varun Aditya Thapar	Managing Director
2.	Mr. Vikramaditya Mohan Thapar	Director
3.	Mr. Gopal Krishna Jaidka	Director
4.	Mr. Kalyan Banerjee	Additional Director

The Shareholding pattern of the company as on date of filing of this draft Letter of Offer is:

Sl. No.	Name of the Shareholder	Number of Shares	% of shareholding
1.	Karam Chand Thapar & Bros (Coal Sales) Ltd	20999994	99.99
2.	Mr. Varun Aditya Thapar*	1	0.00
3.	Mr. Kalyan Banerjee*	1	0.00
4.	Mr. Shashi Kant Mahajan*	1	0.00
5.	Mr. Virendra Kumar Arora*	1	0.00
6.	Mr. Prabal Kumar Roy*	1	0.00
7.	Mr. Avinash Kumar Awal*	1	0.00
	Total	21000000	100.00
PREFERENCE SHARE HOLDERS			
1.	Karam Chand Thapar & Bros (Coal Sales) Ltd	20000000	100.00
	Total	20000000	100.00

*Nominee Shareholders

Financial Details

The summary of the audited financial statements is as follows:

Rs. in Lakhs

Particulars	For the Financial Year ended 31st March	
	2011	2010
Equity Share Capital	1500.00	120.00
Reserves	0.00	0.00
Income	12.82	0.03
Other Income	0.00	0.00
Profit/(Loss) after Tax	(194.32)	(24.58)
Basic Earnings per Share (EPS) Rs.	(7.48)	(2.05)
Net Asset Value (NAV)	0.00	0.00

8. West Haryana Highways Projects Private Limited

Brief About the Company

The Company was incorporated on 23rd August 2007 under the Indian Companies Act, 1913 in New Delhi. The CIN of the company is U45203DL2007PLC167302. The Company is a wholly owned subsidiary of Karam Chand Thapar & Bros. (Coal Sales) Limited.

Registered Office: 153 OKHLA Industrial Estate, Phase II, New Delhi 110 020.

Nature of Business

The Company is engaged in the construction business.

Board of Directors

The Board of Directors of the Company as on date of filing of this draft Letter of Offer is:

Sl. No.	Name	Designation
1.	Mr. Hem Singh Bharana	Chairman
2.	Mr. Vikramaditya Mohan Thapar	Director
3.	Mr. Jawahar Lal Khushu	Director
4.	Mr. Adarsh Saran	Director
5.	Mr. Amit Bharana	Director

The Shareholding pattern of the company as on date of filing of this draft Letter of Offer is:

Sl. No.	Name of the Shareholder	Number of Shares	% of shareholding
1.	Karam Chand Thapar & Bros (Coal Sales) Ltd	25500	51.00
2.	ERA Infra Engineering Limited	24495	49.00
3.	Mr. H S Bharana*	1	0.00

4.	Ms. Rekha Bharana*	1	0.00
5.	Ms. Rashmi Bharana*	1	0.00
6.	Mr. Vaibhav Bharana*	1	0.00
7.	Mr. Amit Bharana*	1	0.00
	Total	50000	100.00
PREFERENCE SHARE HOLDERS			
1.	ERA Group		100

***Nominee Shareholders of ERA Infra Engineering Ltd.**

Financial Details

The summary of the audited financial statements is as follows:

Rs. in Lakhs

Particulars	For the Financial Year ended 31st March		
	2011	2010	2009
Equity Share Capital	2142.84	1518.33	819.11
Reserves	10689.18	7566.67	4070.57
Income	0.47	1.58	0.06
Other Income	0.00	0.00	0.00
Profit/(Loss) after Tax	(6.35)	(2.06)	(0.26)
Basic Earnings per Share (EPS) Rs.	(12.70)	(4.13)	(0.53)
Net Asset Value (NAV)	0.26	0.18	0.10

9. Thapar Infra Constructions India Limited

Brief About the Company

The Company was incorporated on 10th February 2011 under the Indian Companies Act, 1913 West Bengal. The CIN of the company is U45400WB2010PLC155945.

Registered Office: "Thapar House", 25 Brabourne Road, Kolkata 700 001.

Nature of Business

The Company is engaged in execution of turnkey contracts.

Board of Directors

The Board of Directors of the Company as on date of filing of this draft Letter of Offer is:

Sl. No.	Name	Designation
1.	Mr. Vikramaditya Mohan Thapar	Director
2.	Mr. Varun Aditya Thapar	Director
3.	Mr. Adarsh Saran	Director
4.	Mr. Samir Saran	Director
5.	Mr. Shashi Kant Mahajan	Director
6.	Mr. Virender Kumar Arora	Director

The Shareholding pattern of the company as on date of filing of this draft Letter of Offer is:

Sl. No.	Name of the Shareholder	Number of Shares	% of shareholding
1.	Karam Chand Thapar & Bros (Coal Sales) Ltd	49994	99.99
2.	Mr. Varun Aditya Thapar*	1	0.00
3.	Mr. Kalyan Banerjee*	1	0.00
4.	Mr. Shashi Kant Mahajan*	1	0.00
5.	Mr. Virendra Kumar Arora*	1	0.00
6.	Mr. Probal Kumar Roy*	1	0.00
7.	Mr. Avinash Kumar Awal*	1	0.00
	TOTAL	50000	100.00

***Nominee Shareholders**

Financial Details

The summary of the audited financial statements is as follows:

Rs. in Lakhs

Particulars	For the Financial Year ended 31st March
	2011
Equity Share Capital	5.00
Reserves	0.00
Income	0.00
Other Income	0.00
Profit/(Loss) after Tax	0.14
Basic Earnings per Share (EPS) Rs.	(0.03)
Net Asset Value (NAV)	0.00

10. Payal Electronics Private Limited

Brief About the Company

The Company was incorporated on 16th January 1987 under the Indian Companies Act, 1913 in Maharashtra vide incorporation no. A 2257. The CIN of the company is U32109MH1987PTC042257.

Registered Office: F 14/1 MIDC Industrial Estate, Hingna Road, Nagpur 440 028.

Nature of Business

The Company is engaged in sale of Computer Stationery.

Board of Directors

The Board of Directors of the Company as on date of filing of this draft Letter of Offer is:

Sl. No.	Name	Designation
1.	Mr. Satish Kumar Gupta	Director
2.	Mr. Saleem Khan	Director

The Shareholding pattern of the company as on date of filing of this draft Letter of Offer is:

Sl. No.	Name of the Shareholder	Number of Shares	% of shareholding
1.	Mr. Saleem Khan	20	0.04
2.	Mr. Ashok Kumar Hansley	5	0.01
3.	Mr. Hemant Kumar Diddee	5	0.01
4.	Mr. Shashi Kant Mahajan	500	1.00
5.	Mr. O P Ghai	10	0.02
6.	Mr. Om Prakash Dewan	500	1.00
7.	Mr. Virender Kumar Arora	500	1.00
8.	Mr. Bibhuti Charan Talukdar	500	1.00
9.	Karam Chand Thapar & Bros (Coal Sales) Ltd	12400	24.80
10.	The Punjab Business & Supply Company Private Ltd.	12500	25.00
11.	The Doaba Industrial & Trading Company Private Ltd.	5500	11.00
12.	Central India Agencies Private Ltd.	17560	35.12
	TOTAL	50000	100.00

Financial Details

The summary of the audited financial statements is as follows:

Rs. in Lakhs

Particulars	For the Financial Year ended 31st March		
	2011	2010	2009
Equity Share Capital	5.00	5.00	5.00
Reserves	0.00	18.97	18.97
Income	10.04	13.23	8.29
Other Income	0.00	0.00	0.00
Profit/(Loss) after Tax	7.84	11.05	5.30
Basic Earnings per Share (EPS) Rs.	15.69	22.09	10.59
Net Asset Value (NAV)	0.00	0.00	0.00

11. KCT Global PTE Limited

Brief About the Company

The Company was incorporated on 10th August 2011 in Singapore vide incorporation no. 201118980H as a Company Limited by Shares. The CIN of the company is U32109MH1987PTC042257. The Company is an One US Dollar Company and the single share is issued to Karam Chand Thapar (Coal Sales) Ltd.

Registered Office: 80, Robinson Road, #02-00, Singapore 068898.

Nature of Business

The Company is engaged among other areas investing for mining & acquisition operations.

Board of Directors

The Board of Directors of the Company as on date of filing of this draft Letter of Offer is:

Sl. No.	Name	Designation
1.	Mr. Vikramaditya Mohan Thapar	Director
2.	Mr. Varun Aditya Thapar	Director
3.	Mr. Vishnu Bhalotia	Director

Financial Details

The Company was incorporated on 10th August 2011. Hence the financial statements are yet to be prepared.

12. The Silkbase Company Ltd

Brief About the Company

The Company was incorporated on 23rd January, 1995 under the Indian Companies Act, 1956. The CIN of the company is 55-64627.

Registered Office: Thapar House, 124 Janpath, New Delhi, 110 001.

Nature of Business

The Company is engaged in Shrimp processing. However the Company has stopped its operations.

Board of Directors

The Board of Directors of the Company as on date of filing of this draft Letter of Offer is:

Sl. No.	Name	Designation
1.	Mr. Vikramaditya Mohan Thapar	Director
2.	Mr. Adith Kumar Bhandari	Director
3.	Mr. Ravi Pelluru	Director

The Shareholding pattern of the company as on date of filing of this draft Letter of Offer is:

Sl. No.	Name of the Shareholder	Number of Shares	% of shareholding
1.	Vikram M. Thapar	50010	1.00
2.	Manoj Nakra	10	0.00
3.	Vijay Kumar Malik	10	0.00
4.	Surendra Kumar Khandelwal	10	0.00
5.	Ashok Chauhan	10	0.00
6.	Mylapore Manoram Shastri	10	0.00
7.	Kalambur Vijarahavan Mudaliar	10	0.00
	Total	50070	100.00

Financial Details

The summary of the audited financial statements is as follows:

Rs. in Lakhs

Particulars	For the Financial Year ended 31st March		
	2011	2010	2009
Equity Share Capital	1000.00	1000.00	1000.00
Reserves	0.00	0.00	0.00
Income	0.00	0.00	0.00
Other Income	0.00	0.00	0.00
Profit/(Loss) after Tax	(0.11)	(0.10)	(0.43)
Basic Earnings per Share (EPS) Rs.	(0.00)	(0.21)	(0.86)

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

Management's Discussion and analysis of financial Condition and Results of Operations as reflected in the Financial Statements.

The following discussions of our financial condition and results of operations should be read in conjunction with our financial statements as of and for the years ended 31st.March and prepared in accordance with the Companies Act, 1956.

The discussion contains forwarding looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forwarding looking statements as a result of certain factors such as those set forth in the sections titled "Risk Factors" and Forwarding looking statements".

Business Overview

The Company was originally incorporated as Thapar Waterbase Ltd., on 23rd day of November, 1987 with the Registered Office in West Bengal. Later the registered office was changed from West Bengal to Union Territory of Delhi on 22nd.August, 1990. Subsequently on 11th. February, 1992, the name of the Company was changed to "The Waterbase Ltd" and the registered office of the Company was changed to Nellore, where the factory is situated.

The company is presently engaged in the business of Shrimp Feed Manufacture, Farming, Processing and Exports. It is also in the business of exporting Soft shell crab, crab cake and claw meat.

The Company's registered office and factory are located at Ananthapuram Village, Nellore and it has a Corporate Office at Chennai.

Significant development subsequent to the last financial year:-

After the date of the last financial year the following are the developments that the company would like to bring to your notice.

- a) The introduction of the new species called Vannamei has brought in a positive change to the Industry, which was always suffering from disease problems affecting the earlier species which was grown on India called Black Tiger.
- b) This introduction has also had a positive effect on its performance. The Turnover for the nine months ended 31.12.2011 is Rs. 8620.50 Lakhs vs. Rs. 3505.90 lakhs during the corresponding period last year and the profit was Rs. 479.80 Lakhs against a loss of Rs. 243.30 Lakhs respectively.

Key factors affecting the results of Operation:-

- Changes in International Market
- Changes in prices of critical raw material
- Competition from existing players
- Competition from new players
- Availability of Power
- Slow approval of farms for culture by government agencies
- Decision of farmers not to adhere to rules laid out by the government
- Out break of Disease affecting the shrimps
- International economic scenario

Discussion on Results of Operations

The following discussion on results of operation should be read in conjunction with the audited financial results of our company for the year's ended 31st.March,2007 ,2008,2009, 2010 and 2011.

Results of our Operation:

Comparison of Financial Year 2011 with Financial Year 2010

Revenue from Operations

Our total Revenue increased to Rs.4581.13 lacs for the FY 2011 as compared to Rs.2728.33 lacs for the FY 2010, an increase of 67.91%. The increase is mainly due to increase in domestic sales of Shrimp feed. The government's initiative of approving farming of Vannamei Shrimp species had a very positive impact on the Industry. More and more farmers are shifting over to Vannamei farming.

Expenditure

Manufacturing Expense

Raw Material Consumption

The raw material consumption for the FY 2010 was Rs.1649.77 lakhs compared to Rs.2802.59 lakhs in the FY 2011. The increase is mainly due to increase in sales.

Staff Cost

Staff cost was Rs.408.05 lakhs in the FY2011 and Rs.349.30 lakhs in FY2010. This increase is mainly due increase in provision for employee benefits and other general increases.

Other Manufacturing Expenses

The increase in Other manufacturing expense in terms of absolute value from Rs.365.31 in FY2010 to Rs544.97 lakhs in the FY 2011 is mainly due to increase in sales.

Administrative Expense

The expenses were Rs. 149.35 lakhs in the FY2011 compared to Rs.298.19 lakhs in FY2010. The increase in the total expenditure in FY 2010 was mainly due to Bad Debts of Rs. 160.62 lakhs.

Selling Expenses

Selling expenses in terms of absolute terms is higher at Rs.384.66lacs for the FY2011 compared to Rs.230.36 lakhs for the FY 2010. This is due to higher turnover. However, as a percentage of Sales it is 8.39%.for FY 2011and 8.44% for FY2010.

Interest and Finance Charges

The Interest and Finance charges for FY2011 was Rs.188.92 lakhs compared to Rs.175.55 for FY2010. There is no significant change in Interest and Finance Charges between the FY2011 and FY2010 considering the increase in sales.

Depreciation

There is no significant change in Depreciation between the FY2011 and FY2010.

Profit after Tax

Profit after Tax was Rs 68.76 lakhs for the FY2011 from a loss of Rs.360.74 lakhs in the FY2010. The loss of Rs.360.74 lakhs is after considering Bad debts write off of Rs.160.62 lakhs and the main reason for better performance is due to increase in Turnover.

Comparison of Financial Year 2010 with Financial Year 2009

REVENUE

Revenue from Operations

The total Revenue for the FY 2010 was Rs.2728.33 lakhs as against Rs.3334.63 lakhs for the FY 2009 . The increased turnover in the FY2009 was mainly due to trading activity.

EXPENDITURE

Raw Material Consumption

The manufacturing expenses were Rs. 1649.77 lakhs in the FY 2010 compared to Rs.2518.06 lakhs in the FY 2009. The reduction is mainly due to lower production and better Raw material prices.

Staff Cost

The staff cost decreased to Rs.349.30 lakhs in FY 2010 from Rs.388.78 lakhs in FY 2009. This is mainly due to staff reduction.

Other Manufacturing Expenses

The expenses for the FY2010 is lower at Rs.365.31 lakhs compared to that of Rs.461.74 lakhs in the FY 2009 which is due to lower turnover.

Administrative Expense

The expenses under this head in the FY 2009 includes an amount of Rs.1374.72 lakhs being the amount written off as loss on Retired /Sale of fixed assets while the expenses for the FY 2010 includes bad debts written off amounting to Rs.160.62 lakhs . After adjusting the above figures the revised Expenditure for FY 2010 would be Rs.137.56 lakhs and for the FY2009 it would be Rs. 145.26 lakhs, resulting in a marginal decrease in the FY 2010.

Selling Expenses

Selling expenses for FY 2010 was Rs.230.36 lakhs as against Rs.282.35 lakhs for FY2009. The reduction is due to lower Turnover in FY 2010.

Interest and Finance Charges

The interest for the FY2010 was Rs.175.55 lakhs as against Rs.485.22 lakhs for the FY 2009. The reduction in FY 2010 compared to FY 2009 is mainly due to reduction in working capital limits.

Depreciation

The depreciation for the FY 2010 is Rs.231.05 lakhs and Rs.270.54 lakhs for the FY 2009. The reduction in depreciation between FY2010 and FY2009 is basically due to sale of Assets during the FY2009.

Profit after Tax

The loss after tax for the FY 2010 was at Rs.360.74 lakhs as against the profit in the FY2009 of Rs.104.62 lakhs. The profit in the FY 2009 was mainly due to profit on sale of Assets.

Comparison of Financial Year 2009 with Financial Year 2008

Revenue

The revenue for the FY 2009 was lower at Rs.3334.63 lakhs as against that of FY2008 which was at Rs.3834.79 lakhs. The reduction in turnover is due unprecedented turbulence in the wake of the global economic meltdown which affected the demand for shrimps and consequently the demand for shrimp feed

Expenditure

Raw Material consumption

The raw material consumption for FY 2009 was 2518.06 lakhs compared to Rs. 2941.45 lakhs for FY.2008. The reduction is mainly due reduction in turnover in FY2009.

Staff Cost

Staff Cost is lower at Rs. 388.78 lakhs in the FY 2009 compared to Rs.400.47 lakhs in the FY 2008. This was mainly due to reduction in the provision for employees benefit.

Other Manufacturing Expenses

The expenses has marginally increased in the FY 2009 which stood at Rs.461.74lakhs against Rs.453.47 lakhs for the FY 2008 .

Administration Expenses

The Administrative expenses in the FY 2009 includes Loss on Retired / sale of Fixed assets of Rs.1374.72 lakhs. On excluding this amount the other expenses for FY2009 would amount to Rs.145.26 lakhs as compared to Rs.152.61 lakhs for then FY 2008, the reduction being very marginal..

Selling & Distribution Expenses

The expenses for the FY2009 stood at Rs.282.35 lakhs compared to Rs.332.05 lakhs for the FY 2008. The increase in expenses in the FY 2008 compared to FY2009 is mainly due to payment of Anti-dumping duty of Rs.51.09 lakhs during FY2008.

Interest

The Interest for the FY 2009 was at Rs.485.22 lakhs as compared to Rs.638.63 lakhs. The reduction in Interest charges in the FY 2009 was mainly due to reduction in Working Capital limits.

Depreciation

Reduction in depreciation in the FY2009 is due to sale of Assets.

Profit after Tax

The profit after tax for the FY 2009 was at Rs.105 lakhs compared to a loss of Rs.431 lakhs for the FY 2008. The profit was mainly due to the sale of Assets during the FY ending 2009.

Comparison of Financial Year 2008 with Financial Year 2007

Revenue from Operations

The revenue for FY 2008 was at Rs.3834.79 as against Rs. 5849.95 in the FY 2007. The reduced Sales in the FY2008 are mainly due to the depression in the United States resulting in a slump in international shrimp prices which had its effect on the Indian shrimp Industry and the operations of the Company.

Expenditure

Raw Material Consumption

The Raw material consumption for the FY 2008 was at Rs.2941.45 lakhs as against Rs.3866.79 lakhs for the FY 2007. The consumption is higher in FY2007 is due to higher production.

Staff Cost

The variance between in staff cost between the FY 2008 which stood at Rs.400.47 lakhs and the FY 2007 which stood at Rs.402.34 is negligible.

Other Manufacturing Expenses

The expenses for the FY 2008 were Rs.453.47 as against Rs. 574.93 lakhs for the FY 2007. The decrease in FY 2008 was mainly due to Power and bank charges which was less due to lower production and sales in the FY 2008

Administrative expense

The expenses for the FY 2008 were at Rs.152.61 as against Rs.174.53 lakhs for the FY 2007. The increase in FY 07 is due to loss on sale of assets in the FY2008.

Selling Expense and Distribution Expenses

The Selling expenses for the FY 2008 stood at Rs.332.05 lakhs compared to Rs.871.74 lakhs for the FY 2007. The expenses in the FY2007 was higher because of Anti – dumping Duty and higher sales.

Interest

The variance in the above expense between the FY2008 and FY2007 is due to higher utilization and increase in interest rates of the Working Capital.

Depreciation

Reduction in depreciation between the FY2008 and FY 2007 is very negligible.

Profit after Tax

The loss for the FY 2008 was higher at Rs.430.70 lakhs compared to the loss of Rs. 199.92 lakhs. This was mainly due to lower turnover in the FY2008.

MATERIAL DEVELOPMENTS

In the opinion of the Board of Directors of the Company, there have not arisen, since the date of the last audited financial statements included in this Letter of Offer, any circumstance that materially and adversely affect or is likely to affect its business or profitability or the value of the assets or the ability to pay Company's liabilities within the next 12 months. There is no subsequent development after the date of the Auditor's Report, except as stated in the "Risk Factors", which Board of Directors believe is expected to have a material impact on reserves, profits, earning per share and book value of the business.

SECTION VII

LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS, MATERIAL DEVELOPMENTS AND OTHER DISCLOSURES

Except as described below, there are no outstanding litigations, suits or civil proceedings, or criminal proceedings, or prosecutions or tax liabilities, irrespective of whether specified in Schedule XIII of the Act, against the Company or the subsidiaries, and there are no defaults, non-payment or overdues of statutory dues, overdues to banks/ financial institutions, defaults against banks/ financial institutions, defaults in dues payable to holders of any debentures, bonds and fixed deposits defaults in creation of full security as per terms of issue/ other liabilities, proceedings initiated for economic/ civil/ and other offences (including past cases where penalty may or may not have been awarded) that would result in a material adverse effect on the business. None of the aforesaid persons/ companies is on RBI's list of willful defaulters. No disciplinary action has been taken by the SEBI/ Stock Exchanges against the Company, Directors of the Company and Promoters.

i. LITIGATIONS INVOLVING THE ISSUER COMPANY

a. Civil Cases filed by the Company

Sl. No	Cause Title & No.	Brief Facts And Subject Matter Of The Dispute
1	EP No: 40/2011 OS-50 / 2007 Against M/s Siraga Aqua Farms & Exports Ltd	Company supplied feed to them and the outstanding amount due was Rs. 68, 43,812. Company filed a civil case and attached the Party's property. Court decreed in favour of the Company and the company has filed Execution Petition on the attached Property.
2	EP No: 21 /2011 Against M/s Maha Teja Aqua Shop	This is for recovery of amount of Rs.28,17,741 towards feed supplied to them. The company filed an Arbitration case and the decision was in favour of the Company. The company has filed execution petition for recovery on the property mortgaged by the party.
3	OS-63 /2006 Against Mr.G.Anand	This is for recovery of Rs.61,63,976 for supply of feed. The Hon'ble Kakinada Court has passed judgment in favour of the Company and the company is in the process of filing Execution Petition on the land property of the party.
4	EP No: 5/2007 Against M/s Bhumi Aquaculture	The company filed a civil suit and the Honorable Court decided in favour of the Company for a sum of Rs.1,25,000. The company has filed execution petition against his property for recovery.

b. Criminal Cases filed by the Company

Sl. No	Cause Title & No.	Brief Facts And Subject Matter Of The Dispute
1	CC No: 2694/2005 CC No: 2649/2006 Against M/s Sri Charan Agencies	This is for recovery of Rs. 32, 73,911 due to the company against our supplies. Company has filed two criminal cases under Section 138 of Negotiable Instrument Act. and the Honorable Court has convicted the party with compensation. The party has preferred an appeal.
2	CC No: 9559/2008 CC No: 12819/2009 Against M/s Sri. Venkata Durga Aqua Culture	The company filed two criminal cases under section 138 of Negotiable instrument Act for dues amounting to Rs.21, 98,409 for supplies made to them. The Honorable court has convicted the party with compensation and the party has preferred an appeal.
3	CC No: 5140/2006 CC No: 286/2007 CC No: 3416/2007	The company has filed three criminal cases against the party for dues amounting to Rs.3857343 for supplies made to them. The Honorable court has convicted the party with compensation

	Against M/s Sree Suresh Enterprises	and the party has preferred an appeal.
4	CC No: 1521/2011 CC No: 108 /2011 Against M/s SBS Aqua Feeds	The Company has filed case under Section 138 of the Negotiable Instrument Act for recovery of Rs.6, 80,452 being the amount due to the company against its supplies.
5	CC No: 140/2009 Against M/s Prapanjan Aqua	The Company has filed case under Section 138 of the Negotiable Instrument Act for recovery of Rs.157431/- being the amount due to the company against its supplies.
6	CC No: 408/2010 CC No: 9710/2010 CC No: 10718/2010 CC No: 10719/2010 Against M/s Sri Durga Agencies	The Company has filed case under Section 138 of the Negotiable Instrument Act for recovery of Rs.12, 83,626 being the amount due to the company against its supplies.
7	CC No: 277/2009 Against M/s Noor Aqua Farm	The Company has filed case under Section 138 of the Negotiable Instrument Act for recovery of Rs.51, 091 being the amount due to the company against its supplies.
8	CC No: 538/2011 Against M/s Maa Chachaka Enterprises	The Company has filed case under Section 138 of the Negotiable Instrument Act for recovery of Rs.10, 95,375 being the amount due to the company against its supplies.
9	CC No: 453/2011 Against M/s R.N.Store	The Company has filed case under Section 138 of the Negotiable Instrument Act for recovery of Rs.14, 41,347 being the amount due to the company against its supplies.
10	CC No: 5647/2006 CC No: 3749/2007 CC No: 92/2010 CC No: 93/2010 Against M/s Maa Durga Enterprises	The Company has filed case under Section 138 of the Negotiable Instrument Act for recovery of Rs.76, 70,954 being the amount due to the company against its supplies.
11	CC No: 599/2003 CC No: 1276/2003 Against M/s Varma Aqua Pvt Ltd.	The Company has filed case under Section 138 of the Negotiable Instrument Act for recovery of Rs.1, 03,071 being the amount due to the company against its supplies.
12	CC No: 805/2003 Against M/s Crown Aqua Shop	The Company has filed case under Section 138 of the Negotiable Instrument Act for recovery of Rs.1, 87,033 being the amount due to the company against its supplies.
13	CC No: 3220/2006 CC No: 5758/2007 Against M/s Sri Aditya Aqua Services	The Company has filed case under Section 138 of the Negotiable Instrument Act for recovery of Rs.2,54,003 being the amount due to the company against its supplies.
14	CC No: 8506/2003 Against Mr. K.Nagesh Reddy	The Company has filed case under Section 138 of the Negotiable Instrument Act for recovery of Rs.2, 56,084 being the amount due to the company against its supplies.
15	CC No: 1255/2005 Against M/s Sai Sravan Enterprises	The Company has filed case under Section 138 of the Negotiable Instrument Act for recovery of Rs.5, 67,545 being the amount due to the company against its supplies.

16	CC No: 1142/2003 Against M/s P.J.Agrotech Ltd	The Company has filed case under Section 138 of the Negotiable Instrument Act for recovery of Rs.4, 84,770 being the amount due to the company against its supplies.
17	CC No: 682/2004 CC No: 919/2004 Against M/s Gajula Exim Pvt Ltd	The Company has filed case under Section 138 of the Negotiable Instrument Act for recovery of Rs.3, 57,200 being the amount due to the company against its supplies.
18	CC No: 9017/2004 Against M/s Maa Narayani Stores	The Company has filed case under Section 138 of the Negotiable Instrument Act for recovery of Rs.12, 49,623 being the amount due to the company against its supplies.
19	CC No: 10121/2003 CC No: 10122/2003 Against M/s Jayalakshmi Agencies	The Company has filed case under Section 138 of the Negotiable Instrument Act for recovery of Rs.15, 11,362 being the amount due to the company against its supplies.
20	CC No: 430/2004 Against Mr. Natarajan	The Company has filed case under Section 138 of the Negotiable Instrument Act for recovery of Rs.30, 08,089 from the defaulter.

c. Arbitration Cases filed by the Company

Sl.No	Cause Title & No.	Brief Facts And Subject Matter Of The Dispute
1	Case No: 1 / 2009 Against M/s Mahesh Agencies	The company has initiated Arbitration proceedings against the party for Rs.1, 01, 12,011 being dues to the company against supplies made to them. The Party's land and house property is under attachment as security against their pending dues.
2	Case No:1 /2009 Against M/s Si Surya Kishore Aqua Feeds	The company has initiated Arbitration proceedings against the party for Rs.12, 76,179 being dues to the company against supplies made to them. The Party's house property is under attachment as security against their pending dues.
3	Case No: 1 /2010 Against M/s SVR Sea Foods	The company has initiated Arbitration proceedings against the party for Rs.2327924 being dues to the company against supplies made to them. The Party's land property is under attachment as security against their pending dues.
4	Case No: 2 / 2010 Against M/s PSVR Agencies	The company has initiated Arbitration proceedings against the party for Rs.2281196 being dues to the company against supplies made to them. The Party's is contesting the Honorable Madras High Court's Order directing them to furnish security for the above mentioned dues to the company.

