



STEWARTS AND LLOYDS OF INDIA LIMITED

(Our company was incorporated as a Private Limited Company on August 18, 1937 under the Indian Companies Act, 1913 as Stewarts and Lloyds of India Private Limited. Our Company was converted into a public limited company and a fresh certificate of incorporation was issued by the Registrar of Companies, West Bengal on June 15, 1965 under the name and style of Stewarts and Lloyds of India Limited. The Corporate Identification Number of the Company is L28999WB1937PLC009099. For details of change in name of our Company, please refer to the section titled "History and Other Corporate Information" beginning on Page 88 of this Draft Letter of Offer.

Registered Office: 41, Chowringhee Road, Kolkata – 700 071
 Tel: +91 33 2288 8194 Fax: +91 33 2288 8236 E-mail: slical@slofindia.com
 Contact Person: Mr. Kalyan Dasgupta, Financial Controller and Compliance Officer

PROMOTER OF THE COMPANY: IOT Infrastructure & Energy Services Limited

DRAFT LETTER OF OFFER

ISSUE OF [●] EQUITY SHARES WITH A FACE VALUE OF RS.10 EACH AT A PREMIUM OF RS. [●] PER EQUITY SHARE FOR AN AMOUNT AGGREGATING UPTO RS. 30 CRORE ON A RIGHTS BASIS TO THE EXISTING EQUITY SHAREHOLDERS OF THE COMPANY IN THE RATIO OF [●] EQUITY SHARE FOR EVERY ONE FULLY PAID-UP EQUITY SHARE HELD BY THE EXISTING EQUITY SHAREHOLDERS ON THE RECORD DATE, THAT IS ON [●]. FOR EVERY EQUITY SHARE ALLOTTED ON A RIGHTS BASIS, ONE DETACHABLE WARRANT WILL BE ISSUED AND ALLOTTED. THE TOTAL AMOUNT RAISED BY THE COMPANY THROUGH THE ISSUE OF EQUITY SHARES IN THE ISSUE AND UPON EXERCISE OF DETACHABLE WARRANTS SHALL NOT EXCEED RS. 60 CRORE. THE ISSUE PRICE IS [●] TIMES THE FACE VALUE OF THE EQUITY SHARES. FOR FURTHER DETAILS, SEE THE SECTION TITLED "TERMS OF THE ISSUE" BEGINNING ON PAGE 245 OF THIS LETTER OF OFFER.

GENERAL RISKS



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

OUR COMPANY'S ABSOLUTE RESPONSIBILITY

The Issuer, 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 this Issue, that the information contained in this Draft Letter of Offer is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Letter of Offer as a whole or any such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The Equity Shares of the Company are listed on Bombay Stock Exchange Limited and the Calcutta Stock Exchange Limited. The Company has received in-principle approval from BSE, which is the Designated Stock Exchange, vide its letter dated [●], granting in-principle approval for listing the Equity Shares and Detachable Warrants.

LEAD MANAGER TO THE ISSUE	REGISTRAR TO THE ISSUE
 <p>MAPE Advisory Group Private Limited SEBI Regn. No.: INM 000011294 13/14, Nirlon House Dr. Annie Besant Road, Worli Mumbai – 400 030 Tel: +91 22 6154 4500 Fax: +91 22 6154 4540 Email: abhishek.gupta@mapegroup.com Website: www.mapegroup.com Contact Person: Abhishek Gupta</p>	 <p>C B Management Service Private Limited SEBI Regn. No.: INR000003324 P-22 Bondel Road Kolkata 700019 Tel: +91 33 4011 6700 Fax: +91 33 2287 0263 Email: rta@Cbmsl.com Website: www.cbmsl.com Contact Person: P Basu / S Ghosh</p>

ISSUE PROGRAMME

ISSUE OPENS ON	LAST DATE FOR RECEIVING REQUEST OF SPLIT APPLICATION FORMS	ISSUE CLOSURES ON
[●]	[●]	[●]

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SECTION I – DEFINITIONS AND ABBREVIATIONS

DEFINITIONS AND ABBREVIATIONS

DEFINITIONS

Term	Description
“The Issuer” or “The Company” or “Stewarts and Lloyds of India Limited” or “S&L” or “We” or “us” or “Our” or “Our Company	Unless otherwise specified these references mean Stewarts and Lloyds of India Limited, a public limited company incorporated under the Companies Act, 1956 having its registered office at 41, Chowringhee Road, Kolkata – 700071.

Issuer related terms

Terms	Description
Articles / Articles of Association	Articles of Association of the Company, as amended
Statutory Auditors to the Company / Statutory Auditors	The Statutory Auditors of the Company, M/s. Ray & Ray, Chartered Accountants
Board/Board of Directors	Board of Directors of the Company
Directors	Directors of the Company
Key Management Personnel	Those individuals described in the section “Management” on page no. 95 of this Draft Letter of Offer
Memorandum / Memorandum of Association	Memorandum of Association of the Company, as amended
Promoter/IOT	IOT Infrastructure & Energy Services Limited
Registered Office / Head Office of the Company	41, Chowringhee Road, Kolkata – 700 071

General Terms / Issue Related Terms

Term	Definition
Companies Act	The Companies Act, 1956 and amendments thereto from time to time
Abridged Letter of Offer	The abridged letter of offer to be sent to the Equity Shareholders as on the Record Date with respect to this Issue in accordance with SEBI (ICDR) Regulations
AS/Accounting Standards	Accounting Standards issued by the Institute of Chartered Accountants of India
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 intends to apply through ASBA Process and holds the shares of the Company in dematerialized form as on the Record Date and has applied for entitlements and / or additional shares in dematerialised form; has not renounced his / her entitlements in full or in part; is not a Renouncee, and is applying through a bank account maintained with SCSBs.
Articles/AOA	Articles of Association of the Company, as amended from time to time
Bankers to the Company / Lenders	State Bank of India, Axis Bank Limited, Bank of Baroda, HDFC Bank Limited
Banker(s) to the Issue	HDFC Bank Limited
Board or Board of Directors	Board of Directors of the Company
Collection Centres	Locations where Investors may submit their application forms, the list of which is mentioned in the CAF
Consolidated Certificate	In case of physical certificate, the Company would issue one certificate for the Equity Shares allotted in one folio
Designated Branches	Such branches of the SCSBs which shall collect CAF from ASBA Investor and a list of which is available on http://www.sebi.gov.in/pmd/scsb.pdf
Designated Stock Exchange	Bombay Stock Exchange Limited
Draft Letter of Offer/DLoF	Draft Letter of Offer to the Equity Shareholders of the Company dated September 15, 2011
Equity Share(s)	Equity Shares of the Company of face value of Rs.10/- each, unless otherwise specified in the context thereof.
Equity Shareholder(s)	A holder of Equity Shares of the Company
Group Companies	Companies, firms, ventures, etc. promoted by IOTIES, the Promoter
Investor(s)	Equity Shareholder as on the Record Date, i.e. [●] and Renouncee(s)
Fiscal/FY	Financial Year Ending March 31 of that year
Indian GAAP	Generally Accepted Accounting Principles of India
ISIN	International Securities Identification Number
Issue / Rights Issue	Issue of [●] Equity Shares with a face value of Rs.10 each at a premium of Rs. [●] per Equity Share for an amount aggregating upto Rs. 30 Crore on a rights basis will be issued and allotted to the existing Equity Shareholders of the Company in the ratio of [●] Equity Share for each

	and every [●] fully paid-up Equity Share held by them on the record date, that is on [●]. For every Equity Share allotted on a rights basis, one Detachable Warrant will be issued and allotted. total amount raised by the Company through the issue of Equity Shares in the Issue and upon exercise of Detachable Warrants shall not exceed Rs. 60 Crore. The Issue Price is [●] times the face value of the Equity Shares.
Issue Account	Account opened with the Banker(s) to the Issue to receive monies from the Escrow Account for the issue on the designated date
Issue Opening Date	[●]
Issue Closing Date	[●]
Income Tax Act/IT Act	The Income Tax Act, 1961 and amendments thereto
Lead Manager/ Manager to the Offer	MAPE Advisory Group Private Limited
Letter of Offer/LOO	Letter of Offer circulated to the shareholders of the Company
Listing Agreement(s)	The listing agreements entered into between the Company and the Stock Exchanges
Memorandum	Memorandum of Association of the Company, as amended
Record Date	[●]
Refund through electronic transfer of funds	Refunds through ECS/NECS, Direct Credit, RTGS or NEFT, as applicable
Refund Banker	[●]
Registrar to the Issue or Registrar / Transfer Agent	C B Management Services Private Limited
Registrar of Companies / RoC	Registrar of Companies, West Bengal, located at Nizam Palace, 2nd MSO Building, 2nd Floor, 234/4, A.J.C.Bose Road, Kolkata - 700020
Renounees	The persons who have acquired Rights Entitlement from the existing Equity Shareholders
Rights Entitlement	The number of securities that a shareholder is entitled to in proportion to his / her shareholding in the Company as on the Record Date i.e. [●]
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.html
SEBI Act, 1992	The Securities and Exchange Board of India Act, 1992 and amendments thereto
SEBI DIP Guidelines / SEBI Guidelines	Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 issued by SEBI on January 19, 2000 and amendments thereto. The SEBI DIP Guidelines have been repealed and have been replaced by the SEBI (ICDR) Regulations
SEBI (ICDR) Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time.
SEBI (SAST)	Securities and Exchange Board of India (Substantial Acquisition of

Regulations / Takeover Code	Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto.
Securities	Equity Shares and Warrants offered in the Issue
Share Issue Committee	A sub-committee of the Board of Directors, constituted on May 04, 2011
Stock Exchange(s)	BSE and CSE, where the Equity Shares of the Company are listed
Warrants/ Detachable Warrants	The detachable warrants exercisable for Equity Shares offered along with the Equity Shares offered under this Issue in accordance with the terms and conditions specified in the section titled " <i>Terms of the Issue</i> " beginning on page 245 of this Draft Letter of Offer.

ABBREVIATIONS

Term	Definition
AGM	Annual General Meeting
Approx.	Approximately
AS	Accounting Standards, as issued by the Institute of Chartered Accountants of India
BPCL	Bharat Petroleum Corporation Limited
BSE	Bombay Stock Exchange Limited
CAF	Composite Application Form
CAGR	Compounded Annual Growth Rate
CEPS	Cash Earnings Per Share
CDSL	Central Depository Services (India) Limited
CIN	Corporate Identification Number
CMIE	Centre for Monitoring Indian Economy
CPCL	Chennai Petroleum Corporation Limited
DP	Depository Participant
ECS/NECS	Electronic Clearing Service / National Electronic Clearing Service
EGM	Extraordinary General Meeting
EPS	Earnings Per Share
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999, as amended
FII(s)	Foreign Institutional Investors registered with SEBI under applicable laws
FIPB	Foreign Investment Promotion Board, Ministry of Finance, Government of India
GAIL	GAIL (India) Limited
GOI/Gol	Government of India
Hindalco	Hindalco Industries Limited
HUF	Hindu Undivided Family
Indian Oil / IOCL	Indian Oil Corporation Limited
ICAI	The Institute of Chartered Accountants of India
LTCG	Long Term Capital Gains

MoU	Memorandum of Understanding
NR	Non Resident
NRI(s)	Non Resident Indian(s)
NRL	Numaligarh Refinery Limited
NSDL	National Securities Depository Limited
OCBs	Overseas Corporate Bodies
ONGC	Oil and Natural Gas Corporation Limited
PAN	Permanent Account Number allotted under the Income Tax Act, 1961
PAT	Profit After Tax
PBT	Profit Before Tax
RBI	Reserve Bank of India
RoC	Registrar of Companies
Re/Rs/Rupees/INR	Indian Rupees
SAF	Split Application Form
SEBI	Securities and Exchange Board of India
STCG	Short Term Capital Gains
TSL	Tata Steel Limited, earlier known as Tata Iron and Steel Company Limited

Notwithstanding the above:

- (i) In the section titled “Main Provisions of the Articles of Association of the Company, beginning on page 300 of this Draft Letter of Offer, defined terms shall have the meaning given to such terms in that section.
- (ii) In the section titled “Financial Information” beginning on Page 136 of this Draft Letter of Offer, defined terms shall have the meaning given to such terms in that section.
- (iii) In the paragraphs titled “Disclaimer Clause of Securities and Exchange Board of India” and “Disclaimer Clause of Bombay Stock Exchange Limited” in the section “Statutory and other information” on page 231 of this Draft Letter of Offer, defined terms shall have the meaning given to such terms in those paragraphs.

NO OFFER IN OTHER JURISDICTIONS

The rights entitlement and Equity Shares of the Company have not been and may not be offered or sold, directly or indirectly, and this Draft Letter of Offer may not be distributed in any jurisdiction outside India. 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, those circumstances, this Draft Letter of Offer must be treated as sent for information only and should not be copied or redistributed. No person receiving a copy of this Draft Letter of Offer in any territory other than in India may treat the same as constituting an invitation or offer to him, nor should he in any event use the CAF. The Company will not accept any CAF where the address as indicated by the applicant is not an Indian address. Accordingly, persons receiving a copy of this Draft Letter of Offer should not, in connection with the Issue of Equity Shares and Detachable Warrants (collectively called as “the Securities”) or the rights entitlements, distribute or send the same 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 securities or the rights entitlements referred to in this Draft Letter of Offer.

CERTAIN CONVENTIONS

Financial Data

Unless stated otherwise, the financial data in this Draft Letter of Offer is derived from the restated financial statements for the financial years ended March 31, 2011, 2010, 2009, 2008 and 2007, prepared in accordance with Indian GAAP and the Companies Act, and restated in accordance with SEBI (ICDR) Regulations, as stated in the Audit Report of the Statutory Auditors of the Company, M/s Ray & Ray, Chartered Accountants, beginning on page 136 of this Draft Letter of Offer.

The fiscal year for the Company commences on April 1 and ends on March 31 of a particular year. Unless stated otherwise, references herein to a fiscal year (e.g., fiscal 2008 or FY08), are to the fiscal year ended March 31 of that year.

In this Draft Letter of Offer, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding-off, and unless otherwise specified, all financial numbers in parenthesis represent negative figures. Unless stated otherwise, industry data used throughout this Draft Letter of Offer has been obtained from industry publications. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe that industry data used in this Draft Letter of Offer is reliable, it has not been independently verified.

Market Data

Market and industry data used throughout this Draft Letter of Offer has been obtained from publications (including websites) available in public domain and internal company reports. These publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe that the market data used in this Draft Letter of Offer is reliable, it has not been independently verified. Similarly, internal company reports, while believed to be reliable, have not been verified by any independent source.

Currency of Presentation

In the Draft Letter of Offer, unless the context otherwise requires, all references to the words “Lakh” or “Lac” or “Lacs” mean “100 thousand” and the word “million” or “millions” or “mn” means “10 lakhs” and the word “crore” or “cr” means “10 million” or “100 lakhs” and the word “billion” or “billions” or “bn” means “1,000 million” or “100 crore”.

Further, any discrepancies in any table between the total and the sum of the amounts are due to rounding-off.

All references to “India” contained in this Draft Letter of Offer are to the Republic of India. All references to “Rupees” or “Rs.” or “INR” are to Indian Rupees, the official currency of the Republic of India. All references to “USD”, “SGD”, “Omani Rial” and “Tenge” are to the official currencies of United States of America, Singapore, Oman and Kazakhstan respectively.

SECTION II – RISK FACTORS

FORWARD LOOKING STATEMENTS

We have included statements in this Draft Letter of Offer which contain words or phrases such as “will”, “may”, “aim”, “is likely to 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, that are “forward-looking statements”.

All forward looking statements are subject to risks, uncertainties and assumptions about us that may cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that may cause actual results to differ materially from expectations include but are not limited to:

- General economic and business conditions in the markets in which we operate and in the local, regional, national and international economies;
- Changes in laws and regulations relating to the sectors/areas in which we operate;
- Increased competition in the sectors/areas in which we operate;
- Ability to successfully implement growth strategy and expansion plans, and to successfully launch and implement various projects and business plans for which funds are being raised through this Issue;
- Ability to meet planned capital expenditure requirements;
- Fluctuations in operating costs;
- Ability to attract and retain qualified personnel;
- Changes in political and social conditions in India or in countries that we 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; and
- The performance of the financial markets in India and globally.

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

For a further discussion of factors that could cause actual results of the Company to differ, see the chapters titled “Risk Factors” “Business” and “Management’s Discussion and Analysis of Financial Condition And Results of Operations” beginning on pages ix, 56 and 168 of this Draft Letter of Offer respectively. By their nature, certain market risk disclosures are only estimates and may be materially different from what actually would occur in the future. As a result, actual future gains or losses may materially differ from those that have been estimated.

RISK FACTORS

An investment in the Equity Shares involves a degree of financial risk. You should carefully consider all of the information in this Draft Letter of Offer, including the risks and uncertainties described below, before making an investment in the Equity Shares. To obtain a complete understanding, you should read this section in conjunction with the sections “Business” beginning on page 56 of this Draft Letter of Offer and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on page 168 of this Draft Letter of Offer as well as the other financial and statistical information contained in this Draft Letter of Offer. Any of the following risks, as well as the other risks and uncertainties discussed in this Draft Letter of Offer, may have a material adverse effect on business, prospects, financial condition and results of operations, and may cause the trading price of the Equity Shares to decline and you may lose all or part of your investment. In addition, the risks set out in this Draft Letter of Offer may not be exhaustive and additional risks and uncertainties not presently known, or which we currently deem immaterial, may arise or become material in the future.

Unless otherwise stated in the relevant risk factors stated below, we are not in a position to specify or quantify the financial or other implications of any of the risks set forth herein.

INTERNAL RISK FACTORS

Risks Associated with business of the Company

1. The Company typically enters into contracts on a fixed rate basis for its business, which exposes it to various forms of risks with respect to the cost of contract execution

The contracts entered into by the Company for its business are typically provided on a fixed rate basis, which means we generally bear the risk that the cost of materials or cost of executing the project may exceed our estimates. A number of factors may cause our cost of project execution to exceed our estimates, including:

- limited availability of information made available to us at the time we tender for the contract;
- limited amount of time we may be given to prepare our bid;
- increase in the cost of raw material, such as steel;
- increase in the cost of equipment, such as pumps and boilers;
- increase in the cost of components, such as mandatory spares;
- increase in sub-contractor costs, labour costs and/or freight costs;
- increase in the cost of fuel, not only for transportation but also for electricity generation and material-handling;
- increases in the cost of our working capital necessary for completion of the project;
- adverse changes to the relevant legal, regulatory or tax regimes;
- inflation;
- our inexperience with a particular type of project, particularly as we seek to expand and diversify outside metal and hydrocarbon sectors;

- customer delays, such as delayed engineering inputs and approvals, that require us to commit additional resources to contract execution in accordance with the project timeline; and
- changes to the project plan or timetable that may increase our costs but for which we do not receive additional payment.

2. We typically enter into contracts for our business that require us to complete project execution within a specified timeframe, which exposes us to various forms of risks with respect to delays in contract execution

The contracts entered into by us for our business typically require us to complete the project within a specified timeframe, which means we generally bear the risk of delay. A number of factors may cause a delay in project execution, including:

- delays in receipt of work fronts and engineering inputs, work front approvals and decisions required from the customer;
- changes to project plans and process requirements;
- delays due to interface issues with the other contractors employed by the customer;
- delays in delivery of raw materials, components or equipment;
- delays in performance by the sub-contractors;
- delays due to environmental considerations;
- delays in receiving the necessary regulatory clearances, approvals and certifications or delay in renewal of the same;
- delays due to resettlement obligations;
- shortage of working capital necessary to finance execution of our construction projects;
- any accidents that may occur at our project sites in the future;
- delays in transportation of equipment and construction material;
- unavailability of skilled and unskilled labour;
- local strikes, bandhs and curfews by political parties;
- adverse weather conditions;
- adverse changes to the relevant legal, regulatory or tax regimes; and
- our inexperience with a particular type of project, particularly as we seek to expand outside of oil and gas-related EPC projects.

In the event that we fail to complete a project within the specified timeframe, our customers are typically entitled to receive liquidated damages for the delay to the extent the delay is attributable to us, and our customers may invoke the bank guarantees that we provide in connection with the performance of the project or retain our security deposits as compensation for such damages. Additionally, certain of our ongoing EPC projects have experienced execution delays and may not or will not be completed within the timeframe required by the relevant contract. For information relating to disputes resulting from delays in our execution of projects, see the section “Outstanding Litigation and Material Developments” beginning on page 187 of this Draft Letter of Offer.

As we continue to undertake construction projects of increasing size, we may become increasingly exposed to the risk of delay in the performance of contracts and, therefore, liquidated damages claims.

3. We may not realise the expected revenues, cash flow and profit from our order book

Our order book comprises the estimated contract value of the unexecuted portion of our existing construction contracts as of a particular date. Our order book was Rs. 7473 Lakhs as of June 30, 2010.

A number of contingencies could affect the realisation of our order book as future external revenues, including cancellations, scope of work adjustments, loss of revenue resulting from our failure to meet the completion schedule, force majeure, legal impediments and our ability to perform under the contract. There can be no assurance that any revenues anticipated in our order book will be realised or, if realised, will be realised at the time they are currently expected and projects may remain in our order book for an extended period of time.

We may also not receive cash flows from our execution of contracts that correspond to the timing of the revenues we have recognised. We recognise revenues in respect of our construction contracts by reference to the overall estimated profitability of the contract under the percentage of completion method. However, we are typically entitled to receive milestone payments pursuant to the terms of the contracts. Although we typically aim to achieve milestone payments that will yield equal payments at regular intervals over the life of the project based on our estimation of completion times of various aspects of the project, receipt of milestone payments may not necessarily correspond to the revenues we recognise or the costs we incur. Consequently, we may be required to fund our working capital requirements for completion of projects through borrowings. As we continue to undertake projects of increasing size, our working capital requirements will increase and we may become more susceptible to fluctuations in working capital requirements and cash flows and, in particular, may be more susceptible to liquidity issues due to delays in large projects that cause us not to reach milestone payments in a manner that corresponds with our costs of implementing such large projects.

Additionally, we may recognise revenues from our order book that may not result in profits. We typically enter into contracts on a fixed rate basis. Under our fixed rate contracts, the rate of various items to be supplied by us is specified, and consideration to us is based on such pre-approved rates. As a consequence, we are susceptible to the risk of material cost variation from the assumptions underlying a bid for several reasons, including unanticipated variations in the cost of equipment, fuel, material or manpower; timing of delivery of equipment and materials to the project site; ability of the client to obtain requisite environmental and other approvals; and the performance of suppliers and sub-contractors. In particular, our fixed rate contracts typically do not provide index based variable-price contracts for any commodity costs associated with the project, such as steel, nor do they provide for additional costs we may incur due to inflation. To the extent the costs of our projects exceed our estimates, we may experience reduced or negative cash flow or reduced profitability or losses with respect to such projects.

4. Our business operations require a considerable amount of working capital as well as investment in plant and equipment and we may be unable to adequately finance such capital needs through cash generated from our operations, advances from customers and bank borrowings

We require a considerable amount of working capital to execute our projects for our construction or manufacturing business. In particular, we may not receive cash flows from execution of our contracts that correspond to cost we incur in executing the projects. Consequently, we have been and will continue to be required to fund our working capital requirements for completion of projects through borrowings. For the years ended March 31, 2007, 2008, 2009, 2010 and 2011 our outstanding borrowings for working capital purposes were Rs. 1522.98 Lakhs, Rs. 1585.03 Lakhs, Rs. 2016.95 Lakhs, Rs. 2877.37 Lakhs and Rs. 2619.08 Lakhs, respectively. As we continue to undertake projects of increasing size, our working capital requirements will increase and we may become more susceptible to fluctuations in working capital requirements and cash flows and, in particular, may be more susceptible to liquidity issues due to delays in executing large projects that causes us not to reach milestone payments in a manner that corresponds with our costs of implementing such large projects. We also require considerable capital to acquire new equipment and other machinery for our workshops at Khidderpore and Jhinhirapole, from where our manufacturing activities are carried out. Our success therefore depends on our ability to continue to secure and successfully manage sufficient amounts of working capital.

Of late, due to adverse financial performance of the Company, our Lenders have increased the rate at which interest is to be payable to them for our working capital borrowings and have also reduced the limits of working capital borrowing applicable to us. Additionally, there can be no assurance that we will be able to service our existing or future indebtedness through cash flows or new borrowings.

5. Our business may at times be dependent on certain high-value contracts and we may be unable to pre-qualify for high-value contracts in future

For our construction business, we typically pursue projects that are awarded pursuant to a competitive bidding process limited to contractors who have been pre-qualified based on several criteria including experience, technological capacity and proven track record, reputation for quality, safety record, financial strength and size of previous contracts in similar projects.

The income and results of our business are at times generated from larger-scale projects. For example, 43.47% of our order book as on June 30, 2011 comprises a single contract pertaining to the refinery project for IOCL at Paradip, Orissa, and we intend to continue to pursue higher value projects. However, our involvement in large-scale projects shall require us to make substantial investment in equipment and assume increased fixed costs, which will require us to continue to obtain awards of high-value projects in the future to generate income and profit. Our ability to obtain such contracts is unpredictable and outside our control. We operate in highly competitive markets and faces competition from smaller and larger engineering and construction companies. There can be no assurances that we will be able to continue to pre-

qualify for increasingly high-value projects, particularly outside the metals and hydrocarbon sector.

Some of our competitors may have greater financial and other resources, as well as a more significant track record in completing large-value projects. We expect increased competition in the future in India from foreign engineering and construction companies in partnership with other Indian firms. In addition, during an economic downturn, many of our competitors may be more inclined to take greater or unusual risks or even accept terms and conditions in a contract that might not be acceptable to us. As a result, we are subject to the risk of losing such new contract awards to competitors. Our results of operations may thus increasingly fluctuate from quarter to quarter and year to year depending on whether we are successful at obtaining high-value contract awards.

6. We are dependent upon third parties to complete many of our contracts

A portion of the work performed under our contracts is performed by third-party sub-contractors that we hire. We also rely on third-party equipment manufacturers or suppliers to provide the equipment and materials used for construction projects. In most of the contracts, we are responsible for any failure by a third-party sub-contractor to comply with applicable laws, rules and regulations and for the performance under the contract. If we are unable to hire qualified sub-contractors or find competent equipment manufacturers or suppliers, our ability to successfully complete construction projects could be impaired. If the amount we are required to pay for sub-contractors or equipment and supplies exceeds what we have estimated, especially in a fixed-price or lump-sum type contract, we may suffer losses on these contracts. If a supplier, manufacturer or sub-contractor fails to provide supplies, equipment or services as required under a negotiated contract for any reason, we may be required to source these supplies, equipment or services on a delayed basis or at a higher price than anticipated, which could impact contract profitability. These risks may intensify during an economic downturn if our suppliers, manufacturers or sub-contractors experience financial difficulties or find it difficult to obtain sufficient financing to fund their operations and are not able to provide the services or supplies necessary for our business. Further, a failure by a third-party sub-contractor to comply with applicable laws, rules or regulations or to obtain the necessary approvals or provide services in accordance with the contract could negatively impact our business and may result in fines, penalties, suspension or even debarment. In the past, we have faced delays in release of supplies by our sub-contractors which has resulted in delay in completion of such projects by us which may result in imposition of liquidated damages. Further, as our business is labour intensive, we may face labour disputes that could interfere with our operations and business.

7. The nature of our construction business exposes us to defect liability and warranty claims.

Where we are the principal contractor under a contract, we remain responsible for ensuring satisfactory performance under the contract and remain liable to rectify defects. Our construction contracts typically have defect liability period of 18 months from the date of mechanical completion or 12 months from the date of commissioning, whichever is earlier. However, there can be no assurances that such provisions will be adequate to cover the costs we may incur to correct defects for our projects. In particular, we may be liable for the work of our sub-contractors and suppliers. Although we usually receive retentions amounts from our

sub-contractors / labour contractors until the expiry of the defect liability period, there can be no assurances that such retention amounts will prove to be adequate to cover any liabilities which may arise during the defect liability period.

8. The Company has incurred losses in the last two years and in the quarter ended June 30, 2011

During the past 5 years, while the Company has earned profits during financial years 2006-07, 2007-08 and 2008-09, in the financial years 2009-10 and 2010-11, our Company has incurred losses of Rs. 184.56 Lakhs and Rs. 939.36 Lakhs. The Net profit figures for our recent few financial periods is as follows:

	Year Ended March 31,					Quarter ended June 30, 2011
	2007	2008	2009	2010	2011	
	Audited and restated					Limited Reviewed
Net Profit / (Loss) after Tax	357.28	367.76	174.89	(184.56)	(939.36)	(357)

There is no assurance that we shall not incur any losses in the near future.

9. We have experienced negative cash flows from operating activities in recent years; negative cash flows from operating activities in future periods could impair our ability to meet our liquidity and capital resource requirements

For the years ended March 31, 2007, 2009 and 2010, we experienced negative cash flows from operating, investing and financing activities as under:

(Rs. In Lacs)

	Year ended March 31,				
	2007	2008	2009	2010	2011
Cash flow from operating activities:					
Net cash from / (used in) operating activities	(1,128.55)	252.59	(31.69)	(442.43)	690.15
Net cash from / (used in) investing activities	(176.47)	(34.26)	(23.00)	(23.45)	(9.75)
Net cash from / (used in) financing activities	1,301.32	(205.56)	49.95	476.08	(695.19)
Net increase/(Decrease) in cash & cash equivalents	(3.70)	12.77	(4.74)	10.20	(14.79)

In case of negative cash flows from operating activities in future periods, our business activities may get adversely affected.

10. At present, a large portion of our order book has been obtained from on our Promoter and Promoter Group companies.

Present order book position comprises a large portion from IOTIES, our Promoter and Promoter Group companies. For example, 80.83% of our order book value as on June 30, 2011 was awarded to us by our Promoter and Promoter Group. Though the contracts were awarded on an arms' length basis, there is no assurance that we would continue to obtain similar orders from our Promoter and Promoter Group in the future.

For further details, please refer to *Related Party Transactions* in the chapter "Financial Information" beginning on page 136 of this Draft Letter of Offer.

11. The nature of construction business exposes us to liability claims and contract disputes which may reduce our profits

We are engaged in construction projects that can result in substantial injury or damages to third parties. In addition, the nature of our business results in customers, sub-contractors and vendors occasionally presenting claims against us for recovery of cost they incur in excess of what they expected to incur, or for which they believe they are not contractually liable. We have been, and may in the future be, named as a defendant in legal proceedings where parties may make a claim for damages or other remedies with respect to our projects or other matters. These claims may generally arise in the normal course of our business. If it is determined that we are liable to compensate and where the same is not under insurance coverage, it could result in a significant loss for us, and reduce cash available for operations.

12. We are dependent on the key personnel as well as the availability of qualified technical personnel

We are dependent on certain key senior management, including members of our board and senior management for setting our strategic direction and managing our business. We currently do not maintain keyman insurance for any of our management or employees. We are also dependent on a significant number of our employees who are qualified engineers and due to the limited pool available, we face strong competition to recruit and retain experienced and professionally qualified staff. Our continued future success also depends upon our ability to recruit and retain a large group of experienced professionals and staff. The loss of the services of our senior management, including our Directors, or our inability to recruit, train or retain a sufficient number of experienced personnel could have a material adverse effect on our operations and profitability. Our ability to retain experienced staff members as well as senior management will in part depend on our maintaining appropriate staff remuneration and incentive schemes in accordance with then prevailing private sector industry standards. We cannot assure that the remuneration and incentive schemes we have in place will be sufficient to retain the services of our senior management and experienced employees.

13. We are undertaking projects in areas that may pose security risks

Some of business operations are located in areas within India that are exposed to security risks such as rebel attacks, civil strife, riot, strike, and malicious and terrorist attacks. For example, we continue to work for BRPL's refinery at Bongaigaon, Assam which is considered threat-prone due to the separatist movement there. While there have been no instances of violence or kidnappings involving our employees, there can be no assurance that in the future any such incidents will not occur, or that security measures implemented by us will prevent such incidents or limit the consequences thereof. We do not typically take insurance coverage for losses arising from civil war, revolution, rebellion, civil strife, riot and strike. These circumstances could materially and adversely affect our operations and time taken to complete our projects in such affected areas.

14. The company is involved in a number of legal proceedings that, if determined against the Company, can have a material adverse impact on its financial condition and results of operations

There are several outstanding litigations against the Company, its Promoter and Group Companies and these proceedings are pending at different levels of adjudication before various courts, arbitral tribunals, tribunals and appellate tribunals. Should any new developments arise, such as change in Indian law or rulings against the Company by Courts, tribunals, appellate tribunal and arbitral tribunals, the Company needs to make provisions in its financial statements, which could increase its expenses and liabilities. The Company cannot assure the share holders that these legal proceedings will be decided in its favour. Any adverse decision may have a material adverse effect on its business, prospects, financial condition and results of operations. For further details on these proceedings, see the section "Outstanding Litigation and Information" beginning on page [●] of this Draft Letter of Offer.

Brief details of the financial implication / amounts claimed in the legal proceedings from the Company, the Promoter and the Group Companies have been disclosed to the extent ascertainable below:

Litigation against the Company

Sl. No.	Nature of Cases	Number of Outstanding Cases	Amounts Involved (Rupees)
1	Civil Proceedings	5	6,60,42,520 plus interest.
2	Criminal Proceedings	0	0
3	Arbitration Proceedings	0	0
TOTAL			6,60,42,520 plus interest.

Note: The Financial Implication are apart from the contingent liabilities arising from taxation matters of the Company which are more particularly mentioned in Risk Factor No. [●] of this Draft Letter of Offer.

Litigation against the Directors

Nil

Litigation against the Promoter

Sl. No.	Nature of Cases	Number of Outstanding Cases	Amounts Involved (Rupees)
1	Civil Proceedings	6	3,38,03,755
2	Criminal Proceedings	0	0
3	Arbitration Proceedings	4	20,78,19,362 plus interest

TOTAL	24,16,23,117 plus interest
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Litigation against the Group Companies

Zuari Indian Oiltanking Limited

Sl. No.	Nature of Cases	Number of Outstanding Cases	Amounts Involved (Rupees)
1	Civil Proceedings	1	1,50,000 plus interest @ 6% p.a. from date of decree till payment
2	Criminal Proceedings	0	0
3	Arbitration Proceedings	0	0
TOTAL			1,50,000 plus interest @ 6% p.a. from date of decree till payment

Further the Company, its Promoter and Group Companies have filed several litigations for recovery of money and also initiated proceedings challenging certain assessment orders passed by Revenue Authorities.

15. Some of the Company's properties are subject to litigations and eviction proceedings which are sub-judice and the Company needs to comply with some other requirement of its lease hold properties.

(1) Ambarnath Factory, Maharashtra

Lease was granted by Maharashtra Industrial Development Corporation (MIDC) to the Company for setting up factory of the Company with the restriction imposed upon the Company not to assign, underlet or part with possession of the Demised Premises or any part thereof or any interest therein without the previous written consent of the Chief Executive Officer of MIDC and if there be any breach of covenant by the Company, lease at the instance of MIDC may be terminated.

Company has granted license of the Demised Premises to IOT Engineering Projects Ltd., its Group Company and IOT Engineering Projects Ltd. has granted sub-license to its Promoter IOT Infrastructure and Energy Services Ltd.

For the aforesaid purpose a formal written consent was required from MIDC, without which the said lease may be terminated.

(2) Khidderpore and Jhinjhirapole workshops

Both the Company's Khidderpore and Jhinjhirapole workshops are the subject matter of eviction proceedings with the Kolkata Port Trust, the Lessor. The Company is contesting the said

litigation and it has strong grounds. In case orders are passed adverse to the interest of the Company, the Company may have to vacate the premises.

Since the matter is sub-judice, no comment is given so far as risk is concerned.

(3) Noida Office Property

The lease agreements are registered in favour of the Company but the annual lease rent of the property is pending since 2001 and the same may result in additional charges of interest etc and also termination of lease arrangement.

(4) Registered Office, located at Kanak Building, 41, Chowringhee Road, Kolkata - 700071

Present landlord Kanak Projects Ltd. has filed suit against the Company in Calcutta High Court for recovery of possession of our Registered Office. The Company has also filed a suit against Kanak Project Ltd. in Calcutta High Court for specific performance of the Letter Agreement for execution and registration of Lease Deed by Kanak Project Ltd. in favour of the Company.

Since the matters are sub-judice, no comment is given so far as risk is concerned in respect of the aforesaid office space of the Company.

(5) Flat at Premises No.17, Bankim Mukherjee Sarani, Calcutta

The original Indenture dated 5.9.1997 in respect of Company's property at Flat No. 5B on the 5th floor at Premises No. 17, Bankim Mukherjee Sarani, Kolkata is not traceable in the records of the Company and the Company would take necessary measures for recovery of the said original Indenture dated 5.9.1997 failing which the Company would follow and comply with such procedure as may be advised by the Company's lawyers. The Company has confirmed and declared that the Company is the absolute owner of the said Flat and the said Flat is in possession of the Company and free from all encumbrances, attachments and litigations and the original Indenture dated 5.9.1997 has not been deposited by the Company with any person with intent to create security and/or lien on the said Flat for any loan or advance or otherwise for any reason whatsoever.

16. The Pending Licenses and Approvals of the Company

The Company has applied for renewal of Factory Licenses under the Factories Act, 1948 in respect of its factory situated at Hide Road and Hide Road Extension and it is currently pending with the authority. For details regarding Pending Statutory Approvals and Licences, please refer to "Government and other approvals" beginning on page 224 of this Draft Letter of Offer.

17. Some of our Group Companies have incurred losses and have negative net worth. We cannot assure you that we will not incur losses in the future.

Some of our Group Companies have incurred losses during their past financial years, as set forth in the table below:

Name of Company	For years ended 31 March		
	2011	2010	2009

Name of Company	For years ended 31 March		
	2011	2010	2009
IndianOil Skytanking Limited	INR 73,454,326	INR 71,370,171	INR (36,439,115)
IOT Engineering & Construction Services Pte. Ltd., Singapore	SGD (34,407.00)	SGD (156,611.00)	SGD (417,945.00)
IOT Utkal Energy Services Limited	INR (2,500,000)	INR (7,634,460)	N/A
IOT Canada Limited	INR (29,520,028)	INR (51,639,434)	INR 42,218,057
PT IOT Energy Services Indonesia Ltd	USD (377,550)	USD (109,650)	USD (234,680)
IOT Mabagas Limited	INR 42,615	INR (2,360,513)	-
IndianOil Skytanking Delhi Private Limited	INR (251,644)	N/A	N/A

For further details, see the section “Promoter and Promoter Group” beginning on page 110 of this Draft Letter of Offer.

18. We have certain contingent liabilities which may adversely affect our financial condition

Our contingent liabilities as disclosed in our audited restated financial statements as of March 31, 2011 aggregated Rs. 492.31 Lakhs comprising of:

(Rs. Lakhs)

	As at 31.03.2011
a) Claims not acknowledged as debts :	
(i) Disputed Sales Tax	5.77
(ii) Disputed Income Tax	321.23
(iii) Disputed Service Tax	162.14
(iv) Disputed Wealth Tax	3.17

For more detailed descriptions of our contingent liabilities see our restated financial statements beginning on page 187 of this Draft Letter of Offer.

19. Any deterioration of our credit ratings could have an adverse impact on our cost of funding and borrowing ability and may impact investor perception of our business

In our last review report dated March 31, 2011, CARE had downgraded our long term rating from CARE BBB+ to CARE BBB and short term rating from PR2 to PR3+ which has resulted in increase in the rate of interest payable to our lenders. There can be no assurance that CARE or other rating agencies will not downgrade our ratings in the future. Any deterioration in our credit ratings could result in increased funding costs for us and may limit our funding sources or impact our liquidity.

20. Contracts awarded to us by PSUs are standard form government contracts and contain many terms that favour the PSU

The counterparties to most of our EPC Business are PSUs. We have had only a limited ability to negotiate the terms of these contracts, which means that many terms in our contracts tend to favour our customers. The relevant terms of certain contracts that we believe present risks to our business are as follows:

- ambiguity whether design review and approval by a customer releases us from design and engineering liability, in particular latent defects;
- to the extent defects in site or geological conditions were unforeseen or latent from our preliminary investigations, design and engineering prior to submitting a bid, we may assume the risks associated with such defects and may not have any recourse to our customers;
- ambiguity whether liability is excluded for defects arising after the end of the defect liability period;
- our customers discretion to grant time extensions and approve the change order;
- generally the absence of a cap on our liability as contractor;
- ambiguity as to whether we are liable for consequential or economic loss to our customers; and
- our customer's right to terminate our contracts for convenience.

21. We are bound by certain restrictive covenants contained in our financing agreements as well as shareholders' and joint venture agreements

Many of our financing agreements also include various conditions and covenants that require us to obtain lender consents prior to carrying out certain activities and entering into certain transactions. These include, among other things, change our capital structure, formulate any restructuring, merger or amalgamation, take up new large capital expenditure, undertake guarantee obligations on behalf of others or make investment or give loans to group companies. Such provisions are common in financing agreements with Indian lenders and are generally imposed on Indian borrowers, including ourselves, with little or no variation. For details, see the section "Financial Indebtedness" beginning on page 184 of this Draft Letter of Offer.

Any failure to comply with the requirement to obtain a lender consent, or other condition or covenant under the financing agreements that is not waived by the lenders or is not otherwise obtained by us, may lead to a termination of our credit facilities, acceleration in payment of all amounts due, in whole or in part, under such facilities along with related costs and trigger cross default provisions under certain of our other financing agreements, and may adversely affect our ability to conduct our business and operations or implement our business plans. During any period in which we are in default, we may be unable to raise, or face difficulties raising, further financing. If the obligations under any of the financing agreements are accelerated or if the lenders of a material amount of the outstanding loans declare an event of default simultaneously, we may be unable to pay our debts as they fall due.

22. Changes in technology may render our current technologies and equipment obsolete or require us to make substantial capital investments

Our construction and manufacturing business depend on key pieces of plants, equipment and machinery, including design software, heavy duty cranes, hydraulic cranes, etc. Further, a significant part of the equipment which we use requires maintenance, upgrading, revamping or replacement. Despite the planned significant operating and capital expenditure there can be no guarantee that the equipment will not suffer material damage through wear and tear, natural disasters or industrial accidents, or will not require further significant capital improvements or maintenance in the future.

Additionally, we may fail to maintain sufficient financing and budgetary controls, planning and monitoring systems, procurement coordination, scheduling for technology upgrading and maintenance and efficient use of hired services with respect to our equipment, all of which may increase the cost of our business activities which could have a material adverse effect on our business, prospects, financial condition and results of operations.

23. Our risk management policies and procedures may not adequately address unidentified or unanticipated risks

We are exposed to various types of market risk, such as interest rate risk and exchange rate risk, in addition to various forms of operational, legal and regulatory risks. For additional information, see “Management’s Discussion of Results of Operations and Financial Condition” beginning on page 168 of this Draft Letter of Offer. We have not entered into any hedging arrangements with respect to our market risks. We cannot guarantee that we will be able to further develop the Company’s risk management policies and procedures that are properly designed for new business areas or manage the risks associated with the growth of our existing businesses. This could have a material adverse effect on our business, prospects, financial condition and results of operations.

24. Our inability, in future, to obtain, renew or maintain the statutory and regulatory permits and approvals required to operate our business may have a material adverse effect on our business

We require certain statutory and regulatory permits and approvals for our business. Laws or regulations in India and other countries in which we operate may require us to obtain licences or permits in order to bid for contracts or otherwise conduct our operations. We cannot assure you that we will receive the requisite permits and approvals particularly if our joint venture partners or consortium members are responsible for obtaining the requisite permits and approvals. In some jurisdictions, activities related to construction of our projects may be subject to the prior granting of environmental licences or permits or to prior notification. Additionally, in the future, we may be required to renew such permits and approvals and obtain new permits and approvals for any proposed operations. There can be no assurance

that the relevant authorities will issue any of such permits or approvals or in the time-frame anticipated by us or at all. Failure to renew, maintain or obtain the required permits or approvals or comply with the conditions precedent to obtain such approvals may result in the interruption of our operations and may have a material adverse effect on our business, prospects, financial condition and results of operations.

25. We may not have adequate insurance coverage

We are generally required to maintain adequate insurance cover under our contracts for construction or erection services. However, the insurance cover that we obtain may not be sufficient to protect us from all losses we may sustain. Losses, if any, which may occur in the future due to inadequate insurance cover, uninsurable risks or risks which are not insurable on commercially acceptable terms may have a material adverse effect on our business, prospects, financial condition and results of operations.

26. The proceeds raised in this issue are subject to market and credit risks, pending utilization.

We intend to use the net proceeds received from the Issue in accordance with the section “Objects of the Issue” beginning on page 29 in this Draft Letter of Offer. Pending utilisation for the purposes described in the “Objects of the Issue” section in this Draft Letter of Offer, we intend to temporarily invest funds in instruments that we deem to be creditworthy, including money market mutual funds and deposits with banks. Factors such as interest rates, exchange rates and the creditworthiness of the counterparty, amongst others, may have a materially adverse effect on these investments which may result in our inability to use the proceeds raised in this Issue in the manner indicated by us.

27. The Objects of the Issue for which funds are being raised have not been appraised by any bank or financial institution. The deployment of funds is entirely at our discretion and as per the details mentioned in the section titled “Objects of the Issue”.

We intend to use the proceeds of this Issue for the purposes described in the section “Objects of the Issue” beginning on page 29 of this Draft Letter of Offer. The objects of this Issue are to purchase machinery and equipment, repayment of working capital loans, funding the expected growth in our working capital requirements and for general corporate purposes. We have not entered into any definitive agreement to utilise the proceeds of this Issue. Therefore, some of the figures included under “Objects of the Issue” are based on internal management estimates. Our internal estimates of the cost of purchase of equipment for which the proceeds of this Issue have been allocated are only partially backed by quotes from suppliers and contractors. Further, the expected growth in working capital requirement of the Company in the coming years is based on management estimates and the current order book. Pending utilisation of the proceeds of this Issue for the purposes described in this Draft Letter of Offer, we intend to invest the proceeds of the Issue in interest bearing liquid instruments including deposits with banks and investments in money market mutual funds and other financial products, temporarily deploy the funds in working capital loan accounts and investment grade interest bearing securities as may be approved by the Board. Such investments would be made in

accordance with investment policies or investment limits approved by our Board of Directors from time to time.

28. We are yet to place orders for the plant and machinery that form objects of the Issue and have further not entered into any definitive agreements to utilise a substantial portion of the proceeds of this Issue. Any delay in procurement of plant and machinery may delay the implementation schedule which may also lead to increase in price further affecting our cost, revenue and profitability

We have obtained quotations for the machinery requirements which are part of the objects of the Issue but have not yet placed orders for the same or entered into definitive agreement with any vendors/suppliers. There may be a substantial time gap in placing orders for the purchase of equipment. We cannot assure you that the actual cost of the equipment would correspond to such quotations obtained from the vendors. We expect to place orders for the plant and machinery as per our proposed implementation schedule disclosed in the section "Objects of the Issue" beginning on page no 29 of this Draft Letter of Offer. Any delay in the supply of this plant and machinery may adversely affect our operations. Any deviation in our assumptions or market conditions may adversely affect our business and result of operations. Further we are also subject to the risk of increase in the price of plant and machinery.

29. Many of our Promoter Group entities, including our Promoter operate in the same business as ours and to that extent, there may be a conflict of interest while bidding for new contracts.

Many of our Promoter Group companies are in the same line of business as ours. Our Promoter, IOTIES is also engaged in construction and erection services as we are. Similarly, various Promoter Group entities, including IOT Engineering Projects Limited, Indian Oiltanking Engineering & Construction Services LLC, Oman, IOT Anwasha Engineering & Construction Limited, IOT Anwasha Engineering & Construction LLC., Oman, etc are also involved in the construction domain. Though there are similarities in business activities, however, we do not feel that the Company is a competitor with other Promoter Group entities due to variance in many factors, viz. scale of operations and size of contracts typically bid for, etc..

EXTERNAL RISKS

30. We are subject to fluctuations in interest rates

The Company's profitability is affected by changes in interest rates due to the impact such changes have on interest income from short-term deposits and other interest-bearing financial assets and liabilities and interest expense on the Company's long-and short-term borrowings. In addition, an increase in the interest rates for the Company's existing and future borrowings may adversely affect its ability to service working capital debt, which in turn may adversely affect its results of operations, financial condition, planned capital expenditure and cash flows. In particular, substantially all of our outstanding indebtedness bears floating rates of interest. We do not hedge our interest rate exposure.

31. Failure to comply with extensive governmental regulations pertaining to employee safety and health may materially and adversely affect our business and results of operations

We are required to comply with various central, state and foreign laws and regulations relating to, health and safety as well as laws and regulations governing our relationship with our employees in areas such as minimum wages, maximum working hours, overtime, working conditions, hiring and terminating employees, contract labour and work permits. Compliance with these requirements imposes significant costs on us and can result in reduced profitability.

We enter into contracts with independent contractors to complete specified assignments and these contractors are required to provide labour necessary to complete such assignments. Although we do not generally engage such labour directly, it is possible under Indian law that we may be held responsible for wage payments to labour engaged by contractors, should the contractors default on wage payments. Any requirement to fund such payments may adversely affect our business, financial condition and results of operations. Furthermore, pursuant to the provisions of the Contract Labour (Regulation and Abolition) Act, 1970, we may be required to absorb a portion of such contract labourers as our employees.

We are required to compensate employees for work-related injuries. If we do not cover adequate provisions for our workers' compensation liabilities, it could harm our future operating results. The erosion through tort liability of the protections we are currently accorded by workers' compensation laws could increase our liability for work-related injuries and materially and adversely affect our operating results. If new laws or regulations increase the number and award size of claims, it could materially and adversely harm our business. See the section "Key Industry Regulations and Policies" beginning on page 80 of this Draft Letter of Offer.

32. The continued growth of our business is dependent on private investment into India's Steel and hydrocarbons sectors

The growth of our business is in part dependent on private investment in India's steel and hydrocarbons sectors, which, in turn is dependent on Government policies that successfully facilitate and encourage private sector investment in infrastructure. Many of these programmes and policies are evolving and their success will depend on effective implementation of these programmes. Additionally, we believe that these programmes will need continued support from stable and experienced regulatory regimes that not only stimulate and encourage the continued movement of private capital into infrastructure development, but also result in appropriate allocation of risk, transparency, effective dispute resolution and more efficient services to the end user.

We believe that the availability of private sector capital and the continued growth of the infrastructure sector is also linked to continued growth of the Indian economy, income levels and the extent to which end users would be willing to pay or can be induced to pay for infrastructure services. If the central and state governments' initiatives and regulations in the infrastructure sector do not proceed in the desired direction or if there is a slow down in the Indian economy, this may have a material adverse effect on our business, prospects, financial condition and results of operations.

Risks Associated with India

33. Certain changes in the central and state Governments' economic liberalisation policies could have a material adverse effect on our business, prospects, financial condition and results of operations

In the recent years, India has been following a course of economic liberalisation and our business could be significantly influenced by economic policies adopted by the Government of India. Since 1991, successive Indian Governments have pursued policies of economic liberalisation and financial sector reforms.

The Government has at various times announced its general intention to continue India's current economic and financial liberalisation and deregulation policies. However, Government corruption and protests against privatisations, which have occurred in the past, could slow the pace of liberalisation and deregulation. The rate of economic liberalisation could change, and specific laws and policies affecting foreign investment, currency exchange rates and other matters affecting investment in India could change as well.

India has a planned economy and the Government has traditionally exercised, and continues to exercise, influence over many aspects of the economy. Our business and the market price and liquidity of Equity Shares may be affected by interest rates, changes in Government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India.

A change in the Government's policies, including taxation in the future could adversely affect business and economic conditions in India and could also adversely affect our business, prospects, financial condition and results of operations. A significant change in India's economic liberalisation and deregulation policies could disrupt business and economic conditions in India generally, and specifically for us, as a substantial portion of our assets are located in India.

34. A reduction in rate of economic growth in India may have a material adverse effect on our business, prospects, financial condition and results of operations

The performance and the quality of growth of our business is necessarily dependent on the overall health of the Indian economy. India's economy could be adversely affected by:

- any increase in Indian interest rates or inflation;
- any scarcity of credit or other financing in India;
- adverse conditions affecting agriculture;
- volatility in, and actual or perceived trends in trading activity on, India's principal stock exchanges;
- variations in exchange rates;
- volatility in the prices of oil, gas and other energy sources;
- downgrade of India's debt rating by international rating agencies;
- changes in India's tax, trade, fiscal or monetary policies including policies governing foreign currency- denominated capital raising;

- political instability, terrorism or military conflict in India or in countries in the region or globally, including in India's various neighbouring countries;
- changes in India's liberalisation and deregulation policies;
- natural disasters in India or in countries in the region or globally, including in India's neighbouring countries;
- prevailing regional or global economic conditions, including in India's principal export markets; and
- other significant regulatory or economic developments in or affecting India or the sectors in which we operate.

The Indian economy and financial markets are also significantly influenced by worldwide economic, financial and market conditions. Any financial turmoil, especially in the United States of America, Europe or China, may have a negative impact on the Indian economy. Although economic conditions differ in each country, investors' reactions to any significant developments in one country can have adverse effects on the financial and market conditions in other countries. A loss in investor confidence in the financial systems, particularly in other emerging markets, may cause increased volatility in Indian financial markets.

The recent global financial turmoil, an outcome of the sub-prime mortgage crisis which originated in the United States, led to a loss of investor confidence in worldwide financial markets. Indian financial markets also experienced the effect of the global financial turmoil, evident from the sharp decline in SENSEX, BSE's benchmark index.

The rate of economic liberalisation and deregulation could change and specific laws and policies affecting our business, our raw materials suppliers, foreign investment, currency exchange rates and other matters affecting our business are also subject to change, with possible adverse consequences on business and economic conditions in India generally, and our business, prospects, financial condition and results of operations in particular.

35. If there is a change in tax regulations, our tax liabilities may increase and thus adversely affect our financial results

Taxes and other levies imposed by the central or state governments in India that affect our industry include customs duties, excise duties, value-added tax, income tax, service tax and other taxes, duties, surcharges and cess introduced from time to time. The central and state tax scheme in India is extensive and subject to change from time to time (such as the recently announced increase in the rate of minimum alternate tax). Any adverse changes in any of the taxes levied by the central or state governments may adversely affect our competitive position and profitability. There can be no assurance that these tax incentives will continue to be available to us in the future. The non-availability of these tax incentives may have a material adverse effect on our business, prospects, financial condition and results of operations.

36. Terrorist attacks and other acts of violence or war involving India and other countries could adversely affect the financial markets, result in a loss of business confidence and reduced investment in these countries that could have a material adverse effect on our business, prospects, financial condition and results of operations

Terrorist attacks and other acts of violence or war may negatively affect the Indian markets in which the Equity Shares trade and also adversely affect the worldwide financial markets. These acts may also result in a loss of business confidence, make travel and other services more difficult and ultimately adversely affect our business.

Certain events that are beyond our control, such as terrorist attacks and other acts of violence or war, including those involving India, China, the United Kingdom, the United States or other countries, may adversely affect worldwide financial markets, which could adversely affect our business, prospects, financial condition and results of operations, and more generally, any of these events could lower confidence in India's economy. South Asia has, from time to time, experienced instances of civil unrest and political tensions and hostilities among neighbouring countries. Such attacks may have a material adverse effect on the Indian and global financial markets. Any deterioration in relations between India and its neighbouring countries may result in actual or perceived regional instability. Events of this nature in the future could have a material adverse effect on our ability to develop our operations. As a result, our business, prospects, financial condition and results of operations could be materially adversely affected by any such events.

37. Natural calamities could have a negative impact on the Indian economy and our business

India has experienced natural calamities such as earthquakes, tsunami, floods and droughts in the past few years. The extent and severity of these natural disasters determines their impact on the Indian economy. For example the erratic progress of the monsoon in 2004 and 2009 affected sowing operations for certain crops. Such unforeseen circumstances of below normal rainfall and other natural calamities, could have a negative impact on the Indian economy, especially on the rural areas, which could adversely affect our business, prospects, financial condition and results of operations.

38. An outbreak of an infectious disease or any other serious public health concerns in Asia or elsewhere could have a material adverse effect on our business, prospects, financial condition and results of operations

The outbreak of an infectious disease in Asia or elsewhere or any other serious public health concern such as swine influenza around the world could have a negative impact on economies, financial markets and business activities worldwide, which could have a material adverse effect on our business, prospects, financial condition and results of operations. Although, we have not been adversely affected by such outbreaks, we can give no assurance that a future outbreak of an infectious disease among humans or animals or any other serious public health concern will not have a material adverse effect on our business, prospects, financial condition and results of operations.

Risk Factors relating to Investment in Equity Shares or Warrants of the Company

39. There is no assurance that the Equity Shares or Warrants will be listed on the Indian Stock Exchanges in a timely manner or at all.

In accordance with Indian law and practice, permission for listing and trading of the Securities issued pursuant to this Issue will not be granted until after the Securities have been issued and

allotted. Approval for listing and trading will require all other relevant documents authorising the issue of the Equity Shares are submitted to the Stock Exchanges. There could be a failure or a delay in listing the Equity Shares on the Stock Exchanges. Any failure or delay in obtaining the approval would restrict your ability to dispose of your Equity Shares.

40. The trading price of the Equity Shares may be highly volatile and fluctuate significantly

The price of the Equity Shares or Detachable Warrants may experience significant fluctuation on the Stock Exchanges. In recent years, price and volume fluctuations on the Indian Stock Exchanges have been significant and such fluctuations have often been unrelated or disproportionate to the operating performance of companies whose securities are traded on the Indian Stock Exchanges.

The trading price of the Equity Shares could also be subject to significant volatility in response to, among other factors:

- delays in the schedule for various projects and any resultant cost and time overruns caused by such delays;
- supply and demand of engineering and construction projects, manufacturing, technology and financial services in India and in the international markets generally;
- our inability to successfully implement our strategy, growth and expansion plans;
- changes in laws and regulations, or any interpretation thereof, that apply to our business;
- changes in the value of the Rupee against major global currencies and other currency changes;
- changes in the Indian and international interest rates;
- any adverse outcome in the legal or regulatory proceedings in which we are involved;
- changes in any global conditions and situations affecting India and the industries in which we operate; and
- changes in political and economic conditions in India.

There can be no assurance that the prices at which the Equity Shares are initially traded will correspond to the prices at which the Equity Shares will trade in the market subsequent to this Issue.

41. The issue of Warrants to non-resident shareholders of the Company is subject to approval of FIPB

As per the latest Consolidated FDI Policy issued by the Government of India, warrants can be issued to non-residents only with prior approval of the Govt. of India/FIPB. Vide an application dated September 08, 2011, filed with the FIPB on September 09, 2011, the Company has sought permission from the FIPB for issue of warrants in the Issue. Approval from the FIPB in this regard is pending as on date.

42. There are restrictions on daily movements in the price of the equity shares, which may adversely affect your ability to sell, or the price at which you can sell, equity shares at a particular point in time

The price of the Equity Shares may be subject to a daily circuit breaker imposed by all stock exchanges which does not allow transactions beyond a certain level of volatility in the price of the Equity Shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by the SEBI on the stock exchanges. The percentage limit on the circuit breaker is set by the stock exchanges based on the historical volatility in the price and trading volume of the Equity Shares. The stock exchanges may change such limits without our knowledge. This circuit breaker effectively limits upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, there can be no assurance regarding the ability of shareholders to sell the Equity Shares or the price at which shareholders may be able to sell their Equity Shares at a particular point in time.

43. Our ability to pay dividends in the future will depend upon future earnings, financial condition, cash flows, working capital requirements, capital expenditures and restrictive covenants in our financing arrangements

We have not paid any dividends for the years ended March 31, 2010 and 2011. The amount of dividend payments by us in future, if any, will depend upon our future earnings, financial condition, cash flows, working capital requirements, terms and conditions of our indebtedness and capital expenditures. There can be no assurance that we will be able to pay dividends.

44. Any further issue of Equity Shares, offering of equity linked instruments or significant sales of Equity Shares by our major shareholders may dilute your shareholding and/or affect the trading price of the Equity Shares

Any future equity offerings by us may lead to the dilution of your shareholding or affect the trading price of the Equity Shares and could affect our ability to raise capital through an offering of our securities. We may also undertake equity linked offerings in the future and any conversion of such equity linked instruments into our equity shares may result in a dilution of your shareholding. Further, any sale of a large number of equity shares by our major shareholders could adversely affect the prevailing trading price of the Equity Shares. In addition, any perception by investors that such issuances might occur could also affect the market price of the Equity Shares. No assurance can be given that we will not issue Equity Shares or that such shareholders will not dispose of, pledge or encumber this Equity Shares in the future.

45. You may be subject to taxes arising out of capital gains on sale of Equity Shares

Under current Indian tax laws and regulations, capital gains arising from the sale of equity shares in an Indian company are generally taxable in India.

Any gain realised on the sale of listed equity shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if Securities Transaction Tax (“STT”) has been paid on the transaction.

STT will be levied on and collected by the stock exchange on which the Equity Shares are sold. Any gain realised on the sale of equity shares held for more than 12 months to an Indian resident, which are sold other than on a recognised stock exchange and on which no STT has

been paid, will be subject to long term capital gains tax in India. Further, any gain realised on the sale of listed equity shares held for a period of 12 months or less will be subject to short term capital gains tax in India. Capital gains arising from the sale of the Equity Shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of Equity Shares. In addition changes in the terms of tax treaties or in their interpretations, as a result of renegotiations or otherwise, may affect the tax treatment of capital gains arising from a sale of Equity Shares. See the section "Statement of Tax Benefits" beginning on page 37 of this Draft Letter of Offer.

46. You will not be able to sell immediately on a stock exchange any of the Equity Shares or Detachable Warrants you purchase in the Issue

The Equity Shares, as well as the Detachable Warrants will be listed on the Stock Exchanges. Pursuant to Indian regulations, certain actions must be completed before the Equity Shares can be listed and trading may commence. Investors "book entry", or "demat", accounts with depository participants in India are expected to be credited within three Working Days of the date on which the Basis of Allotment is approved by the Designated Stock Exchange. Thereafter, upon receipt of final approval from the Designated Stock Exchange, trading in the Equity Shares is expected to commence within four Working Days of the date on which the Basis of Allotment is approved by the Designated Stock Exchange. We cannot assure that the Equity Shares will be credited to investors demat accounts, or that trading in the Equity Shares will commence, within the time periods specified above.

Prominent Notes

1. The Company was incorporated under The Indian Companies Act, 1913 as Stewarts and Lloyds of India Private Limited on 18th August 1937 vide Certificate No. 857 of 1937-38 and registered with the Registrar of Joint Stock Companies, Bengal. During 1965, the Company was converted from a private limited company to a public limited company and changed its name to Stewarts and Lloyds of India Limited. A fresh Certificate of Incorporation was issued under The Companies Act, 1956 vide Certificate No. 9099 by Assistant Registrar of Companies, West Bengal dated 15th June 1965. For details, see "History and other corporate information" beginning on page 88 of this Draft Letter of Offer.
2. Rights Issue of [●] Equity Shares for cash at a price of Rs. [●] per Equity Share (including a share premium of Rs. [●] per Equity Share) aggregating up to Rs. [●] Lakhs to the Equity Shareholders of the Company as on the Record Date in the ratio of [●] Equity Shares with Detachable Warrants for every [●] Equity Shares held on the Record Date.
3. The net worth of the Company was Rs. 1195.12 Lakhs as of March 31, 2011.
4. The net asset value per Equity Share was Rs. 39.84 as at March 31, 2011.

5. For details of the Group Companies having business interests or other interests in the Company, see *Related Party Transactions* in “Financial Statements” beginning on page 136 of this Draft Letter of Offer.
6. For details of transactions by the Company with the Group Companies during the last year, the nature of transactions and the cumulative value of transactions, see the section *Related Party Transactions* in “Financial Statements” beginning on page 136 of this Draft Letter of Offer.
7. Any clarification or information relating to the Issue shall be made available by the Lead Manager and the Company to investors at large and no selective or additional information will be available for any subset of investors in any manner whatsoever. Investors may contact the Lead Manager for any complaints, information or clarification pertaining to the Issue.
8. There has been no financing arrangement whereby the Promoter Group, the directors of the Promoter, the Directors and their relatives have financed the purchase by any other person of securities of the Company other than in normal course of the business of the financing entity during the period of six months immediately preceding the date of filing of this Draft Letter of Offer.
9. Investors may contact Compliance Officer or the Lead Manager for any complaints/clarifications/information pertaining to the Issue. For contact details of the Lead Manager and the Compliance Officer, please refer to the Chapter titled “*General Information*” beginning on page 11 of this Draft Letter of Offer.
10. Our Company and the Lead Managers are obliged to keep this Letter of Offer updated and inform investors of any material developments until the listing and trading of the securities offered under the Issue commences.

SECTION III - INTRODUCTION SUMMARY

This is only a summary and does not contain all the information that you should consider before investing in the securities of the Company. You should read the entire Draft Letter of Offer, including the information contained in the sections titled 'Risk Factors' and 'Financial Information' beginning on page nos. ix and 136 respectively of this Draft Letter of Offer before deciding to invest in the Equity Shares with Detachable Warrants.

INDUSTRY OVERVIEW

India is currently the 4th largest economy in the world after, USA, China and Japan with a GDP of \$4.06 trillion (PPP basis), an approximate growth rate of 8% from the post liberalization era with services and manufacturing contributing a major chunk as a percentage of the GDP. The financial crisis which hit the Indian economy too, decelerated the growth momentum to 6.8%. However, buoyant domestic demand, accommodative policies, and stimulus packages provided by the government improved the macro – economic environment thereby registering a growth of 8% in FY10.

As per the planning commission in investment in infrastructure as a percentage of the GDP increased from 4.5% in FY04 to 7.5% in FY10 and expected to grow to 8.4% by the end of the XIth Five year plan; FY12. Over the past few years the government has been promoting the public private partnership idea to draw private sector resources for timely completion and maintenance of projects. Private players also benefit in the process by being a part of large – scale projects which could have a high potential to earn profits in the long run.

The Indian steel industry witnessed a robust growth during the 2005-2010 with production (crude steel) and consumption (finished steel) registering a growth of 8.4% and 7.1% respectively. In 2010 India was the 5th largest producer of crude steel registering a growth rate of 9.5% during the decade and is expected to be the 2nd largest producer of steel by 2015-2016 according to the ministry of steel estimates. India continues to be a global leader as the largest producer of direct reduced iron (DRI) in the world since 2002.

The development activities relating to the exploration and production (E&P) sector are building up process platforms, laying pipelines, oil and gas collecting stations and other surface facilities for evacuation of crude and natural gas from field areas to delivery points. For processing of crude, the infrastructure required is storage tanks for both the crude and the processed products and the refinery facilities. Growth in domestic demand, coupled with high energy prices is expected to drive investment in the oil and gas sector which in turn would benefit the EPC players in the industry. Given the dominance of the PSU companies in the oil and gas space in India, it is expected that a major proportion of the investment in this sector will be by the PSU companies.

Engineering construction activity is integral to the energy industry, infrastructure and industrial development and involves engineering construction services for pipelines, storage terminals and processing facilities, urban infrastructure, townships, highways, bridges, roads, railroads, ports, airports, and power systems. A significant part of the global engineering construction activity is concentrated in the oil and gas industry, the power sector and the metals and mining sector. EPC contracts are a common form of contract used to undertake construction works by the private sector on large scale and complex oil and gas projects. EPC contracts can be of two types– Construction contracts and Operation and maintenance agreements.

BUSINESS OVERVIEW

S&L is a multidisciplinary company engaged in providing engineering and construction services in a variety of sectors including metals, hydrocarbons, power, fertilizer, etc.

The Company has extensive expertise in the areas of pipe-work engineering and fluid handling, as also in welding and fabrication. The Company is mainly engaged in Project Management and Construction in various project sites and fabrication of equipments/items at our fabrication sites located at Khidderpore and Jhinhirapole, in an around Kolkata. The project and construction services business deals with overall Project Management, Design and Engineering, Procurement of bought-out items, Fabrication and erection of pipes and equipments at various sites including civil, structural, electrical and instrumentation. The Company also provides design engineering services for fabrication of items like coils, skirt and hoods with cooling rings, pipes and pipe fittings, pressure vessels, storage tanks and small heat exchangers.

The Company was initially incorporated in the year 1937 as a fully owned subsidiary of Stewarts and Lloyds, UK which was a known maker of steel and steel pipes. While business activities were initially limited to marketing of products manufactured by Stewarts and Lloyds, UK, the Company later widened its activities and started into design, manufacturing and erection of industrial piping. The Company also entered into design and manufacture of tubular structures, as also into manufacture of high pressure vessels, forged butt weld and socket weld pipe fittings.

The Company's registered and corporate office is located at Kolkata. Further, the Company has regional offices at Mumbai, Chennai and Noida mainly for liaison purposes. The Company has two workshops in and around Kolkata. As on August 16, 2011, it has 126 permanent employees.

Competitive Strengths

i. Lengthy experience, mainly in the piping and fabrication domain

The Company has over 7 decades of experience in the piping domain. It was initially promoted by Stewarts and Lloyds, UK in order to market products manufactured by them. The Company subsequently started manufacturing and fabrication activities in India. Over the years, it has worked on a large number of projects, especially in the steel, power, fertilizer and hydrocarbon sectors. In 2004, the shareholding of TSL was acquired by IOTIES, the current promoter and the Company has also worked on numerous piping contracts since then. Some of the major clients that the Company has worked for include Tata Steel Limited, Steel Authority of India Limited, Jindal Steel and Power Limited, Hindalco Industries Limited, Indian Oil Corporation Limited, Bongaigaon Refinery and Petrochemicals Limited, Tata Power Limited, NHPC Limited, NTPC Limited, etc.

ii. Pedigree and support of IOTIES, the Promoter of the Company

IOTIES, the current Promoter of the Company acquired majority shareholding of the Company in the year 2004 and has since played a vital role as the promoter. The Company has immensely benefited from the wide and diversified experience of IOTIES in the construction sector, especially in the hydrocarbon segment. The current Chairman of the Company, Mr. P G Vaidhyathan, and two of its Directors, viz. Mr. Jatin Mavani and Mr. K K Ranade are holding senior management positions in IOTIES or its subsidiaries. The Chief Executive Officer of the Company, Mr. S P Saha, is on deputation from IOTIES.

iii. Relatively low overhead costs as compared to the average in the construction sector

The Company feels that its administrative overheads are relatively lower as compared to the construction industry. Most of its current employees have been under long term employment with it, and thus the Company feels that expenses on salaries are not as high as those prevalent in the construction industry currently. The Company has also exercised cost-control and is thereby maintaining lower overheads.

Business Strategy

i. Utilize the unit at Jhinhirapole exclusively for large fabrication jobs while moving smaller jobs to the Khidderpore unit.

Besides the Khidderpore workshop which has been operational for long, the Company has recently restored operations at its workshop at Jhinhirapole, which had been in dormant position since many years. The Company proposes to utilize the Jhinhirapole Workshop exclusively for larger fabrication jobs as there is a larger space available at that place, as compared to its Khidderpore workshop. At the same time, Khidderpore workshop would be used for smaller manufacturing and welding works for which the current space is adequate.

In this process, the Company hopes to achieve specialization along with economies of scale and skilled labour in fabrication. This process is likely to bring cost advantage to its operations.

ii. Induct higher number of professionals at various levels in the organization

There has been high attrition in the last few years from skilled manpower, ranging from labour to supervisors to project managers. Further, the Company has also offered voluntary retirement scheme to its employees from time to time, to achieve optimal workforce mix.

While vacancies have been filled on a need-based system, the Company feels that there is requirement of experienced management and labour by which its execution may be further improved. The Company is currently recruiting in middle and site level positions. The Company feels that filling up these vacancies would improve its order execution and business development abilities.

iii. Further synergize efficiencies and competencies of the IOTIES group

IOTIES, the Promoter as well as some of the Group Companies have significant experience in the EPC domain. After the acquisition of majority control by IOTIES in 2004, the Company has gradually increased the quantum of work done with IOTIES and its associates. IOTIES has also assisted the Company in various bidding processes, especially in accurate forecasting of various input costs. The Company plans to continue increasing further synergies with Promoter/Promoter Group companies for various construction related work.

iv. Enter into technical collaborations with specialized service providers in order to improve its bidding prospects in high-value contracts

The Company feels that it is not in possession of any advanced technological knowhow and/or does not have significant experience in executing high-value contracts, which has been a constraint during its business development efforts. This has resulted in severe competition with small contractors.

The Company is actively seeking partnerships or collaborative tie-ups with reputed houses which shall provide improved competitive edge over its competitors.

v. Increase ownership of construction equipment in a phased manner

The Company has not made high investment in capital expenditure and thus hires most of the machinery and tools required for completion of its construction projects. As against ownership, renting of equipment not only reduces the margins on its contracts but also adversely affects execution efficiency. The Company has to be dependent on availability of equipment from external sources, which often results in execution delays. Further, the volatile prices of certain equipment often leads to greater disparity in the renting costs initially estimated by the company at the bidding stage and the actual rental costs incurred during execution. It thus proposes to increase ownership of critical machinery in a phased manner, a part of which is proposed to be finance from the proceeds of this Issue. For further details, please refer to the section 'Objects of the Issue', beginning on page 29 of this Draft Letter of Offer.

THE ISSUE

The following is the summary of the Issue. This summary should be read in conjunction with more detailed information in section titled “Terms of the Issue” beginning on page 245 of this Draft Letter of Offer

Rights Entitlement	One Equity Share for every one fully paid-up Equity Share held on the Record Date. In addition to the Rights Entitlement, for every Equity Share allotted in the Issue, one Detachable Warrant will be issued and allotted.
Record Date	[●]
Issue Price per Equity Share	[●]
Face value per Equity Share	Rs. 10
Equity Shares outstanding prior to the Issue	30,00,000
Equity Shares outstanding after the Issue but before the exercise of the Detachable Warrants (assuming full subscription for and allotment of the Rights Entitlement)	[●]
Warrant Exercise Price	[●]
Warrant Exercise Period	The period commencing after six months from the date of allotment of the Equity Shares in the Issue up to 18 months from the date of allotment of the Equity Shares in the Issue.
Equity Shares outstanding after the exercise of the Detachable Warrants (assuming full exercise of the Detachable Warrants)	[●]
Terms of the Issue	For more information, see the section titled “Terms of the Issue” beginning on page 245 of this Draft Letter of Offer.
Use of Proceeds	For more information, see the section titled “Objects of the Issue” beginning on page 29 of this Draft Letter of Offer.

SUMMARY STATEMENTS OF FINANCIAL INFORMATION

The following tables set forth summary of financial information derived from restated financial statements of the Company as of and for the financial years ended March 31, 2007, 2008, 2009, 2010 and 2011. The restated financial statements have been prepared in accordance with Indian GAAP, the Companies Act and SEBI (ICDR) Regulations and are included in the section titled "Financial Statements" beginning on page 136 of this Draft Letter of Offer. The tables provided below should be read in conjunction with the restated financial statements, the notes thereto and chapter titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Financial Information" beginning on pages 168 and 136 respectively of this Draft Letter of Offer.

STATEMENT OF ASSETS AND LIABILITIES

(Rs. in Lakhs)

	Particulars	Year Ended March 31,				
		2007	2008	2009	2010	2011
(1)	Fixed Assets :					
	Gross Block	1,297.98	1,319.01	1,330.69	1,399.52	1,393.89
	Less : Depreciation	696.26	780.79	853.95	899.18	954.53
	Net Block	601.72	538.22	476.74	500.34	439.36
	Less : Revaluation Reserve	-	-	-	-	-
	Capital Work in Progress	41.23	41.23	50.22	-	-
	<i>Net Block after adjustment for revaluation reserve</i>	642.95	579.45	526.96	500.34	439.36
(2)	Investments	0.01	0.01	0.01	0.01	0.01
(3)	Deferred Tax Asset	-	-	23.33	47.87	37.10
(4)	Current Assets, Loans and Advances					
	Inventories	152.74	139.70	201.34	180.08	119.02
	Sundry Debtors	3,768.29	5,029.20	6,917.93	5,358.15	3,891.69
	Cash and Bank Balances	32.26	45.03	40.29	50.49	35.70
	Loans and Advances	364.53	512.04	670.62	718.40	1,617.72
	Other Current assets	3,073.96	4,088.17	3,965.83	3,587.11	2,002.08
	<i>Total</i>	7,391.78	9,814.14	11,796.01	9,894.23	7,666.21
(5)	Liabilities and Provisions					
	Secured Loans	1,522.98	1,585.03	2,016.95	2,877.37	2,619.08
	Current Liabilities and provisions	4,558.60	6,616.56	8,015.80	5,433.34	4,328.48
	<i>Total</i>	6,081.58	8,201.59	10,032.75	8,310.71	6,947.56
(6)	Deferred Tax Liability	16.10	3.43	-	-	-
(7)	Net Worth	1,937.06	2,188.58	2,313.56	2,131.74	1,195.12
(6)	Represented by					
	Share Capital	300.00	300.00	300.00	300.00	300.00
	Reserves and Surplus	1,637.06	1,899.53	2,021.77	1,837.21	897.86
	Less Revaluation Reserve	-	-	-	-	-
	Less Miscellaneous Expenses (To the extent not written off or adjusted)	-	10.95	8.21	5.47	2.74
	<i>Reserves and Surplus (Net of Revaluation reserves and Miscellaneous expenditure)</i>	1,637.06	1,888.58	2,013.56	1,831.74	895.12
	Net Worth	1,937.06	2,188.58	2,313.56	2,131.74	1,195.12

NOTES:

- (1) Share capital consists of 30,00,000 equity shares of Rs. 10 each, fully paid. The share capital includes 1,992 equity shares issued for consideration other than cash pursuant to a contract and 6,38,450 equity shares issued as bonus shares by capitalization of general reserves and security premium.
- (2) 16,63,754 shares are held by IOT Infrastructure & Energy Services Limited (Formerly Indian Oiltanking Limited), holding company.

STATEMENT OF PROFITS AND LOSSES

(Rs. in Lakhs)

	Year Ended March 31,				
	2007	2008	2009	2010	2011
Income					
Sales					
of products manufactured by the issuer	1,309.29	415.00	125.46	119.04	17.31
of products traded in by the issuer	2,075.91	2,502.86	2,377.78	894.66	441.19
of erection services	9,021.61	8,187.55	7,034.13	5,137.78	1,571.19
Total	12,406.81	11,105.41	9,537.37	6,151.48	2,029.69
Other Income	16.83	12.74	51.03	35.10	13.59
Increase / (Decrease) in work-in-process and finished products	44.05	(1.71)	(22.30)	(41.87)	44.63
	12,467.69	11,116.44	9,566.10	6,144.71	2,087.91
EXPENDITURE :					
Material consumption	2,265.95	1,949.81	1,243.47	538.07	206.83
Staff Costs	855.59	935.61	968.90	938.62	650.42
Other Operating Expenses	8,216.66	7,184.40	6,466.94	4,127.65	1,501.78
Administration Charges	331.61	296.08	248.59	262.10	191.30
Selling and Distribution Expenses	-	-	-	-	-
Depreciation	91.51	88.13	81.47	68.93	71.83
Interest	93.55	169.37	273.77	335.20	429.43
Material non-recurring items:					
Provision for doubtful debts	-	-	-	98.66	-
Exchange Loss / (Gain)	6.33	18.36	(7.90)	-	-
Provision for Future Expenses on erection contract written back	-	(57.12)	-	-	-
Provision no longer required written back	-	-	(11.27)	(71.66)	(35.09)
Advance written off	-	-	-	56.24	-
TOTAL EXPENDITURE	11,861.20	10,584.64	9,263.97	6,353.81	3,016.50
Net Profit / (Loss) before tax and extra ordinary items	606.49	531.80	302.13	(209.10)	(928.59)
Income-tax for current year	210.00	164.00	142.00	-	-
Deferred tax (see note no. B.1 in Notes to accounts of Annexure IV)	25.04	(12.66)	(26.76)	(24.54)	10.77
Fringe benefit tax	14.17	12.70	12.00	-	-
Total Tax	249.21	164.04	127.24	(24.54)	10.77
Net Profit / (Loss) before extra ordinary items	357.28	367.76	174.89	(184.56)	(939.36)
Extra ordinary Items - Net	-	-	-	-	-
Net Profit / (Loss) after extra ordinary items	357.28	367.76	174.89	(184.56)	(939.36)

NOTES:

- (1) The Company is primarily engaged in execution of erection projects in India, which, in most cases involve supply of materials. The sales income during the financial years 2006-07 to 2010-11 was mainly from construction contracts which involve supply of materials and also Industrial Pipework from its manufacturing facility at Kolkata.