D. Civil Cases against the Company

Sl.No	Cause Title & No.	Brief Facts And Subject Matter Of The Dispute
1	OSA No: 344 / 2009 Against M/s.Kap India Construction	The case relates to the project construction work in Nellore factory during the year 1993 to 1995 for a sum of Rs.71, 63,333. The case for appointment of an arbitrator was in favour of the company. The party has gone on appeal and the company is contesting the case.
2	Company Petition No: 69/1997 Against M/s Safe pack	The case relates to packing bag supplied to Nellore factory during the year 1996 for supply made for a sum of Rs.3,24,000. The company is contesting the case.

	Polimers Ltd.	
3	SPL CS No: 173/1996 Against M/s Powertech Ltd	The case relates to the project construction work in Nellore factory during the year 1996 for supply made for a sum of Rs.1,00,000. The company is contesting the case.
4	W.P.No: 19287/1996 W.P.No: 5128/1997 Against Customs Department	The company filed a writ petition in the year 1996 against the import duty levied on import of raw materials for a sum of Rs. 5,35,36,322. The case was decided in favour of the company. The department has gone on appeal.
5	OS No: 273/2010 Against Canara BankLtd	Canara Bank is a member of the consortium of banks of the company. Canara bank went against the decision agreed by all the banks in the consortium to extend Working Capital term loan support to the company and have filed application in DRT - I for a sum of Rs. 16,10,79,284. The Company is contesting the case.

ii. LITIGATIONS INVOLVING THE PROMOTERS

Karam Chand Thapar & Bros (Coal Sales) Limited

a. Civil Cases filed by the Company

Sl.No	Cause Title & No.	Brief Facts And Subject Matter Of The Dispute
1	Amritsar- KCT Vs Bharat Sanitary& others.	KCT being the tenant of the office apprehended disturbance from the neighborhood, filed suit for injunction to restrain the neighborhood, for not to interfere with egress and ingress through stairs case.
2	KCT Vs Redsun Distilleries Pvt Ltd (C.S.No. 2-B/99)	KCT filed money suit for recovery of outstanding amount. The said suit was decreed. Defendant filed appeal in the high court at Jabalpur. As per the order of the High Court, defendant deposited Rs 427242/ in the trial court. KCT withdraw the amount by exec
3	KCT Vs. Manik Roy [M.S. No.221 of 2011]	Money Suit No.221 of 221 filed by K.C.T.& Bros.(C.S) Ltd. against Mr. Manik Roy ,an ex-employee of TICIL Division for recovery of Rs.82,48,333/- before the Dist.Judge, Alipore after holding Domestic Enquiry.
4	Spl. Suit No.510 of 2006 - K.C.T.& Bros. (Coal Sales) Ltd. Vs. A.J.S. Sekhon	Mr.A.J.S. Sekhon was the head of Paper Division in Nagpur Branch. The suit is for recovery of Rs.91,50,000/- towards loss sustained by the Company due to fraudulent act committed by Mr. Sekhon in respect of Paper Division.
5	OS No.2682/ 1986, KCT V/s KPCL	To recover the outstanding amount of Rs.54, 14,124/- together with interest. Suit was filed before City Civil Court, Bangalore. (This relates to Kalinadi Hydro Project Works.)
6	O.S. No 3343/1986, KCT V/s KPCL	To recover the outstanding amount of Rs.1, 92,98,470/- together with interest. Suit was filed before City Civil Court, Bangalore. (This relates to Kalinadi Hydro Project Works.)
7	Chandigarh (KCT Vs Krishna Devi)	KCT took the premises for office use on lease. After the expiry of the lease period KCT wanted to renew the lease but no fresh lease was executed between the parties. Thereafter, KCT filed the suit under the specific Relief Act for execution.
8	House Tax Appeal No.465 & 618 of 2004 - K.C.T.& Bros.(Coal Sales) Ltd. Vs. N.D.M.C.	New Delhi Municipal Corporation assessed rate able value at Rs.19,25,200/- and Rs.24,62,600/- w.e.f. 15.7.1992 and 1.4.1994 in respect of Rishyamook Building and passed the necessary order in the year 2004. This is under challenge in Appeal Court.

9	I.A. No. in Suit No.1373 of 1991 - K.C.T. & Bros.(Coal Sales) Ltd. Vs. Mr. Ganesh Seth	For looking after the common facilities and on application by the Company, the Honorable High Court appointed Administrator for the Rishyamook Building. Since the activities of the Administrator was found prejudicial to the interest of the Company, an application was filed
10	Amritsar- KCT Vs Swaran Singh & others(for deposit of rent due)	KCT filed petition before the Civil Judge Sr. Div, Amritsar for deposit of rent. Court allowed the application and rent was deposited for the past period.
11	Civil Appeal No 40 of 2011, arising out of Suit No 310 of 2006, Before Addl District Judge, Varanasi	This relates to encroachment of rear portion of Thapar House, Varanasi by owners of adjacent building claiming to be their land. As per the advise of Late M.L.Khatri, Sr. Advocate all legal action initiated.
12	K.C.T V/s Shym Sunder.	KCT filed the suit for mandatory injunction against the defendant owner of premises at Ludhiana, for direction to defendant to open the lock put up by landlord and not to disturb the peaceful possession of the KCT. After that landlord took over the possession.
13	KCT Vs U.P.Power Corporation. R.C.A. No 108 of 2007.	KCT filed suit No 302 of 1989, on 18-07-89 for recovery of EMD and refund of security deposits. Also filed application for restraining the power corporation from en-cashing said security deposit. Court dismissed the suit. KCT preferred an Appeal.
14	W.P.No.7827(MIB) of 1987 and W.P. No.6467(MIB) of 1988; Certificate Case No.31/OP/06-07 dated 23.4.2007; W.P.No.3415 of 2007 - The Collector of U.P. Vs. KCT & Bros.(Coal Sales) Ltd.	Unnao Distillery used to send country liquor to bonded warehouse from Unnao Distillery to Kanpur. The products were transported in glass bottled by Truck. During transit, there was breakage and loss. The U.P. State Excise demanded payment of excise duty.
15	Appeal No.149 of 2009 - Lalit Bagla Vs. KCT & Bros. (Coal Sales) Ltd.	KCT advanced an amount of Rs.5,00,000/- for purchase of imported car without any agreement. But afterwards, it was decided not to purchase the car. But the Party refused to refund the money. Accordingly, the Company filed a money suit.
16	Jabalpur- KCT V/s. R.N.Swamy lime stone company, Katni	KCT filed money suit before the civil court at Jabalpur for recovery of outstanding amount. On contest, court passed judgment and Decree in favour of plaintiff. Against the said order defendant preferred appeal Numbered as 142/2002 in the High court,
17	W.P.No.1992 of 1988 - KCT & Bros. (Coal Sales) Ltd. Vs. Union of India	Mr. Rajeew Shukul was posted at Nagpur. He was granted house building loan to be recovered from his salary. He resigned and refused to pay the balance amount of house building loan. An Application was made with the Controlling Authority at Kolkata.
18	KCT Vs Smt Bibi & others	KCT took a shop in the market area more than 40 years ago on rent to run paper business. The land lady died. Dispute arose amongst the legal heirs on ownership. KCT filed a petition under the U.P. Rent Act to deposit the rent before the court.
19	C.S.No.1405 of 1993; KCT & Bros. (Coal Sales) td. Vs. Royalseema Paper	The Company on 22.11.1988 had placed order for white wove deluxe computer stationery for 100 tonnes on Royalseek Paper. They agree to supply the same within four weeks. They demanded advance payment for this order. The rate of the goods was specified.

20	T.S.No 169 of 2008, KCT Vs Sunil Kumar Bag & Others	KCT took an office at Assansol long back on rent. After the death of owner a dispute arose between the legal heirs relating to said property. On perceived threat to the tenancy KCT filed a suit for injunction against the legal heirs.
21	W.P/ No. 129 of 2011, In the High Court at Calcutta, challenging inter alia order dated 23.12.10 of the Addl Chief Secretary, Labour Department Government of West Bengal.	E.S.I. H.O. Employees Exemption under the Act.
22	Civil Suit No. 4B/09, KCT Vs Uttam Lime Traders, Katni	To realise the outstanding amount of Rs 2,72,139/ KCT filed suit on 29.02.2008, being numbered as 4-B/2009, at Jabalpur. Suit decided against KCT on 21.5.10, by the learned court.
23	KCT V/s R.B.Gaur & Others.(11-B/03)	KCT filed suit before the civil court at Jabalpur for recovery of outstanding amount which was decreed. KCT filed execution petition being case no 11-B/2003, the said execution case has now been transferred to the court of Vth. A.D.J. at Katni.
24	W.P.(C) No.4891 of 2006 - KCT & Bros. (Coal Sales) Ltd. Vs. State of Orissa	Govt. of Orissa, Labour & Employment Dept. by an Order dated 15.07.2000 rejected application for exemption from ESI in respect of Paradip Office for the period from October,2001 to Septmber,2005 and raised a demand of Rs.3,30,330. The Company moved to The High Court.
25	W.P. Nos.1146 of 2000 - KCT & Bros. (Coal Sales) Ltd. Vs. State of Orissa	ESI Authority raised a demand of Rs.1,58,128 for April,1995 to Feb.1997. Recovery Certificate was also issued for the principal portion and interest [Rs.1,58,128 + Rs.67,549]. Paradip Branch moved ESIC Court under Case No.ESI/1/2000. The demand was stayed
26	W.P.(C) No.4891 of 2006 - KCT & Bros. (Coal Sales) Ltd. Vs. State of Orissa	ESI Authority raised a demand of Rs.3,09,524 for March,1997 to Feb.1998 and outstanding amount of Rs.1,58,128 for the period April, 1995 to Feb.,1997 and a sum of Rs.23,272 for the period March, 1998 to September, 1988. The Company thereafter filed writ.

b. Civil Cases filed against the Company

Sl. No	Cause Title & No.	Brief Facts And Subject Matter Of The Dispute
1	Ludhiana- Office (KCT Vs Shym Sunder Present owner of the premises)	The landlord filed eviction petition under Sec 13 of East Punjab Rent Act, 1949, judgement & Decree dated 20.10.2010 against KCT and took over the possession of the suit premises by executing the said order. After Knowing the facts, KCT filed a petition
2	(E.S.No 169 of 2009) Landlords (Jawahar Chachra) Vs KCT	Landlord of office premises filed a ejection case in the court of Rent controller, at Ambala on the grounds of non user of the premises by KCT and personal necessity. KCT filed written statements.
3	Santosh Rani & Others Vs KCT (Basement)	Landlord of Chandigarh office premises filed suit for permanent injunction against KCT (tenant), for using the 1st floor for the office purpose only and not to sub-let the premises without the written consent of the Landlord.

4	KCT Vs. M.P. Power Trading Co. Ltd.	Order passed by the Tribunal on 19.01.2012 by two member bench of the Tribunal. The Chairman held against us and allowed the Petition and fixed the matter for further hearing on damages. The accompany member gave a detailed judgment in our favour dismiss
5	M.P. Power Trading Co. Ltd. Vs. KCT.	A claim has been filed by M.P.Power Trading Co.Ltd.for a sum of Rs.46,20,00,000/- alongwith interest @ 1.25% per month till recovery for violation of contractual agreement to trade power. Our contention is that there is no concluded contract.
6	O.S.No.4173/1987, KPCLV/s KCT	Suit was filed against the Company by Karnataka Power Corporation for recovery of Rs.28,82,614.19 together with interest from the date of suit till realisation
7	Title (Eviction Appeal) No 90 of 2010	Against the Judgement and Decree dated 24.5.2010, passed by Sub-Judge-of Patna in the eviction Suit- No 12 of 1998, KCT prefered an appeal.
8	Case No 80/17 of 2010, F.R. Anand N. Pareekh V/s KCT & Bros (Coal Sales) Ltd.	For calculation & fixation of fair rent.
9	Chandigarh(Santosh Rani & Others Vs KCT, Rent Petition under Sec 13 of East Punjab Rent Act.	The landlord filed eviction petition under section 13 of the Rent Act,(The East Punjab Urban Rent Restriction Act, 1949) in relation to basement and first floor of the premises on the grounds of personal need and sub-letting and wrongful use by the KC
10	Titile Suit No.508 of 2010 - Manik Roy Vs. KCT & Bros. (Coal Sales) Ltd.	The Plaintiff is an ex-employee of TICIL Division and was posted at Tehri Project as Senior Manager (Stores). In the year 2005 while conducting inspection, it transpired to the Audit Dept. that 50,000 bags of cement were falling short with the figures shown.
11	Suit No.1373 of 1991 - K.C.T. & Bros.(Coal Sales) Ltd. Vs. Mr. Ganesh Seth	The Company entered into two Agreements for sale with Mr. Ganesh Seth for purchase of property known as Rishyamook Building situated at New Delhi. There was delay in delivery of the property as well as lot of disputes arose in relation to measurement of the area.
12	E.S. No. 60 of 2009, Trend Bags Vs KCT	KCT took the premises on lease for a limited period and used it as Bond warehouse. After the expiry of lease no fresh lease was executed. Erstwhile landlords sold the premises along with tenancy. New owners of the premises filed a ejection suit against KCT.
13	Nagpur Industrial Co-operative Society Vs. KCT {Dispute Case No.937/07}	This Case pertaining to non-payment of service charges in respect of the plots allotted to the Company by the Industrial Co-operative Society. The Company is required to make the payment.
14	I.D. Case No.61 of 2002 - Paradip Union Vs. K.C.T. & Bros.(Coal Sales)Ltd	For effective retrenchment of workmen at Paradip, a bipartite agreement was executed between the Company and the then Union. Pursuant to that, mass retrenchment of services of workmen was effected. Thereafter, the New Union raised an Industrial dispute with KCT.
15	Smt. Lajwanti Vs. KCT & Bros.(Coal Sales) Ltd. [Spl. Darkhast No.38/98]	Smt. Lajwanti filed a claim against KCT & Bros.(Coal Sales) Ltd. A decree was passed in favour of Smt. Lajwanti. KCT filed an appeal in Madhya Pradesh High Court. The High Court passed an order in favour of KCT and set aside the decree.
16	W.P.No.4972 of 2002 - (KCT Vs. Labour Court, Kanpur & Others) {Labour Matter -	The Writ Petitioners were employees of the Distillery, who were terminated from the Company on the allegation of theft. Against the order of termination, the Labour Court, Kanpur was pleased to issue a recovery proceeding against the Company.

	Madan Mohan Gupta}	
17	W.P.No.31958 of 2003 (KCT Vs. Labour Court, Kanpur & Others) {Labour Matter - Guru Prasad} and W.P. No.31961 of 2003 (KCT Vs. Labour Court, Kanpur & Others)	The Writ Petitioner were employees of the Distillery, who were terminated from the Company on the allegations of theft. Against the order of termination, the Labour Court, Kanpur was pleased to pass an ex-parte order against the Company for re-instatement.
18	KCT Vs Sudershan Kumari(civil revision no 688 of 1995) arising out of the order of Appellate Authority under the Rent Act.	KCT took the shop on rent to run paper business at Patiala. The owner of the shop filed a petition on 21.1.1987 for eviction of KCT under the rent Act. The said petition was rejected and against the order of rejection owner preferred appeal .
19	Ludhiana- Office (KCT Vs Shym Sunder Present owner of the premises)	The landlord filed eviction petition under Sec 13 of East Punjab Rent Act, 1949, judgment & Decree dated 20.10.2010 against KCT and took over the possession of the suit premises by executing the said order. After Knowing the facts, KCT filed a petition

c. Arbitration Cases filed against the Company

Sl. No	Cause Title & No.	Brief Facts And Subject Matter Of The Dispute
1	Dhiran Transport Vs. United India Insurance Co. & Anr. {FA No.394/1996}	The transporter lodged his claim with the Insurance Company as goods of the Company were lost in transit. The transporter has paid the claim of the Company. The Company has been made a proforma defendant [Necessary Party].

d. Criminal Cases filed by the Company

Sl. No	Cause Title & No.	Brief Facts And Subject Matter Of The Dispute
1	Case No.C/3219/2012 - KCT & Bros.(Coal Sales) Ltd. Vs. Krebs Bio-Chemicals & Industries Ltd. & its Director Mr.Avinash Ravi	KCT supplied Indonesian non-coking steam coal against their purchase order to Krebs Bio-Chemicals & Industries Ltd., Hyderabad and subsequently raised the bills. Krebs issued some cheques against the said bills. After the presentation with the Bankers.

e. Criminal Cases filed against the Company

Sl. No	Cause Title & No.	Brief Facts And Subject Matter Of The Dispute
1	Labour Enforcement Office, Central Vs. KCT	For alleged violation of the Contract Labour Act, Labour Enforcement Officer has filed the complaint. Our contention is that Central Labour Authority has no jurisdiction and we are holding bonafide license issued by the State Govt. which is very much in favour
2	A.K.Aggarwal Vs. Union of India	One of the accused Mr. A.K.Aggarwal in Criminal Complaint filed by Central Labour Enforcement Officer preferred this Revision before the Session Court challenging the cognizance taken by the C.J.M. Court at Tehri.

3	C.P. No.118 of 2007 in Suit No.1373 of 1991 - K.C.T. & Bros.(Coal Sales) Ltd. Vs. Mr. Ganesh Seth	The Hon'ble High Court passed an ex parte interim order on 11/2/1994 directing the Company not to alienate the property. However, the Company let out two floors much prior to such order. An application for contempt was subsequently filed by Mr. Ganesh Set
4	Cr.Misc.Case No.9721 of 2003 arising out of C.C.P. No.110 of 1994 [Ganesh Seth]	Mr. R.K.Sharma on behalf of the Company swore in an affidavit that there had been no contempt of Court Order on 11.2.1994, as two floors of the building were already let out, prior to the passing of such an order by the Court. Mr.Ganesh Seth alleged that
5	State of Maharashtra Vs. Ballarpur Industries Ltd. & KCT	This is prosecution against violation of provisions of Weights & Measures Act. The case is for return of warrant issued by the Court for presence of concerned officer from Ballarpur Industries Ltd. & KCT.
6	Shashi Chachra(landlords) V/s KCT	The landlord has filed an Eviction Suit for non-payment of rent and for personal need.
7	Strand Road Paper Godown (C.C.No./1244/02). State Vs KCT & Others.	This case was filed by Competent Authority, W.B. Shops & Establishment Act. Summons was issued against all Directors of the company.
8	C.M.W.P. No.40075 of 2011 arising out of Adjudication Case No. 51/2000. (S.P.Singh Vs KCT)	This case relates to a ex-employee of petrol pump section of Varanasi Branch. The management transferred his services to Secunderabad who being dissatisfied with the transfer order has challenged it before the labour court, Varanasi. Company filed its writ

iii. LITIGATIONS INVOLVING COMPANIES PROMOTED/CONTROLLED BY THE PROMOTERS

a. Doaba Industrial and Trading Company Pvt. Ltd.

A. Civil Cases filed by the Company

Sl. No	Cause Title & No.	Brief Facts And Subject Matter Of The Dispute
1	CS No.155 of 2000 Hindustan paper Corporation Vs. Diamond Copy House & Other	The Plaintiff has filed a suit for recovery of a sum of Rs.4,15,949.76 alleging non-payment of four number of bills, plus interest of Rs.81,047.52 up to 10 December 2000. The Doaba is the second defendant and has produced the evidence establishing payment.
2	D.I.T Vs State Electricity Board(Writ Petition No 24024 of 2003)	At Varanasi, DIT had an ice factory cum cold storage. Electricity Dept issued a demand notice towards electricity consumed by the said ice plant for relevant period which was around Rs. 9.50lacs. DIT did not accept the computation done by the concerned

B. Arbitration Cases filed against the Company

Sl. No	Cause Title & No.	Brief Facts And Subject Matter Of The Dispute
1	Misc. Case No.344 of 1999 - DIT Vs. NALCO	As per Agreement there is an Arbitration Clause for adjudication of any dispute. Accordingly, NALCO raised the dispute before the Arbitrator who was a retired Dist. Judge. Since the said Arbitrator refused to continue, NALCO appointed an official of their

C. Civil Cases filed against the Company

Sl. No	Cause Title & No.	Brief Facts And Subject Matter Of The Dispute
1	Nagpur Industrial Co-operative Society Vs. DIT [Dispute Case No.974/07]	This Case pertaining to non-payment of service charges in respect of the plots allotted to the Company by the Industrial Co-operative Society. The Company is required to make the payment.
2	DIT Union, Paradip Vs. K.C.T.& Bros.(Coal Sales) Ltd. - I.D. Case No.59 of 2002	For effective retrenchment of workmen at Paradip, a bipartite agreement was executed between the Company and the then Union. Pursuant to that, mass retrenchment of services of workmen was effected. Thereafter, the new Union raised an Industrial Dispute with the Management.

b. Indian City Properties Ltd.

A. Civil Cases filed by the Company

Sl. No	Cause Title & No.	Brief Facts And Subject Matter Of The Dispute
1	T.E.No 26 of 2005, ICPL Vs. Mrs. Pushpa Ahuja & Others	Ejectment Suit filed on the grounds of personal need and Sub letting
2	Civil Appeal No-8779 of 2010, B.P.C.L V/s ICPL, pending before Supreme court	Land at 36A & 36B, Ballygunge Circular Road, Kolkata was given on lease to BPCL for 15 years and renewed for two time for 5 years each. Lease period expired on 01.08.1982. Eviction Suit was filed by us in 1982. As per original Lease Deed dated 28.1.1958

B. Civil Cases filed by the Company

Sl. No	Cause Title & No.	Brief Facts And Subject Matter Of The Dispute
1	Civil Misc. Writ Petition No.29395 of 2005- ICP Vs. State of U.P.	A registered Deed of Indenture dated 19.06.1944 between ICP and Lala Karam Chand Thapar and Mr.B.M.Thapar was executed for issuance of Debentures whereby certain properties were mortgaged. Vide a registered Deed of Release dated 22/11/1999 all the mortgag

c. Towerbase Services Pvt. Ltd.

A. Tax Cases filed against the Company

Sl. No	Cause Title & No.	Brief Facts And Subject Matter Of The Dispute
1	Assessment order U/S 143 (3), dated, 08/12/2009 - Appeal against order of Assistant Commissioner of Income Tax, Circle -16 (1), New Delhi.	Assessment order under section 143 of the Income Tax Act, 1961, proceeding to the case for the Assessment year 2007-08 issued to the Towerbase Services Pvt. Ltd regarding disallowance under Income Tax. (Disputed Amount Rs. 61,65,294) The case is pending with Income Tax Appellate Tribunal, New Delhi.

2	Assessment order U/S 143 (3), dated 07/12/2010 - Appeal against order of Assistant Commissioner of Income Tax, Circle -16 (1), New Delhi	Assessment order under section 143 of the Income Tax Act,1961 proceeding to the case for the assessment year 2008-09 issued to Towerbase disallowance under Income Tax. (Disputed Amount Rs. 32,34,594) The case is pending with CIT (A) -XIX, New Delhi.
3	Assessment order U/S 143 (3), dated 19/12/2011 - Appeal against order of Assistant Commissioner of Income Tax, Circle -16 (1), New Delhi	Assessment order under section 143 of the Income Tax Act, 1961 proceeding to the case for the assessment year 2009-10 Towerbase Services Pvt. Ltd. Regarding disallowance under Income Tax. Disputed Amount Rs. 73,16,471. The Case is pending with CIT (A) – XIX, New Delhi

GOVERNMENT AND OTHER APPROVALS

The Company has received the necessary consents, licenses, permissions and approvals from the Government of India and various governmental agencies required for the present business (as applicable on date of this Draft Letter of Offer) and except as mentioned below, no further approvals are required for carrying on the existing business and expansion plans. It must be distinctly understood that, in granting these approvals, the Government of India does not take any responsibility for the Company financial soundness or for the correctness of any of the statements made or opinions expressed in this behalf.

In view of the approvals already obtained, the Company can undertake this Issue and the current/ proposed business activities and no further major approvals from any governmental or regulatory authority or any other entity are required to undertake the Issue or continue the business activities, except the pending approvals mentioned below. Unless otherwise stated, these approvals are all valid as of the date of this Draft Letter of Offer. The following statement sets out the details of licenses, permissions and approvals taken by the Company under various central and state laws for carrying out its business.

1. Approvals involving Incorporation.

- a. Certificate of Incorporation dated November 23, 1987 issued by the Registrar of Companies, West Bengal for "The Thapar Waterbase Limited.
- b. Fresh Certificate of Incorporation dated issued by the Registrar of Companies, Delhi and Haryana on February 11, 1992 pursuant to the name change to "The Waterbase Limited".

2. Approvals related to the Issue.

- a. Resolution passed by the Board of Directors of the Company on July 22, 2011.
- b. Resolution passed by the Shareholders of the Company at the AGM held on September 2, 2011.
- c. In-principle approval from the Bombay Stock Exchange dated ****

3. Approvals obtained by the Company.

The Company requires various approvals to carry on its business in India. The approvals required by the Company include the following:

Sl. No.	Name of Registration	Name of the Authority / Issuing Department	License / Registration Number and Date	License/ Registration obtained/renewed on	Valid Upto	Remarks
1	Permission for using boilers under Indian Boilers Act, 1923	Andhra Pradesh Boiler Inspection Department	AP – 3377	31.01.2011	31.01.2012	Renewal in Progress
			AP – 2463	02.01.2012	01.01.2013	
			AP - 2464	29.07.2011	01.07.2012	
2	Air & Water (Prevention & Control	Andhra Pradesh Pollution	N-10/PCB/ZO-VJA/CFO/W&A/2070	17.3.2011	28.02.2015	

	of Pollution) Act, 1981	Control Board	N-4/APPCB/ZO-VJA/HWM/2001-	17.3.2011	28.02.2015	
3	U. S. Trademark Registration	Dept. of Commerce, United States Patent and Trademark Office	Tiger Craze – Reg. No. 2,918,402	04.02.2011	18.01.2015	
4	U. S. Trademark Registration	Dept. of Commerce, United States Patent and Trademark Office	Prize Catch – Reg. No. 2,819,142	06.04.2010	02.03.2014	
5	Indian Trade Marks Act, 1999	Government of India, Trade Marks Registry	Ultra XL – Reg. No. 1278147	08.04.2004	08.04.2014	
6	Indian Trade Marks Act, 1999	Government of India, Trade Marks Registry	Waterbase – BayWhite – Vannamei Feed – Reg. No. 02291456	29.02.2012	--	
7	Indian Trade Marks Act, 1999	Government of India, Trade Marks Registry	Ultra – Reg. No. 1105761	20.05.2002	28.03.2018	
8	Indian Trade Marks Act, 1999	Government of India, Trade Marks Registry	Ultra – Reg. No. 1169624	27.01.2003	13.03.2018	
9	Indian Trade Marks Act, 1999	Government of India, Trade Marks Registry	Ultra – Reg. No. 1169620	27.01.2003	27.03.2018	
10	Indian Trade Marks Act, 1999	Government of India, Trade Marks Registry	Ultra – Reg. No. 1169625	27.01.2003	28.03.2017	
11	Indian Trade Marks Act, 1999	Government of India, Trade Marks Registry	Prize Catch – Reg. No. 1169626	27.01.2003	25.03.2018	
12	Indian Trade Marks Act, 1999	Government of India, Trade Marks Registry	Prize Catch – Reg. No. 1169627	27.01.2003	11.08.2018	
13	Indian Trade Marks Act, 1999	Government of India, Trade Marks Registry	Prize Catch – Reg. No. 1169628	27.01.2003	27.03.2018	
14	Indian Trade Marks Act, 1999	Government of India, Trade Marks Registry	Prize Catch – Reg. No. 1169629	27.01.2003	14.03.2018	

15	Indian Trade Marks Act, 1999	Government of India, Trade Marks Registry	The Waterbase Ltd – TWL – Reg. No. 1169611	27.01.2003	27.03.2018	
16	Indian Trade Marks Act, 1999	Government of India, Trade Marks Registry	The Waterbase Ltd – TWL – Reg. No. 1169612	27.01.2003	21.02.2018	
17	Employees Provident Fund Act	Employees Provident Fund Organisation	AP/21859/A	NA	NA	
18	Factories Act	Inspector of Factories, Nellore Dist.	B/827/NLR/10 / 22079	1.2.2011	Valid till cancelled	
19	Indian Contract Labour Act	Govt. of Andhra Pradesh, Labour Department	JCL/GNT/CL/759/2011	29.06.2011	19.04.2012	Renewal in Progress
20	Inter State Migrant Workmen (Regulation of Employment and Condition of Service) Act, 1979	Govt. of Andhra Pradesh, Labour Department	JCL/GNT/ISM/C/145/11	20.04.2011	15.05.2012	Renewal in Progress
			JCL/GNT/ISM/P/26/2011	20.04.2011	15.05.2012	
21	Bureau of Indian Standards	Deputy Director General (South), Bureau of Indian Standards	IS/ISO 9001: 2008 MSC/L/600198.3	13.10.2009	12.10.2012	

SECTION VIII

OTHER REGULATORY AND STATUTORY DISCLOSURES

AUTHORITY TO THE ISSUE

The Issue is being made pursuant to resolution passed at the meeting of the Board of Directors of the Company held on July 22, 2011 and the subsequent resolution passed by the Shareholders of the Company at the Annual General Meeting held on September 2, 2011 at Nellore.