STATEMENT OF CASH FLOWS

(Rs. in Lakhs)

	Year ended March 31,				
	2007	2008	2009	2010	2011
Cash flow from operating activities:					
Net profit / (Loss) before tax and extraordinary items	606.49	531.80	302.13	(209.10)	(928.59)
<u>Adjustments for non operating and non cash expenses:</u>					
Depreciation	91.51	88.13	81.47	68.93	71.83
Interest paid	93.55	162.96	277.09	331.52	436.20
Provision for doubtful debts	-	-	-	98.66	-
Wealth tax	-	0.07	0.15	0.15	-
Bad & doubtful advances written off	-	-	-	56.24	-
Loss on sale of fixed assets	-	-	-	-	0.39
Amortisation of miscellaneous expenditure	-	-	2.74	2.74	2.74
Exchange Loss	6.33	18.36	-	-	-
	797.88	801.32	663.58	349.14	(417.43)
<u>Adjustments for non operating and non cash income:</u>					
Profit on sale of fixed asset	(6.98)	(0.04)	(5.21)	(3.55)	-
Exchange Gain	-	-	(7.90)	-	-
Provisions no more required written back	-	(57.12)	(11.27)	(71.66)	(35.09)
Interest received	(4.37)	(5.41)	(3.84)	(15.30)	(1.49)
Operating profit before working capital changes	786.53	738.75	635.36	258.63	(454.01)
<u>Adjustment for changes in working capital:-</u>					
(Increase)/decrease in inventories	(6.04)	13.04	(61.64)	21.26	61.06
(Increase)/decrease in debtors	259.27	(1,260.91)	(1,888.73)	1,461.12	1,466.46
(Increase)/ decrease in other receivables	(2,643.82)	(1,120.66)	94.13	250.55	813.39
Increase/(Decrease) in trade payable and other liabilities	713.05	2,118.49	1,465.66	(2,458.14)	(1,069.07)
Cash generated / (used in) from operation	(891.01)	488.71	244.78	(466.58)	817.83
Less: Direct taxes paid (Net of refunds) (Including Fringe Benefit Tax)	(237.54)	(236.12)	(276.47)	24.15	(127.68)
Net cash from / (used in) operating activities (A)	(1,128.55)	252.59	(31.69)	(442.43)	690.15
Cash flow from investing activities					
Interest received	4.37	5.41	3.84	15.30	1.49
Sales of fixed assets	74.38	0.20	12.42	10.47	3.43
Purchase of fixed assets	(255.22)	(39.87)	(39.26)	(49.22)	(14.67)
Net cash from / (used in) investing activities (B)	(176.47)	(34.26)	(23.00)	(23.45)	(9.75)
Cash flow from financing activities:					
Working Capital finance from banks	1,496.97	62.05	431.92	860.42	(258.29)
Less : Interest paid	(93.55)	(162.96)	(277.09)	(331.52)	(436.20)
Dividend paid including tax thereon	(102.10)	(104.65)	(104.88)	(52.82)	(0.70)
Net cash from / (used in) financing activities (C)	1,301.32	(205.56)	49.95	476.08	(695.19)
Net Increase/(Decrease) in cash & cash equivalents (A+B+C)	(3.70)	12.77	(4.74)	10.20	(14.79)
Cash and equivalents at the beginning of the year	35.96	32.26	45.03	40.29	50.49
Cash and equivalents at the end of the year	32.26	45.03	40.29	50.49	35.70

Note:

The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard-3 on Cash Flow Statement prescribed by the Companies Act, 1956.

GENERAL INFORMATION

Dear Equity Shareholder(s),

Pursuant to the resolutions passed at the meetings of Board of Directors of the Company held on May 04, 2011 and July 28 2011, it has been decided to make the following offer to the Equity Shareholders of the Company as on Record Date i.e. [●]:

Issue of [●] Equity Shares with a face value of Rs.10 each at a premium of Rs. [●] per Equity Share for an amount aggregating upto Rs. 30 Crore on a rights basis will be issued and allotted to the existing Equity Shareholders of the Company in the ratio of [●] Equity Share for each and every [●] fully paid-up Equity Share held by them on the record date, that is on [●]. For every Equity Share allotted on a rights basis, one Detachable Warrant will be issued and allotted. The total amount raised by the Company through the issue of Equity Shares in the Issue and upon exercise of Detachable Warrants shall not exceed Rs. 60 Crore. The Issue Price is [●] times the face value of the Equity Shares.

Important

1. This offer is applicable only to those Equity Shareholders whose names appear as beneficial owners in respect of the Equity Shares held in the electronic form and on the Register of Members of our Company in respect of the Equity Shares held in physical form as on [●] i.e. the Record Date fixed in consultation with the Designated Stock Exchange i.e., BSE.
2. Your attention is drawn to “Risk Factors” beginning on page ix of this Draft Letter of Offer.
3. Please ensure that you have received the Composite Application Form (‘CAF’) along with this Letter of Offer. In case the original CAF is not received, lost or misplaced by the shareholder, the Registrar will issue a duplicate CAF on the request of the shareholder who should furnish the registered folio number/DP ID number, Client ID number and his/her full name and address to the Registrar. Please note that those applicants, 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. In case the original and the duplicate CAFs are lodged for subscription, allotment will be made on the basis of the duplicate CAF and the original CAF will be ignored.
4. Please read this Letter of Offer and the instructions contained therein and in CAF carefully, before filling in the CAF. The instructions contained in the CAF are an integral part of this Letter of Offer and must be carefully followed. Application is liable to be rejected for any non-compliance with the terms of the Letter of Offer or the CAF.
5. All enquiries in connection with this Letter of Offer or CAF should be addressed to the Registrar to the Issue i.e. C B Management Private Limited quoting the registered folio number/

Depository Participant (DP) Number and Client ID Number and the CAF numbers, as mentioned in the CAF.

6. The Issue will be kept open for a minimum period of 15 (Fifteen) days. If extended, with the approval of the Board, it will be kept open for a maximum period of 30 (Thirty) days.
7. The Lead Manager and the Company shall update this Draft Letter of Offer and keep the public informed of any material changes, till the listing and trading commences for Shares offered through this Issue.

ISSUER DETAILS

Name of the Company	:	Stewarts and Lloyds of India Limited
Registered Office	:	41, Chowringhee Road, Kolkata – 700071, West Bengal.
Registration Number	:	21-9099
Corporate Identification Number (CIN)	:	L28999WB1937PLC009099
Contact person:	:	Mr. Kalyan Das Gupta Financial Controller and Compliance Officer
Address of the Registrar of Companies	:	Registrar of Companies, West Bengal Nizam Palace, 2nd MSO Building, 2nd Floor, 234/4, A.J.C.Bose Road, Kolkata - 700020

The Equity Shares of our Company are listed on BSE and CSE.

Board of Directors

The Board of Directors of the Company as on the date of filing this Draft Letter of Offer with SEBI is as follows:

Name of Director	Designation	Nature of Directorship	Date of Appointment
P. G. Vaidyanathan	Chairman	Non Executive and Non Independent	01.10.2009
R. K. Tripathy	Director	Independent	26.12.2006
K. P. Brahma	Director	Independent	29.01.2010
V. K. Sinha	Director	Independent	04.05.2011
Jatin Mavani	Director	Non Executive and Non Independent	28.07.2004
K. K. Ranade	Director	Non Executive and Non Independent	01.10.2009

For a detailed profile of our Directors, please refer to the chapter titled 'Our Management' beginning on page 95 of this Draft Letter of Offer.

Other Branch Offices of the Company

City	Address
Mumbai	Room No. 608, Raheja Arcade, Plot 61 Sector – 11, C B D Belapur, Navi Mumbai – 400614, Maharashtra
Noida	JOP PLAZA, 4 th Floor, Room No. 419, Sector – 18, NOIDA – 201301, Uttar Pradesh
Chennai	Plot No. 103 & 105, Brooklyn Business Centre, 4 th Floor, Poonamallee High Road, Chennai - 600 084

Works/ Plants/ Factories of the Company

West Bengal	39, Hide Road, Kolkata - 700 043, West Bengal
	43/2, Hide Road Extention, Kolkata- 700 088, West Bengal

Compliance Officer

The Board has appointed Mr. Kalyan Das Gupta, Financial Controller, as the Compliance Officer of the Company. His contact details are as follows:

Stewarts and Lloyds of India Limited,
41, Chowringhee Road,
Kolkata – 700071
Tel: +91 33 2288 8194
Fax: +91 33 2288 8236
E-mail: slical@slofindia.com
Website: www.slofindia.com

ISSUE MANAGEMENT TEAM

Lead Manager to the Issue

MAPE Advisory Group Private Limited
SEBI Regn. No.: INM 000011294
13/14, Nirlon House
Dr. Annie Besant Road, Worli
Mumbai – 400 030
Tel: +91 22 6154 4500
Fax: +91 22 6154 4540

Contact Person: Abhishek Gupta
Email: abhishek.gupta@mapegroup.com
Website: www.mapegroup.com

Registrar to the Issue

C B Management Service Private Limited
SEBI Regn. No.: INR000003324
P-22 Bondel Road
Kolkata 700019
Tel: +91 33 4011 6700
Fax: +91 33 2287 0263
Email: cbmsl1@cal2.vsnl.net.in
Website: www.cbmsl.com
Contact Person: P. Basu and S. Ghosh

Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre-issue or post-issue related problems such as non-receipt of letters of allotment, credit of allotted securities in the respective beneficiary account or refund orders.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the relevant SCSB, giving full details such as name, address of the applicant, number of Securities applied for, Bid Amount blocked, ASBA Account number and the Designated Branch of the SCSBs where the ASBA Form was submitted by the ASBA Bidders.

Auditors of the Company

M/s Ray and Ray,
Chartered Accountants,
6 Church Lane,
Kolkata 700001.
Tel: +91 33 2248 9861 / 2243 8562
Fax: +91 33 2248 0547
Email: raynray@vsnl.com

Legal Advisors to the Issue

Sandersons and Morgans,
Solicitors and Advocates,
Royal Insurance Building,
5 Netaji Subhas Road,
Kolkata 700017
Phone: +91 33 2248 2644 to 47
Fax: +91 33 2248 2648
Email: rlauddy.sandersons@gmail.com

Bankers/Lenders to the Company

State Bank of India

Commercial Branch
24, Park Street
Kolkata - 700016

Tel: +91 33 2265 9631
Fax: +91 33 2229 3555
E-mail: sbi.07502@sbi.co.in
Website: www.statebankofindia.com
Contact Person: Mr. O.P.Mishra

Bank of Baroda

Camac Street Branch
"Manasarowar"
3B, Camac Street
Kolkata – 700016

Tel: +91 33 2265 7190
Fax: +91 33 2226 4576
E-mail: camacs@bankofbaroda.com
Website: www.bankofbaroda.com
Contact Person: Mr. A. K. Bhattacharya

Axis Bank Limited

Corporate Banking Branch
AC Market Building, 3rd Floor
1, Shakespeare Sarani
Kolkata - 700071

Tel: +91 33 6701 4400
Fax: +91 33 2282 8790
E-mail: amitabha.mukhopadhyay@axisbank.com
Website: www.axisbank.com
Contact Person: Mr. Amitabha Mukhopadhyay

HDFC Bank Limited

3A, Gurusaday Road
2nd Floor
Kolkata - 700019

Tel: +91 33 3057 8201
Fax: +91 33 2281 4333
E-mail: rave.mani@hdfcbank.com
Website: www.hdfcbank.com
Contact Person: Mr. Ravee Mani

Bankers to the Issue

HDFC Bank Limited
6 Royd Street, Abhilasha Building
Kolkata - 700016
Tel: +91 33 30578217
Fax: +91 33 22836922
E-Mail: zafar.ehsan@hdfcbank.com
Website: www.hdfcbank.com
Contact Person: Mr. Zafar Ehsan

SELF CERTIFIED SYNDICATE BANKS

The list of SCSBs registered with SEBI is available on the website of SEBI at <http://www.sebi.gov.in/pmd/scsb.html>. For details on designated branches of SCSBs collecting the ASBA Bid cum Application Form, please refer the SEBI Website, www.sebi.gov.in.

Monitoring Agency

As per Regulation 16(1) of the SEBI (ICDR) Regulations, 2009, the requirement of a monitoring agency is not mandatory if the Issue size is below Rs. 500 Crores. Since the Issue size is less than Rs. 500 Crores, our Company has not appointed any monitoring agency for this Issue.

However, as per Clause 49 of the Listing Agreement entered into with the Stock Exchanges upon listing of these shares and the Corporate Governance Requirements, the Audit Committee of the Company would be monitoring the utilisation of the proceeds of the Issue.

Statement of allocation of responsibility

MAPE Advisory Group Private Limited is the sole Lead Manager to this Issue and shall be responsible for and shall coordinate the following activities pertaining to the Issue:

Sl. No.	Activity
1	Structuring of the Issue in conformity with the SEBI (ICDR) Regulations, undertaking liaison with the Stock Exchanges, as may be required under the prevailing framework of regulations/rules /guidelines issued by the SEBI and the Stock Exchanges.
2	Assisting the Company and its Legal Advisors in drafting this Letter of Offer, (the Abridged Letter of Offer) and the CAF; conducting due diligence as may be required on the Company and assisting in compliance with regulatory requirements of the SEBI and the Stock Exchanges. The Lead Manager shall advise on compliance with the SEBI (ICDR) Regulations and other stipulated requirements and completion of prescribed formalities with the Stock Exchanges and the SEBI.
3	Assisting in the selection of various agencies connected with the Issue, including printers, advertising agencies, legal advisor, bankers to the Issue (selecting collection centers) and Registrar to the Issue.
4	Assisting the Company in preparing the Issue advertisements.
5	Follow-up with the Bankers to the Issue to get quick estimates of collection and advising such banks about closure of the Issue, based on the correct figures.
6	Assisting in the listing of the Equity Shares and Detachable Warrants issued pursuant to the Issue on the BSE & CSE.
7	The post-Issue activities will involve essential follow-up steps, which include finalization of basis of allotment or weeding out of multiple applications, dispatch of certificates and refunds, with the various agencies connected with the work such as the Registrar to the Issue, the Bankers to the Issue, and the bank handling refund business.

Credit Rating Details

This being an Issue of Equity Shares with Detachable Warrants on rights basis, no credit rating is required.

Issue Grading

As this is a Rights Issue of Equity Shares with Detachable Warrants, grading of the Issue is not mandatory.

Debenture Trustees

Since this is not an issue of debentures, appointment of Debenture Trustee is not required.

Appraising Entity

The requirement of funds is not required to be appraised by any Bank or Financial Institution.

Underwriting/ Standby Arrangements

The present Issue is not underwritten and the Company has not made any standby arrangements for the Issue. IOTIES, the Promoter, has undertaken that it would subscribe to its entitlements in this Rights Issue in full. Further, IOTIES has also confirmed that it would also subscribe to the unsubscribed portion of this Issue, if any, such that 100% of the Issue is subscribed.

Minimum Subscription

If the Company does not receive minimum subscription of 90% of the Issue or the subscription level falls below 90% after the Issue Closing Date, on account of cheques being returned unpaid or withdrawal of applications, the Company shall forthwith refund the entire subscription amount received in respect of the Equity Shares within 15 days from the Issue Closing Date. If there is a delay in the refund of subscription by more than eight days after the Company becomes liable to pay the subscription amount (i.e. 15 days after closure of the Issue), the Company will pay interest at the rate of 15% per annum for the delayed period.

Subscription to the Issue by the Promoter

IOTIES, vide undertaking dated August 18, 2011, has undertaken, subject to compliance with relevant provisions of the law, to apply for the Equity Shares being offered pursuant to the Issue to the extent of its Rights Entitlement and also to apply for any additional Equity Shares in the Issue, subject to applicable law, to ensure that 100% of the Issue is subscribed.

Such subscription for Equity Shares over and above their rights entitlement, if allotted, may result in an increase in their percentage of shareholding above their current percentage of

shareholding. Further, such acquisition by them of additional Equity Shares shall (i) not result in a change of control of the management of the Company; and (ii) be exempt from the applicability of Regulations 10, 11 and 12 of the Takeover Code in terms of the proviso to Regulation 3(1)(b)(ii) of the Takeover Code.

Impersonation

Attention of the applicants is specifically drawn to the provisions of Sub-Section (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 for a term which may extend to five years."

Issue Schedule

Issue Opening Date	[•]
Last date for receiving requests for split forms	[•]
Issue Closing Date	[•]

CAPITAL STRUCTURE

Particulars		Aggregate Nominal Value (Rs.)	Aggregate value at Issue Price (Rs.)
A.	AUTHORISED CAPITAL		
	2,00,00,000 Equity Shares of Rs.10/- each	20,00,00,000/-	[●]
B.	ISSUED, PAID-UP AND SUBSCRIBED CAPITAL		
	30,00,000 Equity Shares of Rs.10/- each	3,00,00,000/-	[●]
C.	PRESENT ISSUE BEING OFFERED TO THE EXISTING SHAREHOLDERS THROUGH THIS LETTER OF OFFER		
	[●] Equity Shares at an issue price of Rs. [●] per Equity Share. For every Equity Share allotted in the Issue, 1 Detachable Warrant will be issued and allotted.	[●]	[●]
D.	Paid-up Equity Share Capital after the Issue but before the exercise of Detachable Warrants, assuming full subscription.	[●]	[●]
E.	Paid-up equity share capital after the exercise of detachable warrants assuming full exercise of all Detachable Warrants	[●]	[●]
F.	SHARE PREMIUM ACCOUNT		
	Existing Share Premium Account		12,13,970/-
	Share Premium Account after the issue assuming allotment of all Equity Shares offered		

NOTES TO THE CAPITAL STRUCTURE

1. Details of increase in authorized Share Capital

Period	From		To	
	No. of Shares	Total Authorised Share Capital	No. of shares	Total Authorised Share Capital
1937			1,000 (@ Rs.20/- each)	20,000/-
1963 (Sub-Division of shares)	1,000 (Rs.20/- each)	20,000/-	2,000 (@ Rs.10/- each)	20,000/-
1963	2,000 (@ Rs.10/- each)	20,000/-	10,00,000 (@ Rs.10/- each)	1,00,00,000/-
1976	10,00,000	1,00,00,000/-	30,00,000	3,00,00,000/-

	(@Rs.10/- each)		(@ Rs.10/- each)	
1993-94	30,00,000 (@ Rs.10/- each)	3,00,00,000/-	1,00,00,000 (@ Rs.10/- each)	10,00,00,000/-
2011-12	1,00,00,000 (@ Rs.10/- each)	10,00,00,000/-	2,00,00,000 (@Rs.10/- each)	20,00,00,000/-

2. Build up of Paid-up Equity Share Capital:

Date of Allotment	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Consideration	Nature of Allotment	Cumulative Share Capital
18/08/1937	1,000	20/-	20.00	Cash: 80/- Other than cash:19,920/-	Signatories to the Memorandum	20,000/-
18/10/1963	2,000	Sub-divided into 2,000 equity shares of Rs.10/- each				20,000/-
28/05/1965	4,38,450	10/-	10.00	Bonus	Further Allotment	44,04,500/-
04/06/1965	70,000	10/-	10.00	Cash	Further Allotment	51,04,500/-
02/08/1965	2,89,550	10/-	22.50	Cash	Public Issue	80,00,000/-
07/04/1977	2,00,000	10/-	10.00	Bonus	Further Allotment	1,00,00,000/-
21/07/1994	20,00,000	10/-	10.00	Rights	Rights issue	3,00,00,000/-

Note :

- i. On 28/05/1965, 4,38,450 equity shares were issued as fully paid bonus shares by capitalization of general reserve.
- ii. On 07/04/1977, the company has issued 2,00,000 equity shares in a bonus issue, in a ratio of 1 equity share for every 4 equity shares held to the equity shareholders by way of capitalization of Share Premium Account.
- iii. On 21/07/1994, the company has issued 20,00,000 equity shares as a rights issue in a ratio of 2 equity shares for every equity share held by the equity shareholders.

3. Equity Shares allotted for consideration other than cash

Date of Allotment	Persons to whom Allotted	Number of Equity Shares	Face Value (Rs.)	Nature of Allotment
18/08/1937	Signatories to Memorandum	996	20/-	Incorporation of Company
18/10/1963	Subsequently sub-divided into shares of Rs.10/- each and to be treated as 1992 equity shares			
28/05/1965	Stewarts & Lloyds, U.K : 4,38,012 equity shares Stanton & Staveley Ltd. U.K.: 438 equity shares	4,38,450	10/-	Bonus
07/04/1977	Existing shareholders	2,00,000	10/-	Bonus

4. Build-up of Securities Premium Account

Year	Nature Of Adjustment	(Rs.)	Balance at the Close of Financial Year (Rs.)
1965	Public Issue of 289,550 Equity Shares of Rs. 10 each at a premium of Rs. 12.50 per Equity Share	3,619,375.00	
	(-)Premium on Calls Unpaid	(141,000.00)	3,478,375.00
1966	Share Premium Account	3,619,375.00	
	(-)Premium on Calls Unpaid	(42,563.00)	3,576,812.00
1967	Share Premium Account	3,619,375.00	
	(-)Premium on Calls Unpaid	(38,063.00)	3,581,312.00
1969	Share Premium Account	3,619,375.00	
	(-) Share Issue Expenses Written Off	(397,137.00)	
		3,222,238.00	
	(-) Premium on Calls Unpaid	(38,063.00)	
			3,184,175.00
1973	Share Premium Account	3,222,238.00	
	(-) Premium on Calls Unpaid	(21,750.00)	3,200,488.00
1974	Share Premium Account	3,222,238.00	
	(-) Premium on Calls Forfeited	(8,625.00)	3,213,613.00
1976	Balance As Per Last Accounts	3,213,613.00	
	(+) Premium On Forfeited Shares reissued	357.00	3,213,970.00
1977	Balance As Per Last Accounts	3,213,970.00	
	(-) Amount Utilized For Issue Of Bonus Share	(2,000,000.00)	1,213,970.00
	Current balance of Share Premium Account		1,213,970.00

5. The Company does not have any Employee Stock Option Scheme /Employee Stock Purchase Plan for its employees and does not intend to allot any Equity Shares to the employees under Employee Stock Option Scheme / Employee Stock Purchase Plan from the proposed Issue. As and when options are granted to the employees under the Employee Stock Option Scheme, the Company shall comply with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.
6. The Company has not issued any Equity Shares or Preference Shares at a price which is lower than the issue price of the Securities offered pursuant to the Issue in the last one year.
7. The Company has not revalued any of its assets in the last 3 years.

8. The Company presently does not have any intention or proposal to alter the capital structure for a period of 6 (six) months from the Issue Opening Date, by way of split/consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible / exchangeable, directly or indirectly for Equity Shares) whether on preferential basis or otherwise. However, in the event the Company goes in for acquisitions and joint ventures, in such instances the Company might consider raising additional capital to fund such activity or use shares as currency for acquisition and/or participation in such joint venture.

9. Build up of shareholding of IOTIES, the Promoter in the Company:

Date of Allotment / Transfer	Nature of Allotmen	No. of Shares	Face Value	Issue / Transfer Price	Consideration
2004	Purchase through Share Purchase Agreement	16,47,000	10.00	25.00	Cash
2004	Acquired through Open Offer	16,754	10.00	33.00	Cash

10. None of the Promoter, Promoter Group entities, Directors, Directors of IOTIES or their immediate relatives have purchased or sold any Equity Shares of the Company in last six months. None of the Promoter, Promoter Group Entities, Directors or the relatives thereof have financed any person/entity for the purchase of Equity Shares of the Company during the period of six months immediately preceding the date of filing the draft Letter of Offer with SEBI.

11. The Pre and Post Issue Equity Shareholding Pattern of the Company is as under :-

Category of Shareholders	Pre-Issue		Post-Issue	
	No. of Equity Shares	% of Pre-Issue Equity Capital	No. of Equity Shares	% of Post-Issue Equity Capital
(A) Shareholding of Promoter and Promoter Group				
(1) Indian				
Bodies Corporate	1,663,754	55.46	[●]	[●]
Sub Total	1,663,754	55.46	[●]	[●]
(2) Foreign			[●]	[●]
Total shareholding of Promoter and Promoter Group (A)	1,663,754	55.46	[●]	[●]
(B) Public Shareholding			[●]	[●]
1) Institutions			[●]	[●]
Financial Institutions / Banks	404	0.01	[●]	[●]
Insurance Companies	326,198	10.87	[●]	[●]
Sub Total	326,602	10.89	[●]	[●]
(2) Non-Institutions			[●]	[●]
Bodies Corporate	262,711	8.76	[●]	[●]

Individuals			[●]	[●]
Individual shareholders holding nominal share capital up to Rs. 1 lakh	520,989	17.37	[●]	[●]
Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	182,846	6.09	[●]	[●]
Any Others (Specify)	43,098	1.44	[●]	[●]
Non Resident Indians	37,466	1.25	[●]	[●]
Clearing Members	5,586	0.19	[●]	[●]
Trusts	46	-	[●]	[●]
Sub Total	1,009,644	33.65	[●]	[●]
Total Public shareholding (B)	1,336,246	44.54	[●]	[●]
Total (A)+(B)	3,000,000	100	[●]	[●]
(C) Shares held by Custodians and against which Depository Receipts have been issued	-	-	[●]	[●]
Total	3,000,000	100	[●]	[●]

Note:

- i. Pre-Issue Shareholding is based on the shareholding of the Company as on June 30, 2011
- ii. Post Issue Shareholding is based on the assumption that all the shareholders will subscribe to the full extent to their Rights Entitlement in this Issue.

12. Shareholding Pattern of the Company as per Clause 35 of the Listing Agreement as on June 30,2011

Partly paid-up shares	No. of partly paid-up shares	As a % of total no. of partly paid-up shares	As a % of total no. of shares of the company
Held by promoter/promoter group	0	0	0
held by public	0	0	0
Total	0	0	0
Outstanding convertible securities	No. of outstanding securities	As a % of total no. of outstanding convertible securities	As a % of total no. of shares of the company assuming full conversion of the convertible securities
Held by promoter/promoter group	0	0	0
held by public	0	0	0
Total	0	0	0
Warrants	No. of warrant	As a % of total no. of warrants	As a % of total no. of shares of the company assuming full conversion of warrants
Held by promoter/promoter group	0	0	0
held by public	0	0	0
Total	0	0	0
Total Paid-up capital of the	3000000		

company assuming full conversion of warrants and convertible securities			
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Category Code	Category of Shareholder	No. of Share Holders	Total No. of Shares	Total No. of Shares held in Dematerialised Form	Total Shareholding as a % of total No. of Shares		Shares pledged or otherwise encumbered	
					As a % of (A+B)	As a % of (A+B+C)	No. of shares	As a % of Total No. of Shares
(A)	SHAREHOLDING OF PROMOTER AND PROMOTER GROUP							
(1)	Indian							
(a)	Individuals/Hindu Undivided Family	-	-	-	-	-		
(b)	Central Govt./ State Govt	-	-	-	-	-		
(c)	Bodies Corporate	1	1663754	1663754	55.46	55.46		
(d)	Financial Institutions/ Banks	-	-	-	-	-		
(e)	Any Other							
	Sub-Total (A) (1)	1	1663754	1663754	55.46	55.46		
(2)	Foreign							
(a)	Individuals (Non-Resident individuals/Foreign Individuals)						-	-
(b)	Bodies Corporate						-	-
(c)	Institutions						-	-
(d)	Any other						-	-
	Sub-Total (A) (2)							
	Total shareholding of Promoter and Promoter Group (A)=(A)(1) +(A)(2)	1	1663754	1663754	55.46	55.46	-	-
(B)	Public Shareholding							
(1)	Institutions							
(a)	Mutual Funds/UTI						-	-
(b)	Financial Institutions/ Banks	3	404	-	0.01	0.01	-	-
(c)	Central Govt./ State Govt.						-	-
(d)	Venture Capital Funds						-	-
(e)	Insurance Companies	4	326198	326098	10.87	10.87	-	-
(f)	Foreign Institutional Investors						-	-
(g)	Foreign Venture Capital Investors						-	-
(h)	Any Other						-	-
	Sub Total (B) (1)	7	326602	326098	10.88	10.88	-	-
(2)	Non-Institutions							
(a)	Bodies Corporate	90	262711	256725	8.76	8.76	-	-

(b)	Individuals-							
	i. Individual shareholders holding nominal share capital upto Rs.1 lakh	2851	520989	427829	17.37	17.37	-	-
	ii Individual shareholders holding nominal share capital in excess of Rs.1 lakh	4	182846	182846	6.09	6.09	-	-
(c)	Any Other (specify)						-	-
	Non-Resident Individual	28	37466	36774	1.25	1.25	-	-
	Clearing Members	15	5586	5586	0.19	0.19	-	-
	Trust	1	46	46	0	0	-	-
	Sub-Total (B) (2)	2989	1009644	909806	33.66	33.66	-	-
	Total Public shareholding (B)=(B)(1)+(B)(2)	2996	1336246	1235904	44.54	44.54	-	-
	Total (A)+(B)	2997	3000000	2899658	100.00	100.00	-	-
(C)	Shares held by Custodians and against which Depository Receipts have been issued							
(a)	Promoter and Promoter Group	-	-	-			-	-
(b)	Public	-	-	-			-	-
	GRAND TOTAL(A)+(B)+(C)	2,997	3,000,000	2,899,658	100.00	100.00		

13. The details of shareholders of persons belonging to the category Promoter and Promoter Group as on June 30, 2011 is as follows:

Sl.No.	Name of the Shareholder	No. of Equity Shares	Percentage Holding
1.	IOT Infrastructure and Energy Services Ltd.	16,63,754	55.46

14. The details of shareholders holding more than 1% of the share capital of our company in the public category as on June 30, 2011 is as follows:

Sl.No.	Name of the Shareholder	No. of Equity shares	Percentage Holding
1	National Insurance Company Ltd.	1,52,985	5.10
2	Vijay Kishanlal Kedia	1,42,014	4.73
3	Life Insurance Corporation of India	1,19,924	4.00
4	Keen Investments & Leasing Ltd.	1,13,900	3.80
5	The Oriental Insurance Company Ltd.	53,189	1.77
6	Dr. Sanjeev Arora	33,760	1.13

15. None of the shares of the company have been pledged by the Promoter/Promoter Group Entity/Directors.

16. None of the Promoters, Promoter Group Entities, Directors or the relatives thereof have financed the purchase of the Equity Shares of the Company by any other person or entity during the period of six months immediately preceding the date of filing the draft Letter of Offer with SEBI.
17. The present Issue being a rights issue, provision of Promoters' contribution and lock-in are not applicable.
18. If the Company does not receive minimum subscription of 90% of the Issue or the subscription level falls below 90% after the Issue Closing Date, on account of cheques being returned unpaid or withdrawal of applications, the Company shall forthwith refund the entire subscription amount received in respect of the Equity Shares within 15 days from the Issue Closing Date. If there is a delay in the refund of subscription by more than eight days after the Company becomes liable to pay the subscription amount (i.e. 15 days after closure of the Issue), the Company will pay interest at the rate of 15% per annum for the delayed period, under sub-sections (2) and (2A) of Section 73 of the Companies Act, 1956.
19. Details regarding Top 10 Shareholders:

A. As on September 09, 2011

Sl. No.	Name of Shareholder	Number of shares	% holding
1.	IOT Infrastructure and Energy Services Limited	1,663,754	55.46
2.	National Insurance Company Limited	152,985	5.10
3.	Vijay Kishanlal Kedia	142,014	4.73
4.	Life Insurance Corporation of India	119,924	4.00
5.	Keen Investment and Leasing Limited	113,900	3.80
6.	The Oriental Insurance Company Limited	53,189	1.77
7.	Dr. Sanjeev Arora	33,760	1.13
8.	Turnkey Dealers Private Limited	28,581	0.95
9.	Monarch Research and Brokerage Private Limited	21,214	0.71
10.	Ashdil Sales Promotion Private Limited	21,040	0.70
		2,350,361	78.35

B. As on September 02, 2011:

Sl. No.	Name of Shareholder	Number of shares	% holding
1.	IOT Infrastructure and Energy Services Limited	1,663,754	55.46
2.	National Insurance Company Limited	152,985	5.10
3.	Vijay Kishanlal Kedia	142,014	4.73
4.	Life Insurance Corporation of India	119,924	4.00
5.	Keen Investment and Leasing Limited	113,900	3.80
6.	The Oriental Insurance Company Limited	53,189	1.77

7.	Dr. Sanjeev Arora	33,760	1.13
8.	Turnkey Dealers Private Limited	28,581	0.95
9.	Monarch Research and Brokerage Private Limited	21,214	0.71
10.	Ashdil Sales Promotion Private Limited	21,040	0.70
		2,350,361	78.34

C. As on September 11, 2009

Sl. No.	Name of Shareholder	Number of shares	% holding
1.	IOT Infrastructure & Energy Services Limited (earlier Indian Oiltanking Limited)	1,663,754	55.46
2.	Vijay Kishanlal Kedia	182,742	6.09
3.	National Insurance Company Limited	152,985	5.10
4.	Life Insurance Corporation of India	120,034	4.00
5.	Keen Investment and Leasing Limited	113,900	3.80
6.	The Oriental Insurance Company Limited	53,189	1.77
7.	Dr. Sanjeev Arora	36,110	1.20
8.	Jagdish N Master	35,606	1.19
9.	Sanjay R Shah	35,000	1.17
10.	Jaikishan Rathi HUF	20,000	0.67
		2,413,320	80.44

- 20.** The Company has not made any public offering, preferential allotment or QIP Placement of the Equity Shares in the two years immediately preceding the date of filing this draft Letter of Offer with SEBI.
- 21.** The Company confirms that there will be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner by the Company during the period commencing from submission of the draft Letter of Offer with SEBI till the securities referred to in this draft Letter of Offer have been listed, or application money is refunded on account of failure of the Issue.
- 22.** As on the date of filing of this Draft Letter of Offer, the Company has [●] shareholders.
- 23.** At any given point of time there shall be only one denomination for Equity Shares of the Company and the Company shall comply with such disclosure and accounting norms as may be prescribed by SEBI.
- 24.** The equity shareholders of the Company do not hold any warrant, option or convertible loan or debenture, which would entitle them to acquire further Equity Shares in the Company
- 25.** The Company has not raised any bridge loan against the proceeds of this Issue.

- 26.** The Securities offered through this Issue shall be fully paid-up on allotment and the entire amount of Rs. [●] per Equity Share is payable on application.
- 27.** The Equity Shares of the Company are fully paid up and there are no partly paid up Equity Shares as on the date of this Draft Letter of Offer.
- 28.** The Company or the Lead Manager has not entered into any buyback or standby arrangements for the purchase of Equity Shares of the Company.
- 29.** The Issue will remain open for 15 days. However, the Board will have the right to extend the Issue period as it may determine but not exceeding 30 days from the Issue Opening Date
- 30.** The Promoter, Directors and Lead Manager to the Issue have not paid any amount, whether direct or indirect and in cash or kind, in the nature of discount, commission, allowance or otherwise to any person.
- 31.** The Lead Manager to the Issue and their associates do not hold any Equity Shares in the Company.
- 32.** The Promoter of the Company, IOTIES, vide undertaking dated August 18, 2011, has undertaken to:
 - a. apply for the Equity Shares with Detachable Warrants being offered pursuant to the Issue to the extent of their Rights Entitlement ; and
 - b. apply for any additional Equity Shares with Detachable Warrants in the Issue, subject to applicable law, to ensure that 100% of the Issue is subscribed.

OBJECTS OF THE ISSUE

The Company intends to utilize the Net Proceeds for the following objects:

- (a) To finance the purchase of material-handling equipment and generators
- (b) For repayment of working capital loans obtained from the Lenders of the Company
- (c) For financing the expected increase in working capital requirements of the Company
- (d) General corporate purposes.

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

The details of the proceeds of the Issue are summarised in the table below:

	Amount (in Rs. Lakhs)
Gross Proceeds from the Fresh Issue	[●]
Issue related Expenses	[●]
Net Proceeds	[●]

Utilisation of Net Proceeds

The intended utilisation of the Net Proceeds is summarised in the table below:

(In Rs. Lakhs)

Sl. No.	Particulars	Estimated Total Cost	Total amount to be financed from Net Proceeds
1	Purchase of material-handling equipment and generators	601.27	601.27
2	Repayment of working capital loans to our Lenders	850.00	850.00
3	financing the expected increase in working capital requirements	1,315.27	1,315.27
4	General corporate purposes ⁽¹⁾	[●]	[●]
	Total	[●]	[●]

⁽¹⁾ *The amount to be deployed towards general corporate purposes will be decided after finalisation of Issue Price*

Note: As stipulated by the Board in its meeting held on May 04, 2011, the total amount raised by the Company through the issue of Equity Shares in the Issue and upon exercise of Detachable Warrants shall not exceed Rs. 60 Crore. Through this Issue, an amount of upto Rs. 30 Crore is proposed to be raised through allotment of Equity Shares in the Issue. Further, the Company shall also raise additional amounts by inviting holders of Detachable Warrants to exercise their Warrants and allot Equity Shares thereof, which shall be not before six months but not later than eighteen months from the date of allotment of Equity Shares and Detachable Warrants in the

Issue. The Company proposes to utilize the amount raised through allotment of Equity Shares upon exercise of Warrants for similar purposes as mentioned in the table above.

Any expenditure already incurred towards the objects mentioned above will be recovered from the Net Proceeds.

The management of the Company, in accordance with the policies set up by the Board, will have flexibility in deploying the Net Proceeds, as well as the discretion to revise its business plan from time to time and consequently the funding requirement and deployment of funds may also change. This may include rescheduling the proposed utilisation of Net Proceeds and increasing or decreasing expenditure for a particular object vis-à-vis the utilisation of Net Proceeds. In case of variations in the actual utilisation of funds earmarked for the purposes set forth above, increased fund requirements for a particular purpose may be financed by surplus funds, if any, available in respect of the other purposes for which funds are being raised in this Issue, including the funds available for general corporate purposes. If such surplus funds are unavailable, the required financing will be met through internal accruals and/or debt. The Company believes that such alternative arrangements would be available to fund any such shortfall. In the event any surplus funds remain from the Net Proceeds after meeting all the aforesaid objectives, such surplus proceeds will be used for general corporate purposes including for meeting future growth opportunities.

Objects of the Issue and Funding Arrangement

1. Finance the purchase of material-handling equipment and generators

The Company's construction business involves executing project construction contracts. The Company's services include both supplies of construction materials and erection services. Depending on the terms of the contract, the Company may also manufacture or procure construction materials itself for its clients.

The Company proposes to deploy a portion of the Net Proceeds towards purchase of material handling equipment, including higher capacity cranes for deployment to various project sites and smaller capacity cranes for deployment to project sites as well as utilization in the Company's workshops. Further, it also proposes to purchase diesel generators of various capacities for utilization at construction sites as well as workshops at Khidderpore and Jhinhirapole.

Sl. No.	Equipment Description	Supplier	Rate (Rs. Lakhs)	No. of equipment required	Total Cost (Rs. Lakhs)
1	Tyre mounted - Rough Terrain Crane - 100 MT Capacity	TIL Limited	570.77	1	570.77
2	Hydraulic Mobile Crane - Capacity - 12 MT	Essem Tekno Services Pvt. Ltd.	12.12	2	24.24
3	Diesel Generator 75 KVA	Jakson Limited	6.26	1	6.26
	Total				601.27

The specifications of the machinery proposed to be purchased from the net proceeds of the Issue are as follows:

- a) 100MT Class Mobile Crane: The Company proposes to purchase one 100MT class mobile crane. The Company has received a quote dated July 12, 2011 from TIL Limited for supply of Rough Terrain Crane, which shall be manufactured with foreign technology upon confirmation of order. The delivery time is expected to be 6-7 months from order confirmation.
- b) Hydraulic Mobile Crane: The Company has received a quote from Essem Tekno Services Pvt. Ltd. for supply of Hydraulic Mobile Cranes of various sizes manufactured by Escorts Construction Equipment Limited. The Company plans to deploy the same across its workshops and at project sites, as and when required.
- c) Diesel Generators: The Company plans to purchase diesel generators of varying capacities in order to ensure un-interrupted work in its workshops as well as its project sites. It has received a quote dated July 08, 2011 from Jakson Limited, for various capacities of diesel generators. Delivery is expected within 6-8 weeks of confirmation of order/ advance payment.

Funding Arrangement

The entire cost of purchase of the equipment and machinery mentioned above is Rs. 1262.87 Lakhs and the same is expected to be funded from the net proceeds of the Issue. The Company does not propose to raise any loans for purchase of these equipment and machinery.

Deployment of funds

As on the date of this Draft Letter of Offer, the Company has not incurred any expenditure in connection with the purchase of the foregoing construction equipment.

2. Repayment of working capital loans to Lenders

The Company currently enjoys total working capital limits of upto Rs. 2900.00 Lakhs from a consortium of banks, including State Bank of India, Axis Bank Limited, Bank of Baroda and HDFC Bank Limited. As on June 30, 2011, the total working capital loans outstanding were Rs. 2,819.12 Lakhs, distribution of which was as follows:

	Lender	Sanctioned amount (Rs. Lakhs)	Outstanding as on June 30, 2011 (Rs. Lakhs)
1	State Bank of India	1,950.00	1,939.06
2	Axis Bank Limited	200.00	145.18
3	Bank of Baroda	150.00	148.81
4	HDFC Bank Limited	600.00	586.07

Total	2,900.00	2,819.12
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For further details, please refer to the section 'Financial Indebtedness' on page 184 of this Draft Letter of Offer.

Due to downtrend in business performance over the last few years, the debt rating of our Company has worsened, resulting in a high interest rate being charged by our Lenders. The higher interest costs had further impact on the profitability of our Company. We thus wish to lower our dependence on debt-funded working capital and thus plan to make part-repayment of our outstanding working capital loans. Our Company plans to make repayment of approximately Rs. 850.00 Lakhs to our Lenders.

We believe our repayment of interest bearing debt will help us to reduce our costs towards 'Interest and Finance Charges' and will improve our net earnings in the future. Further, it will help us to improve our ability to leverage equity for our future needs towards any of our existing operations and towards newer opportunities that we may identify or may come across.

3. Funding the increased working capital requirement of the Company

Our Company is engaged in the business of providing engineering and construction services to our clients. The expected growth in business of the Company is expected to be along the following lines:

In Rs. Lakhs	2009-10	2010-11	2011-12 (expected)
Income	6,258.24	2,078.37	7,000.00
Operating Expenditure	6,063.21	2,505.69	6,602.00

Our principal source of revenue is through erection and fabrication services, which are entered into through specified contracts. As is prevalent in most construction contracts, payments from clients are linked to certain milestone of work completed. As such, our business has high requirement of working capital. As per our internal estimates, the requirement of working capital is likely to be as follows:

In Rs. Lakhs	2009-10	2010-11	2011-12 (expected)
Current Assets (A)	9,894.22	7,666.21	9,540.00
Inventories	180.08	119.02	259.00
Debtors	5,358.15	3,891.70	4,466.00
Cash and Bank Balances	50.49	35.69	45.00
Other Current Assets	3,587.11	2,002.08	4,180.00
Loans and Advances	718.39	1,617.72	590.00
<i>Days outstanding of current assets</i>	<i>577</i>	<i>1,346</i>	<i>497</i>

Current Liabilities (B)	5,433.34	4,328.48	4,887.00
<i>Days outstanding of current liabilities</i>	327	631	270
Net Working Capital (A-B)	4,460.88	3,337.73	4,653.00
Increase/(Decrease) in Working Capital			1,315.27

The working capital requirement has been calculated on the basis of additional working capital required over the current year based on the expansions planned. Amounts under various heads of current assets and current liabilities have been taken at various levels, which is in consonance with the industry practice and past trends.

Means of Finance

The incremental working capital requirements of the Company are proposed to be funded entirely from the Net Proceeds of the Issue.

4. General Corporate Purposes

The Net Proceeds will be first utilised towards the aforesaid items and the balance, if any available, is proposed to be utilised for general corporate purposes including but not restricted to strategic initiatives, capital expenditure, meeting exigencies, which the Company in the ordinary course of business may face, or any other purposes as approved by the Board.

Issue Expenses

The estimated Issue related expenses are as follows:

Particulars	Amount (Rs. Lakhs)	As % of total expenses	As a percentage of Issue Size
Lead Manager	[●]	[●]	[●]
Registrars to the Issue	[●]	[●]	[●]
Advisors and Legal Counsel	[●]	[●]	[●]
Bankers to the Issue	[●]	[●]	[●]
Printing and stationery	[●]	[●]	[●]
Listing fees	[●]	[●]	[●]
Advertising and marketing expenses	[●]	[●]	[●]
Others	[●]	[●]	[●]
Total Estimated Issue Expenses	[●]	[●]	[●]

*Will be incorporated after finalisation of Issue Price

Bridge Financing Facilities

The Company has not raised any bridge loans from any bank or financial institution as on the date of this Draft Letter of Offer.

Interim use of Net Proceeds

The Company, in accordance with the policies formulated by its Board from time to time, will have flexibility in deploying the Net Proceeds received from the Issue. The particular composition, timing and schedule of deployment of the Net Proceeds from the Issue will be determined by the Company based on the development of the projects. Pending utilisation of the Net Proceeds for the purposes described above, the Company intends to temporarily invest the funds in interest bearing liquid instruments including deposits with banks and investments in money market mutual funds and other financial products, temporarily deploy the funds in working capital loan accounts and investment grade interest bearing securities as may be approved by the Board.

Monitoring of Utilisation of Funds

As per Regulation 16(1) of the SEBI (ICDR) Regulations, a company raising funds in excess of Rs. 500 Crore, a monitoring agency is to be appointed to oversee the use of proceeds. Since our Company proposes to raise an amount of upto Rs. 6000 Lakhs through this Issue, a monitoring agency is not proposed to be appointed.

Pursuant to clause 49 of the Listing Agreement, the Company shall, on a quarterly basis, disclose to its Audit Committee the uses and applications of the Net Proceeds. On an annual basis, the Company shall prepare a statement of funds utilised for purposes other than those stated in this Draft Letter of Offer and place it before the Audit Committee. Such disclosure shall be made only until such time that the Net Proceeds have been utilised in full. The statement shall be certified by the statutory auditors of the Company. Furthermore, in accordance with clause 43A of the Listing Agreement, the Company shall furnish to the Stock Exchanges on a quarterly basis, a statement including material deviations, if any, in the utilisation of the Net Proceeds from the objects of the Issue as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results, after placing the same before the Audit Committee.

No part of the Issue proceeds will be paid by the Company as consideration to Promoters, the Directors, the Company's key management personnel or the Group Companies, except in the ordinary course of business.

BASIS FOR ISSUE PRICE

The Issue Price has been determined in consultation with Lead Manager considering the following qualitative and quantitative factors. Investors should also refer to the section “Risk Factors” and “Financial Information” beginning on pages ix and 136 respectively to get a more informed view before making the investment decisions.

Qualitative Factors:

- i. Our experience in the piping fabrication domain
- ii. Our brand name and presence in the steel sector
- iii. Pedigree and support of our Promoter
- iv. Relatively low overhead costs as compared to the average in the construction sector

Quantitative Factors

The information presented in this section is derived from our restated financial statements:

1. Basic and Diluted Earnings Per Share (“EPS”)

Period	EPS (Rs.)	Weight
2008-09	5.83	1
2009-10	(6.15)	2
2010-11	(31.31)	3
Weighted Average	(16.73)	

2. **Price/Earning Ratio (P/E):** Since the EPS for the year 2010-11 and the weighted average EPS are negative, a P/E ratio is not applicable.

Industry P/E:	
Highest :	35.6
Lowest -	2.2
Average	21.0

Source: Capital Market, Vol. XXVI/14, September 05-18, 2011, Engineering – Turnkey Services

3. Return on Net Worth (RONW)

Particulars	RONW	Weights
31 March 2009	7.56%	1
31 March 2010	(8.66)%	2
31 March 2011	(78.60)%	3
Weighted Average RONW	(40.93)%	

4. Since the EPS of the Company is negative for the year 2010-11, the minimum return on increased Net Worth required to maintain pre-issue EPS is not ascertainable/applicable.

5. **Net Asset Value per Equity Share(Rs.)**

As on March 31, 2011	39.84
After the Issue	[●]
Issue Price per Equity Share	[●]

6. **Comparison of Accounting Ratios with Peer Group Companies**

Sl No	Particulars	EPS (Rs.)	P/E Ratio	RONW (%)	B.V. (Rs.)
1	McNally Bharat Engineering Co. Ltd.	15.4	7,4	16.5	85.7
2	Petron Engineering Ltd.	40.7	7.1	28.9	161.4
	Stewarts and Lloyds of India Limited	(31.31)	N/A	(78.60)%	39.84

Source: Capital Market, Vol. XXVI/14, September 05-18, 2011

All the figures are based on financial statements for the year ended 31.3.2011

7. The face value of Equity Shares is Rs.10/- and the Issue Price of Equity Shares is Rs. [●] times of the face value of our Equity Shares.
8. The Lead Manager believes that the Issue Price of Rs. [●] per Equity Share is justified in view of the above qualitative and quantitative parameters. Investors may also want to peruse the risk factors and our financial statements as set out in the Draft Letter of Offer to have a more informed view about the investment proposition.

Formulae used:

1. Basic EPS has been calculated as: Net Profit / Weighted average number of Equity Shares outstanding during the year.
2. Earnings per Equity Share calculations are in accordance with Accounting Standard 20 - "Earnings per Share" issued by the Institute of Chartered Accountants of India.
3. The face value of each Equity Share is Rs.10/-
4. P/E: Issue Price / Earnings per equity share
5. Return on Net Worth: Net Profit / Net Worth at the end of the financial year.
6. Net Asset Value Per Equity Share: Net Worth at the end of the financial year / Number of Equity Shares outstanding at the end of the year.

STATEMENT OF TAX BENEFITS

To,
The Board of Directors
Stewarts & Lloyds of India Limited
Kanak Building, 1st Floor,
41, Chowringhee Road,
Kolkata – 700 071

Dear Sirs,

Sub: Statement of Possible Tax Benefits available to Stewarts and Lloyds of India Limited (the “Company”) and its shareholders

We hereby report that the enclosed statement states the possible tax benefits available to the Company and to the shareholders of the Company under the Income Tax Act, 1961 and Wealth Tax Act, 1957, presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the statute. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon their fulfilling such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill.

The benefits discussed in the enclosed statement 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 proposed rights issue of equity shares of Rs. 10 each, together with detachable warrants, on rights basis (referred to as “the Issue”).

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

- i. the Company or its share holders will continue to obtain these benefits in future; or
- ii. the conditions prescribed for availing the benefits have been / would be met with.

The contents of the enclosed statement are based on information, explanations and representations obtained from the management of the Company which are based on their understanding of the business activities and operations of the Company and our interpretation of the current tax laws in force in India.

Place : Kolkata
Dated : 28th July, 2011

For RAY & RAY
Chartered Accountants
Firm’s Registration No. 301072E

(Abhijit Neogi)
Partner
Membership No.61380

The tax benefits listed below are the possible benefits available under the current tax laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperative it faces in the future, it may or may not choose to fulfill. This statement is only intended to provide the tax benefits to the company and its shareholders in a general and summary manner and does not purport to be a complete analysis or listing of all the provisions or possible tax consequences of the subscription, purchase, ownership or disposal etc. of shares. In view of the individual nature of tax consequence and the changing tax laws, each investor is advised to consult his/her own tax adviser with respect to specific tax implications arising out of their participation in the Issue

SPECIAL TAX BENEFITS

1. SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY

There are no special tax benefits available to the company.

2. SPECIAL TAX BENEFITS AVAILABLE TO THE SHAREHOLDERS OF THE COMPANY

There are no special tax benefits available to the shareholders of the company.

GENERAL TAX BENEFITS

1. Key benefits available to the Company under the Income-tax Act, 1961 (“the Act”)

A. BUSINESS INCOME:

I. Depreciation

The company is entitled to claim depreciation on specific tangible and intangible assets owned by it and used for the purpose of its business under Section 32 of the Act.

In case of any new plant and machinery (other than ships and aircraft) that will be acquired by the company, the company is entitled to a further sum equal to twenty percent of the actual cost of such machinery or plant subject to conditions specified in Section 32 of the Act in the year in which it is first put to use.

Unabsorbed depreciation, if any, for an Assessment Year (AY) can be carried forward and set off against any source of income other than income chargeable under the head “Salaries” in the subsequent AYs as per section 32 of the Act.

II. Preliminary expenses

As per Section 35D, the company is eligible for deduction in respect of specified preliminary expenses incurred by the company, in connection with extension of its industrial undertaking or in connection with setting up a new industrial unit of an amount equal to 1/5th of such preliminary expenses over 5 successive AYs subject to conditions and limits specified in the said section.

III. Expenditure incurred on voluntary retirement scheme:

As per Section 35DDA, the company is eligible for deduction in respect of payments made to its employees in connection with their voluntary retirement of an amount equal to 1/5th of such payments over 5 successive AYs subject to conditions and limits specified in that section.

IV. Expenditure on Scientific Research

As per Section 35, the company is eligible for deduction in respect of any expenditure (not being expenditure on the acquisition of any land) on scientific research related to the business subject to conditions specified in that section.

V. Carry forward of business loss:

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

VI. MAT Credit

The Company would be required to pay tax on its book profits under the provisions of section 115JB in case where tax on its "total income" [the term defined under section 2(45) of the IT Act] is less than 18% of its book profit (the term defined under section 115JB of the IT Act). Such tax is referred to as Minimum Alternate Tax (MAT.)

The difference between the MAT payable under section 115JB of the IT Act and the tax on its total income payable for that assessment year shall be allowed to be carried forward as "MAT credit" upto 10 assessment years succeeding the assessment year in which such MAT was paid in accordance with the provisions of section 115JAA of the IT Act as amended by the Finance Act, 2006 (earlier upto 5 assessment years). The MAT credit can be utilized to be set off against taxes payable on the total income computed under the provisions of the IT Act other than 115JB thereof if any, in the subsequent assessment years in accordance with the provisions of section 115JAA of the IT Act.

B. CAPITAL GAINS:

I. a. Long Term Capital Gain (LTCG)

LTCG means Capital Gain arising from the transfer of a capital asset being share held in a company or any other security listed in a recognized stock exchange in India or unit of the Unit Trust of India or a unit of a mutual fund specified under clause (23D) of section 10 or a Zero-coupon bond, held by an assessee for 12 months or more.

In respect of any other capital assets, LTCG means capital gain arising from the transfer of an asset, held by an assessee for 36 months or more.

b. Short Term Capital Gain (STCG)

STCG means Capital gain arising from the transfer of capital asset being share held in a company or any other security listed in a recognized stock exchange in India or unit of the Unit Trust of India or a unit of a mutual fund specified under clause (23D) of section 10 or a Zero-coupon bond, held by an assessee for not more than 12 months.

In respect of any other capital assets, STCG means capital gain arising from the transfer of an asset, held by an assessee for not more than 36 months.

- II. a.** LTCG arising on transfer of equity share of a company or units of an equity oriented fund (as defined) which has been set up under a scheme of a mutual fund specified under section 10(23D), on a recognized stock exchange on or after October 1, 2004 are exempt from tax under section 10(38) of the Act provided the transaction is chargeable to securities transaction tax (STT) and subject to conditions specified in that section.
- b.** With effect from AY 2007-08, income by way of LTCG exempt u/s 10(38) of a company is taken into account in computing book profit and income tax is payable under section 115JB.
- III.** As per third proviso to Section 48, LTCG arising on transfer of capital assets, which is chargeable to tax other than bonds and debentures (excluding capital indexed bonds issued by the Government), is to be computed by deducting the indexed cost of acquisition and indexed cost of improvement from the full value of consideration.
 - a.** As per section 112, LTCG is taxed @ 20% plus applicable surcharge thereon and 3% Education and Secondary & Higher education cess on tax plus Surcharge (if any) (hereinafter referred to as applicable Surcharge + Education and Secondary & Higher Education Cess)
 - b.** As per Section 112, if listed shares/securities/units are transferred and the benefit of indexation is not taken, then long term capital gain is taxable @ 10% plus surcharge, Education Cess and Secondary & Higher Education Cess.

- IV.** As per section 111A of the Act, STCG arising on sale of equity shares of company or units of equity oriented mutual fund [as defined under Section 10(23D)], on a recognized stock exchange are subject to tax at the rate of 15 percent (plus applicable surcharge + Education and Secondary & Higher Education cess), provided the transaction is chargeable to STT. In other case, i.e. where the transaction is not subjected to STT, the short term capital gains would be chargeable as a part of the total income and the tax rates would depend on the income slab.
- V.** 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 for subsequent 8 years.
- VI.** 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.
- VII.** Under section 54EC of the Act, capital gains arising on transfer of a long term capital asset is exempt from capital gains tax if such capital gains are invested within a period of six months after the date of such transfer in specified bond issued by the following and subject to the conditions specified therein:-
- National Highway Authority of India constituted under section 3 of National Highway Authority of India Act, 1988.
 - Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956.

The exemption under Section 54EC will be limited to the lower of amount of capital gain and the amount invested in the specified asset.

However, if the new bonds are transferred or converted into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier, shall be taxable as Capital gains in the year of transfer or conversion.

With effect from 1st April, 2007 the investment in the Long Term Specified Asset made by the company during a financial year should not exceed 50 Lakh rupees.

C. INCOME FROM OTHER SOURCES

Dividend income:

Under Section 10(34) of the IT Act, income by way of dividend referred to in Section 115-O received by the Company on its investments in shares of another Domestic company is exempt from income tax in the hands of the Company.

Income received in respect of units of a mutual fund specified under Section 10(23D) of the Act (other than income arising from transfer of units in such mutual fund) shall be exempt from tax under section 10(35) of the Act.

If a domestic company receives dividend from another domestic company, in which it holds more than 50% of the equity share capital, then the domestic company receiving the dividend will be eligible to deduct the amount of dividend so received from the amount of dividend declared by it, for the purpose of computation of Dividend Distribution Tax u/s 115-O. However, it is pertinent to note that section 14A of the IT Act provides that no deduction shall be allowed in respect of any expenditure incurred in relation to such exempt income.

D. OTHERS

To the extent the funds raised from the proposed Rights Offer of Equity Shares are utilized to reduce the debts raised for investment purposes, the corresponding interest expenses of the company will be reduced and the consequential disallowance of such interest expenses under Section 14A of the Act will be reduced.

2. Key benefits available to the Members of the Company

2.1 Resident Members

a. Dividend income:

Dividend (both interim and final) income, if any, received by the resident shareholders from a Domestic Company shall be exempt from tax under Section 10(34) read with Section 115O of the Act. However, it is pertinent to note that section 14A of the IT Act provides that no deduction shall be allowed in respect of any expenditure incurred in relation to such exempt income.

b. Capital gains:

- i)** Benefits outlined in Paragraph 1(B) excluding sub-paragraph II(b) thereof, are also applicable to resident shareholders. In addition to the same, the following benefits are also available to resident shareholders.
- ii)** As per Section 54F of the Act, LTCG arising from transfer of shares will be exempt from tax if net consideration from such transfer is utilized within a period of one year before, or two years after the date of transfer, for purchase of a new residential house, or for construction of residential house within three years from the date of transfer and subject to conditions and to the extent specified therein.

2.2 Key Benefits available to Non-Resident Member

a. Dividend Income:

Dividend (both interim and final) income, if any, received by the non-resident shareholders from a Domestic Company shall be exempt from tax under Section 10(34) read with Section 115-O of the Act. However, it is pertinent to note that section 14A of the IT Act provides that no

deduction shall be allowed in respect of any expenditure incurred in relation to such exempt income.

b. Capital gains:

Benefits outlined in Paragraph 2.1(b) above are also available to a non-resident shareholder except that as per first proviso to Section 48 of the Act, the capital gains arising on transfer of capital assets being shares 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 at the prescribed rates prevailing on dates stipulated. Further, the benefit of indexation as provided in second proviso to section 48 is not available in case of transfer of shares in or debentures of an Indian Company.

c. Tax Treaty Benefits:

As per Section 90 of the Act, the shareholder can claim relief in respect of double taxation, if any, as per the provision of the applicable double taxation avoidance agreements.

d. Special provision in respect of income / LTCG from specified foreign exchange assets available to non-resident Indians under Chapter XII-A.

- i. Non-Resident Indian (NRI) means a citizen of India or a person of Indian origin who is not a resident. Person is deemed to be of Indian origin if he, or either of his parents or any of his grandparents, were born in undivided India.
- ii. Specified foreign exchange assets include shares of an Indian company acquired/purchased/ subscribed by NRI in convertible foreign exchange.
- iii. As per section 115E, income [other than dividend which is exempt under Section 10(34)] from investments and LTCG from assets (other than specified foreign exchange assets) shall be taxable @ 20% (plus applicable Surcharge + Education and Secondary & Higher Education Cess). However, indexation benefit will not be available for computation of capital gain. Further, no deduction in respect of any expenditure allowance from such income will be allowed and no deductions under chapter VI-A will be allowed from such income.
- iv. As per section 115E, LTCG arising from transfer of specified foreign exchange assets shall be taxable @ 10% (plus applicable Surcharge + Education and Secondary & Higher Education Cess). However indexation benefit will not be available for determining the amount of capital gain chargeable to tax.
- v. As per section 115F, LTCG on transfer of specified foreign exchange asset shall be exempt under Section 115F, in the proportion of the net consideration from such transfer being invested in specified assets or savings certificates within six months from date of such transfer, subject to further conditions specified under Section 115F.
- vi. As per section 115G, if the income of an NRI taxable in India consists only of investment income/LTCG from such shares and tax has been properly deducted at

source in respect of such income in accordance with the Act, it is not necessary for the NRI to file return of income under Section 139.

- vii. As per section 115H, where the NRI becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer, along with his return of income, for the assessment year, in which he is first assessable as a resident, under section 139 of the Act to the effect that the provisions of the chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent years until such assets are transferred or converted into money.
- viii. As per section 115I, the NRI can opt not to be governed by the provisions of chapter XII-A for any AY by declaring the same in the return of income filed under Section 139 in which case the normal benefits as available to non-resident shareholders will be available.

2.3 Key Benefits available to Foreign Institutional Investors (FIIs)

1. Dividend Income:

- i. Dividend (both interim and final) income, if any, received by the shareholder from the domestic company shall be exempt from tax under Section 10(34) read with Section 115-O of the IT Act. However, it is pertinent to note that section 14A of the IT Act provides that no deduction shall be allowed in respect of any expenditure incurred in relation to such exempt income.
- ii. Under Section 115AD, income (other than income by way of dividends referred in Section 115O) received in respect of securities (other than units referred to in Section 115AB) shall be taxable at the rate of 20% (plus applicable Surcharge + Education and Secondary & Higher Education Cess). No deduction in respect of any expenditure/allowance shall be allowed from such income.

2. Capital Gains:

- i. The characterization of gain or loss i.e whether business income or capital gain would depend on the nature of holding in hands of members and various other factors.
- ii. Under Section 115AD, capital gains arising from transfer of securities (other than units referred to in Section 115AB), shall be taxable as follows:
 - As per section 111A, STCG arising on transfer of securities where such transaction is chargeable to STT, shall be taxable at the rate of 15% (plus applicable Surcharge + Education and Secondary & Higher Education Cess). STCG arising on transfer of securities where such transaction is not chargeable to STT, shall be taxable at the rate of 30% (plus applicable Surcharge + Education and Secondary & Higher Education Cess).
 - LTCG arising on transfer of securities where such transaction is not chargeable to STT, shall be taxable at the rate of 10% (plus applicable Surcharge & Education and Secondary & Higher Education Cess). The benefit of indexation and benefit of foreign exchange fluctuation, as mentioned under 1st and 2nd proviso to section 48 would not be allowed while computing the capital gains.

3. Exemption of capital gains from income-tax:

- i. LTCG arising on transfer of a long term capital asset, being an equity share in a company or a unit of an equity oriented fund, where such transaction is chargeable to STT is exempt from tax under Section 10(38) of the Act.
- ii. Benefit of exemption under Section 54EC shall be available as outlined in Paragraph 1(B) (vii) above.

4. Tax Treaty Benefits:

As per Section 90 of the Act, a shareholder can claim relief in respect of double taxation, if any, as per the provision of the applicable double taxation avoidance agreements.

2.4 Key Benefits available to Mutual Funds

As per the provisions of Section 10 (23D) of the Act, any income of mutual funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made there under, mutual funds set up by public sector banks or public financial institutions and mutual funds authorized by the Reserve Bank of India, would be exempt from income-tax, subject to the prescribed conditions. However, it is pertinent to note that section 14A of the IT Act provides that no deduction shall be allowed in respect of any expenditure incurred in relation to such exempt income.

3. Wealth Tax Act, 1957

Shares in a company, held by a shareholder are not treated as an asset within the meaning of Section 2(ea) of the Wealth Tax Act, 1957; hence, wealth tax is not leviable on shares held in a company.

4. The Gift Tax Act, 1958

Gift of shares of the company made on or after October 1, 1998 are not liable to Gift Tax.

Notes:

- a. All the above benefits are as per the current tax law and will be available only to the sole/first named holder in case the shares are held by joint holders.
- b. In respect of non-residents, the tax rates and the consequent taxation mentioned above will be further subject to any benefits available under the relevant Double Tax Avoidance Agreement (DTAA), if any, between India and the country in which the non-resident has fiscal domicile.
- c. Wherever applicable, the benefits mentioned hereinabove are subject to fulfillment of the specified conditions and up to the limits as mentioned in the relevant provisions.

- d. 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.

SECTION IV – ABOUT US

CONSTRUCTION INDUSTRY

Indian Economy – A Brief Overview

India is currently the 4th largest economy in the world after, USA, China and Japan with a GDP of \$4.06 trillion (PPP basis), an approximate growth rate of 8% from the post liberalization era with services and manufacturing contributing a major chunk as a percentage of the GDP.

Yoy (%)	FY06	FY07	FY08	FY09	FY10
GDP	9.5	9.6	9.3	6.8	8.0
Agriculture	5.1	4.2	5.8	-0.1	0.4
Industry	9.7	12.2	9.7	4.4	8.0
Services	11.0	10.1	10.3	10.1	10.1

(Source: RBI, CSO)

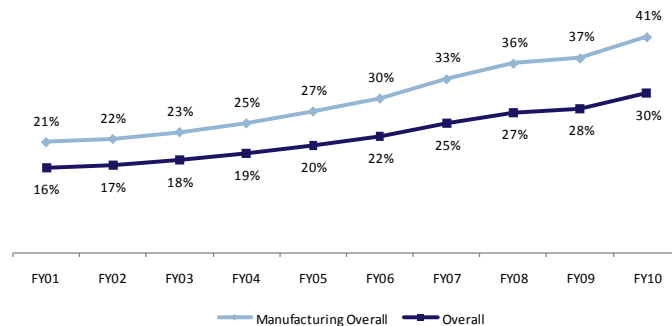
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Factor Cost (2004-2005 prices)

The financial crisis which hit the Indian economy too, decelerated the growth momentum to 6.8%. However, buoyant domestic demand, accommodative policies, and stimulus packages provided by the government improved the macro – economic environment thereby registering a growth of 8% in FY10.

The GDP growth has been upward sloping, barring the year when the economic downturn was witnessed. The GDP growth stood at 8.5% in FY11. The recent Q4 result witnessed a slight lull in terms of growth acceleration with the government prioritizing on curbing the high inflation by tweaking the monetary policies.

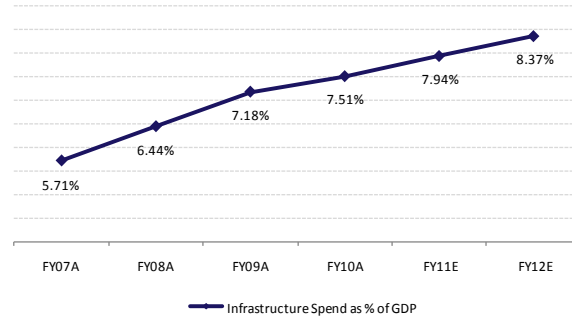
The barometer of manufacturing performance the IIP stood at 10.5% in FY10 recovering from 2.7% clocked in FY09. Manufacturing ex machinery stood at 11% as compared to the overall IIP.



(Source: Planning Commission)

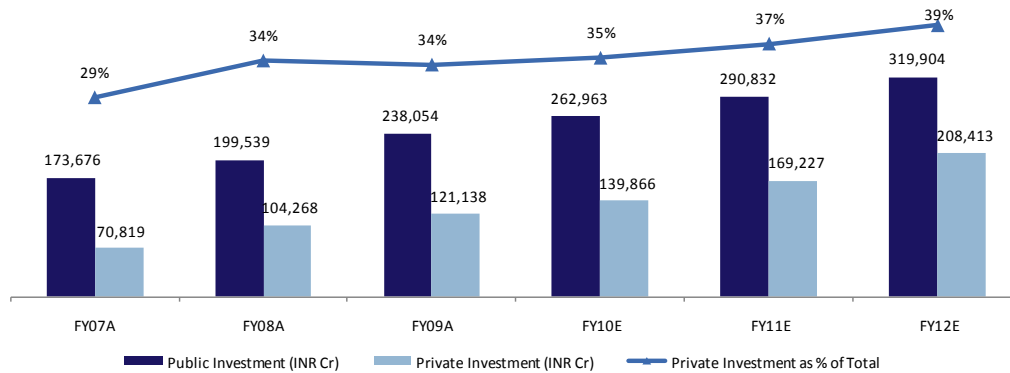
Infrastructure Industry

Development in Infrastructure is both a cause and a consequence of economic growth. Given the current needs for the growing population, increasing income levels and the need to achieve urbanization, this sector has been allocated a substantial chunk of the budget allocation. As per the planning commission in investment in infrastructure as a percentage of the GDP increased from 4.5% in FY04 to 7.5% in FY10 and expected to grow to 8.4% by the end of the XIth Five year plan; FY12



(Source: Planning Commission)

Almost half the investment planned is expected to flow into road and power sectors. Investments in further segments of infrastructure are expected to be achieved through combinations of public private partnerships, an opportunity which could be exploited by the private sector construction companies.



(Source: Planning Commission)

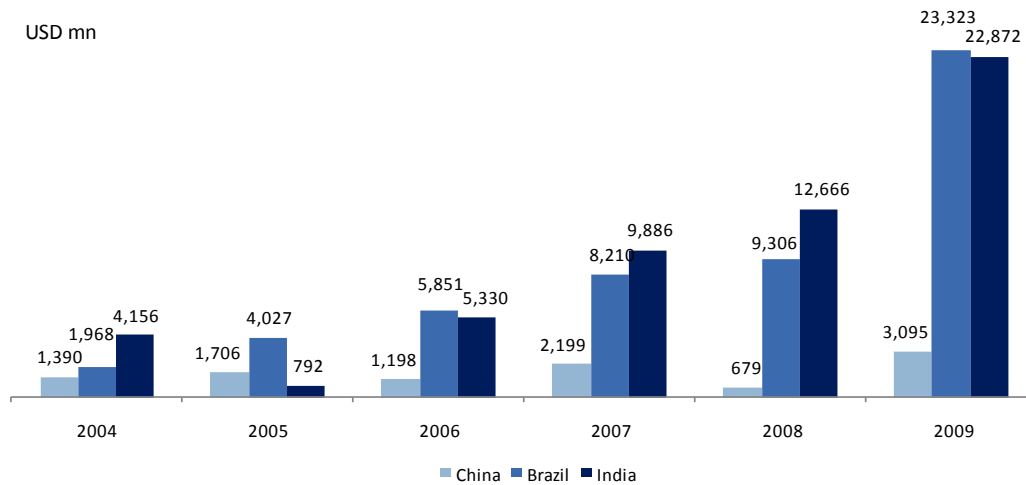
Over the past few years the government has been promoting the public private partnership idea to draw private sector resources for timely completion and maintenance of projects. Private players also benefit in the process by being a part of large – scale projects which could have a high potential to earn profits in the long run.

(%) of GDP	At the end of 10 th 5 year plan	By the end of 11 th 5 year plan
Public Sector Investment	4.2	6.4
Private Sector Investment	1.2	2.9
Total	5.4	9.3

(Source: CSO, Planning Commission)

Out of the total investment in infrastructure during the “Eleventh Five Year Plan” a tune of almost 30% is expected to be contributed by the private sector.

Emerging Nations investment in energy by Private players



(Source: World Bank, WDI)

Oil and Gas Sector

According to World Economic outlook 2010, a cumulative investment of \$33 trillion would be required as investment in energy infrastructure over the 2010 to 2035 period which is equal to 1.4% of the global GDP. Almost 64% of the total energy investment will take place in non OECD countries due to increasing demand and production.

In India the oil supply infrastructure investment in the prospective period would be largely focused on refining with 67% of the cumulative investment aimed at this process. India already has a surplus refining capacity, although the Indian refineries have lesser ability to process extra heavy and sour crude. India remains a net exporter of most refined petroleum products while being a net importer of kerosene and LPG which are mainly used by households for cooking and lighting purposes. India has several advantages in attracting refinery investment. India’s annual crude refining capacity is expected to rise to 240 million tones by the end of the XI th plan and the petroleum market is expected to grow at a rate of 4.5% annually. India will account for 12.5% of Asia – Pacific’s regional oil demand by 2014 as per data provided by the Ministry of Oil and Natural Gas. A surge in refining investment would be directed at the increasing demand for oil in the country and reducing reliance on imports.

Cumulative Investment in Oil Infrastructure in India

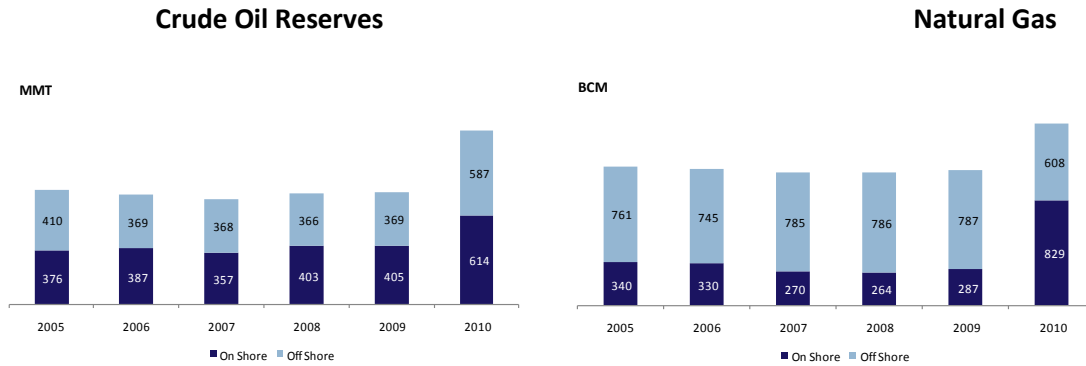


Total Investment: USD 207 bn

(Source: World Energy Outlook 2010)

Oil & Gas in India

India has total reserves of 1201 MMT of crude oil and 1437 billion cubic meters of natural gas as of 1/4/2010 as per the latest statistics provided by MoPNG.



(Source: Planning Commission)

Oil and Gas infrastructure

The development activities relating to the exploration and production (E&P) sector are building up process platforms, laying pipelines, oil and gas collecting stations and other surface facilities for evacuation of crude and natural gas from field areas to delivery points. For processing of crude, the infrastructure required is storage tanks for both the crude and the processed products and the refinery facilities.

Refining:

To meet the rising domestic demand along with the aspiration of emerging as a global refining hub, there would be substantial investment in refineries in India. Currently with 18 refineries

over the country there is a surplus in refining capacity. This has put India as one of the countries which are net exporters of petroleum products. Increasingly stringent fuel specifications have put pressure on the old and non-compliant refineries to upgrade their refinery configurations to produce compliant fuels. The government is considering promoting India as a competitive refining destination to service the export market for petroleum products as also integrating it with the petrochemical and chemicals businesses to produce and export higher revenue generating value added products. Since the demand for petroleum products is continually increasing, both the public and private sector companies are investing in expanding their refining capacity. The refinery capacity is expected to increase from 178mtpa to 241 mtpa at a CAGR of 6.5% according to the Ministry of Oil and Natural Gas.

The Steel Industry:

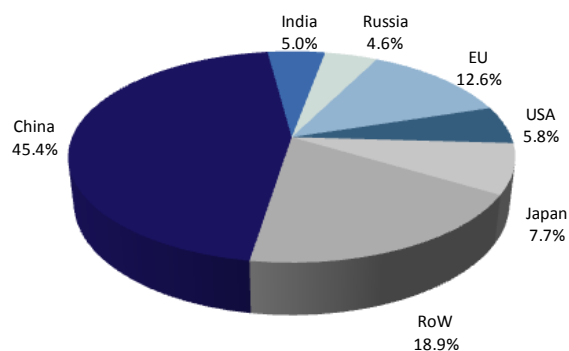
India's contribution to the global steel output has been on an upward spiral over the past decade.

The Indian steel industry witnessed a robust growth during the 2005-2010 with production (crude steel) and consumption (finished steel) registering a growth of 8.4% and 7.1% respectively.

In 2010 India was the 5th largest producer of crude steel registering a growth rate of 9.5% during the decade and is expected to be the 2nd largest producer of steel by 2015-2016 according to the ministry of steel estimates. India continues to be a global leader as the largest producer of direct reduced iron (DRI) in the world since 2002.

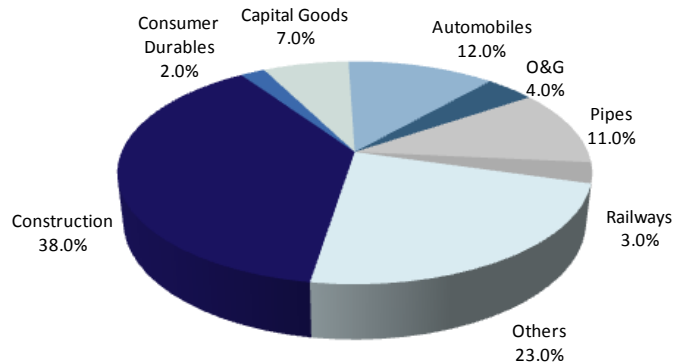
Even during the economic downturn the steel industry was resilient due to strong domestic demand.

World Share in Crude Steel Production



(Source: World Steel Dynamics)

Steel Consumption Pattern in India



(Source: World Steel Dynamics)

Total finished steel (alloy + non – alloy) ('000 tonne)				
Year	Production for Sale	Import	Export	Consumption
2005-06	46,566	4,305	4,801	41,433
2006-07	52,529	4,927	5,242	46,783
2007-08	56,075	7,029	5,077	52,125
2008-09	57,164	5,841	4,437	52,351
2009-10	60,892	7,296	3,235	57,675
Apr-Dec 2010- 11*	47,296	5,359	2,462	44,275

Capacity utilization has witnessed a sustainable rise approximating 90% in the above period due to incremental capacity expansion which rose from 48MTPA in 2004 to 75MTPA in 2010 at a CAGR of 8.4%.

According to the XIth Five Year Plan, the allocation of funds towards infrastructure approximated Rs. 20.6 Trillion. The construction and infrastructure sector is the biggest consumer of steel accounting for about 61% of the total steel consumption in FY09. Although the per – capita consumption of steel of India as compared to other countries is relatively low, there could be a surge owing to the increasing impetus given by the government to sectors which are high steel consumers. Domestic steel consumption stood at 44.28 Million tonne, registering a growth rate of 8% over 2009 indicating strengthening of domestic demand.

The per – capita consumption of steel in India lies abysmally low at 49kg as compared to the world average of 182kg. However it is expected to increase over the coming years due to the increasing domestic demand along with better capacity utilization and further expansion.

Power and pipeline construction in particular would be high growth drivers for the production and consumption of steel. Although pipelines are a cheaper alternative of transportation as compared to road – ways or railways, it constitutes to only one third of the overall transportation. With the recent offshore gas discoveries on the east coast of India the laying of pipelines would be necessary, as the network for liquid fuel transportation tipped to rise from 16,800km to 22,000km in 2014.

Overview of the EPC industry

Engineering construction activity is integral to the energy industry, infrastructure and industrial development and involves engineering construction services for pipelines, storage terminals and processing facilities, urban infrastructure, townships, highways, bridges, roads, railroads, ports, airports, and power systems. A significant part of the global engineering construction activity is concentrated in the oil and gas industry, the power sector and the metals and mining sector. EPC contracts are a common form of contract used to undertake construction works by the private sector on large scale and complex oil and gas projects. EPC contracts can be of two types–

- Construction contracts; and
- Operation and maintenance agreements.