The Board of Directors at their meeting held on 22.07.2011 decided the following terms of the issue

Type of Issue	Type of Instrument	No. of Equity Shares	Ratio	Face Value (Rs.)	Issue Price (Rs.)	Consideration
Rights Issue	Equity Shares	12867750	1:2	10/-	10/-	Cash

CONSENT OF THE LENDERS

The agreements in respect of some of the debt taken by the Company contain certain covenants inter-alia requiring the Company to seek the prior permission of the said bank for various activities, including amongst others, such as effecting any change in the capital structure, declaration and payment of dividends for any year in case of default on payment of any amount due to the Bank, issuing new securities, changing the ownership, shareholding pattern, Management etc. Company has obtained these consents from its lenders, where require.

PROHIBITION BY THE SEBI, RBI OR GOVERNMENT AUTHORITIES

The Company, its Promoters or members of the Promoter Group, Directors or person(s) in control of the Company, Company Associates or Group Companies with which the Directors of the Company were or are associated, as Directors or Promoters have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

None of the Directors of the Company are associated with the securities market in any manner.

Neither the Company, nor the Promoters, Promoter Group Companies, the relatives of Promoters, have been declared as willful defaulters by the RBI or any other governmental authority and there have been no violations of securities laws committed by any of them in the past and no such proceedings are currently pending against them except as provided under the section titled "Legal & Other Information" beginning on page 140 of this Draft Letter of Offer.

COMPLIANCE WITH PART A OF SCHEDULE VIII OF SEBI (ICDR) REGULATIONS

Pursuant to Clause (1) of Part E of Schedule VIII of the SEBI Regulations, the Company is eligible to offer this Issue in terms of Part A of Schedule VIII of the SEBI (ICDR) Regulations.

The Company has duly complied with the following during the last financial year:

- Provisions of the Listing Agreement with respect to reporting and compliance under Clauses 35, 40A, 41 and 49.

- Provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, with respect to reporting in terms of Regulation 8(3) pertaining to disclosure of changes in shareholding and Regulation 8A pertaining to disclosure of pledge shares.
- Provisions of the SEBI (Prohibition of Insider Trading) Regulations, 1992, with respect to reporting in terms of Regulation 13.

ELIGIBILITY FOR THE ISSUE

The Company is an existing company registered under the Companies Act, whose Equity Shares is listed on BSE. The Company is eligible to offer this Rights Issue in terms of Chapter IV of the SEBI (ICDR) Regulations, 2009. It satisfies the following conditions:

- The Company has been filing periodic reports, statements and information in compliance with the listing agreement for the last three years immediately preceding the date of filing this Letter of Offer with the designated stock exchange.
- The reports, statements and information referred to sub-clause (a) above are available on the website of Bombay Stock Exchange Limited (BSE), the recognized stock exchange with nationwide trading terminals.
- The Company has investor grievance – handling mechanism which includes meeting of the Shareholder’s Committee at frequent intervals, appropriate delegation of power by the Board of Directors of the Company as regards share transfer and have clearly laid down systems and procedures for timely and satisfactory redressal of investor grievances.

DISCLAIMER CLAUSE OF SEBI

AS REQUIRED, A COPY OF THE DRAFT LETTER OF OFFER HAD BEEN SUBMITTED TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI).

“IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THE DRAFT LETTER OF OFFER TO SEBI SHOULD NOT, IN ANY WAY BE DEEMED/ CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT LETTER OF OFFER. THE LEAD MANAGER TO THE ISSUE, INDBANK MERCHANT BANKING SERVICES LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS)REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT LETTER OF OFFER, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE THE LEAD MANAGER INDBANK MERCHANT BANKING SERVICES LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED 30.05.2012 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992 WHICH READS AS FOLLOWS:

1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATIONS LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE DRAFT LETTER OF OFFER PERTAINING TO THE SAID RIGHTS ISSUE;
2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER, WE CONFIRM THAT:
 - a. THE DRAFT LETTER OF OFFER FILED WITH THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;
 - b. ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY THE BOARD, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND
 - c. THE DISCLOSURES MADE IN THE DRAFT LETTER OF OFFER ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SECURITIES & EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.
3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT LETTER OF OFFER ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID.
4. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS – NOT APPLICABLE
5. WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED/ SOLD/TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT LETTER OF OFFER WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE LETTER OF OFFER. – NOT APPLICABLE
6. WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUES OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE LETTER OF OFFER – NOT APPLICABLE
7. WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES & EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE

REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE. - NOT APPLICABLE

8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE "MAIN OBJECTS" LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.
9. WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONIES RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB SECTION (3) OF SECTION 73 OF THE COMPANIES ACT, 1956 AND THAT SUCH MONIES SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM THE STOCK EXCHANGE MENTIONED IN THE LETTER OF OFFER. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION:- NOTED FOR COMPLIANCE
10. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE LETTER OF OFFER THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE.
11. WE CERTIFY THAT ALL APPLICABLE DISCLOSURES MANDATED IN SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.
12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT LETTER OF OFFER:
 - a. AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME THERE SHALL BE ONLY ONE DENOMINATION FOR THE SHARES OF THE COMPANY AND
 - b. AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.
13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO THE ADVERTISEMENT IN TERMS OF SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.
14. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS' EXPERIENCE, ETC.
15. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT,

THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE LETTER OF OFFER WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.

- 16. THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR SECTION 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCE AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MANAGER, INDBANK MERCHANT BANKING SERVICES LIMITED ANY IRREGULARITIES OR LAPSES IN THE LETTER OF OFFER.**

DISCLAIMER WITH RESPECT TO JURISDICTION

This Draft Letter of Offer has been prepared under the provisions of Indian Laws and the applicable rules and regulations hereunder. Any disputes arising out of this Issue will be subject to the jurisdiction of the appropriate court(s) in Tamilnadu, India only.

The distribution of this Letter of Offer and the offering of the securities on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Letter of Offer may come are required to inform themselves about and observe such restrictions. The Company is making this Issue of Equity Shares on a rights basis to the Shareholders of the Company and will dispatch the Letter of Offer and CAFs to Shareholders who have provided the Indian address.

No action has been, or will be taken to permit an offering of these securities in any jurisdiction where action would be required for that purpose, except that the Draft Letter of Offer has been filed with SEBI and SEBI has given its observations and that the Letter of Offer would be filed with the relevant stock exchanges in India. Accordingly, the equity shares may not be offered or sold, directly or indirectly, and the Letter of Offer may not be distributed in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of the Letter of Offer, nor any sale hereunder, shall under any circumstances, create any implication that the affairs of the Company has remained unchanged since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

DISCLAIMER CLAUSE OF BSE

Bombay Stock Exchange Limited ("BSE") has given vide its letter ref. no.*** dated **** permission to this Company to use the Exchange's name in this Letter of Offer as the stock exchange on which this Company's securities are proposed to be listed. The Exchange has scrutinized this Draft Letter of Offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company.**

The Exchange does not in any manner:

- **Warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Letter of Offer; or**
- **Warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or**
- **Take any responsibility for the financial or other soundness of this Company, its Promoters, its management or any scheme or project of this Company; and it should not for any reason be deemed or construed that this Letter of Offer has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so**

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

DISCLAIMER CLAUSE OF THE LEAD MANAGER AND THE COMPANY

The Company and the Lead Manager to the issue accept no responsibility for statements made otherwise than in this Letter of Offer or in any advertisement or other material issued by the Company or by any other persons at the instance of the Company and anyone placing reliance on any other source of information would be doing so at his own risk.

Investors who invest in the issue will be deemed to have been represented to the Issuer Company and Lead Manager and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire equity shares of the company, and are relying on independent advice / evaluation as to their ability and quantum of investment in this issue.

CAUTION

The Lead Manager and the Company shall make all information available to the Equity Shareholders and no selective or additional information would be available for a section of the Equity Shareholders in any manner whatsoever including at presentations, in research or sales reports etc. after filing of the Letter of Offer with SEBI. The Lead Manager and the Company shall update the Draft Letter of Offer and keep the public informed of any material changes till the listing and trading commences.

FILING

The Draft Letter of Offer has been filed with SEBI, Southern Regional Office, D Monte Building, 32 D Monte Colony, TTK Road, Alwarpet, Chennai 600018 to give its observations and a copy has been filed with the Stock Exchange as per the requirement under Regulation 6(4) of the SEBI (ICDR) Regulations. All the legal requirements applicable till the date of filling this Draft Letter of Offer with the Stock Exchange have been complied with.

DESIGNATED STOCK EXCHANGE

The Designated Stock Exchange for the purposes of this Issue will be the BSE.

LISTING

The existing Equity Shares is listed on BSE (Designated Stock Exchange). The Company has made application to BSE for permission to deal in and for an official quotation in respect of the Equity Shares being offered in terms of this Letter of Offer. The Company has received in-principle approval from BSE vide letter dated ***.

If the permission to deal in and for an official quotation of the securities is not granted by the Stock Exchange mentioned above, within 15 days from the Issue Closing Date, the Company shall forthwith repay, without interest, all monies received from applicants in pursuance of the Letter of Offer. If such money is not paid within 8 days after the Company becomes liable to repay it, then the Company and every Director of the Company who is an officer in default shall, on and from expiry of 8 days, be jointly and

severally liable to repay the money with interest as prescribed under Section 73 of the Act.

CONSENTS

The written consents of Promoters, Directors, Auditors, Lead Managers to the Issue, Registrars to the Issue, Bankers to the Issue, Legal Advisor and Bankers to the Company to act in their respective capacities have been obtained and such consents have not been withdrawn up to the time of delivery of this Letter of Offer with the Stock Exchange.

The Auditors of the Company has given their written consent for inclusion of their report in the form and content appearing in this Letter of Offer and such consent and report have not been withdrawn up to the time of delivery of this Letter of Offer to the Stock Exchange.

The Auditors of the Company has given their written consent for inclusion of income tax benefits in the form and content appearing in the Letter of Offer, accruing to the Company and its members.

To the best of our knowledge, there are no other consents required for making this Rights Issue. However, should the need arise, necessary consents shall be obtained by us.

EXPENSES TO THE ISSUE

The expenses to this Rights Issue payable by the Company including lead manager's fees, fee payable to auditors, legal counsel, registrar to the issue, printing and distribution expenses, publicity, listing fees, stamp duty and other miscellaneous expenses will not exceed [**]Lakhs and will be met out of the proceeds of the Rights Issue.

Sl. No.	Particulars	Amount (Rs. in Lakhs)	% of Total Issue Expenses	% of Total Issue Size
1.	Fees of Lead Manager, Registrar, Legal Advisor, Auditors etc.	[***]	[***]	[***]
2.	Printing & Stationery, Distribution, Postage etc.	[***]	[***]	[***]
3.	Advertisement & Marketing Expenses	[***]	[***]	[***]
4.	Other Fees (including Filing Fees, Listing Fees, Depository Charges etc.)	[***]	[***]	[***]
5.	Contingencies	[***]	[***]	[***]
	TOTAL	[***]	[***]	[***]

PREVIOUS RIGHTS AND PUBLIC ISSUES

Except as disclosed in the "Capital Structure" on page [36] of this Draft Letter of Offer, Company has not made any previous rights and public issues in India or abroad in the five years preceding the date of this Draft Letter of Offer.

PREVIOUS ISSUES OF SHARES OTHERWISE THAN FOR CASH

Except as disclosed in the “Capital Structure” on page [36] of this Draft Letter of Offer, Company has not made any issue of shares for consideration otherwise than for cash in India or abroad in the five years preceding the date of this Draft Letter of Offer.

COMPANIES UNDER THE SAME MANAGEMENT

No company under the same management (within the meaning of section 370(1)(B) of the Companies Act) has made any capital issue during the last 3 years.

OUTSTANDING DEBENTURES OR BONDS OR PREFERENCE SHARES

There are no outstanding debentures or bonds or preference shares as on date of filing of this Draft Letter of Offer.

STOCK MARKET DATA

The Equity shares of the Company were initially listed on the Delhi Stock Exchange, the Hyderabad Stock Exchange, the Ahmedabad Stock Exchange Limited, the Madras Stock Exchange Limited, the Calcutta Stock Exchange and the Bombay Stock Exchange Limited. Subsequently the Company's shares were voluntarily delisted from all the regional stock exchanges, the details of which are stated below:

- Delhi Stock Exchange (DSE) vide their letter DSE/LIST/6411/NR/190 dated October 22, 2003.
- Hyderabad Stock Exchange (HSE) vide their letter HSE:LIST:2003:379 dated September 23, 2003.
- Ahmedabad Stock Exchange (ASE) vide their letter ASE/2003/2801 dated October 24, 2003.
- Madras Stock Exchange (MSE) vide their letter MSE/LD/PSK/731/754/03 dated November 4, 2003 respectively.
- Calcutta Stock Exchange (CSE) vide their letter dated August 31, 2004.

The Company's shares continue to be listed and traded on the Bombay Stock Exchange only. The Closing Price of the Equity Shares on 25.7.2011, the next trading day after which the Board of Directors approved the issue i.e. 22.7.2011 is Rs. 8.99. The Closing price of the Equity Shares on 02.09.2011, the day on which the Shareholders approved this Issue is 8.97.

The high and low closing prices recorded on the BSE for the preceding three years and number of Equity Shares traded on the days the highs and lows were recorded are stated below:

Financial Year ending	High			Low			Average (Rs.)
	Rs.	Date	Volume	Rs.	Date	Volume	
1st April 2009 - 31st March 2010	6.41	01-Jun-09	5770	3.95	23-Apr-09	1100	5.18
1st April 2010 - 31st March 2011	5.03	25-Oct-10	42006	3.82	10-Feb-11	4778	4.43
1st April 2011 - 31st March 2012	22.5	02-Nov-11	165783	4.39	05-Apr-11	804	13.45

Source: www.bseindia.com

The high and low closing prices recorded on the BSE for the preceding six months and number of Equity Shares traded on the days the highs and lows were recorded are stated below:

Months	High			Low			Average (Rs.)
	Rs.	Date	Volume	Rs.	Date	Volume	
Nov-11	22.50	02-Nov-11	165783	11.80	24-Nov-11	41825	17.15
Dec-11	19.99	15-Dec-11	84212	14.91	01-Dec-11	11653	17.45
Jan-12	18.05	07-Jan-12	27165	13.20	30-Jan-12	66487	15.63
Feb-12	15.10	22-Feb-12	166899	11.59	14-Feb-12	56325	13.35
Mar-12	14.59	01-Mar-12	17250	10.78	29-Mar-12	6965	12.69
Apr-12	13.57	17-Apr-12	8535	10.95	02-Apr-12	7500	12.26
May-12*	15.05	14-May-12	142836	12.36	09-May-12	19792	13.71

Source: www.bseindia.com *Upto 25th May 2012

The high and low closing prices recorded on the BSE for the preceding four weeks and number of Equity Shares traded on the days the highs and lows were recorded are stated below:

Week	High			Low			Average (Rs.)
	Rs.	Date	Volume	Rs.	Date	Volume	
30.04.2012 - 04.05.2012	13.46	02-May-12	20906	12.74	04-May-12	9456	13.10
07.05.2012 - 11.05.2012	14.28	11-May-12	69723	12.36	09-May-12	19792	13.32
14.05.2012 - 18.05.2012	15.05	14-May-12	142836	13.20	18-May-12	11381	14.13
18.05.2012 - 25.05.2012	14.33	24-May-12	38479	13.21	22-May-12	5243	13.77

Source: www.bseindia.com

SECTION X

MAIN PROVISIONS OF THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE COMPANY

Pursuant to Schedule II of the Companies Act, 1956 and SEBI ICDR Regulations, the main provisions of the Articles of Association of the Company are set forth below.

MEMORANDUM OF ASSOCIATION

A. The main objects to be pursued by the Company on its incorporation are

- (1) To carry on through farming, cultivation, culturing, manufacturing, harvesting or any means, the business of hatching, growing, producing, harvesting, processing, storing, refrigerating, cooking, curing, tanning, weaving, fabricating, marketing, selling, importing and exporting or otherwise distributing of crustacea, mollusca, aves, lepidoptera, reptilia, insectivora and mamalia including but not limited to shrimp, prawns, snails, mussels, crabs, lobsters, oysters, salmonidae, tunas, hilsa, bhetki, mackerels, squids, octopus, clams, pigs, deer, mink, dairy animals, fowl, duck, worms, frogs, snakes, crocodiles, alligators and other creatures of commercial, industrial or domestic use of consumption and all products and by-products thereof and in relation to or any of such business.
- (2) To carry on the business of agriculturists, horticulturists, planters, cultivators, farmers and dealers of all produce of soil or water and specially to plant, grow, cultivate, import, export, buy, sell, process, manufacture, blend, refrigerate, store, package and in any other way deal in tea, coffee, tobacco, cinchona, cardamom, rubber, cocoa, jojoba, cereals, food grains, spices, mushrooms, fungi and algae, food stuff, oil and other seeds, all varieties of fruits and vegetables, flowers, coconuts, groundnuts, cashewnuts, almonds, and other varieties of edible and inedible nuts and all kinds of trees whether ornamental or commercial and whether hard or soft wood, plants and other fibrous material, and such other articles that are the produce of land, soil or water and all products and by-products thereof and to prepare, manufacture, extract and render marketable any such produce and to sell, dispose of, purchase and deal in such produce either when in its natural state or it is prepared, manufactured or roasted or otherwise processed and either by wholesale, retail or other such commercial method.
- (3) To carry on the business of manufacturers, traders and dealers in processors, packagers and importers and exporters of all types of feeds, manures, pesticides, fungicides, meats, furs, yarn, fabrics, apparel, pelis, hides, pearls and jewellery, feather, blood, medicines and other chemicals and all other raw materials used in connection with all or any of the business aforesaid.

SHARE CAPITAL

- V. The Authorised Share Capital of the Company is Rs. 50,00,00,000/- (Rupees Fifty crores) divided into 4,50,00,000/- (Four crore fifty lakhs) Equity Shares of Rs.10/- (Ten) each and 5,00,000 (Five lakhs) Preference shares of Rs.100/- (One hundred) each and with such rights, privileges, and conditions attached thereto as may be determined by the Company in general meeting at the time of issue. The Company has and shall always have power to divide the Share capital for the time being into several classes and to increase or reduce its capital from time to time and to vary, modify or abrogate any rights, privileges or conditions attached to any class of shares in such manner as may for the time being provided by the regulations of the Company.

Resolution passed on 4th November 1994, increasing the share capital

The Authorised Share Capital of the Company is Rs.50,00,00,000 (Rupees fifty crore) divided into 5,00,00,000/- (Four crore) equity shares of Rs.10/- (Ten) each and each with such rights, privileges and conditions attached thereto as may be determined by the Company in General Meeting at the time of issue. The Company has and shall always have power to divide the Share Capital for the time being into several classes and to increase or reduce its Capital from time to time and to vary, modify or abrogate any rights, privileges or conditions attached to any class of Shares in such manner as may for the time being provided by the regulations of the Company.

Ordinary resolution passed at the AGM dated 27/9/2010

"RESOLVED that pursuant to Section 16 and other applicable provisions if any of the Companies Act, 1956, (including any statutory modification and re-enactment thereof for the time being in force) the existing Clause V of the Memorandum of Association of the Company be and is hereby altered by deleting the words "The Authorised Share capital of the Company is Rs. 50,00,00,000/- (Rupees Fifty crores) divided to 5,00,00,000/- (Five Crores) equity shares of Rs.10/- each" and by inserting the words:

"The Authorised Share capital of the Company is Rs. 50,00,00,000/- (Rupees Fifty crores) divided into 3,50,00,000/- (Three crore fifty lakhs) equity shares of Rs. 10/- (Ten) each and 15,00,000 (Fifteen lakhs) preference shares of Rs.100/- (One hundred) each."

Ordinary resolution passed at the AGM dated 02/09/2011

"RESOLVED that pursuant to section 16 and other applicable provisions of the Companies Act 1956 (including any statutory modification and reenactment thereof for the time being in force) the existing clause V of the Memorandum of Association of the Company be and is hereby altered by deleting the words "The Authorised Share capital of the company is Rs. 50,00,00,000/- (Rupees Fifty crores) divided into 3,50,00,000/- (Three Crores Fifty Lakhs) equity shares of Rs.10/- each and 15,00,000 (Fifteen Lakhs) preference shares of Rs. 100/- (One Hundred)each and by inserting the words:

"The Authorised share capital of Company is Rs. 50,00,00,000/- (Rupees Fifty crores) divided into 4,50,00,000/- (Four crore fifty lakhs) equity shares of Rs. 10/- (Ten) each and 5,00,000 (FiveLakhs)preferencesharesofRs.100/-(OneHundred)each

1. Unless the context otherwise requires words or expressions contained in these articles shall bear the same meaning as in the Act. The marginal notes hereto are inserted for convenience and shall not affect the construction hereof and in these presents, unless there be something in the subject or context inconsistent therewith :-

"The Act" means the Companies Act, 1956, and includes where the context so admits any re-enactment or statutory modification thereof for the time being in force.

"The Articles" means these Articles of Association as originally framed or as from time to time altered by Special Resolution.

"Beneficial Owner" shall have the meaning assigned thereto by Section 2 of the* Depositories Act, 1996.

"The Company" means THE WATERBASE LIMITED

"Depository" shall have the meaning assigned thereto by the Depositories Act, 1996.*

"Depositories Act" shall mean Depositories Act, 1996 or any statutory modification* or re-enactment thereof.

"The Directors" means Directors for the time being of the Company.

"The Board of Directors" or "the Board" means the Board of Directors for the time being of the company.

"Dividend" includes bonus, but excludes bonus shares.

"The Managing Director" means the Managing Director appointed as such for the time being of the Company.

"Month" means calendar month.

"The Office" means the Registered Office for the time being of the Company. "Proxy" Include Attorney duly constituted under a power of Attorney.

"Register" means the Register of Members to be kept pursuant to Section 150 of the Act.

"Registrar" means the Registrar of Companies, Andhra Pradesh **

"The Secretary" means the secretary appointed as such for the time being of the Company.

"Seal" means the Common Seal of the Company.

"In writing" and "Written" include printing, lithography and other modes of representing or reproducing words in a visible form.

Words importing the singular number only include the plural number and vice versa. Words importing the persons include corporations.

Words importing masculine gender only include the feminine gender.

* Inserted by a special Resolution passed at the AGM dated 08-09-1999 **

Inserted by a special Resolution passed at the AGM dated 31-07-2002

Table "A" not to apply

Company not to purchase its own shares.

2. Save as reproduced herein the regulations contained in Table "A" in Schedule I to the Act shall not apply to the Company.

3. Save as permitted by Section 77 of the Act, the funds of the Company shall not be employed in the purchase of, or lent on the security of, shares of the Company and the Company shall not give, directly or indirectly, any financial assistance, whether by way of loan, guarantee, the provision of security or otherwise, for the purpose of or in connection with any purchase of or subscription for shares in the Company or any Company of which it may, for the time being, be a subsidiary.

The Article shall not be deemed to affect the power of the Company to enforce repayment of loans to members or to exercise a lien conferred by Article 31.

SHARES

Division of Capital.

*4. The capital of the Company is Rs.50,00,00,000/- (Rupees fifty crores only)divided into 4,50,00,000 (Four crore fifty lakhs) Equity shares of Rs.10/- (Ten) each and 5,00,000 (Five Lakhs) preference shares of Rs.100/- (One hundred) each.

Allotment of Shares

5. (i) Subject to the provisions of these Articles, the shares shall be under the control of the Board who may allot or otherwise dispose of the same to such persons on such terms and conditions, at such times, either at par or at a premium, and for such consideration as the Board thinks fit. Provided that, where at any time it is proposed to increase the subscribed capital of the Company by the allotment of further shares, subject to the provisions of Section 81 (1A) of the Act, the Board shall issue such shares in the manner set out in Section 81(1) of the Act. Provided further that the option or right to call of shares not be given to any person except with the sanction of the Company in general meeting.

(ii) Subject to the provisions of the Act and all other applicable provisions of law, the Company may issue shares, either equity or any other kind with non-voting rights and the resolutions authorising such issue shall prescribe the terms and conditions of the issue.

(iii) The Company shall have power, subject to and in accordance with all applicable provisions of the Act, to purchase any of its own fully paid shares whether or not they are redeemable and may make a payment out of capital in respect of such purchase..

Return of Allotment

6. As regards all allotments made from time to time the Company shall duly comply with Section 75 of the Act.

Restriction on Allotment

7. The Company shall comply with Section 69 of the Act in respect of an offer of its shares to the public for subscription.

Commission and Brokerage

8. The Company may exercise the powers of paying commissions conferred by Section 76 of the Act and in such case shall comply with the requirements of the Section. Such commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way of and partly in the other. The Company may also on any issue of shares or debentures pay such brokerage as may be lawful.

Share at discount

9. With the previous authority of the Company in general meeting and the sanction of the Court and upon otherwise complying with Section 79 of the Act, the Board may issue at a discount shares of a class already issued.

* Inserted by a special Resolution passed at the AGM dated 02.09.2011

Instalments on shares

to be duly paid

10. If by the conditions of allotment of any share, the whole or part of the amount or issue price thereof shall be payable by instalments, every such instalment shall, when due, be paid to the Company by the person who, for the time being, shall be the registered holder of the share or by his executor or administrator.

Liability of Joint- holders of shares

11. The joint-holders of a share shall be severally as well as jointly liable for the payment of all instalments and calls due to respect of such share.

Trust not recognised

12. Save as herein otherwise provided the Company shall be entitled to treat the registered holder of any share as the absolute owner thereof and accordingly shall not, except as ordered by a Court of competent jurisdiction, or as by statute required, be bound to recognise any equitable or other claim to or interest in such share on the part of any other person.

Who may be registered

13. Shares may be registered in the name of any person, company or other body corporate. Not more than three persons shall be registered as joint-holders of any share.

CERTIFICATE

Certificates.

14. Subject to the provisions of the Companies (Issue of Share Certificates) Rules, 1960, or any statutory modification or re-enactment thereof, share scrips shall be issued as follows:

(1) The certificates of title to shares and duplicates thereof when necessary shall be issued under the Seal or the Company which shall be affixed in the presence of (i) two Directors or a Director and a person acting on behalf of another Director under a duly registered power of attorney or two persons acting as attorneys for two Directors as aforesaid and; (ii) the Secretary or some other person appointed by the Board for the purpose, all of whom shall sign such share certificate; provided that if the composition of the Board permits of it, at least one of the aforesaid two Directors shall be a person other than a Managing or whole-time Director.

Member Right To Certificates.