Under an EPC contract a contractor is obliged to deliver a complete facility to a developer who need only 'turn a key' to start operating the facility, hence EPC contracts are sometimes called turnkey construction contracts. In addition to delivering a complete facility, the contractor must deliver that facility for a guaranteed price by a guaranteed date and it must perform to the specified level. Failure to comply with any requirements will usually result in the contractor incurring monetary liabilities. The contractor is responsible for all design, engineering, procurement, construction, commissioning and testing activities. Owing to their flexibility, the value and the certainty sponsors and lenders derive from EPC contracts; it is expected to continue to be a pre-eminent form of construction contract used on large scale oil and gas projects. The key clauses in any construction contract are those which impact on time, cost and quality. The same is true of EPC contracts. However, EPC contracts tend to deal with issues with greater sophistication than other types of construction contracts. This is because an EPC contract is designed to satisfy the lenders' requirements for bankability.

Contract Types Used In the Indian Construction Industry

There are different models currently being adopted for PPPs in India which vary in the distribution of risks and responsibility between the public and the private sectors for financing,

constructing, operating, and maintaining assets. Two important types of contracts, BOT and BOOT, are explained below, as well as certain other contracts generally used in the Indian construction industry.

Build-Operate- Transfer (“BOT”)

Under this type of PPP contract, the customer grants to a contractor a concession to finance, build, operate and maintain a facility for a concession period. During the life of the concession, the operator charges a fixed fee and applies this to cover the costs of construction, debt-servicing and operations. At the end of the concession period, the facility is transferred back to the customer.

Build- Own-Operate- Transfer (“BOOT”)

BOOT contracts are similar to BOT contracts, except that in this case the contractor owns the underlying asset, instead of only owning a concession to operate the asset. For example, in the case of hydroelectric power projects, the contractor would own the asset during the underlying concession period and the asset would be transferred to the customer at the end of that period pursuant to the terms of the concession agreement.

Item Rate Contracts

These contracts are also known as unit-price contracts or schedule contracts. For item rate contracts, contractors are required to quote rates for individual items of work on the basis of a schedule of quantities furnished by the customer. The design and drawings are provided by the customer. The contractor bears almost no risk in these contracts, except escalation in the rates of items quoted by the contractor, as it is paid according to the actual amount of work on the basis of the per-unit price quoted.

EPC/Lump-Sum Turnkey Contracts

In this form of contract, contractors are required to quote a fixed sum for the execution of an entire project including design, engineering and execution in accordance with drawings, designs and specifications submitted by the contractor and approved by the customer. The contractor bears the risk of incorrect estimation of the amount of work, materials or time required for the job. Escalation clauses might exist in some cases to cover, at least partially, cost overruns.

Operations and Maintenance (“O&M”) Contracts

Typically an operations and maintenance contract is issued for operating and maintaining facilities. This could be in sectors such as water, terminals, highways, buildings and power. The contract specifies routine maintenance activities to be undertaken at a predetermined frequency as well as break-down maintenance during the contract period. While the contractor is paid for the routine maintenance based on the quoted rates which are largely a function of

manpower, consumables and maintenance equipment to be deployed at the site, any breakdown maintenance is paid for on a cost-plus basis.

Front End Engineering and Design (“FEED”) Contracts

Ordinarily, FEED work is carried out as a part of a consultancy assignment where the consultant provides FEED data to the project owner to enable it to take a decision on making a tender for construction. In addition to this, the FEED is also a prerequisite to enable a contractor to bid for EPC/turnkey projects. A FEED project can be an independent consultancy project or a part of an EPC/turnkey contract.

Overview of the EPC industry in Oil and Gas sector

The oil and gas sector has been one of the key focus areas of the EPC industry. The demand for engineering construction services in the oil and gas industry is dependent on the level of exploration, production, storage, refining and transportation activity and the corresponding capital spending by energy industry conglomerates. Construction projects in the oil and gas sector include exploration rigs and platforms, refineries and other processing facilities, tanks and terminals for storage of oil and gas and derivative products and pipelines for transportation of such products.

The global EPC industry is further expected to experience increased engineering construction activity in the energy industry, resulting in part from the steep increase in oil and gas prices.

With global demand expected to grow, oil and gas prices are expected to remain high in the near future, resulting in increased focus on creating additional production, refining and transportation capacities to meet the growing demand for oil and gas.

Opportunities for EPC in Oil and Gas sector in India

Growth in domestic demand, coupled with high energy prices is expected to drive investment in the oil and gas sector which in turn would benefit the EPC players in the industry. Given the dominance of the PSU companies in the oil and gas space in India, it is expected that a major proportion of the investment in this sector will be by the PSU companies.

BUSINESS

Overview

S&L is a multidisciplinary company engaged in providing engineering and construction services in a variety of sectors including metals, hydrocarbons, power, fertilizer, etc.

The Company has extensive expertise in the areas of pipe-work engineering and fluid handling, as also in welding and fabrication. The Company is mainly engaged in Project Management and Construction in various project sites and fabrication of equipments/items at our fabrication sites located at Khidderpore and Jhinhirapole, in an around Kolkata. The project and construction services business deals with overall Project Management, Design and Engineering, Procurement of bought-out items, Fabrication and erection of pipes and equipments at various sites including civil, structural, electrical and instrumentation. The Company also provides design engineering services for fabrication of items like coils, skirt and hoods with cooling rings, pipes and pipe fittings, pressure vessels, storage tanks and small heat exchangers.

The Company was initially incorporated in the year 1937 as a fully owned subsidiary of Stewarts and Lloyds, UK which was a known maker of steel and steel pipes. While business activities were initially limited to marketing of products manufactured by Stewarts and Lloyds, UK, the Company later widened its activities and started into design, manufacturing and erection of industrial piping. The Company also entered into design and manufacture of tubular structures, as also into manufacture of high pressure vessels, forged butt weld and socket weld pipe fittings.

The Company's registered and corporate office is located at Kolkata. Further, the Company has regional offices at Mumbai, Chennai and Noida mainly for liaison purposes. The Company has two workshops in and around Kolkata. As on August 16, 2011, it has 126 permanent employees.

Competitive Strengths

iv. Lengthy experience, mainly in the piping and fabrication domain

The Company has over 7 decades of experience in the piping domain. It was initially promoted by Stewarts and Lloyds, UK in order to market products manufactured by them. The Company subsequently started manufacturing and fabrication activities in India. Over the years, it has worked on a large number of projects, especially in the steel, power, fertilizer and hydrocarbon sectors. In 2004, the shareholding of TSL was acquired by IOTIES, the current promoter and the Company has also worked on numerous piping contracts since then. Some of the major clients that the Company has worked for include Tata Steel Limited, Steel Authority of India Limited, Jindal Steel and Power Limited, Hindalco Industries Limited, Indian Oil Corporation Limited, Bongaigaon Refinery and Petrochemicals Limited, Tata Power Limited, NHPC Limited, NTPC Limited, etc.

v. Pedigree and support of IOTIES, the Promoter of the Company

IOTIES, the current Promoter of the Company acquired majority shareholding of the Company in the year 2004 and has since played a vital role as the promoter. The Company has immensely benefited from the wide and diversified experience of IOTIES in the construction sector, especially in the hydrocarbon segment. The current Chairman of the Company, Mr. P G Vaidhyathan, and two of its Directors, viz. Mr. Jatin Mavani and Mr. K K Ranade are holding senior management positions in IOTIES or its subsidiaries. The Chief Executive Officer of the Company, Mr. S P Saha, is on deputation from IOTIES.

vi. Relatively low overhead costs as compared to the average in the construction sector

The Company feels that its administrative overheads are relatively lower as compared to the construction industry. Most of its current employees have been under long term employment with it, and thus the Company feels that expenses on salaries are not as high as those prevalent in the construction industry currently. The Company has also exercised cost-control and is thereby maintaining lower overheads.

Business Strategy

vi. Utilize the unit at Jhinhirapole exclusively for large fabrication jobs while moving smaller jobs to the Khidderpore unit.

Besides the Khidderpore workshop which has been operational for long, the Company has recently restored operations at its workshop at Jhinhirapole, which had been in dormant position since many years. The Company proposes to utilize the Jhinhirapole Workshop exclusively for larger fabrication jobs as there is a larger space available at that place, as compared to its Khidderpore workshop. At the same time, Khidderpore workshop would be used for smaller manufacturing and welding works for which the current space is adequate.

In this process, the Company hopes to achieve specialization along with economies of scale and skilled labour in fabrication. This process is likely to bring cost advantage to its operations.

vii. Induct higher number of professionals at various levels in the organization

There has been high attrition in the last few years from skilled manpower, ranging from labour to supervisors to project managers. Further, the Company has also offered voluntary retirement scheme to its employees from time to time, to achieve optimal workforce mix.

While vacancies have been filled on a need-based system, the Company feels that there is requirement of experienced management and labour by which its execution may be further improved. The Company is currently recruiting in middle and site level positions. The Company feels that filling up these vacancies would improve its order execution and business development abilities.

viii. Further synergize efficiencies and competencies of the IOTIES group

IOTIES, the Promoter as well as some of the Group Companies have significant experience in the EPC domain. After the acquisition of majority control by IOTIES in 2004, the Company has gradually increased the quantum of work done with IOTIES and its associates. IOTIES has also assisted the Company in various bidding processes, especially in accurate forecasting of various input costs. The Company plans to continue increasing further synergies with Promoter/Promoter Group companies for various construction related work.

ix. Enter into technical collaborations with specialized service providers in order to improve its bidding prospects in high-value contracts

The Company feels that it is not in possession of any advanced technological knowhow and/or does not have significant experience in executing high-value contracts, which has been a constraint during its business development efforts. This has resulted in severe competition with small contractors.

The Company is actively seeking partnerships or collaborative tie-ups with reputed houses which shall provide improved competitive edge over its competitors.

x. Increase ownership of construction equipment in a phased manner

The Company has not made high investment in capital expenditure and thus hires most of the machinery and tools required for completion of its construction projects. As against ownership, renting of equipment not only reduces the margins on its contracts but also adversely affects execution efficiency. The Company has to be dependent on availability of equipment from external sources, which often results in execution delays. Further, the volatile prices of certain equipment often leads to greater disparity in the renting costs initially estimated by the company at the bidding stage and the actual rental costs incurred during execution. It thus proposes to increase ownership of critical machinery in a phased manner, a part of which is proposed to be finance from the proceeds of this Issue. For further details, please refer to the section 'Objects of the Issue', beginning on page 29 of this Draft Letter of Offer.

Our business activities

Erection Services:

The Company is involved in fabrication and erection of mechanical, structural, civil works, piping, painting and allied jobs in various industrial sectors, with a special focus on the hydrocarbon and steel sectors. It typically enter into either composite contracts, that involve not only erection but also supply of steel structures, pipes and pipe fittings, equipments for site-

level works and labour as well. The other type of contract is divisible contracts, where the supply portion and erection portion is bifurcated. Of late, it has also executed certain turn-key contracts, which involve basic designing as well.

Manufacturing activities

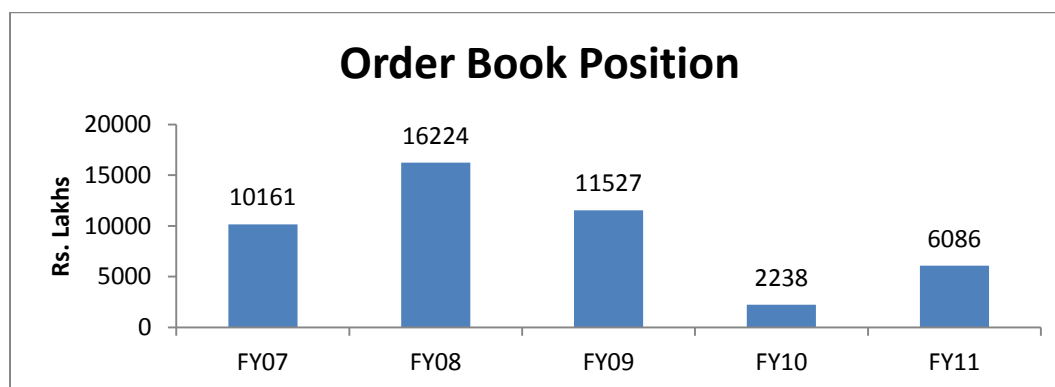
The Company has two workshops at Khidderpore and Jhijnhirapole in Kolkata from where its manufacturing activities are carried out. It produces customized products like economizer coils, high-pressure vessels, skirt hood, etc. which are used mainly in the metal sector. Its manufacturing process includes detailed engineering, procurement of raw materials, fabrication and supply. Besides, its workshops provide support for its erection sites as well.

Trading activities

The Company's trading activities pertain to the various divisible contracts undertaken for the procurement and supply of equipments required for execution of the contract. Divisible contracts are mainly prevalent in the metal sector, whereas composite contracts are the norms in hydrocarbon sector. Divisible contracts provide early realization of contract amounts as billing is done immediately after supply of materials to customers, whereas in the case of composite contracts, contract value is realized only after erection of respective supplies. Its trading activities thus result in lower working capital requirements for the Company.

Order Book

The Order Book of the Company as on March 31, 2011 was Rs. 6086 Lakhs and as on June 30, 2011 was Rs. 7473 Lakhs.



Order Book as on June 30, 2011

Sl. No.	Client	Job description	Type of contract	Order value in Rs. lakhs	Expected duration (months)	Expected Completion date
1	Tata Steel Limited, Jamshedpur plant	Maintenance of Propane Plant	Service	697.94	60	April 2015

2	Tata Steel Limited, Jamshedpur plant	Providing Tech. Exp. For Mechanical Maintenance at Continuous Galvanizing Line 2	Service	4.13	36	May 2013
3	Tata Steel Limited, Jamshedpur plant	Changing of Motors and Field Development for Hot Strip Mill & Cold Rolling Mill	Service	105.01	36	May 2013
4	Tata Steel Limited, Jamshedpur plant	Yard Utility Pipework for 3 MTPA Expansion Project	Erection	190.36	8	October 2011
5	Tata Steel Limited, Jamshedpur plant	Fabrication of pipe support structure at LD3	Erection	2.32	2	July 2011
6	IOT Infrastructure & Energy Services Limited	Fire fighting works (North side) for Crude & Finished Product Tankages Facility at IOCL, Paradip BOOT Refinery Project, Orissa	Composite works contract	1337.09	8	December 2011
7	IOT Infrastructure & Energy Services Limited	Precommissioning & Commissioning Assistance for Phase 4 & 5 for tanking project at Sohar Port, Oman	Service	313.51	2	August 2011
8	IOT Infrastructure & Energy Services Limited	Structural Steel work for IOCL, Paradip Flare Project, Orissa	Manufacture	295.14	4	December 2011
9	IOT Engineering Projects Limited	Fabrication, testing, inspection packing of fabricated items and supply for Matrix Fertilisers and Chemicals Limited's Reformer Project.	Manufacture	845.79	9	December 2011
10	IOT Engineering Projects Limited	Crude & Finished Product Tankage Facility at Paradip Refinery Project at IOCL, Paradip, Orissa	Erection	3248.69	18	February 2012
11	SAIL, Durgapur Steel Plant	Supply of Pressure Part Assembly of integral economiser of Boiler 1 & 2 along with inlet and outlet header	Manufacture	32.00	16	July 2011
12	SAIL, Rourkela Steel Plant	Supply of Movable Hood complete as per drawing	Manufacture	86.26	18	December 2011
13	IOCL, Bongaigaon Refinery	Civil, Structural and Mechanical work for Diesel Hydrotreater Project at IOCL Bongaigaon Refinery, Bongaigaon	Composite works contract	314.91	47	October 2011

Last 10 major projects completed by the company:

Sl. No.	Client	Job description	Type of contract	Executed value in Rs. lakhs	Duration in months as per contract	Completion in
1	Indian Oil Corporation Limited	Mechanical works including piping and equipment erection and other allied works for FCC-GDS-MSQ Project at Mathura Refinery	Composite Works Contract	2600.32	14	January 2010
2	Chennai Petroleum Corporation Limited	Mechanical works comprising erection of equipment and machinery, fabrication and erection of piping, painting, insulation and other related civil and structural works for Crude Distillation Unit / Vacuum Distillation Unit -III Revamp Project.	Composite Works Contract	2592.73	10	April 2010
3	Bharat Oman Refineries Limited	Erection of pumps, fabrication and erection of tank, piping including painting, cathodic protection of tanks and associated works at Crude Oil Terminal-Vadinar- Bina Refinery	Composite Works Contract	1212.60	16	August 2009

		Project.				
4	Tata Steel Limited	Supply, Fabrication, Erection & Commissioning of Equipment for Lime Kiln No.7 at Jamshedpur Plant	Supply and Erection separately	1583.00	12	September 2008
5	Hindalco Industries Limited	Fabrication, Erection and Testing of Piping for Balance of Plant and HT Digestion System for Expansion Project of Alumina Plant at Muri.	Composite Works Contract	1223.79	07	August 2008
6	Tata Steel Limited	Supply & erection of Overhead Yard Utility Pipework for Zone D1 & D3 at Jamshedpur Plant	Supply and Erection separately	1522.95	18	December 2007
7	IOT Infrastructure & Energy Services Limited	Composite work for High Density Polyethylene Unit for Petrochemical Expansion Project at Pata of M/s. GAIL (India) Ltd.	Composite Works Contract	1859.82	14	November 2007
8	IOT Infrastructure & Energy Services Limited	Composite Works for Terminals and Stations for Capacity Augmentation of existing Mumbai-Manmad-Manglya-Pipeline Project of BPCL	Composite Works Contract	1705.79	09	October 2007
9	Bharat Petroleum Corporation Limited	Composite work at terminals and stations (For Part-A, Part-B and Part-D) for Mumbai-Manmad-Manglya Pipeline extension project to Piyala/Bijwasan Project of BPCL.	Composite Works Contract	1208.09	06	March 2007
10	Jindal Steel & Power Limited	Supply, Fabrication & Erection of Technological Structures, Equipment Erection Trial-run & Commissioning Work in 3 Nos. x 330 TPD Limestone & Dolomite Calcining Plant Project at Raigarh.	Turnkey Contract	2739.97	15	July 2007

Manufacturing facilities

a) Khidderpore

The Company has a workshop in Khidderpore, which is primarily used for fabrication jobs for structurals, pressure vessels, economizer coils, heat exchangers, etc. The workshop is built on a plot admeasuring 15430.91 sq.mt. The Company currently has welding machines, drilling equipment, bending machines, cranes, and furnace. Energy requirements are being met from supply by CESC Limited.

b) Jhinjirapole

The Company has recently recommenced commercial operations at its Jhinjhirapore workshop, which had been shut since many years. This workshop is built on a land measuring 16,232.43 sq. mt. The Company has utilized it primarily for larger fabrication jobs, primarily of heat sinks, erection structures, convection modules, reformers, etc. Energy requirements are currently being met through CESC Limited and diesel generators.

Marketing Setup

Marketing activities of the Company are carried out through the Business Development department at the Corporate Office and is supported by its regional offices at Noida and Mumbai as also by its site office at Jamshedpur. The Business Development department has been augmented with qualified and experienced professionals.

Tenders for construction jobs are frequently advertised on newspapers or other media, for which its marketing team is always active. Given the longstanding relations with clients, the Company frequently gets direct enquiries. It also gets direct enquiries from IOTIES and some of its associates on regular basis.

Based on its long experience and with the support of its data bank and IOTIES, The Company endeavours to offer the best competitive price to suit the customer.

Competition:

The Company faces intense competition from both the bigger and smaller players in its business. Due to growing integration between technology and its core competencies, the Company competes with players who are better equipped than it technologically. Some of our competitors include Shapoorji Pallonji & Company Limited, Bridge and Roof Company (India) Limited, Powermax India Private Limited, etc. as well as some foreign players.

Collaborations

As on the date of this Draft Letter of Offer, the Company does not have any technical or commercial collaboration with any other parties.

Intellectual Property

The Company has trademarks registered in its name for two logos. Except this, the Company does not have any copyrights, patents, trademarks, industrial design rights or other kinds of intellectual properties registered in its name. For details of the Trademarks of the Company please refer to the Chapter '*Government and Other Approvals*' beginning on page 224 of this Draft Letter of Offer.

Information Technology Systems

In order to improve internal processes and the quality of service delivery, the Company has made investments into various IT systems in the organization.

Keeping in view the expected growth in business, the Enterprise Resource Planning module from Oracle Application R12 has been implemented in major operational areas including Projects, Purchase and Finance. The ERP System is currently operational at the Corporate Office and it is proposed to be extended to its Regional Offices and at project sites in a phased manner. The Company was earlier using Oracle Application R11 for its various functions.

Further, the Company has also migrated its e-mail software from Novell GroupWise Version 5.5 to Lotus Domino Collaboration Express 8.0.1. In order to ensure effective utilization of internet and to ensure security, the Company has implemented Juniper Firewall/Unified Threat Management System.

Awards

The Company was awarded the first rank as the Fastest growing Equipment Material Handling Company at the Construction World - Nicmar Awards, 2005 from the ASAPP Media Media Information Group.

Employee Relations

As on August 16, 2011, the Company had 126 employees, out of which, 108 were full-time permanent employees of the Company. These can be further segregated as per the tables below:

Grade	No. of Employees
Officer	79
Supervisor	38
Workmen	9
Total	126

Division/Function	No. of Employees
Human Resources, Administration, Systems and Secretariat	16
Projects and Construction	31
Finance and Accounts	17
Commercial (Business Development, Purchase, Contracts, Materials and Stores)	24
Works	19
Design	5
Company Secretary	1
Health, Safety, Security, Environment	10
Quality Assurance/ Quality Control	3
Total	126

Nature of Employment	No. of Employees
Permanent	108
Contract	14
Retainer	2
Trainee	2
Total	126

With the diversification of business in the Hydrocarbon sector, the Company has inducted certain experienced senior and middle management professionals with experience in this sector. Various on-job trainings, including on welding, Quality Assurance and Quality Control, Safety, Project Management are regularly provided to our employees across various levels. To the best of its knowledge, there have been no workmen strikes or lockouts in the Company in the recent past.

Quality Controls

The Company's workshop at Khidderpore, as well as Design and Engineering department, located at its Corporate Office, have ISO 9001-2000 certification. It is also in possession of approval for manufacture of pressure vessels, from the Chief Controller of Explosives, Nagpur for the Khidderpore workshop.

Environmental and Safety Matters

The Company continues to take adequate precautions to comply with all regulatory measures with regard to maintaining environmental standards at its workshops and construction sites.

The Company has formulated a "Health, Safety, Security and Environmental Policy". This enables continuous improvement in the environmental performance, health and safety of the employees. A green belt has also been developed in the workshop at Khidderpore.

Insurance

The Company has availed of a wide variety of insurance covering various products like fire, burglary, cash-in-transit, marine policies, storage and all-risk-coverage. Besides, health insurance for employees not covered under ESI, accident insurance for senior employees, and workmen compensation, as required have been availed by the Company.

Property

Freehold Property

Sl No.	Particulars of document of Freehold Properties	Short description of properties	Usage	Consideration	Status	Mortgages/charges	Remarks
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1	Indenture dated 5/9/1997 made between Chitra Mishra wife of Sri Vijay Kumar Mishra, by religion Hindu, by occupation Housewife, residing at 5B, on the 5 th Floor of Premises No. 17, Bankim Mukherjee Sarani, Calcutta-700 053 (Vendor) and Stewarts & Lloyds of India Limited an existing Company within the meaning of the Companies Act 1956 (Act No. 1 of 1956) having its Registered Office at 41, Chowringhee Road, Calcutta-700 001 (Purchaser) and registered in the office of ADSR Alipore in Book I, Deed No. 5021 for the year 1997	Flat No. 5B on the 5th floor measuring a super built up area of 1093.37 sq.ft. at premises No.17, Bankim Mukherjee Sarani, Calcutta with 1 covered car parking space.	Residential	Rs.12,00,000/-	Ownership	NIL	Original Indenture dated 5.9.1997 is not in possession of the Company. Company would take necessary measures for recovery of the said original Indenture dated 5.9.1997 failing which the Company would follow and comply with such procedure as may be appropriate as per law.
2	Agreement dated 28 th November 2000 made between Prayag Agencies Private Limited, a Company registered under the Companies Act, 1956 having its Registered Office at Construction House 'B' Linking Road Khar, Bombay 400 052 (Builders) and Stewarts & Lloyds of India Limited, (Purchaser)	Unit No. 613 on the 6 th floor of the Building 'Raheja Arcade' measuring 425 sq.ft. (carpet area) at Plot No. 61 on Road No. DBC in Sector 11 of CBD/ Belapur By a letter dated 29 th November 2000 1 open car parking space No.80 was allotted to the company	office	Rs.8,69, 250/-	Co-operative Flat	NIL	1. Transfer Deed by City and Industrial Development Corporation Limited in favour of Co-operative Society could not be produced. 2. S&L is a member of Co-operative Society

3	Agreement dated 28 th November 2000 made between Prayag Agencies Private Limited, a Company registered under the Companies Act, 1956 having its Registered Office at Construction House 'B' Linking Road Khar, Bombay 400 052 (Builders) and Stewarts & Lloyds of India Limited(Purchaser)	Unit No. 609 on the 6 th floor of the Building 'Raheja Arcade' measuring 425 sq.ft. (carpet area) at Plot No. 61 on Road No. DBC in Sector 11 of CBD/ Belapur	office	Rs.8,69, 250/-	Co-operative Flat	NIL	in respect of the units. Name of S&L is not mutated in the records of Navi Mumbai Municipal Corporation however. But S&L has paid upto date municipal taxes to Navi Mumbai Municipal Corporation and maintenance charges to the Co-operative Society in respect of the said units.
4	Agreement dated 28 th November 2000 made between Prayag Agencies Private Limited a Company registered under the Companies Act 1956 having its registered office at Construction House 'B', Linking Road, Khar, Bombay 400 052 (Builders) and Stewarts & Lloyds of India Limited(Purchaser)	Unit No. 608 on the 6 th floor of the Building 'Raheja Arcade' measuring 425 sq.ft. (carpet area) at Plot No. 61 on Road No. DBC in Sector 11 of CBD/ Belapur	office	Rs.8,69, 250/-	Co-operative Flat	NIL	
5	Agreement for Sale dated 28 th November 2000 made between Welplan Investments Private Limited a Company incorporated under the Companies Act 1956 having its registered office at 23, Santi Center, Sector-17, Vashi, New	Flat No. 204 on the 2 nd floor of the building measuring 1035 sq.ft. (super built up) at Plot No. 61 in Sector 11 of CBD/ Belapur, New Bombay	Residential	Rs.13,04,100/-	Co-Operative Flat	NIL	

	Bombay (Builders) and Stewarts & Lloyds of India Limited carrying on business at 41, Chowringhee Road, Calcutta- 700 001 (Purchaser)						
6	Agreement for Sale dated 28 th November 2000 made between Welplan Investments Private Limited a Company incorporated under the Companies Act 1956 having its registered office at 23, Santi Center, Sector-17, Vashi, New Bombay (Builders) and Stewarts & Lloyds of India Limited carrying on business at 41, Chowringhee Road, Calcutta- 700 001 (Purchaser)	Flat No. 203 on the 2 nd floor of the building measuring 1025 sq.ft. (super built up) at Plot No. 61 in Sector 11 of CBD/ Belapur, New Bombay	Residential	Rs.12,91,500/-	Co-Operative Flat	NIL	
7	Agreement dated 6 th October 1961 made between Associated Battery Makers (Eastern) Limited and others	1 flat being No. 15 at Woodlands Syndicate, 8/7, Alipore Road, Kolkata- 700027	Residential	Rs.1,60,000/-	Ownership/Beneficial interest in the flat	NIL	S&L is in possession of the flat since 1961
8	Agreement dated 7 th April 1965 made between Mercantile Bank (Agency) Pvt. Ltd. and several companies and Sixth Supplemental Declaration of Trust dated 28th June 1982 made	3 flats being Nos. 12, 21 and 27 at 10, Judges Court Road in Calcutta Residential Syndicate.	Residential	Rs.18,89,305.09	Ownership / Beneficial interest in 3 flats	NIL	By an Agreement dated 26 th March 2002 made between S&L (Vendor) and Tata Metaliks Limited, (Purchaser), S&L

	between Mercantile Bank (Agency) Pvt. Ltd. and several companies						<p>agreed to sell Flat No. 12, No. 10, Judges Court Road, Kolkata-700027 admeasuring 2480 sq.ft. floor area along with proportionate land underneath Premises No. 10, Judges Court Road, Kolkata – 700027 to Tata Metaliks Limited. The Transfer Deed has not been executed but S&L has delivered possession and received full consideration money.</p> <p>S&L is in possession of Flat Nos. 21 and 27 since acquisition.</p>
9.	Deed of Sale dated 3rd February 2005 made between Mr.D. Ramaraj son of Late D. Venkatesulu Naidu, a Hindu	Office Space in the 3rd floor (East Wing) in the building being constructed at Old Door No. 3/55, 56, New No.	Office	Rs.31,23,750/-	Owner	NIL	By a Rental Agreement dated 18th August 2008 made between

<p>aged about 40 years and Mr. D. Bharathraj son of Late D. Rangaraj, aged 30 years both residing at No. 3, Aravamudhan Garden Street, Egmore, Chennai-8 represented by their Power of Attorney holder Mr. M. R. Govinddaraj son of T. R. Ramadoss, Hindu aged about 40 years having his office at New No. 3, Station View Road, Kodambakkam, Chennai 600 024, constituted under a Power of Attorney dated 07.12.2004, registered as document No. 1102 of 2004 in the S.R.O. Periamet (Vendor) of the One Part and Stewarts & Lloyds of India Limited having its registered office at 41, Chowringhee, Kolkata – 700071 represented by its Vice President (Operations) Mr. B. S. Rao son of Mr.B. Venketeswaralu, Hindu, aged about 61 years (Purchaser) of the Other Part</p> <p style="text-align: center;">AND</p> <p>Indemnity Bond dated 2nd</p>	<p>103, 104 and 105 Poonamallee High Road, Chennai 600 084, measuring an extent of 1275 sq.ft. together with 7.08% (i.e. 520.38 sq.ft.) undivided share of land out of an extent of 7350 sq.ft. comprised in R.S. No. 798/34, 50, 51, Block No. 37, Egmore Village.</p>				<p>S&L (Lessor) of the One Part and Indian Oiltanking Limited (Lessee) of the Other Part, S&L granted tenancy to Indian Oiltanking Limited (now known as IOTIES) a portion of the office space measuring 1250 sq.ft.</p>
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<p>February 2005 made by M/s Rajprabha Associates a proprietary concern of Mr. M. B. Govinddaraj son of Late T. R. Ramadoss, Hindu, aged about 40 years having office at No.3, Station View Road, Kodambakkam, Chennai 600 024 in favour of M/s Stewarts and Lloyds of India Limited, having their office at Old No. 192, New No. 253, Hamid Building, 1st Floor, Anna Salai, Chennai 600 006 represented herein by its Vice President Mr. B. S. Rao.</p>						
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Leasehold Property

Serial No.	Particulars of document of Leasehold Properties	Short description of properties	Period of lease	Rent/ security deposit/ other deposits	Usage	Mortgages/ charges	Remarks
1	Indenture dated 27 th April, 1971 made between The Commissioners for the Port of Calcutta a body corporate constituted under Bengal Act III of 1890 (Commissioners) and	Land measuring 16323.43 sq.mts. at Jinjirapool, Thana Garden Reach, District 24 Parganas	29 years 6 months 22 days from 9 th May, 1963. No renewal clause.	Rent Rs. 3880.85 per month with payment of all municipal and taxes and duties payable by the owners	Factory	NIL	On expiry of lease period S&L approached Calcutta Port Trust for renewal. S&L is in possession of the property. Litigation is pending with Kolkata Port Trust as will appear from Item No. 1

	Stewarts & Lloyds of India Limited, 41, Chowringhee Road, Kolkata – 700016 and also of Jinjirapool Works , Calcutta – 700027 (Lessee) & registered in the office of Joint Sub-Registrar Alipore						of “Outstanding Litigations and material developments”.
2A	Indenture dated 16 th August, 1957 made between The Commissioners for the Port of Calcutta a body corporate constituted under Bengal Act III of 1890 (Commissioners) and Stewarts & Lloyds of India Private Limited , 41, Chowringhee Road, Kolkata – 700016 (Lessee) and registered in the office of Sub-Registrar, Alipore Sadar in Book I, Volumn 123, Pages 230-244, Deed No. 8269 for the year 1957	Land measuring 26 cottahs, 14 Chattaks and 22 sq.ft. at Mouza Sonai, Thana South Division Port Police, Calcutta, District 24 Parganas	21 years and 9 months from 1 st April 1957 with right to 2 renewals of 10 years each. Renewal period expired.	Rent Rs. 484.30 per month with payment of all municipal and taxes and duties payable by the owners	Storing pipes	NIL	On expiry of lease period, S&L approached Calcutta Port Trust for renewal. S&L is in possession of the property. Litigation is pending with Kolkata Port Trust as will appear from Item No. 2 of “Legal and Other Information”.

2B	Indenture dated 23 rd February 1953 made between The Commissioners for the Port of Calcutta (Commissioners) and Stewarts & Lloyds of India Limited , Block A, 41, Chowringhee Road, Kolkata– 700016 (Lessee) and registered in the office of Registrar of Assurances , Calcutta in Book I, Volume No.139, Pages 391 to 392, Being No. 11507 for the year 1988	Land measuring 11 cottahs 3 chittacks and 35 sq.ft. on west side of Hide Road at Sonai within municipal limits of the Corporation of Calcutta Thana South Division Port Police Calcutta District 24 Parganas Registration District Alipor	27 years and 7 months commencing from 1 st June 1951	Rent of Rs.One hundred and twelve and annas six only per month	Storage of tubes and other products	NIL	
2C	Indenture dated 15 th June 1949 made between The Commissioners for the Port of Calcutta (Commissioners) and Stewarts & Lloyds of India Limited , Block A, 41, Chowringhee Road, Kolkata– 700016 (Lessee) and registered in the office of District Sub-Registrar , Alipore in	Land measuring 182 cottahs 4 chittacks 21 sq.ft. or thereabouts situated on the west side of Hide Road in Mouza Sonai Thana Garden Reach District 24 Parganas Registration District Alipore	30 years from 1 st January 1949	Rent of Rs. 1822-13-0 per month	Storage of tubes and other products	NIL	

	Book I, Volume No. 62, Pages 184 to 196, Being No. 2990 for the year 1949						
2D	Indenture dated 26 th day of November 1953 made between The Commissioners for the Port of Calcutta a body corporate constituted under Bengal Act III of 1890 (Commissioners) and Stewarts & Lloyds of India Limited of Block A, 41, Chowringhee Road, Kolkata – 700016 (Lessee) and registered in the office of Sub-Registrar Alipore, Sadar in Book I, Volume No. 26, Pages 42 to 55, Being No. 693 for the year 1954	Land measuring 10 cottahs 4 chittacks and 14 sq.ft. or thereabouts on the west side of Hide Road at Sonai in Ward No. 75 of the Corporation of Calcutta Thana South Division Port Police Calcutta District 24 Parganas Registration District Alipore	27 years and 1 month commencing from 1 st December 1951	Rent of Rupees One Hundred and two and annas eleven with payment of all municipal rates, taxes and duties payable .	Storing of tubes and other products of the Company and other connected business	NIL	
3	Lease dated 4 th May 1989 made between Maharashtra Industrial Development Corporation a	Plot No.17 &18 in Ambernath Industrial Area within village limits of Morivali, Taluka Kalyan,	95 years from 1 st August 1967	Premium- Rs.1,74,300/- service charges/drainage cess- then Rs.6,000/- per	Factory	NIL	MIDC initially granted license to S&L under an Agreement dated 27 th October 1966 to the intent that MIDC shall grant lease of the said

	<p>Corporation constituted under the Maharashtra Industrial Development Act, 1961 (MAR.III of 1962) having its principal office at Orient House, Adi Karsban Path, Ballard Estate, Bombay – 400 038 (Lessor) and Stewarts & Lloyds of India Limited a Company incorporated under the Companies Act, 1956 and having its office at Shree Niketan F-Block, Shiv Sagar Estate, Dr. Annie Besant Road, Worli, Bombay – 400 018 (Lessee),</p>	<p>Dist. Thana, Area- 10284 & 13770 sq.mts. but on joint measurement the area is 10238 & 13726 sq.mts. aggregating to 23964 sq.mts.</p>		<p>annum, Rent- Rs. 1/- per annum.</p>		<p>land and pending grant of lease S&L shall only enter upon the said land for the purpose of setting up its factory. Subsequently MIDC granted lease to S&L for 95 years under the Indenture of Lease dated 4th May 1989.</p> <p>S&L was a lessee in respect of the property and S&L had its factory in the said property. Closure of factory was declared long back. By a Licence Agreement dated 1.7.2009 S&L granted to IOT Engineering Projects Limited licence of the said property for a term of 5 years commencing from 1.7.2009. Now IOT Infrastructure Energy Services Limited is using the said property as its stock yard as sub-licencee under Sub-Licence Agreement</p>
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							dated 1 st July 2009. Written consent from MIDC has not been obtained for grant of license/sublicense to IOT Engineering Projects Limited/IOTIES.
4	Sub- Lease Deed dated 26 th September 2000 made between New Okhla Industrial Development Authority, a body corporate constituted under Section 3 of UP Industrial Area Development Act of 1976 (U.P. Act 6 of 1976) (Lessor), JOP Overseas Limited , having its registered office at 17, Club Road, Punjabi Bagh (West), New Delhi - 26 (Lessee) and Stewarts & Lloyds of India Limited, 41, Chowringhee Road, Kolkata – 700 071 (Sub-Lessee)	Office space No. 419 in Plot No. 2, Block P, Sector 18 situated in Noida measuring 53.38 sq.mts.	90 years from 10 th January 1996	Consideration Rs.15,52,250/- Rent Rs.299/- per annum Subject to enhancement	commercial	NIL	<p>i) Rent is paid upto the year 31.12.2000 and from the year 2001, due to non-payment of rent, sub-lease may be terminated at the option of the sub-lessor and the Company is liable to pay interest.</p> <p>(ii) Maintenance charge has been paid upto the year 2010 @ Rs.3.50 per year per sq.ft.</p> <p>(iii) According to S&L no tax charge or fee has yet been assessed by any statutory body.</p>
5	Sub- Lease Deed	Shop No. 20 , 4 th	90 years from	Consideration	commercial	NIL	

	dated 27 th March 2001 made between New Okhla Industrial Development Authority a body corporate constituted under Section 3 of UP Industrial Area Development Act of 1976 (U.P. Act 6 of 1976) (Lessor), JOP Overseas Limited (Lessee), 14, North Avenue Road, Ground Floor, Punjabi Bagh (West), New Delhi and Stewarts & Lloyds of India Limited (Sub-Lessee)	Floor in Plot No. 2, Block P, Sector 18 situated in Noida measuring 53.388 sq.mts.	10 th January 1996	Rs.16,25,000/- Rent Rs.299/- per annum Subject to enhancement			
6	Letter vide Ref. No. LGL:SL:49 dated 8 th February 1985 issued by Stewarts and Lloyds of India Ltd., 41, Chowringhee Road, Kolkata – 700071 to Kanak Investments Pvt. Ltd., 41, Chowringhee Road, Kolkata – 700071	Office Space situated at Premises No. 41, Chowringhee Road, Kolkata-700071	30 years. Renewable at the option of the company for a further period of 21 years	Rs. 2.75 per sq.ft. per month from the date of commencement till 31 st December 1987. Rs. 3/- per sq.ft. per month from 1 st January 1988 till 1 st December 1992 From 1 st January 1993 rent and	Registered and Corporate office	NIL	By a letter dated 8 th February 1985 issued by S&L to Kanak Investments Pvt. Ltd. (KIPL), it was agreed between S&L and KIPL that KIPL shall draw up a Lease Agreement for an initial period of 30 years commencing from 1 st January 1985, renewable at the option of S&L for a

				<p>service charges will be increased by 20% and thereafter every 5 years by 20%.</p>		<p>further period of 21 years upon the terms and conditions therein contained.</p> <p>It has been represented that S&L paid rent and other charges to KIPL in terms of the said letter dated 8th February 1985. Subsequently dispute arose between S&L and KIPL and Kanak Project Ltd. , the successor of KIPL, filed a suit against S&L vide Civil Suit No. 247 of 2010 (Kanak Project Limited Vs. Stewarts and Lloyds of India Ltd.) at the High Court at Calcutta and also S&L filed a suit vide Civil Suit No. 2 of 2011 (Stewarts and Lloyds of India Ltd. Vs. Kanak Project Ltd.) in High Court at Calcutta for specific performance of the said letter agreement dated 8th</p>
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							February 1985 and both the suits are pending details of litigations will be available under the title "Outstanding Litigations and material developments" beginning on page 187 of this draft Letter of Offer.
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KEY INDUSTRY REGULATIONS AND POLICIES

The following description is a summary of the relevant regulations and policies as prescribed by the Government of 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 is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional legal advice.

The Company is governed by various legislations as applicable to it. Some of the key regulations applicable to the Company are summarized hereunder:

LABOUR REGULATIONS

1. Factories Act, 1948

The Factories Act, 1948, as amended (the “Factories Act”), defines a ‘factory’ to be any premises on which on any day in the previous 12 months, 10 or more workers are or were working and in which a manufacturing process is being carried on or is ordinarily carried on with the aid of power ; or where at least 20 workers are or were working on any day in the preceding 12 months and on which a manufacturing process is being carried on or is ordinarily carried on without the aid of power. State Governments prescribe rules with respect to the prior submission of plans, their approval for the establishment of factories and the registration and licensing of factories.

The Factories Act provided that the ‘occupier’ of a factory (defined as the person who has ultimate control over the affairs of the factory and the case of a company, any one of the directors) shall ensure the health , safety and welfare of all workers while they are at work in the factory, especially in respect of safety and proper maintenance of the factory such that it does not pose health risks, the safe use, handling, storage and transport of factory articles and substances, provision of adequate instruction, training and supervision to ensure workers’ health and safety, cleanliness and safe working conditions. If there is a contravention of any of the provisions of the Factories Act or the rules framed there under, the occupier and manager of the factory may be punished with imprisonment or with fine.

2. Contract Labour (Regulation and Abolition) Act, 1970

The Company uses the services of contractors who in turn employ contract labour whose number exceeds 20 in respect of some of the Projects. Accordingly, the Company is regulated by the provisions of the Contract Labour (Regulation and Abolition) Act, 1970 (the “CLRA”) which requires the Company to be registered as a principal employer and prescribes certain obligations with respect to welfare and health of contract labourers.

The CLRA vests responsibility in the principal employer of an establishment, to which the CLRA, applies, to make an application to the concerned officer for registration of the

concerned establishment. In the absence of such registration, contract labour cannot be employed in the concerned establishment. Likewise, every contractor, to whom the CLRA applies, is required to obtain a license and may not undertake or execute any work through contract labour except under and in accordance with the license issued. To ensure the welfare and health of the contract labour, the CLRA imposes certain obligations on the contractor in relation to establishment of canteens, rest rooms, drinking water, washing facilities, first aid, other facilities and payment of wages. However, in the event the contractor fails to provide these amenities, the principal employer is under an obligation to provide these facilities within a prescribed time period. Penalties, including fines and imprisonment, may be levied for contravention of the provisions of the CLRA.

3. Employees State Insurance Act, 1948

The Employees State Insurance Act, 1948 (the “ESI Act”) , as amended provides for benefits to certain employees in case of sickness, maternity and employment injury. All employees in establishments covered by the ESI Act are required to be insured, with an obligation imposed on the employer to make certain contributions in relation thereto. In addition, the employer is also required to register itself under the ESI Act and maintain prescribed records and registers.

4. 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 ; and
- 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 the Trustees function within the overall regulatory control of the Central Government.

5. 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, covered under the Bonus Act, who have worked for a minimum period of 30 days in an accounting year. The Bonus Act has created a right to the said employees 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. For an employee whose salary exceeds Rs. 3,500, for the purpose of payment of maximum or minimum bonus, his salary has to be taken as Rs. 3,500 only. Where an employee has not worked for all the working days in an accounting year, the minimum bonus of Rs. 100 or, as the case may be, of Rs. 60, if such bonus is higher than 8.33% of his salary or wage for the days he has worked in that accounting year, shall be proportionately reduced. 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 up to Rs. 1,000 or both against those individuals in charge at the time of contravention of the Bonus Act.

6. Industrial Disputes Act, 1947

The Industrial Disputes Act, 1947 (“ID Act”) provides the machinery and procedure for the investigation and settlement of industrial disputes and certain safeguards to the workers. The ID Act aims to improve the service conditions of industrial labour. When a dispute exists or is apprehended, the appropriate government is empowered to refer the dispute to an authority mentioned under the ID Act in order to prevent the occurrence or continuance of the dispute. Reference may be made to a labour court, tribunal or arbitrator, as the case may be, to prevent a strike or lock-out while a proceeding is pending. Wide powers have been given to the labour courts and tribunals under the ID Act while adjudicating a dispute to grant appropriate relief such as modification of contract of employment or to reinstate workmen with ancillary relief.

7. Payment of Gratuity Act, 1972

Under the Payment of Gratuity Act, 1972 (the “Gratuity Act”), an employee who has been in continuous service for a period of five years will be eligible for gratuity upon his resignation, retirement, superannuation, death or disablement. An employee in a factory is deemed to be in ‘continuous service’ for a period of at least 240 days in a period of 12 months or 120 days in a period of six months immediately preceding the date of reckoning, whether or not such service has been interrupted during such period by sickness, accident, leave, absence without leave, lay-off, strike, lock-out or cessation

of work not due to the fault of the employee. The maximum amount of gratuity payable under the Gratuity Act is Rs. 10,00,000/-.

8. Workmen's Compensation Act, 1923

Under the Workmen's Compensation Act, 1923, (the "WC Act") if personal injury is caused to a workman by accident during employment, his employer is liable to pay him compensation. However, no compensation is required to be paid (i) if the injury does not disable the workman for more than three days, (ii) where the workman, at the time of injury, was under the influence of drugs or alcohol or (iii) where the workman willfully disobeyed safety rules.

9. Payment of Wages Act, 1936

The Payment of Wages Act, 1936 applies to the persons employed in the factories and to persons employed in industrial or other establishments where the monthly wages payable to such persons is less than Rs. 6500/-.

10. Minimum Wages Act, 1948

The Minimum Wages Act, 1948 gives power to appropriate government (Central or State) to fix minimum wages to be paid to the persons' employed in scheduled or non scheduled employment and the concerned employer is required to pay the minimum wages, fixed by the appropriate government.

11. Industrial Employment Standing Orders Act, 1946

Every establishment employing more than 50 employees is required to formulate rules and regulations for its employees and the same should be submitted for approval to the Deputy Labour Commissioner.

12. The Maternity Benefits Act, 1961

The purpose of the Maternity Benefit Act is to regulate the employment of pregnant women and to ensure that they get paid leave for a specified period during and after their pregnancy. It provides, inter alia, for paid leave of 12 weeks, payment of maternity benefits and enacts prohibitions on dismissal, reduction of wages paid to pregnant women, etc.

13. Trade Union Act, 1926

Provisions of the Trade Union Act, 1926 provide that any dispute between employers and workmen or between workmen and workmen, or between employers and employers which is connected with the employment, or non employment, or the terms of employment or the conditions of labour, of any person shall be treated as trade dispute. For every trade dispute a trade union has to be formed. For the purpose of

Trade Union Act, 1926, Trade Union means combination, whether temporary or permanent, formed primarily for the purpose of regulating the relations between workmen and employers or between workmen and workmen, or between employers and employers, or for imposing restrictive condition on the conduct of any trade or business etc.

ENVIRONMENTAL REGULATIONS

The major statutes in India which seek to regulate and protect the environment against pollution related activities in India includes the Water (Prevention and Control of Pollution) Act, 1974, the Air (Prevention and Control of Pollution) Act, 1981 and the Environment Protection Act, 1986 (“Environment Protection Act”). The basic purposes of these statutes are to control, abate and prevent pollution. In order to achieve these objectives, Pollution Control Boards (“PCBs”), which are vested with diverse powers to deal with water and air pollution, have been set up in each state. The PCBs are responsible for setting the standards for maintenance of clean air and water, directing the installation of pollution control devices in industries and undertaking inspection to ensure that industries are functioning in compliance with the standards prescribed. These authorities also have the power of search, seizure and investigation if the authorities are aware of or suspect pollution that is not in accordance with such regulations. All industries and factories are required to obtain consent orders from the PCBs, which are indicative of the fact that the factory or industry in question is functioning in compliance with the pollution control norms. These consent orders are required to be renewed annually.

1. Water (Prevention and Control of Pollution) Act, 1981

The Water (Prevention and Control of Pollution) Act, 1981 (“Water Act”) prohibits the use of any stream or well for disposal of polluting matter, in violation of standards set down by the state PCB. The Water Act also provides that the consent of the state PCB must be obtained prior to opening of any new outlets or discharges, which is likely to discharge sewage or effluent.

2. Water (Prevention and Control of Pollution) Cess Act, 1977

The Water (Prevention and Control of Pollution) Cess Act, 1977 requires a person carrying on any industry which involves the use of water to pay a cess in this regard. The person in charge is to affix meters of certain prescribed standards in order to measure and record the quantity of water consumed by such industry. Furthermore, a monthly return showing the amount of water consumed in the previous month must also be submitted.

3. Air (Prevention and Control of Pollution) Act, 1981

Air (Prevention and Control of Pollution) Act, 1981 (“Air Act”) under which any individual, industry or institution responsible for emitting smoke or gases by way of use as fuel or chemical reactions must apply in a prescribed form and obtain consent from the state pollution control board prior to commencing any activity. The state PCB is required to grant, or refuse, consent within four months of receipt of the application. The consent may contain conditions relating to specifications of pollution control equipment to be installed.

Within a period of four months after the receipt of the application for consent, the state PCB shall, by an order in writing and for reasons to be recorded in the order, grant the consent applied for subject to such conditions and for such period as may be specified in the order , or refuse consent.

4. Environment (Protection) Act, 1986 and Environment Protection Rules

The Central Government has been vested with powers to lay down standards for the quality of environment in its various aspects, standards for emission or discharge of environmental pollutants from various sources and to restrict areas in which operations or processes cannot be carried out or shall be carried out subject to certain safeguards. In case of offences by companies, the person who was in charge at the time of the commission of the offence shall be deemed to be guilty.

TAX RELATED LEGISLATIONS

1. 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.

2. Value Added Tax, 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.

3. 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.

4. 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.

5. 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.

6. 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).

SHOPS AND ESTABLISHMENT ACT

The respective State Governments have the power to make laws on the subject matter. In exercise of these powers, various State Governments have enacted the shops and establishments act which is applicable to the shops and commercial establishments

within the respective states as may be specified by the Government. Each state has its own legislation on shops and establishments which lay down inter alia, guidelines for regulating the hours of work, payment of wages, leave, holidays, terms of service, overtime and other conditions of work of persons employed in shops, commercial establishments etc. and to discourage the malpractices by employers towards their employees.

The West Bengal Shops and Establishment Act, 1963 is applicable to the Company as the company is having its registered office in the State of West Bengal.

The following statutes are also applicable to the Company for its various branch offices:

- i) Noida Office – The Uttar Pradesh Shops and Commercial Establishments Act, 1962.
- ii) Navi Mumbai Office – The Bombay Shops and Establishments Act, 1948
- iii) Chennai Office – The Tamil Nadu Shops and Establishments Act, 1947.

MISCELLANEOUS

1. The 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.

HISTORY AND OTHER CORPORATE INFORMATION

History of the Company

History of the Company

The Company was incorporated under The Indian Companies Act, 1913 as Stewarts and Lloyds of India Private Limited on 18th August 1937 vide Certificate No. 857 of 1937-38 and registered with the Registrar of Joint Stock Companies, Bengal with the Share Capital of the Company being Rs. 20000 divided into 1000 Equity Shares of Rs. 20 each.

The CIN of the Company is L28999WB1937PLC009099.

The Company was promoted by Stewarts and Lloyds, UK primarily for the purpose of marketing of products manufactured by Stewarts and Lloyds, UK. In the year 1947 the Company diversified and expanded its operations into designing, manufacturing, fabrication, supply and erection of pipe work and soon became the principal pipe work engineering Company to the emerging core sectors.

By the resolution passed at the General Meeting of the Members of the Company duly convened and held on the 18th October, 1963 the Ordinary Equity Shares of Rs. 20 each were sub divided into 2 shares of Rs. 10 each and the Authorized Share Capital of the Company was increased by 9,98,000 Ordinary Equity Shares of Rs. 10 each from Rs. 20000 to Rs. 1,00,00,000.

During 1965, the Company was converted from a private limited company to a public limited company in order to undertake an initial public offer of its equity shares, It changed its name to Stewarts and Lloyds of India Limited. A fresh Certificate of Incorporation was issued under The Companies Act, 1956 vide Certificate No. 9099 by Assistant Registrar of Companies, West Bengal dated 15th June 1965.

The Company made its Initial Public Issue in the year 1965. Thereafter the Company listed itself on the CSE and BSE. The paid up Share Capital was Rs. 1,00,00,000/- (Rupees One crore only) of 10,00,000 Equity Shares of Rs. 10/- each.

By a Special Resolution passed at the 38th Annual General Meeting of the Members of the Company duly convened and held on 20th August, 1976 the Authorized Share Capital of the Company was increased from Rs. 1,00,00,000 divided into 10,00,000 Equity Shares of Rs. 10 each to Rs. 3,00,00,000 divided into 30,00,000 Equity Shares of Rs. 10 each.

In the year 1977 the Company made a Bonus Issue to the existing Shareholders of the Company in the ratio 1:4.

In the year 1992, Tata Iron and Steel Company Limited (TISCO) through its wholly owned subsidiary Kalimati Investment Co. Ltd. acquired 39.9% of the company's Equity Shares held by the Stewarts and Lloyds, UK. Added to the previous holding of 15% (10% by TISCO and another 5

% by Tata Refractories Limited), the total holding of TISCO and its subsidiaries stood at 54.90%, thereby making Stewarts and Lloyds of India Limited a subsidiary of TISCO.

By a Special Resolution passed at the 55th Annual General Meeting of the Members of the Company duly convened and held on 30th August, 1993, the Authorized Share Capital of the Company was increased from Rs. 3,00,00,000 divided into 30,00,000 Equity Shares of Rs. 10 each to Rs. 10,00,00,000 divided into 1,00,00,000 Equity Shares of Rs. 10 each.

In 1994, the Company issued Rights Shares to its then existing shareholders. 20,00,000 Equity Shares of the face value of Rs. 10/- were issued and the offer was fully subscribed. The Paid-Up Share Capital of the Company was increased to Rs. 3,00,00,000/- (Rupees three crores only). TISCO, with associate companies, remained the promoter by holding 54.90% of the Total Paid Up Share Capital of the Company.

In 2004, IOT Infrastructure & Energy Services Ltd. (IOTIES), formerly Indian Oiltanking Limited (IOTL) acquired the shareholdings of the Company from TISCO and its associates, through a Share Purchase Agreement dated July 5, 2004. Subsequently, an open offer was made by IOTIES to public shareholders of our Company and 16,754 Equity Shares were acquired. The Company thus became a subsidiary of IOTIES, which holds 55.46% shares of the Company.

By a Special Resolution passed at the 73rd Annual General Meeting of the Members of the Company duly convened and held on 29th July, 2011 the Authorized Capital of the Company was increased from Rs. 10,00,00,000 divided into 1,00,00,000 Equity Shares of Rs. 10 each to Rs. 20,00,00,000 divided into 2,00,00,000 Equity shares of Rs. 10 each.

Registered Office

The Registered and Head Office the Company is situated at 41, Chowringhee Road, Kolkata – 700071.

There has been no change in the Registered Office of the Company since its incorporation.

Shareholders

As on June 30th, 2011 the Company has 2997 shareholders.

Corporate Profile

For greater details of the corporate profile of the Issuer, including service offerings, major suppliers or customers, technology, market, managerial competence, etc., please refer to the sections titled “Construction Industry” and “Business” beginning on pages 47 and 56 of the Draft Letter of Offer.

Key events and milestones of the Company

Year	Key Events of the Company
1937	Incorporation of Company as a Private Limited Company.
1963	The Ordinary Equity Shares of Rs. 20 each of the Company were subdivided into 2 shares of Rs. 10 each and the Authorized Share Capital of the Company was increased from Rs. 20000 to Rs. 1,00,00,000 by creation of 9,98,000 Ordinary Equity Shares of Rs. 10 each.
1965	The Company got converted to Public Limited company and made its first public issue.
1976	The Authorized Share Capital of the Company was increased from Rs. 1,00,00,000 to Rs. 3,00,00,000.
1977	The Company issued Bonus Shares to its shareholders in the ratio 1:4
1992	Overseas promoter of the Company, Stewarts and Lloyds, UK sold their shareholding of 39.9% to Kalimati Investment Company Limited (a subsidiary of TISCO) and TISCO along with its 15% shareholding already owned, became the majority shareholder of the Company.
1993	Authorized Share Capital of the Company was increased from Rs. 3,00,00,000 to Rs. 10,00,00,000.
1994	The Company made a Rights Issue to the existing shareholders.
2004	TISCO and its subsidiaries sold its promoter shareholdings of the Company to Indian Oiltaking Limited, now known as IOT Infrastructure & Energy Services Limited.
2011	Authorized Share Capital of the Company was increased Rs. 10,00,00,000 to Rs. 20,00,00,000.

Main objects of the company

The main objects of the company as contained in the Memorandum of Association of the Company are as follows:-

- (b) To manufacture, buy, sell and otherwise deal whether as principals or Agents in tubes, pipes, tubular fittings and products of iron, steel and other metals and alloys and all articles or products capable of being made or obtained from iron, steel or other metals by such process or processes as the Company may from time to time think it expedient to use and carry on the trades or business of iron masters, steel makers iron and steel converters, quarry proprietors, coke manufacturers, miners, smelters, engineers, tin plate makers and iron founders in all their respective branches and to manufacture iron and steel goods.
- (c) To search for, get, work, raise, make merchantable, sell and deal in iron, coal, ironstone, brick earth, bricks and other metals, minerals and substances and to manufacture and sell patent fuel and to carry on business as Manufacturers of Chemicals and Manures, Distillers, Dye Makers, Gas Makers and Metallurgists.
- (d) To carry on business as Brass Founders, Metal Makers, Boilers Makers, Millwrights, Machinists, Smiths, Woodworkers, Builders, Painters, Farmers, Printers, Carriers,

and to buy, sell, manufacture, repair, convert, alter, let on hire and deal in machinery, implements, rolling stock and hardware of all kinds.

- (g) To construct, execute, carry out, equip, improve, maintain, work, develop, administer, manage or control in India or elsewhere bridges, furnaces, saw-mills, crushing works, hydraulic works, electrical works, gas works, public works, and conveniences of all kinds, which last mentioned expression in this Memorandum includes roadways, railways, tramways, docks, harbours , piers, wharves, canals, reservoirs, embankments, irrigation works, reclamation works, sewage, drainage, sanitary, water, gas, telephone, telegraphic and power and light supply works and hotels, dwelling houses, warehouses, shops, markets and public buildings, and all other works and conveniences of public utility.
- (h) To construct, purchase, take on lease or otherwise acquire any railways or tramways or power supply works, and to carry on business as Public Works Contractors, Railways Construction Engineers, Civil, Mechanical, Electrical, Irrigation, Sanitary and Water Supply Engineers.
- (j) To undertake or execute any contracts or works involving the production, supply or use of iron, steel or any materials or things which the Company is authorized to produce, manufacture or deal in; to carry on business as Manufacturers, Merchants, Importers or Exporters, both wholesale and retail, of any merchandise or commodities produced by the Company or acquired by it for use in connection with its business.
- (l) To purchase, take on lease or in exchange, hire or otherwise acquire any movable or immovable property and any rights or privileges which may be necessary or convenient for the business of the Company and in particular any land, buildings, machinery, plant and stock-in-trade, also any concessions, trade marks, rights or privileges.
- (m) To manufacture into marketable commodities all residual or by-products resulting from any manufacturers in which the Company may be engaged.
- (n) To carry on any other business and to contribute to , subsidise, guarantee the contracts of, or otherwise aid in the carrying on of any business which may seem to the Company capable of being conveniently carried on in connection with the Company's business or calculated directly or indirectly to enhance the value of or render profitable any of the Company's property or rights.
- (o) To enter into partnership or into any arrangement for sharing profits, union of interests, amalgamation, reciprocal concession, or co-operation with any person or

company carrying on or about to carry on any business which this Company is authorized to carry on, or any business or transaction capable of being conducted so as directly or indirectly to benefit this Company, and to take or otherwise acquire and hold shares or stock in or securities of and to subsidise, guarantee the contracts of, or otherwise assist any such company, and to sell, hold, re-issue, with or without guarantee, or otherwise deal with such shares or securities.

- (p) To pay for any property or business, or services rendered or to be rendered, in shares (to be treated as either wholly or partly paid-up) or debentures or debenture-stock of the Company, or in money, or partly in shares or debentures or debenture-stock, and partly in money.
- (q) To sell, lease, let on hire, improve, work, manage, develop, mortgage, dispose of, turn to account, or otherwise deal with all or any of the property and rights of the Company, and to construct, maintain and alter any buildings or works necessary or convenient for the purposes of the Company, and grant licences to use any inventions belonging to the Company.
- (r) To sell the undertaking of the Company, or any part thereof, for such consideration as the Company may think fit, and in particular for shares, debentures, or securities of any other company.
- (s) To promote any other company for the purpose of acquiring all or any of the property, rights and liabilities of the Company, or of advancing directly or indirectly the objects or interests thereof, or for any other purpose which may seem directly or indirectly calculated to benefit this Company, and to take or otherwise acquire and hold shares, stocks or obligations of any such company or of any other company having objects altogether or in part similar to those of this Company, or carrying on any business capable of being conducted so as directly or indirectly to benefit this Company, and to guarantee the payment of any debentures or other securities issued by any such company, and upon a distribution of assets or division of profits to distribute any such shares, stocks or obligations amongst the members of this Company in specie.
- (t) To promote or aid in the promotion of measures for the protection of works and industries, whether manufacturing, mining or of any other kind in India and to promote or oppose legislative and other measures affecting any such industry.
- (u) To acquire by purchase, amalgamation, exchange or otherwise the whole or any part of the assets and undertakings of any other company or companies.
- (v) To borrow or raise money for the purposes of the Company, or receive money on deposit at interest, or otherwise, and for the purpose of raising or securing money, or any other purpose, to issue any mortgages, debentures, debenture-stock, bonds or obligations of the Company, either at par, premium or discount, and either redeemable or irredeemable or perpetual, secured upon all or any part of the undertaking, revenue, right and property of the Company, present and future,

including uncalled capital, or the unpaid calls of the Company, and to exchange or vary from time to time any such securities.

(w) To draw, make, accept, discount, indorse, execute and issue Government of India and other Promissory Notes, Bills of Exchange, Bills of Lading, Warrants, debentures and other negotiable or transferable instruments or Securities.

(y) To lend, invest, put out at interest or otherwise deal with any funds and money belonging to the Company and not immediately required for the purposes of the Company, provided however that the Company may not purchase its own shares or lend money on the security thereof.

Amendments to the Memorandum of Association of the Company

The following amendments have been made to the Memorandum of Association of the Company.

Date of Shareholders Approval	Nature of Amendment
18 th October 1963	Ordinary Equity Shares of Rs. 20 each were subdivided into 2 shares of Rs. 10 each and the Authorized Share Capital of the Company was increased from Rs. 20000 to Rs. 1,00,00,000 by creation of 9,98,000 Ordinary Equity Shares of Rs. 10 each.
8 th June 1965	Clause 1 of the Memorandum of Association altered and the name of the Company changed from "Stewarts and Lloyds of India Private Limited" to "Stewarts and Lloyds of India Limited".
20 th August 1976	Authorized Share Capital of the Company was increased from Rs. 1,00,00,000 divided into 10,00,000 Equity Shares of Rs. 10 each to Rs. 3,00,00,000 divided into 30,00,000 Equity Shares of Rs. 10 each.
30 th August 1993	Authorized Share Capital of the Company increased was from Rs 3,00,00,000 divided into 30,00,000 Equity Shares of Rs. 10 each. to Rs. 10,00,00,000 divided into 1,00,00,000 Equity Shares of Rs. 10 each.
29 th July, 2011	Authorized Share Capital of the Company increased from Rs 10,00,00,000 divided into 1,00,00,000 Equity Shares of Rs. 10 each to Rs 20,00,00,000 divided into 2,00,00,000 Equity Shares of Rs. 10 each.

Subsidiaries

As on date of filing this draft Letter of Offer with SEBI, the Company has no subsidiary.

Holding Company

For details of IOT Infrastructure & Energy Services Limited, our Promoter, please refer to the section "Promoter and Promoter Group" on page 110 of the Draft Letter of Offer.

Key Agreements

1. Share Purchase Agreement/ Shareholders Agreement

The Company does not have any share purchase agreement to which it is a party.

IOTIES, our Promoter has bought the 54.90 % shareholding of the Company which is 16,47,000 Equity Shares of the Company from TISCO, Kalimati Investment Company Limited and Tata Refractories Limited vide Share Purchase Agreement dated 5th July 2004.

2. Marketing Agreement

As on the date of this Draft Letter of Offer the Company does not have any marketing agreement with anyone.

3. Strategic Partners

As on the date of this Draft Letter of Offer the Company does not have any Strategic Partner.

4. Financial Partners

As on the date of this Draft Letter of Offer the Company does not have any financial partners apart from the Lenders.

5. Guarantee

Save and except omnibus counter guarantee executed by the Company in favour of its Lenders, the Company has not furnished any guarantee to anyone. The Promoter has also not furnished any guarantee in favour of anyone on behalf of the Company.

OUR MANAGEMENT

Board of Directors

The Company is currently managed by a Board of Directors comprising six (6) Directors, out of which three (3) Directors are independent Directors. As per Article 87 of the Articles of Association of the Company, Board of Directors of the Company shall consist of not less than 3 (three) Directors and not more than 10 (ten) Directors.

As on date of filing this Letter of Offer with SEBI, the Company has six (6) Directors. Details of the Directors are given below:

Sl. No.	Name, Father's Name, Designation, Address, Qualification, Occupation, Nationality & DIN	Age	Date of Appointment as Director and term of appointment	Other Directorships/ Partnership/Trustees
1.	<p>Mr. P. G. Vaidhyanathan S/o Late P.V. Gopalakrishnan</p> <p>Chairman</p> <p>Non Executive Director</p> <p>Residential Adress: 'C' Bungalow, Plot No 273, St. Antony's Road, Chembur, Mumbai 400071.</p> <p>Qualification : B.E . (Mechanical)</p> <p>Occupation: MD of IOT Engineering Projects Ltd.</p> <p>Nationality : INDIAN</p> <p>DIN : 00121987</p>	65 years	<p>01.10.2009 till now</p> <p>Term :Retirement by rotation in every three years and eligible for re- appointment</p>	<p>1. IOT Engineering Projects Limited - Managing Director</p> <p>2. IOT Anwasha Engineering & construction Limited - Director</p>

2.	<p>Mr. Radhakant Tripathy S/o Mr. D B Tripathy</p> <p>Independent Non Executive Director and Chairman of Audit Committee</p> <p>Address : Flat No. 12a Golf Towers, 9, Prince Golam Md. Shah Road, Kolkata - 700 095</p> <p>Qualification : M.A (Political Science)</p> <p>Occupation: IAS (Retd.)</p> <p>Nationality : Indian</p> <p>DIN: 00233630</p>	64 Years	<p>26.12.2006 till now</p> <p>Term: Retirement by rotation in every three years and eligible for re-appointment</p>	<ol style="list-style-type: none"> 1. New Town Telecom Infrastructure Development Company Ltd. 2. West Bengal Housing Infrastructure Development Corporation Limited 3. Bengal Orion Financial Hub Ltd.
3.	<p>Mr. K. P. Brahma S/o Dr. K N Brahma</p> <p>Independent, Non Executive Director and Nominee of General Insurance Corporation of India</p> <p>Address : Flat no 27, Alipore Estate, Alipore, Kolkata 700027</p> <p>Qualification : M.Sc.</p> <p>Occupation : General Manager of National Insurance Co. Ltd.</p> <p>Nationality : Indian</p> <p>DIN : 02919395</p>	56 Years	<p>29.01.2010 till now</p> <p>Term: Retirement by rotation in every three years and eligible for re-appointment</p>	Nil

4.	<p>Mr. Jatin Mavani S/o Late Shri Jamnadas Mavani</p> <p>Non Executive Director Non Independent</p> <p>Address: B 602 Cottage Land, Sector 19A Nerul, Navi Mumbai 400076</p> <p>Qualification :B.com, A.C.A, A.C.S</p> <p>Occupation: President (Finance) and Company Secretary, IOTIES</p> <p>Nationality : INDIAN</p> <p>DIN : 00189932</p>	52 Years	<p>28.07.2004 till now</p> <p>Term: Retirement by rotation in every three years and eligible for re-appointment</p>	<ol style="list-style-type: none"> 1. IOT Engineering Projects Limited. 2. IOT Design and Engineering Limited 3. IOT Mabagas Limited 4. IOT Anwasha Engineering & Construction Limited 5. IOT Infrastructures Private Limited 6. Mabanaft Carbon India Private Limited 7. PT IOT EPC Indonesia 8. Indian Oiltaking Engineering & Construction Services LLC, Oman
5.	<p>Mr. K. K. Ranade S/o Mr. Krishna Dattatreya Ranade</p> <p>Non Executive Director Non Independent</p> <p>Address: 102 Lake View Apartment, Belapur Village, Sector 20, CBD, Navi Mumbai – 400614.</p> <p>Qualification: B.Sc. / B.E. (Mechanical)</p> <p>Occupation: Director of IOT Engineering Projects Ltd.</p> <p>Nationality: INDIAN</p> <p>DIN: 01513372</p>	64 Years	<p>01.10.2009 till now</p> <p>Term: Retirement by rotation in every three years and eligible for re-appointment</p>	<p>IOT Engineering Projects Limited</p>

6.	<p>Mr. Vijoy Kumar Sinha S/o Late A. B. Prasad Non Executive, Independent Director</p> <p>Address: 21, C- Road (East), Northen Town, Jamshedpur – 831001, Jharkhand</p> <p>Qualification: B.Sc., Engg. (Mech), P.G. Dip. In Business Management.</p> <p>Occupation: Service(Retd) Nationality: Indian</p> <p>DIN: 03534636</p>	64 years	04.05.2011 till now Term: Retirement by rotation in every three years and eligible for re- appointment	Nil
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Note: None of the above mentioned Directors are on the RBI List of willful defaulters as on the date of the Draft Letter of Offer.

Further, neither the Company nor the Promoters, persons forming part of the Promoter group, Directors or persons in control of the Company are debarred from accessing the capital market by SEBI.

None of the Promoters, Directors or persons in control of the Company, has been or is involved as a promoter, director or person in control of any other company, which is debarred from accessing the capital market under any order or directions made by the SEBI.

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 the senior management.

The Directors have not entered into any service contracts with the Company for providing benefits upon termination of employment.

Brief Profile of the Directors

1. Mr. P G Vaidhyathan – Chairman (Non-Executive Director)

Mr. P G Vaidhyathan, B.E. (Mechanical), has vast experience of more than 38 years in the field of Construction and Engineering. In his wide career, he had worked with M/s Selas India Limited (now KIT), M/s Simon Carves India Ltd. and nearly 31 years for M/s Petron Engineering Construction Limited on various projects in India and abroad. As Director (Operation) from 1992, he was in-charge of total operations of M/s Petron Engineering Construction Limited controlling engineering, commercial tendering and operation of project sites as well as project finances upto 2007. He has experience in all aspects of running a project engineering and construction company. Presently he is the Managing Director of IOT Engineering Projects Limited, a Group Company.

2. Mr. Radhakant Tripathy - Independent Non-Executive Director

Mr. Radhakant Tripathy, IAS (Retd.), has vast experience at the administrative level in Government as well as various other industries. He has functioned as the Chairman of Tea Board, Principal Secretary to the Tourism Dept./ Forest Dept.-Govt. of West Bengal, Managing Director - WBHIDCO Ltd. and also became Addl. Chief Secretary – Govt. of West Bengal among many portfolios, during his professional life.

He is also the Chairman of the Audit Committee of the Company.

3. Mr. K P Brahma - Independent Non-Executive Director and Nominee of General Insurance Corporation of India.

Mr. K P Brahma, a post graduate in Science, has vast experience in the field of Insurance. He had joined General Insurance Corporation of India in the year 1978 as direct recruit officer. Initially, in 1979, he was allotted to United India Insurance Co. Ltd. where he worked in various capacities in different places. After working for 30 years, he joined National Insurance Co. Ltd. on 10 August 2009 as General Manager.

4. Mr. Jatin Mavani - Non-Executive Director

Mr. Jatin Mavani is a qualified Chartered Accountant and Company Secretary. He is the President (Finance) and Company Secretary of IOT Infrastructure & Energy Services Limited, the Promoter. He was earlier working with Indian Oil Corporation Limited.

5. Mr. K K Ranade - Non-Executive Director

Mr. K K Ranade, B.Sc./ B.E. (Mechanical), has experience of 38 years in the field of Construction and Engineering. He had worked with M/s Simon Carves India Ltd. and nearly 31 years for M/s Petron Engineering Construction Limited. As President (Construction) of M/s Petron Engineering Construction Limited he was responsible for

execution of all contracts in India and abroad up to 2001. His strengths lie in successful completion of all the projects. Presently he is a whole-time Director of IOT Engineering Projects Limited.

6. Mr. V K Sinha – Non Executive Director

Mr. Vijoy Kumar Sinha, B.Sc. Engineering (Mechanical) and P.G. Dip in Business Management, has around 40 years of experience in Project and Construction Management. He is associated with Tata Steel Limited all through his career in different portfolios. Presently he holds the post of Consultant at the Office of Vice President (P & CP), Special Project Office of Tata Steel Limited.

Relationship of the Directors with the Promoter/ Promoter Group or themselves

None of the Directors have any familial relationship with the Promoter/Promoter Group or amongst themselves.

Borrowing Powers of Board of Directors

The borrowing powers of the Board of Directors are regulated by Clause 58 of the Article of Association of the Company.

On the strength of the resolution passed by the Board of Directors of Stewarts and Lloyds of India Limited on 28th October 2009, the Company is entitled to borrow upto Rs. 150 Crores.

In supersession of the resolution passed vide Minute No. 10296 (A) dated 13th July, 2007:

Resolved that the Company do hereby authorized to borrow and avail from the Consortium bankers and/or any other scheduled bank(s) in India various banking facilities upto a limit of Rs. 15000 lakhs, on the terms, conditions and the agreed sharing pattern of various banking facilities as set out in their respective sanction letters to be issued to the Company and that the Chairman and Managing Director and the Senior Vice President are hereby authorized severally or jointly, to discuss, settle and finalise the terms and conditions with the Consortium bankers and/or any other scheduled bank(s) in India and agree to such amendments, modifications or revisions therein as are acceptable to/for and on behalf of the Company.

Remuneration details of Directors

The Company does not have any Executive Director, Whole Time Director or Managing Director.

The Company has not entered into any formal arrangements or agreements with the Non-Executive Directors and Independent Directors. There are no other payments made to them by the Company apart from their sitting fees for attending the Board Meetings or Committee

Meetings and reimbursement of traveling and other incidental expenses, if any. However, the Company paid commission to its Directors under the provisions of Companies Act, 1956 from the Financial Year 2003-04 to 2008-09.

In the financial year 2010-11 the Company paid sitting fees of Rs. 10,000 per meeting to the Directors for attending the Board meetings or Audit Committee meetings and Rs. 2,500/- for attending meetings of the Remuneration Committee.

Non Executive Directors including Independent Directors

Name of Director	2010-11			2011-12 (till the date of this DLoF)		
	Board Meetings attended	Committee Meetings attended	Amount (Rs.)	Board Meetings attended	Committee Meetings attended	Amount (Rs.)
Mr. P G Vaidhyanathan	4	0	40,000	2	0	20,000
Mr. Radhakant Tripathy	4	4	80,000	2	2	40,000
Mr. K P Brahma	3	3	60,000*	1	1	20,000*
Mr. Jatin Mavani	3	3	60,000	2	2	40,000
Mr. K K Ranade	1	0	10,000	2	0	20,000
Mr. R.P. Singh	1	0	10,000	N.A	N.A.	N.A
Mr. V.K. Sinha	N.A		N.A	1	0	10,000

* Amount paid to National Insurance Co. Ltd.

Executive Directors

There was no Executive Director of the Company for the financial year 2010-11.

Shareholding of Directors in the Company

Pursuant to Clause 91 of the Articles of Association of the Company a Director of the Company is not required to hold any share in the Company as his qualification.

At present none of the Directors are having any shareholding in the Company.

Interest of Directors

All of the Directors may be deemed to be interested to the extent of sitting fees payable to them for attending meetings of the Board of Directors or a Committee thereof and reimbursement of expenses payable to them under the Articles of Association of the Company.

The Directors may also be regarded as interested in the Equity Shares, if any, held by them or their dependants and relatives or that may be subscribed by or allotted to the companies, firms and trusts, in which they are interested as directors, members, partners, trustees and promoters, pursuant to this Issue. All of the Directors may also be deemed to be interested to

the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

The Directors have no interest in any property acquired by the Company within 2 (Two) years from the date of this Draft Letter of Offer

Except as stated otherwise in this draft Letter of Offer, the Company has not entered into any contract, agreement or arrangement during the preceding 5 years from the date of this Draft Letter of Offer in which the Directors are interested directly or indirectly and no payment has been made to them in respect of any contracts, agreements or arrangements or are proposed to be made to them.

The Company's Directors have not taken any loan from the Company.

Except as stated in *Related Party Transactions* in "Financial Statements" beginning on page 136 of this Draft Letter of Offer and described therein and to the extent of shareholding in the Company, if any, the Directors do not have any other interest in the business of the Company.

Changes in the Directors in the last 3 years

The following are the changes in the Board of Directors of the Company during the last 3 years.

Sl. No.	Name of Directors	Date of change	Nature of change	Reason
1	Mr. R .P Singh	09.11.2010	Resignation	Due to preoccupation
2	Mr. K. P. Brahma	29.01.2010	Appointment	-
3	M. K.K. Ranade	01.10.2009	Appointment	-
4	Mr. Sujit Das	29.01.2010	Resignation	Due to preoccupation
5	Mr. Ranjit Kumar Dutta	30.09.2009	Resignation	Due to preoccupation
6	Mr. Jayanta Bhuyan	30.09.2009	Resignation	Due to preoccupation
7	Mr.P.G. Vaidhyathan	01.10.2009	Appointment	-
8.	Mr. V.K.Sinha	04.05.2011	Appointment	-

Corporate Governance

The Company has complied with SEBI (ICDR) Regulations and the provisions of the Listing Agreement in respect of corporate governance including with respect to the number of Non-Executive Directors and also constituting committees of the Board of Directors. The Company not only has a Non-Executive Chairman but all its Directors are also Non Executive Directors out of which three are Independent Directors. Hence the Company is in compliance with the Clause 49 of the Listing Agreement pertaining to compositions of Board of Directors which mandatorily requires that ½ of the Directors of the Board should be Independent Directors in case of the Chairman of the Board being a Non-Independent Director.

As required by the Companies Act, 1956 and Clause 49 of the listing Agreement, none of the Directors hold directorship in more than 15 public companies or hold memberships in more than 10 Board Committees or Chairmanships in more than 5 Board Committees across all companies in which they hold directorships.

There are four Board level committees in the Company, which have been constituted and function in accordance with the relevant provisions of the Companies Act and the Listing Agreement. These are (i) Audit Committee, (ii) Investors/Shareholders Grievance Committee, (iii) Remuneration Committee and (iv) Rights Issue Committee

A brief on each Committee, its scope and composition is given below:

Audit Committee

The Audit Committee of the Board has been constituted and functioning from 1997. The broad terms of reference of the Audit Committee is to review the un-audited and audited financial results of the company and recommend/suggest the same for the approval and adoption by the Board, to review the Internal Audit Reports, discuss with the Auditors periodically, review and implement their suggestions and other related matters, to review weaknesses in internal controls, if any, reported by the Internal Auditors and Statutory Auditors.

Members of the Audit Committee were changed from time to time.

The composition of the Audit Committee and the attendance of the Members at the meetings for the period April 2010 to June 2011 are as follows:

Name of the Member	No of meetings held in the financial year 2010-2011	No. of meetings attended.	No. of meetings held in the financial year 2011-2012 till date of filing this Letter of Offer	No. of meetings attended.
Mr. Radhakant Tripathy (Chairman)	4	4	2	2
Mr. Jatin Mavani	4	3	2	2
Mr. K.P. Brahma	4	3	2	1

The Audit Committee meetings were held on 29th April 2010, 12th August 2010, 9th November 2010, 9th February 2011, 4th May 2011 and 28th July, 2011.

The terms of Reference of the Audit Committee include the powers as stipulated in Clause 49 II(C) of the Listing Agreement and the role as laid down in Clause 49 II (D) of the Listing Agreement.

Mr. Jatin Mavani, Non Executive Director, a member of the Audit Committee is a Chartered Accountant and has the requisite financial and accounting expertise. The Company Secretary is also the Secretary to the Audit Committee.

Shareholders'/Investors' Grievance Committee

Shareholders'/Investors' Grievance Committee was constituted in the year 2000 to specifically look into the redressal of investor's complaints like transfer of shares, non receipt of declared dividends and other issues and shares transfer/transmission matters including issue of duplicate share certificates and terms of reference of Shareholders'/Investors Grievance Committee are as per Clause 49 of the Listing Agreement as modified from time to time.

The Members of the Shareholders'/Investors Grievance Committee were changed from time to time. The present composition of the Shareholders'/Investors Grievance Committee and the attendance of the members at the meetings for the period 1st April, 2010 to the date of filing of this letter of offer are as follows:

Name of the Member	No of meetings held in the financial year 2010-2011	No. of meetings attended	No. of meetings held in the financial year 2011-2012 till date of filing this Letter of Offer	No. of meetings attended
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Mr. P.G. Vaidhyanathan (chairman)	4	4	2	2
Mr. Jatin Mavani	4	3	2	2
Mr. K.P. Brahma	4	3	2	1

The Shareholders'/Investors' Grievance Committee meetings were held on 29th April 2010, 12th August 2010, 9th November 2010, 9th February 2011, 4th May 2011 and 28th July, 2011. The Company Secretary of the company is the compliance officer of the Shareholders'/Investors' Grievance Committee.

The Complaints received by the Company and their redressal are more particularly described in the Chapter "*Statutory and other Information*" starting on page 231 of this Draft Letter of Offer.

Rights Issue Committee

The Rights Issue Committee has been constituted on May 04, 2011. The broad terms of reference of the Rights Issue Committee are to decide the timing and pricing of the Issue including the terms of the issue, appoint and enter into arrangements with intermediaries, make applications to regulatory bodies and to do all such acts, deeds, matters and things as it may deem necessary in relation to the Rights Issue.

Composition of Rights Issue Committee

Name of the Member	No. of meetings held in the financial year 2011-2012 till date of filing this Letter of Offer	No. of meetings attended
Mr. R K Tripathy	0	0
Mr. K P Brahma	0	0
Mr. Jatin Mavani	0	0

Since no meeting of the Rights Issue Committee has been held till date, the decisions taken by the Board have been adopted.

Remuneration Committee

The Remuneration Committee has been constituted and is functioning since the year 1997. The broad terms of reference of the Remuneration Committee are to recommend to the Board of Directors salary (including annual increments), perquisites and performance linked remuneration to be paid to the Executive Directors, if any, and the terms of appointment as approved by the share holders in the General Meeting.

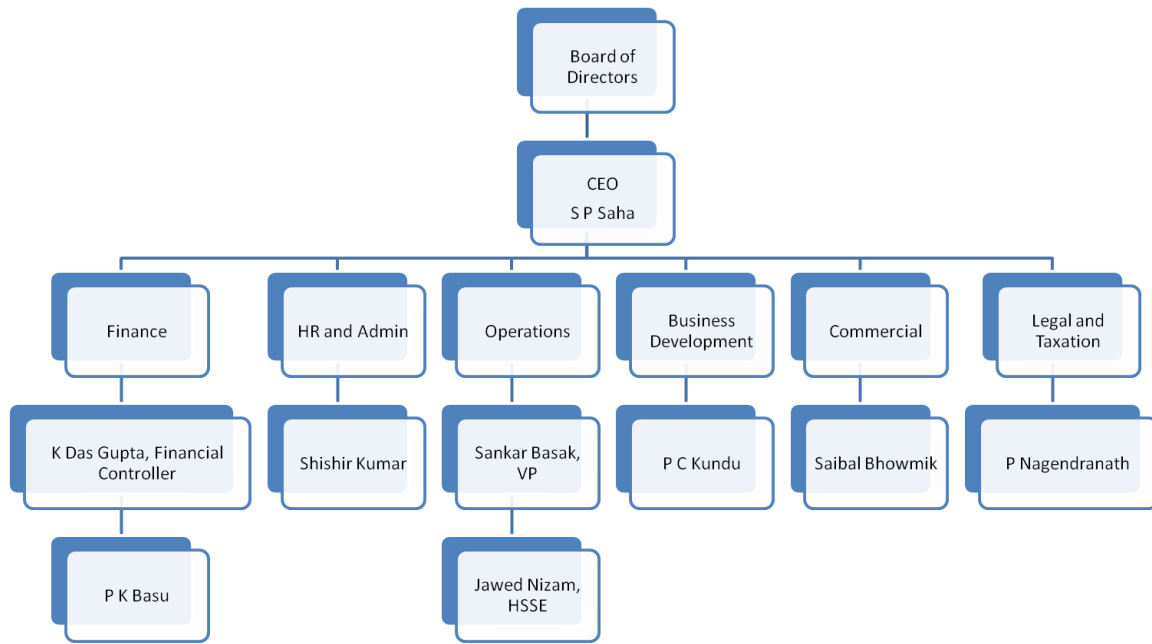
Composition of the Remuneration Committee

Name of the Director	Category
Mr. Radhakant Tripathy	Non- Executive , Independent
Mr. K.K. Ranade	Non- Executive, Non-Independent
Mr. K.P. Brahma	Non- Executive , Independent

There was no meeting of the Remuneration Committee in the Financial Year 2010-2011 and also in the Financial Year 2011-2012 till the date of filing this Draft Letter of Offer as during this period, there were no Executive Directors in the Company.

Management Organization Structure

The Company's management organization structure is as follows:



Key Management Personnel

The details of the Key Managerial Personnel as on the date of filing this Draft Letter of Offer are as follows:

Sl. No	Name of the Key Managerial Personnel	Qualification	Date of joining	Functional Responsibility	Compensation paid during the financial year 2010-11	Previous Employment
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1.	Mr. S P Saha	B.E (Civil)	1 st May 2011	Chief Executive Officer (CEO)	Nil	Chief Executive Officer in Indian Oiltanking Engineering & Construction Services LLC, Oman
2.	Kalyan Dasgupta	B.COM, ACA	7 th April, 2003	Financial Controller	Rs. 25.38 Lakhs	Organon (India) Ltd.
3.	Sankar Basak	BE (Mech), MBA (Finance)	1 st April, 2011	Vice President (Operations)	NIL	Foster Wheeler India Private Limited

Note:

All the key managerial personnel mentioned above, except Mr. S P Saha (who is on deputation from IOTIES and as approved at the 73rd annual general meeting of the shareholders of the Company held on July 29, 2011, for a period of three years from May 01, 2011) are the permanent employees of the Company and are not related to each other.

There is no arrangement or understanding with major shareholders, customers, suppliers or any others pursuant to which any of the above mentioned key managerial personnel have been recruited.

Shareholding of the Key Management Personnel

None of the Key Management Personnel hold any Equity Shares in the Company as on the date of filing of this draft Letter of Offer.

Bonus or Profit Sharing Plan for Key Management Personnel

There is no specific bonus or profit sharing plan for the Key Management Personnel other than as decided by the management.

Employee Stock Options Scheme

The Company has not issued any Equity Shares or granted any option under any scheme of Employees' Stock Option or Employees' Stock Purchase.

Relation of the Key Management Personnel with the Promoters/Directors

Mr. S P Saha is an employee of IOTIES, the Promoter of the Company and is currently on deputation as the Chief Executive Officer of the Company. None of the Key Management Personnel are related to the Promoters or Directors of the Company within the meaning of Section 6 of the Companies Act, 196.

Changes in the Key Management Personnel

Except the under-mentioned, there has been no change in the Key Management Personnel during the last three years:

Sl. No.	Name	Position	Date of Appointment / Resignation	Resigned/ Appointed	Remarks
1	Ranjit Kumar Dutta	Managing Director	30.09.2009	Resigned	Preoccupat ion
2	R N Basuray	Chief Executive Officer	30.04.2011	Resigned	Expiry of contract
3	Sankar Basak	Vice President (Projects)	01.04.2011	Appointed	
4	A K Mitra	President (Operations)	29.04.2011	Resigned	Expiry of contract
5.	Sankar Saha	Chief Executive Officer	01.05.2011	Appointed	
6.	C Roy Choudhury	Company Secretary	31.08.2011	Resigned	Preoccupat ion

Employees

The details of the employees will appear under section titled “*Business*” beginning on page 56 of this draft Letter of Offer.

Payment or Benefit to Officers of the Company

Except for payment of monetary and non-monetary benefits in accordance with the terms of employment or engagement, the Company has not paid any amount or given any benefit to any officer of the company in a period of two years before the date of filing of this Draft Letter of Offer, nor is such amount or benefit intended to be paid or given to any officer as on the date of the filing of this Draft Letter of Offer.

Interest of Key Management Personnel

The Key Management Personnel of the Company do not have any interest in the Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business.

None of the key managerial personnel have been paid any consideration of any nature from the Company, other than their remuneration. There is no arrangement or understanding with the major shareholders, customers, suppliers or others, pursuant to which any of the key managerial personnel were selected as a key managerial personnel or member of senior management. There are no benefits available to key managerial personnel upon termination of employment save those mentioned in letter of appointment/service contract.

**OUR PROMOTER AND PROMOTER GROUP
THE PROMOTER**

The promoter of the Company is IOT Infrastructure & Energy Services Ltd. (IOTIES)

PAN: AAACI6794E

CIN and Registration Number: U23200MH1996PLC102222

Address of the Registrar of Companies: Registrar of Companies, Maharashtra
5th Floor, Everest Building
100, Marine Drive
Mumbai 400 002

Brief Information about IOT Infrastructure & Energy Services Limited (“IOTIES”)

Indian Oiltanking Limited, a public limited company was incorporated on August 28, 1996 under the Companies Act 1956 by the Registrar of Companies, Bombay and Certificate of Commencement of Business was issued by the Registrar of Companies, Bombay on October 14, 1996. Pursuant to the Resolution passed by its shareholders on 18th November, 2008, the name of the Company was changed from *Indian Oiltanking Limited* to *IOT Infrastructure & Energy Services Limited* to reflect its diversified portfolio and a fresh Certificate of Incorporation dated December 1, 2008 was issued by the Registrar of Companies, Mumbai. The registered office of IOTIES is located at 103 Spectra, Hiranandani Business Park, Powai, Mumbai 400 076.

IOTIES is a joint venture company between Indian Oil Corporation Limited and Oiltanking India GmbH of Germany. IOTIES operates in a diverse portfolio of businesses which comprises of EPC Business, Terminalling Business and Upstream Services Business and have taken steps to enter into the Renewable Energy Business. IOTIES offers an array of services to the oil and gas industry.

We undertake that the Permanent Account Number, Bank Account details, Company Registration number and the address of the Registrar of Companies where our Promoter is registered will be submitted to the Stock Exchanges on which our Company proposes to list its Equity Shares at the time of filing of this Draft Letter of Offer with them.

Board of Directors

The Board of Directors of IOTIES are as follows:

Sl. No.	Name of Director & Designation	DIN	Address
1	Ranbir Singh Butola <i>Chairman</i>	00145895	Indian Oil Corporation Limited, 3079/3, Sadiq Nagar, J. B. Tito Marg, New Delhi 110 049

2	Jayanta Bhuyan <i>Managing Director</i>	00190051	902, Sovereign, Hiranandani Gardens, Powai Mumbai 400 076
3	Rutger Van Thiel <i>Non-Independent, Non- Executive Director appointed as a nominee of Oiltanking India</i>	03199912	Neuer Wall 48, 20354, Germany
4	Franz Christian Flach <i>Non-Independent, Non- Executive Director appointed as a nominee of Oiltanking India</i>	03377640	Wischoff, 17, Sereet – 23611, Germany
5	Parveen Kumar Goyal <i>Non-Independent, Non- Executive Director appointed as a nominee of IOCL</i>	00162819	Indian Oil Corporation Limited, 3079/3, Sadiq Nagar, J. B. Tito Marg, New Delhi 110 049
6	R. Narayanan <i>Non-Independent, Non- Executive Director appointed as a nominee of IOCL</i>	00803486	Flat No. 650, Asiad Village Complex, New Delhi, 110 049
7	Arun Balakrishnan <i>Non-Executive, Independent Director</i>	00130241	A-12, Mayfair Gardens, Little Gibbs Road, Malabar Hill, Mumbai 400 006
8	T. C. Venkat Subramanian <i>Non-Executive, Independent Director</i>	00040526	Flat No.10, Devayan Apartments, Ganesh Nagar, Rue Pappamal Koil, Puducherry 605 003
9	P. Sugavanam <i>Non-Executive, Independent Director</i>	03229120	119, Block -A, Vinay Cascades, Thimmaryappa Garden, 3rd Main, 11th Cross, Sivanand Nagar, Thippasandra Post, Bangalore 560 075
10	Shyam Sunder Suri <i>Non-Executive, Independent Director</i>	00410766	601/602, Oyster Shell II, Juhu Tara Road, Juhu, Mumbai 400 049
11	Vinod Kumar Sharma <i>Non-Executive, Independent Director</i>	00115426	506, Suraj, New Vasundhara Co- operative Housing Society, Thakur Village Kandivali (East) Mumbai - 400 101
12	Samir Kumar Barua <i>Non-Executive, Independent Director</i>	00211077	House No. 501, Indian Institute of Management, Ahmedabad 380 015

Shareholding Pattern of IOTIES

The shareholding pattern of IOTIES as on date is as follows:

Sr. No.	Name of the shareholder	No. of Equity Shares held	Percentage (%)
1	Indian Oil Corporation Ltd.	116,142,853	49.89
2	Oiltanking India GmbH	116,142,851	49.89
3	Mr. B. M. Bansal	1	0.00
4	Mr. G. C. Daga	1	0.00
5	Mr. Jayanta Bhuyan	1	0.00
6	Mr. Jatin Mavani	1	0.00
7	Mr. C. R. Kalyanasundaram	1	0.00
8	Mr. Girjesh Shrivastava	1	0.00
9	Mr. Sarthak Behuria	19,400	0.01
10	Mr. A. M. Uplenchwar	19,500	0.01
11	Mr. Gyan Chand Daga	11,400	0.00
12	Mr. Parveen Kumar Goyal	12,300	0.01
13	Mr. Dinendra Nath Biswas	7,740	0.00
14	Mr. Suresh Prakash	10,380	0.00
15	Mr. Sunil Ramdas Dongare	5,760	0.00
16	Mrs. Poonam Burman	11,000	0.00
17	Dr. Rentala Ravi Kumar	34,500	0.01
18	Mr. Jayanta Bhuyan	110,000	0.05
19	Mr. Sanjay Davar	23,700	0.01
20	Mr. Jatin Mavani	46,800	0.02
21	Mr. Jathavedan Nampoothiri	8,940	0.00
22	Mr. G.S.K. Masud	85,125	0.04
23	Mr. M. Aiyaswamy	35,100	0.02
24	Mr. Sankar Prasad Saha	6,000	0.00
25	Mr. Shambhu Nath Jha	25,750	0.01
26	Mr. Prakash Sinha	13,250	0.01
27	Mr. S. C. Mittal	8,400	0.00
28	Mr. Laxman Sharma	8,400	0.00
	Total	232,789,155	100.00

The equity shares of IOTIES are not listed on any of the Stock exchanges in India. There have been no overdue/defaults to any banks/financial institutions by IOTIES.

Financial Performance

The summary audited consolidated financial statements of IOTIES for the last three years are mentioned below.

(in Rupees)

Particulars	For the year ended March 31st		
	2011	2010	2009
IOT Infrastructures and Energy Services Limited			
Equity Share Capital	2,327,891,490	2,323,831,900	2,323,831,900
Reserves & Surplus (excluding revaluation reserve)	3,939,623,722	3,411,843,524	2,655,745,648
Net Worth	6,267,515,212	5,735,675,424	4,979,577,548
Sales/Income	12,535,732,187	15,292,637,585	15,885,698,025
Profit / (Loss) After Tax	854,489,806	1,489,542,725	1,296,703,047
NAV per Equity share of Rs. 10	26.92	24.68	21.43
EPS of Face Value Rs. 10/- each	2.44	5.02	4.15

Promoters of IOTIES:

The promoters of IOTIES are Indian Oil Corporation Limited, Oiltanking GmbH, Germany and Oiltanking India GmbH, Germany.

1. Indian Oil Corporation Limited

Indian Oil was incorporated under the Companies Act on June 30, 1959. The registered office of Indian Oil is situated at Indian Oil Bhavan, G-9, Ali Yavar Jung Marg, Bandra (East), Mumbai 400 051. Indian Oil is involved in *inter alia* acquiring, manufacturing, refining, treating, supplying, selling, importing, exporting etc. of petroleum and petroleum products, oil, gas and other volatile substances and other related substances.

The Board of Directors of Indian Oil consists of:

- i. R S Butola, Chairman
- ii. A Y Noorani
- iii. N K Poddar
- iv. G C Daga
- v. I R Shahani
- vi. Indira J Parikh
- vii. P K Sinha
- viii. P K Goyal
- ix. Rajkumar Ghosh
- x. Sudhir Bharvaga
- xi. Sudhakar Rao
- xii. Michael Bastian
- xiii. Gautam Barua
- xiv. R K Malhotra
- xv. K K Jha
- xvi. A M K Sinha
- xvii. Sudhir Bhalla

2. Oiltanking GmbH, Germany

Oiltanking GmbH was incorporated under the laws of Germany on December 22, 1992. The registered office of Oiltanking is situated at Admiralitaetstrasse 55, 20459 Hamburg, Germany. Oiltanking GmbH is engaged in incorporating, managing and administering companies, in Germany and abroad as well as investments in such companies, for the purposes of handling, input, storage, output, processing and upgrading of mineral oils, derivatives, other liquids, gases and other products of the energy business and related activities and operations.

The Managing Director of Oiltanking GmbH is Rutger Van Thiel.

3. Oiltanking India GmbH, Germany

Oiltanking India GmbH was incorporated under the laws of Germany on November 20, 1996. The registered office of Oiltanking India GmbH is situated at Admiralitaetstrasse 55, 20459 Hamburg, Germany. It is engaged in incorporating, managing and administering companies, in Germany and abroad, primarily in India as well as investments in such companies, for the purposes of handling, input, storage, output, processing and upgrading of mineral oils, derivatives, other liquids, gases and other products of the energy business and related activities and operations.

The Managing Director of Oiltanking India GmbH is Rutger Van Thiel.

Interests of IOTIES in the Company and Common Pursuits

Except as stated in *Related Party Transactions* in the section "Financial Statements" beginning on page 136 of this draft Letter of Offer and to the extent of shareholding and warrants held in the Company, IOTIES does not have any other interest in the Company's business.

IOTIES has no interest in any property acquired by the Company during the last two years from the date of filing of this draft Letter of Offer.

None of the Group Companies of IOTIES holds any Equity Shares, warrants or other convertible instruments in the Company.

There are no significant explanatory notes in the Auditors Report for the financial year 2010-2011 in relation to the financial statements of IOTIES.

IOTIES and its directors have not been

- prohibited from accessing the capital markets under any order or direction passed by the SEBI and no penalty has been imposed at any time by any of the capital market regulators (including the SEBI) or other regulatory authorities or courts/tribunals, inside and outside India;

- subjected to any penalties or disciplinary action or investigation by the SEBI or the stock exchanges, nor has any regulatory authority or court/tribunal (inside and outside India) found any probable cause for enquiry, adjudication, prosecution or other regulatory action;
- refused listing of their equity shares or failed to meet the listing requirements of any stock exchange, in India or abroad;
- found to be non-compliant with securities law.

None of the companies promoted by IOTIES have been prohibited from accessing capital markets under any order or direction passed by the SEBI.

Payment of Benefits to IOTIES

Except as stated in *Related Party Transactions* in “Financial Statements” beginning on page 136 of this Draft Letter of Offer, and to the extent of shareholding in the Company, there has been no payment of benefits to IOTIES during the two years prior to the filing of this draft Letter of Offer.

DETAILS OF GROUP COMPANIES

GROUP COMPANIES

In terms of Regulation 2(1)(za) and 2(1)(zb) of the SEBI ICDR Regulations, the following companies form a part of our Promoter Group

1. IOT Engineering Projects Limited;
2. IOT Anwasha Engineering & Construction Limited;
3. IndianOil Skytanking Limited
4. IndianOil Skytanking Delhi Limited
5. Indian Oiltanking Engineering & Construction Services LLC, Oman;
6. IOT Engineering & Construction Services Pte. Limited, Singapore;
7. IOT Design & Engineering Limited;
8. IOT Utkal Energy Services Limited;
9. Zuari Indian Oiltanking Limited
10. IOT Mabagas Limited
11. IOT Infrastructures Private Limited;
12. Katoen Natie IOT Logistics Limited;
13. IOT Canada Limited, Canada;
14. Newsco Directional & Horizontal Drilling Services (Asia) Inc., Canada;
15. PT IOT Energy Services Indonesia Limited, Indonesia;
16. PT IOT EPC Indonesia, Indonesia;
17. IOT Anwasha Engineering & Construction LLC., Oman;
18. Kazakhstancaspishelf, Kazakhstan;
19. Jabal Elliot Co. Ltd., Saudi Arabia.

None of the Group Companies are listed on any stock exchange in India or abroad.

1. IOT Engineering Projects Limited (“IOTEP”)

IOTEP was incorporated on May 7, 2007 in Mumbai under the Companies Act, 1956 and the CIN of IOTEP is U74200MH2007PLC170617. The registered office of IOTEP is situated at IOT House, Plot No. 15, 2nd Floor, CEAT Tyre Road, Nahur West, Mumbai 400 078. IOTEP is primarily involved in providing project construction services in the field of refineries, power plants, cement plants, petrochemicals and fertilizers.

Capital Structure and Shareholding Pattern - The Authorised Share Capital of IOTEP is Rs. 2,00,00,000 divided into 20,00,000 Equity Shares of face value Rs. 10 each.

The shareholding pattern of **IOTEP** is as follows:

Sl. No.	Name of the Share holder	No. of Equity Shares	Percentage of total Equity
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			Holding (%)
1.	IOT Infrastructure & Energy Services Limited	1,999,994	100
2	Jayanta Bhuyan*	1	-
3	Jatin Mavani*	1	-
4	Ashutosh Kaushik*	1	-
5	P G Vaidhyanathan*	1	-
6	Y.A.Rane*	1	-
7	K.K.Ranade*	1	-
	Total	2,000,000	100

*Jointly with IOTIES

The Financial Statements of “**IOTEP**” for the past three years is as follows:

Particulars (in INR)	For the year ended March 31st		
	2011	2010	2009
Equity Share Capital	20,000,000	20,000,000	20,000,000
Reserves & Surplus (excluding revaluation reserve)	310,143,609	200,278,274	65,966,807
Net Worth	330,143,609	220,278,274	85,966,807
Sales/Income	3,075,076,289	2,498,601,385	1,468,962,795
Profit / (Loss) After Tax	109,865,335	134,311,467	59,949,494
NAV per Equity share of Rs. 10	165.07	110.14	42.98
EPS of Face Value Rs. 10/- each	54.93	67.15	80.08

Agreement dated April 27, 2007 (“Agreement”) between P.G. Vaidhyanathan, Y.A. Rane, K.K. Ranade (together with P.G. Vaidhyanathan and Y.A. Rane, (“PMG Group”) and IOTIES.

IOTIES and the PMG Group entered into the Agreement for establishment and management of IOTEP for providing electrical and mechanical construction and construction management services to third party customers and recording therein their shareholdings and defining their respective rights, duties and obligations as shareholders.

2. IOT Anwasha Engineering & Construction Limited (“IOT Anwasha”)

IOT Anwasha was incorporated on May 20, 1998 in Vadodara under the Companies Act, 1956 and the CIN of IOT Anwasha is U29199GJ1998PLC034128. The registered office of IOT Anwasha is situated at “IOT Anwasha House”, Senate Square, A-Tower, Vuda Road, Vadodara 390 021. IOT Anwasha is primarily involved in design, detail engineering and construction of large diameter site fabricated cone and floating roof tanks, plant and utility piping, erection of plant and machinery for petrochemical, refineries and fertilizer industries.

Capital Structure and Shareholding Pattern - The Authorised Share Capital of IOT Anweshha is Rs. 5,00,00,000 divided into 50,00,000 Equity Shares of face value Rs. 10 each.

The shareholding pattern of **IOT Anweshha** is as follows:

Sl. No.	Name of the Share holder	No. of Equity Shares	Percentage of total Equity Holding (%)
1.	IOT Infrastructure & Energy Services Limited	243,240	81.00
2	Asim Chandra	28,278	9.42
3	Sukla Chandra	28,279	9.42
4	Aneesha Chandra	500	0.13
5	Jayanta Bhuyan*	1	0.01
6	Jatin Mavani*	1	0.01
7	Himanshu Mohapatra*	1	0.01
	Total	300,300	100

* Held as nominees of IOTIES

The Financial Statements of "**IOT Anweshha**" for the past three years is as follows:

Particulars in INR	For the year ended March 31st		
	2011	2010	2009
	Consolidated		Standalone
Equity Share Capital	3,003,000	3,003,000	3,003,000
Reserves & Surplus (excluding revaluation reserve)	389,725,540	235,102,465	104,597,121
Net Worth	392,728,540	238,105,465	107,600,121
Sales/Income	1,643,538,614	1,011,317,173	595,157,639
Profit / (Loss) After Minority Interest and Tax	152,812,981	133,948,969	65,496,068
NAV per Equity share of Rs. 10	1,307.79	792.89	358.31
EPS of Face Value Rs. 10/- each	508.87	446.05	218.10

Share Purchase cum Shareholders Agreement dated January 8, 2008 ("SPA") was entered into between Asim Chandra, Sukla Chandra (together with Asim Chandra, the "Sellers"), IOT Anweshha (erstwhile, Anweshha Comtech Engineering Limited) and IOTIES for sale and transfer of a part of equity shares of IOT Anweshha held by the Sellers in IOT Anweshha to IOTIES and recording therein their Shareholdings and defining therein their respective rights, duties and obligations as shareholders.

3. IndianOil Skytanking Limited ("IOSL")

IOSL was incorporated on August 21, 2006, in Bangalore under the Companies Act, 1956. The registered office of IOSL is situated at Fuel Farm Facility, Bangalore International Airport, Devanahalli, Bangalore – 560 300. IOSL was incorporated for *inter*

alia designing, financing, constructing and operating an aviation fuel facility at the Bangalore International Airport and to render independent fuelling services at other airports in India. IOSL is a joint venture between Indian Oil, Skytanking Holding GmbH and IOTIES incorporated pursuant to the joint venture agreement dated August 9, 2006. The CIN of IOSL is U11202KA2006PLC040251.

Capital Structure and Shareholding Pattern - The Authorised Share Capital of IOSL is. Rs. 65,00,00,000 divided into 6,50,00,000 Equity Shares of Rs. 10 each.

The shareholding pattern of **IOSL** is as follows:

Sl. No.	Name of the Share holder	No. of Equity Shares	Percentage of total Equity Holding (%)
1.	Indian Oil Corporation Limited	17,299,998	33.33
2	Raju Ranganathan*	1	-
3	Kamal Gwalani*	1	-
4	IOT Infrastructure & Energy Services Limited	17,299,998	33.33
5	Jayanta Bhuyan* *	1	-
6	Kapil Jain**	1	-
7	Skytanking Holding GmbH	17,300,000	33.33
	Total	51,900,000	100

* Held as a nominee of IOCL

**Held as a nominee of IOTIES

The Financial Statements of **"IOSL"** for the past three years is as follows:

Particulars (in INR)	For the year ended March 31st		
	2011	2010	2009
Equity Share Capital	519,000,000	351,000,000	351,000,000
Reserves & Surplus (excluding revaluation reserve)	108,385,382	37,046,260	4,579,291
Net Worth	627,385,382	388,046,260	355,579,291
Sales/Income	2,460,432,365	652,696,878	343,511,634
Profit / (Loss) After Tax	73,454,326	71,370,171	(36,439,115)
NAV per Equity share of Rs. 10	12.08	11.06	10.13
EPS of Face Value Rs. 10/- each	1.63	2.03	(1.04)

Joint venture agreement dated August 9, 2006 ("JVA") was entered into between Indian Oil, Skytanking Holding GmbH ("Skytanking") and IOTIES for incorporating IOSL for designing, financing, construction, operation and maintenance of aviation fuel facility project at the Bangalore International Airport. This project was awarded to the consortium of Indian Oil, Skytanking and IOTIES. Under the JVA, Indian Oil, Skytanking

and IOTIES or their affiliates are required to hold 33.33% of the voting equity share capital of IOSL, respectively.

4. IndianOil Skytanking Delhi Limited (IOSDL)

IOSDL was initially incorporated on 8th June, 2010, as a private limited company with the name “IndianOil Skytanking Delhi Private Limited” under the Companies Act, 1956. Later, based on the resolutions passed by the shareholders on February 25, 2011, the company was converted into a public company with the name “IndianOil Skytanking Delhi Limited” and a fresh certificate of incorporation was issued by the Registrar of Companies, Karnataka on March 30, 2011. The registered office of IOSDL is situated at Fuel Farm Facility, Bangalore International Airport, Devanahalli, Bangalore 560300. IOSDL is in the business of providing aviation refueling services. The CIN of IOSDL is U74900KA2010PLC053989.

Capital Structure and Shareholding Pattern - The Authorised Share Capital of IOSDL is Rs. 2,00,00,000 divided into 20,00,000 Equity Shares of 10 each. The shareholding pattern of **IOSDL** is as follows:

Sl. No.	Name of the Share holder	No. of Equity Shares	Percentage of total Equity Holding (%)
1	IndianOil Skytanking Limited	49,994	100
2	D. Ganesh	1	-
3	Gyan Chand Daga	1	-
4	Ravinder Sareen	1	-
5	J Nampoothiri	1	-
6	Prodip Kumar Roy	1	-
7	Sanjay Sahay	1	-
	Total	50,000	100

The Financial Statements of IOSDL are as follows:

Particulars (in INR)	For the year ended March 31 2011
Equity Share Capital	500,000
Reserves & Surplus (excluding revaluation reserve)	-
Net Worth	500,000
Sales/Income	-
Profit / (Loss) After Tax	(251,644)
NAV per Equity share of Rs. 10	4.97
EPS of Face Value Rs. 10/- each	(5.03)

5. Indian Oiltanking Engineering & Construction Services LLC, Oman (“IOTECS, Oman”)

IOTECS, Oman was incorporated on April 15, 2007, in Oman under the laws of Oman and the Registration No of the IOTECS, Oman is 1017137. The registered office of IOTECS, Oman is situated at P.O. Box 1677, Postal Code 111, Seeb, Sultanate of Oman. IOTECS, Oman is primarily involved in engineering, construction, storage and transportation services for energy sector in Oman.

The shareholding pattern of **IOTECS, Oman** is as follows:

Sl. No.	Name of the Share holder	No. of Equity Shares	Percentage of total Equity Holding (%)
1.	IOT Infrastructure & Energy Services Limited	175,000	70
2.	Seven Seas Co LLC	75000	30
	Total	250,000	100

The Financial Statements of “**IOTECS, Oman**” for the past three years is as follows

Particulars (in Omani Rial)	For the year ended March 31st		
	2011	2010	2009
Equity Share Capital	250,000	250,000	250,000
Reserves & Surplus (excluding revaluation reserve)	7,546,206	8,535,544	4,839,140
Net Worth	7,796,206	8,785,544	5,089,140
Sales/Income	16,594,837	17,807,300	29,032,283
Profit / (Loss) After Tax	8,156,662	8,196,404	8,138,906
NAV per Equity share	31.18	35.14	20.36
EPS	32.62	32.78	32.55

Shareholders agreement dated April 4, 2007 (“SHA”) was entered into between Seven Seas Co. LLC (“Seven Seas”) and IOTIES recording their respective shareholdings (IOTIES: 70% and Seven Seas: 30%) and defining their respective rights, duties and obligations as Shareholders.

6. IOT Engineering & Construction Services Pte. Ltd. (“IECSPL”)

IECSPL was incorporated on August 1, 2006, in Singapore under the laws of Singapore and the Registration No. is 200611167C. The registered office of IECSPL is situated at 336 Smith Street, #06-308 New Bridge Centre, Singapore 050 336. IECSPL is primarily involved in engineering procurement and construction services for the energy sector, marketing and business development for design and engineering as well as EPC services in the Asia Pacific region.

The shareholding pattern of **IECSPL** is as follows:

Sl. No.	Name of the Share holder	No. of Equity Shares	Percentage of total Equity Holding (%)
1.	IOT Infrastructure & Energy Services Limited	1,139,132	100
	Total	1,139,132	100

The Financial statement of “**IECSPL**” for the past three years is as follows:

Particulars (in Singapore Dollar)	For the year ended March 31st		
	2011	2010	2009
Equity Share Capital	1,139,132	1,139,132	100,000
Reserves & Surplus (excluding revaluation reserve)	(1,277,667)	(1,243,260)	(1,086,649)
Net Worth	(138,535)	(104,128)	(986,649)
Sales/Income	-	-	5,040
Profit / (Loss) After Tax	(34,407)	(156,611)	(417,945)
NAV per Equity share	(0.13)	(0.10)	(0.95)
EPS	(0.03)	(0.15)	(4.18)

7. IOT Design & Engineering Limited (“IOTDE”)

IOTDE was incorporated on September 3, 2007, in Mumbai under the Companies Act, 1956 and the CIN of IOTDE is U74200MH2007PLC173770. The registered office of IOTDE is situated at 103 Spectra, Hiranandani Business Park, Powai, Mumbai, 400 076. IOTDE is primarily involved in designing, establishing, providing, maintaining and performance of engineering and related technical and consultancy services in India and overseas for all types of industries.

Capital Structure and Shareholding Pattern - The Authorised Share Capital of IOTDE is Rs. 2,00,00,000 divided into 20,00,000 Equity Shares of face value Rs. 10 each.

The shareholding pattern of **IOTDE** is as follows:

Sl. No.	Name of the Share holder	No. of Equity Shares	Percentage of total Equity Holding (%)
1.	IOT Infrastructure & Energy Services Limited	1,999,994	100
2	Jayanta Bhuyan*	1	-
3	Shambhunath Jha*	1	-

4	Jatin Mavani*	1	-
5	Bibhu Ranjan Choudhary*	1	-
6	Ashutosh Kaushik*	1	-
7	Sandip Kamat*	1	-
	Total	2,000,000	100

* Held as nominees of IOTIES

The Financial Statements of “**IOTDE**” for the past three years is as follows:

Particulars (in INR)	For the year ended March 31st		
	2011	2010	2009
Equity Share Capital	20,000,000	20,000,000	500,000
Reserves & Surplus (excluding revaluation reserve)	30,137,702	17,730,318	5,929,242
Net Worth	50,137,702	37,730,318	6,429,242
Sales/Income	334,179,486	261,102,797	197,597,062
Profit / (Loss) After Tax	12,407,384	11,801,076	3,403,884
NAV per Equity share of Rs. 10	25.06	18.86	128.58
EPS of Face Value Rs. 10/- each	6.20	24.72	68.08

8. IOT Utkal Energy Services Limited (“IOT Utkal”)

IOT Utkal was incorporated on December 8, 2009, in Orissa under the Companies Act, 1956 and the CIN of IOT Utkal is U45208OR2009PLC011389. The registered office of IOT Utkal is situated at Tarini Gada, Bijaychandrapur, Paradip 754 142. IOT Utkal is primarily involved in installation, operation and maintenance of crude and finished products tankages facility at Paradip refinery of Indian Oil on BOOT basis.

Capital Structure and Shareholding Pattern - The Authorised Share Capital of IOT Utkal is Rs. 2,00,00,00,000 divided into 20,00,00,000 Equity Shares of face value Rs. 10 each.

The shareholding pattern of **IOT Utkal** is as follows:

Sl. No.	Name of the Share holder	No. of Equity Shares	Percentage of total Equity Holding (%)
1.	IOT Infrastructure & Energy Services Limited	10,49,99,994	52.50
2	Oiltanking GmbH	20,000,000	10.00
3	IVRCL Assets & Holdings Limited	75,000,000	37.50
4	Jayanta Bhuyan*	1	-
5	Jatin Mavani*	1	-
6	Ashutosh Kaushik*	1	-
7	Kapil Jain*	1	-
8	Dr. R. Ravi Kumar*	1	-
9	C. R. Kalyanasundaram*	1	-

	Total	200,000,000	100
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* Held as nominees of IOTIES

Financial information of IOT Utkal is as follows:

Particulars (in INR)	For the year ended March 31st	
	2011	2010
Equity Share Capital	2,000,000,000	500,000,000
Reserves & Surplus (excluding revaluation reserve)	-	-
Net Worth	1,989,865,540	(7,134,460)*
Sales/Income	-	-
Profit / (Loss) After Tax	(2,500,000)	(7,634,460)
NAV per Equity share of Rs. 10	9.95	(142.69)
Basic EPS of Face Value Rs. 10/- each	(0.02)	(493.20)
Diluted EPS of Face Value Rs. 10/- each	(0.01)	(493.20)

Shareholders Agreement dated December 3, 2009 (“SHA”) was entered into between Oiltanking GmbH, IVRCL Infrastructures & Projects Limited (“IVRCL”) and IOTIES. Pursuant to the SHA, IOT Utkal was incorporated for installation, operation and maintenance of crude and finished products tankages facility at Paradip refinery of Indian Oil located at Paradip, Orissa on BOOT basis. The SHA is effective from November 23, 2009 and it defines the respective shareholdings and their respective rights, duties and obligations of the Shareholders.

9. Zuari Indian Oiltanking Limited (“ZIOI”)

ZIOI was incorporated on July 14, 2000, in Goa under the Companies Act, 1956 pursuant to the shareholders agreement dated July 12, 2000 between Zuari Industries Limited and IOTIES. The registered office of ZIOI is situated at NH-17B, Sancoale, Goa 403 726. ZIOI is primarily involved in the business of storage, handling, treatment, carriage, transport, dispatch, supply, market, research, advise etc. in relation to *inter alia* oil and oil products, gas and gas products, petroleum and petroleum products and liquids of all types and kinds. The CIN of ZIOI is U11202GA2000PLC002869.

Capital Structure and Shareholding Pattern - The Authorised Share Capital of ZIOI is. Rs. 22,00,00,000 divided into 2,20,00,000 Equity Shares of face value. Rs. 10 each.

The shareholding pattern of **ZIOI** is as follows:

Sl. No.	Name of the Share holder	No. of Equity Shares	Percentage of total Equity Holding (%)
1.	IOT Infrastructure & Energy Services Limited	10,020,000	50.00

2	Zuari Industries Limited	10,020,000	50.00
3	Jayanta Bhuyan*	10	0.00
4	Jatin Mavani*	10	0.00
5	Akhtar Gulab Khan*	10	0.00
6	Kapil Jain*	10	0.00
7	Suresh Krishnan	10	0.00
8	R Y. Patil	10	0.00
9	H. C. Shah	10	0.00
10	L. M. Chandrasekaran	10	0.00
	Total	20,040,080	100.00

* Held as nominees of IOTIES

The Financial Statements of “**ZIOL**” for the past three years is as follows:

Particulars (in INR)	For the year ended March 31st		
	2011	2010	2009
Equity Share Capital	200,400,800	200,400,800	200,400,800
Reserves & Surplus (excluding revaluation reserve)	142,128,328	91,997,321	63,906,716
Net Worth	342,529,128	292,398,121	264,307,516
Sales/Income	191,485,548	158,126,494	162,867,893
Profit / (Loss) After Tax	67,599,318	45,675,024	38,467,540
NAV per Equity share of Rs. 10	17.09	14.59	13.19
EPS of Face Value Rs. 10/- each	3.37	2.28	1.92

10. IOT Mabagas Limited (“IML”)

IML was incorporated as IOT Cuddalore Construction & Terminalling Limited on December 10, 2007 in Chennai under the Companies Act, 1956. Pursuant to the resolution of the Shareholders the name of IOT Cuddalore Construction & Terminalling Limited was changed to IOT Mabagas Limited to pursue biogas business in Chennai and a fresh certificate of incorporation was issued on March 29, 2010. The registered office of IML is situated at Brooklyn Business Centre, 3rd Floor, 103- 105 Poonamalee High Road, Chennai 600 084. IML is incorporated *inter alia* for the purposes of construction, owning and operation of biogas production units in India, production of biogas and by-products or fertilisers from raw materials and waste products and trading and/or selling biogas and by-products, fertilisers, and carbon certificates. The CIN of IML is U40107TN2007PLC065671.

The Authorized Share Capital of the Company is Rs. 14,00,00,000 divided into 1,40,00,000 equity shares of Rs. 10 each.

The shareholding pattern of **IML** is as follows:

Sl. No.	Name of the Share holder	No. of Equity Shares	Percentage of total Equity Holding (%)
1.	IOT Infrastructure & Energy Services	64,99,994	50

	Limited		
2	Mabagas International GmbH	65,00,000	50
3	Jayanta Bhuyan*	1	-
4	G.S.K. Masud*	1	-
5	Shambhunath Jha*	1	-
6	Jatin Mavani*	1	-
7	S. Jagannathan*	1	-
8	M. Aiyaswamy*	1	-

* Held as nominees of IOTIES

The Financial Statements of “**IML**” for the past three years is as follows:

Particulars (in INR)	For the year ended March 31st		
	2011	2010	2009
Equity Share Capital	20,000,000	20,000,000	500,000
Reserves & Surplus (excluding revaluation reserve)	-	-	-
Miscellaneous Expenditure not written off	-	-	55,000
Debit Balance of Profit & Loss Account	(2,317,898)	(2,360,513)	-
Net Worth	17,682,102	17,639,487	445,000
Sales/Income	192,050	-	-
Profit / (Loss) After Tax	42,615	(2,360,513)	-
NAV per Equity share of Rs. 10	8.84	8.82	8.90
EPS of Face Value Rs. 10/- each	0.02	(47.21)	-

Joint Venture Agreement dated December 24, 2009 (“JVA”) was entered into between Mabagas International GmbH (“Mabagas”) and IOTIES to incorporate a joint venture company, IML to inter alia construct, own and operate biogas production units in India, produce biogas and byproducts from raw materials and waste products, trade and/or sell biogas and by-products, convert biogas into either one or more of electric power, heat, compressed air, compressed biogas, to pre-treat and inject biogas into natural gas grids in India and to develop, own, construct and operate other renewable energy plants in India. Under the terms of the JVA, IOTIES and Mabagas have agreed to subscribe to 50% each of the equity share capital of IML.

11. Name: IOT Infrastructures Private Limited (“IIPL”)

IIPL was incorporated on March 17, 2010, in Mumbai under the Companies Act, 1956 as Gensecure Technologies Private Limited. The name of Gensecure Technologies Private Limited was changed to IOT Infrastructures Private Limited pursuant to fresh certificate of incorporation dated June 30, 2010. The registered office of IIPL is situated at 103 Spectra, Hiranandani Business Park, Powai, Mumbai 400 076. The CIN of IIPL is U45204MH2010PTC200970. IIPL is authorised to undertake the business of storage, handling, treatment, carriage, transport, dispatch, supply, market, research, advise, consultancy, service providers, brokers and agents, engineering and civil designers,

contractors, wharfingers, warehouseman, producers, dealers of oil and oil products, gas and gas products, petroleum and petroleum products, fuels, spirits, chemicals, liquids of all types and kinds and the compounds, derivatives, mixtures, preparations and products thereof.

Capital Structure and Shareholding Pattern - The Authorised Share Capital of I IPL is Rs. 1,00,000/- divided into 10,000 Equity Shares of face value Rs. 10 each.

The shareholding pattern of **I IPL** is as follows:

Sl. No.	Name of the Share holder	No. of Equity Shares	Percentage of total Equity Holding (%)
1.	IOT Infrastructure & Energy Services Limited	9,999	100
2	Shambhunath Jha*	1	-
	Total	10,000	100

* Held as nominee of the IOT Engineering Projects Limited

The first financial statements for I IPL have not yet been audited and finalized.

Share Purchase agreement dated March 26, 2010 (“SPA”) was entered into between IOT Engineering Projects Limited, Manoj Kumar, Anuradha Ramji and Gensecure Technologies Private Limited (“Gensecure”) defining therein the shareholdings of the Shareholders and the respective rights, duties and obligations. Pursuant to the SHA, IOTEP acquired 10,000 equity shares of Gensecure, representing 100% of the issued and paid up share capital therein, from Manoj Kumar and Anuradha Ramji.

12. Katoen Natie IOT Logistics Limited (KTN IOT)

KTN IOT was incorporated on August 03, 2011 in Mumbai under the Companies Act, 1956. The registered office of KTN IOT is situated at 103 Spectra, Hiranandani Business Park, Powai, Mumbai - 400076. KTN IOT is in the business of owning, developing, operating and/or maintaining storage, handling, packing and transport facilities (including the engineering of such facilities) for polymers and specialty chemicals in solid form as well as the provision of storage, handling, packing and transportation services including the services of custom clearance, freight forwarding, barging and other related services for polymers and specialty chemicals in solid form. The CIN of KTN IOT is U74120MH2011PLC220464.

Capital Structure and Shareholding Pattern - The Authorised Share Capital of KTN IOT is Rs. 5,00,000 divided into 50,000 Equity Shares of 10 each. The shareholding pattern of KTN IOT is as follows:

Sl. No.	Name of the Share holder	No. of Equity Shares	Percentage of total Equity Holding (%)
1	Katoen Natie Asia Pte Ltd.	25,497	50.99%
2	Fabian Maurice Leroy*	1	0.00%
3	Wim Jan Ledegen*	1	0.00%
4	Patrick Wouters*	1	0.00%
5	IOT Infrastructure & Energy Services Limited	24,498	49.00%
6	Jathavedan Nampoothiri**	1	0.00%
7	Kuntal Kar**	1	0.00%
	Total	50,000	100.00%

*Held as nominees of Katoen Natie Asia Pte Ltd.

**Held as nominees of IOT Infrastructure & Energy Services Limited

The first set of financial statements of KTN IOT have not been prepared yet.

13. IOT Canada Limited (“IOT Canada”)

IOT Canada was incorporated on August 11, 2008, in Alberta under the laws of Alberta, Canada. The registered office of IOT Canada is situated at 4500, 855 2nd Street, S.W., Calgary, Alberta T2P 4K7, Canada and the Registration No. of IOT Canada is 2014189639. IOT Canada is a wholly owned subsidiary of IOTIES and is an investment company.

The shareholding pattern of **IOT Canada** is as follows:

Sl. No.	Name of the Share holder	No. of Equity Shares	Percentage of total Equity Holding (%)
1.	IOT Infrastructure & Energy Services Limited	1,001	100
	Total	1,001	100

The Financial Statements of “**IOT Canada**” for the past three years is as follows:

Particulars (in INR)	For the year ended March 31st		
	2011	2010	2009
Equity Share Capital	941	941	941
Preferred Share Capital	24,619,195	17,951,945	14,905,025
Reserves & Surplus (excluding revaluation reserve)	(2,024,179)	(1,489,054)	1,867,056
Net Worth	22,595,957	16,463,832	16,773,022
Sales/Income	7,767,359	6,622,803	3,326,976

Profit / (Loss) After Tax	(535,125)	(3,356,110)	1,867,056
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14. Newsco Directional & Horizontal Drilling Services (Asia) Inc. (“Newsco Asia”)

Newsco Asia was incorporated on August 8, 2008 in Alberta under the laws of Alberta, Canada. The Registration No. of Newsco Asia is 2014185660. The registered office of Newsco Asia is situated at #2100, 700 2nd Street S.W. Calgary, Alberta T2P 2W1. Newsco Asia is primarily involved in providing directional and horizontal drilling services.

The shareholding pattern of **Newsco Asia** as on August 18, 2011 is as follows:

Sl. No.	Name of the Share holder	No. of Equity Shares	Percentage of total Equity Holding (%)
1	IOT Canada Limited	100,000 Class B common shares and 50,001 Class A common shares	75%
2	Newsco Directional and Horizontal Drilling Services Inc.	50,000 Class B common shares	25%

The Financial Statement of “**Newsco Asia**” for the past three years is as follows:

Particulars (in USD)	For the year ended March 31st		
	2011	2010	2009
Equity Share Capital	1,792,961	1,792,961	1,780,193
Reserves & Surplus (excluding revaluation reserve)	3,780,979	2,397,035	1,063,936
Net Worth	5,573,940	4,189,996	2,844,129
Sales/Income	7,767,359	6,622,803	3,326,976
Profit / (Loss) After Tax	1,383,944	1,333,099	1,063,936
NAV per Equity share	27.87	20.95	14.22
EPS	6.92	6.67	5.32

15. Name: PT IOT Energy Services Indonesia Ltd (“PT IOT”)

PT IOT was incorporated on September 30, 2005, in Indonesia under the laws of Indonesia. The registered office of PT IOT is situated at Menara Prima, Fl 16, Jl Lingkar Mega Kuningan, Block 6.2, Jakarta 12950. The Registration No. of PT IOT is NPWP 02.194.501.9.058.000. PT IOT is primarily involved in providing oil and gas support and management services. Pursuant to a share purchase agreement dated December 31, 2009, Oiltanking GmbH transferred 7,820 shares held by it in PT IOT to IOTIES. The financial accounts of PT IOT have not been consolidated with the financial accounts of IOTIES for any of the fiscal years.

The shareholding pattern of **PT IOT** is as follows:

Sl. No.	Name of the Share holder	No. of Equity Shares	Percentage of total Equity Holding (%)
1.	IOT Engineering and Construction Services Pte. Ltd., Singapore (IECSPL)	8,330	49.00
2.	IOT Infrastructure & Energy Services Limited	7,820	46.00
3.	Achmad S. Kortohadiprodjo	850	5.00
	Total	17,000	100

Share purchase agreement dated December 31, 2009 (“SPA”) was entered into between Oiltanking GmbH and IECSPL and pursuant to the SPA, IECSPL acquired 8,330 equity shares of PT IOT, representing 49% of the issued and paid up share capital therein, from Oiltanking.

Share purchase agreement dated December 31, 2009 (“SPA”) was entered into between Oiltanking GmbH and IOT and Pursuant to the SPA, IOTIES acquired 7,820 equity shares of PT IOT, representing 46% of the issued and paid up share capital therein, from Oiltanking and defining therein their respective rights, duties and obligations as share holdings.

The Financial Statements of **“PT IOT”** for the past three years is as follows:

Particulars (in USD)	For the year ended December 31 st		
	2010	2009	2008
Equity Share Capital	1,700,000	1,700,000	1,700,000
Reserves & Surplus (excluding revaluation reserve)	(2,147,651)	(1,770,101)	(1,660,451)
Net Worth	(447,651)	(70,101)	39,549
Sales/Income	-	-	-
Profit / (Loss) After Tax	(377,550)	(109,650)	(234,680)
NAV per Equity share of USD 100 each	(26.33)	(4.12)	39.55
EPS of Face Value USD 100 each	(22.21)	(6.45)	(234.68)

16. PT IOT EPC Indonesia (“IOT EPC Indonesia”)

IOT EPC Indonesia was incorporated on May 26, 2011, in Indonesia under the laws of Indonesia. The registered office of IOT EPC Indonesia is situated at Menara Prima, Fl 16, Jl Lingkar Mega Kuningan, Block 6.2, Jakarta 12950. Its Registration No. is NPWP 03.156.632.6-063.000. It is primarily involved in procurement and construction engineering services.

The shareholding pattern of **IOT EPC Indonesia** is as follows:

Sl. No.	Name of the Share holder	No. of Equity Shares	Percentage of total
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			Equity Holding (%)
1.	IOTIES	750	75
2.	PT Puri Bara Kencana	250	25
		1,000	100

The first set of financial statements of IOT EPC Indonesia have not been prepared yet.

17. IOT Anwasha Engineering & Construction LLC (“Anwasha Oman”)

Anwasha Oman was incorporated on March 3, 2009, in Oman under the laws of Oman. The registered office of Anwasha Oman is situated at PO Box No.1677, Postal Code 111, Sultanate of Oman. The Registration No of Anwasha Oman is 1063470. It is primarily involved in engineering, procurement and construction of tanks and pipes for petroleum, petrochemical, fertilizer, chemical, water treatment plants and other industrial plants in Oman.

The shareholding pattern of **Anwasha Oman** is as follows:

Sl. No.	Name of the Share holder	No. of Equity Shares	Percentage of total Equity Holding (%)
1.	IOT Anwasha Engineering & Construction Limited	105,000	70
2	Seven Seas Co LLC	45,000	30
	Total	150,000	100

The financial information of Anwasha Oman is as follows:

Particulars (in Omani Rial)	For the year ended March 31st	
	2011	2010
Equity Share Capital	150,000	150,000
Reserves & Surplus (excluding revaluation reserve)	399,370	111,246
Net Worth	549,370	261,246
Sales/Income	1,498,844	760,716
Profit / (Loss) After Tax	320,138	123,607

18. Kazakhstancaspishelf

Kazakhstancaspishelf was incorporated on July 25, 2006, in Almaty under the laws of the Republic of Kazakhstan. The Registration No. of Kazakhstancaspishelf is 79330-1910-AO. The Registered Office of the Kazakhstancaspishelf is situated in the Republic of Kazakhstan, 041618, Almaty, Medeu District, Kyz zhibek str., 149. The primary business activities of the Company are Geophysical services.

The shareholding pattern of Kazakhstancaspishelf as on date is as follows:

Sl. No.	Name of the Share holder	No. of Equity Shares	Percentage of total Equity Holding (%)
1	IOT Infrastructure and Energy Services Limited	113,164	24.87%
2	MUNIVAC Global Ventures Limited	101,118	22.22%
3	ERKIN	139,627	30.69%
4	MARS International Worldwide Inc.	101,114	22.22%
	Total	455,023	100.00%

The Financial Statements of “Kazakhstancaspishelf” for the past three years are as follows:

Particulars (in Kazakh Tenge, thousands)	For the year ended December 31st		
	2010	2009	2008
Equity Share Capital	505,581	505,581	505,581
Reserve Capital	336,596	879,729	1,033,718
Retained Earnings	839,393	695,977	568,187
Net Worth	1,681,570	2,081,287	2,107,486
Sales/Income	1,176,284	1,517,616	2,507,605
Profit / (Loss) After Tax	143,416	127,790	80,299

19. Jabal Elliot Co. Ltd (JECL)

JECL was incorporated on 5th July, 2011 for a period of 30 years till 10th August, 2040 in the Kingdom of Saudi Arabia under the laws of that country. The registered/ principal office of JECL is situated at Al-Khobar\Northern Khobar, Prince Bader st. cross 24, PO Box 3206, Postal Code 31952. JECL was incorporated for execution of contracts, installations, operations, maintenance and project management of oil, gas, petrochemical, industrial, cement, metallurgy, fertilizers, liquid and gas storage tanks, terminals, power (all kinds), water desalination, sewage, rain and flood drainage systems, pipelines, drilling of oil and gas in accordance of SAGIA License No. 20320710553.

Capital Structure and Shareholding Pattern - The Authorised Share Capital of JECL is Saudi Riyal 15,000,000.

The shareholding pattern of JECL is as follows:

Sl. No.	Name of the Share holder	No. of Equity Shares	Percentage of total Equity Holding (%)
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1.	IOT Infrastructure & Energy Services Limited	5,000,000	33.33
2.	Engineers India Limited	5,000,000	33.33
3.	Jabal Dhahran	5,000,000	33.33
	Total	15,000,000	100.00

The first financial statements of JECL have not been prepared yet.

Companies with which IOTIES has disassociated in the last three years

IOTIES has not dissociated from any Company in the last 3 years from the date of filing this Draft Letter of Offer.

Interest of Group Companies in the Promotion of our Company

None of our Group Companies are interested in the promotion of our Company.

Interest of our Group Companies in the Property of our Company

Except as stated in “Business” and *Related Party Transactions* in “Financial Statements” beginning on pages 56 and 136 respectively, none of our Group Companies have any interest in any property acquired by our Company within two years preceding the date of this Draft Letter of Offer or proposed to be acquired by our Company.

Payment of Amount or Benefits to our Group Companies during the Last Two Years

Except as mentioned in *Related Party Transactions* in “Financial Statements” beginning on page 136, no amount or benefits were paid or were intended to be paid to our Group Companies during the last two years from the date of filing of this Draft Letter of Offer.

Interest of Group Companies in any transaction by our Company

Except as disclosed in “Business”, “History and other corporate information” and *Related Party Transactions* in “Financial Statements” beginning on pages 56, 88 and 136, respectively, our Group Companies do not have any interest in any transactions by our Company.

Winding up or Sick Company and Adverse Factors

None of our Group Companies have become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 and are not under any winding up proceedings.

Defunct Company

None of our Group Companies are defunct companies.

Common Pursuits of our Group Companies and Conflict of Interest

Some of our Group companies are in the same line of business as ours. We shall adopt the necessary procedures and practices as permitted by law to address any conflict situations, as and when they may arise. For further details in this regard, see “Risk Factors” on page ix of the Draft Letter of Offer.

Related Party Transactions

For details of the related party transactions, see *Related Party Transactions* in “Financial Statements” beginning on page 136 of the Draft Letter of Offer.

Business Interests of our Group Companies in our Company

Except as disclosed in *Related Party Transactions* in “Financial Statements” beginning on page 136, there are no business interests of our Group Companies in our Company.

Shareholding of our Group Companies in our Company

None of our Group Companies hold any Equity Shares in our Company.

Previous Public Issues by Group Companies and Promise v/s Performance

None of our other Group Companies have made any public issue (including any rights issue to the public) during the last three years and the equity shares of such Group Companies are not listed on any stock exchange.

Litigation

For details of litigations involving our Promoter or Group Companies, please refer to the section titled ‘Outstanding Litigations and material developments’ on page 187 of the Draft Letter of Offer.

Sales or purchases exceeding 10% in aggregate of the total sales or purchases of our Company

Except as stated in *Related Party Transactions* in “Financial Statements” beginning on page 136 of the Draft Letter of Offer, there are no sales or purchase between Group Companies exceeding 10% in aggregate in value the total sales or purchases of our Company in the last 5 years.

DIVIDEND POLICY

The declaration and payment of dividends will be recommended by the Board of Directors of the Company and approved by the shareholders, at their discretion, and will depend on a number of factors, including but not limited to our profits, capital requirements and overall financial condition. The Issuer has no stated dividend policy.

The dividend paid over the last 5 financial years has been as follows:

Particulars		As at 31st March				
		2007	2008	2009	2010	2011
Equity Shares	Nos.	30,00,000	30,00,000	30,00,000	30,00,000	30,00,000
Face value Per Equity Share	Rupees	10	10	10	10	10
Paid up value Per Equity Share	Rupees	10	10	10	10	10
Rate of Dividend	%	30	30	15	-	-
Total		30	30	15	-	-
Dividend Paid	Rs. In Lakhs	90.00	90.00	45.00	-	-
Tax on Dividend	Rs. In Lakhs	15.30	15.30	7.65	-	-

SECTION V- FINANCIAL INFORMATION
AUDITOR'S REPORT

To,
The Board of Directors
Stewarts & Lloyds of India Limited
Kanak Building, 1st Floor,
41, Chowringhee Road,
Kolkata – 700071

Dear Sirs,

1. We have examined the attached financial information of Stewarts & Lloyds of India Limited (the “Company”) comprising statement of Assets and Liabilities (Annexure-I), Profit and Loss Account (Annexure-II), Cash Flow Statement (Annexure-III) as approved by the Board of Directors of the Company for the financial year ended March 31, 2007, March 31, 2008, March 31, 2009, March 31, 2010 and March 31, 2011 along with the Significant Accounting Policies and Notes to Accounts (Annexure-IV) for the year ended on March 31, 2007, March 31, 2008, March 31, 2009, March 31, 2010 and March 31, 2011 in terms of our engagement agreed upon with you in accordance with our engagement letter dated April 11, 2011 in connection with proposed Right Issue of Equity Shares by the Company.

These financial informations have been prepared in terms of the requirements of Paragraph B of Part II of Schedule II of the Companies Act, 1956 (“Companies Act”) and the Securities Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended to date (“SEBI Regulations”).

The financial statements annexed hereto have been prepared and presented by the Management of the Company and have subsequently been examined by us.

2. These financial informations have been correctly extracted by the management from the audited financial statement for the year ended March 31, 2007, March 31, 2008, March 31, 2009, March 31, 2010 and March 31, 2011.
3. The financial statements of the Company for the year ended March 31, 2007, 2008, 2009 and 2010 were audited in accordance with the Auditing Standards Generally Accepted in India (“IGAAS”) by M/s Price Waterhouse who were the Statutory Auditors of the Company. Reliance has been placed by us on the Audit Report issued by M/s Price Waterhouse with respect to the financial information for those years.

We have audited in accordance with IGAAS, the Balance Sheet of the Company as on March 31, 2011 and the related Profit and Loss Account and the Cash Flow Statement for the year then ended and the related Schedules, Notes and Annexure thereto, prepared in accordance with Generally Accepted Accounting Principle in India (“IGAAP”) in respect of which we have issued Unqualified Audit Report.

4. We have performed such tests and procedure, which in our opinion were necessary for the examination of the attached financial information. These tests and procedure, mainly involved comparison of the attached financial information with the audited financial statements for the respective years.
5. In accordance with the requirements of Paragraph B of Part II of Schedule II of the Companies Act and SEBI Regulations, and based on the foregoing we further report that:
 - (a) The Statement of Assets and Liabilities, as restated, of the Company, as at March 31, 2007, March 31, 2008, March 31, 2009, March 31, 2010 and March 31, 2011 as set out in Annexure- I to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies and Notes on the Restated Profit and Loss and Assts and Liabilities set out in Annexure IV to this report.
 - (b) The Statement of Profit and Loss and statement of Cash Flow, as Restated of the Company for each of the years ended March 31, 2007, March 31, 2008, March 31, 2009, March 31, 2010 and March 31, 2011 as set out in Annexure II and III respectively, to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies and Notes on the Restated Profit and Loss and Assts and Liabilities set out in Annexure IV to this report.
 - (c) We confirm that the Restated Financial Information has been made after incorporating:
 - i) Adjustments for the changes in accounting policies retrospectively in respective financial years to reflect the same accounting treatment as per changed accounting policy for all the reporting periods. However liability in respect of sick leave and leave encashment was not actuarially provided in the year 2006-2007 as the mandatory accounting standard AS 15 (Revised) was not applicable in the said accounting year.
 - ii) Adjustments for the material amounts in the respective financial years to which they relate.
 - iii) There are no extra-ordinary items that need to be disclosed separately in the accounts and no qualification in the auditor's report on the financial statements requiring adjustments.
6. We have also examined the following other financial information prepared by the Management and approved by the Board of Directors relating to the Company for the years ended March 31, 2007, March 31, 2008, March 31, 2009, March 31, 2010 and March 31, 2011 –
 - (a) Statement of Secured Loans enclosed as Annexure V
 - (b) Statement of Current Liabilities and Provisions enclosed as Annexure VI
 - (c) Statement of Investments enclosed as Annexure VII
 - (d) Statement of Fixed Assets' Movement enclosed as Annexure VIII

- (e) Statement of Sundry Debtors enclosed as Annexure IX
- (f) Statement of Loans and Advances enclosed as Annexure X
- (g) Statement of Other Income enclosed as Annexure XI
- (h) Statement of Rates and Amount of Dividend Paid enclosed as Annexure XII
- (i) Statement of Related Party disclosures enclosed as Annexure XIII
- (j) Statement of Contingent Liabilities enclosed as Annexure XIV
- (k) Statement of Accounting Ratios enclosed as Annexure XV
- (l) Capitalisation Statement enclosed as Annexure XVI
- (m) Statement of Tax Shelter enclosed as Annexure XVII

In our opinion the above financial information contained in Annexure V to XVII of this report (after making adjustments and regrouping as considered appropriate), read with the Significant Accounting Policies and Notes on the Restated Profit and Loss and Assets and Liabilities (Annexure IV), have been prepared in accordance with Paragraph B of Part II of Schedule II of the Companies Act and SEBI Regulations.

7. Our report is intended solely for use of the management and for inclusion in the Draft Letter of Offer and the letter of offer in connection with the proposed rights issue of the Company. Our report should not be used, referred to or distributed for any other purpose except with our consent in writing.

For RAY & RAY
Chartered Accountants
(Firms Registration No. 301072E)

Place: Kolkata
Date: July 28, 2011

(Abhijit Neogi)
Partner
Membership No.61380

Annexure – I

STATEMENT OF ASSETS AND LIABILITIES

(Rs. in Lakhs)

	Particulars	Year Ended March 31,				
		2007	2008	2009	2010	2011
(1)	Fixed Assets :					
	Gross Block	1,297.98	1,319.01	1,330.69	1,399.52	1,393.89
	Less : Depreciation	696.26	780.79	853.95	899.18	954.53
	Net Block	601.72	538.22	476.74	500.34	439.36
	Less : Revaluation Reserve	-	-	-	-	-
	Capital Work in Progress	41.23	41.23	50.22	-	-
	<i>Net Block after adjustment for revaluation reserve</i>	642.95	579.45	526.96	500.34	439.36
(2)	Investments	0.01	0.01	0.01	0.01	0.01
(3)	Deferred Tax Asset	-	-	23.33	47.87	37.10
(4)	Current Assets, Loans and Advances					
	Inventories	152.74	139.70	201.34	180.08	119.02
	Sundry Debtors	3,768.29	5,029.20	6,917.93	5,358.15	3,891.69
	Cash and Bank Balances	32.26	45.03	40.29	50.49	35.70
	Loans and Advances	364.53	512.04	670.62	718.40	1,617.72
	Other Current assets	3,073.96	4,088.17	3,965.83	3,587.11	2,002.08
	<i>Total</i>	7,391.78	9,814.14	11,796.01	9,894.23	7,666.21
(5)	Liabilities and Provisions					
	Secured Loans	1,522.98	1,585.03	2,016.95	2,877.37	2,619.08
	Current Liabilities and provisions	4,558.60	6,616.56	8,015.80	5,433.34	4,328.48
	<i>Total</i>	6,081.58	8,201.59	10,032.75	8,310.71	6,947.56
(6)	Deferred Tax Liability	16.10	3.43	-	-	-
(7)	Net Worth	1,937.06	2,188.58	2,313.56	2,131.74	1,195.12
(6)	Represented by					
	Share Capital	300.00	300.00	300.00	300.00	300.00
	Reserves and Surplus	1,637.06	1,899.53	2,021.77	1,837.21	897.86
	Less Revaluation Reserve	-	-	-	-	-
	Less Miscellaneous Expenses (To the extent not written off or adjusted)	-	10.95	8.21	5.47	2.74
	<i>Reserves and Surplus (Net of Revaluation reserves and Miscellaneous expenditure)</i>	1,637.06	1,888.58	2,013.56	1,831.74	895.12
	Net Worth	1,937.06	2,188.58	2,313.56	2,131.74	1,195.12

NOTES:

- (3) Share capital consists of 30,00,000 equity shares of Rs. 10 each, fully paid. The share capital includes 1,992 equity shares issued for consideration other than cash pursuant to a contract and 6,38,450 equity shares issued as bonus shares by capitalization of general reserves and security premium.
- (4) 16,63,754 shares are held by IOT Infrastructure & Energy Services Limited (Formerly Indian Oiltanking Limited), holding company.

Annexure – II

STATEMENT OF PROFITS AND LOSSES

(Rs. in Lakhs)

	Year Ended March 31,				
	2007	2008	2009	2010	2011
Income					
Sales					
of products manufactured by the issuer	1,309.29	415.00	125.46	119.04	17.31
of products traded in by the issuer	2,075.91	2,502.86	2,377.78	894.66	441.19
of erection services	9,021.61	8,187.55	7,034.13	5,137.78	1,571.19
Total	12,406.81	11,105.41	9,537.37	6,151.48	2,029.69
Other Income	16.83	12.74	51.03	35.10	13.59
Increase / (Decrease) in work-in-process and finished products	44.05	(1.71)	(22.30)	(41.87)	44.63
	12,467.69	11,116.44	9,566.10	6,144.71	2,087.91
EXPENDITURE :					
Material consumption	2,265.95	1,949.81	1,243.47	538.07	206.83
Staff Costs	855.59	935.61	968.90	938.62	650.42
Other Operating Expenses	8,216.66	7,184.40	6,466.94	4,127.65	1,501.78
Administration Charges	331.61	296.08	248.59	262.10	191.30
Selling and Distribution Expenses	-	-	-	-	-
Depreciation	91.51	88.13	81.47	68.93	71.83
Interest	93.55	169.37	273.77	335.20	429.43
Material non-recurring items:					
Provision for doubtful debts	-	-	-	98.66	-
Exchange Loss / (Gain)	6.33	18.36	(7.90)	-	-
Provision for Future Expenses on erection contract written back	-	(57.12)	-	-	-
Provision no longer required written back	-	-	(11.27)	(71.66)	(35.09)
Advance written off	-	-	-	56.24	-
TOTAL EXPENDITURE	11,861.20	10,584.64	9,263.97	6,353.81	3,016.50
Net Profit / (Loss) before tax and extra ordinary items	606.49	531.80	302.13	(209.10)	(928.59)
Income-tax for current year	210.00	164.00	142.00	-	-
Deferred tax (see note no. B.1 in Notes to accounts of Annexure IV)	25.04	(12.66)	(26.76)	(24.54)	10.77
Fringe benefit tax	14.17	12.70	12.00	-	-
Total Tax	249.21	164.04	127.24	(24.54)	10.77
Net Profit / (Loss) before extra ordinary items	357.28	367.76	174.89	(184.56)	(939.36)
Extra ordinary Items -Net	-	-	-	-	-
Net Profit / (Loss) after extra ordinary items	357.28	367.76	174.89	(184.56)	(939.36)

NOTES:

- (2) The Company is primarily engaged in execution of erection projects in India, which, in most cases involve supply of materials. The sales income during the financial years 2006-07 to 2010-11 was mainly from construction contracts which involve supply of materials and also Industrial Pipework from its manufacturing facility at Kolkata.

STATEMENT OF CASH FLOWS

(Rs. in Lakhs)

	Year ended March 31,				
	2007	2008	2009	2010	2011
Cash flow from operating activities:					
Net profit / (Loss) before tax and extraordinary items	606.49	531.80	302.13	(209.10)	(928.59)
<u>Adjustments for non operating and non cash expenses:</u>					
Depreciation	91.51	88.13	81.47	68.93	71.83
Interest paid	93.55	162.96	277.09	331.52	436.20
Provision for doubtful debts	-	-	-	98.66	-
Wealth tax	-	0.07	0.15	0.15	-
Bad & doubtful advances written off	-	-	-	56.24	-
Loss on sale of fixed assets	-	-	-	-	0.39
Amortisation of miscellaneous expenditure	-	-	2.74	2.74	2.74
Exchange Loss	6.33	18.36	-	-	-
	797.88	801.32	663.58	349.14	(417.43)
<u>Adjustments for non operating and non cash income:</u>					
Profit on sale of fixed asset	(6.98)	(0.04)	(5.21)	(3.55)	-
Exchange Gain	-	-	(7.90)	-	-
Provisions no more required written back	-	(57.12)	(11.27)	(71.66)	(35.09)
Interest received	(4.37)	(5.41)	(3.84)	(15.30)	(1.49)
Operating profit before working capital changes	786.53	738.75	635.36	258.63	(454.01)
<u>Adjustment for changes in working capital:-</u>					
(Increase)/decrease in inventories	(6.04)	13.04	(61.64)	21.26	61.06
(Increase)/decrease in debtors	259.27	(1,260.91)	(1,888.73)	1,461.12	1,466.46
(Increase)/ decrease in other receivables	(2,643.82)	(1,120.66)	94.13	250.55	813.39
Increase/(Decrease) in trade payable and other liabilities	713.05	2,118.49	1,465.66	(2,458.14)	(1,069.07)
Cash generated / (used in) from operation	(891.01)	488.71	244.78	(466.58)	817.83
Less: Direct taxes paid (Net of refunds) (Including Fringe Benefit Tax)	(237.54)	(236.12)	(276.47)	24.15	(127.68)
Net cash from / (used in) operating activities (A)	(1,128.55)	252.59	(31.69)	(442.43)	690.15

Cash flow from investing activities					
Interest received	4.37	5.41	3.84	15.30	1.49
Sales of fixed assets	74.38	0.20	12.42	10.47	3.43
Purchase of fixed assets	(255.22)	(39.87)	(39.26)	(49.22)	(14.67)
Net cash from / (used in) investing activities (B)	(176.47)	(34.26)	(23.00)	(23.45)	(9.75)
Cash flow from financing activities:					
Working Capital finance from banks	1,496.97	62.05	431.92	860.42	(258.29)
Less : Interest paid	(93.55)	(162.96)	(277.09)	(331.52)	(436.20)
Dividend paid including tax thereon	(102.10)	(104.65)	(104.88)	(52.82)	(0.70)
Net cash from / (used in) financing activities (C)	1,301.32	(205.56)	49.95	476.08	(695.19)
Net increase/(Decrease) in cash & cash equivalents (A+B+C)	(3.70)	12.77	(4.74)	10.20	(14.79)
Cash and equivalents at the beginning of the year	35.96	32.26	45.03	40.29	50.49
Cash and equivalents at the end of the year	32.26	45.03	40.29	50.49	35.70

Note:

The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard-3 on Cash Flow Statement prescribed by the Companies Act, 1956.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS**(A) SIGNIFICANT ACCOUNTING POLICIES:**

The Financial Statements are prepared to comply in all material respects with all the applicable accounting principles in India, the applicable accounting standards notified under section 211 (3C) of the Companies Act, 1956 and the relevant provisions of the Companies Act, 1956.

a) FIXED ASSETS – Tangible

- (i) Assets other than those acquired on lease are stated at cost of acquisition and related expenditure. The cost of fixed assets acquired on finance lease comprises present value of minimum lease payments at the inception of lease, lease management fees and residual value of the related assets. The discounting factor considered in calculating the present value of the minimum lease payments is the rate of interest implicit in the lease. An impairment loss is recognised if and when the carrying amount of the fixed assets of a cash generating unit exceeds its net selling price or value in use whichever is higher. Depreciation on fixed assets (including those acquired on finance lease) is provided on written down value method at the rates which are in conformity with the requirements of the Companies Act, 1956. Leasehold land is amortised over the period of lease under written down value method.

FIXED ASSETS - Intangible

- (ii) Cost of Computer Software is capitalised where it is expected to provide future enduring economic benefits. Capitalisation costs include licence fees and cost of implementation/system integration services. The costs are capitalised in the year in which the relevant software is implemented for use. Expense incurred on upgradation/enhancement is charged off as revenue expenditure unless it enable the software to generate future economic benefits in excess of its originally assessed standard.

- (iii) Computer Software cost is amortised on a straight line basis over a period of five years.

- b) LONG TERM investments are valued at cost less provision for permanent diminution, if any, in carrying amount of such investments.
- c) INVENTORIES are valued at lower of cost and net realisable value. The costs are, in general, determined under “First in First out” formula. Work in progress/process and Finished Goods include applicable fabrication charges and allocable overheads.
- d) REVENUE from erection contracts are recognised on the percentage of completion method, in proportion that the contract costs incurred for work performed (as techno-commercially assessed by the management) up to the reporting date bear to the estimated total contract costs. Revenue recognised in excess of billing and billing in excess of revenue recognised as per Accounting Standard-7, prescribed by the Companies Act, 1956, have been reflected under 'Other Current Assets' and 'Current Liabilities' respectively in the Balance Sheet. Escalation and other claims in respect of these contracts are accounted for on their acceptance by the customers. Adequate provision for foreseeable losses are made in the accounts.

OTHER SALES are recognised on completion of sale of goods, rendering of services and/or use of Company's resources by third parties.

e) EMPLOYEE BENEFITS

i) Short term Employee Benefits :

The undiscounted amount of Short-term Employee Benefits expected to be paid in exchange for the services rendered by employees is recognised during the period when the employee renders the service.

ii) Post Employment Benefit Plans :

Contributions under Defined Contribution Plans payable in keeping with the related schemes are recognised as expenses for the year.

For Defined Benefit Plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance Sheet date. Actuarial gains and losses are recognised in full in the Profit and Loss Account for the period in which they occur. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the scheme.

iii) Other Long-term Employment Benefits (unfunded):

The cost of providing long term employee benefits is determined using Projected Unit Credit Method with actuarial valuation being carried out at each balance Sheet date. Actuarial gains and losses and past service cost are recognised immediately in the Profit and Loss Account for the period in which they occur. Other long term employee benefit obligation recognised in the Balance Sheet represents the present value of related obligation.

Note: Financial year 2007-08 being the first year of adoption of Accounting Standard 15 (Revised 2005) on Employees Benefits and non availability of the amount of present value of the obligations, fair value of plan assets, surplus or deficit in the plan and experience adjustment arising on plan liabilities and plan assets prior to the financial year 2007-08, only the figures for the financial years 2007-08, 2008-09, 2009-10 and 2010-11 have been given.

f) TRANSACTIONS IN RESPECT OF FOREIGN CURRENCIES are recorded at exchange rates prevailing on the date of the transaction. Monetary items denominated in foreign currencies outstanding at the balance sheet date are restated at the exchange rate prevailing on the balance sheet date. Foreign currency non-monetary items carried in terms of historical cost are reported using the exchange rate at the date of transactions. Exchange differences arising on settlement of transactions and/or restatements are dealt with in the Profit and Loss Account. In respect of Forward Exchange Contracts with underlying transaction, the premium or discount arising at the inception of such contract is amortised as expense or income over the life of contract.

g) BORROWING COSTS other than those directly attributable to acquisition and construction of fixed assets are recognised as an expense in the period in which they are incurred.

h) PROVISIONS are recognised when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources or there is a present obligation, reliable estimate of the amount of which cannot be made. Where there is a possible obligation or a present obligation and the likelihood of outflow of resources is remote, no provision or disclosure for contingent liability is made.

- i) CURRENT TAX in respect of taxable income is provided for the year based on applicable tax rates and laws. Deferred tax is recognised subject to the consideration of prudence in respect of deferred tax assets, on timing differences, between taxable income that originate in one period and are capable of reversal in one and more subsequent periods and is measured using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are reviewed at each Balance Sheet date to re-assess realisability thereof. Fringe Benefit Tax is accounted for based on the estimated fringe benefits for the period as per the related provisions of the Income-tax Act, 1961.

(B) NOTES TO ACCOUNTS AND SUMMARY STATEMENTS

1. Year-end Deferred Tax balance comprises the following:

	(Rs. Lakhs)				
	2007	2008	2009	2010	2011
Tax impact due to timing differences resulting in (liabilities) / assets on account of :					
Payments under voluntary retirement scheme	2.23	1.36	12.50	8.72	19.08
Depreciation as per tax law and book	(65.15)	(70.97)	(64.35)	(64.54)	(63.40)
Provision for doubtful debts	36.09	36.09	36.09	69.70	68.13
Items allowable for tax purpose on payment	10.73	30.08	39.09	33.99	13.29
Net deferred tax assets / (liabilities)	(16.10)	(3.44)	23.33	47.87	37.10

2. (a) Following outstanding Bank Guarantees are secured by a charge created on assets.

	(Rs. Lakhs)				
	2006-07	2007-08	2008-09	2009-10	2010-11
Outstanding Bank Guarantees	1452.22	2603.39	3184.38	2898.03	2075.19

- (b) Tax payments and Tax deducted at source are net off provisions for taxation and Fringe Benefit Tax as below:

	(Rs. Lakhs)				
	2006-07	2007-08	2008-09	2009-10	2010-11
Provisions for taxations	1047.60	1078.00	1220.00	84.71	1378.31
Fringe Benefit Tax	14.17	40.22	52.22	-	-

- (c) i) Capital work in progress as at 31.03.2007 includes Rs. 24.30 lakhs towards development of ERP system.
 II) Capital work in progress as at 31.03.2008 includes advances on account of capital expenditure also and represents expenditure towards implementation of ERP system.
 III) Capital work in progress as at 31.03.2009 represents advances on account of capital expenditure and expenditure towards implementation of ERP system.

3. Managerial remuneration includes:

	(Rs. Lakhs)				
Particulars	2006-07	2007-08	2008-09	2009-10	2010-11
Salaries etc.	34.85	68.84*	81.40**	57.27***	-
Other perquisites	-	2.00	-	1.50	-
Sitting fees	1.03	1.20	1.75	2.60	2.60

Commission to non-executive directors	2.00	2.00	2.00@	-	-
Total	37.88	74.04	85.15	61.37	2.60

* Inclusive of performance linked remuneration of Rs. 26.79 lakhs in respect of financial year 2006-07.