(2) Every member shall be entitled free of charge to one or more certificates for all the shares of each class registered in his name, or if any member so wishes, to several certificates each for one or more of such shares but in respect of each additional certificate which does not comprise shares in lots of market units of trading, the Board may charge a fee of Rs. 2 or such lesser sum as it may determine. Unless the conditions of issue of any shares otherwise provide, the Company shall either within two months after the date of allotment and on surrender to the Company of its letter making the allotment or of its fractional coupons of requisite value (save in the case of issue against letters of acceptance or of renunciation or in cases of issue bonus shares) or within one month of receipt of the application for registration of the transfer, sub division, consolidation or renewal of any of its shares, as the case may be, complete and have ready for delivery the certificates of such shares. Every certificate of shares shall specify the name of the person in whose favour the certificate is issued, the shares to which it relates and the amount paid up thereon. Particulars of every certificate issued shall be entered in the Register maintained in the form set out in the above rules or in a form as near thereto as circumstances admit, against the name of the person to whom it has been issued, indicating the date of issue. In respect of any share held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of Certificate to one of several joint-holders shall be sufficient delivery to all such holders.

As to issue of
new certificates

(3) If any certificate of any share or shares be surrendered to the Company for subdivision or consolidation or if any certificate be defaced, tom or old, decrepit, worn-out or where the cages on the reverse for recording transfers have been duly utilised, then, upon surrender thereof to the Company, the Board may order the same to be cancelled and may issue a new certificate in lieu thereof; and if any certificate be lost or destroyed, then, upon proof thereof to the satisfaction of the Board, and on' such indemnity as the Board thinks fit being given, a new certificate in lieu thereof shall be given to the party entitled to the shares' to which such lost or destroyed certificate shall relate. Where a new certificate has been issued as aforesaid it shall state on the face of it and against the stub or counterfoil that it is issued in lieu of a share certificate or is a duplicate issued for the one so replaced and, in the case of a certificate issued in place of one which has been lost or destroyed, the word "duplicate" shall be stamped or punched in bold letters across the face thereof. For every certificate issued under this Article (except when issued on a sub-division or consolidation of share certificates into lots of the market unit or in replacement of those which are old, decrepit, worn-out or where the cages on the reverse for recording transfers have been fully utilised) the Board may charge a fee of not exceeding Rs. 2 together with such out of pocket expenses incurred by the Company in investing evidence as it may determine.

(4) The Share / Debenture certificate shall be issued in marketable lots and where Share / Debenture certificates are issued for either more or less than the marketable lots, sub-division or consolidation into marketable lots shall be done free of charge.

Holders in the records of a Depository. * (5) Nothing contained in the Articles 36 to 47 shall apply to transfer of shares affected by the transferor and the transferee, both of whom are entered as beneficial owners in the records of a Depository, in so far as they are repugnant to the provisions of the Depository Act and the Rules, if any, made thereunder, as amended from time to time".

Depositories Act, when apply. * (6) "In the case of transfer of Shares, where the Company has not issued any Certificate and where shares are being held in an electronic and fungible form, the provisions of the Depositories Act, shall apply".

CALLS

Calls 15. The Board may, from time to time, subject to the terms on which any shares may have been issued. and subject to the provisions of Section 91 of the Act, make such calls as the Board thinks fit upon the members in respect of all moneys unpaid on the shares held by them respectively, and not by the conditions of allotment thereof made payable at fixed times, and each member shall pay the amount of every call so made on him to the persons and at the times and places appointed by the Board. A call may be made payable by instal- ments and shall be deemed to have been made when the resolution of the Board authorising such call was passed.

Notice of Calls 16. Not less than fourteen day's notice of any call shall be given specifying the time and place of payment and to whom such call shall be paid.

When interested on call or instalment payable 17. (1) If the sum payable in respect of any call or instalment be not paid on or before the day appointed for payment thereof the holder for the time being in respect of the share for which the call shall have been made or the instalment shall be due shall pay interest for the same at the rate of 10 percent, per annum from the day appointed for the payment thereof to the time of the actual payment or at such lower rate (if any) as the Board may determine.

(2) The Board shall be at liberty to waive payment of any such interest either wholly or in part.

* Inserted by a special Resolution passed at the AGM dated 08-09-1999

Amount payable at fixed times or payable by instalments as calls

18. If by the terms of issue of the share or otherwise any amount is made payable upon allotment or at any fixed time or by instalments at fixed times, whether on account of the share or by way of premium every such amount or instalment shall be payable as if it were a call duly made by the Board and of which due notice had been given, and all the provisions herein contained in respect of calls shall relate to such amount or instalment accordingly.

Evidence in actions by Company against share holders.

19. On the trial or hearing of any action or suit brought by the Company against any shareholder or his representatives to recover any debt or money claimed to be due to the Company in respect of his share, it shall be sufficient to prove that the name of the defendant is, or was, when the claim arose on the Register as a holder, or one of the holders of the number of shares in respect of which such claim is made. and that the amount claimed is not entered as paid in the books of the Company and it shall not be necessary to prove the appointment of the Board who made any call, nor that a quorum was present at the Board meeting at which any call was made nor that the meeting at which any call was made was duly convened or constituted, nor any other matter whatsoever. but the proof of the matters aforesaid shall be conclusive evidence of the debt.

Payment of calls in advance

20. The Board may, if it thinks. fit. receive from any member willing to advance the same, all or any part of the money due upon the share held by him beyond the sums actually called for, and upon the money so paid or satisfied in advance. or so much thereof as from time to time exceeds the amount of the- calls then made upon the share in respect of which such advance has been made, the Company may pay interest at such rate not exceeding, unless the Company in general meeting shall otherwise direct, 6 per cent. per annum as the member paying such sum in advance and the Board agree upon. Money so paid in excess of the amount of calls shall not rank for dividends or confer a right to participate in profits. The Board may at any time repay the amount so advanced upon giving to such member not less than three months notice in writing.

Revocatio of Calls

21. A call may be revoked or postponed at the discretion of the Board.

FORFEITURE AND LIEN

If call or installment not paid notice may be given.

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

Form of notice

23. The notice shall name a day (not being less than fourteen days from the date of the notice) and a place or place on and at which such call or instalment and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of nonpayment at or before the time, and at the place appointed, the shares in respect of which such call was made or instalment is payable will be liable to forfeited.

If notice not complied with shares may be forfeited.

24. If the requisitions of any such notice as aforesaid be not complied with any shares in respect of which such notice has been given may, at any time thereafter, before payment of all calls or instalments, interest and expenses, due in respect thereof, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture.

Notice after forfeiture.	25. When any share shall have been so forfeited notice of the resolution shall be given to the member in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture with the date thereof shall forthwith be made in the Register, but no forfeiture shall be in any manner invalidated by any omission or, neglect to give such notice or to make such entry as aforesaid.
Forfeited Shares to become property of the Company	26. Any share so forfeited shall be deemed to be the property of the Company, and the Board may sell, re-allot or otherwise dispose of the same in such manner as it thinks fit.
Power to annul forfeiture.	27. The Board may, at any time before any share so forfeited shall have been sold, re-allotted or otherwise disposed of annul the forfeiture upon such conditions as it thinks fit.
Liability on forfeiture.	28. A person whose share has been forfeited shall cease to be a member in respect of the share, but shall, notwithstanding such forfeiture remain liable to pay and shall forthwith pay to the Company, all calls, or instalments, interest and expenses, owing upon or in respect of such share, at the time of the forfeiture, together with interest thereon, from the time of forfeiture until payment, at 10 percent per annum and the Board may enforce the payment thereof or any part thereof, without any deduction or allowance for the value of the shares at the time of forfeiture, but shall not be under any obligation to do so.
Evidence of forfeiture.	29. A duly verified declaration in writing that the declaring is a Director, Managing Director, Manager or Secretary of the Company and that certain shares in the Company have been duly forfeited on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares and such declaration and the receipt of the Company for the consideration, if any given for the shares on the sale or disposition thereof shall constitute a good title to such shares, and the person to whom any such share is sold shall be registered as the holder of such share and shall not be bound to see the application of the purchase money, nor shall his title to such share be affected by any irregularity or invalidity in the proceedings in reference to such forfeiture, sale or disposition.
Forfeiture provisions to apply to non-payment in terms of issue.	30. The provisions of Articles 22 to 29 hereof shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of a share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.
Company's lien on shares.	31. The Company shall have a first and paramount lien upon every share not being fully paid up registered in the name of each member (whether solely or jointly with others), and upon the proceeds of sale thereof for moneys called or payable at a fixed time in respect of such share whether the time for the payment thereof shall have actually arrived or not and no equitable interest in any share shall be created except upon the footing and condition that Article 12 hereof is to have full effect. Such lien shall extend to all dividends from time to time declared in respect of such share. Unless otherwise agreed, the registration of a transfer of a share shall operate as a waiver of the Company's lien, if any on such share.
As to enforcing lien by sale.	The Directors may at any time declare any shares wholly or in part to be exempt from the applicability of the provisions of this Article. 32. For the purpose of enforcing such lien the Board may sell the share subject thereto in such manner as it thinks fit, but no sale shall be made until such time for payment as aforesaid shall have arrived and until notice in writing of the intention to sell have been served on such member, his executor or administrator or his committee, curator bonis or other legal representative as the case may be and default shall have been made by him or them in the

payment of the moneys called or payable at a fixed time in respect of such share for seven days after the date of such notice.

Application of proceeds of sale

33. The net proceeds of the sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable, and the residue, if any, shall (subject to a like lien for sums not presently payable as existed upon the share before the sale) be paid to the person entitled to the share at the date of the sale.

Validity of sales in exercise of lien and after forfeiture.

34. Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers herein before given, the Board may appoint some person to execute an instrument of transfer of the share sold and cause the purchaser's name to be entered in the Register in respect of the share sold, and the purchaser shall not be bound to see to the regularity of the proceedings, nor to the application of the purchase money, and after his name has been entered in the Register in respect of such share the validity of the sale shall not be impeached by any person, and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

Board may issue new certificates.

35. Where any share under the powers in that behalf herein contained is sold by the Board and certificate in respect thereof has been delivered up to the Company by the former holder in such share, the Board may issue a new certificate for such share distinguishing it in such manner as it may think fit from the certificate not so delivered up.

TRANSFER AND TRANSMISSION

Execution of transfer etc.

36. Save as provided in Section 108 of the Act, no transfer of a share shall be registered unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee has been delivered to the Company together with the certificate or, if no such certificate is in existence, the letter of allotment of the share. The transferor shall be deemed to remain the member in respect of such share until the name of the transferee is entered in the Register in respect thereof.

Dematerialisation of shares

* 36(A). Notwithstanding anything contained in these Articles, the Company may in accordance with the provisions of the Depositories Act, dematerialise the shares for subscription in the dematerialised form. Thereupon, the Company shall maintain a Register of Members with the details of Members holding shares both in material and dematerialised form in electronic or any other media as permitted by law either in respect of the existing, shares or any future issue, provided that, the provisions set forth in the Articles 36 to 47 shall apply to shares which have been dematerialised in so far as they are repugnant to the provisions of the Depositories Act and the Rules, if any, made thereunder, as amended from time to time.

Applications by transferor.

37. Application for the registration of the transfer of a share may be made either by the transferor or the transferee; provided that, where such application is made by the transferor, no registration shall, in the case of a partly paid share, be effected unless the Company gives notice of the application to the transferee in the manner prescribed by Section 110 of the Act, and subject to the provisions of these Articles, the Company shall, unless objection is made by the transferee within two weeks from the date of receipt of the notice, enter in the Register the name of the transferee in the same manner and subject to the same conditions as if the application for registration of the transfer was made by the transferee.

* Inserted by a special Resolution passed at the AGM dated 08-09-1999

Form of transfer.

38. The instrument of transfer of any share shall be in the form prescribed by the Act.

In what cases the Board may refuse to register transfer.

39. Subject to the provisions of Section 111 of the Act, the Board, without assigning any reason for such refusal, may within one month from the date on which the instrument of the transfer, or the intimation of transmission, as the case may be, was delivered to the Company, refuse to register any transfer of, or the transmission by operation of law of the right to, a share upon which the Company has a lien and in the case of a share not fully paid up, may refuse to register a transfer to a transferee of whom the Board does not approve. Provided that the registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person indebted to the Company on any account whatsoever.

No transfer to minor, etc.

40. No transfer shall be made to a person of unsound mind.

Transfer to be left at office when to be retained.

41. Every instrument of transfer shall be left at the Office for registration, accompanied by the certificate of the share to be transferred or if no such certificate is in existence, by the Letter of allotment of the share and such other evidence as the Board may require to prove the title of the transferor or his right to transfer the share.

Every instrument of transfer which shall be registered shall be retained by the Company, but any instrument of transfer which the Board may refuse to register shall be returned to the person depositing the same.

Notice of refusal to register transfer.

42. If the Board refuses whether in pursuance of Article 39 or otherwise to register the transfer of, or the transmission by operation of law of the right to, any share, the Company shall within one month from the date on which the instrument of transfer or the intimation of such transmission, as the case may be, was lodged with the Company, send to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be, notice of the refusal.

Fee on registration of transfer probate, etc.

43. No fee shall be charged for transfer of shares / debentures or for effecting transmission or

Transmission of registered shares.

for registering any letters of probate, letters of administration and similar other documents.

44. The executor or administrator of a deceased member or the holder of other legal representation (not being one of several joint-holders) shall be the only person recognised by the Company as having any title to the share registered in the name of such member, and, in case of the death of anyone or more of the joint-holders of any registered share, the survivor shall be the only person recognised by the Company as having any title to or interest in such share, but nothing herein contained shall be taken to release the estate of a deceased joint-holder from any liability on the share held by him jointly with any other person. Before recognising any executor or administrator or other person the Board may require him to obtain a Grant of Probate or Letters of Administration or other legal representation, as the case may be, from a competent Court in India and having effect in Calcutta: Provided nevertheless that in any case where the Board in its absolute discretion thinks fit it shall be lawful for the Board to dispense with the production of Probate or Letters of Administration or such other legal representation upon such terms as to indemnity or otherwise as the Board in its absolute discretion, may consider adequate.

As to transfer of shares of insane minor, deceased or bankrupt members.

45. Any committee or guardian of a lunatic or any person becoming entitled to or to transfer a share in consequence of the death or bankruptcy or insolvency of any member upon

(Transmission Article) under this Article or of his title as the Board thinks sufficient, may, with the consent of the Board (which the Board shall not be bound to give), be registered as a member in respect of such share, or may, subject to the regulations as to transfer herein before contained, transfer such share. This Article is hereinafter referred to as "The Transmission Article".

Election under the Transmission Article. 46. (1) If the person so becoming entitled under the Transmission Article shall elect to be registered as holder of the share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.

(2) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing an instrument of transfer of the share.

(3) All the limitations, restrictions and provisions of these Articles relating to the right to transfer and the registration of instruments of transfer of a share shall be applicable to any such notice of transfer as aforesaid as if the death, lunacy, bankruptcy or insolvency of the member had not occurred and the notice of transfer were a transfer signed by that member.

Rights of persons entitled to shares under the Transmission Article. 47. A person so becoming entitled under the Transmission Article to a share by reason of the death, lunacy, bankruptcy or insolvency of the holder shall, subject to the provisions of Article 78 and of Section 206 of the Act, be entitled to the same dividends and other advantages as he would be entitled to if he were the registered holder of the share except that no such person (other than a person becoming entitled under the Transmission Article to a share by reason of the lunacy of the holder) shall before being registered as a member in respect of the share, be entitled to exercise in respect thereof any right conferred by membership in relation to meetings of the Company.

Provided that the Board may at any time give notice requiring any such person to elect either to be registered or to transfer the share, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends or other moneys payable in respect of the share, until the requirements of the notice have been complied with.

INCREASE AND REDUCTION OF CAPITAL

Power to increase capital 48. The Company in general meeting may from time to time increase its capital by the creation of new shares of such amount as may be deemed expedient.

On what conditions new shares may be issued. 49. Subject to any special rights or privileges for the time being, attached to any shares in the capital of the Company then issued the new shares may be issued upon such terms and conditions, and with such rights and privileges attached thereto as the general meeting resolving upon the creation thereof, shall direct, and, if no direction be given, as the Board shall determine, and in particular such shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company.

Provisions relating to the issue. 50. Before the issue of any new shares, the Company in general meeting may make provisions as to the allotment and issue of the new shares, and in particular may determine to whom the same shall be offered in the first instance and whether at part or at a premium or, subject to the provisions of Section 79 of the Act, at a discount; in default of any such provision, or so far as the same shall not extend, the new shares may be issued in conformity with the provisions of Article 5.

How far new shares to rank with existing shares. 51. Except so far as otherwise provided by the conditions of issue or by these presents, any capital raised by the creation of new shares shall be considered part of the then existing capital of the Company and shall be subject to the provisions herein contained with refer-

ence to the payment of dividends, calls and instalments, transfer and transmission, forfeit, lien, surrender and otherwise.

Inequality in number of new shares.

52. If, owing to any inequality in the number of new shares to be issued, and the number of shares held by members entitled to have the offer of such new shares or any of them amongst the members, such difficulty shall, in the absence of any direction in the resolution creating the shares or by the Company in general meeting, be determined by the Board.

Reduction of capital etc.

53. The Company may, from time to time, by Special Resolution, reduce its capital and any Capital Redemption Reserve Account or Share Premium Account in any manner and with and subject to any incident authorised and consent required by law.

ALTERATION OF CAPITAL

54. The Company in general meeting may from time to time :-

Power to subdivide and consolidate share.

(a) Consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;

(b) Sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum so however, that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced shares is derived;

(c) Cancel any shares which at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

Sub-division into Preference and Equity.

55. The resolution whereby any share is sub-divided may determine that as between the holders of the shares resulting from such sub-division, one or more of such shares shall have some preference or special advantages as regards dividend, capital, voting or otherwise, over or as compared with the others or other, subject, nevertheless to the provisions of Section 85, 87, 88 and 106 of the Act.

Surrender of shares.

56. Subject to the provisions of Sections 100 to 105 of the Act, the Board may accept from any member the surrender on such terms and conditions as shall be agreed of all or any of his shares.

MODIFICATION OF RIGHTS

Power to modify rights.

57. If at any time the share capital is divided into different classes of shares the rights attached to any class unless otherwise provided by the terms of issue of the shares of the class may, whether or not Company is being wound up, be varied with the consent in writing of the holders of three fourths of the issued shares of that class, or with the sanction of Special Resolution passed at a separate Meeting of the holders of the shares of that class. To every such separate Meeting the provisions of these Articles relating to general meetings shall apply, but so that the necessary quorum shall be two persons at least holding or representing by proxy one-fifth of the issued share of that class but so that if at any adjourned meeting of such holder a quorum as above defined is not present, those members who are present shall be a quorum and that any holder of shares of that class present in person or by

proxy may demand a poll and, on a poll, shall have one vote for each share of that class of which he is the holder. The Company shall comply with the provisions of Section 192 of the Act as to forwarding a copy of any such agreement or resolution to the Registrar.

BORROWING POWERS

Power to borrow	58. The Board may, from time to time, as its discretion, subject to the provisions of Sections 292, 293 and 370 of the Act, raise or borrow, either from the Directors or from elsewhere and secure the payment of any sum or sums of money for the purpose of the Company.
Conditions on which money may be borrowed.	59. The Board may raise or secure the repayment of such sum or sums in such manner and upon such terms and conditions in all respects as it thinks fit, and in particular, by the issue of bonds, perpetual or redeemable, debentures or debenture-stock, or any mortgage, or other security on the undertaking of the whole or any part of the property of the Company (both present and future) including its uncalled capital for the time being.
Issue of discount etc. or with special privileges.	60. Any debentures, debenture-stock, bonds or other securities may be issued at a discount, premium or otherwise and with any special privileges as to redemption, surrender, drawings, appointment of Directors and otherwise. Debentures, debenture-stock, bonds and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued provided that debentures with a right to allotment of or conversion into shares shall not be issued except in conformity with the provisions of Section 81 (3) of the Act. 60A. Debenture / Debenture Stock, Loan / Loan Stock, bonds or other securities conferring the right to allotment or conversion into shares or the option or right to call for allotment of shares shall not be issued except with the sanction of the company in General Meeting.
Instrument of transfer.	61. Save as provided in Section 108 of the Act, no transfer of debentures shall be registered unless a proper instrument of transfer duly stamped and executed by the transferor and transferee has been delivered to the Company together with the certificate or certificates of the debentures.
Notice of refusal to register transfer	62. If the Board refuse to register the transfer of any debentures, the Company shall, within one month from the date on which the instrument of transfer was lodged with the Company, send to the transferee and to the transferor notice of the refusal.

GENERAL MEETINGS

When Annual General Meeting to be held.	63. In addition to any other meetings general meetings, of the Company shall be held within such intervals as are specified in section 166 (1) of the Act.
When other general meetings to be called.	64. The Board may whenever it things fit call a general meeting and it shall on the requisition of the members in accordance with Section 169 of the Act proceed to call an Extraordinary General Meeting. The requisitionists may in default of the Board convening the same convene the Extraordinary General Meeting as provided by Section 169 of the Act.
Circulation of member's resolutions.	65. The Company shall comply with the provisions of Section 188 of the Act as to giving notice of resolutions and circulating statements on the requisition of members.

Notice of Meeting.

66. (1) Save as provided in sub-section (2) of Section 171 of the Act, not less than twenty-one days notice shall be given of every general meeting of the Company. Every notice of a meeting shall specify the place and the day and hour of the meeting and shall contain a statement of the business to be transacted thereat and there shall appear with reasonable prominence in every such notice a statement that a member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him and that a proxy need not be member of the Company. Where any such business consists of "special business" as hereinafter defined there shall be annexed to the notice a statement complying with Section 173 (2) and (3) of the Act.

(2) Notice of every meeting of the company shall be given to every member of the Company, to the Auditors of the Company and to any persons entitled to a share in consequence of the death or insolvency of a member in any manner hereinafter authorised for the giving of notices to such persons. Provided that where the notice of a general meeting is given by advertising the same in a newspaper circulating in the neighbourhood of the office under sub-section (3) of Section 53 of the Act, the statement of material facts referred to in Section 173(2) of the Act need not be annexed to the notice as required by that Section but it shall be mentioned in the advertisement that the statement has been forwarded to the members of the Company.

(3) The accidental omission to give any such notice to or its non-receipt by any member or other person to whom it should be given shall not invalidate the proceedings of the meeting.

PROCEEDINGS AT GENERAL MEETINGS

Business of Meeting.

67. The ordinary business of an Annual General Meeting shall be to receive and consider the Profit and Loss Account, the Balance Sheet and the Reports of the Directors and of the Auditors, to elect Directors in the place of those retiring by rotation, to appoint Auditors and fix their remuneration and to declare dividends. All other business transacted at an Annual General Meeting and all business transacted at any other general meeting shall be deemed special business.

Quorum to be present when business commenced.

68. No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business. Save as herein otherwise provided five members present in person shall be a quorum.

When if quorum not present meeting to be dissolved and when to be adjourned.

69. If within half an hour from the time appointed for the meeting a quorum be not present, the meeting, if convened upon such requisition as aforesaid, shall be dissolved; but in any other case it shall stand adjourned to the same day in the next week, at the same time and place, or to such other day and at such time and place as the Board may by notice appoint and if at such adjourned meeting a quorum be not present within half an hour from the time appointed for holding the meeting those members who are present and not being less than two shall be a quorum and may transact the business for which the meeting was called.

Resolution to be passed by Company in general meeting.

70. Any act or resolution which, under the provisions of these Articles or of the Act, is permitted or required to be done or passed by the Company in general meeting shall be sufficiently so done or passed if effected by an Ordinary Resolution as defined in Section 189(1) of the Act unless either the Act or these Articles specifically require such act to be done or resolution passed by a Special Resolution as defined in Section 189 (2) of the Act.

Chairman of
General Meeting.

71. The Chairman of the Board shall be entitled to take chair at every general meeting. If there be no such Chairman, or if at any meeting he shall not be present within fifteen minutes after the time appointed for holding such meeting, or is unwilling to act, the Deputy Chairman shall be entitled to take the chair, or if he is unwilling to act, the members present shall choose another Director as Chairman, and if no Director be present, or if all the Directors present decline to take the chair, then the members present shall, on a show of hands or on a poll if properly demanded, elect one of their number, being a member entitled to vote, to be Chairman.

How questions to be
decided at meetings.
Casting Vote.

72. Every question submitted to a meeting shall be decided in the first by a show of hands, and in the case of an equality of votes, both on a show of hands and on a poll, the Chairman of the meeting shall have a casting vote in addition to the vote to which he may be entitled as a member.

What is to be
evidence of the
passing of a
resolution where
poll not demanded.

73. At any general meeting, unless a poll is (before or on the declaration of the result of the show of hands) demanded either by the Chairman of his own motion or by at least five members having the right to vote on the resolution in question and present in person or by proxy or by any member or members present in person or by proxy and having not less than one-tenth of the total voting power in respect of resolution or by any member or members present in person or by proxy and holding shares in the Company conferring a right to vote on such resolution, being shares on which an aggregate sum has been paid up which is not less than one-tenth of the total sum paid up on all the shares conferring that right, a declaration by the Chairman that the resolution has or has not been carried or has or has not been carried either unanimously, or by a particular majority, and an entry to that effect in the book containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact, without proof of the number or proportion of the votes cast in favour of, or against the resolution.

Poll

74. (1) If a poll be demanded as aforesaid it shall be taken forthwith on a question of adjournment or election of a Chairman and in any other case in such manner and at such time, not being later than forty eight hours from the time when the demand was made, and at such place as the Chairman of the meeting directs, and subject as aforesaid, either at once or after an interval or adjournment or otherwise, and the result of the poll shall be deemed to be decision of the meeting on the resolution on which the poll was demanded.

(2) The demand of a poll may be withdrawn at any time.

(3) Where a poll is to be taken the Chairman of the meeting shall appoint two scrutineers, one at least of whom shall be a member (not being an officer or employee of the Company) present at the meeting provided such a member is available and willing to be appointed, to scrutinise the votes given on the poll and to report him thereon.

(4) On a poll a member entitled to more than one vote, or his proxy or other person entitled to vote for him, as the case may be, need not, if he votes, use all votes, or cast in the same way all the votes he uses.

(5) The demand of a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded.

Power to adjourn
general meeting.

75. (1) The Chairman of a general meeting may adjourn the same from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

(2) When a meeting is adjourned it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

VOTE OF MEMBERS

Vote of members.

76. (1) Save as hereinafter provided, on a show of hands every member present in person and being a holder of Equity Shares shall have one vote and every person present either as a Proxy on behalf of a holder of Equity Shares, or, as a duly authorised representative of a body corporate, being a holder of Equity Shares, if he is not entitled to vote in his own right, shall have one vote.

(2) Save as hereinafter provided, on a poll the voting rights of a holder of Equity Shares shall be as specified in Section 87 of the Act.

(3) No body corporate shall vote by proxy so long as a resolution of its Board of Directors under the provisions of Section 187 of the Act is in force and the representative named in such resolution is present at the general meeting at which the vote by proxy tendered.

* 76A. Notwithstanding anything contained in article 76 of the Articles of Association, a member entitled to vote at general meetings, may cast his vote either by Postal Ballot or through electronic media as provided in section 192A of the Companies Act, 1956 on such business as the Central Government may notify in this behalf or amend from time to time the Act of Rules framed there under.

Procedure where a company or body corporate is a member of the company.

77. (1) Where a body corporate (hereinafter called "member company") is a member of the Company, a person, duly appointed by resolution in accordance with the provisions of Section 187 of the Act, shall not, by reason of such appointment, be deemed to be a proxy, and the lodging with the Company at the Office or production at the meeting of a copy of such resolution duly signed by one Director of such member company and certified by him as being a true copy of the resolution shall be accepted by the Company as sufficient evidence of the validity of his appointment. Such a person shall be entitled to exercise the same rights and powers, including the right to vote by proxy on behalf of the member company which he represents, as that member company could exercise if it were an individual member.

(2) Where the President of India or the Governor of a State is a member of the Company then his representative at meetings shall be in accordance with Section 187A of the Act.

Votes in respect of insane member.

78. If any member is a lunatic idiot or non compos mentis he may vote whether on a show of hands or at a poll by his committee, curator bonis or other legal curator and such last mentioned persons may give their votes by proxy provided that forty eight hours at least before the time of holding the meeting or adjourned meeting, as the case may be, at which any such person proposes to vote he shall satisfy the Board of his right under the Transmission Article to transfer the share in respect of which he proposes to exercise his right under this Article, unless the Board shall have previously admitted his right to vote at such meeting in respect thereof.