** Inclusive of performance linked remuneration of Rs. 30.95 lakhs in respect of financial year 2007-08.

*** Inclusive of performance linked remuneration of Rs. 30.95 lakhs in respect of financial year 2008-09.

@ Provided and outstanding at the year end, subsequently ratified at the Annual General Meeting held on 24th July 2009.

4. Computation of net profit under section 198 read with section 309/349 of the Companies Act, 1956 for the purpose of commission payable to the directors (other than wholetime director)

(Rs. in Lakhs)

Particulars	2006-07	2007-08	2008-09	2009-10	2010-11
Profit before taxation as per Profit and Loss Account	606.49	531.80	302.13	(Note below)	
Add : Directors' Remuneration	37.87	74.04	85.15		
Add : Wealth Tax	-	0.06	0.15		
Net Profit in accordance with Section 198 of the Companies Act, 1956	644.36	605.90	387.43		
Commission @ 1% on the above profit	6.44	6.06	3.87		
Restricted to	2.00	2.00	2.00		

Note : Computation of net profit under section 198 read with section 309/349 of the Companies Act 1956, has not been provided as no commission is payable in view of absence of profit.

5. Obligations under Finance Lease arrangements entered into on/after 1st April, 2001:

The Company acquired vehicles, Plant & Equipment etc. under Finance Lease. Minimum lease payments outstanding as at the end of each financial year in respect of these assets are as under:

(Rs. in Lakhs).

	31 st March, 2007			31 st March, 2008		
	Total minimum lease payments outstanding as on 31.03.07	Interest not due as on 31.03.07	Present value of minimum lease payments as on 31.03.07	Total minimum lease payments outstanding as on 31.03.08	Interest not due as on 31.03.08	Present value of minimum lease payments as on 31.03.08
Within one year	15.84	0.77	15.07	3.17	0.09	3.07
Later than one year and not later than five years	3.17	0.09	3.08	-	-	-
Total	19.01	0.86	18.15	3.17	0.09	3.07

6. Quantitative information on Capacity and production and analysis of Other Sales :

Particulars	Turnover									
	2006-07		2007-08		2008-09		2009-10		2010-11	
	Qty (MT)	Val. in Lacs	Qty (MT)	Val. in Lacs	Qty (MT)	Val. in Lacs.	Qty (MT)	Val. in Lacs	Qty (MT)	Val. in Lacs.
Industrial Pipework	1631	1,309.29	413	415.00	105	125.46	49	119.04	17.50	17.31
Forged Flanges	-	-	-	-	-	-	-	-	-	-
Engineering and Procurement	-	2,075.91	-	2,502.86	-	2377.78	-	894.66	-	441.19
Total		3,385.20		2,917.86		2503.24		1013.70		458.50

Particulars	Licensed Capacity	Installed Capacity	Actual Production				
	(Tonnes)	(Tonnes)	2006-07	2007-08	2008-09	2009-10	2010-11
			Qty (MT)	Qty (MT)	Qty (MT)	Qty (MT)	Qty (MT)
Industrial Pipework	11440	9850	1662	473	30	33	13.50
Forged Flanges	700	300	-	-	-	-	-
Engineering and Procurement	-	-	-	-	-	-	-
Total							

7. Quantitative information on Finished Products:

Particulars	2006-07		2007-08		2008-09		2009-10		2010-11	
	Qty (MT)	Val. In lacs	Qty (MT)	Val. In lacs	Qty (MT)	Val. In lacs	Qty (MT)	Val. In lacs	Qty (MT)	Val. In lacs
Industrial Pipework:										
- Opening Stock	4	1.47	35	68.07	95	54.28	20	21.20	4	1.31
- Closing Stock	35	68.07	95	54.28	20	21.20	4	1.31	-	-

- Total Licensed and Installed capacities remain same in 2006-07, 2007-08, 2008-09, 2009-10 & 2010-11.
- Installed capacities have been certified by the Management.
- As units shown in the sales bills relating to Engineering and Procurement are varied and heterogeneous, quantity of turnover in respect of this category has not been shown for which the Company has obtained necessary approval of the Central Government. Quantitative information for opening/closing stocks and purchases of these items also could not be furnished as it is not feasible for the reasons indicated above.

8. Material Consumption:

Particulars	Unit	2006-07		2007-08		2008-09		2009-10		2010-11	
		Qty	Val. In lacs	Qty	Val. In lacs	Qty	Val. In lacs	Qty	Val. In lacs	Qty	Val. In lacs
Tubes	Mtrs.	31384	722.78	16077	747.97	16562	250.55	608	7.84	26934	76.89
Plates	M.T	261	159.99	-	-	2.24	0.82	29	27.16	27.044	31.12
Valves	Nos.	594	213.80	790	119.89	451	232.85	48	15.10	5	1.42
Fittings	Nos.	32031	356.95	5536	257.73	1010	21.56	3421	19.69	392428	32.86
Miscellaneous	-	-	812.43	-	824.22	-	737.69	-	468.28	-	64.54
Total			2265.95		1949.81		1243.47		538.07		206.83

- Above represents bought out items also which are ultimately used for erection services.
- Miscellaneous include items which individually do not constitute more than 10% of the total consumption

9. Value of Imported and Indigenous Material Consumption as a percentage of total consumption:

Particulars	2006-07		2007-08		2008-09		2009-10		2010-11	
	Val. In lacs	%	Val. In lacs	%	Val. In lacs	%	Val. In lacs	%	Val. In lacs	%
Indigenous	2265.95	100	1860.34	95.41	1208.36	97.18	531.22	98.73	206.83	100
Imported	-	-	89.47	4.59	35.11	2.82	6.85	1.27	-	-
Total	2265.95	100	1949.81	100	1243.47	100	538.07	100	206.83	100

10. Consumption of Imported and Indigenous Stores, Tools, Spare Parts and Components as a percentage of total consumption:

Particulars	2006-07		2007-08		2008-09		2009-10		2010-11	
	Val. In lacs	%	Val. In lacs	%	Val. In lacs	%	Val. In lacs	%	Val. In lacs	%
Indigenous	3466.84	99.05	1561.28	100	956.81	100	593.57	93.14	182.81	100
Imported	33.15	0.95	-	-	-	-	43.70	6.86	-	-
Total	3499.99	100	1561.28	100	956.81	100	637.27	100	182.81	100

11. Earnings and Expenditure in foreign currency:

Particulars	2006-07	2007-08	2008-09	2009-10	2010-11
	Val. In lacs	Val. In lacs	Val. In lacs	Val. In lacs	Val. In lacs
Value of Imports calculated on C.I.F. basis :					
- Materials	-	89.47	35.11	6.85	-
- Stores, Tools, Spare Parts and Components	24.17	-	-	-	-
Expenditure in foreign currency :					
- Travelling	3.75	6.66	1.85	1.32	-
- Technical services	-	-	-	10.58	-
Earnings in foreign currency :					
- F.O.B. value of export	1043.65	234.20	102.71	-	-

12. Auditors' Remuneration:

(Rs. Lakhs)

Particulars	2006-07	2007-08	2008-09	2009-10	2010-11
Audit fee	4.00	4.00	4.00	5.00	5.00
Miscellaneous certificates and reports	3.37	3.88	3.88	4.62	4.25
Reimbursement of out of pocket expenses	0.15	0.13	0.15	0.14	0.22
Reimbursement of Service Tax	0.92	0.99	0.99	0.90	0.99
	8.44	9.00	9.02	10.66	10.46

13. Details of Dues to Micro enterprises and Small enterprises:

(Rs. Lakhs)

			2006-07	2007-08	2008-09	2009-10	2010-11
			Note - 1		Note - 2		
a)	The principal amount and interest due thereon remaining unpaid to any supplier as at the end of the year.	Principal		3.93	2.20	2.20	1.78
		Interest		0.55	0.76	2.20	2.40
b)	The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during the year	Principal		2.63	1.94	0.01	0.41
		Interest		Nil	Nil	Nil	Nil
c)	The amount of interest due and payable for the period of delay in making payment (which have			Nil	Nil	Nil	Nil

	been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006						
d)	The amount of interest accrued and remaining unpaid at the end of accounting year	Interest accrued		0.55	0.21	1.45	0.20
		Interest remaining unpaid		0.55	0.76	2.20	2.40
e)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006			0.55	0.21	1.45	0.20

Note – 1

- a) Sundry creditors include Rs. 86.36 Lakhs due to Small Scale Industrial Undertakings.
- b) The above include the following Small Scale Industrial Undertakings to whom the company owes a sum for more than 30 days : Atech (India), AK Industries, AN Instruments Pvt. Ltd, Asco strumech Pvt. Ltd, Baijanath Choubey, Engg. Service Enterprise, Flexpro Electrical Pvt. Ltd., Fecund Matflow, MN Engineers Co., Modern Stores & Engineering Concern, NL Hazra & Sons, Shiva Tara Engineers, Dynamic Industries, Matri Engineering, Pan Engineering, Ray Engineering Enterprise, De's Techno Pvt. Ltd, Roma Containers Pvt. Ltd, Emmanuel Engg. Pvt. Ltd, M Raman & Co., BDK Process Controls (P) Ltd., BDK Engg. Industries Ltd.
- c) The above information has been compiled in respect of parties to the extent to which they could be identified as Small Scale Industrial Undertaking on the basis of information available with the Company.

Note - 2

The above information has been compiled in respect of parties to the extent to which they could be identified as Micro and Small Enterprises under Micro, Small and Medium Enterprises Development Act, 2006 on the basis of information available with the Company.

14. Information in accordance with the requirements of the revised Accounting Standard - 7 on Construction Contracts prescribed by the Companies Act, 1956.

(Rs. Lakhs)

Particulars	2006-07	2007-08	2008-09	2009-10	2010-11
Contract revenue recognised for the year	9021.61	8187.55	7034.12	5137.79	1571.19
Aggregate amount of contract costs incurred and recognised profits (less recognised losses) up to the year end for all the contracts in progress.	9207.78	12963.88	16343.75	18179.59	13897.77
The amount of customer advances outstanding for contracts in progress as at the year end	79.07	495.42	610.51	669.70	311.76
The amount of retention due from customers for contracts in progress as at the year end.	313.72	240.62	306.34	478.26	359.14
Gross amount due from customers	2976.46	3851.08	3935.36	3532.63	1925.86
Gross amount due to customers	NIL	NIL	NIL	NIL	NIL

15. Employees Benefits :

Post Employment Defined Contribution Plans:

The following amount has been recognised as expenditure towards Defined Contribution plans of the Company :

(Rs. Lakhs)

	2006-07	2007-08	2008-09	2009-10	2010-11
Expenditure towards Defined Contribution plans	28.51	27.49	36.43	24.53	20.33

**Post Employment Defined Benefit Plans:
Gratuity (Funded)**

The Company's Gratuity Scheme, a defined benefit plan, covers the eligible employees and is administered through a trust fund under group administration plan. Such gratuity fund, whose investments are managed by insurance companies/trustees themselves, make payments to vested employees or their nominees upon retirement, death, incapacitation or cessation of employment, of an amount based on the respective employee's eligible salary and tenure of employment as per the provision of "The Payment of Gratuity Act, 1972". Liabilities with regard to Gratuity Plan are determined by actuarial valuation based upon which the Company makes contribution to Gratuity Fund.

The following Table sets forth the particulars in respect of Post Employment and other Defined Benefit Plans of the Company for the year ended 31st March :

(Rs. Lakhs)

	Description	Gratuity				
		2006-07*	2007-08	2008-09	2009-10	2010-11
(a)	Reconciliation of Opening and Closing balances of the Present Value of the Defined Benefit Obligation					
	Present Value of Obligation at the beginning of the year		96.77	97.45	90.34	79.29
	Current Service Cost		8.24	8.60	6.73	4.74
	Past Service Cost		-	-	2.29	-
	Interest Cost		7.74	7.80	6.32	6.18
	Actuarial (Gains)/Losses		2.29	1.48	(8.44)	(2.68)
	Benefits Paid		(17.59)	(24.99)	(17.95)	(17.40)
	Present Value of Obligation at the end of the year		97.45	90.34	79.29	70.13
(b)	Reconciliation of the Opening and Closing balances of Plan Assets					
	Fair Value of Plan Assets at the beginning of the year		96.77	97.45	90.34	79.29
	Adjustment of Excess amount		-	-	(1.12)	-
	Expected Return on Plan Assets		8.71	9.01	8.36	7.26
	Actuarial Gains/(Losses)		0.38	(0.79)	(0.34)	0.42
	Contributions		9.19	9.65	-	0.56
	Benefits paid		(17.60)	(24.98)	(17.95)	(17.40)
	Fair Value of Plan Assets at the end of the year		97.45	90.34	79.29	70.13
(c)	Reconciliation of the Present Value of the Defined Benefit Obligation and the Fair Value of Plan Assets					
	Present Value of Obligation at the end of the year		97.45	90.34	79.29	70.13
	Fair Value of Plan Assets at the end of the year		97.45	90.34	80.41	70.13
	Assets/(Liabilities) recognised in the Balance Sheet		-	-	1.12	-
(d)	Expense recognised in the Profit and Loss Account					
	Current Service Cost		8.24	8.60	6.72	4.73
	Past Service Cost		-	-	2.29	-
	Interest Cost		7.74	7.80	6.32	6.18
	Expected Return on Plan Assets		(8.70)	(9.02)	(8.25)	(7.26)
	Actuarial (Gains)/Losses		1.91	2.27	(8.20)	(3.09)
	Total Expense recognised		9.19	9.65	(1.12)	0.56
(e)	Category of Plan Assets :					
	Fund with LIC		91.19	80.79	79.75	73.85
	Central Government securities		0.50	0.50	0.50	-
	State Government securities		3.65	3.65	3.65	3.66
	Public Sector Bonds		2.00	-	-	-
	Others (including bank balances)		0.11	5.40	(4.61)	(7.38)
	Total		97.45	90.34	79.29	70.13
(f)	Actual Return on Plan Assets		9.08	8.22	8.02	7.67
(g)	Actuarial Assumptions					
	Discount Rate (Per annum)		8.00%	7.00%	7.80%	8.00%
	Expected Rate of Return on Assets (Per annum)		9.25%	9.25%	9.15%	9.15%
	Mortality Rate		LIC (1994-96)	LIC (1994-96)	LIC (1994-96)	LIC (1994-96)

(Rs. Lakhs)

	Description	Leave Encashment Unfunded				
		2006-07*	2007-08	2008-09	2009-10	2010-11
(a)	Reconciliation of Opening and Closing balances of the Present Value of the Defined Benefit Obligation					

	Present Value of Obligation at the beginning of the year		31.90	32.60	49.75	43.46
	Current Service Cost		5.66	11.76	7.31	4.13
	Past Service Cost		-	-	-	-
	Interest Cost		2.55	2.61	3.48	3.39
	Actuarial (Gains)/Losses		0.37	10.68	(8.75)	(6.23)
	Benefits Paid		(7.88)	(7.90)	(8.33)	(9.41)
	Present Value of Obligation at the end of the year		32.60	49.75	43.46	35.34
(b)	Reconciliation of the Opening and Closing balances of Plan Assets					
	Fair Value of Plan Assets at the beginning of the year		-	-	-	-
	Adjustment of Excess amount		-	-	-	-
	Expected Return on Plan Assets		-	-	-	-
	Actuarial Gains/(Losses)		-	-	-	-
	Contributions		-	-	-	-
	Benefits paid		-	-	-	-
	Fair Value of Plan Assets at the end of the year		-	-	-	-
(c)	Reconciliation of the Present Value of the Defined Benefit Obligation and the Fair Value of Plan Assets					
	Present Value of Obligation at the end of the year		32.60	49.75	43.46	35.34
	Fair Value of Plan Assets at the end of the year		-	-	-	-
	Assets/(Liabilities) recognised in the Balance Sheet		(32.60)	(49.75)	(43.46)	(35.34)
(d)	Expense recognised in the Profit and Loss Account					
	Current Service Cost		5.66	11.76	7.31	4.13
	Past Service Cost		-	-	-	-
	Interest Cost		2.55	2.61	3.48	3.39
	Expected Return on Plan Assets		-	-	-	-
	Actuarial (Gains)/Losses		0.37	10.68	(8.76)	(6.23)
	Total Expense recognised		8.58	25.05	2.03	1.29
(e)	Category of Plan Assets :					
	Fund with LIC		-	-	-	-
	Central Government securities		-	-	-	-
	State Government securities		-	-	-	-
	Public Sector Bonds		-	-	-	-
	Others (including bank balances)		-	-	-	-
	Total		-	-	-	-
(f)	Actual Return on Plan Assets		-	-	-	-
(g)	Actuarial Assumptions					
	Discount Rate (Per annum)		8.00%	7.00%	7.80%	8.00%
	Expected Rate of Return on Assets (Per annum)		-	-	-	-
	Mortality Rate		LIC (1994-96)	LIC (1994-96)	LIC (1994-96)	LIC (1994-96)

Net Asset / (Liability) recognised in Balance Sheet including experience adjustment impact:
(Rs. Lakhs)

	Gratuity				
	2007 *	2008	2009	2010	2011
Present value of funded obligation		97.45	90.34	79.29	70.13
Fair Value of Plan Assets		97.45	90.34	80.41	70.13
Status [Surplus/(Deficit)]		-	-	1.12	-
Experience Adjustment of Plan Assets [Gain/(Loss)]		Not Available			
Experience Adjustment of Obligation [Gain/(Loss)]					

(Rs. Lakhs)

	Leave Encashment				
	2007*	2008	2009	2010	2011
Present value of unfunded obligation		32.60	49.75	43.46	35.34
Status [Surplus/(Deficit)]		-	-	-	-
Experience Adjustment of Plan Assets [Gain/(Loss)]		Not Available			
Experience Adjustment of Obligation [Gain/(Loss)]					

The estimates of future salary increases, considered in actuarial valuations, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. The expected return on plan assets is based on actuarial expectation of the average long term rate of return expected on investment of funds during the estimated term of the obligation.

* The year 2007-08 being the first year adoption of Accounting standard 15 (Revised 2005) on Employees Benefits, only the figures from 2007-08 have been given. The amount of present value of the obligations, fair value of plan assets, surplus or deficit in the plan and experience adjustment arising on plan liabilities and plan assets for the year 2006-07 was not available and therefore not disclosed.

16. In accordance with the transitional provisions of Accounting Standard 15 (Revised 2005), the additional liability arising on the first application of the Standard amounting to Rs. 13.69 Lakhs on account of Leave Encashment is being charged-off as an expense over a period of 5 years. The unamortised amount as detailed below has been disclosed as Miscellaneous Expenditure to the extent not written-off.

(Rs. Lakhs)

	Leave Encashment			
	2008	2009	2010	2011
Miscellaneous Expenditure to the extent not written-off	10.95	8.21	5.47	2.74

17. Basic and Diluted Earning / (Loss) Per Share:

i)	Basic	2006-07	2007-08	2008-09	2009-10	2010-11
a)	Number of Equity Shares at the beginning of the year	3000000	3000000	3000000	3000000	3000000
	Number of Equity Shares at the end of the year	3000000	3000000	3000000	3000000	3000000
	Weighted average number of Equity Shares Outstanding during the year	3000000	3000000	3000000	3000000	3000000
	Face value of each Equity Share - (Rs.)	10	10	10	10	10
b)	Profit / (Loss) after tax available for Equity shareholders (Rs.)	35727541	36776237	17489495	(18455857)	(93935533)
	Basic Earning / (Loss) per Share - (Rs.)	11.91	12.26	5.83	(6.15)	(31.31)
ii)	Dilutive potential Equity Shares					
	Diluted Earning / (Loss) per Share - (Rs.)	11.91	12.26	5.83	(6.15)	(31.31)

18. The Company is primarily engaged in execution of erection projects, which, in most cases involve supply of materials (procured or manufactured). Manufactured items are also supplied for servicing of refurbishment projects of clients and in a few cases to other customers. The management considers the entire activity process to be an integrated one. Further, the Company is managed organisationally as a single unit. Therefore, according to the management, the Company's operations are carried out in a single segment.

(C) QUALIFICATIONS IN AUDITORS' REPORTS

(i) Commission to non-executive directors subject to shareholders' approval:

The Auditors' Reports for the year ended 31st March 2009 included following qualification:

“(f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act and also give, subject to Note 18.5 on Schedule 18 to financial statements regarding Commission to non-executive directors of Rs. 2 lacs pending shareholders' approval, a true and fair view in conformity with the accounting principles generally accepted in India.”

The said comment has been replied by the directors in their report to the members that the same has been explained in the schedule No. 18.5 of Note on Accounts to the financial statement for 2008-09 as “Provided and outstanding at the year end, awaiting approval of the Shareholders in the forthcoming Annual General Meeting” and necessary resolution forms part of the Notice of the forthcoming Annual General Meeting. Subsequently the resolution has been passed in the annual general meeting held on 24th July 2009.

In view of the explanation and subsequent developments, the above mentioned qualification in Auditors' Reports stands satisfied.

(ii) Contingent Liability:

Particulars of statutory dues (i.e., Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty and Cess) which have not been deposited by the company on account of dispute and which are pointed out by statutory auditors in CARO and not considered partly/ fully as contingent liability by the management and have not been disclosed in Notes on Accounts are reproduced below:

2007			
Name of the Statute	Nature of Dues	Amount in lakhs	Forum where dispute is pending
The West Bengal Sales Tax Act, 1944	Declaration forms due for 1996-1997, disallowance of erection, freight and other charges	50.97	West Bengal Commercial Taxes Appellate and Revision Board
The Central Sales Tax Act, 1956	Declaration forms due for 1996-1997, disallowance of erection, freight and other charges	22.59	West Bengal Commercial Taxes Appellate and Revision Board
The Central Sales Tax Act, 1956	Non receipt of “C” forms, E-I/II certificates and other ad-hoc disallowances for 2003-2004	64.55	Assistant Commissioner of Commercial Taxes
The Income Tax Act, 1961	Disallowances of certain expenditures for Assessment Year 2004-2005	42.22	Commissioner of Income Tax, (Appeals)

2008			
Name of the Statute	Nature of Dues	Amount	Forum where dispute is

		in lakhs	pending
The West Bengal Sales Tax Act, 1944	Declaration forms due for 1996-1997, disallowance of erection, freight and other charges	50.97	West Bengal Commercial Taxes Appellate and Revision Board
The Central Sales Tax Act, 1956	Declaration forms due for 1996-1997, disallowance of erection, freight and other charges	22.59	West Bengal Commercial Taxes Appellate and Revision Board
The Central Sales Tax Act, 1956	Non receipt of "C" forms, E-I/II certificates and other ad-hoc disallowances for 2003-2004	64.55	Assistant Commissioner of Commercial Taxes
The Central Sales Tax Act, 1956	Non receipt of "C" forms, E-I/II certificates 2004-05	10.71	Assistant Commissioner of Commercial Taxes
Jharkhand State Sales Tax Act	Non receipt of Form IX and on account of minor disallowances 2004-05	3.41	Joint Commissioner of Commercial Taxes (Appeal)
The Income Tax Act, 1961	Disallowances of certain expenditures for Assessment Year 2004-2005	42.22	Commissioner of Income Tax, (Appeals)

2009			
Name of the Statute	Nature of Dues	Amount in lakhs	Forum where dispute is pending
The West Bengal Sales Tax Act, 1944	Declaration forms due for 1996-1997, disallowance of erection, freight and other charges	50.97	West Bengal Commercial Taxes Appellate and Revision Board
The Central Sales Tax Act, 1956	Declaration forms due for 1996-1997, disallowance of erection, freight and other charges	22.59	West Bengal Commercial Taxes Appellate and Revision Board
Jharkhand State Sales Tax Act	Non receipt of Form IX and on account of minor disallowances 2004-05	3.41	Joint Commissioner of Commercial Taxes (Appeal)
The Income Tax Act, 1961	Disallowances of certain expenditures for Assessment Year 2004-2005	42.22	Commissioner of Income Tax, (Appeals)

2010			
Name of the Statute	Nature of Dues	Amount in lakhs	Forum where dispute is pending
The West Bengal Sales Tax Act, 1944	Declaration forms due for 1996-1997, disallowance of erection, freight and other charges	48.89	West Bengal Commercial Taxes Appellate and Revision Board
The Central Sales Tax Act, 1956	Declaration forms due for 1996-1997, disallowance of erection, freight and other charges	20.34	West Bengal Commercial Taxes Appellate and Revision Board

2011			
Name of the Statute	Nature of Dues	Amount in lakhs	Forum where dispute is pending
The West Bengal Sales Tax Act, 1944	Declaration forms due for 1996-1997, disallowance of erection, freight and other charges	48.89	West Bengal Commercial Taxes Appellate and Revision Board
The Central Sales Tax Act, 1956	Declaration forms due for 1996-1997, disallowance of erection, freight and other charges	20.34	West Bengal Commercial Taxes Appellate and Revision Board

Annexure - V

STATEMENT OF SECURED LOANS

A. Secured Loans

(Rs. Lakhs)

Particulars		As at 31st March				
		2007	2008	2009	2010	2011
a)	Loan from Banks :					
	- Working capital loans from Banks Cash Credit/Working Capital Demand Loan	1522.98	1,585.03	2,016.95	2,877.37	2,619.09
	Total	1522.98	1,585.03	2,016.95	2,877.37	2,619.09
		Note - 1			Note - 2	
Note – 1						
Secured / to be secured by a charge created on all stocks (including in-process), Raw Materials, Stores, Book Debts (both present and future), Plant and Machinery (other than those for Propane Gas Project) and ranks pari passu at the point of security.						
Note – 2						
Secured by pari passu first charge among Working Capital Bankers on the whole of the hypothecated current assets and moveable assets including Plant and Machinery (other than Propane Gas Project at Jamshedpur), both present and future.						

Annexure – VI

Current Liabilities:

(Rs. In Lakhs)

Particulars		As at 31st March				
		2007	2008	2009	2010	2011
(a)	Sundry Creditors	3737.12 Note - 1	5118.51 Note - 2	6272.08 Note - 3	3692.36 Note - 4	1490.10 Note - 5
(b)	Advance from Customers	254.11	781.00	771.45	772.84	915.93
(c)	Other Liabilities	325.11	599.84	910.61	955.62	1917.40
(d)	Security Deposits	75.05	0.05	0.05	0.05	0.05
(e)	Interest accrued but not due	-	6.41	3.09	6.77	-
(f)	Unpaid Dividend	4.80	5.45	5.87	5.70	5.00
	Total (A)	4,396.19	6,511.26	7,963.15	5,433.34	4,328.48
Provisions :						
(a)	Provision for Proposed Dividend and Tax thereon	105.30	105.30	52.65	-	-
(b)	Provision for future expenses on erection contracts	57.11	-	-	-	-
	Total (B)	162.41	105.30	52.65	-	-
	Grand Total (A+B)	4,558.60	6,616.56	8,015.80	5,433.34	4,328.48

Note – 1:

- Sundry creditors inclusive of Lease obligation Rs.18.15 Lakhs
- Sundry creditors include Rs. 86.36 Lakhs due to Small Scale Industrial Undertakings.
- The above include the following Small Scale Industrial Undertakings to whom the company owes a sum for more than 30 days :
Atech (India), AK Industries, AN Instruments Pvt. Ltd, Asco strumech Pvt. Ltd, Baijanath Choubey, Engg. Service Enterprise, Flexpro Electrical Pvt. Ltd., Fecund Matflow, MN Engineers Co., Modern Stores & Engineering Concern, NL Hazra & Sons, Shiva Tara Engineers, Dynamic Industries, Matri Engineering, Pan Engineering, Ray Engineering Enterprise, De's Techno Pvt. Ltd, Roma Containers Pvt. Ltd, Emmanuel Engg. Pvt. Ltd, M Raman & Co., BDK Process Controls (P) Ltd., BDK Engg. Industries Ltd.
- The above information has been compiled in respect of parties to the extent to which they could be identified as Small Scale Industrial Undertaking on the basis of information available with the Company.

Note – 2:

- Total outstanding dues of Micro Enterprises and Small Enterprises Rs. 4.48 Lakhs
- Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises Rs.5,114.03 Lakhs
(Inclusive of Lease obligation Rs. 3.07 Lakhs)

Note – 3:

- Total outstanding dues of Micro Enterprises and Small Enterprises Rs. 2.97 Lakhs
- Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises Rs.6,269.11 Lakhs

Note – 4:

- a) Total outstanding dues of Micro Enterprises and Small Enterprises Rs. 4.40 Lakhs
 b) Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises Rs.3,687.96 Lakhs

Note – 5:

- a) Total outstanding dues of Micro Enterprises and Small Enterprises Rs. 4.19 Lakhs
 b) Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises Rs.1,485.91 Lakhs

Annexure – VII**STATEMENT OF INVESTMENTS****(Rs. In Lakhs)**

	Particulars	As at 31st March				
		2007	2008	2009	2010	2011
	Long Term Investments(Un Quoted) : Other than trade					
1	At cost: National Saving Certificate (Lodges as Security Deposit – Matured but not encashed)	0.01	0.01	0.01	0.01	0.01
2	At written down value Other Investments (Note below)	0.00	0.00	0.00	0.00	0.00
	Total Investments	0.01	0.01	0.01	0.01	0.01

Note

- a. Rs.7000, 5% Non-redeemable Registered Mortgage Debenture Stock 1957 – Woodlands Hospital and Medical Research Centre Ltd.
 b. 33 Nos. 1/2% Debentures of Rs.100 each- Woodlands Hospital and Medical Research Centre Ltd.

Annexure – VIII

STATEMENT OF FIXED ASSETS' MOVEMENT
Statement of Fixed Assets' movement in the year ended on 31st March, 2011 (Rs. In lakhs)

Particulars	G R O S S B L O C K				D E P R E C I A T I O N				N E T B L O C K	
	As at 01.04.2010	Addition	Deletion	As at 31.03.2011	Up to 01.04.2010	For the year	Write back	As at 31.03.2011	As at 31.03.2011	As at 31.03.2010
Tangible Assets:										
Land- Leasehold	1.74	-	-	1.74	0.78	0.02	-	0.80	0.94	0.96
Buildings	226.81	-	-	226.81	121.83	5.61	-	127.44	99.37	104.98
Plant & Machinery	926.10	7.58	14.70	918.98	647.92	43.35	12.14	679.13	239.85	278.18
Furniture & Fixtures	70.73	0.86	1.58	70.01	51.88	3.23	1.09	54.02	15.99	18.85
Electrical equipment	33.03	-	4.00	29.03	26.90	0.83	3.23	24.50	4.53	6.13
Air Conditioning Plant	15.14	-	-	15.14	9.80	0.74	-	10.54	4.60	5.34
Vehicles	40.46	-	0.02	40.44	37.22	0.84	0.02	38.04	2.40	3.24
Intangible Assets:										
Computer software	85.51	6.23	-	91.74	2.85	17.21	-	20.06	71.68	82.66
Grand Total	1399.52	14.67	20.30	1393.89	899.18	71.83	16.48	954.53	439.36	500.34
Previous Year	1330.70	99.44	30.62	1399.52	853.95	68.93	23.70	899.18	500.34	

Statement of Fixed Assets' movement in the year ended on 31st March, 2010 (Rs. In Lakhs)

Particulars	G R O S S B L O C K				D E P R E C I A T I O N				N E T B L O C K	
	As At 01.04.2009	Addition	Deletion	As at 31.03.2010	Up to 01.04.2009	For the year	Write Back	As at 31.03.2010	As at 31.03.2010	As at 31.03.2009
Tangible Assets:										
Land - Lease hold	1.74	-	-	1.74	0.76	0.02	-	0.78	0.96	0.98
Buildings	226.81	-	-	226.81	115.88	5.95	-	121.83	104.98	110.93
Plant & Machinery	940.32	7.07	21.29	926.10	613.05	51.93	17.06	647.92	278.18	327.27
Furniture & Fixtures	65.63	5.71	0.61	70.73	48.38	4.07	0.57	51.88	18.85	17.25
Electrical Equipment	34.09	0.01	1.07	33.03	26.77	1.20	1.07	26.90	6.13	7.32
Air Conditioning Plant	14.00	1.14	-	15.14	9.02	0.78	-	9.80	5.34	4.98
Vehicles	48.11	-	7.65	40.46	40.09	2.13	5.00	37.22	3.24	8.02
Intangible Assets:										
Computer software	-	85.51	-	85.51	-	2.85	-	2.85	82.66	-
Grand Total	1330.70	99.44	30.62	1399.52	853.95	68.93	23.70	899.18	500.34	476.75
Previous Year	1319.01	27.20	15.51	1330.70	780.79	81.46	8.30	853.95	476.75	

Statement of Fixed Assets' movement in the year ended on 31st March, 2009

(Rs. In Lakhs)

Particulars	G R O S S B L O C K				D E P R E C I A T I O N				N E T B L O C K	
	As At 01.04.2008	Addition	Deletion	As at 31.03.2009	Upto 01.04.2008	For the year	Write Back	As at 31.03.2009	As at 31.03.2009	As at 31.03.2008
Tangible Assets:										
Land - Lease hold	1.74	-	-	1.74	0.74	0.02	-	0.76	0.98	1.00
Buildings	226.81	-	-	226.81	109.58	6.30	-	115.88	110.93	117.23
Plant & Machinery	929.93	12.89	2.50	940.32	557.13	60.13	4.21	613.05	327.27	372.80
Furniture & Fixtures	61.33	5.64	1.34	65.63	43.37	5.65	0.64	48.38	17.25	17.96
Electrical Equipment	28.71	0.10	(5.28)	34.09	22.91	0.91	(2.95)	26.77	7.32	5.80
Air Conditioning Plant	13.75	0.57	0.32	14.00	8.53	0.77	0.28	9.02	4.98	5.22
Vehicles	42.47	8.00	2.36	48.11	32.39	5.90	(1.80)	40.09	8.02	10.08
<u>Assets Taken On Lease</u>										
Plant & Machinery	2.84	-	2.84	-	0.84	0.28	1.12	-	-	2.00
Electrical Equipment	5.43	-	5.43	-	2.39	0.70	3.09	-	-	3.04
Vehicles	6.00	-	6.00	-	2.91	0.80	3.71	-	-	3.09
Grand Total	1319.01	27.20	15.51	1330.70	780.79	81.46	8.30	853.95	476.75	538.22
Previous Year	1297.98	24.79	3.76	1319.01	696.26	88.13	3.60	780.79	538.22	

Statement of Fixed Assets' movement in the year ended on 31st March, 2008

(Rs. In Lakhs)

Particulars	G R O S S B L O C K				D E P R E C I A T I O N				N E T B L O C K	
	As At 01.04.2007	Addition	Deletion	As at 31.03.2008	Upto 01.04.2007	For the year	Write Back	As at 31.03.20 08	As at 31.03.2008	As at 31.03.2007
Tangible Assets:										
Land - Lease hold	1.74	-	-	1.74	0.72	0.02	-	0.74	1.00	1.02
Buildings	226.81	-	-	226.81	102.98	6.60	-	109.58	117.23	123.83
Plant & Machinery	845.26	18.38	(66.29)	929.93	462.78	68.55	(25.80)	557.13	372.80	382.48
Furniture & Fixtures	55.31	6.02	-	61.33	39.30	4.07	-	43.37	17.96	16.01
Electrical Equipment	28.32	0.39	-	28.71	21.92	0.99	-	22.91	5.80	6.40
Air Conditioning Plant	13.75	-	-	13.75	7.67	0.86	-	8.53	5.22	6.08
Vehicles	35.85	-	(6.62)	42.47	26.70	3.48	(2.21)	32.39	10.08	9.15
<u>Assets Taken On Lease</u>										
Plant & Machinery	69.13	-	66.29	2.84	24.83	1.81	25.80	0.84	2.00	44.30
Electrical Equipment	5.43	-	-	5.43	1.72	0.67	-	2.39	3.04	3.71
Vehicles	16.38	-	10.38	6.00	7.64	1.08	5.81	2.91	3.09	8.74
Grand Total	1297.98	24.79	3.76	1319.01	696.26	88.13	3.60	780.79	538.22	601.72
Previous Year	1118.72	261.89	82.63	1297.98	619.98	91.51	15.23	696.26	601.72	

Statement of Fixed Assets' movement in the year ended on 31st March, 2007

(Rs. In Lakhs)

Particulars	G R O S S B L O C K				D E P R E C I A T I O N				N E T B L O C K	
	As At 01.04.2006	Addition	Deletion	As at 31.03.2007	Upto 01.04.2006	For the year	Write Back	As at 31.03.2007	As at 31.03.20 07	As at 31.03.2006
Tangible Assets:										
Land - Lease hold	1.74	-	-	1.74	0.71	0.01	-	0.72	1.02	1.03
Buildings	226.81	-	-	226.81	95.97	7.01	-	102.98	123.83	130.84
Plant & Machinery	614.56	243.36	12.66	845.26	387.53	60.64	(14.61)	462.78	382.48	227.03
Furniture & Fixtures	46.70	9.15	0.54	55.31	34.92	4.57	0.19	39.30	16.01	11.78
Electrical Equipment	27.44	0.88	-	28.32	20.60	1.32	-	21.92	6.40	6.84
Air Conditioning Plant	12.52	1.23	-	13.75	6.70	0.97	-	7.67	6.08	5.82
Vehicles	33.62	7.27	5.04	35.85	28.34	3.06	4.70	26.70	9.15	5.28
<u>Assets Taken On Lease</u>										
Plant & Machinery	132.94	-	63.81	69.13	39.50	10.03	24.70	24.83	44.30	93.44
Furniture & Fixtures	0.58	-	0.58	-	0.23	0.02	0.25	-	-	0.35
Electrical Equipment	5.43	-	-	5.43	0.90	0.82	-	1.72	3.71	4.53
Vehicles	16.38	-	-	16.38	4.58	3.06	-	7.64	8.74	11.80
Grand Total	1118.72	261.89	82.63	1297.98	619.98	91.51	15.23	696.26	601.72	498.74
Previous Year	1054.95	82.08	18.31	1118.72	546.42	79.62	6.06	619.98	498.74	

Annexure – IX

STATEMENT OF SUNDRY DEBTORS

(Rs. In Lakhs)

Particulars	As at 31st March				
	2007	2008	2009	2010	2011
Unsecured :-					
Debts outstanding for a period exceeding six months -					
- Considered good	1329.37	2517.99	2909.33	3148.69	3526.65
- Considered doubtful	106.19	106.19	106.19	204.86	204.86
Total	1435.56	2624.18	3015.52	3353.55	3731.51
Less: Provision for Doubtful Debts	106.19	106.19	106.19	204.86	204.86
Total	1329.37	2517.99	2909.33	3148.69	3526.65
Other debts - Considered good	2438.93	2511.21	4008.60	2209.46	365.04
Total Sundry Debtors	3768.30	5029.20	6917.93	5358.15	3891.69

Annexure – X

STATEMENT OF LOANS AND ADVANCES

(Rs. In Lakhs)

Particulars	As at 31st March				
	2007	2008	2009	2010	2011
Unsecured – Considered good :					
(a) Advances recoverable in cash or in kind or for value to be received	203.31	291.84	328.21	459.02	1217.33
(b) Balance with Central Excise and other Government Authorities	5.22	4.78	4.52	1.88	15.21
(c) Tax payments and tax deducted at source less provision for Income Tax & Fringe benefit Tax	156.00	215.42	337.89	257.50	385.18
Total Loans and Advances	364.53	512.04	670.62	718.40	1,617.72

Annexure – XI

STATEMENT OF OTHER INCOME

(Rs. In Lakhs)

		As at 31st March				
Particulars		2007	2008	2009	2010	2011
Interest (net of Tax Deducted at Source) (Refer Note)		4.37	5.41	3.84	15.30	1.48
Rent		4.96	4.11	15.84	10.80	11.46
Profit on sale of Fixed assets		6.98	0.04	5.21	3.56	-
Miscellaneous receipts		0.52	3.18	26.14	5.44	0.65
Total Other Income		16.83	12.74	51.03	35.10	13.59

Note:

Interest includes Tax Deducted at source amounting to Rs. 0.12 lakhs (2006-07), Rs. 0.09 lakhs (2007-08), Rs. 0.16 lakhs (2008-09), Rs. 0.16 lakhs (2009-10), Rs. 0.08 lakhs (2010-11)

Annexure – XII

STATEMENT OF DIVIDEND PAID

		As at 31st March				
Particulars		2007	2008	2009	2010	2011
Equity Shares	Nos.	30,00,000	30,00,000	30,00,000	30,00,000	30,00,000
Preference Shares	Nos.	-	-	-	-	-
Face value Per Equity Share	Rupees	10	10	10	10	10
Face Value Per Pref. Share	Rupees	-	-	-	-	-
Paid up value Per Equity Share	Rupees	10	10	10	10	10
Paid up value Per Pref. Share	Rupees	-	-	-	-	-
Rate of Dividend	%	30	30	15	-	-
Total		30	30	15	-	-
Dividend Paid	Rs. In Lakhs	90.00	90.00	45.00	-	-
Tax on Dividend	Rs. In Lakhs	15.30	15.30	7.65	-	-

Annexure – XIII

STATEMENT OF RELATED PARTY DISCLOSURE
(in keeping with Accounting Standard 18)

<i>Name of Related Party</i>	<i>Relationship</i>
i) Parties where control exists:	
IOT Infrastructure & Energy Services Ltd. (Formerly Indian Oiltanking Ltd.)	Holding Company
IOT Engineering Projects Ltd.	Fellow Subsidiary – from 2008-09 onwards
IOT Design & Engineering Ltd.	Fellow Subsidiary - for 2010-11
ii) Key Managerial Personnel :	
Mr. R.K. Dutta, Chairman and Managing Director – upto 30 th September 2009.	
Mr. R.N. Basuray, Chief Executive Officer – with effect from 1 st October 2009.	

(Rs. In lakhs)

Nature of transactions	For the year ended 31.03.2007		For the year ended 31.03.2008		For the year ended 31.03.2009		
	Holding Company	Key Managerial personnel	Holding Company	Key Managerial personnel	Holding Company	Fellow Subsidiary	Key Managerial personnel
Sales & services billed	2,765.74	-	3,981.77	-	441.39	-	-
Purchase of raw materials and components	117.40	-	-	-	-	-	-
Other income- Rental income	-	-	-	-	4.44	11.40	-
Sale of fixed assets	-	-	-	-	6.45	-	-
Expenditure on other services	3.65	-	18.07	-	0.73	0.02	-
Outstanding balances as at the end of financial year:							
- Debtors	563.48	-	1729.93	-	-	-	-
- Loans and Advances	3.24	-	-	-	-	-	-
- Receivables (net)	-	-	-	-	791.84	10.47	-
- Payables	-	-	-	-	-	-	-
Dividend paid	49.91	-	49.91	-	49.91	-	-
Managing Director's remuneration		34.85		70.84			81.40

(Rs. In lakhs)

Nature of transactions	For the year ended 31.03.2010			For the year ended 31.03.2011		
	Holding Company	Fellow Subsidiary	Key Managerial personnel	Holding Company	Fellow Subsidiaries	Key Managerial personnel
Sales & services billed	154.79	-	-	2.25	-	-
Purchase of raw materials and components	-	-	-	-	0.54	-
Other income- Rental income	3.60	7.20	-	4.26	7.20	-
Sale of fixed assets	-	-	-	-	-	-
Expenditure on other services	1.56	-	-	1.83	-	-
Outstanding balances as at the end of financial year:						
- Debtors	-	-	-	-	-	-
- Loans and Advances	-	-	-	-	-	-
- Receivables (net)	83.23	-	-	-	-	-
- Payables	-	166.73	-	993.27	693.40	-
Dividend paid	24.96	-	-	-	-	-
Managing Director's remuneration			58.77			-

Annexure – XIV

STATEMENT OF CONTINGENT LIABILITIES

(Rs. Lakhs)

	As at	As at	As at	As at	As at
	31.03.2007	31.03.2008	31.03.2009	31.03.2010	31.03.2011
a) Claims not acknowledged as debts :					
(i) Disputed Sales Tax	31.19	*54.20	*9.52	*5.77	*5.77
(ii) Disputed Income Tax	-	-	63.81	179.25	321.23
(iii) Disputed Service Tax	-	-	310.15	162.14	162.14
(iv) Disputed Wealth Tax	-	-	-	3.17	3.17
(v) Sundry other matters for which court cases are pending	12.34	12.34	12.34	12.34	-

* On account of certain reliefs claimed which are under dispute and pending sales tax declaration forms

Annexure – XV

STATEMENT OF ACCOUNTING RATIOS

Particulars			As at 31st March					
			2007	2008	2009	2010	2011	
1	Adjusted Net Profit after Tax ,As restated for-							
	(a) Basic EPS	Rs. In Lakhs	357.28	367.76	174.89	(184.56)	(939.36)	
	(b) Basic EPS after Extra ordinary items	Rs. In Lakhs	357.28	367.76	174.89	(184.56)	(939.36)	
2	Weighted average number of Ordinary Shares for:							
	(a) Basic EPS	Numbers	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	
	(b) Basic EPS after Extra ordinary items	Numbers	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	
3	Number of Ordinary Shares outstanding at the end of the period/year	Numbers	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	
4	Net Worth	Rs. In Lakhs	1937.06	2188.58	2313.56	2131.74	1195.12	
5	Accounting Ratios							
(i)	(a) Basic EPS [(1)(a)/(2)(a)]	Rupees	11.91	12.26	5.83	(6.15)	(31.31)	
	(b) Basic EPS after Extra ordinary Items [(1)(b)/(2)(b)]	Rupees	11.91	12.26	5.83	(6.15)	(31.31)	
(ii)	Return on Net Worth[(1)(b)/(4)] x 100	Percentage	18.44%	16.80%	7.56%	(8.66)%	(78.60)%	
(iii)	Net Assets Value per Share [(4) / (3)]	Rupees	64.57	72.95	77.11	71.06	39.84	
Notes:								
(a) The above ratios have been computed on the basis of the Restated Statement of Assets and Liabilities and Profit and Losses. (Annexure I and Annexure II).								
b) Returns on Net Worth represents Adjusted Net Profit after Tax divided by Adjusted Net Worth.								
c) Net Assets Value per share is calculated as Net Worth at the end of each financial year divided by the number of equity shares outstanding at the end of each financial year.								

CAPITALISATION STATEMENT

Rs. in Lakhs		
Particulars	Pre-Issue as at	Adjusted for Rights issue
	31st March 2011	
Borrowings:		
Secured Loans	2,619.08	-
Unsecured Loans	-	-
Total Debt	2,619.08	-
Shareholders' Funds:		
Share Capital	300.00	-
Reserves and Surplus	858.02	-
Total Share holders' Funds	1,158.02	-
Debt / Equity Ratio	2.26	-

Annexure – XVII

STATEMENT OF TAX SHELTER

(Rs. In Lakhs)

Particulars	Year Ended 31 st March,				
	2007	2008	2009	2010	2011
Tax rate including surcharge	33.66	33.99	33.99	30.90	30.90
Profit before tax and extra-ordinary items	606.49	531.80	302.13	(209.10)	(928.59)
Tax at normal rate	204.14	180.76	102.69	(64.61)	(286.93)
Adjustments:-					
(i) Permanent Difference :					
Capital gain - Income from surrender of Tenancy Rights	-	-	(10.00)	-	-
Principal element of Finance Lease on Fixed Assets capitalised in the books but claimed as revenue expenditure as allowable under section 37(1) of the Income Tax Act, 1961	(49.48)	(15.07)	(3.07)	-	-
Other adjustments	0.10	1.40	0.92	1.59	0.20
(ii) Timing Difference :					
Difference in depreciation as per Income Tax and as per book of accounts	2.73	29.93	33.97	2.62	(1.96)
Disallowances under section 43B of the Income Tax Act, 1961	45.19	203.60	30.08	91.14	(120.00)
VRS Payment claimed under section 35DDA of the Income Tax Act, 1961	(2.01)	4.75	26.01	(11.11)	31.80
Amounts inadmissible under section 40(a) of the Income Tax Act, 1961	149.51	(72.82)	(6.11)	7.12	(60.00)
Provision for bad debts	-	-	-	98.66	-
Other adjustments	(343.68)	(571.75)	(262.35)	34.65	289.98
Total Adjustments	(197.64)	(419.96)	(190.55)	224.67	140.02
Tax Expenses/(Savings) on total adjustments	(66.53)	(142.74)	(64.77)	69.42	43.27
Taxable Income	408.85	111.84	111.58	15.57	(788.57)
Income-tax	137.62	38.01	37.93	4.81	-
Extra Ordinary items-Net	-	-	-	-	-
Tax at normal rate	-	-	-	-	-
Reversal of timing difference relating to disallowances u/s 43B.	-	-	-	-	-
Tax Expenses/(Savings) on above adjustment	-	-	-	-	-

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

The Company is a multidisciplinary company engaged in providing engineering and construction services to our clients, in a variety of sectors including metals, hydrocarbons, power, fertilizer, etc.

We have extensive expertise in the areas of pipe-work engineering and fluid handling, as also in welding and fabrication. The Company is mainly engaged in Project Management and Construction in various project sites and fabrication of equipments/items at our fabrication sites located at Khidderpore and Jhinhirapole, in an around Kolkata. The project and construction services business deals with overall Project Management, Design and Engineering, Procurement of bought-out items, Fabrication and erection of pipes and equipments at various sites including civil, structural, electrical and instrumentation. We also provide design engineering services for fabrication of items like coils, skirt and hoods with cooling rings, pipes and pipe fittings, pressure vessels, storage tanks and small heat exchangers.

Our Company was initially incorporated in the year 1937 as a fully owned subsidiary of Stewarts and Lloyds, UK which was a known maker of steel and steel pipes. While business activities were initially limited to marketing of products manufactured by Stewarts and Lloyds, UK, the Company later widened its activities and started into design, manufacturing and erection of industrial piping. The Company also entered into design and manufacture of tubular structures, as also into manufacture of high pressure vessels, forged buttweld and socketweld pipe fittings.

Our registered and corporate office is located in Kolkata. Further, the Company has regional offices at Mumbai, Chennai and Noida mainly for liaison purposes. We have two workshops in and around Kolkata. As on August 16, 2011, we had 126 permanent employees.

Important Factors Concerning our Business

1. The ability of the Company to realize revenues, cash flow and profit from our Order Book

The Company's Order Book comprises of the estimated contract value of the unexecuted portion of our existing contract. Our Order Book was Rs. 7473 lakhs as of June 30, 2011. Our Order Book as of June 30, 2011 is comprised of projects from various sectors, with a majority coming from the hydrocarbon sector.

2. Our plans to tie up with globally reputed agencies for business collaboration, like technologies for lime and dolomite kilns

We feel that we are not in possession of any advanced technological knowhow and/or do not have significant experience in executing high-value contracts. We are actively seeking partnerships or collaborative tie-ups with reputed houses which shall provide improved competitive edge over our competitors

3. Proposed expansion of the steel and Hydrocarbon sector in India

With the increasing investment, demand and consumption in the steel sector we believe our order book would incrementally increase over the years. The steel sector has grown over the past decade registering a growth of 9.5%.

The petroleum sector is tipped to grow at a rate of 4.5% annually by the end of the XIth Five Year Plan, and crude refining capacity is expected to be at 240 million tonnes in the same period. This along with new discoveries in the petroleum sector would push the demand for piping and construction services. We anticipate our order book to increase based on these factors.

4. Our ability to bid for and win and execute new contracts

With the backing of our promoter, we anticipate more work in the construction domain to come to us both internally and due to the brand name. With investment in information technology, we expect to further integrate our business functions. This would help us avoid competition by smaller players for many contracts that we bid for.

5. Improvement in the skill-set of our employee base, through training or further hiring.

Due to the increased use of technology and better processes in the construction domain, it is important for our Company to continually improve the skill set of our employees, which will determine our competitiveness in the market.

Our business activities

Erection Services:

We are involved in fabrication and erection of mechanical, structural, civil works, piping, painting and allied jobs in various industrial sectors, with a special focus on the hydrocarbon and steel sectors. We typically enter into either composite contracts, that involve not only erection but also supply of steel structures, pipes and pipe fittings, equipments for site-level works and labour as well. The other type of contract is divisible contracts, where the supply portion and erection portion is bifurcated. Of late, we have also executed certain turn-key contracts, which involve basic designing as well.

Manufacturing activities

We have two workshops in Khidderpore and Jhinhirapole respectively, in Kolkata from where our manufacturing activities are carried out. We produce customized products like economizer coils, high-pressure vessels, skirt hood, etc. which are used mainly in the metal sector. Our manufacturing process includes detailed engineering, procurement of raw materials, fabrication and supply. Besides, our workshops provide support for our erection sites as well.

Trading activities

Our trading activities pertain to the various divisible contracts undertaken by us for the procurement and supply of equipments required for execution of the contract. Divisible contracts are mainly prevalent in the metal sector, whereas composite contracts are the norms in hydrocarbon sector. Divisible contracts provide early realization of contract amounts as billing is done immediately after supply of materials to customers, whereas in the case of composite contracts, contract value is realized only after erection of respective supplies. Our trading activities thus result in lower working capital requirements for the Company.

Significant accounting policies of the Company

For details on Significant Accounting Policies followed by the Company, please refer to the Chapter titled "Financial Statements" beginning on page 136 of this Draft Letter of Offer.

Comparison of Financial Performance

Year Ended March 31st, 2011 compared to year ended March 31st 2010

Revenue

Our total income decreased by Rs. 4056.80 lakhs, or 66%, to 2087.91 lakhs in the year ended March 31st 2011 from Rs. 6144.71 lakhs in the year ended March 31st 2010. Total operating income decreased by Rs. 4121.79 lakhs, or 67%, to Rs. 2029.69 lakhs in the year ended March 31st 2011 from Rs. 6151.48 lakhs in the year ended March 31st 2010.

Erection Services

Income derived from erection services decreased by Rs. 3566.59 lakhs, or 69% to Rs. 1571.19 lakhs in the year ended March 31st 2011 from Rs. 5137.78 lakhs in the year ended March 31st 2010, primarily as a result of, dearth of orders and stall in current tenders in fabrication which is the Company's core business unit, lack of incremental order book and greater exposure to composite contracts where revenue generation is not immediate and occurs only at the completion of the activity. The specific instances being CPCL – Manali, IOCL – Mathura, IOCL – Bongaigaon etc. where projects were delayed mainly due to non availability of sequential fronts in time, delay in handing over the free issue materials, frequent changes in drawings in general among others.

Products Manufactured by the Company

Income derived from products manufactured by the company decreased by Rs. 101.73 lakhs, or 85%, to Rs. 17.31 lakhs in the year ended March 31st 2011 from Rs. 119.04 lakhs in the year ended March 31st 2010, primarily because our manufacturing activities act as backward integration for our erection services besides supply of customized products to various steel and oil sector companies like SAIL, TSL etc. where ordering process was slowed down by the

respective clients during the recessionary period and lack of replacement activities of such products by them.

Products traded in by the Company

Income derived from products traded in by the company decreased by Rs.453.47 lakhs, or 51% to Rs. 441.19 lakhs in the year ended March 31st 2011 from Rs. 894.66 lakhs in the year ended March 31st 2010, primarily as a result of, greater exposure to composite contracts and dearth of new divisible orders.

Other Income

Other Income decreased by Rs. 21.51 lakhs, or 61% to Rs. 13.59 lakhs in the year ended March 31st 2011 from Rs.35.10 lakhs in the year ended March 31st 2010, primarily as a result of, interest arising from refund of income tax in the previous year, decrease in miscellaneous receipts and no income from sale of fixed assets in the current year.

Operating Expenses and Profit Before Interest, Depreciation, Taxes and Amortization

Total operating expenses decreased by Rs. 3316.11 lakhs, or 56.5% to Rs. 2550.33 lakhs in the year ended March 31st 2011, from Rs.5866.44 lakhs in the year ended March 31st 2010.

Loss before interest, depreciation, tax and amortization stood at Rs. 427.33 lakhs in the year ended March 31st 2011, from a profit before interest, depreciation, tax and amortization of Rs. 195.03 lakhs in the year ended March 31st 2010.

Material Consumption

Material Consumption decreased by Rs. 331.24 lakhs, or 61.6% to Rs. 206.83 lakhs in the year ended March 31st 2011, from Rs. 538.07 lakhs in the year ended March 31st 2010 due to reduced supply activities.

As a percentage of revenue from products manufactured and traded by us, material consumption changed from 53.1% in 2010 and 45.1% in 2011 primarily as a result of lower material cost at various orders been executed for TSL as per billing breakup.

Staff Costs

Staff Costs decreased by Rs. 288.2 lakhs, or 30.7% to Rs. 650.42 lakhs in the year ended March 31st 2011, from Rs.938.62 lakhs in the year ended March 31st 2010, primarily as a result of high attrition between cross functional areas of engineering. At the same time the Company did not fill in all vacancies except need based requirement in order to streamline its operations.

Other Operating Expenses

Other operating expenses decreased by Rs. 2625.87 lakhs, or 63.6% to Rs. 1501.78 lakhs in the year ended March 31st 2011, from Rs. 4127.65 lakhs in the year ended March 31st 2010, primarily as a result of lower activities due to dearth of new orders and downward revision in some of the order values, particularly in major part of works at TSL, Jameshedpur, IOCL/BRPL, Bongaigaon.

Administration Charges

Administration Charges decreased by Rs.70.8 lakhs, or 27% to Rs. 191.3 lakhs in the year ended March 31st 2011, from Rs.262.1 lakhs in the year ended March 31st 2010, primarily as a result of, three pivotal factors, firstly, due to severe austerity drive, secondly lower business activity and thirdly, reduction in manpower.

Interest and Finance Charges

Interest and Finance Charges increased by Rs.94.23 lakhs, or 28% to Rs. 429.43 lakhs in the year ended March 31st 2011 from Rs.335.2 lakhs in the year ended March 31st 2010, primarily as a result of, high borrowing costs. The increase in composite contract activities involves additional working capital requirements till the liquidation of final bill. Additionally, RBI has been increasing the bank borrowing rate continually as a function of macroeconomic policies. Along with the above mentioned, the company's credit rating has been on a downward spiral due to successive decrease in performance resulting into higher interest cost above the bank base rate.

Depreciation

Our Depreciation increased by Rs. 2.9 lakhs, or 4.2% to Rs.71.83 lakhs in the year ended March 31st 2011, from Rs.68.93 lakhs in the year ended March 31st 2010.

Profit Before Tax

Our loss increased by Rs. 719.49 lakhs, or 344.1% to Rs. 928.59 lakhs in the year ended March 31st 2011 from a loss of Rs. 209.1 lakhs in the year ended March 31st 2010 as contribution from lower performance were not sufficient to cover fixed overhead and finance charges.

Taxation

Total tax adjustments for the year were Rs. 10.77 lakhs on account of deferred taxes.

Profit After Tax

Net loss increased by Rs. 754.8 lakhs, to Rs. 939.36 lakhs in the year ended March 31st 2011, from a loss of Rs. 184.56 lakh in the year ended March 31st 2010.

Year ended March 31st, 2010 compared to year ended March 31st, 2009

Revenue

Our total income decreased by Rs. 3421.39 lakhs, or 35.8%, to Rs. 6144.71 lakhs in the year ended March 31st 2010 from Rs. 9566.10 lakhs in the year ended March 31st 2009. Total operating income decreased by Rs. 3385.89 lakhs, or 35.5%, to Rs. 6151.48 lakhs in the year ended March 31st 2010 from Rs. 9537.37 lakhs in the year ended March 31st 2009.

Erection Services

Income from the erection services decreased by Rs. 1896.35 lakhs, or 27% to Rs. 5137.78 lakhs in the year ended March 31st 2010 from Rs. 7034.13 lakhs in the year ended March 31st 2009, primarily as a result of, a lower incremental order book, and unforeseen project delays which led to reduction in revenue. Mainly due to lower activities at its erection sites viz. IOCL/BRPL – Bongaigaon, TSL – Jamshedpur, BORL –Bina. Apart from this, our income further reduced due to retendering of large orders at sites like, Burnpur, Durgapur and Bokaro, where we were the lowest bidders.

Products Manufactured by the Company

Income from products manufactured by the company decreased by Rs. 6.42 lakhs, or 5.1%, to Rs. 119.04 lakhs in the year ended March 31st 2010 from Rs. 125.46 lakhs in the year ended March 31st 2009.

Products traded in by the Company

Income from products traded in by the company decreased by Rs.1483.12 lakhs, or 62.4% to Rs. 894.66 lakhs in the year ended March 31st 2010 from Rs. 2377.78 lakhs in the year ended March 31st 2009, primarily as a result of, higher mix of composite contract activities as a percentage of total outstanding contracts.

Other Income

Other Income decreased by Rs. 15.93 lakhs, or 31.2% to Rs. 35.1 lakhs in the year ended March 31st 2010 from Rs. 51.03 lakhs in the year ended March 31st 2009, primarily as a result of, lower miscellaneous receipts and lower collection of rent income.

Operating Expenses and Profit Before Interest, Depreciation, Taxes and Amortization

Total operating expenses decreased by Rs. 3061.46 lakhs, or 34.3% to Rs. 5866.44 lakhs in the year ended March 31st 2010, from Rs. 8927.9 lakhs in the year ended March 31st 2009.

Profit before interest, depreciation, tax and amortization decreased by Rs. 462.34 lakhs, or 70.33% to Rs. 195.03 lakhs in the year ended March 31st 2010, from Rs. 657.37 lakhs in the year ended March 31st 2009.

Material Consumption

Material Consumption decreased by Rs. 705.4 lakhs, or 56.7% to Rs. 538.07 lakhs in the year ended March 31st 2010, from Rs.1243.47 lakhs in the year ended March 31st 2009, primarily due to reduced supply activities.

As a percentage of products manufactured and traded by us, material consumption changed from 49.7% in 2009 and 53.1% in 2010 primarily as a result of lower material cost at various orders been executed for TSL as per billing breakup.

Staff Costs

Staff Costs decreased by Rs. 30.28 lakhs, or 3.1% to Rs. 938.62 lakhs in the year ended March 31st 2010, from Rs.968.9 lakhs in the year ended March 31st 2009.

Other Operating Expenses

Other operating expenses decreased by Rs. 2339.29 lakhs, or 36.2% to Rs. 4127.65 lakhs in the year ended March 31st 2010, from Rs. 6466.94 lakhs in the year ended March 31st 2009, primarily as a result of, lower business activities due to changed business scenario with the onset of the recession, stiff competition from smaller players, medium size bidders and lower volumes of new composite contracts.

Administration Charges

Administration Charges increased by Rs. 13.51 lakhs, or 5.4% to Rs. 262.1 lakhs in the year ended March 31st 2010, from Rs.248.59 lakhs in the year ended March 31st 2009.

Interest and Finance Charges

Interest and Finance Charges increased by Rs.61.43 lakhs, or 22.4% to Rs. 335.2 lakhs in the year ended March 31st 2010 from Rs.273.77 lakhs in the year ended March 31st 2009, primarily as a result of, onset of recession where the non - availability of soft loans such as FCNR Loan, short term bank loans etc. at a lower rate led to increased borrowing rate of working capital.

Depreciation

Our Depreciation decreased by Rs. 12.54 lakhs, or 15.4% to Rs.68.93 lakhs in the year ended March 31st 2010, from Rs.81.47 lakhs in the year ended March 31st 2009.

Profit Before Tax

We incurred a loss of Rs. 209.1 lakhs in the year ended March 31st 2010 as compared to a profit of Rs.302.13 lakhs in the year ended March 31st 2009, due to disproportional decrease in expenditure, non – recovery of fixed overheads due to lower turnover and primarily because of low business activities at GAIL – PATA, NRL - Siliguri, ONGC – Rudrasagar.

Taxation

Total tax benefits for the year was Rs. 24.54 lakhs in the year ended March 31st 2010, only on account of deferred taxes adjustments.

Profit After Tax

Net loss stood at Rs. 184.56 lakhs in the year ended March 31st 2010, from a profit of Rs. 174.89 lakh in the year ended March 31st 2009.

Year ended March 31st, 2009 compared to year ended March 31st, 2008

Revenue

Our total income decreased by Rs. 1550.34 lakhs, or 13.9%, to Rs. 9566.10 lakhs in the year ended March 31st 2009 from Rs. 11,116.44 lakhs in the year ended March 31st 2008. Total operating income decreased by Rs. 1568.04 lakhs, or 14.1%, to Rs. 9537.37 lakhs in the year ended March 31st 2009 from Rs. 11,105.41 lakhs in the year ended March 31st 2008.

Revenues for our products manufactured by the Company decreased by Rs. 289.54 lakhs, or 69.8%, to Rs. 125.46 lakhs in the year ended March 31st 2009 from Rs. 415 lakhs in the year ended March 31st 2008.

Revenues for our products traded in by the Company decreased by Rs.125.08 lakhs, or 5.0% to Rs. 2377.78 lakhs in the year ended March 31st 2009 from Rs. 2502.86 lakhs in the year ended March 31st 2008.

Revenues for our erection services segment decreased by Rs. 1153.42 lakhs, or 14.1% to Rs. 7034.13 lakhs in the year ended March 31st 2009 from Rs. 8187.55 lakhs in the year ended March 31st 2008.

Erection Services

Income derived from erection services decreased by Rs. 1153.42 lakhs, or 14.1% to Rs. 7034.13 lakhs in the year ended March 31st 2009 from Rs. 8187.55 lakhs in the year ended March 31st 2008, primarily as a result of, lower incremental order book, unforeseen project delays which led to lower erection activities mainly at its sites viz. NRL - Siliguri, TSL – Jamshedpur and Hindalco – Muri.

Products Manufactured by the Company

Income derived from products manufactured by the company decreased by Rs. 289.54 lakhs, or 69.8%, to Rs. 125.46 lakhs in the year ended March 31st 2009 from Rs. 415 lakhs in the year ended March 31st 2008, primarily as a result of, lower incremental order book which led to lower business exports to Konkola Copper Mines – Zambia, DPSC Ltd. and SMS Demag Pvt Ltd.

Products traded in by the Company

Income from products traded in by the company decreased by Rs. 125.08 lakhs, or 5.0% to Rs. 2377.78 lakhs in the year ended March 31st 2009 from Rs. 2502.86 lakhs in the year ended March 31st 2008, primarily as a result of, lower incremental order book which led to lower business activities at TSL – Jamshedpur.

Other Income

Other Income increased by Rs. 38.29 lakhs, or 300.5% to Rs. 51.03 lakhs in the year ended March 31st 2009 from Rs. 12.74 lakhs in the year ended March 31st 2008, primarily as a result of, incremental increase in rental income, surrender of tenancy rights of property in Mumbai, refund of excise duty, etc..

Operating Expenses and Profit Before Interest, Depreciation, Taxes and Amortization

Total operating expenses decreased by Rs. 1438 lakhs, or 13.9% to Rs. 8927.9 lakhs in the year ended March 31st 2009, from Rs. 10,365.90 lakhs in the year ended March 31st 2008.

Profit before interest, depreciation, tax and amortization decreased by Rs. 131.93 lakhs, or 16.7% to Rs. 657.37 lakhs in the year ended March 31st 2009, from Rs. 789.30 lakhs in the year ended March 31st 2008.

Material Consumption

Material Consumption decreased by Rs. 706.34 lakhs, or 36.2% to Rs. 1243.47 lakhs in the year ended March 31st 2009, from Rs.1949.81 lakhs in the year ended March 31st 2008, due to reduced supply activities.

As a percentage of products manufactured and traded by us, material consumption changed from 66.8% in 2008 and 49.6% in 2009 primarily as a result of lower material cost at various orders been executed for TSL as per billing breakup.

Staff Costs

Staff Costs increased by Rs.33.29 lakhs, or 3.6% to Rs. 968.9 lakhs in the year ended March 31st 2009, from Rs.935.61 lakhs in the year ended March 31st 2008.

Other Operating Expenses

Other operating expenses decreased by Rs. 717.46 lakhs, or 10% to Rs. 6466.94 lakhs in the year ended March 31st 2009, from Rs. 7184.40 lakhs in the year ended March 31st 2008, primarily as a result of, lower business activities, stiff competition from smaller players, medium size bidders and lower volumes of new composite contracts.

Administration Charges

Administration Charges decreased by Rs. 47.49 lakhs, or 16% to Rs. 248.59 lakhs in the year ended March 31st 2009, from Rs. 296.08 lakhs in the year ended March 31st 2008, primarily as a result of, lower business activities, reduction in manpower.

Interest and Finance Charges

Interest and Finance Charges increased by Rs.104.4 lakhs, or 61.6% to Rs. 273.77 lakhs in the year ended March 31st 2009, from Rs.169.37 lakhs in the year ended March 31st 2008, due to blockage of working capital for execution of various composite contracts by the virtue of increased bank borrowing and also because of interest bearing advances from clients.

Depreciation

Depreciation decreased by Rs. 6.66 lakhs, or 7.6% to Rs.81.47 lakhs in the year ended March 31st 2009, from Rs.88.13 lakhs in the year ended March 31st 2008.

Profit Before Tax

Our profit decreased by Rs. 229.67 lakhs, or 43.2% to Rs. 302.13 lakhs in the year ended March 31st 2009 from Rs.531.8 lakhs in the year ended March 31st 2008, due to disproportional decrease in expenditure and non – recovery of fixed overheads due to lower turnover.

Taxation

Tax decreased by Rs.36.8 lakhs, or 22.4% to Rs. 127.24 lakhs in the year ended March 31st 2009, from 164.04 lakhs in the year ended March 31st 2008, primarily as a result of, deferred tax adjustments.

Profit After Tax

Net profit before extra ordinary items decreased by Rs. 192.87 lakhs, or 52.4% to Rs. 174.89 lakhs in the year ended March 31st 2009, from Rs. 367.76 lakh in the year ended March 31st 2008.

Cash Flow

The following table sets out our consolidated and summarized cash flows for each of the periods indicated:

Particulars	Year ended March 31 st , (Rs. lakhs)		
	2011	2010	2009
Net Cash from/(used in) operating activities	690.15	(442.43)	(31.69)
Net Cash from/(used in) investing activities	(9.75)	(23.45)	(23.00)

Net Cash from/(used in) financing activities	(695.19)	476.08	49.95
Net increase/(decrease) in cash	(14.79)	10.20	(4.74)

Operating Activities

We generated net cash from operating activities of Rs. 690.15 lakhs in the year ended March 31st, 2011 as compared to net cash used in operating activities of Rs. 442.43 lakhs in the year ended March 31st, 2010. Our operating profit before working capital requirements adjustments in the year ended March 31st, 2011 stood at (Rs. 454.01) lakhs as compared to Rs. 258.63 lakhs in the year ended March 31st, 2010. Our working capital adjustments in the year ended March 31st, 2011 included a decrease in current assets mainly due to decrease in work in progress (construction contracts) at IOCL – Bongaigaon and TSL – Jamshedpur. Moreover we witnessed a decrease in receivables, along with an increase in loans and advances.

We used net cash in operating activities of Rs. 442.43 lakhs in the year ended March 31st, 2010 as compared to net cash used in operating activities of Rs. 31.69 lakhs in the year ended March 31st, 2009. Our operating profit before working capital requirements adjustments in the year ended March 31st, 2010 stood at Rs. 258.63 lakhs as compared to Rs. 635.36 lakhs in the year ended March 31st, 2009. Our working capital adjustments in the year ended March 31st, 2010 included a decrease in receivables along with a decrease in work in progress (construction contracts) at IOCL – Bongaigaon, TSL – Jamshedpur, CPCL – Chennai and IOCL – Mathura.

We used net cash operating activities of Rs. 31.69 lakhs in the year ended March 31st, 2009 as compared to net cash generated from operating activities of Rs. 252.59 lakhs in the year ended March 31st, 2008. Our operating profit before working capital requirements adjustments in the year ended March 31st, 2009 stood at Rs. 635.36 lakhs as compared to Rs. 738.35 lakhs in the year ended March 31st, 2008. Our working capital adjustments in the year ended March 31st, 2009 included an increase in receivables mainly due to addition of new projects at CPCL – Chennai and IOCL – Mathura, and increase in receivables in the existing projects at IOCL/BRPL – Bongaigaon and TSL – Jamshedpur.

Investing Activities

Our net cash used in investing activities in the year ended March 31st, 2011, 2010, 2009 was Rs. 9.75 lakhs, 23.45 lakhs and 23 lakhs respectively. Principal uses of cash in investing activities were procuring need based construction equipment and investment in information technology by the Company.

Financing Activities

Our net cash used in financing activities in the year ended March 31st, 2011 was Rs. 695.19 lakhs, as compared to generation of Rs. 476.08 lakhs and Rs. 49.95 lakhs, for the years ended March 31st, 2010 and 2009 respectively, primarily due to average incremental increase in bank

borrowing for the financial years 2009 and 2010. Although the year end position in Fiscal Year 2011 stood lower than Fiscal Year 2010 by Rs.258.29 lakhs due to repayment of availment.

Indebtedness

Our consolidated indebtedness as of March 31st 2011, stood at Rs. 2619.09 lakhs which was in form of secured debt by a means of *pari passu* first charge among working capital bankers on the whole of the hypothecated current assets and movable assets including plant and machinery (other than propane gas project at Jamshedpur), both present and future.

Contingent Liability

Our Primary contingent liability not provided for as of March 31st 2011, included the following

	Position as at 31 st March 2011 (Rs Lakhs)
Claims not acknowledged as debts:	
Disputed Sales Tax	5.77
Disputed Income Tax	321.23
Disputed Service Tax	162.14
Disputed Wealth Tax	3.17

Disputed Sales Tax:

The amount pertains to certain reliefs on account of labour and declaration forms claimed by the Company but not admitted by the Sales Tax Department. The Company has contested the same at the appropriate forum. The matter is currently pending for disposal.

Disputed Income Tax:

The amount pertains to demands raised by the Income Tax Department alleging under assessing of capital gains, on account of disallowance of certain expenditure and deduction claimed on retention amount included in sales. The Company has contested the same at the appropriate fora and the matters are currently pending for disposal.

Disputed Service Tax:

The amount pertains to demands raised by the Service Tax Department on

1. Erection services: The Company claims that these demands are for services provided prior to notification of levy of service tax on erection services.
2. Trading sales treated as business auxiliary services: the Company claims that, trading sales would not fall within the purview of service tax. However, the Company has fulfilled the required obligations under the relevant Sales Tax Act on account of such trading sales.

The Company has contested both the cases at appropriate fora and the matters are currently pending for disposal.

Disputed Wealth Tax:

The Company has disposed of industrial land owned by it in Chennai. The income tax authorities have claimed wealth tax on this land. The Company has contested on the ground that, as per The Wealth Tax Act, 1957, wealth tax is not leviable on industrial land.

Provision for doubtful debt:

A provision of Rs. 98.66 lakhs has been kept aside in the financial year 2010 on account of receivables mainly from L&T, SAIL – Durgapur, Sriram Energy Systems Limited which have been long overdue.

Provision for future expenses:

On completion of certain contracts for which provision for future expenses of Rs. 57.12 lakhs was made earlier, The Company has written back the same in the financial year 2008.

Gross Block:

Recently the Company has not incurred substantial capital expenditure except an investment of Rs. 85.51 lakhs and Rs. 6.23 lakhs in the financial years 2010 and 2011 respectively towards upgrading Information Technology.

Competition:

We face intense competition from both the bigger and smaller players in our business. Due to growing integration between technology and our core competencies, we compete with players who are better equipped than us technologically. We are trying to improve our capabilities through implementation of an ERP Solution as well as through business collaborations. Some of our competitors include Shapoorji Pallonji & Company Limited, Bridge and Roof Company (India) Limited, Powermax India Private Limited, etc. as well as some foreign players.

Interest Rate Risk:

Due to successive downtrend in our performance, which is due to various factors such as execution delays and general downtrend in the economy, our credit rating has been impacted negatively. This has resulted in higher interest costs for the Company. Additionally, RBI has increased the bank borrowing rate continually as a function of macroeconomic conditions.

The Company, however does not hedge its interest rate risk as it does not have any exposure to any long term debts.

Commodity Risk:

We are exposed to fluctuations in the prices of raw materials and components used in our construction Business. These commodities include steel, cement and base metals, among others. The costs of components and various spare parts sourced from outside manufacturers may also fluctuate based on the fluctuation in prices of inputs and on supply constraints. In the normal course of business, we primarily purchase these raw materials and components on a purchase order basis. Our fixed price contracts typically do not provide index based variable-price contracts for any commodity costs, including that of steel. Thus, we are generally exposed to commodity price fluctuations in the performance of our contracts. In certain instances, we negotiate with our suppliers to provide extended validity periods for quotations in order to mitigate the risk.

To mitigate commodity risk, at the bidding stage, we consider the anticipated fluctuations in prices of key raw materials and labour based on our experience and forecasts provided by external parties like CMIE.

Seasonality:

Our business is not seasonal in nature. It is directly dependent on the investment activity in steel and petroleum sector and the macroeconomic developments in the same. Our construction activity though faces some pressure during the monsoon season as work is hampered during the monsoon months.

Significant Developments post March 31, 2011:

- i. New contracts:
 - a. The Company has received an order worth Rs. 313 lakhs from IOTIES, our promoter, for providing commissioning services at Sohar Industrial Port, Oman.
 - b. The Company has received an order worth Rs. 1348 lakhs from IOTIES, for providing fire-fighting installations at their storage terminal at Paradip.
 - c. The Company has received an order worth Rs. 295 lakhs from IOTIES, for providing structural fabrication work for flare-system at Paradip.
 - d. The Company has received an order worth Rs. 6.5 lakhs from TSL, for piping work for their Jamshedpur plant.
- ii. Authorized Share Capital: The Shareholders of the company in the AGM held on 29th July 2011 have approved the increase in authorized Share Capital from Rs. 1,000 lakhs to Rs. 2,000 lakhs.
- iii. Change in Board of Directors: Mr. R.P. Singh (Independent Director) has stepped down from the Board and Mr. V.K. Sinha (Independent Director) has been appointed in his place.

- iv. Our Company has filed its financial results for the three months ended June 30, 2011, which have been reviewed by the statutory auditors in their report dated July 28, 2011, with the Stock Exchanges in accordance with Clause 41 of the Listing Agreement:

Unaudited financial results for the quarter ended June 30, 2011

(Rs. In Lakhs)

Sl. No.	Particulars	3 Months ended 30/06/2011	3 Months ended 30/06/2010	Financial Year ended 31/03/2011
		Unaudited	Unaudited	Audited
1	(a) Net Sales / Income from Operations	543	448	2,030
	(b) Other Operating Income	-	-	-
2	Expenditure			
	a. (Increase) / Decrease in Stock in trade - Work-in-Progress (Erection), Work-in-Process (Fabrication) and Finished Products	(9)	2	(36)
	b. Consumption of raw materials	72	46	275
	c. Consumption of Stores & Tools (Including erection materials)	9	81	196
	d. Employees cost	162	169	651
	e. Subcontractors' Charges	294	98	974
	f. Hire Charges of Equipment	102	5	19
	g. Depreciation	16	18	72
	h. Other expenditure	147	103	427
	i. Total	793	522	2,578
3	Profit / (Loss) from Operations before Other Income, Interest and Exceptional Items (1 - 2)	(250)	(74)	(548)
4	Other Income	8	25	49
5	Profit/(Loss) before Interest and Exceptional Items (3 + 4)	(242)	(49)	(499)
6	Interest	112	89	429
7	Profit / (Loss) after Interest but before Exceptional Items (5 - 6)	(354)	(138)	(928)
8	Exceptional items	-	-	-
9	Profit / (Loss) from Ordinary Activities before tax (7 + 8)	(354)	(138)	(928)
10	Tax expense	3	1	11
11	Net Profit / (Loss) from Ordinary Activities after tax (9 - 10)	(357)	(139)	(939)
12	Extraordinary items (net of tax expense Rs. Nil)	-	-	-
13	Net Profit / (Loss) for the period (11 - 12)	(357)	(139)	(939)
14	Paid up equity share capital (Face value of Rs. 10/- per share)	300	300	300
15	Reserves excluding Revaluation Reserves as per balance sheet of previous accounting year			898
16	Earnings / (Loss) Per Share (EPS)			
	a) Basic and diluted EPS before Extraordinary items for the period, for the year to date and for the previous year (in Rs.) (Not annualised)	(11.90)	(4.63)	(31.30)

	b) Basic and diluted EPS after Extraordinary items for the period, for the year to date and for the previous year (in Rs.) (Not annualised)	(11.90)	(4.63)	(31.30)
17	Public Shareholding			
	- Number of Shares	13,36,246	13,36,246	13,36,246
	- Percentage of Shareholding	44.54	44.54	44.54
18	Promoters and promoter group Shareholding			
	a) Pledged/Encumbered			
	- Number of shares	Nil	Nil	Nil
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	-	-	-
	- Percentage of shares (as a % of the total share capital of the company)	-	-	-
	b) Non-encumbered			
	- Number of Shares	16,63,754	16,63,754	16,63,754
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	100%	100%	100%
	- Percentage of shares (as a % of the total share capital of the company)	55.46%	55.46%	55.46%

Notes:

1. The Company is primarily engaged in execution of erection projects in India, which, in most cases involve supply of materials and thus is a single segment Company.
2. Tax expense comprises current tax and deferred tax wherever applicable.
3. Details of number of investor complaints during the quarter ended 30th June, 2011: beginning - Nil, received - 2 Nos., attended to / disposed off - 2 Nos. and pending - Nil.
4. The above financial results were reviewed by the Audit Committee of the Company and approved by the Board of Directors of the Company in its meeting held on 28th July, 2011.
5. Previous period's figures have been regrouped/recast, wherever necessary, to make them comparable.

FINANCIAL INDEBTEDNESS

The details of the Company's secured and unsecured loans as on June 30, 2011, are as follows:

Sl No	Name of Lender	Nature of Borrowing	Amount Sanctioned (Rs. Lakh)	Amount outstanding as on 30/06/2011	Current applicable Rate of Interest / commission (per annum)	Repayment	Security
1	State Bank of India State Bank of India	Cash Credit/ Working Capital Demand Loan	1,950.00	1939.06	14.50% (Base Rate + 5.50%)	CC - On demand	Primary: First hypothecation charge of entire current assets i.e. raw materials, stock in process, finished goods, consumable stores and receivables on pari passu basis with other consortium member banks, both present and future Collateral: First charge on all plant and machineries on pari passu basis with other consortium member banks both present and future
		Letter of Credit	500.00	-		N/A	
		Bank Guarantee	4,000.00	681.96	2.475%	N/A	
2	Axis Bank Limited	Cash Credit	200.00	145.18	15.50% (Base Rate + 5.50%)	On demand	Primary: First charge over the entire current assets (present and future) of the Company on pari passu basis with other working capital bankers Collateral: First charge on the entire Plant and Machinery of the Company (other than those for Propane Gas Plant) on pari passu basis with working capital bankers
		Bank Guarantee/ Letter of Credit	400.00	Nil	2.00%	N/A	Bank Guarantee: Omnibus counter guarantee of the Company, extension of all primary/collateral security as stipulated for cash credit facility Letter of Credit: Goods procured under LC, extension of all primary/collateral security as stipulated for cash credit facility
3	Bank of Baroda	Cash Credit	150.00	148.81	15.25%	CC – on demand	1. Demand Promissory Note duly signed by the Company 2. Hypothecation of stock of raw materials, work-

Sl No	Name of Lender	Nature of Borrowing	Amount Sanctioned (Rs. Lakh)	Amount outstanding as on 30/06/2011	Current applicable Rate of Interest / commission (per annum)	Repayment	Security
							in-process, finished goods, consumable store and book debt ranking pari-passu charge with other banks in the consortium both present and future
		Bank Guarantee/ Letter of Credit	1100.00	1022.33	0.60%	N/A	Extension of hypothecation charge or entire current assets securing the cash credit limit. Stamped counter indemnity duly signed by the Company.
4	HDFC Bank Limited	Cash Credit/ Working Capital Demand Loan/ Bill discounting/ FCNR Loan	600.00	586.07	15.55% (Base Rate + 630 bps)	CC – On demand WCDL – Principal amount to be repaid as bullet payment on the maturity date	First pari passu charge by way of hypothecation of Company's entire current assets including stocks of raw materials, semi-finished and finished goods, consumable stores and spares and such other movables, book debts, bills, outstanding invoices, receivables both present and future
		Bank Guarantee/ Letter of Credit	700.00	284.26	2.00%	N/A	First pari passu charge by way of hypothecation on entire plant and machinery excluding the machineries of Propane Gas Plant, both present and future

The abovementioned working capital loans are subject to certain restrictive covenants as specified in the Working Capital Consortium Agreement dated January 28, 2010 between the Company and the Lenders. The Company shall not, without the prior permission of the lead bank, being SBI:

- i. Effect any change in its capital structure
- ii. Formulate any scheme of amalgamation of reconstruction; and effect any merger or acquisition
- iii. Implement any scheme of expansion/diversification/modernization or take up new projects, other than incurring routine capital expenditure

- iv. Create any further charge, lien or encumbrance over the assets and properties of the Company charged to the Lenders in favour of any other bank, financial institution, company or person
- v. Dispose off whole or substantially the whole of the undertaking
- vi. Pay commission to the guarantor(s) whose guarantee(s) has/have been stipulated/furnished for the credit limits sanctioned by the Lenders
- vii. Make any corporate investments or investment by way of share capital or debentures or lend or advance funds to or place deposits with, any other concern except give normal trade credits or place on security deposit in the normal course of business or make advances to employees
- viii. Undertake guarantee obligations on behalf of any third party or any other company
- ix. Make investment in or give loans to subsidiaries/associates/group concern(s) or individual(s) other than to its employees under any welfare scheme.

SECTION VI- LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

Except as described below, there are no outstanding litigations, suits or criminal or civil prosecutions, proceedings or tax liabilities against the Company, our Promoters or Promoter Group companies or against any other company whose outcome could have a materially adverse effect on the business, operations or financial position of our Company and there is no default, non-payment of statutory dues, over dues to banks/ financial institutions, defaults against banks/ financial institutions/ small scale undertaking(s), defaults in dues payable to holders of any debentures, bonds or fixed deposits, issued by our Company (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (i) of part 1 of Schedule XIII of the Companies Act, 1956).

The Company, its Directors and Companies in which the Directors are associated as directors, the Promoter and Promoter Group have not been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI and have not been detained as willful defaulters by the RBI or any government authority and there have been no violation of securities laws in the past or pending against them.

The disclosures in relation to the Promoters and the Promoter Group Companies are based on the information provided by the respective companies.

Further, except as disclosed below, the company and its Group Companies and Promoter are not involved in any litigation involving moral turpitude and nor have any proceedings relating to economic offences been initiated against Stewarts and Lloyds India Limited.

Further from time to time, the company was involved in legal proceedings filed by and against the Company, arising in the ordinary course of its business. These legal proceedings, which are pending adjudication, are primarily in the nature of civil cases and in some instances, criminal proceedings. The Company believes that the number of proceedings in which the company is involved is not unusual for a company of its size doing business in India.

Apart from the litigation disclosed below, there is no proceeding, civil or criminal, pending against the company as on the date of filing this draft Letter of Offer. Further it is noted that no proceeding/ litigation is pending against the Directors of the Company as envisaged in SEBI ICDR Regulations 2009. Apart from the litigations disclosed below, the Company has not filed any litigation against any person as on date of filing this Draft Letter of Offer.

Case filed against the Company

1. Eviction Proceeding No. 699 of 2005 instituted by the Kolkata Port Trust against the Company:-

A long term lease was granted in favour of the Company by Kolkata Port Trust in the Plot No:- D271/6 without option for renewal of the same which expired on 30th November, 1992 and the Company continued to occupy even after expiry of lease without any authority. An offer was made by the Kolkata Port Trust by a communication on 2nd May, 2000 stating that the authorities had decided subject to approval of the Government of India to grant license for further period of 15 years from prospective date without any option of renewal on payment of 4 years rent as non refundable and non adjustable premium following the enhanced rent schedule of 1996 and other terms and conditions would be decided by the Board of Trustees. The Company challenged the contentions of the aforesaid letter dated 2nd May, 2000 issued by Kolkata Port Trust by instituting a Writ Application being W.P. No. 1796 (w) of 2000 in Calcutta High Court. The said Writ Application is still pending and no interim order was passed in the said Writ Application.

Accordingly the proceeding No. 699 of 2005 under sub-section 1 of Section 4 of the Public Premises (Eviction of Unauthorized Occupants) Act, 1971 was commenced after issuance of notice of show cause pursuant to the provision as mentioned hereinbefore which was duly replied by the Company. The Company appeared in the said proceedings and deposited Rs.50,00,000/- (Rupees fifty lakhs) and further agreed to deposit the legal dues, if any, by installments without prejudice to the rights and contentions of the parties. On 13th June, 2006 Mr. M.K. Chattopadhyay, Land Manager-II (For Land Manager I/C) intimated that an interest amount for delayed payment is calculated and total interest accrued up to 31st May, 2006 had come to Rs. 1,62,82,091.90 which is due and payable to the Port Trust Authorities. Meanwhile the Company was directed to pay in the sum of Rs. 35,95,223.42 as interim measure and the said direction was confirmed by an order passed by the Estate Officer on 17th July, 2006 which was appealed before the Learned District Judge at Alipore being P.P.Appeal No.7 of 2006. The interim stay was refused against the said order dated 17th July 2006 passed by the Estate Officer. The Company again preferred a Revisional Application under the Article 227 of the Constitution of India before the Hon'ble High Court at Calcutta and an ad-interim order of stay was granted subject to furnishing Bank Guarantee in favour of the Registrar, Original Side of the High Court at Kolkata, for the sum of Rs.20,00,000/-. The said interim order was extended until to 30th July, 2007.

During hearing before the Learned Estate Officer, Kolkata Port Trust tried to ascertain as to whether the land in dispute was non-rail served land as claimed by the Company which was answered in negative by the Kolkata Port Trust. It was further enquired by the Estate Officer as to whether the Company was liable to pay subletting fees. The Company contended that there was no subletting and hence the Company was not liable to make any payment of subletting

fee. On the other hand, Kolkata Port Trust took the plea that till expiry date of lease, the Company paid subletting fee and hence the Company is liable to pay the same.

Those disputes came before the learned Estate Officer as reflected in the order dated 28.02.2006. In view of the contesting claim of the parties the Learned Estate Officer directed the present company to continue to make payment of Rs.20,00,000/- per month and to pay short fall amount of Rs.20,00,000/- per month. A recalling application was preferred before the Learned Estate Officer which was rejected. Being aggrieved by the aforesaid the P.P. appeal being P.P. Appeal No. 7 of 2006 was filed before District Judge at Alipore.

The said Appeal before the District Judge at Alipore under the Public Premises Tenancy Act was finally heard on 30th May 2009. The Learned District Judge passed a direction in the said Appeal that the appellants would continue to deposit Rs.10 lakhs with Kolkata Port Trust per month from June 2009 for three months or till disposal of the pending proceeding before the learned Estate Officer, whichever ever is earlier. The Learned Estate Officer was requested to take all the necessary steps for the disposal of this pending proceeding within three months from the date of receipt of the Order. However, if it is found that the said proceeding is not complete within the said period of three months without any default on the part of the complainant, and then the Company would continue to pay Rs.2.5 lakhs per month till disposal of the said proceeding.

The aforesaid appeal was disposed off.

In violation of the aforesaid order passed by the Learned District Judge an order was made on 29th March, 2010 by the Learned Estate Officer directing the Company to go on making payment of Rs. 10 lakhs per month to Kolkata Port Trust in addition to the current monthly liability in terms of the bills for compensation charges from time to time as may be preferred by the Port Authorities. Being aggrieved with order aforesaid an Appeal being P.P. Appeal No. 9 of 2010 was filed on 23rd April, 2010 before District Judge at Alipore.

The proceeding is pending. The Company is depositing current monthly compensation charges together with an amount of Rs. 2.78 lakhs per month with Kolkata Port Trust under the direction of the Estate Officer, Kolkata Port Trust.

2. Eviction Proceeding No. 707 & 708 of 2005 instituted by the Kolkata Port Trust against the company (Plot Nos. D-256/1, D-255, D 256 and D-257)

The show cause notices were issued on 22nd June 2005 intimating the initiation of the proceedings No:- 707 & 708 of 2005 which relate to the leasehold properties mentioned below:-

Serial No:-	Plot Number	Period of Lease
1.	D-256/1	1 st April 1957 to 31 st December 1978
2.	D-255	1 st January 1949 to 31 st December 1978
3.	D-256	1 st December 1951 to 31 st December 1978
4.	D-257	1 st June 1951 to 31 st December 1978

The aforesaid Lease deeds were extended for a further period of ten years from 1st January 1979 to 31st December 1988. Those deeds were executed and registered before the Registrar of Assurance at Kolkata. On 28th November 1988 a letter was issued by the Company requesting renewal of lease of the aforesaid properties. The said letter was duly received by Kolkata Port Trust. However, the said authorities failed and or neglected to renew the said lease. Thereafter on several occasion the Kolkata Port Trust was requested to renew the said lease.

The Demand Notices were issued by Kolkata Port Trust for occupational charges over the aforesaid plots of the Company. On 21st July 1989, the Company disputed and or challenged legal validity of the purported Demand Notices for occupational charges of the aforesaid properties.

By further letters dated 5th January 2000 and 24th January 2000 Port Trust Authority demanded the sum of Rs 124.28 Lakhs as license fees for the period 1st January 1989 to 31st December 1999 and also interest thereon in connection with the aforesaid four plots in a combined manner. Kolkata Port Trust also sought to place a restriction on user and employment of those Plots by the Company. A threat of eviction was also purportedly given in the said notices.

The fixation of the occupational charges from 1st January 1989 has apparently been made on the basis of a notification dated 20th March 1988 issued in the Gazette dated 31st March 1988. It appears that there is further notification of the revision of rent and occupation charges with effect from 19th September 1996.

The revision and/or enhancement of the said rent schedule of 1996 was challenged inasmuch as the same was exorbitant and such enhancement was done unilaterally. On or about 3rd March 2000, the Company filed a Writ Petition being W.P.No:- 673 of 2000 before the Hon'ble High Court at Calcutta. The said Writ Petition was disposed off without any order on 9th December 2004. The Company preferred an appeal against the said Judgment and Order dated 9th December 2004 being A.P.O.T.No:- 75 of 2005 before the Hon'ble High Court at Calcutta which was dismissed on merit on 23rd February 2007.

Pending the aforesaid Appeal the Kolkata Port Trust had issued the Show Cause Notice of eviction on 30th May 2005 and the aforesaid eviction proceedings were drawn thereafter which are still pending.

Vide Order No:- 36 dated 29th March 2010 the Learned Estate Officer directed Company to deposit a sum of Rs 30 Lakh being the shortfall amount to the Kolkata Port Trust Authority on or before 15th April 2010 and further directed to go on paying Rs 10 Lakh per month to the Kolkata Port Trust Authority. An Appeal was preferred against the said Order dated 29th March 2010 before the District Judge at Alipore being P.P.Appeal No:- 8 of 2010 which was moved on 23rd April 2010 and no ad interim stay was granted.

Financial Liability:- Having now paid the arrear compensation charges for occupation in full, the financial liability of the Company may be to an extent of Rs 124.28 Lakhs as estimated being interest on the arrears in respect of the aforesaid four plots in a combined manner, if the orders are passed against the Company.

It has been represented by the Company that the Company is depositing with Kolkata Port Trust the current monthly compensation charges together with an amount of Rs. 2.78 lakhs per month under the direction of Estate Officer, Kolkata Port Trust and Company's financial liability will be reduced to that extent.

3. Civil Suit No. 434 of 2003(Hindustan Dorr Oliver Limited -versus Stewarts and Llodys of India Limited,)-

Hindustan Dorr Oliver Limited had filed a civil suit being C.S. No. 434 of 2003 before the City Civil Court at Ahmedabad alleging that the Company was withholding the cost of the services and goods provided by Hindustan Dorr Oliver Limited. Hindustan Dorr Oliver Limited filed a suit for recovery of Rs. 79,13,955/- including interest calculated at the rate of 18% per annum on the Principal amount which was found due and payable as of 31st January, 2004 .

The Case of Hindustan Dorr Oliver Limited is that the purchase order (including subsequent amendment) placed by the company on 21st August, 1999 with regard to detail designing, manufacturing, testing, supply of transportation to the site of Odalarevu Project of Oil and Natural Gas Corporation Limited and the total value of the aforesaid purchase order was Rs. 1,07,95,960/- including all other statutory dues. Delivery period was extended upto 6th January, 2001.

In terms of the aforesaid purchase order, Hindustan Dorr Oliver Limited carried out supply in terms of the specifications and in terms of purchase order and raised invoices for an aggregate amount of Rs.1,07,95,960/-. It was alleged that a sum of Rs. 45,68,466/- remained due and payable by the Company. In addition to the said claim for extra work, there is also claim of Rs. 22,83,222 against the Company.

Written statement was filed by the Company stating inter alia that the sum of Rs.97.62 lakhs is already due and payable to the Company on account of losses sustained due to irregular supply and said that the suit was devoid of any merit and the same was required to be dismissed. The matter is still pending. Present status could not be ascertained from the Company.

Financial Liability:- The financial liability of the company may be to an extent of Rs. 79,13,955/- and further interest thereon, if the order is passed against the Company.

4. Re: A.M. MALHAR Construction Pvt. Ltd.

A.M. Malahar Construction Private Limited having its office at No. 6-L North Cotton Road, Thoothukudi (hereinafter "the Contractor") was engaged for carrying out certain Civil Works in

terms of the Work Order No. CS/7996/Sterlite/E dated 6.6.06. The total payment received by the contractor was a sum of Rs.61,98,445.00 from 1st June, 2006 to 2nd June, 2007 against bills raised by the Contractor. However, the said Contractor further claimed Rs. 5,20,271.19 and claimed interest for one year @ 18% p.a. i.e. Rs. 93,648.00.

The suit was filed before the Court of the District Judge at Thoothukudi, Tamilnadu by the Contractor against the Company vide O.S. No. 34/2008 for a decree for the sum of Rs. 6,13,919 and further claimed 18% p.a. till the date of realization. The said suit was decreed exparte on 30th April, 2009.

The Company made an application for setting aside the said exparte decree and condonation of delay on 5th October 2009 which was allowed.

Financial Liability:- The financial liability of the Company may be to an extent of Rs. 6,13,919 and further claim of interest @ 18% p.a. till the date of realization, if the order is passed against the Company.

5. Civil.Suit No.247 of 2010 Kanak Project Limited –Vs- Stewarts & Lloyds of India Ltd.

The Company was first inducted as a lessee by Kanak Investments Pvt. Ltd. in or about August 1960 in respect of 2nd floor of the Northern portion of premises No. 41, Chowringhee Road (hereinafter referred to as the “said premises”) containing an area of 4999 sq.ft. by a registered Lease Agreement dated 24th August 1960. In the year 1985, negotiation was initiated between the Company and Kanak Investments Pvt. Ltd. The parties agreed with certain terms and conditions which was reduced to writing by a letter dated 8th February 1985 issued by the Company and accepted by Kanak Investments Pvt. Ltd.

By virtue of the aforesaid Letter Agreement dated 8th February 1985 it was , inter alia, agreed by and between the parties that a Lease Agreement will be drawn up between the parties for an initial period of 30 years on the basis of terms recorded in the said Letter Agreement dated 8th February 1985 with renewable option for a further period of 21 years and which will be registered in due course.

Kanak Project Limited being successor in interest of Kanak Investments Pvt. Ltd avoided the aforesaid obligation and filed a suit against the Company on 6th October, 2010 claiming inter alia a) A decree for recovery of vacant and peaceful possession of the suit premises; (b) Decree of Rs.1,33,37,923/- for mesne profit c) Decree for further mesne profit @ Rs.12,88,886/- per month till recovery of vacant and peaceful possession of the suit premises, d) Alternatively, an enquiry into mesne profits and decree for such sum as they may be found due on such enquiry, e) Interim interest and interest upon Judgment @ 15% p.a. f) Receiver g) Injunction h) cost I) Such further or other relief which is registered as C.S No.247 of 2010 in the Hon’ble High Court at Calcutta. The Written Statement was filed on behalf of the Company. The said suit is still pending.

Financial Liability:- The financial liability of the company may be to an extent of Rs 2,88,04,555 as claimed and interest @ 15% from the date of the judgment to the date of realization, if the order is passed against the company

No comment is given about the prayer made for recovery of possession since the matter is sub-judice.

B. The cases filed by the company-

(1) Civil Suit No. 1137 of 2008 (Stewarts and Llodys of India Limited –Versus Hindustan Dorr India Limited.

On or about August 25, 1999 the Company issued a purchase order in favour of the Hindustan Dorr Oliver Limited with regard to detailed, designing, manufacturing, testing, supply of transportation to the site of ONGC, Odalarevu Project of Oil and Natural Gas Corporation Limited. The Hindustan Dorr Oliver Limited accepted the purchase order. It was informed by the Company in the said purchase order dated 25th August, 1999 that a separate order on Mackenzie Hydrocarbon Ply Limited , Australia to obtain process know how and proprietary items and supply them to the said Hindustan Oliver. The total cost of the said order was for the sum of Rs.1,00,83,000/-

In spite of the several solicitations Hindustan Dorr Oliver Limited failed to complete the work in terms of the purchase order dated August 25, 1999 and as a result, the company suffered consequential losses to an extent of Rs.57.84 lakhs and apart from that there were also loss of goodwill and air freight charges and also sustained losses on different other heads to an extent of Rs.96.68 lakhs apart from calculating interest part on the default period.

In the premises aforesaid civil suit was instituted by the Company against Hindustan Dorr Oliver Limited before the Hon'ble High Court at Calcutta, praying inter alia decree for the sum of Rs.97.62 lakhs and interest, interim interest @ 18% per annum, injunction, receiver, attachment, cost and further reliefs for terms of order of the Hon'ble High Court at Kolkata the plaint of the aforesaid suit was returned by the Registrar Original Side due to want of jurisdiction and the plaint was presented afresh before the City Civil Court at Ahmedabad in the year of 2008. The suit was presented in the year of 2008 before the City Civil Court at Ahmedabad and the suit numbered as Civil Suit No. 1137 of 2008. The case is pending for disposal.

Financial Implication:- The company will gain the sum of Rs.97.62 lakhs and interest, interim interest @ 18% per annum from the date of the judgment and order to till the date of realization, if the order is passed in favour of the Company.

(2) Arbitration Proceeding No. 1/2010, Stewarts & Lloyds of India Ltd. V. Brahamaputra Vally Fertilizer Corporation Limited-

In or about 29th May, 2000 the Brahamaputra Vally Fertilizer Corporation Limited (herein after "BVFCL") invited bid under Enquiry No. 1064/E/2001 dated 29th May, 2000 for execution of civil and structural piping equipment (IC, Heavy lift, machinery erection painting, insulation, electrical and instrumentation works for Namrup I, II, III. The company submitted its offer pursuant to Bid invitation which was accepted and BVFCL issued a Letter of Intent (herein after LOI) in favour of the Company. Work order was issued to the Company after having made a lump sum rebate of Rs.5,31,00,000/- from the bid value quoted by the Company finally settling contract for an approximate value of Rs.25,70,12,204.20. The Company mobilized its man power and all other equipment including plant and machinery from the inception of the issuance of the work order to finish the scheduled work within a period of 12 months in pursuance of LOI. However, the company incurred additional expenses for the delay caused by BVFCL, although the Company finished the job in good faith and considering that BVFCL would make payments and other dues/claims once the claimant company completed the work so that BVFCL could start production. However BVFCL failed to liquidate final bills raised by the Company apart from the running bills. Total claim after deduction of all payments made stood to the tune of Rs.498,907,807.00 as on 20th June, 2010. Reference of arbitration was made before the Learned Sole Arbitrator, in pursuance to an order passed by the Hon'ble High Court of Guwahati on 19th February, 2010 and the arbitral tribunal was constituted on 1st May, 2010. The Statement of Claim was presented on 20th June, 2010. The Written Statement was filed on behalf of BVFCL which was verified on 3rd October, 2010 at Guwahati. BVFCL had also preferred Statement of Counter Claim. The Company replied the said Statement of Counter Claim which was filed on 6th February, 2011. BVFCL also filed additional written statement which was verified on 13th March, 2011 at Guwahati and the matter is pending for adjudication. Next date is fixed on 4th December 2011 for disclosure of documents.

(3) C. Case No. 4881 of 2005 (Stewarts & Lloyds of India Ltd –Vs- M/s. Shelly Constructions & Anr).

Shelly Constructions being Accused No.1 herein, having its registered office at SUMANORAMA APARTMENTS, DOOR NO. 7, 3rd Floor, HBBUWADA, KARWAR-561301, KARNATAKA and the Accused No.2 is the Proprietor thereof and was the person responsible for the conduct of the business on behalf of the Accused company.

Shelly Constructions was appointed as a sub-contractor by the Company in the project of Rampur Lift Irrigation which was originally assigned by Voltas Ltd., Chennai. The said project was completed and the sum of Rs. 12,00,000/- was due and payable to the Company after settling accounts between the parties. Shelly Constructions had agreed to refund advance through account payee cheques.

One of such cheque being cheque number 0217405 dated 11th January 2005 drawn on State Bank of India in favour of the complainant company i.e. Stewart and Lloyds of India Ltd. from A/c. No. 1666060099 for Rs.1,00,000/- paid as refund against the aforesaid advance of

Rs.12,00,000/- was dishonoured by the banker of Shelly Constructions. The notice under Section 138 of the Negotiable Instrument Act was issued upon Shelly Constructions and its Proprietor but the said Accused Company failed and/or neglected to pay the aforesaid dues. The complainant Company instituted the case under Section 138 read with Section 141 of the N.I.Act which is pending before the Learned 11th Metropolitan Magistrate at Calcutta.

In proceeding under Section 138, outstanding amount cannot be recovered.

(4) Neyveli Lignite Corporation Limited

In response to the offer floated by the Neyveli Lignite Corporation Ltd. (herein after "Neyveli") for the supply of the Special Urea Grade 100 meter cold drawn SS316L material No. 77132068724 of Stainless Steel Seamless Pipes, the Company offered its terms and conditions for the aforesaid supply of materials. It was stated in the terms and conditions of the said offer that the special materials would be imported from Dalmine Italy with delivery period of 14 weeks to 16 weeks from the receipts of the Letter of Intent (herein after the L.O.I.) or purchase order, whichever is earlier. Neyveli accepted the offer on 21st May 1997 and price for supply of material was fixed at Rs.21.96 lakhs and name of the manufacturer was left open. LOI was issued on 28th February, 1998 and a Purchase Order was issued on 2nd March 1998. In the said LOI, the parties mutually agreed that supply to be effected within 12 to 16 weeks from the issuance of LOI and agreed delivery schedule indicated the bulk supply to be effected before 31st July, 1998.

Since materials were to be procured from foreign country, the Company could not affect the supply within the agreed time frame. Upon discussions the time of delivery was extended with certain alteration in the gradation of the materials. The bills were raised which were repudiated by Neyveli. The arbitration clause containing in the contract was invoked by the Company.

The Company filed the Statement of Claim for Rs. 12,30,626/- with further interest @ 7% p.a. on Rs.10,58,594/- being the principal. The claim of the Company was allowed and an Award was passed on 17.06.2003.

Neyveli had applied for setting aside of the Award dated 17.6.2003 before the Principal District Court, Cudalore (NLC –Vs- S & L) be O.P. No. 86/2004 which was rejected on 15th June, 2009.

It has been reported that Execution Case was filed by the Company and the case is pending for disposal.

Financial Implication:- The company was awarded the sum of Rs. 12,30,626/- with further interest @ 7% p.a. on Rs.10,58,594/- being the principal, which is subject to realization in the execution proceedings.

(5) Civil Suit No:- 2 of 2011 (Stewarts & Lloyds India Ltd –Vs- Kanak Project Limited)

The Company was first inducted as a lessee by Kanak Investments Pvt. Ltd. in or about August 1960 in respect of 2nd floor of the Northern portion of premises No. 41, Chowringhee Road (hereinafter referred to as the "Office Space") containing an area of 4999 sq.ft. by a registered Lease Agreement dated 24th August 1960. In the year 1985, negotiation was initiated between the Company and Kanak Investments Pvt. Ltd. The parties agreed with certain terms and conditions which was reduced to writing by a letter dated 8th February 1985 issued by the Company and accepted by Kanak Investments Pvt. Ltd.

By virtue of the aforesaid Letter Agreement dated 8th February 1985 it was, inter alia, agreed by and between the parties that a Lease Agreement will be drawn up between the parties for an initial period of 30 years on the basis of terms recorded in the said Letter Agreement dated 8th February 1985 with renewable option for a further period of 21 years and which will be registered in due course.

The company filed the suit for specific performance of the letter dated 8th February, 1985 for direction upon the defendants, being successors in interest of Kanak Investments Pvt. Ltd., to execute a lease in respect of the Office Space on the terms and conditions as contained in the said letter dated 8th February, 1985. In default of the defendant's failure to execute such Deed of Lease, the Registrar, Original side be directed to execute and register the said Deed of Lease on behalf of Kanak Project Limited in favour of the Company. A decree for perpetual injunction restraining the defendant and their men, servants, agents and/or assigns from interfering with plaintiff's right to enjoyment of the Office Space and/or disturbing the plaintiff's possession in Office Space in any manner whatsoever, receiver, Injunction, Attachment, costs, further and other reliefs.

The aforesaid plaint was presented on 4th January, 2011 and registered as C.S. No. 2/11 in Calcutta High Court. The Written Statement has been filed by the defendant. Matter is pending.

Financial Implication:- No monetary claim has been prayed by the company

(6). Re: Shriram Energy System Limited

(ii) It is revealed during inspection that the three notices were issued on behalf of the Company to Shriram Energy System Limited under Section 138 of the Negotiable Instruments Act on 21st October, 2004, 1st November, 2004 8th December, 2004 respectively for the dishonour of the following cheques as mentioned below:-

Sl. No.	Cheque No.	Date of issuance	Amount	Deposited to SBH	Date of return
1.	710546	26.04.04	Rs. 4,00,000	28.9.04	14.10.04
2.	710547	26.05.04	Rs.3,50,000	25.11.04	1.12.04

3.	710572	19.4.04	Rs.3,31,212/-	14.10.04	21.10.04
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The aforesaid cheques were received as balance consideration in terms of certain supply and Erection Works from Shriram Energy Systems Limited having its office at 7.1.29, United Avenue (North End) G-1, "B" Block, Ameerpet, Hyderabad-500816.

The aforesaid Shriram Energy Systems Limited failed to pay the aforesaid balance consideration to an extent of Rs. 10,81,212 within the time frame as mentioned in the aforesaid notices served upon the accused persons on the respective dates as mentioned hereinabove. Hence the complaint case was registered before the Chief Metropolitan Magistrate at Chennai in the following manner:-

Sl. No.	G.C. No.	Cheque Amount
1	1879/2005	Rs.3,31,212/-
2	1880/2005	Rs.4,00,000/-
3	1881/2005	Rs.3,50,000/-

The aforesaid 3 cases are pending for disposal.

Financial Implication: In proceeding under Section 138 outstanding amount cannot be recovered.

The report on the outstanding tax proceedings of the Company are as follows:

SALES TAX MATTERS

West Bengal Sales Tax Act 1994

Central Sales Tax Act 1956

1. A Notice of Demand was issued by the Assistant Commissioner of Commercial Taxes, Corporate Division on 30th June, 1999 after assessing the company under section 45(1)/45(2)/46 of the West Bengal Sales Tax Act, 1994 for the year 1996-97, who assessed the Taxable turnover of sales pertaining to the said year ended 31st March to be Rs. 2,89,86,845.98. Accordingly tax payable u/s 17 of the said act was assessed by the authority to be Rs. 31,17,655.19. Thereafter, after adding surcharge payable u/s 16 of the Act, Purchase Tax and tax payable on execution of works contract u/s 21(1) and penalty, the total payable amount demanded by the Sales Tax Authority was 64,64,518.17. The company already paid Rs. 2,24,218/- as sales Tax for the said assessment year and hence after deduction of the same, the amount stood at Rs. 62,40,300.17
2. Similarly another demand notice was issued under the Central Sales Tax Act, 1956 read with section 45 & 46 of the West Bengal Sales Tax Act 1994, on 30.06.1999 for the period 1996-97 whereby the Gross Turnover was assessed at Rs. 7,07,87,966.02. Thereafter after adding surcharge, penalty, etc. the tax amount stood at Rs. 43,40,407.54. The company paid a Tax of Rs.

15,25,833/-. After deducting such amount, the balance payable Tax amount was Rs.28,14,574.54.

3. In respect of the two cases two appeals were filed on behalf of the company being Appeal case no. A 664/AN/99-2000 and A 665/AN/99-2000 before the Deputy Commissioner, Commercial Taxes, inter alia, on the ground of arbitrary assessment, enhancement of Gross Turnover without any proper reason and disallowance of claim of freight charges, fabrication charges and other charges.
4. The Deputy Commissioner passed a combined order dated 3.12.2002.
5. Having failed to consider the facts and submissions made by the company and modify the impugned order of assessment passed by the Assistant Commissioner, Commercial Taxes, the company preferred a revision against the order dated 3.12.2002 before the West Bengal Commercial Taxes Appellate and Revisional Board on 12th March, 2003 on inter alia the following issues:
 - i. Estimation of Gross Turnover at Rs. 9,50,00,000/-.
 - ii. Arbitrary and unexplained taxation of the taxable balance.
 - iii. Levy of Purchase Tax of Rs.80,00,000/-.
 - iv. Estimation of taxable contractual transfer price at Rs.5,50,00,000/-
 - v. Consequent levy of further surcharge on tax payable on the enhanced turnover.
 - vi. Imposition of penalty of Rs. 1,000/-
6. Such Revisional application is pending hearing and disposal.

Orissa Sales Tax Act

1. An order of assessment under section 12(4) of the Orissa Sales Tax Act, 1947 was passed on 28.02.2006 by the Orissa Sales Tax Authority, Koraput I Circle, Jeypore, District – Koraput in respect of the company's unit at Damanjodi for the year 2002-03.
2. The Company made payments to the authority by way of tax deducted at source of an amount of Rs. 1,57,804/- in view of the Gross Payment received by the company for the year 2002-03 to the tune of Rs. 39,45,110/-. On verification of the documents the Authority found the company to be liable to pay an additional amount of Rs. 33,140/- towards Sales Tax for the said year on the ground of disallowance of exemptions towards labour services. Accordingly Notice of Demand under section 13(4) of the Orissa Sales Tax Act,1947 was issued by the Authority.
3. The Company preferred an Appeal before the Assistant Commissioner of Commercial Taxes (Appeal) and at the same time has made payment of the additional amount of tax demanded by the Authority being for an amount of Rs.33,140/-.
4. However, if the company stands to get a favourable order in the Appeal before the Assistant Commissioner of Commercial Taxes (Appeal), then it will be entitled to get a refund of the amount of additional Sales Tax paid.

NOIDA SALES TAX

From the Certificate of Mr. Umesh Chand Bansal, Tax Advocate of U.C. Bansal & Co. dated 12th August 2011 it appears that Sales Tax Assessment has been completed up to 31.03.2008. But the order for the period 01.01.08 to 31.03.08 is still awaited.

There is a dispute in respect of the order for the period 1.4.2007 to 31.12.2007 passed by the Assistant Commissioner , Commercial Tax Division 3, Noida on 12th March 2010 to the effect that “tax liability is transferred which is non-refundable because such refund/adjustment tantamounts to undue enrichment and thus the amount of excess tax deducted is forfeited”

The Company has filed an appeal before the Additional Commissioner against the aforesaid order and the said appeal is pending.

By the Certificate of Mr. Umesh Chand Bansal, Tax Advocate of U.C. Bansal & Co. dated 12th August 2011 addressed to the Company it is certified that the requirements have been completed according to the provisions of VAT Act in respect of Sales Tax Assessments of the Company.

INCOME TAX MATTER

Assessment Year 2004-05

1. The Company was assessed by the Income Tax Department for the Assessment Year 2004-05 under section 144/263 of the Income Tax Act, 1961 and as per order dated 31.12.2009 the Deputy Commissioner of Income Tax demanded an additional tax of Rs.2,00,48,430/- for the said Assessment Year 2004-05. Thereafter, the Income Tax Department made fresh assessment for the said Assessment Year on the point of:
 - (i) determination of cost of acquisition of capital asset
 - (ii) examination of allowability of deduction of payment of commission as per law.The claim of expenses on account of payment of commission not being supported by documentary evidence was disallowed on the ground of not being genuine.
2. However, the previous order was modified on 04.02.2010 by the Income Tax Department and an order was passed under sections 144/263/154 of the Income Tax Act, 1961 against the Company. The total income as per the order dated 31.12.09 under section 144/263 had been assessed at Rs.6,12,87,230/- but the tax payable by the company was recalculated @ 20% instead of 35% on LTCG and demand made by the Authority for Rs.10,105,270/- over and above what had already been paid for the said Assessment Year.
3. Against the said order the company has preferred an appeal before the Income Tax Appellate Tribunal on 23.9.2009 which has been heard from time to time and is pending for final order.

Assessment Year 2005-06

1. The Deputy Commissioner of Income Tax, Circle I, Kolkata, vide order dated 21.07.2010 under section 143(3) of the Income Tax Act, 1961 disallowed the principal amount of lease finance of Rs.49,48,105/- under section 37(1) of the Act and held the same to be capital expenditure. It was held that the Company could not claim depreciation unless the last installment plus extra 1% being residual value of asset had been paid by the Company because the ownership had not passed on the Company and it remained just a lessee till such time, the lessor being the actual owner of the property. Therefore an additional amount of Rs.20,73,370/- was demanded as payable under the said order.
2. The company has preferred an appeal against the said order on 30.08.2010 before the Commissioner of Income Tax (Appeals)-I which is pending disposal.

Assessment Year 2007-08

1. For this Assessment Year the Deputy Commissioner of Income Tax assessed the company under section 143(3) of the Income Tax Act, 1961 and found discrepancy in computing the total income of the assessee under the following heads:-
 - (i) Provision of Leave encashment: The provision for leave encashment amounting to Rs.4,50,891/- was disallowed under section 43B of the Income Tax Act, 1961 and added back to total income of the assessee.
 - (ii) Computation of Book Profit: It was held that Dividend Distribution Tax and Deferred Tax are not deductible in computing book profit and hence deduction of Rs.40,33,755/- on that count was disallowed and was added back in computing book profit under section 115IB of the Act.
 - (iii) Principal Amount of Financial Lease: The principal amount of lease finance of Rs.49,48,105/- was held capital expenditure and not allowable under 37(1) and hence added back.
 - (iv) Contract Retention Money: The retention money which formed part of the sale is an income accrued and arose in the hands of the assessee. The entire retention money of Rs.3,36,70,167/- was therefore added back to the total income of the assessee company and an additional tax of Rs.78,19,650/- was demanded pertaining to the said Assessment Year vide order dated 24.12.2009.
2. In this connection an appeal has been preferred by the company on 25.01.2010 before the Commissioner of Income Tax (Appeals) which is pending disposal.

Assessment Year 2008-09

1. The Deputy Commissioner of Income Tax assessed the company for the Assessment year 2008-09 and passed an order on 24.12.2010 imposing additional tax on the company for the said assessment year to the tune of Rs. 1,21,25,010/-.
2. The company has preferred an appeal against the said order before the Commissioner of Income Tax (Appeals) vide Appeal No. 286/CIT(A)-1/C-1/2010-11 for the year 2008-09 very recently and the same is yet to be heard.

WEALTH TAX MATTER

Assessment Year 2002-03

1. The company filed the return of net wealth for the assessment year 2002-03 on 31.10.02 declaring net wealth of the company at Rs.20,93,000/- and accordingly paid Wealth Tax amounting to Rs.5,930/-.
2. The Office of Deputy Commissioner of Income Tax (DCIT), on examination of the return of net wealth of the company for the year 2002-03 found that the assessee did not include the value of the plot of free hold land measuring 1,49,846.40 sq. ft. located at Ambattur Industrial Estate, Plot No.40-A (NP) in said apet Taluk in Chinglepet MGR District, in the State of Tamil Nadu. The DCIT determined the value of the said plot of land at Rs.3,16,68,840/- . Hence, notice under section 35(4) of Wealth Tax Act, 1957 was issued on 10.12.07 for necessary rectification in the return filed for the said assessment year 02-03.
3. The company replied to such notice on 08.02.08 stating that as on 31.03.02 the said land was not vacant land but an active factory of the assessee was located on it. The assessee used the factory on the land to carry on its manufacturing activity from the said factory. The assessee also furnished certain documents evidencing location of a building on the said plot.
4. But the Deputy Commissioner of IT, Circle - I, Kolkata. P-7 Chowringhee Square, Kolkata – 69 vide order under section 35(4) of the Wealth Tax Act, 1957, dated 27.03.08 rejected such submission of the assessee and upheld its order under section 35(4) of the Wealth Tax Act, 1957 demanding payment of additional Wealth Tax for the assessment year 2002-03 for an amount of Rs.3,16,688/-.
5. An appeal was preferred by the Company before the Commissioner of Wealth Tax (Appeals) – I on 10.11.2009.
6. The appeal was admitted and and the matter is pending.

SERVICE TAX MATTERS

Year 2003-04 & 2004-05

1. Show Cause Notice bearing C. no. V(15)212/ST-Adjn/Commr/08/16720 dated 20th October,2008 was issued by Commissioner, Service Tax, Kolkata against the company alleging interalia that
 - (i) Company failed to provide documents for amount collected under head 'other service' to show that the said amount was non-taxable under service tax net during the material period.
 - (ii) Further, since erection only was non-taxable and not commissioning and installation at the material period therefore non-furnishing of documents showing that the amount is exclusively for erection such amount becomes taxable since erection is only part of the process of commissioning and installation.

- (iii) Works contract service is amalgamation of different service therefore even though the same has been brought under service net on and from 1.6.2007 it is taxable prior to that under various heads of the individual services.
 - (iv) The company had intentionally suppressed the taxable amount with a clear intent to evade payment of tax and therefore extended period of 5 years is invokable.
Based on such allegation service tax of Rs.3,06,71,121/- and education cess of Rs.3,43,956/- along with interest under section 75 and penalty equal to the service tax was demanded.
2. The company replied stating that:
- (i) They are filing regularly returns and disclosing all documents as and when asked for, thus extended period not invokable.
 - (ii) Erection service became taxable w.e.f. 10.9.2004 and works contract became taxable w.e.f.1.6.2007 as such no tax can be charged on them prior to such dates.
 - (iii) Circular no. 59/8/2003-ST dated 20.6.2003 as amended by 62/11/2003-ST dated 21.8.2003 clearly states that service other commissioning and installation are not taxable and this view was affirmed in the decision of Hon'ble Tribunal reported in 2008(9)STR497.
 - (iv) Company discharged tax liability for the commissioning and installation.
 - (v) The sample copies of invoice annexed to the reply will show that the amount so charged is only for erection
 - (vi) An earlier order of the Learned Assistant Commissioner under similar circumstances was referred wherein the Learned Assistant Commissioner has upheld the view in the company's own case that erection service is not taxable under service tax.
 - (vii) Larger period of limitation not invokable and certain period included in the said notice goes even beyond 5 years.
3. After personal hearing on 26.11.2009 the Learned Commissioner passed order-in-original wherein having accepted the contention that prior to 10.9.2004 'erection service' is not taxable yet only set aside the portion stated in sample invoice. He did the same so far as 'works contract' is concerned. But he gave full relief in respect of supply of materials, reimbursement of expenses and renting based on sample invoice. So far as extended period is concerned he stated since all documents were produced after issuance of show cause notice therefore there was suppression and so extended period was invokable.
4. Based on such finding the Learned Commissioner confirmed the demand of Rs.1,01,12,083/-, imposed interest under section 75 and confirmed penalty of amount equal to service tax i.e. Rs.1,01,12,083/-.
5. The Company has filed an appeal along with an application for waiver on 12th July, 2010 which are presently pending before the Hon'ble CESTAT, Kolkata.

Year 2005-06

1. Show cause notice issued on 14.10.2009 on the ground that they had taken abatement on the value of taxable service though the same is impermissible under
 - (i) notification no. 19/2003-ST dated 21.8.2003 since they have availed credit on capital goods
 - (ii) notification no. 12/2003-ST dated 20.6.2003 since no documentary proof was showing actual price of the goods were produced.
2. The Additional Commissioner of Service Tax, Kolkata adjudicated the matter and held that the company submitted that they had availed abatement under notification no. 19/2003-ST dated 21.8.2003 and have claimed abatement in respect of those project where no cenvat credit on capital goods were taken but the company failed to substantiate that such capital goods have been used in only some project since capital goods are durable in nature ; as such the service does not bear one-to-one correlation to any specific project.
3. Based on such finding the said Additional Commissioner confirmed service tax of Rs.25,88,299/- along with appropriate interest under section 75 and penalty under section 78 of Rs.25,88,299/- and also Rs.5,000/- under section 77.
4. The said order dated 31.3.11 was received by the Company on 5.5.2011. An appeal against the said order was filed before the Commissioner of Central Excise (Appeals 1) on 4.8.2011 and the said appeal is pending.

Year 2008-09

Show cause notice issued on 15.10.2009 on the ground that there had been procurement of goods which is a business auxiliary service and which attracts service tax.

1. The Learned Additional Commissioner of Service Tax, Kolkata adjudicated the said notice and held that that the company failed to submit documentary proof as to the fact that the figure claimed to be for services rendered is actually for trading sales.
2. Based on such finding the said Additional Commissioner confirmed demand for service tax of Rs.35,13,226/- along with interest under section 75 and also penalty under section 76 at the rate of 2% per month starting from the first day after due date till actual payment of outstanding service tax.
3. The said order dated 31.3.11 was received by the Company on 28.4.2011; An appeal has been filed against the said order before the Commissioner of Central Excise (Appeals 1) on 26th July, 2011 and the said appeal is pending.

The details of the outstanding litigations/arbitrations of the Promoter, IOTIES are as follows:

Cases filed by IOTIES

IOTIES v. Nirmal Lifestyle (I) Pvt Limited & Anr.

Complaint No. 641/2010

IOTIES had purchased the flats being numbered 602, 603, 604, 605, 636, 637 and 638 situated at the premises Nirmal Lifestyle, ACC Cement Company, Station Road, Near Mulund Station, Mulund West, Mumbai 400080 "T" bearing survey No. 661/14 and 661/15 within (part) by 2 separate Agreement for Sale, both dated 8th October, 2007 executed between Nirmal Lifestyle Pvt.Ltd. and IOTIES and the said Agreement for Sale were duly registered with the Sub Registrar of Assurance Mumbai. Pursuance to the terms of those agreements, Nirmal Lifestyle Pvt. Ltd. was to deliver possession of those flats to IOTIES on or before June 2009, which Nirmal Lifestyle failed or neglected till date. IOTIES had paid a total sum of Rs. 6,64,94,418.00 (Rupees Six Crores Sixty four lacs ninety four thousand four hundred and eighteen only) in respect of those 2 agreements including stamp duty and registration charges. On 20th July, 2009 a notice was served upon Nirmal Lifestyle stating the fact that the delivery was required to be made by Nirmal Lifestyle. On 10th November 2009 a letter was issued by the Advocate on behalf of Nirmal Lifestyle and made various misrepresentations and allegations against IOTIES. The said letter was replied by IOTIES refuting the contentions made therein on 19th December 2009. However Nirmal Lifestyle had not taken any step for delivery of the possession of the 7 flats to IOTIES which culminated the instant complaint case. The summon was issued by the Metropolitan Magistrate, 17th Court, Mulund, Bombay and the date for appearance of the accused was fixed on 19th October 2010. The next date is fixed on 20.12.2011.

Financial Implication : IOTIES's right to get Deed of Conveyance executed and registered in its favour by Nirmal Lifestyle Pvt. Ltd. and payment made by IOTIES amounting to Rs. 6,64,94,418.00 have become subjudiced.

IOTIES v. State of Maharashtra & others

Writ Petition No. 5759 of 2010

Filed in Bombay High Court

This Writ Application was filed by the Company against the Gram Panchayat, Dhutum in the district Raigad, Maharashtra asking for relief restraining the said respondent to levy/ demand taxes on structures of the company under the Bombay Village Panchayat Act, 1958 save and except the clarification made in the order dated 10th October 2001 of the Panchayat Samity, Uran and the Government notification dated 3rd December 1999. The said writ application appeared before the Division Bench on 26th July, 2010. An interim order was passed to an extent not to initiate coercive action since the matter would appear on 28th July, 2010. The

matter appeared on 13th December 2010 and IOTIES was directed to pay the amount of Rs. 3,44,406.00 and 8,71,718.00 within a period of 2 weeks from the date if the same had not been paid already. The amount of Rs. 5,35,06,66.00 which according to IOTIES was based on the cost of construction was required to be secured by IOTIES upon furnishing a bank guarantee of 50% of the said amount and the remaining amount would be deposited in this Court within four weeks. IOTIES has furnished Bank Guarantee vide BG NO. 0999511BG0000020 dated. 03.01.2011. The affidavit in reply on behalf of the Gram Panchayat denying and/or disputing the contentions raised in the Writ Petition affirmed before the Oath Commissioner in the High Court at Bombay on 7th September, 2010. The Bombay High Court vide its order dated December 13, 2010 has issued Rule and by way of interim relief, directed the Company to pay the amount of Rs. 3,44,406/- and Rs. 8,71, 718/- to the Gram Panchayat towards tax on area for structures constructed after the year 2000 and tax on vacant land within two weeks of such order and Rs. 53,50,666/- calculated for the assessment period prior to the year 2000 assessed on cost of construction which is to be deposited with the court (50% by way of a Bank Guarantee and 50% by way of direct deposit in the Court within four (4) weeks from the date of the Order). In addition to this the Gram Panchayat shall raise two types of bills i.e one on the capital cost of the area of the structures and open space and another bill on the area of the structures and open space. The payment has to be made as per the bills raised on the basis of area to the Gram Panchayat while the bills raised on the construction cost (reduced by the amount already paid to the Gram Panchayat) will be deposited in the court. The matter is currently pending for arguments and final disposal.

Financial Implication:- There already exist a direction upon the company for the payment of the amount of Rs. 3,44,406/- and Rs. 8,71, 718/- to the Gram Panchayat towards tax on area for structures constructed after the year 2000 and tax on vacant land within two weeks of such order and Rs. 53,50,666/- calculated for the assessment period prior to the year 2000 assessed on cost of construction which is to be deposited with the court (50% by way of a Bank Guarantee and 50% by way of direct deposit in the Court within four (4) weeks from the date of the Order)

IOTIES v. Raigad Shramik Aekata Sangh

IDA No. 76 of 2007

A reference was made before the 2nd Labour Court Thane being Reference (IDA) no. 76 of 2007 with a claim for reinstatement of Sri Sudhir Bhaskar Thakur, Sharad Namdeo Thakur, Pravin Kusabha Patil and Mahendra Shankar Mahtre with full back wages and continuity of service with effect from 1st September, 2004. The aforesaid 4 persons were appointed by V.G. Enterprises as a labour contractor of IOTIES. The said persons were caught red handed when a certain type of fuel, i.e. naphtha was found in the fuel tank of the respective motor cycle of each of the above mentioned 4 persons from a railway site where the naphtha filled wagons of IOTIES were kept. The chemical analysis of the samples derived from the fuel tank of the motor cycles and those

wagons were made by IOTIES. It is revealed from the reports that the naphtha as found in the fuel tanks in the respective motor cycles and the naphtha in the wagons were similar. The report was transmitted to V.G. Enterprises and perhaps on the basis of those report the said persons were terminated.

The afore said facts were incorporated in the written statement filed on behalf of IOTIES on 12th August, 2010 in response to the IDA no 76 of 2007. The matter is pending for arguments.

Financial Implication: If order is passed against IOTIES the Claimants (contract labourers) will have to be reinstated and IOTIES will be liable to pay salary and other benefits in terms of the order passed in the matter.

IMC Limited Mumbai, Indian oil corporation limited Mumbai, Liquid Chemical Berth Association

IMC Limited, Indian Oil, the Company and others (together, JNPT Liquid Chemical Berth Users Association (“**Association**”)) have initiated arbitration proceedings against Board of Trustees of Jawaharlal Nehru Port Trust (“**JNPT**”) on December 5, 2005. In the said statement of Claim the Claimants set out the claim in respect of the following 3 heads of common disputes

- Way leave charges as claimed by the respondent
- Maintain uniformity in charging lease rent in respect of plots of land leased by Claimant.
- Give prospective effect to the order passed by the Tariff Authority for Major Ports (TAMP) and recover Way Leave charges as per TAMP's revised formula.

IOTIES is one of the claimant in that arbitration proceedings. The IOTIES had not been allotted any land by JNPT. On a request of IOC vide its letter dated 24th September 1997 JNPT permitted IOTIES to use the way leave corridor designated/allotted to IOC from 1st April, 1998. In pursuance of the aforesaid permission, IOTIES commissioned 3 pipelines of 24 inch diameter pipelines, 12 inch diameter pipeline and 8 inch diameter pipeline on 11th October 1998 and 19th July 2002 respectively. The contention raised by IOTIES in Statement of Claim that the way leave charges should be made for the 24 inch diameter pipeline on and from 11th October 1998, for 12 inch diameter and 8 inch diameter pipeline on and from 19th July, 2002. JNPT raised its bill for payment of way leave charges from the date of allotment of way corridor to the said IOTIES i.e. April, 1994.

The contention of IOTIES is that the way leave charges should be charged from the date of commissioning of the pipelines and not from the date of allotment of way leave corridor. The claim made by the JNPT against IOTIES is the sum of Rs. 8,76,07,230.00. However on the basis of the calculation made by IOTIES, JNPT should have charged Rs. 32,43,046.00. The actual payment made by IOTIES to JNPT is the sum of Rs. 13,10,383.00. and subsequently, an amount of Rs.

2,13,82,280/- has been paid on 29./07.2010. Written Note of submission has been filed and the next date of Arbitration sitting is scheduled on 26th and 27th September 2011.

Financial Liability:- The claim made by the JNPT against IOTIES is the sum of Rs. 8,76,07,230.00. However on the basis of the calculation made by IOTIES the JNPT should have charged Rs. 32,43,046.00. The actual payment made by IOTIES to JNPT is the sum of Rs. 2,26,92,663. Financial liability upon the company to an extent is Rs 6,49,14,567.

CASES FILED AGAINST IOTIES

CS No. 1276 of 2008 Sunita Maganlal (United Construction Private Limited v. IOTIES)

The suit for declaration and permanent injunction was sought against IOTIES and the Regional Manager Bank of India having its office at Naya palli near Hotel Crown, Bhubaneswar, Orissa and also having its branch at Paradip Orissa.

Sunita Maganlal being the plaintiff herein has filed the suit as representative of United Construction Private Limited (Company). The Company was assigned with the works relating to fabrication, erection of 9 tanks and spreading of pipelines and entered into an agreement with IOTIES which estimated to Rs. 5,62,79,839.95. United Construction Private Limited furnished 10% security in the form of Bank Guarantee being No. 2004-05/29 dated 2nd March, 2005 from the Bank of India having its branch at Paradip. IOTIES adjusted the security deposit which was furnished by UCPL as the UCPL failed to perform the works in terms of the agreement entered between IOTIES and UCPL. An application for ad interim injunction was sought by the plaintiff being I.A. No. 891/2008 under Order 39 Rule 1 and 2 praying inter alia ad interim order of injunction against IOTIES and the branch manager of Bank of India, Paradip Branch, Orissa restraining themselves from adjusting the security deposit furnished in the form of Bank Guarantee. The stand of IOTIES is that the Plaintiff has no locus standi to file the suit as also the bank guarantee had already been en-cashed and IA No 891 of 2008 has no merit. The Objection on behalf of IOTIES against the said IA No. 891 of 2008 has already been filed. The Injunction application has not been moved as of yet. The same is pending for adjudication as reported by the representatives of IOTIES. The next date of hearing was on 05th August 2011. The advocate of the Plaintiff took time on the said date and the next date has not been fixed by the Court.

ARBP No. 26 of 2010

Sunita Maganlal vs. Managing Director, IOTIES.

This is an application under Section 11(6) of the Arbitration and Conciliation Act, 1996. A request was made by United Construction Pvt Limited, the company which had entered in a commercial agreement dated 23rd June, 2005 with IOTIES relating to execute the works of fabrication and erection of 9 tanks and spreading of pipelines including the work of general civil work of excavation, construction of drains, dykes and other civil work including supply of all materials for a total contract which estimated to Rs. 5,62,79,839.95 (in words) for appointment of arbitrator

as it was alleged that IOTIES had illegally encashed the bank Guarantee furnished by the petitioner in contravention of the terms of the said agreement. As IOTIES had failed to appoint arbitrator in terms of clause 83 of the said agreement under reference, the present application was preferred by the petitioner Sunita Maganlal. The date was fixed for admission hearing on 30th November 2010. The matter is still pending.

ARBP MC NO. 209/2010

Sunita Maganlal vs. Managing Director, IOTIES.

This is an application under Section 9 of the Arbitration and Conciliation Act, 1996 for an interim direction against the Managing Director of IOTIES praying, inter alia, a direction to deposit the bank guarantee amount i.e. 56,27,984.00 (in words) with the Bank of India having its branch at Paradip Orissa till the disposal of the final adjudication of the disputes between the parties by arbitration. The application appeared on 28th October, 2010 under the heading admission. The next date is fixed on 25.09.2011 for filing show cause.

CMA Suit NO. 77/10 in Civil Suit 236/2009

Sunita Maganlal vs. Bank of India.

This is an application arising of the suit challenging the wrongful encashment of the bank guarantee furnished by Sunita Maganlal amounting to Rs. 56,00,000.00 by IOTIES. The said bank guarantee was furnished with the Bank of India having its branch at Paradip, Orissa. A direction was sought in the said petition upon IOTIES for furnishing the sum of Rs. 52,00,000 in the form of Fixed Deposit with the bank of India having its branch at Paradip till the disposal of the case.

Financial liability relating to the abovementioned C.S No. 1276 of 2008, ARBP No.26/2010, ARBP MC No. 209/2010 and CMA Suit No. 77/10 in Civil Suit No. 236/2009, may extend upto Rs. 52,00,000/- .

Civil Suit No. 94/2007

Hindustan Commerce and Industry vs. IOTIES

A suit for recovery of Rs. 7,03,755 along with interest @ 24% pa from the date of filing the present suit i.e. 1st May, 2007 till the date of decree and from the date of decree till the date of realization has been filed by Hindustan Commerce and Industry against IOTIES in the Court of Learned Civil Judge Senior Division Panipat, Haryana. The Plaintiff is a proprietorship firm which allegedly sold certain electrodes at the site office of IOTIES at Panipat on credit through their various bills on different diverse dates starting from 11th November 2004 to 26th June 2005. It is alleged that IOTIES made payment of certain bills acknowledging the entire dues leaving the remainder for the sum of Rs. 7,03,755. The suit was dismissed on default on 5th April, 2010. An application for restoration of the said suit was preferred by the plaintiff and IOTIES had also filed

its objection. The application of restoration was to be heard on 19th July, 2011 and the matter is restored.

Financial Liability:- The liability of IOTIES may be extended upto Rs Rs. 7,03,755, if at all lose the case.

Punj Lloyd Ltd. V. IOTIES & anr.

ARBP Petition (L)642 of 2009

Indian Oil Corporation limited, Pipeline division, (IOCL) invited a tender being No. PLCC/PHCPL/M/0408 for the work of Design, Fabrication and Erection of Tanks at Paradip, Orissa. IOTIES offered its bid which was accepted by IOCL and subsequently the contract was awarded to IOTIES. IOTIES again awarded a sub contract to Punj Lloyd Limited vide its letter of intent Ref No. IOT/PAR/TKG/03 dated November 6th, 2004 with all inclusive consideration of Rs. 27,90,00,000.00 (Rupees Twenty seven Crores ninety lacs only). Punj Lloyd being the petitioner herein submitted a bank guarantee being no. 0007BH00189004 for Rs. 2,79,00,000.00 (Rupees Two Crores seventy nine lacs only) dated November 30th, 2004 issued by ICICI Bank in favour of the IOTIES and IOTIES had issued a work order in favour of the petitioner on 14th January, 2005. In terms of the work order Punj Lloyd and IOTIES entered into an agreement dated 30th March, 2005 for construction of 7 tankage works with the capacity of 60,000 KL each Double Deck, Floating Roof crude oil storage and 2 tankage works with the capacity of 10,000 KL each Cone Roof water storage tanks. It is contended in the said application that the works assigned to Punj Lloyd was completed successfully in pursuance to the terms of the contract. Subsequently on 14th August, 2007 Punj Lloyd limited placed its request before the IOTIES for issuance of the Completion Certificate and a separate communication was also made before the company on 29th August, 2007 for extension of time with retrospective effect for completion of the work till 22nd May, 2007.

On 19th May, 2009 IOTIES made a communication to the senior manager ICICI Bank Limited, 9A Connaught Place, New Delhi 110001 and a copy of the same was served upon the Punj Lloyd stating interalia the bank guarantee which was furnished on 30th November, 2004 was valid upto 25th June, 2009 for an amount of Rs. 2,79,00,000.00 (Rupees Two Crores seventy nine lacs only) which was required to be extended upto 30th September 2009. In any event the tenure of the said bank guarantee had not been extended till 30th September 2009, a new bank guarantee of Rs. 2,79,00,000.00 (Rupees Two Crores seventy nine lacs only) valid upto 30th September 2009 was required to be submitted on or before 15th June, 2009, otherwise the earlier bank guarantee had to be encashed.

On 5th June, 2009 a communication was issued to the Punj Lloyd Limited stating that in terms of clause 4.4.0.0 of the GCC and also processing for the final bill of Punj Lloyd limited, a bank guarantee towards price discount amounting to 10% of the contract value that is Rs. 2,79,00,000.00 (Rupees Two Crores seventy nine lacs only) to be valid till 30th September 2009

was required to be furnished. On the contrary the sum of Rs. 2,79,00,000.00 is required to be submitted by the Punj Lloyd Limited.

It was further informed in the said communication that a separate bank guarantee towards Paint system as per the Agreed Variation (Ref: Clause No. 19.5.0 of the Special Conditions of Contract) for 0.75% percent of the contract value i.e. 20,92,500 for a period of 5 years from the date of completion and thereafter an amount corresponding to 0.50% of the contract value i.e. 13,95,000.00 for the next 5 years.

The Punj Lloyd had extended the bank guarantee of Rs. 2,79,00,000 upto 30th September, 2009 however the other bank guarantees had not been furnished by Punj Lloyd which disabled IOTIES to take a decision on the final bill. And further it was found by IOTIES that the bank guarantee furnished by Punj Lloyd had not been in conformity with the format provided by IOTIES and asked Punj Lloyd to submit the bank guarantee in their terms within 17th July, 2009 otherwise the bank guarantee would be encashed. In the facts and circumstances an application under section 9 of the Arbitration and Conciliation Act, 1996 was made before the high court at Bombay praying, inter alia, restraining IOTIES from encashing the bank guarantee which was renewed till 30th September 2009. The said application was presented before the single bench of Bombay High Court on 17th July, 2009 and an ad interim order was passed to the effect that the existing bank guarantee should not be encashed if the same had not been encashed till date. On the returnable date i.e. 24th September 2009 the ad interim order passed earlier was modified to the extent that IOTIES was permitted to make demand under the bank guarantee to the bank but the bank shall not make payment and or release the amount until further orders of the court. On 26th November i.e. on returnable date, IOTIES was directed to file reply to the arbitration petition.

The reply was filed by IOTIES on 16.12.2009. It was found from the records that the matter was appearing in the list of a single bench JJ S.J. Vazifdar on 20th June 2011.

The arbitration application which was initially registered at Arbitration Petition (lodging) no. 642 of 2009 was renumbered as arbitration petition 1376 of 2010. The matter was listed before His Lordship the Hon'ble Mr. Justice S.J. Vazifdar on 6th June. However, at the request of the Advocate for the Petitioners, the Hon'ble Court adjourned the matter for a period of four weeks. The matter was last listed on 22.08.2011.

Financial Liability:- If the application on behalf of Punj Lyod under section 9 of the Arbitration & Conciliation Act 1996 failed, IOTIES will be entitled to liquidate the Bank Guarantee of Rs Rs. 2,79,00,000.

Arbitration proceeding by IOTIES

Arbitration between IOTIES and Indian Oil Corporation Limited (Pine line Division, Noida).

Facts:

The instant arbitration proceedings is arising out of a Contract in connection with the execution of the work of "Design, Fabrication and Erection of Tanks at Paradip (Orissa)- Paradip Refinery Project- group A; 07 numbers 6000 kilolitres capacity each double deck floating roof crude oil storage tanks and 02 numbers 10000 kilolitres capacity cone roof water storage tanks.

The respondent i.e. IOC invited sealed tenders under two bid system from the bonafide Indian contractors on the aforementioned subject matters. IOTIES being the lowest bidder and IOC accepted the bid of the claimant for the sum of Rs. 61,22,65,659.20 (Rupees Sixty one Crores twenty two lacs sixty five thousand six hundred fifty nine and paise twenty only). IOTIES was requested to deposit the sum of Rs.1,53,06,700 (Rupees One Crore fifty three lacs six thousand and seven hundred only) as initial security deposit upon presenting a demand draft within 10 days from the date of the letter of acceptance or alternatively to deposit bank guarantee covering the full security deposit of 10% of the total contract value.

The time schedule of the works mentioned below:

First 4 crude oil tanks and both water storage tanks shall be completed and handed over to the owner by the end of 12th month and the balance of 3 crude oil tanks shall be handed over completed in all respects by the end of 15th month from the date of Letter of Acceptance.

IOC had failed to provide the survey documents, site drawings and other specifications which were the condition precedent of the work contract for executing those works to enable IOTIES for the commencement of the same. In as much as the work order and letter of acceptance had not been issued simultaneously which was also a condition adhered to the tender document.

There are certain other disputes and differences which had arisen under several heads and IOTIES had the substantial claims over those disputes which consists of Rs. 33,82,57,179.00 (Rupees Thirty three crores eighty two lacs fifty seven thousand one hundred and seventy nine only) along with interest @ 18% pa with effect from 20th July, 2009 to till date of the realization of the sum and further interest has to be granted by the Arbitral tribunal along with Interest for the pendente lite and post award period on the award to till the date of realization of the sum of award.

The aforesaid claims were denied and disputed by IOC and contended in the reply that the claims of IOTIES were required to be dismissed with costs and asked for counter claim of Rs. 4,81,74,000 alleging IOTIES failed to complete the work within the stipulated period as mentioned in the contract and the work was completed by IOTIES finally on 5th June, 2007 with a delay of 544 days. The Reply was filed by IOTIES objecting the Counter Claim of the IOC. The documents relating to the Statement of Claims were filed before the Arbitral Tribunal.

The Arbitrator has fixed next date on 17.11.2011 for concluding the arguments and submission of written note of arguments.

Financial Liability:- Considering the set off and/or counter claim of IOC the financial gain of IOTIES may be extended upto Rs 290083179 and interest 18% p.a with effect from 20th July, 2009 to till date of the realization if the Award is passed in favour of IOTIES.

In the high Court of judicature at Bombay ordinary original civil jurisdiction

Arbitration petition number 274/2011.

The application for setting aside of the Arbitral Award dated 5th October, 2010 was instituted before the High Court at Bombay by IOTIES against Hindustan Petroleum Corporation Limited (HPCL). MECON Limited, Bangalore had invited for two bid system for and on behalf of HPCL for the “supply, erection, testing and commissioning of mechanical equipment and piping erection at Mundra (Pkg-2) terminal for Mundra Delhi Pipeline Terminals Project. IOTIES submitted its most economical and reasonable offer which was accepted by HPCL vide Fax of Acceptance dated 5th August, 2006 stipulating that IOTIES should complete the entire work within a period of 7 months and accordingly the stipulated date of completion was 4th March, 2007 for the total cost of Rs. 13,71,00,966.00 .

The differences and disputes were- raised between the parties and IOTIES on 28th April, 2009 demanded from HPCL to make payment of Rs. 2,42,15,561.96 inclusive of interest till 31st march 2009 along with interest @ 24%pa from 1st April 2009 till the date of payment.

That HPCL vide its letter dated 15th May 2009 had denied the entire claim save and except the claim for structural modification for 2 numbers tank platforms.

IOTIES invoked the arbitration clause of the contract and proceeded to settle the disputes through arbitrator. The arbitrator directed HPCL to pay Rs. 3,64,100.00 to IOTIES on the grounds of compensation for delay in the completion of the Project. The Arbitrator further directed HPCL to make a payment of Rs. 11,27,689.14 along with interest @ SBIPLR + 2%pa for the period amount accrued and payment made to IOTIES on the grounds of extra work done by IOTIES in line with the instructions from HPCL with interest totaling to 14.918 lakhs .

Being aggrieved by the Award of the Sole Arbitrator, IOTIES had made an application for setting aside the arbitral award dated 5th October 2010. The said application is being registered as Arbitration Petition No. 274 of 2011 under the Ordinary Original Civil Jurisdiction of High Court Judicature at Bombay. The case was registered on 8th March 2011 and the same was fixed for admission on 11th April, 2011. The matter was listed before the wrong bench and thereafter, no date has been fixed.

Financial Liability:- The Award was passed in favour of IOTIES for the sum of Rs Rs. 14.918 lakhs. If the order is passed in favour of IOTIES, the gain of IOTIES may be extended upto the total liquidated amount wrongfully deducted along with interest, if any, thereon.

Arbitration against IOTIES

Ms. Madra Construction v. IOTIES

In response of the invitation for price bid of certain works including fabrication, installation, hydro testing and commissioning, calibration, approvals of open Top and Floating roof tanks along with water spray and semi fixed foam system, installation of foam seal as per EIL/NRL Specifications for Siliguri Marketing Terminal Projects at Siliguri issued by IOTIES, the Claimant vide its final letter bearing No. MC/IOT/SLG/Tank dated 25th April, 2006 against IOTIES offer number MC/IOT/1/06 dated 3rd April, 2006 accepted above mentioned works. IOTIES issued its Letter of Acceptance bearing IOT/SILIGURI-NRL/TANKAGE/LOI-01 dated 28th April 2006.

The works were consisting of 8 (2-SLOP, 2-MS, 2-SKO, 2-Fire Water) Tanks with accessories. The materials were to be supplied by IOTIES. The works were to be completed by the claimant within a period of 6 months from the date of issuance of the letter of acceptance.

The case made out in the statement of claim is non Delivery of raw materials, detailed fabrication drawings and proposed fabrication etc, supply transmission of power within 20-30 meters had not been made as per the agreement. In as much as the contract was repudiated without assigning any reasons. The claim were raised by the claimant under different heads which was initially a sum of Rs. 3,49,42,921.28 (in words) which was subsequently reduced to Rs.81,62,947 .

IOTIES filed its statement of defense and counter claims and categorically denied and disputed the claims of the claimant and raised a counter claim of Rs. 2,55,16,030.70

The claimant is under the cross examination which is to be further continued on 13th September, 2011. The matter is pending.

Financial Liability:- The financial liability of IOTIES may be extended upto Rs 81,61,947 and interest thereon if the Award is passed against IOTIES and Counter Claim is not allowed.

Punj Lloyd Limited v. IOTIES

On 23rd March 2004 IOC released a tender being PLCC/PHCPL/M/0408 for the work of Design, fabrication and erection of tanks for Paradip Haldia Crude Oil Pipeline Project, Paradip Refinery Project at Paradip, Orissa. IOTIES was awarded the aforesaid tender. Punj Lloyd Limited (PLL) expressed its interest to perform the aforesaid works as sub contractor of IOTIES. Considering the expression of interest made by PLL, a MOU was drawn and executed on 16th march 2004. PLL offered the consideration amount of Rs. 27,90,00,000.00 for the entire works. On 14th January 2005 work order was issued and the parties entered into an Agreement on 30th March 2005 for construction of a part of works as mentioned in the schedule of the tender documents which entails with tankage works of 7 nos. of 60000 KL capacity each double deck floating roof crude oil storage and 2 Nos. 10000 KL each cone roof water storage tank under Group A of the

schedule. As adhered in the contract the PLL furnished the bank guarantee being the Bank Guarantee No. 0007BH00189004 for Rs. 2,79,00,000.00 issued by ICICI bank in favour of IOTIES. The said bank guarantee was required to be kept valid for a period of 3 months after the expiry of the defect liability period which in turn was for a period of 1 year from the date of completion of the project. After the completion of the defect liability period the liability of PLL was to indemnify IOTIES towards any defects that may arise in the paint system and for that reason a bank guarantee to an extent of 0.75% of the contract value was required to be furnished by the PLL for a period of 5 years from the date of completion of the works and thereafter for an amount corresponding to 0.5% of the contract value for next 5 years. PLL completed the entire work after the stipulated period of time and IOTIES deducted Rs. 29,89,286.00 from its RA Bill no. 9 for the delay attributed by PLL and several other grounds. IOTIES further deducted several amounts from various bills assigning reasons pertaining to the Agreement dated 30th March, 2005 which raised the differences and/or the dispute in as much as PLL failed to furnish the bank guarantee in terms of the Special Condition of Contract. On 5th June, 2007 the entire work was completed with a delay of 546 days which is much later of the period as mentioned in the Agreement dated 30th March, 2005. A request was made on 18th August, 2009 by the Solicitor of PLL that the aforesaid disputes and or differences were required to be settled in the presence of the learned arbitrator. IOTIES appointed Mr. Kiran Krishna Ranade as the sole arbitrator in pursuance to the terms of the agreement dated 30th March, 2005. PLL filed its Statement of claim on 17th March, 2010 for Rs. 8,58,02,440.06

The aforesaid contentions were denied and disputed by IOTIES and IOTIES also filed its Statement of Defense and Counter Claim on 11th May, 2010 and sought an award for a sum of Rs. 2.79 crores after setting off the sum of Rs. 56,76,313.92 as per claimants final bill with interest thereon @ 16% per annum with effect from 5th June, 2007 to till the date of realization.

The examination of chief Mr. Rajat Subhra Sen, witness on behalf of the PLL had already been completed and the said witness is under cross examination which is to be held on 15th and 16th November , 2011. The matter is pending.

Financial Liability:- Considering the set off and/or Counter Claim of IOTIES the financial liability of IOTIES may be extended upto Rs 7,99,26,126.08 and interest thereon if the Award is passed against IOTIES.

Khurana Constructions v. IOTIES

The facts relating to the instant arbitration proceeding is that Indian Oil Corporation (IOC) issued a notice inviting tender for the works of civil and U/G piping works related to MSQ Project work of Gujarat Refinery of Indian Oil Corporation Limited, Vadodara. The said contract was assigned to IOTIES. IOTIES engaged Khurana Constructions and final offer was settled to Rs. 11,97,10,000/-. A letter of intent was issued in favour of the Claimant on 9th October 2004 containing the work schedule. The works were to be completed within 8 months from the date of the letter of intent i.e. on or before 8th June, 2005. However the claimant completed the said

project on 30th August, 2006 partly and the balance works were offloaded. There exists a delay of 14 months and 22 days and the same was admitted by the claimant. IOTIES withheld the payment of the final bill as because of such delay and certain deductions were made from the various bills presented by the claimant on different diverse dates. The present arbitration proceeding was drawn on for settling the disputes and/or differences arisen between the parties out of the aforesaid contract. The statement of claim was filed by the claimant on 4th December 2010 for the sum of Rs. 10,91,76,127.00

IOTIES refute the contentions of the Claim Statement and filed the written statement filed on behalf of IOTIES and Counter Claim of Rs. 2,63,17,579.57

Respective parties had filed their respective disclosures. Affidavit on evidence filed on behalf of Claimant on 20th May, 2010 before the learned arbitrator which was affirmed on 21st May, 2011.

The claimant is under the cross examination and dates are fixed on 19th, 20th and 21st September 2011.

Financial Liability:- Considering the set off and/or Counter Claim of IOTIES financial liability of IOTIES may be extended upto Rs 8,28,58,547.43 and interest thereon if the Award is passed against IOTIES.

Nasim Ahsan Construction Pvt Limited v. IOTIES

The claimant is a company represented by its managing director Nasim Ahsan. On 15th January 2004 vide letter No. IOTL/PX-PTA/TANKAGE/01 was issued in favour of the claimant as the letter of acceptance of IOTIES which was subsequently modified and a new letter of acceptance was issued on 20th April 2004 (Ref No. IOTL/ WO/PXPTA/001) and the consideration amount fixed in lumpsum price for Rs. 3,06,64,610.00 for tankage job. The entire work was to be completed within 10 months which was started on and from 15th January, 2004. It is contended by the claimant that the said work could not be completed within the schedule time for various reasons in as much as IOTIES failed to provide drawings and materials in pursuance to the terms in the letter of acceptance which caused delay to complete the entire works assigned to the claimant. The claimant contended in the claim statement that IOTIES had been withholding several bills on frivolous grounds which made the claimant entitled to raise the claims for the sum of Rs.7,75,28,731.

IOTIES denied and disputed all the allegations made in the Statement of Claim and filed its Statement of Defense and claimed liquidated damages of Rs. 30,66,461.00 along with interest @ 16% pa with effect from 5th April 2005 till the date of realization) along with Rs.13762932.36 towards risk and cost amount for the works off loaded from Claimant's scope of work and Rs 18,21,998.00 is to be refunded by the Claimant for excess amounts paid as per statement of accounts totaling to 1,86,51,391.36 which is annexed with Respondent's disclosure.

The respective parties filed their documents in the form of disclosures and Rejoinder/Reply to Counter Claim has to be submitted by Claimant.

The matter is pending for reply of counter claim to be submitted by the Claimant.

Financial Liability:- Considering the set off and/or Counter Claim of IOTIES the financial liability of IOTIES may be extended upto Rs 3,68,72,742.64 and interest thereon if the Award is passed against IOTIES.

The details of the outstanding litigations/arbitrations of the Group Companies are as follows:

IOT Engineering Projects Limited

Arbitration Application of 2011

Stamp No. 531 of 2011

IOT Engineering Projects Ltd. Vs. Murli Industries Ltd.

That IOT had executed a work order for lubrication and erection jobs at Narmada Cement Projects as awarded by Murli Industries Ltd. by its letter dated 13th March 2011. IOT claimed the work executed successfully against the contract so executed between the parties for an amount of Rs.5,82,23,209/- which was and still is due and payable to IOT. The Company further claimed interest @ 18% from 1st July 2010 to February 2011 amounting to Rs.70,70,785. The contract contained an Arbitration clause.

A notice was issued upon Murli Industries Ltd. for approval of the appointment of the Arbitrator named by IOT. The same had not been replied which necessitated to present the application u/s 11 of the Arbitration and Conciliation Act, 1996 for an appointment of the Arbitrator . The petition was affirmed on 17th May 2011.

Financial Implication:- Arbitrator is to be appointed and shall adjudicate the claim of Rs.5,82,23,209/ as raised by the Company and further claimed interest @ 18% from 1st July 2010 to February 2011 amounting to Rs.70,70,785. The company may gain the sum of Rs 6,52,93,994 if the Award passed in favour of the company.

Zuari Indian Oiltanking Limited

The state of Goa & Anr. v. Evo Faria & Others.

1st appeal no. 123 of 2008 pending before the High Court at Bombay at goa (Panaji Circuit Bench)

In the instant appeal the respondent No. 2 is ZIOL. This appeal is directing against the judgment and order dated 21st January, 2008 passed by the ad hoc district judge 2 Fast track court 2, South Goa, Margao. By the judgment and order dated 21st January, 2008 the plaintiff namely

Evo Faria was granted a compensation which is to be paid by the defendants (namely ZIOL, Simon India Limited, the State of Goa, the collector South Goa, Margao, Inspector General of Police, Panaji, Goa, the mamlatdar, Mormugao Taluka Vasco Da Gama, Goa) directly to the said plaintiff jointly and severally to an extent of Rs. 1,50,000.00 together with interest @ 6% pa from the date of decree till the date of payment. The defendants are also under the obligation to pay the cost of litigation to the plaintiff. The case of ZIOL as made out before the trial court is that the Government of GOA had granted ZIOL a right for laying pipelines through the property being survey No. 5/1 (Part) in the village dabolin, Mormugao Taluka, North Goa District. Defendant NO 2/Respondent No. 3 in appeal namely Simon India Limited was appointed as sub contractor for execution of the works ZIOL. The portion of the plaintiff's (being the Respondent No 1 in appeal) house was coming under the Projected area of ZIOL and the Government of GOA had demolished that portion. Although Simon India Limited had granted an compensation of Rs. 50,000 to Eva Faria. In the aforesaid facts and circumstances the court granted further compensation to the said plaintiff/ being the Respondent No 1 in appeal namely Eva Faria. The appeal was sought under several grounds by the state of Goa. More particularly the acquisition was made for the public purposes and following the procedure of law notice was issued to the respective owners and or occupier of the land. The portion of the land of the plaintiff /Respondent no 1 in subject matter of the appeal.

Financial Liability:- If the State of Goa does not succeed in appeal, ZIOL has to pay compensation of Rs. 1,50,000.00 together with interest @ 6% pa from the date of decree till the date of payment.

Josefato P.A.F Vales & 2 Ors. V. Simon India Limited & ZIOL.

In the court of the civil judge, senior division, at vasco d agama.