Joint holders.

79. Where there are joint registered holders of any share anyone of such persons may vote at any meeting either personally or by proxy in respect of such shares as if he were solely entitled thereto and if more than one of such joint holders be present at any meeting

* Inserted by a special Resolution passed at the AGM dated 31-07-2002

<p>Proxy permitted.</p>	<p>either personally or by proxy, that one of the said persons so present whose name stands first on the Register in respect of such share alone shall be entitled to vote in respect thereof. Several executors or administrators of a deceased member in whose name any share is registered shall for the purpose of this Article be deemed joint holders thereof.</p> <p>80. Votes may be given either personally or by proxy. and on a poll a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.</p>
<p>Instrument appointing proxy to be in writing.</p>	<p>81. The instrument appointing a proxy shall be in writing under the hand of the appoint or or of his Attorney duly authorised in writing or if such appointor is a body corporate be under its common seal or the hand of its Officer or Attorney duly authorised. A proxy who is appointed for a specified meeting only shall be called a Special Proxy. Any other proxy shall be called a General Proxy.</p>
<p>Proxy may be general or special</p>	<p>82. The instrument appointing a proxy and the Power of Attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of authority, shall be deposited at the Office not less than forty-eight hours before the time for holding the meeting at which the person named in the instrument purports to vote in respect thereof and . in default the instrument of proxy shall not be treated as valid.</p>
<p>Instrument appointing a proxy to be deposited at the Office.</p>	<p>83. A vote given in accordance with the terms of an instrument appointing a proxy shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the instrument, or transfer of the share in respect of which the vote is given, provided no intimation in writing of the death, insanity, revocation or transfer of the share shall have been received by the Company at the office before the vote is given. Provided nevertheless that the Chairman of any meeting shall be entitled to require such evidence as he may in his discretion think fit of the due execution of an instrument of proxy and that the same has not been revoked.</p>
<p>When vote by proxy valid through authority revoked.</p>	<p>84. Every instrument appointing a Special Proxy shall be retained by the Company and shall as nearly as circumstances will admit, be in any of the forms set out in Schedule IX to the Act or as near thereto as possible or in any other form which the . Board may accept.</p>
<p>Form of instrument appointing a Special Proxy.</p>	<p>85. No member shall be entitled to exercise any voting rights either personally or by proxy at any meeting of the Company in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has, and has exercised any right of lien.</p>
<p>Restriction on Voting.</p>	<p>86. (1) Any objection as to the admission or rejection of a vote, either on a show of hands or on a poll made in due time, shall be referred to the Chairman who shall forthwith determine the same, and such determination made in good faith shall be final and conclusive.</p> <p>(2) No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes.</p>
<p>Admission or rejection of votes.</p>	

DIRECTORS

<p>Number of Directors.</p>	<p>87. Until otherwise determined by Special Resolution the number of the Directors of the Company shall not be less than three nor more than Fifteen.</p>
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Share qualification of Directors.

89. Unless otherwise determined by the Company in General meeting a Director shall not be required to hold any shares in the capital of the Company as his qualification.

Director's fees remuneration and expenses.

90. (a) The Directors shall, subject to the provisions of Section 198 and 309 of the Companies Act, 1956 be entitled to receive by way of remuneration a commission of 1 % of the net annual profits of the Company computed in the manner laid down in Sections 349, 350 and 351 of the Act. Such commission shall be divided equally amongst the Directors on the Board on the last day of the financial year of the Company to which the commission relates, unless they decide otherwise.

* 90. (b) Each Director of the Company other than the Managing Director / Whole time Director who are in whole time employment of the company, shall be entitled to receive sitting fee of such sum as may be decided by the Board of Directors from time to time the same shall not exceed the sum prescribed under first proviso to section 310 of the Companies Act, 1956, for attending each meeting of the Board or Committee thereof.

(c) A Director, if he is not a resident of the place where the meeting of the Board is held, will be entitled to be reimbursed his actual expenditure for travelling, boarding, lodging and other expenses incurred in consequence of his attending the meeting of the Board of Directors or any committee thereof or general meeting of the Company or otherwise in connection with the business of the Company.

Remuneration for extra services.

91. If any Director, being willing is appointed to an executive office either whole time or part or is called upon to perform extra services or to make any special exertions for any of the purpose of the Company or as in giving special attention to the business of the Company or as a member of a Committee of the Board then, subject to Sections 198, 309 and 310 of the Act, the Board may remunerate the Director so doing by a fixed sum or otherwise and such remuneration may be either in addition to or in substitution for any other remuneration to which he may be entitled.

Board may act notwithstanding any vacancy.

92. The continuing Directors may act notwithstanding any vacancy in their body, but so that if the number falls below the minimum above fixed the Board shall not, except for the purpose of filling vacancies, act so long as the number is below the minimum.

Vacancy of office of Directors

93. The office of a Director shall ipso facto become vacant in any of the events specified in Section 283 of the Act.

Holdings of office or place of profit under the company or under its subsidiary

94. Any Director or other person preferred to in Section 314 of the Act may be appointed to or hold any office or place of profit under the Company or under any subsidiary of the Company in accordance with the provisions of Section 314 of the Act.

When Director of this Company appointed director of a company in which the company is interested either as a member or otherwise.

95. A Director of this Company may be or become a Director of any other company promoted by this Company or in which it may be interested as a vendor, shareholder or otherwise and no such Director shall be accountable for any benefits received as a director or member of such company.

* Inserted by a special Resolution passed at the AGM dated 31-07-2002

Conditions under which Directors may contact with Company

96. Subject to the provisions of Section 297 of the Act neither shall a Director be disqualified from contracting with the Company either as vendor, purchaser or otherwise for goods, materials or services or for underwriting the subscription of any shares in or debentures of the Company nor shall any such contract or arrangement enter into by or on behalf of the Company with a relative of such Director, or a firm in which such Director or relative is a partner or with any other partner in such firm or with a private company of which such Director is a member or director, be avoided nor shall any Director so contracting or being such member or so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding office or of the fiduciary relation thereby established.

Disclosure of a Director's interest.

97. Every Director who is in any way, whether directly or indirectly, concerned or interested in contract or arrangement, entered into or to be entered into, by or on behalf of the Company not being a contract or arrangement entered into or to be entered between the Company and any other company where any of the Directors of the Company or two or more of them together holds or hold not more than two percent of the paid up share capital in the other company shall disclose the nature of his concern or interest at a meeting of the Board as required by Section 299 of the Act. A general notice, renewable in the last month of each financial year of the Company, that a Director is a director or a member of any specified body corporate or is a member of any specified firm and is to be regarded as concerned or interested in any subsequent contract or arrangement with that body corporate or firm shall be sufficient disclosure of concern or interest in relation to any contract or arrangement so made and, after such general notice, it shall not be necessary to give special notice relating to any particular contract or arrangement with such body corporate or firm, provided such general notice is given at a meeting of the Board or the Director concerned takes reasonable steps to secure that it is brought up and read at the first meeting of the Board after it is given. Every Director shall be bound to give and from time to time renew a general notice as aforesaid in respect of all bodies corporate of which he is a Director or member and of firms of which he is a member.

Discussion and voting by Director interested.

98. No director shall, as a Director, take any part in the discussion of, or vote on any contract or arrangement in which he is in any way, whether directly or indirectly concerned or interested, nor shall his presence count for the purpose of forming a quorum at the time of such discussion or vote. This prohibition shall not apply to (a) any contract or indemnity against any loss which the Directors or any of them may suffer by reason of becoming or being sureties or a surety of the Company; or (b) any contract or arrangement entered into or to be entered into by the Company with a public company, or with a private company which is a subsidiary of a public company, in which the interest of the Director consists solely in his being a director of such company and the holder of shares not exceeding in number or value the amount requisite to qualify him for appointment as a director thereof, he having been nominated as such director by the Company or in his being a member of the Company holding not more than two per cent of the paid up share capital of the Company.

APPOINTMENT AND RETIREMENT OF DIRECTORS

Proportion of Directors to retire by rotation

99. Not less than two-third of the total number of Directors shall be persons whose period of office is liable to determination by retirement of Directors by rotation.

Rotation and retirement of Directors.	100. At each Annual General Meeting of the Company one-third of such of the Directors for the time being as are liable to retire by rotation, or if their number is not three or a multiple of three, then the number nearest to one-third shall retire from office. A director appointed to the office of Managing Director shall not while holding that office be subject to retirement by rotation or be taken into account in determining the rotation of retirement of Directors or in fixing the number of Directors to retire.
Which Directors to retire.	101. The Directors to retire by rotation at every Annual General Meeting shall be those who have been longest in office since their last appointment, but as between persons who became Directors on the same day those to retire shall in default of any subject to any agreement among themselves be determined by lot.
When the Company and candidate for office of Director must give notice.	102. The eligibility and appointment of a person other than a retiring Director to the office of Director shall be governed by the provisions of Section 257 of the Act.
Power of Board to add to its number.	103. The Board shall have power at any time and from time to time, to appoint any person as a Director as an addition to the Board but so that the total number of Directors shall not at any time exceed the maximum number fixed by these Articles. Any Director so appointed shall hold office only until the next Annual General Meeting of the Company and shall then be eligible for re-election.
Board may fill up casual vacancies.	104. Any casual vacancy occurring among the Directors may be filled up by the Board, but any person so appointed shall retain his office so long only as the vacating Director would have retained the same if no vacancy had occurred. Provided that the Board may not fill such a vacancy by appointing thereto any person who has been removed from the office of Director under Article 106.
Power to appoint Alternate Director.	105. The Board may in accordance with and subject to the provisions of Section 313 of the Act appoint any person to act as Alternate Director for a Director during the latter's absence for a period of not less than three months from the State in which meeting of the Board are ordinarily held.
Power to appoint Nominee Director.	105A. Notwithstanding anything to the contrary contained in these Articles, so long as any moneys remain owing by the Company to the INDUSTRIAL DEVELOPMENT BANK OF INDIA (IDBI), Industrial Finance Corporation of India (IFCI), The Industrial Credit & Investment Corporation of India Limited (ICICI) and Life Insurance Corporation of India (LIC), Unit Trust of India (UTI), Industrial Reconstruction Bank of India (IRBI), General Insurance Corporation of India (GIC), . New India Assurance Company Ltd. (NIA) Oriental Insurance Company Ltd. (OIC), United India Insurance Company Ltd. (UI), National Insurance Company Ltd. (NIC) or to any other Finance Corporation or Credit Corporation or to any other Financing Company or Body out of any loans granted by them to the Company or so long as IDBI, IFCI, ICICI, LIC, UTI, IRBI, GIC, N1A, OIC, UI and NIA or any other Financing Corporation or Credit Corporation or any other Financing Company or Body (each of which IDBI, IFCI, ICICI, LIC, UTI, IRBI, OIC, N1A, GIC, UI and NIA or any other Finance Corporation or Credit Corporation or any other Financing Company or Body is hereinafter in this Article referred to as "the Corporation") continue to hold debentures in the Company by direct subscription or private placement, or so long as the Corporation hold shares in the Company as a result of underwriting or direct subscription or so long as any liability of the Company arising out of any Guarantee furnished by the Corporation on behalf of the Company remains outstanding, the Corporation shall have a right to appoint from time to time, any person or persons as a Director or Directors, whole

time or non-whole time, (which Director or Directors is / are hereinafter referred to as "Nominee Director/s") on the Board of the Company and to remove from such office any person or persons so appointed and to appoint any person or persons in this or their place/s.

The Board of Directors of the Company shall have no power to remove from office the Nominee Directors. At the option of the Corporation such Nominee Director/s shall not be required to hold any share qualification in the Company.

Also at the option of the Corporation such Nominee Directors shall not be liable to retirement by rotation of Directors. Subject as aforesaid, the Nominee Director/s shall be entitled to the same rights and privileges and be subject to the same obligations as any other Director of the Company.

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

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

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

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

In the event of the Nominee Director/s being appointed as whole time Director/s, such Nominee Director/s shall, exercise such powers and' have such rights as are usually exercised or available to a whole time Director in the, management of the affairs of the Company. Such whole time Director/s shall be, entitled to receive such remuneration, fees, commission and monies as may be approved by the Corporation.

Power to remove
Director by ordinary
resolution on
Special Notice.

106. The Company may remove any Director before, the expiration of his period of office accordance with the provisions of Section 284 of the Act and may subject to the provisions of Section 262 of the Act appoint another person in his stead if the Director so removed was appointed by the Company in general meeting or the Board, under Section 262 of the Act.

PROCEEDINGS OF DIRECTORS

Meetings of Directors.	<p>107. The Board shall meet together at least once in every three months for the dispatch of business and may adjourn and otherwise regulate its meetings and proceedings as it thinks fit. Notice in writing of every meeting of the Board shall be given to every Director for the time being in India, and at his usual address in India to every other Director. Unless otherwise determined from time to time and at any time by the consent of all the Directors or their Alternate Directors for the time being in India, meeting of the Board shall take place at the office.</p>
Director may summon meetings.	<p>108. A Director, may, at any time, and the Secretary shall, upon the request of a Director made at any time, convene a meeting of the Board.</p>
Chariman.	<p>109. The Board may from amongst their number appoint a Chairman and a Deputy Chairman of the Board and may determine the respective periods for which they shall hold such offices. The Chairman shall be entitled to take the Chair at any meeting of the Board and if he is not present at the time appointed for holding the same the Deputy Chairman shall be entitled to take the Chair at such meeting. If no such Chairman or Deputy Chairman shall be appointed or if at any meeting of the Board neither the Chairman nor the Deputy Chairman be present at the time appointed for holding the same the Directors present shall choose one of their number to be Chairman of such meeting.</p>
Quorum	<p>110. The quorum for a meeting of the Board shall be determined from time to time in accordance with the provisions of Section 287 of the Act. If a quorum shall not be present within fifteen minutes from the time appointed for holding a Meeting of the Board, it shall be adjourned until such date and time as the Chairman of the Board shall appoint.</p>
Power of Quorum	<p>111. A meeting of the Board at which a quorum be present shall be competent to exercise all of any of the authorities, powers and discretions by or under these Articles or the Act for the time being vested in or exercisable by the Board.</p>
How questions to be decided.	<p>112. Subject to the provisions of Sections 316, 373(5) and 386 of the Act, questions arising at any meeting shall be decided by a majority of votes, and, in case of an equality of votes, the Chairman shall have a second or casting vote.</p>
Power to appoint Committees and to delegate.	<p>113. The Board may, subject to the provisions of the Act from time to time and at any time, delegate any of its powers to a Committee consisting of such Director or Directors as it thinks fit, and may, from time to time, revoke such delegation. Any Committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed upon it by the Board.</p>
Proceedings of Committee.	<p>114. The meetings and proceedings of any such Committee consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Board so far as the same are applicable thereto, and are not superseded by any regulations made by the Board under these Articles.</p>
When acts of a Director valid notwithstanding defective appointment.	<p>115. Acts done by a person as a Director shall be valid, notwithstanding that it may afterwards be discovered that his appointment was invalid by reason of any defect or disqualification or had terminated by virtue of any provisions contained in the Act or in these Articles. Provided that nothing in these Articles shall be deemed to give validity to acts done by a Director after his appointment has been shown to the Company to be invalid or to have terminated.</p>
Resolution without Board Meeting.	<p>116. Save in those case where a resolution if required by Sections 252, 292, 297, 316, 372(5) and 386 of the Act, to be passed at a meeting of the Board, a resolution shall be as</p>

valid and effectual as if it has been passed at a meeting of the Board, or Committee of the Board, as the case may be duly called and constituted, if a draft thereof in writing is circulated, together with the necessary papers, if any to all the Directors or to all the members of the Committee of the Board, as the case may be, then in India not being less in number than the quorum fixed for a meeting of the Board or Committee, as the case may be and to all other Directors or members of the Committee at their usual address in India, and has been approved by such of them as are then in India or by a majority of such of them as are entitled to vote on the resolution.

MINUTES

Minutes to be made.

117. (1) The Board shall, in accordance with the provisions of Section 193 of the Act, cause Minutes to be kept of every general meeting of the Company and of every meeting of the Board or of every Committee of the Board.

(2) Any such Minutes of any meeting of the Board or any Committee of the Board or of the Company in general meeting, if kept in accordance with the provisions of Section 193 of the Act, shall be evidence of the matters stated in such Minutes. The Minute Books of general meetings of the Company shall be kept at the Office and shall be open to inspection by members during the hours of 10 a.m. and 12 noon on such business days as the Act requires them to be open for inspection.

POWERS OF THE BOARD

General powers of Company vested in the Board.

118. Subject to the provisions of the Act, the control and management of the Company shall be vested in the Board who shall be entitled to exercise all such powers, and to do all such acts and things as the Company is authorised to exercise and do; Provided that the Board shall not exercise any power or do any act or thing which is directed or required, whether by the Act or any other statute or by the Memorandum of the Company or by these Articles of otherwise, to be exercised or done by the Company in general meeting. Provided further that in exercising any such power or doing any such act or thing, the Board shall be subject to the provision in that behalf contained in the Act or any other statute or in the Memorandum of the Company or in these Articles, or in any regulations not inconsistent therewith and duly made there under including regulation made by the Company in general meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.

MANAGING DIRECTOR

Power to appoint Managing Directors.

119. Subject to the provisions of Sections 316 and 317 of the Act, the Board may, from time to time appoint one or more Directors to be Managing Director or Managing Directors of the Company, for a fixed term not exceeding five years as to the period for which he or they is or are to hold such office and may from time to time (subject to the provisions of any contract between him or them and the Company) remove or dismiss him or them from office and appoint another or others in his or their place or places.

To what provisions he shall be subject.

120. Subject to the provisions of Section 255 of the Act, a Managing Director shall not while he continues to hold that office, be subject to retirement by rotation and he shall not be reckoned as a Director for the purpose of determining the rotation of retirement of Directors

or in fixing the number of Directors to retire, and (subject to the provisions of any contract between him and the Company) he shall be subject to the same provisions as to resignation and removal as the other Directors and he shall, ipso facto and immediately, cease to be a Managing Director if he ceases to hold the office of Director from any cause.

Seniorities of
Managing Directors.

121. If at any time the total number of Managing Directors is more than one third of the total number of Directors, the Managing Directors who shall not retire shall be determined by and in accordance with their respective seniorities. For the purpose of this Article the seniorities of the Managing Directors shall be determined by the date of their respective appointments as Managing Directors by the Board.

Remunerations of
Managing Director.

122. Subject to the provisions of Sections 309, 310 and 311 of the Act, a Managing Director shall, in addition to the remuneration payable to him as a Director of the Company under these Articles, receive such additional remunerations as may from time to time be sanctioned by the Company.

Powers of Managing
Director.

123. Subject to the provisions of the Act and in particular to the prohibitions and restrictions contained in Section 292 thereof, the Board may, from time to time entrust to and confer upon a Managing Director for the time being such of the powers exercisable under these presents by the Board as it may think fit and may confer such powers for such time, and to be exercised for such objects and purposes and upon such terms and conditions, and with such restrictions as it thinks fit; and it may confer such powers, either collaterally with, or to the exclusion of, and in substitution for all or any of the powers of the Board in that behalf, any may from time to time revoke, withdraw, alter or vary all or any of such powers.

LOCAL MANAGEMENT

Local Management,
Powers of attorney,
seal for use abroad
and Foreign
Registers.

124. The Board may, subject to the provisions of the Act, made such arrangements as it may think fit for the management of the Company's affairs abroad or in any specified locality in India and for this purpose appoint local bodies, attorneys and agents and fix their remuneration and delegate to them such powers as the Board may deem requisite or expedient. The Company may exercise all the powers of Section 50 of the Act and the official Seal shall be affixed by the authority in the presence of and the instruments sealed therewith shall be signed by such persons as the Board shall from time to time by writing under the seal appoint. The Company may also exercise the power of Sections 157 and 158 of the Act with reference to the keeping of Foreign Registers.

MANAGER OR SECRETARY

Manager or
Secretary

125. The Board may appoint a Manager or Secretary of the Company upon such terms and conditions as it may think fit and may remove any Manager or Secretary so appointed and may fill up the vacancy in the office of the Manager or Secretary. The Manager or Secretary shall exercise such powers and carry out such duties as the Board may from time to time determine.

AUTHENTICATION OF DOCUMENTS

Power to authenticate
documents.

126. Any Director or the Secretary or any person appointed by the Board for the purpose shall have power to authenticate any documents affecting the constitution of the

Company and any resolutions passed by the Company or the Board, and any books, records, documents and accounts relating to the business of the Company, and to certify copies thereof extracts there from as true copies or extracts; and where any books, records, documents or accounts are elsewhere than at the Office the local manager or other officer of the Company having the custody thereof shall be deemed to be a person appointed by the Directors as aforesaid.

Certified copies of resolution of the Directors.

127. A document purporting to be a copy of a resolution of the Board or an extract from the Minutes of a meeting of the Board which is certified as such in accordance with the provisions of the last preceding Article shall be conclusive evidence in favour of all persons dealing with the company upon the faith thereof that such resolution has been duly passed or, as the case may be, that such extract is a true and accurate record of a duly constituted meeting of the Board.

THE SEAL

Custody of Seal.

128. The Board shall provide for the safe custody of the Seal and the Seal shall never be used except by the authority previously given by the Board or a Committee of the Board authorised by the Board in that behalf and, save as provided in Article 14(1) hereof, any two Directors or one Director and the Secretary or one Director and such other person as the Board may appoint shall sign every instrument to which the Seal is affixed. Provided nevertheless, that any instrument being the Seal of the Company and issued for valuable consideration shall be binding on the Company notwithstanding any irregularity touching the authority of the Board to issue the same.

ANNUAL RETURNS

Annual Returns.

129. The Company shall comply with the provisions of Section 159 and 161 of the Act as to the making of Annual Returns.

RESERVES

Reserves

130. The Board may from time to time before recommending any dividend set apart any and such portion of the profits of the Company as it thinks fit as Reserves to meet contingencies or for the liquidation of any debentures, debts or other liabilities of the Company, for equalisation of dividends, for repairing, improving or maintaining any of the property of the Company and for such other purposes of the Company as the Board in its absolute discretion thinks conducive to the interest of the Company; and may, subject to the provisions of Section 372 of the Act invest the several sums so set aside upon such investments (other than shares of the Company) as the Board may think fit, and from time to time deal with and vary such investment and dispose of all or any part thereof for the benefit of the Company, and may divide the Reserves into such special funds as it thinks fit, with full power to employ the Reserves or any parts thereof in the business of the Company, and that without being bound to keep the same separate from the other assets.

Investment of money

131. All moneys carried to the Reserves shall nevertheless remain and be profits of the Company applicable, subject to due provisions being made for actual loss or depreciation, for the payment of dividends and such moneys and all the other moneys of the Company not

immediately required for the purposes of the Company may, subject to the provisions of Section 370 and 372 of the Act be invested by the Board in or upon such investments or securities as it may select or may used as working capital or may be kept at any Bank on deposit or otherwise as the Bank may from time to time think proper.

CAPITALISATION OF RESERVES

Capitalisation of reserves.

132. Any general meeting may upon the recommendation of the Board resolve that any monies, investments or other assets forming part of the undivided profits of the Company standing to the credit of the Reserves, or any Capital Redemption Reserve Account, or in the hands of Company and available for dividend or representing premiums received on the issue of shares and standing to the credit of the Share Premium Account be capitalised and distributed amongst such of the shareholders as would be entitled to receive the same if distributed by way of dividend and in the same proportions on the footing that they become entitled there to as capital and that all or any part of such capitalised fund be applied on behalf of such shareholders in paying up in full any unissued shares of the Company, which shall be distributed accordingly or in or towards payment of the uncalled liability on any issued shares, and the such distribution or payment shall be accepted by such shareholders in full satisfaction of their interest in the said capitalised sum. Provided that any sum standing to the credit of a Share Premium Account or a Capital Redemption Reserve Account may, for the purposes of this Article, only be applied in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares.

Surplus Moneys.

133. A general meeting may resolve that any surplus moneys arising from the realisation of any capital assets of the Company or any investments representing the same or any undistributed profits of the Company not subject to charge for income tax, be distributed among the members on the footing that they receive the same as capital.

Fractional Certificates

134. For the purpose of giving effect to any resolution under the two last proceeding Articles the Board may settle any difficulty which may arise in regard to the distribution as it thinks expedient and in particular may issue fractional certificates, and may determine that cash payments shall be made to any member in order to adjust the rights of all parties and may vest such cash in trustees upon such trusts for the persons entitled to the dividend or capitalized fund as may seem expedient to the Board. Where requisite a proper contract shall be filed in accordance with section 75 of the Act, and the Board may appoint any person to sign such contract. on behalf of the persons entitled to the dividend or capitalized Fund, and such appointment shall be effective.

DIVIDENDS

How profits shall be divisible

135. Subject to rights of members entitled to shares (if any) with preferential or special rights attached to them, the profits of the Company from time to time determined to be distributed as dividend in respect of any year or other period shall be applied for payment of dividend on the shares in proportion to the amount of capital paid up on the shares provided that unless the Board otherwise determines all dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid provided always that (subject as aforesaid) any capital paid up on a share during the period in respect of which a dividend is declared shall (unless the Board otherwise determines or the terms of issue otherwise provide, as the case may be) only entitle the holder of such share to an apportioned,

amount of such dividend as from the date of payment but so that where capital is paid up in advance of calls such capital shall not confer a right to participate in profits.

Declaration of dividends.

136. The Company in general meeting may declare a dividend to be paid to the members according to their rights and interest in the profits and may, subject to the provisions of Section 207 of the Act, fix the time for payment.

Restrictions on amount of dividends.

137. No larger dividend shall be declared than is recommended by the Board, but the Company in general meeting may declare a smaller dividend.

Dividend.

138. Subject to the provisions of Section 205 of the Act, no dividend shall be payable except out of the profits of the Company or out of moneys provided by the Central or a State Government for the payment of the dividend in pursuance of any guarantee given by such Government and no dividend shall carry interest against the Company.

What to be deemed net profits.

139. The declaration of the board as to the amount of the net profits of the Company shall be conclusive, subject to the provisions of the Act.

Interim dividend.

140. The Board may from time to time pay to the members such interim dividends as appear to the Board to be justified by the profits of the Company.

Debts may be deducted

141. The Board may deduct from any dividend payable to any member all sums of money, if any presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company.

Dividend and call together

142. Any general meeting declaring a dividend may make a call on the members of such amount as the meeting fixes, but so that the call on each member shall not exceed the dividend payable to him, and so that the call made earlier be payable at the same time as the dividend and the dividend may be set off against the call.

Dividend in cash

143. No dividend shall be payable except in cash: Provided that nothing in the foregoing shall be deemed to prohibit the capitalisation of profits of reserves of the Company for the purpose of issuing fully paid up bonus shares or paying up any amount for the time being unpaid on the shares held by the members of the Company.

Effect of transfer.

144. A transfer of share shall not pass the rights to any dividend declared thereon before the registrations of the transfer by the Company.

Payment of interest on capital.

145. The Company may pay interest on capital raised for the construction of works or building when and so far as it shall be authorised to do by Section 208 of the Act.

To whom dividends payable.

146. No dividend shall be paid in respect of any share except to the registered holder of such share or to his order or to his bankers but nothing contained in this Article shall be deemed to require the bankers of a registered shareholders to make a separate application to the Company for the payment of the dividend. Nothing in this Article shall be deemed to affect in any manner the operation of Article 144.

Dividend to joint-holders.

147. Anyone of several persons who are registered as the joint holders of any shares may give effectual receipts for all dividends and other payments in respect of such share.

Payment by post.

148. Unless otherwise directed in accordance with Section 206 of the Act, any dividend, interest or other moneys payable in cash in respect of a share may be paid by cheque or warrant sent through the post to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint-holders who is the first named in the Register in respect of the joint-holding or to such person and such address as the holders or

joint-holders. as the case may be, may direct, and every cheque or warrant so sent shall be made payable to the order of the person to whom it is sent.

Unclaimed dividend. 149. No unclaimed dividend shall be forfeited by the Board and the Company shall comply with the provisions of Section 205-A of the Act in respect of all unclaimed or unpaid dividend.

BOOKS AND DOCUMENTS

Books of Accounts to be kept. 150. The Board shall cause proper Books of Accounts to be kept in accordance with Section 209 of the Act.