Reg CS NO. 14/2003/D

This is the suit for permanent injunction filed on 11th February 2003 which relates to the land property under survey no. 58/3 of Alto Dabolin within the jurisdiction of the village panchayat of Chicalim. The plaintiffs contended that the property was originally belonging to the plaintiffs. In or about late December 2002, the defendant no 1 appointed by ZIOL was engaged for laying a 18 inch diameter pipeline between the properties surveyed under Survey no 58, 59, 69 etc. within the jurisdiction of the village panchayat of Chicalim. It is contended that the defendants are the trespassers in the said property and the alignment of the trench of laying the 18 inch diameter pipeline would have been passed through the 'island view bar' belonging to the plaintiff no 2. Apart from the aforesaid contentions, it was also urged by the plaintiffs that the works being carried by the defendants are in contravention of the Petroleum Act, 1934 or the Petroleum and Minerals Pipelines (Acquisition of Right of user of land) Act, 1962 or the rules framed thereunder. ZIOL filed its written statement and specifically denied and disputed the allegations made in the plaint. It was further contended in the WS of ZIOL that the State of Goa had already acquired those properties and the land acquisition officer had intimated those to

the respective plaintiffs and all the steps were completed in pursuance of the provisions contained in The Land Acquisition Act which had given the finality of the acquisition of the property. Contentions in the W.S of ZIOL is that the trench being dug by the contractor of ZIOL was made as per the plan of PWD Engineers. In the said written statement ZIOL had contended that the plaintiffs had no locus standi as the properties are already acquired by the government and the works were being executed for the public purposes. The company contended that presently there exists oil storage terminal in the heart of Vasco city established during the Portuguese period and it was the demand of the public for shifting the said oil storage facility and for that reason the aforesaid works were being executed by ZIOL as per the government sanction and the suit is required to be dismissed in limine and exemplary cost to be imposed upon the plaintiffs.

The matter is still pending.

Financial Implication:- Pipe Line cannot be installed if the permanent injunction is granted and thus entire project cost, if any, incurred will be at loss.

State of Goa represented through Police Inspector, Verna Police Station and Mamlatdar, Mormugao v. Senior Manager, ZIOL, Zuarinagar, Zuari Industries Ltd, Zuarinagar

In the court of sub divisional Magistrate, Mormugao

Case no. SDM/133/02/2008/466

Upon receipt of the complaint from the acting sar panch of village panchayat sancoale and relying on the enquiry report of the Mamlatdar, Mormugao relating to the emitting of smell of petrol from the drinking water of the wells and irrigational wells at Jina Sindolem. It was further revealed through enquiry that the fuel carrying tankers were being washed on the top of the hills where the petroleum tanks of IOC and ZIOL are located and the water could be sipping underground or finding its way to the nullah and the wells thereby. The Sub Divisional Magistrate of Mormugao observed that the contaminated waters had been examined and found highly inflammable containing high petroleum product and from the strong odour of petroleum products are being emitted from the affected area. The said authority further observed that the leakage was due to improper management of waste water containing petroleum products which laid to the aforesaid contamination. A show cause notice was issued under section 133 of CrPC, the same was returnable on 7th November, 2008. On the contrary a restraining order to be made against ZIOL for preventing the emission of strong petroleum odour and underground seepage of oil/fuel/petroleum product and ZIOL would be further directed to clear the water of contaminated wells and nullahs immediately. In response of such show cause notice, a reply was made by ZIOL on 5th November, 2008 contending that the allegations contained in the said notice are vague and has no basis. It is contended in the said reply that all necessary license, sanctions, permissions etc. has already obtained from the different authority.

Upon considering the same the Sub Divisional Magistrate, Mormugao on 4th December, 2008 passed an order mentioned below:

1. ZIOL was directed to expediate the cleaning of the streams and affected walls in and around the vicinity on or before 15th January 2009. The pollution control board and health officer, Cortalim shall take fresh samples and produce the analysis report to ZIOL and to this SDM. The said sampling was to be conducted with an interval of a fortnight.
2. ZIOL will maintain a record of the amount of water/oil mix taken out and mamlatdar, Mormugao should depute its representative for cross check.
3. Police inspector, Verna/ Incharge Verna/ investigating officer should proceed with the custodial interrogation of the official of ZIOL to unearth the responsibility of the disaster and was to be acted upon in accordance with law.
4. Department of factories and boilers would examine the exact cause of leakage by engaging either their expert or an expert as per OISD Guidelines and the report shall be submitted to Verna Police Station/IO for further investigation.
5. Mamlatdar, Mormugao would assess the damages/loses of any property in the vicinity and submit the same to the Collector (South) Margao, Goa.

ZIOL has filed a revision application.

Financial Implication:- If the allegation made in the report of mamlatdar, Mormugao found correct, the project activities may be aborted and thus entire project cost, if any, incurred will be at loss.

In the highcourt of Bombay at panaji

Village panchayat of Sancoale v. ZIOL & Director of Panchayat

WP 477 of 2003

This is an application under Article 226 and 227 of the Constitution of India against the judgment and order dated 19th June, 2003 passed by the Directorate of Panchayat in Panchayat Appeal no. 116 of 2002. the petitioner is an authority under the Goa Panchayat Raj Act, 1994 . ZIOL had applied for license from the petitioner for construction of oil tanking and other ancillary structures on 9th April, 2002 which was refused by the petitioner and an appeal was preferred by ZIOL against such refusal before the Deputy Director Panchayat, Panjim, Goa. On 16th July, 2002 the appeal was allowed and ZIOL moved with the construction works and at the same time the petitioner was directed to issue NOC in favour of the ZIOL. The said order was challenged by the petitioner before the Directorate of Panchayat in appeal being Appeal No. 109 of 2002 on 25th July, 2002. An interim stay was granted of the order dated 16th July, 2002 passed by the Deputy Director Panchayat. Petitioner issued a notice to the respondent on 1st August 2002 directing

ZIOL to demolish the illegal construction of compound work and oil tanks within 3 days of the date of notice. ZIOL challenged the order of demolition passed on 1st August, 2002 passed by the petitioner before the Director of Panchayat in Panchayat Appeal No. 116 of 2002. The said demolition order passed by the petitioner was set aside by the Director of Panchayat in a judgment and order dated 19th June, 2003 and hence this application.

ZIOL contested the said application by filing the reply to the said petition on 11th December, 2003. The allegations contended in the said petition were specifically denied and disputed by ZIOL and contended further that the clearance of the establishing oil terminus was cleared under section 25 of the water (Prevention and control of pollution) Act, 1974 and under section 21 of the Air (Prevention and control of pollution) Act, 1981 and the deputy director of science and technology also cleared the project. NOC was issued by the naval authorities. On 24th January, 2002 Vasco planning and development authority in exercise of powers conferred under section 44 of Town and Country Planning Act 1974 issued necessary permission for building of fire pump house in respect of the said project and also allowed ZIOL to set up oil tanking project. The concerned authority of the public works departments cleared the project. It is further contended by ZIOL that the all necessary clearances have been obtained from the respective authorities following the procedure of law. The petitioner filed this application with an intention to create forceful employment and or occupation of the settlers of Sancoale in the oil terminus project.

ZIOL further contended that the application is devoid of any merit and the same is required to be rejected with exemplary cost. On 30th November 2010 the matter appeared before the HC of Bombay at Goa. It is observed by the Single Bench that by an order dated 16th June, 2010 at the request of the learned counsel appearing for the parties, the Writ Petition was ordered to be placed before the division bench. Till date the petitioner has not submitted the second set of the petition. The petitioner is granted time of 3 weeks for furnishing the 2nd set of the petition. On the contrary shall stand dismissed for non compliance of the order.

Financial Implication:- If the allegation made in the writ petition found correct, the project activities may be aborted and thus entire project cost, if any, incurred will be at loss.

In the highcourt of Bombay at panaji

Village panchayat of Sancoale v. ZIOL & Addl. Director of Panchayat & V.V. Arlekar

WP 295 of 2007.

ZIOL had applied for license from the petitioner for construction of oil tanking and other ancillary structures on 9th April, 2002 which was refused by the petitioner and an appeal was preferred by ZIOL against such refusal before the Deputy Director Panchayat, Panjim, Goa. On 16th July, 2002 the appeal was allowed and ZIOL moved with the construction works and at the same time the petitioner was directed to issue NOC in favour of the ZIOL. The said order was

challenged by the petitioner before the Directorate of Panchayat in appeal being Appeal No. 109 of 2002 on 25th July, 2002. An interim stay was granted of the order dated 16th July, 2002 passed by the Deputy Director Panchayat. Petitioner issued a notice to the respondent on 1st August 2002 directing ZIOL to demolish the illegal construction of compound work and oil tanks within 3 days of the date of notice. ZIOL challenged the order of demolition passed on 1st August, 2002 passed by the petitioner before the Director of Panchayat in Panchayat Appeal No. 116 of 2002. The said demolition order passed by the petitioner was set aside by the Director of Panchayat in a judgment and order dated 19th June, 2003. A writ application was preferred against such order being WP No. 477 of 2003 before this honble Court. On 22nd November 2010, ZIOL made an application made along with the documents for the issuance of NOC to erect 4 additional tanks which was rejected by the petitioner on 29th December, 2004. Against such order dated 29th December, 2004 an appeal was preferred being Panchayat Appeal No. 8 Of 2005 before the additional Director of Panchayat on 17th January 2005. On 25th may 2005 the appellate authority partly allowed the appeal and set aside the order of refusal dated 29th December 2004 and directed the company to submit a fresh application for permission to erect 4 additional tanks within a week. On 26th May, 2005 ZIOL filed an application. On 6th June, 2005 ZIOL was called upon by the petitioner for production of permission/ licenses/ sanctions obtained from the different authorities for construction of such 4 additional tanks. The petitioner rejected the application and ZIOL filed an appeal being no. 77 of 2005 before the director of panchayat. On 30th June, 2005 a notice of stop work was issued by the petitioner upon the ZIOL. The company again filed an appeal being 80 of 2005 before the Director of Panchayat and the order dated 30th June, 2005 was stayed until further orders. On 4th August 2005, the final order was passed by the Directorate of panchayat directing the writ petition for granting permission of the additional 4 tanks which was challenged by a Writ Application being WP No. 331 of 2005. The HC remitted the matter back before the director of panchayat for considering the same afresh. The said appeal was taken up by the additional director of panchayat and an interim order was allowed on 2nd December, 2005. A writ application was preferred on 12th December 2005 by the petitioner challenging the order dated 2nd December, 2005 which was withdrawn on 20th December 2005. On 13th December 2006 ZIOL applied for completion certificate from the Marmagao planning and development authority for issuance of work completion certificate. The authority expressed that the said certificate should had come through petitioner. ZIOL made an application before the petitioner on 18th December 2006 for completion certificate which was rejected. ZIOL filed an appeal before the BDO Marmagao, Vasco Da Gama bearing appeal No. 17 of 2006 under Section 201 (A) of the Goa Panchayat Raj Act against the order dated 18th December, 2006 passed by the petitioner. The appeal was dismissed on 27th February 2007. Against the said order a revision was preferred before the Deputy Director of Panchayat south Goa, Margao bearing No. Revision Application No. DDPS/1/2007/476. On 15th May, 2007 the additional director of panchayat, Junta House, Panaji, Goa passed an order in a panchayat appeal no. 136 of 2005 setting aside the order dated 11th November 2005 passed by the petitioner and further directed to grant the permission for the construction of 4 additional tanks to the company within 15 days from the date of the order. Being aggrieved with the said order

dated 5th May, 2007 the present Writ Petition was instituted. The same is pending for admission. However no reply was filed by ZIOL to this writ application.

Financial Implication:- If the allegation made in the writ petition found correct, the project activities may be aborted and thus entire project cost, if any, incurred will be at loss.

WP No. 75/2006

M/s Nitol Tinn Trust & Mr. Peter Dias Vs. Union of India & 6 Ors.

The present writ application contended that bulk storage of toxic inflammable chemicals, such as Naptha, High Sped Diesel, Kerosene and motor spirit in the property situated in the Village of Sancoale within the Survey No. 111/1 of the said village with an area of 1,01,200 sq.meter. The said project is also known as "Oil Tanking Terminal and/or Oil Tanking Farm" which is hazardous for human health, inasmuch as the protected area is nearby vicinity of the dense populated area. There are also several educational institutions namely Birla Institute of Technology , M.E.S. College of Arts, Commerce and Science within less than 1 k.m. from the projected area. More or less 4300 students were the part of the settlement of Sancoale village. In short the project of ZIOL set up in the midst of the settlement of the village Sancoale. Inasmuch as within ½ k.m. of the projected area of ZIOL the Naval-cum-Ammunition Depot is situated at the border of village Sancoale and the same is within the Funnel Zone of the Airport. It is also the contention of the petitioners that the certain pipe lines which were layed 30 years back had already lost their be expected life and ZIOL had not taken any proper permission from the Pollution Control Board and other statutory authorities and the project was being carrying on in violation of the laws, provisions and other sanctions.

ZIOL being the Respondent No. 7 in the present writ application filed its reply in form of Affidavits which was affirmed in April 2006 and categorically denied and disputed the contentions raised in the writ application.

It is contended in the said affidavit of ZIOL that the Village Panchayat being the Respondent No. 6 herein already granted permission on 27th February 2001 and issued provisional 'NOC' on 16th March 2001 i.e. prior to the issuance of NOC, the Respondent No. 6 issued Construction Licence No. 492/2000-01 permitting construction of 'Fire Pump House". On February 2001, High Powered Co-ordinating Committee was established by the State of Geoa and Chaired Chief Minister. On 20.2.2002 the said High Powered Committee cleared the project for setting up of "Oil Terminal" in a meeting. Geoa State Pollution Control Board granted permission. Naval authorities issued NOC for Height Clearance on 24.1.2002. The Vasco Planning & Development Authority issued necessary permission u/s 4 of Town and Country Planning Act, 1974 for building 'Fire Pump House' and Oil Tank Project ' on 5.4.2002. PWD, Vasco-Geoa cleared the project vide its communication dated 8.4.2002 and contended the writ application has no merit.

On 26th November 2007 the matter was appeared before the Circuit Bench at Panaji of Bombay High Court. The Respondent Nos. 2,3, and 5 sought time for filing the Affidavit in Opposition and the advance copy of ZIOL was served upon petitioner. It was observed by the Judge that the Respondent No. 6 had the liberty to file Affidavit in Opposition within 4 weeks and matter to be heard along with the W.P. No. 477/03 and 504/03. No interim order was passed. However , liberty was granted to apply for interim relief if circumstances so demand.

Financial Implication: - If the allegation made in the writ petition found correct, the project activities may be aborted and thus entire project cost, if any, incurred will be at loss.

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 and except as mentioned below, no further approvals are required for carrying on the present business.

It must be distinctly understood that, in granting these approvals, the Government of India does not take any responsibility for the financial soundness of the Company or for the correctness of any of the statements made or opinions expressed in this behalf.

In view of the approvals listed below, the Company undertakes that this Issue and its current business activities does not require any further major approvals from any governmental or regulatory authority or any other entity are required to undertake the Issue or continue its business activities. Unless otherwise stated, these approvals are all valid as of the date of this Draft Letter of Offer.

I. Approvals for the Issue

- Approval of the Board of Directors dated May 4th 2011 and July 28th 2011 for the Issue.
- In- principle approval from the Bombay Stock Exchange of India Limited dated [●].

II. Incorporation Details

- Certificate of Incorporation dated 18th August 1937 issued by Registrar of Joint Stock Companies, Bengal.
- Fresh Certificate of Incorporation dated 15th June 1965 issued by Asst. Registrar of Companies, West Bengal consequent upon Change of name from Stewarts and Lloyds of India Private Limited to Stewarts and Lloyds of India Limited.
- Company Identification Number is L28999WB1937PLC009099

III. General Approvals

- Service Tax Registration Certificate vide Registration No. AA ECS0445GST002
- Certificate issued by Government of India, Ministry of Commerce and Industry, Department of Commerce, Office of the Jt. Director General of Foreign Trade vide IEC No. 0288027001

- Certificate dated 30th June 1983 issued by the Office of the Regional Provident Fund Commissioner, West Bengal, The Andaman & Nicobar Islands stating that S&L is covered under the Employees Provident Funds and Miscellaneous Provisions Act 1952 bearing Provident Fund Code No. WB/5205 & 245 and has been granted exemption under section 17(1)(a) of the Employees Provident Funds and Miscellaneous Provisions Act 1952 under the Notification No. 2151/IPF dated 8.4.1970 issued by Government of West Bengal
- Tax Deduction Account Number CALS00750B
- Permanent Account Number AAECs0445G
- Certificate of Registration issued by Regional Office, Employees State Insurance Corporation – Code No. 41410035040010599

IV. Approvals in relation to the offices/plant/factories/workshops.

For West Bengal

- Registration Certificate under West Bengal Shops and Establishment Act 1863 dated 6th September 1983 vide Registration No. Kol/park/P-II/B388 and valid upto 5.9.2013.
- Central Sales Tax (Registration & Turnover) Rules, 1957-Form B [rule 5(1)] S&L whose principal place of business in West Bengal is at 41, Chowringhee Road, Kolkata is registered as a dealer under section 7(1)/7(2) of the Central Sales Tax Act, 1956. Valid from 1.7.1957 until cancelled.
- Registration Certificate under Contract Labour (Regulation and Abolition) Act 1970 issued by Government of West Bengal vide No. R-32/11/III/LC dated 7.7.2011 in respect of 39, Hide Road, Kolkata- 700 043
- Registration Certificate under Contract Labour (Regulation and Abolition) Act 1970 issued by Government of West Bengal vide No. R-16/11/III/LC dated 19.4.2011 in respect of Jhinhira Pole, Hide Road Extension, Kolkata
- Certificate of Registration under West Bengal Value Added Tax Act 2003 vide Registration No. 19432019022 dated 17th April 2007. Valid from 1st April 2005.
- Registration under section 7(6) of the West Bengal State Tax on Professions, Trades, Callings and Employments Act 1979 vide Registration Certificate No. RCW-1300920/84

- Central Excise Registration Certificate- Form RC under Rule 9 of the Central Excise Rules 2002 for manufacturing of excisable goods in respect of 39, Hide Road, South Eastern Railway, Kolkata, West Bengal 700043 vide Registration No.-AAECS0445GXM004
- Central Excise Registration Certificate- Form RC under Rule 9 of the Central Excise Rules 2002 for manufacturing of excisable goods in respect of 43/2, Hide Road Extension, Jinzirapole, Brace Bridge, Kolkata, West Bengal 700088 vide Registration No.-AAECS0445GXM005
- Licence to work a factory issued by Directorate of Factories, Government of West Bengal under the provisions of the Factories Act 1948 vide Licence No. 5874, Registration No. 171-TP/X/65. Valid till the year 2010 in respect of factory situated at Hide Road Extension, Jhinjirapole, Kolkata-700088
- Licence to work a factory issued by Directorate of Factories, Government of West Bengal under the provisions of the Factories Act 1948 vide Licence No. 1022, Registration No. 250-TP/X. Valid till the year 2010 in respect of factory situated at 39, Hide Road, Khidderpore, Kolkata-700043

License under section 25 & 26 of Water (Prevention and Control of Pollution) Act 1974 and Section 21 of Air (Prevention and Control of Pollution) Act 1981 issued by West Bengal Pollution Control Board in respect of 43/2, Hide Road Extension, Jhinjirapooly, PO: Brace Bridge, Kolkata- 700 088 and valid from 1.12.2010 to 30.6.2011 vide Certificate No. C059851. The Environmental Engineer –I, West Bengal Pollution Control Board vide its letter dated 23.6.2011 and memo No. 2058/WBPCB RO- 1/0/1115/2006 extended the validity period of the aforesaid license upto 30.11.2014 upon the terms and conditions therein contained.

- License under section 25 & 26 of Water (Prevention and Control of Pollution) Act 1974 and Section 21 of Air (Prevention and Control of Pollution) Act 1981 issued by West Bengal Pollution Control Board in respect of 39, Hide Road KMC Ward No. 80, Kolkata- 700 043 and valid from 1.1.2009 to 1.12.2012 vide Certificate No. C049698.

For Uttar Pradesh

- Registration Certificate under Delhi Value Added Tax Act 2004 issued in the year 2006 vide serial No. 4996 dated 25th April 2006 and Registration No. 07790308158.
- Certificate of Registration under U.P. Sales Tax Act issued vide No. ND 0341077 on 4.3.2006 for the year 2005-06 and valid until cancelled.

- Certificate of Registration under Central Sales Tax Rules 1956, issued by Sales Tax Department vide No. 5337114 on 10th March 2006 and valid until cancelled.
- Certificate of Registration under the Central Sales Tax (Registration and Turnover) Rules 1957 as a dealer under Central Sales Tax Act 1956 issued on 8.3.2006 vide registration No. 07790308158.
- Certificate of Registration under UP Shops & Establishment Act 1962 vide Registration No. 35/11671 which is valid from 1.8.2011 till 31.3.2016.
- License issued under Employees State Insurance Act and Rules vide No. 41-3504(DL-181-C) UP- 2166.

For Tamil Nadu

- Certificate under Tamil Nadu General Sales Tax Act 1959 vide No. TNGST/58978 valid from 1.4.1993 until cancelled.
- Certificate of Registration New No.40976 as dealer under Central Sales Tax Act 1956 valid from 30.1.1968 until cancelled.
- License under Tamil Nadu Motor Vehicles Taxation Act 1974 for Hydraulic Crane (life time tax paid) vide Certificate No. 05394.
- Professional Tax New Assessment No. 05-071-PE-0120 under Tamil Nadu Local Bodies Tax on Profession, Trades, Callings, Employment Rules 1998 as appears from the Challan.

For Maharashtra

For office at Navi Mumbai

- Registration Certificate under Bombay Shops & Establishment Act, 1948 issued in Form D dated 31/05/2002 vide No. CE8866.
- Certificate of Registration under the Maharashtra Value Added Tax Act 2002 vide No. MH01V522266 dated 1ST April 2006 with Taxpayer Identification No. (TIN) 27580153277V.
- Certificate of Registration under the Central Sales Tax (Registration and Turnover) Rules 1957 as a dealer under Central Sales Tax Act 1956 issued on 1.4.2006 vide registration No. MH01C-079924 with Taxpayer Identification No. (TIN) 27580153277C.
- Professional Tax Registration Certificate No. R-1/27/2077 under Maharashtra State Tax on Professions, Trader, Callings and Employments Act 1975 and Rules made there under.

- Certificate of Registration issued by Sub Regional Office, Thane under Employees State Insurance Corporation – code No-34410035040010599.

For Ambernath Factory, Maharashtra

- The Company has stopped its activities in Ambernath factory, Maharashtra. The factory license being No. 32633 has not been renewed since 1988 and thus the factory license stands cancelled.

For Trombay Project, Maharashtra

The Company has entered into a contract with Tata Power Company Ltd. for jobs relating to coal plant at Trombay and employed contract labour for which the Company has obtained license under the Contract Labour (Regulation and Abolition) Act 1970 vide License No. 033 dated 10.4.2007. For execution of contracts, the Company engages sub – contractors and places work orders with sub-contractors. Sub-contractors are made liable under the work orders for payment of monthly wages which shall not be less than the prescribed minimum wages, Provident Fund, Employees’ State Insurance, bonus, retrenchment compensation, etc. for their respective workmen and submission of challans/receipts in respect of such payments, to the Company from time to time. In few cases the company directly discharges statutory obligations relating to the workmen of the labour supply contractors, in whose scope of work such obligations are not included.

The Company has obtained required registration as mentioned above.

For Jamshedpur Project, Jharkhand

The Company has entered into several contracts with Tata Steel Limited for various erection activities at their steel plant in Jamshedpur. The Company engages sub–contractors and places work orders with sub-contractors. Sub-contractors are made liable under the work orders for payment of monthly wages which shall not be less than the prescribed minimum wages, Provident Fund, Employees’ State Insurance, bonus, retrenchment compensation, etc. for their respective workmen and submission of challans/ receipts in respect of such payments, to the

Company from time to time. The Company itself has not appointed any contract labour for this purpose.

The Company has obtained the following licenses for execution of the aforesaid contracts:-

- 1) Certificate of Registration in Form B under the Central Sales Tax (Registration & Turnover) Rules 1957 as registered dealer under Section 7(1) of the Central Sales Tax Act, 1950. The Certificate is valid from 15.3.1962 until cancelled. The Company confirmed that the Certificate is not cancelled.
- 2) Registration Certificate dated 16.7.2008 issued by the Government of Jharkhand, Commercial Taxes Department under Jharkhand Value Added Tax Act, 2005 vide Tax Identification Number 20121001668.

For Paradip Project, Orissa

The Company has entered into contract with IOT Infrastructure & Energy Services Limited for installation of fire-fighting works and with IOT Engineering Projects Ltd. for various erection services for the tankage facility at Indian Oil's Paradip refinery. The Company engages sub-contractors and places work orders with sub-contractors. Sub-contractors are made liable under the work orders for payment of monthly wages which shall not be less than the prescribed minimum wages, Provident Fund, Employees' State Insurance, bonus, retrenchment compensation, etc. for their respective workmen and submission of challans/ receipts in respect of such payments, to the company from time to time. The Company itself has not appointed any contract labour for this purpose.

The Company has obtained the following registrations for execution of the aforesaid contract/s:-

- 1) Registration Certificate for dealers liable to pay value added tax issued under Orissa Value Added Tax Act, 2005 vide Tax Identification Number 21983100598 with effect from 26.8.2011
- 2) Certificate of Registration in Form B under the Central Sales Tax (Registration & Turnover) Rules 1957 vide No. 21983100598 as registered dealer under Section 7(1) of the Central Sales Tax Act, 1950. The Certificate is valid from 27.8.2011 until cancelled.

For Bongaigaon Refinery project, Assam

The Company has entered into contracts with Indian Oil Corporation Limited for various supply and erection jobs at their Bongaigaon Refinery. In relation to the same, the Company has obtained the following licenses:-

- Certificate of Registration being under General Registration No. GRN18150073055, effective date 1st April 2006 under the Assam Value Added Tax Rules 2005 [Rule 13 (13)] Form-5.
- Central Sales Tax (Registration & Turnover) Rules, 1957-Form B [rule 5(1)]. The Company, is registered as a dealer under section 7(1)/ 7(2) of the Central Sales Tax Act, 1956
- Composition Scheme for Works Contracts under the Assam Value Added Tax Act 2003 vides Composition Permission No. BNG/WC/11-12/6842 dated 13th April, 2011.
- GRN No. 1815007055 for submission of Employees Profession Tax to the Asstt. Commissioner of Taxes, Bongaigaon, Assam.

For all Projects

For all the Projects where sub-contractors are appointed, the company keeps a hold on payment of Running Account bills of the sub-contractors in order to ensure that statutory liabilities on account of the workmen are fully discharged by the respective sub-contractors and the company ensures statutory compliance of the relevant Acts and Rules relating to the workmen employed at the sites through its sub-contractors.

V. Trademark Applications

The Company owns its brand/logo "S&L" registered under the *The Trade Marks Act, 1999*. The Company has 2 (two) registrations, both in class 6. One registered Trade Mark is numbered as 527006B in respect of "Manipulated Pipework and Pipe Fittings" and the other registered Trade Mark is numbered as 527007 (previously numbered as 527007B) in respect of "Manipulated Pipework and Pipe Fitting made of Metals". Both registrations of Trade Marks were renewed on 28th March 2004 for a period of 10 years.

STATUTORY AND OTHER INFORMATION

Authority for the Issue

The Issue is being made pursuant to a resolution passed under Section 81(1) of the Companies Act by the Board at its meeting held on May 04, 2011. The terms of the Issue have been determined by the Board pursuant to resolution dated July 28, 2011. The Rights Issue Committee has in its meeting held on [●], determined the Issue Price as Rs. [●] per Equity Share and the Rights Entitlement as [●] Equity Share(s) with Detachable Warrant(s) for every [●] fully paid-up Equity Share(s) held on the Record Date, i.e. [●]. In addition to the Rights Entitlement, for every Equity Share allotted in the Issue, one Detachable Warrant will be issued and allotted. The total amount raised by the Company through the issue of Equity Shares in the Issue and upon exercise of Detachable Warrants shall not exceed Rs. 60 Crore.

Pursuant to an application dated September 08, 2011, filed with FIPB on September 09, 2011, the Company has sought an approval from the FIPB in connection with the offer, issuance and allotment of Warrants to Non Residents. Accordingly, the offer, issuance and allotment of Rights Securities to Non Residents, will be subject to our Company obtaining the aforesaid approval from the FIPB in this regard and/or any further conditions that may be prescribed by the FIPB in connection with such approval.

Prohibition by SEBI

Neither the Company, the Promoter, the Promoter Group companies (which are the companies, firms, ventures, etc. promoted by the promoters), the Directors, persons in control of the Company and natural persons in control of the promoter (if the promoter is a body corporate) nor the companies with which any of the Promoters, Directors or persons in control of the Company are or were associated as a promoter, director or person in control are debarred or prohibited from accessing the capital market, under any order or direction passed by SEBI or any other authority.

SEBI has not initiated any action or proceedings against any of the Directors of the company.

None of the Company, the Promoter, the Promoter Group companies (which are the companies, firms, ventures, etc. promoted by the promoters) and the relatives (as defined under the Companies Act) of the Promoters have been declared willful defaulters by the RBI or any other authority and no violations of securities laws have been committed by them in the past and no proceedings in relation to such violations are currently pending against them.

Eligibility for the Issue

The Company is an existing company registered under the Companies Act whose Equity

Shares are listed on the BSE and the CSE. It is eligible to make the Issue under the SEBI (ICDR) Regulations.

DISCLAIMER CLAUSE OF SEBI

AS REQUIRED, A COPY OF THIS DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO THE SECURITIES AND EXCHANGE BOARD OF INDIA.

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF DRAFT LETTER OF OFFER TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. LEAD MANAGER, MAPE ADVISORY GROUP PRIVATE 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, 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, MAPE ADVISORY GROUP PRIVATE LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED [●] WHICH READS AS FOLLOWS:

WE, THE UNDER NOTED LEAD MANAGER (“LM”) TO THE ABOVE MENTIONED FORTHCOMING ISSUE STATE AS FOLLOWS:

(CAPITALIZED TERMS USED HEREIN AND NOT SPECIFICALLY DEFINED HEREIN SHALL HAVE THE SAME MEANINGS AS HAVE BEEN ASSIGNED TO SUCH TERMS IN THE DRAFT LETTER OF OFFER.)

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

ALLOTTEES WOULD 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 COMPANY ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE. – NOT APPLICABLE

8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE COMPANY 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 COMPANY 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 WILL BE MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT, AS PER THE PROVISIONS OF SECTION 73(3) OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS/LETTER OF OFFER. WE FURTHER CONFIRM THAT THE AGREEMENT TO BE ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE COMPANY SPECIFICALLY CONTAINS THIS CONDITION.
10. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT 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 THE APPLICABLE DISCLOSURES MANDATED IN THE 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 COMPANY THAT AT ANY GIVEN TIME THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY AND
 - (B) AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI FROM TIME TO TIME.
13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.
14. WE ENCLOSE THE DUE-DILIGENCE PROCESS NOTE ELABORATING THE PROCESS OF DUE-DILIGENCE CARRIED OUT.

15. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH APPLICABLE PROVISIONS OF THE SEBI (ICDR) REGULATIONS.

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

Disclaimer of the Company and the Lead Manager

The Company and the Lead Manager accept no responsibility for statements made otherwise than in this Draft 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.

The Company and the Lead Manager shall make all information available to the Equity Shareholders and no selective or additional information will be available for a section of the Equity Shareholders in any manner whatsoever including at presentations or in research or sales reports, after the filing of this Letter of Offer with the Stock Exchanges.

Disclaimer with respect to Jurisdiction

This Letter of Offer has been prepared under the provisions of Indian laws and the applicable rules and regulations thereunder. Any disputes arising out of the Issue will be subject to the jurisdiction of the appropriate courts in Kolkata, India only.

Selling Restrictions

The distribution of this Letter of Offer and the issue of Equity Shares with Detachable Warrants on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons in whose possession this Letter of Offer may come are required to inform themselves about and observe such restrictions.

No action has been or will be taken to permit the Issue in any jurisdiction where action would be required for that purpose, except that the Draft Letter of Offer was filed with SEBI for observations. Accordingly, the Equity Shares with Detachable Warrants may not be offered or sold, directly or indirectly, and this Letter of Offer may not be distributed in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Receipt of this 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 Letter of Offer must be treated as sent for information only and should not be copied or redistributed; persons receiving a copy of this Letter of Offer should not, in connection with the offer or sale of the Equity Shares with Detachable Warrants, distribute or send this Letter of Offer in or to the United States or any other jurisdiction where to do so would or might contravene local securities laws or regulations. If this Letter of Offer is received by any person in any such territory, or by their agent or nominee, they must not seek to subscribe for the Equity Shares with Detachable Warrants referred to in this Letter of Offer.

Neither the delivery of this 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 of any time subsequent to this date.

United States Restrictions

NEITHER THE RIGHTS ENTITLEMENTS NOR THE EQUITY SHARES WITH DETACHABLE WARRANTS THAT MAY BE PURCHASED PURSUANT THERETO HAVE BEEN, AND WILL BE REGISTERED UNDER THE U.S. 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 THE "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, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THE EQUITY SHARES WITH DETACHABLE WARRANTS REFERRED TO IN THIS LETTER OF OFFER ARE BEING OFFERED IN INDIA BUT NOT IN THE UNITED STATES OF AMERICA. THE OFFERING TO WHICH THIS LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY SHARES OR WARRANTS OR RIGHTS FOR SALE IN THE UNITED STATES OR AS A SOLICITATION THEREIN OF AN OFFER TO BUY ANY OF THE SAID SHARES OR RIGHTS. ACCORDINGLY, THIS LETTER OF OFFER AND THE CAF SHOULD NOT BE DISPATCHED OR FORWARDED TO OR TRANSMITTED IN OR TO, THE UNITED STATES AT ANY TIME, EXCEPT IN A TRANSACTION EXEMPT FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. NONE OF THE COMPANY, THE REGISTRAR, THE LEAD MANAGER OR, ANY OTHER PERSON ACTING ON BEHALF OF THE COMPANY WILL ACCEPT SUBSCRIPTIONS FROM ANY PERSON, OR THE AGENT OF ANY PERSON, WHO APPEARS TO BE, OR WHO THE COMPANY, THE REGISTRAR, THE LEAD MANAGER OR ANY OTHER PERSON ACTING ON BEHALF OF THE COMPANY HAS REASON TO BELIEVE IS, A RESIDENT OF THE UNITED STATES AND TO WHOM AN OFFER, IF MADE, WOULD

RESULT IN REQUIRING REGISTRATION OF THIS LETTER OF OFFER WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION. RIGHTS ENTITLEMENTS OR ENTITLEMENT TO APPLY FOR THE ISSUE OF EQUITY SHARES PURSUANT TO AN EXERCISE OF DETACHABLE WARRANTS MAY NOT BE TRANSFERRED OR SOLD TO ANY U.S. PERSON.

Designated Stock Exchange

The Designated Stock Exchange for the purposes of the Issue will be the BSE.

Disclaimer Clause of the BSE

Bombay Stock Exchange Limited (“the Exchange”) has given vide its letter Ref. No. [●] dated [●], permission to this company to use the Exchange’s name in this Letter of Offer as one of the stock exchanges on which this company’s securities are proposed to be listed. The Exchange has scrutinized this 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:

- (i) warrant, certify or endorse the correctness or completeness of any of the contents of this letter of offer; or
- (ii) warrant that this company’s securities will be listed or will continue to be listed on the Exchange; or
- (iii) take any responsibility for the financial or other soundness of this company, its promoters, its management or any scheme or project of this company;

and it should not for any reason be deemed or construed that this Letter of Offer has been cleared or approved by BSE. 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.

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

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of

Section 68A of the Companies Act, which is reproduced below:

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

Dematerialized Dealing

The Company has entered into agreements dated September 29, 2005 and September 23, 2005 with the NSDL and the CDSL respectively, and its Equity Shares are currently traded on the BSE and the CSE under the ISIN INE356D01012.

Filing

A copy of the Draft Letter of Offer dated [●] was filed with the SEBI Eastern Regional Office, 3rd floor, L& T Chambers, 16 Camac Street, Kolkata 700017.

This Letter of Offer has been filed with the Designated Stock Exchange and a copy has been filed with SEBI, as per the requirement under Regulation 6(4) of the SEBI Regulations.

Listing

The existing Equity Shares are listed on the BSE and the CSE. The Company had made applications to the BSE dated [●], seeking “in-principle” approval for the listing of the Equity Shares with Detachable Warrants issued pursuant to the Issue. The Company has received such approval from the BSE pursuant to letter no. [●] dated [●]. The Equity Shares which will arise upon the exercise of the Detachable Warrants shall be listed for trading on the BSE and the CSE under the existing ISIN for the fully paid-up Equity Shares of the Company. The Equity Shares allotted pursuant to the exercise of the Detachable Warrants will be listed as soon as practicable but in no case later than seven working days from the date of allotment of such Equity Shares. The Company will apply to the Stock Exchanges for final approval for the listing and trading of the Equity Shares with Detachable Warrants.

If the permission to deal in and for an official quotation in respect of the Equity Shares with Detachable Warrants to be issued pursuant to the Issue is not granted by either of the Stock Exchanges, the Company shall forthwith repay, without interest, all the subscription money received from the Equity Shareholders and/or other eligible applicants pursuant to the Letter of Offer. If there is delay in the refund of such subscription money by more than eight days after the Company becomes liable to repay the subscription money (i.e., 15 days after the Issue Closing Date), the Company and

every Director of the Company who is an officer in default shall be jointly and severally liable to repay the money with interest for the delayed period, at the rates stipulated under sub-sections (2) and (2A) of Section 73 of the Companies Act.

Consents

Consents in writing of the Directors, the Auditors, the Lead Manager, the Solicitors and Advocates to the Company, the Registrar to the Issue, the Bankers to the Company and the Bankers to the Issue, lenders and experts to act in their respective capacities have been obtained and such consents have not been withdrawn up to the time of delivery of this Draft Letter of Offer to the Designated Stock Exchange.

Messrs. Ray & Ray, Chartered Accountants, the Statutory Auditors of the Company, have given their written consent for the inclusion of their report in the form and content appearing in this Draft Letter of Offer and such consent and report have not been withdrawn up to the time of delivery of this Draft Letter of Offer to the Designated Stock Exchange.

Expert Opinion

Other than as disclosed in the section titled “Financial Statements” beginning on page 136 of this Letter of Offer, no expert opinion has been obtained by the Company in relation to the Issue.

Expenses of the Issue

The Issue related expenses include, inter alia, Issue management fees, printing and distribution expenses, legal fees, advertisement expenses and registrar and depository fees. Expenses related to the Issue will be borne by the Company.

The Company intends to utilize approximately Rs. [●] Lakhs from the gross proceeds of the Issue towards the Issue expenses.

A detailed breakdown of the Issue expenses is set forth in the table below:

Particulars	Amount (Rs. Lakhs)	As % of total expenses	As a percentage of Issue Size
Lead Manager	[●]	[●]	[●]
Registrars to the Issue	[●]	[●]	[●]
Advisors and Legal Counsel	[●]	[●]	[●]
Bankers to the Issue	[●]	[●]	[●]
Printing and stationery	[●]	[●]	[●]
Listing fees	[●]	[●]	[●]

Particulars	Amount (Rs. Lakhs)	As % of total expenses	As a percentage of Issue Size
Advertising and marketing expenses	[●]	[●]	[●]
Others	[●]	[●]	[●]
Total Estimated Issue Expenses	[●]	[●]	[●]

Previous Issues by the Company

The Company has not undertaken any previous public or rights issue during the last five years.

Issues for consideration other than cash

The Company has not issued Equity Shares for consideration other than cash or out of revaluation reserves, other than issuances mentioned in the section titled "Capital Structure" beginning on page 19 of this Letter of Offer.

Issues by the Promoter and Group Companies

The Promoter and the Promoter Group Companies have not made any capital issue during the last 3 years prior to the date of the filing of this Draft Letter of Offer.

Option to Subscribe

Other than as disclosed in the section titled "Capital Structure" beginning on page 19 of this Letter of Offer, the Company has not given any person any option to subscribe for the Equity Shares of the Company.

Stock Market Data for the Equity Shares

The Equity Shares of the Company are listed on the BSE and the CSE. The Company's Equity Shares are actively traded on the BSE and the Company's stock market data has been given as quoted on the BSE. The Equity Shares of the Company are deemed to be infrequently traded on the CSE.

The high and low of the closing prices of the Equity Shares on the BSE in the three Fiscal years preceding the date of filing of this Draft Letter of Offer and the number of Equity Shares traded on the days the high and low prices were recorded are set out below:

Fiscal Year	High (Rs.)	Date of High	Volume on date of high (no. of	Low (Rs.)	Date of Low	Volume on date of low (no. of	Average price for the year* (Rs.)

			shares)			shares)	
2008	276.95	01-02-2008	2655	58.33	31-12-2008	1765	134.56
2009	115.05	01-10-2009	5756	38.35	13-03-2009	1623	77.36
2010	151.2	22-07-2010	24341	87.15	26-02-2010	20	116.56

Source: www.bseindia.com

* The average price has been computed based on the average of the daily closing price of Equity Shares.

The high and low prices and volume of Equity Shares traded on BSE on the respective dates during the last six months is as follows:

Month, Year	High (Rs.)	Date of High	Volume on date of high (no. of shares)	Low (Rs.)	Date of Low	Volume on date of low (no. of shares)	Average price for the month* (Rs.)	Total Volume during the month
March, 2011	65.70	01-03-2011	6,211	57.00	24-03-2011	1,452	61.93	55,508
April, 2011	73.85	18-04-2011	1,151	63.75	01-04-2011	1,027	70.49	12,695
May, 2011	69.35	05-05-2011	122	61.15	20-05-2011	200	65.14	17,439
June, 2011	67.85	08-07-2011	1,575	58.00	22-06-2011	2	62.66	11,616
July, 2011	62.75	07-07-2011	797	52.45	26-07-2011	5,183	57.8	41,376
August, 2011	54.60	16-08-2011	15	45.05	30-08-2011	32	50.79	7,902

Source: www.bseindia.com

* The average price has been computed based on the average of the daily closing price of Equity Shares.

The market price was Rs. 69.35 on BSE on May 5, 2011, the trading day immediately following the day on which Board meeting was held to approve the Issue.

Except as disclosed in the section titled "Capital Structure" beginning on page 19 of this Letter of Offer, there have not been any transactions in the Equity Shares by the Promoters, the directors of the corporate Promoter and the Promoter Group entities during the six months preceding the date of filing of this Letter of Offer.

IMPORTANT

- The Issue is pursuant to a resolution passed by the Board of Directors at its meeting held on May 4, 2011. The terms of the Issue have been determined by the Board in its meeting held on July 28, 2011.

- The Issue is applicable to those Equity Shareholders whose names appear (i) as beneficial owners in the list to be furnished by the Depositories on the Record Date in respect of the Equity Shares held in the electronic form; and (ii) in the Register of Members of the Company at the close of business hours on the Record Date in respect of the Equity Shares held in physical form, in each case, after giving effect to any valid share transfers up to the Record Date, i.e., [●].
- Your attention is drawn to the section titled “Risk Factors” beginning on page ix of this Letter of Offer.
- Please ensure that you have received the CAF with the Letter of Offer.
- Please read the Letter of Offer and the instructions contained therein and in the CAF carefully before completing the CAF. The instructions contained in the CAF are an integral part of the Letter of Offer and must be carefully followed. An application is liable to be rejected for any non-compliance with the provisions contained in the Letter of Offer or the CAF.
- All enquiries in connection with the Letter of Offer or the CAF should be addressed to the Registrar to the Issue, quoting the registered folio number/the DP ID number, the client ID number, the CAF serial number and the name of the first Equity Shareholder as mentioned in the CAF.
- All information shall be made available to the investors by the Lead Manager and the Company, and no selective or additional information will be made available by them for any section of the investors in any manner whatsoever including at presentations or in research or sales reports.
- The Lead Manager and the Company shall update this Letter of Offer and keep the public informed of any material changes until the listing and commencement of trading of the Equity Shares and the Detachable Warrants.

Issue Schedule

Issue Opening Date:	[●]
Last date for receiving requests for split forms:	[●]
Issue Closing Date:	[●]

The Board will have the right to extend the Issue Closing Date for such period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date.

Investor Grievances and Redressal System

The Company has adequate arrangements for the redressal of investor complaints, in

compliance with the corporate governance requirements under the Listing Agreements entered into with the Stock Exchanges. The Shareholders/Investors' Grievance Committee currently comprises Mr. P.G. Vaidhyanathan, Mr. Jatin Mavani and Mr. K.P. Brahma and its terms of reference include monitoring the redressal of shareholders' and investors' complaints. Mr. P.G. Vaidhyanathan is the Chairman of the Shareholders/Investors' Grievance Committee.

Status of Complaints

	FY09	FY10	FY11	FY12 (upto the date of this DLoF)
Complaints received during the period	1	6	-	5
Complaints redressed	1	6	-	5
Complaints pending at the end of the period	0	0	-	0

Status of the complaints: All the investor complaints/grievances received as on date have been disposed of.

Investor Grievances arising out of the Issue

Any investor grievances arising out of the Issue will be handled by C B Management Private Limited, the Registrar to the Issue. The Registrar will have a separate team of personnel handling post-Issue correspondence.

The agreement between the Company and the Registrar provides for retention of records with the Registrar for a period of at least one year from the last date of dispatch of the allotment advice/Consolidated Certificates/demat credit/refund orders to enable the Registrar to redress grievances of investors.

All grievances relating to the Issue may be addressed to the Registrar to the Issue giving full details such as the registered folio number, name and address, contact number(s), email ID, number of Equity Shares applied for, serial number of the CAF, subscription amount paid on the application and the name of the bank and the branch where the application was deposited, along with a photocopy of the acknowledgement slip. In case of renunciation, the same details of the renounee should be furnished.

The average time taken by the Registrar or the SCSB in case of ASBA Applicants for attending to routine grievances will be seven to 10 days from the date of receipt. In case of non-routine grievances, where verification by other agencies is involved, the Registrar shall endeavor to attend to them as expeditiously as possible. The Company undertakes to resolve the investor grievances in a time bound manner.

Investors may contact the Financial Controller and Compliance Officer in case of any pre-Issue/post - Issue related problems such as non-receipt of allotment advice/Consolidated Certificates/demat credit/refund orders, etc. The contact details of the Compliance Officer are as follows:

Mr. Kalyan Dasgupta

Stewarts and Lloyds of India Limited,

41, Chowringhee Road,

Kolkata – 700071

Tel: +91 33 2288 8194

Fax: +91 33 2288 8236

E-mail: slical@slofindia.com

Website: www.slofindia.com

All grievances relating to the ASBA process may be addressed to the SCSB, giving complete details such as the name and address of the ASBA Applicant, the number of Equity Shares with Detachable Warrants applied for, the Application Money paid on the CAF and the Designated Branch or the collection center of the SCSB where the CAF was submitted by the ASBA Applicant.

Changes in Auditors during the last three years

Our Company has appointed Ms Ray & Ray, Chartered Accountants as the statutory auditors of the Company for the financial year 2011-12. The previous statutory auditors of the Company were Ms. Price Waterhouse.

Capitalization of Reserves or Profits

Other than as disclosed in the section titled “Capital Structure” beginning on page 19 of this Letter of Offer, the Company has not capitalized any of its reserves or profits in the last five years.

Revaluation of Fixed Assets

The Company has not revalued its assets in the last 5 years.

SECTION VII – OFFERING INFORMATION

TERMS OF THE ISSUE

The Equity Shares with Detachable Warrants being issued in the Issue and the Equity Shares to be allotted pursuant to the exercise of the Detachable Warrants are subject to the terms and conditions contained in the Letter of Offer, the CAF (enclosed with the Letter of Offer), the Memorandum of Association, the Articles of Association, approvals from the Government of India and the RBI, if applicable, the provisions of the Companies Act, the SEBI (ICDR) Regulations, other regulations issued by SEBI, notifications and regulations for issue of capital and for listing of securities issued by the Government of India and/or other statutory authorities and bodies from time to time, FEMA, the Listing Agreements entered into by the Company with the Stock Exchanges, the terms and conditions as stipulated in the allotment advice or letters of allotment or Consolidated Certificates and any other law, rules or regulations as applicable and introduced from time to time.

Authority for the Issue

The Issue is being made pursuant to resolutions passed at meetings of the Board of Directors held on May 4, 2011 and July 28, 2011.

Basis for the Issue

The Equity Shares with Detachable Warrants are being offered for subscription 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 the 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.

Rights Entitlement

As your name appears as a beneficial owner in respect of the Equity Shares held in the electronic form or appears in the register of members as an Equity Shareholder as on the Record Date, you are entitled to the number of Equity Shares with Detachable Warrants specified in Block I of Part A of the enclosed CAF.

The eligible Equity Shareholders are entitled to [●] Equity Share(s) with Detachable Warrants(s) for every [●] fully paid-up Equity Share(s) held on the Record Date.

In addition to the Rights Entitlement, for every one Equity Share allotted in the Issue, one Detachable Warrant will be issued and allotted.

I General Terms of the Issue

1. Market Lot

The market lot for the Equity Shares and the Detachable Warrants in dematerialized mode is one. In case of holding of Equity Shares in physical form, the Company will issue to the allottees (a) one certificate for the Equity Shares allotted to each folio with a split performance (a "Share Certificate"), (b) one certificate for Detachable Warrants with a split performance (a "Warrant Certificate" and together with the Share Certificate, the "Consolidated Certificates"). In respect of the Consolidated Certificates, the Company will, upon receipt of a request from an Equity Shareholder or Warrant Holder, split such Consolidated Certificate into smaller denominations within 10 working days from the receipt of the request from such Equity Shareholder or Warrant Holder. The Company shall not charge a fee for splitting any of the Consolidated Certificates.

Investors may please note that the Equity Shares and the Detachable Warrants can be traded on the Stock Exchanges in dematerialized form only.

2. Nomination Facility

In terms of Section 109A of the Companies Act, a nomination facility is available in case of Equity Shares. The applicant can nominate any person by completing the relevant details in the CAF in the space provided for this purpose.

A sole Equity Shareholder or the first Equity Shareholder, along with other joint Equity Shareholders, being individuals, may nominate any person(s) who, in the event of the death of the sole holder or all the joint-holders, as the case may be, shall become entitled to the Equity Shares and the Detachable Warrants. A person, being a nominee, who becomes entitled to the Equity Shares and the Detachable Warrants by reason of the death of the original Equity Shareholder(s), shall be entitled to the same advantages to which he would be entitled if he were the registered holder of the Equity Shares and the Detachable Warrants. A nomination shall stand rescinded upon the sale of the Equity Shares and the Detachable Warrants by the person nominating. A transferee will be entitled to make a fresh nomination in the manner prescribed. When the Equity Shares and the Detachable Warrants are held jointly by two or more persons, the nominee shall become entitled to receive the amount only on the demise of all the joint-holders. Fresh nominations can be made only in the prescribed form available on request at the Registered Office or with such other person at such addresses as may be notified by the Company.

Only one nomination will be applicable for one folio. Hence, if an Equity Shareholder has already registered a nomination with the Company, no further nomination needs to be made for the Equity Shares and the Detachable Warrants to be allotted in the Issue under the same folio. However, new nominations, if any, by an Equity Shareholder shall operate in supersession of any previous nomination.

In case the allotment of Equity Shares and the Detachable Warrants is in dematerialized form, there is no need to make a separate nomination for such Equity Shares and the Detachable Warrants to be allotted in the Issue. Nominations registered with the respective Depository Participant of the applicant will prevail. If the applicants wish to change the nomination, they are requested to inform their respective Depository Participants.

3. ***Joint-Holders***

Where two or more persons are registered as the holders of any Equity Shares and/or the Detachable Warrants, they shall be deemed to hold such Equity Shares and/or the Detachable Warrants as joint-holders with benefits of survivorship, subject to the provisions contained in the Articles of Association.

4. ***Minimum Subscription***

If the Company does not receive the minimum subscription of 90% of the Issue, or the subscription level falls below 90%, excluding the amount upon exercise of the Detachable Warrants, after the Issue Closing Date on account of cheques having being returned unpaid or withdrawal of applications, the Company shall refund the entire subscription amount received within 15 days from the Issue Closing Date. If there is delay in the refund of the subscription amount by more than eight days after the Company becomes liable to pay the subscription amount (i.e., 15 days after the Issue Closing Date), the Company and every Director of the Company who is an officer in default shall be jointly and severally liable to repay the money with interest for the delayed period, at the rates stipulated under sub-sections (2) and (2A) of Section 73 of the Companies Act.

IOTIES, our Promoter, has undertaken to fully subscribe for their Rights Entitlement. They have also undertaken to apply for Equity Shares with Detachable Warrants in addition to their Rights Entitlement to the extent of any undersubscribed portion of the Issue, subject to obtaining any approvals required under applicable law, to ensure that 100% of the Issue is subscribed. Such subscription for Equity Shares with Detachable Warrants over and above their Rights Entitlement, if allotted, may result in an increase in their percentage shareholding above their current percentage shareholding. Such acquisition by them of additional Equity Shares with Detachable Warrants shall (i) not result in a change of control of the management of the Company; and (ii) be exempt from the applicability of Regulations

11 and 12 of the Takeover Code in terms of the proviso to Regulation 3(1)(b)(ii) of the Takeover Code. In connection with Detachable Warrants issued and allotted by the Company in the Issue, the Promoter shall only apply for the issue of such Equity Shares as may arise from the exercise of the Detachable Warrants issued and allotted to it in the Issue and such exercise shall (i) not result in a change of control of the management of the Company; and (ii) be exempt from the applicability of Regulations 11 and 12 of the Takeover Code in terms of the proviso to Regulation 3(1)(b)(ii) of the Takeover Code.

The subscription by the Promoter for the Equity Shares with Detachable Warrants in the Issue and the allotment of the Equity Shares pursuant to the exercise of the Detachable Warrants will be in continuous compliance with the minimum public shareholding requirement specified under Clause 40A of the Listing Agreements and the Company will take such steps as may be necessary to ensure compliance with Clause 40A of the Listing Agreements. As such, other than meeting the requirements indicated in the section titled "Objects of the Issue" beginning on page 29 of this Letter of Offer, there is no other intention or purpose for the Issue, including any intention to delist the Company, even if, as a result of any allotment in the Issue to the Promoter, the shareholding of the Promoter in the Company exceeds the current shareholding. The Promoter undertakes to subscribe for any undersubscribed portion as per the provisions of applicable law. For further details of under subscription and allotment to the Promoters, see "*Basis of Allotment*" below under this section titled "*Issue Procedure*" beginning on page 265 of this Draft Letter of Offer.

5. Notices

All notices to the Equity Shareholders and Warrant Holders required to be given by the Company shall be published in one English national daily newspaper with wide circulation, one Hindi national daily newspaper with wide circulation and one regional language newspaper with wide circulation at the place where the Registered Office is situated and/or will be sent by registered post or speed post to the registered holders of the Equity Shares and the Detachable Warrants at their address in India registered with the Registrar to the Issue from time to time.

6. Listing and trading of the Equity Shares and the Detachable Warrants

The Company's existing Equity Shares are currently traded on the BSE and the CSE under the ISIN INE356D01012. The fully paid-up Equity Shares proposed to be issued pursuant to the Issue shall be listed and admitted for trading on the BSE and the CSE under the existing ISIN. The Detachable Warrants proposed to be issued pursuant to the Issue shall be listed and admitted for trading on the BSE and the CSE under a separate ISIN. All steps for the completion of the necessary formalities for listing and commencement of trading of the Equity Shares and the Detachable Warrants allotted pursuant to the Issue shall be taken

within seven working days of the finalization of the basis of allotment. The Company has made an application to the BSE seeking “in-principle” approval for the listing of the Equity Shares and the Detachable Warrants issued pursuant to the Issue in accordance with Clause 24(a) of the Listing Agreements pursuant to letter dated [●] and has received such approval from the BSE pursuant to letter no. [●] dated [●]. The Company will apply to the Stock Exchanges for final approval for the listing and trading of the Equity Shares and the Detachable Warrants.

The Equity Shares which will arise upon the exercise of the Detachable Warrants shall be listed for trading on the BSE and the CSE under the existing ISIN for the fully paid-up Equity Shares of the Company. The Equity Shares allotted pursuant to the exercise of the Detachable Warrants will be listed as soon as practicable but in no case later than seven working days from the date of allotment of such Equity Shares.

No assurance can be given regarding the active or sustained trading in the Equity Shares or the price at which the Equity Shares offered under the Issue will trade either after the listing or at the time of exercise of the Detachable Warrants. Similarly, no assurance can be given regarding the active or sustained trading in the Detachable Warrants or the price at which the Detachable Warrants being allotted under the Issue will trade after their listing.

7. Offer to Non Resident Applicants

General permission has been granted to any person resident outside India to purchase equity shares offered on a rights basis, including additional equity shares, by an Indian company in terms of FEMA and Regulation 6 of Notification No. FEMA 20/2000-RB dated May 3, 2000, as amended. However, the general permission referred to above is subject to the restrictions described in “No Offer in the United States” and restrictions on investments by OCBs described below.

Pursuant to an application dated September 08, 2011, filed with the FIPB on September 09, 2011, the Company had sought approval from the FIPB for issue of Detachable Warrants to Non Resident Equity Shareholders. The FIPB by its letter dated [●] has granted its approval for the issue and allotment of the Detachable Warrants together with the Equity Shares issued on rights basis *inter alia* to Non Resident Equity Shareholders and other eligible Non Resident applicants. The Non Resident Equity Shareholders and other eligible Non Resident applicants should note that the FIPB approval is subject to compliance with SEBI and RBI norms. The Company will notify the FIPB that for every one Equity Share allotted in the Issue, only one Detachable Warrant will be issued and allotted.

Applications received from Non Resident Applicants for the allotment of Equity Shares

with Detachable Warrants shall, *inter alia*, be also subject to the conditions imposed from time to time by the RBI under FEMA in relation to the receipt and refund of Application Money (defined below), allotment of Equity Shares with Detachable Warrants, issue of allotment advice/letters of allotment/Consolidated Certificates and payment of dividends.

The Board of Directors may, in its absolute discretion, agree to such terms and conditions as may be stipulated by the RBI or any other regulatory authority while approving the allotment of Equity Shares with Detachable Warrants, payment of dividend, etc., to Non Resident applicants. The Equity Shares with Detachable Warrants purchased on a rights basis by Non Residents shall be subject to the same conditions, including restrictions in relation to repatriation, as are applicable to the original Equity Shares against which the Equity Shares with Detachable Warrants are issued on a rights basis.

No single FII can hold more than 10% of the Company's post-Issue paid-up share capital. In respect of an FII investing in the Equity Shares with Detachable Warrants on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total paid-up share capital of the Company or 5% of the total paid-up share capital of the Company, in case such sub-account is a foreign corporate or an individual.

Pursuant to Circular No. 14 dated September 16, 2003 issued by the RBI, 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) Regulations, 2003, as amended. Accordingly, OCBs shall not be eligible to subscribe for the Equity Shares with Detachable Warrants. The RBI has however clarified in A.P. (DIR Series) Circular No. 44, dated December 8, 2003, that OCBs which are incorporated and are not under any adverse notice of the RBI will be considered for undertaking fresh investments as incorporated Non Resident entities. Thus, OCBs desiring to participate in the Issue must obtain prior approval from the RBI. On providing such approval to the Company at its Registered Office, the OCB shall receive the Letter of Offer and the CAF.

In case of a change of the status of Equity Shareholders from resident to Non Resident, a new demat account shall be opened by such Equity Shareholders. **DETAILS OF SEPARATE COLLECTION CENTERS FOR THE APPLICATIONS OF NON RESIDENT APPLICANTS IN THE ISSUE SHALL BE PRINTED ON THE CAF.**

The distribution of the Letter of Offer and the issue of Equity Shares with Detachable Warrants 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 the issue of Equity Shares with Detachable Warrants on a rights basis to the Equity Shareholders and the Letter of Offer and the CAFs will be dispatched to the Equity Shareholders at their registered address in India only.

8. *No Offer in the United States*

Neither the Rights Entitlements nor the Equity Shares with Detachable Warrants that may be purchased pursuant thereto have been, and will 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 or to, or for the account or benefit of, "U.S. Persons" (as defined in Regulation S under the Securities Act), except in a transaction exempt from, or in a transaction not subject to, the registration requirements of the Securities Act. The Equity Shares with Detachable Warrants referred to in this Letter of Offer are being offered in India but not in the United States of America. The offering to which this Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any shares or warrants or rights for sale in the United States of America, the territories or possessions thereof, or as a solicitation therein of an offer to buy any of the said shares or warrants or rights. Accordingly, this Letter of Offer and the CAF should not be dispatched or forwarded to or transmitted in or to, the United States of America at any time, except in a transaction exempt from, or in a transaction not subject to, the registration requirements of the Securities Act. None of the Company, the Registrar, the Lead Manager or any other person acting on behalf of the Company will accept subscriptions from any person, or the agent of any person, who appears to be, or who the Company, the Registrar, the Lead Manager or any other person acting on behalf of the Company has reason to believe is, a resident of the United States of America and to whom an offer, if made, would result in requiring registration of this Letter of Offer with the United States Securities and Exchange Commission. Rights Entitlements or entitlements to apply for the issue of Equity Shares pursuant to an exercise of the Detachable Warrants may not be transferred or sold to any U.S. Persons.

9. *Utilization of Issue Proceeds*

The Board of Directors declares that:

- a) The funds received in the 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.
- b) Details of all moneys 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 moneys have been utilized.
- c) Details of all unutilized moneys 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 moneys have been invested.

- d) The funds received in the Issue will be kept in a separate bank account and the Company will not have any access to such funds until the finalization of the basis of allotment.

10. ***Undertakings by the Company***

- a. The complaints received in respect of the Issue shall be attended to by the Company expeditiously and satisfactorily.
- b. All steps for completion of the necessary formalities for listing and commencement of trading on all the Stock Exchanges where the Equity Shares and Detachable Warrants are to be listed will be taken within seven working days of finalization of the basis of allotment.
- c. The funds required for dispatch of refund orders/allotment advice/letters of allotment/Consolidated Certificates by registered post shall be made available to the Registrar to the Issue.
- d. Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Equity Shareholders within 15 days of the Issue Closing Date specifying details of the Refund Bank, along with the amount and the expected date of the electronic credit of refund.
- e. The refund orders/allotment advice/letters of allotment/Consolidated Certificates to Non Residents shall be dispatched within the specified time.
- f. Except as specified in the section titled “Capital Structure” beginning on page 19 of this Letter of Offer, no further issue of securities affecting the Equity Share capital of the Company shall be made until the Equity Shares and the Detachable Warrants issued/offered through the Issue are listed or until the Application Money is refunded on account of non-listing, under subscription, etc.
- g. In the event that the public shareholding falls below the minimum prescribed in the Listing Agreements, the Company will take such steps as may be necessary to restore the minimum public shareholding in accordance with the SEBI (ICDR) Regulations and undertakes to comply with such directions as may be issued by the Stock Exchanges.

- h. The Company accepts full responsibility for the accuracy of information given in this Letter of Offer and confirms that to the best of its knowledge and belief, there are no other facts the omission of which makes any statement made in this Letter of Offer misleading and further confirms that it has made all reasonable enquiries to ascertain such facts.
- i. All information shall be made available by the Lead Manager and the Company to the investors at large and no selective or additional information will be available for a section of the investors in any manner whatsoever including at road shows, presentations, in research or sales reports, etc.
- j. In accordance with Clause 43A of the Listing Agreements, 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 Agreements.
- k. In accordance with Clause 49 of the Listing Agreements, 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 Letter of Offer and place such statement before the Audit Committee.
- l. The Company will make adequate arrangements to collect the ASBA applications and to consider them similar to the non-ASBA applications while finalizing the basis of allotment.

11. Caution

- Clubbing of folios/securities for the purpose of making a consolidated payment is not permitted.
- Cheques/demand drafts/pay orders should be payable at Kolkata for the full amount. Outstation payment instructions or payments for less than the full amount will be rejected.
- Investors are advised not to close or transfer their demat accounts between the period

of application until the time of allotment or receipt of credit in their account so as to avoid rejection of credit from the Depositories and resultant delay in receiving the intimation of allotment.

II Principal Terms and Conditions of the Issue of Equity Shares

1. Face Value

Each Equity Share shall have the face value of Rs.10.

2. Entitlement

An eligible Equity Shareholder is entitled to [●] Equity Share(s) with Detachable Warrant(s) for every [●] fully paid-up Equity Share(s) held on the Record Date.

3. Fractional Entitlements

For Equity Shares with Detachable Warrants being offered on a rights basis under the Issue, if the shareholding of any of the Equity Shareholders is less than [●] Equity Shares or is not in multiples of [●], the fractional entitlement of such Equity Shareholders shall be ignored. Equity Shareholders whose fractional entitlements are being ignored will be given preference in the allotment of one additional Equity Share each, if such Equity Shareholders have applied for additional Equity Shares with Detachable Warrants.

Those Equity Shareholders holding less than [●] Equity Shares and therefore entitled to zero Equity Shares with Detachable Warrants under the Issue shall be dispatched a CAF with zero entitlement. Such Equity Shareholders cannot renounce their entitlement to apply for additional Equity Shares with Detachable Warrants in favor of any other person. A CAF with zero entitlement will be non-negotiable/non-renounceable.

4. Additional Equity Shares with Detachable Warrants

The Equity Shareholders are eligible to apply for additional Equity Shares with Detachable Warrants over and above their Rights Entitlement provided such Equity Shareholders have applied for all the Equity Shares with Detachable Warrants offered to them, without renouncing some or all of them.

The application for the additional Equity Shares with Detachable Warrants 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. Where the number of

additional Equity Shares with Detachable Warrants applied for exceeds the number of Equity Shares with Detachable Warrants available for allotment, the allotment of additional Equity Shares with Detachable Warrants shall be made on a fair and equitable basis, in consultation with the Designated Stock Exchange. See “—Basis of Allotment” below under this section titled “Issue Procedure” beginning on page 265 of this Letter of Offer.

Renounees who have subscribed for all the Equity Shares with Detachable Warrants renounced in their favor may also apply for additional Equity Shares with Detachable Warrants.

5. Issue Price

Each Equity Share with Detachable Warrants is being offered at a price of Rs.[●] (including a premium of Rs.[●] per Equity Share).

6. Terms of Payment

On application, the aggregate amount in respect of the Equity Shares with Detachable Warrants applied for in the Issue at the rate of Rs.[●] per Equity Share with Detachable Warrants, which constitutes the full amount of the Issue Price, shall be payable (“Application Money”).

The Application Money will be applied as under:

	Towards the Equity Share Capital	Towards Share Premium Account
On application	Rs.10 per Equity Share	Rs. [●] per Equity Share

A separate cheque/demand draft/pay order in respect of the Application Money must accompany each CAF.

Payment should be only by cheque/demand draft/pay order drawn on any bank (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 center where the CAF is accepted. Outstation cheques/demand drafts/pay orders will not be accepted and CAFs accompanied by such outstation cheques/demand drafts/pay orders are liable to be rejected. Payments in cash in excess of the amount specified above will not be accepted. In case of ASBA Applicants, payment should be made in accordance with the procedure set out under “— Procedure for ASBA” below under this section titled “Issue Procedure” beginning on page 265 of this Letter of Offer.

Pursuant to RBI Circular DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the Stockinvest scheme has been withdrawn and accordingly, payment through Stockinvest will not be accepted in the Issue.

Where an applicant has applied for additional Equity Shares with Detachable Warrants and is allotted a lesser number of Equity Shares with Detachable Warrants than applied for, the excess Application Money paid shall be refunded. The excess Application Money will be refunded within 15 days from the Issue Closing Date, and if there is a delay beyond eight days from the stipulated period, the Company and every Director of the Company who is an officer in default shall be jointly and severally liable to repay the money with interest for the delayed period, at the rates stipulated under sub-sections (2) and (2A) of Section 73 of the Companies Act.

7. *Mode of Payment of Dividend*

The Company will pay dividends to its Shareholders in accordance with provisions of the Companies Act.

8. *Ranking of the Equity Shares*

The Equity Shares allotted pursuant to the Issue and the Equity Shares allotted upon exercise of the Detachable Warrants shall be subject to the Memorandum of Association and the Articles of Association and the Companies Act and shall rank *pari passu* in all respects with the existing Equity Shares, including in relation to dividend payment. For further details, see the section titled “Main Provisions of the Articles of Association” beginning on page 300 of this Letter of Offer.

9. *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;
- Right to vote on a poll, either in person or by proxy;
- Right to receive offers for shares on a rights basis and be allotted bonus shares, if announced;

- Right to receive surplus on liquidation;
- Right of free transferability of shares; and
- Such other rights, as may be available to an equity shareholder of a listed public company under the Companies Act and its memorandum and articles of association and the terms of the Listing Agreements with the Stock Exchanges.

For a detailed description of the main provisions of the Articles of Association dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation/splitting, see the section titled “Main Provisions of the Articles of Association” beginning on page 300 of this Letter of Offer.

10. *Issue of Duplicate Share Certificates*

If any Share Certificate is mutilated or defaced or the pages for recording transfers of the Equity Shares are fully utilized, the Company against the surrender of such Share Certificate may replace the Share Certificate, provided that it shall be replaced as aforesaid only if the Share Certificate number and the distinctive numbers are legible.

If any Share Certificate is destroyed, stolen, lost or misplaced, then upon production of proof thereof to the satisfaction of the Company and upon furnishing such indemnity/surety and/or such other documents as the Company may deem adequate, a duplicate Share Certificate shall be issued.

III Principal Terms and Conditions of the Issue of the Detachable Warrants

1. *Entitlement*

An eligible Equity Shareholder is entitled to receive one Detachable Warrant for every one Equity Share allotted in the Issue. The Detachable Warrants so issued can be freely and separately traded until they are tendered for exercise. At any time prior to the expiry of the Notice Period, the holders of Detachable Warrants will be entitled to exercise their right to apply for one Equity Share at the Warrant Exercise Price for each Detachable Warrant held by them.

The Equity Share entitlement in respect of each Detachable Warrant shall be proportionately adjusted for any bonus issue made by the Company prior to the Warrant Exercise Period so as to ensure that the benefit to the Warrant Holder is not prejudiced and remains the

same as if the bonus issue had not been declared. For example, if the Company declares a bonus issue prior to the Warrant Exercise Period in the ratio of 1:1, then the number of Equity Shares to be issued pursuant to the exercise of the Detachable Warrants would double.

The face value of each Equity Share is Rs.10. In the event of any sub-division or consolidation of the face value of the Equity Shares, the Equity Share entitlement on each Detachable Warrant shall be proportionately increased or decreased such that the aggregate nominal value of the entitlement remains the same as the nominal value of the Equity Shares immediately prior to such sub-division or consolidation, e.g., in case the Company decides to reduce the face value of the Equity Shares to Rs.5 each, then upon exercise of each Detachable Warrant by paying the Warrant Exercise Price, the holders of such Detachable Warrants will get two Equity Shares of Rs.5 each instead of one Equity Share of Rs.10.

However, in case the Company announces a rights issue prior to the exercise of the Detachable Warrants, neither would any adjustment be made to the Equity Share entitlement in respect of each Detachable Warrant nor would there be any reservations for the holders of such Detachable Warrants.

2. Additional Equity Shares

The Warrant Holders cannot renounce their entitlement to apply for the Equity Shares. However, the Warrant Holders may apply for any additional Equity Shares over and above their entitlement to apply for Equity Shares arising upon the exercise of the Detachable Warrants issued and allotted to them in the Issue, provided that such Warrant Holders have applied for the issue and allotment of Equity Shares pursuant to the exercise of all the Detachable Warrants issued and allotted to them in the Issue. However, the Promoters and the members of the Promoter Group holding Equity Shares in the Company have undertaken that they shall only apply for the issue of such Equity Shares as may arise from the exercise of the Detachable Warrants issued and allotted to them in the Issue and such exercise shall (i) not result in a change of control of the management of the Company; and (ii) be exempt from the applicability of Regulations 11 and 12 of the Takeover Code in terms of the proviso to Regulation 3(1)(b)(ii) of the Takeover Code.

3. Warrant Exercise Price

The Warrant Exercise Price for each Warrant shall be fixed at [●].

The Warrant Exercise Price shall be payable in full on application for issue of attendant Equity Share pursuant to the exercise of such Warrants.

In the event of any sub-division or consolidation of the face value of the Equity Shares of our Company, the share entitlement on each Warrant shall be proportionately increased/decreased such that the aggregate nominal value of the entitlement remains the same as the nominal value of the Equity Shares immediately prior to such subdivision or consolidation. The above would be subject to the approval of the shareholder and other relevant statutory and/or regulatory authorities.

4. Warrant Exercise Period

The warrant exercise period shall commence after six months from date of allotment of the Equity Shares in the Issue up to 18 months from the date of allotment of the Equity Shares in the Issue (the “Warrant Exercise Period”). The Detachable Warrants may be exercised at any time prior to the expiry of a notice period as shall be fixed by the Company in its sole discretion (the “Notice Period”) within the Warrant Exercise Period.

For purposes of determining the Warrant Holders and their respective entitlements, the Company shall fix the record date(s) during the Warrant Exercise Period for the Detachable Warrants (the “Warrant Record Date”), subject to the approval of the Stock Exchanges of such Warrant Record Date.

Any Detachable Warrants that are not exercised prior to the expiry of the Notice Period shall lapse.

The exercise of the Detachable Warrants during the Notice Period(s) will be carried out without the need for the Company to take any further approvals. However, the Warrant Holders should independently check if they require any approvals.

The Notice Period(s) will be notified in one English national daily newspaper with wide circulation, one Hindi national daily newspaper with wide circulation and one regional language newspaper with wide circulation at the place where the Registered Office is situated. The Notice Period will also be specified, along with the Warrant Exercise Price and other details, on the Warrant Exercise Application Forms to be dispatched by registered post to each of the Warrant Holders at their address in India registered with the Registrar to the Issue from time to time.

5. Procedure for the Exercise of the Detachable Warrants

Activity	Indicative time period*
Relevant Date for determination of the Warrant Exercise Price	X-1

Board meeting to determine the Warrant Exercise Price	X-1
Company to inform the Stock Exchanges of the Warrant Exercise Price	X
Company to apply to the Stock Exchanges to approve the Warrant Record Date	X
Company to give public notice of the Warrant Exercise Price, the Notice Period and the application to the Stock Exchanges for approval of the Warrant Record Date	X
Suspension of trading in the Detachable Warrants (subject to approval of the Warrant Record Date by the Stock Exchanges)	X+10
Warrant Record Date	X+15
Company/Registrar to the Issue to dispatch the Warrant Exercise Application Forms to the Warrant Holders	X+17
Company to give public notice confirming dispatch of the Warrant Exercise Application Forms	X+17
Commencement of the Notice Period	X+17
End of the Notice Period	X+46
The Detachable Warrants not exercised will lapse	X+47
Allotment of the Equity Shares arising upon the exercise of the Detachable Warrants	X+51
Company to apply to the Stock Exchanges for listing and trading approval for the Equity Shares arising upon the exercise of the Detachable Warrants	X+58
Listing of the Equity Shares arising upon the exercise of the Detachable Warrants	X+60

- * Investors may note that the aforesaid time periods are indicative and subject to change on account of several factors, many of which may be unforeseen and not within the Company's control, and that these timelines are subject to receipt of certain regulatory approvals. The assumptions on the basis of which the aforesaid timelines have been drawn may not fructify. These timelines have been described for the benefit and understanding of the investors and no responsibility shall lie on the Company or the Lead Manager for any of the aforesaid timelines not being met for any reasons whatsoever. Further, the aforesaid is an indicative timeline containing the major steps involved, and other steps may be involved in the exercise of the Detachable Warrants and consequential matters not detailed hereinabove.

The application for exercise of any Detachable Warrants should be made on the prescribed warrant exercise application form ("Warrant Exercise Application Form"). The Warrant

Exercise Application Forms will be sent by registered post to all the Warrant Holders, as identified on the Warrant Record Date, at their address in India registered with the Registrar to the Issue from time to time. The Warrant Exercise Application Forms will also be available on request by the Warrant Holders with the Registrar to the Issue during the Notice Period and can be downloaded from the Company's website. The exercise of the Detachable Warrants will be subject to the terms and conditions set out in the Warrant Exercise Application Form. The Company shall disregard applications which are liable for rejection, due to factors such as dishonor of the payment instrument or short payment.

In case of the Detachable Warrants held in Physical Mode

During the Notice Period, the Warrant Holders should send their applications for the issue of Equity Shares to the Registrar to the Issue, by completing the requisite particulars on the Warrant Exercise Application Form and by discharging on the reverse of the Warrant Certificate. For resident Equity Shareholders/applicants and Non Resident Equity Shareholders/applicants applying on a non-repatriation basis, the Warrant Exercise Application Form should be accompanied by a cheque/demand draft/pay order favoring "SLI-Warrant Issue" payable at Kolkata for the requisite amount. For Non Resident Equity Shareholders/applicants applying on a repatriation basis, the application should be accompanied by a cheque/demand draft/pay order favoring "SLI- Warrant Issue-NR" payable at Kolkata for the requisite amount. For making the payment, Non Resident Equity Shareholders/applicants are required to follow the similar procedures as specified under "Submission of Application and Modes of Payment for the Issue" below under the section titled "Issue Procedure" beginning on page 265 of this Draft Letter of Offer.

In case of the Detachable Warrants held in Demat Mode

The Company will, through the Registrar to the Issue, at least two days prior to the commencement of the Warrant Exercise Period, open a special depository account with the NSDL "SLI - Warrant Conversion Escrow Account" with a Depository Participant (the "Special Depository Account"). Equity Shareholders/applicants that have depository accounts with the CDSL must use inter - depository delivery instruction slips for the purpose of crediting their Detachable Warrants in favor of the Special Depository Account with the NSDL. Beneficial owners (Warrant Holders in dematerialized form) who wish to exercise their Detachable Warrants, will be required to send their Warrant Exercise Application Forms, accompanied by a cheque/demand draft/pay order payable at Kolkata along with a photocopy of the delivery instruction in "off market" mode or counterfoil of the delivery instruction in "off market" mode, duly acknowledged by the Depository Participant in favor of the Special Depository Account, to the Registrar to the Issue **prior to the expiry of the Notice Period.**

For Resident Equity Shareholders/applicants and Non Resident Equity Shareholders/applicants applying on a non-repatriation basis, the Warrant Exercise Application Forms should be accompanied by a cheque/demand draft/pay order favoring "SLI-Warrant Issue" payable at Kolkata for the requisite amount. For Non Resident Equity Shareholders/applicants applying on a repatriation basis, the application should be accompanied by a cheque/demand draft/pay order favoring "SLI-Warrant Issue-NR" payable at Kolkata for the requisite amount. For making the payment, Non Resident Equity Shareholders/applicants are required to follow the similar procedures as specified under "*Submission of Application and Modes of Payment for the Issue*" below under the section titled "*Issue Procedure*" beginning on page 265 of this Letter of Offer.

In case the Warrant Exercise Application Forms along with the cheques/demand drafts/pay orders towards full payment of the Warrant Exercise Price do not reach the Registrar prior to the expiry of the Notice Period, the Detachable Warrants shall lapse. Cheques/demand drafts/pay orders for lesser amounts shall be rejected and returned. Any amounts in excess of the Warrant Exercise Price shall be refunded by the Company within 15 days from the expiry of the Notice Period. If the amount to be refunded is not paid within eight 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 be jointly and severally liable to repay the money with interest for the delayed period, at the rates stipulated under sub-sections (2) and (2A) of Section 73 of the Companies Act.

6. *Variance in the Terms of the Detachable Warrants*

The rights, privileges and conditions attached to the Detachable Warrants may be modified or varied or abrogated with the consent of the Warrant Holders by a resolution passed with simple majority at a special meeting of the Warrant Holders present and voting, provided that nothing in such resolution shall be operative against the Company when such resolution modifies or varies the terms and conditions governing the Detachable Warrants if the modification or variation is not acceptable to the Company. At a meeting of the Warrant Holders, each Warrant Holder, and in the case of joint holders, the first Warrant Holder shall be entitled to vote, either in person or by proxy, in respect of such Detachable Warrants. The Warrant Holder will be entitled to one vote on a show of hands and the Warrant Holder's voting rights on a poll shall be in proportion to the number of the Detachable Warrants outstanding held by such Warrant Holder from among all the Warrant Holders present and voting. The quorum for such meetings shall be at least five Warrant Holders present in person. The proceedings of the meeting of the Warrant Holders shall be governed by the provisions contained in the Articles of Association regarding meetings of the Equity Shareholders and such other rules in force for the time being to the extent applicable and in relation to matters not otherwise specifically provided for in this Draft Letter of Offer.

7. Allotment of Equity Shares upon Exercise of the Detachable Warrants

The Board of Directors of the Company shall allot Equity Shares upon exercise of the Detachable Warrants within 15 days from the expiry of the Notice Period.

Pursuant to the exercise of any Detachable Warrants allotted to the Promoter in the Issue, the percentage shareholding of the Promoter may increase. Any such increase in the percentage shareholding of the Promoter will be pursuant to the exercise of the Detachable Warrants allotted in the Issue and will be exempt from the applicability of Regulations 11 and 12 of the Takeover Code in terms of the proviso to Regulation 3(1)(b)(ii) of the Takeover Code. Further, any such increase in their shareholding will not result in a change of control of the management of the Company. The allotment of the Equity Shares pursuant to the exercise of the Detachable Warrants will be in continuous compliance with the minimum public shareholding requirement specified under Clause 40A of the Listing Agreements and the Company will take such steps as may be necessary to ensure compliance with Clause 40A of the Listing Agreements. As such, other than meeting the requirements indicated in the section titled "Objects of the Issue" beginning on page 43 of this Letter of Offer, there is no other intention or purpose for the Issue, including any intention to delist the Company, even if, as a result of any allotment in the Issue to the Promoter, the shareholding of the Promoter in the Company exceeds the current shareholding.

8. Issue of Duplicate Warrant Certificates

If any Warrant Certificate is mutilated or defaced or the pages for recording transfers of the Detachable Warrants are fully utilized, the Company against the surrender of such certificate may replace the certificate, provided that it shall be replaced as aforesaid only if the certificate number and the distinctive numbers are legible.

If any Warrant Certificate is destroyed, stolen, lost or misplaced, then upon production or proof thereof to the satisfaction of the Company and upon furnishing such indemnity/surety and/or such other documents as the Company may deem adequate, a duplicate certificate shall be issued.

9. Rights available to Warrant Holders

The Detachable Warrants shall be transferable and transmittable in the same manner and to the same extent and shall be subject to the same restrictions and limitations and other related matters applicable to the Equity Shares. The Detachable Warrants shall not be transferable (by sale or gift) in favor of OCBs. The Detachable Warrants shall not confer upon

the holders thereof any right to receive any notice of general meetings of the Shareholders of the Company or the annual report of the Company or to attend or vote at any general meetings of the Shareholders of the Company. Save and except the right of subscription for the Equity Shares as per the terms of the issue of the Detachable Warrants, the holders of the Detachable Warrants in their capacity as Warrant Holders shall have no other rights or privileges.

10. Caution

- Each Warrant Exercise Application Form shall be accompanied by a single instrument of payment.
- Clubbing of folios/securities for the purpose of making a consolidated payment is not permitted.
- Cheques/demand drafts/pay orders should be payable at Kolkata for the full amount and outstation payment instructions or payments for less than the full amount will be rejected.
- Investors are advised not to close or transfer their demat accounts between the period of application for the exercise of the Detachable Warrants until the time of allotment or receipt of credit in their account so as to avoid rejection of credit from the Depositories and resultant delay in receiving the intimation of allotment.
- The Detachable Warrants may not be exercised from within the United States by or on behalf of U.S. Persons. Each person exercising the Detachable Warrants must provide a written certification that he/she is not a U.S. Person or that the Detachable Warrants are not being exercised on behalf of a U.S. Person. No exercise will be accepted from any person whose address is within the United States.
- If the Detachable Warrants are not exercised prior to the expiry of the Notice Period, the Detachable Warrants shall lapse.

ISSUE PROCEDURE

1. ***Procedure for Application***

The CAF will be printed in black ink for all Equity Shareholders.

The CAF consists of four parts:

Part A: Form for accepting the Equity Shares with Detachable Warrants offered and for applying for additional Equity Shares with Detachable Warrants;

Part B: Form for renunciation of Equity Shares with Detachable Warrants;

Part C: Form for application for Equity Shares with Detachable Warrants by renounees; and

Part D: Form for request for split application forms.

The Warrant Exercise Application Forms will be sent to the Warrant Holders, as identified on the Warrant Record Date.

2. ***Options Available to the Equity Shareholders***

The CAF clearly indicates the number of Equity Shares with Detachable Warrants that an Eligible Equity Shareholder is entitled to.

An Equity Shareholder will have the following five options:

- A. Apply for his Rights Entitlement in full;
- B. Apply for his Rights Entitlement in part (without renouncing the other part);
- C. Apply for his Rights Entitlement in full and apply for additional Equity Shares with Detachable Warrants;
- D. Renounce his entire Rights Entitlement; or
- E. Apply for his Rights Entitlement in part and renounce the other part.

Options A and B: Acceptance of the Rights Entitlement

The Equity Shareholders may accept their Rights Entitlement and apply for the Equity Shares with Detachable Warrants offered, either (i) in full or (ii) in part, without renouncing the other part, by completing Part A of the CAF. For details in relation to submission of the CAF and mode of payment, see "*Submission of Application and Modes of Payment for the Issue*" below under this section titled "*Issue Procedure*" beginning on page 265 of this Letter of Offer.

Option C: Acceptance of the Rights Entitlement in full and Application for Additional Equity Shares with Detachable Warrants The Equity Shareholders are eligible to apply for additional

Equity Shares with Detachable Warrants, over and above their Rights Entitlements, provided that such Equity Shareholders have applied for all the Equity Shares with Detachable Warrants offered to them without renouncing some or all of them in favor of any other person(s).

The application for the additional Equity Shares with Detachable Warrants 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. Where the number of Equity Shares with Detachable Warrants applied for exceeds the number of Equity Shares with Detachable Warrants available for allotment, the allotment of additional Equity Shares with Detachable Warrants shall be made on a fair and equitable basis with reference to the number of Equity Shares held by the applicant on the Record Date. For details of the manner in which applications for additional Equity Shares with Detachable Warrants shall be considered and allotment completed, see “*Basis of Allotment*” below under this section titled “*Issue Procedure*” beginning on page 265 of this Letter of Offer.

If you desire to apply for additional Equity Shares with Detachable Warrants, please indicate your requirement in the place provided for additional Equity Shares with Detachable Warrants in Part A of the CAF.

Options D and E: Renunciation of the Rights Entitlement

As an Equity Shareholder, you have the right to renounce your entitlement to the Equity Shares with Detachable Warrants, either in full or in part, in favor of one or more persons. Your attention is drawn to the fact that the Company shall not allot and/or register any Equity Shares with Detachable Warrants, in favor of:

- More than three persons, including joint holders;
- Partnership firms or their nominees;
- Minors;
- Hindu Undivided Families (HUFs); or
- Trusts or societies (unless registered under the Societies Registration Act, 1860 or the Indian Trusts Act, 1882 or any other law applicable to trusts and societies and is authorized under its constitution or bye-laws to hold equity shares and detachable warrants of a company).

The person(s) in whose favor any Equity Shares with Detachable Warrants are renounced should complete and sign Part C of the CAF and submit the CAF to the Bankers to the Issue on or prior to the Issue Closing Date along with the Application Money. Renounees need not be existing Equity Shareholders of the Company. Renounees who have subscribed for all

the Equity Shares with Detachable Warrants renounced in their favor may also apply for additional Equity Shares with Detachable Warrants. Where the number of additional Equity Shares with Detachable Warrants applied for exceeds the number available for allotment, the allotment will be made on a fair and equitable basis in consultation with the Designated Stock Exchange.

However, the right of renunciation is subject to the express condition that the Board of Directors shall be entitled, in its absolute discretion, to reject the request from the renounees for the allotment of Equity Shares with Detachable Warrants without assigning any reason therefor.

Renunciation by and/or in favor of Non Residents

Any renunciation (i) from a resident Indian Equity Shareholder to an NRI, or (ii) from an NRI Equity Shareholder to a resident Indian, or (iii) from an NRI Equity Shareholder to an NRI is subject to the renouncer/renounee obtaining the necessary approvals, including from the RBI under FEMA, and such approvals should be attached to the CAF. **Applications not accompanied by the aforesaid approvals are liable to be rejected.**

No single FII can hold more than 10% of the Company's post-Issue paid-up share capital. In respect of an FII investing in the Equity Shares with Detachable Warrants on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total paid-up share capital of the Company or 5% of the total paid-up share capital of the Company, in case such sub-account is a foreign corporate or an individual. Currently, the aggregate FII investment in the Company cannot exceed 24% of the Company's total paid-up capital. With the approval of the Board and the Equity Shareholders by way of a special resolution, the aggregate FII holding can go up to 100%. However, as on the date of this Letter of Offer, the Company has not obtained any approval from the Board or the Equity Shareholders to increase the FII limit to more than 24%.

Pursuant to 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, the existing Equity Shareholders of the Company who do not wish to subscribe for the Equity Shares with Detachable Warrants being offered but wish to renounce the same in favor of one or more persons shall not renounce the same (whether for consideration or otherwise) in favor of any OCB.

Procedure for Renunciation

- (a) *To renounce the entire Rights Entitlement in favor of one renounee*

If you wish to renounce the Rights Entitlement indicated in Part A, in whole, please complete Part B of the CAF and send it to the renounee. In case of joint holding, all joint holders must sign Part B of the CAF. The renounee, i.e. the person in whose favour the renunciation has been made, should complete and sign Part C of the CAF. In case of joint renounees, all joint renounees must sign Part C of the CAF.

Renounees shall not be entitled to further renounce their entitlement in favor of any other person.

(b) *To renounce a part of the Rights Entitlement or the entire Rights Entitlement to more than one person*

If you wish to either (i) accept the Rights Entitlement in part and renounce the balance or (ii) renounce the entire Rights Entitlement in favor of two or more renounees, the CAF must be first split into the requisite number of forms. For this purpose, you shall have to apply to the Registrar to the Issue. Please indicate your requirement of split application forms in the space provided for this purpose in Part D of the CAF and return the CAF to the Registrar to the Issue so as to reach them at the latest by the close of business hours on the last date for receiving requests for split application forms.

On receipt of the required number of split application forms from the Registrar to the Issue, the procedure as set out in paragraph (a) above will have to be followed.

In case the signature of the Equity Shareholder, who has renounced the Equity Shares with Detachable Warrants, does not tally with the specimen registered with the Company, the application is liable to be rejected.

A summary of the options available to the Equity Shareholders is set out below. You may exercise any of the following options with regard to the Equity Shares with Detachable Warrants offered, using the CAF:

Option	Description	Action Required
A.	Accept your Rights Entitlement in full	Complete and sign Part A. (All joint holders must sign)
B.	Accept your Rights Entitlement in part without renouncing the balance	Complete and sign Part A. (All joint holders must sign)
C.	Accept your Rights Entitlement in full and apply for additional Equity Shares with Detachable Warrants	Complete and sign Part A including Block III relating to the acceptance of the Rights Entitlement and Block IV relating to additional Equity Shares with

		Detachable Warrants. (All joint holders must sign)
D.	<p>Renounce your Rights Entitlement in full to:</p> <ol style="list-style-type: none"> 1. One person (Joint renounees are considered as one) 2. More than one person 	<p>Complete and sign Part B (all joint holders must sign) indicating the number of Equity Shares with Detachable Warrants renounced and hand it over to the renounee. The renounee must complete and sign Part C. (All joint renounees must sign)</p> <p>Complete and sign Part D (all joint holders must sign) requesting for split application forms. Send the CAF to the Registrar to the Issue, so as to reach the Registrar on or prior to the last date for receiving requests for split application forms. Splitting will be permitted only once. Upon receipt of the split application form, take action as indicated below: Complete and sign Part B indicating the number of Equity Shares with Detachable Warrants renounced and hand it over to the renounees. Each of the renounees should complete and sign Part C for the Equity Shares with Detachable Warrants accepted by them.</p>
E.	Accept a part of your Rights Entitlement and renounce the balance to one or more person(s)	<p>Complete and sign Part D (all joint holders must sign) requesting for split application forms. Send the CAF to the Registrar to the Issue, so as to reach the Registrar on or prior to the last date for receiving requests for split application forms. Splitting will be permitted only once. Upon receipt of the split application form, take action as indicated below: For the Equity Shares with Detachable Warrants you wish to accept, complete and sign Part A. (All joint holders must sign) For the Equity Shares with Detachable Warrants you wish to renounce, complete and sign Part B indicating the number of Equity Shares with Detachable Warrants renounced and hand it over to the renounees. Each of the renounees should complete and sign Part C for the Equity Shares with Detachable Warrants accepted by them.</p>

3. *Change and/or Introduction of Additional Holders*

If you wish to apply for the Equity Shares with Detachable Warrants jointly with any other person(s), not more than three, who is/are not already a joint holder(s) with you, it shall amount to a renunciation and the procedure for renunciation, as applicable, set out above will have to be followed. Even a change in the sequence of the names of joint holders shall amount to a renunciation and the procedure for renunciation, as applicable, set out above will have to be followed.

4. *Please note that:*

- Part A of the CAF must not be used by any person(s) other than those in whose favor the Offer has been made. If used, this will render the application invalid.
- While applying for or renouncing their Rights Entitlement, joint holders must sign in the same order and as per the specimen signatures registered with the Company.
- A request by an Equity Shareholder for a split application form should be made for a minimum of one Equity Shares with Detachable Warrants or in multiples thereof and one split application form for the balance Equity Shares with Detachable Warrants, if any.
- A request by an Equity Shareholder for a split application form should reach the Company on or prior to the Issue Closing Date, i.e. [●].
- Only the person to whom the Letter of Offer has been addressed, and not the renounee(s), shall be entitled to renounce and apply for split application forms. Forms once split cannot be split further.
- Split forms will be sent to the applicants by post at the applicant's risk.
- In the case of a renunciation, the submission of the CAF to the Bankers to the Issue at the collecting branches specified on the reverse of the CAF together with Part B of the CAF duly completed shall be conclusive evidence of the right of the person(s) applying for the Equity Shares with Detachable Warrants to receive allotment of such Equity Shares with Detachable Warrants.
- The renounees applying for all the Equity Shares with Detachable Warrants renounced in their favour may also apply for additional Equity Shares with Detachable Warrants. Part A of the CAF must not be used by the Renounee(s) as this will render the

application invalid. Renouncee(s) will have no further right to renounce any Equity Share with Detachable Warrant in favour of any other person.

For details on completing the CAF and other general instructions, please follow the instructions indicated on the reverse of the CAF. In addition, see “*General Instructions for Applicants*” below under this section titled “*Issue Procedure*”.

5. *Availability of Duplicate CAFs*

In case the original CAF is not received, or is misplaced by the Equity Shareholder/ applicant, the Registrar to the Issue will issue a duplicate CAF on the request of the Equity Shareholder/applicant who should furnish the registered folio number/DP ID number 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 eight days from the Issue Opening Date. Please note that those who are making the application in the duplicate form should not utilize the original CAF for any purpose, including renunciation, even if it is received or found subsequently. If the Equity Shareholder/applicant violates any of these requirements, he/she shall face the risk of rejection of both the applications. The Company or the Registrar to the Issue will not be responsible for postal delays or loss, if any, of a duplicate CAF in transit.

6. *Application on Plain Paper*

An Equity Shareholder who has not received the original CAF nor is in a position to obtain a duplicate CAF may make an application to subscribe for the Issue on plain paper, along with a cheque drawn on a local bank at Kolkata or a pay order / demand draft, net of bank and postal charges, payable at Kolkata, crossed account payee only and marked “Stewarts and Lloyds of India Limited-Rights Issue” (in the case of a resident Equity Shareholder or a Non Resident Equity Shareholder applying on a non-repatriation basis) or “Stewarts and Lloyds of India Limited -Rights Issue NR” (in the case of a Non Resident Equity Shareholder applying on a repatriation basis) and send the same by registered post directly to the Registrar to the Issue, to reach the Registrar on or prior to the Issue Closing Date. The Envelope should be superscribed “Stewarts and Lloyds of India Limited-Rights Issue” and should be postmarked in India.

An application on plain paper, duly signed by the Equity Shareholders, including any joint holders, in the same order as per the 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 Stewarts and Lloyds of India 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 (i.e. Number of Equity Shares and Detachable Warrants entitled to);
- Number of Equity Shares with Detachable Warrants applied for;
- Number of additional Equity Shares with Detachable Warrants applied for, if any;
- Total number of Equity Shares with Detachable Warrants applied for;
- Total Application Money paid at the rate of Rs. [●] per Equity Share with Detachable Warrants;
- Particulars of the cheque/demand draft/pay order;
- Savings/Current Account Number and the name and address of the bank where the Equity Shareholder will be depositing the refund order. In case of Equity Shares with Detachable Warrants allotted in demat mode, the bank account details will be obtained from the information available with the Depositories;
- 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. This requirement is irrespective of the total value of the Rights Equity Shares with Detachable Warrants applied for pursuant to the Issue;
- A representation that the Equity Shareholder is not a “U.S. Person” (as defined in Regulation S under the Securities Act) and is not in the United States at the time of making the Application;
- Signature of the Equity Shareholders to appear in the same sequence and order as

they appear in the records of the Company; and

- Additionally, Non Resident applicants shall include the following:

“I/We understand that neither the Rights Entitlement nor the Equity Shares with Detachable Warrants have been, and will be, registered under the United States Securities Act of 1933, as amended (the “US Securities Act”) or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof or to, or for the account or benefit of, “U.S. Persons” (as defined in Regulation S under the US Securities Act), except in a transaction exempt from, or in a transaction not subject to, the registration requirements of the US Securities Act. The Equity Shares with Detachable Warrants referred to in this application are being offered in India but not in the United States of America. The offering to which this application relates is not, and under no circumstances is to be construed as, an offering of any shares or warrants or rights for sale in the United States, or the territories or possessions thereof, or as a solicitation therein of an offer to buy any of the said shares or warrants or rights. Accordingly, this application should not be forwarded to or transmitted in or to the United States at any time, except in a transaction exempt from, or in a transaction not subject to, the registration requirements of the US Securities Act. None of the Company, the Registrar, the Lead Manager or any other person acting on behalf of the Company will accept subscriptions from any person, or the agent of any person, who appears to be, or who the Company, the Registrar, the Lead Manager or any other person acting on behalf of the Company has reason to believe is, a resident of the United States and to whom an offer, if made, would result in requiring registration of this application with the United States Securities and Exchange Commission.

I/We am/are both an institutional investor and an “accredited investor” within the meaning of Rule 501(a)(1), (2), (3) or (7) of Regulation D under the US Securities Act and we have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of our investment in the Equity Shares with Detachable Warrants, and we are, and any accounts for which we are acting are each, able to bear the economic risk of our or its investment.

I/We will not offer, sell or otherwise transfer any of the Equity Shares with Detachable Warrants which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation except under circumstances that will result in compliance with any applicable laws or regulations. We satisfy, and each account for which we are acting satisfies, all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of our residence.

I/We understand and agree that the Equity Shares with Detachable Warrants may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.”

Please note that Equity Shareholders who are making an application otherwise than on a CAF (i.e., on plain paper as stated above) shall not be entitled to renounce their rights and should not utilize the CAF for any purpose, including renunciation, even if it is received subsequently. If the Equity Shareholder does not comply with any of these requirements, he/she shall face the risk of rejection of both the applications and the Application Money received shall be refunded. However, the Company and/or any Director of the Company will not be liable to pay any interest whatsoever on the Application Money so refunded.

The Equity Shareholders are requested to strictly adhere to these instructions. Failure to do so could result in the application being rejected, with the Company, the Lead Manager and the Registrar not having any liability to such Equity Shareholders.

7. Procedure for ASBA

This section is for the information of eligible Equity Shareholders proposing to apply for their (i) Rights Entitlement or (ii) Rights Entitlement and Equity Shares with Detachable Warrants in addition to their Rights Entitlement through the ASBA process (each such Equity Shareholder is hereinafter referred to as an “ASBA Applicant”). 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. ASBA Applicant are advised to make their independent investigations and ensure that the number of Equity Shares with Detachable Warrants applied for by them do not exceed the limits specified under applicable laws or regulations. ASBA Applicants are also advised to ensure that the CAF is correctly completed, specifying the number of the bank account maintained with the Self Certified Syndicate Bank (“SCSB”) in which an amount equivalent to the amount payable on application as stated in the CAF will be blocked by the SCSB.

Self Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as SCSBs for the ASBA process and details of the Designated Branches of SCSBs which shall collect the CAFs of ASBA Applicants are available at <http://www.sebi.gov.in>.

ASBA Applicants

To qualify as ASBA Applicants, eligible Equity Shareholders:

- are required to hold Equity Shares in dematerialized form as on the Record Date and apply for (i) their Rights Entitlement or (ii) their Rights Entitlement and Equity Shares with Detachable Warrants in addition to their Rights Entitlement in dematerialized form;
- should not have renounced their Right Entitlement in full or in part;
- should not be renounees; and
- should apply through blocking of funds in bank accounts maintained with SCSBs.

CAF

ASBA Applicants will be required to select the ASBA option in Part A of the CAF only. Applications in electronic mode will only be available with SCSBs that provide for such facility. The ASBA Applicant shall submit the CAF 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 in this regard authorizing it to block an amount equivalent to the Application Money in the bank account maintained by such ASBA Applicant with the SCSB.

Acceptance of Rights Entitlement

You may accept your Rights Entitlement and apply for the Equity Shares offered, either in full or in part, without renouncing the balance, by completing Part A of the CAF, selecting the ASBA option in Part A of the CAF and submit the completed CAF to the SCSB before the close of banking hours on or prior to the Issue Closing Date.

Mode of payment

An ASBA Applicant agrees to block the entire amount equivalent to the Application Money by authorizing the SCSB to block such amount in a bank account maintained with an SCSB, the details of which are specified in the CAF (the "ASBA Account"). After verifying that sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Application Money. The SCSB shall keep the amount equivalent to the Application Money in the relevant ASBA Account blocked until withdrawal or rejection of the CAF or receipt of instructions from the Registrar to the Issue to unblock the Application Money.

In the event of withdrawal or rejection of a CAF, the Registrar to the Issue shall give instructions to the Controlling Branch to unblock the Application Money in the relevant ASBA

Account. The Application Money shall remain blocked in the ASBA Account until finalization of the basis of allotment in the Issue and consequent transfer of the Application Money to the separate bank account maintained by the Company in accordance with the provisions of sub-section (3) of Section 73 of the Companies Act, or until withdrawal or failure of the Issue or until rejection of the ASBA application, as the case may be. The balance amount remaining after the finalization of the Basis of Allotment shall be either unblocked by SCSBs or refunded to the investors by the Registrars on the basis of the instructions issued in this regard by the Registrar to the Issue and the Lead Manager to respective SCSB.

Options available to the ASBA Applicants

A summary of options available to the ASBA Applicants is set out below. You may exercise any of the following options with regard to the Equity Shares with Detachable Warrants offered, using the CAF:

Option	Description	Action Required
A.	Accept your Rights Entitlement in full.	Complete and sign Part A of the CAF. (All joint holders must sign)
B.	Accept your Rights Entitlement in part without renouncing the balance	Complete and sign Part A of the CAF. (All joint holders must sign)
C.	Accept your Rights Entitlement in full and apply for additional Equity Shares with Detachable Warrants	Complete and sign Part A of the CAF including Block III relating to the acceptance of the Rights Entitlement and Block IV relating to additional Equity Shares with Detachable Warrants. (All joint holders must sign)

An ASBA Applicant will need to select the ASBA option in the CAF and provide the necessary details. However, in cases where the ASBA option is not selected, but the CAF is tendered to the SCSB with the relevant details required under the ASBA option and the SCSB blocks the Applicant Money, then such CAF will be treated as if the ASBA option has been selected.

The SCSB may reject the Application at the time of acceptance of the CAF if the Bank Account with the SCSB details of which have been provided by the ABSA applicant in the CAF does not have sufficient funds equivalent to the amount payable on application mentioned in the CAF. Subsequent to the acceptance of the Application by the SCSB, the Company would have a right to reject the application only on technical grounds.

Additional Equity Shares with Detachable Warrants

You are eligible to apply for additional Equity Shares with Detachable Warrants over and above your Rights Entitlement, provided that you have applied for your Rights Entitlement in full. If you desire to apply for additional Equity Shares and Detachable Warrants, please indicate your requirement in the place provided in Part A of the CAF. Applications for additional Equity Shares with Detachable Warrants shall be considered and allotment shall be made at the sole discretion of the Board, in consultation, if necessary, with the Designated Stock Exchange. For further details See "*Basis of Allotment*" below under this section titled "*Issue Procedure*".

Renunciation under the ASBA Process

Renouncees cannot participate in the ASBA process. Eligible Equity Shareholders renouncing their Rights entitlement in whole or in part will not be eligible as ASBA Applicants.

Applications on Plain Paper

An ASBA Applicant 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. The ASBA Applicants should submit their application on plain paper at a Designated Branch of an SCSB.

The application on plain paper, duly signed by the ASBA Applicants, including any joint holders, in the same order as per the specimen recorded with the Company, must be submitted at a Designated Branch on or before the Issue Closing Date and should contain the following particulars:

- Name of the issuer, being Stewarts and Lloyds of India Limited;
- Name and address of the ASBA Applicant, 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 with Detachable Warrants applied for;
- Number of additional Equity Shares with Detachable Warrants applied for, if any;
- Total number of Equity Shares with Detachable Warrants applied for;
- Total Application Money paid at the rate of Rs. [●] per Equity Share with Detachable Warrants;
- Savings/Current Account Number and the name and address of the SCSB and the Designated Branch;

- The PAN of the ASBA Applicant and where relevant, for each joint holder, irrespective of the total value of the Equity Shares with Detachable Warrants applied for pursuant to the Issue;
- In case of a Non Resident ASBA Applicant, NRE/ FCNR/ NRO A/c no., name and address of the SCSB and the Designated Branch;
- Authorizing such SCSB to block an amount equivalent to the amount payable on the application in such bank account maintained with the same SCSB.

If an ASBA Applicant makes an application in more than one mode, i.e., both in the CAF and on plain paper, then both the applications may be liable to be rejected.

Last date of Application

The last date for submission of the duly completed CAF is [*], i.e., the Issue Closing Date. The Board of Directors will have the right to extend the Issue Closing Date for such period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date.

If the completed CAF is not received by the SCSB from an ASBA Applicant on or prior to the close of banking hours on the Issue Closing Date or such extended date as may be fixed by the Board, the offer contained in the Letter of Offer shall be deemed to have been declined and the Board of Directors shall be at liberty to dispose of the Equity Shares with Detachable Warrants offered thereby, as provided under "*Basis of Allotment*" below under this section titled "*Issue Procedure*".

Allotment in Dematerialized Form

ASBA APPLICANTS MAY PLEASE NOTE THAT THE EQUITY SHARES WITH DETACHABLE WARRANTS APPLIED FOR THROUGH THE ASBA PROCESS CAN ONLY BE ALLOTTED IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE EQUITY SHARES ARE HELD BY SUCH ABBA APPLICANT ON THE RECORD DATE.

General instructions for ASBA Applicants

- a. Please read the instructions printed on the CAF carefully.
- b. The application should be made on the printed CAF provided by the Company and should be completed in all respects. A CAF found incomplete with regard to any of the particulars required to be given therein, and/or which is not completed in conformity with the terms of this Letter of Offer, is liable to be rejected. The CAF must be completed in English.

- c. The completed CAF should be submitted at the Designated Branch of the SCSB with which the ASBA Account is maintained and not to the Bankers to the Issue/Collection Branches (assuming that such Collection Branches are not SCSBs), the Company, the Registrar or the Lead Manager.
- d. The ASBA applicant or in the case of an application in joint names, each of the ASBA Applicants, should mention his/her PAN allotted under the IT Act. **CAFs without the PAN will be considered incomplete and are liable to be rejected.** In terms of a SEBI circular dated June 30, 2008, Central and State Government officials and officials appointed by the court (e.g., official liquidators and court receivers) 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.
- e. All payments will be made by blocking an amount equivalent to the Application Money in the ASBA Account. Cash payment or payment by cheque/demand draft/pay order is not acceptable. In case payment is effected in cash or by cheque/demand draft/pay order, the application may be deemed invalid and the Application Money will be refunded without the payment of any interest thereon.
- f. Signatures should be either in English, 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 impressions must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. ASBA Applicants must sign the CAF as per the specimen signature recorded with the Company.
- 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 Equity Shares with Detachable Warrants, including any change in address of the ASBA Applicants should be addressed to the Registrar to the Issue, prior to the date of allotment in the Issue quoting the name of the first/sole ASBA Applicant, folio numbers and serial number of the CAF. Please note that any

intimation for change of address of ASBA Applicants, after the date of allotment, should be sent to the respective Depository Participant.

b. Do's:

- a. Ensure that the ASBA option is selected in part A of the CAF and necessary details are completed.
- b. In case of an application in physical mode, the ASBA Applicant shall submit the CAF/plain paper application at the Designated Branch of the SCSB. In case of an application in electronic form, the ASBA Applicant shall submit the CAF/plain paper application either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for making an applicant and blocking funds in the ASBA Account held with the SCSB. 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 of your Depository Participant and beneficiary account are correct and the beneficiary account is activated as Equity Shares with Detachable Warrants will be allotted in the dematerialized form only.
- d. Ensure that the CAFs/plain paper applications are submitted at the Designated Branch of the SCSB with whom the ASBA Account is maintained, the details of which have been provided in the CAF/plain paper application.
- e. Ensure that you have mentioned the correct bank account number in the CAF/plain paper application.
- f. Ensure that there are sufficient funds equivalent to the Application Money available in the ASBA Account before submitting the CAF/plain paper application to a Designated Branch of the SCSB.
- g. Ensure that you have authorized the SCSB to block funds equivalent to the Application Money, in the ASBA Account.
- h. Ensure that you receive an acknowledgement from the SCSB for your submission of the CAF/plain paper application in physical form.
- i. Each applicant should mention their PAN number allotted under the I. T. Act.

- j. Ensure that the name(s) given in the CAF/plain paper application is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF/plain paper application 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/plain paper application.
- k. Ensure that the Demographic Details are updated, true and correct, in all respects.

Don'ts:

- a. Do not apply on a duplicate CAF/plain paper application after you have submitted a CAF/plain paper application to a Designated Branch of the SCSB.
- b. Do not pay the Application Money by cash, cheque, demand draft or pay order.
- c. Do not send your physical CAFs/plain paper applications to the Lead Manager, the Registrar, the Bankers to the Issue (assuming that such Bankers to the Issue are not SCSBs), to a branch of the SCSB which is not a Designated Branch or the Company.
- 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 SCSBs 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 Rejections”* below under this section title *“Issue Procedure”*, applications under the ASBA process are liable to be rejected on the following grounds:

- a. Application on a split CAF.
- b. Application for Rights Entitlement or additional Equity Shares with Detachable Warrants in physical form.
- c. The DP ID and the Client ID mentioned in CAF/plain paper application not matching with the DP ID and the Client ID records available with the Registrar.
- d. Sending the CAF/plain paper application to the Lead Manager, the Registrar, the Banker to the Issue, the Collection Branches (assuming that such Collection Branch is not a SCSB), to a branch of an SCSB which is not a Designated Branch of such SCSB or the Company.
- e. A renounee applying under the ASBA process.
- f. Insufficient funds in the ASBA Account.
- g. Funds in the ASBA Account having been frozen pursuant to any regulatory

order(s).

- h. The ASBA Applicant not signing the CAF or the declaration therein.

Depository Account and Bank Account Details of ASBA Applicants

IT IS MANDATORY FOR ALL ASBA APPLICANTS TO RECEIVE THEIR EQUITY SHARES IN DEMATERIALIZED FORM. ALL ASBA APPLICANTS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE CAF/PLAIN PAPER APPLICATION. ASBA APPLICANTS MUST ENSURE THAT THE NAME GIVEN IN THE CAF/PLAIN PAPER APPLICATION 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.

ASBA Applicants should note that on the basis of name of the ASBA Applicant, the Depository Participant's name and identification number and the beneficiary account number provided in the CAF/plain paper application, the Registrar to the Issue will obtain from the Depository demographic details of the ASBA Applicant such as the address, the bank account details for printing on refund orders and occupation ("Demographic Details"). Therefore, ASBA Applicants should complete their Depository Account details in the CAF/plain paper application carefully.

Such Demographic Details will be used for all correspondence with ASBA Applicants, including mailing of the letters intimating unblocking of the ASBA Accounts of the respective ASBA Applicants. The Demographic Details provided by the ASBA Applicants in the CAF will not be used for any other purposes by the Registrar. Therefore, the ASBA Applicants are advised to update their Demographic Details available with their Depository Participants.

By signing the CAFs/plain paper applications, the ASBA Applicants will be deemed to have authorized the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details available on its records.

Unblocking of the ASBA Account

On the basis of instructions from the Registrar to the Issue, the SCSBs shall transfer the Application Money blocked in respect of each ASBA Applicant to the bank account maintained by the Company in accordance with the provisions of sub-section (3) of Section 73 of the Companies Act and shall unblock the excess amount, if any, in the ASBA Account of such ASBA Applicant. However, the Application Money may be unblocked in the ASBA Account prior to

receipt of notification from the Registrar to the Issue by the Controlling Branch in relation to the finalization of the basis of allotment in the Issue in the event of withdrawal or failure of the Issue or a withdrawal or rejection of the CAF submitted by an ASBA Applicant, as the case may be.

Letters intimating allotment and unblocking of the ASBA Accounts will be mailed to the address of the ASBA Applicant specified in the Demographic Details received from the Depositories. ASBA Applicants may note that delivery of letters intimating the unblocking of the ASBA Account may get delayed if such documents, once sent to the address obtained from the Depositories are returned undelivered.

Note that any such delay shall be at the sole risk of the ASBA Applicants and none of the Company, the SCSBs, the Lead Manager or the Registrar to the Issue shall be liable to compensate the ASBA Applicant for any losses caused to such ASBA Applicant due to any such delay or pay any interest for such delay.

Applications through ASBA under Power of Attorney

In case of applications made under the ASBA process pursuant to a power of attorney, a certified copy of the power of attorney must be submitted along with the CAF/plain paper application. Failing this, the Company reserves the right to accept or reject any CAF, without assigning any reason therefore. The Company, in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the CAF, subject to such terms and conditions that the Company and the Lead Manager may deem fit.

V. Submission of Application and Modes of Payment for the Issue

1. For Resident Equity Shareholders or Applicants (other than ASBA Applicants)

- Equity Shareholders or applicants who are applying through the CAF and residing at places where the bank collection centers have been opened by the Company for collecting applications, are requested to submit, on or prior to the Issue Closing Date, the completed CAFs at the corresponding collection center, together with a cheque/demand draft/pay order payable at Kolkata for the Application Money net of bank charges in favor of the Bankers to the Issue, crossed account payee only and marked "Stewarts and Lloyds of India Limited-Rights Issue".
- Equity Shareholders or applicants residing at places other than places where the bank collection centers have been opened by the Company for collecting applications,

and Equity Shareholders who are applying on plain paper, are requested to send the completed CAF or plain paper application, as case may be, together with a cheque/demand draft/pay order payable at Kolkata for the Application Money net of bank charges in favor of the Bankers to the Issue, crossed account payee only and marked "Stewarts and Lloyds of India Limited-Rights Issue", directly to the Registrar to the Issue, by registered post so as to reach the Registrar on or prior to 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.

2. For Non Resident Equity Shareholders or Applicants

Application with repatriation benefits

Non Resident Equity Shareholders or applicants applying on a repatriation basis are required to submit the completed CAF or the application on plain paper, as the case may be, along with payment in the following manner:

- By Indian Rupee drafts purchased from abroad and payable at Kolkata or funds remitted from abroad (submitted along with a Foreign Inward Remittance Certificate); or
- By cheques/demand drafts/pay orders remitted through normal banking channels or out of funds held in Non Resident External (NRE) Accounts or Foreign Currency Non Resident (FCNR) Accounts maintained in Kolkata with banks authorized to deal in foreign currency, along with documentary evidence in support of the remittance; or
- By Indian Rupee drafts purchased by debit to an NRE/FCNR Account maintained elsewhere in India and payable in Kolkata.
- FIIs registered with SEBI must remit funds from special nonresident rupee deposit accounts.
- For Equity Shareholders applying through a CAF, the CAF is to be sent to the bank collection center specified in the CAF, along with cheques/demand drafts/pay orders for the Application Money payable at Kolkata in favor of the Bankers to the Issue and marked "Stewarts and Lloyds of India Limited-Rights Issue NR" and must be crossed account payee only.

A separate cheque/demand draft/pay order must accompany each CAF. Non Resident Equity Shareholders or applicants may note that where payment is made by demand drafts

purchased from NRE/FCNR Accounts as the case may be, an account debit certificate from the bank issuing the demand draft confirming that the demand draft has been issued by debiting the NRE/FCNR Account should be enclosed with the CAF. In the absence of the above, the CAF shall be considered incomplete and is liable to be rejected. In the case of NRIs who remit their Application Money from funds held in NRE/FCNR 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 demand drafts from abroad, refunds and other disbursements, if any, will be made in any convertible foreign currency at the rate of exchange prevailing at such time subject to the permission of the RBI and will be made net of bank charges or commission in US Dollars, at the rate of exchange prevailing at such time. The Company will not be liable for any loss on account of exchange rate fluctuation for converting the Indian Rupee amount into any convertible foreign currency or for any collection charges charged by the applicant's bankers.

Payments through Non Resident Ordinary (NRO) Accounts will not be permitted.

Neither the Company nor the Registrar to the Issue will be responsible for postal delays or loss, if any, of the application in transit.

Application without repatriation benefits

In the case of Non Resident Equity Shareholders or applicants applying on a non-repatriation basis, in addition to the modes specified above, payment may also be made by way of cheques drawn on NRO Accounts maintained in Kolkata or Indian Rupee demand drafts purchased out of an NRO Account maintained elsewhere in India but payable at Kolkata. In such cases, the allotment of Equity Shares with Detachable Warrants will be on a non-repatriation basis.

For Non Resident Equity Shareholders or applicants applying through a CAF, the CAF is to be sent to the bank collection center specified in the CAF along with cheques/demand drafts/pay orders for the Application Money drawn in favor of the Bankers to the Issue and marked "Stewarts and Lloyds of India Limited-Rights Issue" payable at Kolkata and must be crossed account payee only. A separate cheque or Bank Draft must accompany each CAF.

Non Resident Equity Shareholders or applicants may note that where payment is made by demand drafts purchased from NRE/FCNR/NRO Accounts, as the case may be, an account debit certificate from the bank issuing the demand draft confirming that the demand draft has been issued by debiting such NRE/FCNR/NRO Account should be enclosed with the CAF. Otherwise the application shall be considered incomplete and is liable to be rejected.

New demat accounts shall be opened for holders who have had a change in status from resident Indian to NRI.

Note:

- In case repatriation benefits are available, interest, dividend and sales proceeds derived from the investment in Equity Shares can be remitted outside India, subject to tax, as applicable, according to the IT Act.
- In case Equity Shares are allotted on a non-repatriation basis, the dividend and sale proceeds of the Equity Shares cannot be remitted outside India.
- The CAF duly completed together with the Application Money must be deposited with the Bankers to the Issue or any branches thereof indicated on the reverse of the CAF before the close of banking hours on or prior to the Issue Closing Date. A separate cheque/demand draft/pay order must accompany each CAF.
- In case of a CAF received from a Non Resident, allotment, refunds and other distributions, if any, will be made in accordance with the guidelines/rules prescribed by the RBI, as applicable at the time of making such allotment or remittance and subject to necessary approvals.

Last Date of Application

The last date for submission of the duly completed CAF is [●], i.e., the Issue Closing Date. The Board of Directors will have the right to extend the Issue Closing 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 Application Money is not received by the Bankers to the Issue or the Registrar to the Issue, as the case may be, on or prior to the close of banking hours on the Issue Closing Date or such extended date as may be fixed by the Board, the offer contained in the Letter of Offer shall be deemed to have been declined and the Board of Directors shall be at liberty to dispose of the Equity Shares with Detachable Warrants offered thereby, as provided under “*Basis of Allotment*” below under this section “*Issue Procedure*”.

VI. 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 or the Rights Issue Committee will proceed to allot the Equity Shares with Detachable Warrants in the following order of priority:

- a. Full allotment to those Equity Shareholders who have applied for their Rights Entitlement either in full or in part and also to the renounees who have applied for the Equity Shares with Detachable Warrants renounced in their favor, in full or in part.
- b. If the shareholding of any Equity Shareholders is less than [●] or not in multiples of [●], then the fractional entitlements of such Equity Shareholders will be ignored, and such Equity Shareholders will be given preference in allotment of one additional Equity Share each if they have applied for additional Equity Shares with Detachable Warrants. Allotment under this head shall be considered if there are any unsubscribed Equity Shares with Detachable Warrants after allotment under (a) above. If the number of Equity Shares with Detachable Warrants required for allotment under this head are more than the number of Equity Shares with Detachable Warrants available after allotment under (a) above, the allotment will be made on a fair and equitable basis, having due regard to the number of Equity Shares held by the applicants on the record date, in consultation with the Designated Stock Exchange. For details in relation to fractional entitlements, see *“Principal Terms and Conditions of the Issue of Equity Shares—Fractional Entitlements”* under the section titled *“Terms of the Issue”* beginning on page 245 of this Letter of Offer.
- c. In case of Equity Shareholders who have applied for all the Equity Shares with Detachable Warrants offered to them as part of the Issue and have also applied for additional Equity Shares with Detachable Warrants, the allotment of such additional Equity Shares with Detachable Warrants will be made as far as possible on a proportionate basis having due regard to the number of Equity Shares held by them on the Record Date, provided there is an unsubscribed portion after making full allotment under (a) and (b) above. The allotment of such Equity Shares with Detachable Warrants will be at the sole discretion of the Board of Directors in consultation with the Designated Stock Exchange, as a part of the Issue and not as a preferential allotment.
- d. In case of renounees who have applied for the Equity Shares with Detachable Warrants renounced in their favor and have also applied for additional Equity Shares with Detachable Warrants, provided there is an unsubscribed portion after making full allotment under (a), (b) and (c) above, the allotment of such additional Equity Shares with Detachable Warrants will be made as far as possible on a proportionate basis at the sole discretion of the Board of Directors in consultation with the Designated Stock Exchange, as a part of the Issue and not as a preferential allotment.

- e. 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), (c) and (d) 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 “undersubscribed” for the purposes of the proviso to Regulation 3(1)(b)(ii) of the Takeover Code which will be available for allocation under (c), (d) and (e) above.

The Promoter has undertaken to fully subscribe for their Rights Entitlement. It has also undertaken to apply for Equity Shares with Detachable Warrants in addition to their Rights Entitlement to the extent of any undersubscribed portion of the Issue, subject to obtaining any approvals required under applicable law, to ensure that full 100% of the Issue is subscribed. Such subscription for Equity Shares with Detachable Warrants over and above their Rights Entitlement, if allotted, may result in an increase in their percentage shareholding above their current percentage shareholding. The subscription by the Promoter for the Equity Shares with Detachable Warrants in the Issue and the allotment of the Equity Shares pursuant to the exercise of the Detachable Warrants will be in continuous compliance with the minimum public shareholding requirement specified under Clause 40A of the Listing Agreements and the Company will take such steps as may be necessary to ensure compliance with Clause 40A of the Listing Agreements. Further, such acquisition by them of additional Equity Shares with Detachable Warrants shall (i) not result in a change of control of the management of the Company; and (ii) be exempt from the applicability of Regulations 11 and 12 of the Takeover Code in terms of the proviso to Regulation 3(1)(b)(ii) of the Takeover Code. This disclosure is made in terms of the requirement of Regulation 3(1)(b)(ii) of the Takeover Code.

The Company expects to complete the allotment of Equity Shares within a period of 15 days from the Issue Closing Date in accordance with the Listing Agreements with the BSE and the CSE. In the event of oversubscription, allotment will be made within the overall size of the Issue. The Company shall retain no oversubscription.

Underwriting

The Company has not currently entered into any standby underwriting arrangement.

VII. Allotment and Refund

The Company will issue and dispatch allotment advice/letters of allotment/Share Certificates/demat credit and/or letters of regret along with refund orders or credit the allotted securities to the respective beneficiary accounts, if any, within a period of 15 days from the Issue Closing Date. If the amount to be refunded is not paid within eight 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 be jointly and severally liable to repay the money with interest for the delayed period, at the rates stipulated under sub-sections (2) and (2A) of Section 73 of the Companies Act.

In case of those Equity Shareholders or applicants who have opted to receive the Equity Shares in dematerialized form using electronic credit under the depository system, advice regarding their credit of the Equity Shares shall be given separately.

In case of those Equity Shareholders or applicants who have opted to receive the Equity Shares in physical form and in respect of which the Company issues letters of allotment, the corresponding Share Certificates will be delivered within three months from the date of allotment thereof or such extended time as may be approved by the Central Government under Section 113 of the Companies Act or other applicable provisions, if any. Allottees are requested to preserve such letters of allotment, which will subsequently be exchanged for the Share Certificates.

The allotment advice/letters of allotment and refund orders exceeding Rs. 1,500 will be sent by registered post to the sole/first applicant's registered address in India. Refund orders up to the value of Rs. 1,500 will be sent through ordinary post. Such refund orders will be payable at par at all places where the applications were originally accepted. The same will be marked "account payee only" and will be drawn in favor of the sole/first applicant. Adequate funds will be made available to the Registrar to the Issue for this purpose.

The Company shall ensure at par facility is provided for encashment of refund orders or pay orders at the places where applications are accepted.

In the case of Non Resident Equity Shareholders or applicants who remit their Application Money from funds held in NRE/FCNR Accounts, refunds and/or payment of interest or dividend and other disbursements, if any, shall be credited to such accounts, the details of which should be furnished in the CAF. Subject to the approval of the RBI, in case of Non Resident Equity Shareholders or applicants who remit their Application Money through Indian Rupee demand drafts purchased from abroad, refund and/or payment of dividend or interest and any other disbursement, shall be credited to such accounts and will be made net of bank charges or commission in US Dollars, at the rate of exchange prevailing at such time. The Company will not be responsible for any loss on account of exchange rate fluctuations for conversion of the Indian Rupee amount into US Dollars. The Share Certificate(s) will be sent by registered post to the address in India of the Non Resident Equity Shareholders or applicants.

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.

Mode of making Refunds

The payment of refund, if any, will be through various modes in the following order of preference:

a. NECS

Payment of refund shall be undertaken through NECS for applicants having an account at any centre where such facility has been made available (except where the applicant, being eligible, elects to receive refund through NEFT, direct credit or RTGS). This mode of payment of refunds will be subject to availability of complete bank account details including the Magnetic Ink Character Recognition ("MICR") code as appearing on a cheque leaf, from the Depositories.

b. NEFT

Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code ("IFSC"), which can be linked to the MICR code, if any, available to that particular bank branch. The IFSC will be obtained from the website of the RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR codes. **Wherever the applicants have registered their nine-digit MICR code and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC of that particular bank branch and the payment of refund will be made to the applicants through this method.** In the event that NEFT is not operationally feasible, the payment would be made through any one of the other modes detailed herein.

c. Direct Credit

Applicants that have bank accounts with the Escrow Banker shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Escrow Banker for the same will be borne by the Company.

d. RTGS

Applicants that have bank accounts at any of the centers where RTGS facility has been made available and whose refund amount exceeds Rs. 2 lakhs, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC, the type of account, the account number and the branch where the account is maintained, in the CAF. In the event the IFSC is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Bank for the same will be borne by the Company. Charges, if any, levied by the applicant's bank receiving the credit will be borne by the applicant.

For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders of value up to Rs.1,500 will be dispatched through Ordinary Post and through Registered Post/ Speed Post for refund orders of over Rs.1,500. Such refunds will be made by cheques, demand drafts or pay orders and will be payable at par.

For applicants opting for allotment in physical mode, bank account details as mentioned in the CAF shall be considered for electronic credit or printing of refund orders, as the case may be. Refund orders will be made by cheques, demand drafts or pay orders drawn on the Refund Bank and will be payable at par at places where the applications were received and will be marked account payee only and will be drawn in the name of the sole/first applicant.

Option to receive Equity Shares in Dematerialized Form

The Equity Shares in the Issue shall be allotted to the Equity Shareholders or applicants in dematerialized (electronic) form at the option of the relevant Equity Shareholder or applicant. The Company has entered into a tripartite agreement with the NSDL on 29 September, 2005 and with the CDSL on 23 September, 2005, which enables the investors to hold and trade in securities in dematerialized form, instead of holding the securities in the form of physical certificates.

In the Issue, the Equity Shareholders or applicants who have opted for Equity Shares in dematerialized form will receive their Equity Shares in the form of an electronic credit to their beneficiary account with a Depository Participant. Investors will have to give the relevant particulars for this purpose in the appropriate place in the CAF. CAFs that do not accurately contain this information will be issued the Equity Shares in physical form.

No separate applications for Equity Shares in physical and dematerialized form should be made. If such applications are made, the application for Equity Shares in physical form will be treated as multiple applications and is liable to be rejected. In case of partial allotment, allotment will be made in dematerialized form for the shares sought in dematerialized form and the balance, if any, may be allotted in physical form.

The Equity Shares in the Issue will be listed on the BSE and the CSE and can be traded on the Stock Exchanges in dematerialized form only. The procedure for availing of the facility for allotment of Equity Shares in the Issue in dematerialized form is as set out below:

- a. 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 recorded 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 Equity Shareholders who have already opened such beneficiary accounts need not adhere to this step.*
- b. For Equity Shareholders already holding Equity Shares of the Company in dematerialized form as on the Record Date, the beneficial account number shall be printed on the CAF. For those who open accounts later or those who change their accounts and wish to receive the Equity Shares by way of credit to such account, the necessary details of their beneficiary account should be completed in the space provided in the CAF. It may be noted that the allotment of the Equity Shares arising out of the 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 of the Equity Shareholder, or the joint holders, as the case may be, with the names appearing in the same order as in the records of the Company.
- c. Responsibility for correctness of information (including the applicant's age and other details) completed in the CAF vis-à-vis such information with the applicant's Depository Participant, will rest with the applicant. 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.
- d. Applicants must necessarily complete the details (including the beneficiary account number or client ID number) appearing in the CAF under the heading "Request for Shares in Electronic Form".
- e. The Equity Shares allotted to an applicant in dematerialized form will be credited directly to the applicant's beneficiary account with the Depository Participant as provided in the CAF, and the Depository Participant will provide the applicant confirmation of such credit.
- f. Non-transferable allotment advice/refund orders will be directly sent to the

applicant by the Registrar to the Issue.

- g. If incomplete/incorrect details are provided under the heading “Request for Shares in Electronic Form” in the CAF, the applicant will be issued the Equity Shares in physical form.
- h. Renounees can also exercise the option to receive Equity Shares in dematerialized form by indicating in the relevant block and providing the necessary details about their beneficiary account.
- i. It may be noted that Equity Shares in dematerialized form can be traded only on the Stock Exchanges that have electronic connectivity with the NSDL or the CDSL.
- j. Dividend or other benefits with respect to the Equity Shares held in dematerialized form will be paid to those Equity Shareholders whose names appear in the list of beneficial owners given by the Depository Participant to the Company as on the Record Date.

VIII. General Instructions for Applicants (other than ASBA Applicants)

- a. Please read the instructions printed on the enclosed CAF carefully.
- b. Except as provided under “Application on Plain Paper” above under this section titled “Issue Procedure”, the application should be made on the printed CAF provided by the Company and should be completed in all respects. A CAF found incomplete with regard to any of the particulars required to be given therein, and/or which is not completed in conformity with the terms of this Letter of Offer, is liable to be rejected and the Application Money paid, if any, in respect thereof will be refunded without interest and after deduction of any bank commission and other charges, if any. The CAF must be completed in English and the names of all the applicants, details of occupation, address, father’s/husband’s name, as applicable, must be completed in block letters.
- c. The CAF together with a cheque/demand draft/pay order should be sent to the Bankers to the Issue/bank collection centers or to the Registrar to the Issue, as the case may be, and not to the Company or the Lead Manager. Applicants 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 account payee cheques drawn on a local bank in Kolkata or a demand draft/pay order payable at Kolkata in

favor of the Bankers to the Issue, crossed account payee only and marked "Stewarts and Lloyds of India Limited -Rights Issue" and send their application forms directly to the Registrar to the Issue, by registered post to reach them on or prior to the Issue Closing Date. If any portion of the CAF is detached or separated, such application is liable to be rejected.

- d. The applicant or in the case of an application in joint names, each of the applicants, should mention his/her PAN allotted under the IT Act. CAFs without the PAN will be considered incomplete and are liable to be rejected. In terms of a SEBI circular dated June 30, 2008, Central and State Government officials and officials appointed by the court (e.g., official liquidators and court receivers) 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.
- e. **APPLICANTS MAY PLEASE NOTE THAT FOR EQUITY SHARES HELD IN DEMATERIALIZED MODE, THE BANK ACCOUNT DETAILS WILL BE OBTAINED FROM THE DEPOSITORY PARTICIPANT. ACCORDINGLY, APPLICANTS SHOULD ENSURE THAT THEIR BANK ACCOUNT DETAILS ARE UPDATED WITH THE DEPOSITORIES.**
- f. To avoid any misuse of instruments, the applicants are advised to write the CAF Number and name of the first applicant on the reverse of the Cheque/ Demand Draft / Pay Order
- g. Applicants are advised to provide information as to their savings/current account number, nine-digit MICR code and the name of the bank and the branch with whom such account 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.
- h. The payment against the application should not be effected in cash if the amount to be paid is in excess of Rs.20,000. In case payment is effected in contravention of this, the application may be deemed invalid and the Application Money will be refunded, without payment of any interest thereon. Payment against the application if made in cash, subject to the conditions mentioned above, should be made only to the Bankers to the Issue.
- i. Signatures should be either in English, 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 impressions 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.

- j. 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 the 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 on or before the date of closure of the Issue, giving reference of the serial number of the CAF. 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.
- k. 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 applicants who are renounees, the number of applicants should not exceed three. 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.
- l. Applications received from Non Residents, including from persons of Indian origin residing outside India, for the allotment of Equity Shares and the Detachable Warrants shall, inter alia, be subject to such conditions, as may be imposed from time to time by the RBI or any regulatory authority under FEMA and any other applicable law, rule or regulation in the matter of refund of Application Money, allotment of Equity Shares and the Detachable Warrants, subsequent issue and allotment of Equity Shares, export of the Consolidated Certificates, etc. In case a Non Resident Equity Shareholder has specific approval from the RBI in connection with his shareholding, he should enclose a copy of such approval with the CAF.
- m. All communication in connection with application for the Equity Shares with Detachable Warrants, 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 the Issue quoting the name of the first/sole applicant, folio numbers and serial number of the CAF. Please note that any intimation for change of address of Equity Shareholders, after the date of allotment, should be sent to the Registrar to the Issue 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.

- n. Split application forms cannot be re-split.
- o. Only the person or persons to whom Equity Shares with Detachable Warrants have been offered, and not renounees, shall be entitled to obtain split application forms.
- p. Applicants must write the serial number of their CAF on the reverse of the cheque/demand draft/pay order.
- q. Only one mode of payment per application should be used. The payment must be either in cash (subject to the limits specified above) or by cheque / demand draft/pay order 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 center indicated on the reverse of the CAF where the application is to be submitted.
- r. A separate cheque/demand draft/pay order must accompany each CAF. Outstation cheques/demand drafts/pay order or post-dated 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. For details of the restriction on payment in cash, please refer to paragraph (g) above.
- s. No receipt will be issued for the Application Money received. The Bankers to the Issue/Collecting Bank/Registrar will acknowledge receipt of the same by stamping and returning the acknowledgment slip at the bottom of the CAF.

Grounds for Technical Rejections

Applicants are advised to note that applications are liable to be rejected on technical grounds, including the following:

- The Application Money paid does not tally with the amount payable in respect of the Equity Shares with Detachable Warrants;
- In case of Equity Shares held in physical form, bank account details (for refund) are not given;

- The age of the first applicant is not given;
- The PAN is not given;
- In case of applications under powers of attorney or by limited companies, bodies corporate, trusts, etc., relevant documents are not submitted;
- If the signature of the existing Equity Shareholder does not match with the one given on the CAF, and for renounees, if the signature does not match with the records available with their Depositories;
- If the applicant wishes to receive Equity Shares in dematerialized form, but the CAF does not have the applicant's depository account details;
- CAFs are not submitted by the applicants within the time prescribed as per the CAF and the Letter of Offer;
- Applications are not duly signed by the sole/joint applicants;
- Applications by OCBs unless accompanied by specific approval from the RBI permitting the OCBs to invest in the Issue;
- Applications accompanied by Stockinvest;
- In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the applicants (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 CAF to the effect that the subscriber is not a U.S. Person and is purchasing the Equity Shares with Detachable Warrants in an "offshore transaction" (as defined in Regulation S), and is authorized to acquire the Equity Shares with Detachable Warrants in compliance with all applicable laws and regulations;
- Applications by ineligible Non Residents (including on account of restrictions 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 CAF may infringe applicable legal or regulatory requirements; or
- Multiple applications, including where an applicant submits a CAF and a plain paper application.

Disposal of CAFs and Application Money

The Board of Directors reserves its full, unqualified and absolute right to accept or reject any application, in whole or in part, and in each case without assigning any reason therefore.

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 the Application Money, if any, after adjusting any money due on the Equity Shares with Detachable Warrants allotted, will be refunded to the applicant within 15 days from the Issue Closing Date.

For further instructions, please read the CAF carefully.

Important

- Please read the Letter of Offer and the CAF carefully before taking any action. The instructions contained in the CAF accompanying the Letter of Offer 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.
- Investors are requested to ensure that a single bid from any investor does not exceed the investment limit/minimum number of Equity Shares or Warrants that can be held by him under the relevant and applicable regulations.
- The Company reserves the rightthe issuer reserves the right not to proceed with the issue after the bidding and if so, the reason thereof shall be given as a public notice within two days of the closure of the Issue. The public notice shall be issued in the same newspapers where the pre-issue advertisement had appeared. The Issuer shall also inform the Stock Exchanges about the same promptly.
- All enquiries in connection with the Letter of Offer or the CAF and requests for split application forms must be addressed (quoting the registered folio number/DP ID, the client ID number, the serial number of the CAF and the name of the first Equity Shareholder as mentioned on the CAF and superscribed “Stewarts and Lloyds of India Limited -Rights Issue R” in case of resident Equity Shareholders and Non Resident Equity Shareholders applying on a non-repatriation basis or “Stewarts and Lloyds of India Limited – Rights Issue NR” in case of Non Resident Equity Shareholders applying on a repatriation basis on the envelope) to the Registrar to the Issue, at the following address:

**CB Management Services Private Limited
(Unit -Stewarts and Lloyds – Rights Issue)**

P-22 Bondel Road
Kolkata 700019

Tel: +91 33 4011 6700
Fax: +91 33 2287 0263
Email: rta@Cbmsl.com
Website: www.cbmsl.com
Contact Person: P Basu / S Ghosh

The Issue will be kept open for a minimum period of 15 days, but will not be kept open in excess of 30 days from the Issue Opening Date.

It is to be specifically noted that this issue of Equity Shares and Detachable Warrants is subject to Risk Factors as mentioned in this Draft Letter of Offer.

MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Pursuant to Schedule II of the Companies Act and the SEBI (ICDR) Regulations, the main provisions of the Articles of Association relating to voting rights, dividends, liens, forfeiture, restrictions on transfer and transmission of Equity Shares or debentures and/or on their consolidation/splitting are detailed below. Please note that each provision herein below is numbered as per the corresponding article number in the Articles of Association and capitalised/defined terms herein have the same meaning given to them in the Articles of Association.

SHARES

4. At the date of adoption of this Article, the Authorized Capital of the Company is Rs. 20,00,00,000/- divided into 2,00,00,000 Equity Shares of Rs. 10 each.
5. 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, then, 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 shall not be given to any person except with the sanction of the Company in general meeting.
6. As regards all allotments made from time to time the Company shall duly comply with Section 75 of the Act.
7. If the Company shall offer any of its shares to the public for subscription:
 - (1) no allotment thereof shall be made, unless the amount stated in the prospectus as the minimum subscription has been subscribed, and the sum payable on application thereof has been paid to and received by the Company ; but this provision shall no longer apply after the first allotment of shares offered to the public for subscription ;
 - (2) the amount payable on application on each share shall not be less than 5 per cent. of the nominal amount of the share ; and
 - (3) the Company shall comply with the provisions of sub-section (4) of Section 69 of the Act.
8. The Company may exercise the powers of paying commissions conferred by Section 76 of the Act, provided that the rate per cent. or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by the said Section and the

commission shall not exceed 5 per cent. of the price at which any shares, in respect whereof the same is paid, are issued or 2 ½ per cent. of the price at which any debentures are issued (as the case may be). Such commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other. The Company may also on any issue of shares or debentures pay such brokerage as may be lawful.

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.
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.
11. The joint-holders of a share shall be severally as well as jointly liable for the payment of all instalments and calls due in respect of such share.
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 recognize any equitable or other claim to or interest in such share on the part of any other person.
13. Shares may be registered in the name of any person, company or other body corporate. Not more than four persons shall be registered as joint-holders of any share.

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 instalments and shall be deemed to have been made when the resolution of the Board authorising such call was passed.
16. No call shall exceed one-fourth of the nominal amount of a share, or be made payable within one month after the last preceding call was payable. Not less than fourteen days' notice of any call shall be given specifying the time and place of payment and to whom such call shall be paid.

17. 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 per cent. 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.
18. If by the terms of issue of any share or otherwise any amount is made payable at any fixed time or by instalments at fixed time, whether on account of the amount 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.
19. On the trial or hearing of any action or suit brought by the Company against any member 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.
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 6 per cent. per annum as the member paying such sum in advance and the Board agrees 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.
21. A call may be revoked or postponed at the discretion of the Board.

FORFEITURE AND LIEN

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.
23. The notice shall name a day (not being less than fourteen days from the date of the notice) and a place or places on and at which such call or instalment and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment at or before the time, and at the place appointed, the shares in respect of which such call was made or instalment is payable will be liable to be forfeited.
 24. If the requisitions of any such notice as aforesaid be not complied with, any share 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.
 25. When any shares 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.
 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.
 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 thereof upon such conditions as it thinks fit.
 28. A person whose share has been forfeited shall cease to be a member in respect of the forfeited share, but shall, notwithstanding, remain liable to pay, and shall 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 12 per cent. 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.
 29. A duly verified declaration in writing that the declarant is a Director 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 to 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.
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.
 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.
 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 shall 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.
 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.
 34. Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore 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.

35. Where any share under the powers in that behalf herein contained is sold by the Board and the certificate in respect thereof has not been delivered up to the Company by the former holder of 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

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 instrument of transfer of any share shall specify the name, address and occupation (if any) of the transferee, and the transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the Register in respect thereof. Each signature to such transfer shall be duly attested by the signature of one credible witness who shall add his address and occupation.
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.
38. The instrument of transfer shall be in writing and all the provisions of Section 108 of the Act shall be duly complied with in respect of all transfers and registration thereof.
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 transfer was delivered to the Company, refuse to register any transfer of , or the transmission by operation of law of the right to a share. Provided that the registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever.
40. No transfer shall be made to a minor or person of unsound mind.

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.
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 two months 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.
43. Unless otherwise determined by the Company in general meeting, no fee shall be charged for the registration of a transfer of shares.
44. The executor or administrator of a deceased member (not being one of several joint-holders) shall be the only person recognized by the Company as having any title to the share registered in the name of such member, and, in case of the death of any one or more of the joint-holders of any registered share, the survivor shall be the only person recognized 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 recognizing any executor or administrator 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 the 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.
45. Any committee or guardian of a lunatic or minor member or any person becoming entitled to or to transfer a share in consequence of death or bankruptcy or insolvency of any member upon producing such evidence that he sustains the character in respect of which he proposes to act 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 hereinbefore contained, transfer such share. This Article is hereinafter referred to as "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 or 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.
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.

Provided that the Board may at any time give notice requiring any such person to elect either to be registered himself 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, bonuses or other moneys payable in respect of the share, until the requirements of the notice have been complied with.

INCREASE AND REDUCTION OF CAPITAL

48. The Company in general meeting may, from time to time, increase the capital by the creation of new shares of such amount as may be deemed expedient.
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.
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 par 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.

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 reference to the payment of dividends, calls and instalments, transfer and transmission, forfeiture, lien, surrender and otherwise.
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, any difficulty shall arise in the apportionment 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.
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 :-
 - (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 share is derived ;
 - (c) cancel any shares which at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.
55. The resolution whereby any share is sub-divide 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 advantage 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.
56. Subject to the provisions of Section 100 to 105 inclusive 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

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 that class) may, whether or not the 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 a Special Resolution passed at a Separate General 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 shares of the class but so that if at any adjourned meeting of such holders a quorum as above defined is not present, those members who are present shall be a quorum and that any holder of shares of the class present in person or by proxy may demand a poll and, on a poll, shall have one vote for each share of the class of which he is the holder. This Article is not by implication to curtail the power of modification which the Company would have if this Article were omitted. 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.

GENERAL MEETINGS

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 and, subject to the provisions of Section 166(2) of the Act, at such times and places as may be determined by the Board. Each such general meeting shall be called an “annual general meeting” and shall be specified as such in the notice convening the meeting. Any other meeting of the Company shall, except in the case where as Extraordinary general meeting is convened under the provisions of the next following Article, be called a “general meeting”.
64. The Board may, whenever it thinks fit, call a general meeting, and it shall on the requisition of such number of members as hold at the date of the deposit of the requisition, not less than one-tenth of such of the paid up capital of the Company as at that date carried the right of voting in regard to the matter to be considered at the meeting, forthwith proceed to call an Extraordinary general meeting, and in the case of such requisition the following provisions shall apply :-
- (1) The requisition shall state the matters for the consideration of which the meeting is to be called, shall be signed by the requisitionists and shall be deposited at the office. The requisition may consist of several documents in like form each signed by one or more requisitionists.
 - (2) Where two or more distinct matters are specified in the requisition, the requisition shall be valid only in respect of those matters in regard to which the requisition has been signed by the member or members hereinbefore specified.
 - (3) If the Board does not, within twenty-one days from the date of deposit of a valid requisition in regard to any matters, proceed duly to call a meeting for the consideration of these matters on a day not later than fortyfive days from the date of deposit, the requisitionists or such of them as are enabled so to do by virtue of Section 169(6)(b) of the Act may themselves call the meeting but any meeting so called shall not be commenced after three months from the date of deposit.

- (4) Any meeting called under this Article by the requisitionists shall be called in the same manner as nearly as possible as that in which meetings are to be called by the Board but shall be held at the office.
 - (5) Where two or more persons hold any shares jointly a requisition or notice calling a meeting signed by one or some only of them shall for the purposes of this Article have the same force and effect as if it had been signed by all of them.
 - (6) Any reasonable expenses incurred by the requisitionists by reason of the failure of the Board duly to call a meeting shall be repaid to the requisitionists by the Company and any sum so repaid shall be retained by the Company out of any sums due or to become due from the Company by way of fees or other remuneration for their services to such of the Directors as are in default.
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.
66. 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. 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.

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 authorized 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.

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.

DIRECTORS

87. Until otherwise determined by Special Resolution, the number of the Directors of the Company shall not be less than three nor more than ten.
88. Not less than two-thirds of the total number of Directors shall be persons whose period of office is liable to determination by retirement of Directors by rotation.

90. 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.
91. Unless otherwise determined by the Company in general meeting, a Director shall not be required to hold any shares in the Company as his qualification.
92. Unless otherwise determined by the Company in General Meeting, each Director, other than Managing Directors and Wholtime Directors, if any, shall be entitled to receive out of the funds of the Company for his services in attending meetings of the Board or a Committee of the Board a fee, to be decided by the Board not exceeding the limits prescribed by the Central Government under the Companies Act, 1956, per meeting of the Board or a Committee of the Board attended by him. The Company may also pay the Directors or any one or more of them a commission not exceeding in total one per cent of the net profits of the Company computed in the manner referred to in sub-section (1) of Section 198 of the Companies Act, 1956. All other remuneration including a percentage, if any, of the net profits of the Company payable by the Company to each Director, whether in respect of his services as a Managing Director or a Director in the whole or part-time employment of the Company shall be determined in accordance with and subject to the provisions of these Articles and of the Act. The Directors shall also be entitled to be paid their reasonable traveling and hotel and other expenses incurred in consequence of their attending at Board and Committee meetings or otherwise incurred in the execution of their duties as Directors.
93. If any Director, being willing, shall be called upon to perform extra services or to make any special exertions in going or residing away from Calcutta for any of the purposes of the Company or in giving special attention to the business of the Company or as a member of a Committee of the Board then, subject to Section 198, 309 and 310 of the Act, the Board may remunerate the Director so doing either by a fixed sum or by a percentage of profits or otherwise and such remuneration may be either in addition to or in substitution for any other remuneration to which he may be entitled.
94. 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.
95. The office of a Director shall ipso facto become vacant if :-
- (a) he fails to obtain within the time specified in sub-section (1) of Section 270 of the Act, or at any time thereafter ceases to hold, the share qualification, if any, necessary for his appointment ; or

- (b) he is found to be of unsound mind by a Court of competent jurisdiction; or
- (c) he applies to be adjudicated an insolvent ; or
- (d) he is adjudged an insolvent ; or
- (e) he is convicted by a Court of any offence involving moral turpitude and is sentenced in respect thereof to imprisonment for not less than six months ; or
- (f) he fails to pay any call in respect of shares of the Company held by him, whether alone or jointly with others, within six months from the last date fixed for the payment of the call unless the Central Government has, by notification in the Official Gazette, removed the disqualification incurred by such failure ; or
- (g) he absents himself from three consecutive meetings of the Board or from all meetings of the Board for a continuous period of three months, whichever is the longer, without obtaining leave of absence from the Board; or
- (h) he (whether by himself or by any person for his benefit or on his account), or any firm in which he is a partner, or any private company of which he is a director, accepts a loan, or any guarantee or security for a loan, from the Company in contravention of Section 295 of the Act ; or
- (i) he acts in contravention of Section 299 of the Act ; or
- (j) he becomes disqualified by an order of Court under Section 203 of the Act; or
- (k) he be removed from office in pursuance of Section 284 of the Act; or
- (l) by notice in writing to the Company he resigns his office ; or
- (m) any office or place of profit under the Company or under any subsidiary of the Company is held in contravention of Section 314 of the Act and by operation of that Section he is deemed to vacate office.

(2) Notwithstanding any matter or thing in sub-clause (d), (e) and (j) of clause (l), the disqualification referred to in those sub-clauses shall not take effect:-

- (a) for thirty days from the date of adjudication, sentence or order ; or
- (b) where an appeal or petition is preferred within the thirty days aforesaid against the adjudication , sentence, or conviction resulting in the sentence, or order until the expiry of seven days from the date on which such appeal or petition is disposed of ; or
- (c) where within the seven days aforesaid, any further appeal or petition is preferred in respect of the adjudication , sentence, conviction or order, and the appeal or petition, if allowed, would result in the removal of the disqualification, until such further appeal or petition is disposed of .

96. Save as permitted by Section 314 of the Act, no Director of the Company, no partner or relative of a Director, no firm in which a Director or his relative is a partner, no private company of which a Director is a director or member and no director, managing agent, secretaries and treasurers, or manager of such a private company shall, without the previous consent of the Company accorded by Special Resolution hold any office or place of profit carrying a total monthly remuneration of five hundred rupees or more, except that of a managing director, managing agent, secretaries and treasurers,

- manager, legal or technical adviser, banker or trustee for the holders of debentures of the Company, (i) under the Company or (ii) under any subsidiary of the Company, unless the remuneration received from such subsidiary in respect of such office or place of profit is paid over to the Company or its holding company.
97. 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 member, shareholder or otherwise and no such Director shall be accountable for any benefits received as a director or member of such company.
98. 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 entered 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 nor shall any Director so contracting or being such member or so interested be liable to account to the Company for any profit realized by any such contract or arrangement by reason of such Director holding office or of the fiduciary relation thereby established.
99. Every Director who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement, entered into or to be entered into, by or on behalf of the Company nor being a contract or arrangement entered into or to be entered into 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 per cent 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, renewed 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 all firms of which he is a member.

100. 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 of indemnity against any loss which the Directors or any of them may suffer by reason of becoming or being sureties or a surety for 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.

ROTATION OF DIRECTORS

101. 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. An additional Director appointed by the Board under Article 90 hereof shall not be liable to retire by rotation within the meaning of this Article.
102. 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 and subject to any agreement among themselves, be determined by lot.
103. Save as permitted by Section 263 of the Act, every resolution of a general meeting for the appointment of a Director shall relate to one named individual only.
104. The Company at the Annual General Meeting at which a Director retires by rotation in manner aforesaid may fill up the vacated office by appointing the retiring Director or some other person thereto.

If the place of the retiring Director is not so filled up and the meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next week, at the same time and place, or if that day is a public holiday, till the next succeeding day which is not a public holiday, at the same time and place. If, at the adjourned meeting also, the place of the retiring Director is not filled up and that meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been re-appointed at the adjourned meeting unless :

- (a) at the meeting or at the previous meeting a resolution for the re-appointment of such Director has been put to the vote and lost ; or
 - (b) the retiring Director has by notice in writing addressed to the Company or the Board expressed his unwillingness to be re-appointed; or
 - (c) he is not qualified or is disqualified for appointment ; or
 - (d) a resolution, whether special or ordinary, is required for his appointment or re-appointment by virtue of any provisions of the Act; or
 - (e) The proviso to sub-section (2) of Section 263 or sub-section (3) of Section 280 of the Act is applicable to the case.
105. The Company is general meeting may from time to time increase or reduce the number of Directors within the limits fixed by Article 87.
- 105A. Subject to the limits fixed by Articles 87, the Board shall have power to appoint one or more Directors on the Board nominated by financial institutions, nationalized banks, Central and/or State governments or any Company owned by Central and/or State governments . Any such nominee Director so appointed may or may not be a non-rotational director.
106. The Company may, subject to the provisions of Section 284 of the Act, by ordinary resolution of which Special Notice has been given, remove any Director before the expiration of his period of office and may by ordinary resolution of which Special Notice has been given, appoint another person in his stead, if the Director so removed was appointed by the Company in general meeting or by the Board under Article 107. The person so appointed shall hold office until the date up to which his predecessor would have held office if he had not been so removed. If the vacancy created by the removal of a Director under the provisions of this Article is not so filled by the meeting at which he is removed the Board may at any time thereafter fill such vacancy under the provisions of Article 107.
107. If any Director appointed by the Company in general meeting vacates office as a Director before his term of office will expire in the normal course the resulting casual vacancy may be filled up by the Board at a meeting of 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.
108. No person not being a retiring Director shall be eligible for appointment to the office of Director at any general meeting unless he or some member intending to propose him has, not less than fourteen days before the meeting, left at the office a notice in writing under his hand signifying his candidature for the office of Director or the intention of such member to propose him as a candidate for that office as the case may be, along

with a deposit of five hundred rupees which shall be refunded to such person or, as the case may be, to such member, of the person succeeds in getting elected as a Director. The Company shall inform its members of the candidature of a person for the office of Director or the intention of a member to propose such person as a candidate for that office, by serving individual notices on the members not less than seven days before the general meeting : Provided that it shall not be necessary for the Company to serve individual notices upon the members as aforesaid if the Company advertises such candidature or intention not less than seven days before the General Meeting in at least two newspapers circulating in the place where the Office is located, of which one is published in the English language and the other in the regional language of that place.

POWERS OF THE BOARD

122. Subject to the provisions of the Act, the control 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 authorized 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 or otherwise, to be exercising any such power or doing any such act or thing, the Board shall be subject to the provisions 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 thereunder, including regulation made by the Company in general meeting, but no 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 DIRECTORS

124. Subject to the provisions of Section 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, either for a fixed term or without any limitation 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 in his or their place or places.
125. 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, but (subject to the provisions of any contract between his 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.

126. 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 remuneration as may from time to time be sanctioned by the Company.
127. Subject to the provisions of the Act 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 the Board 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; and may, from time to time, revoke, withdraw, alter or vary all or any of such powers.
128. At the date of adoption of these Articles, Lt. Comdr. T. D. Maunder is the Managing Director of the Company and shall continue to hold such office subject to the provisions of these Articles and to the terms of the Agreement entered into by him with the Company.

DIVIDENDS

136. Subject to the rights of members entitled to shares (if any) with preferential or special rights attached thereto, the profits of the Company which it shall from time to time be determined to divide in respect of any year or other period shall be applied in the payment of a dividend on the Equity Shares of the Company but so that a partly paid up share shall only entitle the holder with respect thereof to such a proportion of the distribution upon a fully paid up share as the amount paid thereon bears to the nominal amount of such share and so that where capital is paid up in advance of calls upon the footing that the same shall carry interest, such capital shall not rank for dividends or confer a right to participate in profits.
137. 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.
138. No larger dividend shall be declared than is recommended by the Board, but the Company in general meeting may declare a smaller dividend.
139. 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.

140. The declaration of the Board as to the amount of the net profits of the Company shall be conclusive.
141. 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.
142. 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.
143. 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 be made payable at the same time as the dividend and the dividend may be set off against the call.
144. No dividend shall be payable except in cash: Provided that nothing in the foregoing shall be deemed to prohibit the capitalization of profits or 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.
145. A transfer of shares shall not pass the rights to any dividend declared thereon before the registration of the transfer by the Company.
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 shareholder 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 145.
147. Any one of several persons who are registered jointly as members in respect of any share may give effectual receipts for all dividends, bonuses and other payments in respect of such share.
148. Notice of any dividend, whether interim or otherwise, shall be given to the persons entitled to share therein in the manner hereinafter provided.
149. Unless otherwise directed in accordance with Section 206 of the Act, any dividend, interest or other monies 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-holder or to such person and such address as the holder 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.

150. No unclaimed dividend shall be forfeited by the Board unless the claim thereto becomes barred by law and the Company shall comply with the provisions of Section 205-A of the Act in respect of any unclaimed or unpaid dividend.

INDEMNITY

184. Every Director, Manager, 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, Manager, Secretary, Officer, employee or Auditor in defending any proceedings, whether civil or criminal, in which judgment is given in his favor, 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.

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered in to in the ordinary course of business carried on by the Company or entered into more than two years before the date of this Draft Letter of Offer) which are or may be deemed material have been entered or are to be entered in to by our Company. These Contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of the Company situated at 41, Chowringhee Road, Kolkata – 700 071, West Bengal, India from 10.00 a.m. to 1.00 p.m., on Business Days, from the date of this Draft Letter of Offer until the date of closure of the Issue.

Material Contracts

1. Issue Agreement dated September 15, 2011 between the Company and MAPE Advisory Group Private Limited, Lead Manager to the Issue.
2. Agreement dated August 11, 2011 between the Company and C B Management Services (P) Limited, Registrar to the Issue.

Documents for inspection

1. Certified copies of the Memorandum and Articles of Association of our Company.
2. Certificates of Incorporation dated August 18, 1937 and June 15, 1965.
3. Copies of resolutions of the Board of Directors dated May 04, 2011 and July 28, 2011 approving the terms of this Issue.
4. Annual Reports of the Company for the financial years ending March 31, 2007, March 31, 2008, March 31, 2009, March 31, 2010 and March 31, 2011.
5. Report from M/s Ray & Ray, dated July 28, 2011, on the restated financial information, included in this Draft Letter of Offer.
6. Statement of Tax Benefits dated July 28, 2011 from the Statutory Auditors of our Company.
7. Consents of the Directors, Statutory Auditors, Auditors to the Issue, Compliance Officer, Lead Manager to the Issue, Legal Advisor to the Issue and Registrar to the Issue to include their names in the Draft Letter of Offer to act in their respective capacities.
8. Share Purchase Agreement dated July 05, 2004 for purchase of 16,47,000 Equity Shares of our Company by IOT from our Erstwhile Promoters.
9. Tripartite Agreement dated September 23, 2005 between the Company, CDSL and Registrar to the Issue.

10. Tripartite Agreement dated September 29, 2005 between the Company, NSDL and Registrar to the Issue.
11. Due Diligence certificate dated September 16, 2011 to SEBI from the Lead Manager.
12. Copy of in-principle approval received from Bombay Stock Exchange Limited vide letter no. [●] dated [●].
13. Copy of SEBI Observation letter no. [●] dated [●] and compliance thereof.

Any of the contracts or documents mentioned in this Draft Letter of Offer may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

No statement made in this Draft Letter of Offer contravenes any of the provisions of the Companies Act, 1956 and the rules made there under. All the legal requirements connected with the Issue as also the guidelines, instructions etc. issued by SEBI, Government and any other competent authority in this behalf have been duly complied with.

We hereby certify that all the disclosures in this Draft Letter of Offer are true and correct.

Signed by the Directors of our Company

P G Vaidhyanathan	Sd/-
R K Tripathy	Sd/-
K P Brahma	Sd/-
V K Sinha	Sd/-
Jatin Mavani	Sd/-
K K Ranade	Sd/-

Signed by the Chief Executive Officer

Signed by the Financial Controller

S P Saha Sd/-	Kalyan Das Gupta Sd/-
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Date: September 15, 2011.