Where to be kept. 151. The Books of Account shall be kept at the registered office or at such other place in India as the Board may decide and when the Board so decides, the Company shall, within seven days of the decision, file with the Registrar a notice in writing giving the full address of that other place.

Inspection 152. (1) The Books of Account and other books and papers shall be open to inspection during business hours by any Director, Registrar or any Officers of the Government authorised by the Central Government in this behalf.

(2) The Board shall, from time to time, determine whether and to what extent, and at what times and places, and under what conditions or regulations, the books of Account and books and documents of the Company, other than those referred to in Articles 117(2) and 166 or any of them, shall be open to the inspection of the members not being Directors and no member (not being a Director) shall have any right of inspecting any Books of Account or book or document of the Company except as conferred by law or authorised by the Board or by the Company in general meeting.

BALANCE SHEET AND ACCOUNTS

Balance sheet and profit and Loss Account 153. At every Annual General Meeting the Board shall lay before the Company a Balance Sheet and Profit and Loss Account made up in accordance with the provisions of Section 210 of the Act and such Balance Sheet and Profit and Loss Account shall comply with the requirements of Section 210, 211, 212, 215 and 216 and of Schedule VI to the Act so far as they are applicable to the Company but, save as aforesaid the Board shall not be bound to disclose greater details of the result or extent of the trading and transactions of the Company than it may deem expedient.

Annual Report of Directors 154. There shall be attached to every Balance Sheet laid before the Company a Report by the Board complying with Section 217 of the Act.

Copies to be sent to members and others. 155. A copy of every Balance Sheet (including the Profit and Loss Account, the Auditors' Report and every document required by law to be annexed or attached to the Balance Sheet) shall, as provided by Section 219 of the Act, not less than twenty-one days before the meeting be sent to every such member, debenture-holder, trustee and other person to whom the same is required to be sent by the said Section.

Copies of Balance Sheet etc. to be filed. 156. The Company shall comply with Section 220 of the Act as to filing copies of the Balance Sheet and Profit and Loss Account and documents required to be annexed or attached thereto with the Registrar.

157. Every Balance Sheet and Profit and Loss Account of the Company when audited and adopted by the Company in general meeting shall be conclusive except as regards any error discovered therein within three months next after the adoption thereof. Whenever any such error is discovered within that period the account shall forthwith be corrected and hence- forth shall subject to the approval of the Company in general meeting be conclusive.

AUDITORS

Accounts to be audited annually.

158. Once at least in every year the Books of Account of the Company shall be examined by one or more Auditor or Auditors.

Appointment, remuneration, rights duties of Auditors.

159. The appointment, powers, rights, remuneration and duties of the Auditors shall be regulated by Sections 224 to 231 of the Act.

SERVICE OF NOTICES AND DOCUMENTS

How notice to be given to members to their given address.

160. A notice or other document may be given or sent by the Company to its members in accordance with Section 53 and 172 of the Act.

Transferee etc. bound by prior notices.

161. Every person who by operation of law, transfer or other means whatsoever shall become entitled to any share shall be bound by every notice in respect of such share which previously to his name and address being entered on the Register shall have been duly given to the person from whom he derives his title to such share.

Notice valid though member deceased.

162. Subject to the provisions of Article 160 any notice or document delivered or sent by post to or left at the registered address of any member in pursuance of these Articles shall, not with standing such member be then deceased and whether or not the Company have notice of his decease, be deemed to have been duly served in respect of any registered share, whether held solely or jointly with other persons by such member until some other person be registered in his stead as the holder or joint-holders thereof and such services shall for all purposes of these presents be deemed a sufficient service of such notice or document on his heirs, executors or administrators and all persons, if any, jointly interested with him in any such share.

Service of process in winding up.

163. Service of documents shall be in accordance with the provisions of the Act.

KEEPING OF REGISTERS AND INSPECTION

Registers, etc. to be maintained by Company.

164. The Company shall duly keep and maintain at the Office of Registration in accordance with Sections 49(7), 143, 150, 151, 152(2), 301, 303, 307, 370 and 372 of the Act and Rule 7(2) of The Companies (Issue of Share Certificates) Rules, 1960.

Supply of copies of Registers, etc.

165. The Company shall comply with the provisions of Sections 39, 118, 163, 196,219,301, 302, 307, 370 and 372 of the Act as to the supplying of copies of the Registers, deeds, documents, instruments, returns, certificates and books therein mentioned to the persons therein specified when so required by such persons, on payment of the charges, if any prescribed by the said Sections.

Inspection of Registers etc.

166. Where under any provisions of the Act. any person whether a member of the Company or not is entitled to inspect any register, return, certificate, deeds, instrument or document

required to be kept or maintained by the Company, the person so entitled to inspection shall be permitted to inspect the same during the hours of 10 a.m. and 12 noon on such business days as the Act requires them to be open for inspection.

When Registers of members and debenture-holders may be closed.

167. The Company may, after giving not less than seven days previous notice by advertisement in some newspapers circulating in the district in which the office is situated, close the Registers of Members or the Register of debenture-holders, as the case may be, for any period or periods not exceeding in the aggregate forty-five days in each year but not exceeding thirty days at any one time.

RECONSTRUCTION

Reconstruction.

168. On any sale of the undertaking of the Company, the Board or the liquidators on a winding-up may, if authorised by a Special Resolution, accept fully paid or partly paid up shares, debentures or securities of any other company, whether incorporated in India or not either then existing or to be formed for the purchase in whole or in part of the property of the Company, and the Board (if the profits of Company permit) or the liquidators (in a winding-up) may distribute such shares or securities, or any other property of the Company amongst the members without realisation, or vest the same in trustees for them, and any Special Resolution may provide for the distribution or appropriation of the cash, shares or other securities, benefit or property, otherwise than in accordance with the strict legal rights of the members or contributories of the Company, and for the valuation of any such securities or property at such price and in such manner as the meeting may approve and all holders of shares shall be bound to accept and shall be bound by any valuation or distribution so authorised, may waive all rights in relation thereto, save only in case the Company is proposed to be or is in the course of being wound up, such statutory rights (if any) under Section 494 of the Act as are incapable of being varied or excluded by these Articles.

SECRECY

Secrecy.

169. Every Director, Secretary, Trustee for the Company, its members, of debenture-holders, member of a Committee, officer, servant, agent, accountant, or other person employed in or about the business of the Company shall, if so required by the Board before entering upon his duties, sign a declaration pledging himself to observe a strict secrecy respecting all transactions of the Company with its customers and the state of accounts with individuals and in matters relating thereto, and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required so to do by the Board or by any general meeting or by a Court of law and except so far as may be necessary in order to comply with any of the provisions in these Articles contained.

No member to enter the premises of the Company without permission

170. No member or other person (not being a Director) shall be entitled to enter upon the property of the Company or to inspect or examine the premises or properties of the Company without the permission of the Board or, subject to Article 152, to require discovery of or any information respecting any detail of the trading of the Company or any matter which is or may be in the nature of a trade secret, mystery of trade or secret process or of any matter whatsoever which may relate on the conduct of business of the Company and which in the opinion of the Board it will be inexpedient in the interest of the Company to communicate.

WINDING-UP

Distribution of
assets in specie.

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

172. If the Company shall be wound up whether voluntarily or otherwise, the liquidators may, with the sanction of a Special Resolution, divide among the contributories, in specie or kind, any part of the assets of the Company and may, with the like sanction, vest any part of the assets of the Company in Trustees upon such trusts for the benefit of the contributories, or any of them, as the liquidators, with the like sanction, shall think fit.

INDEMNITY

Indemnity.

173. Every Director, Secretary or Officer of the Company or any person (whether an officer of the Company or not) employed by the Company and any person appointed auditor shall be indemnified out of the funds of the Company against all liability incurred by him as such Director, Secretary, officer, employee or Auditor in defending any proceedings, whether civil or criminal, in which judgement is given in his favour, or in which he is acquitted, or in connection with any application under Section 633 of the Act in which relief is granted to him by the Court.

SECTION XI – ISSUE INFORMATION

TERMS AND PROCEDURE OF THE ISSUE

The Equity Shares, now being issued, are subject to the terms and conditions of the Draft Letter of Offer, the enclosed CAF, the Memorandum of Association and Articles of Association of the Company, the approvals from the GoI, FIPB and RBI, if applicable, the provisions of the Act, guidelines issued by SEBI, guidelines, notifications and regulations for issue of capital and listing of securities issued by GoI and/or other statutory authorities and bodies from time to time, terms and conditions as stipulated in the allotment advice or letter of allotment or share certificate and rules as may be applicable and introduced from time to time.

AUTHORITY FOR THE ISSUE

The offer is being made pursuant to resolution of the Board of Directors of Company passed on July 22, 2011 and the approval by the shareholders of the company at the Annual General Meeting of the company dated September 2, 2011 held at Nellore under Section 81 of the Companies Act 1956.

BASIS FOR THE ISSUE

The Equity Shares are being offered for subscription for cash to those existing Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the depositories in respect of the Equity Shares held in the electronic form and on the Register of Members of the Company in respect of Equity Shares held in the physical form at the close of business hours on the Record Date i.e. [*****], fixed in consultation with the Designated Stock Exchange.

RANKING OF THE EQUITY SHARES

The Equity Shares issued and allotted on a Rights Basis as a part of this Issue shall be subject to the Memorandum and Articles of Association of the Company and shall rank pari-passu in all respects including dividends with the existing Equity Shares of the Company.

MODE OF PAYMENT OF DIVIDENDS

The Company shall pay dividend to the shareholders as per the provisions of the Companies Act 1956.

FORFEITURE

Since the issue price is payable on application, there is no requirement of forfeiture of shares.

RIGHTS ENTITLEMENT

As your name appears as beneficial owner in respect of Equity Shares held in the electronic form or appears in the register of members as an Equity Shareholder of the Company as on [*****] i.e. the Record Date. You are entitled to the number of Equity Shares as set out in Block I of Part A of the enclosed CAF.

The Equity Shares are being offered on rights basis to the existing Equity Shareholders of the Company in the ratio of 1 Equity Share for every 2 Equity Shares held on the Record Date. Only upon receipt of the aforesaid details, Rights Entitlement of the claimants shall be determined.

PRINCIPAL TERMS OF THE ISSUE

FACE VALUE

Each equity share will have the face value of Rs. 10/-.

ISSUE PRICE

Each equity share shall be offered at an Issue Price of Rs. 10 [Ten]/- for cash. The issue price has been fixed at the face value of the share.

TERMS OF PAYMENT

The full amount of Rs.10 [Ten] /- per share is payable on application

ENTITLEMENT RATIO

The Equity shares are being offered on rights basis to the Equity Shareholders in the ratio of 1 Equity Share for every 2 Equity Shares held on the Record Date.

MARKET LOT

The market lot for the Equity Shares in dematerialized mode is one. In case of physical certificates, the Company would issue ONE Certificate for the Equity Shares allotted to ONE Folio ("Consolidated Certificate").

FRACTIONAL ENTITLEMENT

If the shareholding of any of the Equity Shareholders is not in the multiples of 1 then the fractional entitlement of such shareholders shall be rounded off to the next higher integer, subject to the minimum entitlement of 1 Equity Share. The Equity Shares needed for rounding off will be adjusted from the promoter's entitlement.

RIGHTS OF THE EQUITY SHAREHOLDERS

Subject to applicable laws, the Equity Shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right to free transferability of shares; and
- Such other rights as may be available to a shareholder of a listed public company under the Companies Act and Memorandum and Articles of Association.

MINIMUM SUBSCRIPTION

If the Company does not receive the minimum subscription of 90% of the issued amount, the entire subscription shall be refunded to the applicants within 15 days from the date of closure of the Issue. If there is a delay in the refund of subscription by more than 8 days after the Company becomes liable to repay the subscription amount (i.e. 15 days after closure of the Issue), then the Company and every Director of the Company who is an officer in default shall, on and from expiry of 8 days, be jointly and severally liable to repay the money with interest as prescribed under sub-sections (2) and (2A) of Section 73 of the Act.

ADDITIONAL SUBSCRIPTION BY THE PROMOTER

The Promoter and Promoter Group have confirmed that they intend to subscribe to the full extent of their Rights Entitlement in the Issue. The Promoters and Promoter Group reserve their right to apply for additional Rights Equity Shares, either by themselves, their relatives or a combination of entities controlled by them, including by subscribing for renunciation if any, made within the Promoter Group to another person forming part of the Promoter Group or any other Equity Shareholder.

In addition to the subscription to the Rights Equity Shares as stated above, in case of Issue is undersubscribed, the Promoter and Promoter Group reserve their right to subscribe to additional Rights Equity Shares in the Issue up to the minimum subscription of 90% of the Issue subject to the condition that in any circumstances the post issue public shareholding in the Company shall not fall below the specified limit of 25% as stipulated in clause 40A of the Listing Agreement.

As a result of this subscription and consequent allotment, the Promoter and Promoter Group may acquire shares over and above their entitlement in the Issue, which may result in an increase of their shareholding being above the current shareholding but will currently not exceed 75% of the post issue paid share capital of the Company. This subscription and acquisition of additional Equity Shares by the Promoter and Promoter Group through this Issue, if any, will not result in change of control of the management of the Company and shall be exempt in terms of provision under Regulation 3(1)(b)(ii) of the SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997.

As such, other than meeting the requirements indicated in this section "Objects of the Issue", there is no other intention/purpose for this Issue, including any intention to delist the Company; even if, as a result of allotments to the Promoter and Promoter Group, in this Issue, the Promoter's and Promoter Group's shareholding in the Company exceeds their current shareholding. The Promoter Group shall subscribe to such unsubscribed portion as per the relevant provisions of the law.

Allotment to the Promoter Group of any unsubscribed portion, over and above their entitlement shall be done in compliance with clause 40A of the Listing Agreement and other applicable laws prevailing at that time relating to continuous listing requirements. The Promoter and Promoter Group hold 32.01% of the paid up Equity Share Capital of the Company and if they were to subscribe to the entire Rights Issue their post Issue shareholding would exceed 75% of Issue Equity Share Capital. However, the Promoter and Promoter Group have given an undertaking that in case due to the subscription by them to the unsubscribed portion, the post Issue public shareholding in any circumstances in the Company would not fall below the specified limit of 25% as stipulated in clause 40A of the Listing Agreement.

ARRANGEMENT FOR ODD LOT EQUITY SHARES

The Company has not made any arrangements for the disposal of odd lot Equity Shares arising out of this Issue. The Company will issue certificates of denomination equal to the number of Equity Shares being allotted to the Equity Shareholder.

JOINT HOLDERS

Where two or more persons are registered as the holders of any Equity Shares they shall be deemed to hold the same rights, as joint-tenants with benefits of survivorship subject to provisions contained in the Articles of Association of the Company.

NOTICES

All notices to the Equity Shareholder(s) required to be given by the Company shall be published in one English national daily with wide circulation and one Hindi national daily and one regional language daily newspaper and/or, will be sent by ordinary post/ to the registered holders of the Equity Share from time to time.

NOMINATION FACILITY

In terms of Section 109A of the Act, nomination facility is available in case of Equity Shares. The applicant can nominate any person by filling the relevant details in the CAF in the space provided for this purpose.

In accordance with Section 109A of the Companies Act, only individuals applying as sole applicants/ joint applicants can nominate. Non-individuals including society, trust, body corporate, partnership

firm, holder of power of attorney cannot nominate. In accordance with Section 109A of the Companies Act, the sole or first holder, along with other joint holders, may nominate any one person in whom, in the event of the death of sole holder or in case of joint holders, death of all the holders, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s).

Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/ transfer/ alienation of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Company's Registered / Corporate Office or to the Company's Registrar and Transfer Agents. The Applicant can make the nomination by filling in the relevant portion of the CAF. In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, 1956, shall upon the production of such evidence as may be required by the Board of Directors, elect either:

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

Further, the Board of Directors may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board of Directors may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with. Only one nomination would be applicable for one folio. Hence, in case the Equity Shareholder(s) has already registered the nomination with the Company, no further nomination needs to be made for Equity Shares to be allotted in this Issue under the same folio.

In case the allotment of Equity Shares is in dematerialized form, there is no need to make a separate nomination for the Equity Shares to be allotted in this Issue. Nominations registered with respective DP of the applicant would prevail. If the applicant requires changing the nomination, they are requested to inform their respective DP.

RESTRICTIONS ON TRANSFER AND TRANSMISSION OF SHARES AND ON THEIR CONSOLIDATION / SPLITTING

There are no restrictions on transfer and transmission and on their consolidation / splitting of shares issued pursuant to the issue.

ISSUE OF DUPLICATE SHARE CERTIFICATE

If any Equity Share certificate is mutilated or defaced or the pages for recording transfers of Equity Share are fully utilized, the same may be replaced by the Company against the surrender of such certificate. Provided, where the Equity Share certificate are mutilated or defaced, the same will be replaced as aforesaid only if the certificate numbers and the distinctive numbers are legible. If any Equity Share Certificate is destroyed, stolen or lost, then upon production of proof thereof to the satisfaction of the Company and upon furnishing such indemnity/surety and/or documents as the Company may deem adequate, duplicate Equity Share Certificate shall be issued.

PRINTING OF BANK PARTICULARS ON REFUND ORDERS

As a matter of precaution against possible fraudulent encashment of refund orders due to loss or misplacement, the particulars of the applicant's bank account are mandatorily required to be given for printing on refund orders. Bank account particulars will be printed on the refund orders/refund warrants which can then be deposited only in the account specified. The Company will in no way be responsible if any loss occurs through these instruments falling into improper hands either through forgery or fraud.

OFFER TO NON-RESIDENT EQUITY SHAREHOLDERS

Applications received from NRIs and Non-Residents for Allotment of Equity Shares shall be inter alia, subject to the conditions imposed from time to time by the RBI under the Foreign Exchange Management Act, 2000 (FEMA) in the matter of receipt and refund of application moneys. Allotment of Equity Shares, issue of allotment / share certificates, payment of interest, dividends, etc. General permission has been granted to any person resident outside India to purchase shares offered on a rights basis by an Indian Company in terms of FEMA and regulation 6 of notification No. FEMA 20/2000-RB dated May 3, 2000. However, the general permission referred to in the sentence immediately above is subject to the restrictions described under "No Offer in the United States" as referred on page [7]. The Board of Directors may at its absolute discretion, agree to such terms and conditions as may be stipulated by RBI while approving the Allotment of Equity Shares, payment of dividend etc. to the Non-Resident Shareholders. The Equity Shares purchased on a rights basis by Non-Residents shall be subject to the same conditions including restrictions in regard to the repatriability as are applicable to the original Equity Shares against which Equity Shares are issued on a rights basis.

By virtue of Circular No. 14 dated September 16, 2003 issued by the RBI, overseas corporate bodies ("OCBs") have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Accordingly, OCBs shall not be eligible to subscribe to the Equity Shares. The RBI has however clarified in its circular, A.P. (DIR Series) Circular No. 44 dated December 8, 2003 that OCBs which are incorporated and are not under the adverse notice of the RBI are permitted to undertake fresh investments as incorporated Non-Resident entities. Thus, OCBs desiring to participate in this Issue must obtain prior approval from the RBI. Such approval shall be submitted along with the CAF.

The Letter of Offer and CAF shall only be dispatched to Non-Resident Equity Shareholders with registered address in India. The Letter of Offer and CAF should not be forwarded to or transmitted in or into the United States of America or the territories or possessions thereof at any time or to, or for the account or benefit of, "U.S. Persons" (as defined in Regulation S under the United States Securities Act of 1933, as amended), except in a transaction exempt from the registration requirements of the Securities Act.

LISTING AND TRADING OF THE RIGHTS EQUITY SHARES PROPOSED TO BE ISSUED

The Company's existing Equity Shares listed on BSE and currently trade under the ISIN No. INE054C01015. The Rights Equity Shares proposed to be issued shall be listed and demated for trading on the BSE under the existing ISIN for fully paid up Equity Shares of the Company.

The Rights Equity Shares allotted pursuant to this Rights Issue will be listed as soon as practicable but in no case later than 7 working days from the date of allotment. The Company has made an application for "in-principal" approval for listing of the Rights Equity Shares in accordance with clause 24(a) of the Listing Agreement to the BSE letter dated [****] and has received such approval from the BSE through letter [****], dated [****].

The distribution of the Letter of Offer and the Issue of Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions.

The Company is making this Issue of Rights Equity Shares on a rights basis to the Eligible Equity Shareholders of the Company and will dispatch the Letter of Offer / Abridged Letter of Offer and the CAF to the Eligible Equity Shareholders who have provided an Indian address.

PROCEDURE FOR APPLICATION

The Composite Application Form (CAF) would be printed in black ink for all Equity Shareholders. In case the original CAF is not received by the applicant or is misplaced by the applicant, the applicant may request the Registrar to the Issue, for issue of a duplicate CAF, by furnishing the registered folio number, DP ID Number, Client ID Number and their full name and address. Non-resident shareholders may obtain a copy of the CAF from the Registrar to the Issue,

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by furnishing the registered folio number, DP ID number, Client ID number and their full name and address. Equity Shares offered to you pursuant to this Issue may be renounced, either in full or in part, in favour of any other person or persons. Such renounees can only be Indian nationals/ limited companies incorporated under and governed by the Act, statutory corporations/institutions, trusts (unless registered under the Indian Trust Act), minors (through their legal guardians), societies (unless registered under the Societies Registration Act, 1860 or any other applicable laws) provided that such trust/society is authorized under its constitution/bye laws to hold Equity Shares in a company and cannot be a partnership firm, more than three persons including joint-holders, HUF, foreign nationals (unless approved by RBI or other relevant authorities) or to any person situated or having jurisdiction where the offering in terms of this Letter of Offer could be illegal or require compliance with securities laws in their jurisdiction or any other persons not approved by the Board.

OPTION TO SUBSCRIBE

Applicants to the Equity Shares, other than an ASBA Investor, issued through this Issue shall be allotted the securities either in dematerialized (electronic) form or physical form at the option of the applicant. ASBA Investors shall be allotted the securities only in dematerialized form. The Company signed a tripartite agreement with NSDL and with CDSL, which enables the Investors to hold and trade in securities in a dematerialized form, instead of holding the securities in the form of physical certificates.

UTILISATION OF ISSUE PROCEEDS

The Board of Directors declares that:

- The funds received out of this Issue shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
- Details of all monies utilized out of the Issue shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the purpose for which such monies have been utilized;
- Details of all un-utilized monies out of the Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the form in which such un-utilized moneys have been invested.

The funds received against this Issue will be kept in a separate bank account. The Company will utilize the issues proceeds only after the time basis of allotment is finalized.

UNDERTAKINGS BY THE COMPANY IN CONNECTION WITH THIS ISSUE

1. The complaints received in respect of the Issue shall be attended to by the Company expeditiously and satisfactorily.
2. All steps for completion of the necessary formalities for listing and commencement of trading at all stock exchanges where the Equity Shares to be issued pursuant to this Issue are to be listed will be taken within seven (7) working days of finalization of basis of allotment.
3. The funds required for dispatch of refund orders to unsuccessful applicants / allotment letters / share certificates by registered post, speed post shall be made available to the Registrar to the Issue by the Company.
4. Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of the Issue Closing Date specifying details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.
5. Adequate arrangements shall be made to collect all ASBA applications and to consider them similar to Non-ASBA applications while finalizing the basis of allotment.
6. The certificates of the securities / refund orders, letters of allotment / allotment advice / consolidated certificate to the shareholders including non-resident Indians shall be dispatched within the specified time.
7. The Company accepts full responsibility for the accuracy of information given in this Draft Letter of Offer and confirms that to best of its knowledge, and belief, there are no other facts, the omission of which makes any statement made in this Draft Letter of Offer misleading and further confirms that it has made all reasonable enquiries to ascertain such facts.
8. In accordance with clause 43A of the Listing Agreement, a statement shall be furnished to the Stock Exchanges on a quarterly basis indicating material deviations, if any, in the utilization of the proceeds of the Issue. This information shall also be published in the newspapers simultaneously with the interim or annual financial results, after such information has been placed before the Audit Committee in terms of Clause 49 of the Listing Agreement.
9. In accordance with clause 49 of the Listing Agreement, the Company shall disclose to the Audit Committee, the uses/ application of the proceeds of the Issue by major category, on a quarterly basis as a part of its quarterly declaration of financial results. Further, on an annual basis and until the full utilization of the proceeds of the Issue, the Company shall prepare a statement, which shall be certified by the statutory auditors of the Company, of the proceeds of the Issue utilized for purposes other than those specified in this Draft Letter of Offer and place such statement before the Audit Committee.
10. In the event that the public shareholding falls below the minimum prescribed in the Listing Agreements, the Company will take such as may be necessary to restore the minimum public shareholding in accordance with the SEBI regulations and undertakes to comply with such directions as may be issued by the Stock Exchanges.
11. Save as otherwise disclosed in this Draft Letter of Offer, no further issue of securities affecting the Equity Capital of the Company shall be made till the Rights Equity Shares issued / offered through this Issue are listed or till the application moneys are refunded on account of non-listing, under subscription etc.
12. The Company certifies that the Investors shall be given an option to get the Rights Equity Shares in demat or physical format.
13. The Company undertakes that it shall comply with such disclosure, monitoring of the utilization of proceeds of the Issue and accounting norms specified by SEBI from time to time. All information shall be made available by the Lead Manager and the Company to the investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road shows, presentations, in research or sales reports etc.

14. The Issuer and Lead Manager shall update this Draft Letter of Offer and keep the investors informed of any material changes till the listing and trading commences.

HOW TO APPLY

Application by Resident Equity Shareholders

Applications should be made only on the enclosed CAF provided by the Company. The enclosed CAF should be completed in all respects, including number of physical or dematerialized shares, as explained in the instructions indicated in the CAF and submitted to the Bankers to the Issue. CAFs will not be accepted by the Lead Manager or by the Registrar to the Issue or by the Company at any office except in the case of postal applications as per instructions given in the Letter of Offer.

Application by Non- Resident Equity Shareholders

Applications received from the Non-Resident Equity Shareholders for the allotment of Equity Shares shall, inter-alia, be subject to the conditions as may be imposed from time to time by RBI, in the matter of refund of application moneys, allotment of Equity Shares, issue of letters of allotment/certificates/payment of dividends etc. This Letter of Offer and CAF shall only be dispatched to Non-Resident (including NRI) Equity Shareholders with registered address in India.

The CAF consists of four parts:

Part A:	Form for accepting the Rights Equity Shares offered and for applying for additional Rights Equity Shares.
Part B:	Form for renunciation.
Part C:	Form for application for Renouncee(s).
Part D:	Form for request for Split Application Forms.

Acceptance of the Issue

The shareholders may accept the Issue and apply for the Rights Equity Shares offered, either in full or in part, by filling Part A of the enclosed CAF and submit the same along with the application money payable to the Bankers to the Issue or any of the collection branches as mentioned on the reverse of the CAF before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board of Directors of the Company in this regard. Investors at centers not covered by the branches of collecting banks can send their CAF together with the cheque drawn at par on a local bank at Chennai/ demand draft payable at Chennai to the Registrar to the Issue by registered post. Such applications sent to anyone other than the Registrar to the Issue are liable to be rejected. An ASBA Investor may accept the Issue and apply for the Equity Shares offered, either in full or in part, by filling Part A of the respective CAFs sent by the Registrar, selecting the ASBA process option in Part A of the CAF and submit the same to the SCSB before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board of Directors of the Company in this regard.

Options available to the Eligible Equity Shareholders

The CAF will clearly indicate the number of Rights Equity Shares that the Eligible Equity Shareholder is entitled to. If the Eligible Equity Shareholder applies for an investment in Rights Equity Shares, then he can:

- Apply for his Rights Entitlement of Rights Equity Shares in part;
- Apply for his Rights Entitlement of Rights Equity Shares in part and renounce the other part of the Rights Equity Shares;
- Apply for his Rights Entitlement of Rights Equity Shares in full.
- Apply for his Rights Entitlement in full and apply for additional Rights Equity Shares;
- Renounce his Rights Entitlement in full;

Renunciation

Procedure for Renunciation

To renounce all the Rights Equity Shares offered to an Eligible Equity Shareholder in favour of one Renounee

If you wish to renounce the offer indicated in Part 'A', in whole, please complete Part 'B' of the CAF. In case of joint holding, all joint holders must sign Part 'B' of the CAF. The person in whose favour renunciation has been made should complete and sign Part 'C' of the CAF. In case of joint renounees, all joint renounees must sign this part of the CAF.

To renounce in part/or renounce the whole to more than one person(s)

If you wish to either accept this offer in part and renounce the balance or renounce the entire offer under this Issue in favour of two or more Renounees, the CAF must be first split into requisite number of forms. Please indicate your requirement of split application forms in the space provided for this purpose in Part 'D' of the CAF and return the entire CAF to the Registrar to the Issue so as to reach them latest by the close of business hours on the last date of receiving requests for split application forms, [*****]. On receipt of the required number of split forms from the Registrar, the procedure as mentioned in paragraph above shall have to be followed.

In case the signature of the Eligible Equity Shareholder(s), who has/have renounced the Rights Equity Shares, does/do not match with the specimen registered with the Company, the application is liable to be rejected.

Renounee(s)

The person(s) in whose favour the Rights Equity Shares are renounced should fill in and sign Part 'C' of the CAF and submit the entire CAF to the Bankers to the Issue on or before the Issue closing date along with the application money. The Renounee cannot further renounce.

Change and/or introduction of additional holders

If you wish to apply for Rights Equity Shares jointly with any other person or persons, not more than three, who is/are not already joint holder(s) with you, it shall amount to renunciation and the procedure as stated above for renunciation shall have to be followed. Even a change in the sequence of the name of joint holders shall amount to renunciation and the procedure, as stated above shall have to be followed. However, this right of renunciation is subject to the express condition that the Board of Directors of the Company shall be entitled in its absolute discretion to reject the request for allotment from the renounee(s) without assigning any reason thereof.

Additional Rights Equity Shares

You are eligible to apply for additional Rights Equity Shares over and above the number of Rights Equity Shares you are entitled to, provided that you have applied for all the Rights Equity Shares offered without renouncing them in whole or in part in favour of any other person(s). Applications for additional Rights Equity Shares shall be considered and allotment shall be made at the sole discretion of the Board of Directors, in consultation, if necessary, with the Designated Stock Exchange and in the manner prescribed in the Letter of Offer.

If you desire to apply for additional Rights Equity Shares, please indicate your requirement in the place provided for additional Rights Equity Shares in Part 'A' of the CAF. The Renounee applying for all the Rights Equity Shares renounced in their favour may also apply for additional Rights Equity Shares.

Where the number of additional Rights Equity Shares applied for exceeds the number available for allotment, the allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange.

Instruction for Options

- Part 'A' of the CAF must not be used by any person(s) other than the Eligible Equity Shareholders to whom the Letter of Offer has been addressed. If used, this will render the application invalid.
- A request for split forms should be made for a minimum of 1 shares, Rights Equity Shares or, in multiples thereof and one split form for the balance Rights Equity Shares, if any.
- A request by the Investor for the split Application form should reach the Company on or before [***].
- Only the Eligible Equity Shareholders to whom the Letter of Offer has been addressed to and not the renounee(s) shall be entitled to renounce and to apply for Split Application Forms. Forms once split cannot be split further.
- Split Application Form(s) will be sent to the Investor(s) by post at Investor's risk.

The summary of options available to the Equity Shareholder is presented below. You may exercise any of the following options with regard to the Rights Equity Shares offered, using the enclosed CAF:

OPTIONS AVAILABLE	ACTION REQUIRED
Accept the whole or part of your Rights Entitlement without renouncing the balance.	Fill in and sign Part 'A' <i>(All joint holders must sign)</i>
Accept your Rights Entitlement in full and apply for additional Rights Equity Shares.	Fill in and sign Part 'A' including Block III relating to the acceptance of Rights Entitlement and Block IV relating to additional Rights Equity Shares. <i>(All joint holders must sign)</i>
Renounce your Rights Entitlement in full to one person <i>(Joint renounces are considered as one)</i>	Fill in and sign Part 'B' (all joint holders must sign) indicating the number of Rights Equity Shares renounced and hand it over to the Renounee. The Renounees must fill in and sign Part 'C'. <i>(All joint Renounees must sign)</i>
Accept a part of your Rights Entitlement and renounce the balance to one or more Renounee(s). OR Renounce your Rights Entitlement to all the Rights Equity Shares offered to you to more than one Renounee.	Fill in and sign Part 'D' <i>(all joint holders must sign)</i> requesting for Split Application Forms. Send the CAF to the Registrar to the Issue so as to reach them on or before the last date for receiving requests for Split Application Forms. Splitting will be permitted only once. <ul style="list-style-type: none"> • On receipt of the Split Application Form take action as indicated below: • For the Rights Equity Shares you wish to accept, if any, fill in and sign Part A. • For the Rights Equity Shares you wish to renounce, fill in and sign Part 'B' indicating the number of Rights Equity Shares renounced and hand it over to

	the Renounee. Each of the Renounees should fill in and sign Part 'C' for the Equity Shares accepted by them.
Introduce a joint holder or change the sequence of joint holders	This will be treated as a renunciation. Fill in and sign Part 'B' and the Renounee must fill in and sign Part 'C'.

Investors must provide information in the CAF as to their savings bank / current account number and the name of the bank with whom such account is held, to enable the Registrar to print the said details in the refund orders after the names of the payee(s). Failure to comply with this may lead to rejection of the application. Bank account details furnished by the Depositories will be printed on the refund warrant in case of Equity Shares held in electronic form.

INVESTORS MUST WRITE THEIR CAF NUMBER AT THE BACK OF THE CHEQUE / DEMAND DRAFT.

Availability of Duplicate CAF

In case the original CAF is not received, or is misplaced by the Investor, the Registrar to the Issue will issue a duplicate CAF on the request of the Investor who should furnish the registered folio number/ DP and Client ID number and his/her full name and address to the Registrar to the Issue. Please note that the request for a duplicate CAF should reach the Registrar to the Issue within 7 (seven) days from the Issue Opening Date. Please note that those who are making the application in the duplicate CAF should not utilize the original CAF for any purpose including renunciation, even if it is received/ found subsequently. If the Investor violates any of these requirements, he/she shall face the risk of rejection of both the CAFs.

Application on Plain Paper

An Eligible Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an application to subscribe to the Issue on plain paper, along with a demand draft, net of bank and postal charges payable at Chennai which should be drawn in favour of "THE WATERBASE LIMITED – Rights Issue" in case of Resident Shareholders and Non-Resident Shareholders applying on non-repatriable basis or "THE WATERBASE LIMITED – Rights Issue – NR" in case of Non-Resident Shareholders applying on repatriable basis and the Eligible Equity Shareholders should send the same by registered post directly to the Registrar to the Issue. The envelop should be super-scribed "THE WATERBASE LIMITED – Rights Issue" and should be postmarked in India. The application on plain paper, duly signed by the Investors including joint holders, in the same order as per specimen recorded with the Company, must reach the office of the Registrar to the Issue before the Issue Closing Date and should contain the following particulars:

- Name of the Issuer, being The Waterbase Limited;
- Name and address of the Eligible Equity Shareholders, including joint holders;
- Registered Folio Number/DP ID number and Client ID number;
- Number of Equity Shares held as on the Record Date;
- Number of Rights Equity Shares entitled;
- Number of Rights Equity Shares applied for;
- Number of additional Rights Equity Shares applied for, if any;
- Total number of Rights Equity Shares applied for;
- Total amount paid at the rate of Rs.10/- per Rights Equity Share;
- Separate cheques / DDs are to be attached for amounts to be paid for Rights Equity Shares;
- Particulars of cheque / demand draft / Savings / Current Account Number and name and address of the bank where the Eligible Equity Shareholder will be depositing the refund order;

- PAN of the Investor, and for each Investor in case of joint names, irrespective of the total value of the Rights Equity Shares applied for pursuant to the Issue;
- Signature of the Rights Equity Shareholders to appear in the same sequence and order as they appear in the records of the Company;

Please note that those who are making an application otherwise than on an original CAF shall not be entitled to renounce their rights and should not utilize the original CAF for any purpose including renunciation even if it is received subsequently. If the Investor violates any of these requirements, he / she shall face the risk of rejection of both the applications. Separate cheque / DDs are to be attached for amounts to be paid for Rights Equity Shares. The Company shall refund such application amount to the Investor without any interest thereon.

For Applicants residing at places where the Bank Collection Centers have been opened, application forms duly completed together with cash/ cheque/ demand draft for the application money must be submitted before the close of the subscription list to the Bankers to the Issue named herein or to any of its branches mentioned on the reverse of the CAF. The CAF along with application money must not be sent to the Company or the Lead Manager to the Issue or the Lead Manager to the Issue or the Registrar to the Issue.

For Applicants residing at places other than the cities where the Bank collection centers have been opened, application forms duly completed together with cash/ cheque/ demand draft for the application money must be submitted before the close of the subscription list to the Bankers to the Issue named herein or to any of its branches mentioned on the reverse of the CAF. The CAF along with application money must not be sent to the Company or the Lead Manager to the Issue or the Registrar to the Issue.

For Applicants residing at places other than the clients where the Bank collection centers have been opened, application forms duly completed together with cash/ cheque/ demand draft for the application money net of bank charges for demand draft and postal charges must reach Registrar to the Issue before the close of the subscription list.

For ASBA Investors may fill Part 'A' of the respective CAFs, selecting the ASBA process option in Part 'A' of the CAF and submit the same to the SCSB before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board of Directors of the Company in this regard.

The Applicants are requested to strictly adhere to these instructions. Failure to do so could result in the application being liable to be rejected with the Company, the Lead Manager and the Registrar not having any liabilities to such Applicants.

Last Date of Application

The last date for submission of the duly filled in CAF is [*****]. The Issue will be kept open for 15 days and the Board of Directors or any committee thereof will have the right to extend the said date for such period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date.

If the CAF together with the amount payable is not received by the Bankers to the Issue / Registrar to the Issue, as the case on or before the closure of banking hours on the aforesaid last date or such date as may be extended by the Board of Directors / Committee of Directors, the offer contained in the Letter of Offer shall be deemed to have been declined and the Board of Directors / Committee of Directors shall be at liberty to dispose-off the Rights Equity Shares hereby offered, as provided in this Letter of Offer.

INVESTORS MAY PLEASE NOTE THAT THE RIGHTS EQUITY SHARES CAN BE TRADED ON THE STOCK EXCHANGE ONLY IN DEMATERIALIZED FORM

Basis of Allotment

Subject to the provisions contained in the Letter of Offer, the Articles of Association of the Company and the approval of the Designated Stock Exchange, the Board of Directors will proceed to allot the Rights Equity Shares in the following order of priority:

- Full allotment to those Rights Equity Shareholders who have applied for their Rights Entitlement either in full or in part and also to the Renouncee(s) who has / have applied for Rights Equity Shares renounced in their favour, in full or in part.
- Allotment to the Eligible Equity Shareholders who having applied for all the Rights Equity Shares offered to them as part of the Issue and have also applied for additional Rights Equity Shares. The allotment of such additional Rights Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there is an under-subscribed portion after making full allotment in (a) and (b) above. The allotment of such additional Rights Equity Shares will be at the sole discretion of the Board of Directors / Committee of Directors in consultation with the Designated Stock Exchange, as part of the Issue and not preferential allotment.
- Allotment to Renouncees who having applied for all the Rights Equity Shares renounced in their favour, have applied for additional Rights Equity Shares provided there is surplus available after making full allotment under (a), (b) and (c) above. The allotment of such Rights Equity Shares will be on a proportionate basis at the sole discretion of the Board of Directors / Committee of Directors in consultation with the Designated Stock Exchange, as part of the Issue and not preferential allotment.
- Allotment to any other person as the Board of Directors may in its absolute discretion deem fit provided there is surplus available after making full allotment under (a), (b) and (c) above.

After taking into account allotment to be made under (a) and (b) above, if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed' for the purpose of regulation 3(1)(b) of the Takeover Code which would be available for allocation under (c), (d) and (e) above.

After considering the above Allotment, any additional Rights Equity Shares shall be disposed off by the Board of Directors, in such manner as they think most beneficial to the Company and the decision of the Board of Directors in this regard shall be final and binding. In the event of oversubscription, Allotment will be made within the overall size of the Issue.

Underwriting

As on date of this Letter of Offer, the Company has not entered into any underwriting agreements.

Allotment / Refund

The Company will issue and dispatch letters of allotment/ share certificate/ demat credit and/ or letters of regret along with refund order or credit the allotted securities to the respective beneficiary accounts, if any, within a period of 15 days from the date of closure of the Issue. If such money is not repaid within 8 days from the day the Company becomes liable to pay it, the Company and every Director of the Company who is an officer in default shall, on and from expiry of 8 days, be jointly and severally liable to repay that money with interest as stipulated under Section 73 of the Companies Act.

In case of ASBA Investors, the Registrar to the Issue shall instruct the SCSBs to unblock the funds in the relevant ASBA Account to the extent of the Application Money for withdrawn, rejected or unsuccessful ASBAs within 15 days of the closure of the Issue. In case of a failure in providing

instructions to SCSBs to unblock the funds in the relevant ASBA Account, the Company will pay interest on the monies in terms of Section 73 of the Companies Act.

Applicants residing in cities where the clearing houses are managed by the Reserve Bank of India (RBI) are located will get refunds through ECS only (Electronic Clearing Service) except where Applicants are otherwise disclosed as applicable/eligible to get refunds through direct credit and RTGS.

In case of those Applicants who have opted to receive their Rights Entitlement in dematerialized form using electronic credit under the depository system, and advise regarding their credit of the Equity Shares shall be given separately. Applicants to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post intimating them about the mode of credit of refund within 15 working days of closure of the Issue.

In case of those Applicants who have opted to receive their Rights Entitlement in physical form and the Company issues Letter of Allotment, the corresponding share certificates will be kept ready within three months from the date of allotment thereof or such extended time as may be approved by the Companies Law Board under Section 113 of the Companies Act or other applicable provisions, if any. Allottees are requested to preserve such letters of allotment, which would be exchanged later for the share certificates.

The letter of allotment / refund order would be sent by registered post/ speed post to the sole/ first Applicant's registered address. Such refund orders would be payable at par at all places where the applications were originally accepted. The same would be marked 'Account Payee Only' and would be drawn in favour of the sole/ first Applicant. Adequate funds would be made available to the Registrar to the Issue for this purpose.

Payment of Refund

Mode of making Refund

The payment of refund, if any, would be done through various modes in the following order of preference:

1. **ECS (Electronic Clearing Service)** – Payment of refund would be done through ECS for Investors having an account at any centre where such facility has been made available. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds is mandatory for Investors having a bank account at the centers where ECS facility has been made available by the RBI (subject to availability of all information for crediting the refund through ECS), except where the Investor, being eligible, opts to receive refund through NEFT, direct credit or RTGS.
2. **NEFT (National Electronic Fund Transfer)** – Payment of refund shall be undertaken through NEFT wherever the Investor's bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Investors have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method. The Company in consultation with the Lead Manager may decide to use NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency. In the event that NEFT is not

operationally feasible, the payment of refunds would be made through any one of the other modes as discussed herein.

3. **Direct Credit** – Investors having bank accounts with the Bankers to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by the Company.
4. **RTGS (Real Time Gross Settlement)** – Investors having a bank account at any of the centres where such facility has been made available and whose refund amount exceeds Rs. 2 Lac, have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the CAF. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company. Charges, if any, levied by the Investor's bank receiving the credit would be borne by the Investor.
5. For all other Investors, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched through speed post / registered post . Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole / first Investor and payable at par.

Printing of the Bank Particulars on Refund Orders

As a matter of precaution against possible fraudulent encashment of refund orders due to loss or misplacement, the particulars of the Investor's bank account are mandatorily required to be given for printing on the refund orders. Bank account particulars will be printed on the refund orders/ refund warrants which can then be deposited only in the account specified. The Company will in no way be responsible if any loss occurs through these instruments falling into improper hands either through forgery or fraud.

Allotment Advice / Share Certificates / Demat Credit

Allotment advice / share certificates / demat credit or letters of regret will be dispatched to the registered address of the first named Investor or respective beneficiary accounts will be credited within 15 (fifteen) days, from Issue Closing Date. Allottees are requested to preserve such letters of allotment (if any) to be exchanged later for share certificates. Export of letter of allotment (if any) / share certificates / demat credit to Non-Resident allottees will be subject to the approval of RBI.

Option to receive the Rights Equity Shares in Dematerialized Form

Investors shall be allotted the Rights Equity Shares in the dematerialized form at the option of the Investor. The Company has signed a tripartite agreement dated 20.09.2000 with NSDL and the Registrar to the Issue and a tripartite agreement dated 10.05.2004 with CDSL and the Registrar to the Issue, which enables the Equity Shareholders to hold and trade in Equity Shares in a dematerialized form, instead of holding the Equity Shares in the form of physical certificates.

In this Issue, the allottees who have opted for the Rights Equity Shares in dematerialized form will receive the Rights Equity Shares in the form of an electronic credit to their beneficiary account with a Depository Participant. The CAF shall contain a space for indicating the number of Rights Equity Shares applied for in demat and physical form or both. Investors will have to give the relevant particulars for this purpose appropriately in the CAF. Applications, which do not accurately contain this information, will be given the Rights Equity Shares in physical form. No separate applications for Rights Equity Shares in physical and / or dematerialized form should be made. If such applications are made, the application for physical Rights Equity Shares will be liable to be rejected. In case of partial allotment, allotment will be done in demat option for the shares sought in demat and balance, if any, may be allotted in physical shares.

The Rights Equity Shares will be listed on the BSE.

The procedure for availing of the facility for allotment of the Rights Equity Shares in this Issue in the electronic form is as under:

- Open a beneficiary account with any Depository Participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is exhibited in the records of the Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as with the Company). In case of Investors having various folios in the Company with different joint holders, the Investors will have to open separate accounts for such holdings. Those Investors who have already opened such beneficiary account (s) need not adhere to this step.
- For the Eligible Equity Shareholders already holding Equity Shares of the Company in dematerialized form as on the Record Date, the beneficiary account number shall be printed on the CAF. For those who open accounts later or those who change their accounts and wish to receive their Rights Equity Shares pursuant to this Issue by way of credit to such account, the necessary details of their beneficiary account should be filled in the space provided in the CAF. It may be noted that the allotment of Rights Equity Shares arising out of this Issue may be made in dematerialized form even if the original Equity Shares of the Company are not dematerialized. Nonetheless, it should be ensured that the Depository Account is in the name(s) of the Equity Shareholders and the names are in the same order as in the records of the Company
- Responsibility for correctness of information (including Investor's age and other details) filled in the CAF vis-à-vis such information with the Investor's depository participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in the CAF should be same as registered with the Investor's Depository Participant.
- Equity Shares/ allotted to an Applicant in the electronic account form will be credited directly to the Applicant's respective beneficiary account(s) with depository participant.
- Applicants should ensure that the names of the Applicants and the order in which they appear in the CAF should be the same as registered with the Applicant's depository participant.
- Non-transferable allotment advice/refund orders will be directly sent to the Applicant by the Registrar to the Issue.
- If incomplete / incorrect beneficiary account details are given in the CAF the Investor will get the Rights Equity Shares in physical form.
- The Rights Equity Shares pursuant to this Issue allotted to Investors opting for dematerialized form, would be directly credited to the beneficiary account as given in the CAF after verification. Allotment advice, refund order (if any) would be sent directly to the Investor by the Registrar to the Issue but the Investor's depository participant will provide to him the confirmation of the credit of such Securities to the Investor's depository account.
- Renounees will also have to provide the necessary details about their beneficiary account for allotment of Rights Equity Shares in this Issue. In case these details are incomplete or incorrect, the application is liable to be rejected.
- It may be noted that Equity Shares in electronic form can be traded only on the Stock Exchanges having electronic connectivity with NSDL and CDSL.
- Dividend or other benefits with respect to the Equity Shares held in dematerialized form would be paid to those Equity Shareholders whose name appear in the list of beneficiary owners given by the Depository Participant to the Company as on the date of the book closure.

GENERAL INSTRUCTIONS FOR INVESTORS

- a. Please read the instructions printed on the enclosed CAF carefully.
- b. Applications should be made on the printed CAF, provided by the Company and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and /or which are not completed in conformity with the terms of the Letter of Offer are liable to be rejected and the money paid, if any, in respect thereof will be refunded without interest and after deduction of bank commission and other

- charges, if any. The CAF must be filled in English and the names of all the Investors, details of occupation, address, father's / husband's name must be filled in block letters.
- c. The CAF together with the cheque / demand draft should be sent to the Bankers to the Issue / Collecting Banks or the Registrar to the Issue, as the case may be, and not to the Company or the Lead Manager to the Issue. Investors residing at places other than cities where the branches of the Bankers to the Issue have been authorized by the Company for collecting applications, will have to make payment by Demand Draft payable at Chennai of an amount net of bank and postal charges and send their application forms to the Registrar to the Issue by registered post. If any portion of the CAF is / are detached or separated, such application is liable to be rejected.
 - d. Applications for any value made by the Investor, or in the case of joint names, each of the joint Investors, should mention his / her PAN number allotted under the Income Tax Act, 1961, irrespective of the amount of application. **CAFs without PAN will be considered incomplete and are liable to be rejected.**
 - e. Investors are advised that it is mandatory to provide information as to their savings / current account number and the name of the bank with whom such accounts is held in the CAF to enable the Registrar to the Issue to print the said details in the refund orders, if any, after the names of the payees. Applications not containing such details are liable to be rejected. For Eligible Equity Shareholders holding Equity Shares in dematerialized form, such bank details will be drawn from the demographic details of the Eligible Equity Shareholders in the records of the depository.
 - f. All payments should be made by cheque / DD only. Cash payment is not acceptable. In case payment is affected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.
 - g. Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his / her official seal. The Eligible Equity Shareholders must sign the CAF as per the specimen signature recorded with the Company or the Depositories.
 - h. In case of an application under power of attorney or by a body corporate or by a society, a certified true copy of the relevant power of attorney or relevant resolution or authority to the signatory to make the relevant investment under this Issue and to sign the application and a copy of the memorandum and articles of association and or bye laws of such body corporate or society must be lodged with the Registrar to the Issue giving reference to the serial number of the CAF and folio numbers / DP ID and Client ID Number. In case the above referred documents are already registered with the Company, the same need not be furnished again. In case these papers are sent to any other entity besides the Registrar to the Issue or are sent after the Issue Closing Date, then the application is liable to be rejected. In no case should these papers be attached to the application submitted to the Bankers to the Issue.
 - i. In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with the Company. Further, in case of joint Investors who are Renounees, the number of Investors should not exceed three. In case of joint applicants, reference, if any, will be made in the first Investor's name and all communication will be addressed to the first Investor.
 - j. Application(s) received from Non-Resident / NRIs, or persons of Indian origin residing abroad for allotment of Rights Equity Shares shall, inter alia, be subject to conditions, as may be imposed from time to time by the RBI under FEMA in the matter of refund of application money, allotment of Equity Shares, subsequent issue and allotment of Equity Shares, interest, export of share certificates, etc. In case a Non-Resident or NRI Equity Shareholder has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF.
 - k. All communications in connection with applications for the Rights Equity Shares, including any change in addresses of the Eligible Equity Shareholders should be addressed to the

Registrar to the Issue prior to the date of allotment in this Issue quoting the name of the first / sole Investors, folio numbers and CAF number. Please note that any intimation for change of address of the Eligible Equity Shareholders, after the date of allotment, should be sent to the Registrar and Transfer Agents of the Company, Data Software Research Company Limited, in the case of Equity Shares held in physical form and to the respective Depository Participant, in case of Equity Shares held in dematerialized form.

- l. Split forms cannot be re-split.
- m. Only the person or persons to whom the Rights Equity Shares have been offered and not Renouncee(s) shall be entitled to obtain split forms.
- n. Investors must write their CAF number at the back of the cheque / demand draft.
- o. Only one mode of payment per application should be used. The payment must be by cheque / demand draft drawn on any of the banks, including a co-operative bank, which is situated at and is a member or a sub-member of the Bankers Clearing House located at the centre indicated on the reverse of the CAF where the application is to be submitted.
- p. A separate cheque / demand draft must accompany each CAF. Outstation cheques / demand drafts or postdated cheques and postal / money orders will not be accepted and applications accompanied by such cheques / demand drafts / money orders or postal orders will be rejected. The Registrar will not accept payment against application if made in cash. (For payment against application in cash please refer point (f) above).
- q. No receipt will be issued for application money received. The Bankers to the Issue / Collecting Bank /Registrar will acknowledge receipt of the same by stamping and returning the acknowledgement slip at the bottom of the CAF.

Grounds for Technical Rejections

Investors are advised to note that applications are liable to be rejected on technical grounds, including the following:

- Amount paid does not tally with the amount payable for;
- Bank account details (for refund) are not given and the same are not available with the DP (in the case of dematerialized holdings) or the Registrar (in the case of physical holdings);
- Age of first Investor not given while completing Part C of the CAFs;
- PAN not mentioned for application of any value;
- In case of application under power of attorney or by limited companies, corporate, trust, etc., relevant documents are not submitted;
- If the signature of the existing shareholder on the CAF does not match with the records available with the Company and/or the Depositories and in case of application by Renounees, if the signature of the Renounees do not match with the records available with their Depositories;
- If the Investor desires to have Rights Equity Shares in electronic form, but the CAF does not have the Investor's depository account details;
- Application forms are not submitted by the Investor's within the time prescribed as per the application form and the Letter of Offer;
- Applications not duly signed by the sole / joint Investors;
- Applications by OCBs unless accompanied by specific approval from RBI permitting the OCBs to participate in the Issue.
- Applications accompanied by stock-invest;
- In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Investors (including the order of names of joint holders), the Depository Participant's Identity (DP ID) and the beneficiary's identity;
- Applications that do not include the certification set out in the CAFs to the effect that the subscriber is not a US person, and does not have a registered address (and is not otherwise located) in the United States and is authorized to acquire the rights and the Securities in compliance with all applicable laws and regulations;
- Applications which have evidence of being dispatched from the US;

- Applications by ineligible Non-Residents (including on account of restriction or prohibition under
- applicable local laws) and where a registered address in India has not been provided;
- Applications where the Company believes that the CAF is incomplete or acceptance of such CAFs may infringe applicable legal or regulatory requirements;
- Multiple applications;
- Applications by renouces who are persons not competent to contract under the India Contract Act, 1872, including minors; and
- Duplicate Applications, including cases where an Investor submits CAFs along with a plain paper application.

Mode of payment for Resident Eligible Equity Shareholders / Investors

Applicants who are resident in centers with the bank collection centers shall draw cheques / drafts accompanying the CAF in favour of the Bankers to the Issue, crossed account payee only and marked "The Waterbase Limited – Rights Issue". Applicants residing at places other than places where the bank collection centers have been opened by the Company for collecting applications, are requested to send their applications together with Demand Draft / Pay Order payable at Chennai in favour of the bankers to the Issue, crossed account payee only and marked "The Waterbase Limited – Rights Issue" directly to the Registrar to the Issue by registered post so as to reach them on or before the Issue Closing date. The Company or the Registrar to the Issue will not be responsible for postal delays or loss of applications in transit, if any.

Mode of payment for Non- Resident Eligible Equity Shareholders / Investors

As regards the application by Non-Resident Eligible Equity Shareholders / Investors, the following conditions shall apply:

- Individual Non-resident Indian applicants can obtain application form at the following address:

DATA SOFTWARE RESEARCH COMPANY LIMITED

19, Pycrofts Garden Road, Off. Haddows Road

Nungambakkam,

Chennai 600 006.

Phone: 044 – 28212154, 28212207.

Fax: 044 - 28212133

SEBI Regn. No.: INR 00000403

E-Mail: thewaterbase@dsrc-cid.in

Contact Person: S Chandrasekaran, Manager

- Payment by Non-residents must be made by demand draft payable at Mumbai / cheque payable drawn on a bank account maintained at Mumbai or funds remitted or funds remitted from abroad in any of the following ways:

Application with repatriation benefits

Payment by NRIs/ FIIs/ foreign investors must be made by demand draft / cheque payable at Chennai or funds remitted from abroad in any of the following ways:

- By Indian Rupee drafts purchased from abroad and payable at Mumbai or funds remitted from abroad (submitted along with Foreign Inward Remittance Certificate); or
- By cheque / demand draft on a Non-Resident External Account (NRE) or FCNR Account maintained in Chennai; or
- By Rupee draft purchased by debit to NRE / FCNR Account maintained elsewhere in India and payable in Chennai; or
- FIIs registered with SEBI must remit funds from special Non-Resident rupee deposit account;
- All cheques / demand drafts submitted by Non-Residents applying on repatriable basis should be drawn in favour of “The Waterbase Limited – Rights Issue – NR” payable at Chennai and crossed “A/c Payee only” for the amount payable.

A separate cheque or bank draft must accompany each application form. Investors may note that where payment is made by drafts purchased from NRE/ FCNR accounts as the case may be, an Account Debit Certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/ FCNR account should be enclosed with the CAF. In the absence of the above the application shall be considered incomplete and is liable to be rejected.

In the case of non-residents who remit their application money from funds held in FCNR / NRE Accounts, refunds and other disbursements, if any shall be credited to such accounts details of which should be furnished in the appropriate columns in the CAF. In the case of NRIs who remit their application money through Indian Rupee Drafts from abroad, refunds and other disbursements, if any will be made in US Dollars at the rate of exchange prevailing at such time subject to the permission of RBI. The Company will not be liable for any loss on account of exchange rate fluctuation for converting the Rupee amount into US Dollars or for collection charges charged by the Investor’s Bankers.

Application without repatriation benefits

As far as Non-Residents holding shares on non-repatriation basis is concerned, in addition to the modes specified above, payment may also be made by way of cheque drawn on Non-Resident (Ordinary) Account maintained in Chennai or Rupee Draft purchased out of NRO Account maintained elsewhere in India but payable in Chennai. In such cases, the allotment of Rights Equity Shares will be on non-repatriation basis.

All cheques / demand drafts submitted by non-residents applying on non-repatriation basis should be drawn in favour of “The Waterbase Limited – Rights Issue” payable at Chennai and must be crossed ‘A/c Payee Only’ for the amount payable. The CAF duly completed together with the amount payable on application must be deposited with the Collecting bank indicated on the reverse of the CAF before the close of banking hours on or before the Issue Closing date. A separate cheque or bank draft must accompany each CAF.

If the payment is made by a draft purchased from an NRO account, an Account Debit Certificate from the bank issuing the draft, confirming that the draft has been issued by debiting the NRO account, should be enclosed with the CAF. In the absence of the above, the application shall be considered incomplete and is liable to be rejected.

New demat accounts shall be opened for Eligible Equity Shareholders who have had a change in status from Resident Indian to NRI.

“Non-resident Indian Applicants may please note that only such application as are accompanied by payment in free foreign exchange shall be considered for allotment. The non-resident Indians

who intend to make payment through Non- Resident Ordinary (NRO) accounts shall mention the details of the Bank Account from their payment is being made”.

Note:

- In cases where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Rights Equity Shares can be remitted outside India, subject to tax, as applicable according to Income Tax Act, 1961.
- In case Rights Equity Shares are allotted on non-repatriation basis, the dividend and sale proceeds of the Equity Shares cannot be remitted outside India.
- The CAF duly completed together with the amount payable on application must be deposited with the Collecting bank indicated on the reverse of the CAF before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF.
- In case of an application received from non-residents, allotment, refunds and other distribution, if any, will be made in accordance with the guidelines / rules prescribed by RBI as applicable at the time of making such allotment, remittance and subject to necessary approvals.

The Company is not responsible for any postal delay / loss in transit on this account and applications received through mail after closure of the Issue are liable to be rejected. Applications through mail should not be sent in any other manner except as mentioned above. The CAF along with the application money must not be sent to the Company or the Lead manager or the Registrar except stated otherwise. The Investors are requested to strictly adhere to these instructions.

Renounees who are NRIs / FIIs / Non Residents should submit their respective applications either by hand delivery or by registered post with acknowledgement due to the Registrar to the Issue only at the below mentioned address along with the cheque / demand draft payable at Chennai so that the same are received on or before the closure of the Issue.

Investment by NRIs

Investment by NRIs are governed by the Portfolio Investment Scheme under Regulation 5(3)(i) of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000.

Investment by FIIs

In accordance with the current regulations, the following restrictions are applicable for investment by FIIs:

The issue of Rights Equity Shares under this Issue to a single FII should not exceed 10% of the Post Issue Paid- Up Capital of the Company. In respect of an FII investing in the Rights Equity Shares on behalf of its subaccounts, the investment on behalf of each sub-account shall not exceed 10% of the total Paid-Up Capital of the Company or 5% of the total issued capital in case such sub-account is a foreign corporate or an individual. In accordance with foreign investment limits applicable to the Company, the total FII investment cannot exceed 24% of the total Paid-Up Capital of the Company. With the approval of the Board of Directors and the shareholders by way of a special resolution, the aggregate FII holding can go up to 10%. As of date, the FII investment in the Company is limited to 0.01% of the total Paid-Up Capital of the Company.

Procedure for Applications by Stock-Invest

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the Stock-invest Scheme has been withdrawn. Hence, payment through Stock-invest would not be accepted in this Issue.

Procedure for Applications by Mutual Funds

A separate application can be made in respect of each scheme of an Indian Mutual Fund registered with the SEBI and such applications shall not be treated as multiple applications. The applications made by asset management companies or custodians of a mutual fund should clearly indicate the name of the concerned scheme for which the application is being made.

Disposal of Application and Application Money

No acknowledgement will be issued for the application moneys received by the Company. However, the Bankers to the Issue / Registrar to the Issue receiving the CAF will acknowledge its receipt by stamping and returning the acknowledgement slip at the bottom of each CAF.

The Board of Directors reserves its full, unqualified and absolute right to accept or reject any application, in whole or in part, and in either case without assigning any reason thereto.

In case an application is rejected in full, the whole of the application money received will be refunded. Wherever an application is rejected in part, the balance of application money, if any, after adjusting any money due on the Rights Equity Shares allotted, will be refunded to the Investor within 15 days from the closure of the Issue.

For further instructions, please read the CAF carefully.

Procedure for Application through the ASBA (“ASBA Process”)

This section is for the information of Equity Shareholders proposing to subscribe to the Issue through the ASBA Process. The Company and the Lead Manager are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Letter of Offer. Equity Shareholders who are eligible to apply under the ASBA Process are advised to make their independent investigations and ensure that the number of Equity Shares applied for by such Equity Shareholders do not exceed the applicable limits under laws or regulations. Equity Shareholders applying under the ASBA Process are also advised to ensure that the CAF is correctly filled up, stating therein the bank account number maintained with the SCSB in which an amount equivalent to the amount payable on application as stated in the CAF will be blocked by the SCSB.

The list of banks who have been notified by SEBI to act as SCSB for the ASBA Process are provided on <http://www.sebi.gov.in/pmd/scsb.pdf>. For details on designated branches of SCSB collecting the CAF, please refer the above mentioned SEBI link.

Please note that pursuant to the SEBI circular dated April 29, 2011, all applicants who are non-retail investors, i.e. QIBs or are applying in this Issue for Equity Shares for an amount exceeding Rs. 200,000, shall mandatorily make use of ASBA facility.

Non-retail investors having bank account with SCSBs that are providing ASBA in cities/ centers where nonretail investors are located are mandatorily required to make use of ASBA facility. Otherwise, applications of such non-retail investors are liable for rejection.

EQUITY SHAREHOLDERS WHO ARE ELIGIBLE TO APPLY UNDER THE ASBA PROCESS

Please note that pursuant to the SEBI circular dated April 29, 2011, all applicants who are non-retail investors, i.e. QIBs or are applying in this Issue for Equity Shares for an amount exceeding Rs. 200,000, shall mandatorily make use of ASBA facility.

Non-retail investors having bank account with SCSBs that are providing ASBA in cities/ centers where non-retail investors are located are mandatorily required to make use of ASBA facility. Otherwise, applications of such non-retail investors are liable for rejection.

The option of applying for Equity Shares in the Issue through the ASBA Process is available to Equity Shareholders of the Company on the start of the Book Closure Period and renounees can also participate in the Issue.

CAF

The Registrar will dispatch the CAF to all Equity Shareholders as per their entitlement on the start of the Book Closure Period for the Issue. Those Equity Shareholders who wish to apply through the ASBA payment mechanism will have to select for this mechanism in Part A of the CAF and provide necessary details. Equity Shareholders desiring to use the ASBA Process are required to submit their applications by selecting the ASBA Option in Part A of the CAF only. Application in electronic mode will only be available with such SCSB who provides such facility. The Equity Shareholder shall submit the CAF to the SCSB for authorizing such SCSB to block an amount equivalent to the amount payable on the application in the said bank account maintained with the same SCSB.

APPLICATION ON PLAIN PAPER

An Equity Shareholder who has neither received the original CAF nor is in a position to obtain a duplicate CAF and wanting to apply under ASBA process may make an application to subscribe for the Issue on plain paper.

The application on plain paper, duly signed by the applicants including joint holders, in the same order as per specimen recorded with the Company, must be submitted at a designated branch of a SCSB on or before the Issue Closing Date and should contain the following particulars;

- Name of the issuer, being The Waterbase Limited;
- Name and address of the Equity Shareholder, including any joint holders;
- Registered folio number/DP ID number and client ID number;
- Number of Equity Shares held as on the Record Date;
- Rights Entitlement;
- Number of Equity Shares applied for;
- Number of additional Equity Shares applied for, if any;
- Total number of Equity Shares applied for;
- Savings/Current Account Number along with name and address of the SCSB and Branch from which the money will be blocked;
- The permanent account number (PAN) of the Equity Shareholder and where relevant, for each joint holder, except in respect of Central and State Government officials and officials appointed by the court (e.g., official liquidators and court receivers) who, in terms of a SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, subject to submitting sufficient documentary evidence in support of their claim for exemption, provided that such transactions are undertaken on behalf of the Central and State Government and not in their personal capacity;
- A representation that the Equity Shareholder is not a “U.S. Person” (as defined in Regulations under the Securities Act);
- Signature of the Equity Shareholders to appear in the same sequence and order as they appear in the records of the Company;
- In case of Non Resident Shareholders,
 - NRE/FCNR/NRO A/c no. :
 - Name and address of the SCSB and Branch

In the application, the ASBA Investor shall, inter alia, give the following confirmations/declarations:

- That he/she is an ASBA Investor as per the SEBI Guidelines and
- That he/she has authorized the SCSBs to do all acts as are necessary to make an application in the Issue, upload his/her application data, block or unblock the funds in the ASBA Account and transfer the funds from the ASBA Account to the separate account maintained by the

Company for Rights Issue after finalization of the basis of Allotment entitling the ASBA Investor to receive Equity Shares in the Issue etc

Acceptance of the Issue

You may accept the Issue and apply for the Equity Shares offered, either in full or in part, by filling Part A of the respective CAFs sent by the Registrar, selecting the ASBA process option in Part A of the CAF and submit the same to the SCSB before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board of Directors of the Company in this regard.

Mode of Payment

Non-retail investors having bank account with SCSBs that are providing ASBA in cities/ centers where nonretail investors are located, are mandatorily required to make use of ASBA facility. Otherwise, applications of such non-retail investors are liable for rejection.

The Equity Shareholder applying under the ASBA Process agrees to block the Application Money for the Equity Shares applied for (including for additional Equity Shares, if any) with the submission of the CAF, by authorizing the SCSB to block such amount in the ASBA Account.

After verifying that sufficient funds are available in the ASBA Account provided in the CAF, the SCSB shall block an amount equivalent to the Application Money for the Equity Shares applied for until it receives instructions from the Registrar of the Issue. Upon receipt of intimation from the Registrar, the SCSBs shall transfer the Application Money in relation to the Equity Shares which will be allotted to the ASBA Investor. Such amount will be transferred into the separate bank account maintained by the Company. The balance amount remaining after the finalisation of the basis of allotment shall be either unblocked by the SCSBs or refunded to the investors by the Registrar on the basis of the instructions issued in this regard by the Registrar to the Issue and the Lead Manager to the respective SCSB.

The Equity Shareholders applying under the ASBA Process would have agreed to permit blocking of the Application Money for the Equity Shares applied for at the time of the submission of the CAF. The SCSB may reject the application at the time of acceptance of CAF if the ASBA Account provided in the CAF does not have sufficient funds equivalent to the Application Money for the Equity Shares applied for. Subsequent to the acceptance of the application by the SCSB, the Company would have a right to reject the application only on technical grounds.

Options available to the Equity Shareholders applying under the ASBA Process

The summary of options available to the ASBA Investors is presented below. An ASBA Investor may exercise any of the following options with regard to the Equity Shares offered, using the respective CAFs received from Registrar:

Sl. No.	OPTION AVAILABLE	OPTION REQUIRED
1.	Accept whole or part of your entitlement without renouncing the balance.	Fill in and sign PART A of the CAF (<i>All joint holders must sign</i>)
2.	Accept your entitlement in full and apply for additional Equity shares	Fill in and sign Part A of the CAF including Block III relating to the acceptance of entitlement and Block IV relating to additional Equity Shares (<i>All joint holders must sign</i>).
3.	Renounce your Rights Entitlement in full to one person (Joint Renounees are considered as one)	Fill in and sign Part B (<i>all joint holders must sign</i>) indicating the

		number of Equity Shares renounced and hand it over to the Renouncee. The Renouncee must fill in and sign Part C (<i>All joint Renouncees must sign</i>).
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An ASBA Investor will need to select the ASBA option process in the CAF and provide required necessary details. However, in cases where this option is not selected, but the CAF is tendered to the SCSB with the relevant details required under the ASBA process option and SCSB blocks the requisite amount, then that CAF would be treated as if the Equity Shareholder has selected to apply through the ASBA process option.

Additional Equity Shares

You are eligible to apply for additional Equity Shares over and above the number of Equity Shares (as the case may be) that you are entitled to, provided that (i) you have applied for all the Equity offered without renouncing them in whole or in part in favour of any other person(s). Applications for additional Equity Shares shall be considered and allotment shall be made at the sole discretion of the Board of Directors, in consultation with the Designated Stock Exchange and in the manner prescribed under “Basis of Allotment” on page [207] of this Letter of Offer.

If you desire to apply for additional Equity Shares, please indicate your requirement in the place provided for additional Securities in Part A of the CAF. The Renouncee applying for all the Equity Shares renounced in their favour may also apply for additional Equity Shares.

Renunciation under the ASBA Process

Renouncees can participate in the ASBA Process.

Last Date of Application

The last date for submission of the duly filled in CAF is [****]. The Issue will be kept open for a minimum of 15 days and the Board of Directors or any committee thereof will have the right to extend the said date for such period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date.

If the CAF together with the amount payable is not received by the Banker to the Issue/Registrar to the Issue or if the CAF is not received by the SCSB on or before the close of banking hours on the aforesaid last date or such date as may be extended by the Board of Directors /Committee of Directors, as the case may be, the offer contained in this Letter of Offer shall be deemed to have been declined and the Board of Directors/Committee of Directors, as the case may be, shall be at liberty to dispose off the Equity Shares hereby offered, as provided under “Basis of Allotment”.

Option to receive Securities in Dematerialized Form

EQUITY SHAREHOLDERS UNDER THE ASBA PROCESS MAY PLEASE NOTE THAT THE EQUITY SHARES UNDER THE ASBA PROCESS CAN ONLY BE ALLOTTED IN DEMATERIALISED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE EQUITY SHARES ARE BEING HELD ON RECORD DATE.

Issuance of Intimation Letter

Upon approval of the basis of Allotment by the Designated Stock Exchange, the Registrar to the Issue shall send the Controlling Branches, a list of the ASBA Investors who have been allocated Equity Shares in the Issue, along with:

- The number of Equity Shares to be allotted against each successful ASBA;
- The amount to be transferred from the ASBA Account to the separate account opened by the Company for Rights Issue, for each successful ASBA;
- The date by which the funds referred to in para above, shall be transferred to separate account opened by the Company for Rights Issue; and
- The details of rejected ASBAs, if any, along with reasons for rejection to enable SCSBs to unblock the respective ASBA Accounts.

GENERAL INSTRUCTIONS FOR EQUITY SHAREHOLDERS APPLYING UNDER ASBA PROCESS

- a) Please read the instructions printed on the respective CAF carefully.
- b) Application should be made on the printed CAF only and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of this Letter of Offer are liable to be rejected. The CAF must be filled in English.
- c) The CAF in the ASBA Process should be submitted at a Designated Branch of the SCSB and whose bank account details are provided in the CAF and not to the Bankers to the Issue/Collecting Banks (assuming that such Collecting Bank is not a SCSB), to the Company or Registrar or Lead Manager to the Issue.
- d) All applicants, and in the case of application in joint names, each of the joint applicants, should mention his/her PAN number allotted under the Income-Tax Act, 1961, irrespective of the amount of the application. **CAFs without PAN will be considered incomplete and are liable to be rejected.**
- e) All payments will be made by blocking the Application Money for the Equity Shares applied for in the ASBA Account. Cash payment is not acceptable. In case payment is affected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.
- f) Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Equity Shareholders must sign the CAF as per the specimen signature recorded with the Company/or Depositories.
- g) In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with the Company. In case of joint applicants, reference, if any, will be made in the first applicant's name and all communication will be addressed to the first applicant.
- h) All communication in connection with application for the Securities, including any change in address of the Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of allotment in this Issue quoting the name of the first/sole applicant Equity Shareholder, folio numbers and CAF number.

DOs

- a) Ensure that the ASBA Process option is selected in part A of the CAF and necessary details are filled in.
- b) Ensure that you submit your application in physical mode only. Electronic mode is only available with certain SCSBs and not all SCSBs and you should ensure that your SCSB offers such facility to you.
- c) Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as Equity Shares will be allotted in the dematerialized form only.
- d) Ensure that the CAFs are submitted at the SCSBs whose details of bank account have been provided in the CAF.
- e) Ensure that you have mentioned the correct bank account number in the CAF.
- f) Ensure that there are sufficient funds (equal to {number of Equity Shares applied for} X {Issue Price}) available in the ASBA Account mentioned in the CAF before submitting the CAF.
- g) Ensure that you have authorised the SCSB for blocking the Application Money for the Equity Shares applied for, in the ASBA Account, of which details are provided in the CAF and have signed the same.
- h) Ensure that you receive an acknowledgement from the SCSB for your submission of the CAF in physical form.
- i) Each applicant should mention their Permanent Account Number (“PAN”) allotted under the I.T Act.
- j) Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF.
- k) Ensure that the Demographic Details are updated, true and correct, in all respects.

DONTs

- a) Do not apply on duplicate CAF after you have submitted a CAF to a Designated Branch of the SCSB.
- b) Do not pay the Application Money for the Equity Shares applied for in cash, by money order or by postal order.
- c) Do not send CAF to the Lead Manager to Issue / Registrar / Collecting Banks (assuming that such Collecting Bank is not a SCSB) / to a branch of the SCSB which is not a Designated Branch of the SCSB / Company; instead submit the same to a Designated Branch of the SCSB only.
- d) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.
- e) Do not instruct your respective banks to release the funds blocked under the ASBA Process.

Grounds for Technical Rejection under the ASBA Process

In addition to the grounds listed under “Grounds for Technical Rejection” on page [212] of this Letter of Offer, applications under the ABSA Process are liable to be rejected on the following grounds:

- a) Application on split form.
- b) Application for entitlements or additional shares in physical form.
- c) Equity Shareholders applying under ASBA Process for additional Equity Shares in CAF of ‘A’ Equity Shares and vice versa.
- d) DP ID and Client ID mentioned in CAF not matching with the DP ID and Client ID records available with the Registrar.

- e) Sending CAF to a Lead Manager /Registrar / Collecting Bank (assuming that such Collecting Bank is not a SCSB) / to a branch of a SCSB which is not a Designated Branch of the SCSB / Company.
- f) The application form does not bear the stamp of the syndicate member / SCSBs.
- g) Insufficient funds are available with the SCSB for blocking the Application Money for the Equity Shares applied for.
- h) Funds in the ASBA Account having been frozen pursuant to regulatory orders.
- i) Account holder not signing the CAF or declaration mentioned therein.
- j) Non-retail investors having bank account with SCSBs that are providing ASBA in cities/ centers where non-retail investors are located, if applications are made by such non-retail investors otherwise than ASBA, the same are liable for rejection.

Communications

All future communication in connection with ASBA applications made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First ASBA Investor, CAF number, details of Depository Participant, number of Equity Shares applied for, date of CAF, name and address of the Designated Branch where the application was submitted and bank account number of the ASBA Account, with a copy to the relevant SCSB. The Registrar to the Issue shall obtain the required information from the SCSBs for addressing any clarifications or grievances. The SCSB shall be responsible for any damage or liability resulting from any errors, fraud or willful negligence on the part of any employee of the concerned SCSB, including its Designated Branches and the branches where the ASBA Accounts are held.

ASBA Investors can contact the Compliance Officer, the Designated Branch where the application was submitted, or the Registrar to the Issue in case of any pre or post-Issue related problems such as non-receipt of credit of Allotted Equity Shares in the respective beneficiary accounts, blocking of excess Amount, etc.

Disposal of Investor Grievances

All grievances relating to the ASBA may be addressed to the Registrar to the Issue, with a copy to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, Amount blocked on application, bank account number of the ASBA Account number and the Designated Branch or the collection centre of the SCSB where the CAF was submitted by the ASBA Investors.

In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Equity Shareholders (including the order of names of joint holders), the DP ID and the beneficiary account number, then such applications are liable to be rejected.

Depository Account and Bank Details for ASBA Investors

IT IS MANDATORY FOR ALL THE ASBA INVESTORS TO RECEIVE THEIR EQUITY SHARES IN DEMATERIALIZED FORM. ALL ASBA INVESTORS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE CAF. THE ASBA INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE CAF IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE CAF IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE CAF.

The ASBA Investors should note that on the basis of name of these Equity Shareholders, Depository Participant's name and identification number and beneficiary account number provided by them in the CAF, the Registrar to the Issue will obtain from the Depository demographic details of these Equity Shareholders such as address, bank account details for

printing on refund orders and occupation (“Demographic Details”). Hence, ASBA Investors should carefully fill in their Depository Account details in the CAF.

These Demographic Details would be used for all correspondence with such Equity Shareholders including mailing of the letters intimating unblock of bank account of the respective Equity Shareholder. The Demographic Details given by Equity Shareholders in the CAF would not be used for any other purposes by the Registrar. Hence, Equity Shareholders are advised to update their Demographic Details as provided to their Depository Participants. By signing the CAFs, the Equity Shareholders applying under the ASBA Process would be deemed to have authorized the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Letters intimating allotment and unblocking or refund (if any) would be mailed at the address of the ASBA Investor as per the Demographic Details received from the Depositories. Refunds, if any, will be made directly to the bank account in the SCSB and which details are provided in the CAF and not the bank account linked to the DP ID. ASBA Investors may note that delivery of letters intimating unblocking of bank account may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Equity Shareholder in the CAF would be used only to ensure dispatch of letters intimating unblocking of bank account.

Note that any such delay shall be at the sole risk of the ASBA Investor and none of the Company, the SCSBs or the Lead Manager shall be liable to compensate the ASBA Investor for any losses caused to such Equity Shareholder due to any such delay or liable to pay any interest for such delay. In case no corresponding record is available with the Depositories that match three parameters, namely, names of the Equity Shareholders (including the order of names of joint holders), the DP ID and the beneficiary account number, then such applications are liable to be rejected.

Utilization of Issue Proceeds

The Board of Directors declares that:

- a) All monies received out of this Issue shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
- b) Details of all monies utilized out of the Issue shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the purpose for which such monies have been utilized; and
- c) Details of all unutilized monies out of the Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the form in which such unutilized monies have been invested.
- d) The Company may utilize the funds collected in the Issue only after the basis of allotment is finalized.

IMPORTANT

Please read the Letter of Offer carefully before taking any action. The instructions contained in the accompanying CAF are an integral part of the conditions of the Letter of Offer and must be carefully followed; otherwise the application is liable to be rejected.

All enquiries in connection with the Letter of Offer or accompanying CAF and requests for Split Application Forms must be addressed (quoting the Registered Folio Number/DP and Client ID number, the CAF number and the name of the first Eligible Equity Shareholder as mentioned on the CAF and Super-scribed ‘**The Waterbase Limited-Rights Issue**’ on the envelope and postmarked in India) to the Registrar to the Issue at the following address:

DATA SOFTWARE RESEARCH COMPANY LIMITED
19,Pycrofts Garden Road, Off Haddows Rd
Nungambakkam , CHENNAI 600 006
Telephone : 044 28212154, 28212207,Fax : 044 28212133
Email: thewaterbase@dsrc-cid.in
SEBI Regn. No. INR000000403
Contact Person: S. Chandrasekaran, Manager

It is to be specifically noted that this Issue of Rights Equity Shares is subject to the risks set out in the Section titled "Risk Factors" on page [11] of this Letter of Offer.

The Issue will remain open for a minimum 15 days. However, the Board of Directors will have the right to extend the Issue period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date.

SECTION XII

OTHER INFORMATION MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by us or entered into more than two years before the date of this Letter of Offer) which are or may be deemed material have been entered or are to be entered into by us. These contracts and also the documents for inspection referred to hereunder, may be inspected at the registered office of the Company situated at ANANTHAPURAM VILLAGE, T P GUDUR MANDAL, NELLORE 524 344 ANDHRA PRADESH, INDIA from 11 a.m. to 3 p.m. from the date of this Letter of Offer until the date of closure of the Subscription List.

A. Material Contracts

1. Memorandum of Understanding entered into between the Issuer Company and Indbank Merchant Banking Services Limited dated 15th January 2012.
2. Copy of Memorandum of Understanding dated 15th January 2012 between the Issuer Company and Data Software Research Company Limited, the Registrars to the Issue.
3. Tripartite Agreement entered between the Company, CDSL and Data Software Research Company Limited, the Registrars to the Issue dated 10.05.2004.
4. Tripartite Agreement entered between the Company, NSDL and Data Software Research Company Limited, the Registrars to the Issue dated 20.09.2000.

B. Material Documents for Inspection

1. Memorandum and Articles of Association of the Company
2. Copy of Certificate of Incorporation dated 11.02.1992
3. Copy of Resolution passed by the Board of Directors of the at their meeting held on July 22, 2011 authorizing the proposed issue
4. Copy of the Resolution passed by the Members at the Extra Ordinary General Meeting of the Company held on 2.9.2011 authorizing the proposed issue
5. Copy of Consents from Directors, Auditors, Bankers to the Company, Bankers to the Issue, Lead Manager to the Issue, Registrar to the Issue, Legal Advisor to the Issue and Compliance Officer to include their names in the Letter of Offer to act in their respective capacities.
6. Copy of Letter from the Auditors M/s. Mitra Kundu and Basu, Chartered Accountants dated 01.03.2012 confirming Tax Benefits as mentioned in this Letter of Offer
7. Annual Reports of the Company for the last 5 financial years
8. The Audit Reports of the Issue Company by the Statutory Auditors M/s. Mitra Kundu and Basu, Chartered Accountants as set out herein dated 05.02.2012 in relation to the financial information.
9. Copy of contracts of appointment of contact approving or fixing the remuneration of the Manager
10. Copy of the prospectus of Initial Public Offer made in 1995 and 1992
11. Copy of the Sanctioned letters from the Banks towards loans
12. Copy of the Undertaking dated 24.02.2012, for the subscription to the rights entitlement and unsubscribed portion received from the Promoters.
13. Copy of the In-Principle approval received from the BSE dated ***
14. Copy of the Due-Diligence Certificate dated 30.05.2012 submitted to SEBI by the Lead Manager
15. Copy of the SEBI Observation Letter **** dated *****

DECLARATION

We hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 1956 and the rules made there under. We further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, the Government or any other competent authority in this behalf have been duly complied with.

We further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY ALL THE BOARD OF DIRECTORS, CHIEF EXECUTIVE AND COMPANY SECRETARY OF THE WATERBASE LIMITED

Mr. Vikram Thapar, Chairman	Sd/-
Mr. Anil Kumar Bhandari, Director	Sd/-
Ms. Jyoti Thapar, Director	Sd/-
Mr. Adarsh Saran, Director	Sd/-
Lt. Gen. Deepak Summanwar (Retd.), Director	Sd/-
Mr. Nakul Kamani, Director	Sd/-
Ms. Ayesha Thapar, Director	Sd/-
Mr. Ranjit Mehta, Director	Sd/-
Mr. Ashok Nanjapa, Chief Executive Officer	Sd/-
Ms. Suguna Krishnamurthy, Company Secretary	Sd/-
Mr. S Giridhari, Financial Controller	Sd/-

Place:

Date: